

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
12	11/13/17	Open	Action	11/08/17

Subject: Declaring Arden Way Property Excess to Transit Operations as Surplus and Reaffirm or Rescind Delegation of Authority to the General Manager/CEO to Sell Property to Community Housing Works (CHW)

## ISSUE

Whether or not to declare property located at 880, 924, and 936 Arden Way (APN 277-0134-003,004,005) (collectively “Arden Way Property”) surplus to transit operations and reaffirm or rescind Delegation of Authority to the General Manager/CEO to sell the Arden Way Property to Community Housing Works (CHW).

## RECOMMENDED ACTION

- A. Adopt Resolution No. 17-11-\_\_\_\_\_, Declaring Property Located at 880, 924, and 936 Arden Way Surplus Property, Excess to Transit Operation; and
- B. Adopt Resolution No. 17-11-\_\_\_\_\_, Reaffirm Authority to General Manager/CEO to Negotiate and Execute a Purchase and Sale Agreement with Community Housing Works (CHW) for the Arden Way Property; or
- C. Adopt Resolution No. 17-11-\_\_\_\_\_, Rescind Authority of General Manager/CEO and Return with a Purchase and Sale Agreement for Board to Approve.

## FISCAL IMPACT

Based on the current purchase price offered by CHW, the sale of the surplus property will generate \$1,113,400 of Capital Revenue to Sacramento Regional Transit District (SacRT), which will be reinvested in other Capital Projects.

## DISCUSSION

The subject property is comprised of three separate parcels located at 880, 924 and 936 Arden Way (APNs 277-0134-003,004,005) and is further identified in Attachment “A”. The parcel will be referred to hereinafter as the “Subject Property or “Arden Way Property”.

On October 23, 2017, staff presented the Subject Property to the Board of Directors requesting the Subject Property be declared surplus because it was excess to transit operations and no longer needed by SacRT. The Board requested that staff provide additional information regarding the Subject Property, before it could make a determination that the Subject Property should or should not be declared surplus property. The Subject Property was appraised within the last 6 months for \$1,172,000.

Approved:

Presented:

Final 11/08/17

General Manager/CEO

VP, Finance/Chief Financial Officer

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**Summary of offers received and potential buyers' information:**

Turton Commercial, SacRT's broker marketed the Subject Property and the Evergreen location (APN 275-0240-074) and met with 65 buyers and/or realtors representing buyers but only received 4 offers. Turton screened all offers to ensure that offers were reasonable and solid. Below please find a table summarizing the four offers that were presented to SacRT's internal TOD committee for review:

Summary of Offers Considered by SacRT				
	<u>Offer #1</u>	<u>Offer #2</u>	<u>Offer #3</u>	<u>Offer #4</u>
Offeror:	MJD Capital	New Faze Holdings	Nektarios/Maria Klostrakis	Community HousingWorks (CHW)
Original Purchase Price:	\$800,000	\$500,000	\$1,400,000	\$915,000
Final Purchase Price:	N/A – Final offer was not submitted	\$300,000	N/A – Final offer was not submitted	\$1,113,400
Deposit:	N/A	N/A	N/A	\$50,000
Increased Deposit:	N/A	N/A	N/A	\$50,000 – increased deposit after due diligence period
Due Diligence:	N/A	N/A –	N/A	90 days – after opening escrow
Close Escrow:	N/A – Final offer was Rejected* (no proof of funds)	N/A – Final offer was withdrawn (no proof of funds)	N/A -Final offer was Rejected* (no proof of funds)	45 days after Due diligence period.
Proposed Use:	Multi-family project	Multi-family project	Undefined retail center development project	Affordable housing Multi-Family project

Note: All initial offers were for the 3 Arden parcels and the Evergreen location (APN: 275-0240-074). The final offers, #2 and #4, were only for the 3 Arden parcels.

\*As noted in the summary above, offers 1, 2 & 3, were rejected due to funding issues.

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Offer # 2 was withdrawn because the price was reduced from \$500,000 to \$300,000. The buyer limited the offer to only the 3 Arden parcels. After which, Turton concluded that the buyer did not provide sufficient evidence of funding, and therefore the offer was withdrawn.

Turton Commercial presented offer # 3 to Staff, as an all cash-offer from CHW in the amount of \$915,000 with a \$50,000 deposit, and a 90-day due diligence period. This offer was then presented to the Board in closed session on April 10, 2017. The Board approved the sale of the parcel to CHW and delegated authority to the General Manager/CEO to finalize negotiations on the terms of the sale and to execute a final purchase and sale agreement with CHW conditioned on the purchase price being no lower than 5% below the appraised value of the parcels. At the time the offer was conditionally accepted by the Board, SacRT was still waiting for the appraisal on the parcels to be completed by SacRT's contract appraiser.

