



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

Review
October 8, 2013

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

Title: Greenfair: Repayment of HOME Loan Obligation and Land Disposition

Location/Council District: Fairgrounds Drive, Council District 6

Issue: The Housing Authority of the City of Sacramento (“Housing Authority”) owns a 6.7-acre vacant site it wishes to dispose of to a private development team to facilitate the development of mixed-income residential units. In addition, the Housing Authority requests the allocation of funds to repay a \$2.631 million Housing Authority federal Home Investment Partnership Program (“HOME”) loan obligation related to the property.

Recommendation: Review report 1) a **City Council Resolution** that: a) accepts the environmental findings of the Housing Authority; b) authorizes the Sacramento Housing and Redevelopment Agency (“SHRA”) to amend its budget to allocate \$1,400,000 of City Housing Trust Fund (“HTF”) to repay the Greenfair HOME loan; c) authorizes SHRA to reimburse the HOME revolving loan fund in the amount of \$2,631,000 with HTF and Housing Authority funds; d) authorizes the release of existing HOME regulatory restrictions on the property concurrent with repayment of HOME funds; and e) authorizes SHRA to receive the proceeds from the Housing Authority’s Greenfair property sale and deposit them into the City HTF, and 2) a **Housing Authority Resolution** that a) finds the proposed action to be exempt from the California Environmental Quality Act (“CEQA”) and makes a National Environmental Policy Act (“NEPA”) finding of No Significant Impact; b) authorizes the Executive Director or her designee to amend the Sacramento Housing and Redevelopment Agency (“SHRA”) budget to allocate \$1,400,000 of City Housing Trust Fund (“HTF”) and \$1,231,000 of unexpended Greenfair project funds for repayment of the \$2,631,000 Greenfair HOME loan obligation; c) authorizes the Executive Director or her designee to repay the Greenfair HOME loan obligation; d) authorizes the Sacramento Housing and Redevelopment Agency (“SHRA”) on behalf of the Housing Authority to dispose of the

Greenfair: Land Disposition and Loan Repayment

Greenfair property, subject to SHRA procurement policy; e) authorizes the Executive Director or her designee to dispose of the Greenfair property through a publicly noticed auction with a minimum bid based upon the appraised value or to list the property for sale at the appraised value in the event that the publicly noticed auction results in no acceptable offers; f) authorizes the Executive Director or her designee to deposit Greenfair Property net sale proceeds into the City HTF of which \$200,000 will be applied to repay Greenfair HTF loan; and g) continue to October 15, 2013 for approval.

Contact: Christine Weichert, Assistant Director, Development Finance, 440-1353

Presenter: Gregory Ptucha, Development Finance

Department: Sacramento Housing and Redevelopment Agency (SHRA)

Description/Analysis

Issue: Greenfair is a 31-acre common interest development created in 1972 by the federal Department of Housing and Urban Development (“HUD”) to allow a number of housing manufacturers to test experimental materials and methods of residential construction. Some Greenfair units quickly deteriorated and/or were found to contain environmentally unsafe materials. Beginning in the mid-1990s, HUD acquired and demolished parcels containing 164 substandard housing units. In 2004, HUD sold its parcels to the Housing Authority of the City of Sacramento (“Housing Authority”) for one dollar. The Housing Authority acquired the land with the objective of attracting qualified developers to produce new mixed-income, for-sale housing that would provide at least as many units as were lost to demolition. Financial resources used by the Housing Authority for Greenfair acquisition, relocation, demolition, holding costs and predevelopment activities included a loan, with subsequent amendments, from the Sacramento Housing and Redevelopment Agency consisting of \$2.631 million of Home Investment Partnership Program Revolving Loan Funds (“HOME”) and \$200,000 of City Housing Trust Funds (“HTF”). The residential parcels owned at Greenfair by the Housing Authority from 2005 until mid-2013 are shown in Attachment 1.

As a common interest development, all Greenfair residential parcels were surrounded by common area owned by the Greenfair Homeowners Association (“HOA”). Common areas provided surface parking lots, sidewalks, infrastructure, landscape areas and other community amenities. In 2005, the Housing Authority selected and worked with a private development team to plan for new housing on a site to be comprised of Housing Authority parcels and some common area that would be acquired through negotiation with the HOA. The private development team negotiated with the HOA but the parties failed to reach mutual agreement. Private pre-development planning ceased in 2007 due to the inability of the development team to assemble an appropriate site.

