



**Sacramento
Housing &
Redevelopment
Agency**

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

13

Public Hearing
April 29, 2014

Honorable Mayor and Members of the City Council

Title: Marshall Hotel Withdrawal, Conversion Certificate and Replacement Housing Plan

Location/Council District: 1122 7th Street; District 4

Recommendation: Adopt a **Resolution** approving the Conversion Certificate and the Replacement Housing Plan for the Marshall Hotel.

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

Presenters: Christine Weichert

Department: Sacramento Housing and Redevelopment Agency (Agency)

Description/Analysis

Issue: In 2006, the City Council adopted an Ordinance encouraging the rehabilitation and preservation of 712 Single Room Occupancy (SRO) units in ten downtown residential hotels (Chapter 18.20 of the Code). A major provision of the Ordinance is the "No Net Loss" policy, which requires that SRO owners notify the Sacramento Housing and Redevelopment Agency (Agency) if they plan to withdraw, convert or demolish units, to notify their tenants and provide relocation assistance, and to submit a relocation assistance plan for approval. The City Council has the authority to issue a Conversion Certificate if the applicant has complied with the requirements of the Ordinance.

The Ordinance imposes an obligation on the City to maintain an inventory of not less than 712 SRO units. Withdrawn residential hotel units subject to this Ordinance must be replaced within three years unless there is a delay due to a lack of financing or other circumstances beyond the City's control. Staff is recommending approval of this conversion certificate. The 7th and H Street Housing community created 150 SRO units in 2012 to ensure that that City's minimum SRO requirements are met. Additional background information is included as Attachment 1.

Approval of Marshall Hotel Conversion Certificate, Replacement Housing Plan and Residential Hotel Conversion Guidelines

The Marshall Hotel, located at 1122 7th Street, is one of the downtown residential hotels subject to the Ordinance. The owner is requesting the withdrawal of all of the Marshall Hotel units by issuance of a Conversion Certificate. The Marshall Hotel is comprised of a total of 95 units. Fifty-six units were occupied on February 27, 2014, the date the owner notified the tenants that he would be applying for a Conversion Certificate. Tenants moving into the Marshall after February 27, 2014 are not eligible to receive relocation benefits, per the Ordinance. The Marshall Hotel is a 5-story building, with the 1st floor serving as a lobby. A vicinity map is included as Attachment 2.

In 2011, the owner started the process of working with the Agency to apply for a Conversion Certificate. Later, the owner decided to put the request on hold. The owner began working with the Agency again in the Fall of 2013. In January 2014, the owner submitted an application for a Conversion Certificate to the Agency which included the request to withdraw the units. In addition to the withdraw request, the owner submitted information about the tenants residing in the building, information regarding the vacant units, draft notification to tenants of withdrawal, and a relocation plan, as required by the Ordinance.

The Agency approved the withdrawal notice and all related documentation prior to the owner noticing the tenants. The relocation plan, which identifies eligible tenants and the amount of required relocation benefits for existing tenants as well as payment to the Agency for vacant units if the prior tenants cannot be located, is included as Attachment 3. Upon approval of the application, the owner would receive a Conversion Certificate, included as Exhibit A.

At the 7th & H Street Housing Community, 95 SRO units have been identified as replacement housing units for the Marshall units being withdrawn. Beyond these 95 units, no additional units remain available for SRO replacement housing. Fifty-five units at 7th & H Street have already been used as replacement housing for other SRO Conversion Certificate approvals. The Replacement Housing Plan, prepared by the Agency, is provided as Exhibit B. Other residential hotels currently subject to the ordinance include: Hotel Berry, Ridgeway Hotel, Sequoia, Shasta, the YWCA, Capitol Park, Congress, and Golden.

Policy Considerations: Approval of the Conversion Certificate for the withdrawal of 95 SRO units at the Marshall Hotel, and corresponding Replacement Housing Plan, is consistent with the City's Residential Hotel Ordinance.

Environmental Considerations:

California Environmental Quality Act (CEQA): The recommended actions approving the replacement housing plan and issuing the Conversion Certificate is not the approval of a project as defined in CEQA Guidelines Section 15378 and will not have a potential for resulting in

Approval of Marshall Hotel Conversion Certificate, Replacement Housing Plan and Residential Hotel Conversion Guidelines

either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

National Environmental Policy Act (NEPA): The National Environmental Policy Act (NEPA) does not apply.

Sustainability Considerations: Not Applicable

Other: Not Applicable

Commission Action: At its meeting on April 2, 2014 the Sacramento Housing and Redevelopment Agency Commission motioned to approve the staff recommendation with the provision that Staff bring back regular reports about the implementation of the relocation plan and the welfare/status of the tenants. The votes were as follows:

AYES: Alcalay, Chan, Creswell, Griffin, Le Duc, Macedo, Morgan, Morton, Stivers

NOES: none

ABSENT: Johnson

ABSTAIN: Raab

Rationale for Recommendation: This report requests the approval of a Conversion Certificate and Replacement Housing Plan for the Marshall Hotel. These documents are consistent with City Code 18.20. The purpose of this Ordinance is to mitigate the adverse effects on displaced low income, elderly and disabled persons caused by withdrawal from rent or lease of residential hotel units in the downtown area. The Marshall Hotel is subject to the relocation requirements in the City Code. The relocation plan identifies eligible tenants and estimates the amount of the required relocation benefits for existing tenants as well as payments to the Agency for vacant units if the prior tenants cannot be located. The owner provided the required 60 day notice of the conversion application to eligible tenants of the hotel. The Replacement Housing Plan identifies replacement housing units equal in number to the number of units being withdrawn at the 7th and H Street Housing Community.

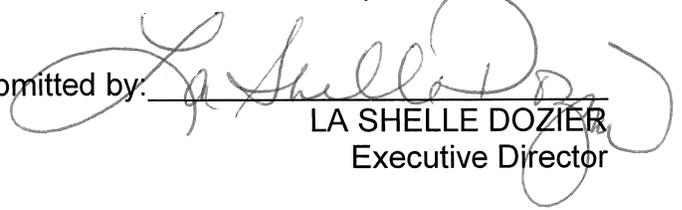
Financial Considerations: There are no financial considerations associated with this staff report.

April 29, 2014

Approval of Marshall Hotel Conversion Certificate, Replacement Housing Plan and Residential Hotel Conversion Guidelines

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

Respectfully Submitted by:



LA SHELLE DOZIER
Executive Director

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Approved as to form:



Agency Counsel

APPROVED AS TO FORM:



CITY ATTORNEY

Background

Marshall Hotel Conversion

The Marshall Hotel is a residential hotel located at 1122 7th Street in downtown Sacramento. The Marshall Hotel does not carry a regulatory agreement requiring that the units remain affordable over a specified period of time.

