



INVESTING IN COMMUNITIES

**NOTICE OF REGULAR MEETING MEETING**  
**Sacramento Housing and Redevelopment  
Commission**

**Wednesday, October 19, 2016 – 6:00 pm**  
**801 12<sup>th</sup> Street**  
**2<sup>nd</sup> Floor Commission Room**  
**Sacramento CA**

**ROLL CALL**

**APPROVAL OF AGENDA**

**CITIZENS COMMENTS**

While the Commission welcomes and encourages participation in the Commission meetings, please limit your comments to three minutes, so that everyone may be heard. If you wish to speak under Citizens Comments or on a posted agenda item, please fill out a speaker card and present it to the Agency Clerk. SHRA provides opportunities for the public to address the Commission at this time in order to listen to opinions regarding non-agendized matters within the subject matter jurisdiction of SHRA. Consistent with the Brown Act, the public comment periods on the agenda are not intended to be "question and answer" periods or conversations with Commission members. Members of the public with questions are encouraged to contact staff before or after the meeting. Commission attendees are requested to silence any electronic devices that they have in their possession during the meeting.

1. **APPROVAL OF MINUTES** - October 5, 2016 Meeting

**BUSINESS/DISCUSSION ITEMS**

2. 2017 and subsequent years Authorization for Solicitation Award and Approval of Annual Expenditure Caps and Per Contract Caps of Routine Services
3. Approval Of A Loan Commitment And Tax-Exempt Bonds For The Courtyard Inn Transit Oriented Development
4. 2017 Sacramento Housing and Redevelopment Agency Proposed Budget – City Report
5. 2017 Sacramento Housing and Redevelopment Agency Proposed Budget – County Report

**EXECUTIVE DIRECTOR REPORT**

**COMMISSION CHAIR REPORT**

**ITEMS AND QUESTIONS OF COMMISSION MEMBERS**

**ADJOURNMENT**

**REPORTS:** Copies of documents relating to agenda items are available for review in the Agency Clerk's office located at 801 12<sup>th</sup> Street, Sacramento CA 95814. Agendas and reports are also posted online at [www.shra.org](http://www.shra.org). Materials related to an item on this agenda submitted after distribution of the agenda packet are available for public inspection in the Agency Clerk's office during normal business hours and will also be available at the meeting.

**AMERICANS WITH DISABILITIES ACT:** Meeting facilities are accessible to persons with disabilities. If you require special assistance to participate in the meeting, notify the Agency Clerk at (916) 440-1363 at least 48 hours prior to the meeting.



INVESTING IN COMMUNITIES

## MINUTES

### **Sacramento Housing and Redevelopment Commission (SHRC) Meeting October 5, 2016**

Meeting noticed on September 30, 2016

#### ROLL CALL

The Sacramento Housing and Redevelopment Commission meeting was called to order at 6:00 p.m. by Chair Creswell. A quorum of members was present.

**MEMBERS PRESENT:** Creswell, Griffin, Johnson, Raab, Macedo, Morgan, Simas, Staajabu

**MEMBERS ABSENT:** Alcalay, Painter, Rios

**STAFF PRESENT:** La Shelle Dozier, David Levin, Vickie Smith, Geoffrey Ross, Tyrone Williams, James Shields, Christine Weichert, MaryLiz Paulson, Sarah Thomas, Cecette Hawkins, Angela Hall, Greg Potts

APPROVAL OF AGENDA – The Chair announced that items 3 and 4 would be presented and approved together.

CITIZENS COMMENTS – none

1. APPROVAL OF MINUTES – September 21, 2016 meeting - The meeting minutes were approved unanimously as submitted.

#### INFORMATIONAL PRESENTATION

2. Railyards Specific Plan Amendment Related to the Mixed Income Housing Strategy

Richard Rich from the City of Sacramento and Frank Meyers from Downtown Railyard Ventures presented the item.

Daryl Rutherford from the Sacramento Housing Alliance spoke in opposition to this item.



PUBLIC HEARING

3. Adoption of the 2017 One-Year Action Plan for the Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), Emergency Solutions Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA) Funded Projects and Programs; Amendment of Prior Year Action Plans; Authorization to Extend the Consolidated Plan and Analysis of Impediments (AI); Authorization to Enter into a Collaboration Agreement with Municipalities and Housing Authorities to Bid and Award an Affirmatively Furthering Fair Housing (AFFH) Contract; Amendment of the Sacramento Housing and Redevelopment Agency (SHRA) Budget; and Related Actions and Findings – City report
  
4. Adoption of the 2017 One-Year Action Plan for the Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), Emergency Solutions Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA) Funded Projects and Programs; Amendment of Prior Year Action Plans; Authorization to Extend the Consolidated Plan and Analysis of Impediments (AI); Authorization to Enter into a Collaboration Agreement with Municipalities and Housing Authorities to Bid and Award an Affirmatively Furthering Fair Housing (AFFH) Contract; Amendment of the Sacramento Housing and Redevelopment Agency (SHRA) Budget; and Related Actions and Findings - County report

Geoffrey Ross presented the items.

On a motion by Commissioner Morgan, seconded by Commissioner Griffin, the Commission recommended approval of the staff recommendation for the items listed above. The votes were as follows:

AYES: Creswell, Griffin, Johnson, Raab, Macedo, Morgan, Simas, Staajabu

NOES: None

ABSENT: Alcalay, Painter, Rios

BUSINESS/DISCUSSION ITEMS

5. Approval Of Exclusive Right To Negotiate Agreement With Carson/Craig Partnership For Property Located At 510 N. 12th Street, Sacramento, CA

Geoffrey Ross presented the item.

On a motion by Commissioner Morgan, seconded by Commissioner Griffin, the Commission recommended approval of the staff recommendation for the items listed above. The votes were as follows:

AYES: Creswell, Griffin, Johnson, Raab, Macedo, Morgan, Simas, Staajabu

NOES: None

ABSENT: Alcalay, Painter, Rios

6. Updated Agency and Housing Authority Maintenance Schedule of Fees and Charges

Cecette Hawkins presented the item.

On a motion by Commissioner Griffin, seconded by Commissioner Macedo, the Commission recommended approval of the staff recommendation for the items listed above. The votes were as follows:

AYES: Creswell, Griffin, Johnson, Raab, Macedo, Morgan, Simas, Staajabu

NOES: None

ABSENT: Alcalay, Painter, Rios

WORKSHOP

7. SHRA Budget Workshop – Housing Authority

Sarah Thomas and MaryLiz Paulson presented the item.

Gale Morgan recommended that preference points for former foster youth applicants be considered in the next PHA plan.

ITEMS AND QUESTIONS OF COMMISSION MEMBERS

none

EXECUTIVE DIRECTOR REPORT

The Executive Director reviewed the following:

1. The next meeting is scheduled for October 19, 2016 at 6:00 pm.
2. Upcoming events
  - October 15<sup>th</sup> - Walk for Literacy
  - October 28<sup>th</sup> - Anton Arcade grand opening
  - November 3<sup>rd</sup> - Alder Grove Clinic grand opening

COMMISSION CHAIR REPORT

Chair Creswell indicated that she plans to contact staff in the near future about setting up an engagement committee meeting.

ADJOURNMENT

As there was no further business to be conducted, Chair Creswell adjourned the meeting at 7:55 p.m.

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Clerk

October 19, 2016



Sacramento Housing and Redevelopment Commission  
Sacramento, California

Honorable Members in Session:

**SUBJECT** 2017 AND SUBSEQUENT YEARS AUTHORIZATION FOR  
SOLICITATION, AWARD AND APPROVAL OF ANNUAL EXPENDITURE  
CAPS AND PER CONTRACT CAPS OF ROUTINE SERVICES

### **RECOMMENDATION**

Staff recommends adoption of the attached resolution which authorizes the Executive Director or her designee to: 1) solicit competitive bids and proposals, and award contracts according to adopted Sacramento Housing and Redevelopment Agency (Agency) Procurement Policy and Procedures for routine and recurring services and, 2) authorizes the Executive Director or her designee to execute contracts in amounts not to exceed annual expenditure or per contract amounts set forth for routine and recurring services.

### **CONTACT PERSON**

Wayne Whitley, Procurement Services Supervisor, 440-1327

### **SUMMARY**

The attached resolution authorizes the Executive Director to solicit competitive bids and/or proposals, make awards, and enter into agreements with the responsive and responsible bidders and/or offerors for the services required in 2017 and subsequent years as set out in Attachment 1.

### **BACKGROUND**

On a periodic basis, the Agency procures routine services for various activities such as general administration and operations. This report covers anticipated service requirements during 2017 and subsequent years. If the length of the contract is greater than one year, the resolution authorizes the Executive Director to amend the contract each subsequent year for the dollar amounts listed up to the total number of years listed. Any proposed activity that exceeds \$100,000 and is not included in this report or in the adopted budget resolution will be presented individually for approval at a future Commission meeting or by the Board and Council as applicable.

## **FINANCIAL CONSIDERATIONS**

Attachment 1 outlines the anticipated procurements for 2017 and subsequent years. This list is similar to the types of routine services that have been previously approved by the Commission and staff does not anticipate any substantial changes to the specifications. Staff also recommends replacing and upgrading certain audio visual components in the Commission Room. This would not be a recurring annual cost but instead would be paid out in phases of equipment procurement and installation. The current equipment is no longer reliable and, in some cases, cannot be integrated with more recent technology.

Services will be procured by competitive bids and proposals in accordance with the Agency Procurement Policy and Procedures. Funds for the above services will be budgeted in the requesting departments' 2017 and subsequent years operating or project budgets.

## **POLICY CONSIDERATIONS**

Agency procurement policy requires that all agreements exceeding \$100,000 be approved by the Sacramento Housing and Redevelopment Commission. This applies to the majority of the activities described in Attachment 1. Any additional activities proposed that exceed \$100,000 and are not included in this report will be brought to the Commission for review and approval. Actions proposed in this report are consistent with adopted Agency Procurement Policy and no changes to that policy are currently recommended.

## **ENVIRONMENTAL REVIEW**

**California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA):** Authorization for Solicitation, Award and Approval of Annual Expenditure Caps and per Contract Caps is an administrative and fiscal activity and is therefore not considered a project under CEQA, per CEQA Guidelines 15378(b), and exempt under NEPA per 24 CFR 58.34(a)(2) and (3). This is not considered a choice limiting action.

Environmental determinations for individual activities related to routine services, supplies, maintenance and Public Works maintenance projects are detailed in Attachment 2. Many of the activities are exempt or categorically excluded from environmental review under CEQA and NEPA. Some activities will require additional environmental review under CEQA and/or NEPA, which will be required to be completed prior to a project contract being executed or prior to taking any choice limiting or discretionary action.

**M/WBE, 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

**Attachments**

Attachment 1 – 2017 and Subsequent Years Authorization for Solicitation, Award and Approval of Annual Expenditure Caps, and per contract Caps of Routine Services

Attachment 2 – Environmental Determinations

**ATTACHMENT 1**

**2017 AND SUBSEQUENT YEARS AUTHORIZATION FOR SOLICITATION, AWARD  
AND APPROVAL OF ANNUAL EXPENDITURE CAPS AND PER CONTRACT CAPS  
OF ROUTINE SERVICES**

<b>2017 and Subsequent Years Procurements</b>		
<b>Description</b>	<b>Annual Services Expenditure Caps</b>	<b>Maximum Length of Contract</b>
Architectural Services	\$200,000	5
Archive Records Storage	\$100,000	5
Auto Repair	\$200,000	5
Carpet Water Extraction	\$100,000	5
Commercial Real Estate Brokerage	\$150,000	5
Commission Room Audio Visual Equipment and System Upgrade	\$200,000	1
Concrete Repair and Replacement Services	\$500,000	5
Electrical Repair Services	\$250,000	5
Environmental Site Assessment and Remediation Oversight Services	\$100,000 per contract	5
Fencing Services	\$460,000	5
Fiber Optic Cable Installation – 801 12 <sup>th</sup> St. to 630 I St.	\$125,000	1
Floor Covering Services	\$500,000	5
Housing Quality Standards Inspection Services (HQS) - HCV	\$650,000	5
Housing Quality Standards Inspection Services /Uniform Physical Conditions Standards (UPCS) - HA	\$125,000	5
HVAC Repair & Replacement Services	\$300,000	5
Landscaping Services	\$1,000,000	5
Legal Services	\$250,000 per contract	5
Maintenance Materials & Supplies	\$850,000	5
Media and Communication Consulting Services	\$150,000	5
Pest Control Services – Inspection & Treatment	\$175,000	5
Printing & Reprographic Services	\$100,000	5
Temporary Staffing Services	\$250,000	5
Temporary Staffing Services (HA Trainee Programs)	\$250,000	5
Tree Maintenance Services	\$200,000	5
Tub & Shower Surround Repair & Replacement	\$150,000	5
Uniform Rental & Cleaning Services	\$50,000	5
Waiting List Management Services	\$85,000	5
Waste Removal and Recycling Services	\$450,000	5
Wood Destroying Pests & Organisms – Inspection & Treatment	\$250,000	5



## Attachment 2

### Environmental Determinations

Authorization for Solicitation, Award and Approval of Annual Expenditure Caps and per Contract Caps is an administrative and fiscal activity and is therefore not considered a project under CEQA per CEQA Guidelines 15378(b), and exempt under NEPA per 24 CFR 58.34(a)(2) and (3). This is not considered a choice limiting action.

Environmental determinations for individual activities related to routine services, supplies, maintenance and Public Works maintenance projects are detailed in the table below:

Activity	CEQA	NEPA
Architectural Services	Not subject to CEQA per 15061(b)(3), "no potential to have adverse effects"	Exempt per 24 CFR 58.34(a)(8), "engineering or design costs"
Archive Records Storage	Not subject to CEQA per 15061(b)(3), "no potential to have adverse effects"	Exempt per 24 CFR 58.34(a)(3), "administrative and management activities"
Auto Repair	Not subject to CEQA per 15061(b)(3), "no potential to have adverse effects"	Cat Ex, converts to Exempt, per 24 CFR 58.35(b)(3), "operating costs including maintenance..."
Carpet Water Extraction	Not subject to CEQA per 15061(b)(3), "no potential to have adverse effects"	Cat Ex, converts to Exempt, per 24 CFR 58.35(b)(3), "operating costs including maintenance..."
Commercial Real Estate Brokerage	Not subject to CEQA per 15061(b)(3), "no potential to have adverse effects"	Cat Ex, converts to Exempt, per 24 CFR 58.35(b)(6), "affordable housing pre-development costs"
Commission Room Audio / Visual Equipment Upgrade	Not subject to CEQA per 15061(b)(3), "no potential to have adverse effects"	Cat Ex, converts to Exempt, per 24 CFR 58.35(b)(3), "operating costs including maintenance..."
Concrete Repair and Replacement Services	Not subject to CEQA per 15061(b)(3), "no potential to have adverse effects"	Cat Ex, converts to Exempt, per 24 CFR 58.35(b)(3), "operating costs including maintenance..."
Electrical Repair Services	Not subject to CEQA per 15061(b)(3), "no potential to have adverse effects"	Cat Ex, converts to Exempt, per 24 CFR 58.35(b)(3), "operating costs including maintenance..."
Environmental Site Assessment and Remediation Oversight Services	Not subject to CEQA per 15061(b)(3), "no potential to have adverse effects". Actual Remediation activities will require further environmental review. Environmental review will be completed prior to a project contract being executed or prior to taking any choice limiting or discretionary action.	Exempt per 24 CFR 58.34(a)(1), "environmental and other studies...". Actual Remediation activities will require further environmental review. Environmental review will be completed prior to a project contract being executed or prior to taking any choice limiting or discretionary action.
Fencing Services	Not subject to CEQA per 15061(b)(3), "no potential to have adverse effects"	Cat Ex, converts to Exempt, per 24 CFR 58.35(b)(3), "operating costs including maintenance..."



## Attachment 2

Fiber Optic Cable Installation – 801 12 <sup>th</sup> Street to 630 I Street	This project will require additional environmental review. Environmental review will be completed prior to a project contract being executed or prior to taking any choice limiting or discretionary action.	This project will require additional environmental review. Environmental review will be completed prior to a project contract being executed or prior to taking any choice limiting or discretionary action.
Floor Covering Services	Not subject to CEQA per 15061(b)(3), “no potential to have adverse effects”	Cat Ex, converts to Exempt, per 24 CFR 58.35(b)(3), “operating costs including maintenance...”
Housing Quality Standards Inspection Services (HQS) - HCV	Not subject to CEQA per 15061(b)(3), “no potential to have adverse effects”	Exempt per 24 CFR 58.34(a)(5), “inspections and testing of properties for hazards and defects”
Housing Quality Standards Inspection Services/Uniform Physical Conditions Standards (UPCS) - (HA)	Not subject to CEQA per 15061(b)(3), “no potential to have adverse effects”	Exempt per 24 CFR 58.34(a)(5), “inspections and testing of properties for hazards and defects”
HVAC Repair and Replacement Services	Not subject to CEQA per 15061(b)(3), “no potential to have adverse effects”	Cat Ex, converts to Exempt, per 24 CFR 58.35(b)(3), “operating costs including maintenance...”
Landscaping Services	Exempt per 15304, “minor alterations to land”	Cat Ex, converts to Exempt, per 24 CFR 58.35(b)(3), “operating costs including maintenance...”
Legal Services	Not subject to CEQA per 15061(b)(3), “no potential to have adverse effects”	Exempt per 24 CFR 58.34(a)(3), “administrative and management activities”
Maintenance Materials & Supplies	Not subject to CEQA per 15061(b)(3), “no potential to have adverse effects”	Cat Ex, converts to Exempt, per 24 CFR 58.35(b)(3), “operating costs including maintenance...”
Media and Communications Consulting Services	Not subject to CEQA per 15061(b)(3), “no potential to have adverse effects”	Exempt per 24 CFR 58.34(a)(3), “administrative and management activities” & (a)(9), “technical assistance...”
Pest Control Services – Inspection & Treatment	Not subject to CEQA per 15061(b)(3), “no potential to have adverse effects”	Exempt per 24 CFR 58.34(a)(5), “inspections and testing of properties for hazards and defects” and Cat Ex, converts to Exempt, per 24 CFR 58.35(b)(3), “operating costs including maintenance...”
Printing & Reprographic Services	Not subject to CEQA per 15061(b)(3), “no potential to have adverse effects”	Cat Ex, converts to Exempt, per 24 CFR 58.35(b)(3), “operating costs...”
Temporary Staffing Services	Not subject to CEQA per 15061(b)(3), “no potential to have adverse effects”	Cat Ex, converts to Exempt, per 24 CFR 58.35(b)(3), “operating costs including...staff training and recruitment”
Temporary Staffing Services (HA Trainee Programs)	Not subject to CEQA per 15061(b)(3), “no potential to have adverse effects”	Cat Ex, converts to Exempt, per 24 CFR 58.35(b)(3), “operating costs including...staff training

## Attachment 2

		and recruitment”
Tree Maintenance Services	Exempt per 15304, “minor alterations to land”	Cat Ex, converts to Exempt, per 24 CFR 58.35(b)(3), “operating costs including maintenance...”
Tub & Shower Surround Repair & Replacement	Not subject to CEQA per 15061(b)(3), “no potential to have adverse effects”	Cat Ex, converts to Exempt, per 24 CFR 58.35(b)(3), “operating costs including maintenance...”
Uniform Rental & Cleaning Services	Not subject to CEQA per 15061(b)(3), “no potential to have adverse effects”	Cat Ex, converts to Exempt, per 24 CFR 58.35(b)(3), “operating costs...”
Waiting List Management Services	Not subject to CEQA per 15061(b)(3), “no potential to have adverse effects”	Exempt per 24 CFR 58.34(a)(3), “administrative and management activities”
Waste Removal and Recycling Services	Not subject to CEQA per 15061(b)(3), “no potential to have adverse effects”	Cat Ex, converts to Exempt, per 24 CFR 58.35(b)(3), “operating costs including maintenance...”
Wood Destroying Pests & Organisms – Inspection & Treatment	Not subject to CEQA per 15061(b)(3), “no potential to have adverse effects”	Exempt per 24 CFR 58.34(a)(5), “inspections and testing of properties for hazards and defects” and Cat Ex, converts to Exempt, per 24 CFR 58.35(b)(3), “operating costs including maintenance...”

## 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  
October 19, 2016

### **2017 AND SUBSEQUENT YEARS SOLICITATION AWARD AND APPROVAL OF ANNUAL EXPENDITURE CAPS AND PER CONTRACT CAPS OF ROUTINE SERVICES, SUPPLIES, MAINTENANCE AND PUBLIC WORKS MAINTENANCE PROJECTS**

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

Section 1. All the evidence presented having been fully considered, including but not limited to the environmental findings that the actions herein are Exempt under the California Environmental Quality Act (CEQA) pursuant to Guidelines Section 15061(b)(3) and for landscaping and tree service Guidelines Section 15304, and Exempt under the National Environmental Policy Act (NEPA) per 24 CFR 58.34(a)(1), 24 CFR 58.34(a)(3), 24 CFR 58.34(a)(5), and 24 CFR 58.34(a)(8), and Categorical Excluded under NEPA per CFR 58.35(b)(3), and 24 CFR 58.35(b)(6). For actions requiring additional environmental review, environmental review under CEQA and NEPA will be completed prior to a project contract being executed, or prior to taking any other choice limiting or discretionary action.

Section 2. The Executive Director or her designee is authorized to solicit competitive bids and proposals, and award contracts according to adopted Agency Procurement Policy and Procedures for routine and recurring services, supplies, maintenance and public works maintenance projects, and purchase and installation of audio-visual equipment for the Commission Room, as set forth in Exhibit 1, attached hereto.

Section 3. The Executive Director or her designee is authorized to execute contracts for routine and recurring services, supplies, maintenance and public works maintenance projects, in amounts not to exceed the annual expenditure cap or per contract cap set forth in Exhibit 1.

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CHAIR

ATTEST:

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CLERK

**EXHIBIT 1**

**2017 AND SUBSEQUENT YEARS AUTHORIZATION FOR SOLICITATION, AWARD  
AND APPROVAL OF ANNUAL EXPENDITURE CAPS AND PER CONTRACT CAPS  
OF ROUTINE SERVICES**

<b>2017 and Subsequent Years Procurements</b>		
<b>Description</b>	<b>Annual Services Expenditure Caps</b>	<b>Maximum Length of Contract</b>
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Commercial Real Estate Brokerage	\$150,000	5
Commission Room Audio Visual Equipment and System Upgrade	\$200,000	1
Concrete Repair and Replacement Services	\$500,000	5
Electrical Repair Services	\$250,000	5
Environmental Site Assessment and Remediation Oversight Services	\$100,000 per contract	5
Fencing Services	\$460,000	5
Fiber Optic Cable Installation – 801 12 <sup>th</sup> St. to 630 I St.	\$125,000	1
Floor Covering Services	\$500,000	5
Housing Quality Standards Inspection Services (HQS) - HCV	\$650,000	5
Housing Quality Standards Inspection Services /Uniform Physical Conditions Standards (UPCS) - HA	\$125,000	5
HVAC Repair & Replacement Services	\$300,000	5
Landscaping Services	\$1,000,000	5
Legal Services	\$250,000 per contract	5
Maintenance Materials & Supplies	\$850,000	5
Media and Communication Consulting Services	\$150,000	5
Pest Control Services – Inspection & Treatment	\$175,000	5
Printing & Reprographic Services	\$100,000	5
Temporary Staffing Services	\$250,000	5
Temporary Staffing Services (HA Trainee Programs)	\$250,000	5
Tree Maintenance Services	\$200,000	5
Tub & Shower Surround Repair & Replacement	\$150,000	5
Uniform Rental & Cleaning Services	\$50,000	5
Waiting List Management Services	\$85,000	5
Waste Removal and Recycling Services	\$450,000	5
Wood Destroying Pests & Organisms – Inspection & Treatment	\$250,000	5



October 14, 2016

Sacramento Housing and  
Redevelopment Commission  
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Approval of Loan Commitment and Tax Exempt Bonds for the Courtyard Inn Transit  
Oriented Development

SUMMARY

The attached report is submitted to you for review and recommendation prior to  
consideration by the County of Sacramento.

RECOMMENDATION

Staff recommends approval of the recommendations outlined in this report.

Respectfully submitted,

  
LA SHELLE DOZIER  
Executive Director

Attachment

**COUNTY OF SACRAMENTO  
CALIFORNIA**

For the Agenda of:  
November 1, 2016

To: Board of Supervisors and Housing Authority of the County of Sacramento

From: Sacramento Housing and Redevelopment Agency

Subject: Approval Of A Loan Commitment And Tax-Exempt Bonds For The Courtyard  
Inn Transit Oriented Development

Supervisorial  
District: Peters

Contact: Christine Weichert, Assistant Director, Development Finance, 440-1353  
Tyrone Roderick Williams, Director, Development, 440-1316

**Overview**

This report recommends approval of a loan commitment for gap financing in the amount of \$5,600,000 for the 120-unit Courtyard Inn Transit Oriented Development (Project) and up to \$30,000,000 in tax-exempt mortgage revenue bonds.

**Recommendations**

1. Adopt a Board of Supervisors Resolution which authorizes the Sacramento Housing and Redevelopment Agency (Agency) to:
  - a. approve a loan commitment of \$1,500,000 in County HOME Investment Partnership Program (HOME) Funds, \$2,200,000 in Housing Trust Fund (HTF) and \$1,900,000 Affordable Housing Funds (AHF) for the Project;
  - b. execute a Loan Commitment letter with Mercy Housing California, L.P. (Developer);
  - c. execute all necessary documents associated with the transaction;
  - d. amend the Agency budget; and
  - e. make related findings.
2. Adopt a Housing Authority Resolution:
  - a. indicating the intent of the Housing Authority of the County of Sacramento to issue up to \$30,000,000 in tax-exempt mortgage revenue bonds to assist with the acquisition, construction and permanent financing for the Project;
  - b. authorizing an application to the California Debt Limit Allocation Committee (CDLAC) for allocation authority to issue bonds; and
  - c. authorizing the Executive Director or her designee to execute all necessary documents associated with the transaction.

The clerk is requested to certify six (6) copies of the resolutions and forward them to staff.

**Fiscal Impact**

The Agency will receive a one-time issuance fee of 0.25% of the bond amount, which is payable at bond closing, and an annual payment for monitoring the regulatory restrictions and administration of the bonds, in the amount of 0.15% of the bond amount for the term of 55 years. The Developer will be responsible for the payment of all costs, fees, and deposits relating to the bond application. Mortgage revenue bonds do not represent a financial obligation of the Agency, Housing Authority, or the County of Sacramento. A \$5.6 million loan will be used for the rehabilitation and new construction of the Project.



## **BACKGROUND**

On January 22, 2014, the County of Sacramento District Attorney's Office sent a Legal Notice to Abate Nuisance (Notice) to the Courtyard Inn Motel property owners citing a high volume of violations related to the property. In response, the owners committed to installing surveillance cameras, implementing a vehicle registration process, deterring loitering, and posting signs that comply with legal notice requirements.

On February 10, 2015 the Board of Supervisors (Board) approved a \$150,000 loan to the Housing Authority of the County of Sacramento from the Neighborhood Revitalization Fund (formerly the Problem Property Revolving Trust Fund) for the purpose of providing funds for predevelopment costs related to the conversion of the Courtyard Inn Motel into affordable housing. As a result, on April 7, 2015, the Housing Authority of the County of Sacramento approved a \$150,000 predevelopment loan to the Developer for this purpose.

To assist with construction costs related to the Project, the Developer applied to the Affordable Housing and Sustainable Communities Program (AHSC) on February 19, 2015 and March 16, 2016 but were not successful with obtaining an award. In addition, an application was submitted on April 24, 2015 to the Veterans Housing and Homelessness Prevention Program without success. It is anticipated that this loan commitment will enhance future applications for funding. The Developer applied to the Sacramento Housing and Redevelopment Agency for the issuance of up to \$30,000,000 in tax-exempt mortgage revenue bonds and a gap financing loan of \$5.6 million for the acquisition, construction and permanent financing of the Courtyard Inn Transit Oriented Development (Project). The four-acre property is located in the unincorporated County of Sacramento at 3425 Orange Grove Avenue. A vicinity map and site map are provided as Attachments 1 and 2. An artist rendering of the Project is provided as Attachment 3.

Following a commitment of funds by the Agency, an Affordable Housing Program (AHP) loan application will be submitted no later than March of 2017 to the Federal Home Loan Bank of San Francisco, and an AHSC concept application will be submitted to the California Department of Housing and Community Development (HCD) no later than May of 2017. If the Project is awarded AHSC funds, both a 4% Low Income Housing Tax Credit (LIHTC) application to the California Tax Credit Allocation Committee and an application for an allocation of tax-exempt Mortgage Revenue Bonds (MRB) to CDLAC will be submitted.

