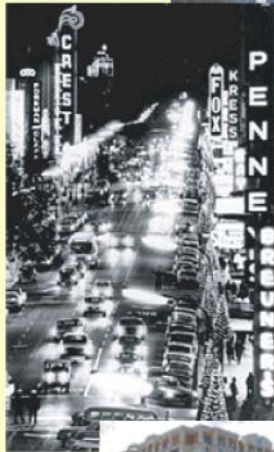




**BUILDING ON OUR HISTORY
CREATING THE PLACE TO BE**



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



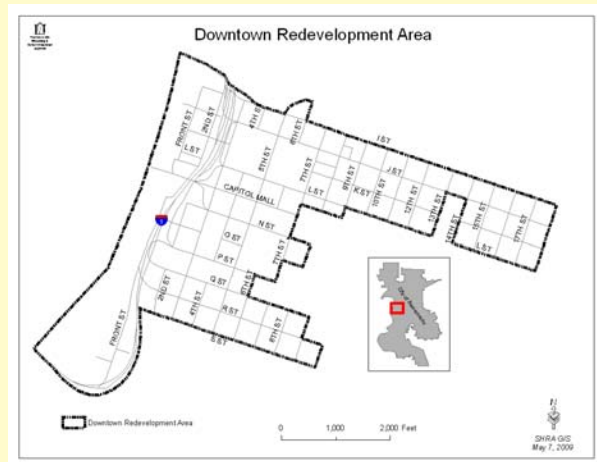


ABOUT DOWNTOWN

The Merged Downtown Sacramento Redevelopment Project Area traces its roots back nearly 60 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.

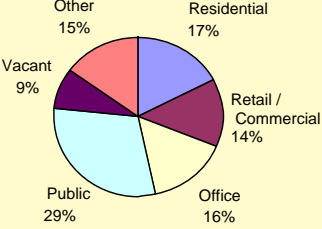
In 1986, the Agency merged this project area with three other project areas (Capitol Mall Extension Project, Capitol Mall Riverfront Project and Uptown Development Project) to form what is now the Merged Downtown Sacramento Redevelopment Project Area.

To date, the Agency has invested over \$475 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.

In closing, it is important to note that the Agency is currently experiencing unprecedented financial hurdles due to declines in tax increment. The two main factors contributing to the decline are reductions in local property values and the Agency’s requirement to pay \$23 million towards the Supplementation Education Revenue Augmentation (SERAF). While these factors may reduce the Agency’s financial capacity and jeopardize the project and programs listed in this plan, it will continue to invest in revitalization activities by prioritizing catalyst projects and maximizing available resources.

Notable Timeframes	What is There?														
Redevelopment Plan Adopted 1955 Expires 2010	<p data-bbox="954 548 1073 575">505 Acres</p>  <table border="1" data-bbox="873 646 1192 873"> <caption>Land Use Distribution</caption> <thead> <tr> <th>Category</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Public</td> <td>29%</td> </tr> <tr> <td>Office</td> <td>16%</td> </tr> <tr> <td>Retail / Commercial</td> <td>14%</td> </tr> <tr> <td>Residential</td> <td>17%</td> </tr> <tr> <td>Other</td> <td>15%</td> </tr> <tr> <td>Vacant</td> <td>9%</td> </tr> </tbody> </table>	Category	Percentage	Public	29%	Office	16%	Retail / Commercial	14%	Residential	17%	Other	15%	Vacant	9%
Category		Percentage													
Public		29%													
Office	16%														
Retail / Commercial	14%														
Residential	17%														
Other	15%														
Vacant	9%														
Implementation Plan 2009-2014															
Housing Compliance Plan 2005-2014 (For affordable housing program planning)															



RECENT SUCCESSES

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

- **The Cosmopolitan:** Renovation of the Woolworth Building to a 200 seat live cabaret theater, restaurant, night club and office space. The completion of The Cosmopolitan has bolstered the burgeoning entertainment district at 10th and K streets.

Total Project Cost - \$ 27.7 million
Agency Investment - \$ 9.75 million plus land

- **The Cathedral Building:** Renovation of Sacramento's original Sears & Roebuck building to a vibrant mixed-use project on K Street. The ground floor includes the elegant Ella Dining Room and Bar and additional retail, upper floors include 4,600 sf office and 23 residential units.

