



**Sacramento
Housing &
Redevelopment
Agency**

County of Sacramento

2009 ONE YEAR ACTION PLAN

Lead Agency
Sacramento Housing and Redevelopment Agency
630 I Street
Sacramento, CA 95814

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Second Program Year Action Plan

The CPMP Annual Action Plan includes the [SF 424](#) and Narrative Responses to Action Plan questions that CDBG, HOME, HOPWA, and ESG grantees must respond to each year in order to be compliant with the Consolidated Planning Regulations. The Executive Summary narratives are optional.

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GENERAL

Executive Summary

Program Year 2 Action Plan Executive Summary:

The Sacramento Housing and Redevelopment Agency (SHRA) administers Federal Community Development Block Grant (CDBG) funding on behalf of the County of Sacramento (County). This is the second year of the Five-Year Consolidated Planning period which covers years 2008-2012. In 2009, SHRA anticipates receiving \$5,540,129 in CDBG funding to address priority needs in the community.

Along with the CDBG funds, the County will utilize HOME Investment Partnerships Program (HOME), American Dream Downpayment Initiatives (ADDI), and Emergency Shelter Grant (ESG) funds. The total of these funds is \$9,518,016. The following identified goals will continue to guide SHRA in assigning priorities to needs for the 2009 year. These goals include:

- Develop, preserve, and finance a continuum of affordable housing opportunities;
- Revitalize low- and moderate-income neighborhoods to create healthy and sustainable communities;
- Promote equal housing opportunities;

- Support efforts to develop/complete the Continuum of Care System for the homeless through the provision of emergency shelters, transitional housing, and permanent supportive housing and services;
- Provide community and supportive services for low- and moderate-income persons and those with special needs, including the homeless and persons living with HIV/AIDS;
- Eliminate blight and promote economic development opportunities in commercial corridors; and
- Implement effective and efficient management practices to enhance customer service and project delivery.

General Questions

1. **Describe the geographic areas of the jurisdiction (including areas of low income families and/or racial/minority concentration) in which assistance will be directed during the next year. Where appropriate, the jurisdiction should estimate the percentage of funds the jurisdiction plans to dedicate to target areas.**
2. **Describe the basis for allocating investments geographically within the jurisdiction (or within the EMSA for HOPWA) (91.215(a)(1)) during the next year and the rationale for assigning the priorities.**
3. **Describe actions that will take place during the next year to address obstacles to meeting underserved needs.**
4. **Identify the federal, state, and local resources expected to be made available to address the needs identified in the plan. Federal resources should include Section 8 funds made available to the jurisdiction, Low-Income Housing Tax Credits, and competitive McKinney-Vento Homeless Assistance Act funds expected to be available to address priority needs and specific objectives identified in the strategic plan.**

Program Year 2 Action Plan General Questions response:

Geographic Allocation and Basis for Allocating Investments: 91.220

SHRA is responsible for implementing Redevelopment Plans in the McClellan/Watt Avenue, Mather Field and Walnut Grove Redevelopment Areas, as well as the City/County shared Auburn Boulevard, Franklin Boulevard and Stockton Boulevard Redevelopment Areas.

SHRA provides CDBG assistance in low- and moderate-income communities countywide that include the Cities of Folsom, Isleton and Galt and the County unincorporated areas. The boundaries of these areas make up 5 supervisorial districts that are adjusted every Federal census term. CDBG funds are allocated based on the percentage of low- and moderate-income persons within each district.

Maps showing the low- and moderate income concentration by supervisorial district areas including the redevelopment areas can be found in the CPMP 2.0 Year 2, Additional Files – Maps. 91.220(f)

Also refer to Attachment I, for the distribution of 2009 Proposed One-Year Action Plan Activities located in the CPMP 2.0 Year 2, Additional Files – Attachments. 91.220(d)

Obstacles To Meeting Underserved Needs – 91.220(d)

SHRA will continue to implement housing and community development activities that meet the underserved needs in the county of Sacramento. The 2008-2012 Consolidated Plan lists the following obstacles to meeting underserved needs as:

- Availability of funding from both Federal state and other sources;
- High cost of housing and provisions in Sacramento which increases the difficulty of meeting affordable housing needs;
- Ordinances and regulations limiting housing for low-and moderate-income households and special needs groups.

The use of Federal, state and other sources and streamlining construction timelines continues to be of major importance for the 2009 year. SHRA staff will collaboratively work with both, the City and County elected officials including, Planning, Neighborhood Services, Economic Development, Regional Parks, Transportation and Sanitation Departments to identify projects that also meet CDBG eligibility and the timely draw down requirements.

SHRA continues to research availability of future funding resources and use proactive approaches towards future applications for other leverage funds. This will assist SHRA to strategically place future activities in line with leverage resources and include County timelines and strategies.

CDBG is also used as leverage for both City and County to administered programs and support services that serve the growing underserved needs of youth, seniors and homeless communitywide. For example:

• **PROGRAM SERVICES**

Seniors and Youth Programs - The County of Sacramento, Department of Human Assistance offers daily hot meals to over 6,200 seniors participating in the program throughout the City and County of Sacramento. Performance objectives for 2009 include:

- provide increased nutritional foods to the existing meal menus;
- provide reliable nutritional facts and education services through brochures and printed materials;
- improve delivery time and services for home delivered and congregate meals;

For additional programs serving the underserved needs of homeless, refer to the Homeless section on page 23.

Also refer to the section on page 14, Barriers to Affordable Housing and other housing policy and related housing initiatives.

Resources and Objectives: 91.220 (c)

The County will allocate resources to activities and programs proposed for the 2009 program year that are identified as a “high” priority and consistent with the strategies identified in the County’s Five Year Consolidated Plan for 2008-2012.

Refer to Attachment 2, Resources located in CPMP 2.0 Year 2, Additional Files - Attachments for Federal, state and local resources, including McKinney Vento Homeless Act and Public Housing.

MANAGING THE PROCESS – 91.220

- 1. Identify the lead agency, entity, and agencies responsible for administering programs covered by the consolidated plan.**
- 2. Identify the significant aspects of the process by which the plan was developed, and the agencies, groups, organizations, and others who participated in the process.**
- 3. Describe actions that will take place during the next year to enhance coordination between public and private housing, health, and social service agencies.**

Program Year 2 Action Plan Managing the Process response:

SHRA has three governing boards. They are comprised of eight elected council members and the mayor that represents the City of Sacramento and five elected supervisors that represent the County. The SHRA Commission, whose 11 members are appointed by the Board of Supervisors (Board) and the City Council (Council), governs SHRA and advises on various matters to the City and County governing boards.

Annually, SHRA prepares the One-Year Action Plan which serves as an update to the Five-Year Consolidated Plan covering years 2008-2012. SHRA staff receives input from the various project area committees, redevelopment area committees and, community and neighborhood groups within the county of Sacramento, including the Sacramento County Department of Human Assistance (DHA), and the cities of Folsom, Isleton, and Galt to develop the One-Year Action Plan.

Once the One-Year Action Plan has been drafted, a notice is published in a newspaper of City and County circulation. After the comment period has been completed, staff presents the One-Year Action Plan to the Sacramento Housing and Redevelopment Commission and the Sacramento County Board of Supervisors for a public hearing and final approval.

To enhance coordination between public, private housing, health, and social service agencies during the One-Year Action Plan process, SHRA will continue to initiate projects and policies to maximize affordable housing opportunities for income eligible households. SHRA coordinates with a variety of nonprofit organizations, including, Transitional Living and Community Support, InfoLine Sacramento and other agencies that will partner with the City and County to revitalize low-income communities utilizing CDBG, HOME, ADDI, ESG, tax increment, housing trust funds, mortgage revenue bonds, CalHome, and mortgage credit certificates.

In addition, staff maintains working partnerships with the Sacramento Employment and Training Agency, the Sacramento Regional Transit District, financial institutions, school districts, community businesses, and public agencies and nonprofits. Other specific private and nonprofit partners include: USA Properties, John Stewart Company, Mercy Housing California, Mutual Assistance Network, Community Resource Project and Volunteers of America.

To better link services to the targeted population, SHRA staff also maintains relationships with local, state and Federal agencies including, the County Department of Health and Human Services, California's State Department of Housing and Community Development and the U.S. Department of Housing and Urban Development. SHRA's Executive staff historically participates in membership roles with other local agencies such as: the California Redevelopment Association, the Workforce Investment Board, Urban Land Institute, and Valley Vision.

Citizen Participation – 91.220

- 1. Provide a summary of the citizen participation process.**
- 2. Provide a summary of citizen comments or views on the plan.**
- 3. Provide a summary of efforts made to broaden public participation in the development of the consolidated plan, including outreach to minorities and non-English speaking persons, as well as persons with disabilities.**
- 4. Provide a written explanation of comments not accepted and the reasons why these comments were not accepted.**

Program Year 2 Action Plan Citizen Participation response:

SHRA staff followed the requirements for citizen participation as outlined in the "Consolidated Plan – 91.200 (b) Citizen Participation.

Efforts to reach out to the community and neighborhood population for citizen comments began during the 2008-2012 Consolidated Plan process and again during the One-Year Action Plan process for 2009. Draft copies of the Action Plan and 2009 Proposed One-Year Action Plan Activities are displayed for public comment on the SHRA web site located at www.shra.org. The public notice is published in the Sacramento Bee 30 days prior to the scheduled public hearing date dates. Public comments are also received by the SHRA City and County Community Development Planning and Project Delivery Department. The public hearing was held before the Sacramento Housing and Redevelopment Commission with a public hearing and final approval at the County Board of Supervisors.

Public Comments

No public comments were received for the 2009 One-Year Action Plan – County of Sacramento.

INSTITUTIONAL STRUCTURE – 91.220

1. Describe actions that will take place during the next year to develop institutional structure.

Program Year 2 Action Plan Institutional Structure response:

The SHRA Executive Director's (ED) office is responsible for guidance and leadership of all aspects of operations. The ED office receives its policy direction from the Board and the Council with advice from the Sacramento Housing and Redevelopment Commission (SHRC) and assumes responsibility for insuring successful development and execution of all SHRA programs. The SHRA institutional structure for 2009 is organized into three general departments: Executive Director and Administration, the Housing Authority and Housing and Community Development.

The Executive Director and Administration Department includes an Executive Cabinet comprised of the Interim Executive Director, Deputy Executive Director, Director of Housing and Community Development, Director of the Housing Authority, General Counsel, Director of Administration and Real Estate and Construction Services, Director of Finance, and the Director of Financial Strategies. The Directors are responsible for all Agency operations, as well as legal, fiscal and personnel management. Also included are five Administrative Support Departments: SHRA Clerk, Human Resources, Information Management Technology Services, Public and Internal Communications, and Risk Management.

The Housing Authority (HA) provides affordable housing in the City and County of Sacramento through the Public Housing Program, Housing Choice Voucher (HCV) programs, and through the selective use of tax credit and long term bond financed developments for extremely low-, very low-, and low-income families, seniors, and disabled individuals. The HCV Program makes privately-owned properties affordable for very low-income families through rent subsidies paid to private owners. The Public Housing Program provides apartments, duplexes, and some single-family homes to

qualified low-income families. This housing is owned, managed and maintained by the HA, making it one of the largest landlords in Sacramento.

The Housing and Community Development Department (HCDD) is responsible for the following functions:

- City and County Community Development includes: Planning and Project Delivery for the Department and the following: Community Development Block Grant (CDBG), Commercial Revitalization, Grow Sacramento, and Enterprise Zone programs. This team is focused on the planning and implementation of redevelopment, community development, and neighborhood revitalization projects within 12 redevelopment areas and numerous low- and moderate-income neighborhoods. The team utilizes expenditures of tax increment, bond and CDBG funds to address the revitalization of most blighted communities. The team further assists in economic and commercial development through loans and exterior rebates that upgrade commercial buildings in the older commercial corridors of the city. This group administers five Enterprise Zones, including those on former military bases, which provide state tax advantages to business that locate or expand in them or that hire lower income persons.

