



**ARMY DEPOT
REDEVELOPMENT ADVISORY COMMITTEE**

Meeting Minutes
Thursday, May 18, 2006
George Sim Community Center, 6207 Logan Street
Sacramento, CA 95824

1. Call to Order and Roll Call

Chairman Timothy Lien called the meeting to order at 5:45pm. Roll Call was conducted.

RAC Members Present: Jose G. Chacon, Don Colquitt, John Healey, Joseph Hensler, Bernardo Hubbard, Burnie D. Lenau, Tim Lien, Constance Slider, Dahlia Ward

RAC Members Absent: Rosalie Vierra, Steve Vourakis

Staff Present: Gregory Ptucha and Chris Pahule, SHRA

2. Approval of Minutes

Mr. Lien pointed out three needed corrections to the minutes of the March 16, 2006 meeting. As amended, the minutes were approved by unanimous vote on a motion by Ms. Ward that was seconded by Mr. Colquitt.

3. General Comments

Ms. Ward inquired about a questionnaire from SHRA that was included in the meeting packet. She asked if it could be revised to incorporate additional types of affordable housing beyond those mentioned in the form. Although the questionnaire is already in circulation, Ms. Ward was given contact information for the SHRA staff person who is coordinating the questionnaire.

Later in the meeting, there was discussion about possible development of a 27-acre site on the east side of Power Inn Road, between Elder Creek and Berry Avenue. The property owner was reported to be Mr. Mario Affinito, a former RAC member. The development concept involves a commercial/retail theme. Mr. Lien noted an intent to arrange a meeting where Mr. Affinito might discuss his ideas for the property.

Mr. Lien asked staff to regularly include a new agenda category that would focus attention on the status of currently-funded projects.

4. Housing Presentations

a.) Statutory Housing Requirements under Redevelopment Law

Chris Pahule, Redevelopment Manager, spoke about affordable housing requirements for redevelopment areas imposed under California redevelopment law (embodied in the Health and Safety Code). Mr. Pahule referred RAC members to a handout that included PowerPoint slide reproductions. The information presented included the following:

- Redevelopment objectives, i.e., neighborhood revitalization; increase and preserve housing supply; minimize displacement of families.
- Range of allowable activities, including site acquisition, new construction, rehabilitation, assistance to homebuyers.

- City of Sacramento policy is for each redevelopment area to achieve its affordable housing production goals within the boundaries of the redevelopment area.
- The requirements/constraints for spending “20%” tax increment funds on affordable housing:
 - a.) funds can be spent outside the project area and the legal “findings” that are needed to justify this type of expenditure;
 - b.) regulatory agreements (covenants) are required to maintain long-term affordability;
 - c.) The need for covenants to allow the housing unit to be counted as a unit for “production” target purposes;
 - d.) Under what circumstances a buyer/borrower can terminate affordability covenants, and at what price;
 - e.) What activities/units can be counted towards housing “expenditure” targets as compared to housing “production” targets;
 - f.) How, if two affordable units are produced outside the redevelopment area, they can only be counted as one unit for production goal purposes;
- How the required 15% production of affordable units is determined by the total of all housing units produced in the redevelopment area (by whatever means) as monitored and reported to the CA Housing & Community Development Department (HCD) annually.
- Income limits as a function of family size for purposes of determining maximum rents for affordable units.
- The legal requirements enacted in 2002 that created expenditure targets for redevelopment funds in proportion to local income levels (very-low, low- and moderate-income income categories).
- Affordability covenants for ownership units have increased from 10 years to 45 years. Owners have the option to void the covenant by paying back the Agency’s loan and an equity share based on its increase in value at sale.
- Affordability covenants for rental units has increased from 30 years to 55 years. Rental units cannot opt-out of the covenant.
- The net effect of these changes in state law are to encourage the production of affordable rental housing rather than affordable ownership housing.

