



City Council Report

915 I Street, 1st Floor
Sacramento, CA 95814

www.cityofsacramento.org

File #: 2016-01325

Public Hearing Item 16

Title: Ordinance Amending Chapter 18.20 of the Sacramento City Code, relating to the Residential Hotel Unit Withdrawal, Conversion and Demolition and the Annual Report on Residential Hotels [Passed for Publication 10/25/2016; Published 10/28/2016]

Recommendation: Pass 1) an Ordinance amending Chapter 18.20 of the Sacramento City Code (Ordinance) relating to residential hotel unit withdrawal, conversion and demolition; and 2) receive and file the Sacramento Housing and Redevelopment Agency's Annual Report on Residential Hotels.

Location: Districts 3 and 4

Contact: Christine Weichert, (916) 440-1353; Tyrone Roderick Williams, (916) 440-1319, Sacramento Housing and Redevelopment Agency

Presenter: Christine Weichert, (916) 440-1353, Sacramento Housing and Redevelopment Agency

Department: Sacramento Housing and Redevelopment Agency

Attachments:

- 1-Description/Analysis and Background
- 2-Proposed Changes to Chapter 18.20 of the Sacramento City Code
- 3-Proposed Chapter 18.20 of the Sacramento City Code
- 4-Annual Report on Residential Hotels

Description/Analysis

Issue Detail: Beginning in the 1920s, residential hotels were a major source of affordable housing in the Sacramento downtown area. By 1986, only sixteen residential hotels remained. To mitigate the effect of displacement on the very low income residents who were the hotels' primary residents, the Sacramento City Council (Council) adopted an Ordinance requiring that relocation benefits be paid to residents of Single Room Occupancy (SRO) residential hotels upon withdrawal or conversion to other uses. Adoption of the 1986 relocation Ordinance followed a moratorium on residential hotel conversion passed in 1983 in response to the loss of six hotels from the 1970s to 1983.

In 2006, Council adopted an amendment to the Ordinance that specifically identified the remaining ten SRO hotels and required that relocation benefits be paid to residents in the event of a conversion or demolition at one of these properties. The Ordinance also imposed an obligation on the City to maintain an inventory of not less than 712 SRO units. Withdrawn residential hotel units subject to this Ordinance would have to be replaced within three years unless there was a delay due to lack of financing or other circumstances beyond the City's control.

In 1994, the Shasta Hotel became the first SRO to be rehabilitated. From 2006 to 2011, Council approved the financing and rehabilitation of three additional residential hotels—the Berry Hotel, Ridgeway Studios, and the YWCA. In 2009 and 2015 respectively, Council approved the withdrawal of the Wendell and Marshall hotels from the Ordinance. The construction of the 7th and H Housing Community provided the required replacement housing units for these withdrawn units in compliance with the Ordinance.

Proposed Amendment to Chapter 18.20 of the Sacramento City Code

There have been positive outcomes but also fiscal challenges related to preserving SRO residential hotels over the last decade. As a result, City and Sacramento Housing and Redevelopment Agency (SHRA) staff met with stakeholders and formed an advisory committee to discuss the possible changes to the Ordinance.

Following the four advisory committee meetings and tours of three SRO residential hotels, staff developed suggested amendments to the Ordinance and other technical changes. A summary of the proposed changes is provided below:

- **Number of SRO Residential Hotels Subject to the Ordinance:** Since the adoption of the 2006 Ordinance, two SRO residential hotels were withdrawn (Wendell and Marshall Hotels) and replacement units created at 7th and H Street Housing Community.

Four rehabilitated SRO residential hotels are currently regulated by the Ordinance and monitored by SHRA (Berry Hotel, Ridgeway, Shasta, and YWCA). These four properties, along with 7th and H, are proposed to be removed from the Ordinance. The four remaining non-regulated residential hotels would continue to be subject to the amended Ordinance (Capital Park, Congress, Golden and Sequoia).

- **SRO Replacement Timeframe:** Due to the dissolution of Redevelopment in California, housing resources available to the City and SHRA are limited, and as a result, the ability to replace or rehabilitate existing SRO residential hotel units as occurred in the past is now severely constrained. To mitigate this factor, Staff is proposing to extend the timeline for constructing replacement units from three years to seven years from the date that the conversion certificate is approved by Council.
- **Geographic Boundary:** The original 1986 Ordinance referenced the Uptown Redevelopment Area within the downtown area. The 2006 Ordinance revision did not define a geographic area in which the replacement units would be built. The proposed amendment would limit the replacement units to the central city (as defined in Title 17 of the Sacramento City Code).

