

RESOLUTION NO. 2020 -

Adopted by the Sacramento City Council

on date of

**LA MANCHA DEVELOPMENT: APPROVAL OF FUNDING AGREEMENTS
CONSISTING OF \$2,000,000 IN CORONAVIRUS RELIEF FUNDS FOR THE
ACQUISITION AND CONSTRUCTION FINANCING AND AN OPERATOR
AGREEMENT CONSISTING OF \$2,030,000 IN HOMELESS HOUSING, ASSISTANCE
AND PREVENTION PROGRAM-3 FUNDS, COLLECTIVELY "AGREEMENTS";
EXECUTION OF AGREEMENTS AND RELATED DOCUMENTS WITH MERCY
HOUSING CALIFORNIA OR RELATED ENTITY (DEVELOPER); BUDGET
AMENDMENTS AND ENVIRONMENTAL FINDINGS**

BACKGROUND

- A. On July 16, 2020, the State of California Department of Housing and Community Development (HCD) issued a Notice of Funding Availability (NOFA) for the Homekey Program (Homekey or Homekey Program). The Housing Authority of the City of Sacramento (HACS) jointly applied for Homekey grant funds with Mercy Housing California and was successful in being awarded \$14,500,934 in Homekey funds to acquire and operate a motel to be converted into housing for homeless individuals and families.
- B. On August 18, 2020, the Council directed the Sacramento Housing and Redevelopment Agency (SHRA) to allocate \$2,665,000 in Coronavirus Relief Funds (CRF) to motel acquisition/conversion/operation and \$2,030,000 in Homeless Housing, Assistance and Prevention Funds (HHAP-3) to fund rehousing activities as noted in the Amended Sacramento COVID-19 Homeless Response Plan.
- C. On September 22, 2020, the Board of HACS (Board) adopted a resolution authorizing the HACS to submit an application for the Project, along with Mercy Housing California, to HCD's Homekey Program; execute a Standard Agreement and any documents necessary to participate in the Homekey Program; and amend the Housing Authority budget to receive and expend an amount not to exceed \$15,500,000 in Homekey Program funds for the acquisition, rehabilitation and operation of a motel conversion to permanent supportive housing for individuals and families experiencing homelessness.
- D. Mercy Housing California is under contract with the seller of the Woodspring Suites at 7789 La Mancha Way and intends to convert the 124-room extended stay motel into 100 permanent supportive housing units (Project) supported with Homekey Program funding.
- E. Activities authorized in this report have been analyzed in accordance with the California Environmental Quality Act (CEQA) and are determined to be exempt from CEQA pursuant to Health & Safety Code, Section 50678.1.2 – Project Homekey.

- F. Activities authorized in this report are in the process of being analyzed in accordance with the National Environmental Policy Act (NEPA) and will be completed prior to making any choice limiting action. It is anticipated that the review will result in a Finding of No Significant Impact (FONSI).

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

- Section 1. All evidence presented having been duly considered, the findings, including environmental findings regarding this action, as stated above, are found to be true and accurate and are hereby approved adopted.
- Section 2. The City Manager, or designee, and SHRA are authorized to negotiate, enter into and execute a CARES Act funding agreement and related documents for the acquisition and rehabilitation financing of the Project, and execute other documents, as approved to form by the City Attorney and SHRA's Office of the General Counsel, and perform other actions as the City Manager or SHRA deems necessary to fulfill the intent of the CARES Act funds, including without limitation, negotiation, subordination, financial restructuring, and extensions, consistent with SHRA's adopted policy and with this resolution.
- Section 3. SHRA is authorized to negotiate, enter into and execute a funding agreement and related documents for the acquisition and rehabilitation financing of the Project with \$2,000,000 in CRF and to transmit such to Mercy Housing California or related entity (Developer), and execute other documents, as approved to form by its Office of the General Counsel, and perform other actions that SHRA deems necessary to fulfill the intent of the CRF requirements, including without limitation, negotiation, subordination, financial restructuring, and extensions, consistent with its adopted policy and with this resolution.
- Section 4. The City Manager, or designee, and SHRA are authorized to negotiate, enter into and execute a Homeless Housing, Assistance and Prevention Program (HHAP-3) funding agreement and related documents for the operations financing of the Project, and execute other documents, as approved to form by the City Attorney and SHRA's Office of the General Counsel, and perform other actions as the City Manager or SHRA deems necessary to fulfill the intent of the HHAP-3 funds, including without limitation, negotiation, subordination, financial restructuring, and extensions, consistent with SHRA's adopted policy and with this resolution.
- Section 5. SHRA is authorized to negotiate, enter into an operator agreement and related documents for the operations financing of the Project with \$2,030,000 in HHAP-3 funds and to transmit such to the Developer and execute other documents, as approved to form by its Office of the General

Counsel, and perform other actions that SHRA deems necessary to fulfill the intent of the HHAP-3 funds, including without limitation, negotiation, subordination, financial restructuring, and extensions, consistent with its adopted policy and with this resolution.

Section 6. SHRA is authorized to amend its budget and allocate a) \$2,000,000 in CRF for the rehabilitation financing, and b) \$2,030,000 in HHAP-3 funds for the operations financing of the Project.

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 7, 2020

AUTHORIZATION FOR THE SUBSTANTIAL AMENDMENT #4 TO THE 2020 ONE-YEAR ACTION PLAN FOR THE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDED PROJECTS; EXECUTION OF FUNDING AND OPERATOR AGREEMENTS AND RELATED DOCUMENTS WITH MERCY HOUSING CALIFORNIA OR RELATED ENTITY (DEVELOPER) FOR THE LA MANCHA DEVELOPMENT; AMENDMENT OF PRIOR YEARS' ACTION PLANS; AMEND THE SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY BUDGET; EXECUTE DOCUMENTS FOR THE ADMINISTRATION OF FEDERAL PROGRAMS; AND ENVIRONMENTAL FINDINGS

WHEREAS, the United States Department of Housing and Urban Development (HUD) requires the adoption of a Five-Year Consolidated Plan and annual Action Plan, consistent with the Consolidated Plan, to identify the programs and projects for expenditure of federal Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME), Emergency Solutions Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA).

WHEREAS, since 1982 the Sacramento Housing and Redevelopment Agency (SHRA) and its constituent entities has served as the public entity designated to efficiently administer the CDBG program and was subsequently designated as the public entity to administer HOME, ESG, and HOPWA, funding originating from HUD.

WHEREAS, as the recipient of HUD funding and designated agent for the City of Sacramento, SHRA is authorized to submit environmental determinations on the City's behalf and on the behalf of non-profit sub-recipients.

WHEREAS, the recommended actions are consistent with the goals and objectives contained in the 2020-2024 Consolidated Plan, the Analysis of Impediments to Fair Housing Choice (AI) and the 2020 Action Plan which were approved by Resolution No. 2019-0408.

WHEREAS, on March 27, 2020, the President of the United States signed the CARES Act, Public Law 116-136. This made available \$5 billion CDBG Coronavirus (CDBG-CV)

funds, \$4 billion in ESG Coronavirus (ESG-CV) and \$65 million in HOPWA supplemental funds to respond to the growing effects of the historic COVID-19 public health crisis.

WHEREAS, the CARES Act allocated the first round of funding to the City of Sacramento based upon fiscal year 2020 formulas in the following amounts: \$2,869,932 of CDBG-CV1, \$1,453,941 of ESG-CV and \$218,082 of HOPWA supplemental allocation.

WHEREAS, the CARES Act allocated a second round of CDBG-CV funding to the State of California.

WHEREAS, the CARES Act allocated a third round of CDBG (CDBG-CV3) to the City of Sacramento in the amount of \$3,600,966.

WHEREAS, the CARES Act allocated a second round of ESG (ESG-CV2) to the City of Sacramento based upon a new formula in the amount of \$10,205,871.

WHEREAS, the CARES Act authorized the HUD Secretary to grant waivers and alternative requirement of statutes and regulations in connection with the use of CDBG-CV funds, including the suspension of the 15 percent cap on public services; reducing the public comment period to 5 days for consolidated plan and action plan amendments, and allowing the option of virtual hearings.

