



## REPORT TO CITY COUNCIL AND REDEVELOPMENT AGENCY

### City of Sacramento

915 I Street, Sacramento, CA 95814-2671

[www.CityofSacramento.org](http://www.CityofSacramento.org)

# 19

### PUBLIC HEARING

May 9, 2006

Honorable Mayor and  
Members of the City Council and Redevelopment Agency of the City of Sacramento

**Subject:** Disposition of Property at 6<sup>th</sup> and R Streets

**Location/Council District:** 1717 6<sup>th</sup> Street/Council District 3

**Recommendation:** Staff recommends approval of the attached resolutions authorizing the Executive Director or her designee to:

- Execute a Disposition and Development Agreement (DDA) and related documents with SoCap Lofts – Sacramento, LLC to transfer Agency-owned property located at, 1717 6<sup>th</sup> Street (APN 006-0262-019), and
- hold a public hearing pursuant to Health and Safety Code § 33433.

**Contact:** Christine Weichert, Director of Development Services, 440-1353  
Jim Hare, Program Manager, 440-1313

**Presenter:** Jim Hare, Program Manager, 440-1313

**Department:** Sacramento Housing and Redevelopment Agency

**Summary:** This report recommends execution of a Disposition and Development Agreement (DDA) with SoCap Lofts – Sacramento, LLC (the “Developer”) for property on 6<sup>th</sup> Street at the alley between “Q” and “R” Streets (see Map as Attachment I). The property will be used for the construction of two homes within the SoCap Lofts project, a 36 unit housing development. The property will be cleared of toxic contamination and developed, thereby eliminating blight.

**Committee/Commission Action:** At its meeting of April 19, 2006, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolutions. The votes were as follows:

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

NOES: None.

ABSENT: Burruss, Gale.



## Disposition of Property at 6<sup>th</sup> and R Streets

**Background Information:** In June 2001, the City of Sacramento entered into a Memorandum of Understanding (MOU) with the California Public Employees' Retirement System (CalPERS) for the development of property along R Street between 3<sup>rd</sup> and 7<sup>th</sup> Streets. This agreement outlined the responsibilities of CalPERS to develop a portion of the site, 3<sup>rd</sup> to 5<sup>th</sup> Streets, for their new 550,000 square foot headquarters building and to construct 180,000 square feet of housing between 3<sup>rd</sup> and 7<sup>th</sup> Streets. The development of the office and residential components were described in a Master Plan that was approved by CalPERS in November 2000, after an extensive community input process.

In August 2001, CalPERS selected Bridge Housing and Regis Homes of Northern California to develop the residential component of the project. The original Master Plan called for housing development on the four parcels of land bordered by 3<sup>rd</sup> and 7<sup>th</sup> Streets on the north side of R Street, including housing on the office "podium" between 3<sup>rd</sup> and 5<sup>th</sup> Streets. The original MOU contemplated submission of a phasing plan for construction of the residential component to the City and Agency. In April 2005, CalPERS submitted its phasing plan, which called for the first phase to be built on property located between 6<sup>th</sup> and 7<sup>th</sup> Streets on the north side of R Street.

CalPERS has contracted with Regis Homes who will build this first phase, which is a 36-unit town-house ownership project. The design includes units arranged around central open-space areas (a site plan and elevations are included as Attachments II-IV). The units will be approximately 1,300 square feet with tuck-under garages. Regis Homes has formed a new entity, SoCap Lofts – Sacramento, LLC, to build the homes, which will be sold at market rate.

In order to accomplish this project, the Developer is interested in purchasing an Agency-owned parcel that lies adjacent to the project site. This parcel, located adjacent to the alley is approximately 2,520 square feet measuring approximately 28 feet by 90 feet. The property is a remnant piece obtained by the Agency in 1967. The property is a substandard lot, but can be used to construct two single family homes as designed by the Developer in conjunction with the large SoCap Lofts project. The Agency has not actively used the property site, except for occasional storage.

