

**NALHFA 2008 National Award Winner  
Globe Mills-Multifamily Excellence  
Sacramento Housing and Redevelopment Agency**

**BACKGROUND**

The completion of the Globe Mills Adaptive Reuse and Mixed Income Project (“Globe Mills”) is the culmination of efforts that began over 35 years ago to preserve a part of Sacramento’s agricultural and food processing history. This \$38,000,000 community investment provides housing for low and moderate income individuals and families while acting as a catalyst for investments in nearby properties.

Globe Mills is located within the historical community of Alkali Flat/ Mansion Flat, the oldest remaining residential neighborhood in Sacramento, directly adjacent to Downtown Sacramento. The first homes in the area were built in the 1850’s and housed Sacramento’s wealthy elite. By the early 1900’s when the housing stock aged, many of the original residents moved out of downtown to new communities. During this time, commercial and industrial businesses began to locate in the area creating what still exists today, a unique community with a mix of residential and commercial/industrial uses such as Globe Mills.

Globe Mills started as Pioneer Mills in 1907. By 1907, the company had constructed several buildings. Globe Grain and Milling Company of San Francisco the largest flour milling company on the Pacific Coast acquired the mill in 1919. The Globe Company operated a number of mills in other states. Globe Mills was highly successful, generating hundreds of jobs for the region. In 1931, The Sacramento Bee credited the Globe Company for stabilizing the Sacramento economy during the Great Depression. In 1941, as part of the World War II effort to increase efficiency, Globe launched modernization plans for the plant, then under the ownership of Pillsbury Company. In 1942, further updates included the construction of the 42 circular silos and 30 square silos making the plant one of the largest feed and flour mills in California. Globe continued operations until 1968 when the facility finally closed. At that time the complex included eight historic structures built between 1908 and 1943. The structures included the Flour/Cereal Mill (1914), Barley Mill (1908/14), Warehouse (1908/14), Covered Loading Dock (1914), Grain Elevator (1908/14), North Silos (1908) and South Silos (1941-42).

By the 1970’s, Globe Mills along with other commercial/industrial businesses in the area had closed, eliminating hundreds of jobs and leaving behind vacant buildings of the previous era. The City Council, spurred by community interest, attempted to attract revitalization efforts to the site and declared the Globe Mills a historical landmark. However, by 1992, after a succession of interim uses, Globe Mills was completely abandoned and the building fell into further disrepair culminating with a three alarm fire that gutted most of the complex. In the mid 1990’s, the City took over the building and attempted (unsuccessfully) to sell the

property to recoup back taxes. Over the next ten years, the Sacramento Housing and Redevelopment Agency (SHRA), in an attempt to attract a developer, assembled the remainder of the property, initiated building stabilization efforts, completed environmental remediation and developed predevelopment architectural and engineering reports that set the stage for a project to move forward.

In 2004, after a year-long selection process which included substantial community input, SHRA selected GMA Investors as the preferred developer. The lead partner in GMA Investors is Cyrus Youssefi, a local affordable housing developer. The selected project concept called for transforming the property into a 145 unit mixed-income housing community. SHRA and GMA jointly committed to readying the project for a spring 2005 nine percent tax credit application. In less than nine months, SHRA completed an Environmental Impact Report on the project, applied for and was awarded a Brownfields Economic Development Initiative Grant and Section 108 Loan, and negotiated deal points with GMA Investors.

SHRA entered into a Development Disposition Agreement, contributing the land and providing gap financing in February 2005.

## **INNOVATION AND TRANSFERABILITY**

The project consists of three multi-story buildings on a one-acre site. Two buildings, New Building 1 (NB1) and New Building 2 (NB2) are new construction and contain 114 senior units, while the Mill Building and Silos Building were adapted from the former Flour/Cereal Mill to accommodate 31 loft style apartment units.

The preservation the Flour/Cereal Mill and silos was a major feat of architecture and engineering expertise. Due to the 1996 fire, the mill building had to be completely gutted, with the preservation of the exterior walls as the only remaining historical feature. Extensive shoring and foundation work was required to retain the walls in place. Concrete shear walls and floors were then poured in place, one floor at a time, at the height of the original floor plates (so the original window openings could be retained). Finally, concrete dividing walls were poured in place to form corridors and individual apartments. Extensive concrete cutting was required to connect the mill building to several of the adjacent concrete silos, which now serve as elevator shafts and stairwells. Concrete bridges had to be poured at each floor level to connect the mill and silo elements. Throughout the project, the architect and developer preserved equipment where possible to honor the history of the building as a working flour mill. For example, the entranceway to the building includes the preservation of duct work that allowed flour to be transferred from the silos to the mill. Elsewhere, conveyor belts and gears, as well as a one person man-lift are preserved.

View from inside one of the concrete silos

Perhaps the most dramatic preservation element in the project is the “head house.” Located at the top of the silos, this structure originally served as the distribution center for incoming grain shipments. Grain was conveyed to the head house and then distributed to one of the 24 silos for storage until milling. One of these silos now serves as the elevator shaft to convey residents to the head house, which functions as a community room for the entire project. Superlative views of downtown Sacramento are one feature of the head house, which contains a full kitchen, lounge area, bathrooms, television viewing area and other resident amenities.

