



REPORT TO COUNCIL
City of Sacramento
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Staff Report
October 26, 2010

Honorable Mayor and Members of the City Council

Title: 2011 One-Year Action Plan for Community Development Block Grant, (CDBG), Home Investment Partnership (HOME), Emergency Shelter Grant (ESG), and Housing Opportunities for Persons With AIDS (HOPWA) funded projects and programs, Amendment of Various Years' Action Plans; Substantial Amendments to Homeless Prevention and Rapid Re-Housing Program (HPRP); Neighborhood Stabilization Program (NSP 3); and Amendment to the Sacramento Housing And Redevelopment Agency (SHRA) Budget

Location/Council District: Citywide

Recommendation: Adopt a **Council Resolution:** 1) approving the 2011 One-Year Action Plan Budget and amendments to various years' Action Plans; 2) authorizing the Sacramento Housing and Redevelopment Agency (SHRA) to submit the 2011 One-Year Action Plan and amendments to various years' Action 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) to execute agreements and contracts with the appropriate entities to carry out the Community Development Block Grant (CDBG), Neighborhood Stabilization Program (NSP), and HOME Investment Partnership (HOME) funded activities; 4) authorizing SHRA to amend the SHRA budget to receive CDBG and HOME grant funds in accordance with the 2011 One-Year Action Plan; 5) authorizing SHRA to amend the SHRA budget to receive NSP 3 grant funds and allocate ten percent of the award for administration of the program; 6) Authorizing SHRA to delegate authority to the County Department of Human Assistance, or other appropriate entity approved by the governing boards, to administer ESG and HOPWA programs and expend funds and to execute contracts with the appropriate entities to carry out the activities contained in the Action Plan utilizing ESG and HOPWA funds, strictly in accordance with the terms of the Action Plan and funding source requirements; 7) authorizing SHRA to act as the general unit of local government for environmental review for HUD community development grants; 8) authorizing the SHRA Executive Director or designee to execute agreements with appropriate entities to carry out the environmental review for HUD grants; 9) authorizing SHRA to charge and receive fees for environmental services provided to non-profit entities; 10) authorizing SHRA to provide construction oversight related to Action Plan activities for organizations without such capacity; and 11) adopting the updated Citizen Participation Plan.

2011 One-Year Action Plan

Contact: Geoffrey M. Ross, Redevelopment Manager, 440-1357, Gregory H. Wessel, Assistant Director, 440-1322

Presenter: Geoffrey M. Ross, Redevelopment Manager

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: This report approves the 2011 One-Year Action Plan (the fourth year of the 2008-2012 Consolidated Plan), amends prior year Action Plans, including the Neighborhood Stabilization Program Substantial Amendment, and authorizes their submission to HUD. The One-Year Action Plan describes CDBG, HOME, HOPWA, and ESG funded activities that the jurisdiction proposes to undertake in the coming year and is required to be submitted each year to HUD. The Consolidated Plan is a five-year planning document (covering 2008-2012) approved by the City Council on October 23, 2007, and substantially amended October 21, 2008; May 12, 2009; and May 22, 2009.

Policy Considerations: The recommended actions in this staff report are consistent with the 2008-2012 Consolidated Plan adopted October 23, 2007, and substantially amended for Neighborhood Stabilization Program (NSP) October 21, 2008, Homeless Prevention and Rapid Re-Housing Program (HPRP) May 12, 2009, and Community Development Block Grant – Recovery Act (CDBG R) May 22, 2009.

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 is 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 2011 One-Year Action Plan new projects are exempt or categorically excluded from environmental review under CEQA and NEPA. Some of the programs contained in the action plan do not include specific projects, or actions on specific properties as that those projects and properties had not yet been defined. As projects and properties are identified, additional environmental review under CEQA and/or NEPA will be required prior to any discretionary action or choice limiting action. These projects cannot be approved until further environmental review is

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completed. Please refer to Attachment 2 for specific information regarding CEQA and NEPA reviews and findings.

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: 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 6, 2010, the Sacramento Housing and Redevelopment Commission recommended that the Council reconsider authorizing funding for the Downtown Lighting Study and transfer the funds allocated to that project to capital reserve, and consider alternate sources of funds for the Code Enforcement Program. The votes were as follows:

AYES: Burruss, Chan, Fowler, Gore, Morgan, Morton, Otto, Rosa, Shah, Stivers

NOES: none

ABSENT: none

Rationale for Recommendation: As a condition of the receipt of various federal grants provided through 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 in the Consolidated Plan.

Please refer to the Exhibits for the list of 2011 recommended activities, projects to be defunded and various years' Action Plan amendments.