## **DISCUSSION**

Description of Proposed Development: The Courtyard Inn Transit Oriented Development (Project) involves the rehabilitation of the existing, fully operational 148-room Courtyard Inn Motel with a separate vacant 8,500 square foot restaurant building into 120 units of one- and two-bedroom affordable apartments with community and office space. The existing two-story motel building, originally constructed in 1972, will be converted into 72 one-bedroom units. An additional 13 one-bedroom and 35 two-bedroom units will be added with the construction of two

Approval Of A Loan Commitment And Tax-Exempt Bonds For The Courtyard Inn Transit  
Oriented Development

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three-story buildings along the curved southeast portion of the site. This development will expand the supply of affordable and workforce rental housing in the area.

As currently structured the affordable units will be available to residents earning 40% to 60% of Area Median Income (AMI). However, the Developer and the Agency will endeavor to identify other funding resources to support restricting a minimum of 10% of the development for permanent supportive housing for homeless households.

Proposed improvements include demolition of the motel's auto portico, lobby, offices, storage and utility rooms. The existing stucco, walls, and soffits will be repaired and painted and the existing second-level walkway surfaces will be replaced. The new buildings will include a mix of cementitious lap and panel siding, slab on grade, and a wood-frame build. All buildings will have new standing seam metal roofing on the pitched sections, built-up poly roofing on the flat sections, and photovoltaic solar systems installed. The new three-story buildings will include two elevators and connecting walkways.

The development will include 12 units with mobility features and five units with visual and audio communication features to comply with Americans with Disabilities Act (ADA) requirements. The converted units will include new entry and interior doors and frames. Each unit will include a new refrigerator, electric range with cooking stove, range hood, sink and faucets, garbage disposal, solid surface countertops, microwave shelving, cabinetry, fiberglass bathtubs, toilets, vanities, vinyl plank and carpet flooring and vinyl dual pane windows. Due to limited space, there will be packaged terminal air conditioning and heating systems in the converted units, while the new construction units will be able to accommodate mini-split air conditioning and heating systems. Repair to drywall, including remediation of asbestos, will be performed as needed.

The sidewalks will be replaced to meet ADA requirements. New drought-tolerant landscaping, storm drainage, and efficient irrigation will be installed throughout the site. New fencing around the perimeter of the site, vehicle and pedestrian gates, security cameras, digital video recording equipment and additional lighting will be installed. Railings and stairways with risers will be upgraded to meet current code requirements. New central water heaters with solar preheating, and enclosures for recycling and garbage containers will also be installed.

Upgrades to existing amenities include replacement of the current pool system, resurfacing of the pool and deck, installation of new ADA equipment, and fence and gate with access control. The restaurant building will be converted to a community room with a television lounge area, exercise area, fully equipped kitchen, computer stations, laundry facilities and offices for property management and resident-services staff. There will be 130 open parking spaces in the gated community.

Developer: Mercy Housing California, L.P. (MHC) was formed through the merger of Rural California Housing Corporation and Mercy Charities Housing California in July 2000. Mercy Housing is a nonprofit public benefit corporation dedicated to providing quality affordable housing with supportive programs to low-income individuals in California. Mercy Housing



California has developed more than 10,900 affordable homes, including over 7,900 rental and 3,000 homeownership units. Their portfolio includes 19 properties with over 1,300 units in Sacramento County. MHC is qualified to repurpose the Courtyard Inn given its experience in the rehabilitation of the Budget Inn on Stockton Boulevard into the 74-unit Boulevard Court Apartments, a permanent supportive housing development.

Property Management: The Project will be managed by Mercy Housing Management Group (MHMG), an affiliate of Mercy Housing. MHMG manages more than 220 properties nationally (more than 11,000 affordable housing units), including over 100 properties in California. Agency staff has reviewed and approved the management plan, including daily operations, leasing procedures, maintenance, and eviction procedures.

Resident Services: Services will be provided by Mercy Housing Resident Services, an affiliate of Mercy Housing California. A minimum of 20 hours per week of on-site resident services will be provided. Resident services will include, but are not limited to, an on-site service coordinator and education and enrichment programs. Specific classes will be determined after a tenant-needs assessment has been completed.

Project Financing: Proposed financing for the Courtyard Inn Transit Oriented Development includes a combination of 4% LIHTC, tax-exempt MRB financing, a \$5.6 million Agency loan, Affordable Housing Sustainable Communities funds, Federal Home Loan Bank of San Francisco AHP funds, general partner equity, and sewer fee credits. The Developer and Agency will collaborate and seek additional funding to support reserving a minimum of 10% of the units for permanent supportive housing for homeless households. Funding sources and uses are provided in the Project Summary as Attachment 4 and a Cash Flow Proforma is provided as Attachment 5.

### **COMMISSION ACTION**

At its meeting of October 19, 2016, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. The votes were as follows:

AYES:

NOES:

ABSENT:

ABSTAIN:

### **MEASURES/EVALUATIONS**

This Project contributes to the County's 2013-2021 Housing Element goals by adding 119 newly constructed and substantially rehabilitated regulated affordable housing units to the inventory. A very low-income unit is defined as being affordable to a household with income up to 40% and

50% of the Area Median Income (AMI), while a low-income unit is defined as being affordable to a household with income of 60% of AMI. As currently proposed, upon completion, the Project will add a net of 107 very low-income units and 12 low-income to the County's affordable housing goals as represented in the following table:

<b>Affordability Level and AMI</b>	<b>Proposed No. of Units</b>	<b>Percentage of Units</b>	<b>Regulatory Term</b>
Very Low Income (40% AMI)	39	33%	55 years
Very Low Income (50% AMI)	68	56%	55 years
Low Income (60% AMI)	12	10%	55 years
Unrestricted	1	1%	
<b>TOTAL</b>	<b>120</b>		

### **FINANCIAL ANALYSIS**

The Loan Commitment of \$5,600,000 consists of \$1,500,000 of County HOME, \$2,200,000 of Housing Trust Fund and \$1,900,000 of Affordable Housing Fund for the financing of the Project with a loan rate of 0% during the 55-year loan term following the completion of construction. The Conditional Loan Commitment is included as Attachment 7.

The bond issuance will not be an obligation of the County, the Housing Authority, or the Sacramento Housing and Redevelopment Agency. The bonds will be the obligation solely of the Project owner. The owner will bear all costs associated with the bond issuance. The Agency will receive a one-time issuance fee of 0.25% (25 basis points) of the bond issuance amount, which is payable at bond closing by the Project's owner. The Agency will also collect an annual payment of 0.15% (15 basis points) of the total bond issuance amount for monitoring of the regulatory restrictions and administration of the bonds by the Project's owner. The law firm of Orrick, Herrington and Sutcliffe LLP, is acting as bond counsel for the Housing Authority.

### **POLICY CONSIDERATIONS**

The actions are consistent with the Agency's approved Multifamily Lending and Mortgage Revenue Bond Policies. Regulatory restrictions on the property will be specified in the loan regulatory agreement. Repayment of the Agency loan will be at maturity. Compliance with the regulatory agreement will be monitored by the Agency on a regular basis in accordance with County HOME, Housing Trust Fund, and Affordable Housing Fund requirements.

**ENVIRONMENTAL REVIEW**

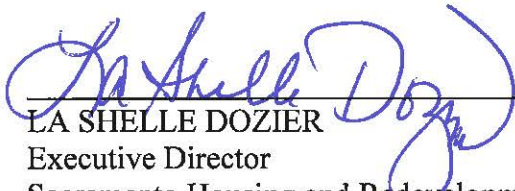
*California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA):* On July 21<sup>st</sup>, 2016, the Agency prepared a combined Initial Study/Environmental Assessment (IS/EA) pursuant to CEQA requirements under Title 14, Section 15070 of the California Code of Regulations (CCR), and NEPA requirements under Title 24, Code of Federal Regulations (CFR) Part 58.36. The Agency determined that, with mitigation measures incorporated, the project will have no significant impact on the environment and preparation of an Environmental Impact Report (EIR) or Environmental Impact Statement (EIS) was not required.

**M/WBE AND SECTION 3**

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 applicable.

Respectfully submitted,

APPROVED



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LA SHELLE DOZIER  
Executive Director  
Sacramento Housing and Redevelopment Agency

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NAVDEEP S. GILL  
County Executive

Attachments:

- RES – Board of Supervisors Loan Commitment Authorization
- RES – Housing Authority Bond Authorization
- ATT 1 – Vicinity Map
- ATT 2 – Site Map
- ATT 3 – Project Rendering
- ATT 4 – Project Summary
- ATT 5 – Project Cashflow Proforma
- ATT 6 – Maximum Income and Rent Limits
- ATT 7 – Conditional Loan Commitment

**RESOLUTION NO. \_\_\_\_\_**

**COURTYARD INN TRANSIT ORIENTED DEVELOPMENT: APPROVAL OF \$5,600,000 LOAN COMMITMENT AND RELATED DOCUMENTS CONTAINING \$1,500,000 IN HOME INVESTMENT PARTNERSHIPS PROGRAM, \$2,200,000 IN HOUSING TRUST FUND AND \$1,900,000 IN AFFORDABLE HOUSING FUND; EXECUTION OF LOAN COMMITMENT AND RELATED DOCUMENTS WITH MERCY HOUSING CALIFORNIA, L.P. OR RELATED ENTITY; AUTHORIZING THE AMENDMENT OF THE SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY BUDGET; AND ENVIRONMENTAL FINDINGS**

**WHEREAS**, on February 10, 2015 the County Board of Supervisors (Board) approved Resolution No. 2015-0096 authorizing: a) \$150,000 loan from the Neighborhood Revitalization Fund (formerly the Problem Property Revolving Trust Fund) for the purpose of providing financing of predevelopment costs for the conversion of the Courtyard Inn motel to affordable housing, and b) the County Executive, or designee, to execute a loan agreement between the County of Sacramento and the Housing Authority of the County of Sacramento (Housing Authority); and

**WHEREAS**, on April 7, 2015 the Board of the Housing Authority approved Resolution No. HA-2377 authorizing the Executive Director, or her designee, to execute: a) \$150,000 loan agreement with the County of Sacramento, and b) \$150,000 predevelopment loan agreement with Mercy Housing California for the purpose of providing financing of predevelopment costs for the conversion of the Courtyard Inn motel to affordable housing; and

**WHEREAS**, Mercy Housing California (Developer) has applied for an allocation of up to \$5,600,000 in Home Investment Partnerships Program Funds (HOME), Housing Trust Fund (HTF) and Affordable Housing Fund (AHF) to assist in funding the acquisition, construction and permanent financing of the Courtyard Inn Transit Oriented Development; and

**WHEREAS**, the Courtyard Inn Transit Oriented Development project qualifies for HOME, HTF and AHF funding under the Sacramento Housing and Redevelopment Agency (Agency) Multifamily Lending and Mortgage Revenue Bond Policies; and

**WHEREAS**, an Initial Study/ Mitigated Negative Declaration has been prepared for this project pursuant to the California Environmental Quality Act, and it has been determined that with mitigation measures incorporated, the project will have no significant impact on the environment and preparation of an Environmental Impact Report is not required.

**WHEREAS**, an Environmental Assessment has been prepared for this project pursuant to the National Environmental Policy Act, and it has been determined that with mitigation measures incorporated, the project will have no significant impact on the environment and preparation of an Environmental Impact Statement is not required.

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

Section 1: The above recitals, including the environmental recitals, are determined to be true and correct.

Section 2: The Loan Commitment letter attached to and incorporated in this resolution by this reference for the financing of the Courtyard Inn Transit Oriented Development is approved in the amount of One Million Five Hundred Thousand Dollars (\$1,500,000) of HOME funds, Two Million Two Hundred Thousand Dollars (\$2,200,000) of Housing Trust Fund and One Million Nine Hundred Thousand Dollars (\$1,900,000) of Affordable Housing Fund, and the Agency is authorized to execute the Loan Commitment and related documents and transmit to Mercy Housing California, L.P. or related entity. The Agency will return to the Board for approval of loan documents.

Section 3: The Agency is authorized to enter into and execute other documents, as approved to form by Agency Counsel, and perform other actions necessary to fulfill the intent of the Loan Commitment that accompanies this resolution, in accordance with its terms, and to ensure proper repayment of the Agency funds including without limitation, extensions and restructuring of such a loan consistent with the Agency adopted policy and with this resolution.

Section 4: The Agency is authorized to amend its budget and to transfer up to One Million Five Hundred Thousand Dollars (\$1,500,000) of HOME funds, Two Million Two Hundred Thousand Dollars (\$2,200,000) of Housing Trust Fund and One Million Nine Hundred Thousand Dollars (\$1,900,000) of Affordable Housing Fund to the Courtyard Inn Transit Oriented Development project.

On a motion by Supervisor \_\_\_\_\_, seconded by Supervisor \_\_\_\_\_,  
the foregoing Resolution was passed and adopted by the Board of Supervisors of the County of  
Sacramento, State of California this 1st day of November 2016, by the following vote, to wit:

AYES: Supervisors,

NOES: Supervisors,

ABSENT: Supervisors,

ABSTAIN: Supervisors,

RECUSAL: Supervisors,  
(PER POLITICAL REFORM ACT (§ 18702.5.))

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Chair of the Board of Supervisors  
of Sacramento County, California

(SEAL)

ATTEST: \_\_\_\_\_  
Clerk, Board of Supervisors



**RESOLUTION NO. \_\_\_\_\_**

**HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO**

ON DATE OF

**COURTYARD INN TRANSIT ORIENTED DEVELOPMENT:  
A RESOLUTION OF THE HOUSING AUTHORITY OF THE COUNTY  
OF SACRAMENTO DECLARING INTENT TO  
REIMBURSE EXPENDITURES FROM THE PROCEEDS OF  
TAX-EXEMPT OBLIGATIONS AND DIRECTING CERTAIN ACTIONS**

WHEREAS, the Housing Authority of the County of Sacramento (Authority) intends to issue tax-exempt obligations (Obligations) for the purpose, among other things, of making a loan to Mercy Housing California, a California nonprofit public benefit corporation (Developer), or a limited partnership or a limited liability company related to or formed by the Developer, the proceeds of which shall be used by the Developer to finance the acquisition, construction and development of a 120-unit multifamily housing residential facility to be located at 3425 Orange Grove Avenue, North Highlands, California 95660 in the County of Sacramento, California (Project); and

WHEREAS, United States Income Tax Regulations at 26 Code of Federal Regulations (CFR) §1.150-2 provide, generally, that proceeds of tax-exempt debt are not deemed to be expended when such proceeds are used for reimbursement of expenditures made prior to the date of issuance of such debt unless certain procedures are followed, among which is a requirement that (with certain exceptions), prior to the payment of any such expenditure, the issuer must declare an intention to reimburse such expenditure; and

WHEREAS, it is in the public interest and for the public benefit that the Authority declare its official intent to reimburse the expenditures referenced herein;

**NOW, THEREFORE, BE IT RESOLVED THAT THE HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO:**

Section 1: The Authority intends to issue the Obligations for the purpose of paying the costs of financing the acquisition, construction, rehabilitation and development of the Project.

Section 2: The Authority hereby declares that it reasonably expects that a portion of the proceeds of the Obligations will be used for reimbursement of expenditures for the acquisition, construction, rehabilitation and development of the Project that are paid before the date of initial execution and delivery of the Obligations.

Approval Of A Loan Commitment And Tax-Exempt Bonds For The Courtyard Inn  
Transit Oriented Development

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Section 3: The maximum amount of proceeds of the Obligations to be used for reimbursement of expenditures for the acquisition, construction, rehabilitation and development of the Project that are paid before the date of initial execution and delivery of the Obligations is not to exceed \$30,000,000.

Section 4: The foregoing declaration is consistent with the budgetary and financial circumstances of the Authority in that there are no funds (other than proceeds of the Obligations) that are reasonably expected to be (i) reserved, (ii) allocated or (iii) otherwise set aside, on a long-term basis, by or on behalf of the Authority, or any public entity controlled by the Authority, for the expenditures for the acquisition, construction, rehabilitation and development of the Project that are expected to be reimbursed from the proceeds of the Obligations.

Section 5: The Developer shall be responsible for the payment of all present and future costs in connection with the issuance of the Obligations, including, but not limited to, any fees and expenses incurred by the Authority in anticipation of the issuance of the Obligations, the cost of printing any official statement, rating agency costs, bond counsel fees and expenses, underwriting discount and costs, trustee fees and expenses, and the costs of printing the Obligations. The payment of the principal, redemption premium, if any, and purchase price of and interest on the Obligations shall be solely the responsibility of the Developer. The Obligations shall not constitute a debt or obligation of the Authority.

Section 6: The appropriate officers, or the staff of the Authority, are hereby authorized, for and in the name of and on behalf of the Authority, to make an application to the California Debt Limit Allocation Committee for an allocation of private activity bonds for the financing of the Project.

Section 7: The adoption of this Resolution shall not obligate (i) the Authority to provide financing to the Developer for the acquisition, construction, rehabilitation and development of the Project or to issue the Obligations for purposes of such financing; or (ii) the Authority, or any department of the Authority or the County of Sacramento to approve any application or request for, or take any other action in connection with, any environmental, General Plan, zoning or any other permit or other action necessary for the acquisition, construction, rehabilitation, development, or operation of the Project.

Section 8: This resolution shall take effect immediately upon its adoption.



Approval Of A Loan Commitment And Tax-Exempt Bonds For The Courtyard Inn  
Transit Oriented Development

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On a motion by Member \_\_\_\_\_, seconded by Member \_\_\_\_\_, the foregoing Resolution was passed and adopted by the Housing Authority of the County of Sacramento, State of California this 1st 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.))

APPROVED:

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Chair of the Housing Authority  
of Sacramento County, California

(SEAL)

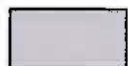
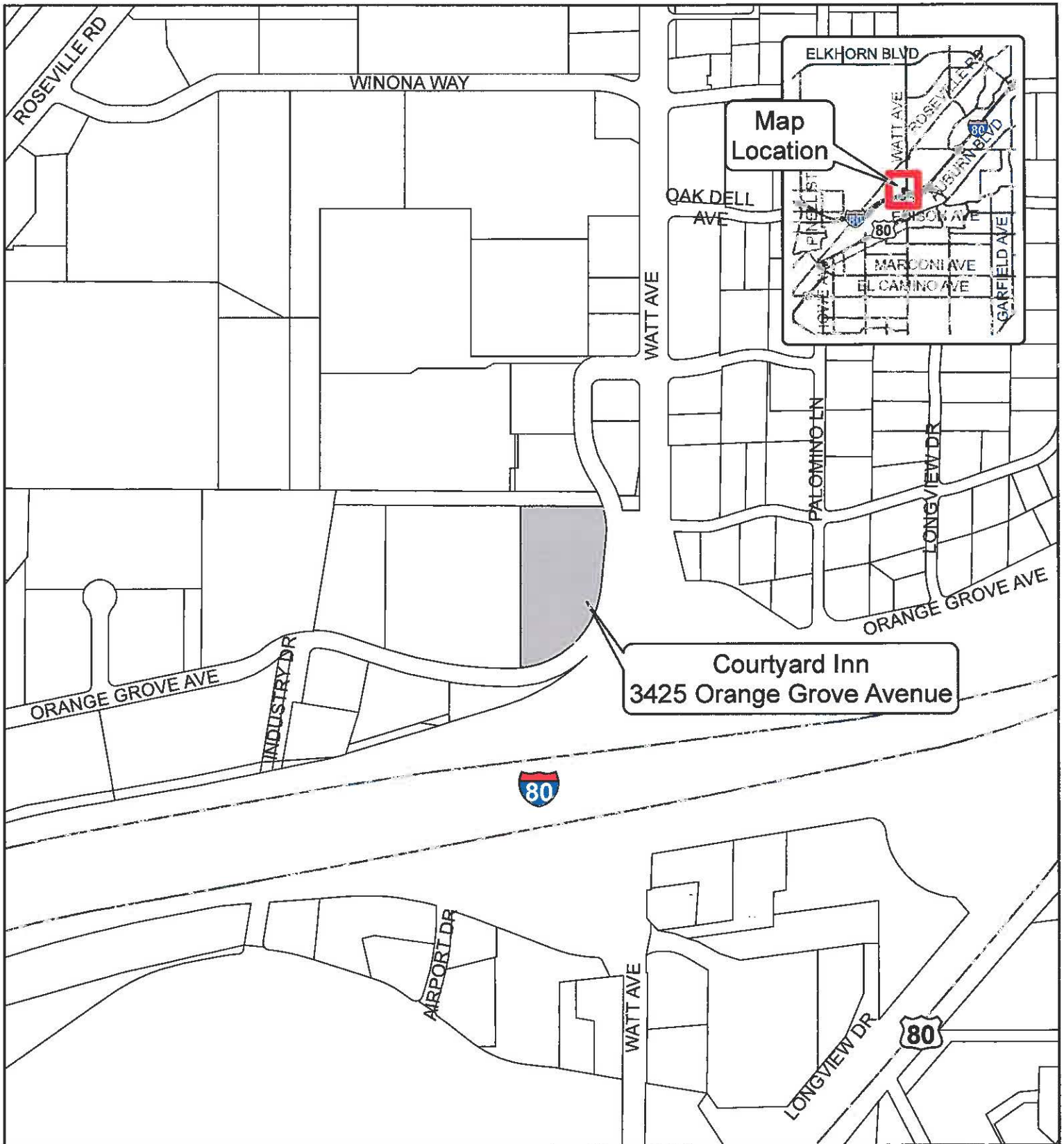
ATTEST:

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Clerk



# Courtyard Inn Transit Oriented Development

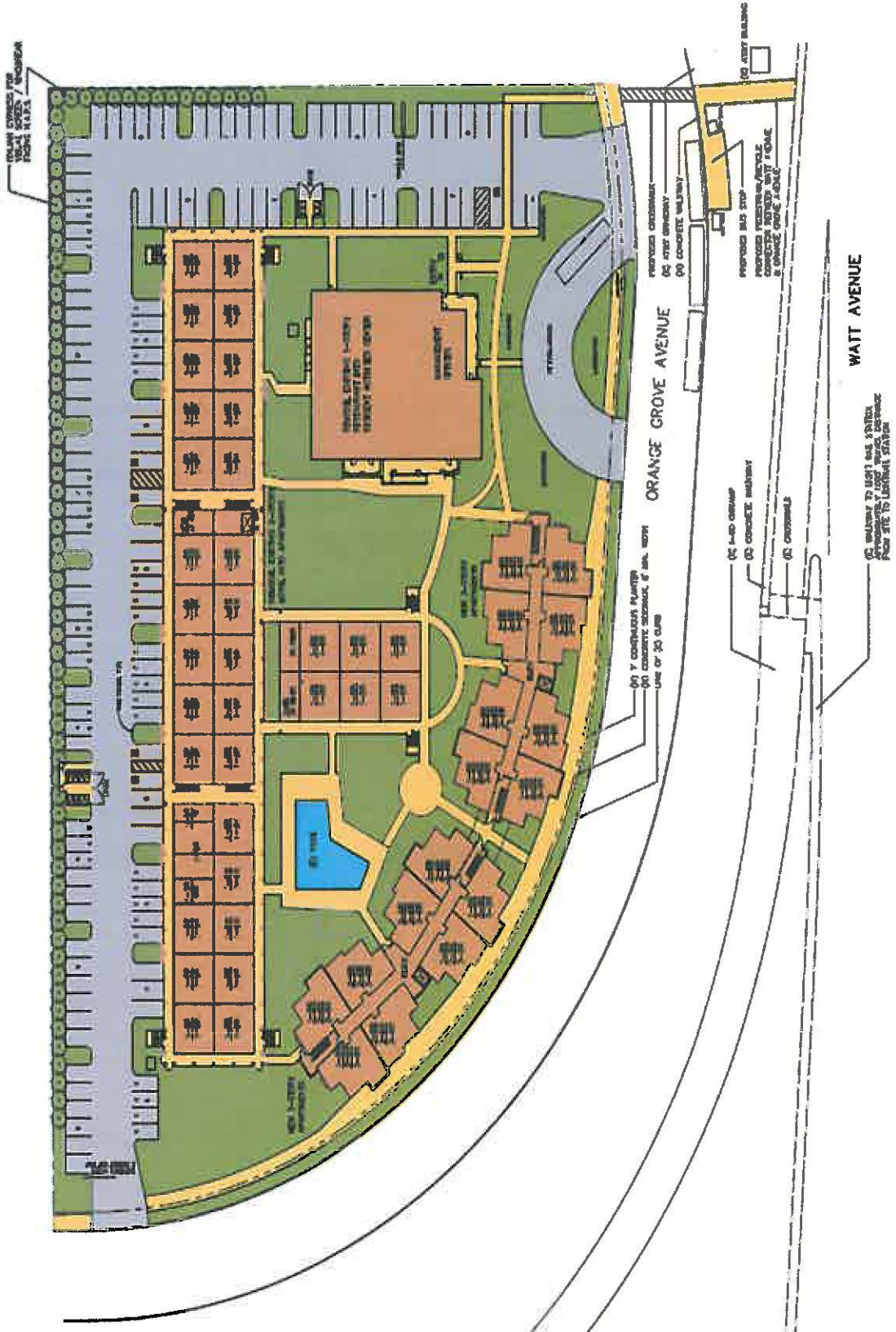


Courtyard Inn



SHRA GIS  
October 3, 2016

### Courtyard Inn Transit Oriented Development Site Map





Courtyard Inn Transit Oriented Development  
Project Rendering



**Courtyard Inn Transit Oriented Development  
Project Summary**

<b>Address</b>	3425 Orange Grove Avenue, North Highlands			
<b>Number of Units</b>	120			
<b>Year Built</b>	Adaptive Re-Use of 1972 Buildings and New Construction of 35 units			
<b>Acreage</b>	4.0 (174,240 sq. ft.)			
<b>Affordability</b>	119 units (99%) at or below 40%, 50% and 60% of Area Median Income (AMI) and 1 non-restricted Manager's Unit			
<b>Unit Mix and Rents</b>	VLI (40% AMI)	VLI (50% AMI)	LI (60% AMI)	Manager
1 Bedroom / 1 Bath	28	48	9	
2 Bedroom / 1 Bath	11	20	3	1
Total	39	68	12	1
<b>Square Footage</b>	<i>Unit Size (sq.ft.)</i>		<i>Total</i>	
1 Bedroom / 1 Bath	635		53,975	sq.ft.
2 Bedroom / 1 Bath	830		29,050	sq.ft.
Community Area			6,925	sq.ft.
Total			89,950	sq.ft.
<b>Resident Facilities</b>	Community area includes 4 management and 1 resident service provider offices, laundry facility, community room, 2 elevators, on site parking (135 open spaces), bicycle storage (60 spaces), community garden, swimming pool, outdoor gathering space, security cameras, perimeter fencing, and vehicle and pedestrian gates.			
<b>Permanent Sources</b>	<i>Total</i>	<i>Per Unit</i>	<i>Per Square Foot</i>	
Tax Credit Equity	14,795,044	123,292	164.48	
AHSC Loan	13,691,489	114,096	152.21	
AHSC Grant	594,811	4,957	6.61	
Agency Loan	5,600,000	46,667	62.26	
AHP Loan	1,190,000	9,917	13.23	
GP Equity	2,267,548	18,896	25.21	
Sewer Fee Credits	104,098	867	1.16	
<b>TOTAL SOURCES</b>	<b>\$ 38,242,990</b>	<b>\$ 318,692</b>	<b>\$ 425.16</b>	
<b>Permanent Uses</b>				
Acquisition	7,772,774	64,773	86.41	
Construction Costs	18,073,687	150,614	200.93	
Permits	150,000	1,250	1.67	
Architecture, Engineering, Survey	790,730	6,589	8.79	
Hard Cost Contingency	2,224,764	18,540	24.73	
Soft Cost Contingency	250,000	2,083	2.78	
Financing Cost	1,833,475	15,279	20.38	
Operating Reserves	380,816	3,173	4.23	
Legal Fees	260,000	2,167	2.89	
Developer Fee	4,535,096	37,792	50.42	
Third Party Fees, Marketing, Other	1,971,648	16,430	21.92	
<b>TOTAL USES</b>	<b>\$ 38,242,990</b>	<b>\$ 318,692</b>	<b>\$ 425.16</b>	
<b>Management / Operations</b>				
Proposed Developer:	Mercy Housing California			
Property Management Company:	Mercy Housing Management Group			
Operations Budget:	404,360	3,370		
Property Management	79,200	660		
Resident Services:	75,000	625		
Replacement Reserves:	72,000	600		