The Agency is willing to cooperate in the project for the following reasons: (a) the proposed project will provide additional residential units that will benefit the Merged Downtown Redevelopment Project Area and furthers the goals of the Implementation Plan for project area housing, (b) it will make use of a remnant parcel, and (c) the price received for the property will be fair market value as shown in the Health and Safety Code § 33433 Report, which accompanies this staff report.

The Agency provided the Developer a right-of-entry to the property to allow for initial soil testing and completion of Phase I and II environmental reports. Both lead and arsenic have been discovered on the site. SoCap Lofts – Sacramento, LLC would acquire the property "as is" and the costs for remediation have been factored into the sales price (see Exhibit A, 33433 Report).

## Disposition of Property at 6<sup>th</sup> and R Streets

If the transfer is approved, the Developer will begin the site work immediately and full construction of the project will commence in May 2006.

The Agency and the Developer have negotiated the DDA, a copy of which is on file with the Agency Clerk.

**Public Hearing:** This project is subject to Health and Safety Code § 33433 as a disposition of property acquired with tax increment funds. This report provides justification for the Agency's disposition of the property. The property will be sold to the Developer at fair market value as established by an independent appraisal. In compliance with § 33433, a report has been prepared and is attached as Exhibit A to the City Council resolution accompanying this report.

**Financial Considerations:** The Agency is expected to net approximately \$106,000 as a result of the sale. This price was determined by an independent appraisal of \$136,000 minus the cost of toxic remediation of the site which is currently estimated to be approximately \$30,000. Net proceeds will be returned to Downtown Tax Increment, the source of funds for the purchase. In addition, the sale of the homes will generate additional tax increment for the Merged Downtown Sacramento Redevelopment Area.

**Policy Considerations:** The transfer of this property will allow for the construction of two townhouse units within a larger 36-unit development in the Central City. The project is in keeping with the goals of the Merged Downtown Sacramento Implementation Plan and the R Street Corridor plan. This includes the goals promoting homeownership, blight removal by promoting infill development, and increasing private investment in the redevelopment area.

**Environmental Considerations:** The City of Sacramento has determined that the project is exempt from environmental review per CEQA Guidelines Section 15332 as an infill project because, based on an initial study: (1) the site is not more than five acres and is substantially surrounded by urban uses; (2) the project is consistent with the General Plan, community plan and zoning; (3) the project can be served by all required utilities and public services; and (4) based on an initial study (i) the site has no value as habitat for threatened or endangered species, and (ii) the project would not result in any significant impacts to traffic, noise, air quality, or water quality, and the project scope includes remediation of the hazardous materials. The National Environmental Policy Act does not apply.

