

**COUNTY OF SACRAMENTO
CALIFORNIA**

For the Agenda of:
November 15, 2016
Timed: 11:15AM

To: Board of Supervisors of the County of Sacramento

From: Sacramento Housing and Redevelopment Agency

Subject: Approval To Transfer And Reallocate Neighborhood Stabilization Program Funds; Approval To Close Out The Neighborhood Stabilization Program

Supervisory
District(s): All

Contact: La Shelle Dozier, Executive Director, 440-1319
Geoffrey Ross, Assistant Director, 440-1357

Overview

Since 2008, the Sacramento Housing and Redevelopment Agency (SHRA) and its partners through the Neighborhood Stabilization Program (NSP) have been responsible for the rehabilitation of 349 units of housing. Of these units, 195 are located in the County of Sacramento. These achievements represent a completion of the NSP program and its corresponding goals. This report recommends authorization to leverage remaining NSP funds for activities which fulfill the program's goals and objectives and which maximize the effectiveness of these federal funds, and authority to close out the program.

Recommendations

Adopt a Board of Supervisors Resolution that

1. Accepts the findings, including the environmental findings regarding this action.
2. Authorizes the Sacramento Housing and Redevelopment Agency (SHRA) to amend its budget to transfer current program income (PI) from NSP rounds 1 and 3, (NSP1 and NSP3 respectively), totaling \$371,630, and future NSP PI to the Community Development Block Grant (CDBG) program.
3. Authorizes the set aside of NSP1 and NSP3 entitlement funds totaling \$927,866 for eligible projects to be brought back before the Board of Supervisors in a subsequent report.
4. Authorizes SHRA to enter into and execute other documents and perform other actions necessary to fulfill the recommended actions described in this report and resolution.
5. Authorizes SHRA to undertake actions necessary to close out County NSP1 and NSP3 programs with the assistance of the United States Department of Housing and Urban Development (HUD) representatives.

Measures/Evaluation

NSP PI funds transferred to the CDBG program will be tracked to ensure proper compliance with all federal policies and procedures. Quarterly NSP reports HUD detailing specific actions will continue to be generated until the respective final NSP close out actions have been approved by both the Board of Supervisors (BOS) and HUD.

Staff will return to the BOS with final recommendation(s) for the expenditure of NSP entitlement funding once SHRA has identified specific actions eligible for the use of these funds.

Fiscal Impact

SHRA will conduct NSP PI-related funding transfers to CDBG to maximize the effectiveness of federal funds, and to leverage additional public and private investments. Specific actions will be the transfer of \$371,630 in NSP PI to CDBG as well as the setting aside of \$927,866 in NSP entitlement funds to be identified and approved by the BOS in a subsequent report. Current and all future NSP PI transferred to the CDBG program will come back to the BOS for approval as a future Action Plan amendment(s).

BACKGROUND

Since 1982, SHRA has managed and administered federal housing, public service and community development funds on behalf of the City and County of Sacramento (City and County), and has served as the federal housing and community development staffing entity pursuant to an agreement between the City and County and their respective housing authorities.

On July 30, 2008, Congress passed and the President signed into law House Resolution 3221, the Housing and Economic Recovery Act of 2008 (HERA). As part of this action, on September 29, 2008 HUD released the formula allocation and program guidelines pertaining to an additional one-time special \$4 billion CDBG allocation relating to foreclosure on and established the first round of NSP funding, known as NSP1. The County received \$18,605,460 in total funding from this allocation. The BOS approved an implementation plan for NSP1 on February 24, 2009.

In 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) provided an additional \$1 billion for NSP. The Act constituted a third round of NSP funding, NSP3, which continued the efforts of the program to stabilize neighborhoods whose viability had been, and continues to be, damaged by the economic effects of foreclosed and abandoned properties. As part of this award, the City and County elected to file a joint application whereby HUD formula allocations were \$3,762,329 and \$4,595,671 respectively for a total award of \$8,358,000. The BOS approved an implementation plan for NSP3 on February 15, 2011. Throughout the life of the program, SHRA staff has returned to the BOS to provide frequent updates and to receive necessary authorities for amendments as needed. NSP goals included the following:

- Return vacant foreclosed or abandoned residential properties to occupancy as quickly as possible;
- Revitalize neighborhoods through the strategic redevelopment, rehabilitation and reuse of vacant properties; and

- Provide affordable homeownership and improved affordable rental opportunities to Sacramento families.

Several activities were conceptualized and approved by the BOS to achieve these goals, including the Vacant Properties Program (VPP), the Block Acquisition/Rehabilitation Program (BLOCK), and the Property Recycling Program (PRP).

