

**COUNTY OF SACRAMENTO
CALIFORNIA**

For the Agenda of:
October 26, 2010
10:15 am

To: Board of Supervisors of the County of Sacramento

From: Sacramento Housing and Redevelopment Agency

Subject: Approval Of The 2011 One-Year Action Plan For The Community Development Block Grant, (CDBG), Home Investment Partnership (HOME), And Emergency Shelter Grant (ESG) 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

Supervisory All
District:

Contact: Geoffrey M. Ross, Redevelopment Manager – Housing and Community Development, 440-1357
Gregory H. Wessel, Assistant Director – Housing and Community Development, 440-1322

Overview

As a condition of the receipt of various federal grants through The U.S. Department of Housing and Urban Development (HUD), regulations require the submittal of an annual One-Year Action Plan describing proposed activities and expenditures for the following year using the goals and priorities described in the Five-Year Consolidated Plan prepared by the jurisdiction.

Recommendations

Staff recommends adoption of the attached resolution which:

1. approves the 2011 One-Year Action Plan and amendments to various years' Action Plans;
2. authorizes the submission of the 2011 One-Year Action Plan and amendments to various years' Action Plans to HUD and the execution of the subsequent grant agreement(s) with HUD;
3. authorizes SHRA to execute agreements and contracts with the appropriate entities to carry out the CDBG, HOME and NSP 3 funded activities, and to amend the SHRA budget to receive CDBG and HOME grant funds in accordance with the 2011 One-Year Action Plan;
4. authorizes SHRA to amend the SHRA budget to receive NSP 3 grant funds and allocate ten percent of the award for administration of the program;
5. authorizes SHRA 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;
6. authorizes 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 appropriate entities to carry out the activities contained in the Action Plan utilizing ESG and HOPWA funds, strictly in accordance

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with the terms of the Action Plan and funding source requirements;

7. 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 2011 One-Year Action Plan;
8. authorizes the DHA Director to amend the ESG budgets in the event the final 2011 entitlement is more or less than estimated in the Action Plan;
9. authorizes the County Executive to execute agreements and contracts with the appropriate entities to carry out the activities contained within the 2011 One-Year Action Plan and amendments to various years' plans.
10. authorizes SHRA to act as general unit of local government for environmental review of HUD community development grants;
11. authorizes SHRA to execute agreements with appropriate entities to carry out the environmental review for HUD grants;
12. authorizes SHRA to charge and receive fees for environmental services provided to non-profit entities;
13. authorizing SHRA to provide construction oversight related to Action Plan activities for organizations without such capacity; and
14. adopts the updated Citizen Participation Plan.

The Clerk of the Board 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 in the approved County of Sacramento 2008-2012 Consolidated Plan and subsequent substantial amendments.

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, and planning activities.

Fiscal Impact

Allocations made in the 2011 One-Year Action Plan are based on an estimated 2011 CDBG entitlement of \$6,299,492 in CDBG funds; \$840,000 in CDBG reprogramming; \$129,742 in CDBG program income; \$4,595,671 in NSP 3 funds; \$3,498,265 in HOME funds; \$650,000 in HOME reprogramming; \$307,000 in HOME program income; and \$256,249 in ESG funds.

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BACKGROUND

Based on Consolidated Plan priorities, this report recommends new activities (included in Attachment I) for 2011, identifies funds to be reprogrammed from previous years (included in Attachment II), and outlines the proposed use of reprogrammed funds for new activities (included in Attachment III).

The infrastructure and public improvement projects recommended in the 2011 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 2011 One-Year Action Plan include the following categories:

- \$1,003,999 for infrastructure and public improvements;
- \$5,934,488 for housing development, preservation and homeownership;
- \$15,000 for commercial revitalization;
- \$1,139,647 for public services predominantly administered by the County of Sacramento's Department of Human Assistance, including \$256,249 in ESG funds for housing programs for persons with emergency shelter needs;
- \$200,000 for the City of Folsom;
- \$39,742 for HUD loan repayments;
- \$1,635,274 for grant planning and administration; and
- \$522,598 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 2011 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 Ten-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.

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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 2011 One-Year Action Plan proposes an allocation of \$200,000 to the City of Folsom. The City of Galt was advanced their 2011 allocation in 2010 and the City of Isleton was advanced their 2011 and 2012 allocation in 2010 (see Attachment III).