**Courtyard Inn Transit Oriented Development  
Project Cash Flow Proforma**

Unit Type	Number	Square Feet	Total Sq Feet	TCAC Gross Rent	Utility Allowance	Market Rent	Actual Rent	Rent per Sq Foot	Total Mo. Rent	Current Annual Rent
1 BD / 1 BA @ 40% AMI	28	635	17,780	\$ 521	\$ 65	\$ 848	\$ 456	\$ 0.72	\$ 12,768	\$ 153,216
1 BD / 1 BA @ 50% AMI	48	635	30,480	\$ 651	\$ 65	\$ 848	\$ 586	\$ 0.92	\$ 28,128	\$ 337,536
1 BD / 1 BA @ 60% AMI	9	635	5,715	\$ 781	\$ 65	\$ 848	\$ 716	\$ 1.13	\$ 6,444	\$ 77,328
2 BD / 1 BA @ 40% AMI	11	830	9,130	\$ 625	\$ 84	\$ 917	\$ 541	\$ 0.65	\$ 5,951	\$ 71,412
2 BD / 1 BA @ 50% AMI	20	830	16,600	\$ 781	\$ 84	\$ 917	\$ 697	\$ 0.84	\$ 13,940	\$ 167,280
2 BD / 1 BA @ 60% AMI	3	830	2,490	\$ 937	\$ 84	\$ 917	\$ 833	\$ 1.00	\$ 2,499	\$ 29,988
Manager's Unit (Exempt)	1	825	825	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Totals</b>	<b>120</b>	<b>5,220</b>	<b>83,020</b>						<b>\$ 69,730</b>	<b>\$ 836,760</b>

<i>Income</i>	Annual Increase	Per Unit	Year 1 2019	Year 2 2020	Year 3 2021	Year 4 2022	Year 5 2023	Year 6 2024	Year 7 2025	Year 10 2028	Year 20 2038
Potential Gross Income	2.50%		836,760	857,679	879,121	901,099	923,626	946,717	970,385	1,044,999	1,337,687
Other Income	2.50%		14,400	14,760	15,129	15,507	15,895	16,292	16,700	17,984	23,021
Less Vacancy	5.00%		(42,558)	(43,622)	(44,712)	(45,830)	(46,976)	(48,150)	(49,354)	(53,149)	(68,035)
<b>Effective Gross Income</b>			<b>\$808,602</b>	<b>\$828,817</b>	<b>\$849,537</b>	<b>\$870,776</b>	<b>\$892,545</b>	<b>\$914,859</b>	<b>\$937,730</b>	<b>\$1,009,833</b>	<b>\$1,292,672</b>
<i>Operating Expenses</i>											
Operating Expenses	3.50%	3,370	404,360	418,513	433,161	448,321	464,012	480,253	497,062	551,101	777,383
Taxes/Insurance	2.00%	271	32,500	33,150	33,813	34,489	35,179	35,883	36,600	38,841	47,346
Resident Services	3.50%	625	75,000	77,625	80,342	83,154	86,064	89,076	92,194	102,217	144,188
Property Management	3.50%	660	79,200	81,972	84,841	87,810	90,884	94,065	97,357	107,941	152,262
Replacement Reserves		600	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000
<b>Total Expenses</b>		<b>5,526</b>	<b>\$663,060</b>	<b>\$683,260</b>	<b>\$704,156</b>	<b>\$725,775</b>	<b>\$748,139</b>	<b>\$771,277</b>	<b>\$795,213</b>	<b>\$872,100</b>	<b>\$1,193,179</b>
<b>Net Operating Income</b>			<b>\$145,542</b>	<b>\$145,557</b>	<b>\$145,381</b>	<b>\$145,001</b>	<b>\$144,406</b>	<b>\$143,582</b>	<b>\$142,517</b>	<b>\$137,733</b>	<b>\$99,493</b>

<i>Debt Service</i>	Amount	Rate	Year 1 2019	Year 2 2020	Year 3 2021	Year 4 2022	Year 5 2023	Year 6 2024	Year 7 2025	Year 10 2028	Year 20 2038
HCD AHSC Monitoring Fee	\$13,691,489	0.42%	57,504	57,504	57,504	57,504	57,504	57,504	57,504	57,504	57,504
HA Monitoring Fee	\$22,045,298	0.15%	33,068	33,068	33,068	33,068	33,068	33,068	33,068	33,068	33,068
<b>Debt Service Subtotal</b>			<b>\$90,572</b>	<b>\$90,572</b>	<b>\$90,572</b>	<b>\$90,572</b>	<b>\$90,572</b>	<b>\$90,572</b>	<b>\$90,572</b>	<b>\$90,572</b>	<b>\$90,572</b>
DCR			1.61	1.61	1.61	1.60	1.59	1.59	1.57	1.52	1.10

<i>Priority Distributions</i>	Amount	Rate	Year 1 2019	Year 2 2020	Year 3 2021	Year 4 2022	Year 5 2023	Year 6 2024	Year 7 2025	Year 10 2028	Year 20 2038
Asset Management Fee (GP)	\$20,000	0.00%	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	0
Partnership Management Fee (LP)	\$5,000	3.00%	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,524	8,768
<b>Priority Distributions Subtotal</b>			<b>25,000</b>	<b>25,150</b>	<b>25,305</b>	<b>25,464</b>	<b>25,628</b>	<b>25,796</b>	<b>25,970</b>	<b>26,524</b>	<b>8,768</b>
<b>Net Cash after Priority Distributions</b>			<b>\$29,970</b>	<b>\$29,835</b>	<b>\$29,504</b>	<b>\$28,965</b>	<b>\$28,206</b>	<b>\$27,214</b>	<b>\$25,975</b>	<b>\$20,637</b>	<b>\$153</b>

<i>AHSC Loan</i>	Amount	Rate	Year 1 2019	Year 2 2020	Year 3 2021	Year 4 2022	Year 5 2023	Year 6 2024	Year 7 2025	Year 10 2028	Year 20 2038
Principal Balance	\$13,691,489	3.00%	13,691,489	14,102,234	14,936,045	16,217,938	17,986,370	20,294,392	23,211,246	36,597,557	199,209,452
Interest for Period			410,745	423,067	448,081	486,538	539,591	608,832	696,337	1,097,927	5,976,284
Accumulated Interest			410,745	833,812	1,281,893	1,768,431	2,308,022	2,916,854	3,613,191	6,453,122	37,540,095
Payment			0	0	0	0	0	0	0	0	0
<b>Balance</b>			<b>\$14,102,234</b>	<b>\$14,936,045</b>	<b>\$16,217,938</b>	<b>\$17,986,370</b>	<b>\$20,294,392</b>	<b>\$23,211,246</b>	<b>\$26,824,437</b>	<b>\$43,050,679</b>	<b>\$236,749,547</b>

<i>SHRA Loan</i>	Amount	Rate	Year 1 2019	Year 2 2020	Year 3 2021	Year 4 2022	Year 5 2023	Year 6 2024	Year 7 2025	Year 10 2028	Year 20 2038
Principal Balance	\$5,600,000	0.00%	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000
Payment			0	0	0	0	0	0	0	0	0
<b>Balance</b>			<b>\$5,600,000</b>	<b>\$5,600,000</b>	<b>\$5,600,000</b>	<b>\$5,600,000</b>	<b>\$5,600,000</b>	<b>\$5,600,000</b>	<b>\$5,600,000</b>	<b>\$5,600,000</b>	<b>\$5,600,000</b>

<i>AHP Loan</i>	Amount	Rate	Year 1 2019	Year 2 2020	Year 3 2021	Year 4 2022	Year 5 2023	Year 6 2024	Year 7 2025	Year 10 2028	Year 20 2038
Principal Balance	\$1,190,000	0.00%	1,190,000	1,190,000	1,190,000	1,190,000	1,190,000	1,190,000	1,190,000	1,190,000	1,190,000
Payment			0	0	0	0	0	0	0	0	0
<b>Balance</b>			<b>\$1,190,000</b>	<b>\$1,190,000</b>	<b>\$1,190,000</b>	<b>\$1,190,000</b>	<b>\$1,190,000</b>	<b>\$1,190,000</b>	<b>\$1,190,000</b>	<b>\$1,190,000</b>	<b>\$1,190,000</b>

<b>Combined Debt Coverage Ratio</b>			<b>1.61</b>	<b>1.61</b>	<b>1.61</b>	<b>1.60</b>	<b>1.59</b>	<b>1.59</b>	<b>1.57</b>	<b>1.52</b>	<b>1.10</b>
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**MAXIMUM HOME RENT AND INCOME LEVELS 2016***Rents at 40%, 50% and 60% of Area Median Income*

Household Size	<b>Maximum Income Limits:</b>		
	<i>40% AMI</i>	<i>50% AMI</i>	<i>60% AMI</i>
1 person	\$ 19,440	\$ 24,300	\$ 29,160
2 person	\$ 22,240	\$ 27,800	\$ 33,360
3 person	\$ 25,000	\$ 31,250	\$ 37,500
4 person	\$ 27,760	\$ 34,700	\$ 41,640
5 person	\$ 30,000	\$ 37,500	\$ 45,000

**Maximum Rent Limits:**  
 AHSC, HOME/HTF/AHF/MRB and  
 Low Income Housing Tax Credits (LIHTC's)

Unit Size	<i>40% AMI</i>	<i>50% AMI</i>	<i>60% AMI</i>
1 Bedroom	\$ 521	\$ 651	\$ 781
2 Bedroom	\$ 625	\$ 781	\$ 937

Date: November 1, 2016

Mercy Housing California  
c/o Stephan Daues, Vice President  
2512 River Plaza Drive, Suite 200  
Sacramento, CA 95833

RE: Conditional Loan Commitment for Courtyard Inn  
Transit Oriented Development

Dear Mr. Daues:

On behalf of the Sacramento Housing and Redevelopment Agency (Agency), we are pleased to advise you of its commitment of permanent loan funds (Loan) comprised of \$5,600,000 in County Home Investment Partnerships Program (HOME), Housing Trust Fund and Affordable Housing Fund for the purpose of financing the acquisition, rehabilitation and development of certain real property known as Courtyard Inn Transit Oriented Development, located at 3425 Orange Grove Avenue, North Highlands, California (Property). **The Agency's decision is based on your application, and all representations and information supplied by you to it. If these representations and information change in a material manner without written approval of the Agency, this commitment is void.** Agency's obligation to make the Loan is subject to the satisfaction of all the following terms and conditions and Borrower's execution of documentation that is in a form and in substance satisfactory to the Agency.

The Loan shall be made on standard Agency loan documents. No loan terms not in this funding commitment and the attached loan document forms shall be included in the final loan documents without additional environmental review and governing board approval. In the event of any discrepancies between terms stated in this commitment and the loan documents, the terms stated in the loan commitment letter shall be deemed to be terms of this commitment.

Unless otherwise agreed in writing by the Agency in exercise of its absolute discretion, the following shall be considered conditions to Agency approval of a financing commitment. The Agency may, in exercise of its absolute discretion, modify its requirements upon written notice to Borrower given at least sixty (60) days prior to close of escrow for the Property.

This commitment will expire on May 1, 2017 with option to extend upon mutual agreement.



1. **PROJECT DESCRIPTION:** Courtyard Inn Transit Oriented Development (Project) is located in the North Highlands area of Sacramento. Built in 1972, the Project will involve the rehabilitation of the existing, fully operational 148-room Courtyard Inn motel with a separate 8,500 square foot restaurant building, into 120 units of one- and two-bedroom affordable apartments with community and office space. The existing two-story motel building will be converted into 72 one-bedroom apartments and ancillary uses. The existing restaurant will be converted into offices and community space. An additional 13 one-bedroom and 35 two-bedroom units will be provided in the new construction of two three-story buildings with elevators along the curved southeast portion of the site. On-site amenities include swimming pool, community room with a fully equipped kitchen, computer lab and laundry facilities. The development includes 130 open parking spaces.
2. **BORROWER:** The name of the Borrower for the Loan is Mercy Housing California, a California limited partnership (or related entity).
3. **PURPOSE OF LOAN:** The Loan is to be used by Borrower solely to pay the costs of acquisition, rehabilitation, development, and for such other purposes as Agency expressly agrees to in the loan agreement for the Loan, and such other agreements as may be generally required by the Agency for the use of the funding source for the Loan.
4. **PRINCIPAL AMOUNT:** The combined principal amount of the Loan will be the lesser of (a) \$5,600,000 in HOME, Housing Trust Fund and Affordable Housing Fund or (b) an amount to be determined prior to close of the Loan based on a project budget approved by Agency.
5. **TERM OF LOAN:** The Loan shall mature 57 years or 684 months from the date of closing, at which point any and all unpaid principal and interest on the loan will be due and payable.
6. **INTEREST RATE:** The Loan shall bear no interest.
7. **REPAYMENT:** Payments shall be deferred from the Loan's Effective Date through the first 683 months. Beginning in month 684, full payment shall be applied to unpaid principal. Early payments are not penalized.
8. **SOURCE OF LOAN FUNDS:**  
Agency is making the Loan from the following sources of funds, and the Loan is subject to all requirements related to the use of such, whether Agency requirements or otherwise: County HOME, Housing Trust Fund and Affordable Housing Fund. This Loan is conditioned upon Borrower's acceptance of Agency's requirements and conditions related to such lending programs and funding sources, including, among others, the required forms of agreements for the Loan; the requirements for covenants, conditions and restrictions upon the Property; and insurance and indemnity requirements.

**Borrower acknowledges that, as a condition of the Agency's making of the Loan, the Property will be subject to restrictions on future sales and rentals which may result in**

**less income to Borrower than could otherwise be realized, and that such restrictions run with the land, and during their operational term, will bind all successors in interest.**

\_\_\_\_\_ **(Borrower Initial)**

9. **ACCELERATION**: Agency shall have the right to accelerate repayment of the Loan in the event of a default under any Loan Document or upon sale, transfer or alienation of the Property except as specifically provided for in the Loan documents.
10. **SECURITY**: The Loan shall be evidenced by promissory note(s) secured by a deed of trust with assignment of rents against the fee and/or leasehold interest in the Property and Improvements, which shall be a lien upon the Property and Improvements subject only to liens senior to the Agency's lien securing loans from bank construction loan/bond, State of California Department of Housing and Community Development - Affordable Housing and Sustainable Communities Program and such other items as the Agency may approve in writing. The Loan shall also be secured by security agreements. The Agency may subordinate said deeds of trust in order to accommodate completion of rehabilitation and new construction of the Property.
11. **LEASE AND RENTAL SCHEDULE**: All leases of the Property and Improvements shall be subject to Agency's review and approval prior to execution. Borrower shall not deviate from the rental schedule presented in Borrower's application for the Loan without Agency's prior written approval; provided, however, that such approval shall not be required for annual adjustments to rental rates as permitted by the California Tax Credit Allocation Committee.
12. **PROOF OF EQUITY**: Borrower shall provide proof of equity for the Property and Improvements in the amount of no less than \$14,000,000 in Low Income Housing Tax Credit Equity. If LIHTC equity goes below \$14,000,000 it must be offset by an increase in deferred developer fee.
13. **OTHER FINANCING**: Borrower, as a requirement of the Loan, shall procure and deliver to Agency evidence satisfactory to Agency that Borrower has obtained the following described financing which may be secured by a lien upon the Property and Improvements superior or subordinate to Agency's liens, and which shall be otherwise on terms and conditions acceptable to Agency:
  - (a) As a condition precedent to disbursement of the remainder of the Agency loan, construction financing from a private lender(s) in an amount(s) sufficient to complete construction of the Property according to a scope of work as approved by Agency and made for a term not less than that specified in the Schedule of Performances for completion of construction, and in any event not less than the time necessary to fulfill all conditions precedent to funding of the permanent financing.

(b) Commitments for permanent financing sufficient to “take out” all liens senior to the Agency’s lien.

(c) Such commitments for financing shall not require modification of Agency loan documents, or any term of this commitment letter.

14. EVIDENCE OF FUNDS: Prior to the first disbursement of the Loan, Borrower must demonstrate evidence of adequate and assured funding to complete the development of the Project in accordance with the Agency's requirements. Borrower's evidence of available funds must include only one or more of the following: a) Borrower equity; b) firm and binding commitments for the Project from financial institution(s) or from other lender(s) approved by Agency in its absolute discretion; and c) Agency’s contribution, provided, however, that Agency is not obligated by this letter to make any contribution not stated in the terms of the letter.
15. SOILS AND TOXIC REPORTS: Borrower/Grantee has submitted to the Agency a hazardous substances report made in accordance with the American Society for Testing and Materials "Standard Practice for Environmental Site Assessments; Phase I Environmental Site Assessment Process" (Designation E1527-13) prepared by a licensed or registered environmental engineer or other qualified party prior to Loan/Grant closing. Borrower/Grantee must, as a condition of disbursement of Loan/Grant funds, give assurances satisfactory to the Agency that hazardous materials are not present on the Property or that any hazardous materials on the Property will be remediated and that no further remediation is then required by the environmental agency having responsibility for monitoring such remediation.
16. LOAN IN BALANCE: Borrower will be required to maintain the Loan "in balance". The Loan is "in balance" whenever the amount of the undisbursed Loan funds, the remaining sums to be provided by the Borrower and the loan funds from other project lenders or the equity investor are sufficient, in the sole judgement of the Agency, to pay for the remainder of the work to be done on the Project as required by written agreement with the Agency. Should the Agency determine that the Loan is not "in balance", the Agency may declare the Loan to be in default.
17. PLANS AND SPECIFICATIONS: Final plans and specifications, if any, for the Project must be in accordance with the proposal approved as part of the Loan application. Final plans and specifications will be subject to Agency's final approval prior to the disbursal of Agency Loan funds. Borrower must obtain Agency's prior written consent to any change in the approved plans and specifications or any material deviation in construction of the Project. The Final Plans shall incorporate all related mitigation measures required, if any, for compliance with approvals under CEQA, and/or NEPA, or the U.S. Department of Housing and Urban Development as conditions of approval of the project.
18. ARCHITECTURAL AGREEMENT: The architectural agreement (Agreement), if any, for the preparation of the plans and specifications and other services shall be subject to Agency's

approval. Agency may require an assignment of Borrower's interest in and to the Agreement as security for the Loan.

19. **CONSTRUCTION CONTRACT:** The construction contract (Contract), if any, and any change orders issued thereunder, and the contractor (Contractor) to be retained by Borrower to construct the Improvements shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Contract as security for the Loan. Agency may require Contractor to provide a performance and payment bond in a form acceptable to Agency for the amount of the Contract.
20. **RETENTION AMOUNT:** The Agency shall retain ten percent (10.0%) as retention from each disbursement, not to exceed a total of ten percent (10.0%) of the total amount of the Loan.
21. **COST BREAKDOWN:** Borrower shall deliver to Agency for Agency's approval prior to close of the Loan, a detailed cost breakdown of the cost of constructing, financing and other costs of developing the Improvements. The breakdown shall conform to the Project plans and specifications and the budget approved with this commitment. Borrower shall also deliver a list of all contractors and subcontractors to be employed in connection with the construction of the Improvements. If required by the Agency, Borrower shall also submit copies of all bids received for each item of work to be performed as well as copies of executed contracts and subcontracts with acceptable bidders.

All contracts, subcontracts, contractors, and subcontractors shall be subject to Agency's approval prior to close of the Loan. Agency also reserves the right to require performance and material payment bonds on any or all contractors, or in lieu of bond a letter of credit acceptable to Agency.

Agency shall make disbursements of the Loan based on a cost breakdown that lists line items in cost categories. Agency shall require that Borrower provide documentation supporting all requests for disbursement of Loan funds, including proof of work done and actual expenditure. Agency shall conduct inspections of the Property to assure that the work was done before making a disbursement.

22. **COST SAVINGS:** At completion of construction, Borrower shall submit to Agency a cost certification prepared by a qualified, independent auditor acceptable to Agency. The cost certification shall indicate the amounts actually spent for each item in the cost breakdown and shall indicate the final sources of funding. If there is an aggregate savings, in the total of all such cost breakdown items from the cost breakdown items in the original budget approved by the Agency, after adjusting for any decrease in any funding source including any loss of any equity investment due to an adjustment in the allowable tax credits, the Agency shall withhold for itself as loan repayment, one-half of such savings from the amount of retention then held by the Agency, and the Loan balance shall be reduced by the amount so withheld. The Agency, in its sole discretion, shall determine any reduction and/or repayment

of the Agency loan based upon this cost certification and the original approved budget for the Project.

23. **START OF CONSTRUCTION:** Borrower shall commence construction at the earliest possible date subject to the conditions of this Agency and other involved lenders, but no later than sixty (60) days following the close of construction financing.
24. **COMPLETION OF CONSTRUCTION:** Borrower shall complete the construction of the Improvements no later than 24 months following the close of construction financing.
25. **SECURITY CAMERAS AND OUTSIDE LIGHTING:** Project shall include installation of a security camera system at vehicular driveways and additional exterior lighting, all as approved by the Agency.
26. **INSURANCE PROVIDER:** Each policy of insurance required under the Loan shall be obtained from a provider licensed to do business in California and having a current Best's Insurance Guide rating of A+ VII, which rating has been substantially the same or increasing for the last five (5) years, or such other equivalent rating, as may reasonably be approved by Lender's legal counsel.
27. **HAZARD INSURANCE:** Borrower shall procure and maintain fire and extended coverage insurance and during construction Builder's Risk completed value insurance in a form and substance approved by Agency. Coverage shall be for protection against loss of, or damage to the Improvements or materials for their construction to their full insurable value. Borrower shall also procure and maintain insurance against specific hazards affecting Agency's security for the Loan as may be required by Agency, governmental regulations, or any permanent lender. All such policies shall contain a standard mortgagee loss payable clause in favor of Agency. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000.00).
28. **PUBLIC LIABILITY AND OTHER INSURANCE:** Borrower must procure and maintain public liability and property damage insurance (with Agency named as additional insured) in a form approved by Agency. Coverage must be approved by Agency and must be in at least the following limits of liability: (1) Commercial General Liability insurance in Insurance Services Office (ISO) policy form CG 00 01 Commercial General Liability (Occurrence) or better with limits of liability, which are not less than \$1,000,000, per occurrence limit; \$5,000,000 general aggregate limit, and \$5,000,000 products and completed operations aggregate limit, all per location of the Project; (2) Property damage liability of \$1,000,000 each occurrence, \$1,000,000 single limit and \$1,000,000 aggregate; (3) Contractual liability for Bodily Injury of \$1,000,000 each occurrence, for Property Damage of \$1,000,000 each occurrence and \$1,000,000 aggregate, and Personal Injury with Employment Exclusion Deleted of \$1,000,000 aggregate; and (4) Comprehensive Automobile Liability for any vehicle used for or in connection with the Work of \$1,000,000. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000).



Borrower must also procure and maintain workers' compensation and all other insurance required under applicable law, as required by law and as approved by Agency.

29. **TITLE INSURANCE:** Borrower must procure and deliver to Agency an ALTA Lender's Policy of Title Insurance, together with such endorsements as Agency may require, including but not limited to CLTA endorsement nos. 100, 116 and 102.5/102.7 insuring Agency in an amount equal to the principal amount of the Loan, that Agency's Deed of Trust constitutes a third lien or charge upon the Property and Improvements subject only to such items as shall have been approved by Agency. There must be no exceptions permitted for mechanics liens. Title insurance for the Loan must be issued by a title insurer approved by Agency.
30. **ORGANIZATIONAL AGREEMENTS:** Borrower must submit to Agency certified copies of all of Borrower's organizational documents, including all amendments, modifications or terminations: if a corporation, Borrower's Articles of Incorporation and By-Laws; if a partnership, its Partnership Agreement and, as applicable, Certificate of Limited Partnership or Statement of Partnership; if a Limited Liability Company, its Articles of Organization and its Operating Agreement; and in all cases with all exhibits and amendments to such documents, fictitious business name statements, other related filings or recorded documents and such related documents as Agency may request. If it is a corporation, Borrower must submit a corporate borrowing resolution referencing this Loan. If Borrower is other than a corporation, Borrower must submit such proof of authority to enter this Loan as may be required under the organizational documents.
31. **PURCHASE OF PROPERTY:** Borrower shall provide Agency with copies of all documents relating to Borrower's purchase of the Property.
32. **FINANCIAL INFORMATION:** During the term of the Loan, Borrower shall deliver to Agency within 120 days of the end of each fiscal year an audited income and expense statement, a balance sheet, and a statement of all changes in financial position signed by authorized officers of Borrower. Prior to close of the Loan and during its term, Borrower must deliver to Agency such additional financial information as may be requested by Agency. Agency reserves the right to review and approve financial statements and other credit information and references prior to closing. During the term of the Loan, Borrower must deliver to Agency a monthly rent-roll including household composition information and operating statements with respect to the Property and Improvements, as Agency may request.
33. **MANAGEMENT AGREEMENT:** Prior to execution and close of the Loan, Borrower must submit to Agency any agreement providing for the management or operation of the Property or Improvements by a third party which agreement is subject to Agency Approval.
34. **RESIDENT SERVICES AGREEMENT:** Prior to execution and close of the Loan, Borrower must submit to Agency any agreement providing for the resident services by a third party which agreement is subject to Agency Approval. The agreement must include a minimum of twenty (20) hours per week of on-site resident services.



35. LOW INCOME HOUSING TAX CREDITS (LIHTC): Borrower represents that as a condition of closing this Loan it is applying for an allocation of LIHTC's and agrees to perform all actions and to meet all requirements to maintain the LIHTC allocation if granted.
36. SMOKE-FREE ENVIRONMENT: At least 50% of the units must be smoke free. All indoor common areas must be smoke-free.
37. DOCUMENTATION: This letter is not intended to describe all of the requirements, terms, conditions and documents for the Loan, which shall also include customary provisions and documents for an Agency transaction of this type. All documents to be delivered to or approved by Agency must be satisfactory to Agency in all respects. Borrower must promptly deliver to Agency any further documentation that may be required by Agency.
38. CONSISTENCY OF DOCUMENTS: As a material obligation under this commitment letter, Borrower shall assure that the loan documents for the Project are consistent with lender's commitment approved by the Agency and comply, in all respects, with this commitment letter.
39. CHANGES OR AMENDMENTS: No documents or contracts which are to be delivered to Agency or are subject to Agency's review or approval shall be modified or terminated without the prior written approval of Agency.
40. ACCEPTANCE OF THIS COMMITMENT: Borrower's acceptance of this Commitment shall be evidenced by signing and delivering to Agency the enclosed copy of this letter. Until receipt of such acceptance by Agency, Agency shall have no obligation under this letter. Agency may withdraw this commitment at any time prior to Borrower's acceptance.

Sincerely,

La Shelle Dozier  
Executive Director

The undersigned acknowledges and accepts the foregoing Commitment and its terms and conditions.

Dated: November 1, 2016

**BORROWER:**

Mercy Housing California, L.P., a California limited partnership (or related entity)

By: \_\_\_\_\_  
Stephan Daues, Vice President

## 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

**COURTYARD INN TRANSIT ORIENTED DEVELOPMENT:  
APPROVAL OF ALLOCATION OF \$1,500,000 IN COUNTY HOME INVESTMENT  
PARTNERSHIPS PROGRAM FUNDS, \$2,200,000 IN HOUSING TRUST FUND AND  
\$1,900,000 IN AFFORDABLE HOUSING FUND; EXECUTION OF LOAN  
COMMITMENT AND RELATED DOCUMENTS WITH MERCY HOUSING  
CALIFORNIA, L.P. OR RELATED ENTITY; RELATED BUDGET AMENDMENT;  
AND ENVIRONMENTAL FINDINGS**

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

- Section 1.** An Initial Study/ Mitigated Negative Declaration (IS/MND) has been prepared for this project pursuant to the California Environmental Quality Act (CEQA), and it has been determined that with mitigation measures incorporated, the project will have no significant impact on the environment and preparation of an Environmental Impact Report (EIR) is not required.
- Section 2.** An Environmental Assessment (EA) has been prepared for this project pursuant to the National Environmental Policy Act (NEPA), and it has been determined that with mitigation measures incorporated, the project will have no significant impact on the environment and preparation of an Environmental Impact Statement (EIS) is not required.
- Section 3.** Subject to approval by the Board of Supervisors, the Loan Commitment letter attached to and incorporated in this resolution by this reference for the financing of the Courtyard Inn Transit Oriented Development (Loan Commitment) is approved and the Sacramento Housing and Redevelopment Agency (Agency) Executive Director, or her designee, is authorized to execute the Loan Commitment and related documents and transmit to Mercy Housing California, L.P., or related entity.

Approval Of A Loan Commitment And Tax-Exempt Bonds For The Courtyard Inn Transit  
Oriented Development

Page 2 of 2

Section 4. The Executive Director, or her designee, is authorized to enter into and execute other documents, as approved to form by Agency Counsel, and perform other actions necessary to fulfill the intent of the Loan Commitment that accompanies this resolution, in accordance with its terms, and to ensure proper repayment of the Agency funds including, without limitation, extensions and restructuring of such a loan consistent with the Agency adopted policy and with this resolution.

Section 5. The Executive Director, or her designee, is authorized to amend the Agency budget transfer One Million Five Hundred Thousand Dollars (\$1,500,000) of HOME funds, Two Million Two Hundred Thousand Dollars (\$2,200,000) of Housing Trust Fund and One Million Nine Hundred Thousand Dollars (\$1,900,000) of Affordable Housing Fund to the Courtyard Inn Transit Oriented Development.