WHEREAS, the CARES Act authorized the HUD Secretary to grant waivers and alternative requirement of statutes and regulations in connection with the use of ESG-CV funds, including the suspension of the spending cap on emergency shelter and outreach activities; administrative cost cap is increased to 10 percent; funds are exempt from the match requirements; funds not subject to consultation and citizen participation requirements; subrecipients may deviate from applicable procurement standards; and supportive services are not a required to receive treatment.

WHEREAS, SHRA has applied and received waivers for the CDBG-CV, ESG-CV and HOPWA supplemental funds.

WHEREAS, the City Council and County Board of Supervisors approved Sacramento COVID-19 Homeless Response Plan (Response Plan) and authorized implementation of the plan on April 7, 2020. The comprehensive plan utilizes, local, state and federal funding. The Board of Supervisors approved an amendment on July 14, 2020 and by the City Council on August 18, 2020. The Response Plan designates the City and County with lead responsibilities.

WHEREAS, the 2020-2024 Consolidated Plan, the 2020 Action Plan and the City and County of Sacramento Citizen Participation Plan were amended to accept and allocate the CARES Act funding by City Council Resolution No. 2020-0098.

WHEREAS, a notice to solicit comments on the proposed actions was published. The actions are scheduled to be approved at the City Council meeting on October 13, 2020, which meets the five (5) day public comment period requirement.

WHEREAS, the Housing Authority of the City of Sacramento and their co-applicant, Mercy Housing California, were awarded \$14,500,934 for the La Mancha development in the Homekey Program. The La Mancha development includes the acquisition and conversion of a motel into permanent supportive housing for homeless families and individuals located at 7789 La Mancha Way (118-0133-010).

WHEREAS, activities authorized in this report have been analyzed in accordance with the California Environmental Quality Act (CEQA) and are determined to be exempt from CEQA pursuant to Health & Safety Code, Section 50678.1.2 – Project HomeKey.

WHEREAS, activities authorized in this report are in the process of being analyzed in accordance with the National Environmental Policy Act (NEPA) and will be completed prior to making any choice limiting action. It is anticipated that the review will result in a Finding of No Significant Impact (FONSI).

BE IT RESOLVED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION:

Section 1. All evidence presented having been duly considered, the Sacramento Housing and Redevelopment Commission accepts the findings which are found to be true and correct and are hereby adopted.

Section 2. The 2020 One-Year Action Plan Substantial Amendment #4 which allocates CDBG-CV1 as described in Exhibit A is approved. The Executive Director or designee is directed to submit the amended 2020 One-Year Action Plan to HUD.

Section 3. CDBG-CV1 funds of \$1,577,932 are allocated to the La Mancha development to operate as 100 units of permanent supportive housing for homeless individuals and families.

Section 4. The Executive Director or designee is authorized to negotiate, enter into and execute subrecipient agreements, and related documents for operations financing of the La Mancha development with Mercy Housing California or related entity (Developer), and execute other documents, as approved to form by its Office of the General Counsel, perform other actions required for the CDBG-CV1 funds, including without limitation, negotiation, subordination, regulatory agreement, financial restructuring, and extensions, consistent with its adopted policy and with this resolution.

Section 5. The Executive Director or designee is authorized and delegated authority to act as agent on behalf of the City of Sacramento to execute grant agreements with HUD, and negotiate and execute agreements and contracts with the appropriate entities to carry out projects and programs in accordance with the amended 2020 One-Year Action Plan and amendments to prior years' Action Plans in compliance with applicable federal laws and regulations as approved to form by its Office of the General Counsel.

Section 6. SHRA's budget is hereby amended to incorporate \$1,577,932 in CDBG-CVI funds for the operations financing of the La Mancha development.

CHAIR

ATTEST:

CLERK

RESOLUTION NO. SHRC-_____

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WHEREAS, on July 16, 2020, the State of California Department of Housing and Community Development (HCD) issued a Notice of Funding Availability (NOFA) for the Homekey Program (Homekey or Homekey Program). The Housing Authority of the City of Sacramento (HACS) jointly applied for Homekey grant funds with Mercy Housing California and was successful in being awarded \$14,500,934 in Homekey funds to acquire and operate a motel to be converted into housing for homeless individuals and families.

WHEREAS, on August 18, 2020, the Council directed the Sacramento Housing and Redevelopment Agency (SHRA) to allocate \$2,665,000 in Coronavirus Relief Funds (CRF) to motel acquisition/conversion/operation and \$2,030,000 in Homeless Housing, Assistance and Prevention-III Funds (HHAP-III) to fund rehousing activities as noted in the Amended Sacramento COVID-19 Homeless Response Plan.

WHEREAS, on September 22, 2020, the Board of the HACS (Board) adopted a resolution authorizing the Housing Authority of the City of Sacramento (HACS) to submit an application for the Project, along with Mercy Housing California, to HCD’s Homekey Program; execute a Standard Agreement and any documents necessary to participate in the Homekey Program; and amend the Housing Authority budget to receive and expend an amount not to exceed \$15,500,000 in Homekey Program funds for the acquisition, rehabilitation and operation of a motel conversion to permanent supportive housing for individuals and families experiencing homelessness.

WHEREAS, Mercy Housing California is under contract with the seller of the Woodspring Suites at 7789 La Mancha Way and intends to convert the 124-room extended stay

motel into 100 permanent supportive housing units (Project) supported with Homekey Program funding.

WHEREAS, activities authorized in this report have been analyzed in accordance with the California Environmental Quality Act (CEQA) and are determined to be exempt from CEQA pursuant to Health & Safety Code, Section 50678.1.2 – Project Homekey.

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BE IT RESOLVED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION:

Section 1. All evidence presented having been duly considered, the Sacramento Housing and Redevelopment Commission accepts the findings which are found to be true and correct and are hereby adopted.

Section 2. The Executive Director or designee is authorized to negotiate, enter into and execute a CARES Act funding agreement and related documents with the City of Sacramento (City) for the acquisition and rehabilitation financing of the Project, and execute other documents, as approved to form by the Office of the General Counsel, and perform other actions as the Executive Director deems necessary to fulfill the intent of the CARES Act funds, including without limitation, negotiation, subordination, financial restructuring, and extensions, consistent with SHRA's adopted policy and with this resolution.

Section 3. The Executive Director or designee is authorized to negotiate, enter into and execute a funding agreement and related documents for the acquisition and rehabilitation financing of the Project with \$2,000,000 in Coronavirus Relief Funds (CRF) and to transmit such to Mercy Housing California or related entity (Developer), and execute other documents, as approved to form by its Office of the General Counsel, and perform other actions as the Executive Director deems necessary to fulfill the intent of the CRF requirements, including without limitation, negotiation, subordination, financial restructuring, and extensions, consistent with its adopted policy and with this resolution.

Section 4. The Executive Director or designee is authorized to negotiate, enter into and execute a Homeless Housing, Assistance and Prevention Program (HHAP-3) funding agreement and related documents with the City for the operations financing of the Project, and execute other documents, as approved to form by the Office of the General Counsel, and perform other actions as the Executive Director deems necessary to fulfill the intent of the HHAP-3 funds, including without limitation, negotiation, subordination, financial restructuring, and extensions, consistent with SHRA's adopted policy and with this resolution.

Section 5. The Executive Director or designee is authorized to negotiate, enter into an operator agreement and related documents for the operations financing of the Project with \$2,030,000 in HHAP-3 funds and to transmit such to the Developer and execute other documents, as approved to form by its Office of the General Counsel, and perform other actions that SHRA deems necessary to fulfill the intent of the HHAP-3 funds, including without limitation, negotiation, subordination, financial restructuring, and extensions, consistent with its adopted policy and with this resolution.

Section 6. The Executive Director is authorized to amend its budget and allocate a) \$2,000,000 in CRF for the rehabilitation financing, and b) \$2,030,000 in HHAP-3 funds for the operations financing of the Project.