Financial Considerations: Proposed allocations made in the 2011 One-Year Action Plan are based on:

CDBG Entitlement	\$6,266,315
CDBG Program Income	\$145,848
Neighborhood Stabilization Program 3	\$3,762,329
HOME Entitlement	\$3,478,137
HOME Program Income	\$322,493
ESG Entitlement	\$254,485
HOPWA Entitlement	\$906,991
HOPWA Reprogramming	\$41,927

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The \$655,906 CDBG capital reserve budgeted in the One-Year Action Plan is approximately ten percent of the 2011 CDBG entitlement. If Congress ultimately approves funding in a lesser amount, the reserve will be used to fund budgeted projects. SHRA is authorized to obligate up to the entire amount of the Capital Reserve to activities described in this Action Plan. When SHRA acts as the 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 federal funding.

Respectfully Submitted by: _____
LA SHELLE DOZIER
Executive Director

Recommendation Approved:

GUS VINA
Interim City Manager

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Background

New activities, reprogramming of previous years' funds and substantial amendments to the Consolidated Plan and their use are based upon five-year Consolidated Plan priorities originally adopted on October 23, 2007, by the City Council.

The infrastructure and public improvement projects recommended in the 2011 One-Year Action Plan are in support of Council District and various department priorities, as well as previous commitments, to support projects currently underway throughout the City. District funding allocations are based on the most current federal budget trends and the percentage of low- and moderate-income population residing in the district as documented in the 2000 census. Other actions to further Consolidated Plan strategies as required by HUD are described in the Action Plan Narrative, the Public Housing Authority Administrative Plan, the Citizen Participation Plan, the Continuum of Care Plan and the Ten-Year Plan to End Chronic Homelessness. These documents are on file with the Agency Clerk.

As part of the mid-year update to the 2008 Action Plan, the Council authorized SHRA to act as the general unit of local government relating to environmental review of projects being supported by community development funding originating from HUD and directly administered by the recipient. As the City's administrator of community development programs originating from HUD, SHRA typically conducts such reviews, completes, and submits required documentation to HUD on the City's behalf.

In May 2009 SHRA submitted a Substantial Amendment for HPRP, funded through the American Recovery and Reinvestment Act (ARRA). Since receiving the HPRP grant award in September 2009, SHRA has implemented a countywide, multi-jurisdiction program as described in the substantial amendment.

The 2009 Substantial Amendment included an Estimated Budget Summary that assumed that five percent of funds would be used for administration and 10 percent would be used for data collection and evaluation. Of the remaining 85 percent, funds would be split equally between prevention and rapid re-housing, and within each of these categories, 70 percent of funds would be used for financial assistance, with the remaining 30 percent used for relocation and stabilization services. After almost a year of program implementation, it has become clear that actual expenditures will be somewhat different than initial estimates. Actual ongoing expenditures will continue to be reported through ESNAPS and IDIS and posted on SHRA's website, but the points below summarize the current estimate of total HPRP expenditures by the end of the program.

- Administration remains unchanged at five percent of costs: \$118,756
- Data collection and evaluation increases slightly to just over 10 percent of costs: \$249,973
- Due to higher demand for prevention than rapid re-housing, the remaining funds are estimated to be split 62 percent for prevention (\$1,245,206) and 38 percent for rapid re-housing (\$763,191); as opposed to the original 50/50 split.

Due to the availability of other funding sources that can provide only financial assistance to clients, HPRP funds are now estimated to provide a somewhat lower proportion of direct financial assistance and a somewhat higher proportion of relocation and

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stabilization services. HPRP prevention and rapid re-housing funds are now estimated to be split about 64 percent for financial assistance (\$800,117 and \$490,395 respectively) and 36 percent for services (\$445,098 and \$272,796 respectively) as opposed to the original 70/30 split. (Notably, the split for the entire program, including all funding sources, is estimated at 73/27.)

On September 8, 2010, HUD awarded an additional \$1 billion of Neighborhood Stabilization Program (NSP 3) funding to all states along with a number of counties and local communities struggling to reverse the effects of the foreclosure crisis. The grants are to be used to address the foreclosure crisis. The City of Sacramento was awarded \$3,762,329. As per regulations ten percent of the funds will be used for administration of the program, \$376,232.

Subrecipients provided CDBG funds for capital improvements often lack the capacity to oversee the construction. The Agency will on the behalf of subrecipient provide construction oversight, labor compliance, and related construction services in instances the subrecipient does not possess such capacity.

HUD requires entitlement jurisdictions to develop a Citizen Participation Plan. The Citizen Participation Plan provides an opportunity for the community to work in partnership with the City to identify needs and to allocate entitlement funds. From time to time it is necessary to update the plan to address regulatory changes and special one time funding requirements.