Disposition of Property at 6<sup>th</sup> and R Streets

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

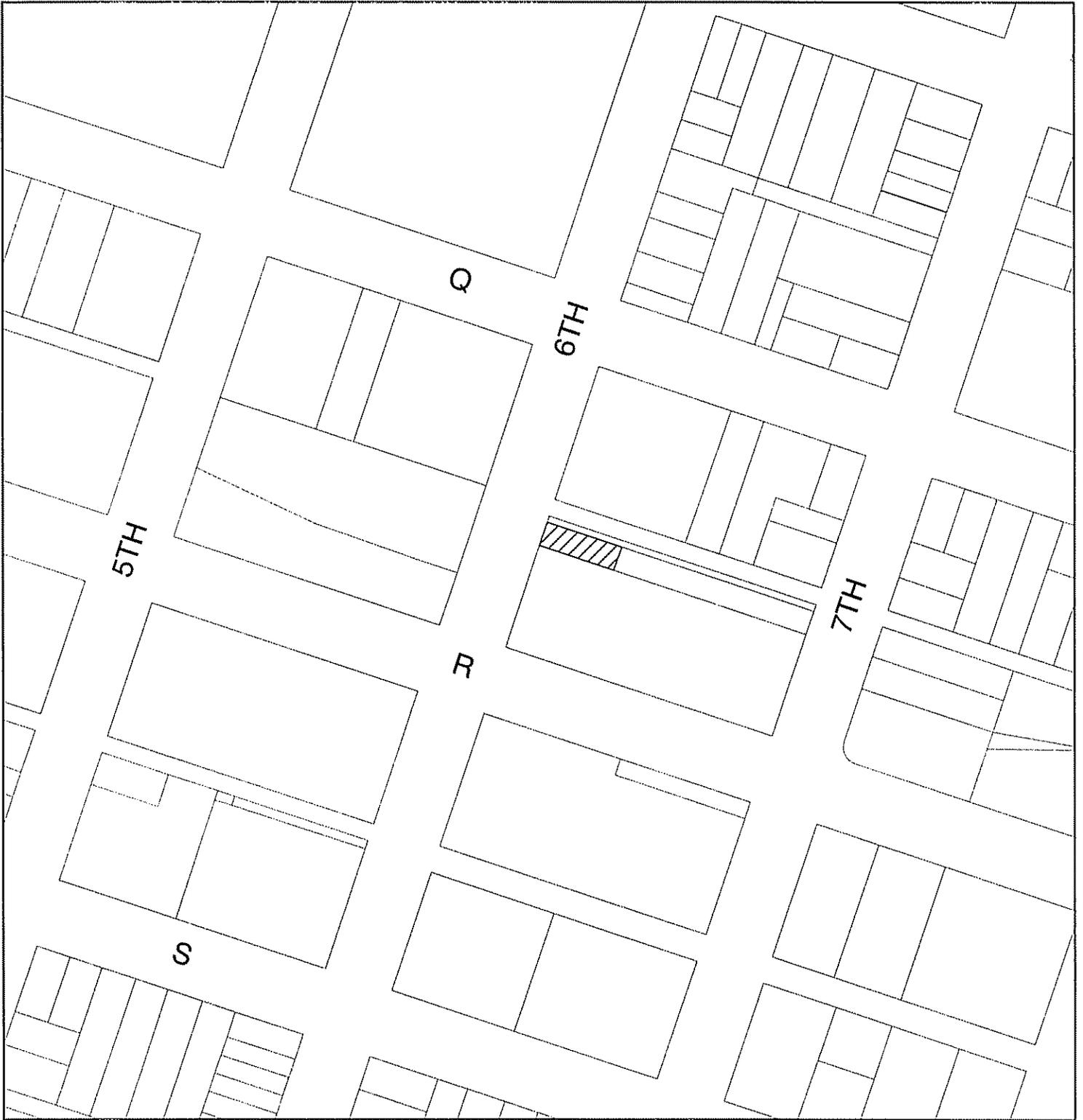
Respectfully Submitted   
ANNE M. MOORE  
Executive Director

Recommendation Approved:

  
RAY KERRIDGE  
City Manager

Table of Contents

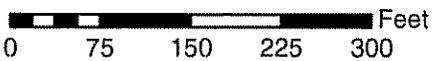
Page 5	Attachment I – Location Map
Page 6	Attachment II – SoCap Lofts Site Plan
Page 7-8	Attachment III - SoCap Lofts Elevations
Pages 9-10	City Council Resolution
Page 11-12	Exhibit A – 33343 Report
Page 13-14	Redevelopment Agency Resolution