CHAIR

ATTEST:

CLERK



October 2, 2020

**Sacramento Housing and
Redevelopment Commission
Sacramento, CA**

Honorable Members in Session:

SUBJECT:

La Mancha – Approval of Mental Health Service Act Funding Agreement

RECOMMENDATION:

Staff is presenting this information to the Commission for review, prior to final review by the Board of Supervisors of the County of Sacramento.

Respectfully Submitted



LA SHELLE DOZIER
Executive Director

Attachment

**COUNTY OF SACRAMENTO
CALIFORNIA**

For the Agenda of:
October 20, 2020

To: Board of Supervisors

Through: Navdeep S. Gill, County Executive
Bruce Wagstaff, Deputy County Executive, Social Services

From: La Shelle Dozier, Executive Director, Sacramento Housing
and Redevelopment Agency

Subject: La Mancha – Approval of Mental Health Service Act
Funding Agreement

District(s): Kennedy

RECOMMENDED ACTION

Adopt the attached Board of Supervisors Resolution that:

1. Authorizes the Sacramento Housing and Redevelopment Agency (SHRA) to provide a construction loan of \$2,355,788 in Mental Health Services Act (MHSA) funds to Mercy Housing Corporation or related entity for the La Mancha project.
2. Authorizes the amendment of the SHRA budget.
3. Authorize execution of loan agreements and related documents with Mercy Housing Corporation or its affiliate, and related findings.

BACKGROUND

On June 16, 2020, the California Department of Housing and Community Development (HCD) announced the availability of approximately \$600 million in Homekey Program funding designed to rapidly sustain and expand the inventory of housing for individuals and families experiencing homelessness or at risk of homelessness and impacted by COVID-19. The Homekey Program (Homekey) provides an opportunity for local public agencies to work independently or in conjunction with a developer to purchase motels and a broad range of other housing types to increase their community's capacity to respond to homelessness and the current COVID-19 pandemic. While Homekey builds from the success of Project Roomkey, a

previous HCD program providing funding for housing during the pandemic, applications for Homekey funding were not limited to Project Roomkey sites.

The Homekey Program is funded with federal Coronavirus Relief Funds (CRF) which must be spent by December 30, 2020. In addition, the State is providing \$50 million in General Funds to provide initial operating subsidies under the program which must be expended by June 30, 2022.

On August 18, 2020, the Sacramento City Council (Council) adopted a resolution amending the COVID-19 Response Plan and adopting a Homeless and Rapid Re-Housing Recovery Program as part of the City's commitment to the heightened need to address homelessness during the pandemic. The Homeless and Rapid Re-Housing Recovery Program included over \$9 million for motel acquisition, conversion and operations.

On September 8, 2020, the Housing Authority of the City of Sacramento (HACS) and Mercy Housing California or related entity (Mercy Housing) were informed that their joint application for \$14,500,934 had been successful and HCD had made a reservation of funding.

Mercy Housing has entered into a purchase agreement to acquire a 124-room extended stay hotel, located at 7789 La Mancha Way, currently operating as the Woodspring Suites. The property offers a unique opportunity for conversion to permanent housing immediately upon acquisition because it was built in 2009, has been well maintained, and every unit includes a kitchenette with a full size refrigerator, sink, two-burner stove top and built-in microwaves with recirculating ventilation hoods.

The scope of work includes modification of 10 units to meet Americans with Disabilities Act (ADA) standards. In all units, rehabilitation will include new paint, window blinds, baseboards, flooring repairs and replacement as needed, bathroom sinks, solid surface kitchen countertops, and some electrical upgrades. There will be 24 ground floor units converted into approximately 5,000 square feet of lobby, reception, eight case management offices, two property management offices, two meeting rooms, and common area restrooms.

Project Financing: The Project will be financed with State Homekey Program funds, City Coronavirus Relief Funds (CRF), City Community Development Block Grant (CDBG-CV1) funds, City Homeless Housing, Assistance and Prevention Program (HHAP-3) and County of Sacramento Mental Health Services Act (MHSA) funds. Acquisition, Rehabilitation and Operations Sources and Uses are provided in the following table and Attachment 2, which includes financing for a ten-year Operating Subsidy.

La Mancha Development - Sources and Uses	
Acquisition Financing:	
Homekey Funding Program	\$13,190,000
Coronavirus Relief Funds	\$ 835,000
Subtotal - Acquisition Financing	\$14,025,000
Rehabilitation Financing:	
Coronavirus Relief Funds	\$ 1,165,000
Mental Health Services Act	\$ 2,355,788
Subtotal - Rehabilitation Financing	\$ 3,520,788
Ten-Year Operating Subsidy Financing:	
Community Development Block Grant-CV1	\$ 1,577,932
Homekey Funding Program	\$ 1,310,934
Homeless Housing, Assistance and Prevention Program-3	\$ 2,030,000
Subtotal - Operating Subsidy Financing	\$ 4,918,866
Total	\$22,464,654

In 2007, SHRA and the County Department of Health and Human Services, Division of Behavior Health Services (BHS) and SHRA entered in the Building Hope Program MOU, to establish the Building Hope Fund, for the creation and preservation of affordable housing for extremely low income people with psychiatric disabilities. BHS assigned \$4 million in MHSA funding to the Building Hope Program to be administered and overseen by SHRA to invest in permanent supportive housing units for homeless adults, transitional age youth, and children and family living with serious mental illness and/or serious emotional disturbance. In 2013 the MOU was renewed, and in 2016 the MOU was amended and restated.

Affordability Requirements: Residents will be individuals and families who are experiencing homelessness or who are at risk of homelessness and who are impacted by the COVID-19 pandemic. At the time of acquisition, SHRA and the Developer will enter into a 55-year regulatory agreement on the property in accordance with the Homekey Program funding rules. There will be a total of 100 studio units restricted at or below 30% of Area Median Income, which includes up to 40 MHSA assisted units.

Developer: Mercy Housing California (Developer) is a nonprofit public benefit corporation dedicated to providing quality affordable housing with supportive programs to low-income individuals in California. Mercy has developed more than 11,000 affordable homes, including over 8,000 rental and 3,000 homeownership units. Their portfolio includes 20 properties with over 1,400

units in Sacramento County. The Developer is qualified to repurpose a motel given its experience in the rehabilitation of the Budget Inn on Stockton Boulevard into the 74-unit Boulevard Court Apartments, and the 92-unit Courtyard Inn Apartments, both permanent supportive housing developments.

Supportive Services: It is anticipated that up to 40 units will be restricted to the MHSA funding program and supportive services will be provided by the County of Sacramento Department of Health Services.

Mercy Housing will also be providing and coordinating supportive services. Mercy Housing California has over 20 years of experience providing safe and affordable housing to homeless and chronically homeless individuals and families. Mercy has a successful history of creating partnerships with service providers who provide intensive case management and connect residents to resources including mental health services, healthcare services, substance abuse services, life skills programs, employment services, and crisis management.

Property Management: Mercy Housing Management Group will provide all on-site property management and service coordination. Similar to many other permanent supportive housing sites in the region following the housing first model, 24/7 site staffing is essential and will be maintained. An Assistant Manager, desk clerks, a maintenance team, resident services coordinator and case management teams will provide a significant presence throughout the day and well into every evening. Nighttime staff will include desk clerks.

Security Plan: The Security Plan for the property will include staffing the property 24 hours a day. Security cameras and enhanced exterior lighting will be installed, and enhanced visitation protocols will be established and enforced.

COMMISSION ACTION

At its meeting of October 7, 2020, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. Staff will notify the Board in the event the item is not approved.