As the administrator of the County's community development grants originating from HUD, SHRA has been authorized to act as the Unit of General Local Government for purposes of completing environmental requirements on behalf of non-profits receiving community development grants directly from HUD. As a condition of being the recipient of community development grants provided through HUD, environmental documentation consisting of a Finding of No Significant Impact (FONSI) prior to and accompanying a Request for Release of Funds (RROF) is required. Non-profit entities cannot act on their own behalf in submitting environmental clearance documentation. To complete and submit an RROF to HUD, environmental clearance must be certified by the Unit of General Local Government.

- Housing Finance includes: Delivery, Policy, Special Needs Housing and Central City Housing and Portfolio Management. As the region's largest affordable housing lender, this group assists the City and County in housing policy and invests public funds, including the HOME funds, in new construction or rehabilitation projects that preserve and expand the supply of affordable housing. Other activities include legislative analysis and tracking, assistance to the City and County in the development and implementation of their Housing Element, leadership on homelessness issues, the development and administration of mixed-income or affordable housing programs, and the development of permanent supportive housing for the homeless.
- Portfolio Management team ensures that SHRA community investments maintain their value over time. It oversees the multi-family loan portfolio, Agency real estate assets and maintains funding affordability requirements.

The Real Estate and Construction Services Department includes: Real Estate, Design and Construction, Procurement Services and Homeownership Services. This Real Estate team provides real estate services including appraisals, negotiations, documentation and closing of transactions for real property leases, purchased and sold on behalf of the Agency. The Construction Services group provides oversight of construction activities. The Procurement Services group provides standardized procurement procedures as well as outreach and labor compliance across the Agency. The Homeownership Services

group, formerly Loan Processing, provides a variety of programs and services that include both the first-time homebuyer programs and single family rehabilitation loans and grants.

MONITORING — 91.230

1. Describe actions that will take place during the next year to monitor its housing and community development projects and ensure long-term compliance with program requirements and comprehensive planning requirements.

Program Year 2 Action Plan Monitoring response:

To implement an effective CDBG program, CDBG and HOME activities will be monitored on a consistent basis. Monitoring visits assist in determining if the subrecipient is carrying out its program and activities within the timeline denoted in the subrecipient agreement. It also ensures that the required records are maintained to demonstrate compliance with applicable regulations. CDBG administrative staff conducts monitoring reviews of each subrecipient every one to two years to ensure program compliance with HUD regulations. Several monitoring visits will be scheduled in the City and County for year 2009.

The Procurement Services division provides assistance to staff and subrecipients with bidding requirements, Minority/Women Business Enterprise (M/WBE), Section 3 objectives, and labor compliance issues. Additionally, Procurement staff will continue to increase outreach to M/WBE firms by participating with local businesses and organizations (Regional Transit, SMUD, and chambers of commerce) and other government entities (City and County of Sacramento, State of California, and local business information centers) at contracting seminars and expos, exposing the attendees to a variety of information on contracting processes and contracting opportunities with SHRA.

The Portfolio Management division conducts on-site monitoring visits of HOME and CDBG-funded rental housing projects. This monitoring includes a sample audit of the project's tenant eligibility documentation, a physical inspection of sample rental units, a physical inspection of the exterior of the project, and an assessment of property management policies and procedures. In addition, project managers submit a Unit Status Report annually for rental projects. This report includes a listing of current tenants occupying HOME-assisted units, the total household annual income, source of income, household size, current rent amount, and income designation.

The Construction Services division conducts on-site monitoring visits to construction projects funded with HOME and CDBG. Monitoring includes a) checking whether the construction work conforms to the contract plan specifications; b) final construction closeout inspection visits prior to processing payment for contract invoices; and, c) oversight management of all aspects of inhouse construction projects.

SHRA continues to monitor timeliness of expenditures through monthly progress updates with subrecipients, and requesting timely invoice payments for completion of work.

The County of Sacramento, Department of Human Assistance will be monitor projects and programs that utilize both City and County ESG and HOPWA funds. DHA also meets monthly with the HOPWA providers to discuss funding and program issues. Technical assistance is provided to any HOPWA or ESG provider seeking to improve program outcomes or compliance. Monitoring includes site visits and monthly program review to observe report on:

- a. Submission of monthly provider reports and billing statements;
- b. Review of case files for client documentation and evidence of agency compliance with program requirements;
- c. Financial review of time sheets and audit information; and
- d. Review of Homeless Information Management Information System (HMIS) demographic data.

LEAD BASED PAINT – 91.220 (k)

- 1. Describe the actions that will take place during the next year to evaluate and reduce the number of housing units containing lead-based paint hazards in order to increase the inventory of lead-safe housing available to extremely low-income, low-income, and moderate-income families, and how the plan for the reduction of lead-based hazards is related to the extent of lead poisoning and hazards.**

Program Year 2 Action Plan Lead-based Paint response:

SHRA will coordinate activities with the County Department of Health and Human Services to reduce lead-based paint hazards in accordance with HUD regulations. Any rehabilitation activities on housing units constructed prior to 1978 will have lead hazards identified and actions taken to remove the hazard.

The County's, Childhood Lead Poisoning Prevention Program (CLPPP) provides outreach and education regarding lead poisoning and prevention practices through the Health Education Unit and Public Health Nurses (PHNs) in the Public Health Nursing Field Services Unit. Trainings on lead screening protocols and testing services are given by Health Educators and PHNs to community-based agency staff and medical providers. Additional outreach efforts include health fairs and media campaigns.

The Public Health Nurses at the County will provide case management and follow-up for children with elevated blood lead levels detected by the Public Health Lab Lead Testing Program and all tests reported to the State Childhood Lead Poisoning Prevention Branch. Children with elevated blood lead levels meeting the State Branch case definitions receive comprehensive/specific case management and follow-up by PHNs. Home visitation assessments/investigations by the PHN and a contracted Registered Environmental Health Specialist are done to determine possible causes of lead poisoning. Outreach and education is provided to children with elevated blood lead levels that do not meet case definitions.

The Real Estate and Construction Services Department routinely abates lead from all pre-1978 units whenever structural improvements are made. If a unit is deteriorating, Site Management to have the unit tested and abated as necessary. The Housing Authority plans to visually inspect 731 multi-family and 47 single-family housing units in 2009. Residents are provided with information about lead-based paint hazards. Staff attends training and seminars to stay current with State Lead Awareness Training requirements. All lead-based paint testing and abatement is performed using qualified consultants and abatement contractors.

The Housing Choice Voucher division provides property owners, applicants, and participants with information about lead-based paint hazards and stabilization techniques using safe work practices before an inspection is conducted. Housing Choice Voucher staff will perform a Housing Quality Standard (HQS) inspection of each pre-1978 unit where a child under the age of six is expected to reside. If any defective paint surface is observed, the unit is failed and the owner and tenant are provided with detailed information about stabilizing defective paint surfaces using safe work practices. Also included is information about required clearances and record keeping. Once the appropriate lead-based paint abatement has taken place the unit is cleared by the HQS inspector.

The Homeownership Services division will continue to address lead-based paint hazards in the following programs: Emergency Repair Program/ Accessibility Grant program and the Create a Loan federally funded residential rehabilitation loan programs. First-time homebuyer houses are inspected for defective paint and stabilization and clearance is required. SHRA contracts with lead-based paint inspection services to provide inspection service for program participants. The services include but are not limited to localized paint testing, full risk assessment and clearance testing. As part of the rehabilitation process, lead-based paint hazards are minimized or removed.

The nonprofits that contract with SHRA also follow lead based paint safe work practices. For example, Rebuilding Together, a nonprofit, offers training and literature on lead-based paint safe work practices to the volunteers assisting with rehabilitation and handicapped accessibility programs.

HOUSING – 91.220 (g)

Affordable Housing Objectives

- 1. Describe the priorities and specific objectives the jurisdiction hopes to achieve during the next year.**
- 2. Describe how Federal, State, and local public and private sector resources that are reasonably expected to be available will be used to address identified needs for the period covered by this Action Plan.**

Program Year 2 Action Plan Specific Objectives response:

HOUSING PROGRAMS

Lower income households continue to pay the highest percentage of their income for housing. Compared to other income groups, a large proportion of lower income renter-households tend to experience housing cost burden and other housing problems such as overcrowding and inadequate housing conditions. The combined effect of income and special housing needs results in a large proportion of lower income households requiring housing assistance. The following SHRA homeownership services and programs (along with the American Dream Downpayment Initiative) help to provide decent affordable housing, improve social economic status and achieve homeownership for low- and moderate-income households.

The Homeownership Services division of the Real Estate and Construction Services Department will continue to provide a variety of homeownership programs including the owner-occupied rehabilitation loans/grant programs and various homebuyer assistance programs. In 2009, staff will continue to offer these programs in addition to providing the homebuyer selection/certification services for buyers in the County's Affordable Housing Program. Also, Homeownership Services will continue to qualify buyers and process the financing under the Section 32 Homeownership Program

The Program Layering Policy allows low-income buyers to combine SHRA assistance programs such as First Time Homebuyer, the American Dream Down Payment Program, and the Mortgage Credit Certificate Program to increase their buying power. These programs include the following:

- 1) The First-Time Homebuyer Program provides 20 percent of the sales price (up to \$40,000) in the form of a deferred loan for down payment and closing cost assistance. In certain redevelopment areas, the Target Area Homebuyer Program uses tax increment funds that has additional incentives to encourage purchase in these target areas such as removing the first-time homebuyer requirement and allowing higher income limits of 110 percent of area median. In 2009, HOME funds will also be used in conjunction with CDBG resources to fund this program.
- 2) The Mortgage Credit Certificate (MCC) Program which provides a 20 percent Federal income tax credit based on the mortgage interest paid thus providing the homebuyer with more disposable income. Lenders are able to use the anticipated tax savings when they calculate the monthly payment a buyer can afford.
- 3) The Emergency Repair Program/Accessibility Program (ERP-A) offers grants up to \$5,000 (to very-low income homeowners) to pay for emergency or urgent repairs and grants of up to \$5,000 to low-income disabled residents (owners and renters) to make accessibility modifications to their residence. For major repairs and improvements, the Create a Loan Program provides loans up to \$50,000 with deferred payments for seniors and other eligible low-income homeowners.

The Housing Finance/Project Delivery team of the Housing and Community Development Department continues to offer loans to affordable developers, both for profit and nonprofit and to property owners for the rehabilitation of substandard housing and for the development of new affordable housing. The Department's purpose is to invest public funds in new construction or rehabilitation projects that preserve and expand the supply of

affordable housing, and lend SHRA's affordable housing policy initiatives in cooperation with the City and County. In 2009, the Department will continue to organize the issuance of tax-exempt mortgage revenue bonds, perform credit analyses, and create public financing structures. It will also continue to provide housing loans to support new construction in growth areas and urban infill development in older neighborhoods, the rehabilitation of deteriorated properties as a revitalization tool, and the continued preservation of existing affordable housing.

- 1) The Multi-Family New Construction Loan Program addresses the need to provide additional affordable housing by providing the gap financing necessary to produce new units with affordable rents. It also reduces the housing cost burden for tenants by placing long-term restrictions on rent of subsidized units and reduces overcrowding by allowing production of one to three bedroom units at affordable rental rates.
- 2) The Multi-Family Rehabilitation Loan Program reduces the housing cost burden for tenants by placing long-term restrictions on rent of subsidized units, and reduces overcrowding by allowing rehabilitated units to be enlarged to three bedroom units at affordable rent rates. The Multi-Family Rehabilitation Loan Program is consistent with all required regulations under the National Affordability Housing Act (NAHA).

The above programs leverage a variety of funds including, local, private, state and Federal as indicated on the HUD SF-424.