The Flour/Cereal Mill Building contains 31 moderate income “lofts” and is attached to the Silo Complex. Together these two buildings have recreated a streetscape and skyline seemingly unchanged in historical appearance for over 100 years. SHRA believes this adaptive reuse is the only one of its kind in the state of California.

NB1 is a four story building with 72 one-bedroom senior apartments over ground floor common space, offices and a parking garage. NB2 is a four story building with 42 one-bedroom senior units over ground floor common space and parking. All units include a full kitchen, private bathroom, electrical hot water heater, self-contained HVAC units.

The community includes an abundance of common and leisure space and amenities, including a security system, laundry rooms, exercise rooms, storage facilities, a community garden, BBQ facilities and historical style street lighting.

It is difficult to overstate the significance of Globe Mills in attracting new investment and interest to a community scarred by social, physical and economic blight for decades. The collateral benefits of the Globe Mills have exceeded even the most optimistic expectations. Since the ground breaking in August 2006, two high profile projects have begun to take shape within sight of the Globe Mills project. The Crystal Creamery, a vacant milk processing plant adjacent to Globe Mills, was acquired by a developer who will soon obtain entitlements for a 205 unit for sale housing community. One block away, another affordable housing developer is advancing with plans to build 56 residential units with ground floor live/work studios on a one-acre site owned by SHRA. This project is scheduled to break ground in summer of 2009. All three projects combined will add 392 new housing units which include 152 low income units, 42 moderate rate units, and 205 for sale units. It is hard to imagine that these other projects would have come forward without SHRA’s initiative and investment in the Globe Mills project.

## **PROJECT FUNDING AND AFFORDABILITY**

The Globe Mills project would not have been possible without public financing, which accounts for \$12.8 million or 33 percent of the total development budget. The Redevelopment Agency leveraged local funds with numerous State and Federal funding sources, providing the resources to insure success. Local

affordable housing funds in the amount of \$6 million were combined with \$5.5 million in Section 108 HUD funding and a competitive \$2 million Brownfields Economic Development Grant. In order to maximize the projects private bank loan capacity, SHRA also assumed a 20-year debt service in the Section 108 loan which will be repaid from local tax increment revenues. The remaining local sources included HOME, Alkali Flat Tax Increment and City of Sacramento Workforce Housing funding for offsite improvements. The Workforce Housing Grant was awarded to the City by the State of California to acknowledge the City's overall success in developing affordable housing. Complete funding sources are listed below.

<b>Funding Sources</b>	<b>Funding Totals</b>
L/M Tax Credit Equity	\$15,903,000
Deferred Dev. Fee	\$700,000
Bank Loan	\$6,050,000
BEDI Grant/Section 108 loan	\$7,500,000
HOME loan	\$1,450,000
Alkali TI Grant	\$1,340,000
Alkali TI Loan	\$4,680,000
City Grant	\$500,000
<b>Total</b>	<b>38,123,000</b>

The single largest funding amount of \$15,903,000 comes from 9% Low Income Housing Tax Credits. As a result, the affordability of the senior housing portion of the project is restricted to seniors with incomes between 30% area median income (AMI) and 60% AMI. A full breakdown is presented below.

### **Globe Mills Rental Affordability**

Unit Type	No. of Units	Average Unit Size	Total Area (SF)
Moderate Income "Lofts"	31	625	19,393
1 BR/ 1BA Senior 30% Tax Credit	14	545	6,536
1 BR/ 1BA Senior 45% Tax Credit	23	545	12,527
1 BR/ 1BA Senior 50% Tax Credit	56	545	30,500
1 BR/ 1BA Senior 60% Tax Credit	21	545	11,437
	<b>145</b>	<b>561</b>	

### **LASTING LEGACY**

The completion of Globe Mills is the culmination of efforts that began over 35 years ago. Its completion is credited to the public/private partnership that was formed in 2004-5. This partnership confronted and overcame significant planning, architectural, engineering and financial obstacles to achieve a successful project. This success is measured by the quality of the development itself and its impact on the surrounding neighborhood. A blighted vacant former industrial site has been transformed into a vibrant new housing community, and

the project has encouraged other developers to propose major projects in the surrounding neighborhood.

Globe Mills was accomplished due to the collaboration and commitment of local government and community leaders in every step of the process. Now realized, Globe Mills is providing a better quality of life to its residents and to the community at large.

#### The Globe Mills Team

##### Public Sector major partners

- Alkali Flat Redevelopment Advisory Committee
- City of Sacramento
- Sacramento Housing and Redevelopment Agency
- U.S. HUD
- State of California

##### Private Sector major partners

- GMA Investors: Cyrus Youssefi and Skip Rosenbloom
- First Bank
- Capmark Financial Group
- Applied Architecture Inc: Michael Frank Malinowski AIA
- Miyamoto International Engineering