POLICY CONSIDERATIONS

The recommended actions for the development are consistent with SHRA's previously approved Multifamily Lending and Mortgage Revenue Bond Policies, Affordable Housing Priority 2(i), Conversion of Non-Residential to

Residential Use for Permanent Supportive Housing and Homeless Housing and b) the 2013-2021 Housing Element Goals and Strategies, Subsection 4.1.1, support efforts to improve accessibility for both dwelling units and residential neighborhoods to meet the special needs of persons with disabilities; Subsection 4.1.9, support programs that address long-term solutions to homelessness, including work skills assessment, job training/placement, permanent housing and supportive services; Subsection 4.1.11, support the development of housing to meet the needs of large households; Subsection 4.2.1, facilitate the development of new extremely low-income rental units; Subsection 4.2.3, in part, assist extremely low-income households through the use of project based vouchers; and Subsection 6.1.2, encourage residential developers to maximize energy efficiency through building design and through the use of energy efficient materials, equipment, appliances, strategies and techniques.

ENVIRONMENTAL REVIEW

California Environmental Quality Act (CEQA): Activities authorized in this report have been analyzed in accordance with CEQA and are determined to be exempt from CEQA pursuant to Health & Safety Code, Section 50678.1.2 – Project Homekey.

National Environmental Policy Act (NEPA): Activities authorized in this report are in the process of being analyzed in accordance with NEPA and will be completed prior to making any choice limiting action. It is anticipated that the review will result in a Finding of No Significant Impact (FONSI).

M/WBE/SECTION 3 CONSIDERATIONS

Minority and Women's Business Enterprise requirements and Section 3 will be applied to all activities to the greatest extent possible and as required by federal funding and in accordance with SHRA's Section 3 Economic Opportunity Plan. The Developer and General Contractor will work with SHRA's Section 3 Coordinator, Sacramento Employment and Training Agency, the Greater Sacramento Urban League or similar programs, to promote employment opportunities.

FINANCIAL ANALYSIS

The Homekey funds allocated for the La Mancha development will be in the form of a grant with a 55-year regulatory agreement term. The \$2,355,788 in County of Sacramento Mental Health Services Act (MHSA) funds will be loaned for a period of 40 years at zero percent interest. SHRA will receive an annual administration fee equal to 12.5 basis points (0.125%) of the loan for the Project as compensation for monitoring compliance with regulatory

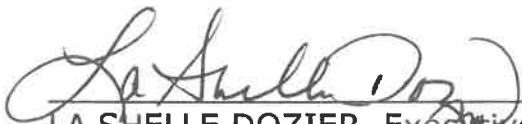
La Mancha MHSa Agreement

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restrictions and the administration of the loan. SHRA will also receive a fee equal to \$100 per SHRA-funded unit per year, and a prorated semi-annual installment at loan closing and equal semi-annual installments following the effective date of the regulatory agreement during the term of the regulatory period for each loan.

Respectfully Submitted,

APPROVED
NAVDEEP S. GILL,
County Executive



LA SHELLE DOZIER, Executive Director
Sacramento Housing and
Redevelopment Agency

By: _____
BRUCE WAGSTAFF
Deputy County Executive

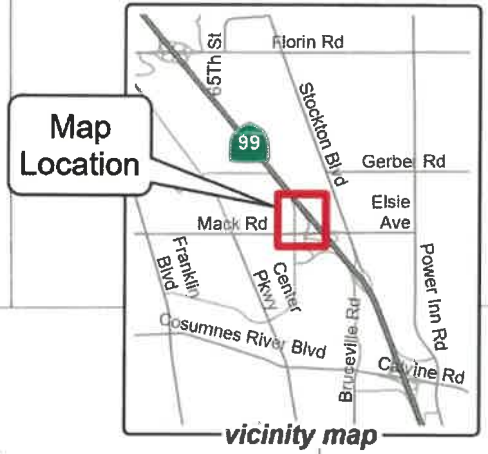
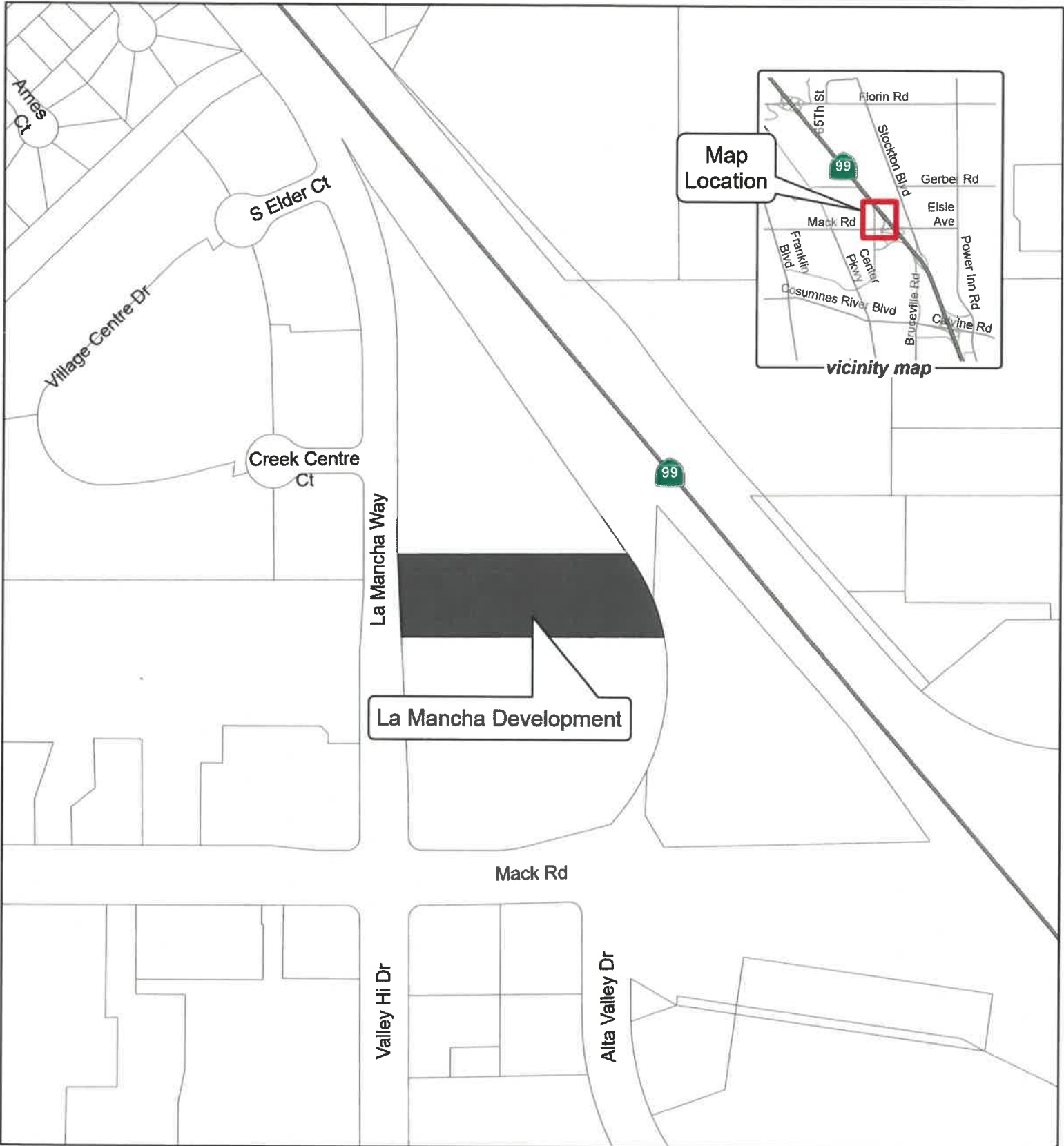
Attachments:

RES - Resolution

ATT 1 - Vicinity Map

ATT 2 - Residential Project Summary

La Mancha Development



 La Mancha Development (7789 La Mancha Way)