The proposed changes to the existing Ordinance are included in Attachment 2. The proposed Final Ordinance is included as Attachment 3.

Annual Report to Include Very Low Income Units Created since 2006

In the current Ordinance, replacement units must be comparable units with rents that do not exceed 40% of the Sacramento area median income (AMI), located in close proximity to transportation and services, and have recorded affordability covenants. In the last decade, five new developments have been created or proposed which meet this definition (Cannery Place, Globe Mills, La Valentina, Lavender Courtyard and The WAL). While these units will not be subject to the Ordinance, under the proposed amendment the 46 eligible units in these developments (see Attachment 4) and future units which meet the income and rent levels will be added to the 712 unit count, used as replacement units, and be included in the annual report.

2016 Annual Report on Residential Hotels

Pursuant to the current and proposed Ordinances, SHRA is required to provide an annual report to the Sacramento Housing and Redevelopment Commission (Commission) and City Council on the number of residential hotel units withdrawn, new units expected based on approved replacement housing plans, and units constructed in anticipation of conversions or withdrawals. The proposed Ordinance will apply to four residential hotels located in Downtown Sacramento. To comply with the existing Ordinance reporting requirements, SHRA sent

correspondence in early 2016 to the owners of residential hotels subject to the Ordinance, including an annual certification on the status of the residential hotel. The annual report on residential hotels is included as Attachment 4.

Policy Considerations: The actions recommended in this report identify the four remaining residential hotels subject to the Ordinance, expand the SRO replacement timeframe, and limit the location of replacement units to the Central City. The proposed changes to the Ordinance are consistent with a) the Housing Element 2013-2021, Table H 9-2, Section 32, objective to continue implementing the Ordinance, ensuring a no net loss of 712 SRO units and provide funding and other resources for the rehabilitation of existing SRO units and the construction of new SRO units; and b) Downtown Housing Initiative and Initiation of the Downtown Specific Plan, to bring 10,000 places to live to Downtown Sacramento by 2025 (Resolution No. 2015-282).

Environmental Considerations:

California Environmental Quality Act (CEQA)/National Environmental Policy Act (NEPA): The recommended actions approving an amendment to Chapter 18.20 of the Sacramento City Code are exempt from the California Environmental Quality Act (CEQA) per 14 California Code of Regulations (CCR) section 15282(r), which exempts “determinations made regarding a city or county’s regional housing needs as set forth in Section 65584 of the Government Code.” As such, environmental review is not required. There are no federal actions associated with the recommended action; therefore, the National Environmental Policy Act (NEPA) does not apply.

Sustainability Considerations: Not applicable.

Commissions/Committees Actions: At its meeting on September 21, 2016, the Sacramento Housing and Redevelopment Commission made a motion to approve the staff recommendation. The votes were as follows:

AYES: Alcalay, Griffin, Johnson, Raab, Macedo, Morgan, Staajabu

NOES: None

ABSTAIN: Creswell

ABSENT: Painter, Rios, Simas

City of Sacramento Law and Legislation Subcommittee: At its meeting of October 18, 2016, the subcommittee approved the staff recommendation for this item.

Rationale for Recommendation: In 2011, the dissolution of Redevelopment in California meant that the City no longer had funding available to replace SRO residential hotel units or rehabilitate existing SRO residential hotels at the same pace it was able to prior to the abolishment of Redevelopment. In 2013, Council adopted the 2013-2021 Housing Element with the objective of continuing to implement the Ordinance, ensure a no net loss of 712 SRO units, and provide funding and other resources for the rehabilitation of existing SRO units and the construction of new SRO units. In 2015, Council adopted the Downtown Housing Initiative and Initiation of the Downtown Specific Plan, to bring 10,000 places to live in Downtown Sacramento by 2025. The proposed amendment to Sacramento City Code Section 18.20 related to SRO hotels seeks to strike a balance between protections for the residents of the single room occupancy hotels and the interests of property owners who may wish to convert these hotels to other uses.

Financial Considerations: Not applicable.

M/WBE/Section 3 and First Source Considerations: Not applicable.

Background

Many Downtown Sacramento residential units, often referred to as single room occupancy (SRO) hotels, were built in the 1920s and were defined as buildings with six or more units lacking either/both a self-contained kitchen or bathroom that are rented out for sleeping purposes. By the 1960s, 68 of 78 downtown hotels had been demolished or converted to commercial use.

