



INVESTING IN COMMUNITIES

NOTICE OF REGULAR MEETING
**Sacramento Housing and Redevelopment
Commission**
Wednesday, October 16, 2013 – 6:00 pm
801 12th Street Sacramento, CA

ROLL CALL

APPROVAL OF AGENDA

APPROVAL OF ACTION SUMMARY SYNOPSIS

1. Synopsis – October 2, 2013

CITIZENS COMMENTS

2. While the Commission welcomes and encourages participation in the Commission meetings, it would be appreciated if you would limit your comments to three minutes so that everyone may be heard. Please fill out a speaker card and present it to the Agency Clerk if you wish to speak under Citizen Comments or on a posted agenda item. Matters under the jurisdiction of the Commission, and not on the posted agenda, may be addressed by the general public at this time. Commission attendees are requested to silence any electronic devices that they have in their possession.

CONSENT

3. Affordable Housing Program Activities Biennial Report For 2011-2102
4. Approval to Amend Planning Coordinator Contract For The Twin Rivers – River District/Railyards Choice Neighborhoods Initiative

PUBLIC HEARING

5. Section 3 Economic Opportunity Plan
6. 2014 Sacramento Housing and Redevelopment Agency Proposed Budget – City
7. 2014 Sacramento Housing and Redevelopment Agency Proposed Budget - County

EXECUTIVE DIRECTOR REPORT

COMMISSION CHAIR REPORT

**ITEMS AND QUESTIONS OF
COMMISSION MEMBERS**

ADJOURNMENT

Staff reports are available for public review on the Agency's website www.shra.org and include all attachments and exhibits. Hard copies are available at the Agency Clerk's office (801 12th Street) for 10 cents per page. A copy of materials for this agenda will be available at the meeting for public review. **Assistance for the Disabled:** 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.



SYNOPSIS

Sacramento Housing and Redevelopment Commission (SHRC) Regular Meeting October 2, 2013

Meeting noticed on September 27, 2013

ROLL CALL

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

MEMBERS PRESENT: Alcalay, Chan, Gore, Griffin, Johnson, Le Duc, Morgan, Morton, Rosa, Shah

MEMBERS ABSENT: Stivers

STAFF PRESENT: Vickie Smith, LaShelle Dozier, Tia Boatman Patterson, James Shields, MaryLiz Paulson, Geoffrey Ross, Christine Weichert, Sarah Thomas, Don Cavier, Chris Pahule, Geoffrey Ross, Mark Stephenson

APPROVAL OF AGENDA Items 4 and 5 were heard together

APPROVAL OF ACTION SUMMARY SYNOPSIS

1. The Synopsis for September 18, 2013 was approved as amended.

CITIZENS COMMENTS

2. None

PUBLIC HEARING

3. Procurement Policy and Section 3 Plan - item continued to 10-16-13 meeting
4. Approval and Adoption of the 2014 One-Year Action Plan for the Community Development Block Grant (CDBG), Home Investment Partnership (HOME), Emergency Solutions Grant (ESG), and Housing Opportunities for Persons With AIDS (HOPWA) Funded Projects and Programs, Amendment of Various Years' Action Plans; and Amendment to the Sacramento Housing And Redevelopment Agency (SHRA) and Housing Authority Budgets; Authorization to Amend and Implement Proposed Modifications to the Neighborhood Stabilization Program (NSP) Target Area Boundary; Execute Documents for the Administration of Federal Programs and Other Related Findings - City of Sacramento

5. Approval and Adoption of the 2014 One-Year Action Plan for the Community Development Block Grant (CDBG), Home Investment Partnership (HOME), Emergency Solutions Grant (ESG), and Housing Opportunities for Persons With AIDS (HOPWA) Funded Projects and Programs, Amendment of Various Years' Action Plans; and Amendment to the Sacramento Housing And Redevelopment Agency (SHRA) and Housing Authority Budgets; Authorization to Amend and Implement Proposed Modifications to the Neighborhood Stabilization Program (NSP) Target Area Boundary; Execute Documents for the Administration of Federal Programs and Other Related Findings - County of Sacramento

Geoffrey Ross presented the item.

Chair Alcalay opened and closed the public hearing for items 4 and 5

Commissioner Morgan asked about the status of Parker Homes and McClellan Heights. Staff indicated they would report back.

The Commission recommended approval of the staff recommendation for the items listed above. The votes were as follows:

AYES: Alcalay, Chan, Gore, Griffin, Johnson, LeDuc, Morgan, Morton, Rosa, Shah
NOES: none
ABSENT: Stivers

BUSINESS

6. 2014 Public Housing Agency Annual Plan for the Housing Authority of the City of Sacramento and the Housing Authority of the County of Sacramento

MaryLiz Paulson presented the item.

The Commission recommended approval of the staff recommendation for the items listed above. The votes were as follows:

AYES: Alcalay, Chan, Gore, Griffin, Johnson, LeDuc, Morgan, Morton, Rosa, Shah
NOES: none
ABSENT: Stivers

7. Approval Of Tax-Exempt Bonds And Housing Trust Fund Loan For Olive Wood Apartments

Steve Lierly and Christine Weichert presented the item.

Chair Alcalay asked for information about the financials during the last 10 years of the project which staff provided.

Commissioner Griffin indicated that staff needs to fix a typographical error in the resolution on page 2.

Commissioner Shah asked for information about how the rise in interest rates affects the debt service payment which staff provided.

Commissioner Johnson and Leduc expressed concerns about the high development fee for this project.

Commissioner Leduc asked for information about the location of the pool which staff provided.

The Commission recommended approval of the staff recommendation for the items listed above. The votes were as follows:

AYES: Alcalay, Chan, Gore, Griffin, Morgan, Morton, Rosa, Shah

NOES: Johnson, Leduc

ABSENT: Stivers

PRESENTATIONS

8. 2014 SHRA Budget Workshop – Housing Authority

Mary Liz Paulson and Sarah Thomas presented the 2014 Housing Authority budget.

EXECUTIVE DIRECTOR REPORT

LaShelle Dozier reviewed the following items:

- 1) Next meeting would be held on October 16th with a closed session prior to the regular meeting on that night that will begin at 5:30 pm.
- 2) Greenfair update
- 3) Federal government shut down
- 4) Activities calendar – Kelsey Village grand opening October 15th

- 5) Multi-Family Executive Magazine has selected two SHRA projects won for Project of the year - 7th And H and La Valentina

COMMISSION CHAIR REPORT

Chair Alcalay requested a report back on the announced:

- 1) Asked for a status on the proposed RFP that the City of Sacramento is planning to issue. LaShelle indicated she would report back at the next meeting.

ITEMS AND QUESTIONS OF COMMISSION MEMBERS

none

ADJOURNMENT

As there was no further business to be conducted, Chair Alcalay adjourned the meeting at 7:45 p.m.

AGENCY CLERK



October 16, 2013

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Affordable Housing Program Activities Biennial Report for 2011-12

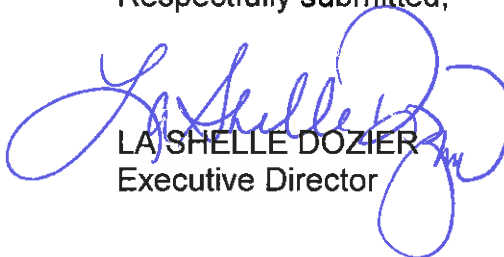
SUMMARY

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

RECOMMENDATION

The staff recommends approval of the recommendations outlined in this report.

Respectfully submitted,



LASHELLE DOZIER
Executive Director

Attachment

**COUNTY OF SACRAMENTO
CALIFORNIA**

For the Agenda of:
November 5, 2013

To: Sacramento County Board of Supervisors

From: Sacramento Housing and Redevelopment Agency

Subject: Affordable Housing Program Activities Biennial Report For 2011-2102
Supervisory District: Countywide

Contact: Christine Weichert, Assistant Director, 440-1353
Celia Yniguez, Program Manager, 440-1302

Overview

Biennial reporting of activities related to the County of Sacramento's Affordable Housing Program is required under the County's Affordable Housing Ordinance (County Code Section 22.35.160). This report covers calendar years 2011 and 2012.

Recommendations

Receive and file.

Measures/Evaluation

This report summarizes ordinance-related fees received, units produced and obligations related to Affordable Housing Plans that were formally approved during the 2011-2012 reporting period.

Fiscal Impact

During 2011 and 2012, \$490,198 in "affordability", and "in-lieu" fees were collected by the County and deposited in the County's Affordable Housing Program fund administered by Sacramento Housing and Redevelopment Agency. For the reporting period, \$28,379 of interest income increased reporting period total revenues to \$518,577.

BACKGROUND

In December 2003, the Board of Supervisors (the "Board") adopted Sacramento County Code § 22.35.160, commonly referred to as the Affordable Housing Ordinance ("Ordinance"). The intent of the Ordinance is to "achieve a diverse and balanced community with housing available for households of all income levels" (Sacramento County Code Section 22.35.010(a)). For developments of five or more housing units, the Ordinance generally requires 15 percent of the units in a new residential development be set-aside for affordable housing that is targeted for income groups as follows:

- Six percent to low-income households that earn less than 80 percent of the Area Median Income ("AMI");
- Six percent to very low-income households that earn less than 50 percent of AMI; and,

- Three percent to extremely low-income households that earn less than 30 percent of AMI.

Depending on size and density, a residential developer is given various options to meet the affordable housing obligation. These options include: a) construction on-site or off-site; b) production with modified income-targeting; c) land dedication; d) acreage credits; e) in-lieu and affordability fees; and f) purchase of “unit credits.”

Since it’s 2004 adoption, the Ordinance has been modified four times. Modifications in 2007 reflected terms of a legal settlement agreement. Those changes concerned: 1) a “buy-down” option for certain extremely-low income units; 2) “concurrency” provisions; and 3) land dedication formulas.

In 2010, the Affordable Housing Unit Credit Purchase Program (“Unit Credit Program”) was authorized to allow the Sacramento Housing and Redevelopment Agency (“SHRA”) to act as the conduit or broker of “unit credits” created by projects that constructed affordable units in excess of the project’s affordable housing obligation within the same Community Plan Area. The ordinance was amended to allow these unit credits to be used within a neighboring Community Plan Area on parcels immediately adjacent to the Community Plan Area where the credits are generated. The guidelines allow SHRA to purchase credits at market value and to subsequently sell them to eligible projects at current market value, but not less than the amount paid by SHRA plus an inflation factor based on the Consumer Price Index and capped annually at three percent.

Additional 2010 modifications exempted infill projects which require demolition of non-residential structures, and 2011 modifications temporarily suspended until July 1, 2016, certain equity share and recapture provisions regarding for-sale homes.

The Ordinance requires a Biennial Report on the Affordable Housing Program’s implementation. The biennial report is to include the following information: number of units produced; amount of land dedicated and purchased; amount of funds collected; and, levels of affordability of units constructed during the reporting period. Attachment I provides this information as required per Ordinance Section 22.35.080(C).

DISCUSSION

The statistics summarized in Attachment I to this report reflect the ongoing economic downturn that negatively impacted new residential construction throughout the region. In 2011-2012, only two affordable units were constructed and sold pursuant to the Ordinance. At the same time, eight Affordable Housing Plans were processed and formally approved by SHRA during this period. SHRA also responded to amendments to several plans proposed by the project sponsors. The eight approved plans will produce a total of 699 for-sale single-family units (591 detached and 108 halfplexes), of which 63 will be affordable to low-income households pursuant to the Ordinance.

Affordable Housing Plans approved in 2011 and 2012 estimated fees based on schedules applicable for those calendar years, and this will result in estimated in-lieu fees exceeding \$1

million and affordability fees of almost \$850,000 that will be paid when building permits are issued for units entitled in the reporting period.

In lieu of constructing units or dedicating land, the Ordinance generally allows payment of “in-lieu” fees and “affordability” fees. The in-lieu fee, available to projects involving construction of five to 99 market rate units, is based on the cost of unimproved residentially entitled land, an adjustment factor to account for off-site improvements and costs associated with assembling the site for development, including security, maintenance, insurance, developer selection and oversight, obtaining development plan review and transfer to the affordable developer. The in-lieu fee schedule is adjusted annually by SHRA based on residential land sales in Sacramento County for unimproved entitled land.

Affordability fees are imposed on projects with five to 99 market rate units, and on dedicated land, to assist in the development of affordable units. These fees are to assist with the local subsidy needed to construct a standard apartment unit affordable to low, very-low, and extremely-low income households. The affordability fee schedule is adjusted annually based on the Construction Cost Index.

The following is an overview of Attachment I:

- Approval in 2010 of the SHRA Unit Credit Program resulted in April 2011 authorization for SHRA to enter into a purchase and sale agreement to purchase for \$3,815,000 the 101 unit credits generated by the Arbor Creek Family Apartments. SHRA in-turn sells the unit credits at market-value to developers as a means to meet their affordable housing obligations under the Ordinance. A subsequent agreement to purchase 56.85 “fractional” unit credits for \$2,463,500 was executed in 2013 with the owner of the 379-lot Gardiner Parke single-family subdivision in the South Sacramento Community. This transaction leaves a balance of 44.15 fractional units unsold.
- Economic conditions have impaired economic feasibility and financing options for many proposed developments, and have caused a number of projects that were approved in earlier reporting periods to be abandoned or suspended until circumstances improve.
- Correspondingly, the number of developments that submitted Affordable Housing Plans, and projects that are in the process of being constructed, decreased.
- Recent economic improvements have stimulated the residential housing market and resulted in increased planning activity that should significantly increase production to be reported upon in the 2013-2014 report.

COMMISSION ACTION

At its meeting of October 16, 2013 the Sacramento Housing and Redevelopment Commission received this biennial report.

MEASURES/EVALUATIONS

This reporting period (January 1, 2011 to December 31, 2012) falls under the County's 2008-2013 Housing Element, which indicated needs for 37 percent of the County's new housing stock to be affordable to low- and very-low income residents. Progress is reported on an annual basis to the State Department of Housing and Community Development. The Ordinance was adopted as a mechanism for private development to help satisfy projected demand.

FINANCIAL ANALYSIS

Affordability, in-lieu, and application fees totaling \$490,198 were collected during the 2011-2012 reporting period, supplemented by \$28,379 of interest income. Generally, these fees were collected for projects that were entitled during previous reporting periods and which then applied for building permits issued during the reporting period. The fees collected are made available to construct future affordable housing projects and to pay for costs of administering the Affordable Housing Program established by the Ordinance. Economic conditions caused some previously-approved projects to be delayed or abandoned. In addition, approved projects within large new growth areas will take years to reach full build-out.

The 2011 authorization for SHRA to spend \$3,815,000 to purchase 101 Unit Credits from the Arbor Creek Family Apartments project will, when all credits are sold, result in total receipts of \$3,815,000 or more, as the market value of the unit credits may increase when future transactions are being finalized.

POLICY CONSIDERATIONS

The activities described in this report are reflective of the 2008-2013 Housing Element and are consistent with Ordinance requirements per County Code Section 22.35.160. The County is currently updating its Housing Element per state law. After adoption of the new Housing Element, modifications to the County's Affordable Housing Ordinance will be considered.

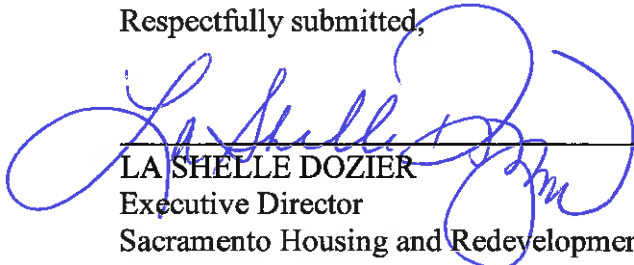
ENVIRONMENTAL REVIEW

This report is an administrative activity that is not considered a project pursuant to the California Environmental Quality Act (CEQA) Guidelines Section 15378(b)(2); therefore, environmental review is not required. There are no federal actions associated with this report; therefore, the National Environmental Policy Act (NEPA) does not apply.

M/WBE AND SECTION 3 CONSIDERATIONS

The items discussed in this report do not involve federal funding; therefore, there are no M/WBE or Section 3 requirements.

Respectfully submitted,



LA SHELLE DOZIER
Executive Director
Sacramento Housing and Redevelopment Agency

APPROVED

BRADLEY J. HUDSON
County Executive

Attachments:

ATT I – Affordable Housing Program Biennial Report for 2011 - 2012

Sacramento County Affordable Housing Program
Biennial Activities Report
for
January 1, 2011 to December 31, 2012

Sacramento Housing and Redevelopment Agency

October 2013

INTRODUCTION

On December 8, 2004, the Board of Supervisors (the “Board”) created the County’s Affordable Housing Program (the “Program”) *“to achieve a diverse and balanced community with housing available for households of all income levels.”* A dwindling supply of developable land in the County and increasing development costs contributed to the low production of affordable housing units. To facilitate meeting Regional Housing Needs Allocation (“RHNA”) goals, the Board opted to establish the Program to require 15 percent of new residential development be affordable to extremely low-, very low- and low-income households. The Program’s intent is to cause market-rate builders to contribute to the production of affordable housing beyond what would otherwise be produced solely by affordable housing builders.

This biennial report quantifies affordable housing production during the reporting period encompassing calendar years 2011 and 2012. The Program also seeks to promote community development benefits such as racially and economically diverse neighborhoods. Mixed-income communities strengthen social networks for low-income residents by broadening access to well-funded schools, strong municipal services and housing near their workplace. Affordable housing is also a contributor to economic development within the County. A healthy community requires a diverse labor pool, including professionals, service sector employees, public servants, and others. The Program supports the growth of new and existing businesses by increasing the supply of moderately-priced housing for local workers. Affordability of housing costs helps create disposable income that low- and moderate-income households can spend in the local economy.

Since the last biennial report, economic activity has regained some vigor, with reduced unemployment, increased market demand for for-sale housing, higher home sales prices, interest rates continuing at historically low levels and a modest easing of financial credit markets, although credit access remains difficult for many.

During the reporting period, the California legislature voted in 2011 to eliminate redevelopment statewide. This action significantly restricts the financial tools and resources available to stimulate the production of affordable units. The Sacramento Housing and Redevelopment Agency (“SHRA”) no longer has tax increment financing available for this purpose. However, SHRA continues to support affordable unit production with use of Home Investment Partnership Program (“HOME”) funds, Community Development Block Grant (“CDBG”) funds, Mortgage Revenue Bond proceeds and the County’s Housing Trust Fund. SHRA assists the development community in utilizing federal low-income housing tax credits to generate private equity investment to leverage other financing sources to fund projects.

Over the past two years, a small number of projects moved forward, as described below. Other pending projects were delayed or abandoned during the recession, but some have been recently reactivated. Some projects that were suspended prior to completion of their

entitlement process are again seeking approvals of tentative maps. Industry representatives and media sources that track economic activity indicate that residential production in general, as well as affordable housing production, will trend upwards during the next reporting period covering 2013-2014.

ORDINANCE SUMMARY

Ordinance section 22.35.160(C) calls for biennial reports to describe the number of units produced, the amount of land dedicated and purchased, the amount of funds collected, and the level of affordability in units constructed. In addition, a finding must be made to determine whether the production of affordable units on extremely-low income ("ELI") dedicated sites equals or exceeds the requirements of Ordinance section 22.35.070(E)(3). During this reporting period, no sites were dedicated and such a finding is not applicable.

The basic requirement of the Ordinance is that 15 percent of all units in a new residential development must be sold or rented at prices considered affordable as outlined below:

- Six percent of units must be affordable to low income ("LI") households with incomes less than 80 percent of the area median income;
- Six percent of units must be affordable to very-low income ("VLI") households with incomes less than 50 percent of the area median income; and
- Three percent of units must be affordable to ELI households with incomes less than 30 percent of the area median income.

Developments with four or fewer units, mobile home parks, congregate care housing, units resulting from a density bonus, and conversions of commercial buildings to residential use are exempted from this requirement.

Developers may meet the affordable housing obligation in a number of ways, which include alternatives for affordability requirements, as summarized below. A developer may:

- Construct affordable units on-site, meeting the standard household income requirements outlined above (6% LI, 6% VLI, and 3% ELI);
- Dedicate land to SHRA that is suitable for development, and pay an affordability fee. SHRA has selection criteria and discretion in accepting dedicated sites unless the site results from large developments.
- If land is not suitable for dedication, developers may:
 - 1) Construct 15 percent required units *for-sale* located on-site or off-site, affordable to LI households;
 - 2) Construct the 15 percent required units as *rental units*, either on-site or off-site, with 10 percent affordable to VLI households and five percent affordable to LI households, with an option for SHRA

- to buy down some of the units to make them affordable to ELI households;
- 3) Dedicate off-site land and pay an affordability fee;
 - 4) Obtain acreage credits and pay an affordability fee;
 - 5) Obtain unit credits through a purchase-and-sale agreement with SHRA; or
 - 6) Pay in-lieu and affordability fees, applicable generally to smaller developments and land zoned for agricultural uses.

Whether affordable units constructed are for-sale or rental, both must allow for diversity in family size by providing a range of unit sizes, and single family homes must resemble the market-rate units in exterior appearance. Multifamily affordable units must meet accessibility requirements. The Ordinance requires inclusionary units to be built concurrently with the market-rate residential housing.

IMPLEMENTATION

Compliance with the Ordinance requires coordination among the project sponsor/developer, SHRA staff and County staff. A project's application for entitlements includes preparation of an Affordable Housing Plan which details how the affordable obligation will be met. The plan is approved by the County Board of Supervisors concurrently with the project's tentative map. An Affordable Housing Regulatory Agreement is then executed between the Developer and SHRA and presented to the Board for approval concurrently with the final map for the project. The Regulatory Agreement is recorded on the property's Title and remains in effect for either 30 years (for-sale units) or 55 years (rental units). Completed projects are monitored by SHRA's Portfolio Management Department for the duration of the Regulatory Agreement.

ORDINANCE MODIFICATIONS

To encourage development while maintaining the Ordinance's integrity, the Board approved changes in 2007, 2010 and 2011. Upon adoption of the County's new 2013-2021 Housing Element, it is expected that the Supervisors will consider additional revisions to the Affordable Housing Ordinance that reflect needs and objectives identified in the 2013 Element, as well as make other changes that respond to obstacles and concerns about the Program's structure and operation under the current Ordinance.

SUMMARY OF DEVELOPMENTS AND INCLUSIONARY OPTIONS

Production Accomplished

Two low-income affordable units (for-sale homes) were constructed during the 2011-2012 reporting period. The decline in affordable unit construction has roughly paralleled the decline in all new residential construction in the unincorporated county.

Units Constructed		
Units Constructed	2011-2012 ⁽¹⁾	2005-2012
Extremely-low Income	0	35
Very-low Income	0	116
Low Income	2	112
<i>Total</i>	2	263
<i>⁽¹⁾ Units constructed in 2011-2012 were located at Glenwood #5 subdivision</i>		

Land Dedication

The dedication option is available to larger projects. During previous reporting periods, SHRA reviewed the suitability of land that developers offered to dedicate for development of affordable housing by third parties. This resulted in formal agreements to accept land from two subdivisions Parkside and Woodside Homes. During the reporting period, no land was dedicated or purchased; however, in 2012, 56.1 net acres of land in the Cordova Hills Special Planning Area was accepted. Board approval of Cordova Hills occurred in early 2013.