Section 6. Subject to the approval by the Board of Supervisors, the Executive Director, or her designee, is authorized to execute the Loan Agreements and related documents, and perform other actions necessary to fulfill the intent of repayment of funds, including without limitation, subordination, extensions and restricting of payments, all as approved to form by Agency Counsel.

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CHAIR

ATTEST:

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CLERK



October 14, 2016

Sacramento Housing and  
Redevelopment Commission  
Sacramento, CA

Honorable Members in Session:

SUBJECT:

2017 Sacramento Housing and Redevelopment Agency Proposed Budget

SUMMARY

The attached report and resolution are submitted to you for review prior to review by the City of Sacramento.

RECOMMENDATION

Approve staff recommendation as outlined in the report.

Respectfully submitted,

LA SHELLE DOZIER  
Executive Director

Attachment



**REPORT TO HOUSING AUTHORITY  
AND COUNCIL**  
**City of Sacramento**  
**915 I Street, Sacramento, CA 95814-2671**  
**[www.CityofSacramento.org](http://www.CityofSacramento.org)**

**Public Hearing**  
**November 1, 2016**

**Honorable Mayor and Members of the City Council**

**Title: 2017 Sacramento Housing and Redevelopment Agency Proposed Budget**

**Location/Council District: Citywide**

**Recommendation:** Conduct a public hearing and upon conclusion: 1) adopt a **Council Resolution**: a) approving the 2017 proposed budget for the Sacramento Housing and Redevelopment Agency (Agency); b) delegating authority to the Agency to administer certain federal funds; c) authorizing the Agency to submit grant applications for activities within the jurisdiction of the Agency; d) authorizing the Agency to enter into contracts, make fund transfers, transfer project appropriations, amend the Agency budget and undertake other actions necessary to implement the delegated authorizations; and e) consenting to the Agency's submittal of the annual housing operating budgets and application for Capital Fund Plan funding to HUD. 2) adopt a **Housing Authority Resolution** : a) approving the 2017 proposed budget for the Housing Authority of the City of Sacramento (Authority); b) delegating authority to administer certain federal funds; c) authorizing the Authority to submit grant applications for activities within the jurisdiction of the Authority; d) authorizing the Executive Director to submit the annual housing operating budgets to HUD and the application to HUD for Capital Fund Plan funding; and e) authorizing the Executive Director to enter into contracts, make fund transfers, transfer project appropriations, amend the Agency budget and undertake other actions necessary to implement the delegated authorizations. 3) Adopt a **Council Resolution** adopting a Multi-Family Loan and Mortgage Revenue Bond Application Schedule that correspond with California Tax Credit Allocation Committee and California Debt Limit Allocation Committee application deadlines.

**Contact:** Tina McKenney, Finance Director, 440-1325, LaShelle Dozier, Executive Director, 440-1319

**Presenters:** La Shelle Dozier, Executive Director, Tina McKenney, Director of Finance

**Department:** Sacramento Housing and Redevelopment Agency



## 2017 Proposed Agency Budget

**Description/Analysis**

**Issue Detail:** The annual budget of the Sacramento Housing and Redevelopment Agency (Agency) incorporates the budgets of the Housing Authority of the City of Sacramento, the Housing Authority of the County of Sacramento, and the administration of specific funds on behalf of the City and County of Sacramento.

The proposed 2017 budget provides a plan by which the Agency operates in an efficient manner and in compliance with the regulatory requirements of our funding sources and the Government Accounting Standards Board. The Agency's budget and fiscal year is the calendar year from January 1<sup>st</sup> through December 31<sup>st</sup>. Neither the City nor the County provides General Fund support for the Agency's budget.

The Agency proposes a balanced budget in the amount of \$190.5 million representing the operational activities and projects for 2017. The 2017 proposed budget represents a \$10.9 million or 6.1 percent increase in net appropriations compared with the prior year. This change in annual budget appropriations is primarily the result of the following factors: 1) an increase in the operating budget due to increased workers compensation and retirement costs and funding prior year unfunded positions, 2) an increase in Housing Assistance Payment (HAP) funding for the Housing Choice Voucher program, 3) a one-time increase in debt service payments in 2017 related to repayment of an internal loan from Housing Choice Voucher funding, and 4) an increase in the number of capital projects.

Some of the guiding principles used to develop the Agency's budget include:

- Protecting "core services" to the greatest extent possible, with delivery of housing programs, public services and capital projects being a major priority;
- Managing program activities by focusing on the efficiency of program delivery and the maximization of results;
- Considering the overall financial health of the organization, not just the cash flow from year to year;
- Using partnerships with public entities, community based organizations and private entities whenever practicable; and
- Developing budget plans that deal with the immediate needs of the Agency and employing strategies that address the long-term needs of the communities we serve.

## 2017 Proposed Agency Budget

<b>Calendar Year 2017 Proposed Budget (\$\$\$ In Millions)</b>							
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>Variance</b>	
	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>(2016 to 2017)</b>	
<b>OPERATIONS</b>							
Salaries and Benefits	19.9	19.6	20.9	22.3	24.7	2.4	10.8%
Services and Supplies	14.8	14.8	15.3	17.0	18.3	1.3	7.6%
Housing Assistance Payments	107.2	103.5	108.1	105.6	106.0	0.4	0.4%
Debt Service	3.1	2.3	3.2	2.4	3.3	0.9	37.5%
Financial Transactions	0.9	0.6	0.5	0.4	0.7	0.3	75.0%
Public Services	5.1	4.9	5.2	5.7	6.0	0.3	5.3%
<b>Subtotal</b>	<b>\$151.0</b>	<b>\$145.7</b>	<b>\$153.2</b>	<b>\$153.4</b>	<b>\$159.0</b>	<b>\$5.6</b>	<b>3.7%</b>
<b>CAPITAL PROJECTS</b>							
Housing Development and Preservation	13.2	14.0	19.4	16.7	20.8	4.1	24.6%
Housing Authority Capital Projects	2.3	4.4	2.8	2.1	3.2	1.1	52.4%
Infrastructure and Public Improvements	3.1	3.5	8.7	7.4	7.5	0.1	1.4%
<b>Subtotal</b>	<b>\$18.6</b>	<b>\$21.9</b>	<b>\$30.9</b>	<b>\$26.2</b>	<b>\$31.5</b>	<b>5.3</b>	<b>20.2%</b>
<b>TOTAL</b>	<b>\$169.6</b>	<b>\$167.6</b>	<b>\$184.1</b>	<b>\$179.6</b>	<b>\$190.5</b>	<b>\$10.9</b>	<b>6.1%</b>

The Agency receives 84 percent of its funding from the federal government through the Department of Housing and Urban Development. In 2016, funding for the Housing Choice Voucher program increased slightly and is expected to remain constant in 2017. Public Housing revenues remained constant in 2016 however, based on federal budget projections, operating subsidy revenues are expected to be slightly lower in 2017.

Federal programs such as Community Development Block Grant (CDBG) and HOME Investment Partnerships Program (HOME) have not seen much change in appropriation levels since the Sequestration cuts of 2013 which has reduced the number of housing projects, public services, and infrastructure improvements the Agency can fund. For 2017, it is expected that Agency programs will be funded at levels similar to 2016.

Although federal revenues are estimated to remain fairly constant, prior year reserves in both federal and non-federal funding sources were used to fund projects, loan repayments and other operating expenses.

## 2017 Proposed Agency Budget

The following table provides a visual representation of the funding levels for the Agency's major federal programs over the past several years.

City & County Federal Funding (In Millions)						
FUNDING SOURCES	2012	2013	2014	2015	2016 est	2017 est
Community Development Block Grant (CDBG)	\$ 8.69	\$ 9.11	\$ 9.09	\$ 9.41	\$ 9.52	\$ 9.52
HOME Investment Partnerships Program (HOME)	\$ 3.78	\$ 3.72	\$ 3.91	\$ 3.39	\$ 3.97	\$ 3.97
<b>Entitlement Programs Sub-Total:</b>	<b>\$ 12.47</b>	<b>\$ 12.83</b>	<b>\$ 13.00</b>	<b>\$ 12.80</b>	<b>\$ 13.49</b>	<b>\$ 13.49</b>
Public Housing Authority Operating Fund	\$ 9.94	\$ 8.80	\$ 10.02	\$ 10.19	\$ 10.15	\$ 9.94
Public Housing Capital Fund Program	\$ 3.99	\$ 4.02	\$ 3.10	\$ 3.91	\$ 4.28	\$ 4.23
<b>Public Housing Sub-Total:</b>	<b>\$ 13.93</b>	<b>\$ 12.82</b>	<b>\$ 13.12</b>	<b>\$ 14.10</b>	<b>\$ 14.43</b>	<b>\$ 14.17</b>
Housing Choice Voucher Assistance Payments	\$103.00	\$ 98.50	\$101.02	\$100.68	\$100.94	\$100.94
Housing Choice Voucher Administration	\$ 8.40	\$ 7.57	\$ 8.31	\$ 8.75	\$ 9.78	\$ 9.30
<b>HCV Sub-Total:</b>	<b>\$111.40</b>	<b>\$106.07</b>	<b>\$109.33</b>	<b>\$109.43</b>	<b>\$110.72</b>	<b>\$110.24</b>
Emergency Solutions Grant (ESG)	\$ -	\$ 0.63	\$ 0.92	\$ 0.81	\$ 0.85	\$ 0.85
Shelter Plus Care	\$ 4.26	\$ 4.70	\$ 4.80	\$ 4.49	\$ 4.42	\$ 4.54
Housing Opportunities for Persons With Aids (HOPWA)	\$ 0.90	\$ 0.86	\$ 0.87	\$ 0.91	\$ 0.91	\$ 0.91
<b>Public Services Sub-Total:</b>	<b>\$ 5.16</b>	<b>\$ 6.19</b>	<b>\$ 6.59</b>	<b>\$ 6.21</b>	<b>\$ 6.18</b>	<b>\$ 6.30</b>

**Policy Considerations:** The actions recommended in this report are consistent with adopted Consolidated Plan goals, the annual Housing Operating budget, the Capital Fund Plan, and adopted Agency policies. For the Housing Authority of the City, serving as Housing Successor to the former redevelopment agency, the 2017 proposed budget contains provisions for rental assistance obligations of the former redevelopment agency previously funded from low and moderate tax increment revenues. These obligations have been reported on the Recognized Obligation Payment Schedule (ROPS) of the City Successor Agency and approved by the California Department of Finance (DOF). Funding has been approved through June 30, 2017. However, DOF has indicated that continued funding is in jeopardy for projects on the City Successor Agency's ROPS. This would significantly impact funding available to assist residents at Boulevard Court and 208 other extremely low-income individuals. If the State determines that these activities are not enforceable obligations, the Housing Authority will have no ability to continue to fund these activities.

This report also recommends adoption of the Agency's Multi-Family Loan and Mortgage Revenue Bond 2017 Application Schedule and anticipated funding for Agency funded projects. The schedule will allow applicants to apply for funding on certain dates corresponding to the California Tax Credit Allocation Committee (TCAC) and California Debt Limit Allocation Committee (CDLAC) application deadlines.

**Economic Impacts:** Not applicable

**Environmental Considerations:**

**California Environmental Quality Act (CEQA):** The proposed action to adopt the budget does not constitute a project subject to environmental review under the California Environmental Quality Act (CEQA) per

Guidelines Section 15378(b). Public services provided for in the budget associated with multi-family supplemental assessments and rental assistance are actions associated with existing facilities with no changes to or expansion of use. As such, these activities are exempt under CEQA pursuant to CEQA Guidelines Section 15061(b)(3).

All other actions are associated with the adoption of the 2017 proposed budget, and do not make any commitments to, or give approvals for, specific projects. Environmental Review for specific projects will be completed prior to any discretionary action(s) being carried out with regard to such projects.

**Sustainability Considerations: N/A**

**Other:** The proposed actions to adopt the budget are considered administrative and management activities and are exempt under the National Environmental Policy Act (NEPA) per 24 CFR 58.34(a) (3). Public services provided for in the budget associated with multi-family supplemental assessments and rental assistance are actions associated with existing facilities with no changes to or expansion of use. As such, these activities are categorically excluded under NEPA pursuant to 24 CFR Section 58.35(b) (1), (2), (3) and (4).

All other actions are associated with the adoption of the 2017 proposed budget, and do not make any commitments to, or give approvals for, specific projects. Environmental Review for specific projects will be completed prior to any choice limiting action(s) being carried out with regard to such projects.

**Commission Action:** At its meeting of October 19, 2016, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. The votes were as follows:

AYES:

NOES:

ABSENT:



## 2017 Proposed Agency Budget

**Rationale for Recommendation:** The proposed budget provides a fiscal strategy for operations and capital projects during 2017. The budget is in balance and complies with applicable federal, state, and local regulations on the use of the funds.

**Financial Considerations:** The 2017 proposed budget recommends total expenses of \$190.5 million, with the Housing Assistance Payments budget at \$106 million; the Operating budget at \$43 million; the Capital Project budget at \$31.5 million; the Public Services budget at \$6 million; and, the Debt Service and Financial Transaction budget at \$4 million. The 2017 proposed budget of \$190.5 million represents a \$10.9 million or 6.1 percent increase compared with the total 2016 Adopted budget.

For 2017, the Agency proposes to increase its authorized full time equivalent (FTE) positions to 230 FTE from the 225 FTE in 2016. We also recommend that of the 230 authorized FTE positions, 1 position remain unfunded. Salary and benefit costs have increased due to the increase in staff. These additional positions will be to implement new initiatives such as the Choice Neighborhoods Initiative and Jobs Plus Grants and provide additional staffing to support the operations of the Housing Choice Voucher program. Services and supplies costs have increased mainly due to costs associated with implementing the initiatives as outlined above.

**M/WBE and Section 3 Considerations:** The action proposed in this report has no M/WBE or Section 3 impact; therefore, M/WBE or Section 3 considerations do not apply.

Respectfully Submitted by:



LA SHELLE DOZIER  
Executive Director

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## **BACKGROUND**

### **Housing Choice Voucher Program (HCV):**

The Housing Choice Voucher (formerly Section 8 Housing Assistance) program is funded by the HUD through Annual Contribution Contracts (ACC). The Agency administers this program on behalf of the Housing Authority of the County of Sacramento. The Housing Choice Voucher program permits the applicant to obtain housing in the private rental market using housing vouchers. The program participants pay a portion (an adjusted 30 percent of gross family income) of the lease rate to the owner and the remaining rent due to the owner is paid by the Housing Authority. Participants can utilize their voucher anywhere in the City or County of Sacramento.

Revenue under the HCV program is received from HUD in the form of Housing Assistance Payments (HAP) and Administrative Fees (AF). The federal appropriations process dictates the amount of funding that will be allocated to the HCV program on a national level. Jurisdictional funding allocations are performance based, with the funding level determined by the number of authorized vouchers leased. Currently, the Housing Authority has 12,101 vouchers authorized for leasing each month and the program has effectively maintained a leasing level between 98-100 percent utilization of all vouchers authorized by HUD. In addition, the Agency also administers an additional 570 certificates for the Shelter Plus Care program serving disabled or homeless individuals and families.

The high utilization level of vouchers makes the HCV program eligible for maximum funding from HUD. Despite the Agency being entitled to maximum funding for the program, HUD intentionally provides less funding than required to cover HAP costs in an effort to recapture accumulated HAP reserves from public housing authorities across the country. In 2016 HUD intentionally recaptured HAP reserves leaving the Housing Authority with approximately two weeks of reserves; therefore, managing leasing levels effectively became exceptionally critical. In 2016, HUD prorated the Agency's HAP eligibility at 99.5 percent and staff anticipates a similar funding level for 2017 based upon the current proposals moving through Congress.

HCV administrative funding eligibility is based upon the number of units leased within the Housing Authority's authorized voucher allocation, currently 12,101 units per month. Once eligibility is determined, HUD uses a formula to determine administrative fees for the Agency. For 2016, the Agency receives \$86.16 per unit for the first 7200 unit months leased and \$80.42 per unit on all remaining unit months leased. HUD then applies a proration to the formula to reduce fees paid so that the administrative fees paid to housing authorities' matches the appropriations provided by Congress. In 2015 the pro-ration was 75 percent of administrative funding eligibility. This proration was increased to 84 percent of administrative funding eligibility in 2016. The Agency expects funding in 2017 to remain the same given the wide array of funding levels purposed by the administration and Congress.



2017 Sacramento Housing and Redevelopment  
Agency Proposed Budget

**Public Housing:**

The Housing Authority provides a total of 3215 units of affordable housing for over 7600 extremely low-, very low- and low-income persons, including children, seniors, and disabled individuals. The Public Housing Program provides 2713 apartments, duplexes, and some single family homes to qualified low income families. This housing is owned, managed, and maintained by the Housing Authority, making it one of the largest landlords in Sacramento County.

HUD operating subsidy, the funds provided by HUD to pay the costs of the program not covered by tenant rents, is appropriated annually through the federal budget process. Given the turmoil surrounding the federal budget, annual appropriations have been erratic reaching as high as 103% of funding eligibility in 2010 to as low as 82% in 2013. In 2016 the program was funded at 87% of funding eligibility, meaning that the program receives only 87% of what HUD believes the Agency needs to run the program. This requires the public housing program to cut operating costs wherever possible and utilize its meager operating reserves. The Agency anticipates a similar level of funding for 2017.

**Local Housing (Non-Federal):**

The Housing Authority also owns and manages 271 affordable units funded with tax credits and local funds.

These local housing projects, units not regulated by HUD, have shown positive revenue trends. Rental income and HAP revenues are projected to be relative status quo with 2016 levels. Total revenues were higher in 2016 due to loan repayments and deferred development fees in the Phoenix Park project.

The non-profit organization, Sacramento Housing Authority Repositioning Program Inc. (SHARP), owns and manages three project based voucher high-rise properties which contain 231 elderly only units.

Also included in the Agency budget is the Sacramento Housing Development Corporation (SHDC), a nonprofit public benefit corporation created to serve as the general partner of Riverview Plaza Associates (RPA). SHDC is the General Partner of the Riverview Plaza Associates (RPA) - A California limited partnership created to provide affordable housing to seniors with limited income. One of the governing boards of the Agency (the County Board of Supervisors) serves as the Board of Directors of the general partner. The Housing Authority of the City of Sacramento serves as the limited partner. The 2017 budget of SHDC and its limited partnership is \$825,310 and is approved annually by the County Board of Supervisors sitting as the Board of SHDC.

2017 Sacramento Housing and Redevelopment  
Agency Proposed Budget

**Capital Fund Program (CFP):**

The HUD CFP provides funding specifically intended for the development, financing, modernization, and management improvements needed at properties owned under the HUD public housing program. Funds are allocated annually via a formula. The Agency receives funding for the public housing properties owned by both the City and County Housing Authorities. Between 2003 and 2015, HUD funding for the capital improvements and modernization of Public Housing properties decreased 36 percent, with the sharpest decrease coming in 2014 at 23 percent. 2017 HUD funding for the CFP is expected to decrease slightly from the 2016 level. Revenue estimates are based on the current year grant amounts and are adjusted based upon Federal appropriation proposals.

**Community Development Block Grant (CDBG):**

CDBG is a federal entitlement program provided to communities annually for the benefit of low-income persons through housing improvement, public improvements, economic development, public service and elimination of blighting conditions. Areas of Sacramento which are low-income and extremely physically blighted have been selected for targeted CDBG assistance in the areas of capital improvements, housing preservation and renovation, and economic development and commercial revitalization activities. These funds must be used to augment but not replace local funds and responsibilities.

The annual HUD CDBG entitlement budget is allocated to cities and counties based on a formula comprised of several measures. The Agency receives grants for both the City of Sacramento and the County of Sacramento. Since 2010, CDBG appropriations have been cut by 25 percent. 2017 revenues are projected to be relative status quo with 2016 levels.

**Home Investment Partnership Program (HOME):**

The Agency administers the HOME program on behalf of the City and County of Sacramento as well as the City of Citrus Heights through a consortium agreement. This program provides for the preservation and expansion of affordable housing to very low and low-income persons. Housing developers and sponsors (both for-profit and non-profit) apply to the Agency for funding. In the past, HOME funds have assisted families in purchasing their first home, renovating deteriorating housing units, and assisting with the development of special housing programs.

The annual HUD HOME budget is allocated to states and participating jurisdictions as formula grants. The Agency receives HOME entitlement for both the City of Sacramento and the County of Sacramento. Since 2010, appropriations for HOME have declined by 47 percent. Revenues for 2017 are projected to be relative status quo with 2016 levels.

2017 Sacramento Housing and Redevelopment  
Agency Proposed Budget

**Housing Trust Funds (HTF):**

The Agency administers Housing Trust Funds on behalf of both the City and County of Sacramento. The City and County of Sacramento adopted ordinances in 1989 and 1990 respectively, for the purposes of generating fees for the development of affordable housing near employment centers. Fees collected from non-residential development are deposited in the Housing Trust Fund, and are used to fund affordable housing projects that are intended to serve the low income workforce employed by the commercial businesses in the surrounding area.

Housing Trust Fund fees dropped dramatically from 2009 to 2012 due to the sharp decline in number of commercial building permits being issued. There has been a steady increase beginning in 2013 due to increases in building permits and loan repayments. In addition, revenue estimates for 2017 increased from 2016 due the City of Sacramento's HTF fee increase which takes effect July 1, 2016.

**Emergency Solutions Grant (ESG)**

The ESG program is designed to directly assist homeless individuals and families by providing funding to support the provision of emergency shelters and rapid rehousing assistance. ESG funding is used for operations and essential social services necessary to support shelter residents and for the rapid re-housing of eligible individuals and families. The ESG program is designed to assist homeless subpopulations within this group, such as victims of domestic violence, youth, people with mental illness, families with children, and veterans. ESG funds can also be used, in narrowly defined situations, to aid people who are imminently at risk of becoming homeless. Revenues for 2017 are projected to be relative status quo with 2016 levels.

**Housing Opportunities for Persons With AIDS (HOPWA)**

HOPWA funding provides housing assistance and related supportive services in an effort to develop consortium-wide strategies and to form partnerships with area nonprofit organizations. HOPWA funds may be used for a wide range of housing, social services, program planning, and development costs. HOPWA funds may also be used for health care and mental health services, chemical dependency treatment, nutritional services, case management, assistance with daily living, and other supportive services. Revenues for 2017 are projected to be relative status quo with 2016 levels.

## **RESOLUTION NO. 2016-**

**Adopted by the Sacramento City Council**

on date of

### **APPROVAL OF 2017 BUDGET FOR SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY; RELATED FINDINGS, APPROVALS, DELEGATIONS AND IMPLEMENTING AUTHORIZATIONS INCLUDING AUTHORITY FOR HUD SUBMISSIONS, GRANTS AND FUND TRANSFERS**

#### **BACKGROUND**

- A. The Sacramento Housing and Redevelopment Agency (Agency) is a joint powers agency created to eliminate duplicate staffing efforts and to manage and administer federal housing and community development programs on behalf of the City and County of Sacramento. This structure provides a competitive advantage to the City and County when seeking federal and other housing and community development funding opportunities. The consolidation of multiple departments from different jurisdictions achieves close coordination of housing and community development programs and provides budget savings for operation and overhead. The Agency Executive Director reports directly to the City and the County governing boards. The Agency is recognized statewide and nationally as a model public agency that achieves multi-jurisdictional cooperation and effectively leverages local, state and federal housing and community development funds.
- B. The Agency receives annual funding from a combination of federal, state and local sources. The sources of Agency revenue require that an operating budget be adopted prior to the start of each new fiscal year. The Agency's fiscal year is the calendar year from January 1<sup>st</sup> through December 31<sup>st</sup>.
- C. Pursuant to Health and Safety Code Section 34176, City Resolution No. 2012-018, and Housing Authority Resolution No. 2012-001, the City of Sacramento designated the Housing Authority of the City of Sacramento (Authority), managed and staffed by the Agency, as the designated local authority to retain the housing assets and housing functions previously performed by its Redevelopment Agency, and the Housing Authority consented to serve in that role.

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

- Section 1. The proposed actions to adopt the 2017 Proposed Agency Budget are considered administrative and management activities. As such, these actions do not constitute a project subject to environmental review under the California Environmental Quality Act (CEQA), as provided in CEQA Guidelines Section 15378(b)(4). These actions are also exempt from environmental review under the National Environmental Policy Act

(NEPA) per 24 CFR Section 58.34(a)(3). Public services provided for in the budget associated with multi-family supplemental assessments and rental assistance are actions associated with existing facilities with no changes to or expansion of use. As such, these activities are categorically exempt under CEQA pursuant to CEQA Guidelines Section 15301 and do not require a review under NEPA pursuant to 24 CFR Section 58.35(b)(1), (2), (3), and (4).

All other actions are associated with the adoption of the 2017 proposed budget, and do not make any commitments to, or give approvals for, specific projects. Environmental Review for specific projects will be completed prior to any discretionary action(s) being carried out with regard to such projects.

- Section 2. The 2017 Operating Budget totaling \$159,016,419 and the 2017 Project Budget totaling \$31,508,357, all as further described in the 2017 Proposed Agency Budget (hereinafter "2017 Agency Budget" or "Budget"), a copy of which is on file with the Agency Clerk and copies of which have been provided to the respective governing board members, are approved as the Budget of the Agency for the 2017 fiscal year. The 2017 Agency Budget incorporates the budgets of the Housing Authority of the City of Sacramento, the Housing Authority of the County of Sacramento, and the Sacramento Housing Development Corporation, and adoption of those budgets is contingent upon the approval of each of these respective entities.
- Section 3. A total of 230 Agency full time equivalent positions (FTE) are approved subject to classification review by the Executive Director of the Sacramento Housing and Redevelopment Agency.
- Section 4. The budgeted amount for any item in the Budget may be amended by majority vote of the governing body of each entity actually undertaking and funding the activity. Such an amendment to the Budget so enacted shall be deemed to have been approved by all of the entities that originally adopted the Budget without further action of the remaining entities.
- Section 5. The Agency is authorized to amend the Budget as necessary and to transfer funds among operating budgets or project budgets to facilitate legal directives of the California State Department of Finance and/or the State Controller's Office and the actions taken by the City of Sacramento acting as Successor Agency to the former Redevelopment Agency as approved by the Successor Agency's Oversight Board regarding housing successor matters.
- Section 6. The Agency is authorized to submit the 2017 Annual Housing Operating Budget and all supporting documents to the United States Department of Housing and Urban Development (HUD), including all required amendments for utilities and other miscellaneous adjustments. Furthermore, the Agency is authorized to amend the Budget to reflect



actual HUD approved expenditures and revenues for HUD funded programs and projects.

Section 7. The proposed expenditures under the 2017 Housing Operating Budget are necessary in the efficient and economical operation of Agency housing to serve low-income families.

Section 8. The housing financial plan set forth in the 2017 Housing Operating Budget is reasonable in that:

- a. It indicates a source of funding adequate to cover all proposed expenditures.
- b. It does not provide for the use of federal funding in excess of amounts payable under the provisions of the pertinent regulations.
- c. It proposes rental charges and expenditures that are consistent with provisions of law and the Annual Contributions Contract.
- d. It includes asset management project budgets prepared on an individual basis as shown in the schedule of public housing AMP and Central office 2017 budget.

Section 9. The Housing Authority of the City of Sacramento (Authority), staffed by the Agency, is authorized to submit applications to HUD for the Capital Fund Plan and Program funding. If such grants are awarded, the Agency is authorized to accept the grant or grants, execute all related documents, execute contracts to implement the Capital Fund Program subject to HUD approval of the annual statements and amend the budget accordingly. The Agency is directed to comply with all policies, procedures, and requirements prescribed by HUD as a condition of such grants. The Agency is authorized to submit the Comprehensive Plan or annual statement to HUD, after receiving public comments and resident review and approval of the Sacramento Housing and Redevelopment Agency Commission.

Section 10. On an annual basis, HUD requires the Authority, staffed by the Agency, to conduct a physical inventory, analyze receivables for collectability, and, accordingly, reconcile and adjust related financial records. The Agency is authorized to amend the Budget and financial records as needed for such adjustments.

Section 11. The Agency is authorized to purchase all lines of applicable insurance for its properties and operations through local independent agents, direct carriers, or risk retention pools, provided that the insurance requirements, coverage and terms are commercially reasonable and provided that the cost does not exceed the amounts in the approved Budget. The Agency is also authorized to obtain flood insurance through the federal flood insurance program for Agency properties and this coverage may be



secured through a local independent agent.

