



NOTICE OF REGULAR MEETING
**Sacramento Housing and Redevelopment
Commission**
Wednesday, October 2, 2013 – 6:00 pm
801 12th Street Sacramento, CA

ROLL CALL

APPROVAL OF AGENDA

APPROVAL OF ACTION SUMMARY SYNOPSIS

1. Synopsis – September 18, 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.

PUBLIC HEARING

3. Procurement Policy and Section 3 Plan
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 - City of Sacramento

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

PRESENTATIONS

8. 2014 SHRA Budget Workshop – Housing Authority

EXECUTIVE DIRECTOR REPORT

Greenfair Appraisal information

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

September 18, 2013

Meeting noticed on September 12, 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, Shah, Stivers

MEMBERS ABSENT: Rosa

STAFF PRESENT: Cindy Parker, LaShelle Dozier, Tia Boatman Patterson, James Shields, MaryLiz Paulson, Geoffrey Ross, Christine Weichert, Sarah Thomas, Don Cavier, Chris Pahule, Brian Lengyl, Karen Wallace, Cecette Hawkins, Susan Perry, Greg Ptucha, Tanya Tran, Leilani Barnett

APPROVAL OF AGENDA - approved as submitted

APPROVAL OF ACTION SUMMARY SYNOPSIS

1. The Synopsis for August 21, 2013 was approved as submitted.

CITIZENS COMMENTS

2. None

PUBLIC HEARING

3. Greenfair Land Disposition and Repayment of HOME Loan

Greg Ptucha presented the item.

Commissioners Leduc, Alcalay, Stivers Shan and Johnson expressed concern that the appraisal was not available prior to the item being put on the agenda.

Commissioner Stivers requested that staff report back when the appraisal was available.

The commission requested that staff clarify in the report to council that they had concerns about the lack of an available appraisal. Staff indicated that they would add this to the report.

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

AYES: Alcalay, Chan, Gore, Griffin, Johnson, LeDuc, Morgan, Morton, Shah

NOES: Stivers

ABSENT: Rosa

4. 2014 Public Housing Agency Annual Plan for the Housing Authority of the City of Sacramento and the Housing Authority of the County of Sacramento

Chair Alcalay opened the public hearing.

Mary Liz Paulson and Sarah Thomas of the Housing Authority presented the item.

Commissioner Leduc requested an explanation of chapter 5 which staff provided.

Sarah Ropeleto from Legal Services of Northern California and Sandra Strong provided comment.

The Commission requested a copy of the formal response to legal services prior to the next meeting.

Chair Alcalay closed the public hearing.

PRESENTATIONS

5. County Housing Element Update

Cindy Storelli and County staff presented the item.

Commissioners requested a report back on the housing element and the mixed income housing ordinance and also requested that a copy of the full document be sent to them.

6. 2014 SHRA Budget Workshop – Housing and Community Development

Christine Weichert presented the Housing and Community Development department budget for 2014.

EXECUTIVE DIRECTOR REPORT

LaShelle Dozier announced:

- 1) Next meeting would be held on October 2nd. There will also be a meeting on October 16th and a closed session prior to the regular meeting on that night that will begin at 5:30 pm.

SHRC Synopsis
September 18, 2013

- 2) Reviewed AB 662 related to the infrastructure financing districts.
- 3) A commission subcommittee has been working on a review of the SHRC bylaws. David Levin will report back to the commission on this item.
- 4) Grand opening for Kelsey Village on 10-15-13.

COMMISSION CHAIR REPORT

Chair Alcalay announced:

- 1) Thanked commissioners for their support of Washington Plaza item at the council.
- 2) Another bylaw review committee meeting will be scheduled soon.
- 3) Asked for a status of the 17th and K project. Staff indicated that the funding that SHRA has allocated to the project was approved by the State of California and SHRA has no dispute or issue with the State regarding this project.

ITEMS AND QUESTIONS OF COMMISSION MEMBERS

Commissioners Morton and Griffin asked about toxic issues at McClellan – referred to a Sacramento Bee article. Staff indicated that SHRA is not involved in this issue so they did not have any information on this item.

Commissioner Griffin asked about CDBG funds for North Highlands. Staff indicated that the Action plan for CDBG would be presented to the Commission on October 2nd.

ADJOURNMENT

As there was no further business to be conducted, Chair Alcalay adjourned the meeting at 8:05 p.m.

AGENCY CLERK

Item #3 – To be Continued to 10-16-13 SHRC Meeting



September 26, 2013

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

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

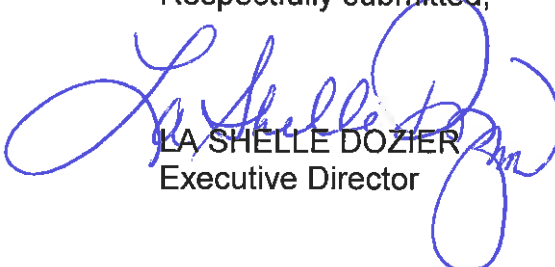
SUMMARY

The attached report is submitted to you for review and recommendation 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 CITY COUNCIL
City of Sacramento
915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org

Staff Report
October 22, 2013

Honorable Mayor and Members of the City Council

Title: 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

Location/Council District: Citywide

Recommendation: Adopt a **Council Resolution which:** 1) Adopts the 2014 One-Year Action Plan (Action Plan), which allocates anticipated CDBG, HOME, HOPWA and ESG funds to various programs and projects; 2) adopts the Action Plan amendment, to defund the activities set forth in Exhibit B and to add the projects set out in Exhibit C; 3) authorizes SHRA to amend its budget to allocate the CDBG, HOPWA and ESG funding for programs and projects in accordance with the amendment of the prior year's Action Plan and 2014 Action Plan; and to amend the 2014 CDBG Capital Reserve, HOME, HOPWA and ESG budgets as necessary; 4) authorizes SHRA to submit the amendment of prior years' Action Plan(s) and the 2014 Action Plan to HUD and to execute the subsequent grant agreements with HUD and to execute agreements and contracts with the appropriate entities to carry out projects in accordance with the 2014 Action Plan; 5) authorizes the City Manager to execute agreements with SHRA to carry out the activities contained in the 2014 Action Plan; 6) authorizes SHRA to amend and implement the proposed modification to the Neighborhood Stabilization Program (NSP) target area boundary to include the Twin Rivers public housing project and surrounding area; 7) authorizes SHRA to make any budget adjustments and execute any and all related documents, including invoicing, contracts and amendments as necessary to carry out the federal programs; and 8) make related findings.

Contact: La Shelle Dozier, Executive Director, 440-1319, Geoffrey M. Ross, Program Manager, 440-1357

Presenters: Geoffrey M. Ross, Program Manager

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: This report recommends approval of the 2014 Action Plan, thereby updating the Consolidated Plan, and requests authorization to submit the plan to HUD. The Consolidated Plan is a five-year planning document covering the period 2013-17 (by resolutions 2013-0010 and HA 2013-0001). The Consolidated Plan identifies the City's housing and community development needs and describes a long-term strategy to meet those needs. In addition, the Action Plan specifically addresses the following federally funded housing and community development programs: CDBG, HOME, ESG and HOPWA.

Staff anticipates that the 2014 federal budget will again reflect the most recent round of reductions to domestic and discretionary spending resulting in an overall lower level of funding from HUD than previously experienced at the adoption of the prior Action Plan. Background information is included in Attachment 1.