Total Project Cost - \$24 million
Agency Investment - \$3.75 million

- **800 J:** 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 are perched above 22,000 sq. ft. of ground floor commercial with over 275 parking spaces. This mixed-income project has 20% of the units affordable to very low-income residents.

Total Project Cost - \$63 million
Agency Investment - \$11 million plus land

- **The Orleans:** Construction of The Orleans Hotel replicating its original historic façade. The new five story building includes a 7,500 sf ground floor restaurant and 24 residential units on the upper floors.

Total Project Cost - \$ 23.5 million
Agency Investment - \$ 6.65 million plus land

The Citizen Hotel

Renovation of the historic Cal West office building into a 197 room boutique hotel and restaurant. Located only 3 blocks from the State Capitol, the 14-story building operated by Joie de Vivre Hospitality (JDV) also includes approximately 11,000 sf of meeting space, 3,500 of which is located on the outdoor patio on the 7th floor; a ground-floor restaurant; and fitness center. The Citizen opened in November 2008 and will generate a number of benefits to the Agency and the City including; approximately \$1 million in additional TOT annually; an estimated \$330,000 in annual sales tax; approximately \$125,000 in additional property tax increment (the 30% set-aside for affordable housing); and over 100 new jobs for the hotel operation and an estimated 30 new jobs for the ground floor restaurant.

*Total Project Cost - \$80.65 million
Agency Investment - \$10.45 million*



- **K Street Streetscape:** The streetscape project will aesthetically improve the corridor, increase safety, enhance pedestrian lighting, build connectivity, improve pedestrian mobility, and create a safe and inviting public space. Phase I of the project will include new and consistent paving materials, street furniture, trash receptacles, landscaping, lighting, enhanced intersection treatments and gateway elements on the 700 block of K Street and a renovation of St. Rose of Lima Park.

Total Project Cost/Agency investment - \$5.5 million

- **U.S. Bank Tower (621 Capitol Mall):** Construction of a 25 story first-class office building located on Capitol Mall just a few blocks from the State Capitol. The project contains 365,000 square feet of office, 24,000 square feet of retail (including Morton's Steakhouse) and over 850 parking spaces.

Total Project Cost - \$130 million

Agency Investment - \$ 200,000 (toxic remediation)



REDEVELOPMENT PLAN GOALS

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

- a. **Eliminate the Blight:** To eliminate environmental deficiencies in the Project Area, including: mixed and shifting uses; obsolete, aged and deteriorated building types; inadequate or deteriorated public improvements; and incompatible and uneconomic land uses.
- b. **Stimulate Economic Growth:** To strengthen the economic base of the Project Area and the community by stimulating new commercial expansion, employment and economic growth.
- c. **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.
- d. **Emphasize Quality Use, Superior Design and Sustainable Development:** To implement performance criteria to assure excellent site utilization, high site design standards, environmental quality, and other design elements, that provide unity, integrity and sustainability to the entire Project Area.
- e. **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.
- f. **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.
- g. **A Regional Destination:** To strengthen retail, entertainment and service functions in the downtown area to make it the hub of the region.
- h. **Restore Historic Architecture:** To preserve and/or restore, where feasible, historically or architecturally significant structures.
- i. **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 severe market challenges similar to the rest of the nation including high unemployment, high foreclosure rates and the State's distressed fiscal situation. The current economy and the recent Supplementation Education Revenue Augmentation (SERAF) shifts imposed by the State of California on redevelopment agencies will jeopardize the Agency's ability to implement the projects and programs listed in this Plan. The 2009-2014 Strategy features projects and programs that will catalyze Downtown. The key focus areas will be:

a. Creating Places and Destinations - Retail, Entertainment and Tourism

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 JKL Corridor including the Westfield Downtown Plaza. Proposals will be sought for mixed-use developments on selected sites in the corridor to create a district that provides a unique and exciting destination for retail, entertainment and living. In addition, the strategy focuses on the development of cultural and entertainment facilities with a regional appeal to connect the waterfront to the Downtown core.

b. Living Downtown - New Downtown Housing Initiatives

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. Opportunities will be sought to attract new urban-style housing to the area's core, particularly on J, K, and L streets.

