



# REPORT TO COUNCIL

## City of Sacramento

915 I Street, Sacramento, CA 95814-2604  
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Staff Report  
**June 21, 2007**

**Honorable Mayor and  
 Members of the City Council**

**Title: Historic Places Grant Program (M07-006)**

**Location/Council District: Citywide**

**Recommendation:** Adopt a **Resolution:** 1) directing the Finance Department to establish a new Historic Places Fund; 2) authorizing the release of \$1 million to the Historic Places Fund; 3) authorizing the appropriation of \$250,000 in Historic Places Funds to a new Historic Places Grant Program; 4) authorizing the appropriation of \$400,000 in Historic Places Funds to the Sacramento Valley Station Historic Renovation Project (CF44); 5) authorizing use of the remaining Historic Places Fund for a new Historic Landmarks Assistance grant/loan program with grants/loans to be awarded at the discretion of the City Council; 6) authorizing the City Manager to negotiate Historic Landmarks Assistance grant/loan contracts for City Council approval; 7) adopting the Historic Places Grant Program goals, objectives, criteria and procedures; and 8) authorizing the Development Services Department and Sacramento Heritage, Inc. to implement the Historic Places Grant Program.

**Contacts:** Roberta Deering, Senior Planner, (916) 808-8259; Greg Schulte, Program Manager (916) 808-7116; Cynthia Kranc, Facilities Manager, (916) 808-2258

**Presenters:** Roberta Deering, Senior Planner for Historic Preservation

**Departments:** Development Services and General Services

**Division:** Planning and Facility Management

**Organization No:** 4881 and 3280

### **Description/Analysis**

**Issue:** On March 8, 2005, the City Council designated one-time surplus funds totaling \$1 million from the prior year budget with direction to develop specific uses of the funds for historic preservation and return to the Mayor and City Council for review and approval. On May 1, 2007, Staff brought forward a Historic Places Grant proposal to the Mayor and City Council. The Mayor and City Council recommended additional criteria for grant program awards, and also requested consideration of means for larger grants or loans to major historic properties. Staff has since worked with Sacramento Heritage, Inc. to incorporate the Council's comments and recommendations into the proposed Historic Places Grant criteria. Staff has also added provisions for use of a portion of the funds for the Sacramento Valley Station to be available as matching funds should the City's current grant applications for the station's rehabilitation be successful. The



proposal also provides for larger loans or grants (\$100,000 and over), under a Historic Landmarks Assistance program, to be awarded for rehabilitation of important historic properties at the discretion of the City Council.

**Policy Considerations:** The recommendations are consistent with the City's General Plan and with the Preservation Element of the General Plan, as well as the City's Strategic Plan Focus Areas to:

- Improve and expand public safety
- Achieve sustainability and livability
- Increase opportunities for all Sacramento residents to live in safe and affordable housing
- Expand economic development throughout the City

**Committee/Commission Action:** On May 1, 2007, the City Council met on the initial grant program proposal and provided comments on the Historic Places Grant program criteria, and expressed a desire to provide larger loans/grants for important historic properties. Staff is proposing the Historic Landmarks Assistance program to address the request to provide funds for major projects at the discretion of the City Council, and the Council's comments and recommendations for additional Historic Places Grant Criteria were reviewed by the Board of Sacramento Heritage, Inc. and Staff and have been incorporated into proposed rating criteria, see Attachment 2, Exhibit B.

**Environmental Considerations:** The Environmental Services Manager has determined that adopting the proposed resolution does not have the potential for causing a significant effect on the environment and is therefore exempt from environmental review under California Environmental Quality Act (CEQA) Guidelines Section 15061(b)(3) (Review for Exemption), and Section 15378(b)(5) (Definitions) "organizational or administrative activities of governments that do not result in direct or indirect physical changes in the environment." However, subsequent projects based upon actions or decisions made pursuant to the program, once implemented, may be required to undergo CEQA review. It should also be noted that program criteria for the use of the Historic Places Grant monies requires that projects comply with the Secretary of the Interior's Standards for the Treatment of Historic Properties, thereby potentially allowing for a project's categorical exemption per CEQA guidelines 15331 Historical Resource Restoration/Rehabilitation, unless a project would impact other elements of the environment.

**Rationale for Recommendation:** The recommendations will facilitate the preservation of Sacramento's historic properties by providing financial assistance to owners of historic properties for repair and rehabilitation needs, with special consideration for low-income property owners and properties requiring urgent attention.