Land Accepted	2011-2012 ⁽¹⁾	2005-2012
# Sites	6	2
Acres	56.1	8.1
<i>⁽¹⁾ Land accepted in 2011-2012 located in the Cordova Hills Special Planning Area</i>		

In-lieu and Affordability Fees

The fee option is primarily available to projects proposing to construct fewer than 100 units. Fees collected are deposited into a pool that is used to further affordable housing development in the County, pay for Program administration and can be used, among other things, to fund the ELI buy-down program.

Fees Collected ⁽¹⁾		
Fees Collected	2011-2012	2005-2012
In-Lieu Fees	\$24,200	\$415,150
Affordability Fees	\$347,600	\$2,191,025
<i>Total</i>	\$371,800	\$2,606,175
<i>⁽¹⁾ Interest income is not included in these figures</i>		

ELI Buy-down Program

In 2010, the Board authorized the expenditure under the ELI Buy-down Program of \$2,015,000 in previously-paid in-lieu and affordability fees. As a result, affordability

levels for 41 of 102 units at Arbor Creek Family Apartments were reduced from 50% AMI to 30% AMI. The restrictions were included in an Affordable Housing Regulatory Agreement.

Unit Credit Program

In 2010, the Affordable Housing Unit Credit Purchase Program (“Unit Credit Program”) was authorized to allow SHRA to act as the conduit or broker of unit credits created by projects that constructed affordable units in excess of the project’s affordable housing obligation within the same Community Plan Area. The ordinance was amended to allow these unit credits to be used within a neighboring Community Plan Area on parcels immediately adjacent to the Community Plan Area where the credits are generated. The guidelines allow SHRA to purchase credits at market value and to subsequently sell them to eligible projects at current market value, but not less than the amount paid by SHRA plus an inflation factor based on the Consumer Price Index and capped annually at three percent. The program guidelines call for an annual reporting of unit credits purchased and/or sold by SHRA under the program.

In April 2011 SHRA was authorized to enter into a purchase and sale agreement to purchase for \$3,815,000 the 101 unit credits generated by the Arbor Creek Family Apartments. The program allows SHRA to in-turn sell the unit credits at market value to developers as a means to meet their affordable housing obligations under the Ordinance. A subsequent agreement to purchase 56.85 “fractional” unit credits for \$2,463,500 was executed in 2013 with the owner of the 379-lot Gardiner Parke single-family subdivision in the South Sacramento Community. This transaction leaves a balance of 44.15 fractional units unsold

Approved 2011-2012 Affordable Housing Plans

On the following page is a statistical summary of the affordable housing plans approved during the reporting period under the Ordinance in conjunction with approval of project entitlements.

CONCLUSION

The limited production of market rate residential units during the reporting period has had a significant impact on the volume of affordable housing produced under the Ordinance in 2011 and 2012. This direct relationship demonstrates how the Ordinance’s productivity is predicated on market rate activity. Data from the last two years of the County’s Affordable Housing Program supports the observation that, while the Ordinance cannot produce a significant number of affordable units during an economic downturn, the Ordinance contributes modestly under those circumstances towards meeting the affordable housing percentage goals set in the Regional Housing Needs Allocation and in the County’s Housing Element.

Summary of Affordable Housing Plans Approved During 2011-2012											
Project Name	Project Acres	Units in Zoning Designation	Density Bonus Units	Total Units Entitled ⁽¹⁾	Affordable Units Obligation	Extremely Low-Income Units	Very Low-Income Units	Low-Income Units	Estimated In-lieu Fees ⁽²⁾	Estimated Affordability Fees ⁽²⁾	Estimated Total Fees ⁽²⁾
Caselman Ranch	50	261	0	261	39	0	0	39	n/a	n/a	n/a
Fairgate Homes	4.97	31	0	31	0	n/a	n/a	n/a	\$69,750	\$116,250	\$186,000
Gerber Creek	30.3	160	24	184	24	0	0	24	n/a	n/a	n/a
Lelani Village	9.8	66	0	66	0	n/a	n/a	n/a	\$434,000	\$186,000	\$620,000
Murieta Gardens	17	78	0	78	0	n/a	n/a	n/a	\$136,500	\$300,300	\$436,800
Portico Acres	9.48	47	0	47	0	n/a	n/a	n/a	\$329,000	\$141,000	\$470,000
Ridgevine Place	6.3	22	0	22	0	n/a	n/a	n/a	\$38,500	\$84,700	\$123,200
Terrace Oaks	1.8	10	0	10	0	n/a	n/a	n/a	\$11,250	\$18,750	\$30,000
Totals:	129.7	675	24	699	63	0	0	63	\$1,019,000	\$847,000	\$1,866,000
Notes											
(1) Of the 699 total units, 591 will be single-family detached lots and 108 are halfplex lots. All are "for-sale" units.											
(2) Fees shown reflect approved Affordable Housing Plan ("AHP") estimate when AHP was executed; fees are modified annually based on land values and construction costs & not paid until building permits are issued, so fees received will vary from those shown.											



October 16, 2013

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Approval To Amend Planning Coordinator Contract For The Twin Rivers-River
District/Railyards Choice Neighborhoods Initiative

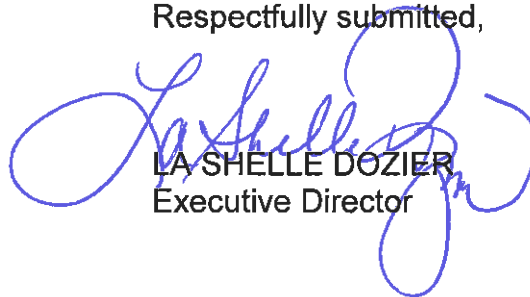
SUMMARY

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

RECOMMENDATION

The 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 5, 2013

To: Housing Authority of the County of Sacramento

From: Sacramento Housing and Redevelopment Agency

Subject: Approval to Amend Planning Coordinator Contract For The Twin Rivers – River District/Railyards Choice Neighborhoods Initiative

Supervisory District: Serna

Contact: La Shelle Dozier, Executive Director, 440-1319
Chris Pahule, Program Manager, 440-1350

Overview

Approval of this report and resolution authorizes SHRA to amend the Twin Rivers – River District/Railyards Choice Neighborhoods Initiative Planning Coordinator Contract to complete the Neighborhood Transformation Plan as required by the Federal Choice Neighborhoods Initiative Planning Grant.

Recommendations

Staff recommends adoption of a Housing Authority resolution authorizing the Executive Director to amend an existing contract with EJP Consulting Group, LLC for planning coordinator services for a total contract amount of \$160,154.

Measures/Evaluation

The actions recommended in this report are consistent with goals and objectives of the approved County of Sacramento Public Housing Authority Plan (PHA Plan). Goals included in the PHA Plan consist of improving the quality of assisted housing, community quality of life, and economic vitality of the community.

BACKGROUND

On January 31, 2012, the U.S. Department of Housing and Urban Development (HUD) awarded the Housing Authority of the County of Sacramento (Housing Authority) a \$300,000 Choice Neighborhoods Initiative (CNI) grant to develop a Neighborhood Transformation Plan (NTP) for the Twin Rivers - River District/Railyards neighborhood. The NTP is a comprehensive neighborhood revitalization plan which focuses on directing resources to address three core goals: Housing, People and Neighborhoods. Once completed, the NTP becomes the guiding document for the revitalization of the 218-unit Twin Rivers public housing site while simultaneously directing the transformation of the surrounding neighborhood with positive outcomes for families. It is envisioned that the NTP will be complete by January 2014.

Amended Contract for Planning Coordination Services

As a requirement of the CNI grant, Planning Coordinators must be identified in the application. The Housing Authority identified EJP Consulting Group, LLC as the Planning Coordinator and in April 2012 entered into a professional services contract for planning coordination services in

an amount not to exceed \$100,000. Under the terms of their contract, EJP Consulting Group, LLC is to work closely with the Housing Authority to provide technical assistance and coordination, and to oversee planning team members to ensure a coordinated and collaborative process resulting in a feasible NTP.

In February 2013, the Housing Authority required additional services to assist with the preparation of deliverables associated with the NTP. A contract amendment was executed tasking EJP as lead on the Executive Summary and the Implementation Chapters as well as developing additional neighborhood strategy information on public safety and homeless initiatives for the NTP.

With the proposed new contract amendment, EJP will be tasked with reviewing the Housing Strategy, People/Education and Community Engagement elements of the NTP prepared by McCormack Baron Salazar, Urban Strategies, City of Sacramento, and SHRA. They will strengthen and reformat these sections as needed to ensure the seamless integration of all elements of the NTP and that all HUD requirements are met. The estimated cost for these additional services is \$33,134. Therefore, this report recommends amending the current professional services contract to include this change as well as increasing the compensation to an amount not to exceed \$160,154.

DISCUSSION

This report will allow the Housing Authority to amend an existing contract to complete the Neighborhood Transformation Plan for the Twin Rivers – River District/Railyards Neighborhood as required by the Federal Choice Neighborhoods Initiative Planning Grant.

COMMISSION ACTION

On October 16, 2013, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. The votes were as follows:

AYES:

NOES:

ABSENT:

MEASURES/EVALUATIONS

The actions contained in this report will ensure completion of the NTP by January 2014. The NTP will serve as the master guiding document for the revitalization and repositioning of 218 public housing units located at the Twin Rivers complex and will identify specific action steps.

FINANCIAL ANALYSIS

Through previous Housing Authority Board authorizations, approximately \$1 million has been allocated for the Twin Rivers – River District/Railyards Choice Neighborhoods Initiative. Approval of this report and resolution will provide the approvals necessary for the Housing Authority to execute and amend the contract to an amount not to exceed \$160,154. Funding for this contract will utilize existing budgeted Mortgage Revenue Bond funds.

POLICY CONSIDERATIONS

This action furthers the commitment of the County through the 2008-2013 Housing Element to preserve and rehabilitate existing affordable housing and to provide housing for extremely low income households. The HUD approved 5-year Public Housing Authority Plan affirms Twin Rivers as public housing developments designated for demolition and or disposition. Specifically, these actions support policies H-3.1.1 related to extremely low income housing needs, policy H-4.4 regarding the preservation of affordable housing, and Program 74 which confirms the County's commitment to the Housing Authority Asset Repositioning Strategy.

Public Housing Authorities are required to comply with applicable federal laws and regulations, including the Quality Housing and Work Responsibility Act of 1998 (QHWRA). No new policies are recommended in this report.

ENVIRONMENTAL REVIEW

The activity recommended is statutorily exempt pursuant to California Environmental Quality Act (CEQA) Guideline 15262 involving planning and feasibility studies for possible future actions which have not been approved by the Housing Authority's governing board. These planning and feasibility study activities are categorically excluded from review under the National Environmental Policy Act (NEPA) pursuant to 24 CFR 58.34 (a)(1).

M/WBE AND SECTION 3 CONSIDERATIONS

Minority and Woman'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.

Approval to Amend Planning Coordinator Contract For The Twin Rivers – River
District/Railyards Choice Neighborhoods Initiative
Page 4

Respectfully submitted,

LA SHELLE DOZIER
Executive Director
Sacramento Housing and Redevelopment Agency

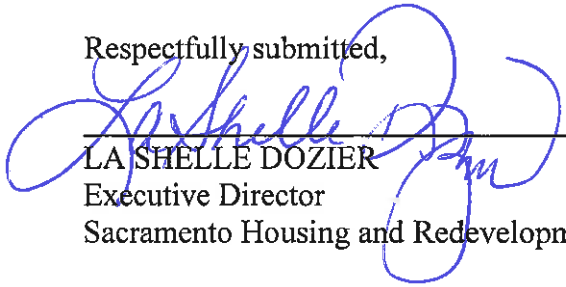
APPROVED

BRADLEY J. HUDSON
County Executive

Attachments:
RES – Housing Authority Board Resolution

Approval to Amend Planning Coordinator Contract For The Twin Rivers – River
District/Railyards Choice Neighborhoods Initiative
Page 4

Respectfully submitted,



LA SHELLE DOZIER
Executive Director
Sacramento Housing and Redevelopment Agency

APPROVED

BRADLEY J. HUDSON
County Executive

Attachments:

RES – Housing Authority Board Resolution

RESOLUTION NO. _____

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

ON DATE OF

**APPROVAL TO AMEND PLANNING COORDINATOR CONTRACT FOR THE TWIN
RIVERS – RIVER DISTRICT/RAILYARDS CHOICE NEIGHBORHOODS INITIATIVE
AND AUTHORIZATION TO AMEND BUDGET**

WHEREAS, the Housing Authority of the County of Sacramento (the “Authority”) was awarded a U.S. Department of Housing and Urban Development (HUD) Choice Neighborhoods Initiative (CNI) grant to develop a Neighborhood Transformation Plan (NTP) for the Twin Rivers - River District/Railyards neighborhood; and

WHEREAS, the Authority hired EJP Consulting Group, LLC to serve as the Planning Coordinator for the CNI grant and entered into a professional services contract for planning services in an amount not to exceed \$100,000; and,

WHEREAS, the Authority amended EJP Consulting Group, LLC on January 29, 2013 to add additional items to the scope of work and increase original contract by \$30,000 to compensate for the additional scope of work.

WHEREAS, the Authority previously allocated Mortgage Revenue Bond funds to the Twin Rivers – River District/Railyards Choice Neighborhoods Initiative Project to this activity and no further budget amendment is required by this action.

WHEREAS, the activity recommended is statutorily exempt pursuant to California Environmental Quality Act (CEQA) Guideline 15262 involving planning and feasibility studies for possible future actions which have not been approved by the Housing Authority’s governing board. These planning and feasibility activities are categorically excluded from review under the National Environmental Policy Act (NEPA) pursuant to 24 CFR 58.34 (a)(1).

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

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

Section 2: The Executive Director, or designee, is authorized to enter into Amendment #2 (Exhibit A) with EJP Consulting Group, LLC, for planning coordinator services for a total contract amount of \$160,154.

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 5th day of November 2013, by the following vote, to wit:

AYES: Members,
NOES: Members,
ABSENT: Members,
ABSTAIN: Members,

Chair of the Housing Authority
of Sacramento County, California

(SEAL)

ATTEST: _____
Clerk

AMENDMENT TO CONTRACT

Amendment No. 2

**Choice Neighborhoods Initiative Planning Grant
River District – Railyards Planning Area
EJP Consulting Group, LLC as Planning Coordinator**

Date	
------	--

AS OF THE ABOVE-WRITTEN DATE, AND IN CONSIDERATION OF THEIR MUTUAL OBLIGATIONS, THE "AGENCY" AND "CONTRACTOR" (DEFINED BELOW) ENTER INTO THIS "AMENDMENT" AND AMEND THE "CONTRACT" (DEFINED BELOW) AS FOLLOWS:

1. "Agency" is/are the following selected agency/agencies, which are public bodies, corporate and politic and which has/have the address of 801 - 12th Street, Sacramento, California 95814:

SELECT	AGENCY	SELECT	AGENCY
	Housing Authority of the City of Sacramento	X	Housing Authority of the County of Sacramento
	Sacramento Housing and Redevelopment Agency		

2. "Contractor" is the following:

EJP Consulting Group, LLC, Attn: Scott Jepsen, Partner 20201 21 st Place NW, Shoreline, WA 98177
--

3. "Contract" is that contract between Agency and Contractor dated:

Original Contract Date:	Contract Expiration Date (as last amended):
4/30/12	12/31/13

The Agency and Contractor agree that this Amendment is invalid if the term of the Contract has expired prior to the date of this Amendment.

4. "Funding Source" is the source of funding that the Agency is using to pay the Amendment to Contract payments. Contractor must comply with all requirements of the Funding Source, and each of them. Agency will cooperate with Contractor in determining the applicable requirements of the Funding Source. The Funding Source of this Amendment is :

Funding Source	CFDA#	Award #	Award Year	Jurisdiction	Amount
Mortgage Revenue Bonds				<input type="checkbox"/> Federal <input type="checkbox"/> State <input checked="" type="checkbox"/> Local	\$33,134

5. The contract is amended in the following respects:

- a) The total amount of the Contract is changed as follows:

Original Contract amount		\$100,000.00
Amendment 1	\$ 27,019.20	
Amendment 2	\$ 33,134.00	
Total of all Amendments	\$ 0.00	
The total of all Amendments is the following percentage of the Contract Price (Total of All Amendments/Contract Amount)	60%	
Total of Contract and Amendments		\$ 160,153.20

- b) The Scope of Work is amended as follows:

PERFORMING PARTY	TASK/OBLIGATION	"DEADLINE"
The following work is deleted from the original Scope of Work:		
	NA	
The following work is added to the original Scope of Work:		
Contractor	<p><u>Edit and finalize the Neighborhood Transformation Plan (NTP)</u> Edit and finalize the Executive Summary, Neighborhood Context, Neighborhood and Implementation Chapters of the NTP using SHRA information on governance structure, and data management for the short, mid, and long-term activities. EJP will provide any appendices for the Neighborhood Context chapter as appropriate.</p> <p><u>Develop additional neighborhood public safety strategy and homeless initiatives.</u> Working with the Sacramento Police Department, Sacramento Steps Forward, and others, EJP will prepare the draft Neighborhood Strategy using SHRA information. SHRA will assist editing and finalizing this chapter.</p> <p><u>Review, improve and strengthen work by others</u></p> <ul style="list-style-type: none"> • The People/Education Strategy section by Urban Strategies • Housing Strategy section prepared by MBS • Community Engagement section prepared by Cassandra Jennings • Transformation Plan once the sections have been approved by SHRA • Format each section of the Plan for team review • Format the final Transformation Plan once all edits have been completed • EJP will deliver to SHRA the original files as well as a PDF version of the Plan plus the Appendix. <p>Revise the Executive Summary document once the final plan is completed.</p>	

e) The "COMPLETION DATE" The term of the Contract is amended as follows:

The term of the Contract	Completion Date
<input type="checkbox"/> is not extended.	1/31/2014
<input checked="" type="checkbox"/> is extended to the following new Completion Date	

6. "Payment Schedule" for this Contract, by which schedule Agency must make payments under this Contract, is following:

SELECT ONE	DATE, TIME PERIOD OR PERFORMANCE TO BE COMPLETED AS CONDITION OF PAYMENT (Only one payment schedule is selected, the others not selected included):		MAXIMUM AMOUNT OF PERIODIC PAYMENT:
	Monthly payments, Payable	Date	Amount
	In the amounts and on the dates stated in Attachment ___ Payment		Stated in attachment
	According to the following Schedule of Tasks, periodic payment upon Contractor's completion of each respective task:		
			Amount

SELECT ONE	DATE, TIME PERIOD OR PERFORMANCE TO BE COMPLETED AS CONDITION OF PAYMENT (Only one payment schedule is selected, the others not selected included):	MAXIMUM AMOUNT OF PERIODIC PAYMENT:
X	As billed by Contractor, for work actually performed and services actually provided	According to the fees and rates stated in Attachment 1 Payment
	Allowed Reimbursable Expenses	Maximum Amount

Contractor shall not be reimbursed for expenses that are not specifically included in the Payment Schedule.

7. "Attachments" for this Amendment to Contract are the following, which are incorporated in this Amendment to Contract as if included in full in the body of this document: ATTACHMENT 1: PAYMENT

8. "Special Provisions" are the following provisions or additional recitals, which are a part of the contract only if approved by Agency counsel as indicated by the accompanying initials.

SPECIAL PROVISION	AGENCY COUNSEL

9. No rights, obligations or defaults of the parties are waived by this Amendment, except as expressly stated in this Amendment.

10. All other terms of the Contract shall remain the same.

Executed in Sacramento, California.

CONTRACTOR: EJP Consulting Group LLC

AGENCY: Housing Authority of the County of Sacramento

By:

By:

Scott Jepsen

LaShelle Dozier
Executive Director

Title: Partner

Date: _____

Date: _____

Approved as to form:

Agency Counsel

ATTACHMENT 1

PAYMENT

EJP RATE SHEET

EJP Labor Rates for 2013:

Scott Jepsen \$171.60 per hour

Nina Liou \$145.60 per hour

Kathy Carton \$124.80 per hour

AMENDMENT TO CONTRACT

Amendment No. 1

For
Choice Neighborhoods Initiative Planning Grant
River District – Railyards Planning Area
EJP Consulting Group, LLC as Planning Coordinator

Date

AS OF THE ABOVE-WRITTEN DATE, AND IN CONSIDERATION OF THEIR MUTUAL OBLIGATIONS, THE "AGENCY" AND "CONTRACTOR" (DEFINED BELOW) ENTER INTO THIS "AMENDMENT" AND AMEND THE "CONTRACT" (DEFINED BELOW) AS FOLLOWS:

1. "Agency" is/are the following selected agency/agencies, which are public bodies, corporate and politic and which has/have the address of 801 - 12th Street, Sacramento, California 95814:

SELECT	AGENCY	SELECT	AGENCY
	Redevelopment Agency of the City of Sacramento or its successor housing agency		Redevelopment Agency of the County of Sacramento or its successor agency
	Housing Authority of the City of Sacramento	X	Housing Authority of the County of Sacramento
	Sacramento Housing and Redevelopment Agency		

2. "Contractor" is the following:

EJP Consulting Group, LLC, Attn: Scott Jepsen, Partner
20201 21st Place NW, Shoreline, WA 98177

3. "Contract" is that contract between Agency and Contractor dated:

Original Contract Date:	Contract Expiration Date (as last amended):
4/30/12	12/31/13

The Agency and Contractor agree that this Amendment is invalid if the term of the Contract has expired prior to the date of this Amendment.