RESOLUTION NO. 2010 -

Adopted by the Sacramento City Council

on date of

APPROVAL OF THE 2011 ONE-YEAR ACTION PLAN, COMMUNITY DEVELOPMENT BLOCK GRANT, HOME INVESTMENT PARTNERSHIP PROGRAM, HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS AND EMERGENCY SHELTER GRANT PROGRAMS; AMENDMENT TO THE NEIGHBORHOOD STABILIZATION PROGRAM; HOMELESS PREVENTION AND RAPID RE-HOUSING PROGRAM AND AMENDMENT OF THE SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY BUDGET

BACKGROUND

- A. On October 23, 2007, the Sacramento City Council approved the 2008-2012 Consolidated Plan Resolution #2007-770. The Consolidated Plan identifies the City'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: Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME), Housing Opportunities for Persons with AIDS (HOPWA) and Emergency Shelter Grant (ESG) Programs.
- B. On October 21, 2008, the Sacramento City Council approved the Substantial Amendment to the Consolidated Plan for Neighborhood Stabilization Program, Resolution 2008-691.
- C. On May 12, 2009, the Sacramento City Council approved the Substantial Amendment to the Consolidated Plan for the Homeless Prevention and Rapid Re-Housing Program (HPRP) Resolution # 2009-293.
- D. On September 8, 2010, HUD awarded an additional \$1 billion of Neighborhood Stabilization Program (NSP 3) funds to all states along with a number of counties and local communities.
- E. The Department of Housing and Urban Development (HUD) requires 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.

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- F. The Sacramento Housing and Redevelopment Agency (SHRA) annually serves as the designee for the City of Sacramento to administer community development grants originating from HUD.
- G. One-time community development grants from HUD which are to be administered directly by the recipient are required to secure environmental clearance; SHRA is designated as the general unit of local government and is authorized to submit a determination of environmental clearance on their behalf.
- H. Local organizations are recipients of federal funds as a result of the Action Plan, accordingly they must be able to provide construction oversight, labor compliance and related construction services when the activity funded includes construction.
- I. A noticed public hearing soliciting comments on the 2011 One-Year Action Plan was held by the Sacramento Housing and Redevelopment Commission on October 6, 2010.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. All evidence presented having been duly considered, the findings, including environmental findings regarding this action as stated in Exhibit A to this resolution, are approved.
- Section 2. The 2011 One-Year Action Plan, which allocates anticipated CDBG, HOME, ESG and HOPWA funds to various programs and projects as set out in Exhibit B to this resolution, is approved.
- Section 3. The update to the Citizen Participation Plan is approved.
- Section 4. SHRA is authorized to accept funding for NSP 3 and amend the SHRA 2010 budget to allocate ten percent of the award for administration of NSP 3.
- Section 5. The 2010 One-Year Action Plan is amended to defund the activities set forth in Exhibit C and add the projects set out in Exhibit D to this resolution.
- Section 6. SHRA is authorized to amend the SHRA Budget to allocate the CDBG funding for programs and projects in accordance with the amendment of the prior years' Action Plan, and to allocate the CDBG, HOME, ESG and HOPWA grant funding for programs and projects as set out in the 2011 One-Year Action Plan.

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- Section 7. SHRA is authorized to submit the amendment of prior years' Action Plan, the 2011 One-Year Action Plan to HUD and execute the subsequent grant agreements with HUD.
- Section 8. SHRA is authorized to execute agreements and contracts with the appropriate entities to carry out the CDBG (to include NSP), HOME, ESG and HOPWA grant funds in accordance with the 2011 One-Year Action Plan and substantial amendment to the Consolidated Plan.
- Section 9. SHRA is authorized to amend the 2011 CDBG capital reserve, HOME, ESG and HOPWA budgets to the extent necessary to implement and ensure the timely completion of the activities set out in the Attachments.
- Section 10. SHRA is authorized to execute agreements with appropriate entities to carry out the environmental review for HUD grants.
- Section 11. SHRA is authorized to charge and receive a fee of \$850 to reimburse Agency staff costs and publication costs for environmental services provided to non-profit entities in connection with HUD grants. The Executive Director, or her designee, is also authorized to receive a deposit to fund all third party costs for providing such services.
- Section 12. SHRA is authorized to provide construction oversight services to organizations receiving CDBG funds not possessing such capacity.
- Section 13. The City Manager, or his designee, is authorized to execute agreements and contracts with the appropriate entities to carry out the activities contained in the 2011 One-Year Action Plan.

Attachments:

- Exhibit A: Environmental Determination
- Exhibit B: 2011 One-Year Action Plan Activities
- Exhibit C: Project and Program Defunding
- Exhibit D: 2010 One-Year Action Plan Activities
- Exhibit E: Citizen Participation Plan