



**Sacramento
Housing &
Redevelopment
Agency**

REPORT TO REDEVELOPMENT AGENCY

City of Sacramento

915 I Street, Sacramento, CA 95814-2671

www.CityofSacramento.org

Consent

January 23, 2007

Honorable Chair and Members of the Board

Title: Replacement Housing Plan for 3536 20th Avenue

Location/Council District: 3536 20TH Avenue - Oak Park Redevelopment Project Area – District 5

Recommendation: Adopt a Redevelopment Agency **Resolution** approving and adopting the Replacement Housing Plan for two residential apartment units located at 3536 20th Avenue, above the former Days Market and Liquor Store (refer to map – Attachment 2).

Contact: Sarah Hansen, Redevelopment Manager, 440-1322; Erika Bumgardner, Redevelopment Planner, 440-1322

Presenters: Not Applicable

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis:

Issue: In response to complaints from community residents regarding ongoing criminal and nuisance activity at the Days Market and Liquor Store and after a series of failed negotiation attempts for the voluntary sale of the market, the Redevelopment Agency (Agency) of the City adopted a Resolution of Necessity for the acquisition of the property. The Order of Possession for the Days Market and Liquor Store took place on June 27, 2006, upon which date the Agency assumed possession of the property including two second floor affordable housing units. The Agency intends to demolish the existing onsite structure and enter into an agreement for redevelopment of the residentially zoned property once ownership is settled. California Community Redevelopment Law requires the Agency to have a replacement housing plan specifying the location, number, means of financing, and timetable for the replacement of housing units for low or moderate income persons when eliminating housing units from the Project Area. Approval by voters under Article XXXIV is not required prior to development of the replacement housing because the voters have previously approved a number of affordable housing units which has not yet been reached.

Replacement Housing Plan for 3536 20th Avenue

Policy Considerations: The actions recommended in this report are consistent with the Oak Park Redevelopment Strategy outlined in the 2005-2009 Oak Park Redevelopment Implementation Plan adopted by the Redevelopment Agency and City Council.

Environmental Considerations: The proposed action to approve the Replacement Housing Plan is exempt from environmental review because construction of the development selected for the replacement units has already been completed. Demolition of the former market building is exempt from environmental review under CEQA Guidelines Section 15301 (I) because the structure is not a historic building. New construction of not more than three single family units on a single parcel is exempt from environmental review under CEQA Guidelines Section 15303(a).

Commission/Committee Action: Oak Park Redevelopment Advisory Committee (RAC) – At its meeting on July 12, 2006, the Oak Park Redevelopment Advisory Committee reviewed and approved the Replacement Housing Plan. The votes were as follows:

AYES: Curry-Evans, Davis, Lawson, McDonald, Meng, Mercado, Taylor, Thomas

NOES: None

ABSENT: Aungst, Hilbert, Lackey, Redmond

Sacramento Housing and Redevelopment Commission - At its meeting on January 3, 2007, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolution. The votes were as follows:

AYES: Burns, Burruss, Coriano, Fowler, Gore, Hoag, Piatkowski, Shah, Simon, Stivers

NOES: None

ABSENT: None

Rationale for Recommendation: 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. Because the acquisition and demolition of the Days Market and Liquor Store 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 and removed from the market through demolition or other actions, that unit must be replaced within the city at the same income level. The Agency intends to redevelop the property with a single family residence consistent with current zoning, and has determined that the best method to reuse the property is to

Replacement Housing Plan for 3536 20th Avenue

demolish the existing structure and rebuild a residence on the site. As such, the Agency will replace both residential units located above the Days Market and Liquor Store with comparable one- and three-bedroom units affordable at the very low-income level elsewhere in the city. The attached Replacement Housing Plan (Exhibit A) ensures that no affordable housing units within the city are lost as a result of redeveloping the property.

Financial Considerations:

The funding for activities recommended in this report has been previously approved. There are no new financial considerations related to the Replacement Plan.

M/WBE Considerations:

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

Respectfully Submitted by: 
ANNE M. MOORE
Executive Director

Recommendation Approved:


for RAY KERRIDGE
City Manager

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3536 20th Avenue: Replacement Plan Project Background

On March 7, 2006, the Redevelopment Agency of the City of Sacramento (Agency) approved a Resolution of Necessity for the acquisition of 3536 20th Avenue, which included two residential units and the Days Market and Liquor Store, a blighted, social nuisance property in the Oak Park neighborhood. Pending a determination on the condemnation action, the Agency has received possession of the property effective on June 27, 2006, and the business is closed.

The Agency's acquisition of the Days Market and Liquor Store property is expected to play a large role in the ongoing revitalization and increased quality of life in the South Oak Park neighborhood. Redevelopment of the property will result in a for-sale, affordable, single family dwelling. Staff will work with contractors to demolish the existing structure, which is severely run down and not cost feasible to rehabilitate as a single family dwelling in its current condition.