Greenfair: Land Disposition and Loan Repayment

In 2008, the Housing Authority made a purchase offer to the HOA for enough Greenfair common area to create a development site, but the offer was rejected. The Housing Authority then authorized a Resolution of Necessity in 2009 and began eminent domain proceedings to acquire the required common area, labeled as "HOA Owned Land (Acquisition Property)" in Attachment 2.

The eminent domain suit was ultimately resolved by a settlement agreement in June 2012. Terms of the settlement resulted in the Housing Authority parcels south of Fairgrounds Drive being transferred to the HOA, and the HOA transferring its common area north of Fairgrounds Drive to the Housing Authority. The legal transfers of title were completed in July 2013. As a result, the Housing Authority Greenfair Property is now comprised of approximately 6.7 acres of developable land shown in Attachment 3 as "Disposition Property." The land now owned by the Housing Authority has been fully removed from the HOA and is no longer subject to the Greenfair Covenants, Conditions, and Restrictions ("CC&Rs"). An appraisal to establish reasonable market value of the Housing Authority Greenfair Property is underway. It will take into account the impact of affordability restrictions described below.

As noted earlier, the Housing Authority never planned to directly develop its Greenfair holdings. The original intent was to combine the many individual Housing Authority parcels with sufficient HOA common area to facilitate the planning and development of mixed-income housing by a private development team. The 2012 settlement agreement effectively accomplishes the site assembly objective, and staff recommends that the Housing Authority authorize sale of the 6.7 acres for private development in a manner that will achieve the Housing Authority's 2004 mixed-income housing objectives that require ten percent of the housing constructed to be affordable to households earning 80 percent or less of the Area Median Income ("AMI").

SHRA, on behalf of the Housing Authority intends to dispose of the property utilizing a publicly noticed auction with a minimum bid requirement that will be based upon the appraised value. In the event an acceptable bid is received, the Executive Director, or her designee, will execute a standard purchase and sales agreement with a regulatory agreement that will ensure that future residential development on the site includes a specified level of affordability. In the event that the publicly noticed auction results in no acceptable offers, the property will be listed for sale at its appraised value. Upon receipt of an offer at the appraised value, the Executive Director, or her designee, will execute a standard purchase and sales agreement in a form approved by Agency Counsel.

The Housing Authority's Greenfair project activities have, since 2004, included property acquisition, relocation, demolition, holding costs, and predevelopment activities. Expenditure of HOME funds requires production of housing with specific restrictions and in specific timeframes that could not be met during the protracted efforts to assemble the development site. Rather than require the purchaser to adhere to these restrictions, staff recommends that HTF be used to

Greenfair: Land Disposition and Loan Repayment

repay the HOME funds and release HOME regulatory agreements. These repaid HOME funds will remain with SHRA for future use. The HTF account will be replenished to the extent possible by the net sale proceeds of the Housing Authority Greenfair Property.

More information on the lengthy history of Greenfair and the Housing Authority's involvement is found in Attachment 4.

Policy Considerations: Sale of the Housing Authority Greenfair Property will allow its development consistent with the Housing Element of the City's 2030 General Plan and the R-3 zoning classification for the property, which allows up to 30 housing units per gross acre. Use of HTF to repay HOME is consistent with HTF Ordinance (City Code Section 17.188.020) requirement that HTF funds be used and disbursed to assist in the construction of low income rental or owner-occupied housing. Legal restrictions will remain after sale to ensure that a minimum of ten percent of the housing constructed will be affordable to households earning 80 percent or less AMI.

Economic Impacts: Not applicable. The recommended disposition of vacant Housing Authority-owned real estate will not, by itself, create measurable economic impacts. Disposition is intended to result in development of residential units that will generate economic impacts in the future.

Environmental Considerations:

California Environmental Quality Act ("CEQA"): The Housing Authority finds that the proposed action is consistent with the Sacramento 2030 General Plan land uses and policies, and with the 2030 General Plan Master Environmental Impact Report (MEIR) analysis, and no new impacts have been identified for the proposed action that were not previously addressed in the MEIR adopted March 3, 2009. An initial study checklist prepared for acquisition of the parcels for housing development is on file at SHRA. This action is therefore exempt from further environmental review under CEQA.

