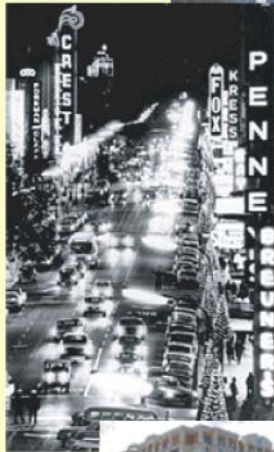




**BUILDING ON OUR HISTORY
CREATING THE PLACE TO BE**



BUILDING ON OUR HISTORY, CREATING THE PLACE TO BE

A “real downtown,” bustling with activity of over 100,000 jobs during the day under the shade of its abundant trees. The goal of redevelopment is to make downtown Sacramento truly a 24 hour city, taking time off only to sleep.



DOWNTOWN

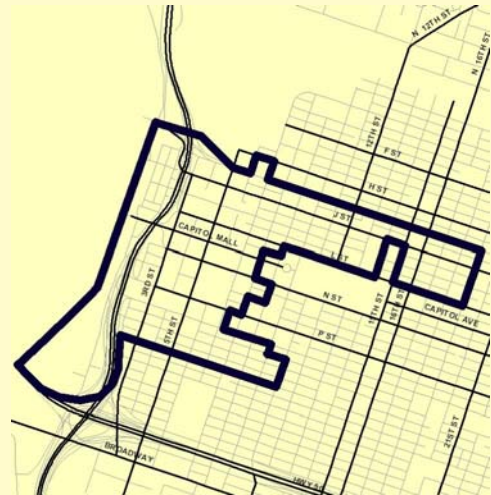




ABOUT DOWNTOWN

The Merged Downtown Sacramento Redevelopment Project Area traces its roots back nearly 55 years to 1950, when the Sacramento City Council designated a 60-block area as “Redevelopment Area Number One.” Known as the “West End” of Sacramento, the area from First to Seventh streets between I and R streets had suffered the combined effects of the City’s evolving economy, the relocation of its city center, and of the Depression. Newspaper accounts called the once-prosperous Gold Rush headquarters one of the grittiest slums west of the Mississippi.

In 1986, the Agency merged this project area with three other project areas (Capitol Mall Extension Project, Capitol Mall Riverfront Project and Uptown Development Project) to form what is now the Merged Downtown Sacramento Redevelopment Project Area.



To date, the Agency has invested over \$400 million in federal and local public dollars in the Project Area. The Agency has been the key factor in bringing the downtown area back from blight and stagnation and energizing it to fulfill a major role in the Sacramento Metropolitan Area economy in the 21st Century. The Agency’s activities have spanned the complete gamut of redevelopment effort. It has engendered substantial new developments, including a regional shopping center, hotels, a variety of residential projects tailored to a range of incomes, offices, and commercial uses. It has assisted many small businesses with rehabilitation loans and grants. In addition, the Agency has fostered preservation of historic buildings and promoted the cultural arts and social services.

Notable Timeframes	What is There?	Who is There?
Redevelopment Plan Adopted 1955 Expires 2010	505 Acres EXISTING LAND USE 	6,183 Residents ETHNICITIES
Implementation Plan 2005-2009		
Housing Compliance Plan 2005-2010 (For affordable housing program planning)		



POSITIONING FOR THE FUTURE

During the past five years, the Agency has made major strides in revitalizing the Downtown Project Area:

- **Embassy Suites:** Sacramento's first waterfront hotel was completed in 2002. This landmark structure contains 242 suites and has not only changed the downtown skyline but serves as a significant catalyst for additional development in Old Sacramento and the docks area. Over 100 new permanent jobs have been created at the hotel.

Total Project Cost - \$45 million
Agency Investment - \$4.4 million

- **Pyramid Brewery:** The historic Ransohoff building at 1029 K Street was renovated and seismically retrofitted to accommodate a new restaurant, Pyramid Brewery. With fresh hops brewing, a full dining menu and a view of the Capitol, this Agency investment has enlivened an important K Street mall corner.

Total Project Cost - \$2.23 million
Agency Investment - \$650,000

- **Plaza Lofts:** Long known as Downtown's "hole in the ground" construction began in spring 2004 for the largest residential development in the Central City in decades. Designed as loft style apartments, the 225 new residential units will be perched above over 20,000 sq. ft. of ground floor commercial with over 275 parking spaces. This mixed-income project will have 20% of the units affordable to very low-income residents. Agency's land purchase and attractive financing will assist the development team in turning this blighted half-block into a premier destination.

