

STAFF REPORT

DATE: May 13, 2024
TO: Sacramento Regional Transit Board of Directors
FROM: Chris Flores, Chief of Staff/VP, Real Estate
SUBJ: CONDITIONALLY APPROVING THE PROJECT AGREEMENT WITH ARDEN ARMORY AFFORDABLE LP AND CONDITIONALLY DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO EXECUTE EASEMENTS AND PROPERTY-RELATED AGREEMENTS SUBJECT TO FTA CONCURRENCE

RECOMMENDATION

Adopt the Attached Resolution.

RESULT OF RECOMMENDED ACTION

Approving the Project Agreement and delegating authority to the General Manager/CEO to execute other related agreements will establish the rights and obligations of the parties Arden Armory Affordable LP. (BRIDGE Housing), State of California (State), the City of Sacramento (City) and SacRT related to the BRIDGE Housing affordable housing project (“Project”) to be constructed at 440 Arden Way, which includes improvements within and adjacent to the Arden/Del Paso station and park and ride lot.

Under the Project Agreement, SacRT will be compensated for all support costs associated with the Project, including the costs of design review and construction inspection.

With respect to the property interests to be conveyed, BRIDGE provided an initial appraisal to SacRT for the value of the temporary construction easement and permanent road and public utility easements to be conveyed by SacRT, which include the permanent loss of one parking space. BRIDGE has proposed that the value of the easements be offset by the in-kind contribution of a new operator restroom that will be incorporated into the housing project and exclusively accessible to SacRT. BRIDGE and SacRT are currently negotiating regarding appropriate compensation, but the Project Agreement provides that SacRT must receive at least the fair market value of the property interest either in cash or in-kind.

DISCUSSION

In October 2020, the State released a Request for Proposals for an affordable housing project at 440 Arden Way (Assessor Parcel Number (APN) 275-0134-008-0000), a

surplus parcel that previously served as an armory building and is adjacent to the Arden/Del Paso light rail station/bus transfer center and park and ride lot.

BRIDGE Housing was selected to enter into a long-term ground lease with the State for development for a 124-unit affordable housing project that will generate additional ridership to the transit center and provide much-needed affordable housing to the community. BRIDGE Housing has assigned its rights to a wholly-owned subsidiary limited partnership, Arden Armory Affordable LP; as used in this Staff Report, “BRIDGE Housing” refers to the wholly-owned subsidiary Arden Armory Affordable LP, which will be the party that actually contracts with SacRT.

A total of six agreements related to the Project are currently under consideration:

- 1) **Project Agreement.** This generally details the rights and responsibilities of the parties related to the Project, including the obligation to compensate SacRT staff for support time and also details the other agreements that must be approved, including on-going maintenance responsibilities where there are shared uses.
- 2) **Private Road Easement.** There is currently a driveway access to the armory building and the SacRT park and ride lot that is partially on SacRT property and partially on State property through reciprocal roadway access easements. The access easement granted by SacRT to the State in 1993 over a portion of APN 275-0134-010-0000 specifies that it terminates if the State “conveys” its property to a non-governmental entity, which includes the long-term ground lease. A new easement is proposed to be granted to allow access for both governmental and non-governmental purposes in order to allow access to the BRIDGE Housing development.
- 3) **Utility Easements. Easements. or Easement.** BRIDGE Housing would also like to relocate water and sewer lines and is requesting that SacRT grant the City utility easement or multiple utility easements (one for each type of facility)easement in perpetuity for water, sewer and drainage under SacRT’s property on APN 275-0134-010-0000.
- 4) **Temporary Construction Easement.** BRIDGE Housing is requesting a temporary construction easement (TCE) from SacRT over APN 275-0134-010-0000 to close the entire park and ride lot and use the parcel for Project construction for a two-year period. SacRT will continue to need access to the station platform and the traction power substation on the west end of parcel; use of the TCE by BRIDGE Housing will be contingent on BRIDGE Housing securing alternative access for SacRT to those areas during construction. This is proposed to be accomplished by access through a City parcel on the west side of SacRT’s parcel.
- 5) **Easement for Use of Restroom Facilities.** BRIDGE has offered to construct a restroom for exclusive use by SacRT staff at no cost to SacRT in its

development on APN 275-0134-008-0000 adjacent to the light rail station. A recorded easement would secure the permanent right to use these facilities by SacRT.

- 6) **Construction and Maintenance Agreement for Off-Site Improvements.** In addition to the improvements to be constructed on SacRT's park and ride parcel through the TCE, BRIDGE Housing will also be constructing improvements to the north of the State armory parcel extending onto the Arden/Del Paso station platform area. The south portion of the station platform is located on City of Sacramento road right of way through the Amended and Restated Operations and Maintenance Agreement with the City of Sacramento ("O&M Agreement") (SacRT holds fee title to the prior Western Pacific "Swanston Branch" on the south shoulder of Arden Way, which is wedged between two City of Sacramento parcels). Under the O&M Agreement, SacRT would typically be responsible for the maintenance of any improvements installed within its station area. To ensure that BRIDGE Housing will maintain long-term responsibility for any improvements installed on the SacRT station platform, the parties would enter into a recorded Construction and Maintenance Agreement.

Because the related agreements would allow an "incidental" non-transit use of SacRT property, the Federal Transit Administration must concur in the granting of the rights, especially the permanent improvements to the SacRT property to ensure the use does not interfere with the transit purposes of the property. That approval has not yet been obtained. The Project Agreement will specify that the execution of the other agreements is contingent on FTA concurrence.

RESOLUTION NO. 2024-05-051

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

May 13, 2024

CONDITIONALLY APPROVING THE PROJECT AGREEMENT WITH ARDEN ARMORY AFFORDABLE LP AND CONDITIONALLY DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO EXECUTE EASEMENTS AND PROPERTY-RELATED AGREEMENTS SUBJECT TO FTA CONCURRENCE

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

THAT, the Project Agreement by and between the Sacramento Regional Transit District ("SacRT") and Arden Armory Affordable LP ("Developer") setting out the rights and obligations of the parties with respect to Developer's affordable housing project ("Project") to be constructed adjacent to SacRT's Arden/Del Paso light rail station is hereby approved, conditioned on agreement of the parties regarding the fair market value of the easements to be conveyed and the offset to be applied for the construction and use of a SacRT restroom for the exclusive use of SacRT employees.

THAT, upon satisfaction of the foregoing conditions, the General Manager/CEO is hereby authorized and directed to execute the Project Agreement.

THAT, subject to FTA concurrence, the General Manager/CEO is hereby delegated authority to execute the following agreements related to the Project:

1. Private Access Road Easement between the State of California and SacRT
2. Utility Easements between the City of Sacramento and SacRT
3. Temporary Construction Easement between Developer and SacRT
4. Restroom Access Easement between Developer, the State of California
5. Construction and Maintenance Agreement for Off-Site Improvements between Developer and SacRT.

PATRICK KENNEDY, Chair

A T T E S T:
HENRY LI, Secretary

By: _____
Tabetha Smith, Assistant Secretary