National Environmental Policy Act: An environmental assessment was prepared pursuant to 24 CFR Part 58.36, and resulted in the determination that the proposed activities will have no significant impact on the human environment. A Finding of No Significant Impact was published and no comments were received from the public or interested agencies.

Sustainability Considerations: Development of the Housing Authority Greenfair Property will allow residential densities that comply with the Housing Element in the City's 2030 General Plan. The current R-3 zoning represents an increase of the previous maximum densities for the property, which is proximate to UC Davis

Greenfair: Land Disposition and Loan Repayment

Medical Center, Shriners' Hospital and other major employers. A completed project would achieve the following goals within the City's Sustainability Master Plan:

- Replace or renovate obsolete energy or resource inefficient infrastructure (buildings, facilities, systems, etc.) (*Plan Goal # 1*);
- Reduce long commutes by providing a wide array of transportation and housing choices near jobs for a balanced, healthy city (*Plan Goal # 6*).

Commission Action: At its meeting on September 18, 2013, the Sacramento Housing and Redevelopment Commission convened a duly-noticed public hearing to consider public comments. The Commission expressed concern that there was not an updated appraisal of the property available for review. The votes were as follows:

AYES: Alcalay, Chan, Gore, Griffith, Johnson, LeDuc, Morgan, Morton, Shah

NOES: Stivers

ABSENT: Rosa

Rationale for Recommendation: Sale of the 6.7 acres of developable land can result in construction of up to 30 housing units per gross acre under the R-3 zoning. Repayment of HOME will ensure continued compliance with federal guidelines while removing unnecessary restrictions from the property. Requiring at least ten percent of the new units be affordable to 80 percent AMI households will comply with the HTF ordinance and further SHRA's goal of supporting development of affordable housing options.

Financial Considerations: This report repays the Greenfair HOME loan obligation by allocating \$1,400,000 of City Housing Trust Fund and \$1,231,000 of unexpended Greenfair project funds. The sale proceeds from the Housing Authority's 6.7 acre site at its appraised value will be deposited into the City HTF. These proceeds will also retire the \$200,000 HTF portion of the Greenfair loan and the remaining HTF funds will be available for new affordable residential development.

Greenfair: Land Disposition and Loan Repayment

M/WBE and Section 3 Considerations: The activities recommended in this staff report do not involve federal funding; therefore, there are no M/WBE or Section 3 requirements.

Respectfully Submitted by:

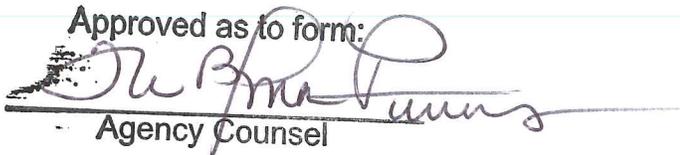


LA SHELLE DOZIER
Executive Director

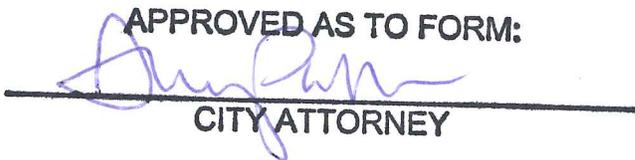
Table of Contents

Report	pg. 1
Attachments	
1 Parcel Layout	pg. 7
2 Acquisition and Remainder Property	pg. 8
3 Housing Authority Greenfair Property	pg. 9
4 Background	pg. 10
5 Resolution – Housing Authority	pg. 13
6 Resolution – City Council	pg. 16

Approved as to form:

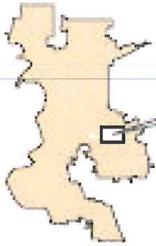

Agency Counsel

APPROVED AS TO FORM:


CITY ATTORNEY



Greenfair Parcel Layout



Site Location

2nd Avenue



FAIRGROUNDS DRIVE

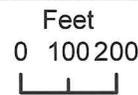
FAIRGROUNDS DRIVE

BROADWAY

5840

5874

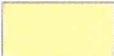
- Housing Authority Parcels
- Christiana Western Townhomes
- Senior Apartments
- HOA Owned Land
- Clubhouse & Pool (HOA)