- Section 12. Subject to availability under the Budget of any required funds, the Agency is authorized to approve conversion of HUD funded conventional public housing dwelling units to non-dwelling use or disposition as long as the use or disposition is approved by HUD and consistent with adopted Agency/Housing Authority policy and governing board approvals. The Agency is authorized to amend the Budget as necessary and to transfer funds among operating budgets or project budgets to facilitate the approved HUD approved conversion.
- Section 13. The Agency is authorized and directed to approve, submit and implement the Public Housing Agency (PHA) Annual Plan and PHA Five-Year Plan and the attachments and/or amendments to such Plans to comply with the Quality Housing and Responsibility Act of 1998, as approved by the Sacramento Housing and Redevelopment Commission.
- Section 14. The Agency is delegated authority to administer and accept specific federal entitlement grant funds, execute all related documents, and amend the Budget in the event that the actual federal entitlement grant funds exceeds or is less than the amount estimated in the Budget. The Agency is directed to comply with all policies, procedures, and requirements prescribed as a condition of such grants.
- Section 15. The Agency is authorized to administer ESG and HOPWA funds, or delegate authority to other appropriate entities approved by the governing boards to administer ESG and HOPWA programs, and is also authorized to expend funds and execute contracts with the appropriate entities to carry out the ESG and HOPWA funded activities contained in the approved Action Plan, strictly in accordance with the terms of the approved Action Plan and funding source requirements.
- Section 16. The Agency is authorized to enter into necessary grants and agreements with HUD, the State Housing and Community Development Department (HCD), and other governmental or private entities for homeless programs for which the Agency is the designated recipient of grant funds or contracting agency. The Agency is authorized to accept such grants, execute contracts to implement homeless activities as outlined in the Agency public services schedule and funded in the Budget, and amend the Budget accordingly, provided that the activities are fully funded by the grant or are within the Agency Budget.
- Section 17. The Agency is authorized to submit grant applications on behalf the City of Sacramento for any and all housing and community development activities within the jurisdiction of Agency. If such grants are awarded and approved by the governing board if in excess of \$100,000, Agency is authorized to accept the grant or grants, execute contracts to implement grant activities with the appropriate entities (provided that the activities are fully funded by the grant or within the Budget), execute all related documents and amend the Budget. Budget expenditure and amendments for such grants are

permitted for positions, services and supplies, equipment and projects. Agency is directed to comply with all policies, procedures, and requirements prescribed as a condition of such grants. Such grants may include but are not limited to the following:

- Homeless Prevention and Rapid Re-housing Program (HPRP)
- Neighborhood Stabilization Program
- Family Unification Program
- Family Self Sufficiency
- Veteran's Assistance and Supportive Housing
- United States Environmental Protection Agency Brownfield Assessment
- United States Environmental Protection Agency Brownfield Clean Up
- United States Environmental Protection Agency Brownfield Revolving Loan Fund
- United States Environmental Protection Agency Brownfield Job Training
- California State Water Resources Control Board – Underground Storage Cleanup
- CAL REUSE Cleanup Grant and Loan Program
- Social Innovation Funds

Section 18. The Agency is authorized to amend the Budget to make transfers of fund balances to accommodate reserve requirements. The Agency may allocate and transfer any available fund balances to accounts held for future projects or reduce budget shortfalls in any other fund balances, provided monies so used are not otherwise restricted by law or regulations related to the funding source. Further, the Agency is authorized to expend available balances from the payroll fund for the cost of liabilities such as post retirement medical benefits, sick leave, and vacation accruals.

Section 19. The Agency Budget is controlled at the fund group level. Except as provided in this resolution, no expenditure will exceed the approved Budget.

Section 20. The Agency is authorized to amend the Budget to appropriate for expenditure all revenues received in revolving funds.

Section 21. The Agency is authorized to increase or decrease operating Budget appropriations up to \$100,000. Operating Budget appropriation increases and decreases in excess of \$100,000 must be approved by the appropriate governing board.

Section 22. The Agency is authorized to transfer appropriations up to \$100,000 per transaction in Operating Budget and contingency reserves.

Section 23. The Agency is authorized to increase or decrease project budget appropriations by not more than \$100,000 for each project or activity.

Project budget appropriation increases and decreases in excess of \$100,000 must be approved by the appropriate governing board.

- Section 24. The Agency is authorized to transfer project appropriations among fund groups.
- Section 25. The Agency is authorized to amend the Budget to reflect all required debt service payments, pass through payments loan repayments, and other existing obligations based on actual higher or lower revenues.
- Section 26. The Agency is authorized to amend the Operating Budget or Capital Project Budget or transfer funding of approved capital projects or operating budgets within the respective project area funds in compliance with approvals, bond covenants, tax laws and applicable redevelopment laws and regulations or changes to the aforementioned.
- Section 27. The Agency is authorized to execute and implement internal loans between Agency managed funds as reflected in the Budget and as consistent with bond covenants, tax laws and applicable redevelopment laws and regulations; and to modify the terms of loans and reconcile available revenues as needed to assure receipt of anticipated revenues.
- Section 28. The Agency is authorized to exercise default remedies and take other actions to protect Agency assets under contracts, loans, disposition and development agreements, owner participation agreements and other Agency agreements and to appropriate the associated revenues in the Budget. The Agency is authorized to enter into "loan work outs," to the extent reasonably necessary to protect Agency assets, and in entering such "work outs," the Agency is authorized to renegotiate and rewrite the terms of the loan as if the loan were made according to current loan program underwriting criteria (including forgiveness of principal as necessary to reflect underwriting the loan at current fair market value of the subject property). Further, the Agency is authorized to renegotiate existing Agency debt obligations and execute new security instruments provided the terms of the new debt do not increase the principal outstanding and either result in a cost savings or provide the Agency with more favorable loan terms.
- Section 29. All project appropriations in existence as of December 31, 2016 will be carried over and continued in 2017.
- Section 30. All multi-year operating grant budgets in existence as of December 31, 2016 shall be continued in 2017.
- Section 31. All encumbrances for valid purchase orders and contracts in effect as of December 31, 2016 may remain in effect in 2017. The Agency is authorized to increase the Budget for valid encumbrances as of December 31, 2016, but only to the extent that the applicable division's 2016 operating budget appropriations exceeded 2016 expenditures.

- Section 32. The Agency is authorized to incorporate the changes listed on Exhibit A as part of the 2017 Budget.
- Section 33. If any entity requires a separate resolution to confirm any action approved within this resolution, the Sacramento Housing and Redevelopment Commission is delegated the authority to approve and deliver such resolution.
- Section 34. The Agency is authorized to delegate the authorities as set out in this resolution to Agency's Executive Director.
- Section 35. This resolution shall take effect immediately.

**Table of Contents:**

Exhibit A - Summary of Changes to Sacramento Housing and Redevelopment Agency  
Proposed 2017 Budget

## EXHIBIT A

### SUMMARY OF CHANGES TO SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY PROPOSED 2017 BUDGET

Approved 2017 Total Operating Budget	\$ 159,016,419
Revised Approved 2017 Total Operating Budget	\$0
Approved 2017 New Projects	\$ 31,508,357
Revised Approved 2017 New Projects	\$0
<b>TOTAL AGENCY BUDGET</b>	<b>\$ 190,524,776</b>

## **RESOLUTION NO. 2016-**

**Adopted by the Housing Authority of the City of Sacramento**

on date of

### **APPROVAL OF 2017 BUDGET FOR SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY; RELATED FINDINGS, APPROVALS, DELEGATIONS, AND IMPLEMENTING AUTHORITIES; INCLUDING AUTHORITIES FOR HUD SUBMISSIONS, GRANTS AND FUND TRANSFERS**

#### **BACKGROUND**

- A. The Sacramento Housing and Redevelopment Agency (Agency) is a joint powers agency created to eliminate duplicate staffing efforts and to manage and administer federal housing and community development programs on behalf of the City and County of Sacramento. This structure provides a competitive advantage to the City and County when seeking federal and other housing and community development funding opportunities. The consolidation of multiple departments from different jurisdictions achieves close coordination of housing and community development programs and provides budget savings for operation and overhead. The Agency Executive Director reports directly to the City and the County governing boards. The Agency is recognized statewide and nationally as a model public agency that achieves multi-jurisdictional cooperation and effectively leverages local, state and federal housing and community development funds.
- B. The Agency receives annual funding from a combination of federal, state and local sources. The sources of Agency revenue require that an operating budget be adopted prior to the start of each new fiscal year. The Agency's fiscal year is the calendar year from January 1<sup>st</sup> through December 31<sup>st</sup>.
- C. Pursuant to Health and Safety Code Section 34176 and City Resolution No. 2012-018 and Housing Authority Resolution 2012-001, the City of Sacramento designated the Housing Authority of the City of Sacramento (HACS), managed and staffed by the Agency, as the local authority to retain the housing-assets and housing-functions previously performed by its Redevelopment Agency and the Housing Authority consented to serve in that role.

#### **BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO RESOLVES AS FOLLOWS:**

- Section 1. The above recitals are found to be true and correct and are hereby adopted.
- Section 2. The proposed actions to adopt the 2017 Proposed Agency Budget are considered administrative and management activities. As such, these



actions do not constitute a project subject to environmental review under the California Environmental Quality Act (CEQA), as provided in CEQA Guidelines Section 15378(b). These actions are also exempt from environmental review under the National Environmental Policy Act (NEPA) per 24 CFR Section 58.34(a)(3). Public services provided for in the budget associated with multi-family supplemental assessments and rental assistance are actions associated with existing facilities with no changes to or expansion of use. As such, these activities are categorically exempt under CEQA pursuant to CEQA Guidelines Section 15061, and categorically excluded under NEPA pursuant to 24 CFR Section 58.35(b)(1), (2), (3), and (4).

All other actions associated with the adoption of the 2017 proposed budget, and do not make any commitments to, or give approvals for, specific projects. Environmental Review for specific projects will be completed prior to any discretionary action(s) being carried out with regard to such projects.

- Section 3. The 2017 Operating Budget totaling \$159,016,419 and the 2017 Project Budget totaling \$31,508,357, all as further described in the 2017 Proposed Agency Budget (hereinafter "2017 Agency Budget" or "Budget"), a copy of which is on file with the Agency Clerk and copies of which have been provided to the respective governing board members, are approved as the Budget of Agency for the 2017 fiscal year. The 2017 Agency Budget incorporates the budgets of the Housing Authority of the City of Sacramento, the Housing Authority of the County of Sacramento, the Sacramento Housing Development Corporation, and the adoption of those budgets is contingent upon the approval of each of these respective entities.
- Section 4. A total of 230 Agency full time equivalent positions (FTE) are approved subject to classification review by the Executive Director of the Sacramento Housing and Redevelopment Agency.
- Section 5. The Executive Director, or designee, is authorized to amend the Budget as necessary and to transfer funds among operating budgets or project budgets to facilitate legal directives of the California State Department of Finance and/or the State Controller's Office and the actions taken by the City of Sacramento acting as Successor Agency to the former Redevelopment Agency as approved by the Successor Agency's Oversight Board regarding housing successor matters.
- Section 6. The budgeted amount for any item in the Budget may be amended by majority vote of the governing body of each entity actually undertaking and funding the activity. Such an amendment to the Budget so enacted shall be deemed to have been approved by all of the entities that originally adopted the Budget without further action of the remaining entities.
- Section 7. The Executive Director, or designee, is authorized to submit the 2017 Annual Housing Operating Budget and all supporting documents to the

United States Department of Housing and Urban Development (HUD), including all required amendments for utilities and other miscellaneous adjustments. Furthermore, the Executive Director, or designee, is authorized to amend the Budget to reflect actual HUD approved expenditures and revenues for HUD funded programs and projects. See Exhibit B-1 for a summary of the public housing operating budget.

- Section 8. The proposed expenditures under the 2017 Housing Operating Budget are necessary for the efficient and economical operation of Agency housing to serve low-income families.
- Section 9. The housing financial plan set forth in the 2017 Housing Operating Budget is reasonable in that:
- a. It indicates a source of funding adequate to cover all proposed expenditures.
  - b. It does not provide for the use of federal funding in excess of amounts payable under the provisions of the pertinent regulations.
  - c. It proposes rental charges and expenditures that are consistent with provisions of law and the Annual Contributions Contract
  - d. It includes asset management project budgets prepared on an individual basis as shown in the Schedule of Public Housing AMP and Central Office 2017 Budget attached as Exhibit B-1.
- Section 10. Form HUD-52574 (04/2013), attached as Exhibit B-2 for signature by the Chair of the Board of the Housing Authority, provides necessary certifications for submission of the Operating Budgets described in Section 7d.
- Section 11. Based on the HUD requirement for public housing authorities to implement Asset Management that includes fee for service, the proposed Budget implements the fee for service provisions and support service costs. The fee for service provision is predicated on the concept that fee revenues will cover the cost of the services provided.
- Section 12. The Executive Director, or designee, is authorized to submit applications to HUD for the Capital Fund Plan and Program funding. If such grants are awarded, the Executive Director, or designee, is authorized to accept the grant or grants, execute all related documents and to execute contracts to implement the Capital Fund Program subject to HUD approval of the annual statements and amend the budget accordingly. The Executive Director, or designee, is directed to comply with all policies, procedures, and requirements prescribed by HUD as a condition of such grants. The Executive Director, or designee, is authorized to submit the Comprehensive Plan or annual statement to HUD, after receiving public comments and resident review.
- Section 13. On an annual basis the Agency, on behalf of HACS, conducts a physical inventory, analyzes receivables for collectability and, accordingly,

reconciles and adjusts related financial records. The Executive Director, or designee, is authorized to amend the Budget and financial records as needed for such adjustments.

Section 14. The Executive Director, or designee, is authorized to purchase all lines of applicable insurance for its properties and operations through local independent agents, direct carriers, or risk retention pools, provided that the insurance requirements, coverage and terms are commercially reasonable and provided that the cost does not exceed the amounts in the approved Budget. The Agency, on behalf of HACS, is also authorized to obtain flood insurance through the federal flood insurance program for HACS properties and this coverage may be secured through a local independent agent.

Section 15. Subject to availability under the Budget of any required funds, the Executive Director, on behalf of HACS, is authorized to approve conversion of HUD funded conventional public housing dwelling units to non-dwelling use or disposition as long as the use or disposition is approved by HUD and consistent with adopted HACS policy and governing board approvals. The Executive Director, or designee, is authorized to amend the Budget as necessary and to transfer funds among operating budgets or project budgets to facilitate the HUD approved conversion.

Section 16. The Executive Director, or designee, is authorized and directed, on behalf of HACS, to approve, submit and implement the Public Housing Agency (PHA) Annual Plan and the PHA Five-Year Plan, and the attachments and/or amendments to such Plans to comply with the Quality Housing and Responsibility Act of 1998.

Section 17. The Executive Director, or designee, is authorized to submit to HUD the One Year Action Plan for Community Development Block Grant (CDBG), Home Investment Partnership (HOME), Emergency Shelter Grant (ESG) and Housing Opportunities for People with AIDS (HOPWA). HACS, staffed by the Agency, is delegated authority to administer federal funds appropriated by HUD and is the designated recipient of funds outlined in the One Year action Plan. If such grants are awarded, the Agency is authorized to accept the grant or grants, execute all related documents and amend the Budget accordingly. The Agency is directed to comply with all policies, procedures, and requirements prescribed as a condition of such grants. Agency is authorized to amend the Capital Reserve Project budget in the event that the actual entitlement exceeds, or is less than, that estimated in the Budget.

Section 18. The Executive Director, or designee, is authorized to administer funds or delegate authority to other appropriate entities approved by the governing boards to administer ESG and HOPWA programs, and is also authorized to expend funds and execute contracts with the appropriate entities to carry out the ESG and HOPWA funded activities contained in the

approved Action Plan, strictly in accordance with the terms of the approved Action Plan and funding source requirements.

- Section 19. The Executive Director, or designee, is authorized to enter into necessary grants and agreements with HUD, the State Housing and Community Development Department (HCD), and other governmental or private entities for homeless programs for which HACS/Agency is the designated recipient of grant funds or contracting agency. The Agency, on behalf of HACS, is authorized to accept such grants, execute contracts to implement homeless activities funded in the Budget, and amend the Budget accordingly (provided that the activities are fully funded by the grant or are within the Agency Budget). The Executive Director, or designee, is authorized to execute contracts for homeless activities funded in the Agency Budget as outlined in the Agency public services schedule.
- Section 20. HACS finds and declares that the proposed expenditure of tax increment housing funds, as set forth in approved recognized obligation payment schedules, for activities serving the homeless, including providing subsidies to, or for the benefit of, extremely low income households through either site specific rental assistance or tenant based rental assistance, as allocated/outlined in the budget, will not cause or exacerbate racial, ethnic or economic segregation and will be beneficial to all former Redevelopment Project Areas by facilitating the production of affordable housing and providing housing for a population which remains in or frequents the former Redevelopment Project Areas and is perceived as a blighting influence by business owners, property owners, workers and residents, and as a result impedes the elimination of blight in the community.
- Section 21. HACS further finds and declares that the proposed expenditure of tax increment housing funds, as set forth in approved recognized obligation payment schedules to provide subsidies to, or for the benefit of, extremely low income households through either site specific rental assistance or tenant based rental assistance, increases, improves, and preserves the community's supply of low and moderate-income housing available at an affordable housing cost to persons and families that are extremely low, very low, low or moderate income households and will be of benefit to the community.
- Section 22. HACS finds and declares that the proposed planning and administrative expenses which may be paid for from the former low and moderate income housing fund, pursuant to an approved recognized obligation payment schedule, is necessary for the production, improvement and/or preservation of low and moderate income housing during the 2017 Agency Budget year.
- Section 23. HACS is authorized to amend the budget to transfer or accept funding or assets consistent with an approved recognized obligation payment schedule to the Agency or City Redevelopment Agency Successor Agency (RASA) for approved capital projects or operating expenses in

compliance with all bond covenants, tax laws and applicable laws and regulations or changes to the aforementioned.

Section 24. HACS is authorized to amend the budget to receive assets or transfer assets, receive funds or transfer funds to the City RASA and execute agreements with the City or RASA as necessary to facilitate authorized directives of the State of California, the California State Department of Finance and/or the State Controller's Office or to provide staffing services to RASA. Agreements between the Agency or HACS and the City RASA are subject to Successor Agency Oversight Board Approval.

Section 25. The Executive Director, or designee, is authorized to submit grant applications on behalf of the Housing Authority of the City of Sacramento for any and all housing and community development activities within the jurisdiction of Agency. If such grants are awarded, Agency is authorized to accept the grant or grants execute contracts to implement grant activities with the appropriate entities (provided that the activities are fully funded by the grant or within the Budget), execute all related documents and amend the Budget. Budget expenditure and amendments for such grants are permitted for positions, services and supplies, equipment and projects. The Agency is directed to comply with all policies, procedures, and requirements prescribed as a condition of such grants. Such grants may include but are not limited to the following:

- Homeless Prevention and Rapid Re-housing Program HPRP
- Neighborhood Stabilization Program
- Family Unification Program
- Family Self Sufficiency
- Veteran's Assistance and Supportive Housing
- United States Environmental Protection Agency Brownfield Assessment
- United States Environmental Protection Agency Brownfield Clean Up
- United States Environmental Protection Agency Brownfield Revolving Loan Fund
- United States Environmental Protection Agency Brownfield Job Training
- California State Water Resources Control Board – Underground Storage Cleanup
- CAL REUSE Cleanup Grant and Loan Program
- Social Innovation Fund

Section 26. The Executive Director, or designee, is authorized to amend the Budget to make transfers of fund balances to accommodate reserve requirements. The Executive Director, or designee, may allocate and transfer any available fund balances to accounts held for future projects or reduce budget shortfalls in any other fund balances, provided monies so used are not otherwise restricted by law or regulations related to the funding source. Further, the Agency is authorized to expend available balances from the



payroll fund for the cost of liabilities such as post retirement medical benefits, sick leave and vacation accruals.

- Section 27. The Agency Budget is controlled at the fund group level. Except as provided in this resolution, no expenditure will exceed the approved Budget.
- Section 28. The Executive Director, or designee, is authorized to amend the Budget to appropriate for expenditure all revenues received in revolving funds.
- Section 29. The Executive Director, or designee, is authorized to increase or decrease operating Budget appropriations up to \$100,000. Operating Budget appropriation increases and decreases in excess of \$100,000 must be approved by the appropriate governing board.
- Section 30. The Executive Director, or designee, is authorized to transfer appropriations up to \$100,000 per transaction in Operating Budget and contingency reserves.
- Section 31. The Executive Director, or designee, is authorized to increase or decrease project budget appropriations by not more than \$100,000 for each project or activity. Project budget appropriation increases and decreases in excess of \$100,000 must be approved by the appropriate governing board.
- Section 32. The Executive Director, or designee, is authorized to transfer any available fund balances from HACS instrumentalities or affiliates to allocate for future HACS projects or to reduce budget shortfalls, provided the use and receipt of funds is not otherwise restricted by law or regulations. Such transactions are subject to HACS instrumentality or affiliate board approval.
- Section 33. The Executive Director, or designee, is authorized to amend the Budget to reflect all required debt service payments, pass through payments, loan repayments, and other existing obligations based on actual higher or lower revenues.
- Section 34. The Executive Director, or designee, is authorized to amend the operating budget or capital project budget or transfer funding of approved capital projects or operating budgets in compliance with appropriate approvals, bond covenants, tax laws and applicable laws and regulations or changes to the aforementioned.
- Section 35. The Executive Director, or designee, on behalf of HACS serving as the Successor Housing Entity, is authorized to execute, and implement internal loans between Agency managed funds as reflected in the Budget and as consistent with bond covenants, tax laws and applicable redevelopment laws and regulations; and to modify the terms of loans and reconcile available revenues as needed for the completion of enforceable housing obligations of the former redevelopment agency to assure receipt of anticipated revenues.



- Section 36. The Executive Director, or designee, is authorized to exercise default remedies and take other actions to protect HACS assets under contracts, loans, disposition and development agreements, owner participation agreements and other HACS agreements and to appropriate the associated revenues in the Budget. Agency, on behalf of HACS is authorized to enter into "loan work outs," to the extent reasonably necessary to protect HACS assets, and in entering such "work outs," The Agency is authorized to renegotiate and rewrite the terms of the loan as if the loan were made according to current loan program underwriting criteria (including forgiveness of principal as necessary to reflect underwriting the loan at current fair market value of the subject property). Further, The Executive Director, or designee, is authorized to renegotiate existing HACS debt obligations and execute new security instruments provided the terms of the new debt do not increase the principal outstanding and either result in a cost savings or provide HACS with more favorable loan terms.
- Section 37. All project appropriations in existence as of December 31, 2016 will be carried over and continued in 2017.
- Section 38. All multi-year operating grant budgets in existence as of December 31, 2016 shall be continued in 2017.
- Section 39. All encumbrances for valid purchase orders and contracts in effect as of December 31, 2016 may remain in effect in 2017. The Executive Director, or designee, is authorized to increase the Budget for valid encumbrances as of December 31, 2016, but only to the extent that the applicable division's 2016 operating budget appropriations exceeded 2016 expenditures.
- Section 40. The Executive Director, or designee, is authorized to incorporate the changes listed on Exhibit A as part of the 2017 Budget.
- Section 41. If any entity requires a separate resolution for any action approved within this resolution other than resolutions for approval or amendment of projects, programs or the Agency Budget, the Sacramento Housing and Redevelopment Commission is delegated the authority to approve and deliver such resolution.
- Section 42. The Executive Director, or designee, or designee, is authorized to delegate the authorities as set out in this resolution.
- Section 43. Form HUD-52574 (04/2013), attached as Exhibit B-2 for signature by the Chair of the Board of the Housing Authority, provides necessary certifications for submission of the Operating Budgets described in Section 8d.
- Section 44. This resolution shall take effect immediately.

**Table of Contents:**

- Exhibit A: Summary of Changes to Sacramento Housing and Redevelopment Agency Proposed 2017 Budget
- Exhibit B-1: 2017 City Public Housing Asset Management Projects (AMP) and Central Office Cost Center (COCC)
- Exhibit B-2: HUD Resolution Approving the 2017 AMP Budgets

## EXHIBIT A

### SUMMARY OF CHANGES TO SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY PROPOSED 2017 BUDGET

Approved 2017 Total Operating Budget	\$ 159,016,419
Revised Approved 2017 Total Operating Budget	\$0
Approved 2017 New Projects	\$ 31,508,357
Revised Approved 2017 New Projects	\$0
TOTAL SHRA BUDGET	\$ 190,524,776

# County Public Housing AMP, Central Office and Central Services Budget

## January 1 - December 31, 2017

PHA Code: CA007

County of Sacramento

	County AMP 1	County AMP 2	County AMP 3	County AMP 5	Total County Public Housing	County COCC Central Office & Central Svc
Beginning fund equity	\$ 283,294	\$ 44,212	\$ 404,624	\$ 177,928	\$ 910,058	\$ 511,327
Revenues:						
HUD Operating Subsidy	850,000	830,000	1,030,000	950,000	3,660,000	-
Maintenance Charges to Tenants	3,000	2,000	2,300	7,000	14,300	-
Washer/Dryer Income	3,500	8,000	8,000	3,000	22,500	-
Rental Income - Dwelling	380,000	675,000	735,000	485,000	2,275,000	-
Interest Income - Investment	800	2,000	4,000	-	6,800	750
Bad Debt Recovery	-	-	-	-	-	-
Miscellaneous income	-	-	10,548	7,620	18,168	-
Management Fee	-	-	-	-	-	1,812,474
IT/Bookkeeping Fee	-	-	-	-	-	89,730
Asset Management Fee	-	-	-	-	-	34,680
Admin Fee (CFP) & (HCV)	-	-	-	-	-	2,014,082
Central services fees	-	-	-	-	-	174,558
<b>Total operating revenue</b>	<b>1,237,300</b>	<b>1,517,000</b>	<b>1,789,848</b>	<b>1,452,620</b>	<b>5,996,768</b>	<b>4,126,274</b>
CFP operating transfers	40,000	50,000	141,000	50,000	281,000	-
CFP Mgmt impr transfers	17,601	17,737	20,695	19,629	75,662	-
AMP to AMP transfers	-	125,000	270,000	-	395,000	-
<b>Total revenues and transfers in</b>	<b>1,294,901</b>	<b>1,709,737</b>	<b>2,221,543</b>	<b>1,522,249</b>	<b>6,748,430</b>	<b>4,126,274</b>
Expenditures:						
Employee Services:						
- Management/Maintenance	331,150	460,140	456,916	424,782	1,672,988	546,549
- Resident Trainees	23,439	23,634	27,654	26,120	100,847	-
<b>Total Employee Services</b>	<b>354,589</b>	<b>483,774</b>	<b>484,570</b>	<b>450,902</b>	<b>1,773,835</b>	<b>546,549</b>
Services & Supplies:						
- Management/Maintenance	616,815	757,394	961,611	742,592	3,078,412	3,642,311
Other Charges:						
Financial Transactions	30,171	4,161	4,940	6,291	45,563	855
- Central Service Fees	37,199	43,339	52,400	41,620	174,558	-
- Miscellaneous (PILOT, Depr.)	26,317	31,626	35,256	29,093	122,292	-
- AMP to AMP transfers	-	-	395,000	-	395,000	-
Management Fee	175,208	210,249	235,511	191,506	812,474	-
IT / Bookkeeping Fee	19,350	23,220	26,010	21,150	89,730	-
Asset Management Fee	-	-	34,680	-	34,680	-
<b>Total operating expense</b>	<b>1,259,649</b>	<b>1,553,763</b>	<b>2,229,978</b>	<b>1,483,154</b>	<b>6,526,544</b>	<b>4,189,715</b>
<b>Ending Balance</b>	<b>\$ 318,546</b>	<b>\$ 200,186</b>	<b>\$ 396,189</b>	<b>\$ 217,023</b>	<b>\$ 1,131,944</b>	<b>\$ 447,866</b>

PHA Board Resolution
Approving Operating Budget

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing -
Real Estate Assessment Center (PIH-REAC)

OMB No. 2577-0026
(exp. 04/30/2016)

Public reporting burden for this collection of information is estimated to average 10 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

This information is required by Section 6(c)(4) of the U.S. Housing Act of 1937. The information is the operating budget for the low-income public housing program and provides a summary of the proposed/budgeted receipts and expenditures, approval of budgeted receipts and expenditures, and justification of certain specified amounts. HUD reviews the information to determine if the operating plan adopted by the public housing agency (PHA) and the amounts are reasonable, and that the PHA is in compliance with procedures prescribed by HUD. Responses are required to obtain benefits. This information does not lend itself to confidentiality.

PHA Name: Housing Authority-City of Sacramento PHA Code: CA005

PHA Fiscal Year Beginning: 01/01/2017 Board Resolution Number:

Acting on behalf of the Board of Commissioners of the above-named PHA as its Chairperson, I make the following certifications and agreement to the Department of Housing and Urban Development (HUD) regarding the Board's approval of (check one or more as applicable):

DATE

- X Operating Budget approved by Board resolution on: 11/1/2016
[ ] Operating Budget submitted to HUD, if applicable, on:
[ ] Operating Budget revision approved by Board resolution on:
[ ] Operating Budget revision submitted to HUD, if applicable, on:

I certify on behalf of the above-named PHA that:

- 1. All statutory and regulatory requirements have been met;
2. The PHA has sufficient operating reserves to meet the working capital needs of its developments;
3. Proposed budget expenditure are necessary in the efficient and economical operation of the housing for the purpose of serving low-income residents;
4. The budget indicates a source of funds adequate to cover all proposed expenditures;
5. The PHA will comply with the wage rate requirement under 24 CFR 968.110(c) and (f); and
6. The PHA will comply with the requirements for access to records and audits under 24 CFR 968.110(i).