The owners of the Marshall Hotel are requesting to withdraw the units under the Ordinance. They are considering several options for the building, including a hotel. The Agency's role in the conversion process is to ensure that the Ordinance and the Residential Hotel Conversion Guidelines (adopted by the City Council September 15, 2009) are adhered to, and to provide a replacement housing plan, since units will be lost. The Agency has no authority to stop a conversion from taking place.

The existing code and Residential Hotel Conversion Guidelines require:

- Owner provides a notice of conversion application to eligible tenants
- Owner posts this notice in a public area at least 60 days
- A relocation plan
- City adopt a replacement housing plan

The property is subject to the relocation benefits in the municipal code. The relocation plan identifies eligible tenants and estimates relocation benefits for occupied and vacant units. The relocation plan is included as Attachment 3. The owner provided 60 day notice of the conversion application to eligible tenants of the hotel. The Marshall Hotel Conversion Certificate and Replacement Housing Plan are included as Exhibits A and B, respectively.

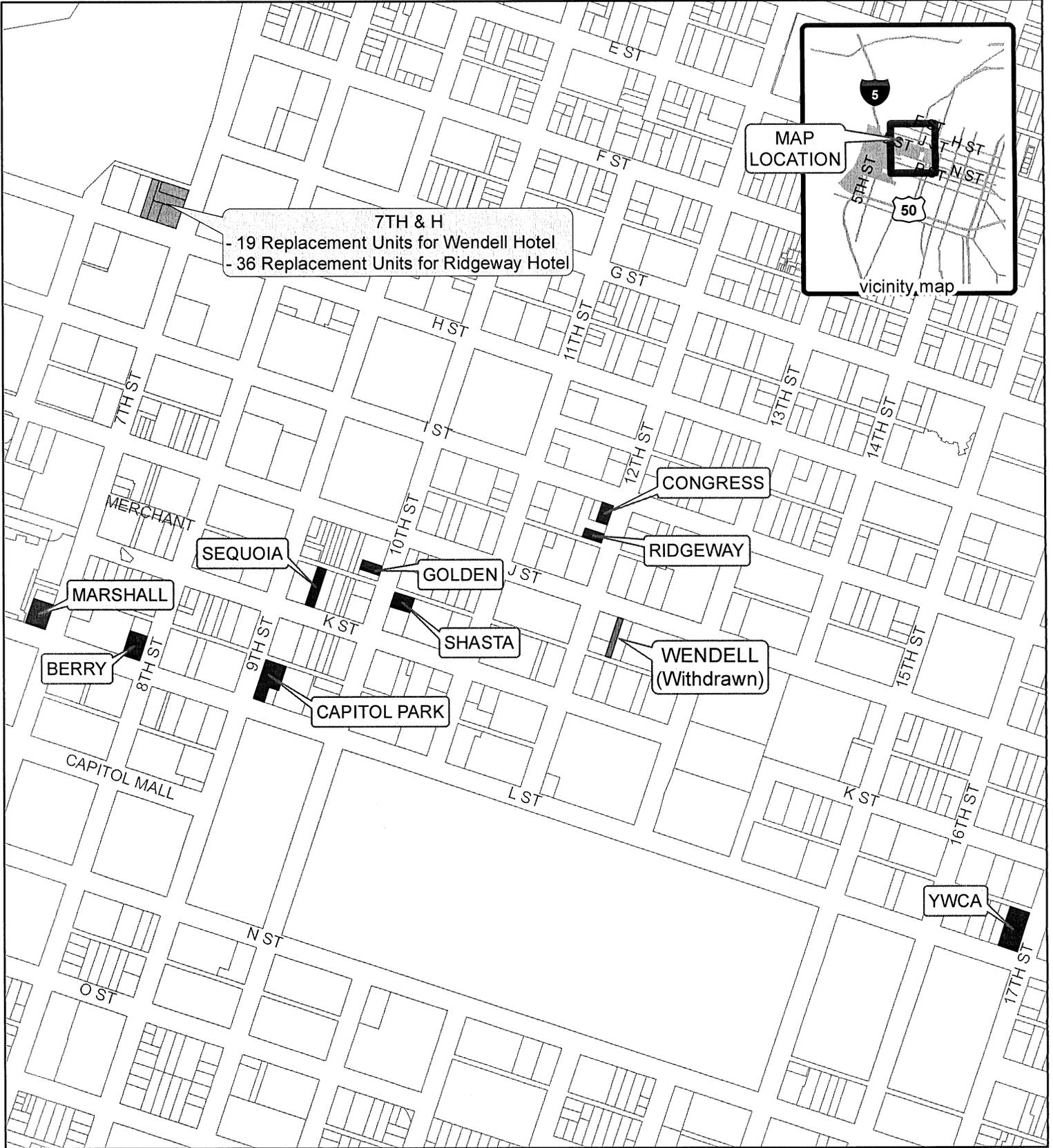
History of the Residential Hotel Ordinance

Since 1987, the central city area has lost over 300 SRO units. This fact, in addition to the renewed awareness of the importance of residential hotels to low-income residents, prompted the City Council to take actions to secure this type of housing. In 2005, the City Council approved a resolution calling for rehabilitation of existing residential hotels in the downtown, and a strategy for creation of new units for very low income tenants.

In 2006, the City Council adopted an SRO preservation Ordinance by modifying Municipal Code Section 18.20. This Ordinance sought to preserve 712 SRO units downtown, and to provide relocation benefits to tenants of residential hotels or SROs displaced by the conversion or demolition of an SRO (City Code 18.20). The ordinance requires noticing, relocation payments, a Conversion Certificate acknowledging that the requirements have been met, and replacement housing. In 2009, the City adopted SRO guidelines to address residential hotel owners' requests to convert or demolish existing SROs. The guidelines are outlined in Attachment 4.