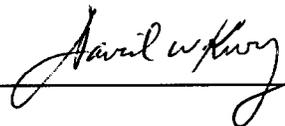
**Financial Considerations:** Administration of the Historic Places Grant Program will require minimal staff time or costs. Development Services Department preservation staff will be involved in ensuring the selected projects conform to eligibility criteria and

the Department's administrative staff will be involved in processing reimbursements. Both functions will involve a slight, but not significant, increase in workload. The 1:1 match requirement of the \$250,000 grant program will yield up to \$500,000 worth of historic preservation activity and could potentially serve as a catalyst for further historic preservation activities by neighboring property owners. Interest on balances in the proposed Historic Places Fund would accrue to the fund.

Awarding \$400,000 from the Fund to the Sacramento Valley Station will help to fund the match requirement for two rehabilitation grants for which the City has currently applied.

Administration of the Historic Landmarks Assistance program will involve City staff time to negotiate grant/loan contracts. Loan underwriting and servicing costs may also be required.

**Emerging Small Business Development (ESBD):** No goods or services are being purchased under this report.

Respectfully Submitted by:   
\_\_\_\_\_  
David Kwong  
Planning Manager

Approved by:   
\_\_\_\_\_  
William Thomas  
Director of Development Services

Recommendation Approved:

  
\_\_\_\_\_  
RAY KERRIDGE  
City Manager

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## **BACKGROUND**

On March 8, 2005, the City Council approved use of one-time surplus funds from the prior year budget totaling \$1 million with direction to develop specific uses of the funds for historic preservation and return to the Mayor and City Council for review and approval. On May 1, 2007, staff and Sacramento Heritage, Inc. brought forward a Historic Places Grant program proposal to the City Council, and has since worked together to incorporate the Council's comments and recommendations into the proposed Historic Places Grant criteria, Attachment 2, Exhibit B. The Mayor and City Council also expressed interest in providing more significant assistance to important historic properties. Staff has responded by adding provisions for use of a portion of the funds for the Sacramento Valley Station as matching funds required should the City's current grant applications for the station's rehabilitation be successful. The proposal also provides for larger loans or grants from a Historic Landmarks Assistance program to be awarded to important historic properties at the discretion of the City Council.

### Sacramento Valley Station – \$400,000 for Historic Renovation Matching Funds

The Sacramento Valley Station is located at the corner of I Street and 5<sup>th</sup> Street in downtown Sacramento. The Depot and the REA Building are listed in the Sacramento Register of Historic and Cultural Resources, the California Register of Historical Resources and the National Register of Historic Places. With the City's acquisition of the Depot, funding for its renovation is needed. The City has applied for two multi-million dollar grants, both of which require matching funds. The Depot is ultimately to become part of the proposed Intermodal Station project. That project includes a combination of both new and renovated facilities, which will provide a variety of transportation modes to serve Sacramento, the Sacramento region, and other California cities.

The anticipated near-term historic renovation will include priority rehabilitation projects on the historic station and site improvements. Ultimately, integration of the facility with the planned intermodal station and adjacent development will be pursued. The improved intermodal connections and service will allow inter-city rail and bus passengers to efficiently access local transportation modes, including heavy rail, light rail, bus, taxi, and automobile, and to do so in a user-friendly, safe and aesthetically pleasing environment.

### Historic Places Grant Program - \$250,000 for grants under \$25,000

City staff and the Board of Directors of Sacramento Heritage, Inc. (a not-for-profit organization with Board members appointed by the Mayor and confirmed by the City Council) worked together to develop proposed Historic Places Grant program goals, objectives, and procedures which were submitted for review to the Mayor and City Council on May 1, 2007. The Mayor and City Council had several comments relative to criteria for awarding grants, which the Sacramento Heritage Board and staff have proposed be incorporated into a rating system, see Attachment 2, Exhibit B.

The Historic Places Grant program and proposed criteria are designed to help ensure that funds are disbursed to:

- Property owners with a long term commitment to the City and their property;
- Properties and projects with eligible needs that can be remedied;
- Properties and projects that can be completed in a timely manner;
- Projects that demonstrate a strong likelihood of success.

If approved, staff intends to market the grant program through the media, the City's website, working with Neighborhood Services, making presentations at neighborhood area leadership meetings, working with staff at Community Centers for the most effective outreach, providing information and assistance on the program at Development Services Department permit centers, and via the Code Enforcement Department's Housing and Dangerous Buildings Division. The Division enforces City and State mandated codes relating to residential and commercial structures that are dangerous, substandard, blighted, or vacant.

