



Jamboree

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The Studios at Hotel Berry | Media Backgrounder

JAMBOREE RESTORES, MODERNIZES HISTORIC HOTEL BERRY INTO THE STUDIOS AT HOTEL BERRY, NEW WORKFORCE HOUSING FOR SACRAMENTO'S DOWNTOWN RESIDENTS

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Although more than 83 years old, the Hotel Berry has started its second life as downtown Sacramento's newest affordable housing development. Now completed after more than eighteen months of intense renovation by Jamboree Housing Corporation, the "new" Hotel Berry – now called The Studios at Hotel Berry – will be home to individuals who earn between 30% and 45% of Sacramento County's Area Median Income (AMI). For example, a person earning \$21,320 (40% AMI) will pay about \$533 per month in rent for his or her studio home.

The total modernization of the historic hotel has been accomplished through a partnership between Jamboree, one of California's largest community development organizations specializing in affordable housing, and the Sacramento Housing and Redevelopment Agency (SHRA). The Agency played an integral part in initiating the project and developing a multi-layered package of innovative funding sources. SHRA points to the complex renovation as a creative example of what an effective public-private collaboration with partners such as Jamboree can accomplish in urban and infill redevelopment. The hard work to make this happen moves forward SHRA's ongoing commitment to quality affordable housing for all of Sacramento's residents – and for downtown residents in particular.

NEW LIFE FOR AN HISTORICALLY SIGNIFICANT BUILDING

Located at 729 L Street near 7th Street in the heart of downtown Sacramento not far from the State Capitol, the Hotel Berry has been an historic presence in the city's central business district since it opened in 1929, which marked the end of the 1920s construction boom and the beginning of the Great Depression.

The Studios at Hotel Berry features 104 Single Room Occupancy (SRO) studios and a manager's unit, and encompasses ground floor retail space for a convenience store and Cisco's Deli, a small family-owned business that received assistance from SHRA, and will be returning to lease a renovated retail space. Though not currently on the Historical Building Register, the six-story vintage hotel has been renovated as a historically significant building, retaining all historic marquees, signage, awnings, window size and location, and roof details.

Designed to strengthen the structure, the ambitious renovation also includes two-bay steel braced frames, foundations and soft story bracing, wall anchorage, plywood floor sheathing, brick repointing, corner strengthening, roof parapet bracing, and a full seismic retrofit. The property is now served by a new and larger domestic water storage tank, boiler, new chiller and fans.

The extensive interior remodel has instilled new life in the building. Improvements include new paint, windows, light and plumbing fixtures, electrical and plumbing upgrades and smoke detectors. Each studio is fully furnished and has a private bathroom, ceiling fan and kitchenette. All residents have access to a community kitchen, dining area, meeting rooms, laundry facilities, lounge, and recreation room with a small kitchen, computer room and a 24-hour reception desk in the lobby.

In keeping with Jamboree's commitment to sustainability, The Studios at Hotel Berry features water-saving fixtures in kitchens and bathrooms, CRI Green Label carpeting, and low-VOC interior paint and adhesives. Its reduced energy use will exceed California's Title 24 energy efficiency standards by more than 15%. Another significant sustainable factor is the property's downtown location that makes it a viable Transit Oriented Development (TOD). The building is within walking distance of several modes of public transportation including light rail, bus lines and an Amtrak rail station.

Financing for the \$24.7-million renovation also presented major challenges and required significant creativity that included both public and private funding. SHRA's innovative funding strategy successfully layered local and federal support, and pioneered the exchange of California's tax credit equity funding with federal American Recovery and Reinvestment Act (ARRA) grant funds totaling \$13.6 million in permanent financing. SHRA contributed \$10.1 million in permanent financing, U.S. Bank provided \$5.5 million in construction loans, and Community Resource Project, Inc. was instrumental in Jamboree receiving an allocation of \$600,000 in federal weatherization funds.

Jamboree's Resident Services Group complements Jamboree's belief in creating communities that provide opportunities and resources for residents to enrich the quality of life. Additionally, Jamboree's goal is to serve people with special needs – folks already living in the local community who need permanent supportive housing so critical to providing stability for them. Through funding provided under the Mental Health Services Act (MHSA), 10 of the residents at The Studios at Hotel Berry receive supportive services through the Sacramento County Health Care Agency's full service provider, Transitional Living and Community Support (TLCS).

TLCS's full-time onsite resident services coordinator assists residents with 24/7 availability for support of daily living activities and links them to other supportive and independent living services. Eligible residents at The Studios at Hotel Berry will also benefit from TLCS's SRO Collaborative, a movement centered in the heart of the downtown's business district that is a combined effort of the entire community including the Downtown Partnership, local businesses, residents, faith-based organizations, and a number of service providers.

HOTEL PRESERVED AS PART OF SACRAMENTO'S HISTORY

Once one of Sacramento's finer hotels, the Hotel Berry saw its glory days fade away and it sat nearly empty for several years. At one point in time, redevelopment of the downtown area might have included demolition of the hotel to make room for something new and contemporary. However, Sacramento city leaders believed the Hotel Berry's character and historic significance were worth saving and celebrating.

With its central downtown location, housing and city officials agreed that the hotel still had an important role to play in providing desperately needed affordable housing with convenient access to public services and transit and quality of life conveniences. Additionally, preservation of the structure would provide a greater environmental benefit by conserving resources, reducing stress on infrastructure, incorporating current sustainability components, and keeping refuse out of landfills. Consequently, the decision was made by the City Council to preserve the hotel and re-use it in accordance with the city's 2006 Ordinance that includes a "No Net Loss" policy of retaining 712 Single Room Occupancy units downtown – the Berry accounts for 105 of them.

