



**Sacramento  
Housing &  
Redevelopment  
Agency**

**REPORT TO THE  
REDEVELOPMENT AGENCY  
of the City of Sacramento**

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

**PUBLIC HEARING  
April 18, 2006**

Honorable Chair and Members of the Board:

**Subject:** Resolution of Necessity to Purchase Properties at 800 and 802-4 K Street

**Location/Council District:** Merged Downtown Sacramento Redevelopment Project Area – District 1

**Recommendation:**

(1) Adopt a Resolution of Necessity for the Redevelopment Agency's acquisition of two commercially zoned properties described as assessor's parcel numbers 006-0098-003 and 006-0098-004 (see Attachment 1); and (2) authorize the Executive Director or her designee to commence and pursue acquisition of the two subject properties by eminent domain in the event that continuing negotiations do not result in a voluntary sale.

**Contact:** Michelle Nelson, Senior Project Manager, 808-7064  
Leslie Fritzsche, Downtown Redevelopment Manager, 808-5450

**Presenters:** Leslie Fritzsche, Downtown Redevelopment Manager, 808-5450

**Department:** Economic Development

**Division:** Downtown Redevelopment

**Organization:** 4451

**Summary:**

This report recommends that the Board adopt the attached resolution authorizing to use eminent domain, as a means of last resort, to acquire two blighted properties located at 800 and 802-4 K Street, which have previously been authorized for acquisition and are needed for redevelopment within the Merged Downtown Sacramento Redevelopment Project Area.



**Background Information:**

On January 17, 2006, the Redevelopment Agency of the City of Sacramento (Agency) established just compensation and authorized initiating negotiations for the voluntary purchase of eight parcels in the 700 and 800 blocks of K and L streets to promote the redevelopment of these key blocks. The two properties that are the subject of this staff report were included in that authorization and present significant blighting influences that are a deterrent to the redevelopment of the 800 block of K Street. The 1,600 square foot parcel numbered 800 K Street is currently a vacant parcel that previously was occupied by a vacant, substandard structure. Approximately five years ago the structure burned and in 2004 the building collapsed. The City's Dangerous Building Department demolished the remnants of the building leaving the site in its current blighted condition. (See photographs of the site included herein as Attachment 2.) The property is of insufficient size to be economically viable for reuse unless combined with other adjacent parcels.

The second parcel, 802-804 K Street, contains a 3,200-square-foot building currently divided into two storefronts. The brick building dates to 1895 and is in deteriorating condition. (See photographs of the site included herein as Attachment 3.) The rear of the building has been reinforced with structural steel. 802 K Street, the westernmost storefront, houses Capital Gifts, a small beauty products and gift store. 804 K Street was formerly the home of Togos but has been vacant for approximately four years. The building's poor condition and underutilization present economic liabilities for K Street.

**Elimination of Blight**

The acquisition of these two properties and their reuse will eliminate blight in the Merged Downtown Sacramento Redevelopment Project Area. Both properties are severely underutilized and the economic viability of the parcels are significantly hindered by their condition and their inadequate size given present standards and market conditions. Any redevelopment project will involve the acquisition of these parcels, potential assemblage and consolidation which will resolve issues of incompatibility with adjacent or nearby uses. Acquisition of the parcel will also encourage the improvement of nearby properties and appropriate commercial development of vacant parcels in the project area. California eminent domain law provides that a public entity may not commence an eminent domain proceeding until its governing body has adopted a Resolution of Necessity, which resolution may only be adopted after the governing body has given each party with an interest in the affected property, or their representatives, a reasonable opportunity to appear and be heard on the following matters:

- The public interest and necessity require the proposed project.
- The project is planned or located in the manner that will be most compatible with the greatest public good and the least private injury.
- The real property to be acquired is necessary for the project.
- The offer of just compensation to purchase required by Government Code section 7267.2 has been made to the property owners. A written offer to

purchase 800 K Street was made to the owners on January 18, 2006. A written offer to purchase 802-4 K Street was made to the owners on January 25, 2006.

The proposed action for condemnation of this parcel is in conformity with the adopted Redevelopment Plan. The assemblage of property interests and the elimination of blighting conditions will improve the neighborhood and the quality of life for residents, visitors, property owners and tenants of this area, consistent with the goals of redevelopment. In addition, the consolidation of these parcels will eliminate the existence of lots of irregular form, shape and size for proper usefulness and development that are in multiple ownership (Health and Safety Code Section 33031(4)).

