



**Sacramento
Housing &
Redevelopment
Agency**

**REPORT TO REDEVELOPMENT AGENCY
City of Sacramento
915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org**

**STAFF REPORT
March 13, 2007**

**Honorable Chair and
Members of the Redevelopment Agency**

Title: Acquisition of 3409/3413 Broadway and 3434/3436 2nd Avenue

Location/Council District: 3409/3413 Broadway, 3434/3436 2nd Avenue; Oak Park Redevelopment Area, (District 5) (Attachment 2)

Recommendation: Adopt a **Redevelopment Agency Resolution** authorizing the Executive Director or her designee to 1) allocate \$2,300,000 to the Broadway/2nd Avenue Development Project to acquire 3409 & 3413 Broadway and 3434 & 3436 2nd Avenue and prepare the site for development, and 2) transfer \$2,300,000 of 2005 Oak Park Taxable bond funds to the Broadway and 2nd Avenue Acquisition Project.

Contact: Chris Pahule, Assistant Director, SHRA, 440-1350, Sarah Hansen, Redevelopment Manager, SHRA, 440-1322

Presenters: Sarah Hansen, Redevelopment Manager

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: The Redevelopment Agency desires to exercise an option to purchase four parcels at the intersection of 34th Street and Broadway. The intersection was highlighted in the 1998 Broadway/Stockton Urban Design Plan as a location for commercial, cultural and residential uses. The subject properties contain vacant, obsolete, and blighted commercial buildings. Before the Redevelopment Agency optioned the property, the current owner was entertaining long-term lease arrangements with a coin-operated laundromat for the site. The Agency desires to see the property developed consistent with the Broadway/Stockton Urban Design Plan which recommended intensifying the commercial, cultural and residential uses in the area. Please refer to Attachment 1 for background information on this site.

Acquisition of 3409/3413 Broadway and 3434/3436 2nd Avenue

Committee/Commission Action: *Oak Park Redevelopment Advisory Committee Action:* At its meeting of October 11, 2006, the Oak Park Redevelopment Advisory Committee approved the staff recommendation for this item. The votes were as follows:

AYES: McDonald, Meng, Davis, Taylor, Hilbert, Lawson

NOES: None

ABSTAIN: Thomas, Curry-Evans

ABSENT: Redmond, Mercado, Lackey

Sacramento Housing and Redevelopment Commission: At its meeting of February 21, 2007, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. The votes were as follows:

AYES: Burruss, Coriano, Gore, Piatkowski, Shah, Stivers

NOES: Fowler, Hoag

ABSTAIN: None

ABSENT: Burns

Policy Considerations: The proposed action is in furtherance of the Oak Park Redevelopment Plan adopted by the Sacramento City Council, and is consistent with the Oak Park 2005-2009 Implementation Plan, which identifies the acquisition of key sites and rehabilitation of existing properties as priority projects within the Broadway/35th Street District. The proposed action is also consistent with Broadway/Stockton Urban Design Plan, adopted by the Redevelopment Agency in 1998, which calls for the intensification of commercial, cultural, and residential uses to enhance pedestrian continuity and economic viability of the 35th Street District of Oak Park.

Environmental Considerations: As part of the Agency's due diligence, a Phase I Environmental Study and a limited Phase II Soil Testing were completed on this property. While it was found that sumps were buried under the soil as the site was a former auto repair shop, further testing showed that there was minimal oil leakage into the soil at a level that would not require remediation.

Acquisition of the property does not commit the Agency to proceed with a development project. California Environmental Quality Act (CEQA) Guidelines Section 15004(b)(2)(A) allows for land acquisition where the Agency will conduct CEQA review once the proposed project has been defined when the acquisition does not limit the choice of alternatives or mitigation measures, and future development of the land is subject to CEQA compliance. Once the scope of development of the property has been defined, environmental review of the proposed project will be conducted. Therefore, this action is exempt from

Acquisition of 3409/3413 Broadway and 3434/3436 2nd Avenue

environmental review. National Environmental Policy Act (NEPA) does not apply.

Rationale for Recommendation:

The subject properties are located at the intersection of 34th Street and Broadway, which is a key entry way to the Oak Park Redevelopment Area. Purchasing these properties will enable the Redevelopment Agency to partner with a qualified developer to work with the community in constructing a vision for an urban, mixed-use project. Development of a mixed-use project on the site will energize the area, meet the recommendation of the Broadway/Stockton Urban Design Plan and set the tone for future development on adjacent parcels.

Financial Considerations: The recommended budget of \$2.3 million covers the relocation and acquisition price (\$2.25 million) and all fees necessary to acquire the properties and prepare the site for development (demolition of the existing buildings). This report recommends that the funds be allocated from 2005 Oak Park Taxable Bond funds.

M/WBE Considerations: Federal funds are not being used and, therefore, no M/WBE requirements apply.