Policy Considerations: The proposed appropriation of funds for new and existing activities is consistent with the goals and objectives in the adopted Consolidated Plan. The Consolidated Plan goals include assisting low- and moderate-income persons and areas with the following: community services, housing, homeless facilities and services, public improvements and facilities, economic development, and planning activities.

Economic Impacts: Not applicable.

Environmental Considerations:**California Environmental Quality Act (CEQA)/National Environmental Policy Act (NEPA):**CDBG, HOME and HOPWA

Commitment of funding for new projects that could result in a direct or indirect physical change to the environment is subject to environmental review under CEQA if implementation of the projects is authorized as part of the budgeting process.

All new federally funded projects are subject to environmental review under the requirements of NEPA and per HUD regulations prior to any commitment of federal funds for expenditure unless they are exempt from such review.

Many of the 2014 Action Plan new projects are exempt or categorically excluded from environmental review under CEQA and NEPA. Some of the programs contained in the action plan do not include specific projects, or actions on specific properties as these projects and properties have not yet been defined. As projects and properties are identified, additional environmental review under CEQA and/or NEPA will be required prior to any discretionary action or choice limiting action. These projects cannot

be approved until further environmental review is completed. Exhibit D contains specific information regarding CEQA and NEPA reviews and findings for specific projects.

ESG

The authority for environmental review of HUD-assisted projects and activities carried out under the Emergency Solutions Grant (ESG) Program is NEPA, related environmental laws and authorities, and 24 CFR Part 50. The Homeless Emergency Assistance and Rapid Transition to Housing Act (HEARTH) of 2009 repealed prior assumption authority to allow states and units of local government to perform HUD's environmental review responsibility for the ESG Program. Therefore the use of procedures under 24 CFR Part 58 – Environmental Review Procedures for Entities Assuming HUD's Environmental Responsibilities – is not authorized.

Per 24 CFR Part 50.19(b), the ESG activities included in the 2014 Action Plan for services and staff will have no physical impact on the environment. These are considered supportive services and are categorically excluded under NEPA. These programs are covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Exhibit D contains specific information regarding CEQA and NEPA reviews and findings for ESG.

NSP

The amendment and expansion of the NSP target area boundary constitutes an update to an existing program only. This action does not constitute approval for any specific project, and does not change the scope or character or effect on the environment for any specific project. As such, the action is exempt from or does not require environmental review under CEQA or NEPA 24 CFR 58.34(a)(3).

Sustainability Considerations: The Projects included in this report have been reviewed for consistency with the goals, policies and targets of the Sustainability Master Plan and the 2030 General Plan. If approved, the contents of this report will advance the following goals, policies and targets: the project supports GOAL NUMBER FIVE – Public Health and Nutrition, ITEM 3 – Create Healthy Urban Environments through Restorative Redevelopment.

Other: N/A

Committee/Commission Action: On October 2, 2013, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. The votes were as follows:

AYES:

NOES:

ABSENT:

Rationale for Recommendation: As a condition of the receipt of various federal grants provided through HUD, the regulations require the annual submittal of a One-Year Action Plan describing proposed activities and expenditures for the upcoming year using the goals and priorities in the Consolidated Plan. Refer to the Exhibits for the list of 2014 recommended activities, projects to be defunded and various years' Action Plan amendments.

Financial Considerations: Proposed allocations made in the 2014 Action Plan are based on:

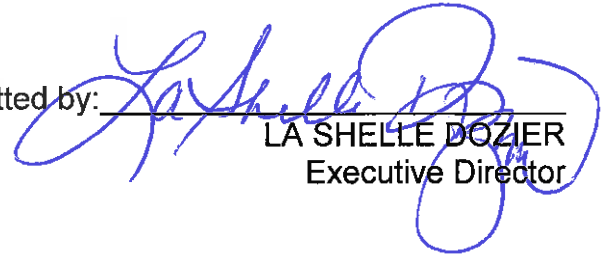
CDBG Entitlement	\$4,071,624
CDBG Program Income	\$117,900
HOME Entitlement	\$1,722,207
HOME Program Income	\$285,048
ESG Entitlement	\$287,038
HOPWA Entitlement	\$819,496

The \$769,942 in CDBG capital reserve budgeted in the 2014 Action Plan is approximately nineteen (19) percent of the 2014 CDBG entitlement. If Congress ultimately approves funding in a lesser amount, the reserve will be used to fund budgeted projects. SHRA is authorized to obligate the CDBG Capital Reserve to activities described in this Action Plan.

No additional funding is being requested for NSP.

M/WBE and Section 3 Considerations: Minority and Woman's Business Enterprise and Section 3 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

Table of Contents

Report	pg.	1
Attachments		
1 Background	pg.	6
2 NSP Existing Target Area Boundary	pg.	13
3 City Council Resolution	pg.	14
Exhibit A 2014 Action Plan Activities	pg.	17
Exhibit B Project and Program Defunding	pg.	21
Exhibit C Prior Years' One-Year Action Plan Activities	pg.	22
Exhibit D Environmental Determination	pg.	23
Exhibit E NSP Expanded Target Area Boundary	pg.	27

Background

Since 1982 the Sacramento Housing and Redevelopment Agency (SHRA) has managed and administered federal housing and community development funds on behalf of the City and County of Sacramento (City and County) and has served as the federal housing and community development staffing entity pursuant to an agreement between the City and County and its housing authorities.

The consolidation of staffing achieved close coordination of community development / redevelopment and public housing functions, provided budget savings for operation and overhead, eliminated duplicate staffing efforts, and sought federal and other funding opportunities. The consolidation of multiple departments from different jurisdictions under the control of one executive director who is directly accountable to the City and the County governing boards is a key element to the success of the governance and legal structure of SHRA. This structure has been recognized on a statewide and national level as a model for multi-jurisdictional and efficient use of housing and community development funds.

On January 8, 2013 (by City Council Resolution 2013-010 and HA Resolution 2013-01) SHRA was approved to administer all U.S. Department of Housing and Urban Development Office of Community Planning and Development (HUD CPD) Programs as part of the adoption of the 2013-17 Consolidated Plan. Furthermore, to reflect the administration of the ESG and HOPWA Programs in addition to the administration of the CDBG and HOME Programs, as well as to reflect the dissolution of redevelopment, SHRA was also approved by same resolutions to enter into a revised Memorandum of Agreement (MOA) for the continued administration of HUD CPD funds, and the Housing Authority of the City of Sacramento, staffed by SHRA, was designated as the official recipient of federal funds on behalf of the City of Sacramento.

Consolidated Plan and Action Plan

New activities and the reprogramming of previous years' funds and their use are laid out in the 2014 Action Plan and are based upon 2013-17 Consolidated Plan priorities. The Action Plan's key components are broken down in the following sections.

Infrastructure

There is a continuing need within the City for public facilities to serve growing populations. Many low- and moderate-income areas in the City are within older neighborhoods that either do not have proper facilities or their existing facilities suffer from heavy use or deferred maintenance leading to disrepair. As identified in the 2013-17 Consolidated Plan, capital improvement funding identified in the Action Plan will be concentrated for maximum leveraging opportunities to provide the greatest impact to the largest number of residents.

Supporting large capital and public facility improvement projects benefiting low- and moderate-income areas remain a key component of the CDBG Program. As part of the 2013-17 Consolidated Plan the targeting of such areas is refined and priority areas are identified. The priority areas represent the intersection of various considerations for effectively targeting

2014 One-Year Action Plan

Attachment 1

funding and maximizing impacts. To the extent a pipeline of projects exists within the priority areas the program goal is to strategically support such projects. However, where strategic projects exist in broader low- and moderate-income areas and to the extent that capital and public facility funding remains available, area benefit projects outside the priority areas will also be supported.

