

Item No. 22

Supplemental Material

For City of Sacramento

City Council
Housing Authority
Redevelopment Agency
Economic Development Commission
Sacramento City Financing Authority

Agenda Packet

Submitted: January 26, 2006

For the Meeting of: January 31, 2006

- Additional Material
- Revised Material

Subject: North Sacramento Redevelopment Area Tax increment Fund
Reprogramming

Contact Information: Lisa Bates, Community Development Director, (916) 440-1316,
Vickie Smith, Redevelopment Manager, (916) 440-1322, Sacramento Housing and
Redevelopment Agency.

Please include this supplemental material in your agenda packet. This material will also be published to the City=s Intranet. For additional information, contact the City Clerk Department at Historic City Hall, 915 I Street, First Floor, Sacramento, CA 95814-2604 B (916) 808-7200.



**Sacramento
Housing &
Redevelopment
Agency**

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

CONSENT
January 31, 2006

Honorable Chair and
Members of the Board

Subject: NORTH SACRAMENTO REDEVELOPMENT AREA TAX INCREMENT
FUND REPROGRAMMING

Location/Council District: District Two

Recommendation:

Redevelopment Agency staff recommends adoption of the attached Redevelopment Agency resolution which authorizes the Executive Director or her designee to transfer \$783,051 from the North Sacramento Tax Increment Fund Development Assistance Account into the North Sacramento Commercial Loan Program.

Contact: Lisa Bates, Community Development Director, 440-1316
Vickie Smith, Redevelopment Manager, 440-1322

Presenters: Vickie Smith, Redevelopment Manager, 440-1322

Department: Sacramento Housing and Redevelopment Agency

Summary:

This report recommends that the Agency's Executive Director be authorized to transfer \$783,051 from the North Sacramento Tax Increment Fund Development Assistance Account into the North Sacramento Commercial Loan Program.

Committee/Commission Action:

RAC Action: At its meeting of January 19, 2006, the North Sacramento Redevelopment Advisory Committee adopted a motion recommending approval of the attached resolutions. The votes were as follows.

AYES: Bergstrom, Mack, E. McCleary, J. McCleary, C. Mulligan, M. Mulligan,
Roberts

NOES: None

ABSENT: Ash, Harlan, Ogden, Scoggins

North Sacramento Tax Increment Fund Reprogramming

Committee/Commission Action: At its meeting of January 18, 2006, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolutions. The votes were as follows:

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

NOES: None.

ABSENT: None.

Background Information:

SHRA has offered loans and grants to commercial property owners in the North Sacramento Redevelopment Area since 1985. The area has had a high level of participation in the commercial loan and grant program. Thirty-six projects have been completed using \$1,659,303 in Agency funds and leveraging \$3,770,686 in private investment. Attachment I outlines the Agency's Commercial Revitalization Program.

Staff has recently received requests from two businesses interested in relocating to the North Sacramento Redevelopment Area which are in need of gap financial assistance with their proposed projects. The two businesses are Ellis & Ellis Sign Systems (Ellis & Ellis) and the Sacramento News and Review (SN&R). Both entities are locally owned, well established businesses.

Ellis & Ellis has been in business since 1970 and currently employs 56 individuals. The signage fabrication company has outgrown their current space which is located just outside of the North Sacramento Redevelopment Area. Ellis & Ellis would like to locate in North Sacramento. The company provides services for commercial, residential and public clients.

News and Review began in Chico in 1977 and opened its second newspaper in Sacramento in 1989. Since 1995, SN&R has operated at 20th & J Street in the heart of midtown. SN&R has also outgrown its current space and would like to contribute to the positive change taking place in North Sacramento. Sacramento News and Review currently employs approximately 65 individuals and has a cumulative readership of 384,500.

Because of the interest these two companies have expressed in the Commercial Loan Program, and the projected need to fund future loans, staff is recommending the transfer of \$783,051 from the North Sacramento Development Assistance Account to the North Sacramento Commercial Loan Program.