Total funding allocations for NSP rounds and subsequent activities are below.

NSP1 and NSP3 Entitlement Allocations		
Grantee	2008 NSP1 Allocation	2010 NSP3 Allocation
County	\$18,605,460	\$4,595,671
Vacant Property Program	\$3,912,450	\$1,127,925
Block Acquisition / Rehabilitation Program	\$7,276,233	-
Property Recycling Program	\$5,117,990	\$3,008,179
Administration	\$1,800,000	\$459,567
Disposition/Delivery	\$498,787	-
City	\$13,264,829	\$3,762,329
Vacant Property Program	\$5,122,074	-
Block Acquisition / Rehabilitation Program	\$230,000	-
Property Recycling Program	\$6,159,450	\$3,386,097
Administration	\$1,300,000	\$376,232
Disposition/Delivery	\$453,305	-
Total	\$31,870,289	\$8,358,000

To date, the NSP program has been responsible for the significant transformation of previously vacant and foreclosed properties into homeownership and rental housing with the successful completion of 349 units (159 from VPP, 112 from PRP, and 78 from BLOCK) in both the City and County. Specific accomplishments within the County were the rehabilitation of 195 units (76 from VPP, 46 from PRP, and 73 from BLOCK).

As of this report, the final six County NSP projects are being completed per previously approved authorities. These six properties are land banked properties that include five properties on 43rd Avenue approved for transfer to Habitat for Humanity (Resolution 2014-0957), and one property located at 5258 Young Street approved for disposition as part of the Housing Authority’s Vacant Lot Disposition Strategy on November 1, 2016.

Remaining NSP balances to date are below.

NSP Remaining Balances			
Grantee	Entitlement	Program Income	Total
County	\$927,866	\$371,630	\$1,299,496
NSP1	\$448,165	-	\$448,165
NSP3	\$479,701	\$371,630	\$851,331
City	\$227,994	\$255,098	\$483,092
NSP1	-	-	-
NSP3	\$227,994	\$255,098	\$483,092
Total	\$1,155,860	\$626,728	\$1,782,588

DISCUSSION

This report recommends leveraging remaining NSP1 and NSP3 funds for actions designed to fulfill original NSP goals and objectives, and the authority to close out NSP. These actions include: (1) reallocate current NSP PI totaling \$371,630 and future NSP PI to the CDBG program; (2) set aside remaining NSP entitlement funds totaling \$927,866 for eligible projects to be brought back before the BOS in a subsequent report; and (3) undertake actions necessary to close out County NSP1 and NSP3 programs.

(1) Reallocate current and future NSP PI to the CDBG program

As of this report, current PI totals equate to \$371,630. Staff is recommending reallocating this full amount to the County’s CDBG program for activities consistent with the CDBG program. Additionally, Staff is recommending that all future NSP PI generated be reallocated and transferred to the CDBG program to allow for final close out and to maximize benefit to low and moderate income communities.

Staff is requesting that this transfer of NSP PI be made now to enable the County to identify a final use for the NSP entitlement funds and to allocate them. Per Federal Regulation 24 CFR 570.489(e) governing the NSP program, NSP entitlement funds can only be expended following the obligation of PI. Staff is authorized to propose this transfer now based upon Federal Register Notice 81 FR 38730 issued 6/14/2016, which states that an NSP grantee may transfer NSP PI at any time to its annual CDBG program.

(2) Set aside remaining NSP entitlement funds for eligible projects to be brought before the BOS in a subsequent report for approval

Staff is recommending a set aside of remaining NSP entitlement funds to projects that will further NSP goals and objectives. Currently, NSP entitlement funds total \$927,866 (\$448,165 from NSP1 and \$479,701 from NSP3). These NSP1 and NSP3 entitlement funds will be set aside for eligible projects that will be identified in a future report(s) which will be brought to the BOS for final approval.

Of the six remaining County NSP projects previously mentioned in this report, only one will potentially require the use of remaining NSP entitlement funds. This is the property located at 5258 Young Street (APN: 026-0073-003) that was approved for disposition as part of the Housing Authority's Vacant Lot Disposition Strategy and is part of a larger development site called the "San Juan Site". It is anticipated that this site will require some form of site planning and/or gap financing.