The infrastructure and public improvement projects recommended in the Action Plan are in support of current City of Sacramento priorities, as well as previous commitments. This report supports projects currently underway throughout the City, and they are located within the priority areas established under the 2013-17 Consolidated Plan. The Action Plan through the use of priority areas recognizes the post-redevelopment reality in California and Sacramento and creates a system by which funds can be focused strategically on fewer, but larger projects in low- and moderate income neighborhoods. The goal is to create a concentration of efficient activity generating strategic and visible impacts that promote positive changes within the community.

Housing

High housing costs reduce economic opportunities, access to jobs and services, and the ability of lower-income households, including the elderly and persons with disabilities, to live in the communities and neighborhoods of their choice. The activities laid out in the Action Plan seek to support activities across the housing spectrum that will increase and improve the multi-family housing stock, rehabilitate existing single-family housing and carry out other housing responsibilities.

SHRA's ability to respond to increasingly difficult housing issues is currently resource constrained by reductions in entitlement grants from the federal government and the loss of local tax increment due to the elimination of redevelopment. As a result, a portion of CDBG funding is being targeted towards housing rehabilitation and in support of housing development. In addition to direct housing assistance, infrastructure improvements along transit corridors, in conjunction with housing development and community facilities in designated neighborhoods has been proven to lead to increased opportunities for low- and moderate-income residents to live closer to their place of work and enjoy greater interaction with their surrounding community and amenities.

Affordable housing rehabilitation and new construction is not limited to low- and moderate-income areas, but is able to be developed where it is most appropriate. The guidelines for investing in affordable housing rehabilitation and new construction activities were established as part of separate policies adopted by the Council, and include the Multi-Family Lending Guidelines.

McClellan Heights/Parker Homes Update

Parker Homes, bifurcated by Interstate 80, is located on the Northeast corner of Council District 2. Parker Homes is bordered by Raley Boulevard east. McClellan Heights is located between Parker Homes and the McClellan Air Force base. Parker Homes includes 216 housing units on a total land area of approximately 50 acres that was constructed by the

2014 One-Year Action Plan

Attachment 1

Federal Government in 1942 as off base military housing to support the base during WWII. The houses were built without perimeter foundation, proper grade elevations, durable materials and designs and they suffer from substandard and nonconforming front and side yard setbacks as well as narrow street right of ways, which compound challenges to infrastructure and housing.

McClellan Heights, which is an area adjacent to the base and in the late 1990s, was in dire need of infrastructure improvements. This area is affected by increased truck traffic entering the southwest side of the base. McClellan Heights exhibited a need for street improvements and related drainage and lighting upgrade. With a low housing density and a high growth potential, investment to upgrade the area's street related infrastructure, was the Agency's focus over the last decade.

The Agency and its partners envisioned in the early 2000s that Parker Homes and McClellan Heights neighborhoods were to become safe and vibrant neighborhoods of choice with common community standards regarding yard and home maintenance and neighborhood behavior. In the last decade, the revitalization of the neighborhoods was accomplished through engagement of residents and property owners in a manner that reduced displacement and avoided gentrification.

To realize this vision, the Agency funded (CDBG and tax increment) improvements to the existing housing stock, and selective infill and lot consolidation for development of new homes. The Parker Homes/McClellan Heights project encompasses an area that demonstrates that existing developed urban neighborhoods can be "recreated" and "renewed" by building on the assets of the neighborhood, reviving pride and neighborhood spirit and coordinating the many skills and talents of multiple collaborative partners. Because it is an existing densely developed neighborhood, strategies must respect the existing assets of the neighborhood while introducing new features that create a distinct sense of place.

Section 3 Update

Section 3 is a program under HUD (24 CFR 135) that is designed to ensure that employment and other economic opportunities generated by certain HUD financial assistance be available to low- and very low-income persons, particularly those who are recipients of government assistance for housing.

SHRA in coordination with City Council Districts 2 and 3 and the Sacramento Urban League, will launch a pilot program in January 2014 for targeted hiring, recruitment, referral and placement of prequalified low-income residents. The pilot program has five priority levels:

- 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;

2014 One-Year Action Plan

Attachment 1

Priority 4: A low or very low-income resident of Sacramento City/County.

CDBG Administration

On October 26, 2012, HUD issued a Memorandum to all CDBG Grantees wherein they provided advance notice that they are seeking to implement changes to HUD's Integrated Disbursement and Information System (IDIS) system that will assist grantees in preventing long-standing open activities. This means that, in addition to the IDIS changes embodied in the 2013-17 Consolidated Plan (which is electronically submitted to HUD), subsequent Action Plans and annual reports will also be linked within the IDIS system, providing HUD the ability for ongoing monitoring of individual project progress. Notably, these changes to CDBG are similar to those changes recently introduced in the HOME Program.

It has always been the goal for CDBG Program funds to be the last dollars into a project and the first expended. However, there have been several instances throughout the program's history where projects received funding before they were completely shovel-ready. While CDBG has a timeliness requirement that measures the overall program rate of fund expenditure, these changes by HUD are now adding an additional layer where individual projects will now be flagged within the IDIS system based upon the project's rate of expenditure. Failure to draw funds in a timely manner and failure to report accomplishments for funded projects may result in additional scrutiny and potential freezing of funds. For this reason all projects identified within the Action Plan have been screened and determined to be shovel-ready.

SHRA has successfully met all timeliness requirements over the past Consolidated Plan periods; however, these changes will require that staff recommendations related to CDBG funding further reflect projects that are actually ready to proceed. SHRA staff will continue to work closely with City Department staff to ensure that a clear pipeline of projects is identified, that funds are programmed efficiently, and that expenditures and billings are recorded regularly.

CDBG Planning/Administration and Public Services Caps

On May 16, 2013, HUD issued a Memorandum to all CDBG Grantees wherein they provided guidance on the corrective action available when there has been a violation of the 20 percent planning (24 CFR 570.200(g)) and administrative cap or the 15 percent public services cap (24 CFR 570.201(E)), or both, by CDBG entitlement grantees. The guidance reiterated that compliance with the caps is based on obligations rather than expenditures. The regulations at 24 CFR 570.910 provide corrective and remedial actions when there has been a deficiency in program performance or a violation of CDBG Program requirements. HUD's position is that the appropriate corrective action for a violation of either cap is to advise the recipient to reimburse its program account or letter of credit for any amounts expended in excess of the cap for the program year in question, and to reprogram the use of funds in accordance with applicable requirements. The reimbursement must be made with non-federal funds and generally within one year of the finding that the cap has been exceeded. HUD will not accept

2014 One-Year Action Plan

Attachment 1

under-obligation in a following program year, or a voluntary grant reduction in a following year, as corrective actions for non-compliance with these caps.

SHRA has successfully met the cap requirements over the past Consolidated Plan periods. SHRA staff will continue to work closely with City Departments and public service provider staff to ensure that funds are obligated and programmed efficiently, and that expenditures and billings are recorded regularly to ensure that the caps are not exceeded.