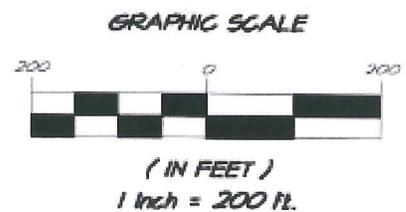


SHRA GIS
September 10, 2013

Greenfair: Acquisition and Remainder Property 2009 - 2012



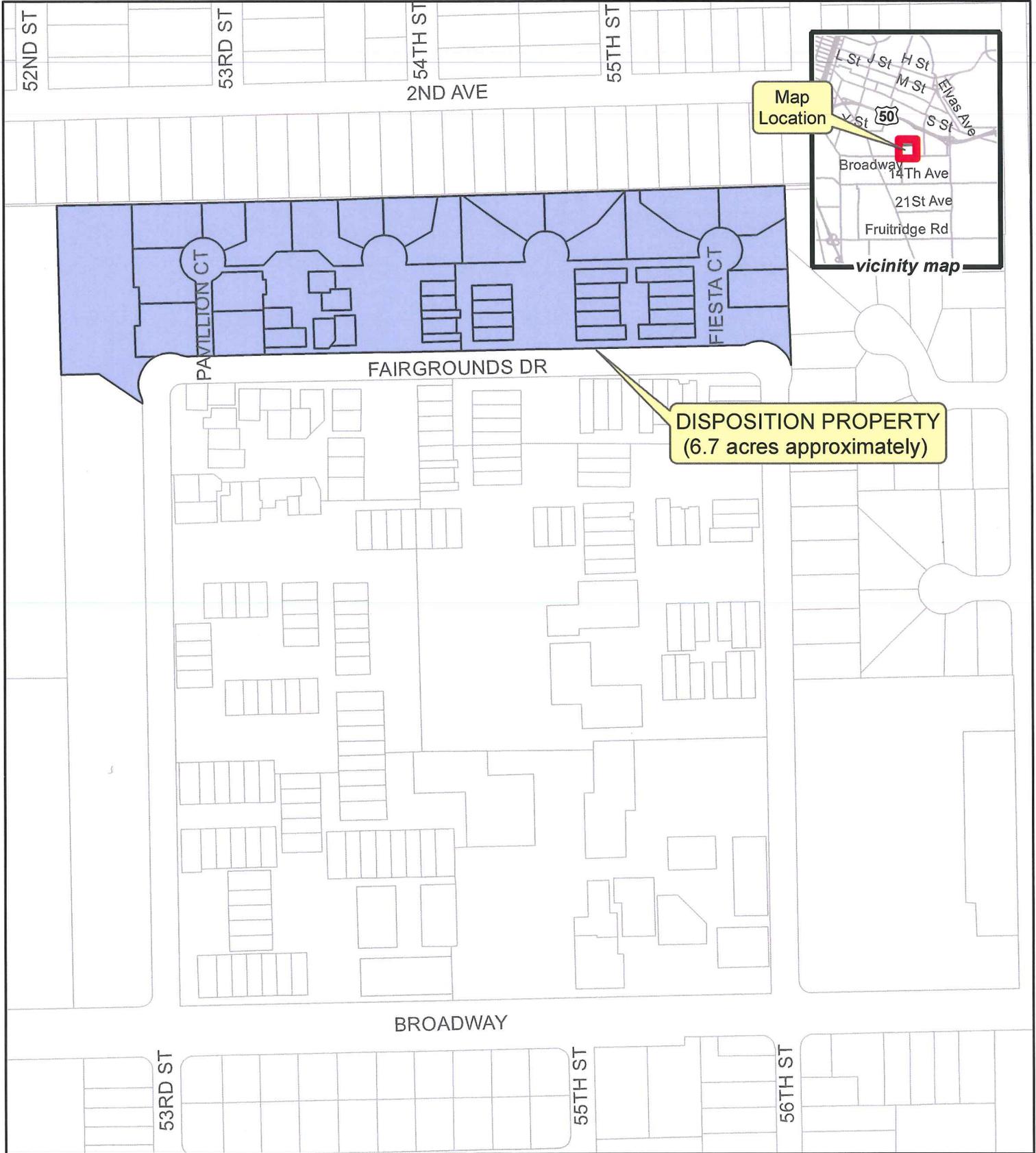
- | | | | |
|---|--|---|---------------------------------|
|  | HOA Owned Land
(Acquisition Property) |  | Christiana Western
Townhomes |
|  | HOA Owned Land
(Remainder Property) |  | Clubhouse and Pool
(HOA) |
|  | Housing Authority
Parcels |  | Senior Apartments |