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



7TH & H
 - 19 Replacement Units for Wendell Hotel
 - 36 Replacement Units for Ridgeway Hotel

MAP LOCATION

vicinity.map

Withdrawn Unit
 Replacement Housing Site
 Residential Hotel Included In Ordinance

0 350 700 Feet



SHRA GIS
 April 3, 2013

**Marshall Hotel
Sacramento, CA
Residential Hotel Withdrawal and Conversion
Preliminary Draft Relocation Plan**

For

**Marshall Hotel Investors, LP
And
City of Sacramento**

By



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MARSHALL HOTEL – PRELIMINARY RELOCATION PLAN

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MARSHALL HOTEL – PRELIMINARY RELOCATION PLAN

INTRODUCTION

Marshall Hotel Investors, LP (MHI), also referred to herein as Owner plan to convert the Marshall Hotel located at 1122 7th Street (the Property) in Downtown Sacramento, CA from a residential hotel to a commercial, nightly stay hotel or a commercial mixed use project. MHI is in the process of planning for and financing the project that will renovate and improve the property. The property has five floors with the first floor being a lobby area and floors two-five the location of the rooms. A map of the subject property is shown in Attachment 1.

The intended change of use of the property will remove the property from the City of Sacramento's supply of residential hotel rooms and affordable housing stock. For this change of use, the City of Sacramento (the City) requires that the Owner comply with Sacramento City Ordinance NO. 2006-056 (the Ordinance) and Title 18, Chapter 18.20, of the City of Sacramento City Code (the Code).

This Relocation Plan has been prepared to satisfy the Owner's obligation to prepare a Relocation Plan (Plan) in accordance with the Code and the Ordinance. This preliminary Plan is a requirement for the Owner's Notice of Withdrawal to be made the City of Sacramento. This Plan will form the basis of the Final Relocation Plan, which is required to be submitted with the Owner's application for a Conversion Certificate.

This plan intends to provide City, Tenants at the Property and the Owner with a guide and monitoring tool for the future permanent relocation of the Tenants should the City approve the Owner's application for a Conversion Certificate.

This plan will provide for key elements of the relocation program including noticing requirements, methodology for assessing tenant relocation needs, tenant relocation assistance payments, the methodology for preparing a comparable housing analysis and provision of referrals to replacement housing.

MARSHALL HOTEL – PRELIMINARY RELOCATION PLAN

Overview of the Project

As indicated in the Introduction of the Plan, MHI will carry out a major renovation to the Property should the City of Sacramento provide the required Conversion Certificate. The owner will request that all residential rooms be withdrawn from the supply of residential hotel rooms in order to convert the use to a commercial hotel or commercial mixed use property.

The Property is comprised of a total of 95 residential rooms. All 95 rooms are subject the provisions of the Code and Ordinance. Presently 66 rooms occupied and 29 are presently vacant.

The Sacramento Housing and Redevelopment Agency (SHRA) has identified Mercy Housing's low income housing project at 7th and H Street in downtown Sacramento as the replacement housing for conversion and removal of the rooms at the Marshall Hotel.

Funding Sources

The Owner will carry out the conversion and renovation solely with private sources of funding. No Federal, State, City or County funds will be used for the project.

Overview of Relocation Planning and Implementation

Overland, Pacific & Cutler, Inc. (OPC), a public real estate services consulting firm specializing in relocation assistance consulting services prepared this Relocation Plan (Plan) for MHI. OPC will also provide MHI consultation on the relocation process and provide relocation assistance services to the Tenants. This Plan has been prepared to evaluate the present circumstances and the relocation needs of the tenants. This project is not subject to the Uniform Relocation Act, California Relocation Assistance Law or the California Relocation Assistance and Real Property Acquisition Guidelines.

This project is subject to Sacramento City Ordinance NO. 2006-056 and Title 18, Chapter 18.20, of the City of Sacramento City Code.

MARSHALL HOTEL – PRELIMINARY RELOCATION PLAN

RELOCATION ASSISTANCE PLAN

In accordance with the definition of Relocation Assistance Plan under 18.20.030 of the Code and the Ordinance, this Plan intends to explain the Owner's plan to accomplish the following,

1. Inform eligible tenants of the programs benefits,
2. Meet with eligible tenants to determine specific needs,
3. Locate Comparable Units that are available to lease,
4. Offer referral to available Comparable Units,
5. Allocate resources and make payment to assist the displaced tenant secure a replacement unit, and
6. Provide a schedule for the Plan's implementation

The sections below address the required elements of the Plan.

A. ELIGIBILITY

Relocation benefits shall be paid to the current occupant of each unit withdrawn if the occupant occupied the withdrawn unit, or another unit within the Property for thirty (30) consecutive days or more immediately prior to the Notice to Tenants.

If the current occupant is not eligible, relocation benefits shall be paid to the most eligible tenant of the unit if;

1. Such tenant occupied the unit within one year prior to the withdrawal, and
2. The tenancy of such tenant was terminated without Just Cause or the tenant voluntarily vacated the premise within sixty (60) days after receiving a notice of rent increase.

In instances where a room is vacant, relocation assistance shall be paid to the most recent occupant if:

1. That occupant was a tenant within one year prior to the with drawl, and
2. Tenancy of that tenant was terminated without just cause or tenant vacated voluntarily within 60 days of receiving a notice of a rent increase.

MARSHALL HOTEL – PRELIMINARY RELOCATION PLAN

Tenants who occupy the units after the Notice to Tenants (Notice) will not be eligible to receive relocation assistance unless the Owner does not personally serve the new occupant with a copy of the Notice upon occupancy.

Each tenant will be provided with an eligibility letter, which the tenant will be required to acknowledge receiving. The letter of eligibility will be retained in the tenants file. Based upon occupant information provided to OPC by the owner and OPC's interview process there are 56 eligible persons presently occupying 56 of the 66 occupied rooms based upon their dates of occupancy meaning that these persons were occupants on or prior to the posting and delivery of Notice to Tenants per the Code and Ordinance was posted on February 27, 2014. Ten rooms were occupied after the Notice to Tenants per the Code and Ordinance was posted on February 27, 2014. The present occupants of these ten rooms are not eligible to receive relocation assistance, however, there are 35 former occupants that need to be located and further evaluated for their relocation eligibility. Three occupants have been evicted in the past twelve months and are not eligible for relocation assistance.

Reasonable efforts to locate potentially eligible former occupants will be made.

A list of project occupants by room number is provided in Attachment 2 of this plan.

B. ASSESSMENT OF NEEDS

OPC conducted interviews with the current tenants the week of March 10, 2014. OPC these interviews were required for the Final Relocation Plan to be submitted with the Conversion Certificate Application. These interviews allowed OPC to provide each tenant with an overview of the relocation program, explain their eligibility to receive assistance, and give OPC the opportunity to collect data on the number, age, and special needs of the occupants in each occupied room.

As part of OPC's interview process a review of the property files was conducted including vacant units to determine if any presently vacant units were occupied by eligible persons as described in Section A above.