A Relocation Plan was previously approved and adopted by City Council for the one tenant-occupied unit at this location. The plan was prepared to conform to statutes and regulations outlined in the California Relocation Assistance Law, and the California Relocation Assistance and Real Property Acquisition Guidelines for residential displacement. Relocation benefits include moving expenses and rental assistance payments for the displaced tenants.

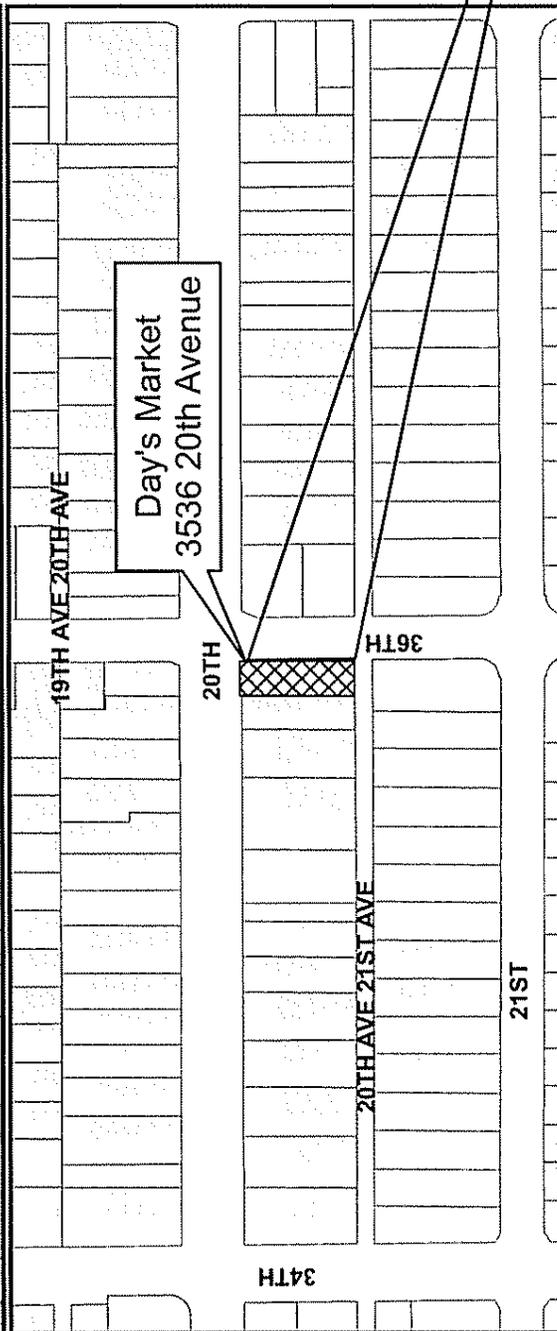
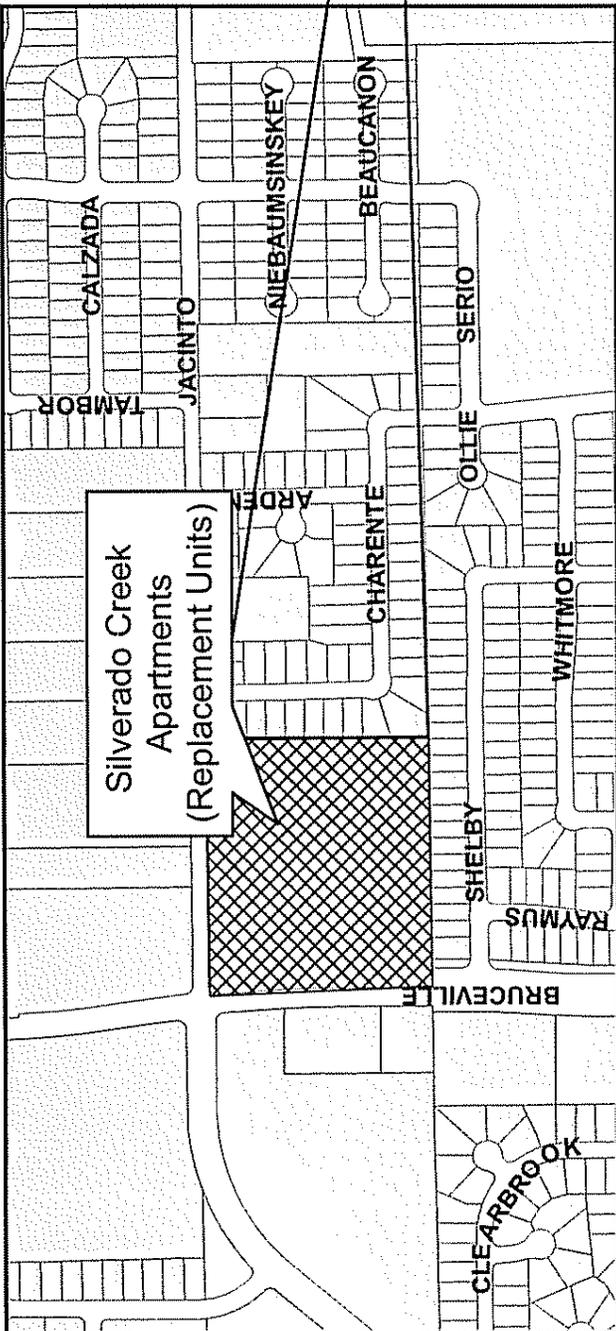
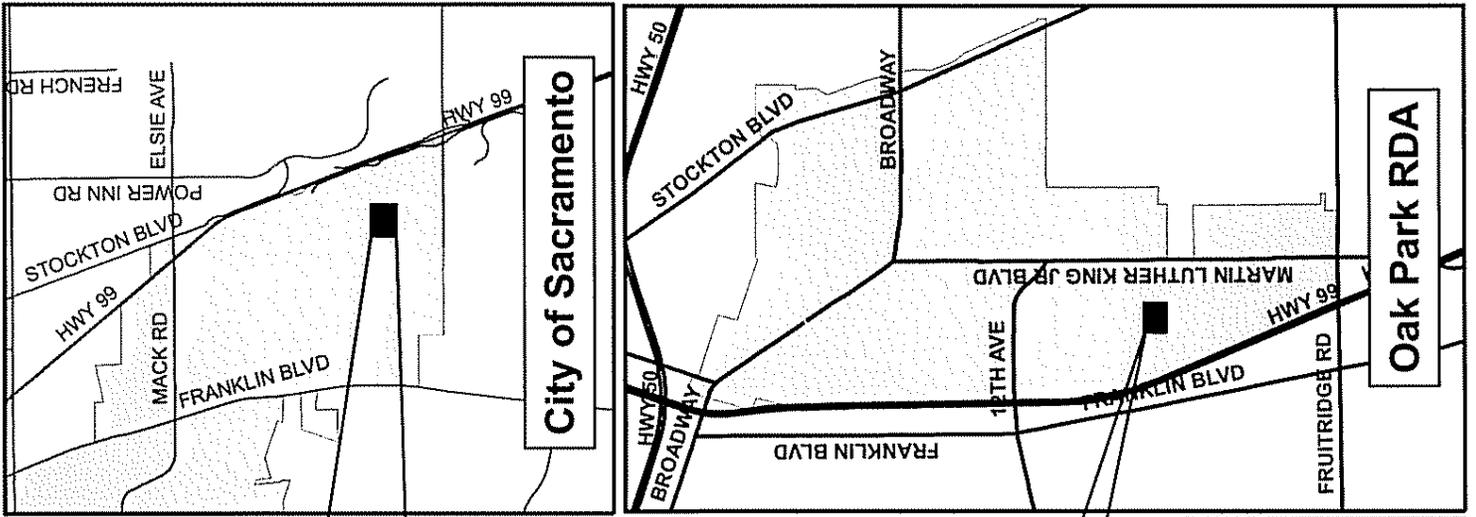
Replacement Housing Plan