Total Project Cost - \$44 million
Agency Investment - \$8.2 million plus land

- **Wayfinding System:** This new signage program assists visitors in easily locating major destinations in the Central City. The project directs drivers and pedestrians to cultural facilities, government buildings and parking facilities.

Total Project Cost/Agency investment - \$600,000

East End Lofts

East End Lofts, located in the heart of Sacramento's arts and entertainment district at 16th and J streets, is a historical rehabilitation of a 1922 automobile showroom and service center. The renovated building is one of the first adaptive reuse mixed-use developments in the Sacramento area, bringing with it a renewed sense of vitality and providing the residents of Sacramento with a true urban living experience. The building houses two award-winning restaurants on the first floor (P.F. Chang's and Mikuni's), modern office space on the second floor, and 18 live/work lofts on the third and fourth floors, creating a synergy that is new to Sacramento. Over 280 jobs were created in this development.

Total Project Cost - \$18 million

Agency Investment - \$3 million

REDEVELOPMENT PLAN GOALS

The Redevelopment Plan for the Project Area was adopted in 1955 and has been amended several times since. The Plan listed a number of redevelopment goals that the Agency continues to implement. These goals are listed below:



Eliminate the Blight: To eliminate environmental deficiencies in the Project Area, including:

- mixed and shifting uses;
- small lots;
- obsolete, aged and deteriorated building types;
- inadequate or deteriorated public improvements; and
- Incompatible and uneconomic land uses.

One method of eliminating blight is the assembly of land into parcels suitable for modern, integrated urban scale development.



Stimulate Economic Growth: To strengthen the economic base of the Project Area and the community by stimulating new commercial expansion, employment and economic growth.



Leverage Private Sector Investment: To utilize public sector resources to stimulate participation and investment by owners, business tenants, developers in the revitalization of downtown properties.



Insist on Quality Use and Design: To implement performance criteria to assure excellent site utilization, high site design standards, environmental quality, and other design elements, that provide unity and integrity to the entire Project Area.



Providing a Range of Housing Opportunities for All Family Types: To improve and expand the community's supply of housing, including low- and moderate-income housing and to stimulate the creation of new housing types to address the ever-changing urban market.



Broaden Appeal of Downtown: To provide amenities that appeal to a wide variety of users and improve the cultural and social well-being of the community.



A Regional Shopping Destination: To strengthen retail and service functions in the downtown area.



Restore Historic Architecture: To preserve and/or restore, where feasible, historically or architecturally significant structures.



Emphasize Environmental Character and Public Places: The enhancement of public rights-of-way and open space.



OUR REDEVELOPMENT STRATEGY

Achieving Downtown's vision for a 24-hour city center requires a multi-prong strategy that capitalizes on Sacramento's assets. Sacramento is currently experiencing low unemployment, job growth and renewed interest in urban living. The 2005-2009 Strategy builds on that interest and features projects and programs that will catalyze Downtown. The key focus areas will be:

- Creating Places and Destinations - Retail, Entertainment and Tourism
- Living Downtown - New Downtown Housing Initiatives
- The Urban Waterfront
- Making Connections and Places - Downtown Streets and Open Spaces

During the next five years, attention will be given to revitalizing some of the most significantly blighted properties in the project area and to reenergize the K Street District. Proposals will be sought for mixed-use developments on selected sites on K Street to create a district that provides a unique and exciting destination for retail, entertainment and living.

Opportunities will be sought to attract new urban-style housing to the area's core, particularly on J, K, and L streets. One of the Agency's key goals is to develop a range of housing types that will appeal and fit the needs of the full range of resident's interests and affordability.

Consistent with the City's smart growth policies, Downtown redevelopment will provide not only new housing, but additional employment centers anticipated during the next few years. Enhanced effort will be given to the redevelopment of the waterfront and the reuse of the underutilized docks area. Agency efforts will result in the completion of two new mixed-use buildings in Old Sacramento that compliment the area's historic character.







In addition, the strategy focuses on the development of cultural and entertainment facilities with a regional appeal to connect the waterfront to the Theater District. Projects such as new theatres at 7th and K and renovation of the Community Center Theatre will help refocus K Street as an entertainment corridor.

