



**Sacramento
Housing &
Redevelopment
Agency**

REPORT TO COUNCIL
City of Sacramento
915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org

Public Hearing
October 21, 2008

Honorable Mayor and Members of the City Council

Title: 2009 One-Year Action Plan and Substantial Amendment to the Consolidated Plan for Community Development Block Grant, (CDBG), Home Investment Partnership (HOME), American Dream Downpayment Initiative (ADDI), Emergency Shelter Grant (ESG), and Housing Opportunities for Persons With AIDS (HOPWA) funded projects and programs, and Amendment of Prior Action Plans and Sacramento Housing and Redevelopment Agency (SHRA) Budget

Location/Council District: Citywide

Recommendation: Adopt a **City Resolution:** 1) approving the 2009 One-Year Action Plan Budget; 2) authorizing the Sacramento Housing and Redevelopment Agency (SHRA) to submit the 2009 One-Year Action Plan and amendments to prior year plans to the U.S. Department of Housing and Urban Development (HUD); 3) authorizing the City Manager and the Sacramento Housing and Redevelopment Agency (SHRA) Executive Director to execute agreements and contracts with the appropriate entities to carry out the Community Development Block Grant (CDBG), HOME Investment Partnership (HOME), and American Dream Downpayment Initiative (ADDI) funded activities; 4) amending the SHRA budget to receive CDBG, HOME, and ADDI grant funds in accordance with the 2009 One-Year Action Plan; 5) authorizing the County Department of Human Assistance (DHA) to receive Emergency Shelter Grant (ESG) and Housing Opportunities for Persons With AIDS (HOPWA) funds and to execute contracts with appropriate entities to carry out the projects contained within the One-Year Action Plan; 6) authorizing SHRA to act as general unit of local government for environmental review for HUD community development grants; 7) authorizing the SHRA Executive Director or designee to execute agreements with appropriate entities to carry out the environmental review for HUD grants; 8) authorizing SHRA to charge and receive fees for environmental services provided to non-profit entities; 9) authorizing SHRA to submit a substantial amendment to the Consolidated Plan in order to receive CDBG funds made available under the Neighborhood Stabilization Program (NSP) authorized under the Housing and Economic Recovery Act (HERA) to mitigate community impacts resulting from foreclosures; and 10) authorizing the SHRA Executive Director or designee to execute agreements with HUD for new NSP funding.

Contact: Geoffrey M. Ross, Program Manager, 440-1357, Cindy Cavanaugh, Assistant Director, 440-1317

2009 City Action Plan

Presenters: Geoffrey M. Ross, Program Manager, Cindy Cavanaugh, Assistant Director

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: This report approves the 2009 One-Year Action Plan, the second year of the new 2008-2012 Consolidated Plan; amends prior year Action Plans, substantially amends the Consolidated Plan, and authorizes their submission to HUD. The One-Year Action Plan describes CDBG, HOME, HOPWA, ESG and ADDI funded activities that the jurisdiction proposes to undertake in the coming year and is required to be submitted each year to HUD. The substantial amendment to the Consolidated Plan describes the plan for NSP funded activities made available September 29, 2008, and required to be submitted to HUD by December 1, 2008.

On July 30, 2008, Congress passed and the President signed into law House Resolution 3221, the Housing and Economic Recovery Act of 2008 (HERA). HUD released the formula allocation and program guidelines pertaining to an additional one-time \$4 billion CDBG allocation under NSP relating to foreclosure on September 29, 2008. The City of Sacramento's allocation is 13,264,829.

Policy Considerations: The recommended actions in this staff report are consistent with SHRA policies and new policies being recommended include the ability to undertake activities in support of scattered site acquisition and rehabilitation within targeted areas to minimize the community impacts of foreclosure; establishing a new nonprofit entity to assist in projects; and the ability to target severely impacted blocks for more transformative assistance.

Environmental Considerations:

California Environmental Quality Act (CEQA)/National Environmental Policy Act (NEPA): All new federally funded projects are subject to environmental review under the requirements of the National Environmental Policy Act (NEPA) and per HUD regulations prior to any commitment of federal funds for expenditures, unless they are exempt from such review.