Homeless Services

Homeless policy changes at the national level, coupled with recent research, are leading to local improvements in system design, repurposing of existing resources, and the development of reallocation strategies. The Sacramento Continuum of Care (CoC) has made significant headway in the past few years and has strong models and approaches to build on. However, changes imbedded in the HEARTH Act and the new federal plan to end homelessness will challenge the CoC to rethink current investments and develop a more integrated response system with clear performance expectations for all the local partners.

For the past two and half decades federal grant funding has been directed to thousands of programs across the country. While agencies were expected to coordinate their efforts locally for planning purposes, federal grants went directly to individual programs and were allocated based on numbers of people served or services offered, rather than being based on the ultimate outcomes of the programs. This funding approach is changing. Coinciding with this change, SHRA, the City and County, Sutter Health Foundation, the Sacramento Regional Community Foundation, Legal Services of Northern California and other entities collaborated to create Sacramento Steps Forward (SSF), to act as the lead entity in our response to end homelessness. Over the past two years SSF has emerged to assume the role of grantee for the CoC.

Over the coming year, Sacramento will navigate the new regulatory requirements and seek to overcome significant challenges impeding the implementation of new system-wide strategies that recognize the need for tighter linkages to other programs and resources in the human services and health care arenas as well as system-wide accountability for outcomes. The goal is to begin to transform homeless services into a crisis response system that prevents homelessness and rapidly returns people who experience homelessness to stable housing.

Emergency Solutions Grant (ESG)

In January 2013, SHRA assumed the administration of the ESG Program from the Sacramento County Department of Human Assistance (DHA). Over the course of 2013, SHRA staff worked with DHA staff to reconcile program funding and accomplishments.

A key piece towards implementing new system-wide strategies for the homeless is the full roll-out of the ESG Program that provides, for the first time, ongoing entitlement funding in support of homeless prevention and rapid re-housing activities. The first homeless prevention and rapid re-housing program established in Sacramento was linked to the one-time funding of the Homeless Prevention and Rapid Re-housing (HPRP) Program under the American Recovery

2014 One-Year Action Plan

Attachment 1

and Reinvestment Act (ARRA). The lessons learned and infrastructure created from HPRP will serve as a starting point for the new ESG Program.

In May 2013, HUD issued the Grant Award amounts for the federal entitlement programs, and the ESG Program was reduced from \$452,693 (2012 funding level) to \$302,145 (2013 funding level); approximately 30 percent reduction. This severe reduction required SHRA to reduce its contracts with the Sacramento's emergency shelter providers. SHRA will coordinate with the CoC and homelessness providers on allocating ESG funds in a manner that best serves its community. A federal requirement places caps on ESG (24 CFR 576.3-General Provisions): 40 percent of the funds are to be made available for prevention and rapid re-housing activities, and 60 percent of the funds for emergency shelters and outreach; in addition, out of the 60 percent, 7.5 percent can be allocated for program administration.

To implement this coordination, SHRA collaborated with SSF to lead the community discussions for implementation of homeless prevention and rapid re-housing activities in conjunction with the wider repositioning of the CoC based upon HEARTH. In late 2013, SHRA will release a Request for Qualifications to seek qualified providers to implement the prevention and rapid re-housing component of ESG in 2014. SHRA, as administrator, will then directly contract with providers based upon the priorities adopted as part of the implementation of HEARTH locally. These actions will prove crucial for the continued competitiveness of the Sacramento CoC when the 2014 competitive funding round is launched by HUD and the Notice of Funding Availability (NOFA) implements the regulations pertaining to HEARTH.

In September 2013, SHRA contracted with Focus Strategies to develop coordinated entry / assessment system for ESG, Shelter Plus Care and HOPWA Programs administered by SHRA. The system will launch in January 2014 and will serve as a pilot coordinated entry /assessment for the CoC. SHRA will continue to collaborate with SSF on developing a coordinated entry / assessment system throughout the CoC. The core system services will include: assessment, eligibility, calculating assistance, housing search and location, provision of financial assistance, case management / stabilization services, reassessment and exiting.

Housing Opportunities for Persons with AIDS (HOPWA)

HOPWA funding provides housing assistance and related supportive services and grantees are encouraged to develop community-wide strategies and form partnerships with area nonprofit organizations. SHRA, on behalf of the City of Sacramento (City), is the Grantee for this Program and received funds for the City of Sacramento and the counties of Sacramento, Yolo, Placer and El Dorado.

In 2012, SHRA began administering the HOPWA Program. DHA was the previous administrator. As part of the transition, SHRA and the Providers reviewed DHA's 2011 contract scope of work and streamlined the processes for invoicing and reporting for 2012. In 2013, SHRA and the Providers continued to revise the scope of work, reporting process to follow federal regulations and reporting requirements under the HEARTH Act (e.g., Homeless Management Information System-HMIS) and HOPWA regulations. As part of this process, SHRA, the Providers, and with assistance from Cloudburst (HUD contractor), reviewed HOPWA regulations and discussed how to holistically revise the HOPWA Program in the

2014 One-Year Action Plan

Attachment 1

Sacramento Region to serve its clients and to enact the HEARTH Act. In 2013, SHRA monitored the Providers for program compliance and provided technical assistance as needed to ensure the program continues to be successfully implemented.

In 2014, SHRA will continue to work on providing a program that meets the needs of its clients while meeting federal regulations and reporting requirements. In addition, SHRA and the Providers will meet quarterly for a question/answer forum amongst their peers.