#### Historic Landmarks Assistance Program

The funds remaining in the Historic Places Fund shall be used at the discretion of the City Council to provide major grants or loans, \$100,000 or over, to assist with the rehabilitation of important historic properties. The specific requirements, conditions and details of the grants or loans shall be based upon the rehabilitation needs of the properties and the financial needs of the property owners. The City Manager is authorized to negotiate proposed contracts for the grants or loans to be approved by the City Council.

## **RESOLUTION NO.**

Adopted by the Sacramento City Council

### **APPROVAL FOR APPROPRIATION OF HISTORICAL GRANT FUNDING**

#### **BACKGROUND**

- A. In March 2005 the City Council approved use of \$1 million for a new Historic Places Revolving Fund.
- B. Since that time, City Staff and the Board of Sacramento Heritage Inc. (Board) have been working to develop goals and objectives, program components, property and project eligibility criteria, and procedures for use of the fund monies.
- C. Sacramento Valley Station – Historic Renovation Project includes rehabilitation of the existing National, California, and Sacramento Register of Historic and Cultural Resources listed Sacramento Depot structure for integration into a regional intermodal transportation facility.
- D. Historic Places Grant Program – Grant program goals and criteria reflect the City's policies to assist property owners in the rehabilitation of properties that are important to the City's history and development.
- E. Historic Landmarks Assistance Program – Provides for grants or loans, \$100,000 or larger, at the discretion of the City Council, to property owners for the rehabilitation of properties that are important to the City's history and development.
- F. The Environmental Services Manager has determined that adopting this resolution does not have the potential for causing a significant effect on the environment and is therefore exempt from environmental review under California Environmental Quality Act (CEQA) Guidelines Section 15061(b)(3) (Review for Exemption), and Section 15378(b)(5) (Definitions) "organizational or administrative activities of governments that do not result in direct or indirect physical changes in the environment." However, subsequent projects based upon actions or decisions made pursuant to the program, once implemented, may be required to undergo CEQA review. It should also be noted that program criteria for the use of the Historic Places Grant monies requires that projects comply with the Secretary of the Interior's Standards for the Treatment of Historic Properties, thereby potentially allowing for a project's categorical exemption per CEQA guidelines 15331 Historical Resource Restoration/Rehabilitation, unless a project would impact other elements of the environment.

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

- Section 1.** The above background statements A through F are true and correct.
- Section 2.** The Finance Department is authorized and directed to establish a Historic Places Fund.
- Section 3.** Release \$1,000,000 to the Historic Places Fund
- Section 4.** Appropriate \$250,000 to the Historic Places Grant Program.
- Section 5.** Appropriate \$400,000 to Sacramento Valley Station Historic Renovation Project (CF44).
- Section 6.** Appropriate the remaining funds to the Historic Landmarks Assistance Program.
- Section 7.** The City Manager is authorized to negotiate Historic Landmarks Assistance grant/loan contracts for City Council approval.
- Section 8.** The proposed goals and objectives, program components, property and project eligibility and rating criteria, application, approval and reimbursement process proposed for the Historic Places Grant Program, outlined in Exhibit A and B, are adopted.
- Section 9.** Development Services Department Staff, with Sacramento Heritage, Inc., is directed to implement the Historic Places Grant Program consistent with Section 8 above.
- Section 10.** No use of these funds contrary to the above authorizations may be made without the review and approval of the City Council.

## **EXHIBIT A**

### **HISTORIC PLACES GRANT PROGRAM**

#### **I. Program Goals & Objectives**

The goals of the Historic Places Grant Program are to preserve, rehabilitate, restore or reconstruct historic properties in the City of Sacramento through timely prudent financial assistance:

1. By working with the City's Housing and Dangerous Buildings unit, to prevent demolition and to stop further deterioration of derelict properties that are listed or are eligible to be listed on the Sacramento Register as Landmarks or Contributing Resources in Historic Districts.
2. To assist owners of listed or eligible properties to be able to use appropriate historic materials, designs, and treatments when doing rehabilitation work.
3. To encourage owners or prospective owners to rehabilitate historic properties.
4. For urgently needed roof repair, building security, or stabilization.

#### **II. Program Components**

1. Matching-grant program utilizing \$250,000 of the City of Sacramento's Historic Places Fund monies;
2. For approved projects, award 1:1 matching-grants for 50% of project costs under \$25,000, but not less than \$1,000, on a reimbursement basis;
3. Consideration may be given to waive the matching requirement if an applicant can demonstrate their household annual income does not exceed 80% of median in Sacramento County for the preceding year;
4. Quarterly application period awarding up to \$62,500 in grants per quarter;
5. Emergency grant awards for buildings determined Immediately Dangerous that also meet program, property and project eligibility criteria;
  - a. Funds disbursement on a reimbursement basis to assure work conforms to approved application;

- b. Establish a Sacramento Heritage Inc. Historic Places Grant (HPG) Committee to approve applications;
  - c. City Development Services Department Preservation and Administration staff to administer program.
6. The grant agreement will provide for repayment on a pro-rated basis if applicant sells the property within five years of the grant award, and to maintain insurance and indemnify the City for tort liability and liens.

