

**COUNTY OF SACRAMENTO  
CALIFORNIA**

For the Agenda of:  
October 21, 2008  
Timed: 10:15 a.m.

To: Board of Supervisors of the County of Sacramento

From: Sacramento Housing and Redevelopment Agency

Subject: Approval Of The 2009 One-Year Action Plan And Substantial Amendment Of The Consolidated Plan For The Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME), American Dream Down Payment Initiative (ADDI), Emergency Shelter Grant (ESG) Programs; Amend Various Years' Action Plans; And Amend The Sacramento Housing And Redevelopment Agency (SHRA) Budget

Supervisory All  
District:

Contact: Geoffrey M. Ross, Program Manager – Housing and Community Development,  
440-1357  
Cindy Cavanaugh, Assistant Director – Housing and Community Development,  
440-1317

**Overview**

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 the receipt of Neighborhood Stabilization Program (NSP) funds authorized under the Housing and Economic Recovery Act (HERA) recipients are required to submit a substantial amendment to their Consolidated Plan.

**Recommendations**

Staff recommends adoption of the attached resolution which:

1. approves the 2009 One-Year Action Plan;
2. authorizes the submission of the 2009 One-Year Action Plan and substantial amendment to the Consolidated Plan to HUD and execution of the subsequent grant agreement(s) with HUD;
3. authorizes SHRA to amend various years' Action Plans for previously approved CDBG activities;
4. authorizes SHRA to amend the 2009 CDBG capital reserve, HOME, and ADDI budgets in the event that the final 2009 entitlement is more or less than estimated in the 2009 One-Year Action Plan;
5. authorizes SHRA to execute agreements and contracts with the appropriate entities to carry out the CDBG to include NSP, HOME and ADDI funded activities, and to amend the SHRA budget to receive CDBG, HOME, and ADDI grant funds in accordance with the 2009 One-Year Action Plan;

6. authorizes the County Department of Human Assistance (DHA) Director to execute agreements and contracts with appropriate entities to carry out ESG funded activities, and amend the DHA budget to receive ESG grant funds in accordance with the 2009 One-Year Action Plan;
7. authorizes the DHA Director to amend the ESG budgets in the event the final 2009 entitlement is more or less than estimated in the Action Plan;
8. authorizes the County Executive to execute agreements and contracts with the appropriate entities to carry out the activities contained within the 2009 One-Year Action Plan and substantial amendment to the Consolidated Plan.
9. authorizes SHRA to act as general unit of local government for environmental review of HUD community development grants;
10. authorizes SHRA to execute agreements with appropriate entities to carry out the environmental review for HUD grants;
11. authorizes SHRA to charge and receive fees for environmental services provided to non-profit entities;
12. authorizes SHRA to submit the substantial amendment to the Consolidated Plan for NSP funding forthcoming from HUD; and
13. authorizes the SHRA Executive Director or designee to execute agreements with HUD for new NSP funding.

The County Clerk is requested to certify one copy of the resolution and forward it to the Sacramento Housing and Redevelopment Agency.

#### **Measures/Evaluation**

The proposed appropriation of funds for new and existing activities is consistent with the goals and objectives of the approved County of Sacramento 2008-2012 Consolidated Plan.

The Consolidated goals include assisting low- and moderate-income persons and areas with the following: community services, housing, homeless facilities and services, public improvements and facilities, economic development, planning and administration.

#### **Fiscal Impact**

Allocations made in the 2009 One-Year Action Plan are based on an estimated 2009 CDBG entitlement of \$5,540,129 in CDBG funds; \$209,000 in CDBG reprogramming; \$1,674,897 in CDBG program income; \$18,605,460 in CDBG foreclosure funds (NSP); \$3,513,209 in HOME funds; \$775,000 in HOME program income; \$30,816 in ADDI funds; and \$258,862 in ESG funds.

### **BACKGROUND**

Based on Consolidated Plan priorities, this report recommends new activities (Attachment I) for 2009, as well as identifies funds to be reprogrammed from previous years (Attachment II) and the proposed use of reprogrammed funds for new activities (Attachment III). Based on the substantial amendment to the Consolidated Plan this report recommends new activities (Attachment IV) to mitigate the impacts of foreclosure and reports on all activities pertaining to foreclosure (Attachment V) undertaken by the County and its partners.

Approval Of The 2009 One-Year Action Plan For The Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME), American Dream Down Payment Initiative (ADDI), Emergency Shelter Grant (ESG) Programs; Amend Various Years' Action Plans; And Amend The Sacramento Housing And Redevelopment Agency (SHRA) Budget  
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The infrastructure and public improvement projects recommended in the 2009 One-Year Action Plan occur as part of a previously established Supervisorial District allocation. District funding allocations are based on the percentage of low- and moderate-income population residing in the district as documented in the 2000 census.

The components of the 2009 One-Year Action Plan include the following items:

- \$3,315,754 for infrastructure and public improvements;
- \$5,288,661 for housing development, preservation and homeownership;
- \$66,000 for commercial revitalization;
- \$1,092,376 for public services predominantly administered by the County of Sacramento's Department of Human Assistance, including \$258,862 in ESG funds for housing programs for persons with emergency shelter needs;
- \$450,000 for the agreement cities of Folsom, Isleton, and Galt;
- \$38,747 for HUD loan repayments;
- \$1,017,381 for grant planning and administration; and
- \$523,995 in CDBG capital reserve funds.