California Community Redevelopment Law requires that the Agency have a replacement housing plan in place when eliminating housing units from the Project Area. A Replacement Housing Plan (Plan) is required to include: (1) a general location of the replacement housing to be rehabilitated or constructed; (2) information that there is an adequate means of financing the replacement units; (3) a finding that approval by voters under Article XXXIV is not required prior to development of the replacement housing; (4) the number of replacement dwelling units for low or moderate income persons; and (5) a timetable for meeting the Plan's relocation, rehabilitation, and/or replacement housing objectives. Exhibit A to the resolution for this report outlines the Replacement Housing Plan for 3536 20th Avenue in Oak Park, which meets the above requirements.

Specifically, the Plan identifies the two very-low income units to be removed as part of the demolition of the Days Market and Liquor Store property and identifies two replacement housing units outside the existing Oak Park redevelopment

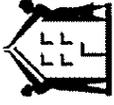
area. This results in no net loss of units available to very low-income individuals in the City of Sacramento.

Oak Park currently has an abundance of regulated and unregulated very low income housing developments. Upcoming housing projects are focused on providing additional units affordable to various income levels in the community. However, these planned projects do not include units targeted at the very low income levels. Therefore, staff is recommending replacement of the one- and three-bedroom units with comparable one- and three-bedroom units as part of the Silverado Creek City inclusionary development project at a level affordable to very low-income households. These apartments are located on Bruceville Road in Council District 8. The project received a certificate of occupancy in September 2006 and the units have been leased.



