Sacramento Housing & Redevelopment Agency

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

Consent
October 2, 2007

Honorable Chair and Members of the Redevelopment Agency

Title: Acquisition of 8128 and 8140 Elder Creek Road

Location/Council District: 8128 and 8140 Elder Creek Road (APN 040 0101 003 0000 and 040 0101 020 0000); Army Depot Redevelopment Project Area; Council District 6

Recommendation: Adopt a **Redevelopment Agency Resolution** 1) setting just compensation for the property located at 8128 Elder Creek Road as fair market value as established by the listed sale price and for the property located at 8140 Elder Creek Road as the fair market value as established by appraisal; 2) amending the 2007 Sacramento Housing and Redevelopment Agency (SHRA) budget to transfer $720,000 of Army Depot 2006 Taxable Bond Funds to the 8128 and 8140 Elder Creek Road Project to fund all actions necessary to purchase this property.

Contact: Lisa Bates, Director, Housing and Community Development, 440-1316; Chris Pahule, Assistant Director, Housing and Community Development, 440-1350

Presenters: None

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: At the southeast corner of Elder Creek and Power Inn roads, one property owner controls approximately 27 undeveloped acres of a roughly 30-acre development opportunity site (see map). The current owner, Mario Affinito, is an experienced developer who has completed a variety of retail projects in the Sacramento area. He has sought out development proposals and business operators for a retail center, but has been unable to proceed due to the site configuration and adjacent blighting properties affecting the site.

The current configuration of parcels limits the potential building size and prevents a reasonable pedestrian and auto circulation approach for any retail center. Two properties located to the east of Mr. Affinito's holdings significantly impact the feasibility of the site as a successful retail center. One property, 8128 Elder Creek, has a dilapidated single family home and garage, several inoperable cars, and an extensive amount of debris. The property which is a nonconforming use

with underlying industrial zoning is listed for sale by the owner-occupant. The second property located at 8140 Elder Creek Road is .89 acres, vacant and zoned M-2. The current owners live in the Bay Area and have not made any progress in the development of the site.

Policy Considerations: The actions contained in this report are consistent with the adopted 2005 – 2009 Army Depot Redevelopment Implementation Plan program to increase employment opportunities for the area residents and attract new businesses, including retailers, to the area.

Environmental Considerations: As part of the Agency's due diligence, a Phase I Environmental Assessment was completed on this property. The Assessment recommended additional testing prior to the purchase.

Acquisition of the properties 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 environmental review. National Environmental Policy Act (NEPA) does not apply.

Committee/Commission Action: *Army Depot Redevelopment Advisory Committee (RAC):* At its meeting on August 23, 2007, the RAC adopted a motion recommending approval of the attached resolutions. RAC Members O'Brien and Stein voted "no" due to concerns that the proposed project was not sufficiently developed and the opinion that the developer has the ability to purchase the properties. The votes were as follows:

AYES: Hubbard, Lien, Montez, Pinkston, Slider, Toney, Vourakis

NOES: O'Brien, Stein

ABSENT: Lenau

Sacramento Housing and Redevelopment Commission Action: At its meeting on September 5, 2007, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. The votes were as follows:

AYES: Chan, Coriano, Dean, Fowler, Gore, Hoag, Piatkowski, Stivers

NOES: None

ABSENT: Burns, Burruss, Shah

October 2,2007

Acquisition of 8128 and 8140 Elder Creek Road

Rationale for Recommendation: The corner of Power Inn and Elder Creek roads is the optimal site in the Army Depot Redevelopment Area for a retail center due to its location at a major intersection, proximity to residential neighborhoods, and an interested developer/property owner. The properties recommended for acquisition would significantly improve the site for a proposed retail center, remove blight associated with the existing non-conforming single family structure, and make use of the underutilized vacant property. The acquisition will improve the marketing to potential retail businesses of the site for the developer by removing the adjacent blighting conditions. The future development site will also be improved by adding approximately 298 feet of street frontage on Elder Creek Road and approximately 1.64 acres. This addition will allow for a larger building on the corner and provide the necessary land for adequate service delivery needs of the tenants. A retail center will bring needed services, jobs and tax revenues to the area. After acquisition, the Redevelopment Agency proposes to enter into an exclusive right to negotiate with the developer. Redevelopment Agency staff notified the property owners of the pending City Council hearing date in writing.

Financial Considerations: Staff estimates that total cost to purchase the properties at 8128 and 8140 Elder Creek Road, including closing costs, demolition of existing structures, and site maintenance costs to be approximately $720,000. This report recommends the allocation of 2006 Army Depot Taxable Bond funds for the purchase and associated expenses.