SHRA GIS
September 28, 2020

La Mancha Development Residential Project Summary

Address	7789 La Mancha Way		
Number of Units	100		
Year Built	2009		
Acreage	2.5 Acres (108,900 sq. ft.)		
Unit Mix and Rents	<u>ELI 30%AMI</u>		
Studio	100		
Square Footage	<u>Unit Size (sq.ft.)</u>	<u>Total</u>	
Studio	247 to 320	27,079	sq.ft.
Community Area		17,921	sq.ft.
Total Gross		45,000	sq.ft.
Resident Facilities	24/7 staffing, supportive services and community areas, parking and laundry facility		
Permanent Sources	<u>Total</u>	<u>Per Unit</u>	<u>Per Square Foot</u>
HCD Homekey	\$ 14,500,934	\$ 145,009	\$ 322.24
City CRF	\$ 2,000,000	\$ 20,000	\$ 44.44
County MHSA	\$ 2,355,788	\$ 23,558	\$ 52.35
City CDBG-CV1	\$ 1,577,932	\$ 15,779	\$ 35.07
City HHAP-3	\$ 2,030,000	\$ 20,300	\$ 45.11
TOTAL SOURCES	\$ 22,464,654	\$ 224,647	\$ 499.21
Permanent Uses			
Acquisition	\$ 14,025,000	\$ 140,250	\$ 311.67
Construction Costs	\$ 1,958,040	\$ 19,580	\$ 43.51
Architecture & Engineering	\$ 152,063	\$ 1,521	\$ 3.38
Hard Cost Contingency	\$ 753,706	\$ 7,537	\$ 16.75
Financing Cost	\$ 20,000	\$ 200	\$ 0.44
Operating Subsidy	\$ 4,918,866	\$ 49,189	\$ 109.31
Legal Fees	\$ 15,000	\$ 150	\$ 0.33
Developer Fee	\$ 400,000	\$ 4,000	\$ 8.89
Third Party Fees, Marketing, Other	\$ 221,979	\$ 2,220	\$ 4.93
TOTAL USES	\$ 22,464,654	\$ 224,647	\$ 499.21
Management / Operations			
Proposed Developer	Mercy Housing California		
Property Management Company	Mercy Housing Management Group		
Operating Expenses	792,952	7,930	
Property Management	72,000	720	
Resident Services	150,000	1,500	
Security Services	6,000	60	
Replacement Reserves	7,500	75	
Taxes and Insurance	65,000	650	

RESOLUTION NO.

APPROVAL OF LOAN AGREEMENT CONSISTING OF \$2,355,788 IN BUILDING HOPE MENTAL HEALTH SERVICE ACT FOR THE REHABILITATION OF THE LA MANCHA PROJECT, NEGOTIATION AND EXECUTION OF THE AGREEMENT AND RELATED DOCUMENTS WITH MERCY HOUSING CALIFORNIA OR RELATED ENTITY AND ENVIRONMENTAL FINDINGS.

WHEREAS, the Sacramento County Department of Health and Human Services (DHHS), Division of Behavioral Health Services (BHS), assigned \$4,000,000 in Mental Health Services Act (MHSA) funding in 2007 and an additional \$5,000,000 in 2019 to invest in housing for homeless adults, transition age youth, and children and families living with serious mental illness and/or serious emotional disturbance, and reside in Sacramento County;

WHEREAS, BHS and Sacramento Housing and Redevelopment Agency (SHRA) entered into the Building Hope Program Memorandum of Understanding (MOU) effective January 17, 2007, to establish the \$4,000,000 Building Hope Fund, delineate responsibilities with regard to the creation and preservation of affordable housing for extremely low-income people with psychiatric disabilities, and to provide a mechanism for the transfer of the fund proceeds to financially support development of such housing and received authority on May 21, 2020 to extend that MOU to June 30, 2024 and assign an additional \$5,000,000 to SHRA for Building Hope;

WHEREAS, Department of Health Services (DHS) and SHRA continue to desire to provide permanent supportive housing to homeless people with psychiatric disabilities and serious emotional disturbance in accordance with the MHSA;

WHEREAS, On July 16, 2020, the State of California Department of Housing and Community Development issued a Notice of Funding Availability for the Homekey Program (Homekey or Homekey Program). The Housing Authority of the City of Sacramento jointly applied for Homekey grant funds

with Mercy Housing California and was successful in being awarded \$14,500,934 in Homekey funds to acquire and operate a motel to be converted into housing for homeless individuals and families;

WHEREAS, Mercy Housing California is under contract with the seller of the Woodspring Suites at 7789 La Mancha Way and intends to convert the 124-room extended stay motel into 100 permanent supportive housing units (Project) supported with Homekey Program funding;

WHEREAS, activities authorized in this report have been analyzed in accordance with the California Environmental Quality Act (CEQA) and are determined to be exempt from CEQA pursuant to Health & Safety Code, Section 50678.1.2 – Project Homekey;

WHEREAS, activities authorized in this report are in the process of being analyzed in accordance with the National Environmental Policy Act and will be completed prior to making any choice limiting action.

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

Section 1. All evidence presented having been duly considered, the findings, including environmental findings regarding this action, as stated above, are found to be true and accurate and are hereby approved adopted.

Section 2. Sacramento Housing and Redevelopment Agency is authorized to negotiate, enter into and execute a rehabilitation loan agreement and related documents for the financing of the La Mancha Project with \$2,355,788 in MHSA funds and to transmit such to the Developer, and execute other documents, as approved to form by its Office of the General Counsel, and perform other action SHRA deems necessary to fulfill the intent of the MHSA funds, including without limitation, negotiation, subordination, regulatory agreement, financial restructuring, and extensions, consistent with its adopted policy and with this resolution.

Section 3. SHRA's budget is hereby amended to incorporate \$2,355,788 in MHSA fund for the rehabilitation of La Mancha development.

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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

RESOLUTION NO. SHRC-_____

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ON DATE OF OCTOBER 7, 2020

BUILDING HOPE - LA MANCHA: APPROVAL OF LOAN AGREEMENT CONSISTING OF \$2,355,788 IN BUILDING HOPE MENTAL HEALTH SERVICE ACT FOR THE REHABILITATION OF THE LA MANCHA PROJECT, NEGOTIATION AND EXECUTION OF THE AGREEMENT AND RELATED DOCUMENTS WITH MERCY HOUSING CALIFORNIA OR RELATED ENTITY AND ENVIRONMENTAL FINDINGS

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Building Hope - La Mancha: Approval Of Loan Agreement Consisting Of \$2,355,788 In Building Hope Mental Health Service Act For The Rehabilitation Of The La Mancha Project, Negotiation And Execution Of The Agreement And Related Documents With Mercy Housing California Or Related Entity And Environmental Findings

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CHAIR

ATTEST:

CLERK

RESOLUTION NO.

APPROVAL OF LOAN AGREEMENT CONSISTING OF \$2,355,788 IN BUILDING HOPE MENTAL HEALTH SERVICE ACT FOR THE REHABILITATION OF THE LA MANCHA PROJECT, NEGOTIATION AND EXECUTION OF THE AGREEMENT AND RELATED DOCUMENTS WITH MERCY HOUSING CALIFORNIA OR RELATED ENTITY AND ENVIRONMENTAL FINDINGS.

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WHEREAS, Department of Health Services (DHS) and SHRA continue to desire to provide permanent supportive housing to homeless people with psychiatric disabilities and serious emotional disturbance in accordance with the MHSA;

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Approval of Loan of Mental Health Services Act Funding for La Mancha
Project
Page 2

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WHEREAS, Mercy Housing California is under contract with the seller of the Woodspring Suites at 7789 La Mancha Way and intends to convert the 124-room extended stay motel into 100 permanent supportive housing units (Project) supported with Homekey Program funding;

WHEREAS, activities authorized in this report have been analyzed in accordance with the California Environmental Quality Act (CEQA) and are determined to be exempt from CEQA pursuant to Health & Safety Code, Section 50678.1.2 – Project Homekey;

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Chair of the Board of Supervisors
of Sacramento County, California

(SEAL)

ATTEST: _____
Clerk, Board of Supervisors

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CHAIR

ATTEST:

CLERK

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California Or Related Entity And Environmental Findings
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CHAIR

ATTEST:

CLERK



October 2, 2020

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

**COVID-19 Response: CARES Act Framework and Funding Priorities;
Homelessness: Sacramento Emergency Rental Assistance (SERA) Program**

RECOMMENDATION

Staff is presenting this information to the Commission for final review.