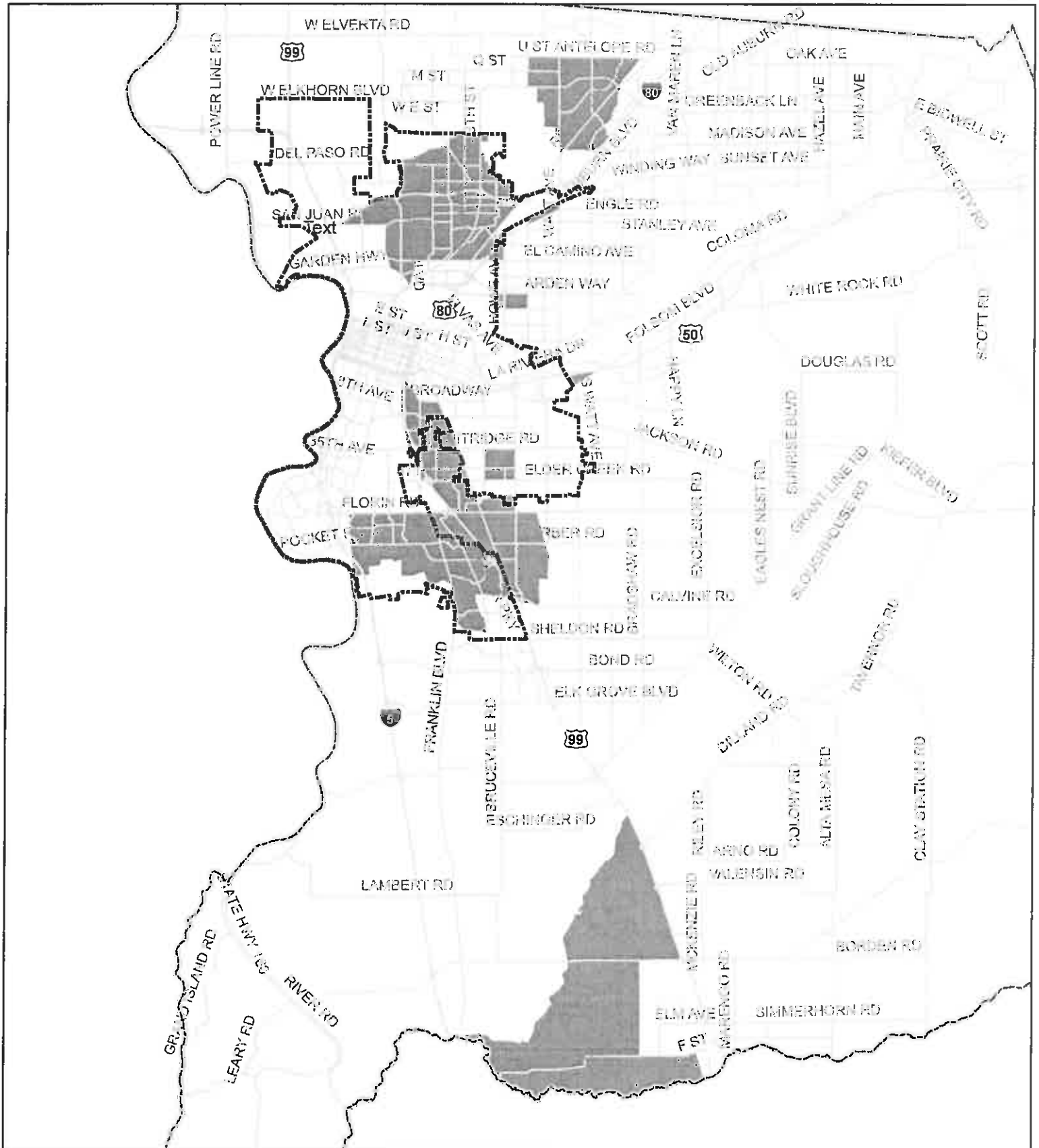
Neighborhood Stabilization Program

Following the City's approval in February 2009, the Neighborhood Stabilization Program (NSP) was launched countywide within specific target areas as illustrated in Attachment 2. The goal of NSP has been to rapidly arrest the decline of low and moderate income neighborhoods negatively affected by abandoned, foreclosed, or vacant properties through the provision of affordable housing alternatives and improved economic conditions. Although NSP funds are nearly exhausted, SHRA is recommending an expansion of the NSP target area boundaries to allocate resources for the redevelopment of the distressed Twin Rivers public housing project and adjacent parcels, located just north of downtown Sacramento in the River District as shown in Exhibit E of the attached resolutions.

SHRA secured a Choice Neighborhoods Initiative (CNI) Planning grant in 2011 for the County Housing Authority owned Twin Rivers public housing site and is nearing completion of a Neighborhood Transformation Plan. Subject to future funding authorization from the City, this action will allow SHRA to strategically invest NSP funds to support activities identified in the CNI-funded Neighborhood Transformation Plan. Those activities may include acquisition of adjacent properties, demolition of structures, and/or rehabilitation of the Twin Rivers public housing project and surrounding properties. Furthermore, the proposed modification will help address the long standing issue of a deteriorating housing stock and assist in promoting a variety of affordable housing alternatives for individuals and families.



NSP Existing Target Area Boundary



Sac County Boundary
 NSP1 Target Areas Boundary
 City of Sac Boundary

Miles
 0 2 4



SHRA GIS
 September 10, 2013

RESOLUTION NO. 2013 –

Adopted by the Sacramento City Council

on date of

APPROVAL AND THE ADOPTION OF THE 2014 ONE-YEAR ACTION PLAN FOR THE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG), HOME INVESTMENT PARTNERSHIP (HOME), HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS (HOPWA) AND EMERGENCY SOLUTIONS GRANT (ESG) FUNDED PROJECTS AND PROGRAMS; AMENDMENT OF VARIOUS YEARS' ACTION PLANS; AMENDMENT TO THE SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY AND HOUSING AUTHORITY BUDGETS; AMENDMENT AND IMPLEMENTATION OF PROPOSED MODIFICATIONS TO THE NSP TARGET AREA BOUNDARY; AND EXECUTE DOCUMENTS FOR THE ADMINISTRATION OF FEDERAL PROGRAMS AND OTHER RELATED FINDINGS

BACKGROUND

- A. The U.S. Department of Housing and Urban Development (HUD) requires adoption of a Five-Year Consolidated Plan (Con Plan) and an annual Action Plan, consistent with the Con Plan, to identify the programs and projects for expenditure of federal CDBG, HOME, HOPWA and ESG funds.
- B. Since 1982 the Sacramento Housing and Redevelopment Agency (SHRA), on behalf of City, has served as the public entity designated to efficiently administer the CDBG program and was subsequently designated as the public entity to administer HOME, ESG and HOPWA funding originating from HUD.
- C. With the release of the 2013 Notice of Funds Availability (NOFA), the 2013 Consolidated Plan recognized the modifications to regulations for the Continuum of Care and enactment of the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act for rental assistance to be administered by the Public Housing Agency (PHA). The City designated its PHA, staffed by SHRA, to administer rental assistance programs.
- D. As the Neighborhood Stabilization Program (NSP) nears completion, the target area boundary is proposed to be expanded to allow SHRA to strategically invest NSP funds in a manner that that will support the implementation of the Neighborhood Transformation Plan for the Twin Rivers public housing site.

- E. Community development grants from HUD administered directly by the recipient are required to secure environmental clearance. SHRA is designated as the agent for the City of Sacramento, which is the general unit of local government for the purpose of the HUD regulations, and SHRA is authorized to submit a determination of environmental clearance on the City's behalf and on behalf of non-profit organizations which are sub-grantees.
- F. A noticed public hearing soliciting comments on the 2014 One-Year Action Plan was held by the Sacramento Housing and Redevelopment Commission on October 2, 2013.

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

- Section 1. All evidence presented having been duly considered, the findings, including environmental findings regarding this action, as stated in Exhibit D, are approved.
- Section 2. The 2014 One-Year Action Plan, which allocates anticipated CDBG, HOME, HOPWA and ESG funds to various programs and projects as set out in Exhibit A, is adopted.
- Section 3. The One-Year Action Plan amendment, to defund the activities set forth in Exhibit B and to add the projects set out in Exhibit C, is adopted.
- Section 4. SHRA is authorized to amend its budget to allocate the CDBG, HOPWA and ESG funding for programs and projects in accordance with the amendment of the prior years' Action Plan; allocate the CDBG, HOME, HOPWA and ESG grant funding for programs and projects as set out in the 2014 One-Year Action Plan; and to amend the 2014 CDBG Capital Reserve, HOME, HOPWA and ESG budgets to the extent necessary to implement and ensure the timely completion of the activities set out in Exhibits A, B and C.
- Section 5. SHRA is authorized and delegated authority to act as agent on behalf of the City of Sacramento to submit the amendment of prior years' Action Plan(s) and the 2014 One-Year Action Plan to HUD; execute the subsequent grant agreements with HUD; and to execute agreements and contracts with the appropriate entities to carry out the CDBG, HOME, HOPWA and ESG projects in accordance with the 2014 One-Year Action Plan. All such agreements shall be in compliance with applicable federal law.
- Section 6. The City Manager is authorized to execute agreements with SHRA to carry out the activities contained in the 2014 One-Year Action Plan. All such agreements shall be in compliance with applicable federal law, in a form approved SHRA Counsel.