PUBLIC HOUSING NEEDS – 91.220 (h)

1. **Describe the manner in which the plan of the jurisdiction will help address the needs of public housing and activities it will undertake during the next year to encourage public housing residents to become more involved in management and participate in homeownership.**
2. **If the public housing agency is designated as "troubled" by HUD or otherwise is performing poorly, the jurisdiction shall describe the manner in which it will provide financial or other assistance in improving its operations to remove such designation during the next year.**

Program Year 2 Action Plan Public Housing Strategy Response:

The Housing Authority (HA) provides affordable housing for over 14,500 families through the Public Housing Program and serves over 11,000 extremely low-, very low- and low-income families, seniors, and disabled individuals through the Housing Choice Voucher Program. The HA offers opportunities for public housing residents and Housing Choice Voucher Program participants to become homeowners, through the 5(H) and Section 32 programs. The Quality Housing and Work Responsibility Act (OHWRA) permits Public Housing Authority's (PHAs), through Section 32 of the U.S. Housing Act of 1937, to make public housing dwelling units available for purchase by low-income families as their principal residence.

The 5(H) and Section 32 programs allow housing authorities to provide seller financing to ensure homes are affordable to low-income buyers (household incomes cannot exceed 80 percent of the area median income). The Section 32 program has sold 17 homes as of June 2008 and anticipates another 17 by the end of the year. The 5(H) program sold the last two homes in 2008. The proposed rehabilitation and sale of approximately 36 houses under the Section 32 Program is expected in 2009.

The HA continues to make progress toward high performer status through future development plans for an electronic file system that will replace the existing filing system and increase efficiencies and administrative performances. The HA will also manage assets by continuing to sell the scattered site units to low- income families and opening the wait lists more frequently to allow for additional housing types.

The HA previously retained CSG Advisors to evaluate the immediate and long-term financial viability of its public housing portfolio. The CSG property assessment recommends a priority for units that should be maintained, developed, renovated, sold or otherwise repositioned in order to achieve long-term financial sustainability. In 2009, the HA continues to develop repositioning strategies and use innovative techniques to leverage limited existing resources that provide the greatest potential return on investment to the HA.

RESIDENT SERVICES INITIATIVES – 91.220 (h)

Focusing on resident initiatives continues to be a priority for the HA. The large public housing developments such as: Marina Vista and Alder Grove as well as in various high rises in the downtown Sacramento area utilize resident committees as the main tool for tenant involvement.

In addition, a Resident Advisory Board is organized to support all of the committees. Resident committees provide input on the development of funding for the modernization of public housing units. A public housing resident currently serves on the Sacramento Housing and Redevelopment Commission.

In addition to the above, the HA contracts with residents to serve in the capacity of caretakers for their housing developments when there is no on-site HA management. Their duties include serving as an emergency contact, policing the grounds, light cleanup, and informing management of problems related to their complex.

The HA coordinates a resident training program which provides training in three employment areas: commercial painting, janitorial/custodial, and office/clerical work. Public housing residents and/or Housing Choice Voucher Program participants work with SHRA staff to gain experience and acquire the requisite skills for full-time regular employment.

HA programs are reviewed on an annual basis and new programs are added or deleted based on requests from residents or in response to legislation. Resident Services staff strive to stay knowledgeable about what services are available in the community to assist residents and to bring the services to the developments whenever possible. The following programs are currently available to residents in the family and senior/disabled developments:

- Computer Training Center (Marina Vista development)
- Quarterly newsletter with information about services available in the community
- Neighborhood Policing
- Homeownership Program
- Sacramento County service programs (drug and alcohol counseling, TANF eligibility, family counseling)
- Senior Nutrition Program
- Senior telecare program (daily telephone contact for at-risk seniors)
- Summer recreation and lunch programs

BARRIERS TO AFFORDABLE HOUSING – 91.220 (j)

Describe the actions that will take place during the next year to remove barriers to affordable housing.

Program Year 2 Action Plan Barriers to Affordable Housing response:

The Sacramento Housing and Redevelopment Agency (SHRA) is committed to help increase rental housing production and homeownership opportunities in the Sacramento region. As a lender and a developer, SHRA strives to efficiently manage its resources in order to address the range of need and reach special populations, the workforce population, and those who are moving out of the rental market and buying their first homes.

Housing Foreclosure Status

SHRA began organizing a response to increased impacts in the community resulting from foreclosures in October of 2007. The initial response focused on conducting research to address the causes of foreclosure, assisting residents in staying in their homes, tracking federal and state responses, and establishing a taskforce to deal with nuisances and blight associated with foreclosed properties.

The role of SHRA was to provide leadership in partnership with the City and County of Sacramento, nonprofits, and the Sacramento Regional Partnership in Homeownership to create a collaborative effort in addressing the foreclosure issue. On December 12, 2007, SHRA reported to the Board of Supervisors and the City Council a memorandum on foreclosure and the subprime mortgage crisis. This report was a first attempt to provide policymakers an overview of the complex issues involved to help frame a local solution. To provide context, the memorandum contained attachments that included a report on data trends, contributing factors, and a summary of state and federal responses. It then highlighted local efforts that were currently underway at that time and called for a more comprehensive and purposeful strategy that coordinated, intensified, and publicized the response efforts.

The December report identified the following key facts: the peak years for the issuance of subprime and other adjustable rate mortgages were 2004 and 2005, and under the most common two-year reset terms, 2006 through 2008 would see the peak number of borrowers pushed into payment difficulties; 2.2 million subprime home loans made in

recent years had already failed or will end in foreclosure; and one out of five subprime mortgages originating during the previous two years would end in foreclosure. This report also identified that subprime loans were going to borrowers who were already financially vulnerable and known to pose a higher risk of default and that the securitization of the mortgage market meant that the separate interests of investors would likely create antagonistic relationships making it difficult for lenders to provide borrowers with the necessary modifications, whether they want to or not.

This past April, SHRA took the next step and presented to the Board of Supervisors and the City Council foreclosure trends in Sacramento and recommended policy options. The April presentation focused on the principles of a local response, the potential role of local government, and the framework developed to initiate local action. The presentation identified that California constituted 25-percent of national foreclosure activity and that Sacramento had the 5th highest rate of foreclosure of large jurisdictions nationally in 2007. It was also noted that though the impacts are felt significantly on the local level, just as the causes of the crisis were attributable to national policies and practices, solutions would require considerable support from the federal and state government to create any meaningful impact here at home.

The framework outlined consisted of the following principals: initiate capital intensive activities once momentum on the federal and state level was realized so as to maximize leveraging; position appropriately during the interim to leverage federal and/or state funds; maximize free resources; examine how existing resources or programs could be modified or targeted; and continue to ask for other resources.

To create a comprehensive local response, SHRA staff in partnership with the City and County has adapted the best-practices from the activities researched above and designed additional programs to meet the distinct needs of Sacramento. General areas of response include mitigating community impacts, foreclosure prevention, and advocacy and communication. Specific categories include: 1) foreclosed property maintenance, which is designed to empower the City and County to encourage and enforce maintenance standards on foreclosed properties; 2) neighborhood recovery through homeownership, which seeks to improve stability in neighborhoods most impacted by foreclosure and unlikely to recover on their own, by moving foreclosed properties back into homeownership or occupancy; 3) homeowner resources, which empower homeowners to remedy mortgage issues prior to properties being foreclosed by lenders; 4) additional resources which identifies programs and resources used elsewhere to address foreclosed properties that may be able to be replicated or leveraged locally; and 5) communication to coordinate and facilitate a joint City and County response to the foreclosure crisis through a timely and accurate flow of information.

Based on the foreclosure activity in Sacramento, SHRA anticipates that the City and County share of the \$3.9 billion in CDBG funding will be significant.

- In 2007, RealtyTrac ranked Sacramento #5 in the nation in foreclosure activity. In May of this year, Sacramento was ranked #9.
- SHRA tracks foreclosure activity quarterly and Sacramento is seeing additional increases in 2008. Compared to the same quarter a year ago, Notice of Default filings are up 90 percent and Real Estate Owned filings are up 137 percent in the second quarter of 2008.

The central purpose of the new allocation of CDBG funding is to return impacted neighborhoods to stability. The key provisions of the CDBG funding SHRA is preparing to receive under HR 3221, the Housing Preservation and Foreclosure legislation passed in July 2008 include:

- The formula is to award funding to areas with the (A) greatest percentage of home foreclosures; (B) highest percentage of homes financed by a subprime mortgage related loan; and (C) likely to face a significant rise in the rate of foreclosures. Any government that receives amounts pursuant to this section shall, not later than 18 months after the receipt of such amounts, use such amounts to purchase and redevelop abandoned and foreclosed homes and residential properties.
- Eligible activities include: (A) establishing financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-second, loan loss reserves, and shared equity loans for low- and moderate-income homebuyers; (B) purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties; (C) establish land banks for homes that have been foreclosed upon; (D) demolish blighted structures; and (E) redevelop demolished or vacant properties.
- Funds appropriated under this act shall be used with respect to individuals and families whose income does not exceed **120 percent** of AMI; but not less than 25 percent of the funds are to be appropriated for the benefit of those individuals or families whose incomes do not exceed 50 percent AMI. (25 percent of the funds must be used for individuals at or below 50%AMI, while the remaining 75 percent can assist those individuals at or below 120% AMI.)

As part of the 2009 Action Plan, SHRA will initiate the process of receiving general authority to enter into contract with HUD to receive the City and County of Sacramento's portion of the new foreclosure funding and to identify the general parameters of the programs as stated under this section. **Also see the Neighborhood Stabilization Program Amendment on page 32.**

Refer to Attachments 4 and 5 of the 2009 One Year Action Plan staff report for Foreclosure and Subprime Mortgage Sacramento Crisis Response and Neighborhood Stabilization Program located in the CPMP 2.0 – Attachments.

HOUSING ORDINANCES AND POLICIES

Staff continues to collaboratively work with the City and County to revise existing housing ordinances and policies currently in place through the County's General Plan. These housing provisions will further expand affordable housing opportunities and strategies for extremely low- and moderate-income, and also provide additional supportive services and homeless assistance throughout the City and County of Sacramento.

Housing Element - The County Planning Department and SHRA coordinated on preparation of the County's Housing Element, with comprehensive housing policies, goals and programs. The draft Housing Element has been submitted to the State Department of Housing and Community Development for review and approval, and covers the time period from July 1, 2008 to June 30, 2013. The Housing Element of the General Plan includes an analysis of existing and projected housing needs, an analysis of potential governmental constraints, residential land inventory, housing policies, programs and quantified objectives to address the County's housing needs.

Inclusionary - The County's Affordable Housing Ordinance, passed in 2004, is included in the current Housing Element of the County's General Plan and requires 15% of units constructed in new growth areas to be affordable to low- and very-low-income buyers or renters. The County also provides developers with other ways to meet this requirement such as: building the affordable unit themselves; dedicating land for the housing; and payment of fees in lieu of providing affordable housing.

SHRA also continues to use HOME program funds to provide gap financing, as well as its capacity as an issuer of mortgage revenue bonds.

The CDBG Program staff continues to work with the Human Rights/Fair Housing Commission (HR/FH) and the Sacramento Housing Alliance (SHA) to provide outreach and education that will affirmatively further fair housing choice for protected classes under the Fair Housing Act. This will be achieved by investigating fair housing discrimination complaints, fair housing testing, fair housing education and outreach, and fair housing audits. CDBG staff will also work with the Code Enforcement programs operated by both the City and County, and the cities of Folsom and Galt to help address the problem of substandard housing.

Further actions to remove barriers to affordable housing are discussed on page 10.

HOME/American Dream Down Payment Initiative (ADDI) – 91.220 (k)

1. **Describe other forms of investment not described in § 92.205(b).**
2. **If the participating jurisdiction (PJ) will use HOME or ADDI funds for homebuyers, it must state the guidelines for resale or recapture, as required in § 92.254 of the HOME rule.**

3. If the PJ will use HOME funds to refinance existing debt secured by multifamily housing that is that is being rehabilitated with HOME funds, it must state its refinancing guidelines required under § 92.206(b). The guidelines shall describe the conditions under which the PJ will refinance existing debt. At a minimum these guidelines must:
 - a. Demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing.
 - b. Require a review of management practices to demonstrate that disinvestments in the property has not occurred; that the long-term needs of the project can be met; and that the feasibility of serving the targeted population over an extended affordability period can be demonstrated.
 - c. State whether the new investment is being made to maintain current affordable units, create additional affordable units, or both.
 - d. Specify the required period of affordability, whether it is the minimum 15 years or longer.
 - e. Specify whether the investment of HOME funds may be jurisdiction-wide or limited to a specific geographic area, such as a neighborhood identified in a neighborhood revitalization strategy under 24 CFR 91.215(e)(2) or a Federally designated Empowerment Zone or Enterprise Community.
 - f. State that HOME funds cannot be used to refinance multifamily loans made or insured by any federal program, including CDBG.