M/WBE Considerations: The items discussed in this report have no M/WBE impact, therefore, M/WBE considerations do not apply

Respectfully Submitted by: _____
ANNE M. MOORE
Executive Director

Recommendation Approved:

Cassandra B. Jenny
for RAY KERRIDGE
City Manager

Table of Contents

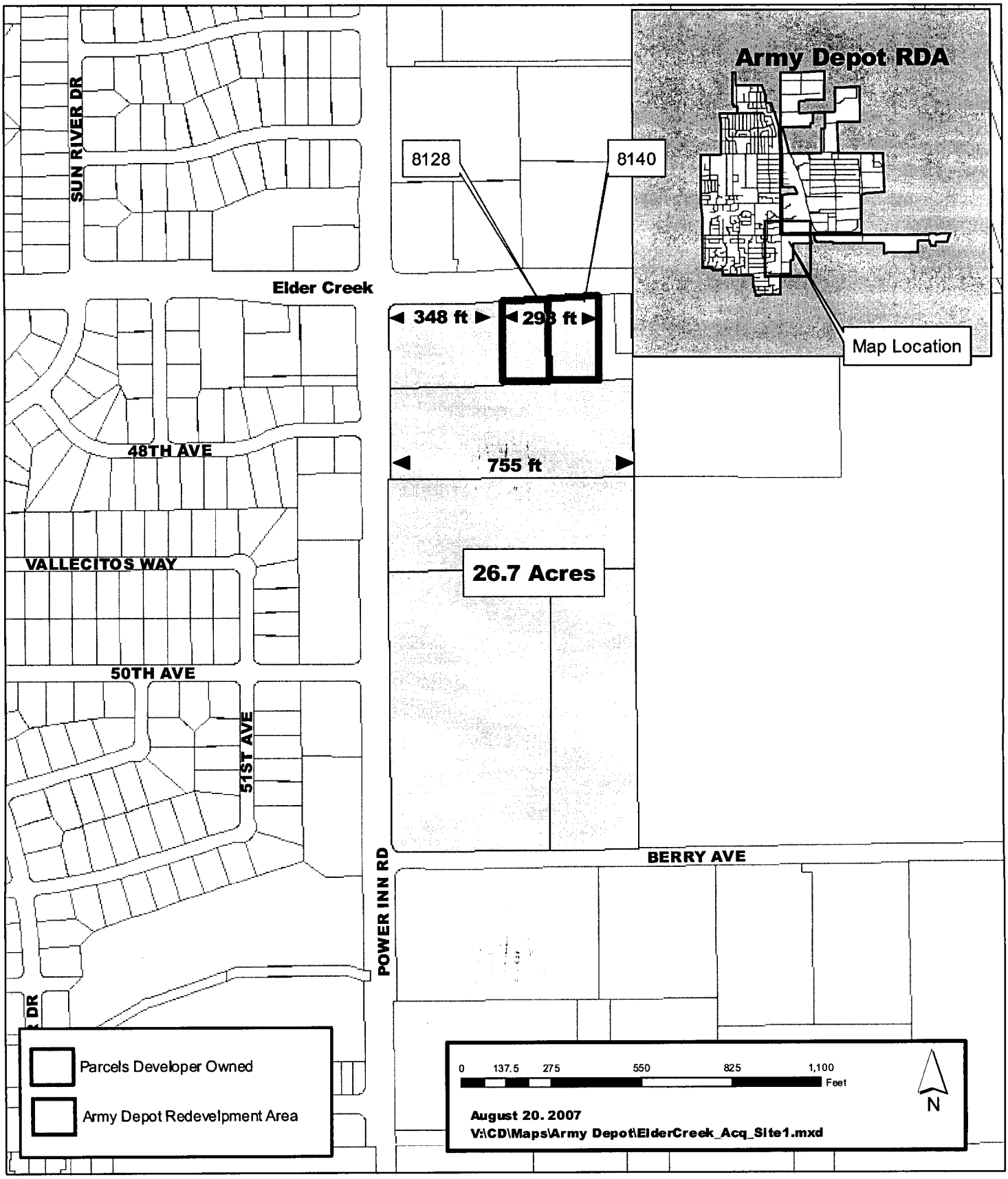
Report pg. 1

Attachments

1 Map pg. 4

2 Resolution pg. 5

8120 and 8140 Elder Creek Road Acquistions



RESOLUTION NO. 2007 -

Adopted by the Redevelopment Agency of the City of Sacramento

on date of

AUTHORIZING ACQUISITION OF PROPERTY AT 8128 AND 8140 ELDER CREEK ROAD FOR JUST COMPENSATION AND TO AMEND 2007 BUDGET

BACKGROUND

A. The Development Assistance Program component of the Army Depot Redevelopment Plan calls for funding activities to help attract new commercial, industrial and office investment and uses into the area.

B. The Army Depot Redevelopment Advisory Committee recommended allocation of $720,000 in 2006 Army Depot Taxable Bond funds to the 8128 and 8140 Elder Creek Road Project.

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 or her designee is authorized to take all actions as may be reasonably necessary to purchase the following parcels ("Properties"), for not substantially more than just compensation, as established by appraisal of a duly qualified appraiser and by the sales price:
8128 and 8140 Elder Creek Road (APNs 040-0101-003-0000 and 040-0101-020-0000)

Section 3. The Executive Director or her designee is authorized to amend the Agency budget to allocate $720,000 in 2006 Army Depot Taxable Bond funds to the 8128 and 8140 Elder Creek Road Project to fund all actions necessary to acquire the Properties.