4. "Funding Source" is the source of funding that the Agency is using to pay the Amendment to Contract payments. Contractor must comply with all requirements of the Funding Source, and each of them. Agency will cooperate with Contractor in determining the applicable requirements of the Funding Source. The Funding Source of this Amendment is :

Funding Source	CFDA#	Award #	Award Year	Jurisdiction	Amount
Mortgage Revenue Bonds				<input type="checkbox"/> Federal <input type="checkbox"/> State <input checked="" type="checkbox"/> Local	\$27,019.20

5. The contract is amended in the following respects:

a) The total amount of the Contract is changed as follows:

Original Contract amount		\$100,000.00
Amendment 1	\$27,019.20	
Amendment 2	\$ 0.00	
Amendment 3	\$ 0.00	
Amendment 4	\$ 0.00	

Total of all Amendments	\$27,019.20	
The total of all Amendments is the following percentage of the Contract Price (Total of All Amendments/Contract Amount)	27%	
Total of Contract and Amendments		\$127,019.20

b) The Scope of Work is amended as follows:

PERFORMING PARTY	TASK/OBLIGATION	"DEADLINE"
The following work is deleted from the original Scope of Work:		
	N/A	
The following work is added to the original Scope of Work Under Task 4 Comprehensive Neighborhood Transformation Plan:		
Contractor	<p>EJP will review and provide technical comments on drafts of the Transformation Plan to be written by HACOS, McCormack Baron Salazar, Urban Strategies and Cassandra Jennings.</p> <p>EJP will also serve as the lead for the following elements of the Transformation Plan based upon the draft outline provided by HACOS:</p> <ul style="list-style-type: none"> • I. Executive Summary – all elements • VLB. Neighborhood Strategy - Current Neighborhood Conditions • VII. Implementation – all elements • NEW – Setting the Context – all elements <p>EJP will work with the other members of the team responsible for the other elements of the Transformation Plan – McCormack Baron Salazar, Urban Strategies, Cassandra Jennings, City of Sacramento, and HACOS – to ensure the seamless integration of all elements of the Plan. EJP also expects that HACOS will assist us with accessing any data collected by the City or County that may be of relevance and producing any needed graphics as the Transformation Plan is developed. HACOS and or a third party consultant will be responsible for final assembly, mapping, and lay out of the Transformation Plan.</p>	

c) The "COMPLETION DATE" The term of the Contract is amended as follows:

The term of the Contract	Completion Date
<input checked="" type="checkbox"/> is not extended.	12/31/13
<input type="checkbox"/> is extended to the following new Completion Date	

6. "Payment Schedule" for this Contract, by which schedule Agency must make payments under this Contract, is following:

SELECT ONE	DATE, TIME PERIOD OR PERFORMANCE TO BE COMPLETED AS CONDITION OF PAYMENT (Only one payment schedule is selected, the others not selected included):		MAXIMUM AMOUNT OF PERIODIC PAYMENT:
	Monthly payments, Payable		Date
	In the amounts and on the dates stated in Attachment ____ Payment		Stated in attachment
	According to the following Schedule of Tasks, periodic payment upon Contractor's completion of each respective task:		
			Amount
X	As billed by Contractor, for work actually performed and services actually provided		According to the fees and rates stated in Attachment <u>1</u> Payment
	Allowed Reimbursable Expenses		Maximum Amount

Contractor shall not be reimbursed for expenses that are not specifically included in the Payment Schedule.

7. "Attachments" for this Amendment to Contract are the following, which are incorporated in this Amendment to Contract as if included in full in the body of this document: ATTACHMENT 1: PAYMENT

8. No rights, obligations or defaults of the parties are waived by this Amendment, except as expressly stated in this Amendment.

9. All other terms of the Contract shall remain the same.

Executed in Sacramento, California.

CONTRACTOR: EJP Consulting Group, LLC

AGENCY:

By:

By:

Scott Jepsen

LaShelle Dozier
Executive Director

Title: Partner

Date: _____

Date: _____

Approved as to form:

Agency Counsel

ATTACHMENT 1

PAYMENT

EJP RATE SHEET

EJP Labor Rates for 2013:

Scott Jepsen \$171.60 per hour

Nina Liou \$145.60 per hour

Kathy Carton \$124.80 per hour



CONTRACT
For
Choice Neighborhoods Initiative Planning Grant
River District – Railyards Planning Area
EJP Consulting Group, LLC as Planning Coordinator

Effective Date: 4/30/12

AS OF THE ABOVE-WRITTEN "EFFECTIVE DATE", AND IN CONSIDERATION OF THEIR MUTUAL OBLIGATIONS, THE AGENCY AND CONTRACTOR (DEFINED BELOW) ENTER INTO THIS "CONTRACT" AND AGREE AS FOLLOWS:

1. "Agency" is/are the following selected agency/agencies, which are public bodies, corporate and politic, and which has/have the address of 801 12th Street, Sacramento, California 95814:

AGENCY	
<input type="checkbox"/> Redevelopment Agency of the City of Sacramento or its successor housing agency	<input type="checkbox"/> Redevelopment Agency of the County of Sacramento or its successor agency
<input type="checkbox"/> Housing Authority of the City of Sacramento	<input checked="" type="checkbox"/> Housing Authority of the County of Sacramento
<input type="checkbox"/> Sacramento Housing and Redevelopment Agency	

2. "Contractor" and Contractor's name and address for its principal place of business are the following:

Name	EJP Consulting Group, LLC, Attn: Scott Jepsen, Partner
Address	20201 21 st Place NW, Shoreline, WA 98177

Contractor is the following legal entity (select one):

<input type="checkbox"/> Sole Proprietor/Individual(s)	<input type="checkbox"/> Corporation	<input type="checkbox"/> Nonprofit Corporation	<input type="checkbox"/> General Partnership
<input checked="" type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Limited Liability Partnership	<input type="checkbox"/> Limited Partnership	<input type="checkbox"/> Other:

Contractor is organized in (select one):

<input type="checkbox"/> California	
<input checked="" type="checkbox"/> in the following state and is licensed to do its business in California	State Washington

3. "Funding Source" is the source of funding that the Agency is using to pay the Contract payments. Contractor must comply with each and every requirement of the Funding Source. Agency will cooperate with Contractor in determining the applicable requirements of the Funding Source. The Funding Source is :

Funding Source	CFDA#	Award #	Award Year	Jurisdiction	Amount
81 5518 4992	14.889	CA9A007CNB111	FY 2011	<input checked="" type="checkbox"/> Federal <input type="checkbox"/> State <input type="checkbox"/> Local	\$100,000
				<input type="checkbox"/> Federal <input type="checkbox"/> State <input checked="" type="checkbox"/> Local	
				<input type="checkbox"/> Federal <input type="checkbox"/> State <input type="checkbox"/> Local	

4. "Attachments" for this Contract are the following, which are incorporated in this Contract as if included in full in the body of this document:

ATTACHMENT NO. CHECK APPLICABLE BOX	DESCRIPTION OF ATTACHMENT (Attachments marked N/A or stricken are not included)
<input checked="" type="checkbox"/> 1	Contract Provisions (This Contract is <i>invalid</i> without the Contract Provisions attachment)
<input checked="" type="checkbox"/> yes #2 <input type="checkbox"/> no	Federal Requirements
<input type="checkbox"/> yes # <input checked="" type="checkbox"/> no	CDBG and Other Federal Requirements
<input checked="" type="checkbox"/> yes #3 <input type="checkbox"/> no	Payments
<input type="checkbox"/> yes # <input checked="" type="checkbox"/> no	General Conditions for Limited Construction Work (If this Contract is for construction work, it is <i>invalid</i> without the General Conditions for Limited Construction Work attached.)
<input type="checkbox"/> yes # <input checked="" type="checkbox"/> no	Attachment for Architectural Services (If this Contract is for architectural services, it is <i>invalid</i> without the Attachment for Architectural Services attached.)
<input checked="" type="checkbox"/> yes #4 <input type="checkbox"/> no	Scope of Work
<input checked="" type="checkbox"/> yes #5 <input type="checkbox"/> no	Choice Neighborhoods Planning Schedule

Unless expressly stated otherwise, the Attachments shall supersede any provisions of this Contract with which they conflict.

5. "Scope of Work" for this Contract is the following [This contract is *invalid* unless this section is completed. In addition to the Scope of Work here, there may be a detailed Scope of Work attached if that attachment is written by the Agency and the attachment must be in the same form as the following table, including all categories and tasks.]:

"PERFORMING PARTY"	"TASK/OBLIGATION":	"DEADLINE"
EJP	Planning Coordinator EJP Consulting Group, LLC will serve as the Planning Coordinator for the Housing Authority of the County of Sacramento (HACOS) for its FY 2011 Twin Rivers Choice Neighborhoods Planning Grant. In its capacity as Planning Coordinator, EJP will work closely with HACOS to provide technical assistance and coordination, to assist in the management of day-to-day activities of all planning team members to ensure that a coordinated and collaborative process will result in an impactful and feasible Transformation Plan for the Twin Rivers public housing development and the River District - Railyards target neighborhood. <u>Individual Tasks to be completed and Deliverables to be provided in accordance with this Contract are outlined in detail in Attachment 3, Scope of Work.</u>	December 31, 2013
EJP	Schedule It is anticipated that the Transformation Plan can be developed within a 18 month planning process as outlined in <u>Attachment 4, Choice Neighborhoods Planning Schedule</u> , with a goal of being completed in time for the 2013 Choice Neighborhoods Implementation Grant NoFA. It is expressly understood that the services hereunder must be completed within the 24 months of the award of the Choice Neighborhoods Grant.	December 31, 2013 (See Attachment 4 Choice Neighborhoods Planning Schedule)
EJP	"COMPLETION DATE": The date for completion of all of Contractor's Tasks/Obligations under this Contract	December 31, 2013
EJP	"BILLING DATE": Contractor must submit the final bill for all work under this Contract. Agency will not pay bills submitted after the Billing Date	January 31, 2014
Agency	"FINAL DATE": Agency must make final payment for all bills submitted in accordance with the terms of this Contract.	February 28, 2014

6. "Contract Price" is the maximum amount that the Agency is required to pay Contractor under this Contract. The Contract Price for this Contract is the following:

CONTRACT PRICE	\$100,000
-----------------------	------------------

7. "Payment Schedule" for this Contract, by which schedule Agency must make payments under this Contract, is following:

SELECT ONE	DATE, TIME PERIOD OR PERFORMANCE TO BE COMPLETED AS CONDITION OF PAYMENT (Only one payment schedule is selected, the others not selected included):		MAXIMUM AMOUNT OF PERIODIC PAYMENT:
	Monthly payments, Payable	Date	Amount
	In the amounts and on the dates stated in Attachment ___ Payment		Stated in attachment
	According to the following Schedule of Tasks, periodic payment upon Contractor's completion of each respective task:		
			Amount
X	As billed by Contractor, for work actually performed and services actually provided		According to the fees and rates stated in Attachment <u>3</u> Payment
	Allowed Reimbursable Expenses		Maximum Amount

Contractor shall not be reimbursed for expenses that are not specifically included in the Payment Schedule. Notwithstanding any other provision, reimbursable travel expenses shall not exceed the rates allowed by the Internal Revenue Service Standard Mileage Reimbursement and shall not include expenses for travel within a forty-five (45) mile radius from the Agency's place of business. Notwithstanding any other provision, reimbursable expenses shall not include any pro-rated overhead costs and expenses, facsimile or telecopier charges, copying costs (unless extraordinary and approved in advance by the Agency), courier charges, local and long distance telephone charges, and ordinary office and business supplies.

8. "Special Provisions" are the following provisions or additional recitals, which are a part of the contract only if approved by Agency counsel as indicated by the accompanying initials.

SPECIAL PROVISION	AGENCY COUNSEL

THIS CONTRACT IS EXECUTED in Sacramento, California as of the date first above written.

AGENCY: Housing Authority of the County of Sacramento
By:

CONTRACTOR: EJP Consulting Group, LLC
By:

Name:	La Shelle Dozier	Name:	Scott Jepsen
Title:	SHRA Executive Director	Title:	Partner
		Tax ID Number:	261850576

☐ Contractor must file a Conflict of Interest Statement with the Agency Clerk, unless this box is checked by the Agency signatory indicating that the Contractor is excluded from filing under the Agency Conflict of Interest Code.

CERTIFICATION OF AUTHORITY

I certify under penalty of perjury under the laws of the State of California that I am fully authorized to execute the attached document for Contractor in the capacity I have stated, and that such execution is sufficient to bind the Contractor. Executed in _____, California, on _____.

Contractor's Signatory

ATTACHMENT 1 CONTRACT PROVISIONS

1. **CONTRACT CONTENTS, PRECEDENCE AND DEFINITIONS.** This Contract consists of this Contract document and all of the Attachments named in this Contract. Except for matters required by law or expressly stated otherwise, the provisions of the attachments supersede any provisions of the body of this Contract with which they conflict. Unless otherwise defined in this Attachment 1, capitalized terms shall have the definitions stated in this Contract.

2. **SCOPE OF WORK.** Notwithstanding the wording of the Scope of Work, unless a Task/Obligation is expressly described in the Scope of Work as one that is not mandatory, each Task/Obligation described in the Scope of Work is the mandatory obligation of the Performing Party, and it must be completed on or before its respective Deadline. As the context indicates the Task/Obligation must be performed at or delivered to the Location stated in the Scope of Work.

3. **CONTRACT TERM AND TIME OF PERFORMANCE.** The "Contract Term" shall begin on the date of this Contract and shall end at 5:00 p.m. on the Final Date or upon completion of all services, whichever shall first occur. The Final Date is the date for completion of all obligations of the parties under this Contract.

a) Certain of the Contract requirements, as expressly stated in this Contract, shall survive the completion or termination of this Contract.

b) The Contractor acknowledges that Contractor is not entitled to compensation for any work done or costs incurred prior to the date of this Contract or subsequent to the Completion Date. This contract cannot be revived, amended or extended by agreement made after the Final Date.

4. **COMPENSATION, REIMBURSEMENT AND METHOD OF PAYMENT.** Notwithstanding any other provision of this Contract, the parties agree that the total compensation and reimbursement for all services and expenses required during the term of this Contract shall not exceed the Contract Price. Agency shall pay the Contractor in the amounts and at the times specified in the Payment Schedule. Agency is not obligated to make any payment under this Contract for work Contractor has not yet performed or goods not delivered. Agency is not obligated to make any payment under this Contract for so long as Contractor is in material default of this Contract. Except as specified in writing in this Contract, Agency is not obligated or liable under this Contract to any party other than the Contractor.

5. **INSURANCE COVERAGE REQUIREMENTS.** During the Contract Term, Contractor must maintain the following insurance coverage from insurance providers licensed to do business in California and having an industry rating that is reasonably acceptable to Agency. Failure to maintain the required insurance is a material breach of this Contract. Before beginning any work under this Contract, Contractor must provide Agency with certificates of insurance or copies of the insurance policies demonstrating the required coverage, and the required endorsements naming Agency as an additional insured. Contractor must assure that such certificates and endorsements are in a form reasonably acceptable to the Agency and reflect fulfillment of all of the requirements of this Contract. Contractor must assure that the coverage afforded under the policies can only be canceled after thirty (30) days prior written notice to the Agency of the pending cancellation. Contractor must mark such notice to the attention of the Agency's Procurement Services Office at the following address:

SACRAMENTO HOUSING & REDEVELOPMENT AGENCY
801 12th Street – Procurement Services (PS)
Sacramento, California 95814

a) The required insurance coverage is the following: (i) One Million Dollars (\$1,000,000) or more of comprehensive general liability coverage including, without limitation, coverage for contractual liability, public liability and property damage and having a deductible of Twenty-five Thousand Dollars (\$25,000) or less; (ii) if motor vehicles are used in connection with this Contract, Three Hundred Thousand Dollars (\$300,000) or more of automobile liability coverage having a deductible of Five Thousand Dollars (\$5,000) or less; and statutory limits or more of workers compensation coverage for all employees of Contractor and all others doing Contract work. The general liability and automobile policies shall be endorsed to name the Agency as an additional insured.

b) Cancellation: Contractor will provide the Agency with the cancellation clause and/or any amendatory endorsements that modify or change the policy cancellation clause of the insurance policies in force. It is the Contractor's

responsibility to notify the Agency of any notice of cancellation, non-renewal or non-payment of premium in accordance with your policy provisions. In the event insurance is cancelled or not renewed, the Contractor shall notify the Agency within forty eight (48) hours of such cancellation or non-renewal.

 Contractor's Initials

c) Contractor is in material breach of this Contract for so long as Contractor fails to maintain all of the required insurance. Agency has the right, but not the obligation, to pay any delinquent insurance premiums and any other charges to reinstate or maintain the required insurance policies and coverage. Upon Agency's demand, Contractor must immediately reimburse Agency for any and all costs incurred by Agency in so obtaining or maintaining insurance. If Agency does incur such costs, Agency shall have the right to withhold such amount from any payment due to Contractor under this Contract and to reduce the compensation payable to Contractor under this Contract by such amount.

6. BILLING PROCEDURES AND CONDITIONS. Agency must make the payments due under this Contract, as provided in Part I, subject to the following provisions.

a) Agency must pay the Contract Price to Contractor for performance of Contractor's obligations under this Agreement, or so much of the Contract Price as may be due for services actually performed and materials actually supplied by Contractor under this Contract. Agency must make such payments within thirty (30) days following delivery by Contractor to Agency of invoices stating the amount then due and specifying the services performed for which payment is due. Agency is not required to make such payment more frequently than specified as the Time for Payment. Contractor will not be paid for expenses or overhead as separate items of cost unless such items are specifically listed in the Payment Schedule, and then not to exceed the amounts so provided. In any event, Agency is not required to pay Contractor a total amount for goods, services and expenses which exceed the Contract Price.

b) Contractor may make requests for payment, after the Completion Date and through the Billing Date, for services performed or materials provided to the Contract work on or before the Completion Date. The Agency shall make payments due under this Contract on or before the Final Date.

c) As a condition for payment, Contractor must submit billing statements, in duplicate, not less than ten (10) business days before the date of a requested payment. Such billing statements shall specify the dates on which the work was performed; the nature of the work performed; the percentage of the total work performed; the name of the individual performing each element of the work; the respective hourly billing rates; a list of all expenses for which reimbursement is sought; and the requested payment date.

d) Within ten (10) days following a written request received from Agency, Contractor must provide a bill to Agency for all work done as of the request date. Agency is entitled to make similar requests at intervals of not less than thirty (30) days following the initial request.

7. INDEMNIFICATION. Contractor shall indemnify, save harmless and defend, to the fullest extent permitted by law, the Housing Authority of the City of Sacramento, the Housing Authority of the County of Sacramento, the Redevelopment Agency of the City of Sacramento, the Redevelopment Agency of the County of Sacramento, the Sacramento Housing and Redevelopment Agency, the City of Sacramento and the County of Sacramento, their respective officers, directors, commissioners, advisory committee members, agents, and employees from liability, claims, demands, attorney's fees or litigation and related costs, including without limitation, court costs and investigator, witness, arbitrator and mediator fees, for any injury or damages to persons or property resulting from Contractor's prosecution of work under the Contract, or otherwise related to this Contract, whether caused, in whole or part, by an intentional act, negligent act or omission by Contractor, its officers, employees, or agents.

8. NO WAIVER OF RIGHTS AND REMEDIES. Agency's failure, at any time, to object to any breach of covenant or obligation, to any failure of performance, or to any other default on the part of the Contractor shall not constitute a continuing waiver of subsequent breaches or defaults. Agency's making of any payment to the Contractor shall not, under any circumstances, be considered as a waiver by Agency. Agency's making of any payment while any breach or default by Contractor exists shall in no way impair any right or remedy available to Agency related to such breach or default, including without limitation, the right to withhold future payments.

9. **HIRING OF OTHERS.** Unless consultants, specialists, experts or other third parties are listed in the Scope of Work, Contractor must not employ any of them or incur any obligation to pay any of them for services performed under this Contract without the prior written approval of Agency. Agency's written approval shall not create any obligation of the Agency with regard to any such third party. Contractor has no authority to, and must not purport to, employ, hire or contract with any such third party as agent of the Agency or otherwise on behalf of Agency.

10. **TERMINATION OF CONTRACT FOR CAUSE.** If either party fails to fulfill its obligations under this Contract in a timely and proper manner or violates any of the covenants, agreements, or stipulations of this Contract, and if such failure or violation is material and substantial, the other party shall have the right to terminate this Contract by written notice to the defaulting party.

a) If Contractor defaults and Agency terminates the Contract, all finished or unfinished work, products, documents, electronic media, data, studies, artwork, renderings, models, software programs, and reports prepared by Contractor under this Contract shall, at the option of Agency, become property of the Agency, upon payment to Contractor of just and equitable compensation for such work which is completed and which is reasonably satisfactory to Agency. Agency's exercise of its option to own such properties does not relieve Contractor of liability to Agency for damages on account of Contractor's default, and Agency may withhold any payments to Contractor for the purpose of setoff until such time as the exact amount of damages due Agency from Contractor is determined.

b) If Agency defaults and Contractor terminates the Contract, upon Contractor's submission of the billings and receipts required by this Contract, Agency must pay to Contractor an amount which bears the same ratio to the total compensation under this Contract as the services actually performed by Contractor bear to the total services of Contractor covered by this Contract, less payments of compensation previously made. (By way of example if the work is eighty percent complete, Agency must pay eighty percent of the compensation less any amounts previously paid for the work.) In addition, Agency must reimburse Contractor for all unreimbursed expenses that are reimbursable under this Contract upon Contractor's submission of the billings and receipts required by this Contract for reimbursement. If less than fifty percent (50%) of the services covered by this Contract have been performed as of the termination date, Agency must also pay Contractor for that portion of the actual out-of-pocket expenses incurred by Contractor during the Contract period which are directly attributable to the uncompleted portion of the services covered by this Contract.

11. **TERMINATION FOR CONVENIENCE OF AGENCY.** Agency may terminate this Contract, at any time and without cause, by a notice in writing from Agency to Contractor. Upon such termination, Agency must pay Contractor the same amounts as Agency would have paid under Section 10.b) as a termination for Agency default.

12. **CHANGES.** Agency may, from time to time, request changes in the Scope of Work to be performed by Contractor. Such changes, including any increase or decrease in Contractor's compensation, must be by written amendment to this Contract executed in advance by Agency and Contractor.

13. **PERSONNEL, FACILITIES AND EQUIPMENT.** Contractor represents that he has, or will, secure at his own expense all personnel, facilities and equipment required in performing the services under this Contract. Such personnel must not be Agency employees or have any contractual relationship with Agency, except with Agency's prior written approval.

a) All the services required under this Contract will be performed by Contractor or under his supervision and all personnel engaged in the work shall be fully qualified and shall be authorized or permitted under state and local law to perform such services.

b) No person who is serving sentence in a penal or correctional institution shall be employed on work under this Contract.

14. **SUBCONTRACTING.** Contractor must not enter into any subcontract for performance of the services covered by this Contract without the prior written consent of Agency. In any event, Contractor shall be as fully responsible to Agency for the acts and omissions of his subcontractors and of persons either directly or indirectly employed by them, as he is for the acts and omissions of persons directly employed by him. In any event, Contractor must insert in each subcontract appropriate provisions requiring compliance with the labor standards provisions, insurance and other relevant provisions of this contract.

15. EQUAL EMPLOYMENT OPPORTUNITY REQUIREMENTS. During the performance of this Contract, Contractor agrees as follows:

a) Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by Agency setting forth the provisions of this nondiscrimination clause.

b) Contractor will, in all solicitations or advertisements for employees placed by or on behalf of Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

16. INTERESTS OF OFFICIALS. No member of the governing body of Agency, and no other officer, employee or agent of Agency who exercises any functions or responsibilities in connection with the carrying out of the project to which this Contract pertains, shall have any personal interest, direct or indirect, in this Contract. No member of the governing body of the locality in which the project is situated, and no other public official of such locality, who exercises any functions or responsibilities in the review or approval of the carrying out of the project to which this Contract pertains, shall have any personal interest, direct or indirect, in this Contract. If federal funds are expended by the Agency for this Contract, no member of or delegate to the Congress of the United States, and no Resident Commissioner, shall be admitted to any share or part of this Contract or to any benefit arising from this Contract. Contractor covenants that he presently has no interest and shall not acquire any interest, direct or indirect, in any portion of the project to which this Contract pertains, or any other interest which would conflict in any manner or degree with the performance of his services under this Contract. Contractor further covenants that in the performance of this Contract no person having any such interest shall be employed by Contractor.

17. CONFLICTS OF INTEREST STATEMENT. Contractor shall, upon Agency request, complete and submit a conflict of interest statement to the Agency in form approved by the Agency.