The Agency's Commercial Loan Program has a maximum loan amount of \$500,000, and is typically used in combination with the Agency's Exterior Rebate Program and leverages other private financing. In addition to the Commercial Loan Program, both businesses are considering utilizing the Grow Sacramento Fund and Agency Exterior Rebate Program to help finance property acquisition and rehabilitation. The Sacramento News and Review is also interested in the Enterprise Zone Program since their proposed project is located in the Northgate/Norwood Enterprise Zone. The relocation of these businesses to the North Sacramento Redevelopment Area would bring private investment into the area's commercial sector as well as expand local job opportunities.

North Sacramento Tax Increment Fund Reprogramming

Financial Considerations:

This report recommends an amendment to the Agency budget to transfer \$783,051 from the North Sacramento Tax Increment Development Assistance Account to the North Sacramento Commercial Loan Program. Any individual business loans considered under the Commercial Loan Program over \$100,000 will be reviewed for approval by the Agency Loan Committee.

Environmental Considerations:

The proposed action to allocate funds for the Commercial Loan Program and the intended use of those funds for acquisition, rehabilitation and minor expansion of existing commercial buildings is exempt from environmental review under CEQA per the Guidelines Sections 15378(b)(4), 15301(l) and 15303(c). NEPA does not apply.

Policy Considerations:

The proposed funding for the North Sacramento Commercial Loan Program is consistent with redevelopment goals established in the North Sacramento Redevelopment Area 2005 through 2009 Implementation Plan. This project is consistent with the City's Strategic Plan goal to enhance and preserve neighborhoods.

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:

RAY KERRIDGE
Interim City Manager

Table of Contents

Pg	Description
4-5	Attachment I, Commercial Revitalization Program
6	Redevelopment Agency Resolution

COMMERCIAL REVITALIZATION PROGRAM

Program Guidelines – Exterior Rebate & Commercial Loan

Since 1985, the Sacramento Housing and Redevelopment Agency has assisted the renovation of over 500 commercial properties throughout the City and County of Sacramento. The Commercial Revitalization Program provides exterior rebates and commercial loans to applicants in designated target areas. The program improves the appearance and viability of commercial buildings, and complements other public and private investment in target areas.

Eligible Applicants	Owners and tenants of commercial property located in eligible areas may apply to the program. The majority of applicants are property owners, however, tenants may receive full program benefits with the owner's written consent to the planned improvements. Tenants may also receive a small rebate for signage in conjunction with the property owner's full façade rehabilitation project.
Eligible Areas	Areas that are located in commercial revitalization target areas or designated redevelopment project areas are eligible for assistance under this program. The eligible program areas include address ranges in Alkali Flat, Del Paso Heights, Merged Downtown Area, North Sacramento, Oak Park, Old Sacramento, Franklin Boulevard, Stockton Boulevard, and North Highland. Zero interest loans are available in Walnut Grove, North Highlands, Old Florintown, Rio Linda, Auburn Boulevard and Folsom Boulevard and 65th Street. To determine your property's eligibility for the Commercial Revitalization Program, please call 440-1328.
Exterior Rebates	The maximum rebate is 50% of the eligible costs. The maximum per project rebate is \$50,000 unless the building is a registered historic structure. Projects in tax increment-funded areas will require completion of a maintenance agreement before funding. The applicant is required to provide or borrow matching funds to complete the project. (See loan programs below).
Eligible Reimbursable Expenditures	The following types of improvements are eligible for rebate: <ul style="list-style-type: none"> – Storefront Renovation – Signs, Graphics – Doors – Windows, Shutters, Awnings – Exterior Lighting – Soft Costs including Professional, Architectural and City/County Permit Fees – Roof Repair or Replacement (Rebates for roof repair/replacement are allowed if done in conjunction with storefront improvements. The rebate for roof work cannot exceed 10% of the total rebate amount.) – Americans with Disabilities Act (ADA) and Title 24 Energy Efficiency Compliance (Ten percent (10%) of the rebate amount can be used for interior and exterior ADA/Title 24 compliance.) – Site Improvements
Commercial Loans	The Commercial Loan Program is designed to stimulate building improvements and upgrade the appearance of commercial properties in commercial revitalization target areas. This program is designed to provide gap financing in combination with a private lender. The maximum loan amount under this program is \$500,000.
Exterior Rebate Partnership Program	River City Bank and California Bank and Trust are teaming up with SHRA to provide attractive loans that not only can be used for your matching funds requirement, but feature interest-only payments for the first year!