RAC members raised questions about the use of funds outside the project area. Ms. Ward asked about the RAC’s influence over Agency decisions to spend redevelopment funds for housing or programs outside the project area. Mr. Lenau asked about statistics on ownership units that have opted-out of affordability covenants (staff research is needed with SHRA Portfolio Management staff). Mr. Healy noted that, in inflationary periods, owners would be tempted to opt-out due to increased value of the unit. For ownership units, the 45-year covenant does not “start-over” with each sale transaction.

Mr. Pahule stated that housing production figures reported to CA HCD would be discussed at the June meeting of the RAC. The RAC thanked him for his presentation.

b.) SHRA Housing Program

Ms. Carla Christian, Program Manager of SHRA Loan Processing, was introduced. Ms. Christian referred RAC members to a handout labeled “SHRA Homeownership Programs,” which she used to describe SHRA’s loan programs for the rehabilitation and

repair of existing units as well as to assist homebuyers to become eligible for mortgages. The programs described included:

- **Rehabilitation Loan Programs**

“Create-a-Loan” Target Area Program which generally is funded with Community Development Block Grant (CDBG) monies, although Tax Increment monies can be used, also. A \$10,000 beautification grant is used to attract borrowers to the \$50,000 loan product, which is priced at 0% interest. Since 2003 in the (expanded) Army Depot Redevelopment Area (ADRDA), five loans have been made and two are being processed.

The Agency also offers the state’s “CalHome” Rehabilitation Loan Program, offering up to \$50,000 for a single-family home.
- **Emergency Home Repair Programs**
 - a.) “ERP-A” (Emergency Repair Program & Accessibility): up to \$5,000 in grant funds for very-low income families. Since 2003, 19 grants have been made in the ADRDA. Mr. Colquitt and others asked about what is eligible for this funding. Ms. Christian described repairs such as roof leaks, plumbing, electrical problems, etc., that pose an immediate hazard. Upgrades for energy efficiency generally would not qualify.
 - b.) “Accessibility Modifications” Program: up to \$5,000 of grant funds for low-income disabled owners or renters to make their homes more accessible. Since 2003, four grants have been made in the ADRDA. This program is coordinated with the ERP-A program, and it utilizes a list of pre-qualified contractors.
- **Homebuyer Assistance Programs**

Ms. Christian described the income and other qualifications that borrowers must satisfy. The following programs are available:

 - a.) First-time Homebuyer
This offers up to \$5,000 for down payments and/or closing costs. Ms. Christian mentioned this as being somewhat unattractive to buyers due to the need for a regulatory agreement when Tax Increment is used.
 - b.) American Dream Down Payment Initiative Program (ADDI)
This is a federal program for up to \$10,000 for downpayment and closing costs. However, the ADDI funding for 2006 was drastically reduced from prior years and the 2006 allocation has already been committed.
 - c.) Mortgage Assistance Program (MAP)
Offering up to \$20,000 as a deferred loan.
 - d.) CalHome
A State program offering up to \$25,000 in mortgage assistance as a deferred loan.
- **Mortgage Credit Certificate Program (MCC)**

For qualified buyers, the equivalent of 15% of their annual mortgage interest payments become a tax credit against their federal income tax obligation. The expected credit is used to calculate the borrowing capacity of the buyer. The income qualifications were noted.

Ms. Christian described the Layering Policy under which various programs could be “layered” or combined by borrowers to total \$35,000 of funding and also utilize the MCC.

Ms. Christian described homebuyer qualifications for underwriting purposes, and then described the production levels of these programs in the ADRDA since 2003, i.e., 11 loans and two MCCs that assisted nine borrowers.

In the discussion that followed, Ms. Slider inquired about why the loan production levels in the Army Depot area seem lackluster. Ms. Christian explained that these programs are offered by the Agency “over-the-counter,” so demand is driven in part by real estate professionals being knowledgeable about how the programs might benefit their clients. Training sessions are offered to the real estate brokerage community every other month. There was discussion about the how to market the programs more broadly and effectively.