In addition, a description of other actions to further the Consolidated Plan strategies is required by HUD as part of the 2009 One-Year Action Plan application. These include the Action Plan Narrative, the Public Housing Authority Administrative Plan, the Citizen Participation Plan, the Continuum of Care Plan and the 10-Year Plan to End Chronic Homelessness. These documents, on file with the Agency Clerk, are incorporated into this staff report and the record by this reference.

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 relating to foreclosure on September 29, 2008. The County of Sacramento's allocation is \$18,605,460.

#### Status of Agreement Cities

As in previous years, the cities of Folsom, Isleton, and Galt have agreed to participate in the Sacramento County CDBG program instead of competing for funds at the state level. The Cooperation Agreements with Folsom, Isleton and Galt will expire on December 31, 2011. The 2009 One-Year Action Plan proposes an allocation of \$50,000 to the City of Isleton, \$200,000 to the City of Folsom, and \$200,000 to the City of Galt in new entitlement funding.

### Status of HOME Consortium

HOME funds are a vital source of funding for the production and preservation of affordable housing in the County of Sacramento. Under the 2009-2011 HOME Consortium Agreement, the County of Sacramento will continue to receive HOME funding for the entire unincorporated County, plus the incorporated cities of Folsom, Isleton, Galt, and Citrus Heights. The Cities of Elk Grove and Rancho Cordova are no longer participating in the Consortium. The City of Sacramento receives a separate HOME allocation, also administered by SHRA. Each participating city in the HOME consortium will be allowed access to the proportionate funding associated with their city, less 10 percent for administration of the program. In addition, HOME regulations require that 15 percent of the HOME allocation be provided to approve Community Housing Development Organizations (CHDO).

Participation in the HOME Consortium allows incorporated cities access to all SHRA programs funded by HOME, including multifamily construction, rehabilitation loans, and first-time homebuyer programs, in an amount up to their jurisdiction's contribution to the County Entitlement, as determined by HUD.

### DISCUSSION

This report approves the 2009 One-Year Action Plan, thereby updating the Consolidated Plan, substantially amends the Consolidated Plan, and authorizing its submission to HUD. The Consolidated Plan is a five-year planning document (covering the period 2008-2012) approved by the Sacramento County Board of Supervisors on October 23, 2007. The Consolidated Plan identifies the County's housing and community development needs and describes a long-term strategy for meeting those needs. In addition, it specifically addresses federally funded housing and community development programs: CDBG to include NSP, HOME, ADDI, and ESG.

This report further clarifies the process by which nonprofits in 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 County of Sacramento's community development grants originating from HUD; accordingly, HUD has requested SHRA to act as Unit of General Local Government and complete the environmental requirements on behalf of the non-profits receiving the grants.

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 1<sup>st</sup> 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 Attachments IV and V of this report. SHRA intends to begin full implementation of all foreclosure mitigation programs beginning January 2, 2009.

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### **COMMISSION ACTION**

At its meeting of October 8, 2008, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. The votes were as follows:

AYES: Burruss, Chan, Dean, Gore, Fowler, Mohr, Morgan, Otto, Shah, Stivers

NOES: None

ABSENT: Coriano

### **MEASURES/EVALUATIONS**

The proposed appropriation of funds for new and existing activities is consistent with the goals and objectives of the approved County of Sacramento's 2008-2012 Consolidated Plan.

The Consolidated Plan goals include assisting low- and moderate-income persons and areas with the following: community services, housing, homeless facilities and services, public improvements and facilities, economic development, planning and administration.

### **FINANCIAL ANALYSIS**

Allocations made in the 2009 One-Year Action Plan are based on an estimated 2009 CDBG entitlement of \$5,540,129 in CDBG funds; \$209,000 in CDBG reprogramming; \$1,492,250 in CDBG program income; \$18,605,460 CDBG foreclosure funds (NSP); \$3,513,209 in HOME funds; \$775,000 in HOME program income; \$30,816 in ADDI funds; and \$258,862 in ESG funds. Estimates are based upon the continuance of last year's funding trends, to include the four percent reduction relating to the CDBG entitlement program.

The \$523,995 capital reserve budgeted in the One-Year Action Plan is approximately nine percent of the CDBG entitlement. If Congress ultimately approves funding in a lesser amount, the reserve could be used to fund budgeted projects.

When SHRA acts as general unit of local government for non-profit organizations, 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.

### **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.

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### **ENVIRONMENTAL REVIEW**

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 expenditure, 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 also 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 IV for additional information.

### **M/WBE CONSIDERATIONS**

Minority and Women's Business Enterprise requirements will be applied to all activities to the extent required by federal funding.

Respectfully submitted,

APPROVED

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LA SHELLIE DOZIER  
Interim Executive Director  
Sacramento Housing and Redevelopment Agency

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TERRY SCHUTTEN  
County Executive

#### Attachments:

- RES – 2009 Action Plan BOS
- ATT I – 2009 Action Plan Activities
- ATT II - Defunded Activities
- ATT III - New 2008 Activities
- ATT IV – Environmental Determination
- ATT V – Neighborhood Stabilization Program
- ATT VI – Foreclosure and Subprime Mortgage Crisis: Sacramento Response