- Section 7. SHRA is authorized to amend and implement the proposed modification to the Neighborhood Stabilization Program NSP target area boundary to include the Twin Rivers public housing project and surrounding area as outlined in Exhibit E.
- Section 8. SHRA is authorized to make any budget adjustments and execute any and all related documents, including invoicing, contracts and amendments as **necessary** to carry out the federal programs as described in the 2014 Action Plan in compliance with applicable federal law.

Table of Contents

Exhibit A	2014 Action Plan Activities
Exhibit B	Project and Program Defunding
Exhibit C	Various Years' One-Year Action Plan Activities
Exhibit D	Environmental Determination
Exhibit E	NSP Expanded Target Area Boundary

City of Sacramento
2014 One-Year Action Plan Activities

The U.S. Department of Housing and Urban Development (HUD) requires a consolidated planning process for the federal Community Development Block Grant (CDBG); HOME Investment Partnership Program (HOME); Housing Opportunities for Persons with AIDS (HOPWA); and Emergency Solutions Grant (ESG) programs. This process consolidates multiple grant application requirements into a single submission. The concept of the Consolidated Plan was developed to further HUD's statutory goals through a collaborative process involving the community to establish a unified vision for future community development actions.

The Five-Year Consolidated Plan outlines proposed strategies for the expenditure of CDBG, HOME, HOPWA, and ESG funds for the period 2013-17. In general, the mission of the Consolidated Plan is to revitalize selected lower-income neighborhoods and to assist disadvantaged populations by providing adequate public facilities and services, generating affordable housing opportunities, and stimulating economic development.

The One-Year Action Plan is the annual update to the Consolidated Plan. A key component of the One-Year Action Plan is the allocation of funds to proposed activities. This portion of the plan describes activities the jurisdiction will undertake in the coming year, including geographic locations and proposed accomplishments. Proposed activities address the priority needs and specific objectives of the 2013-17 Consolidated Plan, adopted by the City Council on January 8, 2013.

In addition, a description of other actions to further the Consolidated Plan strategies is required by HUD as part of the One-Year Action Plan application. These include the Public Housing Authority Administrative Plan, the Citizen Participation Plan, the Continuum of Care Plan and the 10-Year Plan to End Chronic Homelessness. These documents, on file with the Agency Clerk, are incorporated into this staff report and the record by this reference.

The One-Year Action Plan is based on the following estimated revenues:

Revenue Source	Estimated Revenue
CDBG Entitlement	\$4,071,624
CDBG Program Income	\$117,900
HOME Entitlement	\$1,722,207
HOME Program Income	\$285,048
ESG Entitlement	\$287,038
HOPWA Entitlement	\$819,496
Total Revenue	\$7,303,313

The following summarizes proposed activities for 2014. Activities are organized into the following categories; funding totals for each category are indicated.

Funding Category	Proposed HUD Funding
Infrastructure and Public Improvements	\$690,415
Housing Development, Preservation and Homeownership	\$3,144,762
Public Services	\$1,681,730
Grant Planning and Administration	\$668,301
HUD Loan Repayments	\$348,163
CDBG Capital Reserve	\$769,942
Total Revenue	\$7,303,313

INFRASTRUCTURE AND PUBLIC IMPROVEMENTS

The following are recommended capital improvements of public or community-based facilities and public rights-of-way to be completed within 18 months. These activities, when appropriate, will be coordinated with other City Departments to maximize leveraging with the City's capital improvement plans.

Activity Name	Funding	Source
River District CIP / 12th Street: Funds will be used for the engineering design and installation of streetscape and pedestrian improvements along 12th Street between C Street and Richards Boulevard.	\$300,000	CDBG
Meadowview / Manorside Traffic Signal: Funds will be used to design and construct new traffic signal at the intersection.	\$100,000	CDBG
Capital Improvement Project Scoping: Funding for early cost estimates, conceptual design, and/ or environmental for CDBG-eligible projects. Location and scope to be determined by an internal process of requests on first-come, first-served basis. CDBG staff to determine eligibility of activity.	\$100,000	CDBG
Public Improvements Delivery: Staffing and supportive services for capital improvement projects in 2014.	\$190,415	CDBG
Total Infrastructure and Public Improvements	\$690,415	

HOUSING DEVELOPMENT, PRESERVATION AND HOMEOWNERSHIP

The following are recommended activities that increase the marketability and livability of neighborhoods

Activity Name	Funding	Source
Multi-Family Housing Acquisition and Rehabilitation: Provides loans for the acquisition and rehabilitation of low- and moderate-income multi-family housing.	\$600,000	CDBG
	\$117,900	CDBG PI
	\$774,993	HOME
	\$131,047	HOME PI
Multi-Family Housing New Construction: Provides loans for the construction of multi-family housing.	\$774,993	HOME
	\$131,047	HOME PI
Emergency Repair Program/Accessibility Grant Program (ERP-A): This program provides grants of up to \$5,000 each to very-low income homeowners for emergency health and safety repairs as well as grants to low-income disabled residents for accessibility modifications.	\$300,000	CDBG
Minor Repair & ADA for Seniors and Low Income Homeowners Program: Provides for administrative costs associated with minor home repairs for low- and moderate-income homeowners and the administrative oversight for the Home Assistance Repair Program for Seniors (HARPS).	\$46,000	CDBG
Housing Programs Delivery: Supportive services for affordable housing/multi-family rehabilitation/new construction, Section 3 related activities and emergency repair/accessibility programs in 2014.	\$268,782	CDBG

Total Housing Development, Preservation, and Homeownership**\$3,144,762****PUBLIC SERVICES**

The following are recommended funding allocations to support human assistance programs. For CDBG, HUD limits funding for public services to 15 percent of the total amount of entitlement and program income.

Activity Name	Funding	Source
Emergency Solutions Grant: Funds to provide homeless prevention and rapid re-housing in addition to emergency housing/shelters, operations and maintenance of facilities and essential supportive services per ESG regulations.	\$265,510	ESG
Homeless Activities: Funds will be used to design, administer, and implement homeless programs including but not limited to housing and shelter, medical and counseling services, and the provision of food.	\$69,683	CDBG
Meals on Wheels: Provides meals to homebound seniors and to non-homebound seniors at over 22 dining sites.	\$431,625	CDBG
Downtown SRO Supportive Services: Provides coordination of health and human services, crisis intervention, independent living skills, drug and alcohol recovery, and community building activities at four downtown hotels. The service center is located at 719 J Street.	\$120,000	CDBG
HOPWA STRMU: Provides for short-term emergency housing assistance for persons with HIV/AIDS in the City of Sacramento and Counties of Sacramento, Yolo, Placer and El Dorado.	\$224,652	HOPWA
HOPWA Housing Operations: Provides for operations assistance for emergency, transitional, short-term and permanent housing.	\$171,531	HOPWA
HOPWA Supportive Services: Provides funding for case management and supportive services for persons with HIV/AIDS in the City of Sacramento and Counties of Sacramento, Yolo, Placer and El Dorado.	\$366,627	HOPWA
HOPWA Provider Administration: Provides funding for provider administration of the HOPWA program.	\$32,102	HOPWA
Total Public Services	\$1,681,730	

HUD LOAN REPAYMENTS

The following debt service payments for HUD Section 108 loans and internal SHRA loans for commercial revitalization, job creation, and infrastructure development.

Section 108 Loan Repayment : Annual debt service payment on Section 108 loan funds. If program income is utilized towards the debt service payment then unused entitlement funds will be utilized towards project costs.	\$348,163	CDBG
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GRANT PLANNING AND ADMINISTRATION

The following are related to immediate/intermediate term program planning, community participation and general program administration. For CDBG, HUD limits funding for planning and administration to 20 percent of the total amount of entitlement and program income. For HOME, the limit is 10 percent. For HOPWA, the limit is 3 percent. For ESG, the limit is 7.5 percent.