During the interview process and review of tenant information with the property manager, it was not determined that there are eligible persons have vacated the property. If it is later determined that any eligible persons are no longer residing at the property OPC will attempt contact with them by mailing a notice to their last known

MARSHALL HOTEL – PRELIMINARY RELOCATION PLAN

address, calling their last known phone number and if needed calling any emergency contacts available. Additional methods to locate potentially eligible persons may include posting notices of OPC's inquiry at the property and in local newspapers. Should these persons be found, OPC will inquire why they vacated the property, have the former tenant sign an acknowledgment for the reason of their vacation and if applicable provide them with a relocation assistance eligibility letter.

C. PROJECT OCCUPANCY/OVERCROWDING

Overcrowding is not an issue at the property. All occupied rooms are occupied by a single person.

D. CONCURRENT RESIDENTIAL DISPLACEMENT

There are no concurrent displacement activities underway or anticipated in the near future which would impact negatively upon the Owner's ability to relocate the impacted households.

E. COMPARABLE UNIT HOUSING RESOURCES

The Owner's obligation per the Code and the Ordinance is to provide each displaced tenant household with a referral to at least one comparable housing unit. A comparable unit is defined as a residential hotel unit, an efficiency unit or a one-bedroom apartment unit that is decent, safe and sanitary that is similar in amount of habitable living space, and that has a listed rent that is similar to the unit being withdrawn. The unit shall also be accessible to public transportation or transit. Additional definitions related to comparable housing units such as efficiency unit can be found in 18.20.030 Definitions of the Ordinance and the Code.

Should the tenant reject the first offered comparable unit, the Owner or its relocation agent shall offer the tenant a second unit. Should the tenant reject all offers of a comparable unit, the Owner or its relocation agent shall have the tenant sign an acknowledgment that they are rejecting all offers for a comparable unit. The tenant shall be directly paid their full relocation benefit within 30 days after the Conversion Certificate is issued should they reject all offers of a comparable unit.

MARSHALL HOTEL – PRELIMINARY RELOCATION PLAN

The existing conditions at the property are that all rooms are classified as single room occupancy/hotel room units and current rents range from \$485-\$510 per month for non-employee rooms. There is one room occupied by a hotel employee who pays \$250 per month.

In accordance with the Code and Ordinance, OPC conducted a comparable housing resource survey. OPC's survey included Single Room Occupancy and Studio apartment units in and around downtown Sacramento, preferably within one mile of the Property and either on or near a transit line. Only properties with vacancies as of March 18, 2014 were included in the survey. Some properties greater than one mile were included because they present opportunities to house displaced residents in permanently affordable housing, housing owned by SHRA or near transit lines.

Properties that did not have vacancies as of March 18, 2014 may have units available at the time that OPC begins to work with displaced persons. OPC's survey located 81 prospective units' currently vacant and good housing opportunities with open waitlists. The rents found range from \$313-\$650 with an average rent of \$496. Details of this survey are provided in Attachment 3 of this plan.

Based on research of commercially available websites including *hotpads.com*, *craigslist.com*, and *sacselfhelp.org* there are many more potential opportunities than what have been included in the plan's survey which are located outside of downtown including South and North Sacramento, and the Arden Area that may be acceptable locations by the current residents of the Property. Sacramento Self Help provides listings for several boarding houses and room and board arrangements that may present good opportunities to assist the displaced residents reduce their overall cost of living. Should a resident indicate that they would like to be referred to properties outside of downtown, OPC will provide such referrals.

Each tenant will be provided with a list of available comparable units, which the tenant will be required to acknowledge receiving. The acknowledgment will be retained in the tenants file. Where possible, OPC will assist tenants apply permanently affordable and/or obtain a place on waiting list for affordable and special needs housing units they may be eligible and qualify for.

In addition, the Ordinance and the Code require that a replacement housing plan be prepared; this document is being prepared by the City of Sacramento. The City has

MARSHALL HOTEL – PRELIMINARY RELOCATION PLAN

identified the 150 unit low income housing project developed by Mercy Housing at 7th and H Street as the replacement housing location for this conversion.

F. PROGRAM ASSURANCES AND STANDARDS

Relocation assistance services will be provided to ensure that the relocation does not result in different, or separate treatment of households based on race, nationality, color, religion, national origin, sex, marital status, familial status, disability or any other basis protected by the federal Fair Housing Amendments Act, the Americans with Disabilities Act, Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968, the Unruh Act, as well as any otherwise arbitrary or unlawful discrimination.

No tenant will be permanently displaced without 60-days advance written notice to the tenant.

G. RELOCATION ASSISTANCE PROGRAM

OPC will be available to assist any household with questions about the relocation program. Relocation staff will be available from 9:00 AM to 6:00 PM, Monday through Friday during the conversion and relocation process. A relocation assistance program, suitable to provide necessary technical and advisory assistance, will be provided to the households. Close personal contact will be maintained with each household. Specific activities will include:

1. Distribution of informational notices.
2. Assistance in viewing replacement comparable units and making application for units.
3. Assistance with completion and filing of relocation claims and making special arrangements as needed.

H. CITIZEN PARTICIPATION/PLAN REVIEW

This Plan will be made available to the residents for their review throughout the project.

I. TENANT NOTIFICATION

The Code requires that at least 60 days prior to the application for a Conversion Certificate, the Owner shall post notices on each door of each unit on each floor of the property informing the tenants that the Owner is applying for a conversion certificate,

MARSHALL HOTEL – PRELIMINARY RELOCATION PLAN

the date the unit is expected to be withdrawn, that they may be eligible for relocation assistance, the tenant shall have at least 60 days to remain in the unit after the Conversion Certificate is issued, and that the tenant will have the right to appear at the hearing for the Conversion Certificate. The notice will provide the date of the conversion certificate hearing as well as the local telephone contact number for the Owner and OPC. This notice shall also be given to the last eligible occupant.

This notice was posted on February 27, 2014. A notice addressed to each occupant was hand delivered to the tenant and the tenant was asked to sign the notice acknowledging their receipt of the notice. A copy of the signed notice or proof of its posting will be kept in each tenant's individual file.

Notification within the property and to the residents is required prior to the SHRA Commission and City Council hearings to inform the residents that they have the right to appear and speak at the hearings.

Once the City Council approves the conversion and issues the Conversion Certificate the Owner may serve each tenant a 60 Day Notice to Vacate immediately. The notice will communicate that the conversion action has been approved, the date the conversion will commence and that they have 60 days to vacate the property. This notice will also explain the relocation assistance benefits available to the displaced tenant.

J. PAYMENT OF RELOCATION BENEFITS

In accordance with the Code and the Ordinance eligible tenant households shall receive \$2,400 for a single person. In cases where a room is occupied by two or more persons they will receive \$4,000 divided proportionally among the persons.

