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Its future in doubt, CADA proposes move to nonprofit model

Public agency also is busy creating housing on state-owned property



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Facing challenges that threaten its existence, the **Capitol Area Development Authority** isn't sitting still. The public agency is busy building projects in midtown and has a plan to continue its mission by going private.

Take a walk on 16th Street in Sacramento near Fremont Park and you'll see current and future CADA projects on both sides — from the Legado de Ravel mixed-use housing project, set to open by year's end, to Powerhouse 16, another mixed-use housing project that recently began construction at 16th and P streets.

For executive director [Wendy Saunders](#), the challenge in the next few years is convincing decision makers to keep CADA alive to ensure more projects like those, with an affordable housing component, get built in popular midtown neighborhoods.

CADA is a joint-powers agency formed by the city and state to manage dozens of state-owned properties south and east of downtown, most of them with housing. Gov. [Jerry Brown](#) has ordered the agency to find a way over the next decade to pare down its holdings, including several along 14th and N streets.

In March, the agency released a plan for doing so, along with identifying properties it intended to buy itself and others it would continue leasing to other users. Saunders, who joined as executive director this year, said she's afraid selling off properties in pieces will gradually strip CADA of its vitality.

"We have a long history as a facilitator of development," she said. "The only difference now is the state's discomfort because it owns property where it has some liability."

In a new proposal submitted to the state earlier this month and also presented to the Sacramento City Council, the joint-powers authority would buy many properties already managed by CADA, then reorganize the authority as a nonprofit agency to manage them and assist in further development.

With decades of experience, she said, CADA has a unique perspective on how to make sure apartment buildings — particularly those for low-income residents — are well managed. It also invests in the larger community by keeping its properties clean and the sidewalks in good repair. The proposal suggests the state's current mandate doesn't support those priorities.

"Under this approach, it is unclear whether and how individual property purchasers would meet legislative affordable housing requirements, and how, during the 10-year sales period, CADA could continue to provide affordable housing under its self-funded, internally subsidized model as the number of properties in its control declines and its revenues diminish," states the proposal, written in September. "Further, it is unclear what entity would assume CADA's outstanding debt and regulatory obligations."

CADA being allowed to continue its existence as a nonprofit organization could add more than 600 new housing units to the city core, according to the proposal. The state would still sell the authority's handful of commercial properties to the private sector, but it would sell properties slated for residential development to the nonprofit CADA.

Though they acknowledged receiving the proposal, officials with the state Department of General Services, which oversees state-owned property, said this week they took no position on whether it was viable. Saunders said she, too, has yet to hear a response.

But in the meantime, she said, there's more the authority plans to be involved with. Legado de Ravel is a joint project by Ravel Rasmussen Properties and Separovich/Domich Real Estate Development just wrapping up. In addition to Powerhouse 16, work is well underway on The Warehouse Artist Lofts at 11th and R Streets, and work will begin next year on The Warren housing project at N and 16th.

Saunders said she's also expecting to receive a Sacramento Council of Governments grant soon to make improvements on R Street east of 16th Street, potentially restarting development of the former Crystal Ice building and other empty lots along that stretch.

Given recent legislative support for infill development, she said, it makes sense for CADA to continue its mission under a new banner.

"It's really hard to do this infill stuff without some form of public assistance," she said. "When you're talking about 120 units per acre, that's where we come in."

Ben van der Meer covers real estate, development, local and regional planning, construction, transportation, agriculture and water for the Sacramento Business Journal.