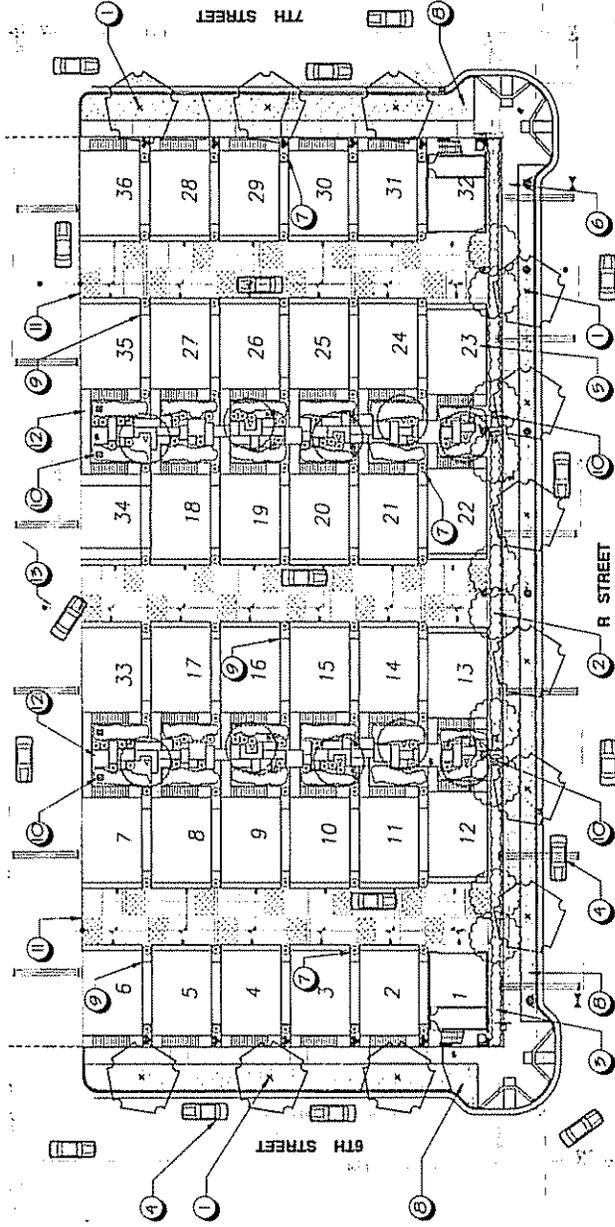


# Subject Parcel

## Legend

 Subject Parcel





TREE LEGEND / GROUND COVER LEGEND

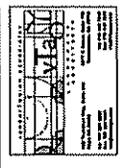
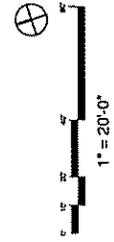
BOTANICAL NAME	COMMON NAME	SIZE (H x W)	INSTALL SIZE
	PISTACHIA CHINEENSIS	40' x 25'	15 GAL
	LUQUIDANBAR STYRACIFLUA PALO ALTO	20' x 15'	15 GAL
	GINKGO BILGUA	30' x 15'	24" BOX
	SHRUB PLANTING, SEE LEGEND		
	MEDALLION FESCUE BLEND		TURF

SHRUB LEGEND

BOTANICAL NAME	COMMON NAME
AGAPATHUS RANCHO WHITE	DWARF LILY OF THE RILE
ASPIDOTRA ELAIOR	CAST IRON PLANT
COLEODIERNA PULCHRUM	BREATH OF HEAVEN
COLEODIERNA P. SUKSET GOLD	BREATH OF HEAVEN
DIETES BICOLOR	YELLOW FORTNIGHT LILY
ERIGERON KARWISKAARS	SANTA BARBARA DASTY
ESCALONIA COMPACTA	COMPACT ESCALLONIA
HENKOOXALLUS HYBRID (EVERGREEN)	YELLOW EVERGREEN DATILY
HEMIGALIA	CREeping MAHONIA
MAHONIA REPENS	CREeping MAHONIA
MAHONIA DOMESTICA	COMPACT HEAVELY BAMBOO
PHORRHUM MAORI CHEF	HYBRID FLAX
PHORRHUM MAORI	NEW ZEALAND FLAX
PHORRHUM T. TOM THUMB	NEW ZEALAND FLAX
PITTIOSPORUM T. VAREGATA	VAREGATED PITTIOSPORUM
PITTIOSPORUM HYBRID	VAREGATED PITTIOSPORUM
RAPHILOPIS I. SPRINGTIME	FIRETHORN
FIGIA MEDICANS	PINK INDIAN HAWTHORN
VIORNA FRINDS	SPRING BOUQUET
VIORNA FRINDS	SPRING BOUQUET