18. MONITORING AND REPORTING. Agency may monitor the adequacy of Contractor's performance in any manner which Agency deems most effective. Contractor must cooperate with Agency in such monitoring. If requested by the Agency staff, in writing, Contractor must provide Agency with detailed reports outlining the most current status involving all Agency activities and projects being handled by Contractor. Such reports may be required no more often than monthly. Agency shall have the right to audit such reports, including the right to review all records of Contractor related to such reports.

19. OWNERSHIP OF PROFESSIONAL AND TECHNICAL INFORMATION. All professional and technical information, in the form of original designs, drawings, data, computations, specifications, report texts, estimates, writings, artwork, renderings, models, software programs, and any other material, data and information collected or developed in connection with the work under this Contract, and all original documents shall be forwarded to and become the sole property of Agency. Neither Contractor nor any of its associates or consultants shall have any rights or interest in such information, documents and material. Contractor and its associates and consultants may retain such copies or reproductions, at their expense, of the original documents as necessary for their files, records and reference.

20. NO INTELLECTUAL PROPERTY RIGHTS OR ARTIST'S RIGHTS IN CONTRACT WORK. In any event, without the prior written approval of the Agency, Contractor and any person or entity acting on behalf of Contractor shall not obtain nor have, and expressly waives, any rights, in law or in equity, in any intellectual property developed in furtherance of this Agreement, including without limitation, copyright, trademark, service mark, patent or rights of an artist in a work of art. Artists preparing any artwork under this Agreement waive any rights to notice or to take any action regarding the use, removal, relocation or destruction of any artwork so prepared. Contractor represents and acknowledges that Contractor has or shall obtain such waivers in writing for all persons or entities doing work under this Agreement.

21. COMPLIANCE WITH LAWS. Contractor must comply with all applicable laws, ordinances and codes of the federal, state and local governments, and must commit no trespass on any public or private property in performing any of the work embraced by this Contract.

22. ASSIGNABILITY. Contractor is prohibited from assigning and waives all rights to assign or transfer any interest in this Contract without the prior written approval of Agency. Any purported assignment of any of Contractor's rights and obligations under this Contract without the prior written consent of the Agency is a breach of this Contract.

23. AGENCY COOPERATION. Agency will reasonably cooperate with Contractor regarding this Contract. As and when requested by Contractor, Agency will furnish to Contractor any and all pertinent information which Agency may possess during the time of performance of Contractor's duties under this Contract.

24. CONFIDENTIALITY. All information prepared or assembled by the Contractor under this Contract is confidential. Contractor must not make this information available to any individual or organization without the prior written approval of Agency. Contractor must immediately forward to Agency all requests for information related to this Contract made by a third party to Contractor. Contractor must not disclose or permit the disclosure of any confidential information of the Agency, except to its agents, employees and other consultants, approved by Agency, who need such confidential information for the proper performance of their duties related to this Contract or on behalf of the Agency.

25. CONTRACTOR'S STATUS. Contractor for all purposes under this Agreement is an independent Contractor and must maintain any and all licenses required by law for the performance of Contractor's obligations under this Contract. Except as expressly stated in this Contract, Agency is prohibited from directing the methods of Contractor's work under this Contract, requiring Contractor's use of an Agency office for Contractor's performance or setting regular working hours for Contractor or Contractor's employees.

26. CONTRACT CONSTRUCTION AND ENFORCEABILITY. The existence, validity, construction and operation of this Contract, and all its representations, terms and conditions shall conform to the laws of the State of California, exclusive of its conflicts of law rules. Throughout this contract, the use of singular and plural forms, or the various gender forms, shall each include the other as the context may indicate. If any provision of this Contract is held in whole or in part to be unenforceable for any reason, the remainder of that provision and the entire Contract will be severable and remain in effect.

27. NOTICES. Any notices, bills, invoices, or reports required by this Contract shall be sufficient if sent by the parties in the United States mail, postage paid, to the address of the other party as indicated in this Contract.

28. ENTIRE CONTRACT. This Contract contains the entire agreement of the parties. No other agreement, statement or promise made on or before the date of this Contract will be binding on the parties. No changes to this Contract are valid unless they are made by written amendment duly executed by the parties.

29. VENUE. Unless otherwise agreed in writing by the parties, the venue for all actions related to this Contract is Sacramento County, California.

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ATTACHMENT 2

FEDERAL REQUIREMENTS

The following provisions shall be applicable to this Agreement and binding on Contractor and Agency only if all or part of the funds to be paid for work performed under this Agreement are provided by the United States Department of Housing and Urban Development (other than Community Development Block Grant funds) or some other funding program of the federal government. In the event of a dispute as to the applicability of any of the following provisions to Contractor's work under this Contract, Agency's decisions shall be final.

1. **ANTI-KICKBACK RULES.** Monthly, or more often, Contractor must, without condition, pay the salaries of architects, draftsmen, technical engineers and technicians performing work under this Contract. Such payments shall be made without deduction or rebate, excepting only such payroll deductions as are mandatory by law or permitted by applicable regulations issued by the Secretary of Labor pursuant to the "Anti-Kickback Act" of June 13, 1937 (48 Stat. 948; 62 Stat. 740; 63 Stat. 108; Title 18 U.S.C., Section 874; and Title 40 U.S.C., Section 276(C)). Contractor shall comply with all applicable "Anti-Kickback" regulations and shall insert appropriate provisions in all subcontracts covering work under this Contract to insure compliance by subcontractors with such regulations. Contractor shall be responsible for the submission of affidavits required of subcontractors under this Contract, except for such variations or exemptions as the Secretary of Labor may specifically allow.

2. **WORK HOURS.** Contractor must comply with the provisions of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333) and must cooperate with Agency in implementing and enforcing the provisions of such Act. Among other requirements of the act, Contractor must pay not less than one and one-half times the basic rate of pay for the work of Contractor's employee in excess of eight hours in one day or forty hours in one week, in the performance of this Contract. Contractor must insert appropriate provisions in all subcontracts covering work under this Contract to insure compliance with such Act. Contractor must meet and cooperate with Agency's Labor Compliance officer to assure compliance with such Act.

3. **WITHHOLDING OF SALARIES.** If, in the performance of this Contract, there is any underpayment of salaries by Contractor or by any subcontractor, Agency must withhold from Contractor out of payments due to him any amount sufficient to pay employees underpaid the difference between the salaries required under this Contract to be paid and the salaries actually paid such employees for the total number of hours worked. The amounts withheld shall be disbursed by Agency for and on account of Contractor or subcontractor to the respective employees to whom they are due.

4. **CLAIMS AND DISPUTES PERTAINING TO SALARY RATES.** Claims and disputes pertaining to salary rates or to classification of architects, draftsmen, technical engineers and technicians performing work under this Contract must be promptly reported in writing by Contractor to Agency for the latter's decision which shall be final with respect thereto.

5. **EQUAL EMPLOYMENT OPPORTUNITY REQUIREMENTS.**

i. Contractor will send to each labor union or representative of workers with whom he has a collective bargaining agreement or other contract or understanding, a notice to be provided by Agency, advising the labor union or workers' representative of Contractor's commitments under Section 202 of Executive order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

ii. Contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.

iii. Contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records and accounts by Agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

6. **CONTRACTUAL REQUIREMENTS: "SECTION 3 CLAUSE".** The following is applicable to all contracts related to the project which is the subject of this Contract.

i. The work to be performed under this Contract is on a project assisted under a program providing direct federal financial assistance from the Department of Housing and Urban Development and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u. Section 3 requires that to the greatest extent feasible, opportunities for training and employment be given to lower income residents of the project area and contracts be awarded to business concerns which are located in, or owned in substantial part by persons residing in, the area of the project.

ii. The parties to this Contract will comply with the provisions of said Section 3 and the regulations issued pursuant thereto by the Secretary of Housing and Urban Development set forth in 24 CFR 135, and all applicable rules and orders of the Department issued thereunder prior to the execution of this Contract. The parties to this Contract certify and agree that they are under no contractual or other disability which would prevent them from complying with these requirements.

iii. Contractor will send to each labor organization or representative of workers with which he has a collective bargaining agreement or other contract or understanding, if any, a notice advising the said labor organization or workers' representative of his commitments under this Section 3 Clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment or training.

iv. Contractor will include this Section 3 Clause in every subcontract for work in connection with the project and will, at the direction of the applicant for or recipient for federal financial assistance, take appropriate action pursuant to the subcontract upon a finding that the subcontractor is in violation of requirements issued by the Secretary of Housing and Urban Development, 24 CFR Part 135. Contractor will not subcontract with any subcontractor where it has notice or knowledge that the latter has been found in violation of regulations under 24 CFR Part 135, and will not let any subcontract unless the subcontractor has first provided it with a preliminary statement of ability to comply with the requirements of these regulations.

v. Compliance with the provisions of Section 3. The regulations set forth in 24 CFR Part 135, and all applicable rules and orders of the Department issued thereunder prior to the execution of this Contract, shall be a condition to the federal financial assistance provided to the project, binding upon the applicant or recipient for such assistance, its successors and assigns. Failure to fulfill these requirements shall subject the applicant or recipient, its contractors and subcontractor, its successors and assigns, to those sanctions specified by the grant or loan agreement or contract through which federal assistance is provided, and to such sanctions as are specified by 24 CFR Part 135. In order to comply with the Section 3 requirements, the bidder must indicate along with his bid, what affirmative action processes he has used in soliciting bids from business concerns listed on the Registry. Forms for the bidders' use are included in the Project Manual. These completed Section 3 Affirmative Actions forms must be submitted with the proposal.

vi. Good Faith Effort. Each Contractor or subcontractor undertaking work in connection with a Section 3 covered project must fulfill his obligation to utilize lower income project area residents as employees to the greatest extent feasible by:

- (1) Identifying the number of positions in the various occupational categories including skilled, semi-skilled, and unskilled labor, needed to perform each phase of the Section 3 covered project;
- (2) Identifying the positions described in Paragraph (1) of this Section, the number of positions in the various occupational categories which are currently occupied by regular, permanent employees;
- (3) Identifying the positions described in Paragraph (1) of this Section, the number of positions in the various occupational categories which are not currently occupied by regular permanent employees;
- (4) Establishing the positions described in Paragraph (3) of this Section, a goal which is consistent with the purpose of this subpart within each occupational category of the number of positions to be filled by lower income residents of the Section 3 covered project area; and
- (5) Making a good faith effort to fill all of the positions identified in Paragraph (4) of this Section with lower income project area residents.

7. DAVIS-BACON ACT. Unless expressly indicated otherwise in this Contract, if this Contract is for construction, alteration, or repair (including painting and decorating) of public buildings or public works, Contractor must comply with the provisions of the Davis-Bacon Act (40 U.S.C. 276a - 276a-5) and all rules, regulations and orders promulgated under said Act. Among other provisions, said act establishes minimum wages and fringe benefits; prohibits deductions or rebates from payments; provides for the withholding of funds to assure compliance with wage provisions; and provides for the termination of this Contract and debarment of the Contractor for failure so to comply.

8. CONFLICT OF INTEREST. No member, officer or any employee of Contractor, or its designees or agents, who exercises any functions or responsibilities with respect to the program during his tenure or for one (1) year thereafter, shall have an interest, direct or indirect, in any contract or its proceeds, for work to be performed in connection with the program assisted under this Contract. Contractor must incorporate, or cause to be incorporated, in all subcontracts a provision prohibiting such interest pursuant to the purposes of this Section.

9. DISCRIMINATION BECAUSE OF CERTAIN LABOR MATTERS. No person employed on the work covered by this Contract shall be discharged or in any way discriminated against because he has filed any complaint or instituted or caused to be instituted any proceeding or has testified or is about to testify in any proceeding under or relating to the labor standards applicable to his employer under this Contract.

10. RECORDS. Contractor must keep all necessary books and records, including loan documentation and financial records, in connection with the operation and services performed under this Agreement, in accordance with the provisions of OMB Circular No. A-102 Attachment G (as amended), and must document all transactions as Agency may properly audit all expenditures made pursuant to this Contract. Contractor must maintain and preserve all records related to this Contract in its possession for a period of three (3) years from the effective date of this Contract, unless otherwise directed by Agency. All books, records and accounts kept by Contractor in connection with the performance of this Contract shall be made available for inspection by representatives of the federal government and/or Agency staff as required to monitor or audit the program.

11. DRUG FREE WORKPLACE. Contractor must comply with the Drug-Free Workplace Act of 1988 (final rule published on May 25, 1990) and Agency's policies and rules promulgated under the Act. Contractor must obtain such policies and rules from the Agency

12. OTHER FEDERAL REQUIREMENTS. Agency must provide Contractor with all relevant program information regarding the federal programs having jurisdiction over this Contract. Agency must assist Contractor in the interpretation of the requirements of such programs. Contractor shall be considered to be familiar with the requirements of such programs and shall comply with such requirements.

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ATTACHMENT 3

PAYMENT

EJP RATE SHEET

EJP Labor Rates for 2012:

Gayle Epp	\$180 per hour
Scott Jepsen	\$165 per hour
Rhae Parkes	\$150 per hour
Eric Novak	\$150 per hour
Nina Liou	\$140 per hour
Kathy Carton	\$120 per hour
Emily Holt	\$95 per hour

These labor rates are in effect until December 31, 2012. Subsequent year hourly rates will be increased by 4% annually. Travel and third party reimbursables are billed with a 10% administrative fee.

ATTACHMENT 4

SCOPE OF WORK

PLANNING COORDINATOR FOR CHOICE NEIGHBORHOODS PLANNING PROCESS

EJP Consulting Group, LLC will serve as the Planning Coordinator for the Housing Authority of the County of Sacramento (HACOS) for its FY 2011 Twin Rivers Choice Neighborhoods Planning Grant. In its capacity as Planning Coordinator, EJP will work closely with HACOS to provide technical assistance and coordination, to manage the day-to-day activities of all planning team members to ensure that a coordinated and collaborative process will result in an impactful and feasible Transformation Plan for the Twin Rivers public housing development and the River District - Rallyards target neighborhood. The following outlines a projected 18 month planning process.

Task 1: Comprehensive Resident and Community Engagement Process

EJP will provide guidance to SHRA who will oversee the implementation of a multi-faceted community engagement process, building upon the highly successful River District Specific Plan community engagement process. EJP will support the resident and community engagement process through the review of materials to be distributed, provision of technical information to support decision-making, and appraise the reports and recommendations coming from each of the following groups with suggestions on how to build local capacity:

1. **Transformation Steering Committee (TSC).** Comprised of high profile community leaders with effective track records in designing and/or overseeing cross-agency transformation initiatives. The TSC will meet regularly with the Housing, People, Education and Neighborhood Task Forces to coordinate and ensure the emerging plans and programs address the identified issues and gaps in resources. EJP will provide support to HACOS to finalize membership and outline roles and responsibilities of the TSC.
2. **Housing, People, Education and Neighborhood Task Forces.** Each Task Force will be charged with analyzing the specific needs associated with their component and proposing programs and initiatives to overcome historic obstacles to meaningful and sustainable change in the past. EJP will provide support to HACOS to finalize membership and outline roles and responsibilities of the Task Force members.
3. **Residents of the Twin Rivers public housing development.** EJP will provide guidance on HUD regulations and share relocation best practices from other localities, which includes ensuring residents are actively engaged in developing the housing program and the design process, and receive training regarding mixed-income communities, how to read plans, and the importance of designing 'green' and energy efficient housing.
4. **Community Charrettes (or workshops).** These public forums will build off of the Inclusive River District Specific Plan, which provided numerous opportunities for community input and information dissemination including visioning workshops, one-on-one interviews, classroom style presentations, and targeted sessions on specific topics and stakeholder groups, to continue the community engagement process as it moves toward implementation planning. The Choice Neighborhoods charrettes will be scheduled at three key points in the planning process to provide information and seek broad public input on the neighborhood transformation plan as it develops. Task Force chairs will present key information and assessment findings in the early charrettes for community confirmation and input, followed by specific program and investment ideas for housing, services, education programs, and neighborhood improvements in later charrettes. The charrettes will include public presentations, break-out groups to encourage community dialogue, report-outs back to the larger forum, as well as dissemination of best practices most relevant to the challenges, assets and identified priorities of the targeted neighborhood. EJP will provide support and guidance regarding community engagement strategies and meeting facilitation including charrette design and format for effective resident and stakeholder engagement and information sharing. The proposed charrette structure follows:

Community Charrette #1: Community Needs Assessment and Engagement

This community workshop will feature a presentation of demographic data and trends, resident needs, availability (or lack) of services, and neighborhood assets. The meeting format will be interactive, enabling the public and community stakeholders to ask questions and provide input and to encourage engagement in the process. Participants will be asked to discuss the needs assessment, identify additional obstacles to neighborhood revitalization, and prioritize those problems most salient to the targeted neighborhood.

Community Charrette #2: Transformation Strategies for Housing, People, Education and Neighborhood

Each of the Task Forces will present preliminary strategies and approaches to addressing their specific area of expertise, based on the community needs assessment, best practices nationwide, and assets in the River District - Railyards neighborhood including institutions, services and programs, public facilities, TOD opportunities, educational opportunities, health services, etc. Community feedback will provide guidance on the type and adequacy of the strategies to transform the targeted neighborhood. This workshop will also focus on best practices from other localities that have had measurable success in planning for and sustaining community transformations – at the resident, housing, neighborhood, and especially education levels. The best practices will be selected to address the priority problems and challenges identified in the needs assessment, with a focus on developing innovative partnerships that enhance residents' quality of life.

Community Charrette #3: The Transformation Plan

The final charrette will focus on the comprehensive neighborhood Transformation Plan (as informed by input from Charrette #2) that will identify the key initiatives for change and will include housing development (ensuring one-for-one replacement), programs to improve resident quality of life and economic self-sufficiency, neighborhood infrastructure improvements, etc. An action plan will also be presented which identifies financial resources, responsible implementing agencies, and a schedule for measuring key milestones.

DELIVERABLE(S): After each Community Charrette, HACOS staff will provide EJP written summaries based on their interaction and dialogue with charrette participants. EJP shall review and consolidate this information and provide HACOS with a written summary of the results, findings and feedback from community residents and stakeholders. This summary will include recommendations for follow-up, addressing any gaps in information, and preparation for future resident/stakeholder meetings.

5. **Website and Information Dissemination.** EJP will work with HACOS and its partners to run an open and transparent planning process; keep residents and the community informed; and provide a range of opportunities for input and engagement. EJP will work with HACOS to utilize its website for posting key project information and meeting summaries; for soliciting public comment; and for announcing key events in advance.

Task 2: Set the Context and Undertake a Community Needs Assessment

EJP will provide counsel to SHRA on conducting a comprehensive needs assessment of the River District - Railyards community which will form the basis for the development of a needs-based, asset-driven Transformation Plan. Specific assessments include the following:

1. **Conduct a detailed resident needs survey of residents occupying the targeted site (Twin Rivers).** This household level information will be used to determine preferences for replacement units, relocation needs, existing services utilization and gaps, and key health and education needs for all age groups. Residents will be surveyed using a well-tested resident survey instrument that is designed to identify the community and supportive services needs of residents of the targeted site. Subtasks will include design of the survey instrument (in consultation with the Task Forces and residents), administration of the survey form and collection of completed surveys, and data entry and analysis using a database program. A local non-profit will take the lead on administering the survey and one of the local universities will undertake the analysis of the survey data. EJP will also identify a variety of methods for involving children and youth in the planning process which could include using a photography exercise to engage them in an assessment of their current environment; utilizing them to conduct community surveys or public facilities utilization counts; holding separate design meetings with teens; etc.

2. **Community asset mapping exercise.** ULI-Sacramento will undertake an analysis of the River District - Railyards neighborhood to assess its assets and liabilities. The analysis will cover land use patterns, zoning, flood zones, infrastructure needs, property ownership, crime and code violations, and an economic/market profile. A detailed assessment of vacant and deteriorated housing; public/private institutions and amenities including banks, health clinics, grocery/drug stores; transportation to key services and labor markets; child care and educational facilities from cradle through college; anchor institutions; existing subsidized housing in the neighborhood, its condition and income mix; parks and recreation opportunities; etc. will be also be undertaken under the Choice Neighborhoods planning process. This mapping exercise will focus on services and amenities most important to low income households at Twin Rivers and in the surrounding neighborhood. This information will serve as a baseline assessment for the determination of measurable outcomes. EJP will review and provide guidance on the scope of services for the community asset mapping exercise to be prepared by ULI.
3. **Services gap analysis.** EJP will assist in design of the assessment tools mentioned above and the implementation methods used in order to provide a written analysis focusing on the existing services and assets in the neighborhood ranging from educational and health services to training and workforce development to financial management and self-sufficiency programs. This list of existing services shall be compared to resident needs to develop a detailed gap analysis which will serve as the basis for developing the People (and Education) component of the Transformation Plan.

DELIVERABLE(S): EJP shall provide to HACOS a written Services Gap Analysis report.

4. **Conduct market studies for targeted residential and non-residential projects.** Specialized market analysts will assess both the neighborhood and Twin Rivers site characteristics and suitability; identify demand for both rental and for-sale product by income level, for both new development and rehab of existing housing in the neighborhood; provide a comparability review of recent, under-construction and planned development activity; and identify/quantify demand for commercial/retail facilities. EJP will review the scopes of services for these market assessments that are to be prepared by SHRA.
5. **Inventory potential funding sources for transformation activities.** EJP will provide guidance to HACOS on federal, state and local funding opportunities that can be leveraged for the Transformation Plan. Key opportunities to be explored include programs for green and energy-efficient development, transit-oriented development, crime prevention, workforce development, etc. EJP will also assist HACOS with identifying potential sources of public and private funds for the rental units, for-sale units, economic development, and non-residential facilities.
6. **Procure development partner.** EJP will provide support to HACOS with the procurement of a development partner to implement various components of the Transformation Plan including the redevelopment of the targeted Twin Rivers public housing site, replacement housing in the River District - Railyards neighborhood, and potential development of any proposed non-residential facilities. EJP will review draft RFQs as prepared by SHRA, and provide technical assistance during the selection process and negotiations of master development agreements, utilizing HUD's Cost Containment and Safe Harbor Guidelines.

Task 3: Vision and Program

1. **Explore best practices for comprehensive community transformation.** EJP will organize case studies, presentations by others, and site visits to other communities to identify a toolkit of programs, initiatives and interventions that have been successful in similar communities and neighborhoods. Best practices will focus on each of the plan components: housing, people, education, and neighborhood – to ensure that the state-of-the-art information is available to guide the Transformation Plan.

Task 4: Comprehensive Neighborhood Transformation Plan

EJP will review and provide technical comments on drafts of the Transformation Plan to be written by HACOS based on the work of the Steering Committee and Task Force members, technical planning studies, and input from the three community charrettes. Lacking further guidance, EJP will review the plan with an eye on ensuring that the Plan will address the fundamental requirements of the FY 2012 Choice Neighborhoods Implementation Grant NOFA, again based on the work of the Steering Committee and Task Forces, so HACOS will be able to submit an application for a CN Implementation Grant in upcoming NOFA rounds and to pursue other funding opportunities to implement the Transformation Plan.