Indeed, a renewed interest in local culture and heritage is compelling cities to redevelop and rehabilitate aging structures such as the Hotel Berry, especially since the hotel survived the Great Depression and many other challenging times. The Hotel Berry restoration represents an exciting and growing trend, the reawakening of historical and cultural interests in mature communities across America that offer unique opportunities to reconnect to a sense of place and perspective. SHRA selected Jamboree in late 2010 to renovate the hotel.

The hotel's history is a reflection of the growth and evolution of Sacramento itself. Originally part of a hotel system developed and managed by brothers B. S. & Harry Berry of San Francisco, the Hotel Berry was popular with travelers and politicians alike. Strategically placed in the bustling business and shopping district centered on adjacent K Street, the Class "A" building featured a luxurious Mission Style lobby and was built at a cost of \$300,000.

Following World War II, Sacramento's population began to shift away from the city center to the suburbs in step with the migration that was happening in many other metropolitan areas across the country. The hotel business also experienced a transition as chain properties and roadside motels began to dominate the industry.

In response, the City Council established the Sacramento Redevelopment Agency to plan and redevelop the central business district in the 1950s and 60s. In keeping with the national trend, the agency began with demolition and clearance of 15 city blocks including several along the former M Street (now Capitol Mall), one block from the Berry – to provide a greenbelt leading to the Capitol and creating opportunities for more office space for state agencies.

The mixed-use neighborhood west of the State Capitol featured department stores, family-run businesses and theaters alongside residence hotels such as the Berry, the Sacramento, the Clayton and the Land. Today, only a



few of these once grand properties remain. Since most downtown rooming houses also fell to the wrecking ball, hotels such as the Berry absorbed most of these more transient residents in order to survive and soon transitioned almost entirely to serve a weekly and monthly clientele.

(The Sacramento Housing and Redevelopment Agency was created in April 1982 by a Joint Powers Agency agreement between the Sacramento City Council and Sacramento County Board of Supervisors to bring together financial resources and staff expertise to revitalize lower income communities, create affordable housing opportunities, and serve public housing residents.)

THE HOTEL BERRY OVERCOMES CHALLENGES

By the 1970s and 1980s, urban blight was a major issue across the United States, and Sacramento was no exception. The Hotel Berry experienced hard times as well. For the next two decades, it fell further into disrepair as it provided basic shelter to a transient population struggling to make ends meet. Nevertheless, the City of Sacramento was not interested in tearing the old hotel down if it could possibly be saved and re-used.

In late 2007, an effort to preserve the Hotel Berry was launched when Trinity Housing Foundation purchased the building in partnership with The AF Evans Company. The venture partners intended to undertake a substantial rehabilitation of the property using a combination of funds from the Sacramento Housing and Redevelopment Agency and federal 9% Low Income Housing Credits (LIHTC) awarded by the California Tax Credit Allocation Committee (TCAC). In April of 2008, the partnership's tax credit application was successful and it received an award valued at more than \$13 million, which represented a large portion of the reconstruction budget.

However, like so many development plans in an unstable economy brought on by the Great Recession, the project hit a roadblock. Upon receiving the award, AF Evans and SHRA actively sought a tax credit equity investor and a construction lender, both of which were necessary for the project to move ahead. Since renovation was scheduled to commence in December of 2008, the relocation of existing residents also began and the hotel's occupancy soon dropped to 50%, further exacerbating a chronic operating deficit.

Unfortunately, due primarily to the nationwide financial crisis, the project received very little interest from the investment community, and Trinity/AF Evans eventually returned the tax credits to the state. In March 2009, the redevelopment agency acquired the property for one dollar and relocated the residents as a strategy to stabilize and hold the property for another suitable development opportunity.

In June 2009, Norwood Avenue Housing Corporation, the local nonprofit public benefit corporation affiliated with SHRA, applied for and received a federal 9% LIHTC allocation and also approval for a one-time \$13.5 million award of ARRA exchange funds. With this funding secured, a Request for Qualification process was commenced by SHRA to find an affordable housing developer with the expertise, experience and resources to move the Hotel Berry renovation project forward.

After an extensive review of candidates, Irvine-based Jamboree, one of California's largest affordable housing developers, was selected for the complete renovation and modernization of the aging hotel. Not a newcomer to Sacramento, the Hotel Berry is Jamboree's eleventh development in Sacramento County.

In December 2010, Jamboree secured all necessary financing and closed on its purchase of the vacant property, and in early 2011 started the challenging task of transforming the once proud hotel. The Hotel Berry design and development team also included Gelfand Partners Architects, which provided architectural services for the renovation, Precision General Commercial Contractors, Inc., which was the general contractor, and Gala Construction Inc., which performed environmental remediation. The John Stewart Company is responsible for ongoing property management and supportive services are provided by Transitional Living and Community Support (TLCS).

Michael Massie joined Jamboree in 2005. Prior to that, he served as Assistant Vice President with Related Capital



Jamboree

Company, specializing in the acquisition of Low Income Housing Tax Credit properties for syndication. He's also managed rehabilitated properties in Chicago and Philadelphia and worked with the property management division of Michaels Development Company. Michael graduated from the University of Pennsylvania's Wharton School with a bachelor's degree in economics and concentrations in real estate and finance.