Special Program for Historic Properties	Properties that are considered "historic properties" are eligible for up to a \$75,000 rebate. Historic properties are defined as those buildings that are listed on the National Register of Historic Buildings, are located within a historic district or are listed on the state or local inventory of historic places. The rebate can apply to interior or exterior improvements, which are required to maintain the historic character of the structure.
Design/Plan Review	All improvements must conform to the City and County of Sacramento Building codes, City of Sacramento overlay zones and special planning districts, and the Design Guidelines adopted for the respective area. Participant's proposals may be subject to review by the applicable neighborhood's SHRA Advisory Group. Design review (staff level) by the City of Sacramento is necessary for projects in Oak Park, Stockton Boulevard between Broadway and 14th Avenue, North Sacramento, Del Paso Heights, Alkali Flat, and the Central City. Historic buildings (over 50 years old) or projects located in designated historic areas are subject to review by the State Office of Historic Preservation.
Ineligible Rebate Applicants/Projects*	<p>Big Box retailers (larger than 50,000 square feet) outside of redevelopment areas:</p> <ul style="list-style-type: none"> - Liquor Stores (defined as a store that has more than half of the shelf inventory devoted to liquor/beer/wine). - Adult entertainment enterprises - Auto dealerships larger than 1 acre in size - Updating of national corporate or franchise stores is not eligible unless the renovation is part of a larger project and the building is deteriorated. These businesses are eligible if the rebate will assist in the retention of the business at the location or if the building is vacant.
Application Process	<ol style="list-style-type: none"> 1. Complete the application, and submit with fee to the respective area coordinator or to SHRA's Commercial and Employment Development Services staff; 2. Commercial and Employment Development Services staff will review the application, and will forward correspondence to the applicant indicating eligibility to the program. If determined eligible, the applicant will receive additional forms to complete (see item 3 below); 3. Provide a completed supplemental loan application, vendor checklist, W-9, and three 35-mm color slides, or color photographs before rehabilitation. Submit these items to the Development Services Department. Should the applicant not respond within 30 days of staff's correspondence the applicant's file will be terminated; and 4. The applicant's financial status is evaluated and once a determination is made, architectural services are requested. <p>Other steps include a Building Analysis, project scoping, and cost estimating; an Architectural Rendering and subsequent drawings "if" the project is approved; a Design Review process; and a Loan Approval process, which includes loan underwriting and approval by the Loan Review Committee of the Sacramento Housing and Redevelopment Commission. These services are provided to the applicant free of charge, with the exception of construction drawings.</p>
Who to Contact	<p>Sacramento Housing and Redevelopment Agency (SHRA) Commercial and Employment Development Services 630 I Street 2nd Floor Sacramento, CA 95814 916-440-1328 www.shra.org</p>

RESOLUTION NO. 2006 -

Adopted by the Redevelopment Agency of the City of Sacramento

January 31, 2006

NORTH SACRAMENTO REDEVELOPMENT AREA TAX INCREMENT FUNDS; COMMERCIAL LOAN PROGRAM; RELATED BUDGET AMENDMENT

BACKGROUND

- A. The North Sacramento Redevelopment Area Project Area tax increment funds may be used to fund rehabilitation of commercial buildings.
- B. The Agency has an established Commercial Loan Program to assist in funding exterior facade improvements and building rehabilitation for commercial buildings located within redevelopment project areas.
- C. There is a need for funding commercial rehabilitation projects within the North Sacramento Redevelopment Project Area, but the Commercial Loan Program does not have sufficient North Sacramento Project Area tax increment funding for such projects.
- D. Allocating North Sacramento Project Area tax increment funds to the Commercial Loan Program to fund commercial rehabilitation projects within the North Sacramento Project Area would be consistent with the goals of the North Sacramento Redevelopment Plan and meets goals established in the 2005-2009 North Sacramento Redevelopment Area Implementation Plan.

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 findings, including the environmental findings regarding this action, as stated in the staff report, are approved.

Section 2. The Executive Director or her designee is authorized to amend the Agency Budget to transfer \$783,051 from the North Sacramento Tax Increment Fund Development Assistance Account into the Commercial Loan Program for funding North Sacramento commercial revitalization projects.