In addition, Staff has identified another site and program that could represent other eligible uses of these NSP entitlement funds. First, the Housing Authority owns a vacant lot at 46th Street and Lang Avenue (APN: 039-0011-013). This lot has already been approved for disposition per the Housing Authority's Vacant Lot Disposition Strategy, but will likely require the expenditure of funds for predevelopment and/or gap financing activities. Secondly, SHRA was designated as a Purchase and Resale Entity (PRE) and currently administers the disposition of 22 single family homes that were formerly vacant public housing. Currently, a total of seven of these homes are actively being renovated; however, with a sizable capital injection, Staff would be able to hasten construction efforts which would enable homes to be sold to eligible homebuyers at a quicker rate. Proceeds from these sales would become PI which would then be transferred to the CDBG program.

As all of these sites previously contained housing structures or were acquired for the purposes of developing housing, NSP is an eligible funding source per HERA 2301(c) (4). SHRA Staff will continue working with County staff and other partners to formulate recommendations and return to the BOS with a subsequent report for final approval.

(3) Close out NSP1 and NSP3 programs

Following BOS approval of the actions recommended within this report, Staff will begin working with HUD to close out the County NSP1 and NSP3 programs. In addition, due to NSP3 being a joint award to the City and County as a combined entity, Staff will also seek corresponding approval from the City Council for a complete close out of the NSP3 program. As directed by HUD, upon the reallocation of NSP PI funds to CDBG, and the reallocation of remaining NSP entitlement funds, Staff will formally undertake closing out the program with the assistance of HUD.

COMMISSION ACTION:

At its meeting on November 2, 2016, the Sacramento Housing and Redevelopment Commission reviewed the staff recommendation for this item. The votes were as follows:

AYES:

NOES:

ABSENT:

ABSTAIN:

MEASURES/EVALUATIONS

The proposed appropriation of funds for these activities is consistent with original goals and objectives of the County's 2008-2012 and 2013-2019 Consolidated Plans and subsequent annual Action Plans and amendments during the time of the NSP awards. The goals included in the Consolidated Plan and Action Plans consist of assisting low-, moderate-, and middle income persons and areas with the following: top quartile of census tracts with high rate of foreclosure, high cost loans, and a propensity for foreclosures to continue. NSP funds were directed to assist foreclosed properties, and successful in the rehabilitation of 195 units (76 from VPP, 46 from PRP, and 73 from BLOCK).

FINANCIAL ANALYSIS

SHRA will conduct NSP-related funding transfers to maximize the effectiveness of federal funds, and to leverage additional public and private investments. Specific actions as part of this series of transfers will be the direction of entitlement funds for additional NSP-eligible activities as well as the transfer of NSP PI to CDBG. The following funding transfers will take place:

1. Current NSP PI balances totaling \$371,630 will be transferred to CDBG.
2. All future NSP PI funds will be transferred to CDBG.

Remaining NSP entitlement funds totaling \$927,866 will be dedicated to NSP-eligible project(s) to be identified and approved by the BOS in future report(s). Potential eligible activities that SHRA has identified for these NSP entitlement funds include two sites identified in the Vacant Lot Disposition Strategy (5258 Young Street and the 46th Street and Lang Avenue Site) and the PRE program administered by SHRA.

POLICY CONSIDERATIONS

The proposed allocation of funds for these recommended activities is consistent with the goals and objectives outlined in the adopted Consolidated Plans. Consolidated Plan goals include assisting low- and moderate-income persons and areas with the following: community services, housing, homeless facilities and services, public services, public improvements and facilities and planning activities.

ENVIRONMENTAL REVIEW

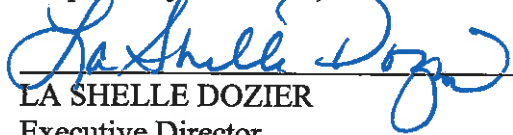
California Environmental Quality Act (CEQA): The proposed actions are administrative and fiscal activities which will not result in any potentially significant physical impacts on the environment. The proposed actions do not make any commitments to, or give approvals for, specific projects or courses of action. The proposed actions are exempt under CEQA per CEQA Guidelines §15378(b). Environmental review for specific projects will be completed prior to any discretionary action(s) or commitment of funds with regard to such projects.

National Environmental Policy Act (NEPA): The proposed actions are administrative and fiscal activities which will not result in any potentially significant physical impacts on the environment. The proposed actions do not make any commitments to, or give approvals for, specific projects or courses of action. The proposed actions are exempt under NEPA per 24 CFR §58.34(a) (2) and (3). Environmental review for specific projects will be completed prior to any discretionary action(s) or commitment of funds with regard to such projects.

M/WBE AND SECTION 3 CONSIDERATIONS

Minority and Women's Business Enterprise requirements will be applied to all activities to the extent required by federal funding to maintain that federal funding. Section 3 requirements will be applied to the extent as may be applicable.