Respectfully submitted,


Executive Director

Attachment



**REPORT TO COUNCIL AND HOUSING
AUTHORITY**

City of Sacramento

915 I Street, Sacramento, CA 95814-2671

www.CityofSacramento.org

Consent

September 22, 2020

**Honorable Mayor and Members of the City Council
Chair and Members of the Housing Authority Board**

**Title: Covid-19 Response: CARES Act Framework and Funding Priorities;
Homelessness: Sacramento Emergency Rental Assistance (SERA) Program**

Location : Citywide

Recommendation: 1) Adopt a City Council Resolution: a) approving the Sacramento Emergency Rental Assistance (SERA) program as the homeless prevention program (HPP) and authorizing Sacramento Housing and Redevelopment Agency (SHRA) and the Housing Authority of the City of Sacramento (Housing Authority) to jointly administer SERA; b) approving the Housing Authority's use of \$2,701,166 of Coronavirus Aid, Relief and Economic Security Act, Coronavirus Relief Funds (CARES CRF) for the administration of SERA; c) authorizing the amendment of the Housing Authority's budget in the amount of \$2,701,166 of CARES CRF funds for the SERA program; d) authorizing SHRA or the Housing Authority to increase its head count by 4 to hire full-time employees to administer the program; e) authorizing SHRA and the Housing Authority to enter into and execute any contracts and related documents necessary to administer the SERA program; f) authorizing the City Manager to enter into and execute any contracts and related documents deemed necessary for the purpose of allocating the SERA Funds to the Housing Authority; g) directing SHRA to take all actions necessary to allocate \$2,000,000 of the most appropriate federal funds for administration of the SERA Program; and h) make related findings; and 2) adopt a Housing Authority Resolution: a) approving the Sacramento Emergency Rental Assistance (SERA) program as the homeless prevention program (HPP) and authorizing the Housing Authority (Housing Authority) to administer SERA; b) approving the Housing Authority's use of \$2,701,166 of Coronavirus Aid, Relief and Economic Security Act for the administration of SERA; c) authorizing the amendment of the Housing Authority's budget in the amount of \$2,701,166 of CARES CRF for the SERA program; d) authorizing the Executive Director to

increase its head count by 4 to hire full-time employees to administer the program; d) authorizing the Executive Director or her designee to enter into and execute any contracts and related documents necessary to administer the SERA program; and e) make related findings.

Contact: La Shelle Dozier, Executive Director, (916) 440-1319; Sarah O'Daniel, Director, Housing Choice Voucher (HCV) and Homeless Innovations Department, (916) 440-1319, Sacramento Housing and Redevelopment Agency

Presenter: Sarah O'Daniel, Director, Housing Choice Voucher (HCV) and Homeless Innovations Department, (916) 440-1319; MaryLiz Paulson, Assistant Director, Homeless Innovations Department (916) 440-1310, Sacramento Housing and Redevelopment Agency.

Description/Analysis

Issue Detail: In Spring 2020, the United States was impacted by the Coronavirus (COVID-19) pandemic which significantly impacted the nation and the City of Sacramento. On a national level, Bloomberg News reported on August 25, 2020 that 16 million people in the U.S. are currently out of work and one third of renters cannot pay for their housing. According to a national study 'The COVID-19 Eviction Crisis: An Estimated 30-40 Million People In America Are At Risk' collaboratively published on August 7, 2020 by staff from various well renowned universities, with the end of the eviction moratorium approximately 30 million Americans are "at risk" of being evicted in the coming months. This will result in a large wave of housing displacement and insecurity.

The nation is bracing for an eviction crisis of historic magnitude. Studies show that evictions affect Black and Latino renters at higher rates than white renters. Renters with children are also more likely to be severely impacted by the eviction crisis. The pandemic has placed an enormous economic strain on families to pay rent and subsequently strained landlords and property owners to pay mortgages. Many legislative bills have been passed in recent months to provide temporary relief to rental households.

Rent Relief Bills

At the local level, on March 17, 2020, the Sacramento City Council adopted an emergency ordinance to establish a temporary moratorium on evicting residential tenants unable to pay rent due to COVID-19. The City's ordinance allowing non-payment of rent was extended until September 30, 2020 in accordance with the Governor's Executive Order issued on June 30, 2020. City renters have 120 days after the expiration date of the moratorium, or January 28, 2021, to pay back rent that is owed to avoid eviction.

At the state level, on August 31, 2020 the California Legislature approved and the Governor signed urgency ordinance Assembly Bill 3088. Also known as the "COVID-19 Tenant Relief Act", this bill prohibits residential evictions for renters who missed rental payments between March 1 and August 31, 2020.

Renters who are impacted by COVID-19 will have to pay at least 25% of each rental payment that comes due or will come due between September 1, 2020 and January 31, 2021 in order to

prevent eviction. However, if the renter cannot pay 25% of each rental payment, the landlord can proceed with an eviction starting February 1, 2021. Assembly Bill 3088 still requires renters to pay the full cost of rent and landlords have the ability to take tenants to small claims court starting March 1, 2021 to receive unpaid rental payments.

On September 4, 2020 the Federal Center for Disease Control and Prevention (CDC) announced the issuance of an Order to temporarily halt residential evictions to prevent the further spread of COVID-19. Under this Order, "a landlord, owner of a residential property, or other person with a legal right to pursue eviction or possessory action, shall not evict any covered person from any residential property in any jurisdiction" through December 31, 2020. While there is a moratorium on evictions, there is no relief provided to erase past tenant payments that will be due in 2021.

Financial Relief

To provide financial relief to families impacted by COVID-19, on March 27, 2020 Congress approved the Coronavirus Aid, Relief and Economic Security Act (CARES), Public Law 116-136. This act established a \$150 billion Coronavirus Relief fund.

Commencing in mid-April, the Internal Revenue Service delivered one-time stimulus checks of \$1,200 for individuals earning below \$75,000 and \$2,400 for couples earning below \$150,000. In addition, \$600-a-week of supplemental federal unemployment helped families who were unemployed due to COVID-19.

All payments from the federal government have currently ceased and many residents who are still unemployed/under employed do not have the funds to pay their rent or mortgages. The nation is bracing for an eviction tsunami which will disproportionately impact low income families leading them to the precipice of homelessness.

With the approval of the CARES Act on March 27, 2020, local jurisdictions received funds to reduce the impact of COVID-19 on the local economy. On April 21, 2020, the City of Sacramento received \$89.6 million in CARES Coronavirus Relief Funds (CARES CRF).

On May 12, 2020, Council participated in a workshop to discuss a CRF framework and funding priorities, and on May 26, 2020 adopted a general framework proposed by the Mayor for funding priorities. Priorities were established to include small business assistance, getting people back to work, offering youth enrichment opportunities, addressing homelessness and housing issues and supporting families impacted by the pandemic. Cumulatively, \$15.6 million was allocated for homeless initiatives. This included an allocation of \$2.7 million approved on August 18, 2020 for the implementation of a Homeless Prevention Program (HPP) in the form of emergency rental assistance. The deadline for expending CRF funds is December 30, 2020.

On June 9, 2020, the U.S. Department of Housing and Urban Development (HUD) notified the City of Sacramento of the second allocation of the Emergency Solutions Grant Coronavirus funds (ESG-CV2) in the amount of \$10,205,871 based upon a new formula. These funds were allocated to prevent, prepare for, and respond to the coronavirus pandemic among individuals and families who are homeless or receiving homeless assistance and to support additional homeless assistance and homelessness prevention activities to mitigate the impact of COVID-19.

SHRA received the Emergency Solutions Grant Coronavirus funds (ESG-CV2) on behalf of the City of Sacramento. The intent was to allocate \$2.0 million in ESG-CV2 funds to augment the CARES CRF funds to implement a homeless prevention program as outlined in the City's August 18, 2020 report.