The Project is for a public use, i.e., redevelopment pursuant to Health and Safety Code sections 33000, et seq. In *Berman v. Parker* (1954) 348 U.S. 26, a unanimous United States Supreme Court upheld the use of eminent domain for redevelopment purposes. The court determined redevelopment to be a public purpose for which Congress could exercise its police power and its power of eminent domain, even as to properties within a redevelopment area that were, themselves, not blighted.

In the present matter, the properties are not only within an existing redevelopment area but are also each in a blighted condition. The elimination of blight is a public use under existing California Law.

#### Purchase Authority Actions and Resolution of Necessity

Since the approval of Resolution No. 2006-004, Agency staff has been working with the property owners towards reaching fair and mutually acceptable resolutions to the property acquisitions and business relocations or buyout. The Agency has provided fair market value offers as determined by an independent appraiser who met individually with owners on several occasions, and has kept in contact with the owners.

After several meetings and discussions with property and business owners, real estate agents and the attorney for the 800 and 802 K Street parcels, the Agency has been unable to make any progress in purchase negotiations. The issues that are causing the lack of resolution include the property owner's unwillingness to sell the properties, disagreement on the property value, and the owner's reluctance to meet or discuss the Agency's purchase of the properties. To address these issues, Agency staff has continued to call, visit, and write to the property owners.

The property and business owners have been notified of the Agency's intent to request authorization for eminent domain. Agency staff has continued and will continue to make every reasonable effort available to avoid the use of eminent domain on the purchase of the properties; however, for the benefit and safety of the surrounding properties, the Agency needs assurance that it will have possession or ownership of the properties in a timely fashion.

The Agency's acquisition of these two parcels is expected to play a large role in the ongoing revitalization efforts of the K Street corridor and increase the economic vitality.

Once the property is acquired, staff will work with a development team to consolidate these parcels into a larger footprint that is more suitable for a larger scale project more typically found in an urban core.

**Financial Considerations:**

This report recommends that authority be given to the Agency to take all steps necessary to purchase the properties known as 800 and 802-4 K Street. Resolution No. 2006 - 004 appropriated funds for these acquisitions along with six other parcels in the 700 and 800 blocks of K and L streets.

**Environmental Considerations:**

Acquisition of the properties as described herein is in furtherance of the Merged Downtown Sacramento Redevelopment Plan. Pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15180, actions to eliminate blight in a redevelopment area were deemed approved at the time of adoption of the Redevelopment Plan and the Program Environmental Impact Report. Acquisition of properties does not commit the Agency to proceed with a development project. 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 these properties has been defined, environmental review of the proposed projects will be conducted. Therefore, this action is exempt from environmental review. NEPA does not apply.

**Policy Considerations:**

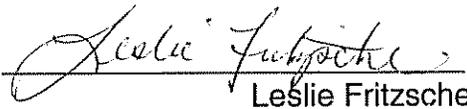
The actions contained in the attached resolutions meet the Agency's goals of eliminating blight as well as promoting the goals of the Merged Downtown Sacramento Redevelopment Strategy to stimulate new commercial expansion, employment and economic growth. The recommended actions are consistent with site assembly policies, as described in the *Merged Downtown Redevelopment Plan*. These actions are also consistent with the 2005 Merged Downtown Project Implementation Plan, with California Redevelopment Law, and the priorities identified by the Agency Board and recommended by the Downtown Sacramento Partnership.

The actions are consistent with the City of Sacramento's Strategic Plan and Guiding Principles of expanding economic development throughout the City.

**M/WBE Considerations:**

The items discussed in this report have no M/WBE impact; therefore M/WBE considerations do not apply.