By 1986, 16 downtown residential hotels operated in the former Uptown Redevelopment Area (extended from 7th Street to 18th Street and from I Street to L Street), providing 1,013 units. The Sacramento City Council (Council) adopted an ordinance requiring that relocation benefits be paid to residents of SRO residential hotels upon withdrawal or conversion to other uses to mitigate the effect of displacement on the very low income residents who were the hotels' primary residents. The adoption of the 1986 relocation ordinance (Ordinance) followed a moratorium on residential hotel conversion passed in 1983 in response to the loss of six hotels from the 1970s to 1983.

By 2006, ten Downtown residential hotels remained with a total of 712 units. At that time, the Council amended the Ordinance with these major provisions:

- Established a no net loss threshold of 712 units.
- Required the City of Sacramento (City) and Sacramento Housing and Redevelopment Agency (SHRA) provide replacement housing within three years.

- Required that replacement housing unit rental costs not exceed 40% of the Sacramento area median income (AMI), adjusted for household size.
- Required a 60-day notice to hotel residents and SHRA of the owner's intent to withdraw or demolish a hotel or any of its units.
- Required the preparation of Relocation Plan.
- Required that the owner find and offer comparable housing to each SRO resident.
- Required payment of \$2,400 to each resident prior to withdrawal (\$4,000 total for two or more occupying the same room).
- Required protection from resident evictions during the period of withdrawal.
- Required a conversion certificate approved by Council upon completion of the relocation obligations.

Ten Downtown SRO residential hotels consisting of 712 units are covered by the City's current Ordinance. The City and SHRA have accomplished many of the Ordinance's goals by replacing and improving the quality of living conditions that affected six of the SRO residential hotels which are:

- 80-unit Shasta Hotel (renovated in 1994)
- 32-unit YWCA (renovated in 2010)
- 105-unit Studios at Hotel Berry (renovated in 2012)
- 22-unit Ridgeway Studios (renovated in 2013)
- 150-unit 7th & H Street Housing Community (constructed in 2012) which provided 150 replacement units for the withdrawn Wendell (19 units), part of Ridgeway (36 units), and Marshall (95 units).

The remaining four SRO residential hotels listed below are non-regulated and subject to the Ordinance:

- 180-unit Capitol Park
- 27-unit Congress
- 26-unit Golden
- 90-unit Sequoia

In 2009, Council adopted Residential Hotel Conversion Guidelines in accordance with Sacramento City Code Chapter 18.20 (Resolution No. 2009-592).

In 2011, the dissolution of Redevelopment in California resulted in the loss of millions of dollars in funding which had been used to acquire and rehabilitate existing properties or construct new affordable housing developments in the City (ABX1 26).

In 2013, Council adopted the 2013-2021 Housing Element, which has a goal of ensuring a no net loss of 712 SRO units, providing funding and other resources for the rehabilitation of existing SRO units, and the construction of new SRO units.

In 2015, Council adopted the Downtown Housing Initiative and 2015 Initiation of the Downtown Specific Plan (Downtown Housing Initiative), which has a goal of bringing 10,000 places to live in Downtown Sacramento by 2025 (Resolution No. 2015-282).

Advisory Committee

Given the adoption of the Downtown Housing Initiative, City and SHRA staff met with stakeholders to form an advisory committee to discuss the Ordinance. Representatives from the owners/developers subject to the Ordinance, the Alkali and Mansion Flats Historic Neighborhood Associations, the Downtown Sacramento Partnership, Legal Services of Northern California, the River District, Sacramento Housing Alliance, Sacramento Self Help Housing, and Sacramento Steps Forward participated in four Advisory Committee meetings, including a tour of the Capitol Park, Sequoia and the Ridgeway Studios housing developments. Four meetings were held between December 2015 and May 2016.

All participants agreed that SRO residential hotels should provide safe, decent and affordable housing, and that the City and SHRA have been successful in rehabilitating and regulating SRO developments, such as the Studios at Hotel Berry and Ridgeway Studios. However, advisory committee member's opinions of the Ordinance in general ranged from elimination of the Ordinance entirely to expanding the no net loss threshold of 712 SRO residential hotel units. Examples of other comments included:

- Given that the City Housing Element goals and Downtown Housing Initiative include affordable housing to be developed and/or rehabilitated, the Ordinance should be eliminated.
- Rezone the downtown area to achieve new SRO development and increase the no net loss threshold of 712 units.
- Incentivize rehabilitation and conversion to affordable housing in the four non-regulated SRO residential hotels.
- Expand the geographic footprint from downtown area to citywide.
- Given the reduction in affordable housing resources, increase the replacement housing plan requirement from three to ten years.
- Incorporate units from developments that meet the replacement housing plan requirements into the "bank" of replacement housing units.
- Decrease the area median income (AMI) limit from 40% AMI to 30% AMI in the replacement housing plan requirements.
- Increase AMI from 40% AMI to 50% AMI in the replacement housing plan requirements.