On September 11, 2020 HUD awarded \$3.6 million of CARES Community Development Block Grant (CDBG-CV3) funds to SHRA on behalf of the City of Sacramento. These funds were provided to "communities with high rates of individuals in industries with high job loss in states with high unemployment" to specifically help those struggling to meet their monthly rental or mortgage obligations.

Staff is currently reviewing federal regulations for both CARES ESG-CV2 and CDBG-CV3 to identify the best fit for the rental assistance program. Staff will augment the current CARES CRF funds with funds from either ESG-CV2 or CDBG-CV3 in the next 30-45 days.

At this time \$2.7 million of CARES CRF funds will be allocated by the City Council to establish an emergency rental assistance program that provides rental payments to low income families for rent owed in arrears or for current payments, thereby preventing them from being evicted and becoming homeless. SHRA is also directed to allocate \$2.0 million of the most appropriate federal funds for a total allocation of \$4.7 million to the program.

As the entire nation is impacted by the pandemic, cities across the United States have adopted rental assistance programs. Given the limited data available on local unemployment statistics tied specifically to COVID-19, zip code data was reviewed to identify the highest number of COVID cases, the highest eviction records from 2014-2016 coupled with high Priority Index data.

The Priority Index data was obtained from the Urban Institute which estimates the level of need by measuring the prevalence of low-income renters who are at risk of experiencing housing instability and homelessness. The weighted index was:

- o 50% weighted for housing instability risk (people living in poverty, renters, severely cost burdened households, unemployed families)
- o 10% for families impacted by COVID-19 and
- o 40% for equity (people of color, extremely low income renter households, households receiving public assistance).

Listed below are the top City zip codes most impacted by all three factors:

Zip code	COVID cases	2014-16 Eviction Average	Priority Index
95823	1,222	454	0.97
95838	631	320	0.92
95820	437	325	0.98

With the cessation of all federal stimulus payments coupled with high unemployment rates based on COVID-19, there is a significant need for an emergency rental assistance program to assist low income families and to prevent an onslaught of evictions in 2021.

During the August 18, 2020 City Council meeting, SHRA staff was requested to develop an emergency rental assistance program that meets the threshold eligibility of the funding sources and prioritizes families with children. Feedback was also received to assist non-documented and cash based workers. Upon further review, it was determined that the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) only allows the use of federal funds to provide emergency rent relief to U.S. citizens and non-citizens with eligible immigration status.

Staff has developed a program that will quickly assist families in need of emergency rental assistance. Extensive community input was conducted with partners including tenant and landlord advocates (Attachment 2). All input was thoroughly evaluated as the program was developed.

The table below summarizes the components of the proposed Sacramento Emergency Rental Assistance (SERA) program.

SACRAMENTO EMERGENCY RENTAL ASSISTANCE (SERA) PROGRAM

Total Fund Amount	\$4.7 million (\$2.7 CARES CRF and \$2.0 million other federal funds)
Population Criteria	Renter households with a City of Sacramento address who were employed but have experienced a loss of income due to COVID-19.
Prioritization	<ol style="list-style-type: none"> 1. Families with minor children with income at or below 30% of area median income (AMI). 2. Families with minor children with income at or below 50% of AMI. 3. Families without minor children with income at or below 30% of AMI. 4. Families without minor children with income at or below 50% of AMI. See income chart below.
Income Qualifications	Families or individuals with a gross household income at or below 50% AMI. See income chart below.
Assistance Payments	Up to \$4,000 per household which may be used for past due rent and remaining balance used for current rent payments if family is still unemployed.
Duration of program	<p>CARES CRF funds are available for expenditure by December 30, 2020.</p> <p>ESG-CV2 or CDBG-CV3 is available for two years. The appropriate federal funds will be allocated.</p> <p>Program may end sooner if all funds are utilized prior to this timeframe.</p>
Benefits Status	Eligibility excludes those living in public housing or receiving an ongoing rental subsidy from the government or non-profit entity.
Administrator	Sacramento Housing and Redevelopment Agency.
Recipient of funds	Rental property owner or landlord.
Application Process	Online. Dedicated staff will be available to answer questions by phone and will be stationed at 2 locations within the City of Sacramento to help families upload documents and/or provide other assistance as necessary.
Application Process	If more than 1,000 eligible households apply, a computerized random ordering will be applied to identify prospective program participants to begin the eligibility process.
Funding Source	<p>CARES Act funding; CARES CRF</p> <p>To be augmented with appropriate federal funds</p>
Administration of program	<p>Verification of information will be part of the eligibility process.</p> <p>Payments will be made directly to the landlord after verification of amount owed. Landlords will be asked to sign a statement of non-eviction.</p>

Median Income	Family of:	1	2	3	4	5
\$86,300	50% of AMI	\$30,250	\$34,550	\$38,850	\$43,150	\$46,650
	30% of AMI	\$18,150	\$20,750	\$23,350	\$26,200	\$30,680

Policy Considerations: This initiative is consistent with the priorities of the City Council to assist low income families impacted by COVID with homeless prevention services (rental assistance) and other measures to maintain housing.

Economic Impacts: Not applicable.

Environmental Considerations: California Environmental Quality Act (CEQA): The proposed action is not a project under CEQA pursuant to CEQA Guidelines §15378.

National Environmental Policy Act (NEPA): The proposed action is categorically excluded under NEPA pursuant to 24 CFR 58.35(b)(2).

Sustainability Considerations: Not applicable

Financial Considerations: \$2.7 million of CARES Coronavirus Relief funds (CARES CRF) was allocated to launch the emergency rental assistance program and \$2.0 million of other federal funds will be allocated within 30-45 days.

Local Business Enterprise (LBE) M/WBE and Section 3 requirements: Not applicable

Respectfully Submitted by:


 LA SHELLÉ DOZIER
 Executive Director

Attachments:

- 1-Description/Analysis
- 2-Outreach Activities
- 3-City Council Resolution
- 4-Housing Authority Resolution

SERA Program: Community Outreach

As part of SHRA's extensive community outreach, individual calls and group feedback was solicited on key components of the program.

Parameters that were developed based on federal funding restrictions and feedback received from City Council members on August 18, 2020 were presented.

Parameters provided:

- Household must be residing in a rental unit in the City of Sacramento.
- Resident was working and lost employment due to COVID-19. Employment must be verified.
- Household is not living in public housing or receiving an ongoing rental subsidy.
- Household income cannot exceed 50 percent of area median income (chart provided).
- Priority will be given to families with minor children.
- Household must be at risk at becoming homeless within 21 days (to qualify for ESG-CV2).
- Can only assist U.S. citizens and legal immigrants (regulatory requirement).
- Cannot assist cash workers without verification of employment.

Feedback was received on the following topics:

1. Who else should be the target population for this program?
2. How do we reach renters in the target groups?
3. How much assistance is appropriate? Should the program pay for rent owed in arrears or pay for upcoming months?
4. How can one ensure that families receiving the funding are not evicted in future months?

The following is a list of community members and groups contacted for feedback.