[Back to Report Table of Contents](#)



Housing Authority Greenfair Property



 Disposition Property (6.7 acres approx)



SHRA GIS
September 12, 2013

Background

Introduction

Greenfair's development dates from the early 1970s. Involvement by the Housing Authority of the City of Sacramento ("Housing Authority") and the Sacramento Housing and Redevelopment Agency ("SHRA") began in the early 2000s. Highlights and milestones in evolution of Greenfair follow.

Operation Breakthrough and Greenfair (1969 – mid 1970s)

In 1969, the U.S. Department of Housing and Urban Development ("HUD") implemented "Operation Breakthrough" to stimulate volume production of housing by testing new, experimental materials and construction methods. At Greenfair, seven housing manufacturers constructed a total of 407 ownership and rental housing units of various kinds, including single-family houses, attached town homes, "4-plex" buildings and low-rise and mid-rise apartments.

Re-acquisition by HUD and Agency Purchases (mid 1990s – 2005)

Much of the housing constructed deteriorated prematurely and became structurally deficient. HUD reacquired 152 of the parcels that contained 164 housing units, demolished almost all of the improvements and, in September 2004, sold its holdings to the Housing Authority for one dollar. HUD's sale included the requirement that at least 10% of any new project would be affordable to low- or moderate-income households.

The Housing Authority subsequently purchased six additional Greenfair properties. Its holdings totaled 158 parcels previously improved with 170 housing units. The Housing Authority also had a non-exclusive, undivided interest in the common area owned by the Greenfair HOA, of which the Housing Authority was a member. Use of land within Greenfair is governed by Covenants, Conditions, and Restrictions ("CC&Rs") applicable to all lots and to the HOA's common area.

Preliminary Planning and Developer Selection (2004 – 2005)

SHRA initiated a "Community Visioning" planning process with three workshops to gather input on site layout, density, unit configuration, traffic patterns and common areas. The intent was to provide a framework for ongoing public participation regarding development proposals. SHRA then sought development teams capable of building 200 to 400 new housing units on a site that would include Housing Authority holdings combined with as much surplus HOA common area as needed to create a viable development site. The local team selected was a joint venture comprised of three local development firms (Fulcrum

Greenfair: Land Disposition and Loan Repayment

Heller, New Faze Development, and USA Properties Fund). The joint venture was organized as Greenfair Village Partners, LLC ("GVP").

Development Team Due Diligence (2006 – 2007)

From early 2006 to mid-2007, the team initiated preliminary site planning and design, community outreach, civil engineering and entitlements research. The team explored purchasing certain HOA common area, but the parties eventually abandoned discussions and the team ceased pre-development planning in 2007 due to the inability to assemble a development site.

The Rebuilding Challenge

The 158 Housing Authority parcels were small, irregular in shape and distributed so that almost all were landlocked by HOA common area. The Housing Authority could not achieve its objectives without acquiring additional land and without extinguishing the limitations the CC&Rs imposed on use of the Housing Authority's parcels.

Acquisition Property Boundaries, Appraisal and Purchase Authority (2007 - 2008)

On behalf of the Housing Authority, SHRA assumed the lead in pre-development activities. A civil engineering firm was retained to study and recommend acquisition boundaries of HOA common area necessary to create a developable site without injury to the HOA. A real estate appraisal firm was engaged to complete a fair market appraisal.

Purchase Offer (2008)

In May 2008, a purchase offer was formally submitted to the HOA through its board of directors, offering fair market value for HOA property it was seeking. The offer to purchase was contingent upon release of the acquired HOA property and current Agency parcels from the HOA, its CC&Rs and termination of HOA fees.