Complimenting the built environment, renewed attention will be given to improving public places through the installation of the Way-finding program, streetscape improvements, pedestrian-scale lighting and quality open-space opportunities particularly along the waterfront.














PROPOSED REDEVELOPMENT PROGRAM – 2005 THROUGH 2009









Over the next five years, the Agency will implement the Downtown redevelopment strategy by undertaking the following projects and programs:

Project/Description	Estimated Redevelopment Investment	Goals Achieved
Creating Places and Destinations		
<p>PBID Renewal Support Renewal of the Property Based Improvement District</p> <p>Completion of this project will address business turnover and vacancy rates.</p> <p><i>Timeframe..... 2005</i></p>	No cost to Agency	 INVEST
<p>Ebner/Empire Reconstruction of historic façade of a three-story structure with ground floor retail and upper floor offices. Project is a result of RFP selection process.</p> <p>Completion of this project will improve unsafe and unhealthy buildings eliminate factors hindering economically viable use and reuse vacant buildings.</p> <p><i>Timeframe..... 2005</i></p>	\$2,300,000	 PRESERVE  INVEST  WORK  SHOP  HELP






















Project/Description	Estimated Redevelopment Investment	Goals Achieved
<p>Lords/Magnolia Reconstruction of historic building to include retail, office, and residential units. Project is the result of RFP selection process.</p> <p>Completion of this project will improve unsafe and unhealthy buildings eliminate factors hindering economically viable use and reuse vacant buildings.</p> <p><i>Timeframe..... 2005</i></p>	<p>No cost to Agency (except contribution of land)</p>	<p> PRESERVE</p> <p> INVEST</p> <p> WORK</p> <p> SHOP</p>
<p>REA Building Renovation of historic building into 11,000 square feet of ground floor retail/ restaurant uses with an upper floor of professional offices.</p> <p>Completion of this project will improve unsafe and unhealthy buildings eliminate factors hindering economically viable use and reuse vacant buildings.</p> <p><i>Timeframe..... 2005 thru 2006</i></p>	<p>\$3,075,000</p>	<p> PRESERVE</p> <p> INVEST</p> <p> WORK</p> <p> SHOP</p>
<p>Crocker Art Museum Construction of a 100,000 square foot expansion of regional art museum</p> <p>Completion of this project will eliminate factors hindering economically viable use.</p> <p><i>Timeframe..... 2005 thru 2006</i></p>	<p>\$2,000,000</p>	<p> PLAY</p> <p> INVEST</p> <p> HELP</p>









Project/Description	Estimated Redevelopment Investment	Goals Achieved
<p>10th & K Creation of a high quality mixed-use project with Agency assistance. Developer to be selected through RFP process.</p> <p>Completion of this project will eliminate factors hindering economically viable use.</p> <p><i>Timeframe.....2005 thru 2008</i></p>	<p>\$5,000,000</p>	<p> INVEST</p> <p> CLEAN</p> <p> SHOP</p> <p> HELP</p>
<p>South half of 700 K Block Revitalization of this half block to attract quality retailers while retaining historic character of the structures</p> <p>Completion of this project will eliminate factors hindering economically viable use.</p> <p><i>Timeframe.....2005 thru 2008</i></p>	<p>Potentially \$1,000,000</p>	<p> INVEST</p> <p> SHOP</p> <p> PRESERVE</p> <p> HELP</p>



Project/Description	Estimated Redevelopment Investment	Goals Achieved
<p>J, K, L Mixed-Use Projects Introduction of new mixed-use projects including housing on the corridors of J, K, L streets between 7th and 12th.</p> <p>Completion of this project will eliminate factors hindering economically viable use.</p> <p><i>Timeframe.....2005 thru 2008</i></p>	To be determined	 INVEST  LIVE  WORK  SHOP  HELP
<p>Façade Grant Program Financial assistance to owners/tenants for exterior improvements to commercial buildings, including storefronts, awnings, lighting, code violations and handicapped accessibility.</p> <p>Completion of this project will improve unsafe or unhealthy buildings and eliminate factors hindering economically viable use.</p> <p><i>Timeframe.....2005 thru 2009</i></p>	\$1,000,000	 CLEAN  INVEST  PRESERVE  HELP