Summary of Proposed Amendments

Since 2006, there have been major affordable housing developments in the City of Sacramento that have benefited the City's most poverty-stricken residents. Additionally, clarification and technical changes to the existing Ordinance are necessary. Proposed changes to the Ordinance are included as Attachment 2.

A summary of the proposed significant changes is outlined below:

- **Number of SRO Residential Hotels Subject to the Ordinance:** Since the adoption of the 2006 Ordinance, two SRO residential hotels have withdrawn from the Ordinance (Wendell and Marshall Hotels) and replacement units created at 7th and H Street Housing Community (7th and H). Four rehabilitated SRO residential hotels now are regulated and monitored by SHRA (Berry Hotel, Ridgeway, Shasta, and YWCA), and along with 7th and H are proposed to be removed from the Ordinance. The four remaining non-regulated residential hotels would continue to be subject to the amended Ordinance (Capital Park, Congress, Golden and Sequoia).
- **SRO Replacement Timeframe:** Due to the dissolution of Redevelopment in California, the City and SHRA are financially constrained and no longer have the resources to replace SRO residential hotel units or rehabilitate existing SRO residential hotels at the same pace they once did. As a result, the proposal is to extend the replacement housing period from three years to seven years from the date that the conversion certificate is approved by Council.
- **Geographic Boundary:** The original 1986 Ordinance referenced the Uptown Redevelopment Area within the downtown area. The 2006 Ordinance revision did not define a geographic area in which the replacement units would be built. The proposed amendment would limit the replacement units to the central city (as defined in Title 17 of the Sacramento City Code).

Annual Report to Include Very Low Income Units Created since 2006

In the current Ordinance, replacement units must be comparable units with rents that do not exceed 40% of the Sacramento area median income (AMI), located in close proximity to transportation and services, and have recorded affordability covenants. In the last decade, four new construction developments have been created which meet this definition, (Cannery Place, Globe Mills, La Valentina and The WAL). While these units will not be subject to the Ordinance, the 46 eligible units included in these developments (see Attachment 4) and future units which meet the income and rent levels will be added to the 712 unit count, used as replacement units, and be included in the annual report.

ORDINANCE NO.

Adopted by the Sacramento City Council
Date Adopted

**AN ORDINANCE AMENDING THE TITLE AND VARIOUS SECTIONS OF
CHAPTER 18.20 OF THE SACRAMENTO CITY CODE, RELATING TO
RESIDENTIAL HOTEL UNIT WITHDRAWAL, CONVERSION, AND
DEMOLITION**

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

SECTION 1.

The title of chapter 18.20 of the Sacramento City Code is amended to read as follows:

~~RELOCATION BENEFITS PERTAINING TO~~ RESIDENTIAL HOTEL UNIT WITHDRAWAL,
CONVERSION, ~~OR AND~~ DEMOLITION

SECTION 2.

Section 18.20.010 of the Sacramento City Code is amended to read as follows:

18.20.010 Purpose and intent.

~~It is t~~The purpose of this chapter is to mitigate the adverse effects on displaced low income, elderly, and disabled persons caused by the withdrawal of residential hotel units from rent or lease ~~of residential hotel units~~ in the ~~downtown area~~ central city by:

- A. _____ Regulating the withdrawal, demolition, and ~~or~~ conversion of those residential hotels listed in ~~S~~section 18.20.040;
- B. ~~Ensuring the provision of~~ Providing relocation assistance to tenants, in the event of withdrawal, conversion, or demolition;
- C. ~~Ensuring the provision of~~ Providing replacement housing when the residential hotels listed in ~~S~~section 18.20.040 are withdrawn, converted, or demolished.

SECTION 3.

- A. The definition of “central city” is added to section 18.20.030 of the Sacramento City Code to read as follows:

“Central city” means that area of the City of Sacramento lying between the American River on the north, Broadway on the south, the Sacramento River on the west, and Alhambra Boulevard on the east. The properties fronting upon the eastern side of Alhambra and the southern side of Broadway are within the central city.

B. Except as amended by subsection A above, all other provisions of section 18.20.030 remain unchanged and in full effect.

SECTION 4.

Section 18.20.040 of the Sacramento City Code is amended to read as follows:

18.20.040 Application of chapter.

A. This chapter shall apply to the following residential hotels:

~~Berry Hotel, 729 L Street~~
Capital Park, 1125 9th Street
Congress, 906 12th Street
Golden, 1010 ½ 10th Street
~~Marshall, 1122 7th Street~~
~~Ridgeway, 914 12th Street~~
Sequoia, 911 K Street
~~Shasta, 1021 10th Street~~
~~Wendell, 1208 J Street~~
~~YWCA, 1122 17th Street~~

B. This chapter shall apply to every residential hotel unit within a subject building.

SECTION 5.