c. The Urban Waterfront

Efforts will continue to implement the Sacramento Riverfront Master Plan and redevelop the waterfront. The strategy focuses on the reuse of the underutilized Docks Area as well as the continued redevelopment of Old Sacramento.

d. Making Connections and Places - Downtown Streets and Open Spaces

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



PROPOSED REDEVELOPMENT PROGRAM – 2009 THROUGH 2014

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 ¹	Goals Achieved	Strategies Achieved
<p>Ebner/Empire Reconstruction of historic façade of a three-story structure with ground floor retail and upper floor offices.</p> <p>Completion of this project will activate retail along a key block in Old Sacramento and eliminate an underutilized blighted parcel.</p> <p><i>Anticipated Completion 2010</i></p>	\$3,350,000	<ul style="list-style-type: none"> a. b. e. h. 	<ul style="list-style-type: none"> a. c.
<p>Entertainment Venues (1016-1022 K Street) Build upon the burgeoning entertainment district at 10th and K, this project will consist of a restaurant, bar, night club and a yet to be determined venue.</p> <p>Completion of this project will eliminate blight and factors hindering economically viable use.</p> <p><i>Anticipated Completion Spring 2010</i></p>	\$5,700,000	<ul style="list-style-type: none"> a. b. c. f. g. 	<ul style="list-style-type: none"> a.
<p>700 Block of K Street Mixed-use Projects Revitalization of the key block by attracting a quality developer(s) while retaining historic character of the structures on the 700 block.</p> <p>Completion of this project will eliminate blight and factors hindering economically viable use.</p> <p><i>Anticipated Completion 2012</i></p>	\$1,500,000 and land already acquired by the Redevelopment Agency	<ul style="list-style-type: none"> a. b. c. d. f. h. 	<ul style="list-style-type: none"> a. b. d.



Project/Description	Estimated Redevelopment Investment ¹	Goals Achieved	Strategies Achieved
<p>800 Block of K/L Street Mixed-use Projects Revitalization of these key blocks by attracting a quality developer(s) to construct a mixed-use development.</p> <p>Completion of this project will eliminate blight and factors hindering economically viable use.</p> <p><i>Anticipated Completion 2012</i></p>	<p>\$1,500,000 and land already acquired by the Redevelopment Agency</p>	<p>a. b. c. d. f. h.</p>	<p>a. b. d.</p>
<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 these projects will eliminate factors hindering economically viable use and introduce new affordable residential units.</p> <p><i>Anticipated Completion 2010 - 2014</i></p>	<p>\$22,050,000</p>	<p>b. c. e. i.</p>	<p>a. b. d.</p>
<p>Hotel Development Assist with the development of a Downtown hotel.</p> <p>Completion of this project will lead to a more economically viable use.</p> <p><i>Anticipated Completion 2013</i></p>	<p>\$5,000,000</p>	<p>b. c. d. g.</p>	<p>a.</p>
<p>Retail Strategy Development and Implementation (including Downtown Plaza) Develop and implement a retail strategy for Downtown including a plan to reposition and update Downtown Plaza.</p> <p>Completion of this project will eliminate factors hindering economically viable use.</p> <p><i>Anticipated Completion 2010</i></p>	<p>\$1,500,000</p>	<p>b. f. g.</p>	<p>a.</p>



Project/Description	Estimated Redevelopment Investment ¹	Goals Achieved	Strategies Achieved
<p>The Waterfront Implementation of the Riverfront Master Plan including development of the Docks Area. Project will include land acquisition, infrastructure development and completion of the Promenade.</p> <p>Completion of this project will eliminate blight and factors hindering economically viable use.</p> <p><i>Anticipated Completion 2010 - 2014</i></p>	\$7,000,000	<ul style="list-style-type: none"> a. b. c. f. g. i. 	<ul style="list-style-type: none"> b. c.
<p>Infrastructure and Feasibility Studies Assess and address the infrastructure needs (including sewer, water and electrical) in Downtown Sacramento. Complete development related feasibility studies.</p> <p>Completion of this project will improve inadequate public infrastructure.</p> <p><i>Anticipated Completion 2010 - 2014</i></p>	\$500,000- \$1,550,000	<ul style="list-style-type: none"> a. i. 	<ul style="list-style-type: none"> a. d.
<p>K Streetscape and Circulation Replace dated street furniture, increase pedestrian lighting, improve plantings, and standardize pavement materials. Project also includes the potential reintroduction of vehicles to K Street.</p> <p>Completion of this project will improve inadequate public infrastructure.</p> <p><i>Anticipated Completion 2012</i></p>	\$5,250,000 - \$12,000,000	<ul style="list-style-type: none"> i. 	<ul style="list-style-type: none"> d.
Total Estimated Redevelopment Investment	\$53,350,000 - \$61,150,000		

¹ Public funding for projects will consist of an assortment of redevelopment funds (in addition to tax increment funds), Federal and State grants, and area-wide impact fees.