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 and Citrus Heights, plus the incorporated cities of Folsom, Isleton, and Galt pursuant to their status as agreement cities. Participation in the HOME Consortium allows incorporated cities access to SHRA funds in an amount up to their jurisdiction's contribution to the County Entitlement, as determined by HUD. Each participating city in the HOME consortium will be allowed access to the proportionate funding associated with their city, less 15 percent for the Community Housing and Development Organization (CHDO) requirement and an additional 10 percent for administration of the program. 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.

DISCUSSION

This report recommends approval of the 2011 One-Year Action Plan, thereby updating the Consolidated Plan and substantial amendments, and requests authorization to submit the plan to HUD. The Consolidated Plan is a five-year planning document covering the period 2008-2012 which was approved by the Sacramento County Board of Supervisors on October 23, 2007 and substantially amended on October 21, 2008 for NSP and May 22, 2009 for CDBG – Recovery funds. The Consolidated Plan identifies the County's housing and community development needs and describes a long-term strategy to meet those needs. In addition, the Action Plan specifically addresses the following federally funded housing and community development programs: CDBG, HOME, and ESG.

This report further clarifies the process by which non-profits, 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 HUD. 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

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from HUD; accordingly, HUD has requested SHRA to act as Unit of General Local Government and complete the environmental requirements on behalf of non-profits receiving HUD grants.

Since receiving the HPRP grant award in September 2009, SHRA has implemented a countywide, multi-jurisdiction program as described in the original HPRP substantial amendment. The HPRP Substantial Amendment included an Estimated Budget Summary that assumed that five percent of funds would be used for administration and ten 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. 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 Electronic-Special Needs Assistance Programs System (e-snaps) and the Integrated Disbursement & Information System (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: \$119,839
- 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 (\$1,257,956) and 38 percent for rapid re-housing (\$771,005) 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 proposed to provide a slightly lower proportion of direct financial assistance and a higher proportion of relocation and stabilization services. HPRP prevention and rapid re-housing funds are now estimated to be split about 65 percent for financial assistance (\$813,203 and \$498,415 respectively) and 35 percent for services (\$444,753 and \$272,590 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 percent.)

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 County of Sacramento was awarded \$4,595,671. As per regulations, ten percent of the funds will be used for administration of the program, \$459,567.

Subrecipients provided CDBG funds for capital improvements, through the Action Plan process, often lack the capacity to oversee construction activities. The Agency will, on the behalf of such subrecipients, provide construction oversight, technical assistance, and related construction services.

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Lastly, HUD requires that entitlement jurisdictions develop a Citizen Participation Plan and to update it periodically. The Citizen Participation Plan provides an opportunity for the community to work in partnership with the County to identify needs and to allocate entitlement funds. As part of this Action Plan, an update to the Citizen Participation Plan is included to address regulatory changes and special one time funding requirements not previously addressed.

COMMISSION ACTION

At its meeting of October 6, 2010, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. The votes were as follows:

AYES: Burruss, Chan, Fowler, Gore, Morgan, Morton

NOES: Otto, Rosa, Shah, Stivers

ABSENT: none

The Commissioners voting no indicated that they were not in support of the Eagles Nest Road Project or the Code Enforcement allocation and encouraged the County to find alternate sources of funding for these endeavors.

MEASURES/EVALUATIONS

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

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 2011 One-Year Action Plan are based on an estimated 2011 CDBG entitlement of \$6,299,492 in CDBG funds; \$840,000 in CDBG reprogramming; \$129,742 in CDBG program income; \$4,595,671 in NSP 3 funds; \$3,498,265 in HOME funds; \$650,000 in HOME reprogramming; \$307,000 in HOME program income; and \$256,249 in ESG funds. Estimates assume that 2011 funding will be approximately the same as in 2010.

The \$522,598 CDBG capital reserve budgeted in the One-Year Action Plan is approximately eight percent of the CDBG entitlement. If Congress ultimately approves funding in a lesser amount, the reserve could be used to fund budgeted projects. The reserve is also available to

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cover unanticipated project and program costs to bring an activity to completion and to ensure the timely completion of the activities included in this report.

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 actions recommended in this report are consistent with previously approved policies and federal requirements.

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

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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,

APPROVED

LA SHELLE DOZIER
Executive Director
Sacramento Housing and Redevelopment Agency

STEVEN C. SZALAY
Interim County Executive

Attachments:

- RES – County BOS Resolution
- ATT I – 2011 One-Year Action Plan Activities
- ATT II – Defunded Activities
- ATT III – 2010 One-Year Action Plan Activities
- ATT IV – Environmental Determination
- ATT V – County Citizen Participation Plan