CALLOUT LEGEND

- ① CANOPY STREET TREE
- ② COLUMNAR SCREENING TREE
- ③ STREET FRONT FOUNDATION LANDSCAPE
- ④ STREET PAVING
- ⑤ LOFT UNIT
- ⑥ EXISTING SIDEWALK
- ⑦ ACCENT SHRUB PLANTING
- ⑧ TURF
- ⑨ TUBESTEEL CUT-OFF FENCE
- ⑩ LIGHTED PILLAR
- ⑪ SCORED CONCRETE AND BAND
- ⑫ CONCRETE SIDEWALK
- ⑬ PAVING BY OTHERS



LANDSCAPE CONCEPT PLAN

SOUTH CAPITOL LOFTS  
SACRAMENTO, CALIFORNIA  
MARCH 4, 2005

Regis Homes  
1435 River Park Drive, Suite 415  
Sacramento, CA 95815  
Tel: 916.929.3183

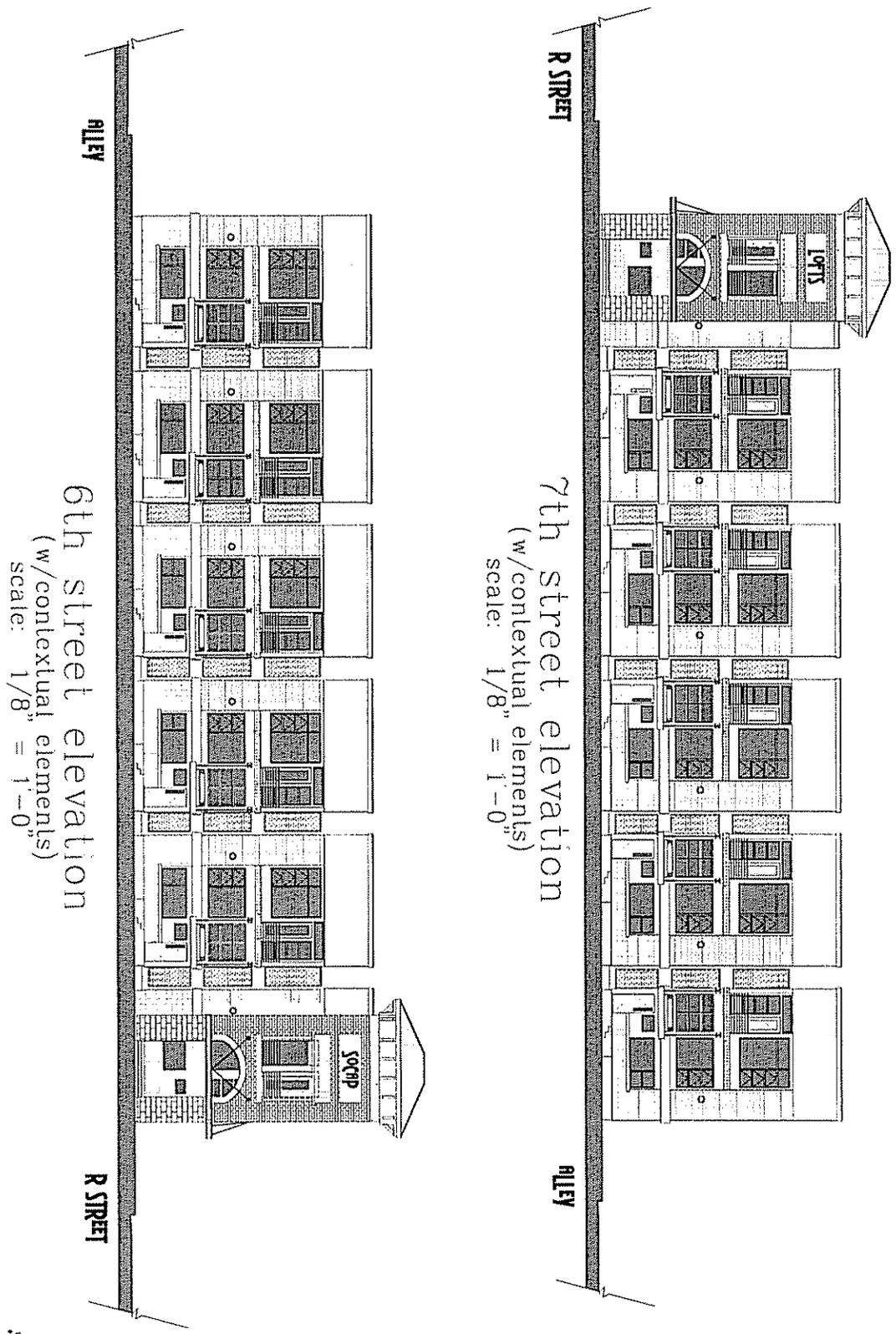
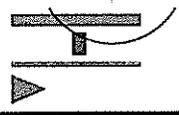
August 04, 2005  
pha# 05028  
scale: As Shown