Section 18.20.150 of the Sacramento City Code is amended to read as follows:

18.20.150 ~~Complaints of noncompliance~~Administration.

A. The director may establish guidelines for the administration of this chapter, subject to approval by the city council.

B. The director shall establish a procedure for accepting complaints of noncompliance with the requirements of this chapter from tenants and other interested persons.

SECTION 6.

Section 18.20.160 of the Sacramento City Code is amended to read as follows:

18.20.160 Replacement housing plan.

A. The city shall maintain or cause to be maintained an inventory of not less than ~~seven hundred twelve (712)~~ residential hotel or comparable units in the central city; and to this end shall replace or cause to be replaced the residential hotel units subject to this chapter that are to be withdrawn, converted, or demolished. The replacement units shall be provided within ~~three-seven~~ years of the date that the conversion certificate is approved for the units to be replaced; provided that the time may be extended upon determination by the city council that the production of the replacement units is delayed due to the unavailability of anticipated financing or other circumstances beyond the city's control.

B. To assist in the accomplishment of this requirement, the director shall recommend for city council approval replacement housing plans for residential hotel units regulated by this chapter that are the subject of an application for a conversion certificate. The city may replace units prior to the approval of conversion certificates.

C. Residential hotel units may be replaced through any of the following methods:

1. Construction of new housing;
2. Rehabilitation of existing nonregulated property, including conversion of commercial property into residential units or residential mixed-use; and
3. Acquisition or purchase of covenants of existing housing that is neither currently regulated for affordability nor regulated by this chapter.

D. Replacement units shall meet the following requirements:

1. Comparable, as defined in ~~S~~section 18.20.030;
2. Rental costs not exceeding ~~forty (40%) percent~~ of the Sacramento metropolitan area median income, adjusted for household size. Project-based rental assistance shall qualify as meeting the rent affordability standard. If an entire project consists of comparable units, all units whose rents are regulated at or below ~~fifty (50%) percent~~ of the Sacramento metropolitan area median income may count as replacement units so long as the average rents of those units does not exceed ~~forty (40%) percent~~ of the Sacramento metropolitan area median income;
3. Located in close proximity to transportation and services;

4. Recorded affordability covenants for the longest feasible time, but not less than ~~fifty five (55)~~ years.

E. Within ~~ninety (90)~~ days of the approval of a conversion certificate, the city shall adopt a replacement housing plan which includes the following:

1. If the units have been replaced, a description of their location, unit type~~(s)~~, rent levels, occupancy income limits, and any project-based rental assistance, if available;

2. If some or all of the units have not been replaced, the following information is required:

a. Description of the type of project through which the replacement units will be provided (subsection C of this section),

b. A schedule for replacing the units indicating that they will be available no later than ~~three seven~~ years after the adoption of the replacement housing plan,

c. Proposed financing plan~~(s)~~,

d. Location of replacement units,

e. Survey of rents and incomes of the eligible tenants in the residential hotel units being converted or withdrawn. This information may be taken from the notice of withdrawal (~~S~~section 18.20.070),

f. Proposed rents and occupancy limits;

3. A draft of the city's replacement housing plan shall be made available to the general public at least ~~thirty (30)~~ days prior to the city council's adopting the replacement housing plan.

F. The director will report ~~yearly~~annually to the Sacramento housing and redevelopment commission and city council on the number of residential hotel units withdrawn, the number of new units expected based on approved replacement housing plans, and units constructed in anticipation of conversions or withdrawals.

ORDINANCE NO.

Adopted by the Sacramento City Council
Date Adopted

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CHAPTER 18.20 OF THE SACRAMENTO CITY CODE, RELATING TO
RESIDENTIAL HOTEL UNIT WITHDRAWAL, CONVERSION, AND
DEMOLITION

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

SECTION 1.

The title of chapter 18.20 of the Sacramento City Code is amended to read as follows:

RESIDENTIAL HOTEL UNIT WITHDRAWAL, CONVERSION, AND DEMOLITION

SECTION 2.