I hereby certify that all the information stated within, as well as any information provided in the accompaniment herewith, if applicable, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012.31, U.S.C. 3729 and 3802)

Table with 3 columns: Print Board Chairperson's Name, Signature, Date. Content: Mayor Kevin Johnson

# **RESOLUTION NO. 2016 -**

**Adopted by the Sacramento City Council**

On date of

## **APPROVAL OF MULTI-FAMILY LENDING AND MORTGAGE REVENUE BOND POLICIES PROGRAM APPLICATION SCHEDULE**

### **BACKGROUND**

- A. The Sacramento Housing and Redevelopment Agency (SHRA) proposes to revise and implement the Multifamily Lending and Mortgage Revenue Bond Policies Program Application Schedule to correspond with California Tax Credit Allocation Committee and California Debt Limit Allocation Committee application deadlines.

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

Section 1: SHRA is authorized to adopt the 2017 Multifamily Lending and Mortgage Revenue Bond Policies Program Application Schedule as outlined Exhibit A.

#### **Table of Contents:**

Exhibit A: Multifamily Lending and Mortgage Revenue Bond Policies Program Application Schedule



# Sacramento Housing and Redevelopment Agency Multi-Family Loan and Mortgage Revenue Bond Applications

## 2017 Schedule

### **July 9% TCAC & CDLAC Applications:**

Pre-Application Deadline	Jan. 3, 2017
Application Deadline	March 1, 2017
Environmental Deadline*	April 26, 2017
Sacramento Housing and Redevelopment Commission (SHRC)	June 7, 2017
Board of Supervisors/Council Council (Board/Council)	June 20, 2017
Est. 9% TCAC/CDLAC Application Deadlines	June 28, 2017/July 21, 2017

### **October CDLAC Application:**

Pre-Application Deadline	April 3, 2017
Application Deadline	June 1, 2017
Environmental Deadline*	August 9, 2017
SHRC	Sept 20, 2017
Board/Council	Oct 10, 2017
CDLAC Application Deadline	October 13, 2017

### **March 9% TCAC & CDLAC Applications:**

Pre-Application Deadline	August 1, 2017
Application Deadline	October 2, 2017
Environmental Deadline*	December 22, 2017
SHRC	February 7, 2018
Board/Council	February 27, 2018
Est. 9% TCAC/CDLAC Application Deadlines	March 7, 2018/March 16, 2018

### **May CDLAC Application:**

Pre-Application Deadline	November 1, 2017
Application Deadline	January 2, 2018
Environmental Deadline*	March 7, 2018
SHRC	April 18, 2018
Board/Council	May 8, 2018
CDLAC Application Deadline	May 18, 2018

\*Environmental clearance (CEQA and NEPA) not received by this date will result in project approvals being delayed and the CDLAC/TCAC application being submitted at a later date.

## 2017 Anticipated Multifamily Loan Funding Amounts:

### City of Sacramento

HOME**	\$2.0 million
CDBG (prevailing wage rehabilitation)	\$0.7 million
Housing Trust Fund/Mixed Income Housing Fund (workforce housing)	\$3.0 million

### County of Sacramento

HOME**	\$2.0 million
CDBG (prevailing wage rehabilitation)	\$2.8 million
Housing Trust Fund (workforce housing)	\$2.0 million
County Affordable Housing Program (workforce housing)	\$1.5 million
Mental Health Services Act (permanent supportive housing)	\$0.8 million

\* Includes anticipated 2017 revenues and prior years unallocated balances

\*\* Prevailing wages required if more than 11 units assisted

## **RESOLUTION NO. SHRC – 2016-**

**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. RA83 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  
October 19, 2016

### **APPROVAL OF 2017 BUDGET FOR SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY; RELATED FINDINGS, APPROVALS, DELEGATIONS AND IMPLEMENTING AUTHORITIES; INCLUDING AUTHORITIES FOR HUD SUBMISSIONS, GRANTS AND FUND TRANSFERS**

**WHEREAS**, the Sacramento Housing and Redevelopment Agency (Agency) is a joint powers agency created to eliminate duplicate staffing efforts to manage and administer federal housing and community development programs on behalf of the City and County and to provide a competitive advantage to the City and County when seeking federal and other housing and community development funding opportunities. The consolidation of multiple departments from different jurisdictions achieves close coordination of housing and community development programs and provides budget savings for operation and overhead. The Agency Executive Director reports directly to the City and the County governing boards. The Agency is recognized statewide and nationally as a model public agency that achieves multi-jurisdictional cooperation and effectively leverages local, state and federal housing and community development funds.

**WHEREAS**, the Agency receives annual funding from a combination of federal, state and local sources. The sources of Agency revenues require an operating budget adopted prior to the start of each new fiscal year;

**WHEREAS**, Agency's fiscal year is the calendar year from January 1<sup>st</sup> through December 31.

**WHEREAS**, pursuant to Health and Safety Code Section 34176 the City and County of Sacramento designated the Housing Authorities of the City and County of Sacramento, managed and staffed by the Agency, as the designated local authorities to retain the housing-assets and housing-functions previously performed by the respective Redevelopment Agencies.

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

Section 1. The proposed actions to adopt the 2017 Proposed Agency Budget are considered administrative and management activities. As such, these actions do not constitute a project subject to environmental review under the California Environmental Quality Act (CEQA), as provided in CEQA Guidelines Section 15378(b). These actions are also exempt from environmental review under the National Environmental Policy Act (NEPA) per 24 CFR Section 58.34(a)(3). Public services provided for in the budget associated with multi-family supplemental assessments and rental assistance are actions associated with existing facilities with no changes to or expansion of use. As such, these activities are exempt under CEQA pursuant to CEQA Guidelines Section 15061(b)(3), and categorically excluded, converting to exempt, under NEPA pursuant to 24 CFR Section 58.35(b)(1), (2), (3), and (4).

All other actions are associated with the adoption of the 2017 proposed budget, and do not make any commitments to, or give approvals for, specific projects. Environmental Review for specific projects will be completed prior to any discretionary action(s) being carried out with regard to such projects.

Section 2. The 2017 Operating Budget totaling \$159,016,419 and the 2017 Project Budget totaling \$31,508,357, all as further described in the 2017 Proposed Agency Budget (hereinafter "2017 Agency Budget" or "Budget"), a copy of which is on file with the Agency Clerk and copies of which have been provided to the respective governing board members, are approved as the Budget of Agency for the 2017 fiscal year. The 2017 Agency Budget incorporates the budgets of the Housing Authority of the City of Sacramento, the Housing Authority of the County of Sacramento, and the Sacramento Housing Development Corporation, and adoption of those budgets is contingent upon the approval of each of these respective entities.

Section 3. A total of 230 Agency full time equivalent positions (FTE) are approved subject to classification review by the Executive Director of the Sacramento Housing and Redevelopment Agency.

Section 4. The budgeted amount for any item in the Budget may be amended by majority vote of the governing body of each entity actually undertaking and funding the activity. Such an amendment to the Budget so enacted shall be deemed to have been approved by all of the entities that originally adopted the Budget without further action of the remaining entities.

Section 5. The Executive Director, or designee, is authorized to amend the Budget as necessary and to transfer funds among operating budgets or project budgets to facilitate legal directives of the United States Department of Housing and Urban Development (HUD), the California State Department of Finance and/or the State Controller's Office and the actions taken by the Successor Agencies of the former Redevelopment Agencies approved by the Successor Agency oversight Boards.

Section 6. The Executive Director, or designee, is authorized to submit the 2017 Annual Housing Operating Budget and all supporting documents to the United States Department of

Housing and Urban Development (HUD), including all required amendments for utilities and other miscellaneous adjustments. Furthermore, the Executive Director, or designee, is authorized to amend the Budget to reflect actual HUD approved expenditures and revenues for HUD funded programs and projects.

Section 7. The proposed expenditures under the 2017 Housing Operating Budget are necessary in the efficient and economical operation of Agency housing to serve low-income families.

Section 8. The housing financial plan set forth in the 2017 Housing Operating Budget is reasonable in that:

- a. It indicates a source of funding adequate to cover all proposed expenditures.
- b. It does not provide for the use of federal funding in excess of amounts payable under the provisions of the pertinent regulations.
- c. It proposes rental charges and expenditures that are consistent with provisions of law and the Annual Contributions Contract.
- d. It implements the fee for service provisions and support service costs based on the HUD requirement for public housing authorities to implement Asset Management that includes fee for service,. The fee for service provision is predicated on the concept that fee revenues will cover the cost of the services provided.

Section 9. The Executive Director, or designee, is authorized to submit applications to HUD for the Capital Fund Plan and Program. If such grants are awarded, the Executive Director, or designee, is authorized to accept the grant or grants, execute all related documents, execute contracts to implement the Capital Fund Program subject to HUD approval of the annual statements, and amend the Budget accordingly. The Executive Director, or designee, is directed to comply with all policies, procedures, and requirements prescribed by HUD as a condition of such grants. The Executive Director, or designee, is authorized to submit the Comprehensive Plan or annual statement to HUD, after receiving public comments and resident review.

Section 10. On an annual basis, HUD requires the Agency to conduct a physical inventory, analyze receivables for collectability and accordingly, reconcile and adjust related financial records. The Executive Director, or designee, is authorized to amend the Budget and financial records as needed for such adjustments.

Section 11. The Executive Director, or designee, is authorized to purchase all lines of applicable insurance for its properties and operations through local independent agents, direct carriers, or risk retention pools, provided that the insurance requirements, coverage and terms are commercially reasonable and provided that the cost does not exceed the amounts in the approved Budget. Agency is also authorized to obtain flood insurance through the federal flood insurance program for Agency properties and this coverage may be secured through a local independent agent.

Section 12. Subject to availability under the Budget of any required funds, The Executive Director, or designee, is authorized to approve conversion of HUD funded conventional public housing dwelling units to non-dwelling use or disposition as long as the use or disposition is

approved by HUD and consistent with adopted Agency/Housing Authority policy and governing board approvals. The Executive Director, or her designee, is authorized to amend the Budget as necessary and to transfer funds among operating budgets or project budgets to facilitate the approved HUD approved conversion.

Section 13. The Executive Director, or designee, is authorized and directed to approve, submit, and implement the Public Housing Agency (PHA) Annual Plan, PHA Five-Year Plan, and the attachments and/or amendments to such Plans to comply with the Quality Housing and Responsibility Act of 1998.

Section 14. The Executive Director, or designee, is authorized to submit to HUD the One Year Action Plan for Community Development Block Grant (CDBG), Home Investment Partnership (HOME), Emergency Shelter Grant (ESG) and Housing Opportunities for People with AIDS (HOPWA). The Agency is delegated authority to administer federal funds appropriated by HUD and is the designated recipient of funds outlined in the One Year action Plan. If such grants are awarded, the Executive Director, or designee, is authorized to accept the grant or grants, execute all related documents and amend the Budget accordingly. The Executive Director is directed to comply with all policies, procedures, and requirements prescribed as a condition of such grants. The Executive Director, or designee, is authorized to amend the Capital Reserve Project in the event that the actual entitlement exceeds, or is less than, that estimated in the Budget.

Section 15. The Executive Director, or designee, is authorized to administer funds or delegate authority to other appropriate entities 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.

Section 16. The Executive Director, or designee, is authorized to enter into necessary grants and agreements with HUD, the State Housing and Community Development Department (HCD), and other governmental or private entities for homeless programs for which the Agency is the designated recipient of grant funds or contracting agency. Agency is authorized to accept such grants, execute contracts to implement homeless activities funded in the Budget and amend the Budget accordingly (provided that the activities are fully funded by the grant or are within the Agency Budget). The Executive Director, or designee, is authorized to execute contracts for homeless activities funded in the Agency Budget as outlined in the Agency public services schedule.

Section 17. The Executive Director, or designee, is authorized to submit grant applications on behalf of any of the Agency constituent members for any and all housing and community development activities within the jurisdiction of Agency. If such grants are awarded, Agency is authorized to accept the grant or grants execute contracts to implement grant activities with the appropriate entities (provided that the activities are fully funded by the grant or within the Budget), execute all related documents and amend the Budget. Budget expenditure and amendments for such grants are permitted for positions, services and supplies, equipment and



projects. The Executive Director is directed to comply with all policies, procedures, and requirements prescribed as a condition of such grants. Such grants may include but are not limited to the following:

- Homeless Prevention and Rapid Re-housing Program (HPRP)
- Neighborhood Stabilization Program
- Family Unification Program
- Family Self Sufficiency
- Veteran's Assistance and Supportive Housing
- United States Environmental Protection Agency Brownfield Assessment
- United States Environmental Protection Agency Brownfield Clean Up
- United States Environmental Protection Agency Brownfield Revolving Loan Fund
- United States Environmental Protection Agency Brownfield Job Training
- California State Water Resources Control Board – Underground Storage Cleanup
- CAL REUSE Cleanup Grant and Loan Program
- Social Innovation Fund

Section 18. The proposed expenditure of tax increment housing funds for activities serving the homeless, including providing subsidies to, or for the benefit of, extremely low income households through either site specific rental assistance or tenant based rental assistance, as set out in the budget, will not cause or exacerbate racial, ethnic or economic segregation and will be beneficial to all Redevelopment Project Areas as set forth in City Redevelopment Agency Resolution 2004-062 and County Redevelopment Agency Resolution RA-0757, by facilitating the production of affordable housing and providing housing for a homeless population which remains in or frequents the Redevelopment Project Areas and is perceived as a blighting influence by business owners, property owners, workers and residents, and as a result impedes redevelopment of the Project Areas.

Section 19. The expenditure of tax increment housing funds from the Project Areas to provide subsidies to, or for the benefit of, extremely low income households through either site specific rental assistance or tenant based rental assistance, increasing, improving, and preserving the community's supply of low and moderate-income housing available at an affordable housing cost to persons and families that are extremely low, very low, low or moderate income households for proposed projects, will be of benefit to all the community.

Section 20. The proposed planning and administrative expenses paid for from the low and moderate income housing fund are necessary for the production, improvement and/or preservation of low and moderate income housing during the 2017 Agency Budget year.

Section 21. The Executive Director, or designee, is authorized to amend the Budget to make transfers of fund balances to accommodate reserve requirements. The Executive Director, or designee, may allocate and transfer any available fund balances to accounts held for future projects or reduce budget shortfalls in any other fund balances, provided monies so used are not otherwise restricted by law or regulations related to the funding source. Further, Agency is authorized to expend available balances from the payroll fund for the cost of liabilities such as post retirement medical benefits, sick leave, and vacation accruals.

Section 22. The Agency Budget is controlled at the fund group level. Except as provided in this resolution, no expenditure will exceed the approved Budget.

Section 23. The Executive Director, or designee, is authorized to amend the Budget to appropriate for expenditure all revenues received in revolving funds.

Section 24. The Executive Director, or designee, is authorized to increase or decrease operating Budget appropriations up to \$100,000. Operating Budget appropriation increases and decreases in excess of \$100,000 must be approved by the appropriate governing board.

Section 25. The Executive Director, or designee, is authorized to transfer appropriations up to \$100,000 per transaction in Operating Budget and contingency reserves.

Section 26. The Executive Director, or designee, is authorized to transfer project appropriations among fund groups.

Section 27. The Executive Director, or designee, is authorized to amend the Budget to reflect all required debt service payments, pass through payments loan repayments, and other existing obligations based on actual higher tax increment revenues.

Section 28. The Executive Director, or designee, is authorized to transfer funding of approved capital projects within the respective project area funds in compliance with approvals, bond covenants, tax laws and applicable redevelopment laws and regulations or changes to the aforementioned.

Section 29. The Executive Director, or designee, is authorized to execute and implement internal loans between Agency managed funds as reflected in the Budget and as consistent with bond covenants, tax laws and applicable redevelopment laws and regulations; and to modify the terms of loans and reconcile available revenues as needed to assure receipt of anticipated revenues.

Section 30. The Executive Director, or designee, is authorized to exercise default remedies and take other actions to protect Agency assets under contracts, loans, disposition and development agreements, owner participation agreements and other Agency agreements and to appropriate the associated revenues in the Budget. Agency is authorized to enter into "loan work outs," to the extent reasonably necessary to protect Agency assets, and in entering such "work outs," Agency is authorized to renegotiate and rewrite the terms of the loan as if the loan were made according to current loan program underwriting criteria (including forgiveness of principal as necessary to reflect underwriting the loan at current fair market value of the subject property). Further, The Executive Director, or designee, is authorized to renegotiate existing Agency debt obligations and execute new security instruments provided the terms of the new debt do not increase the principal outstanding and either result in a cost savings or provide the Agency with more favorable loan terms.

Section 31. All project appropriations in existence as of December 31, 2016 will be carried over and continued in 2017.

Section 32. All multi-year operating grant budgets in existence as of December 31, 2016 shall be continued in 2017.

Section 33. All encumbrances for valid purchase orders and contracts in effect as of December 31, 2016 may remain in effect in 2017. The Executive Director, or designee, is authorized to increase the Budget for valid encumbrances as of December 31, 2016, but only to the extent that the applicable division's 2016 operating budget appropriations exceeded 2016 expenditures.

Section 34. The Executive Director, or designee, is authorized to incorporate the changes listed on Exhibit A as part of the 2017 Budget.

Section 35. The Executive Director, or designee, is authorized to delegate the authorities as set out in this resolution.

Section 36. This resolution shall take effect immediately.

\_\_\_\_\_ CHAIR

ATTEST

\_\_\_\_\_

CLERK



October 14, 2016

Sacramento Housing and  
Redevelopment Commission  
Sacramento, CA

Honorable Members in Session:

SUBJECT:

2017 Sacramento Housing and Redevelopment Agency Proposed Budget

SUMMARY

The attached report and resolution are submitted to you for review prior to review by the County of Sacramento.

RECOMMENDATION

Approve staff recommendation as outlined in the report.

Respectfully submitted,

LA SHELLE DOZIER  
Executive Director

Attachment

**COUNTY OF SACRAMENTO  
CALIFORNIA**

For the Agenda of:  
November 15, 2016

To: Board of Supervisors, Housing Authority, Sacramento Housing Development Corporation

From: Sacramento Housing and Redevelopment Agency

Subject: 2017 Sacramento Housing And Redevelopment Agency Proposed Budget

Supervisorial

District: All

Contact: La Shelle Dozier, Executive Director, 440-1319  
Tina McKenney, Director of Finance, 440-1325

**Overview**

The annual budget of the Sacramento Housing and Redevelopment Agency (Agency) incorporates the budgets of the Housing Authority of the County of Sacramento, the Housing Authority of the City of Sacramento, and the administration of specific funds on behalf of the County and City of Sacramento. The proposed 2017 budget provides a plan by which the Agency operates in an efficient manner and in compliance with the regulatory requirements of our funding sources and the Government Accounting Standards Board. The Agency's budget and fiscal year is the calendar year from January 1st through December 31st. Neither the City nor the County provide any General Funds in support of the Agency's budget.

The Agency proposes a balanced budget in the amount of \$190.5 million representing the operational activities and projects for 2017. The 2017 proposed budget represents a \$10.9 million or 6.1 percent increase in net appropriations compared with the prior year. This change in annual budget appropriations is primarily the result of the following factors: 1) an increase in the operating budget due to increased workers compensation and retirement costs, and the funding of prior year unfunded positions, 2) an increase in Housing Assistance Payment (HAP) funding for the Housing Choice Voucher program, 3) a one-time increase in debt service payments in 2017 related to repayment of an internal loan from Housing Choice Voucher funding, and 4) an increase in the number of capital projects being funded.

Some of the guiding principles used to develop the Agency's budget include:

- Protecting "core services" to the greatest extent possible, with delivery of housing programs, public services and capital projects being major priorities;
- Managing program activities by focusing on efficient program delivery and the maximization of results;
- Considering the overall financial health of the organization, not just the cash flow from

year to year;

- Using partnerships with other public entities, community based organizations and private entities whenever practicable; and
- Developing budget plans that deal with the immediate needs of the Agency and employing strategies that address the long-term needs of the communities we serve.

**Calendar Year 2017 Proposed Budget (\$\$\$ In Millions)**

	2013	2014	2015	2016	2017	Variance	
	Budget	Budget	Budget	Budget	Budget	(2016 to 2017)	
<b>OPERATIONS</b>							
Salaries and Benefits	19.9	19.6	20.9	22.3	24.7	2.4	10.8%
Services and Supplies	14.8	14.8	15.3	17.0	18.3	1.3	7.6%
Housing Assistance Payments	107.2	103.5	108.1	105.6	106.0	0.4	0.4%
Debt Service	3.1	2.3	3.2	2.4	3.3	0.9	37.5%
Financial Transactions	0.9	0.6	0.5	0.4	0.7	0.3	75.0%
Public Services	5.1	4.9	5.2	5.7	6.0	0.3	5.3%
<b>Subtotal</b>	<b>\$151.0</b>	<b>\$145.7</b>	<b>\$153.2</b>	<b>\$153.4</b>	<b>\$159.0</b>	<b>\$5.6</b>	<b>3.7%</b>
<b>CAPITAL PROJECTS</b>							
Housing Development and Preservation	13.2	14.0	19.4	16.7	20.8	4.1	24.6%
Housing Authority Capital Projects	2.3	4.4	2.8	2.1	3.2	1.1	52.4%
Infrastructure and Public Improvements	3.1	3.5	8.7	7.4	7.5	0.1	1.4%
<b>Subtotal</b>	<b>\$18.6</b>	<b>\$21.9</b>	<b>\$30.9</b>	<b>\$26.2</b>	<b>\$31.5</b>	<b>5.3</b>	<b>20.2%</b>
<b>TOTAL</b>	<b>\$169.6</b>	<b>\$167.6</b>	<b>\$184.1</b>	<b>\$179.6</b>	<b>\$190.5</b>	<b>\$10.9</b>	<b>6.1%</b>

**Recommendations**

Conduct a public hearing and upon conclusion adopt: 1) a **County Board Resolution** a) approving the 2017 Proposed budget for the Sacramento Housing and Redevelopment Agency , b) delegating authority to the Agency to administer certain federal funds; c) authorizing the Agency to: i) submit grant applications for activities within the jurisdiction of the Agency; and ii) enter into contracts, make fund transfers, transfer project appropriations, amend the Agency budget in accordance with the limitations of the Resolution, and undertake other actions necessary to implement the aforementioned; and d) consenting to the Agency’s submittal of the annual housing operating budgets and application for Capital Fund Plan funding to HUD; 2) a **Housing Authority Resolution** (Authority) a) approving the 2017 proposed budget for the Housing Authority of the County of Sacramento, b) delegating authority to administer certain federal funds, and c) authorizing the Housing Authority to submit grant applications for activities within the jurisdiction of the Agency, d) authorizing the Executive Director to: (i) submit the annual housing operating budgets to HUD; (ii) submit an application to HUD for Capital Fund Plan funding, and (iii) enter into contracts, make fund transfers, transfer project appropriations, amend the Agency budget in accordance with the limitations of the resolution, and undertake other actions necessary to implement the aforementioned; 3) Adopt a **Sacramento Housing Development Corporation Resolution** to: a) approve the 2017 Proposed budget for the Riverview Plaza Residential Project; and b) authorize its Executive Director to: i) obtain flood insurance and liability insurance; ii) submit grant applications; and iii) enter into contracts, make fund transfers, make payments of debt, amend the budget, and undertake other actions as necessary for the effective management of the property. 4) Adopt a **Board of Supervisors Resolution**: a) adopting a Multi-Family Loan and Mortgage Revenue Bond Application Schedule that correspond with California Tax Credit Allocation Committee and California Debt Limit Allocation Committee application deadlines.



**Measures/Evaluation**

Effective use of Agency revenue may be measured by the number of households assisted with affordable housing, the provision and/or improvement of community facilities and infrastructure, and the number of jobs retained or created within targeted areas.

**Fiscal Impact**

The 2017 Proposed budget recommends total expenses of \$190.5 million and is comprised of the Housing Assistance Payments (HAP) budget of \$106 million; the Operating Budget of \$43 million; the Capital Projects budget of \$31.5 million; the Public Services budget of \$6 million; and the Debt Service and Financial Transactions budget of \$4 million.

**BACKGROUND**

The annual budget of the Sacramento Housing and Redevelopment Agency incorporates the budgets of the Housing Authority of the City of Sacramento, the Housing Authority of the County of Sacramento, and the administration of specific funds on behalf of the City and County of Sacramento. The proposed 2017 budget provides a plan by which the Agency operates in an efficient manner and in compliance with the regulatory requirements of our funding sources and the Government Accounting Standards Board. The Agency's budget and fiscal year is the calendar year from January 1<sup>st</sup> through December 31<sup>st</sup>. Neither the City nor the County provide any General Funds in support of the Agency's budget. Appropriate financial planning and applicable government regulations require that the Agency have an operating budget and capital budget adopted prior to the start of each new fiscal year. Consequently, the Agency presents its budget to all governing bodies for approval annually.

**DISCUSSION**

The Agency receives 84 percent of its funding from the federal government through the Department of Housing and Urban Development. In 2016, funding for the Housing Choice Voucher program increased slightly and is expected to remain constant in 2017. Public Housing revenues remained constant in 2016 but, based on federal budget projections, operating subsidy revenues are expected to be slightly lower in 2017.

Federal programs such as Community Development Block Grant (CDBG) and Home Investment Partnership (HOME) have not seen much change in appropriation levels since the Sequestration cuts of 2013 and this has reduced the number of housing projects, public services and infrastructure improvements the Agency can fund. For 2017, it is expected that the Agency programs will be funded at levels similar to 2016.

Although federal revenues are estimated to remain fairly constant, prior year reserves in both federal and non-federal funding sources were used to fund projects, loan repayments and other operating expenses.

The following table provides a visual representation of the funding levels for the Agency’s major federal programs over the past several years.

<b>City &amp; County Federal Funding (In Millions)</b>						
<b>FUNDING SOURCES</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016 est</b>	<b>2017 est</b>
Community Development Block Grant (CDBG)	\$ 8.69	\$ 9.11	\$ 9.09	\$ 9.41	\$ 9.52	\$ 9.52
HOME Investment Partnerships Program (HOME)	\$ 3.78	\$ 3.72	\$ 3.91	\$ 3.39	\$ 3.97	\$ 3.97
<b>Entitlement Programs Sub-Total:</b>	<b>\$ 12.47</b>	<b>\$ 12.83</b>	<b>\$ 13.00</b>	<b>\$ 12.80</b>	<b>\$ 13.49</b>	<b>\$ 13.49</b>
Public Housing Authority Operating Fund	\$ 9.94	\$ 8.80	\$ 10.02	\$ 10.19	\$ 10.15	\$ 9.94
Public Housing Capital Fund Program	\$ 3.99	\$ 4.02	\$ 3.10	\$ 3.91	\$ 4.28	\$ 4.23
<b>Public Housing Sub-Total:</b>	<b>\$ 13.93</b>	<b>\$ 12.82</b>	<b>\$ 13.12</b>	<b>\$ 14.10</b>	<b>\$ 14.43</b>	<b>\$ 14.17</b>
Housing Choice Voucher Assistance Payments	\$103.00	\$ 98.50	\$101.02	\$100.68	\$100.94	\$100.94
Housing Choice Voucher Administration	\$ 8.40	\$ 7.57	\$ 8.31	\$ 8.75	\$ 9.78	\$ 9.30
<b>HCV Sub-Total:</b>	<b>\$111.40</b>	<b>\$106.07</b>	<b>\$109.33</b>	<b>\$109.43</b>	<b>\$110.72</b>	<b>\$110.24</b>
Emergency Solutions Grant (ESG)	\$ -	\$ 0.63	\$ 0.92	\$ 0.81	\$ 0.85	\$ 0.85
Shelter Plus Care	\$ 4.26	\$ 4.70	\$ 4.80	\$ 4.49	\$ 4.42	\$ 4.54
Housing Opportunities for Persons With Aids (HOPWA)	\$ 0.90	\$ 0.86	\$ 0.87	\$ 0.91	\$ 0.91	\$ 0.91
<b>Public Services Sub-Total:</b>	<b>\$ 5.16</b>	<b>\$ 6.19</b>	<b>\$ 6.59</b>	<b>\$ 6.21</b>	<b>\$ 6.18</b>	<b>\$ 6.30</b>

**COMMISSION ACTION**

At its meeting of October 19, 2016, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. The votes were as follows:

AYES:

NOES:

ABSENT:

ABSTAIN:

**MEASURES/EVALUATIONS**

The Agency has adopted five broad goals that guide the allocation of resources and serve as the basis by which it measures progress:

- Develop, preserve, and finance a continuum of affordable housing opportunities for Sacramento residents.
- Provide and maintain Agency-owned housing and tenant-based rental assistance programs in the City and County of Sacramento.
- Revitalize lower income neighborhoods to create healthy and sustainable communities.
- Eliminate blight and promote economic development on commercial corridors and converted military bases.
- Implement effective and efficient management practices to enhance customer service and project delivery.

