

Apartment sale OK, judge says

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A federal judge on Thursday refused to stop the sale of a West Sacramento apartment complex long reserved for low-income tenants, paving the way for new owners and a new rent structure.

Tenants in four of the 108 apartments of the two-story Bryce Gardens complex had sued the U.S. Department of Housing and Urban Development and the apartment owner, Bryce Gardens Associates, in an attempt to stop the sale and keep the apart-

ments affordable with HUD subsidies. U.S. District Judge Garland Burrell Jr. denied a preliminary injunction because the tenants failed to show they would suffer without one.

HUD persuasively showed that the four tenants would pay no more than \$9 a month more in rent because of the sale, Burrell said.

The judge also said a fifth woman who sued — a homeless person — failed to show that she would be injured in some way if the complex changed hands.

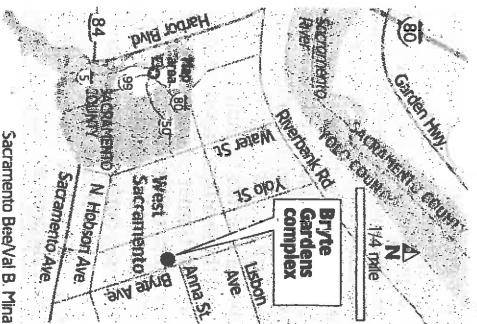
Housing advocates who launched the lawsuit said Burrell focused narrowly and specifically on the four tenants instead of the overall effect of HUD's actions on a sizable portion of Yolo County's subsidized housing stock. The county has about 1,200 federally subsidized apartments.

"The entire future of the complex and its relationship to affordable housing in West Sacramento is a critical aspect," said Stephen Goldberg, an attorney with the Yolo County office of Legal Services of

Northern California.

There is no guarantee that the four tenants will qualify under the new rent structure for continued low rents because tenants will undergo screening to qualify, Goldberg said.

The four tenants named in the lawsuit argued that HUD approved the sale without considering the effect on the affordable-housing market in West Sacramento as required by the National Housing Act. The law specifies no sale unless HUD de-



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termines the complex is no longer needed to provide affordable housing.

The tenants, who like most of the other renters at Bryce Gardens are refugees from the former Soviet Union, argued that the notices sent to tenants in September also violated federal law because they were in English.

Burrell said the tenants didn't prove that the notices had to be translated from English.

Representatives of the owners and buyers could not be reached for comment.

Also, a HUD spokesman declined to comment on the lawsuit.

The owner plans to discontinue the federally subsidized rents by paying off the mortgage and selling to Pacific American Properties Inc. of Utah. Pacific American has been awarded federal bonds to buy the apartments in return for doing renovations and keeping rents affordable for 55 years, according to court documents.

But the tenants and housing advocates argued in the suit that the new rent structure is calculated differently and could boost rents

by anywhere from \$145 a month to nearly \$300. A tenant now paying \$395 a month could pay \$650.

HUD argued that many of the tenants will qualify for special "vouchers" that continue the same rent as long as the tenant continues to stay at Bryce Gardens.

But all new tenants will be paying the higher rents, which housing advocates argued are essentially the same as market-rate rents for West Sacramento. The city's Web site lists typical two-bedroom rents at \$500 to \$800 monthly.

"It's going to be devastating for the low-income community because there's a shortage of low-income housing," said Kevin Aslanian of the Coalition of California Welfare Rights Organizations.

"We disagree with the decision, and we've already decided to appeal," said Aslanian, who was an advocate for the tenants in the lawsuit.

It's no bargain for taxpayers, said another attorney with a national housing advocacy group.

"They are using federally subsidized bonds and tax credits to, in effect, raise the rents on the prop-

erty," said Craig Castellanel, staff attorney with National Housing Law Project in Oakland.

A similar lawsuit against HUD has been filed in Minnesota, said Castellanel, but a judge has not yet ruled on it.

The units at Bryce Gardens are part of 1.3 million privately owned apartments built nationwide during the 1970s with the help of federally subsidized loans to builders. The apartment owners, in turn, signed long-term contracts to rent at lower rents for as long as 40 years.

But those contracts began expiring in the past decade. Some owners get out of the contracts quicker by paying off their mortgages, thereby leaving the subsidized housing business.

Because rentals built since the government building boom of the 1970s tend to be less generously subsidized and have higher rents, the loss is critical, say advocates like Castellanel.

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