Section 18.20.010 of the Sacramento City Code is amended to read as follows:

18.20.010 Purpose and intent.

The purpose of this chapter is to mitigate the adverse effects on displaced low income, elderly, and disabled persons caused by the withdrawal of residential hotel units from rent or lease in the central city by:

- A. Regulating the withdrawal, demolition, and conversion of those residential hotels listed in section 18.20.040;
- B. Providing relocation assistance to tenants, in the event of withdrawal, conversion, or demolition;
- C. Providing replacement housing when the residential hotels listed in section 18.20.040 are withdrawn, converted, or demolished.

SECTION 3.

A. The definition of "central city" is added to section 18.20.030 of the Sacramento City Code to read as follows:

"Central city" means that area of the City of Sacramento lying between the American River on the north, Broadway on the south, the Sacramento River on the west, and

Alhambra Boulevard on the east. The properties fronting upon the eastern side of Alhambra and the southern side of Broadway are within the central city.

B. Except as amended by subsection A above, all other provisions of section 18.20.030 remain unchanged and in full effect.

SECTION 4.

Section 18.20.040 of the Sacramento City Code is amended to read as follows:

18.20.040 Application of chapter.

A. This chapter shall apply to the following residential hotels:

Capital Park, 1125 9th Street
Congress, 906 12th Street
Golden, 1010 ½ 10th Street
Sequoia, 911 K Street

B. This chapter shall apply to every residential hotel unit within a subject building.

SECTION 5.

Section 18.20.150 of the Sacramento City Code is amended to read as follows:

18.20.150 Administration.

A. The director may establish guidelines for the administration of this chapter, subject to approval by the city council.

B. The director shall establish a procedure for accepting complaints of noncompliance with the requirements of this chapter from tenants and other interested persons.

SECTION 6.

Section 18.20.160 of the Sacramento City Code is amended to read as follows:

18.20.160 Replacement housing plan.

A. The city shall maintain or cause to be maintained an inventory of not less than 712 residential hotel or comparable units in the central city; and to this end shall replace or cause to be replaced the residential hotel units subject to this chapter that

are to be withdrawn, converted, or demolished. The replacement units shall be provided within seven years of the date that the conversion certificate is approved for the units to be replaced; provided that the time may be extended upon determination by the city council that the production of the replacement units is delayed due to the unavailability of anticipated financing or other circumstances beyond the city's control.

B. To assist in the accomplishment of this requirement, the director shall recommend for city council approval replacement housing plans for residential hotel units regulated by this chapter that are the subject of an application for a conversion certificate. The city may replace units prior to the approval of conversion certificates.

C. Residential hotel units may be replaced through any of the following methods:

1. Construction of new housing;
2. Rehabilitation of existing nonregulated property, including conversion of commercial property into residential units or residential mixed-use; and
3. Acquisition or purchase of covenants of existing housing that is neither currently regulated for affordability nor regulated by this chapter.

D. Replacement units shall meet the following requirements:

1. Comparable, as defined in section 18.20.030;
2. Rental costs not exceeding 40% of the Sacramento metropolitan area median income, adjusted for household size. Project-based rental assistance shall qualify as meeting the rent affordability standard. If an entire project consists of comparable units, all units whose rents are regulated at or below 50% of the Sacramento metropolitan area median income may count as replacement units so long as the average rents of those units does not exceed 40% of the Sacramento metropolitan area median income;
3. Located in close proximity to transportation and services;
4. Recorded affordability covenants for the longest feasible time, but not less than 55 years.

E. Within 90 days of the approval of a conversion certificate, the city shall adopt a replacement housing plan which includes the following:

1. If the units have been replaced, a description of their location, unit types, rent levels, occupancy income limits, and any project-based rental assistance, if available;

2. If some or all of the units have not been replaced, the following information is required:

a. Description of the type of project through which the replacement units will be provided (subsection C of this section),

b. A schedule for replacing the units indicating that they will be available no later than seven years after the adoption of the replacement housing plan,

c. Proposed financing plans,

d. Location of replacement units,

e. Survey of rents and incomes of the eligible tenants in the residential hotel units being converted or withdrawn. This information may be taken from the notice of withdrawal (section 18.20.070),

f. Proposed rents and occupancy limits;

3. A draft of the city's replacement housing plan shall be made available to the general public at least 30 days prior to the city council's adopting the replacement housing plan.

F. The director will report annually to the Sacramento housing and redevelopment commission and city council on the number of residential hotel units withdrawn, the number of new units expected based on approved replacement housing plans, and units constructed in anticipation of conversions or withdrawals.

Annual Report on Residential Hotels

The Sacramento City Code Chapter 18.20 (Relocation Benefits Pertaining to Residential Hotel Unit Conversion or Demolition) and City Ordinance 2006-056 require that 712 residential hotel or comparable units be maintained within the City of Sacramento.