4. If the PJ is going to receive American Dream Down payment Initiative (ADDI) funds, please complete the following narratives:
 - a. Describe the planned use of the ADDI funds.
 - b. Describe the PJ's plan for conducting targeted outreach to residents and tenants of public housing and manufactured housing and to other families assisted by public housing agencies, for the purposes of ensuring that the ADDI funds are used to provide down payment assistance for such residents, tenants, and families.
 - c. Describe the actions to be taken to ensure the suitability of families receiving ADDI funds to undertake and maintain homeownership, such as provision of housing counseling to homebuyers.

Program Year 2 Action Plan HOME/ADDI response:

Program Specific Requirements

HOME REQUIREMENTS AND GUIDELINES

SHRA does not offer programs that use forms of investment not described in the HOME regulations (CFR 92.205.) SHRA works very closely with for-profit and nonprofit developers to increase the supply of affordable units in the City and County of Sacramento. Any project that receives SHRA funding is required to follow all fair housing laws, to be managed by SHRA approved management firms, and be monitored for affordability and adherence to the housing quality standards.

The total amount of funds allocated for projects, programs and delivery costs equals the amount of the anticipated grant amount plus program income and carryover funds. All HOME funded administrative activities are eligible, and are within the 10 percent funding cap.

The City of Citrus Heights will continue to participate in the HOME Consortium with a signed agreement for the 2009-2011 years.

The Cities of Elk Grove and Rancho Cordova will not be participating in the 2009-2011 HOME Consortium.

HOME MATCH REQUIREMENTS

In Sacramento, HOME funds are primarily used as loans for multi-family housing projects. It is the norm to provide HOME funds sufficient to fund the gap not met by other sources of financing (i.e., HOME is the source of last resort). Therefore, all projects have additional sources of financing that may contribute to the required HOME match. At the time of loan approval and loan setup, staff reviews all sources of financing for each project to determine eligible match contributions.

Sacramento is fortunate to have many developers who regularly use state tax credits, bond financing, grants, and below market rate financing from private financial institutions as potential market funds. As a result, staff and developers are able to ensure that the match requirements for HOME funds are met.

The use of HUD's software system, Integrated Disbursement and Information System (IDIS) and local databases, enables staff to closely monitor funding and other issues. Any concern about a shortfall would be predicted early, leaving sufficient time to work with developers to remedy the problem.

HOME MULTI-FAMILY REFINANCING GUIDELINES

SHRA will permit the use of HOME funds to refinance existing debt on a multifamily housing development under the following conditions:

1. Purpose

- a) Refinancing shall maintain current affordability and/or create additional affordable units.
- b) Refinancing shall be conditioned on adoption of management practices that will ensure the housing's long term habitability and sound financial operations.
- c) Tenant services will be required of all projects which include involvement by a non-profit owner and will be encouraged in other projects. Types of tenant services include after-school programs for children, English as a second language classes, job training/development and placement assistance, day-care, counseling, parenting classes, other activities appropriate to the population housed.

2. General Eligibility Rules

- a) Multifamily developments within the City and County of Sacramento will be

eligible for refinancing. Priority will be given to acquisition and rehabilitation of deteriorated properties including preservation of existing “at-risk” affordable housing.

- b) HOME funds may not be used to refinance multifamily loans made or insured by any other Federal program. Projects with non Federal first position loans that are the subject of the restructuring may have subordinate loans entered into by SHRA with HOME or other sources of funds, which are not being refinanced.
- c) Applications for refinancing will be subject to SHRA’s Multifamily Loan Process and Policies. Applications are accepted over the counter and are reviewed according to the standards outlined, including requirements for a rehabilitation scope of work and cost estimates. SHRA’s Housing Finance Division’s loan underwriting standards will be used to determine the feasibility of the refinancing plan.

3. Rehabilitation Requirements

Rehabilitation must be a component of any refinancing activity. Eligibility for refinancing will be determined by the greater of:

- a minimum of \$10.00 per unit in rehabilitation costs, or
- 15% of the value of the improvements, which ever is greater

Rehabilitation costs shall be used primarily for health and safety improvements, correcting code violations, replacing and repairing deteriorated fixtures, and extending the useful life of building systems. Replacement reserve studies may be required based on useful life calculations of major systems; if carried out, they will form the basis of capitalizing a replacement reserve as part of the rehabilitation eligible for funding.

4. Affordability Requirements

Housing preserved through refinancing and rehabilitation shall carry a 55-year regulatory agreement that carries income and rent restrictions consistent with HOME program rules. At least 20 percent of all assisted units must be affordable to persons earning less than 50 percent of the area median income; the balance of assisted units shall house persons earning no more than 80 percent of the area median income.

5. Management Practices

A thorough review of the applicant’s management practices and financial records will be part of the application process to determine that no distributions or withdrawals of equity have taken place, and that the property’s operating costs are reasonable and comparable to similar projects. The project’s income and expense statements and owner’s tax returns will be required as part of the application package.

If deficiencies are found in the property’s management systems (financial, maintenance, work order efficiency, tenant screening, etc.), SHRA may require the replacement of the property manager or place other conditions to ensure that the physical and financial needs of the housing in question are met.

HOME GUIDELINES FOR RESALE OR RECAPTURE OF SUBSIDY

Homes receiving assistance from the First-Time Home Buyer Program using HOME funds are subject to a five to fifteen-year regulatory restriction. Assistance up to \$15,000 requires a five-year restriction while assistance from \$15,000 to \$40,000 requires a ten-year restriction. The property shall remain affordable to low-income households for five to ten years from the date of execution of the loan documents.

Homes receiving assistance under ADDI shall remain affordable for ten years. Low-income is defined as households whose income does not exceed eighty percent (80 percent) of the median income for the Sacramento Metropolitan Statistical Area (MSA) as determined by HUD. The income limits are adjusted for household size. If the borrower conveys any interest in the property, one of two things must happen:

- 1) The regulatory restrictions shall pass to the buyer. These restrictions are:
 - The buyer's household income must not exceed eighty percent (80 percent) of the median income for the MSA;
 - As a condition of sale, the buyer shall assume the loan, shall agree in writing to be bound by the provisions of the Loan Agreement, shall execute all instruments necessary to effectuate such assumption, and shall record such instruments as SHRA shall reasonably request. The buyer shall receive credit for the time during which Borrower resided in the property; and
 - The purchase price and the appraised value (including any rehabilitation and improvements required as a condition of the loan) for the property shall not exceed ninety-five percent (95 percent) of the median purchase price for the type of single-family housing by jurisdiction as determined by HUD or the HUD 203(b) mortgage limit.

Or

- 2) The borrower must repay the amount then due on the loan, including all principal and accrued interest (if any) determined at the rate stated in the promissory note, which principal and interest has not otherwise been repaid.

REFINANCING (SUBORDINATION) GUIDELINES

To the extent permitted by Federal loan programs administered by SHRA and current loan underwriting standards, refinancing of senior debt to achieve an interest rate reduction or conversion from adjustable to fixed at the same rate or less, may be considered unless excluded by program guidelines or loan documents. Inclusion of credit debt or junior secured debt will not be allowed. Inclusion of funds for additional home repairs and elderly medical expenses may be considered. However, taking a junior position to a reverse mortgage will not be allowed.

AMERICAN DREAM DOWNPAYMENT INITIATIVE (ADDI)

The American Dream Downpayment Initiative (ADDI) loan program provides assistance of 6 percent of the sales price up to \$10,000 to low-income first-time homebuyers. Some of the ADDI funds may be used for rehabilitation activities in conjunction with a new home purchase. The ADDI is a deferred payment loan which will be forgiven after ten years which is also the term of the affordability/recapture period.

TARGETED OUTREACH

The ADDI guidelines which were adopted by the Board of Supervisors in 2004, state that SHRA will conduct targeted outreach to residents and tenants of public housing and other residents assisted by SHRA to ensure that the homeownership opportunities provided by the ADDI Program will be made available to these families.

SHRA staff will work with the HCV and Public Housing staff to disseminate information about ADDI to residents and clients. The ADDI was offered to public housing residents and HCV clients who purchased homes under the Housing Authority's 5(H) Homeownership Program. The 5(H) Program, which renovated and sold surplus housing authority single-family homes in the City and County of Sacramento, was completed in 2008. The ADDI is also being offered to buyers under the Sec. 32 Homeownership Program which was recently approved by HUD and is now underway. Under the Sec. 32 Program, the Housing Authority is selling single family homes to low-income buyers. The current residents of the homes will have the first right of refusal to purchase the home, then the homes will be offered to other eligible public housing residents, HCV and Family Self-Sufficiency participants and other low-income buyers in Sacramento.

Also refer to page [12](#), Public Housing for information on 5(H) and Section 32 Programs.

PREPARING HOMEBUYERS FOR HOMEOWNERSHIP

To help prepare ADDI applicants (and applicants for any SHRA homebuyer program) for the responsibilities of undertaking and maintaining homeownership, all applicants must attend comprehensive homebuyer education classes which shall include the homebuyer process, property maintenance, good neighbor practices, and credit and budgeting. The Home Loan Counseling Center and Sacramento NeighborWorks are two agencies that assist low-income families with homeownership education services.

Please refer to Attachment I – 2009 Proposed One-Year Action Plan Activities for descriptions of activities located in the file titled CPMP 2.0 Year 2, Additional Files - Attachments.

Specific Homeless Prevention Elements

1. **Sources of Funds**—Identify the private and public resources that the jurisdiction expects to receive during the next year to address homeless needs and to prevent homelessness. These include the McKinney-Vento Homeless Assistance Act programs, other special federal, state and local and private funds targeted to homeless individuals and families with children, especially the chronically homeless, the HUD formula programs, and any publicly-owned land or property. Please describe, briefly, the jurisdiction's plan for the investment and use of funds directed toward homelessness.
2. **Homelessness**—In a narrative, describe how the action plan will address the specific objectives of the Strategic Plan and, ultimately, the priority needs identified. Please also identify potential obstacles to completing these action steps.
3. **Chronic homelessness**—The jurisdiction must describe the specific planned action steps it will take over the next year aimed at eliminating chronic homelessness by 2012. Again, please identify barriers to achieving this.
4. **Homelessness Prevention**—The jurisdiction must describe its planned action steps over the next year to address the individual and families with children at imminent risk of becoming homeless.
5. **Discharge Coordination Policy**—Explain planned activities to implement a cohesive, community-wide Discharge Coordination Policy, and how, in the coming year, the community will move toward such a policy.

Program Year 2 Action Plan Special Needs response:

1. Source Of Funds

Over \$25 million has been budgeted to assist the homeless program in 2009. The following sources of funds will be used to address homeless issues in the City and County of Sacramento for year 2009:

- a portion of CDBG entitlement funds.
- Federal resource funds including ESG, HOPWA, HUD Supportive Housing Program and Shelter Plus Care.
- local funds from the City of Sacramento, the Redevelopment Agency of the City of Sacramento, the City of Citrus Heights, the County of Sacramento, the Redevelopment Agency of the County of Sacramento, Department of Health and Human Services and, the County Department of Human Assistance - General Funds.
- State funds provided through the Mental Health Services Act.

All existing funds, public and private, will continue to be utilized for the jurisdiction's current and proposed Continuum of Care programs. Any new funding will be directed to accomplish the proposed goals of the Ten-Year Plan to End Chronic Homelessness as appropriate.

Also refer to the Other Resources attachment and the 2009 Proposed One-Year Action Plan Activities located in the CPMP 2.0 Year 2, Additional Files. - Attachments.

2. Homelessness

Objectives directed to Homelessness in the 2008-2012 City and County Consolidated Plans are to: 1) support efforts to develop/continue the Continuum of Care System for homeless through the provision of emergency shelters, transitional housing, and permanent supportive housing services, including housing for the chronically homeless, and, 2) provide community and supportive services for low- and moderate-income persons and those with special needs, including the homeless and persons living with HIV/AIDS.