Rejection, Impasse and Resolution of Necessity

In late November 2008, the HOA notified SHRA of rejection of the offer. Reasons specified its rejection were the condition of the real estate market and the perceived impact of the transaction on the HOA's financial health.

Eminent Domain Proceedings and Settlement

Since the Housing Authority and the Greenfair HOA were at impasse, exercise of the Housing Authority's power of eminent domain was authorized by Housing Authority Resolution 2009-009 on March 31, 2009.

Eminent domain proceedings began in spring 2009. In June 2012, the Housing Authority and Greenfair HOA reached a settlement agreement, whereby the Housing Authority would receive all of the HOA land north of Fairgrounds Drive free and clear of the CC&Rs, and Greenfair HOA would receive \$1.3 million and

Greenfair: Land Disposition and Loan Repayment

all of the Housing Authority lots south of Fairgrounds Drive. Approval of the settlement required authorization from all current HOA members, which took several months. A judgment consistent with the settlement agreement was rendered and a Final Order of Condemnation was entered and recorded in early 2013.

Housing Authority Greenfair Property and Disposition Public Hearing

As a result of the settlement agreement and Final Order of Condemnation, the Housing Authority Greenfair Property consists of 47 legal parcels, totaling about 6.7 acres of land, as represented in Attachment 3 and labeled "Disposition Property."

Greenfair: Land Disposition and Loan Repayment

RESOLUTION NO. 2013 -**Adopted by the Housing Authority of the City of Sacramento**

on date of

GREENFAIR: AUTHORIZE EXECUTIVE DIRECTOR TO AMEND THE SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY BUDGET; REPAY HOUSING AUTHORITY GREENFAIR LOAN OBLIGATION; DISPOSE OF REAL PROPERTY AND DEPOSIT THE RECEIPT OF SALES PROCEEDS FROM THE DISPOSITION OF REAL PROPERTY INTO THE CITY HOUSING TRUST FUND**BACKGROUND**

- A. In 2004 and 2005, the Housing Authority of the City of Sacramento ("Housing Authority") acquired 152 mostly-demolished Greenfair parcels from the federal Department of Housing and Urban Development ("HUD") along with six additional units from individual owners which were subsequently demolished.
- B. The Housing Authority objective in acquiring parcels at Greenfair was for a qualified developer to cause eventual development of mixed-income housing with a minimum of ten percent of the residential units being made available to persons or families with incomes at or below 80% of area median income.
- C. The Housing Authority selected a private development team in 2005 to plan and propose new construction on a site to be comprised of Housing Authority-owned land and abutting common area property owned by the Greenfair Homeowners Association ("Greenfair HOA").
- D. During 2005 – 2007, the development team was unable to negotiate terms of purchase of needed Greenfair HOA common area property and ceased pre-development planning for lack of site control.
- E. The Housing Authority borrowed \$2.631 million from the Home Investment Partnership Program Revolving Loan Fund ("HOME") and \$200,000 Housing Trust Funds ("HTF") for the acquisition, relocation, demolition, holding costs and predevelopment activities at Greenfair ("Greenfair loan obligation").
- F. The Housing Authority's offer to purchase some common area property at fair market value from the Greenfair HOA was rejected and subsequent negotiations failed, leading to impasse and an eminent domain action by the Housing Authority being commenced in March of 2009.
- G. The eminent domain action settled on September 24, 2012, and the Final Order of Condemnation was recorded June 28, 2013, resulting in the Housing Authority