- 211
- Asian Resources
- Building Healthy Communities/Fruitridge Collaborative
- California Apartment Association
- Calorganize – Alliance of Californians for Community Empowerment
- City of Sacramento Community Development. Tenant Protection Program
- Community Resource Project
- Everyday Impact Consulting
- Greater Sacramento Urban League
- La Familia

- Legal Services of Northern California
- Rose Family Creative Empowerment Center
- Sacramento Area Black Caucus
- Sacramento Area Congregations Together (Sacramento ACT)
- Sacramento Continuum of Care Advisory Board including member agencies
- Sacramento Housing Alliance
- Sacramento Poor People's Campaign
- Sacramento Regional Coalition to End Homelessness
- Sacramento Self Help Housing – Renter's Hotline
- Sacramento Steps Forward
- Sacramento Tenants Union
- Salvation Army
- Veteran's Affiliated Council (VAC)
- Women's Empowerment

RESOLUTION NO. 2020-

Adopted by the Sacramento City Council

APPROVAL OF SACRAMENTO EMERGENCY RENTAL ASSISTANCE (SERA) PROGRAM

BACKGROUND

- A. On March 4, 2020, Governor Newsom proclaimed a State of Emergency as a result of the threat of the coronavirus disease (COVID-19) in the State of California.
- B. On March 5, 2020, the County of Sacramento proclaimed a public health emergency as a result of the threat of COVID-19 (pandemic) in the county.
- C. On March 13, 2020, the City Council (Council) adopted a resolution declaring a local emergency relating to the pandemic.
- D. On April 21, 2020, the City received \$89.6 million in Coronavirus Relief Funds (CRF) from passage of the federal government's Coronavirus Aid, Relief, and Economic Security (CARES) Act.
- E. On May 12, 2020, the Council held a workshop to discuss a CRF framework and funding priorities for expenditure of the \$89.6 million. During the workshop Council and stakeholders expressed overall interest in funding programs and projects that, among other things, provide small business assistance, get people back to work, offer opportunities for youth enrichment, address homelessness and housing issues, and support the arts and tourism industries that were directly impacted by this pandemic.
- F. On May 26, 2020, the Council committed \$28 million in CRF to support immediate local economic relief services and programs for residents and adopted a general framework proposed by the Mayor for funding priorities.
- G. On May 26, 2020, the Council also directed the City Manager to continue to identify and prepare CRF funding recommendations.
- H. On August 18, 2020, the Council allocated \$2,701,166 for a City Homeless Prevention Program (HPP) to the Sacramento Housing and Redevelopment Agency (SHRA) to administer an emergency rental assistance program to assist low income renters.
- I. On September 22, 2020, the Council allocated \$2,000,000 of Emergency Solutions Grant – COVID-19 (ESG-CV2) funds for a City Homeless Prevention Program to SHRA to administer an emergency rental assistance program to assist low income renters.

- J. The proposed action is not a project requiring review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378 and is Categorical Excluded under the National Environmental Policy Act (NEPA) pursuant to 24 CFR 58.35(b)(2).

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

- Section 1. All of the evidence having been duly considered, the facts as presented and stated above, including the environmental facts and findings, as stated above, are found to be true and correct.
- Section 2. The Sacramento Emergency Rental Assistance (SERA) Program is approved as the HPP and SHRA is authorized to administer the SERA Program .
- Section 3. SHRA's use of \$2,701,166 of CARES CRF allocated for the HPP and \$2,000,000 in ESG-CV2 funds are each approved for administration of the SERA Program.
- Section 4. SHRA is authorized to amend its budget in the amount of \$2,701,166 in CRF and \$2,000,000 in ESG-CV2 funds to be used for the SERA Program.
- Section 5. The addition of add four (4) full-time SHRA employees to support the administration of the SERA program is approved.
- Section 6. SHRA is authorized to negotiate, enter into and execute any contracts and related documents, in a form approved by SHRA's Office of the General Counsel, for the purpose of administering the program.

RESOLUTION NO. 2020-

Adopted by the Housing Authority of the City of Sacramento

APPROVAL OF SACRAMENTO EMERGENCY RENTAL ASSISTANCE (SERA) PROGRAM

BACKGROUND

- A. On March 4, 2020, Governor Newsom proclaimed a State of Emergency as a result of the threat of the coronavirus disease (COVID-19) in the State of California.
- B. On March 5, 2020, the County of Sacramento proclaimed a public health emergency as a result of the threat of COVID-19 (pandemic) in the county.
- C. On March 13, 2020, the City Council of Sacramento (Council) adopted a resolution declaring a local emergency relating to the pandemic.
- D. On April 21, 2020, the City of Sacramento (City) received \$89.6 million in Coronavirus Relief Funds (CRF) from passage of the federal government's Coronavirus Aid, Relief, and Economic Security (CARES) Act.
- E. On May 12, 2020, the Council held a workshop to discuss a CRF framework and funding priorities for expenditure of the \$89.6 million. During the workshop Council and stakeholders expressed overall interest in funding programs and projects that, among other things, provide small business assistance, get people back to work, offer opportunities for youth enrichment, address homelessness and housing issues, and support the arts and tourism industries that were directly impacted by this pandemic.
- F. On May 26, 2020, the Council committed \$28 million in CRF to support immediate local economic relief services and programs for residents and adopted a general framework proposed by the Mayor for funding priorities.
- G. On May 26, 2020, the Council directed the City Manager to continue to identify and prepare CRF funding recommendations.
- H. On August 18, 2020, the Council allocated \$2,701,166 for a City Homeless Prevention Program (HPP) to the Sacramento Housing and Redevelopment Agency (Agency) to administer an emergency rental assistance program to assist low income renters. The Housing Authority of the City of Sacramento (Housing Authority) will administer jointly with the Agency the Sacramento Emergency Rental Assistance (SERA) Program as the HPP, so the Council allocated \$2,701,166 to the Housing Authority in place of the Agency.
- I. The proposed action is not a project requiring review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378.

and is Categorically Excluded under the National Environmental Policy Act (NEPA) pursuant to 24 CFR 58.35(b)(2).

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE HOUSING AUTHORITY RESOLVES AS FOLLOWS:

- Section 1. All of the evidence having been duly considered, the facts as presented and stated above, including the environmental facts and findings, as stated above, are found to be true and correct.
- Section 2. The Sacramento Emergency Rental Assistance (SERA) Program is approved as the HPP and the Housing Authority is authorized to administer the SERA Program.
- Section 3. The Housing Authority's use of \$2,701,166 of CARES CRF allocated for the HPP are approved for administration of the SERA Program.
- Section 4. The Housing Authority is authorized to amend its budget in the amount of \$2,701,166 in CRF funds to be used for the SERA Program.
- Section 5. The addition of four (4) full-time employees to support the Housing Authority's administration of the SERA program is approved.
- Section 6. The Executive Director or her designee is authorized to negotiate, enter into and execute any contracts and related documents, in a form approved by the Office of the General Counsel, deemed necessary for the purpose of administering the program.

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 7, 2020

APPROVAL OF SACRAMENTO EMERGENCY RENTAL ASSISTANCE (SERA) PROGRAM

WHEREAS, on March 4, 2020, Governor Newsom proclaimed a State of Emergency as a result of the threat of the coronavirus disease (COVID-19) in the State of California.

WHEREAS, on March 5, 2020, the County of Sacramento proclaimed a public health emergency as a result of the threat of COVID-19 (pandemic) in the county.

WHEREAS, on March 13, 2020, the Sacramento City Council (Council) adopted a resolution declaring a local emergency relating to the pandemic.

WHEREAS, on September 22, the Council approved the Sacramento Emergency Rental Assistance (SERA) as its Homeless Prevention Program and authorized SHRA to administer the SERA program.

WHEREAS, on October 13, 2020, the Council allocated \$2,000,000 of Community Development Block Grant – COVID-19 (CDBG-CV3) funds to SHRA to administer the SERA program to assist low income renters.

WHEREAS, the proposed action is not a project requiring review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378 and is Categorically Excluded under the National Environmental Policy Act pursuant to 24 CFR 58.35(b)(2).

BE IT RESOLVED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION:

Section 1. All of the evidence having been duly considered, the facts as presented and stated above, including the environmental facts and findings, as stated above, are found to be true and correct.

Section 2. The Executive Director is authorized to administer the SERA Program.

Section 3. SHRA's use of \$2,000,000 in CDBG-CV3 funds is approved for administration of the SERA Program.

Section 4. The Executive Director is authorized to amend its budget in the amount of \$2,000,000 in CDBG-CV3 funds to be used for the SERA Program.

Section 5. The Executive Director is approved to hire four (4) full-time SHRA employees to support the administration of the SERA program.

Section 6. The Executive Director is authorized to negotiate, enter into and execute any contracts and related documents deemed necessary by the Executive Director, in a form approved by SHRA's Office of the General Counsel, for the purpose of administering the SERA Program.

CHAIR

ATTEST:

CLERK