Commitment of funding for new projects that could result in a direct or indirect physical change to the environment are subject to environmental review under the California Environmental Quality Act, (CEQA) if implementation of the projects is authorized as part of the budgeting process.

Many of the 2009 One-Year Action Plan new projects are exempt or categorically excluded from environmental review under CEQA and NEPA. Those projects that are not exempt or not yet defined are approved subject to: (1) confirmation that the project to be funded is categorically excluded under NEPA per 24 CODE of Federal Regulations

(CFR) Part 58 and exempt under CEQA per the Guidelines prior to project implementation; or (2) appropriate environmental review prior to project implementation. Please refer to Attachment 2 for additional information.

Sustainability Considerations: The Projects included in this report have been reviewed for consistency with the goals, policies and targets of the Sustainability Master Plan and the 2030 General Plan. If approved, the contents of this report will advance the following goals, policies and targets as follows: the project supports Goal number five – Public health and Nutrition, item 3 – Create Healthy Urban Environments through Restorative Redevelopment.

Other: n/a

Committee/Commission Action: At its meeting on October 8, 2008, the Sacramento Housing and Redevelopment Commission considered this item. The votes were as follows:

AYES:

NOES:

ABSENT:

ABSTAIN:

Rationale for Recommendation: As a condition of the receipt of various federal grants provided through the U.S. Department of Housing and Urban Development (HUD), the regulations require the annual submittal of a One-Year Action Plan describing proposed activities and expenditures for the following year using the goals and priorities of the Consolidated Plan. As a condition of receipt of Neighborhood Stabilization Program (NSP) funding HUD is requiring a substantial amendment to the Consolidated Plan be submitted no later than December 1, 2008,

This report further clarifies the process by which nonprofits in the receipt of grants provided through HUD receive environmental clearance. Non-profit entities cannot act on their own behalf in submitting environmental clearance documentation. To complete and submit a Finding of No Significant Impact (FONSI) and a Request for Release of Funds (RROF) to HUD, environmental clearance must be certified by the Unit of General Local Government. SHRA currently administers the City of Sacramento's community development grants originating from HUD; accordingly, HUD has requested SHRA to act as the Unit of General Local Government and complete the environmental requirements on behalf of any non-profits receiving grants.

2009 City Action Plan

Per the HUD regulations governing NSP funding released on September 29, 2008, SHRA is processing a substantial amendment to the Consolidated Plan, seeking authority to submit the amendment by the December 1st deadline, and enter into contract with HUD to receive Sacramento’s allocation of the new foreclosure funding being made available to state and local governments. The specific programs proposed to implement NSP funding are covered in Exhibits D and E of this report. SHRA intends to begin full implementation of all foreclosure mitigation programs beginning January 2, 2009.

Financial Considerations: Proposed allocations made in the 2009 One-Year Action Plan are based on an estimated CDBG entitlement of \$5,490,094; \$756,000 in CDBG reprogramming; \$184,514 in CDBG program income; \$13,264,829 in CDBG foreclosure funds (NSP); \$3,037,244 in HOME funds; \$310,339 in HOME program income; \$23,477 in ADDI funds; \$256,193 in ESG funds; \$818,000 in HOPWA funds; and \$138,979 in HOPWA reprogramming. The \$249,926 CDBG capital reserve budgeted in the One-Year Action Plan is approximately five percent of the 2009 CDBG entitlement. If Congress ultimately approves funding in a lesser amount, the reserve will be used to fund budgeted projects. When SHRA acts as general unit of local government for non-profit organizations, the non-profit organizations will be responsible for all expenses related to the environmental process. SHRA’s fee, to be paid by each applicant, will be \$850 based on the average hourly staff costs and costs of publication for notices.

M/WBE Considerations: Minority and Women’s Business Enterprise requirements will be applied to all activities to the extent required by federal funding to maintain that funding.

Respectfully Submitted by: _____
 LASHELLE DOZIER
 Interim Executive Director

Recommendation Approved:

 RAY KERRIDGE
 City Manager

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