Project/Description	Estimated Redevelopment Investment	Goals Achieved
<p>Downtown Plaza Renovation Repositioning and updating of the Plaza potentially including a new theatre complex at 7th and K streets.</p> <p>Completion of this project will eliminate factors hindering economically viable use.</p> <p><i>Timeframe.....2005 thru 2009</i></p>	<p>\$5,000,000</p>	 <p>PLAY</p>  <p>WORK</p>  <p>SHOP</p>  <p>INVEST</p>
The Urban Waterfront		
<p>Waterfront/Dock Development Implementation of the Riverfront Master Plan including development of the docks area. Project may include land acquisition and infrastructure development.</p> <p>Completion of this project will eliminate factors hindering economically viable use.</p> <p><i>Timeframe.....2005 thru 2009</i></p>	<p>\$4,000,000</p>	 <p>SHOP</p>  <p>PLAY</p>  <p>GROW</p>
Making Connections and Places		
<p>K Streetscape Replace dated street furniture, increase pedestrian lighting, improve plantings, and standardize pavement materials.</p> <p>Completion of this project will improve inadequate public infrastructure.</p> <p><i>Timeframe.....2005 thru 2008</i></p>	<p>\$1,000,000</p>	 <p>CLEAN</p>  <p>GROW</p>  <p>HELP</p>






Project/Description	Estimated Redevelopment Investment	Goals Achieved
<p>Tower Bridge Widening the sidewalks along the Tower Bridge to enhance pedestrian/bicyclist access between Sacramento and West Sacramento.</p> <p>Completion of this project will improve inadequate public infrastructure.</p> <p><i>Timeframe..... 2005</i></p>	<p>\$310,000</p>	 CLEAN  WORK  PLAY  HELP
<p>I-5 Decking Multi-year study to identify the best approach to reconnect Old Sacramento and the riverfront with the rest of Downtown and the potential future use for any property that is created. Project funded in part by a \$3.5 million federal grant.</p> <p>Completion of this project will improve inadequate public infrastructure.</p> <p><i>Timeframe..... 2005 thru 2007</i></p>	<p>\$137,500</p>	 HELP  INVEST
<p>Total Estimated Redevelopment Investment</p>	<p>\$24,822,500</p>	





PROPOSED AFFORDABLE HOUSING PROGRAM – 2005 THROUGH 2009

Over the next five years, the Agency will implement the residential component of the Downtown redevelopment strategy by undertaking the following projects and programs:

Project/Description	Estimated Redevelopment Investment	Goals Achieved
<p>Plaza Lofts Construction of a seven-story mixed use building to include 225 mixed income residential units, parking and 20,000 square feet of ground floor retail.</p> <p>Completion of this project would improve unsafe and unhealthy buildings and eliminate factors hindering economically viable use.</p> <p><i>Timeframe</i> 2005</p>	\$11,400,000	
<p>Capitol Lofts (CADA Warehouse) Renovation of a six-story historic warehouse building, and adjacent office/warehouse buildings, and construction of new parking garage Project will include 102 for-sale residential units.</p> <p>Completion of this project would improve unsafe and unhealthy buildings and eliminate factors hindering economically viable use.</p> <p><i>Timeframe</i>..... 2005 thru 2006</p>	\$5,000,000	
<p>Fremont Mews Development of a 119-unit mixed-income apartment complex, of which 40% will be affordable to very low-income and low-income households. Site will include approximately 20,000 square feet of garden area.</p> <p>Completion of this project would eliminate factors hindering economically viable use.</p> <p><i>Timeframe</i>..... 2005 thru 2006</p>	\$2,000,000	



Project/Description	Estimated Redevelopment Investment	Goals Achieved
<p>St. Anton Bldg. /21st & L Construction of 65 rental units with 3,300 square feet of retail space. Project will provide 17 affordable units.</p> <p>Completion of this project would eliminate factors hindering economically viable use.</p> <p><i>Timeframe.....2005</i></p>	<p>\$885,000 (HOME and City Housing Trust Fund monies)</p>	
<p>Southern half block of 800 K Redevelopment of half block to introduce new destination ground floor retail and residential on upper floors. Assuming assistance of \$4,200,000 (averaging \$100,000 per unit), approximately 42 units could be assisted by this project.</p> <p>Completion of this project would improve unsafe and unhealthy buildings and eliminate factors hindering economically viable use.</p> <p><i>Timeframe.....2006 thru 2007</i></p>	<p>\$4,200,000</p>	
<p>Total Estimated Redevelopment Investment</p>	<p>\$22,400,000</p>	



HOUSING PROGRAM COMPLIANCE OBJECTIVES

This section of the Implementation Plan addresses specific requirements in state law with respect to prior affordable housing activities and the anticipated housing program in the future.