PROPOSED AFFORDABLE HOUSING PROGRAM – 2009 THROUGH 2014

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>Maydestone The Project will convert 32 dilapidated, vacant units into 32 mixed-income studio and one bedroom apartments. The historic building is located at the corner of 15th and J streets directly across from the Memorial Auditorium</p> <p>Completion of this project would improve unsafe and unhealthy buildings, eliminate factors hindering economically viable use, and provide affordable housing.</p> <p><i>Anticipated completion 2010</i></p>	\$4,570,000	a. e. h.
<p>7th and H Construction of 120-150 extremely low income units and accompanying social services. The project will also include ground floor retail.</p> <p>Completion of this project would improve unsafe and unhealthy buildings, eliminate factors hindering economically viable use, and provide affordable housing.</p> <p><i>Anticipated completion 2014</i></p>	\$15,000,000	e
<p>JKL Mixed-Use Development of mixed-use, mixed-income projects along the JKL Corridor.</p> <p>Completion of this project would improve unsafe and unhealthy buildings, eliminate factors hindering economically viable use, and provide affordable housing.</p> <p><i>Anticipated completion 2010 - 2014</i></p>	\$30,920,000	a. e. h.



Project/Description	Estimated Redevelopment Investment	Goals Achieved
<p>Hotel Berry Major renovation of the 80 year old Hotel Berry preserving 110 single room occupancy units.</p> <p>Completion of this project would improve unsafe and unhealthy buildings, eliminate factors hindering economically viable use, and provide affordable housing.</p> <p><i>Anticipated completion 2011</i></p>	<p>\$4,300,000 (Agency previously expended approximately \$5 million on acquisition)</p>	
<p>Total Estimated Redevelopment Investment</p>	<p>\$54,790,500</p>	



HOUSING PROGRAM COMPLIANCE OBJECTIVES

For more than 60 years, the Redevelopment Agency has played a key role in providing housing assistance to individuals and families of modest financial means ensuring that they have a safe, clean and affordable place to live and are able to participate in a dynamic economy. As required by the California Community Redevelopment Law (Health and Safety Code Section 33000 *et seq.*, "CRL"), this section of the Implementation Plan identifies the Agency's housing assistance strategy including prior affordable housing activities, future anticipated housing need, and planned housing projects and programs. The CRL's requirements are explained below, as well as the Agency's past accomplishments and housing production requirements, and its future housing requirements.

In addition to the plans, activities, and projects just described in the redevelopment program, the facilitation and financing of affordable housing is an important and mandatory function of redevelopment. As tax increment revenues are generated in the Downtown Redevelopment Project Area, 30 percent of the gross revenue stream is immediately set aside and placed in the Low and Moderate Income Housing Fund. Those funds, pooled with other federal and state resources and tax credits, provide an important financing tool to assist in the development of income-restricted, affordable housing projects.

In 2004, the Agency received the authority to expend Project Area housing set-aside funds either inside or outside the Project Area and to aggregate housing production activities and expenditure requirements among all of the Project Areas. The Agency approaches housing compliance from a citywide perspective to more effectively meet housing program objectives for the Agency and this Project Area in particular.

This section of the Implementation Plan, along with the Housing Compliance Plan for the City, addresses specific requirements in state law with respect to prior affordable housing activities and the anticipated housing program over a 10-year period, beginning in 2005. Redevelopment housing requirements generally fall into three categories: *Housing Production*, *Replacement Housing*, and *Expenditures by Household Type*. While *Housing Production* and *Replacement Housing* are reflected within this Implementation Plan, the *Expenditures by Household Type* is reflected in the Housing Compliance Plan for the City, which provides a comprehensive report reflecting the City's affordable housing compliance.