Greenfair: Land Disposition and Loan Repayment

- obtaining site control of a developable vacant site north of Fairgrounds Drive that is approximately 6.7 acres in size (the "Greenfair Property").
- H. Pursuant to Health and Safety Code Section 34312.3 the Housing Authority intends to dispose of the Greenfair Property to a residential developer for housing with a minimum of ten percent of the residential units being made available to persons or families with incomes at or below 80% of area median income. This disposition is consistent with the purposes for which the property was acquired.
- I. The Sacramento Housing and Redevelopment Commission, on behalf of the Housing Authority, held a duly noticed public hearing regarding the disposition of real property for housing pursuant to Health and Safety Code Section 34312.3 on September 18, 2013 at 801 12th Street Sacramento, CA.
- J. The Housing Authority has considered the environmental impacts of the project in accordance with the California Environmental Quality Act ("CEQA") and has found that the proposed action is consistent with the Sacramento 2030 General Plan land uses and policies, and with the 2030 General Plan Master Environmental Impact Report (GP MEIR) analysis, and no new impacts have been identified for the proposed action that were not previously addressed in the GP MEIR adopted March 3rd, 2009. An initial study checklist prepared for acquisition of the parcels for housing development is on file at SHRA. This action is therefore exempt from further environmental review under CEQA. The site has been identified for housing in the City of Sacramento 2030 General Plan Master Environmental Impact Report (MEIR). Future housing development on the property will be subject to subsequent site-specific CEQA review to ensure consistency with the MEIR findings.
- K. The Housing Authority has considered the environmental impacts of the project in accordance with the National Environmental Policy Act of 1969 ("NEPA"). An environmental assessment was prepared pursuant to 24 CFR Part 58.36 and resulted in the determination that the proposed activities will have no significant impact on the human environment. A Finding of No Significant Impact was published and no comments were received from the public or interested agencies.

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

- Section 1. The above findings and declarations are determined to be true and correct.
- Section 2. The Executive Director or her designee, subject to City Council approval, is authorized to amend the SHRA budget to allocate \$1,400,000 of City

Greenfair: Land Disposition and Loan Repayment

Housing Trust Fund and \$1,231,000 of unexpended Greenfair project funds for the repayment of the Greenfair HOME loan obligation.

- Section 3. The Executive Director, or her designee, is authorized to repay the existing Greenfair HOME loan obligation of \$2,631,000 from the funds allocated to the Housing Authority to repay the Greenfair loan obligation.
- Section 4. Sacramento Housing Redevelopment Agency (SHRA) on behalf of the Housing Authority is authorized to dispose of the Greenfair Property, subject to SHRA procurement policy. The Greenfair property includes Lots 1 – 45 and Lots 214-C and 215-C on that certain map entitled "Plat of Greenfair Unit No. 1, City of Sacramento, California" filed April 21, 1972, in Book 89 of Maps, Map No. 20, in the Official Records of the Sacramento County Recorder's Office. A regulatory agreement will be placed on such property ensuring it is developed for residential purposes and at least ten percent of the units are made available to persons or families earning 80 percent or less of Area Median Income.
- Section 5. The Executive Director, or her designee, is authorized to dispose of the Greenfair Property through a publicly noticed auction with a minimum bid based upon the appraised value, subject to SHRA adopted procurement policy. Upon receipt of an acceptable bid, the Executive Director or her designee is authorized to execute a standard purchase and sales agreement, in a form approved by SHRA Counsel.
- Section 6. In the event that the publicly noticed auction results in no acceptable offers, the Executive Director or her designee, subject to SHRA adopted procurement policy, is authorized to list the property for sale at the appraised value. Upon receipt of an offer at the appraised value the Executive Director, or her designee, is authorized to execute a standard purchase and sales agreement, in a form approved by SHRA Counsel.
- Section 7. The Executive Director, or her designee, is directed to deposit the proceeds of the sale of the Greenfair Property net the cost of sale, in the City Housing Trust fund and repay the \$200,000 Greenfair HTF loan.

RESOLUTION NO. 2013 -

Adopted by the Sacramento City Council

On date of

GREENFAIR: AUTHORIZE SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY TO AMEND BUDGET TO ALLOCATE CITY HOUSING TRUST FUNDS AND OTHER FUNDING TO REIMBURSE THE FEDERAL HOME REVOLVING LOAN FUND, RELEASE REGULATORY AGREEMENTS ASSOCIATED WITH LOAN AND AUTHORIZE SALES PROCEEDS FROM THE DISPOSITION OF PROPERTY AT GREENFAIR TO BE DEPOSITED INTO THE CITY HOUSING TRUST FUND

