Sacramento Housing & Redevelopment Agency

REPORT TO REDEVELOPMENT AGENCY

City of Sacramento
915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org

PUBLIC HEARING
February 28, 2006

Honorable Mayor and
Members of the City Council

Subject: Disposition and Development Agreement: (DDA) Single Family Home at 4722 9th Avenue with Sacramento Neighborhood Housing Services

Location/Council District: 4722 9th Avenue (APN# 0150181049), Oak Park Redevelopment Area (District 5)

Recommendation:

Staff recommends the Redevelopment Agency of the City of Sacramento adopt the attached resolution on page 7 to approve a Disposition and Development Agreement with Sacramento Neighborhood Housing Services to relocate an Agency-owned home located at 4722 9th Avenue to 3324 43rd Street and to approve a $110,000 grant for project costs.

Contact:
Lisa Bates, Director, Community Development Director (SHRA) 440-1316
Cynthia Shallit, Management Analyst (SHRA) 440-1322

Presenters: Cynthia Shallit, Management Analyst

Department: Sacramento Housing and Redevelopment Agency

Summary:

This report recommends the relocation of a Redevelopment Agency-owned home located at 4722 9th Avenue to allow for the development of the site in a manner consistent with the Broadway/Stockton Urban Design Plan. The home will be relocated by Sacramento Housing Neighborhood Services (dba NeighborWorks) to a vacant site at 3324 43rd Street in the Oak Park Project Area with a grant of $110,000.

RAC Action:

At its meeting of December 14, 2005, the Oak Park Redevelopment Advisory Committee adopted a motion recommending approval of the attached resolution. The votes were as follows:

AYES: Aungst, Davis, Ganson, Lackey, McDonald

NOES: Curry-Evans, Hilbert, Redman

ABSENT: Straub, Taylor, Thomas

Commission Action:

At its meeting on 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, Fowler, Gale, Gore, Hoag, Piatkowski, Shah, Simon, Stivers.

NOES: Coriano.

ABSENT: None.

Background Information:

Development Site
The Redevelopment Agency (Agency) has actively been working to revitalize this block of Stockton Boulevard for the past five years. To facilitate and encourage development south of Broadway, Agency staff began acquiring properties on both the west and east sides of Stockton Boulevard between 9th and 10th Avenues (Site map, Attachment I). Staff determined that the redevelopment of this block would help continue the positive development influences of the UC Davis Medical Center and Food Source retail center south of Broadway.

Initial Project
In 2000, the Agency acquired four parcels on the east side of Stockton Boulevard at 9th Avenue for development of a parking lot to support the proposed Child Abuse Prevention Council (CAPC)'s new administrative office and training facility immediately west across Stockton Boulevard. Following months of public discourse about the site, staff agreed that the house on the site located at 4722 9th Avenue should not be demolished. Instead, the home, an early 1920's California bungalow, would be rehabilitated and sold to a homebuyer through the Agency's "Boarded and Vacant Home" program.

In late 2002, CAPC informed the Agency that they were no longer interested in locating on Stockton Boulevard. Regent Development Company (RDC) expressed interest in the

east and west sites and the Agency entered into an Exclusive Right to Negotiate with Regent for the west side of Stockton Boulevard for a mixed use development. During community meetings, RDC also indicated their interest in developing the east side properties as a high quality, higher density housing project to complement their proposed mixed use development on the west side.

At subsequent community meetings, there was consensus between staff and residents that a parking lot was not the best use for the east side property, and that there should be further discussion about the relocation of the home to allow for better use of the site.

Site Options

Recently, staff has explored different options for the relocation and disposition of the home including a sale on the open market, continuing to work with qualified private developers through the Agency's "Boarded and Vacant" program list, and finally soliciting interest from qualified non-profit developers. In response, Sacramento Neighborhood Housing Services (SNHS), dba NeighborWorks, came forward with a proposal to relocate the home to a vacant lot it owned in Oak Park.

When SNHS's proposal was first considered by the Oak Park RAC, the RAC requested further analysis to look at the feasibility of developing the site with the house in place, and, if not feasible, the ability to relocate the home to a vacant lot in the Wright & Kimbrough tract of Tahoe Park.

Staff engaged an in-house architect and reviewed the site with local developers and concluded that to maximize the development potential, the house should be relocated. Through a broker, the Agency investigated vacant sites in the Wright & Kimbrough tract, and determined that only three vacant lots exist, none were listed for sale, and the price to acquire a lot would add substantial costs to the project.

With SNHS's ownership of the lot on 43rd Street, the move and rehabilitation of the home to that site is the most cost effective means to save the home, restore a historic building, and provide an affordable homeownership opportunity in Oak Park.

Disposition and Development Agreement with Sacramento Neighborhood Housing Services

Agency staff recommends entering into a Disposition and Development Agreement with SNHS to move the house located at 4722 9th Avenue to a vacant lot they own at 3324 43rd Street. The lot is located just outside of the Oak Park Renaissance neighborhood, and contains similar style homes as the one proposed to be moved.