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 the CRL.

The following chart summarizes the production goals over various time periods as required by the CRL. 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 Period /3	362	55	23
10 Year Compliance Period	663	100	41
<i>Actual (2005 to 2009)</i>	263	40	17
<i>Projected (2010 to 2014)</i>	400	60	24
Future Forecast (2015 to 2021)	600	90	36
Redevelopment Plan Duration (1980 to 2021)	1,625	245	100
Notes:			
1/ Subject only to areas added to Project Area after 1975.			
2/ Based on 15 percent of actual/assumed units developed by entities other than Agency. (No units developed by Agency.) All figures rounded up.			
3/ Consists of Pensione K Apartments (137 units) and Plaza Lofts (225 units).			

As shown in the preceding table, the Agency anticipates a need for 245 affordable units (including 100 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 following table.



Fulfillment of Affordable Housing Production Requirements by Time Period								
Time Period	Units Required (see previous table)		Units Produced		Units Requiring Future Production		Net Surplus Units Produced	
	Total	VL	Total	VL	Total	VL	Total	VL
Prior Period /1 <i>In Project Area</i> <i>Plaza Lofts</i> <i>Outside Project Area /2</i>	55	23	251	180	0	0	196	157
10 Year Compliance Period /3	100	41	63	63	60	24	23	46
Actual (2005 to 2009) <i>Inside Project Area</i> <i>Outside Project Area /2</i>	40	17	45	45	0	0	23	46
Projected (2010 to 2014) <i>Inside Project Area</i> <i>Outside Project Area /2</i>	60	24	0	0	60	24	0	0
Future Forecast (2015 to 2021)	90	36	0	0	90	36	0	0
Redevelopment Plan Duration (1980 to 2021)	245	100	314	243	0	0	69	143
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. In 2005, the Agency obtained 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. Includes units from 800 J (45 units) and 18 th & L (36 units).								



As shown in the preceding table, the Project Area has a 100-unit affordable housing production need for the 10-year planning period, including 41 very low-income units. 40 units were required to be produced during the 2005-2009 period. 45 units were produced inside the project area, and 18 units were produced outside the project area, thereby exceeding the requirement and generating a net surplus. The Agency anticipates development of several affordable housing projects in the Project Area over the 10-year planning period. Preliminarily, these projects could result in the development of more than 105 affordable units over this time frame, thereby achieving these housing production goals for the Downtown.

Replacement Housing

The CRL requires that whenever housing occupied by low and moderate income persons or households are destroyed as part of an Agency project, the Agency is responsible for ensuring that an equivalent number of replacement units are constructed or substantially rehabilitated. These units must provide at least the same number of bedrooms destroyed, and 100% of the replacement units must be affordable to the same income categories (i.e. very low, low, and moderate) as those removed. The Agency receives a full credit for replacement units created inside or outside the Project Areas.

The Agency anticipates removing 42 very low and low income housing units, consisting of 42 bedrooms, from the Hotel Berry and Bel-Vue Apartments during the 10-year period. The Agency is required to replace these units within four years of removal and the following table illustrates how the Agency anticipates satisfying replacement housing needs generated by the removal of Hotel Berry and Bel-Vue Apartments units. The Agency anticipates creating 38 replacement units with a total of 43 replacement bedrooms through the two projects detailed in the following table. The Agency's actions as detailed in the table confirm that it has met and will meet the anticipated replacement housing obligation for the 10-year period.

The Agency does not anticipate demolishing or removing any other affordable dwelling units during the remaining 10-year period.



Replacement Housing Obligations					
Project	Total Bedrooms	Total Units	Very Low Income Units	Low Income Units	Moderate Income Units
Units Removed					
Hotel Berry	15	15	15	0	0
Bel-Vue Apartments	27	27	25	2	0
Total Units Removed	42	42	40	2	0
Replacement Units					
Globe Mills	15	15	15	0	0
Silverado Creek	28	23	21	2	0
Total Replacement Units	43	38	36	2	0

Expenditures by Household Types

As reflected in the Housing Compliance Plan of the City, the Agency aggregates Project Area housing set-aside in order to more effectively meet housing program objectives. As a result, the *Expenditures by Household Types* can be found in the Housing Compliance Plan of the City.