Respectfully submitted,



LA SHELLE DOZIER
Executive Director
Sacramento Housing and Redevelopment Agency

APPROVED:

NAVDEEP GIL
County Executive

Attachments:

RES - BOS Resolution

RESOLUTION NO. _____

APPROVAL TO TRANSFER AND REALLOCATE NEIGHBORHOOD STABILIZATION PROGRAM FUNDS; APPROVAL TO CLOSE OUT NEIGHBORHOOD STABILIZATION PROGRAMS

WHEREAS, the Sacramento Housing and Redevelopment Agency (Agency) annually serves as the designee for the County of Sacramento (County) to administer community development grants originating from U.S. Department of Housing and Urban Development (HUD); and

WHEREAS, on July 30, 2008, Congress passed and the President signed into law House Resolution 3221, the Housing and Economic Recovery Act of 2008 (HERA), also known as the Neighborhood Stabilization Program (NSP), which authorized a one-time \$4 billion allocation to be distributed to the states and local governments to mitigate community impacts resulting from the foreclosure crisis; and

WHEREAS, on October 21, 2008, the Board of Supervisors (Board) approved the 2009 One-Year Action Plan containing the Substantial Amendment to the Consolidated Plan establishing NSP, specifically NSP1; and

WHEREAS, on February 24, 2009, the Board authorized the Agency by Resolution 2009-0104 to amend and submit changes to NSP in the 2009 One-Year Action Plan to HUD, authorized the County Executive and Agency to execute agreements and contracts with the appropriate entities to carry out NSP; authorized the Agency to establish and implement the Vacant Property Program (VPP) and the Property Recycling Program (PRP) to undertake NSP activities; and purchase and/or land bank vacant or foreclosed properties as part of the PRP to support larger site assembly efforts; and

WHEREAS, on July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 provided an additional \$1 billion for NSP, known as NSP3; and

WHEREAS, on February 15, 2011, by Resolution 2011-1026, the Board authorized the Agency to submit the 2010 Action Plan Substantial Amendment to HUD; administer NSP3 on behalf of the County and City of Sacramento; and

WHEREAS, per 24 CFR 570.489(e), NSP entitlement funds can only be expended following the obligation of program income (PI); and

WHEREAS, per HUD Notice 81 FR 38730, NSP grantees are allowed to transfer NSP PI to the Community Development Block Grant (CDBG) program before program close-out allowing the Agency to access entitlement funds; and

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WHEREAS, the Agency has completed all NSP goals and objectives outlined in the applications to HUD for NSP funding, Consolidated Plans, and associated Action Plans; and

WHEREAS, the activities have been analyzed in accordance with the California Environmental Quality Act (CEQA) and have been found to be exempt per CEQA Guidelines §15378(b) CEQA review for specific projects will be completed prior to any discretionary action(s) or commitment of funds with regard to such projects; and

WHEREAS, the activities have been analyzed in accordance with the National Environmental Policy Act (NEPA) and have been found to be exempt per 24 CFR §58.34(a)(2) and (3). NEPA review for specific projects will be completed prior to any discretionary action(s) or commitment of funds with regard to such projects.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF SACRAMENTO

Section 1: All of the evidence having been duly considered are found to be true and correct and are hereby adopted.

Section 2: The Agency is authorized to amend its Budget to transfer current NSP PI funds totaling \$371,630 and all future NSP PI to the CDBG program.

Section 3: The Agency is authorized to set aside NSP entitlement funds totaling \$927,866 for eligible projects to be brought back before the Board in a subsequent report.

Section 4: The Agency is authorized to enter into and execute other documents and perform other actions necessary to fulfill the recommended actions described in this resolution.

Section 5: The Agency is authorized to close out NSP1 and NSP3 following the conclusion of all outstanding NSP projects, pending corresponding approval from HUD and the City of Sacramento for the jointly filed NSP3 funds.