Redevelopment agencies use implementation plans to establish 10-year objectives to achieve compliance with State law in its affordable housing programs. These housing goals generally fall into three categories:

- Housing Production – if a project area was formed or added territory after 1976 (check this date), state law requires that the redevelopment agency produce a number of housing units affordable to low- and moderate- income households equal to or greater than 30% of the total number of units **developed by the Agency** within those areas. At least 15% of the **total number of units** created in the areas must be affordable. In the case of Downtown, several post-1976 amendments added territory thus these obligations are triggered but only for those areas that were added. The areas added included the southern portion of the waterfront, 16th to 18th streets, and four half-blocks within the project area that were excluded from previous plans..
- Replacement Housing – another legal obligation for redevelopment agencies to cause the replacement of any housing units destroyed or removed as a result of an Agency redevelopment project within four years.
- Targeting Household Types – specific requirements on the amount of housing set-aside funds an agency must spend over a 10-year period on housing affordable to very low-income households, low-income households, and housing for residents under the age of 65.

The housing program goals applicable to this Project Area are described below.

Housing Production

To estimate the number of housing units that need to be affordable to low- and moderate-income households, the Agency estimated the total number units to be constructed or substantial rehabilitated in the Project Area and applied formulas established in State law.

The chart below summarizes the production goals over various time periods as required by Redevelopment Law. The number of affordable units required is based on statutory thresholds, and the Agency is responsible for ensuring that the appropriate number of affordable units is created during a 10-year period.



Actual and Projected Project Area Housing Production Needs by Time Period			
Time Period	Actual/Assumed Housing Units Constructed and Substantially Rehabilitated in Project Area /1	Required Affordable Units /2	
		Total	Very Low
Prior to 2005	362	55	23
10 Year Forecast	0	0	0
2005 to 2009	0	0	0
2010 to 2014	0	0	0
Redevelopment Plan Duration (1980 to 2010)	362	55	23
Notes:			
1/ Subject only to areas added to Project Area after 1975. Consists of Pensione K Apartments (137 units) and Plaza Lofts (225 units).			
2/ Based on 15 percent of actual/assumed units developed by entities other than Agency. (No units developed by Agency.) All figures rounded up.			

As shown in the above table, the Agency anticipates a need for 55 affordable units (including 23 very low-income units) to fulfill its production goals over the duration of the Redevelopment Plan. Fulfillment of these productions goals, including prior years, is shown on the table below.



Fulfillment of Affordable Housing Production Requirements by Time Period								
Time Period	Units Required (see previous table)		Units Produced		Additional Units Required		Net Surplus Units Produced	
	Total	VL	Total	VL	Total	VL	Total	VL
Prior to 2005 /1 <i>In Project Area</i> <i>Plaza Lofts (under construction)</i> <i>Outside Project Area /2</i>	55	23	251	180	0	0	196	157
10 Year Forecast /3	0	0	196	157	0	0	196	157
Redevelopment Plan Duration (1980 to 2010)	55	23	251	180	0	0	196	157

Notes:

- 1/ Of the total of 137 units at the Pensione K Apartments, 78 were credited towards production needs in Downtown. The remaining units were used by the Agency to meet production needs in other Project Areas.
- 2/ Phoenix Park project listed. Units produced outside project area credited on a 2-for-1 basis. Beginning in 2005, the Agency will have the authority to aggregate its production needs among project areas in its jurisdiction and credit units produced in other project areas on a 1-for-1 unit basis.
- 3/ Units produced for housing compliance plan period include any surplus units produced prior to 2005.

As shown in the above table, the Project Area has a 196-unit affordable housing production surplus, and a surplus of 157 very low-income units due to prior year's production activities. Due to the fact that no additional units are anticipated to be developed or substantially rehabilitated in the Project Area, the Agency does not anticipate the need to produce additional housing units to meet housing production requirements for this Project Area. In the future, the Agency may use surplus units produced by Downtown housing activities to meet the needs of other project areas in the City's jurisdiction.