1. **Finalize specific transformation activities.** To cover housing, people, education and neighborhood level change initiatives, EJP will provide support to the planning team to identify service programs, infrastructure improvements, mixed-income replacement housing (meeting the one-for-one requirement), and other key initiatives that will collectively catalyze the revitalization of the River District - Railyards neighborhood.
2. **Develop viable financing plan and confirm resource commitments for development components (HOUSING and NEIGHBORHOOD).** EJP will provide guidance to the procured developer and other leaders in the community to identify sources and uses for all development projects (housing, infrastructure, parks and open space, commercial, retail, transportation, etc.) and operating costs, and to seek firm commitments to implement the development components utilizing Choice Neighborhoods implementation grant funding as well as other sources.
3. **Prepare integrated services plan (PEOPLE and EDUCATION) with funding and in-kind resource commitments from all partners.** The underlying concept of the Choice Neighborhoods program is that it is insufficient to transform the physical environment without also providing opportunities for residents to break the cycle of poverty and improve their quality of life. To achieve these goals, many residents require case management and other community and supportive services to improve access to quality education, health, job training and jobs, counseling, financial management classes, early childhood and youth programs, etc. EJP will provide technical assistance to the People Task Force on preparing the PEOPLE component of the Plan, working in concert with key stakeholders and service providers in the community. EJP will also provide technical guidance to the Education Task Force on the EDUCATION component, ensuring a well integrated approach to transforming the social and economic conditions in the neighborhood. EJP will provide direction to HACOS on preparing a responsible relocation strategy in consultation with impacted residents.
4. **Develop detailed action plan.** EJP will provide advice to each of the Task Forces and HACOS as they identify specific activities/initiatives, outline detailed action steps for each initiative, identify implementing agency/entity, and prepare a detailed schedule for implementation. This action plan will include a process for coordinating and integrating various initiatives, with continued community involvement and engagement.
5. **Design Performance Measurement system.** For each component, EJP will counsel the Task Forces on identifying specific goals, program activities, outcomes, and indicators to track progress during and after implementation to measure impact in four key areas: (1) revitalizing distressed housing; (2) transforming the neighborhood; (3) supporting positive outcomes for residents; and (4) enhancing the capacity of local stakeholders to transform other neighborhoods. EJP will also provide recommendations to HACOS as they outreach to local universities to identify potential evaluation partners for the Choice Neighborhoods project.
6. **River District - Railyards Transformation Plan.** The draft River District - Railyards Transformation Plan will be presented to the Sacramento community in Charrette #3. Based on feedback from this workshop, HACOS will finalize the plan and EJP will review the document. If HACOS decides to submit an application for Choice Neighborhoods implementation funds in response to the next NOFA following the planning process and requires EJP assistance, this work will be provided under a separate contract.

Schedule

The Transformation Plan will be developed within an approximately 18 month planning period as outlined in Attachment 4, Choice Neighborhoods Planning Schedule, with a goal of being completed in time for the 2013 Choice Neighborhoods Implementation Grant NoFA. It is expressly understood that the services hereunder must be completed within 24 months of the award of the Choice Neighborhood Grant.

ATTACHMENT 5

CHOICE NEIGHBORHOODS PLANNING SCHEDULE

CHOICE NEIGHBORHOODS PLANNING SCHEDULE
River District - Railyards

Subtask		Mon-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13
<p>Impediments, Lessons Learned Resident and Community Engagement Process</p> <p>1. Establish and facilitate Transformation Working Committee meetings</p> <p>2. Facilitate and provide technical assistance to Task Forces</p> <p>a. Housing Task Force</p> <p>b. People Task Force</p> <p>c. Education Task Force</p> <p>d. Neighborhood Task Force</p> <p>3. Regular resident meetings on development, services, education, etc.</p> <p>4. Facilitate Community Charities</p> <p>5. HI - Community Needs Assessment and Learning from Others</p> <p>6. HI - Transformation Strategies for Housing, People, Education, Neighborhood</p> <p>7. HI - The Transformation Plan</p> <p>8. Develop and Oversee Information Dissemination Strategy</p> <p>9. Submit Quarterly Reports to HUD</p>																					
<p>Communitywide Community Needs Assessment</p> <p>1. Conduct detailed household-level resident survey</p> <p>2. Community assessment: emerging strategy</p> <p>3. Services gap analysis</p> <p>4. Market studies (graduate and non-graduate)</p> <p>5. Inventory potential funding sources for Transformation activities</p> <p>6. Secure development partners (resident and non-resident)</p>																					
<p>Create Vision and Program Components</p> <p>1. Endorsed by HUD</p> <p>2. Endorsed by HUD</p> <p>3. HOUSING - Develop replacement housing alternatives</p> <p>4. PEOPLE - Prepare integrated service delivery system</p> <p>5. EDUCATION - Identify institutions for improving educational outcomes</p> <p>6. NEIGHBORHOOD - Develop economic development actions and other assets</p> <p>7. Connect all activities to related city, county and regional efforts</p>																					
<p>Prepare Comprehensive Neighborhood Transformation Plan</p> <p>For each of the following components, identify initiatives/programs, responsible implementing parties, and develop written financial plan with five commitments</p> <p>1. HOUSING</p> <p>a. Identify housing land</p> <p>b. Develop city-to-city replacement plan</p> <p>c. Prepare unit and site plans with elevations and economic diagrams</p> <p>d. Outline youth and energy efficient design alternatives</p> <p>e. Prepare financial business development and operating programs</p> <p>f. Design pricing and disposition strategy, including mobility</p> <p>2. PEOPLE</p> <p>a. Develop local case management system</p> <p>b. Secure commitments from service providers for comprehensive services delivery system</p> <p>3. EDUCATION</p> <p>a. Develop skills training plan and secure MOU</p> <p>b. Identify high-quality early childhood education programs to connect residents to and/or seek enhancements to current programs</p> <p>c. Identify programs/initiatives to improve technical and out-of-school educational and social outcomes</p> <p>d. Secure funding for educational initiatives and MOU</p> <p>4. NEIGHBORHOOD</p> <p>a. Identify specific neighborhood improvements including pricing, community facilities, computer labs, health centers, etc.</p> <p>b. Plan for economic development activities</p> <p>c. Develop skills training plan</p> <p>5. PREPARE TRANSFORMATION PLAN</p> <p>a. Submit TP outline to HUD</p> <p>b. Develop detailed action plan with responsible parties and timeline</p> <p>c. Prepare overall financing strategy with identified firm commitments</p> <p>d. Design performance measurement system</p> <p>e. Submit TP outline with content to HUD</p> <p>f. Submit final TP to HUD</p> <p>g. Prepare transformation plan based on community review</p> <p>h. Submit final draft TP to HUD</p> <p>i. Adopt final TP</p>																					

October 16, 2013



Sacramento Housing and Redevelopment Commission
Sacramento, California

Honorable Members in Session:

SUBJECT Section 3 Economic Opportunity Plan

RECOMMENDATION

Staff recommends adoption of the attached resolution which 1) approves the Section 3 Economic Opportunity Plan; 2) authorizes the Executive Director, or her designee, to apply Section 3 employment goals to all procurement contracts regardless of funding sources; 3) authorizes the Executive Director, or her designee, to amend the Agency budget and to implement procedures to recover costs related to Section 3 and the First Source program; 4) authorizes the Executive Director, or her designee, to amend the Agency budget and to implement procedures to recover costs related to monitoring compliance with Davis-Bacon and Related Acts; 5) authorizes the Executive Director, or her designee, to update Procurement policies and procedures to maintain compliance with Federal and State regulations; and 6) makes environmental findings.

CONTACT PERSONS

Mary L. Lyon, Program Manager, 916-449-6263
James Shields, Director of Administration, 916-440-1308

SUMMARY

To enhance economic opportunities for our clients, SHRA staff is proposing a more aggressive approach to providing training and job opportunities for Housing Authority (HA) residents, Housing Choice Voucher (HCV) recipients, and other low-income residents. This report proposes a Sacramento Housing and Redevelopment Agency (SHRA) Section 3 Economic Opportunity Plan (Exhibit A) which utilizes a First Source

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Hiring Program (Attachment I) that SHRA is developing in partnership with local service providers.

In addition, staff is proposing an update to SHRA's Procurement Policy to broaden the Section 3 employment goals to all funding sources. The intent is that if SHRA funds are in a project, job opportunities will first be offered to qualified low income residents, especially HA residents and recipients.

Staff is also proposing to allow SHRA to recover costs related to Section 3, specifically the implementation of First Source program, and when monitoring contractors' compliance with the Federal Davis-Bacon and Related Acts labor regulations. Recovering labor compliance costs is consistent with State law (AB 436).

BACKGROUND

Section 3 is a federal program (24 CFR Part 135) that requires recipients of federal funding to make contracting and employment opportunities available to low-income and very-low income (Section 3) residents. Since its inception, SHRA has enforced the Section 3 requirements and last updated the SHRA Section 3 Economic Opportunity Plan (Section 3 Plan) in 1997.

Since 1997, due to advancements in available technology, SHRA has been able to enhance its Section 3 Plan to include web notifications to residents of contracting and job opportunities, and e-mailing of contracting opportunities to potential vendors. This report proposes amending the Section 3 Plan to allow SHRA to partner with job training service providers through the newly created "First Source Program" to help HA residents, voucher recipients and other Section 3 eligible residents receive job skills that lead to employment.

The proposed First Source program is a significant upgrade to the Section 3 plan and involves the development of a website for Section 3 residents to register for job training and job opportunities and for contractors to post job openings. Service providers will provide the training and certify that a resident qualifies for employment so that applicants can see job postings and apply for positions. Contractors will be able to review the list of qualified residents to employ.

Another significant addition proposed for the Section 3 Plan is that those contractors who are successful in hiring Section 3 residents will receive a bid preference. This preference is based on a percentage of the lowest bid in establishing the lowest responsive, responsible bidder. Section 3 is one criterion in establishing a responsible bidder.

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Since Section 3 is an unfunded federal mandate, staff is also recommending an administrative fee to recover the expenses related to the Section 3 Plan and the First Source program. Awarded contractors (construction, maintenance and non-professional services contracts) will be charged an administrative fee as a percentage of the contract not to exceed five percent.

As stated earlier, Section 3 applies to federally funded projects; however, SHRA is proposing to apply the employment requirements to all SHRA funded projects. SHRA is committed to promoting the employment of low and very-low income residents, especially Housing Authority residents and voucher recipients.

Additionally, SHRA is seeking authority to charge a Labor Compliance Monitoring (LCM) fee consistent with state procedures on certain projects. All workers on federally funded projects must be paid the full amount of wages and bona fide fringe benefits computed at rates not less than those contained in the Secretary of Labor's wage determination. In general, it is the responsibility of the prime contractor to insure that all workers on a project are paid the correct wages and to submit a "Statement of Compliance." Traditionally, SHRA's role has been to monitor to ensure that contractors are fulfilling their contractual obligations related to wages. However, in many cases, SHRA is actually filling the role of "prevailing wage consultant" for the contractor. Therefore, SHRA may charge a LCM fee, not to exceed one percent of the contract, to act as the prevailing wage consultant for contractors.

FINANCIAL CONSIDERATIONS

The Section 3/First Source Program Administrative Fund allows for SHRA to recover costs related to implementing the Section 3 unfunded mandate and support the First Source Program. The procurement policy allows SHRA to recover costs associated with monitoring labor compliance for projects subject to Davis-Bacon and Related Acts.

POLICY CONSIDERATIONS

It is anticipated that these changes will enhance the effectiveness of the Agency in procuring services and meeting the Federal regulations regarding Section 3.

ENVIRONMENTAL REVIEW

The proposed action is an organizational and administrative action that does not relate to any specific activity and does not have potential for direct physical change or reasonably foreseeable indirect physical change in the environment. Therefore, the

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proposed activity is not a project under California Environmental Quality Act (CEQA) per CEQA Guidelines Section 15378(b)(5). The proposed activities are exempt pursuant to the National Environmental Policy Act (NEPA) in 24 CFR 58.34(a)(3).

M/WBE AND SECTION 3 CONSIDERATIONS

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

Respectfully submitted,

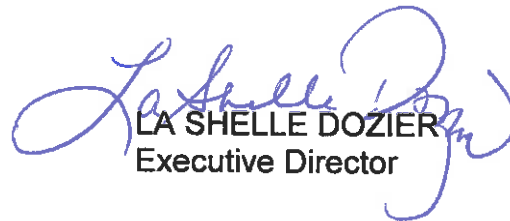

LA SHELLE DOZIER
Executive Director

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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 16, 2013

WHEREAS, Federal regulations, 24 CFR Subtitle B Ch 1 (4-01-03 Edition) Subpart A – General Provisions, require that agencies receiving Federal funding have a Section 3 plan.

WHEREAS, SHRA last updated the Section 3 plan via Resolution 97-420 dated July, 22, 1997.

WHEREAS, the Section 3 Economic Opportunity Plan is integral to the Agency Procurement Policy.

WHEREAS, the Agency Procurement Policy establishes standard guidelines which are consistent with federal, state and local rules and regulations for the procurement of purchasing services, professional and consulting services, construction services, change orders and contract amendments.

WHEREAS, on October 2, 2014, a duly noticed public hearing was held before the Sacramento Housing and Redevelopment Commission regarding the Section 3 Plan and Agency Procurement Policy.

WHEREAS, the proposed action is an organizational and administrative action that does not relate to any specific activity and does not have potential for direct physical change or reasonably foreseeable indirect physical change in the environment. Therefore, the proposed activity is not a project under California Environmental Quality Act (CEQA) per CEQA Guidelines Section 15378(b)(2)&(5).

WHEREAS, the proposed activities are exempt pursuant to the National Environmental Policy Act (NEPA) in 24 CFR 58.34(a)(3).

BE IT RESOLVED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION:

Section 1. That the above recitals, including the environmental recitals, are found to be true and correct.

Section 2. The Section 3 Economic Opportunity Plan (Exhibit A) that accompanies this resolution is hereby adopted.

Section 3. The Executive Director, or her designee, is authorized to apply Section 3 employment goals to all procurement contracts regardless of funding sources.

Section 4. The Executive Director, or her designee, is authorized to amend the Agency budget and to implement procedures to recover costs related to Section 3 and the First Source program.

Section 5. The Executive Director, or her designee, is authorized to amend the Agency budget and to implement procedures to recover costs related to monitoring compliance with Davis-Bacon and Related Acts.

Section 6. The Executive Director, or her designee, is authorized to update Agency Procurement policies and procedures to maintain compliance with Federal and State regulations.

CHAIR

ATTEST:

CLERK

EXHIBIT A



Section 3 Plan
Economic Opportunities For Low- and Very
Low-Income Persons

October 16, 2013

Prepared for the Sacramento Housing and Redevelopment Agency
By
Borrell Technology Incorporated – Chicago Illinois



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Statement of Purpose

The purpose of section 3 of the Housing and Urban Development Act of 1968, as amended by section 915 of the Housing and Community Development Act of 1992, is to “ensure that employment and other economic opportunities generated by HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State, and local laws and regulations, be directed toward low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons.”

Section 3 Policy Statement

Consistent with the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u), the Sacramento Housing and Redevelopment Agency (SHRA) hereby reaffirms its commitment of ensuring that the SHRA, all contractors and any tier subcontractors that are awarded a contract for maintenance service, construction, reconstruction, conversion or rehabilitation of housing (including reduction and abatement of lead-based paint hazards), other public construction which includes buildings or improvements (regardless of ownership) assisted with housing or community development assistance by SHRA for work generated through the expenditure of HUD funding shall take all necessary and reasonable steps to provide meaningful, full-time, permanent employment and training to section 3 residents of Sacramento City/ County.

The SHRA shall endeavor to expand the training and employment opportunities for section 3 residents by undertaking positive, affirmative measures designed to recruit, hire, and train section 3 residents.

The SHRA’s section 3 policy is expressed in this statement, the goal statement, and the preferences. Implementation procedures may be amended periodically by the Executive Director or his/her designee to insure that the policy requirements are being met or to bring about efficiencies in the implementation of the program based on the practice and experience of administering the program.

Applicability of Section 3 to Public Housing Assistance

Section 3 applies to training, employment, contracting and other economic opportunities arising from all expenditures of the following public and Indian housing assistance:

- A. Development assistance provided pursuant to section 5 of the U.S. Housing Act of 1937 (1937 Act);
- B. Operating assistance provided pursuant to section 9 of the 1937 Act; and
- C. Modernization assistance provided pursuant to section 14 of the 1937 Act;

The requirements of Section 3 apply to section 3 covered-assistance provided to the housing authority. The requirements of Section 3 apply to all contractors and subcontractors performing work in connection with projects and activities funded by public housing assistance covered by section 3, regardless of the amount of the contract or subcontract.

Employment opportunities generated by section 3 covered assistance means **all** employment opportunities generated by the expenditure of section 3 covered public housing assistance (i.e., operating assistance, development assistance and modernization assistance, as described in §135.3(a) (1)).

Section 3 covered contract means a contract or subcontract (including service contract) awarded by a recipient or contractor for work generated by the expenditure of section 3 covered assistance, or for work arising in connection with a section 3 covered project. “Section 3 covered contracts” do not include contracts for the purchase of supplies and materials. However, whenever a contract for materials includes the installation of the materials, the contract constitutes a section 3 covered contract. For example, a contract for the purchase and installation of a furnace would be a section 3 covered contract because the contract is for work (i.e., labor for the installation of the furnace) and thus is covered by section 3.

Applicability of Section 3 to Housing and Community Development Assistance

Housing and community development assistance means any financial assistance provided or otherwise made available through a HUD housing or community development program through any grant, loan, loan guarantee, cooperative agreement, or contract, and includes community development funds in the form of community development block grants, and loans guaranteed under section 108 of the Housing and Community Development Act of 1974, as amended. Housing and community development assistance does not include financial assistance provided through a contract of insurance or guaranty.

Because the Recipient (SHRA) receives more than \$200,000 of Housing and Community Development Assistance annually from HUD, the requirements of Section 3 apply to the SHRA.

Section 3 does not apply on a “per-project” basis whenever any portion of HUD funding (grants or loans) is invested into projects involving housing construction, demolition, rehabilitation, or other public construction (i.e., roads, sewers, community centers, etc.), all requirements of Section 3 apply.

Further, contractors or subcontractors for Section 3 covered projects/activities are required to comply with the Section 3 regulations.

In distributing funds to units of local government, nonprofit organizations, or other subrecipients, the SHRA must attempt to reach the minimum numerical goals set forth herein, regardless of the number of subrecipients that receive covered funding. The state or county must inform its subrecipients about the requirements of Section 3; assist them and their contractors with achieving compliance; and monitor their performance with respect to the objectives and requirements of Section 3.

Some Types of Section 3 Covered Housing and Community Development Funding

- Mortgagors; Developers; Limited Dividend Sponsors; Builders; Property Owners; Community Housing Development Organizations
- Community Development Block Grants (CDBG)
- HOME
- Home Investment Partnership Assistance
- Housing Opportunities for Persons with Aids (HOPWA)
- Economic Development Initiative (EDI)
- Brownfield Economic Development Initiative (BEDI)
- Emergency Shelter Grants
- Homeless Assistance
- University Partnership Grants
- Neighborhood Stimulus Program (NSP)
- Certain Grants Awarded Under HUD Notices of Funding Availability (NOFAs)
- Section 202 Supportive Housing for the Elderly
- Section 811 Supportive Housing for the Disabled
- Project Based Section 8 Vouchers

Section 3 applies to the entire covered project or activity regardless of whether the activity was fully or partially funded with covered assistance.

With respect to section 3 covered housing and community development assistance *Employment opportunities generated by section 3 covered assistance* means all employment opportunities arising in connection with section 3 covered projects (as described in §135.3(a)(2)), including management and administrative jobs connected with the section 3 covered project. Management and administrative jobs include architectural, engineering or related professional services required to prepare plans, drawings, specifications, or work write-ups; and jobs directly related to administrative support of these activities, e.g., construction manager, relocation specialist, payroll clerk, etc.



What Triggers the Requirements of Section 3?

Section 3 is triggered when the normal completion of projects creates the need for new employment, contracting, or training opportunities.

Statement of Numerical Goals and Order of Preference

Providing Training and Employment Opportunities to Section 3 Residents

In accordance with section 3, this policy requires that the SHRA, all contractors and any second tier subcontractors shall, to the greatest extent feasible, provide training and employment opportunities to section 3 residents to meet or exceed a numerical goal of 30% of all new hires in the following order of priority:

- Priority 1: A resident of the SHRA housing site within the targeted area;
- Priority 2: A low or very low-income resident of Choice neighborhoods outside the targeted area;
or
- Priority 3: A resident of any SHRA housing site;
- Priority 4: A low or very low-income resident of Sacramento City/ County.

Preference for Section 3 Business Concerns in Contracting Opportunities

Order of Providing Preference

The SHRA, contractors and subcontractors may direct their efforts to award section 3 covered contracts, to the greatest extent feasible, to section 3 business concerns in the order of priority provided in this section.

Public and Indian housing programs. In public and Indian housing programs, efforts may be directed to award contracts to section 3 business concerns in the following order of priority:

- Priority 1: Business concerns that are 51 percent or more owned by residents of the housing development or developments for which the section 3 covered assistance is expended, or whose full-time, permanent workforce includes 30 percent of these persons as employees (category 1 businesses);
- Priority 2: Business concerns that are 51 percent or more owned by residents of other housing developments or developments managed by the HA that is expending the section 3 covered assistance, or whose full-time, permanent workforce includes 30 percent of these persons as employees (category 2 businesses); or
- Priority 3: Business concerns that are 51 percent or more owned by section 3 residents, or whose permanent, fulltime workforce includes no less than 30 percent section 3 residents (category 4 businesses), or that subcontract in excess of 25 percent of the total amount of subcontracts to business concerns identified above

Housing and community development programs. In housing and community development programs, priority consideration may be given, where feasible, to Section 3 business concerns that provide economic opportunities for section 3 residents in the service area or neighborhood in which the section 3 covered project is located (category 1 businesses).

Eligibility for Preference

A business concern seeking to qualify for a section 3 contracting preference shall certify or submit evidence, if requested, that the business concern is a section 3 business concern defined as:

1. Business concerns that are 51% or more owned and controlled by residents of any SHRA housing site or whose full-time permanent workforce includes 30% of SHRA residents of any housing site; or
2. Business concerns that are 51% or more owned and controlled by low or very low-income residents of Choice neighborhoods or whose full-time permanent work force includes 30% SHRA residents or low or very low-income Sacramento City/ County residents of the Choice neighborhood, or
3. Business concerns that are 51% or more owned and controlled by SHRA residents or are low or very low-income Sacramento City/ County residents or whose full-time permanent work force includes 30% SHRA residents or low or very low-income Sacramento City/ County residents, or
4. Businesses that subcontract in excess of 25% of the total amount of subcontracts to business concerns identified in the preferences above.

Ability to Complete Contract

A section 3 business concern seeking a contract or a subcontract shall submit evidence to the recipient, contractor, or subcontractor (as applicable), if requested, sufficient to demonstrate to the satisfaction of the party awarding the contract that the business concern is responsible and has the ability to perform successfully under the terms and conditions of the proposed contract. (The ability to perform successfully under the terms and conditions of the proposed contract is required of all contractors and subcontractors subject to the procurement standards of 24 CFR 85.36 (see 24 CFR 85.36(b) (8)).) This regulation requires consideration of, among other factors, the potential contractor's record in complying with public policy requirements. Section 3 compliance is a matter properly considered as part of this determination.