# Elevations

6th & 7th Street

For Regis Homes  
of Northern California

PHA | architects  
SACRAMENTO, CALIFORNIA  
101 SAN JOSE AVE. SACRAMENTO, CA 95811



# So-CAP Lofts I

Sacramento, California

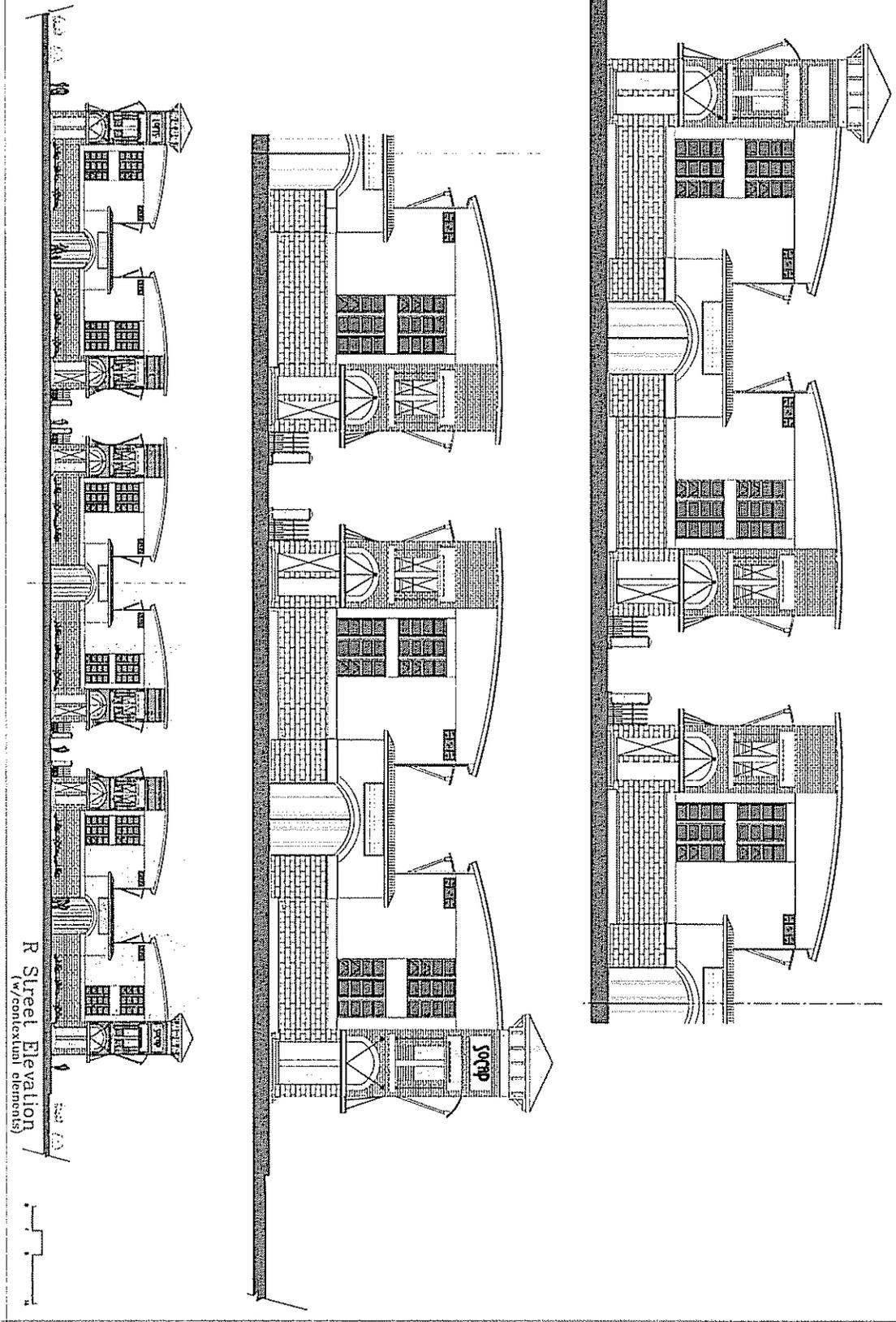
August 04, 2005  
phase 0502B  
scale: As Shown