### III. Property and Project Eligibility Requirements

1. Property is either A or B below:
  - A. City designated Landmark or Contributing Resource in Historic District; or
  - B. Not yet designated, but the Preservation Director has made a preliminary determination of eligibility: a) as a Landmark and a Landmark Nomination application has been submitted by the property owner; or b) as a contributing resource and a Contributing Resource Nomination has been submitted by the property owner.
2. Project meets all the following requirements:
  - A. Proposed work complies with the Secretary of the Interior's Standards for the Treatment of Historic Properties, usually this will involve the Rehabilitation Standards;
  - B. Involves exterior work, or work that affects the exterior of the structure/property, including foundation or structural work, or involves work on significant publicly-accessible interiors;
3. Completed work conforms to approved plans, budget and schedule.

### IV. Application, Approval & Reimbursement Process

1. Quarterly application periods established and publicized by City Preservation, Development Services Department, and Housing & Dangerous Buildings staff, thirty days in advance of application deadline;
2. Property owners make application to City for grant, identifying property involved, project work/plans, project budget and schedule, including information that demonstrates that the work can be completed within the proposed budget and schedule;
3. City Development Services Department Preservation staff review applications for completeness and eligibility;

4. Within two weeks of an application having been deemed complete and eligible, complete and eligible applications forwarded to Sacramento Heritage, Inc. HPF Committee for its review;
5. Within two weeks of its receipt of the applications, Sacramento Heritage HPF Committee makes grant award decisions (Committee may also consider waiving match requirement for low-income homeowners), with priority given to the following projects:
  - A. Properties determined Dangerous or Immediately Dangerous by Housing & Dangerous Buildings, where urgent eligible needs can be cured;
  - B. Projects to stabilize and make weather-tight the property/structure;
  - C. Projects where costs for rehabilitation to the Historic Standards exceed costs for the work as would otherwise be allowed under the regular Building Code;
  - D. Projects to restore or reconstruct missing or altered significant features;
  - E. Effectiveness of the project in meeting program goals of preserving threatened or endangered structures;
  - F. Likelihood of successful and timely completion of the project.
6. Work must be completed within one year of grant award decision date;
7. Within sixty (60) days from project completion, property owner submits reimbursement request, including copies of paid invoices and other documentation needed to determine compliance with grant award requirements;
8. Within thirty (30) days from receipt of reimbursement request, City Development Services Department Preservation staff reviews the work and the reimbursement request documents for compliance with the approved application and program requirements; once compliance is determined, the reimbursement request is certified;
9. Within two weeks of certification, City issues reimbursement check to property owner for amount of grant award, or less if work completed under budgeted amount.

**Exhibit B**

**CRITERIA RATINGS** for approval of Historic Places Grants:

<b>CRITERIA</b>	<b>RATING</b>
<b>1. FUNDING NEEDS</b>	
<b>Individual Need:</b>	
1.1. Applicant is Low Income (80% or below median income)	2 points
1.2.. Applicant is Moderate Income (81% to 120% of median income)	1 point
<b>Project Need:</b>	
1.3. Project where cost for rehabilitation to the Historic Standards exceed costs for the work as would otherwise be allowed under the regular Building Code	2 points
<b>2. CITY STEWARDSHIP</b>	
2.1. Applicant has been a resident of the City or has owned the property for 2 years or more	2 points
<b>3. STRUCTURAL INTEGRITY</b>	
3.1. Property determined Dangerous or Immediately Dangerous by Housing & Dangerous Buildings, where urgent eligible needs can be cured.	2 points
3.2. Project will stabilize and make weather-tight the property/structure	2 points
<b>4. PROPERTY'S PROMINENCE AND LOCATION</b>	
4.1. Property is a Landmark (or determined eligible and nominated)	1 point
4.2. Project is the sole application received from a City Council District	1 point
<b>5. PROJECT VIABILITY &amp; MEETING PROGRAM GOALS</b>	
5.1. Effectiveness of the project in meeting program goals of preserving threatened or endangered structures	1 to 5 points
5.2. Project restores or reconstructs missing or altered significant features	1 to 5 points
5.3. Likelihood of successful and timely completion of the project	1 to 5 points