Pursuant to the ordinance, the Sacramento Housing and Redevelopment Agency (SHRA) is required to provide an annual report to the Sacramento Housing and Redevelopment Commission and City Council on the number of residential hotel units withdrawn, new units expected based on approved replacement housing plans, and units constructed in anticipation of conversions or withdrawals.

In order to comply with the ordinance reporting requirements, SHRA sent correspondence in January 2016 to the owners of residential hotels subject to the ordinance, including an annual certification on the status of the residential hotel. There are five developments regulated by SHRA:

- 80-unit Shasta Hotel (renovated in 1994)
- 32-unit YWCA (renovated in 2010)
- 105-unit Studios at Hotel Berry (renovated in 2012)
- 150-unit 7th & H Street Housing Community (constructed in 2012)
- 22-unit Ridgeway Studios (renovated in 2013).

In addition to the five SHRA regulated developments above, the Wendell received conversion approval to withdraw 19 units in 2009 and Marshall Hotel received conversion approval to withdraw 95 units in 2014.

There are four non-regulated residential hotels subject to the ordinance (Location Map - below):

- 180-unit Capitol Park
- 27-unit Congress
- 26-unit Golden
- 90-unit Sequoia (regulatory agreement with SHRA ended in January 2015).

With the exception of Capitol Park, Golden and YWCA, vacancy rates are less than ten percent. According to the property management at Capitol Park and YWCA, the vacancy rate is high due to selective screening. The owner of the Golden reported several evictions were processed due to non-payment of rent.

Withdrawn / Replacement Housing

A list of the residential hotels covered by the ordinance with the results of the annual certification is included below.

In addition to the nine developments currently subject to the ordinance, four developments provide 46 units that meet the replacement housing criteria of the proposed ordinance:

- Cannery Place (2 units)
- Globe Mills (12 units)
- La Valentina (11 units)
- The WAL (21 units).

Boulevard Court

Information on the 75-unit Boulevard Court development completed in 2011 is also included in the Certification Summary below. Pursuant to the development's special permit and Council Resolution 2008-526, the annual report required for the development is included below.

Revised Residential Hotel Certification Summary

September 2016

Table 1: Non-Regulated Units

Property	Address	Original & Current Number Units	Total Number Vacant Units	Monthly Rent w/ Bath	Monthly Rent w/o Bath	Resident Services	Comments
Capitol Park	1125 9th St.	180	60	\$550	\$525	Yes ¹	No Planned Change In Use, Five (5) vacant units used for storage, laundry, or maintenance supplies.
Congress	906 12th St.	27	0	\$560	\$525	Yes ¹	No Planned Change In Use,
Golden	1010 10th St.	26	14	N/A	\$475	Yes ¹	No Planned Change In Use,
Sequoia	911 K St.	90	7	\$430	\$405	Yes ¹	No Planned Change In Use,
Total		323					

Table 2A: Regulated Units (Developments Subject to 2006 Ordinance)

Property	Address	Current Number Units	Total Number Vacant Units	Monthly Rent w/ Bath	Monthly Rent w/o Bath	Resident Services	Comments
7th & H Project	625 H St.	150	5	\$477 - \$608	N/A	Yes	150 total units. Replacement units for the withdrawn Wendell (19), Ridgeway (36) and Marshall (95).
Hotel Berry	729 L St.	105	5	\$533 - \$599	N/A	Yes	
Ridgeway	914 12th St.	22	0	\$337-\$458	N/A	Yes	
Shasta	1017 10th St.	80	1	N/A	\$467	Yes ¹	
YWCA	1122 17th St.	32	4	\$658	\$333	Yes ¹	
Subtotal		389					

Table 2B: Regulated Units (Developed since 2006)²

Property	Address	Replacement Units	Resident Services
Cannery Place	601 Cannery Ave.	2	Yes
Globe Mills	1131 C St.	12	Yes
La Valentina	429 12th St.	11	Yes
The WAL	1108 R St.	21	Yes
Subtotal		46	

Total of Tables 1, 2A and 2B

Non-Regulated Units	323
Regulated Units Subject to 2006 Ordinance	389
Regulated Units Developed since 2006	46
Total	758

Table 3: Withdrawn Units

Property	Address	Approved Withdrawn Units	Original Number Units	Comments
Marshall Hotel	1122 7th St.	95	95	7th & H provided 150 Replacement units for the withdrawn Wendell (19), Ridgeway (36) and Marshall (95).
Ridgeway	914 12th St.	36	58	
Wendell	1208 J St.	19	19	
Total		150		