Eighty percent (80%) shall be paid directly to the owner or manager of the tenant's replacement unit for their benefit. This amount shall pay the first and last month's rent as well as the security deposit for the unit. The remaining twenty percent (20%) shall be paid to the tenant to assist with moving personal property. Should less than 80% of the total benefit be needed to secure the unit, the remainder shall be paid directly to the tenant.

MARSHALL HOTEL – PRELIMINARY RELOCATION PLAN

Twenty percent of the relocation payment shall be paid to the tenant 30 days prior to their required vacation date. If there is no current tenant, payment shall be made to the last eligible tenant of the room within 30 days after the issuance of the Conversion Certificate.

The Owner or its relocation agent will provide the resident with a claim form, assist them in preparing that form and provide payment 30 days prior to their move. The tenant must sign a claim form in order to receive payment. The signed tenant claim form will be retained in the tenants relocation file.

K. EVICTION POLICY

MHI recognizes that eviction is permissible only as a last resort and that relocation records must be documented to reflect the specific circumstances surrounding any eviction. Eviction will only take place in cases of nonpayment of rent; a serious violation of the rental agreement; a dangerous or illegal act in the unit; or, if the household refuses all reasonable offers to move.

L. APPEALS POLICY

Household will have the right to ask for review when there is a perceived grievance regarding any of its (the household's) rights to relocation and relocation assistance; including the determination as to eligibility, the amount of payment, or the failure to provide comparable replacement housing.

MARSHALL HOTEL – PRELIMINARY RELOCATION PLAN**M. PROJECTED TIMELINE**

A preliminary timeline of the conversion and relocation process is provided below. This timeline is subject to change.

Table 1: Preliminary Relocation Timeline

Task	Estimated Start Date	Estimated Completion Date
Owner Submits Withdrawal/Conversion Application	1/9/2014	1/9/2014
SHRA Review of Withdrawal Application	1/10/2014	2/10/2014
Post Withdrawal Application Notice at Property	2/27/2014	2/27/2014
Tenant Interviews to Finalize Plan	3/10/2014	3/20/2014
Finalize Relocation Plan for SHRA Review	3/21/2014	3/21/2014
SHRA Review of Final Relocation Plan	3/22/2014	3/22/2014
Owner Submits Application for Conversion Certificate	3/23/2014	3/23/2014
SHRA Accepts Application for Conversion Certificate	3/24/2014	3/24/2014
SHRA Makes Replacement Housing Plan Available for 30 Day Review	3/28/14	4/28/14
SHRA Commission Hearing	4/2/2014	4/2/2014
Post Notice of City Council Hearing At Property	3/18/2014	3/18/14
City Council Hearing and Anticipated Approval of Replacement Housing Plan and Conversion Certificate	4/29/2014	4/29/2014
Serve 60 Day Notice to Tenants	4/30/2014	4/30/2014
Administer Relocation Program	4/30/2014	6/29/2014

N. ESTIMATED RELOCATION COSTS

The estimate of relocation costs are Two Hundred Twenty-one Thousand Dollars (\$221,000). This budget accounts for the full exposure of the potential need to provide a relocation assistance payment all current occupants, former eligible occupants of and a payment for vacant rooms. A 10% contingency has been provided to mitigate budget increases multi-tenant rooms and/or benefit increases by SHRA. Actual cost will be based on the actual amounts required to be based on the claimants eligibility in accordance with the Code and Ordinance.

Table 2 below provides an overview of the relocation cost estimate.

Table 2: Relocation Budget Estimate

Case Description	Eligible for Relocation Assistance	Number of Cases	Per Unit Cost	Potential Relocation Exposure
Current Occupant Eligible to Receive Relocation Assistance	Yes	56	\$2,400	\$134,400
Potentially Eligible Former Tenant	Potentially	39	\$1,920	\$74,880
Sub-total		95		\$209,280
Contingency (10%)				\$11,520
Total Relocation Estimate				\$220,368

[End of Plan]

TABLE OF ATTACHMENTS

- Attachment 1:** Project Site Map
Attachment 2: Project Occupants List
Attachment 3: Comparable Housing Units List

ATTACHMENT 1:
PROJECT SITE MAP

Site-specific Location



**ATTACHMENT 2:
OCCUPANT LIST**

MARSHALL HOTEL – PRELIMINARY RELOCATION PLAN

Rm. #	Current Occupant Name	Former Known Occupant if Room Vacant or Current Occupant Not Eligible	Current Occupant Move In Date if Occupied	Current Occupant Eligible for Relocation Assistance *	Former Occupant Eligible for Relocation Assistance ^
201	Donald Gayler	N/A	7/2/2013	Yes	N/A
202	Vacant Room	Further Documentation Required for Eligibility Determination	N/A	N/A	Further Documentation Required for Eligibility Determination
203	Cooling Room	N/A	N/A	N/A	N/A
204	Jimmy Levine	N/A	9/21/2010	Yes	N/A
205	Ross McKibben	N/A	8/10/2013	Yes	N/A
206	Vacant Room	Further Documentation Required for Eligibility Determination	N/A	N/A	Further Documentation Required for Eligibility Determination
207	Alvin Keahey	N/A	3/20/2012	Yes	N/A
208	Lawrence Chavez	N/A	10/3/2012	Yes	N/A
209	Edward Roschbach	Further Documentation Required for Eligibility Determination	3/1/2014	No	Further Documentation Required for Eligibility Determination
210	Floyd Merchant	N/A	5/30/2008	Yes	N/A
211	James Woodberry	N/A	Prior to 2/27/2014	Yes	N/A
212	Vacant Room	Carver Truss	N/A	N/A	Further Documentation Required for Eligibility Determination
214	Daryl Collins	N/A	11/1/2011	Yes	N/A
215	Robert Sangster	N/A	11/3/2013	Yes	N/A
216	Michael Heard	N/A	Prior to 2/27/2014	Yes	N/A
217	Jeffery Dynes	Further Documentation Required for Eligibility Determination	11/22/2013	TBD. Tenant Move In Date Conflicts w/ Property Records	Further Documentation Required for Eligibility Determination