Staff obtained an appraisal for the 3 Arden Properties and the Evergreen location on May 10, 2017. The appraised value of the 4 parcels was \$1,347,000 and the price offered by CHW was less than 5% below the appraised value. Because the offered purchase price was below the appraised value, SacRT staff advised CHW that their offer could be rejected unless CHW could meet the parameters of the Board's delegation of authority to the General Manager. CHW came back with an increased cash offer of \$1,113,400, with an initial deposit of \$50,000 and an additional \$50,000 after the 90-day due diligence period, which will bring the total deposits to \$100,000. The new terms also reduced the purchase from 4 parcels (Arden properties and Evergreen) of land to just 3 parcels of land (solely the Arden Way Property). After excluding the value of the Evergreen location, the revised appraisal for the three Arden parcels is \$1,172,000. The revised offered purchase price is now within the 5% parameter approved by the Board. Staff presented this revised offer to the Board on August 23, 2017, and the Board accepted the terms and directed the General Manager/CEO to finalize negotiations and execute a purchase and sale agreement with the buyer to sell the Arden Way Property to CHW.

**Information regarding the potential buyer:**

CHW is a California nonprofit public benefit corporation, with a long track record of developing affordable housing on sites that are transit adjacent across California. CHW is an eligible housing sponsor with Government Code Section 54424. As a housing sponsor, CHW has applied for low Income Housing Tax Credits and Affordable Housing and Sustainable Communities (AHSC) funding. AHSC provides affordable housing loans and capital grants for the creation of affordable housing.

Staff recommends the Board approve the declaration of the Arden Way Property as surplus to transit operations. The scope of the Project will be further defined as CHW moves forward with the City's zoning and planning process. Members of the Board expressed concern regarding the Board's previous delegation of authority to the General Manager/CEO to finalize negotiations and execute a purchase and sale agreement with CHW without returning to the Board to approve the final agreement. Staff has provided the Board with two Resolutions for the Board's consideration.

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One Resolution reaffirms the authority the Board previously delegated to General Manager/CEO to finalize and execute the Purchase and Sale Agreement with CHW. The second Resolution rescinds the authority previously delegated to the General Manager/CEO to finalize and execute a Purchase and Sale Agreement with CHW and requires the staff to return to the Board for its approval of the final Purchase and Sale Agreement for the Board.

Staff recommends that the Board reaffirm authority to the General Manager/CEO to finalize, negotiate, and execute a Purchase and Sale Agreement with CHW for the Arden Way property as this will allow staff the ability to quickly complete this transaction and meet 1 of the 12 strategic initiatives.

Site Location

Real Property Excess

Property Name: 880-836 Arden Way  
2051 Evergreen Street  
Parcels: 275-0240-074, 277-0134-003,  
277-0134-004, 277-0134-005

ATTACHMENT A



RESOLUTION NO. 17-11-\_\_\_\_\_

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

November 13, 2017

**DECLARING PROPERTY LOCATED AT 880, 924, and 936 ARDEN WAY SURPLUS  
PROPERTY, EXCESS TO TRANSIT OPERATIONS**

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE  
SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the real property described as Assessor Parcel Numbers 277-0134-003,004,005 is hereby declared to be surplus to transit operations in accordance with Section 7-0-6.01 of Title VII of the Sacramento Regional Transit District (SacRT) Administrative Code and Government Code Section 54424.

THAT, the General Manager/CEO is hereby authorized and directed, in accordance, with Chapter 6 of the Title VII of the SacRT Administrative Code, to dispose of surplus property.

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ANDREW J. MORIN, Chair

A T T E S T:

HENRY LI, Secretary

By: \_\_\_\_\_  
Cindy Brooks, Assistant Secretary

RESOLUTION NO. 17-11-\_\_\_\_\_

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

November 13, 2017

**REAFFIRM AUTHORITY TO GENERAL MANAGER/CEO TO NEGOTIATE AND EXECUTE A PURCHASE AND SALE AGREEMENT WITH COMMUNITY HOUSING WORKS (CHW) FOR THE ARDEN WAY PROPERTY**

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the Board hereby reaffirms the delegation of authority it approved in Closed Session during the Board's August 23, 2017 Board Meeting, authorizing the General Manager/CEO to finalize negotiations for the sale of the parcels known as Assessor Parcel Numbers 277-0134-003, 004, 005 to CHWORKS and to execute the final Purchase and Sale Agreement with CHWORKS and any other documents necessary to effectuate the sale of the parcels to CHWORKS for a purchase price of \$1,113,400.

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ANDREW J. MORIN, Chair

A T T E S T:

HENRY LI, Secretary

By: \_\_\_\_\_  
Cindy Brooks, Assistant Secretary

RESOLUTION NO. 17-11-\_\_\_\_\_

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

November 13, 2017

**RESCIND AUTHORITY OF GENERAL MANAGER/CEO AND RETURN WITH A  
PURCHASE AND SALE AGREEMENT FOR BOARD TO APPROVE**

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE  
SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the Board hereby rescinds the delegation of authority it approved during Closed Session at its August 23, 2017 Board meeting, authorizing the General Manager/CEO to finalize negotiations and execute a final Purchase and Sale Agreement with CHWORKS for the sale of the real properties known as Assessor Parcel Numbers 277-0134-003, 004, 005.

THAT, the General Manager/CEO is hereby directed to return to the Board upon completion of negotiations of the Purchase and Sale Agreement with CHWORKS for the sale of APN 277-0134-003, 004, 005, for approval and execution by the Sacramento Regional Transit District Board of Directors.

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ANDREW J. MORIN, Chair

A T T E S T:

HENRY LI, Secretary

By: \_\_\_\_\_  
Cindy Brooks, Assistant Secretary