### **FINANCIAL ANALYSIS**

The 2017 proposed budget recommends total expenses of \$190.5 million and is comprised of the Housing Assistance Payments (HAP) budget of \$106 million; the Operating budget of \$43 million; the Capital Projects budget of \$31.5 million; the Public Services budget of \$6 million; and the Debt Service and Financial Transactions budget of \$4 million. The 2017 Proposed budget of \$190.5 million represents a \$10.9 million or 6.1 percent increase compared with the total 2016 adopted budget.

For 2017, the Agency proposes to increase its authorized full time equivalent (FTE) positions to 230 FTE from the 225 FTE in 2016. We also recommend that of the 230 authorized FTE positions, 1 position remain unfunded. Salary and benefit costs have increased due to the increase in staff. These additional positions will be to implement new initiatives such as the Choice Neighborhoods Initiative and Jobs Plus Grants and provide additional staffing to support the operations of the Housing Choice Voucher program. Services and supplies costs have increased mainly due to costs associated with implementing the initiatives as outlined above.

### **POLICY CONSIDERATIONS**

The actions recommended in this report are consistent with adopted Consolidated Plan goals, the annual Housing Operating budget, the Capital Fund Plan, and adopted Agency policies. For the Housing Authority of the County, serving as Housing Successor to the former Redevelopment Agency, the 2017 proposed budget contains provisions for the rental assistance obligations of the former redevelopment agency previously funded from low and moderate tax increment revenues. These obligations have been reported on the Recognized Obligation Payment Schedule (ROPS) of the County Successor Agency and approved by the California Department of Finance (DOF). Funding has been approved through June 30, 2017. However, DOF has indicated continued funding is in jeopardy for projects on the City Successor Agency's ROPS. This would impact funding available to assist 208 extremely low-income individuals. If the State determines that these activities are not enforceable obligations, the Housing Authority will have no ability to continue to fund these activities.

This report also recommends adoption of Multi-Family Loan and Mortgage Revenue Bond 2017 Application schedule and anticipated finding for Agency funded projects. The schedule will allow applicants to apply for funding on certain dates corresponding to the California Tax Credit Allocation Committee (TCAC) and California Debit Limit Allocation Committee (CDLAC) application deadlines.

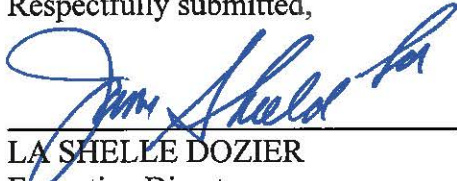
### **ENVIRONMENTAL REVIEW**

**California Environmental Quality Act (CEQA):** The proposed action to adopt the budget does not constitute a project subject to environmental review under the California Environmental Quality Act (CEQA) per Guidelines Section 15378(b). Public services provided for in the budget associated with multi-family supplemental assessments and rental assistance are actions associated with existing facilities with no changes to or expansion of use. As such, these activities are exempt under CEQA pursuant to CEQA Guidelines Section 15061(b)(3). All other actions are associated with the adoption of the 2017 proposed budget, and do not make any commitments to, or give approvals for, specific projects. Environmental Review for specific projects will be completed prior to any discretionary action(s) being carried out with regard to such projects. The proposed actions to adopt the budget are considered administrative and management activities and are Exempt under the National Environmental Policy Act (NEPA) per 24 CFR Section 58.34(a) (3). Public services provided for in the budget associated with multi-family supplemental assessments and rental assistance are actions associated with existing facilities with no changes to or expansion of use. As such, these activities are Categorically Excluded pursuant to 24 CFR Sections 58.35(b)(1), (2), (3), and (4). All other actions are associated with the adoption of the 2017 proposed budget, and do not make any commitments to, or give approvals for, specific projects. Environmental Review for specific projects will be completed prior to any choice limiting action(s) being carried out with regard to such projects.

### **M/WBE AND SECTION 3 CONSIDERATIONS**

The action proposed in this report has no M/WBE or Section 3 impact; therefore, M/WBE and Section 3 considerations do not apply.

Respectfully submitted,



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LA SHELLE DOZIER  
Executive Director  
Sacramento Housing and Redevelopment Agency

APPROVED

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NAVEEN S. GILL  
County Executive

Attachments:

- RES – County BOS Resolution
- RES – HACOS Resolution
  - Exhibit B-1 – County Asset Management Projects (AMP),  
Central Office and Central Services Budget
  - Exhibit B-2 – HUD Resolution Approving the AMP Budgets
- RES – SHDC Resolution
- RES – County BOS Resolution - Multi Family Loan and Mortgage Revenue Bond Application  
Schedule
- EX A – Multi-Family Loan and Mortgage Revenue Bond Application Schedule
- ATT 1 – Background
- ATT 2 – Budget Document

## RESOLUTION NO. \_\_\_\_\_

### **APPROVAL OF 2017 BUDGET FOR SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY; RELATED FINDINGS, APPROVALS, DELEGATIONS AND IMPLEMENTING AUTHORITIES; INCLUDING AUTHORITY FOR HUD SUBMISSIONS, GRANTS AND FUND TRANSFERS**

**WHEREAS**, the Sacramento Housing and Redevelopment Agency (Agency) is a joint powers agency created to eliminate duplicate staffing efforts and to manage and administer federal housing and community development programs on behalf of the City and County of Sacramento. This structure provides a competitive advantage to the City and County when seeking federal and other housing and community development funding opportunities. The consolidation of multiple departments from different jurisdictions achieves close coordination of housing and community development programs and provides budget savings for operation and overhead. The Agency Executive Director reports directly to the City and the County governing boards. The Agency is recognized statewide and nationally as a model public agency that achieves multi-jurisdictional cooperation and effectively leverages local, state and federal housing and community development funds; and

**WHEREAS**, the Agency receives annual funding from a combination of federal, state and local sources; and

**WHEREAS**, the sources of Agency revenue require that an operating budget be adopted prior to the start of each new fiscal year. The Agency's fiscal year is the calendar year from January 1<sup>st</sup> through December 31<sup>st</sup>.

**NOW, THEREFORE, BE IT RESOLVED AND ORDERED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF SACRAMENTO:**

**Section 1.** The proposed actions to adopt the 2017 Proposed Agency Budget are considered administrative and management activities. As such, these actions do not constitute a project subject to environmental review under the California Environmental Quality Act (CEQA), as provided in CEQA Guidelines Section 15378(b). These actions are also exempt under the National Environmental Policy Act (NEPA) per 24 CFR Section 58.34(a)(3). Public services provided for in the budget associated with multi-family supplemental assessments and rental assistance are actions associated with existing facilities with no changes to or expansion of use. As such, these activities are categorically exempt under CEQA pursuant to CEQA Guidelines Section 15061(b), and these activities are categorically excluded under NEPA pursuant to 24 CFR Section 58.35(b)(1), (2), (3) and (4). All other actions are associated with the adoption of the 2017 proposed budget, and do not make any commitments to, or give



approvals for, specific projects. Environmental Review for specific projects will be completed prior to any discretionary action(s) being carried out with regard to such projects.

Section 2. The 2017 Operating Budget totaling \$159,016,419 and the 2017 Project Budget totaling \$31,508,357, all as further described in the 2017 Proposed Agency Budget (hereinafter “2017 Agency Budget” or “Budget”), a copy of which is on file with the Agency Clerk and copies of which have been provided to the respective governing board members, are approved as the Budget of the Agency for the 2017 fiscal year. The 2017 Agency Budget incorporates the budgets of the Housing Authority of the City of Sacramento, the Housing Authority of the County of Sacramento, and the Sacramento Housing Development Corporation, and adoption of those budgets is contingent upon the approval of each of these respective entities.

Section 3. A total of 230 Agency full time equivalent positions (FTE) are approved subject to classification review by the Executive Director of the Sacramento Housing and Redevelopment Agency.

Section 4. The budgeted amount for any item in the Budget may be amended by majority vote of the governing body of each entity actually undertaking and funding the activity. Such an amendment to the Budget so enacted shall be deemed to have been approved by all of the entities that originally adopted the Budget without further action of the remaining entities.

Section 5. The Agency is authorized to amend the Budget as necessary and to transfer funds among operating budgets or project budgets to facilitate legal directives of the California State Department of Finance and/or the State Controller’s Office and the actions taken by the County of Sacramento acting as Successor Agency to the former Redevelopment Agency (CRASA) as approved by the CRASA Oversight Board regarding housing successor matters.

Section 6. The Agency is authorized to submit the 2017 Annual Housing Operating Budget and all supporting documents to the United States Department of Housing and Urban Development (HUD), including all required amendments for utilities and other miscellaneous adjustments. Furthermore, the Agency is authorized to amend the Budget to reflect actual HUD approved expenditures and revenues for HUD funded programs and projects.

Section 7. The proposed expenditures under the 2017 Housing Operating Budget are necessary for the efficient and economical operation of Agency housing to serve low-income families.

Section 8. The housing financial plan set forth in the 2017 Housing Operating Budget is reasonable in that:

- a. It indicates a source of funding adequate to cover all proposed expenditures.
- b. It does not provide for the use of federal funding in excess of amounts payable under the provisions of the pertinent regulations.
- c. It proposes rental charges and expenditures that are consistent with provisions of law and the Annual Contributions Contract.
- d. It implements the fee for service provisions and support service costs based on the HUD requirement for public housing authorities to implement Asset Management that includes fee for service. The fee for service provision is predicated on the revenues generated by fees being sufficient to cover the cost of services provided over time.

Section 9. The Housing Authority of the County of Sacramento (Authority or HACOS), staffed by the Agency, is authorized to submit applications to HUD for the Capital Fund Plan and Program funding. If such grants are awarded, the Agency is authorized to accept the grant or grants, execute all related documents, execute contracts to implement the Capital Fund Program subject to HUD approval of the annual statements and amend the Budget accordingly. The Agency is directed to comply with all policies, procedures, and requirements prescribed by HUD as a condition of such grants. The Agency is authorized to submit the annual statement to HUD, after receiving public comments and resident review and approval of the Sacramento Housing and Redevelopment Agency Commission.

Section 10. On an annual basis HUD requires HACOS, staffed by the Agency, to conduct a physical inventory, analyze receivables for collectability and accordingly, reconcile and adjust related financial records. The Agency is authorized to amend the Budget and financial records as needed for such adjustments.

Section 11. The Agency is authorized to purchase all lines of applicable insurance for its properties and operations through local independent agents, direct carriers, or risk retention pools, provided that the insurance requirements, coverage and terms are commercially reasonable and provided that the cost does not exceed the amounts in the approved Budget. The Agency is also authorized to obtain flood insurance through the federal flood insurance program for Agency properties and this coverage may be secured through a local independent agent.

Section 12. Subject to availability under the Budget of any required funds, the Agency is authorized to approve conversion of HUD funded conventional public housing dwelling units to non-dwelling use or disposition as long as the use or disposition is approved by HUD and consistent with adopted Agency/Housing Authority policy and governing board approvals. The

Agency is authorized to amend the Budget as necessary and to transfer funds among operating budgets or project budgets to facilitate the approved HUD approved conversion.

Section 13. The Agency is authorized and directed to approve, submit and implement the Public Housing Agency (PHA) Annual Plan and PHA Five-Year Plan, and the attachments and/or amendments to such Plans to comply with the Quality Housing and Responsibility Act of 1998, as approved by the Sacramento Housing and Redevelopment Agency Commission.

Section 14. The Agency is authorized to submit to HUD the One Year Action Plan for Community Development Block Grant (CDBG), Home Investment Partnership (HOME), Emergency Solutions Grant (ESG) and Housing Opportunities for People with AIDS (HOPWA). The Agency, is delegated authority to administer federal funds appropriated by HUD and is the designated recipient of funds outlined in the One Year action Plan. If such grants are awarded, the Agency is authorized to accept the grant or grants, execute all related documents and amend the Budget accordingly. The Agency is directed to comply with all policies, procedures, and requirements prescribed as a condition of such grants. The Agency is authorized to amend the Capital Reserve Project budget in the event that the actual entitlement exceeds, or is less than, that estimated in the Budget.

Section 15. The Agency is authorized to administer ESG and HOPWA funds, or delegate authority to other appropriate entities approved by the governing boards to administer ESG and HOPWA programs, and is also authorized to expend funds and to execute contracts with the appropriate entities to carry out the ESG and HOPWA funded activities contained in the Action Plan, strictly in accordance with the terms of approved Action Plans and funding source requirements.

Section 16. The Agency is authorized to enter into necessary grants and agreements with HUD, the State Housing and Community Development Department (HCD), and other governmental or private entities for homeless programs for which the Agency is the designated recipient of grant funds or contracting agency. The Agency is authorized to accept such grants, execute contracts to implement homeless activities as outlined in the Agency public services schedule and funded in the Budget, and amend the Budget accordingly (provided that the activities are fully funded by the grant or are within the Agency Budget).

Section 17. The Agency is authorized to submit grant applications on behalf of the County of Sacramento for any and all housing and community development activities within the jurisdiction of the Agency. If such grants are awarded, and approved by the governing board if in excess of \$100,000, the Agency is authorized to accept the grant or grants, execute contracts

to implement grant activities with the appropriate entities (provided that the activities are fully funded by the grant or within the Budget), execute all related documents and amend the Budget. Budget expenditure and amendments for such grants are permitted for positions, services and supplies, equipment and projects. The Agency is directed to comply with all policies, procedures, and requirements prescribed as a condition of such grants. Such grants may include but are not limited to the following:

- Homeless Prevention and Rapid Re-housing Program (HPRP)
- Neighborhood Stabilization Program
- Family Unification Program
- Family Self Sufficiency
- Veteran's Assistance and Supportive Housing
- Social Innovation Fund

Section 18 The Agency is authorized to amend the Budget to make transfers of fund balances to accommodate reserve requirements. The Executive Director, or designee, may allocate and transfer any available fund balances to accounts held for future projects or reduce budget shortfalls in any other fund balances, provided monies so used are not otherwise restricted by law or regulations related to the funding source. Further, the Agency is authorized to expend available balances from the payroll fund for the cost of liabilities such as post retirement medical benefits, sick leave, and vacation accruals.

Section 19. The Agency Budget is controlled at the fund group level. Except as provided in this resolution, no expenditure will exceed the approved Budget.

Section 20. The Agency is authorized to amend the Budget to appropriate for expenditure of all revenues received in revolving funds.

Section 21. The Agency is authorized to increase or decrease operating Budget appropriations up to \$100,000. Operating Budget appropriation increases and decreases in excess of \$100,000 must be approved by the appropriate governing board.

Section 22. The Agency is authorized to transfer appropriations up to \$100,000 per transaction in Operating Budget and contingency reserves.

Section 23. The Agency is authorized to transfer project appropriations among fund groups.

Section 24. The Agency is authorized to amend the Budget to reflect all required debt service payments, pass through payments loan repayments, and other existing obligations based on actual revenues.

Section 25. The Agency is authorized to amend the operating budget or capital project budget or transfer funding of approved capital projects or operating budgets within the respective project area funds in compliance with approvals, bond covenants, tax laws and applicable laws and regulations or changes to the aforementioned.

Section 26. The Agency is authorized to execute and implement internal loans between Agency managed funds as reflected in the Budget and as consistent with bond covenants, tax laws and applicable redevelopment laws and regulations; and to reconcile available revenues as needed to assure receipt of anticipated revenues.

Section 27. The Agency is authorized to exercise default remedies and take other actions to protect the Agency assets under contracts, loans, disposition and development agreements, owner participation agreements and other Agency agreements and to appropriate the associated revenues in the Budget. The Agency is authorized to enter into "loan work outs," to the extent reasonably necessary to protect the Agency assets, and in entering such "work outs," the Agency is authorized to renegotiate and rewrite the terms of the loan as if the loan were made according to current loan program underwriting criteria (including forgiveness of principal as necessary to reflect underwriting the loan at current fair market value of the subject property). Further, the Agency is authorized to renegotiate existing Agency debt obligations and execute new security instruments provided the terms of the new debt do not increase the principal outstanding and either result in a cost savings or provide the Agency with more favorable loan terms.

Section 28. All project appropriations in existence as of December 31, 2016 will be carried over and continued in 2017.

Section 29. All multi-year operating grant budgets in existence as of December 31, 2016 shall be continued in 2017.

Section 30. All encumbrances for valid purchase orders and contracts in effect as of December 31, 2016 may remain in effect in 2017. The Agency is authorized to increase the Budget for valid encumbrances as of December 31, 2016, but only to the extent that the applicable division's 2016 operating budget appropriations exceeded 2016 expenditures.

Section 31. The Agency is authorized to incorporate the changes listed on Exhibit A as part of the 2017 Budget.

Section 32. If any entity requires a separate resolution to confirm any action approved within this resolution, the Sacramento Housing and Redevelopment Commission is delegated the authority to approve and deliver such resolution.

Section 33. The Agency is authorized to delegate the authorities as set out in this resolution to the Agency's Executive Director.

Section 34. This resolution shall take effect immediately.

On a motion by Supervisor \_\_\_\_\_, seconded by Supervisor \_\_\_\_\_, 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: Supervisors,

NOES: Supervisors,

ABSENT: Supervisors,

ABSTAIN: Supervisors,

RECUSAL: Supervisors,

(PER POLITICAL REFORM ACT (§ 18702.5.))

\_\_\_\_\_  
Chair of the Board of Supervisors  
of Sacramento County, California

(SEAL)

ATTEST: \_\_\_\_\_  
Clerk, Board of Supervisors



**EXHIBIT A**

**SUMMARY OF CHANGES TO SACRAMENTO HOUSING  
AND REDEVELOPMENT AGENCY PROPOSED 2017 BUDGET**

Approved 2017 Total Operating Budget	\$ 159,016,419
Revised Approved 2017 Total Operating Budget	\$0
Approved 2017 New Projects	\$ 31,508,357
Revised Approved 2017 New Projects	\$0
<b>TOTAL AGENCY BUDGET</b>	<b>\$ 190,524,776</b>

# **RESOLUTION NO. \_\_\_\_\_**

**ADOPTED BY THE HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO**

**ON DATE OF**

## **APPROVAL OF 2017 BUDGET FOR SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY; RELATED FINDINGS, APPROVALS, DELEGATIONS, AND IMPLEMENTING AUTHORITIES; INCLUDING AUTHORITY FOR HUD SUBMISSIONS, GRANTS AND FUND TRANSFERS**

**WHEREAS**, the Sacramento Housing and Redevelopment Agency (Agency) is a joint powers agency created to eliminate duplicate staffing efforts to manage and administer federal housing and community development programs on behalf of the City and County of Sacramento which provides a competitive advantage to the City and County when seeking federal and other housing and community development funding opportunities. The consolidation of multiple departments from different jurisdictions achieves close coordination of housing and community development programs and provides budget savings for operation and overhead. The Agency Executive Director reports directly to the City and the County governing boards. The Agency is recognized statewide and nationally as a model public agency that achieves multi-jurisdictional cooperation and effectively leverages local, state and federal housing and community development funds; and

**WHEREAS**, Agency receives annual funding from a combination of federal, state and local sources; and

**WHEREAS**, the sources of Agency revenues requires an operating budget adopted prior to the start of each new fiscal year. The Agency's fiscal year is the calendar year from January 1<sup>st</sup> through December 31<sup>st</sup>.

**WHEREAS**, as of February 1, 2012, pursuant to Health and Safety Code Section 34173 and resolution no. 2012-0051, the fiscal administration of the former Redevelopment Agency of the County was assumed within the management structure of the County of Sacramento which elected to administer the dissolution of its redevelopment agency and manage the County Redevelopment Agency Successor Agency (CRASA). The budget of the former Redevelopment Agency is no longer incorporated within the Agency Budget; and

**WHEREAS**, Pursuant to Health and Safety Code Section 34176 and resolution no. HA-2012-2329 the County of Sacramento designated the Housing Authority of the County of Sacramento (HACOS), managed and staffed by the Agency, as the local authority to retain the housing-assets and housing-functions previously performed by its Redevelopment Agency.

**NOW, THEREFORE, BE IT RESOLVED BY THE HOUSING AUTHORITY OF  
THE COUNTY OF SACRAMENTO:**

Section 1. The above recitals are found to be true and correct and are hereby adopted.

Section 2. The proposed actions to adopt the 2017 Proposed Agency Budget are considered administrative and management activities. As such, these actions do not constitute a project subject to environmental review under the California Environmental Quality Act (CEQA), as provided in CEQA Guidelines Section 15378(b). These actions are also exempt under the National Environmental Policy Act (NEPA) per 24 CFR Section 58.34(a)(3). Public services provided for in the budget associated with multi-family supplemental assessments and rental assistance are actions associated with existing facilities with no changes to or expansion of use. As such, these activities are exempt under CEQA pursuant to CEQA Guidelines Section 15061(b)(3), and these activities are categorically excluded, converting to exempt, under NEPA pursuant to 24 CFR Sections 58.35(b)(1), (2), (3), and (4). All other actions are associated with the adoption of the 2017 proposed budget, and do not make any commitments to, or give approvals for, specific projects. Environmental Review for specific projects will be completed prior to any discretionary action(s) being carried out with regard to such projects.

Section 3. The 2017 Operating Budget totaling \$159,016,419 and the 2017 Project Budget totaling \$31,508,357, all as further described in the 2017 Proposed Agency Budget (hereinafter "2017 Agency Budget" or "Budget"), a copy of which is on file with the Agency Clerk and copies of which have been provided to the respective governing board members, are approved as the Budget of Agency for the 2017 fiscal year. The 2017 Agency Budget incorporates the budgets of the Housing Authority of the City of Sacramento, the Housing Authority of the County of Sacramento, and the Sacramento Housing Development Corporation, and adoption of those budgets is contingent upon the approval of each of these respective entities.

Section 4. A total of 230 Agency full time equivalent positions (FTE) are approved subject to classification review by the Executive Director of the Sacramento Housing and Redevelopment Agency.

Section 5. Subject to availability under the Budget or limitations on use of any required funds, the Executive Director or her designees is authorized to amend the Budget as necessary to accept funds, expend funds, or transfer funds among operating budgets or project budgets to complete enforceable housing obligations, comply with legal directives of the

California State Department of Finance and/or the State Controller's Office, facilitate the dissolution of redevelopment pursuant to AB 1x 26 and AB 1484, or to provide staffing services to County Redevelopment Agency Successor Agency (CRASA). Such transactions must comply with applicable laws and regulations and agreements to provide staffing services for CRASA and are subject to CRASA Oversight Board Approval.

Section 6. The budgeted amount for any item in the Budget may be amended by majority vote of the governing body of each entity actually undertaking and funding the activity. Such an amendment to the Budget so enacted shall be deemed to have been approved by all of the entities that originally adopted the Budget without further action of the remaining entities.

Section 7. The Executive Director, or designee, is authorized to submit the 2017 Annual Housing Operating Budget and all supporting documents to the United States Department of Housing and Urban Development (HUD), including all required amendments for utilities and other miscellaneous adjustments. Furthermore, the Executive Director, or designee, is authorized to amend the Budget to reflect actual HUD approved expenditures and revenues for HUD funded programs and projects. Please see Exhibit B-1 for a summary of the Public Housing operating budget.

Section 8. The proposed expenditures under the 2017 Housing Operating Budget are necessary for the efficient and economical operation of Agency housing to serve low-income families.

Section 9. The housing financial plan set forth in the 2017 Housing Operating Budget is reasonable in that:

- a. It indicates a source of funding adequate to cover all proposed expenditures.
- b. It does not provide for use of federal funding in excess of amounts payable under the provisions of the pertinent regulations.
- c. It proposes rental charges and expenditures that are consistent with provisions of law and the Annual Contributions Contract.
- d. It includes asset management project budgets prepared on an individual basis as shown in the Schedule of Public Housing AMP, Central Office, and Central Services 2017 Budget attached as Exhibit B-1.

Section 10. Form HUD-52574 (04/2013), attached as Exhibit B-2 for signature by the Chair of the Board of the Housing Authority, provides necessary certifications for submission of the Operating Budgets described in Section 9d.

Section 11. Based on the HUD requirement for public housing authorities to implement Asset Management that includes fee for service, the Budget implements the fee for service provisions and support service costs. The fee for service provision is predicated on the revenues generated by fees being equal to the cost of services provided.

Section 12. The Executive Director, or designee, is authorized to submit applications to HUD for the Capital Fund Plan and Program funding. If such grants are awarded, the Executive Director, or designee, is authorized to accept the grant or grants, execute all related documents, execute contracts to implement the Capital Fund Program subject to HUD approval of the annual statements and amend the Budget accordingly. The Executive Director, or designee, is directed to comply with all policies, procedures and requirements prescribed by HUD as a condition of such grants. The Executive Director is authorized to submit the Comprehensive Plan or annual statement to HUD, after receiving public comments and resident review and approval of the SHRA Commission.

Section 13. On an annual basis the Agency, on behalf of HACOS conducts a physical inventory, analyzes receivables for collectability and, accordingly, reconciles and adjusts related financial records. The Executive Director, or designee, is authorized to amend the Budget and financial records as needed for such adjustments.

Section 14. The Executive Director, or designee, is authorized to purchase all lines of applicable insurance for its properties and operations through local independent agents, direct carriers, or risk retention pools, provided that the insurance requirements, coverage and terms are commercially reasonable and provided that the cost does not exceed the amounts in the approved Budget. The Agency on behalf of HACOS is also authorized to obtain flood insurance through the federal flood insurance program for HACOS properties and this coverage may be secured through a local independent agent.

Section 15. Subject to availability under the Budget of any required funds, The Executive Director, or designee, is authorized to approve conversion of HUD funded conventional public housing dwelling units to non-dwelling use or disposition as long as the use or disposition is approved by HUD and consistent with HACOS policy and governing board approvals. The Executive Director or her designee is authorized to amend the Budget as necessary and to transfer funds among operating budgets or project budgets to facilitate the approved HUD approved conversion.

Section 16. The Executive Director, or designee, is authorized and directed to approve, submit and implement the Public Housing Agency (PHA) Annual Plan and PHA Five-Year Plan, and the attachments and/or amendments to such Plans to comply with the Quality Housing and Responsibility Act of 1998.

Section 17. The Executive Director, or designee, is authorized to submit to HUD the One Year Action Plan for Community Development Block Grant (CDBG), Home Investment Partnership (HOME), Emergency Solutions Grant (ESG) and Housing Opportunities for People with AIDS (HOPWA). HACOS, staffed by the Agency is delegated authority to administer federal funds appropriated by HUD and is the designated recipient of funds outlined in the One Year action Plan. If such grants are awarded, Agency is authorized to accept the grant or grants, execute all related documents and amend the Budget accordingly. Agency is directed to comply with all policies, procedures, and requirements prescribed as a condition of such grants. Agency is authorized to amend the Capital Reserve Project in the event that the actual entitlement exceeds, or is less than, that estimated in the Budget.

Section 18. The Executive Director, or designee, is authorized to administer funds or delegate authority to other appropriate entities 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.

Section 19. The Executive Director, or designee, is authorized to enter into necessary grants and agreements with HUD, the State Housing and Community Development Department (HCD), and other governmental or private entities for homeless programs for which HACOS or the Agency is the designated recipient of grant funds or contracting agency. The Agency is authorized to accept such grants, execute contracts to implement homeless activities funded in the Budget and amend the Budget accordingly (provided that the activities are fully funded by the grant or are within the Agency Budget). The Executive Director, or designee, is authorized to execute contracts for homeless activities funded in the Agency Budget as outlined in the Agency public services schedule.

Section 20. HACOS finds and declares that the proposed expenditure of tax increment housing funds, as set forth in approved recognized obligation payment schedules, for activities serving the homeless, including providing subsidies to, or for the benefit of, extremely low income households through either site specific rental assistance or tenant based rental



assistance, as allocated/outlined in the budget, will not cause or exacerbate racial, ethnic or economic segregation and will be beneficial to all former Redevelopment Project Areas by facilitating the production of affordable housing and providing housing for a population which remains in or frequents the former Redevelopment Project Areas and is perceived as a blighting influence by business owners, property owners, workers and residents, and as a result impedes the elimination of blight in the community.

Section 21. HACOS further finds and declares that the proposed expenditure of tax increment housing funds, as set forth in approved recognized payment schedules to provide subsidies to, or for the benefit of, extremely low income households through either site specific rental assistance or tenant based rental assistance, increases, improves, and preserves the community's supply of low and moderate-income housing available at an affordable housing cost to persons and families that are extremely low, very low, low or moderate income households and will be of benefit to the community.