As part of the 2009 Action Plan, CDBG, ESG, and HOPWA funding will continue for established programs such as the Comprehensive Alcohol Treatment Center, St. Johns Shelter for Women and Children, and numerous HOPWA programs. Lutheran Social Services (LSS) Management will also be receiving a small amount of CDBG funding to provide administrative functions for their Transitional Housing Program for Families and for the Building Bridges Program.

Emergency Shelter Grant (ESG) is provided match funding through the City and County General Fund and CalWORKs and subsequently administered through St. John's Shelter Program for Women and Children. These funds provide additional assistance for emergency shelter needs for homeless persons throughout the City and County of Sacramento.

The McKinney-Vento funded Continuum of Care will be meeting the priority needs for homeless program beds with supportive services by starting up new permanent supportive housing programs in 2009. The YWCA is being rehabilitated to serve a total of 32 low-income individuals, 11 of whom are homeless. The King Project will serve 80 homeless individuals, with 40 units dedicated to those who are chronically homeless. These centers are scheduled to open by year end 2008. Friendship Housing Expansion will serve up to 40 chronically homeless individuals. The Keyes to Hope II program will serve up to 50 homeless individuals with mental illness. The Ardenaire project will provide 53 units, 34 units for low-income, 16 for chronically homeless with mental health issues; also serving 3 families. The Omega Expansion also will serve several families.

Additional projects are being constructed with a scheduled opening in 2010. The Budget Inn will serve 74 homeless individuals. Ten people with mental illness will be served at the Berry Hotel. Mutual Housing at the Highlands will include a total of 66 units for homeless persons with disabilities.

The potential obstacles in completing the action steps for the new projects are timing of the sources of funding, sources and availability of the funds and restrictions on uses of the funds. Other obstacles for completing the action steps are siting of projects and finding new funding sources for much needed additional supportive services and other funding gaps. Most service providers are operating with renewed HUD grants. Since these grants do not have a cost of living adjustment it is particularly challenging to operate viable programs at funding levels that are often ten years old. The final obstacle is obtaining public support for the projects in the respective communities.

3. Chronic Homelessness

The current Chronic Homeless Objectives and Action Steps are listed in the Sacramento Continuum of Care funding application previously submitted to the U.S. Department of Housing and Urban Development in 2008.

Ten Year Plan to End Chronic Homelessness

Implementation of the Ten-Year Plan to End Chronic Homelessness will provide a new focus for SHRA's multi-family loan programs in 2009. The Ten-Year Plan calls for the development of 280 "Housing First" units for the chronically homeless over the first five years of the plan. In addition to "traditional" sources of public financing, such as Mortgage Revenue Bonds, HOME and local redevelopment tax increment funding, these projects will require other sources of public subsidy such as Project-Based Housing Choice Vouchers, as well as funding provided through California's Mental Health Services Act. Other sources and programs that may be leveraged to build, operate, and provide necessary services in these projects include HUD's Shelter Plus Care and Section 202 and 811 Programs.

The City and County of Sacramento are jointly undertaking initiatives and strategies, including new policies and programs to support the adopted Ten-Year Plan to End Chronic Homelessness. New initiatives for 2009 include:

- Conduct a second Project Homeless Connect Event, building on experience from the first event, held in May 2008
- Produce new grant proposals for case management services and SSI advocacy
- Establish an inter-faith initiative that will help homeless families with housing and services
- Perform an evaluation of the Serial Inebriate Program which will focus on cost savings to the community and outcomes of the clients
- Development of a more coordinated, community wide effort for benefits advocacy (i.e. social security disability/Medi-Cal)
- Implement a Media/Communications Plan in order to increase outreach to business and community organizations
- The commitment to conduct a Point-In-Time Homeless Count every year, and include more locations such as jails, hospitals and the detoxification centers.

4. Homeless Prevention

In the County of Sacramento twenty (20) private and public agencies offer homeless prevention services that include mortgage assistance, rental assistance, and utility assistance. Many more private and public agencies within the county offer counseling and advocacy services to assist individuals and families at risk of becoming homeless. The funding for these services come from a combination of Federal, state, local, and private sources. Sacramento City and County have a number of significant policies and developments that are significant homeless prevention strategies: 1) The City's Single Room Occupancy (SRO) hotel preservation and replacement policy has a number of developments in the pipeline (i.e. The Berry Hotel rehabilitation, The YWCA residence rehabilitation and the new development planned for 7th & H Streets will preserve and replace hundreds of SRO units accessible to people at risk of homelessness in the central city. 2) The County of Sacramento's Inclusionary Zoning policy includes a provision that 3% of all new housing should be affordable to extremely low income families, which is creating hundreds of units affordable to those families most at risk of homelessness. The City (in new growth areas) and County have inclusionary housing policies that ensure that over 10% of all new housing is made affordable to low income families and this housing is an important homeless prevention program.

5. Homeless Discharge Coordination Policy

The former Sacramento County & Cities Board on Homelessness (SC&CBoH) worked with the County of Sacramento's Joint Discharge Planning Working Group to develop a master policy to guide County institutions and systems of care to appropriately discharge clients. The County Board of Supervisors adopted a policy which states that discharge policies are to be formulated for all county-funded institutions and systems of care. Subsequently, the Working Group has identified county institutions and systems of care and reviewed their discharge policies. In January 2007, the SC&CBoH was replaced by the Policy Board to End Chronic Homelessness. This board serves a policy making function. Implementation of said activities is charged to the Interagency Council to End Chronic Homelessness and associated committees. Current discharge planning is focused on jail, prison and hospital discharge.

Progress toward a comprehensive Discharge Planning Policy that includes state participation will continue in 2009. County staff and members of the former SC&CBoH have been in contact with the State Department of Corrections to initiate discussions on a uniform discharge planning policy for the State Prison system. Members of the SC&CBoH have also participated in the State of California Interagency Task Force on Homelessness where discharge planning policies were cited as being critical to the prevention of homelessness. Further efforts to solidify comprehensive discharge policies and practices continue through the Criminal Justice Committee of the Ending Chronic Homelessness Initiative.

Criminal Justice Committee Discharge Policies & Procedures

Corrections (Local Jails and State Prisons):

The County Sheriff operates the Sacramento County Jail system and contracts with the UC Davis Medical Center, Department of Psychiatry to provide psychiatric services to

inmates identified with mental conditions. This Jail Psychiatric Services (JPS) program provides medication, counseling, case management and discharge planning. In 2007 Sacramento Superior Court started a Mental Health Court involving the District Attorney, Public Defender, JPS and the County Division of Mental Health to assure that homeless mentally ill inmates charged with nonviolent crimes are diverted from the jail and receive appropriate follow up care as a condition of release. Also in 2007 the County Sheriff received State funding to open the Mentally Ill Offender Community Release (MIOCR) program and contracted with Strategies For Change to provide housing and case management services to 35 clients referred from the Mental Health Court. The Mental Health Court adjudicates the case and refers the client to the MIOCR program. MIOCR program staff assesses and orients the client for their housing and program requirements.

Transitional Living & Community Support (TLCS) provides discharge services to Sacramento County Jail inmates who suffer from severe and persistent mental illness. TLCS also operates project New Directions (formerly called Project Redirection), which provides supportive services to up to 95 individuals who are homeless or at risk of homelessness including referrals from Jail Psychiatric Services.

The Sacramento District Attorney, Downtown Partnership, County Jail, Sacramento Police Department and the Volunteers of America (VOA) Detox Center started a collaborative program called the Serial Inebriate Program (SIP) in May 2006. The SIP program targeted chronically homeless public inebriates that had 25 or more arrests and admissions to jail or detox facilities in the previous 12-month period. The collaborating agencies agreed that, after evaluation on a case-by-case basis, individuals who fit the above criteria were given a sentence of 120 days in jail, to be served by successfully participating in a 90-day detox program run by the VOA. This jail diversion program expanded in April, 2008 when SIP clients were offered permanent housing with intensive case management upon discharge from the Detox program. SIP clients housed at the 90 day Detox facility are referred to Sacramento Self Help Housing (SSHH) and SSHH staff offer housing and case management to the client. SSHH will pick up and transport the client to housing upon release.

The California Department of Corrections, Parole Services contracts with Heavens Gate Enterprises (HGE) to provide community orientation/reentry services in Sacramento County to Parolees from the State Prisons. HGE coordinates a weekly service fair for newly released parolees in collaboration with City Police, Parole Services and multiple agencies offering housing, employment, recovery services, veteran's services etc. at the Lemon Hill Skills Center complex in South Sacramento. HGE also has funding to secure housing for homeless parolees, but this housing has not yet opened. Parole Services in Sacramento has also contracted with WestCare to provide 90 days of aftercare to those parolees who participate in substance abuse services while incarcerated. WestCare also oversees 16 Parolee Service Network beds in Sacramento.

The New Choice Collaborative lead by MAAP, Inc. serves 200 non-violent ex-offenders per year and PRIDE Industries serves ex-offenders who participated in Prison Industry Authority programs while incarcerated. Parolees with severe and persistent mental illnesses also receive services from Parole Centers which provide psychiatric services upon reentry.

Hospitals:

In Sacramento a collaborative of the hospital systems, community based organizations and the county government have come together to create the Interim Care Program (ICP) - a respite care shelter for homeless patients discharged from hospitals. Kaiser Permanente; Mercy; Sutter Medical Center, Sacramento; UC Davis Medical Center; and the County of Sacramento provide on-going funding for the program.

The Salvation Army provides 18 beds in a designated wing of the shelter where clients have three meals a day and a safe, clean place to recover from their hospitalizations. The wing is wheelchair accessible, has six rooms – each with three hospital beds, and a place for residents to store their medications and wound care supplies.

Another community-based organization, The Effort, coordinates nursing and social services to support clients in their recuperation and help them move out of homelessness. The Effort case manager links clients with mental health services, substance abuse recovery, housing workshops and provides disability application assistance. The Effort also serves as the lead agency for the program.

Patients are referred from the hospitals to the Interim Care Program when they are stable enough to be discharged from the hospital, but need on-going rest and follow-up treatment.

PARTICIPATING HOSPITALS

UC Davis Medical Center
Sutter Medical Center, Sacramento – Sutter General Hospital
Sutter Medical Center, Sacramento - Sutter Memorial Hospital
Methodist Hospital
Mercy General Hospital
Mercy Hospital of Folsom
Mercy San Juan Medical Center
Kaiser Permanente South Sacramento Medical Center
Kaiser Permanente Sacramento Medical Center

Reference can be made to the 2009 City and County of Sacramento Continuum of Care application previously submitted to the U.S. Department of Housing and Urban Development (HUD) office.

For additional initiatives and strategies refer to the Ten Year Plan to End Chronic Homelessness previously submitted to the U.S. Department of Housing and Urban Development.

COMMUNITY DEVELOPMENT

Community Development

1. **Identify the jurisdiction's priority non-housing community development needs eligible for assistance by CDBG eligibility category specified in the Community Development Needs Table (formerly Table 2B), public facilities, public improvements, public services and economic development.**
2. **Identify specific long-term and short-term community development objectives (including economic development activities that create jobs), developed in accordance with the statutory goals described in section 24 CFR 91.1 and the primary objective of the CDBG program to provide decent housing and a suitable living environment and expand economic opportunities, principally for low- and moderate-income persons.**

Program Year 2 Action Plan Community Development response:

The total amount of CDBG funds allocated for projects, programs and delivery costs equals the amount of the anticipated grant amount plus program income and any carryover funds. All public service, planning and administration activities are eligible if they meet a national objective, and are within the 15 percent and 20 percent funding caps. All CDBG capital improvement, housing, commercial revitalization, and economic development activities are expected to be completed within 18 months while public service activities are to be completed within 12 months of receiving the grant entitlement.

SHRA staff will work on a variety of projects throughout the county of Sacramento from infrastructure development, public facility improvements, developing affordable housing incentives and commercial development.