Approval To Transfer and Reallocate Neighborhood Stabilization Program Funds; Approval To
Close Out Neighborhood Stabilization Programs

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On a motion by Member _____, seconded by Member _____, the foregoing Resolution was passed and adopted by the Board of Supervisors of the County of Sacramento, State of California, this 15th day of November, 2016, by the following vote, to wit:

AYES: Members,

NOES: Members,

ABSENT: Members,

ABSTAIN: Members,

RECUSAL: Members,

(PER POLITICAL REFORM ACT (§ 18702.5))

Chair of the Board of Supervisors
of Sacramento County, California

(SEAL)

ATTEST: _____
Clerk, Board of Supervisors

RESOLUTION NO. SHRC-_____

ADOPTED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION UNDER THE AUTHORITY DELEGATED TO THE COMMISSION PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 33202 BY RESOLUTION NO. RA 81-083 ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO ON OCTOBER 20, 1981, AND BY RESOLUTION NO. RA-83 ADOPTED BY THE REDEVELOPMENT AGENCY OF THE COUNTY OF SACRAMENTO ON OCTOBER 27, 1981, AND PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34292 BY RESOLUTION NO. HA 81-098 ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO ON OCTOBER 20, 1981, AND BY RESOLUTION NO. HA-1497 ADOPTED BY THE HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO ON OCTOBER 27, 1981.

ON DATE OF

APPROVAL TO TRANSFER AND REALLOCATE NEIGHBORHOOD STABILIZATION PROGRAM FUNDS; APPROVAL TO CLOSE OUT NEIGHBORHOOD STABILIZATION PROGRAM

WHEREAS, the Sacramento Housing and Redevelopment Agency (Agency) annually serves as the designee for the County of Sacramento (County) to administer community development grants originating from U.S. Department of Housing and Urban Development (HUD).

WHEREAS, on July 30, 2008, Congress passed and the President signed into law House Resolution 3221, the Housing and Economic Recovery Act of 2008 (HERA), also known as the Neighborhood Stabilization Program (NSP), which authorized a one-time \$4 billion allocation to be distributed to the states and local governments to mitigate community impacts resulting from the foreclosure crisis.

WHEREAS, on October 8, 2008, by Resolution 08-034, the Sacramento Housing and Redevelopment Commission (SHRC) approved the 2009 One-Year Action Plan containing the Substantial Amendment to the Consolidated Plan establishing NSP, specifically NSP1.

WHEREAS, on February 18, 2009, by Resolution 09-05, the SHRC authorized the Agency to amend and submit changes to NSP in the 2009 One-Year Action Plan to HUD, authorized the Agency's Executive Director to execute agreements and contracts with the appropriate entities to carry out NSP.

WHEREAS, on July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 provided an additional \$1 billion for NSP, known as NSP3.

WHEREAS, on February 2, 2011, by Resolution 11-01, the SHRC authorized the Executive Director to submit the 2010 Action Plan Substantial Amendment to HUD; and administer NSP3 on behalf of the County and City of Sacramento.

WHEREAS, per 24 CFR 570.489(e), NSP entitlement funds can only be expended following the obligation of program income (PI).

WHEREAS, per HUD Notice 81 FR 38730, NSP grantees are allowed to transfer NSP PI to the Community Development Block Grant (CDBG) program before program close-out allowing the Agency to access entitlement funds.

WHEREAS, the Agency has completed all County NSP goals and objectives outlined in the applications to HUD for NSP funding, Consolidated Plans and associated Action Plans.

Approval To Transfer and Reallocate Neighborhood Stabilization Program Funds; Approval To Close Out Neighborhood Stabilization Program

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WHEREAS, the activities have been analyzed in accordance with the California Environmental Quality Act (CEQA) and have been found to be exempt per CEQA Guidelines §15378(b) CEQA review for specific projects will be completed prior to any discretionary action(s) or commitment of funds with regard to such projects.

WHEREAS, the activities have been analyzed in accordance with the National Environmental Policy Act (NEPA) and have been found to be exempt per 24 CFR §58.34(a)(2) and (3). NEPA review for specific projects will be completed prior to any discretionary action(s) or commitment of funds with regard to such projects.

NOW, THEREFORE, BE IT RESOLVED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION:

Section 1: All of the evidence having been duly considered are found to be true and correct and are hereby adopted.

Section 2: The Executive Director, or her designee, is authorized to amend the Agency Budget to transfer current County NSP PI funds totaling \$371,630 and future County NSP PI to the CDBG program.

Section 3: The Executive Director, or her designee, is authorized to set aside County NSP entitlement funds totaling \$927,866 for County eligible projects to be brought back before the Board in a subsequent report.

Section 4: The Executive Director, or her designee, is authorized to enter into and execute other documents and perform other actions necessary to fulfill the recommended actions described in this resolution on behalf of the County.

Section 5: The Executive Director, or her designee, is authorized to close out County NSP1 and NSP3 following the conclusion of all outstanding County NSP projects, pending corresponding approval from HUD and the City of Sacramento for the jointly filed NSP3 funds.

CHAIR

ATTEST:

CLERK