Legend

¹ Downtown SRO Collaborative Services provided by TLCS

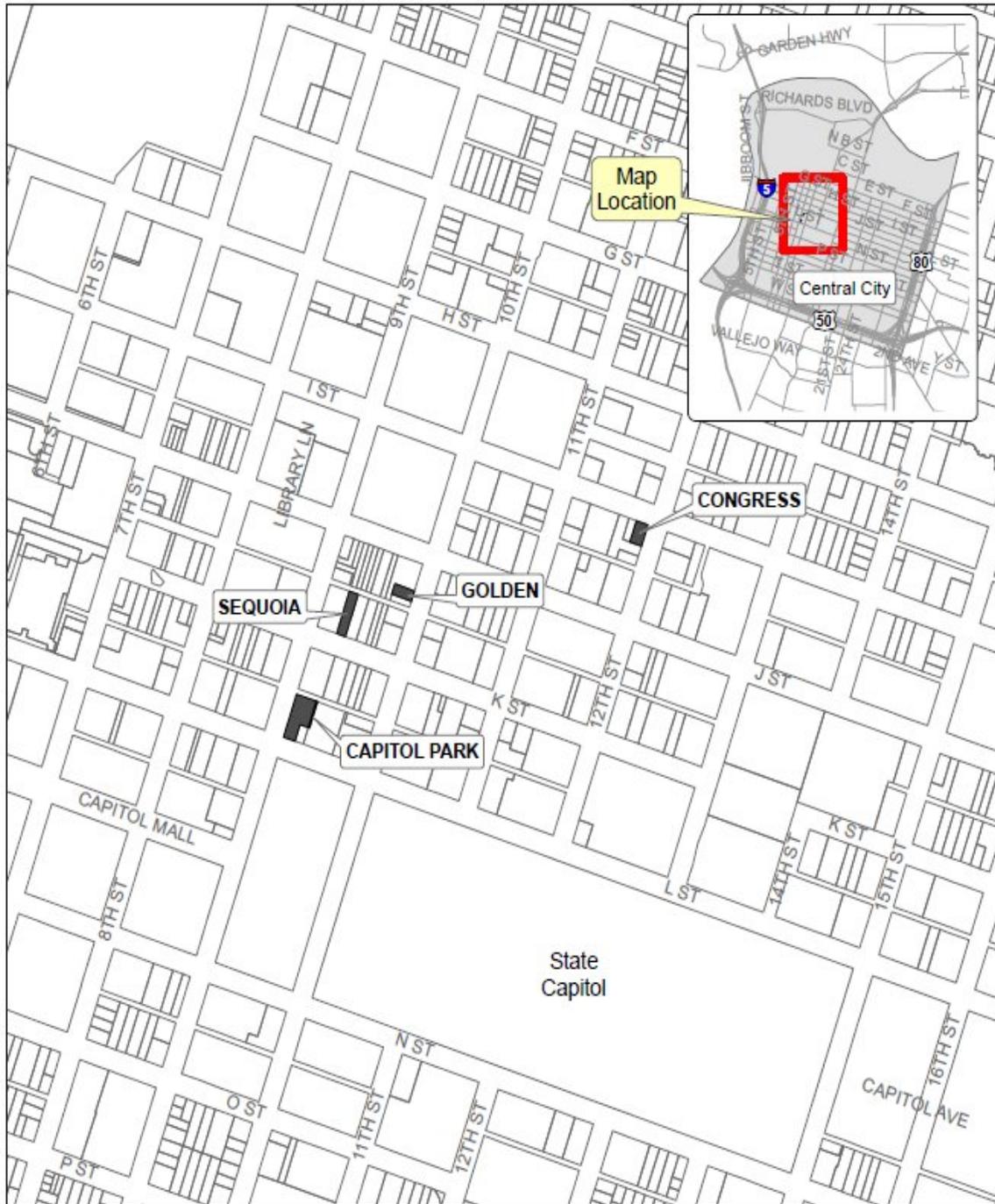
² Units meet the replacement housing criteria per the Ordinance. These may be used to replace withdrawn units associated with an SRO rehabilitation/unit reduction.

SHRA Regulated Boulevard Court Certification Summary
September 27, 2016

Address	Current Number Units w/ Bath	Total Number Vacant Units	Mthly Rent w/ Bath	Resident Services	Comments
5321 Stockton Blvd	75	5	\$804	Yes	Management staff is preparing the vacant units for new applicants moving in by September 2016.



Proposed Residential Hotels Identified in City Code Chapter 18.20 Subject to Withdrawn and/or Replacement Units



■ Residential Hotel Included In Ordinance

0 250 500 Feet

SHRA GIS
August 16, 2016