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		Further Documentation Required for Eligibility Determination			Further Documentation Required for Eligibility Determination
218	Gary Hodgson		2/19/2014	No	
219	Gordon Belcher	N/A	6/16/2010	Yes	N/A
220	Paul Jonelous	N/A	Prior to 2/27/2014	Yes	N/A
					Further Documentation Required for Eligibility Determination
221	Kenneth Dowdell	David Hedeem	1/19/2014	Yes	
222	Storage	N/A	N/A	N/A	N/A
224	George Thornally	N/A	1/4/2004	Yes	N/A
225	Carlos Verdecia	N/A	12/1/2013	Yes	N/A
226	Linnen	N/A	N/A	N/A	N/A
					Further Documentation Required for Eligibility Determination
301	Vacant Room	Alvin Ashand	N/A	N/A	
302	Elizabeth Ricci	N/A	Prior to 2/27/2014	Yes	N/A
303	Jason Sciba	N/A	2/1/2013	Yes	N/A
304	Maintenance Room	N/A	N/A	N/A	N/A
305	Michael Lewis	N/A	2/27/2011	Yes	N/A
		Further Documentation Required for Eligibility Determination			Further Documentation Required for Eligibility Determination
306	Vacant Room		N/A	N/A	
307	Victor Stukalo	N/A	Prior to 2/27/2014	Yes	N/A
308	Paul Muskeni	N/A	10/25/2012	Yes	N/A
		Further Documentation Required for Eligibility Determination			Further Documentation Required for Eligibility Determination
309	Vacant Room		N/A	N/A	
		Further Documentation Required for Eligibility Determination			Further Documentation Required for Eligibility Determination
310	Vacant Room		N/A	N/A	
311	Oscar Johnson	N/A	12/16/2013	Yes	N/A
312	Edward Anderson	N/A	3/1/2013	Yes	N/A

MARSHALL HOTEL – PRELIMINARY RELOCATION PLAN

		Further Documentation Required for Eligibility Determination			Further Documentation Required for Eligibility Determination
314	Jeffery Henley		After 2/27/14	No	
315	Jacob Walker	N/A	12/3/2013	Yes	N/A
316	Rick Byrd	N/A	Prior to 2/27/2014	Yes	N/A
317	Cooling Room	N/A	N/A	N/A	N/A
318	Sammie Lawrence	Cary Ragan	3/8/2014	No	Further Documentation Required for Eligibility Determination
319	Rudy Trujilo	Further Documentation Required for Eligibility Determination	After 2/27/14	No	Further Documentation Required for Eligibility Determination
320	David Brown	N/A	11/18/2013	Yes	N/A
321	Steve Vasquez	N/A	9/21/2013	N/A	N/A
322	Storage	N/A	N/A	N/A	N/A
324	Vacant Room	N/A	N/A	N/A	Further Documentation Required for Eligibility Determination
325	Robert Helms	Further Documentation Required for Eligibility Determination	After 2/27/14	No	Further Documentation Required for Eligibility Determination
326	Roy Winn	N/A	12/31/2010	Yes	N/A
327	Christopher D'Vince	N/A	10/1/2012	Yes	N/A
401	Vacant Room	Dennis Jenkins	N/A	N/A	No
402	Robert Hickman	N/A	Prior to 2/27/2014	Yes	N/A
403	Terry Sackrider	N/A	7/2/2009	Yes	N/A
404	Brandon Fassett	N/A	9/1/2013	Yes	N/A
405	Douglas Koleada	N/A	11/30/2013	Yes	N/A
406	Norman Otsby	N/A	10/11/2013	Yes	N/A
407	Robbie Pence	N/A	10/9/2010	Yes	N/A
408	Victor Compos	Ralph Mendez	3/8/2014	No	Further Documentation Required for Eligibility Determination
409	Raymond Haskins	N/A	12/1/2013	Yes	N/A
410	Cooling Room	N/A	N/A	N/A	N/A
411	Philip Gregory	N/A	11/1/2008	Yes	N/A

MARSHALL HOTEL – PRELIMINARY RELOCATION PLAN

412	Vacant Room	Karl Schmidt	N/A	N/A	No
413	Does Not Exist	N/A	N/A	N/A	N/A
414	Kenneth Hicks	N/A	7/13/2012	Yes	N/A
415	Michael Torres	N/A	Prior to 2/27/2014	Yes	N/A
416	Donald Kraus	N/A	3/13/2013	Yes	N/A
417	Jeff Perkins	N/A	2/24/2013	Yes	N/A
418	Vacant Room	Further Documentation Required for Eligibility Determination	N/A	N/A	Further Documentation Required for Eligibility Determination
419	Jesus Alcaraz	N/A	9/20/2013	Yes	N/A
420	Jimmy Garlin	N/A	3/24/2012	Yes	N/A
421	Scott Young	N/A	9/3/2013	Yes	N/A
422	Storage	N/A	N/A	N/A	N/A
423	Does Not Exist	N/A	N/A	N/A	N/A
424	Vacant Room	Further Documentation Required for Eligibility Determination	N/A	N/A	Further Documentation Required for Eligibility Determination
425	Billy Reynolds	N/A	12/26/2010	Yes	N/A
426	Tim Ordway	N/A	7/30/2009	Yes	N/A
427	Vacant Room	Further Documentation Required for Eligibility Determination	N/A	N/A	Further Documentation Required for Eligibility Determination
501	Vacant Room	Further Documentation Required for Eligibility Determination	N/A	N/A	Further Documentation Required for Eligibility Determination
502	John Gregg	N/A	8/1/2012	Yes	N/A
503	Vacant Room	Further Documentation Required for Eligibility Determination	N/A	N/A	Further Documentation Required for Eligibility Determination
504	Ronald Downs	N/A	7/19/2013	Yes	N/A
505	Patrick Lewis	N/A	1/1/2012	Yes	N/A
506	Elias Rodriguez	N/A	7/17/2013	Yes	N/A
507	Vacant Room	Further Documentation Required for Eligibility Determination	N/A	N/A	Further Documentation Required for Eligibility Determination
508	Homer Bagby	Jimmy Negrete	1/31/2014	Yes	N/A