Replacement Housing

During the Implementation Plan period, the Agency does not anticipate that any Agency-assisted projects will result in the displacement or removal of housing units. Consequently, the Agency does not anticipate that any housing will need to be replaced at this time.

Household Types

Based on preliminary estimates as of August 2004, the Agency anticipates that the low- and moderate- income housing fund will have a balance of \$750,000 available on January 1, 2005. Over the five-year period ending on December 31, 2009, staff conservatively estimates that the Project Area will generate another \$21,857,000 in 20% housing set-aside revenue. Future housing set-aside deposits would be subject to targeting specific household types as described in the chart below.

Upon adoption of this implementation plan, the Agency will have the authority to expend Project Area housing set-aside funds either inside or outside the Project Area and aggregate is housing production activities among all of its Project Areas, in order to more effectively meet housing program objectives for the Agency and this Project Area in particular.

At a minimum, the Agency's low- and moderate- income housing set-aside revenue is to be expended in proportion to the community's need for very low and low-income housing, as well as the proportion of the population under the age of 65.

Based on statistics from the Regional Housing Needs Assessment, used by local government to meet state requirement for affordable housing by category, and 2000 Census statistics, the following minimum thresholds for housing program expenditures would be required over the term of the implementation plan.



Household Type	Minimum Percentage of Housing Set-Aside Expenditures over Implementation Plan
Very Low Income Households	9%
Low Income Households	34%
Households Under Age 65	89%
<p>Notes: Percentage of very-low and low-income household expenditures based upon City of Sacramento Regional Housing Needs Assessment in which 772 (nine percent) of the 8,277 units in the City's housing needs are applicable for very low-income households and 2,791 units (34 percent) are applicable for low-income households.</p> <p>Percentage of expenditures for housing to households under the age of 65 based on 2000 Census population for the City, wherein 360,575 residents (89 percent) of the total population of 407,018 are under the age of 65. No more than 11 percent of Project Area housing set-aside funds may be expended on housing for households age 65 and older.</p>	

- Housing Set-Aside Expenditures Since January 2002.** These proportionality requirements affect expenditures over a 10-year period, although the law permits the compliance initially for a period beginning in January 2002 and ending in December 2014. The chart below documents the amount of low- and moderate- income housing fund revenue used since January 2002 for these income categories:

Housing Expenditures and Proportionality Since 2002				
Income Category	2002	2003	2004	Period to Date
Very Low Income	\$1,283,661	\$3,928,898	\$162,638	\$5,386,869 (48%)
Low Income	\$733,627	\$4,418,765	\$156,171	\$5,308,563 (47%)
Moderate Income	\$192,729	\$339,138	\$17,687	\$537,932 (5%)
Total Expenditures	2,210,017	\$8,686,802	\$336,536	\$11,233,354 (100%)
<p>Notes: 2004 estimates based on preliminary projections as of August 2004 and subject to change.</p>				



- Family Units Assisted by Housing Set-Aside Fund.** State law also requires a recap of the number of the projects assisted by the housing set-aside fund over the past implementation plan period, divided by family projects (open to all age groups) and senior projects (restricted to residents age 65 and older). The chart below summarizes these statistics by project from January 2002 (when proportionality requirements took effect) through December 2004.

Project/Location	Housing Set-Aside Expenditures	Units Assisted by Housing Set-Aside Fund (January 2002 – December 2004)				
		Ext. Low	Very Low	Low	Mod.	Tot.
Family Projects	\$8,233,354 (73%)	0	198	145	17	360
Phoenix Park	\$5,682,705	0	138	118	0	256
Infill Substantial Rehab	\$151,398	0	0	0	5	5
Fremont Mews	\$568,849	0	25	24	0	49
18 th and L	\$1,750,000	0	35	0	9	44
931 T	\$80,402	0	0	3	3	6
Senior Projects	\$3,000,000 (27%)	8	9	64	1	82
Ping Yuen	\$3,000,000	8	9	64	1	82
Totals	\$11,233,354 (100%)	8	207	209	18	442

Notes:
2004 estimates based on preliminary projections as of August 2004 and subject to change.

- Housing Units Constructed During Prior Implementation Plan Without Housing Set-Aside Funds.** Since January 2000, no other funding source was used by the Agency to construct affordable units featuring long-term covenant restricted units (affordable units with covenants of at least 45 years for ownership housing or 55 years for rental housing).