Greg Ptucha then referred RAC members to the flyer that outlines the Agency’s Vacant Lot Development Program, which applies to lots in the Army Depot Redevelopment Area. Mr. Ptucha then summarized the Agency’s Investment Property Loan Program for one-to-ten unit buildings. The particulars were described on a separate handout. He noted that another program exists for investor properties of eleven units or larger, but that this was not distributed since the material is approximately 25-pages in length, and few buildings of that size exist in the ADRDA.

Mr. Pahule completed the presentation by reminding RAC members that, for proposed new construction of residential or mixed-use projects, the Agency can also offer Developer Assistance, which could take the form of gap financing for desirable projects that would help implement the redevelopment plan for the area. The criteria for reviewing these types of projects is outlined in the “project review guidelines” distributed last month to Mr. Narayan regarding his Elder Creek Market project.

5. RAC Member Project Status Reports

Affordable Housing (Ward)

No new information was available.

Landscaping (Hubbard)

No new information was available.

Street Improvements (Hensler)

There was discussion about the scope of the project and which RAC member had accepted responsibility for it.

Bicycle Facilities (Hensler)

Mr. Hensler reported a recent discussion with Hector Barron of the City’s Department of Transportation about possible support for an off-street bicycle path along Florin-Perkins Road between Fruitridge Road and Thys Court. A meeting is planned for next week. Mr. Hensler noted that this segment could provide a link in the “rails-to-trails” bicycle path being developed near Lodi on the Cal Central Traction right-of-way.

Code Enforcement (Chacon)

Mr. Chacon noted that city staff (Mr. Lee) was investigating the Caina Court enforcement issue further in light of information Mr. Chacon brought to his attention regarding a needed fence to prevent vehicles from “jumping” a curb to access two nearby streets.

Traffic Calming (Ward)

Ms. Ward described how a letter to the Agency was being prepared concerning potential funding for crossing guards to protect pedestrians crossing 65th Street at the Will C. Wood Middle School. Mr. Lien called attention to a reference in Handout # 1 about restrictions against use of redevelopment funds for personnel.

Bus Stops & Amenities (vacant)

Ms. Medley did not re-apply for RAC membership, and her seat is considered vacant by the City Clerk's staff, so there was discussion about recruiting a replacement for this project. Mr. Colquitt volunteered, and asked staff for assistance in learning the history and status of this effort.

Grocery Store (Healey)

No new information was available.

Power Line "Undergrounding" (new)

Ms. Slider expressed interest in championing a project where SMUD would be asked to consider putting existing overhead lines underground on the major thoroughfares in ADRDA. Examples offered were Elder Creek Road and Fruitridge Road. There was discussion about how SMUD's new program was structured, budgeted and the process for proposed projects to be considered. The county supervisor plays a role in the review process. SMUD reportedly prefers that undergrounding be completed in conjunction with other streetscape improvements that might be planned for a particular stretch of roadway.

6. Redevelopment Updates

The following were reported upon in Handout #1, distributed by staff.

- a) A copy of the May 10, 2006 letter received from County Assessor Kenneth Steiger regarding the Depot Park reassessment was distributed.
- b.) The use of cellular tower revenues was clarified.
- c.) Mr. Lien noted that a letter was being sent to Councilman McCarty regarding the Sim Center expansion. Greg Ptucha noted that the contract between the Agency and the City Department of General Services was in final form, but not yet executed.
- d.) The window replacement project at Depot Park will soon be acted upon by City Council.
- e.) Master-planning of Parks & Recreation property south of Depot Park was discussed in the handout, but not elaborated upon.
- f.) Greg Ptucha described the status of efforts concerning a proposal to replace the Elder Creek Market with a new building, and related proposals for street improvements and traffic calming.

7. Adjournment

The meeting was adjourned at 7:45 PM after approval of a motion by Mr. Lenau and a second by Mr. Hensler.

(Note: no arrangements were made for food/beverages for the June 15, 2006 meeting.)