MARSHALL HOTEL – PRELIMINARY RELOCATION PLAN

509	Manuel Barboza	John Vice	12/30/2013	Yes	Further Documentation Required for Eligibility Determination
510	Vacant Room	Further Documentation Required for Eligibility Determination	N/A	N/A	Further Documentation Required for Eligibility Determination
511	Jeffrey Marsh	N/A	5/12/2013	Yes	N/A
514	Vacant Room	Michael Martinez	N/A	N/A	Further Documentation Required for Eligibility Determination
515	Robert Swanson	N/A	Prior to 2/27/2014	Yes	N/A
516	Maurice Jones	N/A	12/30/2011	Yes	N/A
517	Edward Larson	George Craig	Yes	Yes	Yes
518	Vacant Room	Further Documentation Required for Eligibility Determination	N/A	N/A	Further Documentation Required for Eligibility Determination
519	Vacant Room	Further Documentation Required for Eligibility Determination	N/A	N/A	Further Documentation Required for Eligibility Determination
520	Robert Ray Boyd	N/A	11/30/2013	Yes	N/A
521	Vacant Room	Further Documentation Required for Eligibility Determination	N/A	N/A	Further Documentation Required for Eligibility Determination
522	Storage	N/A	N/A	N/A	N/A
524	Vacant Room	Phillip McLoughlin	N/A	N/A	Yes
525	Charles Reimers	Further Documentation Required for Eligibility Determination	3/5/2014	No	Further Documentation Required for Eligibility Determination
526	Joeseeph Netto	Further Documentation Required for Eligibility Determination	3/5/2014	No	Further Documentation Required for Eligibility Determination

MARSHALL HOTEL – PRELIMINARY RELOCATION PLAN

527	Vacant Room	Further Documentation Required for Eligibility Determination	N/A	N/A	Further Documentation Required for Eligibility Determination
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Notes:

**Occupant in residence prior to delivery of Notice to Tenants 2/27/14
 ^Reasonable effort will be made to locate former potentially eligible occupants. Former occupants who have been evicted for cause are not eligible.*

MARSHALL HOTEL – PRELIMINARY RELOCATION PLAN**ATTACHMENT 3:
COMPARABLE UNIT LIST**

Property Name	Property Address	Phone Number	Rent	# of Vacant Units	Distance From Marshall Hotel
YWCA	1122 17th St, Sacramento	(925) 323-5106	\$313	0	0.9
Hotel Berry	3960 67th St, Sacramento	(916) 452-9125	\$340	6	5.4
CADA	1619 Q St, Sacramento	(916) 322-2114	\$380	1	1.1
Pensione K	1100 17th St, Sacramento	(916) 443-2766	\$399	4	0.6
Park Place Senior Apartments	1230 N St, Sacramento	(916) 444-8400	\$400	25	0.7
Sequoia Hotel	911 K St, Sacramento	(916) 446-4040	\$415	4	0.3
Shasta Hotel	1017 10 th St, Sacramento	(916) 448-7510	\$437	4	0.6
No Marketing Name	13th Street and D St, Sacramento	(805) 636-9544	\$480	1	1
E Street Apartments	1106 E St, Sacramento	916-837-7089	\$485	1	0.8
Congress Hotel	906 12th St, Sacramento	(916) 441-2673	\$525	4	0.5
Capital Park Hotel	1125 9th St, Sacramento	(916) 441-5361	\$535	4	0.2
No Marketing Name	1415 G St, Sacramento	(916) 905-6665	\$550	1	0.9
No Marketing Name	420 I St, Sacramento	(916) 930-9100	\$550	1	0.6
No Marketing Name	F and 15th St, Sacramento	(916) 539-4150	\$580	1	1
Park Mansion Building	1325 15th St, Sacramento	(916) 322-2114	\$600	6	0.8
No Marketing Name	525 13th St, Sacramento	(916) 601-4676	\$635	1	0.9
No Marketing Name	525 13th St, Sacramento	(916) 601-4676	\$635	1	0.9
Maydestone	1001 15th St, Sacramento	(916) 448-5443	\$650	1	0.7
La Valentina Station	429 12th St, Sacramento	(916) 446-9090	30% of Income	10	0.9
Quninn Cottages	1500 North A St, Sacramento	(916) 492-9065	30% of Income	1	1.1
Boulevard Court	5321 Stockton Blvd, Sacramento	(916) 414-4445	30% of income	3	5.2
Normandy Apartments	1329 E St., Sacramento	(916) 531-6434	30% of Income	Waitlist	1
7 th and H	720 7 th St, Sacramento	(916) 520-8641	30% of Income	1	0.5
Total				81	

Residential Hotel Conversion Guidelines

Withdrawal /Conversion Procedures

Action	Timeline
<p>Owner sends planned withdrawal or conversion notice to SHRA prior to any withdrawal or conversion of use.</p> <p>Withdrawal of a unit includes changing the use of any residential unit whether occupied or vacant to a use which is not a residential hotel unit including the following circumstances:</p> <ol style="list-style-type: none"> 1. demolition or destruction of a unit/s 2. failure to offer publicly a residential hotel unit/s for rent 	<p>9 months before any planned withdrawal</p>
<p>Owner sends planned withdrawal or conversion application to SHRA which includes: application cover letter, list of units to be withdrawn or converted, names of current or last eligible tenant in the units to be withdrawn or converted, current rent roll, preliminary relocation plan, and copy of notice to be sent to tenants.</p> <p>The application cover letter should include the owner's formal request for withdrawal or conversion, site name, site address, and the number and identification of units to be withdrawn or converted. The preliminary relocation plan should include the process for identifying comparable units for eligible tenants, estimated relocation benefits for each tenant, and tentative schedule for relocation.</p>	<p>60 days prior to posting notice of withdrawal</p>
<p>Owner posts notice of withdrawal or conversion approved by SHRA in a prominent location and sends each current tenant a copy of the notice.</p>	<p>After notice is approved by SHRA</p>
<p>Owner submits required application for a conversion certificate to SHRA which includes current tenant information, evidence of notice of withdrawal or conversion sent to tenants, a final relocation plan, and relocation benefits as defined below.</p> <p>The relocation plan will include a current list of tenants, a list of comparable units which will be offered to tenants, and a corresponding budget for relocation benefits. Relocation</p>	<p>60 days after posting notice of withdrawal</p>

benefits must be consistent with Municipal Code 18.20.060, specifically:

1. The owner shall set aside a cash amount for relocation benefits to each eligible tenant in the amount of \$2,400 per person or \$4,000 for two or more people in the same room, which will be divided equally among the occupants. The owner will pay relocation costs accordingly: 80% of the relocation benefits will go directly to the new landlord for the total of first and last month's rent and a security deposit on a comparable unit, and the remaining 20% of the relocation benefits will go directly to the tenant for moving and miscellaneous expenses. Current tenants must be paid at least their 20% of the relocation benefits at least 30 days before they are required to vacate.
2. In the absence of a current tenant, the 20% payment will be made to an eligible past tenant who occupied the unit within one year prior to the withdrawal and but no more than 30 days after the issuance of the conversion certificate.
3. In the absence of a current tenant or an eligible past tenant, the 80% relocation payment must be made to SHRA for future claim by an eligible tenant. If that relocation benefit is not claimed within one year, those funds will be deposited by SHRA into the City Housing Trust Fund.