The DDA will allow for the transfer of the house to SNHS and grant $110,000 to pay for the following costs:

Preparation and moving of house	$ 85,000
Transportation permit, police escort and utilities	$ 14,900
Contingency	$ 10,100
	$110,000

Once the house is on the site, SNHS will renovate the home, build a new detached garage, install new landscaping, and sell the home to a low/moderate income homebuyer.

Disposition and Development Agreement (DDA) Terms
As required by California State Redevelopment Law, a §33433 Report summarizes the terms of the property disposition and is available for viewing in the City Clerk's office. The DDA, also available for viewing in the City Clerk's office, will transfer the home located at 4722 9th Avenue at no cost to SNHS. In addition, the Agency will provide a one-time grant of $110,000 to SNHS for the cost of relocating the home to the site at 3324 43rd Street.

The DDA also requires that the home be relocated and renovated within 12 months of the execution of the DDA, and that the sale of the home will be to a low/moderate income homebuyer.

Financial Considerations:

An independent appraisal conducted in June 2003 set the value of the site at $47,500, exclusive of land value, and is estimated by SHRA Real Estate to have a current market value of $76,000. However, the costs for moving and rehabilitating the structure are estimated to be approximately $220,000, well exceeding the value of the house at its current location.

Therefore this report recommends that the Executive Director amend the Agency budget to appropriate $110,000 from Oak Park Tax Increment Housing Development Assistance funds for the purposes stated in the DDA with Sacramento Neighborhood Housing Services of relocating the house at 4722 9th Avenue.

Policy Considerations:

The action recommended in this report is consistent with community development goals listed in the Oak Park Redevelopment Area 2000-2004 Implementation Plan. They include promoting homeownership, promoting new construction on vacant lots, stabilizing and increasing property values, and increasing the percentage of owner-occupants.

Environmental Review:

The project is exempt from environmental review per CEQA Guidelines Section 15301(l), relocation and rehabilitation of a single family residence and Section 15331, restoration of a historical structure. The National Environmental Policy Act does not apply.

M/WBE Considerations:

Minority and Women's Business Enterprise requirements will be applied to all activities to the extent required by federal funding.

Respectfully submitted,

ANNE M. MOORE
Executive Director

Transmittal approved,

for RAY KERRIDGE
Interim City Manager

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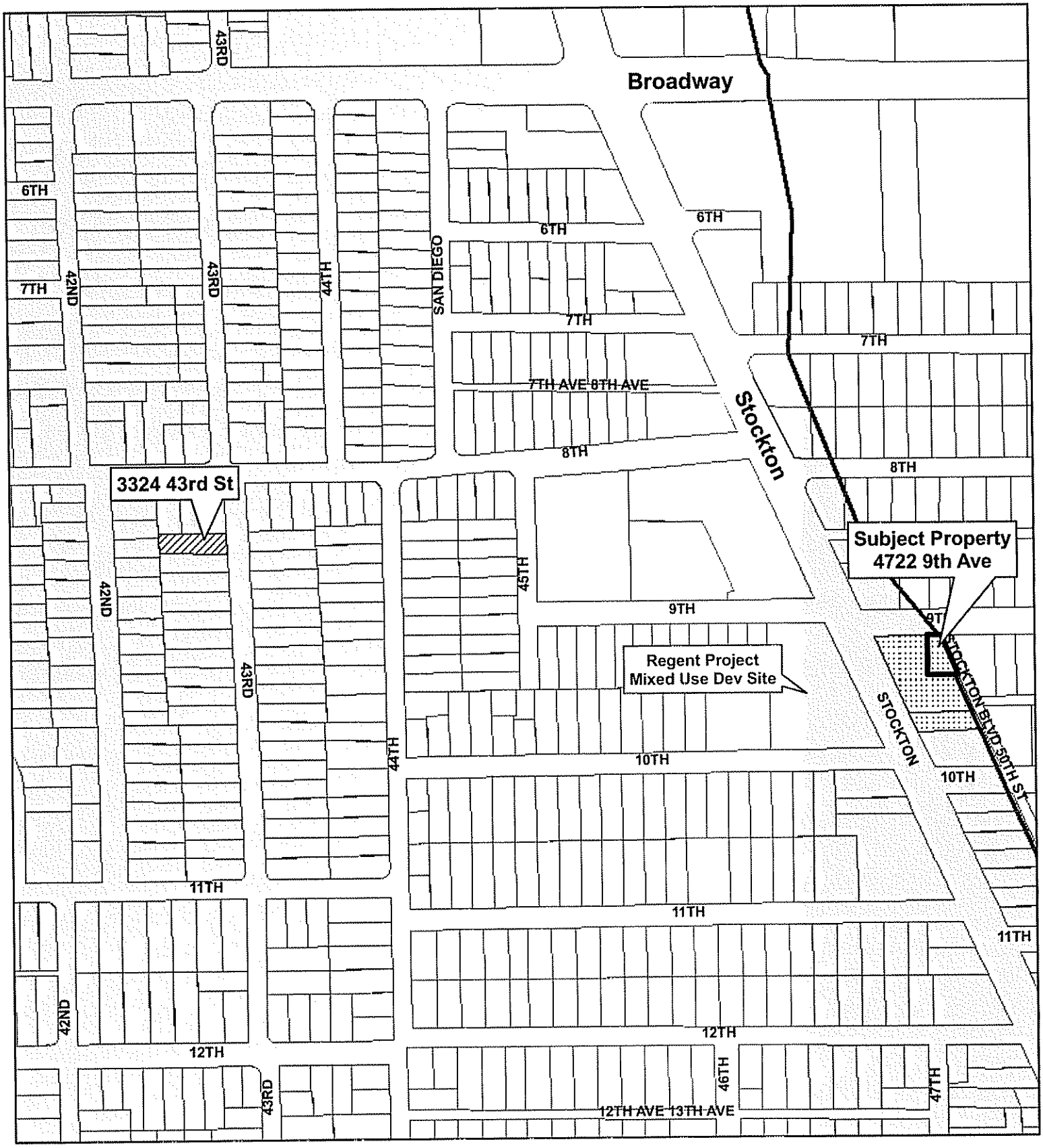
ATTACHMENT I