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Respectfully Submitted by:   
Leslie Fritzsche  
Downtown Redevelopment Manager  
on behalf of the Redevelopment Agency  
of the City of Sacramento

Recommendation Approved:

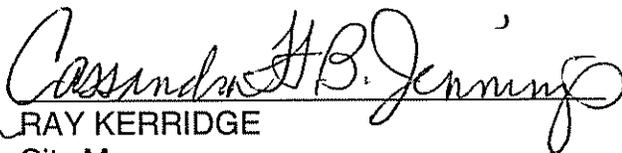
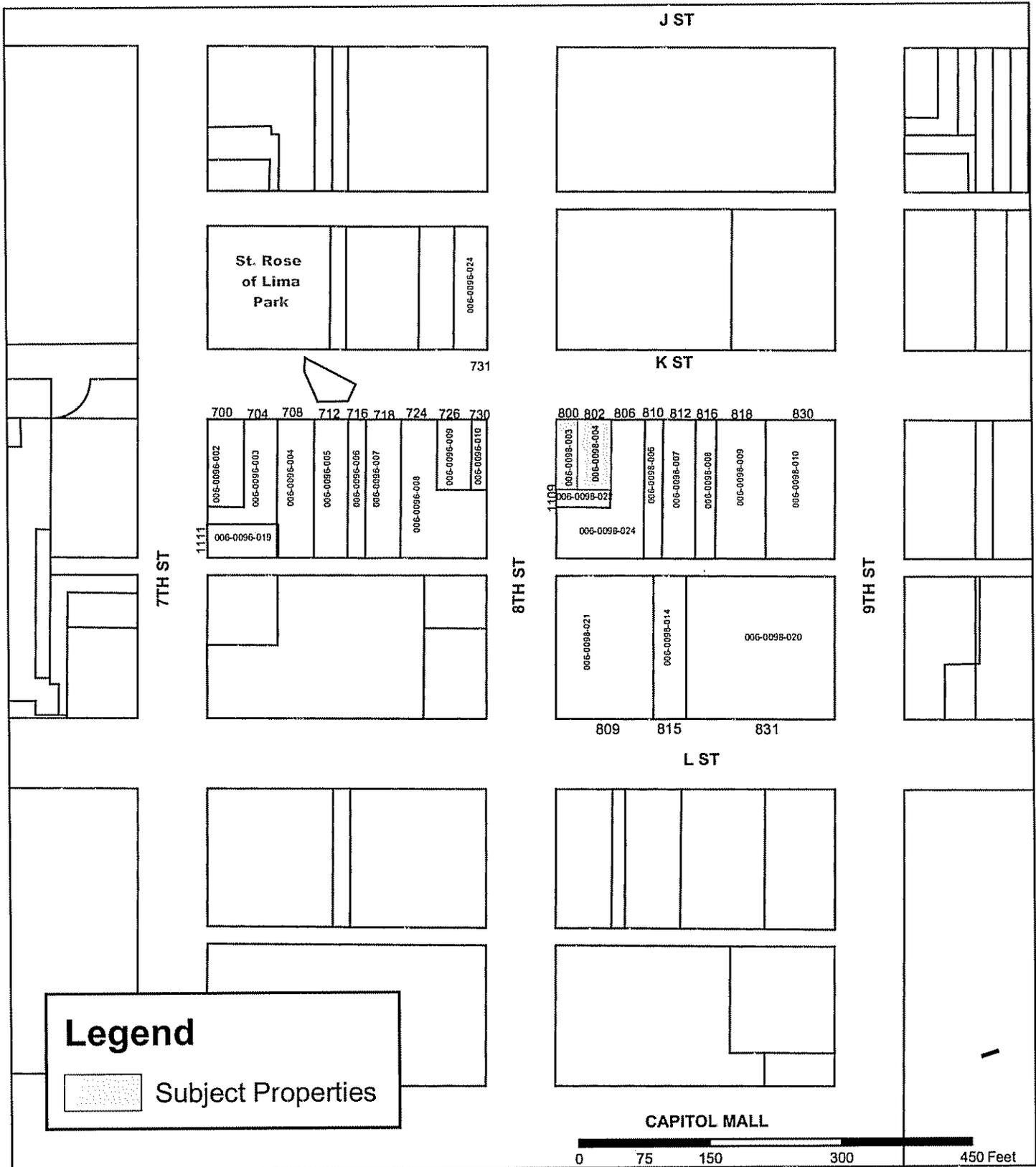
  
RAY KERRIDGE  
City Manager

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800 K Street & 802-804 K Street