The Housing and Community Development Department will continue to stimulate business and employment growth in Sacramento's older commercial areas. In 2009, the Department will continue to underwrite and originate loans for commercial projects and address the need to upgrade commercial buildings in older commercial corridors in the City and County. The Department also administers five Enterprise Zones, including those on former military bases, which provide state tax advantages to businesses that locate or expand in them, or that hire lower income persons.

In 2009, SHRA will allocate CDBG funds for capital improvement projects that include: streetscape, infrastructure and public facility improvements located in CDBG income eligible areas in the county.

Specific long-term and short-term needs and objectives are listed in the Needs Table of the County Consolidated Plan located in the folder titled CPMP 2.0.

For short-term objectives please refer to Attachment I, 2009 Proposed Activities located in the folder titled CPMP 2.0 Year 1; Additional Files - Attachments.

Antipoverty Strategy

1. *Describe the actions that will take place during the next year to reduce the number of poverty level families.*

Program Year 2 Action Plan Antipoverty Strategy response:

SHRA will collaborate with the City and County to continue efforts to reduce the number of families and individuals living in poverty. Staff will focus primarily on supporting programs that raise household incomes and stabilize housing situations. It also supports the HUD McKinney Vento Grant for which Department of Human Assistance (DHA) will apply, in hopes of receiving the maximum amount available to support the development of affordable housing for homeless persons to make the transition to permanent housing and independent living.

In January 2008, the United States (US) Census Bureau released data on poverty in the US. The most recent year for information is for 2005. The following table shows poverty percentages of all ages for the US, California and Sacramento County for the 2001 and 2005 years.

	2001	2005
US	11.7%	13.3%
California	12.9%	13.3%
Sacramento County	12.1%	13.6% (181,110 persons)

The 2008 Federal Poverty Guidelines published by the US Department of Health and Human Services define poverty as income of \$10,400 or less for a single person household, \$21,400 or less for a four person household, and \$35,600 for an eight person household.

The State of California, Department of Housing and Community Development publishes the Official State Income Limits for 2008. Sacramento County is shown as having a median income of \$71,000 (four person household); extremely low income is shown as \$14,900 for a single person household, \$21,300 for a four person household and \$28,100 for an eight person household.

In 2008, at least 15 states and the District of Columbia created bi-partisan commissions to narrow the widening gap between the rich and the poor by eliminating barriers, such as lack of education, poor transportation and inadequate child care, that prevent many from finding better jobs and escaping chronic poverty. In addition, they are working to help disadvantaged children in the hope of breaking the generational cycle of poverty.

While California is not among these states at this time, eliminating poverty is a clear concern of the City and County of Sacramento. Efforts are constantly underway to improve the quality of life and economic well being of the residents through collaborative efforts of the following agencies and their programs:

Agencies:

- Sacramento Employment & Training Agency (SETA), a joint powers agency of the City and County has been an effective force in connecting people to jobs, business owners to quality employees, education and nutrition to children, assistance to refugees, and hope to many Sacramento area residents. Annually, SETA serves over 45,000 customers.

The following programs provide needed skills for individuals seeking jobs and thereby getting them out of poverty:

- One Stop Career Center System is designed to offer universal access to customers through a system of Sacramento Works One Stop Career Centers. The Centers integrate employment, education, and training resources from over 17 federally funded, employment and training-related programs, and offer an array of services designed to enhance the effectiveness and coordination of employers and job seekers.
- Regional Occupational Program (ROP) offers free job training through the Sacramento County Office of Education (SCOE). ROP classes are open to anyone 16 years of age or older. In fact, only 35 percent of their students are adults. (While high school students are given enrollment priority before adult students, adult enrollment is allowed on a continuous basis for all sessions until filled.)
- SCOE plays a leadership role in the delivery of quality education to the students in Sacramento County. SCOE directly educates more than 30,000 children and adults, and provides support services to over 230,000 students in 16 school districts.

Other organizations working to assist families and individuals living in poverty include: Sacramento Valley Organizing Committee, Sacramento Housing Alliance, Human Rights Fair Housing Commission, Transitional Housing and Community Support, and Sacramento Mutual Housing Association.

NON-HOMELESS SPECIAL NEEDS HOUSING

Non-homeless Special Needs (91.220 (c) and (e))

1. Describe the priorities and specific objectives the jurisdiction hopes to achieve for the period covered by the Action Plan.
2. Describe how Federal, State, and local public and private sector resources that are reasonably expected to be available will be used to address identified needs for the period covered by this Action Plan.

Program Year 2 Action Plan Specific Objectives response:

The priorities and specific objectives the jurisdiction hopes to achieve during the 2009 Action Plan is to use City and County CDBG funding with other funding to supplement other funding to provide 80-beds for 72-hour hold of public inebriates, 32-beds for a 60-day recovery program and up to 10 beds for mandatory court ordered 90-day recovery program for serial inebriates. The aforementioned services will be provided at the Comprehensive Alcohol Treatment Center operated by the Volunteers of America.

The programs at the Comprehensive Alcohol Treatment Center will be funded during the 2009 Action Plan year by City CDBG, County CDBG, County General Funds, and City General Funds.

Neighborhood Stabilization Program

Areas of Greatest Need

Provide summary needs data identifying the geographic areas of greatest need in the grantee's jurisdiction.

Response – The Sacramento Housing and Redevelopment Agency (SHRA) administers the County of Sacramento's (County) Community Development Block Grant (CDBG) program. As the administrative agency SHRA will also oversee the Neighborhood Stabilization Program (NSP), which is being dispersed to local governments through the CDBG program.

SHRA established the NSP target areas by primarily using data on actual foreclosure rates per census tract from January 2007 through June 2008 (Source: Dataquick Information Systems), as well as actual high cost loans in 2006 (Source: HMDA). Target areas selected were those census tracts that were in the top quartile in the County on both variables. HUD, on the other hand, predicted local and neighborhood foreclosure rates based on three related variables: decline in home values, high cost loans, and unemployment rates.

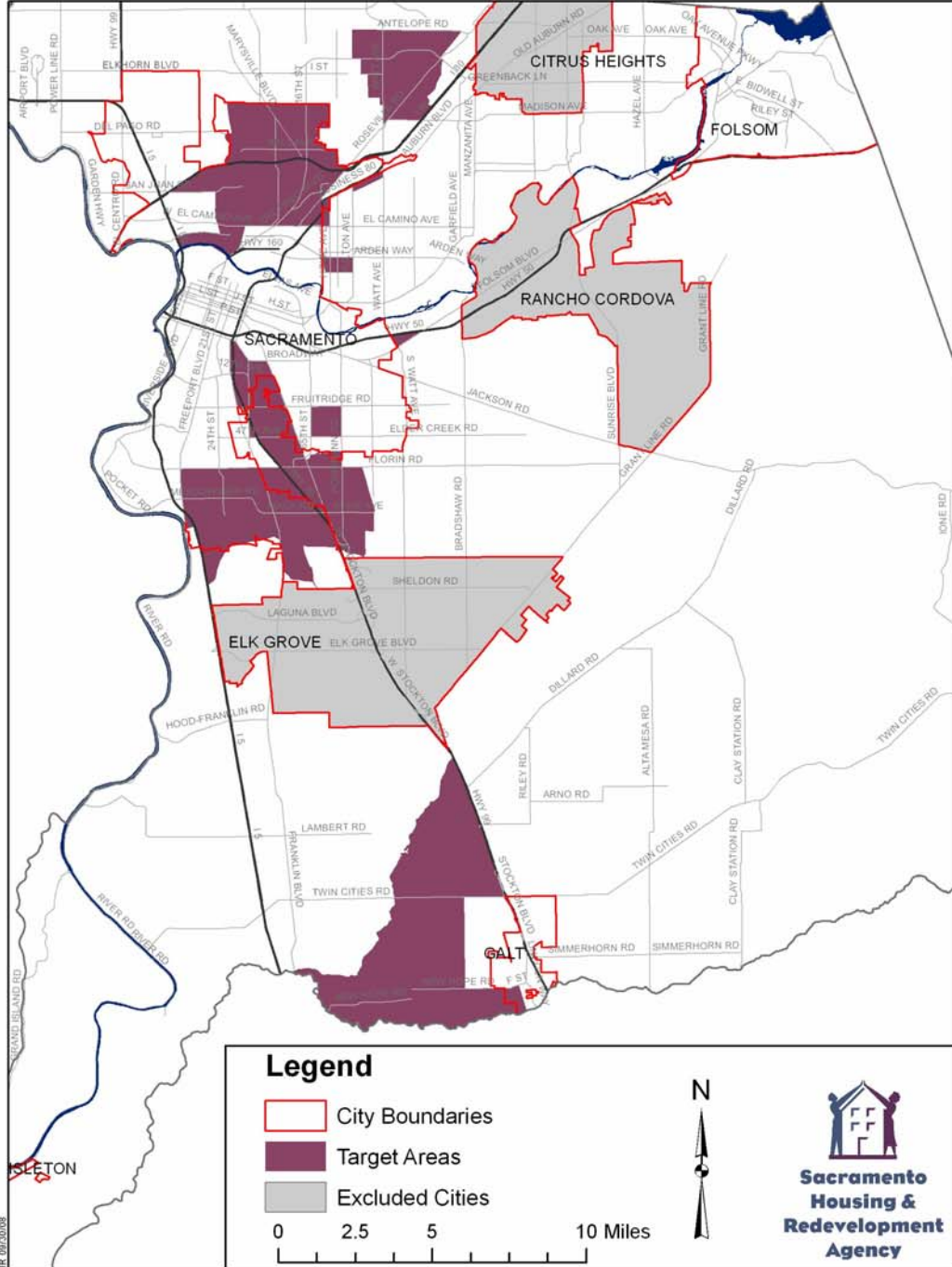
HUD's methodology is an attempt to predict foreclosure rates without having access to data on actual foreclosures, the target areas that would have been suggested by use of HUD's methodology are slightly different than the target areas SHRA actually chose. If SHRA had used HUD's data on foreclosure rates and high cost loans to select target areas, six of SHRA's 53 selected census tracts would not have been selected, and 15 census tracts that were not selected would have been selected. Thus, SHRA's target areas do not exactly match what HUD's data would suggest. However, because SHRA's target areas were selected using data on actual foreclosure rates, rather than a prediction of foreclosure rates based on other variables, SHRA has concluded that the target areas selected are in fact those areas in which the need is greatest.

In addition to the areas chosen under the criteria listed above, the area around Lerwick Road in unincorporated Sacramento County will be targeted. While the data for the entire census tract in which this area falls does not qualify it for targeting under the criteria, the smaller area surrounding Lerwick Road has a high concentration of fourplex units with a very high foreclosure rate and a large number of low-income residents. The area has a history of problems, and the County has committed to revitalizing it. These funds would

help to deal with the repercussions of foreclosures in the area as well as leverage other funds that will continue the revitalization process.

The targeted census tracts are illustrated on the following page as the “Selected Target Areas” within the City and County of Sacramento eligible to receive NSP funding assistance.

Selected Target Areas



Distribution and Uses of Funds

Provide a narrative describing how the distribution and uses of the grantee's NSP funds will meet the requirements of Section 2301(c)(2) of HERA that funds be distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a subprime mortgage related loan, and identified by the grantee as likely to face a significant rise in the rate of home foreclosures.

Response - The unincorporated County's grant (which can also be used in Galt and Folsom) is \$18,605,460. The County is receiving the fourth largest allocation statewide, behind Riverside, Los Angeles and San Bernardino Counties. SHRA anticipates producing 234 units in the County's targeted areas between January 2009 and the end of program year 2013 for low-, moderate-, and middle-income households.

Pursuant to the regulatory requirements, NSP funds are specifically focused on recovery and redevelopment of vacant, abandoned foreclosed homes. However, NSP regulations allow flexibility with use of the funds for rehabilitation, redevelopment, demolition, re-construction and land banking of vacant, foreclosed properties. Accordingly, the County intends to allocate NSP funding to complement larger redevelopment efforts and to make a significant impact on distressed areas that have been targeted using the before mentioned criteria.