Section 22. HACOS finds and declares that the proposed planning and administrative expenses which may be paid for from the former low and moderate income housing fund, pursuant to an approved recognized payment obligation payment schedule, is necessary for the production, improvement and/or preservation of low and moderate income housing during the 2017 Agency Budget year.

Section 23. HACOS is authorized to amend the budget to transfer or accept funding or assets consistent with an approved recognized payment obligation schedule to the Agency or County RASA for approved capital projects or operating expenses in compliance with all bond covenants, tax laws and applicable laws and regulations or changes to the aforementioned.

Section 24. HACOS is authorized to amend the budget to receive assets or transfer assets, receive funds or transfer funds to the County RASA and execute agreements with the County or RASA as necessary to facilitate authorized directives of the State of California, the California State Department of Finance and/or the State Controller's Office or to provide staffing services to RASA. Agreements between the Agency or HACOS and the County RASA are subject to Successor Agency Oversight Board Approval.

Section 25. The Executive Director, or designee, is authorized to submit grant applications on behalf of the Housing Authority of the County for any and all housing and community development activities within the jurisdiction of the Agency. If such grants are awarded, and approved by the governing board if in excess of \$100,000, the Agency is

authorized to accept the grant or grants, execute contracts to implement grant activities with the appropriate entities (provided that the activities are fully funded by the grant or within the Budget), execute all related documents, and amend the Budget. Budget expenditure and amendments for such grants are permitted for positions, services and supplies, equipment and projects. Agency is directed to comply with all policies, procedures, and requirements prescribed as a condition of such grants. Such grants may include but are not limited to the following:

- Homeless Prevention and Rapid Re-housing Program (HPRP)
- Neighborhood Stabilization Program
- Family Unification Program
- Family Self Sufficiency
- Veteran's Assistance and Supportive Housing
- Social Innovation Fund

Section 26. The Executive Director, or designee, is authorized to amend the Budget to make transfers of fund balances to accommodate reserve requirements. The Executive Director, or designee, may allocate and transfer any available fund balances to accounts held for future projects or reduce budget shortfalls in any other fund balances, provided monies so used are not otherwise restricted by law or regulations related to the funding source. Further, Agency is authorized to expend available balances from the payroll fund for the cost of liabilities such as post retirement medical benefits, sick leave, and vacation accruals.

Section 27. The Agency Budget is controlled at the fund group level. Except as provided in this resolution, no expenditure will exceed the approved Budget.

Section 28. The Executive Director, or designee, is authorized to amend the Budget to appropriate for expenditure all revenues received in revolving funds.

Section 29. The Executive Director, or designee, is authorized to increase or decrease operating Budget appropriations up to \$100,000. Operating Budget appropriation increases and decreases in excess of \$100,000 must be approved by the appropriate governing board.

Section 30. The Executive Director, or designee, is authorized to transfer appropriations up to \$100,000 per transaction in Operating Budget and contingency reserves.

Section 31. The Executive Director is authorized to increase or decrease project budget appropriations by not more than \$100,000 for each project or activity. Project budget

appropriation increases and decreases in excess of \$100,000 must be approved by the appropriate governing board.

Section 32. The Executive Director, or designee, is authorized to transfer any available fund balances from HACOS instrumentalities or affiliates to allocate for future HACOS projects or to reduce budget shortfalls, provided the use and receipt of funds is not otherwise restricted by law or regulations. Such transactions are subject to HACOS instrumentality or affiliate board approval.

Section 33. The Executive Director, or designee, is authorized to amend the Budget to reflect all required debt service payments, pass through payments, loan repayments and other existing obligations based on actual higher or lower revenues.

Section 34. The Executive Director, or designee, is authorized to amend the operating budget or capital project budget or transfer funding of approved capital projects or operating budgets within the respective project area funds in compliance with approvals, bond covenants, tax laws and applicable laws and regulations or changes to the aforementioned.

Section 35. The Executive Director, or designee, on behalf HACOS serving as the County Successor Housing Entity, is authorized to execute, and implement internal loans between Agency managed funds as reflected in the Budget and as consistent with bond covenants, tax laws and applicable redevelopment laws and regulations; and to modify the terms of loans and reconcile available revenues as needed for the completion of enforceable housing obligations of the former redevelopment agency to assure receipt of anticipated revenues.

Section 36. The Executive Director, or designee, is authorized to exercise default remedies and take other actions to protect Agency assets under contracts, loans, disposition and development agreements, owner participation agreements and other Agency agreements and to appropriate the associated revenues in the Budget. Agency is authorized to enter into "loan work outs," to the extent reasonably necessary to protect Agency assets, and in entering such "work outs," Agency is authorized to renegotiate and rewrite the terms of the loan as if the loan were made according to current loan program underwriting criteria (including forgiveness of principal as necessary to reflect underwriting the loan at current fair market value of the subject property). Further, The Executive Director, or designee, is authorized to renegotiate existing Agency debt obligations and execute new security instruments provided the terms of the new debt do not increase the principal outstanding and either result in a cost savings or provide the Agency with more favorable loan terms.

Section 37. All project appropriations in existence as of December 31, 2016 will be carried over and continued in 2017.

Section 38. All multi-year operating grant budgets in existence as of December 31, 2016 shall be continued in 2017.

Section 39. All encumbrances for valid purchase orders and contracts in effect as of December 31, 2016 may remain in effect in 2017. The Executive Director, or designee, is authorized to increase the Budget for valid encumbrances as of December 31, 2016, but only to the extent that the applicable division's 2016 operating budget appropriations exceeded 2016 expenditures.

Section 40. The Executive Director, or designee, is authorized to incorporate the changes listed on Exhibit A as part of the 2017 Budget.

Section 41. If any entity requires a separate resolution to confirm any action approved within this resolution the Sacramento Housing and Redevelopment Commission is delegated the authority to approve and deliver such resolution.

Section 42. The Agency is authorized to delegate the authorities as set out in this resolution to the Agency's Executive Director.

Section 43. This resolution shall take effect immediately.

On a motion by Member \_\_\_\_\_, seconded by Member \_\_\_\_\_, the foregoing Resolution was passed and adopted by the Housing Authority of the County of Sacramento, State of California, this 15th<sup>t</sup> day of November, 2016, by the following vote, to wit:

AYES: Members,

NOES: Members,

ABSTAIN: Members,

ABSENT: Members,

---

Chair of the Housing Authority of the  
County of Sacramento, California

SEAL:

ATTEST: \_\_\_\_\_  
Clerk

## EXHIBIT A

### SUMMARY OF CHANGES TO SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY PROPOSED 2017 BUDGET

Approved 2017 Total Operating Budget	\$ 159,016,419
Revised Approved 2017 Total Operating Budget	\$0
Approved 2017 New Projects	\$ 31,508,357
Revised Approved 2017 New Projects	\$0
<b>TOTAL SHRA BUDGET</b>	<b>\$ 190,524,776</b>



# County Public Housing AMP, Central Office and Central Services Budget

## January 1 - December 31, 2017

PHA Code: CA007 County of Sacramento	County AMP 1	County AMP 2	County AMP 3	County AMP 5	Total County Public Housing	County COCC Central Office & Central Svc
Beginning fund equity	\$ 283,294	\$ 44,212	\$ 404,624	\$ 177,928	\$ 910,058	\$ 511,327
<b>Revenues:</b>						
HUD Operating Subsidy	850,000	830,000	1,030,000	950,000	3,660,000	-
Maintenance Charges to Tenants	3,000	2,000	2,300	7,000	14,300	-
Washer/Dryer Income	3,500	8,000	8,000	3,000	22,500	-
Rental income - Dwelling	380,000	675,000	735,000	485,000	2,275,000	-
Interest Income - Investment	800	2,000	4,000	-	6,800	750
Bad Debt Recovery	-	-	-	-	-	-
Miscellaneous income	-	-	10,548	7,620	18,168	-
Management Fee	-	-	-	-	-	1,812,474
IT/Bookkeeping Fee	-	-	-	-	-	89,730
Asset Management Fee	-	-	-	-	-	34,680
Admin Fee (CFP) & (HCV)	-	-	-	-	-	2,014,082
Central services fees	-	-	-	-	-	174,558
<b>Total operating revenue</b>	<b>1,237,300</b>	<b>1,517,000</b>	<b>1,789,848</b>	<b>1,452,620</b>	<b>5,996,768</b>	<b>4,126,274</b>
CFP operating transfers	40,000	50,000	141,000	50,000	281,000	-
CFP Mgmt impr transfers	17,601	17,737	20,695	19,629	75,662	-
AMP to AMP transfers	-	125,000	270,000	-	395,000	-
<b>Total revenues and transfers in</b>	<b>1,294,901</b>	<b>1,709,737</b>	<b>2,221,543</b>	<b>1,522,249</b>	<b>6,748,430</b>	<b>4,126,274</b>
<b>Expenditures:</b>						
<b>Employee Services:</b>						
- Management/Maintenance	331,150	460,140	456,916	424,782	1,672,988	546,549
- Resident Trainees	23,439	23,634	27,654	26,120	100,847	-
<b>Total Employee Services</b>	<b>354,589</b>	<b>483,774</b>	<b>484,570</b>	<b>450,902</b>	<b>1,773,835</b>	<b>546,549</b>
<b>Services &amp; Supplies:</b>						
- Management/Maintenance	616,815	757,394	961,611	742,592	3,078,412	3,642,311
<b>Other Charges:</b>						
Financial Transactions	30,171	4,161	4,940	6,291	45,563	855
- Central Service Fees	37,199	43,339	52,400	41,620	174,558	-
- Miscellaneous (PILOT, Depr.)	26,317	31,626	35,256	29,093	122,292	-
- AMP to AMP transfers	-	-	395,000	-	395,000	-
Management Fee	175,208	210,249	235,511	191,506	812,474	-
IT / Bookkeeping Fee	19,350	23,220	26,010	21,150	89,730	-
Asset Management Fee	-	-	34,680	-	34,680	-
<b>Total operating expense</b>	<b>1,259,649</b>	<b>1,553,763</b>	<b>2,229,978</b>	<b>1,483,154</b>	<b>6,526,544</b>	<b>4,189,715</b>
<b>Ending Balance</b>	<b>\$ 318,546</b>	<b>\$ 200,186</b>	<b>\$ 396,189</b>	<b>\$ 217,023</b>	<b>\$ 1,131,944</b>	<b>\$ 447,886</b>

**PHA Board Resolution**  
Approving Operating Budget

U.S. Department of Housing  
and Urban Development  
Office of Public and Indian Housing -  
Real Estate Assessment Center (PIH-REAC)

**Exhibit B-2**  
OMB No. 2577-0026  
(exp. 04/30/2016)

Public reporting burden for this collection of information is estimated to average 10 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

This information is required by Section 6(c)(4) of the U.S. Housing Act of 1937. The information is the operating budget for the low-income public housing program and provides a summary of the proposed/budgeted receipts and expenditures, approval of budgeted receipts and expenditures, and justification of certain specified amounts. HUD reviews the information to determine if the operating plan adopted by the public housing agency (PHA) and the amounts are reasonable, and that the PHA is in compliance with procedures prescribed by HUD. Responses are required to obtain benefits. This information does not lend itself to confidentiality.

PHA Name: Housing Authority-County of Sacramento PHA Code: CA007

PHA Fiscal Year Beginning: 01/01/2017 Board Resolution Number: \_\_\_\_\_

Acting on behalf of the Board of Commissioners of the above-named PHA as its Chairperson, I make the following certifications and agreement to the Department of Housing and Urban Development (HUD) regarding the Board's approval of (check one or more as applicable):

DATE

- Operating Budget approved by Board resolution on: 11/15/2016
- Operating Budget submitted to HUD, if applicable, on: \_\_\_\_\_
- Operating Budget revision approved by Board resolution on: \_\_\_\_\_
- Operating Budget revision submitted to HUD, if applicable, on: \_\_\_\_\_

I certify on behalf of the above-named PHA that:

1. All statutory and regulatory requirements have been met;
2. The PHA has sufficient operating reserves to meet the working capital needs of its developments;
3. Proposed budget expenditure are necessary in the efficient and economical operation of the housing for the purpose of serving low-income residents;
4. The budget indicates a source of funds adequate to cover all proposed expenditures;
5. The PHA will comply with the wage rate requirement under 24 CFR 968.110(c) and (f); and
6. The PHA will comply with the requirements for access to records and audits under 24 CFR 968.110(i).

I hereby certify that all the information stated within, as well as any information provided in the accompaniment herewith, if applicable, is true and accurate.

**Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012.31, U.S.C. 3729 and 3802)

Print Board Chairperson's Name: <b>Roberta MacGlashan</b>	Signature:	Date:
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**RESOLUTION NO. SHDC \_\_\_\_**

**ADOPTED BY THE SACRAMENTO HOUSING DEVELOPMENT CORPORATION**

ON DATE OF

**SACRAMENTO HOUSING DEVELOPMENT CORPORATION RIVERVIEW PLAZA  
RESIDENTIAL PROJECT OPERATING BUDGET; RELATED FINDINGS,  
AUTHORIZATIONS AND APPROVALS**

**NOW THEREFORE BE IT RESOLVED AND ORDERED BY THE BOARD OF  
DIRECTORS OF THE SACRAMENTO HOUSING DEVELOPMENT CORPORATION:**

Section 1. The proposed actions to adopt the 2017 Proposed Agency Budget are considered administrative and management activities. As such, these actions do not constitute a project subject to environmental review under the California Environmental Quality Act (CEQA), as provided in CEQA Guidelines Section 15378(b). These actions are also exempt under the National Environmental Policy Act (NEPA) per 24 CFR Section 58.34(a)(3). Public services provided for in the budget associated with multi-family supplemental assessments and rental assistance are actions associated with existing facilities with no changes to or expansion of use. As such, these activities are exempt under CEQA pursuant to CEQA Guidelines Section 15061(b)(4). There is no federal funding associated with these actions; therefore, NEPA does not apply. All other actions are associated with the adoption of the 2017 proposed budget, and do not make any commitments to, or give approvals for, specific projects. Environmental Review for specific projects will be completed prior to any discretionary action(s) being carried out with regard to such projects.

Section 2. The Budget totaling \$825,310 for the Riverview Plaza Residential project, which is incorporated in the budget of the Sacramento Housing and Redevelopment Agency, all as further described in the "2017 Proposed Budget", a copy of which is on file with the Agency Clerk, is approved as the Operating Budget for the 2017 fiscal year for the Sacramento Housing Development Corporation (2017 Budget).

Section 3. The Executive Director of the Sacramento Housing Development Corporation (Executive Director) is authorized to obtain flood insurance for the Riverview Plaza Residential project through the federal flood insurance program, and is authorized to purchase liability insurance and enter into agreements with risk retention pools or other similar organizations, provided that the insurance requirements, coverage and terms are commercially reasonable and provided that the cost does not exceed the amounts in the approved 2017 Budget.

Section 4. The Executive Director is authorized to submit grant applications for any and all activities within the authority and jurisdiction of the Sacramento Housing Development Corporation. The Executive Director is authorized to accept such grants, to amend the 2017 Budget to receive and allocate the grant funds, and to implement the actions required by the grant for any projects and programs currently within the Sacramento Housing Development Corporation's authorization and jurisdiction, provided that the activities are fully funded by the grant. Such Budget amendments are permitted for, but not limited to, positions, services and supplies, equipment and projects.

Section 5. The Executive Director is authorized to make transfers of fund balances to accommodate reserve requirements. The Executive Director may allocate and transfer any available fund balances to accounts held for future projects or to reduce budget shortfalls in any other fund balances, provided monies so used are not restricted by law or regulations related to the funding source.

Section 6. The Executive Director is authorized to make payments on debt incurred by the Sacramento Housing Development Corporation as necessary to comply with the provisions of the Partnership Agreement within which the Corporation serves as the General Partner, and as deemed prudent and necessary by the Executive Director on behalf of the Sacramento Housing Development Corporation and within the 2017 Budget hereby adopted.

Section 7. The Executive Director is authorized to incorporate the changes listed on Exhibit A as part of the 2017 Budget.

Section 8. The Executive Director is authorized to act on behalf of the Sacramento Housing Development Corporation with the same authority as conferred upon the Executive Director of the Sacramento Housing and Redevelopment Agency.

Section 9. This resolution shall take effect immediately.

On a motion by Director \_\_\_\_\_, seconded by  
Director \_\_\_\_\_, the foregoing Resolution was passed and adopted  
by the Sacramento Housing Development Corporation, State of California, this 15th day of  
November, 2016, by the following vote, to wit:

AYES: Directors,

NOES: Directors,

ABSTAIN: Directors,

ABSENT: Directors,

ABSTAIN: Directors,

(PER POLITICAL REFORM ACT (§ 18702.5.))

\_\_\_\_\_  
Chair, Board of Directors  
Sacramento Housing Development  
Corporation

(SEAL)

ATTEST: \_\_\_\_\_  
Clerk

**RESOLUTION NO. \_\_\_\_\_**

**APPROVAL OF MULTI-FAMILY LENDING AND MORTGAGE REVENUE BOND  
POLICIES PROGRAM APPLICATION SCHEDULE**

**WHEREAS**, The Sacramento Housing and Redevelopment Agency (SHRA) proposes to revise and implement the Multifamily Lending and Mortgage Revenue Bond Policies Program Application Schedule to correspond with California Tax Credit Allocation Committee and California Debt Limit Allocation Committee application deadlines.

**NOW THEREFORE BE IT RESOLVED AND ORDERED BY THE BOARD OF SUPERVISORS OF THE COUTY OF SACRAMENTO:**

Section 1. SHRA is authorized to adopt the 2017 Multifamily Lending and Mortgage Revenue Bond Policies Program Application Schedule as outlined Exhibit A.

On a motion by Supervisor \_\_\_\_\_, seconded by Supervisor \_\_\_\_\_, 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: Supervisors,

NOES: Supervisors,

ABSENT: Supervisors,

ABSTAIN: Supervisors,

RECUSAL: Supervisors,  
(PER POLITICAL REFORM ACT (§ 18702.5.))

Chair of the Board of Supervisors  
of Sacramento County, California

(SEAL)

ATTEST:  
Clerk, Board of Supervisors



# Sacramento Housing and Redevelopment Agency Multi-Family Loan and Mortgage Revenue Bond Applications

## 2017 Schedule

### **July 9% TCAC & CDLAC Applications:**

Pre-Application Deadline	Jan. 3, 2017
Application Deadline	March 1, 2017
Environmental Deadline*	April 26, 2017
Sacramento Housing and Redevelopment Commission (SHRC)	June 7, 2017
Board of Supervisors/Council Council (Board/Council)	June 20, 2017
Est. 9% TCAC/CDLAC Application Deadlines	June 28, 2017/July 21, 2017

### **October CDLAC Application:**

Pre-Application Deadline	April 3, 2017
Application Deadline	June 1, 2017
Environmental Deadline*	August 9, 2017
SHRC	Sept 20, 2017
Board/Council	Oct 10, 2017
CDLAC Application Deadline	October 13, 2017

### **March 9% TCAC & CDLAC Applications:**

Pre-Application Deadline	August 1, 2017
Application Deadline	October 2, 2017
Environmental Deadline*	December 22, 2017
SHRC	February 7, 2018
Board/Council	February 27, 2018
Est. 9% TCAC/CDLAC Application Deadlines	March 7, 2018/March 16, 2018

### **May CDLAC Application:**

Pre-Application Deadline	November 1, 2017
Application Deadline	January 2, 2018
Environmental Deadline*	March 7, 2018
SHRC	April 18, 2018
Board/Council	May 8, 2018
CDLAC Application Deadline	May 18, 2018

\*Environmental clearance (CEQA and NEPA) not received by this date will result in project approvals being delayed and the CDLAC/TCAC application being submitted at a later date.

## 2017 Anticipated Multifamily Loan Funding Amounts:

### City of Sacramento

HOME**	\$2.0 million
CDBG (prevailing wage rehabilitation)	\$0.7 million
Housing Trust Fund/Mixed Income Housing Fund (workforce housing)	\$3.0 million

### County of Sacramento

HOME**	\$2.0 million
CDBG (prevailing wage rehabilitation)	\$2.8 million
Housing Trust Fund (workforce housing)	\$2.0 million
County Affordable Housing Program (workforce housing)	\$1.5 million
Mental Health Services Act (permanent supportive housing)	\$0.8 million

\* Includes anticipated 2017 revenues and prior years unallocated balances

\*\* Prevailing wages required if more than 11 units assisted

## **BACKGROUND**

### **Housing Choice Voucher Program (HCV):**

The Housing Choice Voucher (formerly Section 8 Housing Assistance) program is funded by the HUD through Annual Contribution Contracts (ACC). The Agency administers this program on behalf of the Housing Authority of the County of Sacramento. The Housing Choice Voucher program permits the applicant to obtain housing in the private rental market using housing vouchers. The program participants pay a portion (an adjusted 30 percent of gross family income) of the lease rate to the owner and the remaining rent due to the owner is paid by the Housing Authority. Participants can utilize their voucher anywhere in the City or County of Sacramento.

Revenue under the HCV program is received from HUD in the form of Housing Assistance Payments (HAP) and Administrative Fees (AF). The federal appropriations process dictates the amount of funding that will be allocated to the HCV program on a national level. Jurisdictional funding allocations are performance based, with the funding level determined by the number of authorized vouchers leased. Currently, the Housing Authority has 12,101 vouchers authorized for leasing each month and the program has effectively maintained a leasing level between 98-100 percent utilization of all vouchers authorized by HUD. In addition, the Agency also administers an additional 570 certificates for the Shelter Plus Care program serving disabled or homeless individuals and families.

The high utilization level of vouchers makes the HCV program eligible for maximum funding from HUD. Despite the Agency being entitled to maximum funding for the program, HUD intentionally provides less funding than required to cover HAP costs in an effort to recapture accumulated HAP reserves from public housing authorities across the country. In 2016 HUD intentionally recaptured HAP reserves leaving the Housing Authority with approximately two weeks of reserves; therefore, managing leasing levels effectively became exceptionally critical. In 2016, HUD prorated the Agency's HAP eligibility at 99.5 percent and staff anticipates a similar funding level for 2017 based upon the current proposals moving through Congress.

HCV administrative funding eligibility is based upon the number of units leased within the Housing Authority's authorized voucher allocation, currently 12,101 units per month. Once eligibility is determined, HUD uses a formula to determine administrative fees for the Agency. For 2016, the Agency receives \$86.16 per unit for the first 7200 unit months leased and \$80.42 per unit on all remaining unit months leased. HUD then applies a proration to the formula to reduce fees paid so that the administrative fees paid to housing authorities' matches the appropriations provided by Congress. In 2015 the pro-ration was 75 percent of administrative funding eligibility. This proration was increased to 84 percent of administrative funding eligibility in 2016. The Agency expects funding in 2017 to remain the same given the wide array of funding levels purposed by the administration and Congress.

2017 Sacramento Housing and Redevelopment  
Agency Proposed Budget

**Public Housing:**

The Housing Authority provides a total of 3215 units of affordable housing for over 7600 extremely low-, very low- and low-income persons, including children, seniors, and disabled individuals. The Public Housing Program provides 2713 apartments, duplexes, and some single family homes to qualified low income families. This housing is owned, managed, and maintained by the Housing Authority, making it one of the largest landlords in Sacramento County.

HUD operating subsidy, the funds provided by HUD to pay the costs of the program not covered by tenant rents, is appropriated annually through the federal budget process. Given the turmoil surrounding the federal budget, annual appropriations have been erratic reaching as high as 103% of funding eligibility in 2010 to as low as 82% in 2013. In 2016 the program was funded at 87% of funding eligibility, meaning that the program receives only 87% of what HUD believes the Agency needs to run the program. This requires the public housing program to cut operating costs wherever possible and utilize its meager operating reserves. The Agency anticipates a similar level of funding for 2017.

**Local Housing (Non-Federal):**

The Housing Authority also owns and manages 271 affordable units funded with tax credits and local funds.

These local housing projects, units not regulated by HUD, have shown positive revenue trends. Rental income and HAP revenues are projected to be relative status quo with 2016 levels. Total revenues were higher in 2016 due to loan repayments and deferred development fees in the Phoenix Park project.

The non-profit organization, Sacramento Housing Authority Repositioning Program Inc. (SHARP), owns and manages three project based voucher high-rise properties which contain 231 elderly only units.

Also included in the Agency budget is the Sacramento Housing Development Corporation (SHDC), a nonprofit public benefit corporation created to serve as the general partner of Riverview Plaza Associates (RPA). SHDC is the General Partner of the Riverview Plaza Associates (RPA) - A California limited partnership created to provide affordable housing to seniors with limited income. One of the governing boards of the Agency (the County Board of Supervisors) serves as the Board of Directors of the general partner. The Housing Authority of the City of Sacramento serves as the limited partner. The 2017 budget of SHDC and its limited partnership is \$825,310 and is approved annually by the County Board of Supervisors sitting as the Board of SHDC.

2017 Sacramento Housing and Redevelopment  
Agency Proposed Budget

**Capital Fund Program (CFP):**

The HUD CFP provides funding specifically intended for the development, financing, modernization, and management improvements needed at properties owned under the HUD public housing program. Funds are allocated annually via a formula. The Agency receives funding for the public housing properties owned by both the City and County Housing Authorities. Between 2003 and 2015, HUD funding for the capital improvements and modernization of Public Housing properties decreased 36 percent, with the sharpest decrease coming in 2014 at 23 percent. 2017 HUD funding for the CFP is expected to decrease slightly from the 2016 level. Revenue estimates are based on the current year grant amounts and are adjusted based upon Federal appropriation proposals.

**Community Development Block Grant (CDBG):**

CDBG is a federal entitlement program provided to communities annually for the benefit of low-income persons through housing improvement, public improvements, economic development, public service and elimination of blighting conditions. Areas of Sacramento which are low-income and extremely physically blighted have been selected for targeted CDBG assistance in the areas of capital improvements, housing preservation and renovation, and economic development and commercial revitalization activities. These funds must be used to augment but not replace local funds and responsibilities.

The annual HUD CDBG entitlement budget is allocated to cities and counties based on a formula comprised of several measures. The Agency receives grants for both the City of Sacramento and the County of Sacramento. Since 2010, CDBG appropriations have been cut by 25 percent. 2017 revenues are projected to be relative status quo with 2016 levels.

**Home Investment Partnership Program (HOME):**

The Agency administers the HOME program on behalf of the City and County of Sacramento as well as the City of Citrus Heights through a consortium agreement. This program provides for the preservation and expansion of affordable housing to very low and low-income persons. Housing developers and sponsors (both for-profit and non-profit) apply to the Agency for funding. In the past, HOME funds have assisted families in purchasing their first home, renovating deteriorating housing units, and assisting with the development of special housing programs.

The annual HUD HOME budget is allocated to states and participating jurisdictions as formula grants. The Agency receives HOME entitlement for both the City of Sacramento and the County of Sacramento. Since 2010, appropriations for HOME have declined by 47 percent. Revenues for 2017 are projected to be relative status quo with 2016 levels.

2017 Sacramento Housing and Redevelopment  
Agency Proposed Budget

**Housing Trust Funds (HTF):**

The Agency administers Housing Trust Funds on behalf of both the City and County of Sacramento. The City and County of Sacramento adopted ordinances in 1989 and 1990 respectively, for the purposes of generating fees for the development of affordable housing near employment centers. Fees collected from non-residential development are deposited in the Housing Trust Fund, and are used to fund affordable housing projects that are intended to serve the low income workforce employed by the commercial businesses in the surrounding area.

Housing Trust Fund fees dropped dramatically from 2009 to 2012 due to the sharp decline in number of commercial building permits being issued. There has been a steady increase beginning in 2013 due to increases in building permits and loan repayments. In addition, revenue estimates for 2017 increased from 2016 due the City of Sacramento's HTF fee increase which takes effect July 1, 2016.

**Emergency Solutions Grant (ESG)**

The ESG program is designed to directly assist homeless individuals and families by providing funding to support the provision of emergency shelters and rapid rehousing assistance. ESG funding is used for operations and essential social services necessary to support shelter residents and for the rapid re-housing of eligible individuals and families. The ESG program is designed to assist homeless subpopulations within this group, such as victims of domestic violence, youth, people with mental illness, families with children, and veterans. ESG funds can also be used, in narrowly defined situations, to aid people who are imminently at risk of becoming homeless. Revenues for 2017 are projected to be relative status quo with 2016 levels.

**Housing Opportunities for Persons With AIDS (HOPWA)**

HOPWA funding provides housing assistance and related supportive services in an effort to develop consortium-wide strategies and to form partnerships with area nonprofit organizations. HOPWA funds may be used for a wide range of housing, social services, program planning, and development costs. HOPWA funds may also be used for health care and mental health services, chemical dependency treatment, nutritional services, case management, assistance with daily living, and other supportive services. Revenues for 2017 are projected to be relative status quo with 2016 levels.