BACKGROUND

- A. In 2004 and 2005, the Housing Authority of the City of Sacramento ("Housing Authority") acquired 152 mostly-demolished Greenfair parcels from the federal Department of Housing and Urban Development ("HUD") along with six additional units from individual owners which were subsequently demolished.
- B. The Housing Authority objective in acquiring parcels at Greenfair was for a qualified developer to cause eventual development of mixed-income housing with a minimum of ten percent of the residential units be made available to persons or families at with incomes at or below 80% of area median income.
- C. The Housing Authority selected a private development team in 2005 to plan and propose new construction on a site to be comprised of Housing Authority-owned land and abutting common area property owned by the Greenfair Homeowners Association ("Greenfair HOA").
- D. During the period from 2005 to 2007, the development team was unable to negotiate terms of purchase of needed Greenfair HOA common area property and ceased pre-development planning for lack of site control.
- E. The Housing Authority borrowed \$2.631 million from the Home Investment Partnership Program Revolving Loan Fund (HOME) and \$200,000 of Housing Trust Funds (HTF) for the acquisition, relocation, demolition, holding costs and predevelopment activities at Greenfair ("Greenfair Loan Obligation").
- F. The Housing Authority's offer to purchase some common area property at fair market value from the Greenfair Homeowners Association was rejected and subsequent negotiations failed, leading to impasse and an eminent domain action by the Housing Authority being commenced in 2009.

Greenfair: Land Disposition and Loan Repayment

- G. The eminent domain action settled on September 24, 2012, and the Final Order of Condemnation was recorded June 28, 2013, resulting in the Housing Authority obtaining site control of a developable vacant site north of Fairgrounds Drive that is approximately 6.7 acres in size (the "Greenfair Property").
- H. Site control of a developable vacant site allows the Housing Authority to accomplish its original objective of promoting mixed-income housing thru a disposition of the property to a residential developer with the requirement that future development comply with the Housing Authority's original intent to ensure minimum levels of affordability.
- I. The HOME restrictions associated with the Greenfair Loan Obligation require construction of new units in a specified timeframe. Because of circumstances beyond the control of the Housing Authority and the extended time it took to obtain the Greenfair Property, the units cannot be built within the timeframe specified in the HOME loan. Therefore, the Housing Authority wishes to repay the HOME funds with HTF to facilitate the sale of the Greenfair Property for development of mixed-income residential units consistent with the HTF requirements.
- J. Use of HTF to repay the Greenfair Loan Obligation is consistent with HTF Ordinance (City Code Section 17.188.020) requirement that HTF be disbursed to assist in the new construction of rental or owner-occupied workforce housing on infill sites with proximity of one-quarter mile to existing transit services. Sale restrictions will require at least ten percent of units built on the Greenfair Property to be affordable to households earning 80% or less of Area Median Income ("AMI").
- K. The Housing Authority considered and declared the proposed actions consistent with the Sacramento 2030 General Plan land uses and policies, and with the 2030 General Plan Master Environmental Impact Report (MEIR) analysis, and no new impacts have been identified for the proposed actions that were not previously addressed in the MEIR adopted on March 3, 2009. An initial study was prepared for acquisition of the Greenfair Homeowners Association parcels and is on file at Sacramento Housing and Redevelopment Agency (SHRA). Therefore, the proposed actions are exempt from further environmental review under CEQA. Development of the Greenfair Property after it is sold may require environmental review.

Greenfair: Land Disposition and Loan Repayment

- L. The Housing Authority considered and declared the environmental impacts of the Greenfair Property acquisition project in accordance with the National Environmental Policy Act of 1969 ("NEPA"). An environmental assessment was prepared pursuant to 24 CFR Part 58.36, and resulted in the determination that the proposed activities will have no significant impact on the human environment. A Finding of No Significant Impact was published and no comments were received from the public or interested agencies.

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

- Section 1. The Housing Authority environmental findings are accepted and the above recitals are determined to be true and correct.
- Section 2. SHRA is authorized to amend the SHRA budget to allocate \$1,400,000 of City Housing Trust Fund (HTF) for the repayment of the Greenfair HOME loan obligation.
- Section 3. SHRA is authorized to reimburse the HOME revolving loan fund in the amount of \$2,631,000. The reimbursement is comprised of the following sources: a) \$1,231,000 of unexpended Greenfair project funds and b) \$1,400,000 of HTF.
- Section 4. SHRA is authorized to release the existing HOME regulatory agreement and reconvey the existing deed of trust imposed on the Greenfair property concurrent with its repayment of HOME loan.
- Section 5. SHRA is authorized to receive from the Housing Authority the proceeds from the Housing Authority's sale of the Greenfair Property. Such sales proceeds shall be deposited into the City HTF.