



**REPORT TO THE  
REDEVELOPMENT AGENCY  
of the City of Sacramento**

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

Consent  
October 17, 2006

**Honorable Chair and Members of the Board**

**Title:** Replacement Housing Plan for Bel-Vue Apartments

**Location/Council District:** 1123 8<sup>th</sup> Street- Merged Downtown Redevelopment Project Area, District 1

**Recommendation:** Adopt an Agency Resolution which approves and adopts the Replacement Housing Plan for the residential apartment units, known as the Bel-Vue Apartments, located 1123 8<sup>th</sup> Street in the Merged Downtown Redevelopment Project Area.

**Contact:** Michelle Nelson, Senior Economic Development Project Manager, 808-7064

**Presenters:** Not Applicable

**Department:** Economic Development

**Division:** Downtown Development

**Organization No:** 4451

**Description/Analysis**

**Issue:** In an effort to redevelop the 700 and 800 Blocks of K Street, the Redevelopment Agency of the City (Agency) was authorized to enter into purchase and exchange agreements to assemble properties for two redevelopment projects. The Agency has acquired a property that contains the Bel-Vue Apartments (see Attachment 1) as part of a larger assemblage. The Agency has entered into an Exclusive Negotiation Agreement with 8<sup>th</sup> & K Lofts, LLC to develop the subject property for a project which will likely include the partial demolition of the Bel-Vue Apartments. While the project and schedule for redevelopment have not been approved at this time, the units will be taken off the market in advance of any approval. California Redevelopment Law requires the Agency to have a replacement housing plan when eliminating affordable housing units from the Project Area.



**Policy Considerations:** The action recommended in this report is consistent with the Merged Downtown Redevelopment site assembly policies, California Redevelopment Law and the California Health and Safety Code (Sec. 33413) requiring agencies to replace low- and moderate- income housing lost to residential use at the same income level, and regulated at the affordability level for the longest feasible time.

**Environmental Considerations:** There are no environmental considerations related to the approval of the Replacement Housing Plan. A Draft Environmental Impact Report for the proposed project on the site has been circulated and the environmental determination for the development project where the replacement units are to be located has been previously approved.

**Rationale for Recommendation:** The Bel-Vue Apartments consist of 27 residential units that over the years have not been maintained. The residential units are located above commercial space and surrounded by vacant, dilapidated and burned-out buildings which are a blighting influence in the area. A Relocation Plan for the 15 occupied units in the Bel-Vue apartments was approved on August 1, 2006.

**Financial Considerations:** There are no new financial considerations related to the provision of low and very-low income replacement dwelling units for the Bel-Vue Apartments.

**M/WBE Considerations:** There are no M/WBE considerations applicable to the actions contemplated in this report.

Respectfully Submitted by: Leslie Fritzsche  
Leslie Fritzsche  
Downtown Development Manager  
on behalf of the Redevelopment Agency  
of the City of Sacramento

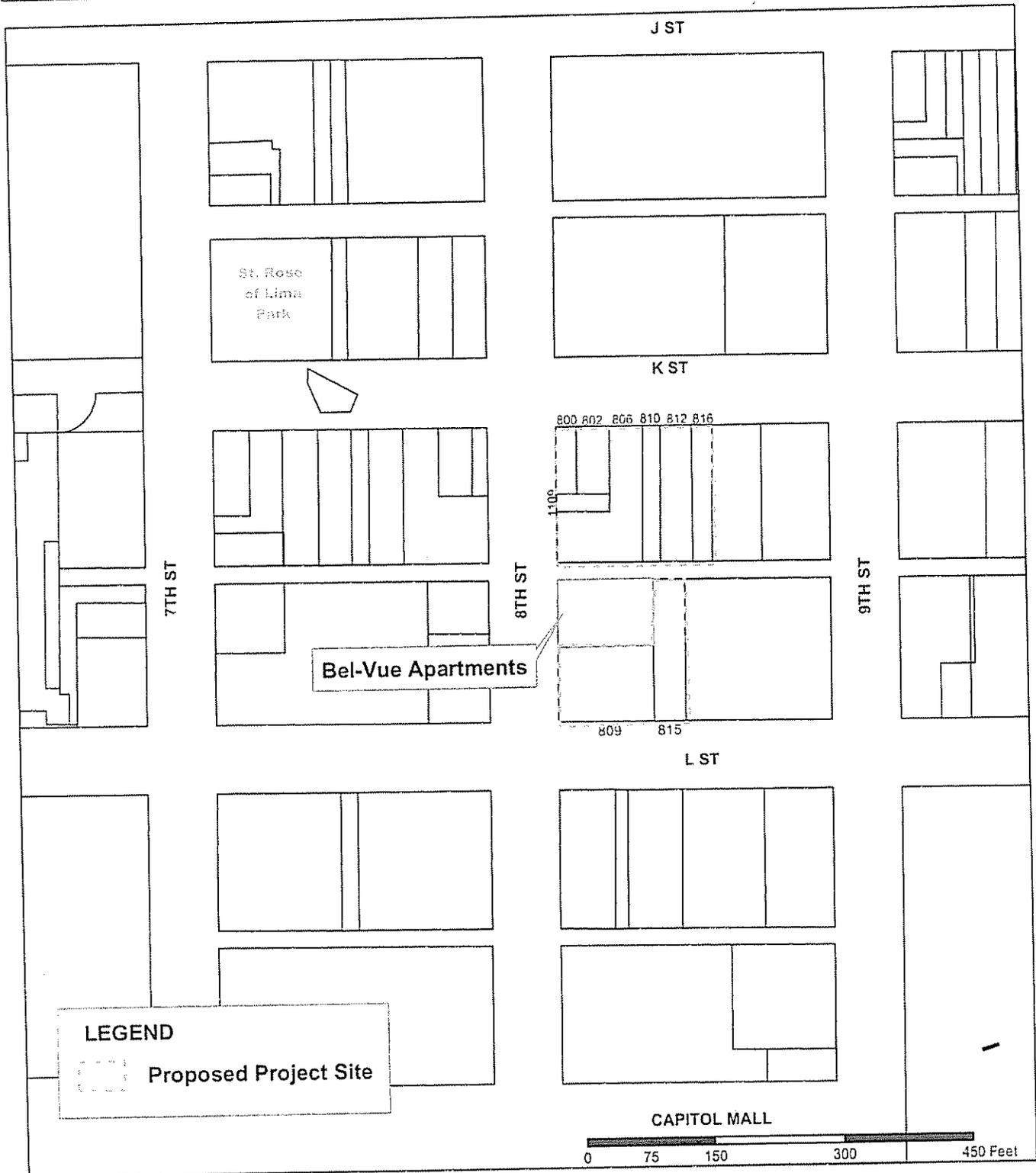
Recommendation Approved:

Ray Kerridge  
Ray Kerridge  
City Manager

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Bel-Vue Apartments  
1123 8th Street



**RESOLUTION NO.**

Adopted by the Redevelopment Agency  
of the City of Sacramento

**ADOPTION OF REPLACEMENT HOUSING PLAN FOR THE BEL-VUE  
APARTMENTS LOCATED AT 1123 8<sup>TH</sup> STREET IN THE MERGED  
DOWNTOWN REDEVELOPMENT PROJECT AREA**

**BACKGROUND**

- A. On April 18, 2006, the Redevelopment Agency of the City of Sacramento approved Resolution No. 2006-026 to enter into purchase and exchange agreements for the assembly of properties on the 700 and 800 blocks of K Street, including the Bel-Vue Apartments.
- B. On April 28, 2006, the Redevelopment Agency of the City of Sacramento acquired the parcel containing the Bel-Vue Apartments located at 1123 8<sup>th</sup> Street.
- C. The Bel-Vue Apartments have been poorly maintained for many years and are located in a blighted commercial corridor prioritized for redevelopment in the Implementation Plan for the Merged Downtown Project Area.

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

- Section 1. All of the evidence presented having been duly considered, the recommendations and findings, including the environmental findings regarding this action, as stated in the staff report that accompanies this resolution, are approved.
- Section 2. In accordance with Health and Safety Code 33413, the Replacement Housing Plan will replace 27 one-bedroom units being lost at the Bel-Vue Apartments with units at the Silverado Creek new construction, multi-family rental project as follows: 16 one-bedroom units at an affordability level of 50 percent or below Area Median Income (AMI); two one-bedroom units at an affordability level of 50 to 80 percent of AMI; and five two-bedroom units at an affordability level of 50 percent or below AMI for a total replacement of 28 bedrooms. The project will be available within six months and will carry a Regulatory Agreement requiring that the units maintain their current affordability level for 55 years.

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- Exhibit A Replacement Housing Plan

**Exhibit A**

**Bel-Vue Apartments**

**Replacement Housing Plan for Very-Low and Low  
Income Dwelling Units**

**Description of Property**

The Bel-Vue Apartments are located at 1123 8<sup>th</sup> Street between the alley and the northeast corner of 8<sup>th</sup> and L Streets in Downtown Sacramento in the Merged Downtown Redevelopment Project Area. There are 27 residential units consisting of 22 one-bedroom and five studio apartments. They are located above the commercial space. Over the years, the Bel-Vue has not been maintained and the surrounding area has vacant, dilapidated, and burned-out buildings.

In an effort to redevelop the area, the Redevelopment Agency of the City acquired the Bel-Vue in order to trade with owners of properties on the 700 Block of K Street. A resolution has authorized the Agency to acquire and exchange the properties, pursuant to a Land Assembly Agreement dated April 18 2006. The Bel-Vue is currently included in an exclusive negotiation agreement that will ultimately lead to an Owner's Participation Agreement for the redevelopment of a portion of the block between 8<sup>th</sup> Street on the south, L Street on the west, and K Street on the north. Redevelopment will likely include at least partial demolition of the Bel-Vue. A Relocation Plan has been approved for implementation for the 15 occupied units at the Bel-Vue.