# Elevations

6th & 7th Street

For Regis Homes  
of Northern California

PHA | architects  
SACRAMENTO, CALIFORNIA  
TEL: 916.447.4444 FAX: 916.447.4444



# So-CAP Lofts I

Sacramento, California

# **RESOLUTION NO. 2006 -**

**Adopted by the Sacramento City Council**

on date of

## **APPROVAL OF AGENCY'S SALE OF PROPERTY AT 6<sup>TH</sup> AND R STREETS TO THE SOCAP LOFTS – SACRAMENTO, LLC FOR DEVELOPMENT OF TWO SINGLE FAMILY HOMES**

### **BACKGROUND**

- A. The City of Sacramento approved by Ordinance the Merged Downtown Sacramento Redevelopment Plan ("Redevelopment Plan") for the Merged Downtown Sacramento Redevelopment Project Area ("Project Area").
- B. The Redevelopment Agency of the City of Sacramento ("Agency") owns certain real property generally described as located on 6<sup>th</sup> Street adjacent to the east-west alley between Q and R streets (006-026-2019) ("Property") in the Project Area.
- C. Agency and the SoCap Lofts – Sacramento LLC ("Developer") desire to enter into Disposition and Development Agreement ("DDA") to convey the Property to Developer for construction of two townhouse units, as more specifically described in the DDA.
- D. In accordance with the California Environmental Quality Act and its implementing regulations, the Project is exempt under CEQA Guidelines for the reasons set out in the Agency staff report that accompanies this resolution, and the Agency Executive Director has been directed to prepare a Notice of Exemption for the sale of the Property for the Project in accordance with CEQA Guidelines Section 15332.
- E. A report under Health and Safety Code Section 33433 ("Section 33343 Report") has been prepared and is attached hereto as Exhibit A filed with the Agency Clerk, and made available for public review pursuant to Section 33433.
- F. 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 CITY COUNCIL RESOLVES AS FOLLOWS:**

Section 1. The Agency's sale of the Property for 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 adopted for the Redevelopment Plan. The sale of the Property will assist in the elimination of blight as stated in the 33433 Report.

Section 2. The consideration for the Agency's conveyance of the Property to Developer 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 3. The City Council hereby approves the Agency's sale of the Property to the Developer for the Project pursuant to the terms of the DDA.

**Table of Contents**

Exhibit A: - Page 11

**Report Regarding the Disposition of Property Acquired Directly or Indirectly with  
Tax Increment Funds (Health & Safety Code Section 33433)**

**I. Agreement**

A copy of the Disposition and Development Agreement ("Agreement") disposing of an interest in Agency real property is on file with the Agency Clerk.