Project Location Map

Disposition and Development Agreement: Single Family home at 4722 9th Avenue with Sacramento Neighborhood Housing Services

Legend

- Agency Owned Property
- 3324 43rd St
- Oak Park RDA

0 100 200 400 600 800 Feet

Sacramento Housing & Redevelopment Agency

RESOLUTION NO. 2006 -

Adopted by the Redevelopment Agency of the City of Sacramento

OAK PARK REDEVELOPMENT PROJECT AREA; APPROVAL OF DISPOSITION AND DEVELOPMENT AGREEMENT WITH SACRAMENTO NEIGHBORHOOD HOUSING SERVICES FOR RELOCATION OF THE HOME AT 4722 9TH AVENUE; RELATED BUDGET AMENDMENT

BACKGROUND

A. The Redevelopment Agency of the City of Sacramento ("Agency") has adopted the Oak Park Redevelopment Plan ("Redevelopment Plan") and an Implementation Plan for Oak Park Project Area ("Project Area").

B. Agency owns certain real property generally described as a single family home at 4722 9th Avenue ("Property") in the Project Area, which was acquired with tax increment funds targeted for low and moderate income housing.

C. Agency and Sacramento Neighborhood Housing Services ("Developer") desire to enter into Disposition and Development Agreement ("DDA") to convey title of the Property to Developer for relocating the home to 3324 43rd Street and rehabilitating it to be sold to a purchaser qualified as a low or moderate income household at a sales price that does not exceed the amount that a moderate income household can afford to buy, as more specifically described in the DDA ("Project").

D. A copy of the DDA is on file with the Agency Clerk.

E. In accordance with the California Environmental Quality Act ("CEQA") and its implementing regulations, the sale of the Property and the Project are exempt under the CEQA Guidelines for the reasons set out in the staff report that accompanies this resolution.

F. A report under Health and Safety Code Section 33433 ("Section 33343 Report") has been prepared, filed with the Agency Clerk, and made available for public review pursuant to Section 33433.

G. Proper notice of this action has been given and a public hearing has been held in accordance with Health and Safety Code Sections 33431 and 33433.

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

Section 1. The Executive Director is directed to prepare a Notice of Exemption for the sale of the Property for the Project based on the findings in the accompanying staff report in accordance with CEQA Guidelines Section 15062.

Section 2. The sale of the Property and construction of the Project is consistent with the goals and objectives of the Redevelopment Plan to promote homeownership and new construction of housing on vacant lots, and is consistent with the Implementation Plan .The Project will assist in the elimination of blight as stated in the 33433 Report. The DDA shall be deemed an implementing document approved in furtherance of the Redevelopment Plan and Implementation Plan for the Project Area, and all applicable land use plan, studies, and strategies.

Section 3. The Report as required under Health and Safety Code Section 33433 is hereby approved.

Section 4. The consideration for the Agency's conveyance of the Property to Developer is Developer's obligation to redevelop the Property as described, which obligation has a cost that is not less than the fair reuse value of the Property at the use and with the covenants, conditions, restrictions required by the DDA and the related Regulatory Agreement and Grant Deed.

Section 5. The Disposition and Development Agreement is approved and the Executive Director is authorized to execute the DDA, Grant Deed, Regulatory Agreement, Escrow Instructions and related conveyance documents, and to perform other actions as necessary to implement the terms of the DDA. In accordance with Health and Safety Code Section 33334.14, the Regulatory Agreement containing covenants imposed by the DDA may be subordinated to the lien or encumbrance of the Developer's lender.

Section 6. The Executive Director is authorized to amend the Agency budget to appropriate $110,000 of Oak Park Housing Development Assistance for the purposes of the DDA with Sacramento Neighborhood Housing Services for relocation of the home at 4722 9th Avenue.