The project presents a significant opportunity to improve the redevelopment area by creating developable assemblages of property to eliminate the blighting physical conditions of the block as well as decrease criminal activity and stimulate economic activity.

Please refer to Attachment 1 for a map of the affected dwelling units.

**Project Status**

The exact project has not been determined, but it is anticipated that in the next six to nine months a project for the site will be finalized. A draft of the Environmental Impact Report analyzing the desired build-out of the Project has been circulated.

**Responsibility of Agency**

California statutes require redevelopment agencies to replace low- and moderate-

income housing lost to residential use if that action involved either a development agreement or financing by the agency. The specific provision of the California Health and Safety Code (Sec. 33413) is as follows:

"Whenever dwelling units housing persons and families of low or moderate income are destroyed or removed from the low- and moderate-income housing market as a part of a redevelopment project which is subject to a written agreement with the agency or where financial assistance has been provided by the agency, the agency shall, within four years of the destruction or removal, rehabilitate, develop, or construct, or cause to be rehabilitated, developed, or constructed, for rental or sale to person and families of low- or moderate income, an equal number of replacement dwelling units which have an equal or greater number of bedrooms as those destroyed or removed units at affordable housing costs within the territorial jurisdiction of the agency. When dwelling units are destroyed or removed after September 1, 1989, 75 percent of the replacement dwelling units shall replace dwelling units available at affordable housing cost in the same income level of very low income households, lower income households, and persons and families of low and moderate income, as the persons displaced from those destroyed or removed units. When dwelling units are destroyed or removed on or after January 1, 2002, 100 percent of the replacement dwelling units shall be available at affordable housing cost to persons in the same or a lower income category (low, very low, or moderate), as the persons displaced from those destroyed or removed units."

### **Replacement Housing Needs**

#### **State Guidelines**

Because the acquisition of the Bel-Vue includes the use of local redevelopment tax increment funds, the project is subject to state replacement housing law, California Health and Safety Code 33413. Under state law, if a unit was occupied by a very low- or low-income family (regardless of actual housing costs), and taken off line through demolition or other actions, that unit must be replaced at the same income level, and must be regulated at that affordability level for the longest feasible time as determined by the Agency but for not less than the period of the land-use controls established in the Redevelopment Plan. State law requires that replacement units be created within four years of removal or destruction.

The Sacramento Housing and Redevelopment Agency will replace all residential units located at the Bel-Vue within the required four-year time period.

The affordability level, type and number of units/bedrooms required to replace the Bel-Vue's twenty-seven (27) units, consisting of twenty-two (22) one-bedroom units and five (5) studio units is based on the following assumptions:

Fourteen (14) units were vacant at the time the Relocation Plan was completed. Fifteen units were occupied of which ten units were occupied by very low-income households

[50% or below Area Median Income (AMI)]; one unit was occupied by a low-income household (between 50% and 80% of the AMI); and two of the units were occupied by moderate-income households (between 80% and 110% of the AMI).

To determine the affordability replacement requirements of the vacant units, the Agency has assumed that the household incomes of these units would be in the same proportion as the occupied units. Furthermore, the Agency will replace the studio units with one-bedroom units. And some one-bedroom units will be replaced with two-bedroom units. It is also permissible under the statute to replace a unit occupied by a higher income household with a unit targeted at a lower affordability level. Therefore, the Agency will replace the units at the Bel-Vue at the following affordability levels:

Twenty-five (25) bedrooms at very low income (50% of AMI)  
Two (2) bedrooms at low income (50-80% of AMI)

### **Replacement Dwelling Units**

The Agency will replace all required units at the Silverado Creek Apartments, a new multi-family rental housing development located on the southwest corner of Bruceville Road and Jacinto in Council District 8. This project is being constructed pursuant to the City of Sacramento's Mixed Income Housing Ordinance. The project consists of 168 units and was financed with Mortgage Revenue Low Income Housing Bonds, Tax Credits, federal HOME funds and local Housing Trust funds. The project is near completion and is in the pre-leasing stage. The Agency will replace the 27 one-bedroom units being lost at Bel-Vue apartments as follows:

- Sixteen one-bedroom units at an affordability level of 50 percent or below Area Median Income (AMI) (very-low income);
- Two one-bedroom units at an affordability level of 50 to 80 percent of AM (low-income); and
- Five two-bedroom units at an affordability level of 50 percent or below AMI (very low-income).

Due to the limited availability of one-bedroom units at the required very-low income affordability level at Silverado Creek, some one-bedroom units will be replaced with two-bedroom very low-income units. The total number of bedrooms being replaced is now 28.

Due to the regulatory agreements on the property, the units will remain affordable for 55 years and will be ready for occupancy in the twelve months.

**Schedule for Demolition**

While the Bel-Vue is not scheduled for demolition or redevelopment at this time, the units will be taken off the market in advance of any redevelopment project.