PHOTOS OF 800 K STREET

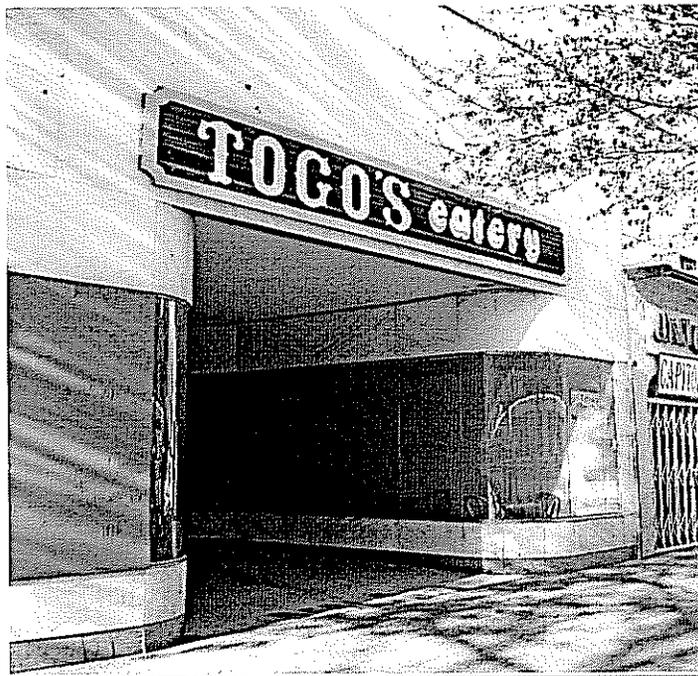


800 K (view looking north)



800 K (view looking south)

PHOTOS OF 802-4 K STREET



804 K Street



802 K Street

## **RESOLUTION NO**

### **Adopted by the Redevelopment Agency of the City of Sacramento**

**ADOPTION OF RESOLUTION OF NECESSITY AUTHORIZING ACQUISITION BY  
EMINENT DOMAIN OF CERTAIN PROPERTIES LOCATED IN THE MERGED  
DOWNTOWN SACRAMENTO REDEVELOPMENT AREA: ASSESSOR'S PARCEL  
NUMBERS 006-0098-003 AND 006-0098-004**

#### **BACKGROUND**

- A. On January 30, 2006, the Redevelopment Agency of the City of Sacramento (Agency) established just compensation and authorized staff to negotiate for the voluntary purchase of properties in the 700 and 800 blocks of K and L Street in the Merged Downtown Redevelopment Area.
- B. Two of those properties, 800 K (006-0098-003) and 802-4 K Street (006-0098-004) are blighted and impair the economic viability of the 800 block of K Street.
- C. The 800 K Street parcel is currently a vacant site presenting significant health and safety concerns for the area.
- D. After meetings and discussions with property owners and their attorneys, the Agency has been unable to make any progress in purchase negotiations, and the negotiations are at an impasse.
- E. It is a necessity, therefore, to acquire both properties by eminent domain.

#### **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 this resolution and the staff report, are approved.
- Section 2. The Redevelopment Agency is authorized to acquire assessor's parcel numbers 006-098-003 and 006-0098-004 by eminent domain pursuant to Health and Safety Code Section 33391.
- Section 3. The public purpose for which the parcels are to be acquired is redevelopment, and more specifically the reuse of the parcels for more

intensified commercial mixed-use development within the Merged Downtown Sacramento Redevelopment Project area; to eliminate blighted conditions including a vacant site with rubble and broken foundations, vacant dilapidated buildings; to better utilize underutilized parcels; and to increase economic opportunities for the community.

Section 4. For the foregoing reasons, the Redevelopment Agency finds and determines that:

The Public interest and necessity requires the removal of the blighting influence of these underutilized and blighted properties;

The acquisition, demolition, where necessary, and reuse of these properties is planned and located in the manner that will be most compatible with the greatest public good and the least private injury;

The parcels are necessary for the proposed project; and

Just compensation has been established for the parcels, offers have been made to the owners of record of the Subject Parcels, as required by Section 7267.2 of the Government Code and such owners of the Subject Parcels have been given reasonable opportunity to consider, reject, or accept such offers.

Section 5. While continuing to make every reasonable effort to expeditiously acquire the parcels by negotiation, the City Manager, acting as the designated authority for the Redevelopment Agency, is authorized to institute and prosecute to conclusion actions in eminent domain to acquire the parcels and to take any action necessary or desirable for such purpose in accordance with California eminent domain law.