Respectfully Submitted by: 
ANNE M. MOORE
Executive Director

Recommendation Approved:


RAY KERRIDGE
City Manager

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ACQUISITION OF 3409/3413 BROADWAY AND 3434/3436 2ND AVENUE

BACKGROUND

The Broadway/Stockton Urban Design Plan describes an overall approach to redevelopment of the 35th Street District by intensifying commercial, cultural, and residential uses to enhance pedestrian continuity and economic viability. A portion of that vision has been realized with the reuse of the Woodruff/Guild Theater site as the 40 Acres project.

In 2004, the Agency purchased the vacant, triangular parcel adjacent to the site being recommended for acquisition. Ideas discussed with the community for the property have included an urban plaza with surrounding buildings fronting the plaza or an urban mixed-use development project with possible restaurant use.

The property at 3409 Broadway has been vacant for over two years, most recently housing a Goodwill outlet store. Adjacent parcels are currently used for equipment storage by the property owner. Presently, the site is under-utilized and a blighted feature in the neighborhood. The total development site is approximately .53 acres in size (plus an additional .25 acres when the vacant Agency owned triangle parcel is included). The current property owner has been working with various laundromat operators to occupy the former Goodwill building. While this use is generally consistent with the desire for 'neighborhood services' in the area, the site has the potential for higher-level reuse and could significantly contribute to the revitalization of the 35th Street District. Assemblage of the four parcels at 3409 Broadway, in conjunction with the Agency owned triangular parcel will allow for a cohesive and near complete redevelopment of this commercial block located in the heart of the Oak Park Historic District. In addition, development of this opportunity site will provide a northern anchor to the 40 Acres development project to the south, contributing to a balanced and complementary commercial streetscape and pedestrian environment along Broadway.

At its October 11, 2006 meeting, the Oak Park Redevelopment Advisory Committee (RAC) unanimously supported the acquisition and allocation of funds for the purchase of the Broadway parcels with two committee member abstentions. While there was strong support for the project from both the RAC and community, concern was expressed regarding the initial project funding request of \$3 million. Since the October RAC meeting, the sales price of the property has been renegotiated and the funding request has been reduced to \$2.3 million. This includes acquisition and purchase costs of \$2.25 million and additional funds to prepare the site for future development. Given the complexity and challenges of assembling this number of parcels and preparing the site for future development including demolition of the existing warehouse structures, it is the opinion of Agency staff that the renegotiated sales price is a sound expenditure of funds for this ideally situated property. In addition, it is anticipated that the redevelopment of the site will contribute significantly to future tax increment generation through increased property values at this and surrounding locations and by serving as a

catalyst for future development projects and commercial and residential investment in the area.

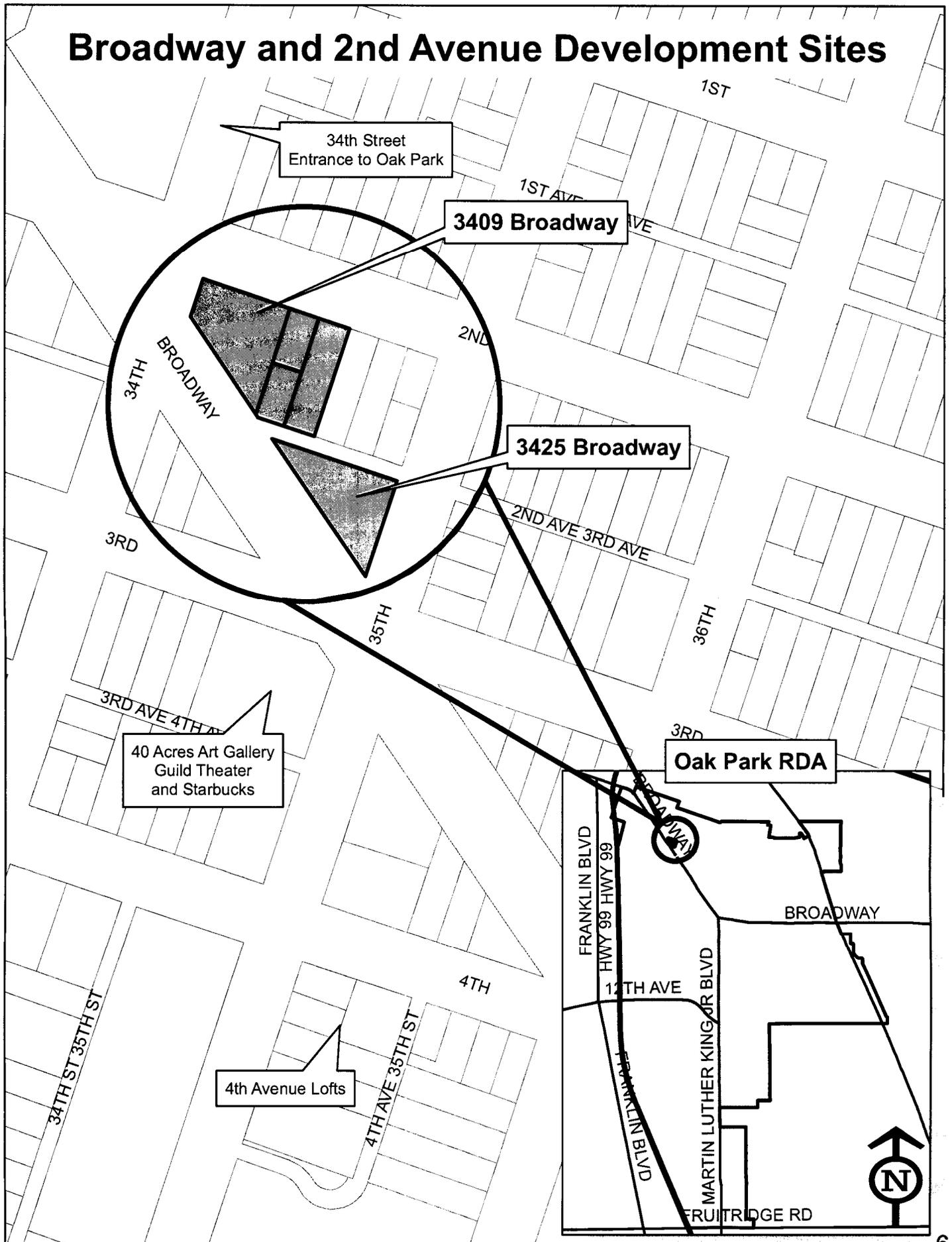
Over the years, the Agency has received interest from the development community regarding redevelopment of this commercial block. In an effort to assemble contiguous parcels at this strategic intersection, Agency staff optioned the above mentioned property holdings and sought to gauge current developer interest in the sites through a Request for Qualifications (RFQ). Three developer responses were submitted and a selection committee, including a representative from the Redevelopment Advisory Committee (RAC), the Oak Park Neighborhood Association, the Sacramento Housing and Redevelopment Commission, and the Oak Park Business Association, was formed to evaluate the proposals.