Qualifying for a Section 3 Preference

The Executive Director or his/her designee shall establish specific criteria for a company wishing to qualify as a Section 3 Business Concern.

At a minimum, the qualifications shall include that a Business Concern claiming section 3 status based on ownership, workforce or subcontracting (as applicable) must meet that status at the time the bid or proposal is submitted to SHRA and anyone claiming to be a section 3 resident or business concern shall be required, as set forth in this procedure, to provide evidence of such status.

A section 3 business seeking a contract or subcontract shall be responsible for submitting evidence, as requested, to demonstrate to the satisfaction of the SHRA that the business concern is responsible and has the ability to perform successfully under the terms and conditions of the proposed contract.

Additionally, the contract award shall be made only to the responsible bidders/offerors demonstrating acceptable past performance, compliance with public policy and technical and business capabilities.

Other Preference

The SHRA may, for any construction or maintenance bid provide for bid discount if the company has progressed to meet the goal is to have thirty percent (30%) of all new hire work-hours in each trade performed by residents of the targeted area.

For RFP and RFQ Preference Points may be given for either having an existing work force or proposing an acceptable plan that includes target area residents. This is considered added value. Value-added points will be added to the total points earned after technical; price and other selection factors are considered.



Summary of Goals

SECTION 3 EMPLOYMENT GOALS		
Who Must Comply	Area of Focus	Goal
Contractors	New Hires and Trainees	30% of workforce
Any Tier Subcontractors	New Hires and Trainees	30% of workforce

SECTION 3 CONTRACTING GOALS		
Who Must Comply	Area of Focus	Goal
Building trades work for maintenance, repair, modernization or development of public or Indian housing, or for building trades work arising in connection with housing rehabilitation, housing construction and other public construction	Subcontract Awards	At least 10 percent of the total dollar amount of all section 3 covered contracts
Any Tier Subcontractors	Subcontract Awards	At least 10 percent of the total dollar amount of all section 3 covered contracts
All other section 3 covered contracts		At least three (3) percent of the total dollar amount

Safe Harbor and Compliance Determinations

In the absence of evidence to the contrary, a contractor that meets the minimum numerical goals set forth above will be considered to have complied with the section 3 preference requirements.

Greatest Extent Feasible Effort

Section 3 requires that Contractors and Subcontractors must, to the “*greatest extent feasible*” make the effort to accomplish the Section 3 goals stated herein.

The SHRA and its contractors/subcontractor shall participate in available first source hiring programs available within the SHRA jurisdiction.

If an available first source hiring program does not provide an acceptable applicant, the contractor/subcontractor must conduct “Greatest Extent Feasible Effort.” “Greatest Extent Feasible Effort” shall mean diligent efforts to locate and employ qualified residents or subcontractors.

At minimum efforts include:

- Entering into “first source” hiring agreements with organizations representing Section 3 residents
- Advertising the jobs to be filled through the local media, such as community television networks, newspapers of general circulation, and radio advertising;
- Advertising the training and employment positions by distributing flyers (which identify the positions to be filled, the qualifications required, and where to obtain additional information about the application process) to every occupied dwelling unit in the housing development or developments where public housing residents reside;
- Working closely and cooperatively with the SHRA designee to locate and employ Residents and subcontractors;
- Conducting job interviews at the housing development or developments where work is taking place;



- Making reasonable modifications to crew structures to facilitate employment of Residents;
- Promptly contacting the SHRA designee if difficulty in reaching the goal is anticipated or encountered;
- Maintaining a file on the job site of the names and addresses of each Resident referred to the contractor from any source, and, for Residents not hired, the reasons therefore; and
- Promptly notifying the SHRA designee in writing if a union hiring hall with which the contractor may have a collective bargaining agreement fails to refer a Resident requested by that contractor.

Applicability of Annual Income-Earned Income Disallowance (EID)

The SHRA shall allow HUD's Earned Income Disregard that disregards earnings from employment for public housing residents when calculating rent for the first year of employment. In the second year of employment, only half of earnings will be counted in figuring rental payments.

Protests/Complaints for SHRA Determination of Section 3 Preference, Employment or Noncompliance Sanctions

The SHRA desires to offer to residents, business concerns, and other bidders a policy and procedure whereby complaints alleging noncompliance with the section 3 requirements can receive prompt and equitable hearing and resolution. Protests surrounding the SHRA's section 3 program may be submitted in writing to the Executive Director or his/her designee.

All complaints of non-conformance with the section 3 program shall meet the following requirements:

1. Complaints shall be filed in writing and shall contain the name, address, and phone number of the person filing the complaint, and a brief description of the alleged violation of the regulations;
2. Complaints shall be filed within fourteen (14) calendar days following the bid/proposal opening or action causing the protest;
3. An investigation, as may be appropriate, will follow the filing of a complaint. The investigation will be conducted by the SHRA's Executive Director or designated individual. This investigation shall afford all interested persons and their representatives, if any, an opportunity to submit testimony and/or evidence as may be available and relevant to the complaint;
4. Written documentation as to the validity of the complaint and a description of the findings or resolution, if any, will be issued by the Executive Director or designated individual no later than thirty (30) working days after the filing of a complaint; and
5. The identity of complainants shall be kept confidential except to the extent necessary for the conduct of investigations, hearings or judicial proceedings.

In cases where concerned parties wish to have their complaint considered outside the SHRA, a complaint may be filed with the Assistant Secretary for Fair Housing and Equal Opportunity, Department of Housing and Urban Development, Washington, D.C. 20410.

The SHRA shall not intimidate, threaten, coerce or discriminate against any person or business because the person or business has made a complaint, testified, assisted or participated in any manner in an investigation under section 3.

SHRA Implementation, Monitoring and Enforcement of Section 3

The Executive Director or his/her designee shall, within 30 days of the adoption of this resolution, develop an implementation plan for the Section 3 Economic Opportunity Plan meeting the requirement of 24 CFR 135. The Plan shall include procedures and forms necessary to implement and administer the Plan.

For the SHRA's section 3 program to be successful, the Executive Director or his/her designee shall systematically monitor contractor's compliance with the requirements of section 3.

The Executive Director or his/her designee may recommend to the Board of Commissioners the imposition of progressive sanctions up to debarment of a contractor or subcontractor who has failed to take recommended remedial action or to a contractor who willfully disregards the program requirements.



Any level of sanctions imposed by the Board of Commissioners may be protested as outlined in these policies and procedures.

Section 3 Recordkeeping

Four types of records must be kept for each Section 3 purchase order/contract. These are:

1. Documentation of efforts made to comply with Section 3. Examples include outreach, advertisements, sign-in lists from job fairs and other public meetings, flyers or brochures, direct mail, etc.
2. Documentation certifying to Section 3 Resident and Business Concerns eligibility.
3. Documentation of actual Section 3 hiring and contracting activity such as contractor reports demonstrating compliance with Section 3 goals.
4. If goals are not met, documentation verifying impediments to attaining goals.

Internal Reporting on Section 3 Status and Accomplishments

The Executive Director may report section 3 status and accomplishments to the Board of Commissioners as requested.

Reporting to HUD on Section 3 Status and Accomplishments

Annually, the SHRA is required to submit form HUD-60002 to HUD's Economic Opportunity Division in Washington, DC.

Where the program providing Section 3 covered funding requires the submission of an annual performance report form HUD-60002 shall be submitted at the time that the annual report is due.

If the recipient is not required to submit an annual performance report, the Section 3 report is due when other reports are submitted to HUD or at the end of each program, fiscal, or calendar year.

NOTE: Section 3 reports must be submitted by all agencies whether new employment, training, or contracting opportunities were created or not.

Note on 2516 Contract and Subcontract Activity

In some instances, the goals relative to contracting with section 3 business concerns and MBEs/WBEs may overlap. In these cases, the SHRA may count participation towards multiple goals. The contractor must indicate that the subcontract is being counted towards goals by a notation on the report stating which subcontractors have been double counted towards which goals. For example, if a subcontract is let to a section 3 business concern that also qualifies as a Minority Business Enterprise (MBE), then the contractor may count the subcontract towards both its section 3 contracting goal and towards its MBE contracting goal.

EXHIBIT B



FIRST SOURCE PROGRAM
CITY AND COUNTY OF SACRAMENTO

October 16, 2013

Contents

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Purpose

The purpose of this First Source Program (FSP) is to create an institutional structure that provides targeted local employment opportunities to low-income populations of the City and County of Sacramento. Employment opportunities may come from a variety of sources: government entities, contractors, developers, and retail and other service employers.

FSP is a free job seeker referral system, designed to achieve three goals:

- Help low-income job seekers within the City and County of Sacramento to find employment;
- Save businesses the time and resources needed to find suitable local candidates to hire; and
- Connect job seekers and businesses for mutual benefit.

The FSP acts as an administrator and central clearinghouse for both employers and job seekers. Those government entities and businesses that wish to participate in the FSP are asked to give first notice of job openings to the FSP for a designated period of time before opening up the employment opportunity to the general public. The clearinghouse screens local residents, provides necessary training and maintains a databank of job seekers and their skill sets that employers can tap into in order to fill positions.

The FSP benefits employers by streamlining the hiring process. Employers who participate have web-based access to a screened, oriented, and trained pool of job seekers, which minimizes the staff investment employers have to make in their hiring process. At the same time, low-income workers that are hired through FSP are already connected to a support system which provides resources that promotes the employment success of the worker.

Key Components of the First Source System

The FSP shall:

- Develop an organization for a proactive approach in recruiting, training, and placing low-income residents for jobs in order to meet the needs of both employers and local residents;
- Develop strong policy and processes which set the stage for success by clearly defining the responsibilities of all participants: government entities, developers, contractors, employers, FSP and the job seekers;
- Assess the employment opportunities that may be generated by business and publically-funded work and determine skills that may be required to fill those opportunities;
- Identify the geographical area where local employment may be targeted;
- Screen job seekers for suitability for employment through in-person meetings and other methods to determine the hard and soft skills that the job seeker may possess;
- Determine the skills gap for each job seekers;

- Meet with each employer in advance in the actual hiring date to define the number and type of jobs that will be created and associated hiring schedules. This includes defining specific job requirements for both hard and soft skills requirements and those industry-recognized certifications that may be required;
- Coordinate service organizations to recruit job seekers and ensure that they receive the hard and soft job training, case management, and job placement assistance aligned with the needs and timelines of the employer;
- Provide advanced notice to job seekers of job availability with a detailed job description including benefits;
- Assist in maintaining a database of job seekers that possess the skills required to fill anticipated employment needs;
- Refer workers to employers and create a hiring process that gives first source referrals early opportunity to apply for and get jobs;
- Following up with employers and job-seekers to get good information on which job-seekers were hired and why, what complaints employers have about the system and what concerns job-seekers have about the system or the worksite. Follow up is essential not only to address kinks in the FSP, but to keep employers at the table, to support workers who do get hired, and to help workers who do not get hired to improve their applications or better target future job openings.

Use of the FIRST SOURCE WEBSITE

The FSP will utilize a website to maintain all job openings and applications, to screen job seekers, maintain a First Source Register and to report on hiring results. The FSP website will also be the primary method of communicating with job seekers and Employers. The website will consist of a connected group of static and dynamic (functional) pages and forms on the World Wide Web accessible by Uniform Resource Locator (URL) and maintained by a third party to provide information and reporting functionality to job seekers, FSP partners, and employers.

Guidance: First Source Program (FSP)

Although in theory a local hiring initiative can be complete with only requirements and enforcement, components to connect local residents with participating businesses are essential to an initiative's success. First-Source Programs (FSPs) are one of the most successful ways of realizing local hiring goals and requirements. FSPs create an institutional structure that is intentional about providing employment opportunities to targeted populations. Participating businesses are required to give first notice of job openings to the FSP. This usually means they are required to post all job openings to a central clearinghouse (FSP website) for a designated period of time before opening up the position to the general public. The clearinghouse screens and keeps extensive records of local residents, and refers those with appropriate experience.

FSP requirements vary from mandating businesses to hire from this referred pool to simply requiring that businesses interview a certain percentage of those referred. All of these requirements are generally accompanied by expectations that the firm make a "good faith effort" to hire referred job seekers. Firms can be required to report whether they hire each referred job seeker, and if not, to provide an explanation for why he/she was not hired.

Apprenticeship and Training Programs

A thorough local hiring initiative includes apprenticeship and training programs for local job seekers. Ideally, these programs are run with the support of local employers and labor unions and turn into full time positions. These

programs anticipate potential barriers facing prospective workers and provide appropriate support services to ensure adequate child-care, transportation, language skills, and access to licenses, tools, or union fees.

Recruitment and Outreach

In order to reach eligible local workers, local hiring initiatives need multiple recruitment and outreach strategies. Community colleges, nonprofit referral agencies, faith institutions, and community based organization training programs are all potential partners. Recruitment and outreach will likely be an informal process using a First Source Agreement.

Key Partners

Community Organizations. A successful First Source Agreement relies on the support of coalitions of community groups. Social service providers, faith-based organizations, and organizers should all play a part of the planning process. Once agreements have been reached, community organizations are often integral to the implementation of the strategy - serving as outreach and referral for job seekers. Beyond implementation, community groups often play the role of watchdog, monitoring the successful application of the agreement or ordinance goals.

Business Partners. Local businesses and contractors are integral to the success of hiring of local residents to fill employment opportunities.

Government Entities. The Federal government operates various policies that link federal funding to local employment needs. Local government may direct awarded contractors to hire local residents through the FSP.



October 16, 2013

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

2014 Sacramento Housing and Redevelopment Agency Proposed Budget

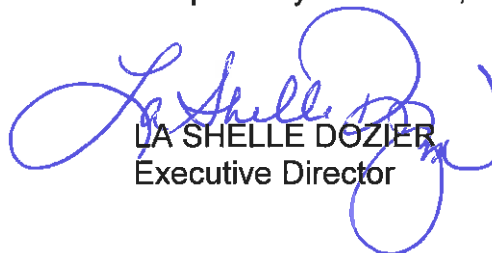
SUMMARY

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

RECOMMENDATION

The staff recommends approval of the recommendations outlined in this report.

Respectfully submitted,



LA SHELLE DOZIER
Executive Director

Attachment



**REPORT TO HOUSING AUTHORITY
and CITY COUNCIL,
City of Sacramento
915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org**

**Public Hearing
November 5, 2013**

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

Title: 2014 Sacramento Housing and Redevelopment Agency Proposed Budget

Location/Council District: Citywide

Recommendation: Conduct a public hearing and upon conclusion adopt: 1) a **Council Resolution** a) approving the 2014 Proposed Budget for the Sacramento Housing and Redevelopment Agency (Agency), b) delegating authority to administer certain federal funds and authorizing the Agency to: i) submit the Comprehensive Plan to United States Department of Housing and Urban Development (HUD); ii) submit to HUD the One-Year Action Plan for the Community Development Block Grant (CDBG), Home Investment Partnership (HOME), Emergency Shelter Grant (ESG), American Dream Down Payment Initiative (ADDI), and Housing Opportunities for People with AIDS (HOPWA) programs; iii) submit grant applications for activities within the jurisdiction of the Agency; and iv) 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 c) 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 2014 proposed budget for the Housing Authority of the City of Sacramento; and b) delegating authority to administer certain federal funds and authorizing the Housing Authority to: i) submit the Comprehensive Plan to United States Department of Housing and Urban Development (HUD); ii) submit to HUD the One-Year Action Plan for the Community Development Block Grant (CDBG), Home Investment Partnership (HOME), Emergency Shelter Grant (ESG), American Dream Down Payment Initiative (ADDI), and Housing Opportunities for People with AIDS (HOPWA) programs; iii) submit grant applications for activities within the jurisdiction of the Agency; c) authorizing the Executive Director to: (i) submit the annual housing operating budgets to HUD; (ii) submit application to HUD for Capital Fund Plan funding; (iii) submit the Comprehensive Plan to HUD; (iv) submit grant applications for activities within the jurisdiction of the Authority; and (v) 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.

2014 SHRA Proposed Budget

Contact: Don Cavier, Finance Director, 440-1325, LaShelle Dozier, Executive Director, 440-1319

Presenters: LaShelle Dozier, Executive Director, Donald Cavier, Director of Finance

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: 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 federal funds on behalf of the City and County of Sacramento. As of February 1, 2012 the fiscal administration of the former Redevelopment Agency of the City and the former Redevelopment Agency of the County were assumed within the management structure of the City and County which elected to administer the affairs of the successor agencies. The budgets of the former redevelopment agencies (Redevelopment Successor Agencies) are no longer incorporated within the Agency Budget. The proposed 2014 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 provides any General Funds in support of the Agency's budget.

The Agency proposes a balanced budget in the amount of \$167.6 million representing the operational activities and projects for 2014. The 2014 proposed budget represents a \$2 million or 1 percent decrease in net appropriations compared with the prior year. This change in annual budget appropriations is primarily the result of the federal Sequestration cuts to the Housing Choice Voucher program.

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 community based organizations and private entities whenever possible; and
- Developing budget plans that employ strategies to address the long-term needs of the communities we serve.

2014 SHRA Proposed Budget

Calendar Year 2014 Proposed Budget (\$\$\$ In Millions)					
	2012 Budget	2013 Budget	2014 Budget	Variance (2013 to 2014)	
OPERATIONS					
Salaries and Benefits	23.3	19.9	19.6	(0.3)	-2%
Services and Supplies	15.6	14.7	14.8	0.1	1%
Housing Assistance Payments	101.9	107.2	103.5	(3.7)	-3%
Debt Service	42.4	3.1	2.3	(0.9)	-27%
Financial Transactions	31.1	0.9	0.6	(0.4)	-39%
Public Services	3.6	5.1	4.9	(0.2)	-4%
Sub-Total	\$217.9	\$151.0	\$145.7	(\$5.3)	-4%
CAPITAL PROJECTS					
Housing Development and Preservation	10.1	13.2	14.0	0.8	6%
Housing Authority Capital Projects	2.1	2.3	4.4	2.1	89%
Infrastructure and Public Improvements	5.8	3.1	3.5	0.4	13%
Sub-Total	\$18.0	\$18.6	\$21.9	\$3.3	18%
TOTAL	\$235.9	\$169.6	\$167.6	(\$2.0)	-1%

Nearly 90 percent of the Agency's funding comes through the Department of Housing and Urban Development to support the activities and programs of the Agency. While many perceive the conflict and gridlock over the federal budget as nothing more than a sound bite on the nightly news, the federal budget cuts to domestic discretionary programs resulting from sequestration have been very real for the Agency and the people we serve. Additionally, the enactment of a government shut down and continued debate over the federal debt ceiling provide little in the way of certainty regarding federal appropriations for 2014.

To date, federal budget cuts to critical Agency programs have diminished the Agency's capacity to serve the low income families and community development needs of our community. Cuts to federal programs like CDBG, HOME, Public Housing, Public Housing Capital Funds and the Housing Choice Voucher program have reduced the number of housing projects, public services and infrastructure improvements the Agency can fund.

Beginning in 2011, Congress systematically began reducing federal spending for domestic programs and, in 2013, implemented the cuts required by the Sequestration Transparency Act of 2012. The vast majority of the spending cuts imposed by sequestration directly impact the federal discretionary programs administered by the Agency on behalf of the City and County of Sacramento. The following table provides a visual representation of the decline of our federal funding over the past several years.

2014 SHRA Proposed Budget

City & County Federal Funding (In Millions)						
Funding Source	2010	2011	2012	2013	2014 Est.	Percent Chg Since 2010
CDBG	\$ 12.57	\$ 10.47	\$ 8.69	\$ 9.11	\$ 8.66	-31%
HOME	\$ 6.98	\$ 6.16	\$ 3.78	\$ 3.72	\$ 3.53	-49%
PHA OPERATING FUND	\$ 9.36	\$ 10.26	\$ 9.94	\$ 8.76	\$ 8.76	-6%
PHA CAPITAL FUND	\$ 5.48	\$ 4.32	\$ 3.99	\$ 4.02	\$ 4.02	-27%
HCV ADMINISTRATIVE FEES	\$ 9.32	\$ 8.90	\$ 8.40	\$ 7.40	\$ 7.10	-24%

The reductions in federal support for community development, affordable housing and supportive services are magnified by the simultaneous growth in the need for these programs and assistance. Waiting lists for affordable housing across the country continue to grow and low-income families with children and elderly and disabled people in need today must wait longer and longer for assistance.

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 Authorities of the City and County, serving as Housing Successor to the former redevelopment agencies, the 2014 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 reviewed by the California Department of Finance without issue. However, obligations reported on the ROPS are subject to challenge every six months. If for any reason, the State later determines that these activities are not enforceable obligations the Housing Authority will have no ability to continue to fund these activities.

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)(4). 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. All other actions are associated with the adoption of the 2014 proposed budget, and do not make any commitments to, or give approvals for, specific

2014 SHRA Proposed Budget

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 from environmental review under the National Environmental Policy Act (NEPA) per 24 CFR Section 58.34(a)(3). All other actions are associated with the adoption of the 2014 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 on October 16, 2013, the Sacramento Housing and Redevelopment Commission considered this item. The votes were as follows:

AYES:

NOES:

ABSENT:

Rationale for Recommendation: The proposed budget provides a fiscal strategy for operations and capital projects during 2014. The budget is in balance and complies with applicable federal, state, and local regulations on the use of the funds.

Financial Considerations: The 2014 Proposed Budget recommends total expenses of **\$167.6 million**, with the Housing Assistance Payments Budget at **\$103.5 million**; the Operating Budget at **\$34.4 million**; the Capital Project Budget at **\$21.9 million**; the Public Services Budget at **\$4.9 million**; and, the Debt Service and Financial Transaction Budget at **\$2.9 million**.

Given that nearly 90 percent of the Agency's funding comes from the federal government through the Department of Housing and Urban Development, the impact of Sequestration and the annual threat of a federal government shutdown have forced the Agency to adapt to a new economic reality post redevelopment. By necessity the Agency has refocused the organization's direction and priorities, and is continuing to refine our business models to better align with our resources. Part of the appropriate response to address the drastic funding cuts of the past several years called for the Agency to proactively streamline operations by strategically reducing operational costs through layoffs, staff attrition, transfers, reduced work schedules, and cuts to services and supplies. To date, these efficiencies have lessened the impact within the

2014 SHRA Proposed Budget

communities we serve and enabled the Agency to continue fulfilling its commitment to keep residents housed.

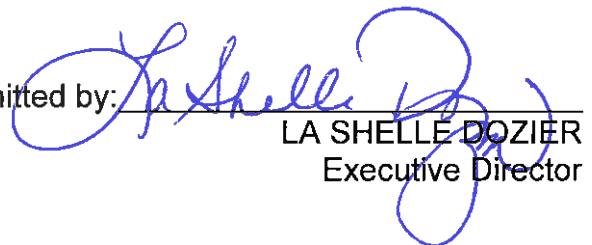
However, despite our best efforts to maintain service levels for key Agency programs, the sequestration cuts of 2013 have exacted a toll and leave many activities in a state of

uncertainty in the coming year. For example, the 2013 HUD funding for the Agency's Housing Choice Voucher program will require the Agency to cease pulling families from the wait list and use all available program reserves just to breakeven with program costs. Should HUD continue to fund the program at this level, we estimate that the Agency will serve 600 less families by the end of 2014. For this and similar reasons, we must continue to refine the organization and adapt to our new reality.