SHRA determines that the application is acceptable and all requirements have been met and begins process for approval of a conversion certificate.

After all notice of withdrawal requirements have been met

Withdrawal and Conversion Certificate Approval

Action	Timeline
SHRA prepares replacement housing plan which must be available for general public review.	30 days prior to City Council approval
Notice of public hearing must be posted at SRO at least 15 days prior to meeting	15 days prior to Commission meeting
City Council approves or denies issuance of conversion certificate and replacement housing plan	
Owner may withdraw vacant units as soon as conversion certificate has been approved. Owner must allow tenants to remain in occupied units for at least 60 days from approval of the conversion certificate.	Up to 60 days after Council approval

Annual Review/Certification: SHRA to conduct

Action	Timeline
SHRA will send correspondence to owners of all SROs identified in Municipal Code 18.20.040. This correspondence will include a summary of the owner's obligation under the City Ordinance 2006-56 and a request for information.	Annually
SRO owner required to submit requested information to SHRA. This information will include the following: property name, property owner name and contact information, property manager name and contact information, total number of units, vacancy and occupancy information for both residential and commercial space, resident services (if any), and any planned use changes that may prompt a withdrawal or conversion certificate request in the future.	Annually, and within 60 days of receipt of correspondence from SHRA

RESOLUTION NO. 2014-

Adopted by the Sacramento City Council

On date of

APPROVAL OF MARSHALL HOTEL CONVERSION CERTIFICATE AND REPLACEMENT HOUSING PLAN

BACKGROUND

- A. The Marshall Hotel is a residential hotel located at 1122 7th Street in downtown Sacramento that is subject to the provisions set forth in Chapter 18.20 of the City of Sacramento Municipal Code.
- B. The owners of the Marshall Hotel have submitted an application for residential hotel conversion.
- C. The owners of the Marshall Hotel have completed a relocation plan which identifies eligible tenants and estimates relocation benefits for the 95 occupied and vacant units. The replacement units are to be located at 7th and H Street housing community.
- D. The owners of the Marshall Hotel posted a sixty (60) day notice of withdrawal or conversion that was reviewed and approved pursuant to the provisions set forth in Chapter 18.20.
- E. The proposed action approving the replacement housing plan and issuing the Conversion Certificate is not the approval of a project as defined in CEQA Guidelines Section 15378. The National Environmental Policy Act (NEPA) does not apply.
- F. A public hearing was held on April 29, 2014 regarding the approval of the Conversion Certificate and Replacement Housing Plan.

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

- Section 1. The recitals stated above are found to be true and correct.
- Section 2. The Conversion Certificate for the Marshall Hotel located at 1122 7th Street, set forth as Exhibit A, is approved.
- Section 3. The Replacement Housing Plan for the Marshall Hotel, as set forth in Exhibit B, is approved.

Date – *DRAFT – SUBJECT TO REVIEW AND APPROVAL*

Guneet Bajwa
Marshall Hotel/Presidio Companies
1011 10th Street
Sacramento, CA 95814

RE: Marshall Hotel Conversion Certificate

Dear Mr. Bajwa:

On April 29, 2014, the City Council approved a Conversion Certificate for all 95 single room occupancy units of the Marshall Hotel. You may withdraw these units on June 29, 2014. All current tenants have a right to occupancy until that date.

Sincerely,

Christine Weichert
Assistant Director, Development Finance

**REPLACEMENT HOUSING PLAN FOR
SRO DWELLING UNITS**

**MARSHALL HOTEL
1122 7th STREET, SACRAMENTO**

Description of Property

The subject property is located at 1122 7th Street downtown Sacramento, City Council District 4, near K Street. This property consists of residential hotel single room occupancy (SRO) units. The owner of the Marshall Hotel proposes to withdraw the SRO units and is considering several options for the property, including conversion to a hotel. Please refer to Exhibit 1 for a map of the project site.

Based on an analysis of replacement housing requirements as outlined in Municipal Code 18.20.160, discussed more fully below, the Sacramento Housing and Redevelopment Agency (Agency) is required to replace SRO housing units subject to the Code. The Agency worked on development and financing of the 7th and H Street Housing Community, which was constructed in 2013. The 7th and H Street property will serve as the replacement housing for the Marshall Hotel units which will be lost due to withdrawal.

Project Status

The Marshall Hotel has 95 units, 56 of which were occupied on February 27, 2014, the date the owner notified the tenants that he would be applying for a Conversion Certificate. The remaining units are vacant. The owner has requested a conversion certificate which will allow the property to be used for purposes other than residential hotel SRO units.

Replacement Housing Needs

The Marshall Hotel is subject to Municipal Code 18.20 governing downtown residential hotels, which requires a replacement housing plan under section 18.20.160. According to the code, residential hotel SRO units may be replaced within three (3) years of the date of the approval of the conversion certificate by the construction of new housing, rehabilitation of non-regulated property, or acquisition or purchase of covenants of existing non-regulated housing. Replacement units must have rents not to exceed an average of forty percent (40%) of the Sacramento metropolitan area median income (AMI). Furthermore, the replacement units must be located in close proximity to transportation and services and have an affordability covenant of no less than fifty-five (55) years.

The Agency has identified the following units at the Marshall Hotel that must be replaced within the required three-year time period: ninety-five (95) units.

Replacement Dwelling Units

The Agency will replace the required units at the 7th and H Street property.

The 7th and H Street property includes approximately 150 mixed one-bedroom and studio units with one-third to one-half of the units for special needs households that require case management. These Permanent Supportive Housing units serve a range of formerly homeless and at-risk populations. The project was developed in accordance with the City's Single Room Occupancy (SRO) Strategy, and thus targeting a mixed population of single individuals working in low wage jobs in the central city, and people living on social security and disability income. Unit rents are affordable to those not exceeding 40% AMI on average. The building features a variety of amenities, including community gathering rooms on each floor, roof gardens, retail space on the ground floor and a clinic.

The Agency will replace the 95 SRO units lost at the Marshall Hotel with units at the 7th and H Street property with ninety-five (95) studio and one-bedroom units at an average affordability level of 40% AMI (extremely low income). Nineteen units at 7th and H Street were used as replacement housing units for the Wendell Hotel conversion in 2009. Thirty-six units at 7th and H Street were used as replacement housing units for the Ridgeway Hotel conversion in 2013.

Article XXXIV

The City of Sacramento is currently in compliance with its requirements under the California Constitution, Article XXXIV. The project being used as replacement housing for the units located at 1122 7th Street in Sacramento, CA is within the current allocation and does not require a vote of the public.