The County has adopted the standard acquisition discount rates under the NSP regulations, wherein the price for individual land or property must be at a discount (at least five percent) below the appraised value and the portfolio of all land and property purchased must be at a discount (at least 15 percent) below appraised value. The County will also work with HUD and the National Community Trust to determine if a standard methodology can be adopted allowing the County to transition to a portfolio discount rate of 10 percent (the lack of a standard methodology to derive a 10 percent portfolio discount is why the County has adopted the 15 percent portfolio discount rate). Furthermore, while all funding must be used for programs that house families at or below 120 percent of area median income (AMI), SHRA will ensure that at least 25 percent of the funding will be used for families at or below 50 percent of AMI.

The County's neighborhoods have experienced many of the negative impacts of foreclosures: increased crimes due to abandoned and vacant properties, blighting influences as properties begin to deteriorate, and increased stresses on families and children.¹ When SHRA compared the combined city and county target areas with the areas that were not included, we found the following neighborhood characteristics and indicators of greater distress.

- Investor activity is greater in the selected areas than in other areas of the County. While the percentage of homes purchased by investors countywide from August 2007 through July 2008 was 16 percent, the percentage of homes purchased by investors in the target areas was 28.5 percent over the same period.
- Declines in home prices have been steeper in the selected areas. From August 2007 to July 2008, home prices declined 28 percent on average throughout the

¹ "Seven Ways Foreclosures Impact Communities", NeighborWorks America, August 2008

County. In the target areas, however, the average price decline has been almost 43 percent over the same period.

The selected areas include the traditionally lower-income areas of the County. According to the 2000 Census, over 58 percent of the households in these areas had incomes below 80 percent, and only 53 percent of households owned their homes.

NSP funding, however, presents an opportunity to return stability to some of Sacramento's hardest hit neighborhoods. The County's local strategy responds to HUD's challenge to "carry out its NSP activities in the context of a comprehensive plan for the community's vision of how it can make its neighborhoods not only more stable, but also more sustainable, competitive, and integrated into the overall metropolitan fabric, including access to transit, affordable housing." While SHRA is proposing several programs as described below, all share similar goals, strategic elements and challenges.

Sacramento's programs strive to achieve three goals:

- Return vacant foreclosed or abandoned residential properties to occupancy as quickly as possible;
- Revitalize neighborhoods through strategic redevelopment, rehabilitation and reuse of vacant properties; and
- Provide affordable homeownership and improved affordable rental opportunities to Sacramento families.

Activities

Sacramento intends to undertake three distinct programs which can be implemented using varying structures:

<u>Activity Name:</u>	Vacant Properties Program (VPP)
<u>Description:</u>	<p>Modeled after the successful 'Boarded and Vacant' and the "Vacant Lot' programs, the Vacant Properties Program (VPP) is designed to return vacant and blighted homes and properties to owner occupancy. Partnering with local contractors and developers in targeted areas the VPP provides a developer/contractor an incentive fee to be paid after homes are rehabilitated or constructed and/or sold to owner-occupants. In limited situations, demolition and reconstruction will be the preferred option.</p> <p>Participation can occur by the developer/contractor purchasing approved homes on a scattered site basis or participation can occur under the Property Recycling Entity (PRE) activities. SHRA will approve all properties participating in the program to ensure eligibility.</p>
<u>Eligibility:</u>	§2301(c)(3)(B) purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties.
<u>National Objective:</u>	Low-, Moderate-, Median-income Housing (LMMH). Targeted areas are predominately in lower-income neighborhoods; accordingly, it is anticipated that prices will be affordable to families at 80 percent of median income.
<u>Budget:</u>	\$3,721,092

<u>Activity Name:</u>	Block Acquisition/Rehabilitation (BAR)
<u>Description:</u>	<p>Building off the success of past and current efforts at Fruitridge Vista and Lerwick Road in the County, SHRA is crafting a Block Acquisition/Rehabilitation (BAR) Program to help address some of the blighted conditions in specific targeted areas. SHRA will seek partnerships with private developers willing to acquire, rehabilitate (or demolish and rebuild) and maintain as common rental property, units in designated areas. These areas share many common traits, including: poorly maintained half-plex and duplex homes; prevalence of investor-owned properties; heightened police and code enforcement activity; and declining property values.</p> <p>Vacant, foreclosed properties in the following areas are eligible for acquisition and rehabilitation funding through the BAR Program: Lerwick Road, Norcade Circle, Gigi Place and Della Circle, Morningstar Drive, and Clover Manor Way.</p> <p>The Program will provide low-interest loans (typically 4 percent) to developers who are able to demonstrate capacity and the potential to acquire at least 50 percent of the properties in one of these areas to make a significant investment for change in the area. Funds will be used to provide stable, affordable and safe housing units accompanied by strong property management as a vital component of this Program. Income targeting will contribute to the NSP requirement of 25 percent expenditure to very low income (50% AMI) households. Based on preliminary funding allocation, staff anticipates that up to two areas in the City could be funded with NSP funds if a critical mass of foreclosed properties can be acquired.</p>
<u>Eligibility:</u>	§2301(c)(3)(A) establish financing mechanisms and §2301(c)(3)(B) purchase and rehabilitate homes and residential properties in order to sell, rent, or redevelop such homes and properties.
<u>National Objective:</u>	Low-, Moderate-, Median-income Housing (LMMH); Low-, Moderate-, Median-income Area (LMMA). It is estimated that half of the units produced will be affordable to families at 50 percent of median income and there is the potential for amenities benefiting the area to be produced.
<u>Budget:</u>	\$7,442,184

<u>Activity Name:</u>	Property Recycling Entity (PRE)
<u>Description:</u>	<p>NSP contemplates local governments and intermediaries acquiring foreclosed properties for rehabilitation with rental, for sale, demolition, land banking and redevelopment as eligible activities. The Property Recycling Entity (PRE) captures this function and has been designed to either consist of a government, affiliate, or private entity. The PRE is authorized to engage in the following functions: acquire, rehabilitate and sell; acquire, demolish and land bank; develop land-banked assets in targeted areas, either separately or as a joint venture; and/or rent acquired assets and sell when market conditions improve. The PRE will also serve as a backstop or owner of last resort in those situations where the VPP and/or BAR programs may not be applicable or cannot produce the necessary volume to achieve program goals.</p> <p>The PRE's structure can be: government (SHRA ownership); affiliate (SHRA created nonprofit); or private (intermediary nonprofit in partnership).</p>
<u>Eligibility:</u>	§2301(c)(3)(A) establish financing mechanisms; §2301(c)(3)(B) purchase and rehabilitate homes and residential properties; and §2301(c)(3)(C) establish land banks for homes that have been foreclosed upon in order to sell, rent, or redevelop such homes and properties.
<u>National Objective:</u>	Low-, Moderate-, Median-income Housing (LMMH); Low-, Moderate-, Median-income Area (LMMA). It is estimated that nearly half of the units produced will be affordable to families at 50 percent of median income and there is the potential for amenities benefiting the area to be produced. These amenities may also qualify under Low-, Moderate-, Median-income Clientele (LMMC); and Low-, Moderate-, Median-income Jobs (LMMJ).
<u>Budget:</u>	\$7,442,184

Definitions and Descriptions

Definition of “blighted structure” in the context of state or local law; definition of “affordable rents;” describe how the grantee will ensure continued affordability for NSP assisted housing; describe housing rehabilitation standards that will apply to NSP assisted activities.

Response - The definition of a blighted structure is located under California State Redevelopment Law (Health and Safety Code 33000 et seq.). Physical Blight is described at Subdivision (a) of section 33031 and includes: 1) Building in which it is unsafe or unhealthy for persons to live or work. These conditions can be caused by serious building code violations, dilapidation and deterioration, defective design or physical construction, faulty or inadequate utilities, or other similar factors. 2) Factors that prevent or substantially hinder the economically viable use or capacity of building or lots. 3) Adjacent or nearby used that are incompatible with each other and prevent economic development of those parcels or other portions of the area. 4) Existence of lots of irregular form, shape or size for proper usefulness that are in multiple ownership.

For NSP funded activities, SHRA has adopted the HOME rents defined in 24 CFR 92.252 as the affordable rent standard. Allowable rents per the HUD guidelines are published annually by SHRA. Under the HOME program there are two rental rates: (1) High HOME rent, which is the lesser of the Section 8 Fair Market Rents (FMR) for existing housing or 30 percent of adjusted income of a family whose annual income equals 65 percent area median income (AMI); and (2) Low HOME rent, which is always 30 percent of adjusted income of a family whose annual income equals 50 percent AMI. For units under the NSP program being counted towards the 25 percent of funding to assist households at or below 50 percent AMI the Low HOME rents will be used.

The HOME rental requirements for ensuring continued affordability for assisted housing pertain to the amount of investment provided on a per unit basis; the HOME per unit affordability restrictions will apply to all NSP assisted rental units. They will be imposed by deed restrictions, covenants running with the land, or other mechanisms approved by HUD. The following table details the affordability restriction based upon the per-unit cost of assistance:

Amount of Investment (per-unit)	Affordability Restriction
< \$15,000 investment	5 years
\$15,000 - \$40,000	10 years
> \$40,000	15 years
New Rental Construction	20 years
Refinancing Rental Housing	15 years

For homeownership SHRA has adopted the HOME requirements under presumption of natural affordability (CFR 92.254 (a)(5)(i)(B)). Under Homeownership, certain housing may be presumed to meet the resale restrictions during the period of affordability without the imposition of enforcement mechanisms by the participating jurisdiction. The presumption is based upon a market analysis of the neighborhood in which the housing is located.

The analysis included in this determination documented the median housing prices in the ZIP codes in which the target areas are located relative to the countywide median housing

price for the past four years. The average difference between the target area median and the countywide median during the past four years was calculated as a percentage of the countywide median to determine a factor. The factor for each target area ZIP code was then applied to the projected countywide median price for the next five years to estimate each target area's median home price. The 2008 median price for the county was held flat for 2009 and 2010, and then the median was increased by 2 percent in 2011, and by 4 percent in 2012 and 2013. The corresponding countywide median price was then adjusted by the previously determined factor for each individual target area to determine that target area's median price.

To determine natural affordability the estimated targeted area median price of housing was calculated against the maximum price affordable to a family of four at or below 80 percent AMI. The 2008 AMI was held constant for 2009-2013. The maximum price of a home affordable for a family at 80 percent AMI was then compared to each target area's projected median price for the next five years to determine if the targeted areas can be presumed to remain naturally affordable.

Formula:

$(\text{Average Countywide Median } 2005-08 - \text{Average Target Area Median } 2005-08) = \text{Factor}$
 $\text{Countywide Median (years } 2009-13) - \text{Factor} = \text{estimated Target Area Median (years } 2009-13)$

$(\text{AMI} * .80) * .35 / 12 = \text{Maximum Affordable Monthly Mortgage (MAMM)}$

$\text{MAMM @ } 30 \text{ years fixed; } 6.5\% \text{ interest; } 3\% \text{ downpayment} = \text{Maximum House Price (MHP)}$

$(\text{MHP} \leq \text{estimated Target Area Median Income}) = \text{Natural Affordability}$

Based on this analysis, SHRA determined that a significant majority of the selected target areas fall within ZIP codes that are naturally affordable. Notably, target areas are based on census tract boundaries, thus the housing price analysis based on ZIP code boundaries does not exactly correlate; there are small sections of the selected lower-income target areas that fall within larger, higher-income ZIP codes that are not naturally affordable on average. There are barriers within Zip codes that naturally distinguish these higher cost areas from the lower cost target areas (Example: Interstate 80 bisecting North Natomas and South Natomas). Partial data on home sales in the targeted census tracts, as well as census data showing that these areas have lower incomes and lower homeownership rates on average indicate that the selected target areas are naturally affordable. To ensure that natural affordability has been realized, SHRA will annually calculate the affordability rate for each of the target areas.

To ensure that any equity immediately realized as a result of NSP assistance on the property serves as an incentive but does not result in a windfall to the new homebuyer, an equity restriction will be placed on the property for a period of five years starting from the date of escrow's close. Notably, a property is purchased at 15 percent below current market value, rehabilitated, sold at cost, but that cost remains below the market value for the improved unit, that difference in cost and market value shall remain restricted for a term of no less than five years.