The 2014 Proposed Budget reflects a decrease of 1 percent compared with 2013 due to continued cuts to federal programs under sequestration. Cumulatively, the Agency budget has been reduced by 33 percent since 2011. Since that time, the Agency has implemented a variety of cost saving measures that have reduced staff costs and services and supply costs by \$8.5 million and reduced Agency funded full time equivalent positions (FTE) by 30 percent. In 2014 we are proposing to eliminate 28 previously unfunded positions reducing the number of authorized positions from 253 to 225. Staff is further recommending that an additional 22 positions remain unfunded for 2014, and propose to continue with the Agency's year-end closure schedule.

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

Respectfully Submitted by:



LA SHELLE DOZIER
Executive Director

2014 SHRA Proposed Budget

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	Office Cost Center (COCC) (Form HUD-52574)	
5	Agency Proposed 2014 Budget - separately numbered attachment	

BACKGROUND**Public Housing:**

The Agency owns and manages approximately 3,306 housing units within the City and County of Sacramento. Approximately 2,871 of the units were developed under the federal public housing program administered by the Department of Housing and Urban Development (HUD) and are located throughout the Sacramento region with (1,836 units) in the City and (1,035 units) in the County. Of those units, approximately 1,000 units are designated as elderly and/or disabled only with the remaining units available to families. Program revenues are generated from tenant rent collections and operating subsidies provided by HUD. The amount of rent paid by the tenants is based on 30 percent of gross family income minus certain other adjustments. In addition to the public housing units, the Housing Authority manages another 435 units of local non-public housing.

The average occupancy rate in the Public Housing program is 98 percent for public housing properties available to be leased. The recent decline in rents is due to several factors including: 1) the vacancies associated with major rehabilitation projects and the disposition of public housing units sold under the HUD 5h/Section 32 program, 2) the disposition of the Washington, Sutterview and Sierra Vista high-rises to the Agency affiliated non-profit the Sacramento Housing Asset Repositioning Program, Inc. (SHARP), 3) vacant and boarded units being sold under the NSP PRP program and 4) the reduction in TANF and SSI income to PHA tenants which reduces the tenants share of the rental payments (30% of income).

HUD Operating subsidy levels have risen in recent years with federal appropriations for the program reaching as high as 103% of funding eligibility in 2010 and 100% in 2011. However, since program funding is determined annually, the level of subsidy received from HUD can be very volatile from year to year depending upon the federal appropriations process in Washington. In 2012 the HUD operating subsidy was prorated at 95% of eligibility and the impact of the Sequestration cuts have resulted in an 82% proration for 2013. We expect a similar level of prorated funding for 2014.

Capital Fund Program:

The HUD Capital Fund program provides funding annually via a formula, and program funds are allocated to public housing authorities (PHA) across the nation. Capital Fund grants are intended specifically for the development, financing, modernization, and management improvements for properties owned under the HUD public housing program. The Agency receives funding for the public housing properties owned by the City and County Housing Authorities. Between 2001 and 2012, HUD funding for the capital improvements and modernization of Public

2014 SHRA Proposed Budget

Housing properties decreased 42%, with the sharpest decrease coming in 2011 at 21%. 2014 HUD funding for the Capital Fund program is expected to hover at the 2013 level. Revenue estimates are based on the current year grant amounts and are adjusted based upon Federal appropriation proposals.

Public Housing (Non-Federal):

While the public housing units have shown decreases in both rents and operating subsidy, the Agency's local housing projects, units not regulated by HUD, have shown positive revenue trends. The primary reason for this change is the implementation of the Housing Authority's asset repositioning strategy that has moved two Public Housing high-rise buildings to the Sacramento Housing Authority Asset Repositioning Program, Inc. (SHARP).

Housing Choice Voucher Program (HCV):

The Housing Choice Voucher (formerly Section 8 Housing Assistance) program is funded by the U.S. Department of Housing and Urban Development (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 amount is paid by the Agency. 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 Agency's HCV program provides rental assistance to an estimated 11,614 families each month and the program has maintained leasing levels in excess of 98 percent for all vouchers authorized by HUD since 2008. The high utilization level of vouchers makes the program eligible for maximum funding from HUD. Despite the fact that the Agency is entitled to maximum funding for the program, HUD has intentionally provided less funding than required to cover HAP costs in an effort to recapture accumulated HAP reserves from public housing authorities across the country. In 2008 and 2009 HUD intentionally recaptured HAP reserves leaving the Housing Authority with approximately two weeks of reserves; therefore, managing leasing levels becomes exceptionally important.

Due to the Sequestration cuts of 2013 HUD is providing significantly less funding than is required to cover our scheduled housing assistance payments. The Agency's 2013 funding eligibility of \$103.7 million was prorated at 94%, a funding cut of \$6.2 million. HUD's current funding level has required the Agency to cease leasing new vouchers, and to fully expend the Agency's existing HAP reserve of \$5.6 Million.

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Should HUD continue to fund the program at this level, we estimate that the Agency will serve 600 less families by the end of 2014. Currently, HUD has designated the Agency as a SHORTFALL Agency meaning that the funds HUD will provide combined with our reserves will be insufficient to meet our HAP obligations. Agency staff has been working with HUD's shortfall prevention unit for the past six months to implement the program changes necessary to ensure that the Agency is eligible for any potential shortfall funding HUD has available. Funding for 2014 is expected to remain at the 2013 levels and the Agency reserves will be fully depleted.

Community Development Block Grant (CDBG):

This 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 31%. Revenues are projected to decrease slightly over the 2013 levels.

Home Investment Partnership Program (HOME):

The Agency administers 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 SHRA for funding. In the past, HOME funds have assisted families in purchasing their first home, renovated deteriorating housing units and assisted in 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. Funding has remained fairly level for the last several years, but since 2010 appropriations for HOME have declined by 49%. Current federal funding proposals reflect status quo funding levels for 2013. Estimates are generally based on the current year grant amounts and adjusted as needed based upon Federal appropriation proposals.

Housing Trust Funds :

The Agency administers Housing Trust Funds (HTF) on behalf of the City and County of Sacramento. The City and County of Sacramento adopted ordinances in

2014 SHRA Proposed Budget

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 have dropped dramatically due to the sharp decline in the number of commercial building permits being issued. HTF fees are expected to continue to decline given the current economic pressures impacting commercial construction in the region.

RESOLUTION NO. 2013-

Adopted by the Sacramento City Council

on date of

APPROVAL OF 2014 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 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.
- B. Agency receives annual funding from a combination of federal, state and local sources.
- C. The sources of Agency revenues require an operating budget adopted prior to the start of each new fiscal year.
- D. As of February 1, 2012, pursuant to Health and Safety Code Section 34173 and resolution # 2012-018, the fiscal administration of the former Redevelopment Agency of the City was assumed within the management structure of the City of Sacramento which elected to administer the dissolution of its redevelopment agency and to manage and staff the Redevelopment Agency Successor Agency (RASA). The budget of the former Redevelopment Agency is no longer incorporated within the Agency Budget.
- E. Agency's fiscal year is the calendar year from January 1st through December 31st.
- F. Pursuant to Health and Safety Code Section 34176 and resolution # 2012-001, the City of Sacramento designated the Housing Authority of the City of

Sacramento (HACS or 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.

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

Section 1. The proposed actions to adopt the 2014 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. There is no federal funding associated with these actions; therefore, NEPA does not apply.

All other actions are associated with the adoption of the 2014 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 2014 Operating Budget totaling \$145,727,911 and the 2014 Project Budget totaling \$21,905,555, all as further described in the 2014 Proposed Agency Budget (hereinafter "2014 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 2014 fiscal year. The 2014 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 225 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 of the former Redevelopment Agency approved by the Successor Agency's Oversight Board.
- Section 6. The Agency is authorized to submit the 2014 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, 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 2014 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 2014 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 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.
- 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, 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.

Agency is directed to comply with all policies, procedures, and requirements prescribed by HUD as a condition of such grants. Agency 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 Authority, staffed by the Agency, to conduct a physical inventory, analyze receivables for collectability, and, accordingly, reconcile and adjust related financial records. Agency is authorized to amend the Budget and financial records as needed for such adjustments.
- Section 11. 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. 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, 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.
- 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 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 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 15. Agency 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 approved Action Plans and funding source requirements.
- Section 16. 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. 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 Agency is authorized to execute contracts for homeless activities funded in the Agency Budget as outlined in the Agency public services schedule.
- Section 17. 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, 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. Agency is authorized to amend the Budget to make transfers of fund balances to accommodate reserve requirements. 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, 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. Agency is authorized to amend the Budget to appropriate for expenditure all revenues received in revolving funds.
- Section 21. 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. Agency is authorized to transfer appropriations up to \$100,000 per transaction in Operating Budget and contingency reserves.
- Section 23. 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. Agency is authorized to transfer project appropriations among fund groups.
- Section 25. 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. 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. 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. 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 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, 2013 will be carried over and continued in 2014.
- Section 30. All multi-year operating grant budgets in existence as of December 31, 2013 shall be continued in 2014.
- Section 31. All encumbrances for valid purchase orders and contracts in effect as of December 31, 2013 may remain in effect in 2014. Agency is authorized to increase the Budget for valid encumbrances as of December 31, 2013, but only to the extent that the applicable division's 2013 operating budget appropriations exceeded 2013 expenditures.
- Section 32. Agency is authorized to incorporate the changes listed on Exhibit A as part of the 2014 Budget.
- Section 33. 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 34. Agency is authorized to delegate the authorities as set out in this resolution.
- Section 35. This resolution shall take effect immediately.

Table of Contents:

Exhibit A - Summary of Changes to Sacramento Housing and Redevelopment
Agency Proposed 2014 Budget

EXHIBIT A**SUMMARY OF CHANGES TO SACRAMENTO HOUSING
AND REDEVELOPMENT AGENCY PROPOSED 2014 BUDGET**

Approved 2014 Total Operating Budget	\$ 145,727,911
Revised Approved 2014 Total Operating Budget	\$0
Approved 2014 New Projects	\$ 21,905,555
Revised Approved 2014 New Projects	\$0
TOTAL SHRA BUDGET	\$ 167,633,466

RESOLUTION NO. 2013-

Adopted by the Housing Authority of the City of Sacramento

on date of

APPROVAL OF 2014 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 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..
- B. Agency receives annual funding from a combination of federal, state and local sources.
- C. The sources of Agency revenues require an operating budget adopted prior to the start of each new fiscal year. As of February 1, 2012, pursuant to Health and Safety Code Section 34173 and resolution 2012-018, the fiscal administration of the former Redevelopment Agency of the City was assumed within the management structure of the City of Sacramento which elected to administer the dissolution of its redevelopment agency and to manage and staff the Redevelopment Agency Successor Agency (RASA). The budget of the former Redevelopment Agency is no longer incorporated within the Agency Budget.
- D. Agency's fiscal year is the calendar year from January 1st through December 31st.
- E. Pursuant to Health and Safety Code Section 34176 and 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.

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 2014 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. There is no federal funding associated with these actions; therefore, NEPA does not apply.

All other actions associated with the adoption of the 2014 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 2014 Operating Budget totaling \$145,727,911 and the 2014 Project Budget totaling \$21,905,555, all as further described in the 2014 Proposed Agency Budget (hereinafter "2014 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 2014 fiscal year. The 2014 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 225 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 of any required funds, the Executive Director, or her designee, 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 Redevelopment Agency Successor Agency (RASA). Such transactions must comply with applicable laws and regulations and agreements to provide staffing services for RASA are subject to RASA 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 2014 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 2014 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 2014 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 and Central Office 2014 Budget attached as Exhibit B-1.

- Section 10. Form HUD-52574 (08/2005), 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 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 the Housing Authority of the City of Sacramento (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. 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, 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 approved Action Plans utilizing ESG and HOPWA funds, strictly in accordance with the terms of the approved Action Plans 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. 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 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 payment obligation payment schedule, is necessary for the production, improvement and/or preservation of low and moderate income housing during the 2014 Agency Budget year.
- Section 23. HACS 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 City 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. 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, 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," 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, 2013 will be carried over and continued in 2014.
- Section 38. All multi-year operating grant budgets in existence as of December 31, 2013 shall be continued in 2014.
- Section 39. All encumbrances for valid purchase orders and contracts in effect as of December 31, 2013 may remain in effect in 2014. The Executive Director, or designee, is authorized to increase the Budget for valid encumbrances as of December 31, 2013, but only to the extent that the applicable division's 2013 operating budget appropriations exceeded 2013 expenditures.
- Section 40. The Executive Director, or designee, is authorized to incorporate the changes listed on Exhibit A as part of the 2014 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. This resolution shall take effect immediately.

Table of Contents:

Exhibit A: Summary of Changes To Sacramento Housing and Redevelopment Agency Proposed 2014 Budget

Exhibit B-1: 2014 City Public Housing Asset Management Projects (AMP) and Central Office Cost Center (COCC)

Exhibit B-2: HUD Resolution Approving the 2014 AMP Budgets

EXHIBIT A

SUMMARY OF CHANGES TO SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY PROPOSED 2014 BUDGET

Approved 2014 Total Operating Budget	\$ 145,727,911
Revised Approved 2014 Total Operating Budget	\$0
Approved 2014 New Projects	\$ 21,905,555
Revised Approved 2014 New Projects	\$0
TOTAL SHRA BUDGET	\$ 167,633,466

City Public Housing AMP, Central Office and Central Services Budget

January 1 - December 31, 2014

PHA Code: CA005
City of Sacramento

	City AMP 1	City AMP 2	City AMP 3	City AMP 4	City AMP 5	City AMP 6	City AMP 7	Total City Public Housing	City COCC Central Office & Central Svc
Beginning fund equity	\$ 705,740	\$ 997,811	\$ 653,991	\$ 339,483	\$ 326,073	\$ 494,672	\$ 515,312	4,033,082	\$ (449,337)
Revenues:									
HUD Operating Subsidy	1,314,119	1,545,594	473,920	708,872	729,245	397,704	671,329	5,840,783	-
Maintenance Charges to Tenants	13,000	25,000	5,000	4,000	11,000	1,000	20,000	79,000	-
Washer/Dryer Income	4,000	-	4,000	6,000	4,000	8,000	4,000	30,000	-
Rental Income - Dwelling	600,000	550,000	350,000	500,000	450,000	400,000	400,000	3,250,000	-
Rental Income - Commercial	-	-	-	-	-	183,853	-	183,853	-
Interest Income - Investment	10,000	18,000	9,000	1,000	2,000	3,000	3,000	46,000	-
Bad Debt Recovery	-	500	-	300	50	-	50	900	-
Miscellaneous income	10,045	10,090	3,030	12,060	5,590	2,105	3,060	45,980	2,995
Management Fee	-	-	-	-	-	-	-	-	1,587,876
IT/Bookkeeping Fee	-	-	-	-	-	-	-	-	207,080
Asset Management Fee	-	-	-	-	-	-	-	-	312,760
Admin Fee (CFP)	-	-	-	-	-	-	-	-	138,220
Central services fees	-	-	-	-	-	-	-	-	325,270
Total operating revenue	1,951,164	2,149,184	844,950	1,232,232	1,201,885	995,662	1,101,439	9,476,516	2,574,201
CFP Mgmt impr transfers	72,856	63,749	63,749	63,749	63,749	63,749	63,749	455,350	-
Capital project defunding	-	-	-	-	-	-	-	-	250,000
Total revenues and transfers in	2,024,020	2,212,933	908,699	1,295,981	1,265,634	1,059,411	1,165,188	9,931,866	2,824,201
Expenditures:									
Employee Services:									
- Management/Maintenance	722,238	617,559	421,992	399,097	395,959	195,954	388,664	3,141,463	717,713
- Resident Trainees	10,878	9,519	9,519	9,519	9,519	9,519	9,519	67,992	-
Total Employee Services	733,116	627,078	431,511	408,616	405,478	205,473	398,183	3,209,455	717,713
Services & Supplies:									
- Management/Maintenance	825,472	899,049	332,630	625,119	624,267	483,666	537,982	4,328,185	1,408,725
- Resident Trainees	61,977	54,231	54,230	54,230	54,230	54,230	54,230	387,358	-
Total Services & Supplies	887,449	953,280	386,860	679,349	678,497	537,896	592,212	4,715,543	1,408,725
Other Charges:									
Financial Transactions	1,380	2,100	1,800	200	675	750	2,050	8,955	-
Central Service Fees	65,418	71,051	29,801	45,065	41,613	30,346	41,976	325,270	-
Miscellaneous (PILOT, Depr.)	40,590	46,678	18,265	26,381	26,378	18,265	26,381	202,938	-
Management Fee	249,434	268,354	161,336	169,114	155,998	114,909	158,552	1,277,697	-
IT / Bookkeeping Fee	32,235	34,680	20,850	21,855	20,160	14,850	20,490	165,120	-
Asset Management Fee	43,200	47,040	19,680	29,760	26,640	20,040	24,840	211,200	-
Total operating expense	2,052,822	2,050,261	1,070,103	1,380,340	1,355,439	942,529	1,264,684	10,116,178	2,126,438
Ending Balance	\$ 676,938	\$ 1,160,483	\$ 492,587	\$ 255,124	\$ 236,268	\$ 611,554	\$ 415,816	\$ 3,848,770	\$ 248,426

Board Resolution Approving the AMP Budgets
PHA Board Resolution
Approving Operating Budget

OMB No. 2577-0026
(exp. 10/31/2009)

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

Previous editions are obsolete form HUD-52574 (08/2005) 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: 01/01/14

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 Budgets (*for COCC and all Projects*) approved by Board resolution on:

☐ 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 expenditures 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(e) and (f); and
6. The PHA will comply with the requirements for access to records and audits under 24 CFR 968.325.

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 Chairman's Name: Mayor Kevin Johnson	Signature:	Date:
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Board Resolution Approving the AMP Budgets
PHA Board Resolution
Approving Operating Budget

OMB No. 2577-0026
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Print Board Chairman's Name: Mayor Kevin Johnson	Signature:	Date:
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October 16, 2013

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

2014 Sacramento Housing and Redevelopment Agency Proposed Budget

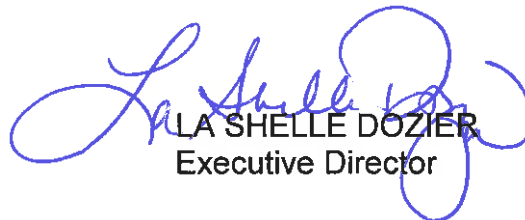
SUMMARY

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

RECOMMENDATION

The 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 5, 2013
10:45 am

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

From: Sacramento Housing and Redevelopment Agency

Subject: 2014 Sacramento Housing and Redevelopment Agency Proposed Budget

Supervisory
District: All

Contact: LaShelle Dozier, Executive Director, 440-1319
Don Cavier, 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 City of Sacramento, the Housing Authority of the County of Sacramento and the administration of specific federal funds on behalf of the City and County of Sacramento. As of February 1, 2012 the fiscal administration of the former Redevelopment Agency of the City and the former Redevelopment Agency of the County were assumed within the management structure of the City and County which elected to administer the affairs of the successor agencies. The budgets of the former redevelopment agencies (Redevelopment Successor Agency) are no longer incorporated within the Agency Budget. The proposed 2014 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 provides any General Funds in support of the Agency's budget.

The Agency proposes a balanced budget in the amount of \$167.6 million representing the operational activities and projects for 2014. The 2014 proposed budget represents a \$2 million or 1 percent decrease in net appropriations compared with the prior year. This change in annual budget appropriations is primarily the result of the federal Sequestration cuts to the Housing Choice Voucher program.

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 community based organizations and private entities whenever possible; and
- Developing budget plans that employ strategies to address the long-term needs of the communities we serve.

Calendar Year 2014 Proposed Budget (\$\$\$ In Millions)					
	2012 Budget	2013 Budget	2014 Budget	Variance (2013 to 2014)	
OPERATIONS					
Salaries and Benefits	23.3	19.9	19.6	(0.3)	-2%
Services and Supplies	15.6	14.7	14.8	0.1	1%
Housing Assistance Payments	101.9	107.2	103.5	(3.7)	-3%
Debt Service	42.4	3.1	2.3	(0.9)	-27%
Financial Transactions	31.1	0.9	0.6	(0.4)	-39%
Public Services	3.6	5.1	4.9	(0.2)	-4%
Sub-Total	\$217.9	\$151.0	\$145.7	(\$5.3)	-4%
CAPITAL PROJECTS					
Housing Development and Preservation	10.1	13.2	14.0	0.8	6%
Housing Authority Capital Projects	2.1	2.3	4.4	2.1	89%
Infrastructure and Public Improvements	5.8	3.1	3.5	0.4	13%
Sub-Total	\$18.0	\$18.6	\$21.9	\$3.3	18%
TOTAL	\$235.9	\$169.6	\$167.6	(\$2.0)	-1%

Recommendations

Conduct a public hearing and upon conclusion adopt: 1) a County Board Resolution a) approving the 2014 Proposed Budget for the Sacramento Housing and Redevelopment Agency (Agency), b) delegating authority to administer certain federal funds and authorizing the Agency to: i) submit the Comprehensive Plan to United States Department of Housing and Urban Development (HUD); ii) submit to HUD the One-Year Action Plan for the Community Development Block Grant (CDBG), Home Investment Partnership (HOME), Emergency Shelter Grant (ESG), American Dream Down Payment Initiative (ADDI), and Housing Opportunities for People with AIDS (HOPWA) programs; iii) submit grant applications for activities within the jurisdiction of the Agency; and iv) 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 c) 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 2014 proposed budget for the Housing Authority of the City of Sacramento; and b) delegating authority to administer certain federal funds and authorizing the Housing Authority to: i) submit

the Comprehensive Plan to United States Department of Housing and Urban Development (HUD); ii) submit to HUD the One-Year Action Plan for the Community Development Block Grant (CDBG), Home Investment Partnership (HOME), Emergency Shelter Grant (ESG), American Dream Down Payment Initiative (ADDI), and Housing Opportunities for People with AIDS (HOPWA) programs; iii) submit grant applications for activities within the jurisdiction of the Agency; c) authorizing the Executive Director to: (i) submit the annual housing operating budgets to HUD; (ii) submit application to HUD for Capital Fund Plan funding; (iii) submit the Comprehensive Plan to HUD; (iv) submit grant applications for activities within the jurisdiction of the Authority; and (v) 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.

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 in the communities we serve.

Fiscal Impact

The 2014 Proposed Budget recommends total expenses of \$167.6 million, with the Housing Assistance Payments Budget at \$103.5 million; the Operating Budget at \$34.4 million; the Capital Project Budget at \$21.9 million; the Public Services Budget at \$4.9 million; and, the Debt Service and Financial Transaction Budget at \$2.9 million.

Given that nearly 90 percent of the Agency's funding comes from the federal government through the Department of Housing and Urban Development, the impact of Sequestration and the annual threat of a federal government shutdown have forced the Agency to adapt to a new economic reality post redevelopment. By necessity the Agency has refocused the organization's direction and priorities, and is continuing to refine our business models to better align with our resources. Part of the appropriate response to address the drastic funding cuts of the past several years called for the Agency to proactively streamline operations by strategically reducing operational costs through layoffs, staff attrition, transfers, reduced work schedules, and cuts to services and supplies. To date, these efficiencies have lessened the impact within the community we serve and enabled the Agency to continue fulfilling its commitment to keep residents housed.