Project Location Map

Replacement Housing Plan
 3536 20th Ave - Day's Market and Liquor Store



**Sacramento
 Housing &
 Redevelopment
 Agency**

RESOLUTION NO. 2006 -

Adopted by the Redevelopment Agency of the City of Sacramento

on date of

ADOPTION OF REPLACEMENT PLAN FOR THE FORMER DAYS MARKET AND LIQUOR STORE PROPERTY LOCATED IN THE OAK PARK REDEVELOPMENT AREA

BACKGROUND

- A. On April 19, 2005, the Redevelopment Agency of the City of Sacramento approved Resolution No. 2005-025 to establish just compensation and negotiate the voluntary purchase of the Days Market and Liquor Store; a blighted and nuisance liquor store in the Oak Park neighborhood.
- B. This property is an incompatible, non-conforming, blighted commercial use in a primarily single-family neighborhood, and in light of the many complaints, there is widespread community support for its purchase, redevelopment, and reuse.
- C. After meetings and discussions with the property and business owners, the Agency was unable to make any progress in purchase negotiations, and the property is now being acquired by eminent domain.
- D. After motion and hearing, the Agency received an order of immediate possession of the property, and on June 27, 2006, the Agency received physical possession of the property.

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

Section 1. After due consideration of the facts presented, the Replacement Plan (Exhibit A) for the anticipated loss of the affordable one one-bedroom unit and the one three-bedroom unit located above the Days Market and Liquor store is approved.

Section 2: Both units will be replaced on a one-to-one basis outside the Oak Park Redevelopment Project Area with units within the Silverado Creek inclusionary housing project located on Bruceville Road in Council District 8, which are within a reasonable distance from the Project Area and will be available to persons who work within the Project Area.

3536 20th Avenue

Replacement Housing Plan for Very-Low
Income Dwelling Units

Description of Property

Days Market and Liquor Store is a non-conforming use located at 3536 20th Avenue at the southwest corner of 20th Avenue and 36th Street. The market is in the southern portion of the Oak Park Redevelopment Project Area. This area is zoned R-1 (single family residential). In addition to the market, there are two residential units above the store, only one of which was occupied. Over the years, Days Market and Liquor Store has been the subject of numerous complaints such as crime, drug dealing, loitering, trash, and graffiti.

In response to the many complaints from neighboring residents and after a series of failed negotiation attempts for the voluntary sale of the market, the Redevelopment Agency of the City adopted a Resolution of Necessity for the Sacramento Housing and Redevelopment Agency's ("Agency") acquisition of the residentially zoned property. The resolution authorized the Agency to commence and pursue acquisition of the subject property by eminent domain. A Relocation Plan was simultaneously approved for the one occupied residential unit above the market.

Following acquisition of the property, the Agency will redevelop the site as a single family residential unit in conformance with the current zoning and the unit will be sold to a qualified low-income homebuyer.

The project presents a significant opportunity to improve the redevelopment area by decreasing criminal activity and by creating an affordable homeownership opportunity in the community.

Project Status

The Order of Possession for the Days Market took place on June 27, 2006, upon which date the Agency assumed possession and the responsibilities of ownership of the property. The market is now closed.

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 persons 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 and demolition of the Days Market 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 both residential units located above the Days Market within the required four-year time period. Both the one-bedroom and the three-bedroom replacement units will be affordable at the very low-income level.

The affordability level, type and number of units/bedrooms required to be replaced from the Days Market are outlined below:

Address	Owner Occupied	Rental	Bedrooms	Units	Very Low Income	Low Income
3536 20th Avenue (A)	no	yes	3	1	1	0
3536 20th Avenue (B)	no	yes	1	1	1	0
Totals			4	2	2	0

Replacement Dwelling Units

The Agency will replace the very low income one- and three-bedroom units with comparable one- and three-bedroom units as part of the Silverado Creek city inclusionary development project. Each unit will be replaced at a level affordable to very low-income households. These apartments are located on Bruceville Road in Council District 8. The project received a certificate of occupancy in September 2006 and the units are being leased. Adequate financing has been secured to complete the project and no new tax increment funds are needed.

All replacement units are located outside the Oak Park Redevelopment Project Area. At this time Oak Park has an abundance of very low income housing and upcoming housing projects are focusing on providing units affordable to various income levels; i.e., low, moderate and market rate housing in the community. However, these planned projects do not include units targeted at the very low income level. Therefore, the one- and three-bedroom units will be replaced at a one for one ratio outside of the redevelopment area as part of the Silverado Creek city inclusionary development project noted above.

All replacement units will have recorded affordability restrictions attached and will run for not less than 55 years. By the end of year four (2010), all units demolished will have been replaced.

Approval by voters under Article XXXIV is not required prior to development of the replacement housing because the voters have previously approved a number of affordable housing units which has not yet been reached.

Schedule for Demolition

The Days Market is anticipated to be demolished by Spring 2007.