The selection committee recommended to support the Broadway and 2nd Avenue Development Partnership, which is comprised of the following individuals:- Ron Vrillakas, Skip Rosenbloom, Cyrus Youseffi, and Greg Ruecker. Partners in this development team have worked with the Redevelopment Agency on other development projects including, the 4th Avenue Lofts project and the Globe Mills project. Their primary conceptual proposal for the Broadway/2nd Avenue development site focuses on a market rate, mixed-use project. At this time, the project is purely conceptual. By pre-selecting a potential development team, the Redevelopment Agency has made no commitments to a project or developer and staff is merely establishing intent to negotiate with the team for a potential development.

If the properties at Broadway and 2nd Avenue are acquired, the Redevelopment Agency can proceed through a deliberative community process to refine the initial proposal submitted by the development team. This development partnership will continue to work with the RAC, neighborhood and business groups, and area residents to bring the highest and best use to the site with minimal public assistance to the project.

The sales price of the properties has been negotiated to \$2.25 million. Pending receiving purchase authority, the Redevelopment Agency will enter into an all inclusive settlement purchase contract for the above price. The Agency is recommending the allocation of \$2.3 million to pay for the acquisition of the properties and related costs including site preparation expenses (demolition). The property, once redeveloped, would generate tax increment revenue for the project area and serve as a catalyst for future projects in Oak Park.

Broadway and 2nd Avenue Development Sites



RESOLUTION NO. 2007-

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ESTABLISHMENT OF JUST COMPENSATION AND AUTHORIZATION TO ACQUIRE 3409 & 3413 BROADWAY AND 3436 & 3434 - 2ND AVENUE

BACKGROUND

- A. Acquisition of the property at 3409 & 3413 Broadway and 3436 & 3434 – 2nd Avenue (Property) in the Oak Park Redevelopment Project Area (Project Area), vacant for more than two years, would eliminate blighting conditions, foster economic development, and facilitate positive commercial, office and housing uses in the Project Area.
- B. After extensive negotiation, owner is only willing to sell the Property for the amount of \$2,250,000.
- C. It is desired to establish budget of \$2,300,000 in Oak Park 2005 Taxable Bond for the 3409 & 3413 Broadway and 3436 & 3434 2nd Avenue Acquisition Project which includes relocation assistance, demolition and preparation of the Property for development.

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

Section 1. It is found and determined that the acquisition of the Property does not commit the Agency to proceed with a specific development project, that the acquisition does not limit the choice of alternatives or mitigation measures for compliance with the California Environmental Quality Act (CEQA), and when the scope of development of the Property has been defined, that the environmental review of the proposed project must then be conducted; and, therefore, pursuant to CEQA Guidelines Section 15004(b)(2)(A) and (B), acquisition of the Property is not subject to environmental review.

Section 2. The Executive Director is authorized to take all actions as may be reasonably necessary to purchase the following parcels in the City of Sacramento ("Property").

3409 Broadway (APN 010 0375 001)
3413 Broadway (APN 010 0375 002)
3436 2nd Avenue (APN 010 0375 003)
3434 2nd Avenue (APN 010 0375 004)

Section 3. Just compensation for the Property is determined to be \$2,250,000.

Section 4. The Executive Director is authorized to allocate \$2,300,000 in Oak Park 2005 Taxable Bond funds to the 3409 & 3413 Broadway and 3436 & 3434 2nd Avenue Acquisition Project, and to take such actions as are reasonably necessary to complete the Property acquisition.