However, despite our best efforts to maintain service levels for key Agency programs, the sequestration cuts of 2013 have exacted a toll and leave many activities in a state of uncertainty in the coming year. For example, the 2013 HUD funding for the Agency's Housing Choice Voucher program will require the Agency to cease pulling families from the wait list and use all available program reserves just to meet breakeven with program costs. Should HUD continue to fund the program at this level, we estimate that the Agency will serve 600 less families by the end of 2014. For this and similar reasons, we must continue to refine the organization and adapt to our new reality.

The 2014 Proposed Budget reflects a decrease of 1 percent compared with 2013 due to continued cuts to federal programs under sequestration. Cumulatively, the Agency budget has been

reduced by 33 percent since 2011. Since that time, the Agency has implemented a variety of cost saving measures that have reduced staff costs and services and supply costs by \$8.5 million and reduced Agency funded full time equivalent positions (FTE) by 30 percent. In 2014 we are proposing to eliminate 28 previously unfunded positions reducing the number of authorized positions from 253 to 225. Staff is further recommending that an additional 22 positions remain unfunded for 2014, and propose to continue with the Agency's year-end closure schedule.

BACKGROUND

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. As of February 1, 2012 the fiscal administration of the former Redevelopment Agency of the City and the former Redevelopment Agency of the County were assumed within the management structure of the City and County which elected to administer the affairs of the successor agencies. The budgets of the former redevelopment agencies (Redevelopment Successor Agency) are no longer incorporated within the Agency Budget. The proposed 2014 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 provides any General Funds in support of the Agency's budget. Appropriate financial planning and applicable government regulations require the Agency to 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

Nearly 90 percent of the Agency's funding comes through the Department of Housing and Urban Development to support the activities and programs of the Agency. While many people perceive the conflict and gridlock over the federal budget as nothing more than a sound bite on the nightly news, the federal budget cuts to domestic discretionary programs resulting from sequestration have been very real for the Agency and the people we serve. Additionally, the enactment of a government shut down and continued debate over the federal debt ceiling provide little in the way of certainty regarding federal appropriations for 2014.

To date, federal budget cuts to critical Agency programs have diminished the Agency's capacity to serve the low income families and community development needs of our community. Cuts to federal programs like CDBG, HOME, Public Housing, Public Housing Capital Funds and the Housing Choice Voucher program have reduced the number of housing projects, public services and infrastructure improvements the Agency can fund.

Beginning in 2011, Congress systematically began reducing federal spending for domestic programs and, in 2013, implemented the cuts required by Sequestration Transparency Act of

2012. The vast majority of the spending cuts imposed by sequestration directly impact the federal discretionary programs we administer on behalf of the City and County of Sacramento. The following table provides a visual representation of the decline of our federal funding over the past several years.

City & County Federal Funding (In Millions)						
Funding Source	2010	2011	2012	2013	2014 Est.	Percent Chg Since 2010
CDBG	\$ 12.57	\$ 10.47	\$ 8.69	\$ 9.11	\$ 8.66	-31%
HOME	\$ 6.98	\$ 6.16	\$ 3.78	\$ 3.72	\$ 3.53	-49%
PHA OPERATING FUND	\$ 9.36	\$ 10.26	\$ 9.94	\$ 8.76	\$ 8.76	-6%
PHA CAPITAL FUND	\$ 5.48	\$ 4.32	\$ 3.99	\$ 4.02	\$ 4.02	-27%
HCV ADMINISTRATIVE FEES	\$ 9.32	\$ 8.90	\$ 8.40	\$ 7.40	\$ 7.10	-24%

The reductions in federal support for community development, affordable housing and supportive services are magnified by the simultaneous growth in the need for these programs and assistance. Waiting lists for affordable housing across the country continue to grow and low-income families with children and elderly and disabled people in need today must wait longer and longer for assistance.

COMMISSION ACTION

At its meeting of October 16, 2013, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. The votes were as follows:

AYES:

NOES:

ABSENT:

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.
- Promote economic development through strategic infrastructure and public facility improvements.

- Implement effective and efficient management practices to enhance customer service and project delivery.

FINANCIAL ANALYSIS

The 2014 Proposed Budget recommends total expenses of \$167.6 million, with the Housing Assistance Payments Budget at \$103.5 million; the Operating Budget at \$34.4 million; the Capital Project Budget at \$21.9 million; the Public Services Budget at \$4.9 million; and, the Debt Service and Financial Transaction Budget at \$2.9 million.

The 2014 Proposed Budget reflects a decrease of 1 percent compared with 2013 due to continued cuts to federal programs under sequestration. Cumulatively, the Agency budget has been reduced by 33 percent since 2011. Since that time, the Agency has implemented a variety of cost saving measures that have reduced staff costs and services and supply costs by \$8.5 million and reduced Agency funded full time equivalent positions (FTE) by 30 percent. In 2014 we are proposing to eliminate 28 previously unfunded positions reducing the number of authorized positions from 253 to 225. Staff is further recommending that an additional 22 positions remain unfunded for 2014, and propose to continue with the Agency's year-end closure schedule.

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.

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)(4). 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.

All other actions are associated with the adoption of the 2014 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.

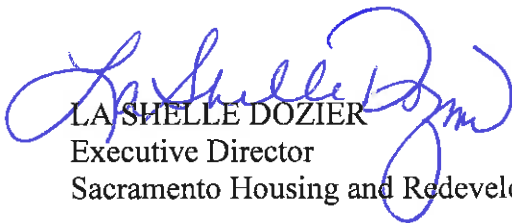
The proposed actions to adopt the Budget are considered administrative and management activities, and are exempt from environmental review under the National Environmental Policy Act (NEPA) per 24 CFR Section 58.34(a)(3). All other actions are associated with the adoption of the 2014 proposed budget, 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

Minority and Women 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,

APPROVED



LA SHELLE DOZIER
Executive Director
Sacramento Housing and Redevelopment Agency

BRADLEY J. HUDSON
County Executive

Attachments:

RES – County BOS Resolution
RES – HACOS Resolution
Exhibit A – Summary of Changes
Exhibit B-1 – Central Office and Central Services Budget
Exhibit B-C – HUD Resolution Approving the AMP Budgets
RES - SHDC Resolution
ATT I – Background
ATT II – Budget Document

BACKGROUND

Public Housing:

The Agency owns and manages approximately 3,306 housing units within the City and County of Sacramento. Approximately 2,871 of the units were developed under the federal public housing program administered by the Department of Housing and Urban Development (HUD) and are located throughout the Sacramento region with (1,836 units) in the City and (1,035 units) in the County. Of those units, approximately 1,000 units are designated as elderly and/or disabled only with the remaining units available to families. Program revenues are generated from tenant rent collections and operating subsidies provided by HUD. The amount of rent paid by the tenants is based on 30 percent of gross family income minus certain other adjustments. In addition to the public housing units, the Housing Authority manages another 435 units of local non-public housing.

The average occupancy rate in the Public Housing program is 98 percent for public housing properties available to be leased. The recent decline in rents is due to several factors including: 1) the vacancies associated with major rehabilitation projects and the disposition of public housing units sold under the HUD 5h/Section 32 program, 2) the disposition of the Washington, Sutterview and Sierra Vista high-rises to the Agency affiliated non-profit the Sacramento Housing Asset Repositioning Program, Inc. (SHARP), 3) vacant and boarded units being sold under the NSP PRP program and 4) the reduction in TANF and SSI income to PHA tenants which reduces the tenants share of the rental payments (30% of income).

HUD Operating subsidy levels have risen in recent years with federal appropriations for the program reaching as high as 103% of funding eligibility in 2010 and 100% in 2011. However, since program funding is determined annually, the level of subsidy received from HUD can be very volatile from year to year depending upon the federal appropriations process in Washington. In 2012 the HUD operating subsidy was prorated at 95% of eligibility and the impact of the Sequestration cuts have resulted in an 82% proration for 2013. We expect a similar level of prorated funding for 2014.

Capital Fund Program:

The HUD Capital Fund program provides funding annually via a formula, and program funds are allocated to public housing authorities (PHA) across the nation. Capital Fund grants are intended specifically for the development, financing, modernization, and management improvements for properties owned under the HUD public housing program. The Agency receives funding for the public housing properties owned by the City and County Housing Authorities. Between 2001 and 2012, HUD funding for the capital improvements and modernization of Public Housing properties decreased 42%, with the sharpest decrease coming in 2011 at 21%. 2014 HUD funding for the Capital Fund program is expected to

hover at the 2013 level. Revenue estimates are based on the current year grant amounts and are adjusted based upon Federal appropriation proposals.

Public Housing (Non-Federal):

While the public housing units have shown decreases in both rents and operating subsidy, the Agency's local housing projects, units not regulated by HUD, have shown positive revenue trends. The primary reason for this change is the implementation of the Housing Authority's asset repositioning strategy that has moved two Public Housing high-rise buildings to the Sacramento Housing Authority Asset Repositioning Program, Inc. (SHARP).

Housing Choice Voucher Program (HCV):

The Housing Choice Voucher (formerly Section 8 Housing Assistance) program is funded by the U.S. Department of Housing and Urban Development (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 amount is paid by the Agency. 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 Agency's HCV program provides rental assistance to an estimated 11,614 families each month and the program has maintained leasing levels in excess of 98 percent for all vouchers authorized by HUD since 2008. The high utilization level of vouchers makes the program eligible for maximum funding from HUD. Despite the fact that the Agency is entitled to maximum funding for the program, HUD has intentionally provided less funding than required to cover HAP costs in an effort to recapture accumulated HAP reserves from public housing authorities across the country. In 2008 and 2009 HUD intentionally recaptured HAP reserves leaving the Housing Authority with approximately two weeks of reserves; therefore, managing leasing levels becomes exceptionally important.

Due to the Sequestration cuts of 2013 HUD is providing significantly less funding than is required to cover our scheduled housing assistance payments. The Agency's 2013 funding eligibility of \$103.7 million was prorated at 94%, a funding cut of \$6.2 million. HUD's current funding level has required the Agency to cease leasing new vouchers, and to fully expend the Agency's existing HAP reserve of \$5.6 Million. Should HUD continue to fund the program at this level, we estimate that the Agency will serve 600 less families by the end of 2014. Currently, HUD has designated the Agency as a SHORTFALL Agency meaning that the funds HUD will provide combined with our reserves will be insufficient to meet our

HAP obligations. Agency staff has been working with HUD's shortfall prevention unit for the past six months to implement the program changes necessary to ensure that the Agency is eligible for any potential shortfall funding HUD has available. Funding for 2014 is expected to remain at the 2013 levels and the Agency reserves will be fully depleted.

Community Development Block Grant (CDBG):

This 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 31%. Revenues are projected to decrease slightly over the 2013 levels.

Home Investment Partnership Program (HOME):

The Agency administers 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 SHRA for funding. In the past, HOME funds have assisted families in purchasing their first home, renovated deteriorating housing units and assisted in 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. Funding has remained fairly level for the last several years, but since 2010 appropriations for HOME have declined by 49%. Current federal funding proposals reflect status quo funding levels for 2013. Estimates are generally based on the current year grant amounts and adjusted as needed based upon Federal appropriation proposals.

Housing Trust Funds(HTF):

The Agency administers Housing Trust Funds on behalf of 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 have dropped dramatically due to the sharp decline in number of commercial building permits being issued. HTF fees are expected to continue to decline given the current economic pressures impacting commercial construction in the region.

RESOLUTION NO. _____

APPROVAL OF 2014 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;

WHEREAS, the sources of Agency revenues requires an operating budget adopted prior to the start of each new fiscal year; and

WHEREAS, On 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, the Agency's fiscal year is the calendar year from January 1st through December 31st ;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 or Authority), 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 AND ORDERED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF SACRAMENTO:

Section 1. The proposed actions to adopt the 2014 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. There is no federal funding associated with these actions; therefore, NEPA does not apply. All other actions are associated with the adoption of the 2014 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 2014 Operating Budget totaling \$145,727,911 and the 2014 Project Budget totaling \$21,905,555, all as further described in the 2014 Proposed Agency Budget (hereinafter “2014 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 2014 fiscal year. The 2014 Agency Budget incorporates the budgets of the Redevelopment Agency of the City of Sacramento, the Redevelopment Agency of the County of Sacramento, 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 225 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 of the former Redevelopment Agency (CRASA) approved by the CRASA Oversight Board.

Section 6. The Agency is authorized to submit the 2014 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 2014 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 2014 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 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 and that in any given year the gain or loss is not more than five percent.

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 Comprehensive Plan or annual statement to HUD, after receiving public comments and resident review.

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. 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. 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, 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 the 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 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, 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 15. Agency 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 approved Action Plans and funding source requirements.

Section 16. 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. 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 Agency is authorized to execute contracts for homeless activities funded in the Agency Budget as outlined in the Agency public services schedule.

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 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. 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 the Agency Brownfield Assessment
- United States Environmental Protection the Agency Brownfield Clean Up
- United States Environmental Protection the Agency Brownfield Revolving Loan Fund
- United States Environmental Protection the 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 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, 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 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 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 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. 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 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, 2013 will be carried over and continued in 2014.

Section 30. All multi-year operating grant budgets in existence as of December 31, 2013 shall be continued in 2014.

Section 31. All encumbrances for valid purchase orders and contracts in effect as of December 31, 2013 may remain in effect in 2014. The Agency is authorized to increase the Budget for valid encumbrances as of December 31, 2013, but only to the extent that the applicable division’s 2013 operating budget appropriations exceeded 2013 expenditures.

Section 32. The Agency is authorized to incorporate the changes listed on Exhibit A as part of the 2014 Budget.

Section 33. 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 34. The Agency is authorized to delegate the authorities as set out in this resolution.

Section 35. 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 5th day of
November, 2013, by the following vote, to wit:

AYES: Supervisors,

NOES: Supervisors,

ABSENT: Supervisors,

ABSTAIN: Supervisors,

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 2014 BUDGET

Approved 2014 Total Operating Budget	\$ 145,727,911
Revised Approved 2014 Total Operating Budget	\$0
Approved 2014 New Projects	\$ 21,905,555
Revised Approved 2014 New Projects	\$0
TOTAL SHRA BUDGET	\$ 167,633,466

RESOLUTION NO. _____

ADOPTED BY THE HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO

ON DATE OF

APPROVAL OF 2014 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, 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. 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, Agency's fiscal year is the calendar year from January 1st through December 31st; 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 2014 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. There is no federal funding associated with these actions; therefore, NEPA does not apply. All other actions are associated with the adoption of the 2013 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 2014 Operating Budget totaling \$145,727,911 and the 2014 Project Budget totaling \$21,905,555, all as further described in the 2014 Proposed Agency Budget (hereinafter "2014 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 2014 fiscal year. The 2014 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 225 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 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 2014 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 2014 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 2014 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 2014 Budget attached as Exhibit B-1.

Section 10. Form HUD-52574 (08/2005), 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 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.

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. 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. 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 2014 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, 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 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. 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, 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, 2013 will be carried over and continued in 2014.

Section 38. All multi-year operating grant budgets in existence as of December 31, 2013 shall be continued in 2014.

Section 39. All encumbrances for valid purchase orders and contracts in effect as of December 31, 2013 may remain in effect in 2014. The Executive Director, or designee, is authorized to increase the Budget for valid encumbrances as of December 31, 2013, but only to the extent that the applicable division’s 2013 operating budget appropriations exceeded 2013 expenditures.

Section 40. The Executive Director, or designee, is authorized to incorporate the changes listed on Exhibit A as part of the 2014 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, is authorized to delegate the authorities as set out in this resolution.

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 5th day of November, 2013, 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 2014 BUDGET

Approved 2014 Total Operating Budget	\$ 145,727,911
Revised Approved 2014 Total Operating Budget	\$0
Approved 2014 New Projects	\$ 21,905,555
Revised Approved 2014 New Projects	\$0
TOTAL SHRA BUDGET	\$ 167,633,466

County Public Housing AMP, Central Office and Central Services Budget

January 1 - December 31, 2014

PHA Code: CA007
County of Sacramento

	County AMP 1	County AMP 2	County AMP 3	County AMP 4	County AMP 5	Total County Public Housing	City COCC Central Office & Central Svc
Beginning fund equity	\$ 35,889	\$ 183,970	\$ 631,524	\$ 31,424	\$ 149,157	\$ 1,031,964	\$ 404,922
Revenues:							
HUD Operating Subsidy	573,175	444,263	756,577	414,993	755,393	2,944,401	-
Maintenance Charges to Tenants	18,600	12,500	16,250	15,000	8,000	70,350	-
Washer/Dryer Income	3,750	5,750	11,000	3,500	2,500	26,500	-
Rental Income - Dwelling	315,000	350,000	526,000	350,000	360,000	1,901,000	-
Interest Income - Investment	1,500	4,000	9,000	700	950	16,150	6,800
Miscellaneous income	3,850	-	5,274	-	3,000	12,124	-
Management Fee	-	-	-	-	-	-	718,589
IT/Bookkeeping Fee	-	-	-	-	-	-	92,865
Asset Management Fee	-	-	-	-	-	-	122,760
Admin Fee (CFP) & (HCV)	-	-	-	-	-	-	1,691,297
Central services fees	-	-	-	-	-	-	507,258
Total operating revenue	915,875	816,513	1,324,101	784,193	1,129,843	4,970,525	3,139,569
CFP operating transfers	182,987	119,370	8,382	310,577	26,356	647,672	-
CFP Mgmt Impr transfers	72,856	63,749	191,247	63,748	63,749	455,349	-
AMP to AMP transfers	105,816	-	50,568	-	-	156,384	-
Total revenues and transfers in	1,277,534	999,632	1,574,298	1,158,518	1,219,948	6,229,930	3,139,569
Expenditures:							
Employee Services:							
- Management/Maintenance	324,049	373,928	384,864	335,389	378,003	1,796,233	1,191,911
- Resident Trainees	10,878	9,519	28,557	9,519	9,519	67,992	-
Total Employee Services	334,927	383,447	413,421	344,908	387,522	1,864,225	1,191,911
Services & Supplies:							
- Management/Maintenance	567,031	439,513	618,384	508,803	569,619	2,703,350	2,302,513
- Resident Trainees	61,978	54,230	162,690	54,230	54,230	387,358	-
Total Services & Supplies	629,009	493,743	781,074	563,033	623,849	3,090,708	2,302,513
Other Charges:							
Financial Transactions	5	550	5,056	120	80	5,811	920
Central Service Fees	38,017	32,959	43,771	29,297	38,540	182,584	-
Miscellaneous (PILOT, Depr.)	20,875	17,893	19,801	15,904	20,874	95,347	-
AMP to AMP transfers	-	-	156,384	-	-	156,384	-
Management Fee	150,659	129,882	171,319	115,026	151,703	718,589	-
IT / Bookkeeping Fee	19,470	16,785	22,140	14,865	19,605	92,865	-
Asset Management Fee	26,160	22,200	27,720	20,160	26,520	122,760	-
Capital Expenditures	-	-	330,000	-	-	330,000	-
Total operating expense	1,219,122	1,097,459	1,970,686	1,103,313	1,268,693	6,659,273	3,495,344
Ending Balance	\$ 94,301	\$ 86,143	\$ 235,136	\$ 86,629	\$ 100,412	\$ 602,621	\$ 49,147

Board Resolution Approving the AMP Budgets
PHA Board Resolution
Approving Operating Budget

OMB No. 2577-0026
 (exp. 10/31/2009)

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

Previous editions are obsolete form HUD-52574 (08/2005) 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: 01/01/14

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 Budgets (*for COCC and all Projects*) approved by Board resolution on:

☐ 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 expenditures 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(e) and (f); and
6. The PHA will comply with the requirements for access to records and audits under 24 CFR 968.325.

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 Chairman's Name: Susan Peters	Signature:	Date:
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Board Resolution Approving the AMP Budgets

PHA Board Resolution

Approving Operating Budget

OMB No. 2577-0026

(exp. 10/31/2009)

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

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PHA Name: Housing Authority- County of SacramentoPHA Code: CA007PHA Fiscal Year Beginning: 01/01/14

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 Budgets (*for COCC and all Projects*) approved by Board resolution on: _____

☐ 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 expenditures 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(e) and (f); and
6. The PHA will comply with the requirements for access to records and audits under 24 CFR 968.325.

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 Chairman's Name: Susan Peters	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 2014 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. There is no federal funding associated with these actions; therefore, NEPA does not apply. All other actions are associated with the adoption of the 2014 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 \$642,701 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 "2014 Proposed Budget", a copy of which is on file with the Agency Clerk, is approved as the Operating Budget for the 2014 fiscal year for the Sacramento Housing Development Corporation (2014 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 2014 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 2014 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 2014 Budget hereby adopted.

Section 7. The Executive Director is authorized to incorporate the changes listed on Exhibit A as part of the 2014 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 5th day of
November, 2013, by the following vote, to wit:

AYES: Directors,

NOES: Directors,

ABSTAIN: Directors,

ABSENT: Directors,

Chair, Board of Directors
Sacramento Housing Development
Corporation

(SEAL)

ATTEST: _____
Clerk

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. 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

APPROVAL OF 2014 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; and

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

WHEREAS, the sources of Agency revenues require an operating budget adopted prior to the start of each new fiscal year; On February 1, 2012, pursuant to Health and Safety Code Section 34173, the fiscal administration of the former City and County Redevelopment Agencies was assumed within the management structure of the City and County of Sacramento which elected to administer the dissolution of their redevelopment agencies. The budgets of the former Redevelopment Agencies are no longer incorporated within the Sacramento Housing and Redevelopment Agency Budget; and

WHEREAS, Agency's fiscal year is the calendar year from January 1st through December 31; and

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 2014 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. There is no federal funding associated with these actions; therefore, NEPA does not apply. All other actions are associated with the adoption of the 2014 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 2014 Operating Budget totaling \$145,727,911 and the 2014 Project Budget totaling \$21,905,555, all as further described in the 2014 Proposed Agency Budget (hereinafter "2014 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 2014 fiscal year. The 2014 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 225 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 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 2014 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 2014 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 2014 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 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 Budget. 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 2014 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 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 27. The Executive Director, or designee, is authorized to transfer project appropriations among fund groups.

Section 28. 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 29. 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 30. 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 31. 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 32. All project appropriations in existence as of December 31, 2013 will be carried over and continued in 2014.

Section 33. All multi-year operating grant budgets in existence as of December 31, 2013 shall be continued in 2014.

Section 34. All encumbrances for valid purchase orders and contracts in effect as of December 31, 2013 may remain in effect in 2014. The Executive Director, or designee, is authorized to increase the Budget for valid encumbrances as of December 31, 2013, but only to the extent that the applicable division’s 2013 operating budget appropriations exceeded 2013 expenditures.

Section 35. The Executive Director, or designee, is authorized to incorporate the changes listed on Exhibit A as part of the 2014 Budget.

Section 36. The Executive Director, or designee, is authorized to delegate the authorities as set out in this resolution.

Section 37. This resolution shall take effect immediately.

CHAIR

ATTEST:

CLERK