(Example: original market value [\$100,000]; purchase price less 15 percent discount [\$85,000]; rehabilitation of [\$30,000]; sale price [\$115,000], market value of improved unit [\$130,000]; difference equals equity [\$15,000] to be restricted for five years.)

In reference to housing rehabilitation standards, the County will ensure compliance with applicable laws, codes, and other requirements relating to housing safety, quality, and habitability in order to sell, rent, or redevelop homes and properties SHRA has adopted the HQS standards as referenced in the First-Time Homebuyer program update adopted in July 2006. In addition, to ensure a level of quality necessary to sell or rent the homes and to support neighborhood stabilization and revitalization efforts, the County will require a minimum scope of work as outlined in the guidelines adopted under the Housing Authority's Section 32 program.

The Lead Based Paint Assistance Program under the Single Family Rehabilitation Programs adopted by SHRA in October 2000 will be used to ensure compliance with applicable laws and regulations. SHRA will detail within its contracts with participating developer/contractors lead requirements.

SHRA will encourage property improvements related to improving energy efficiency to the maximum extent feasible. SHRA will seek partnerships with SMUD and PGE and to leverage programs and funding for this purpose.

Low Income Targeting

Identify the estimated amount of funds appropriated or otherwise made available under the NSP to be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50 percent of area median income (\$35,500).

Response - The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income (Very Low Income) is 60 units in the County of Sacramento. SHRA anticipates the 60 units produced will meet the requirement that 25 percent of funds used benefit very low income individuals. It is expected that these units will be produced under the Block Acquisition and Rehabilitation Program and the Project Recycling Entity.

Acquisition and Relocation

Indicate whether grantee intends to demolish or convert any low- and moderate-income dwelling units (\leq 80% area median income).

SHRA generally does not allow for the conversion or loss of regulated affordable housing units. For NSP funded activities, SHRA does not intend to demolition or convert units unless they are both vacant and uninhabitable. Due to the structure of the programs being implemented, it is anticipated that more low- and moderate-income units will become available as a result of NSP funded activities than existed prior to them. When a residential property is considered for demolition, all of the relocation requirements of the URA and 104(b) (whichever is most applicable) will be followed.

The number of NSP affordable housing units made available to low-, moderate-, and middle-income households (\leq 120% area median income).

SHRA anticipates producing 234 units in the County's targeted areas between January 2009 and the end of program year 2013 for low-, moderate-, and middle-income households.

The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income.

The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income (Very Low Income) is 60 units in the County of Sacramento.

The administration of the minimum discount for residential property purchases.

SHRA will utilize local appraisers previously retained for the Agency's existing homeownership programs or approve of appraisers used by other parties in the proposed purchase. SHRA will also ensure that all appraisers are familiar with the appraisal requirements set forth in URA at 49 CFR 24.103. The purchase price for all individual acquisitions shall be at a minimum 5 percent discount from current market appraised value. To ensure the acquisition prices for the aggregate NSP portfolio achieves the maximum average discount; SHRA will forego a local methodology and apply the HUD recommended rate of 15 percent (until such time a standardized methodology is accepted by HUD that will allow the 10 percent rate).

Eligible use of funds.

SHRA will adopt the HOME Programs eligible costs found at CFR 92.206 with the following exceptions and modifications:

- Relocation Costs – units must be vacant and foreclosed prior to purchase, thus negating the need for relocation.
- Other Development Activities – the end use of the residential property purchased under NSP does not have to remain residential, it can be redeveloped into another use.
- Delivery Costs – since the end use may not remain residential on all properties, delivery costs under the CDBG program are applicable in such cases.
- Net Proceeds – for purposes of NSP activities this shall mean equity subject to recapture if a homebuyer sells a participating property within five years of the close of escrow wherein equity is realized due to the difference of maximum sales price under NSP being less than the fair market price of unit after rehabilitation.
- Fair Return – for purposes of NSP purchased properties this shall mean the price negotiated based upon the appraisal and discount requirements governing the use of funds.
- Spending Rules – for NSP activities there shall be no prescribed limits, but must comply with cost reasonability requirements under the CDBG program; some units will be undersized, adding a bathroom and/or bedroom may be appropriate; SHRA will approve such activities under the scope of work.
- Commitment Deadline – all NSP funds must be committed to projects within 18 months of entering into contract with HUD to receive the NSP allocation.
- Pre-Award Costs – costs pertaining to NSP development are eligible for reimbursement from November 15, 2008 on; this is the date that the Action Plan including the NSP budget was submitted to HUD. The final NSP Amendment to the Consolidated/Action Plan was submitted November 25, 2008.
- Land Banking – it is anticipated that the PRE will be involved in some land banking activities over the course of the next 18 months as an intervention strategy for mitigating the impacts of foreclosures in particularly hard hit neighborhoods. Per

the HUD regulations any properties purchased and land banked cannot remain in the land bank for longer than 10 years. Thus, all land banking will likely conclude by June 2020 and all properties will be obligated for specific, eligible redevelopment activities.

Public Outreach

The Draft 2009 Action Plan and proposed Amendment to the Consolidated Plan based on the language of the HERA legislation was originally noticed on September 12, 2008. Sacramento's allocation under the NSP program was published on September 29, 2008. The NSP Substantial Amendment summary was posted on the SHRA and City websites as part of the 2009 Action Plan for the City of Sacramento on Friday, October 17, 2008.

A news briefing was held the morning of Friday, October 17th and Sacramento's response to foreclosure using NSP funds aired on the radio on KFBK that afternoon shortly after the top of hour between 3 and 6 p.m.; the story also aired on KQVR CBS 13 news at 5 and 6 p.m.; and KXTV News10 as the top story at 6p.m. The story was also on the front page of the Sacramento Bee on Saturday, October 18th and in the Sacramento Business Journal on Wednesday, October 22nd.

SHRA further conducted outreach by presenting a summary of proposed foreclosure activities to:

- The North Highlands Visioning Group – Thursday, October 2, 2008, at 6:00 pm;
- Sacramento Housing Alliance – Monday, October 6, 2008, at 3:00 pm;
- Sacramento Regional Partnership – Wednesday, October 8, at 1:30 pm;
- Oak Park Resident Advisory Committee – Wednesday, October 8, at 6:30 pm;
- City of Folsom – Thursday, October 9, 2008, at 4:00 pm;
- Sacramento Area Realtors – Friday, October 10, at 1:30 pm;
- City of Galt – Monday, October 13, 2008, at 9:00 am;
- North Sacramento Resident Advisory Committee – Thursday, October 16, 2008, at 6:00 pm; and
- Del Paso Heights Resident Advisory Committee – Thursday, October 23, 2008, at 6:00 pm.
- Meadowview Development Commission – Thursday, November 6, 2008 at 6:30 pm.
- Stockton Blvd. Resident Advisory Committee, Thursday, November 13, 2008 at 6:00 p.m.

The Sacramento Housing and Redevelopment Commission heard as a business item the Draft 2009 Action Plan and proposed Substantial Amendment to the Consolidated Plan on Wednesday, October 8, 2008, at 6:00 pm.

The Board of Supervisors of the County of Sacramento heard the 2009 Action Plan and Substantial Amendment as a public hearing on Tuesday, October 21, 2008, at 10:00 am.

Summary of Public Comment

Provide a summary of public comments received to the proposed NSP Substantial Amendment.

Response: Generally there has been very positive feedback and very few questions. At the Redevelopment Advisory Committees many questions centered on whether or not these funds could help those currently living in their homes and in danger of foreclosure. Those in the audience also wanted assurances that the programs would target owner-occupiers. There were also requests for more data pertaining to their areas which SHRA's Housing Policy team did provide.

Regarding the various interest groups that were met with, additional targeting criteria such as percentage of homeownership was suggested. Questions relating to actual effectiveness and how to incentivize the activities were common. Some commented on the ambitious nature of creating a new property recycling entity. Likewise, there were questions relating to renter protections or assistance for those living in a property being foreclosed through no fault of their own.

At the public hearings there were speakers in support to include potential development partners, legal aid, and interested citizens as to the efforts undertaken by staff to meet with the public and try to develop programs that can be implemented in partnership with outside organizations.

The actual public hearing testimony can be viewed at:

City of Sacramento (10/21/08)

http://sacramento.granicus.com/ViewPublisher.php?view_id=8

County of Sacramento (10/21/08)

http://saccounty.granicus.com/ViewPublisher.php?view_id=4

The final Substantial Amendment was posted on the SHRA website and submitted to HUD on Tuesday, November 25, 2008.

Point of Contact

For questions pertaining to the administration of the County of Sacramento's NSP program please contact:

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**SUMMARY TABLE
NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)**

Activity Name	Vacant Property Program	Block Acquisition and Rehabilitation	Property Recycling Entity
Activity Type	Acquisition, rehabilitation, and sale of scattered site vacant single family properties to income eligible homebuyers.	Developer partner in tightly targeted areas for acquisition, rehabilitation, and to be operated as rental properties primarily for very low-income households.	Creation of government entity, affiliate organization, or existing nonprofit to proactively take on projects, including acquisition, redevelopment, land banking and rehabilitation; provides flexibility and speed to react to market, both scattered and block; allows for strategic focus for larger revitalization efforts.
National Objective	LMMH	LMMH, LMMA	LMMH, LMMA, LMMC, LMMJ
Projected Start Date	January 2009	January 2009	Formed January 2009, undertake activities by June 2009.
Projected End Date	January 2011	July 2012	December 2013
Responsible Organization	SHRA	SHRA	SHRA
Location	Target Areas	Target Areas	Target Areas
Description	<ul style="list-style-type: none"> ▪ Homeownership; ▪ One-time developer fee; ▪ In areas where affordability is presumed to naturally occur; ▪ Individual acquisition discount rate 5% / minimum average portfolio discount 15%. 	<ul style="list-style-type: none"> ▪ Rental; ▪ 30 year loan (w/ ability to be forgiven) with up to 4% interest; ▪ Length of affordability will follow HOME requirements dependent upon investment amount per unit; ▪ Individual acquisition discount rate 5% / minimum average portfolio discount 15%. 	<ul style="list-style-type: none"> ▪ Homeownership, rental, or any allowed redevelopment use; ▪ Grant or 30 year loan (w/ ability to be forgiven) with up to 4% interest; ▪ Either be in areas where affordability is presumed to naturally occur or will follow HOME per unit cost restrictions; ▪ Individual acquisition discount rate 5% / minimum average portfolio discount 15%.
Activity Description			
▪ tenure			
▪ duration			
- affordability range			
▪ cont. affordability			
▪ discount rate			
Total Budget	<ul style="list-style-type: none"> ▪ NSP – \$3,721,092 ▪ Leverage – \$14,900,000 	<ul style="list-style-type: none"> ▪ NSP – \$7,442,184 ▪ Leverage - \$3,700,000 	<ul style="list-style-type: none"> ▪ NSP – \$7,442,184 ▪ Leverage – \$11,000,000
▪ NSP funds			
▪ leverage			
Performance Measure	Housing Units	Housing Units	Housing Units
▪ by income group	<ul style="list-style-type: none"> ▪ 84 units (51-80% AMI) 	<ul style="list-style-type: none"> ▪ 27 units (50% AMI and below); 40 units (51-80% AMI) 	<ul style="list-style-type: none"> ▪ 33 units (50% AMI or below); 50 units (51-80% AMI)

Affirmatively Further Fair Housing

The Analysis of Impediments to Fair Housing Choice (AI) reported that the fair housing environment is positive in the Sacramento region. The region fosters diversity and racial tolerance and public and private agencies are proactive in mitigating any existing fair housing challenges. However, although segregated housing patterns still exist, particularly in older neighborhoods, new housing developments and neighborhoods are diverse and reflective of the racial and ethnic composition of the Sacramento region.

In 2009, Sacramento Housing and Redevelopment Agency will pursue a request for proposal/qualification to update the AI.

For more information regarding the programs listed above please visit SHRA's website at www.shra.org.