**II. Summary of Terms of Disposition**

<b>AGENCY'S COST OF ACQUIRING THE LAND</b>	
Purchase Price including acquisition and demolition costs	0

<b>ESTIMATED VALUE OF INTEREST CONVEYED</b>	
Value of the property determined at its highest and best use under the redevelopment plan	\$106,000

<b>ESTIMATED REUSE VALUE OF INTEREST CONVEYED</b>	
Value of property determined with consideration of the restrictions and development costs imposed by the Agreement	\$106,000

<b>VALUE RECEIVED ON DISPOSITION</b>	
The purchase price or the total of the lease payments due to the Agency under the Agreement	\$106,000

**III. Explanation of Disposition for Less than Full Value**

Disposition of this property for less than full value is due to the following reasons:

- ◆ The \$136,000 value of the property as determined by appraisal in January 2005 did not take into consideration the toxics discovered on the site. The removal of these toxics will cost approximately \$30,000 leaving a net value of \$106,000.

**IV. Elimination of Blight**

The project will add two townhouse units within the larger 36-unit SoCap Lofts project. It will help to address the jobs-housing balance in the Central City. The subject property has been underutilized and in a blighted state for many years. Its small lot size has deterred reuse and by being able to aggregate it with adjacent property, the whole site can be brought into active, viable use and contribute to the revitalization of

the Merged Downtown Sacramento Redevelopment area. Specifically the blighting influences this project will address include:

- Parcels of inadequate size and configuration; and
- Abundance of vacant lots and vacant buildings.

The Project will provide a unique residential opportunity within the Downtown area, generate additional property tax revenue and attract new investment, and bring new residents to the area. The Project is consistent with the adopted Merged Downtown's 2005-2009 Implementation Plan and furthers redevelopment of the Project Area. It meets the objectives of the Implementation Plan by creating attractive new housing.

# RESOLUTION NO. 2006 -

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF

## APPROVAL OF DISPOSITION AND DEVELOPMENT AGREEMENT WITH SOCAP LOFTS – SACRAMENTO, LLC FOR DEVELOPMENT OF TWO SINGLE FAMILY HOMES AT 6<sup>TH</sup> AND R STREETS

### BACKGROUND

- A. The Redevelopment Agency of the City of Sacramento ("Agency") has adopted the Merged Downtown Sacramento Redevelopment Plan ("Redevelopment Plan") and an Implementation Plan for Merged Downtown Sacramento Redevelopment Project Area ("Project Area").
- B. Agency owns certain real property generally described as being located on 6<sup>th</sup> Street adjacent to the east-west alley between Q and R Streets (006-026-2019) ("Property") in the Project Area.
- C. SoCap Lofts – Sacramento, LLC ("Developer") desires to enter into Disposition and Development Agreement ("DDA") with the Agency to provide for the Property to be conveyed to Developer for construction of two townhouse units; as more specifically described in the DDA, and which would require the improvements within the Property, as further described in the DDA (collectively, "Project"), a copy of which is on file with the City Clerk.
- D. In accordance with the California Environmental Quality Act ("CEQA") and its implementing regulations, the sale of the Property and the Project are exempt under CEQA Guidelines Section 15332 as an infill project as described in the accompanying staff report.
- E. A report under Health and Safety Code Section 33433 ("Section 33433 Report") has been prepared, filed with the Agency Clerk, and made available for public review pursuant to Section 33433.
- F. 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 15332.
- 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 the Developer obligations under the DDA, and the fair reuse value of the Property at the use and with the covenants, conditions, restrictions required by the DDA and Grant Deed, is approximately \$106,000.
- Section 5. The Disposition and Development Agreement is approved and the Executive Director is authorized to execute the DDA and Grant Deed, Escrow Instructions and related conveyance documents, substantially in the form on file with the Agency Clerk, and to perform other actions as necessary to implement the terms of the DDA.