Consolidated Planning: Planning related to public facility and infrastructure improvements, affordable housing and homeless/HEARTH Act activities.	\$100,000	CDBG
ESG Program Administration: Administrative services for the implementation of ESG-funded activities in 2014.	\$21,528	ESG
HOME Program Administration: Administrative services for the implementation of HOME-funded activities in 2014.	\$172,221	HOME
	\$22,954	HOME PI
HOPWA Program Administration: Administrative services for the implementation of HOPWA-funded activities in 2014.	\$24,584	HOPWA
Section 3 Program Delivery: Supportive services for First Source and Section 3 related activities in 2014.	\$30,000	CDBG
CDBG Planning and Administration: Administrative & Planning services for CDBG programs in 2014.	\$297,014	CDBG
Total Grant Planning and Administration:	\$668,301	

CDBG CAPITAL RESERVE

Capital Reserve: Reserve account for overruns in capital improvement activities and to fund budgeted activities in 2014 if CDBG entitlement is less than anticipated. The reserve is also available to cover unanticipated project and program costs to bring an activity to completion. The full amount of the reserve is available to ensure the timely completion of the activities.	\$769,942	CDBG
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City of Sacramento
Defunded Activities for Various Years' Action Plan

Activities being defunded are those that have been completed, cancelled or funded through alternative sources. Newly funded activities are scheduled to be implemented and completed by December 31, 2014 to comply with federal regulations governing the timely expenditure of funds.

CDBG		
Recommendation	Amount	Fund
Capital Reserve: Fund reserve account for overruns in capital improvement activities and to fund budgeted activities in 2013 if CDBG entitlement is less than anticipated. Funds to be transferred to CNI NW Land Park, Parker Homes/McCellan Heights Infrastructure Project and RT Light Rail Station / 12th & 16th ; refer to Exhibit C.	\$900,000	CDBG
Total	\$900,000	

City of Sacramento
Amendment to 2013 Action Plan and Substantial Amendment Activities

This report formally amends the 2013 Action Plan by augmenting existing and new projects with CDBG. These activities have been identified as those that need immediate funding. Also, these adjustments will facilitate timely expenditures as required by HUD.

CDBG		
Recommendation	Amount	Fund
Parker Homes / McCellan Heights Infrastructure Improvements: Funds will be used for the engineering design and installation of streetscape and pedestrian improvements along Pinell Street.	\$200,000	CDBG
CNI Upper Land Park: Funds will be used to undertake community outreach and hire consultants to develop a human capital plan, neighborhood transformation plan and master plan for the CNI planning grant in preparation for redeveloping the Marina Vista and Alder Grove public housing communities.	\$200,000	CDBG
Dos Rios Light Rail Station: Funds will be used for environmental clearance, design and engineering services to build a new light rail station at 12 th and 16 th Streets to serve the nearby public housing community.	\$500,000	CDBG
Total	\$900,000	

**City of Sacramento
Environmental Determination**

Emergency Solutions Grant**Supportive Services (no physical impact) - NEPA per 24 CFR Section 50.19(b) and CEQA per Guidelines Section 15061 (b)(3):**

The authority for environmental review of HUD-assisted projects and activities carried out under the *Emergency Solutions Grant (ESG)* program is NEPA, related environmental laws and authorities, and 24 CFR Part 50. The Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009 repealed prior assumption authority to allow states and units of local government to perform HUD's environmental review responsibility for the ESG program. Therefore the use of procedures under 24 CFR Part 58 – Environmental Review Procedures for Entities Assuming HUD's Environmental Responsibilities – is not authorized.

These programs are covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. **Environmental Review is complete for these activities; no further environmental review is required.**

The following is a partial list of eligible ESG activities listed in Section 50.19(b) that do not require further environmental review. For the full list refer to 24 CFR Part 50.

- Environmental and other studies, resource identification and the development of plans and strategies, if specific to eligible ESG activities such as rehabilitation or conversion.
- Administrative and management expenses.
- Public services that will not have a physical impact or result in any physical changes including, but not limited to services concerned with employment, crime prevention, child care, health, drug abuse, education, counseling, energy conservation and welfare or recreational needs.
- Technical assistance
- Tenant-based rental assistance
- Supportive services including, but not limited to, health care, housing services, permanent housing placement, day care, nutritional services, short-term payments for rent, mortgage, utility costs, and assistance in gaining access to local, state, and federal government benefits and services.
- Operating costs including maintenance, security, operation, utilities, furnishings, equipment, supplies, staff training and recruitment and other incidental costs.

CDBG / HOME / HOPWA**Supportive Services (no physical impact) - NEPA per 24 CFR Section 58.35(b)(2) and CEQA per Guidelines Section 15061 (b)(3):**

The Action Plan includes funding for services and staff for the following programs, which will have no physical impact on the environment. These are considered supportive services and are categorically excluded under NEPA. These programs are covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. **Environmental Review is complete for these activities; no further environmental review is required.**

- Homeless Activities
- Meals on Wheels by ACC
- Downtown SRO Supportive Services
- HOPWA - Volunteers of America – Open Arms
- HOPWA - AIDS Housing Alliance – Colonia San Martin
- HOPWA - AIDS Housing Alliance – Steven Place
- HOPWA - Center for AIDS Research, Education and Services (CARES)
- HOPWA – Transitional Living and Community Support (TLCS)
- HOPWA – CommuniCare Health Clinics – Emergency Housing Assistance
- HOPWA - Placer County – Emergency Housing Assistance
- HOPWA - El Dorado County – Emergency Housing Assistance

Operating Costs (staff costs) - NEPA per 24 CFR Section 58.35 (b)(3) and CEQA per Guidelines Section 15378 (b)(2):

The Action Plan includes funding for staffing only for the following programs, which will have no physical impact on the environment. Staffing costs are considered operating costs and are categorically excluded under NEPA. Costs for staffing are not considered a project under CEQA. **Environmental Review is complete for these activities; no further environmental review is required.**

- CDBG Administration
- HOPWA Administration
- First Source/Section 3 Delivery
- Minor Repair & ADA for Seniors and Low Income Homeowners Program Administration
- HOME Administration
- Housing Programs Delivery
- Public Improvement Delivery
- Section 108 Fiscal Accounts
- Section 108 Loan Repayment - Del Paso Nuevo

Planning and Feasibility Studies - NEPA per 24 CFR Section 58.34 (a)(1) and CEQA per Guidelines Section 15262:

The Action Plan includes funding for planning and feasibility studies only, which may include funding for environmental planning, for the following programs. These actions are considered environmental and other studies, resource identification and the development of plans and strategies, and are exempt under NEPA. As feasibility and planning studies only, with no legally binding effect on later activities, these activities are also exempt under CEQA. **Environmental Review is complete for the feasibility and planning studies associated with these programs only; if these studies identify specific projects, further environmental review will be required prior to taking any choice limiting action or discretionary action on those specific projects.**

- CDBG Planning
- Capitol Improvements Project Scoping
- CNI Upper Land Park
- Consolidated Planning

Financial Assistance for Acquisition and/or Rehabilitation of Existing Structures - NEPA per 24 CFR 58.35 (a)(3) and (a)(5) and CEQA per Guidelines Section 15301:

The Action Plan includes funding for acquisition of land or properties, and/or rehabilitation of existing structures for the following programs. Both acquisition and rehabilitation of existing structures are categorically excluded under NEPA, assuming that the requirements of 24 CFR 58.35 (a) are met. These activities are also categorically exempt under CEQA. **Environmental Review is complete for these programs; however, as individual properties are identified for acquisition and/or rehabilitation, additional review shall be performed to complete NEPA requirements. Additional review may also be required if site specific rehabilitation, as it is further identified, allows for changes in use or capacity.**

- Multi-Family Acquisition and Rehabilitation Program
- Affordable Housing Rehabilitation Program
- Single-Family Rehabilitation Loan Program

Rehabilitation/Reconstruction of Existing Public Facilities - NEPA per 24 CFR 58.35 (a)(1) and CEQA per Guidelines Section 15301(c) and 15304(b):

The Action Plan includes funding for rehabilitation of existing public facilities within existing right of way under the following programs. Rehabilitation and reconstruction of existing public facilities and improvements are categorically excluded under NEPA, assuming that the requirements of 24 CFR 58.35 (a) are met. These activities are also categorically exempt under CEQA.

Environmental Review is complete for these programs; however, as individual improvements are identified, additional review will be needed to complete NEPA requirements. Additional review may also be required if identified improvements allow for changes in use or capacity.

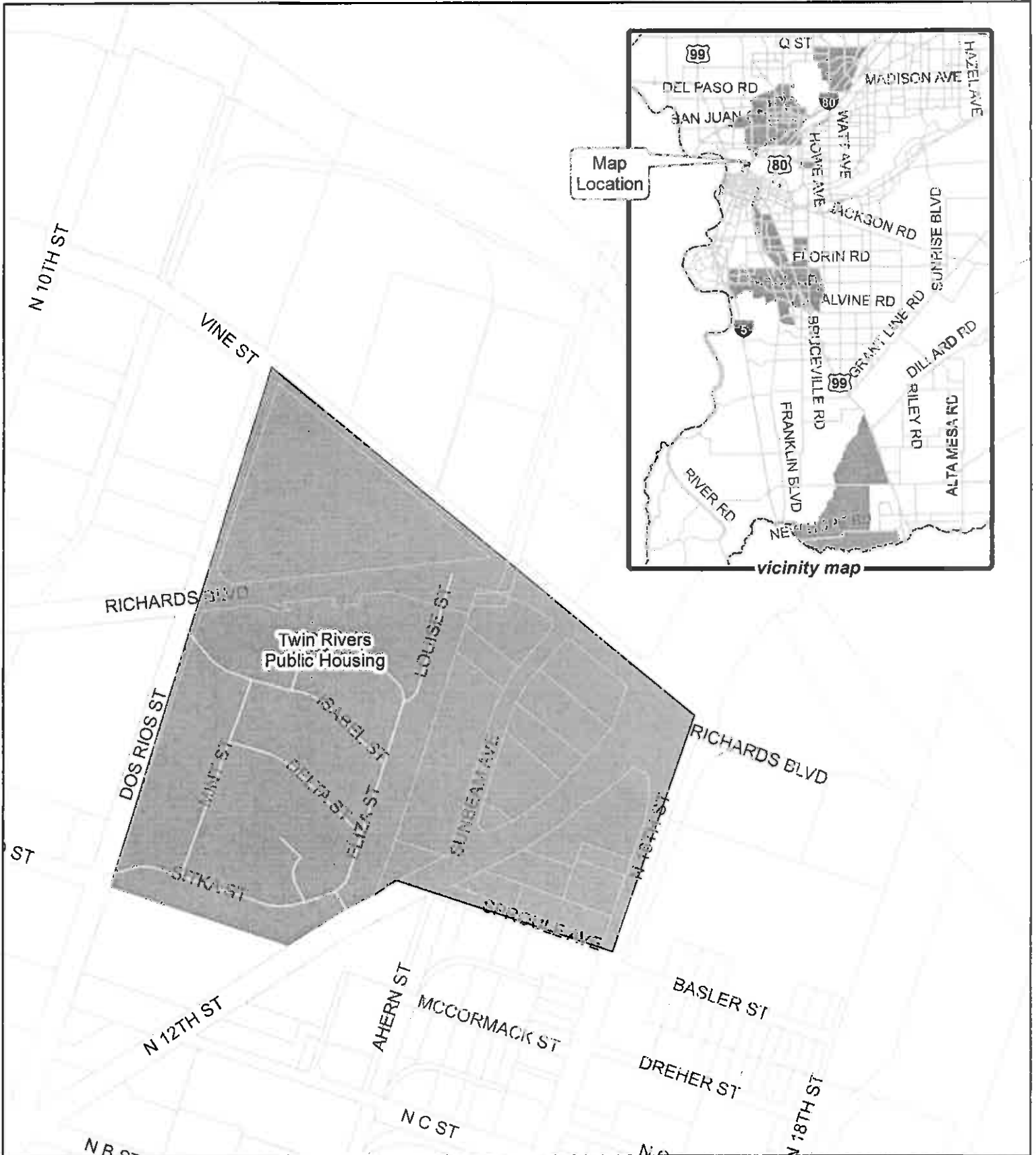
- River District CIP / 12th Street
- Dos Rios Light Rail Station
- Parker Homes / McClellan Heights Infrastructure Improvements
- Meadowview / Manorside Traffic Signal

The remaining programs and actions included in the 2012 Action Plan have program specific environmental review as described below:

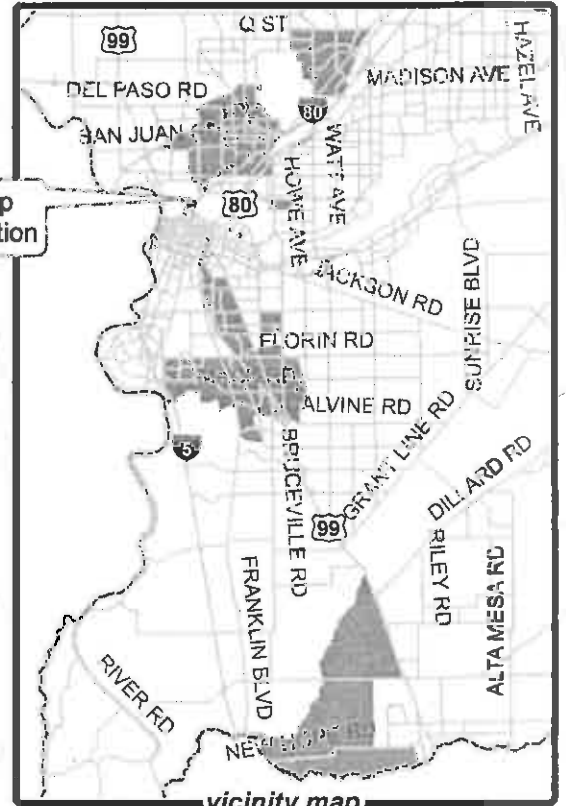
- **Emergency Repair Program/Accessibility Grant Program** – This program includes: an emergency repair component, which will be limited to repair and improvements to existing structures to control threats to public safety; and, an accessibility improvements component, which will remove barriers that restrict mobility of and accessibility by elderly and disabled persons. The emergency repairs component is exempt under NEPA pursuant to 24 CFR 58.34 (a)(10), and categorically exempt pursuant to CEQA Guidelines Section 15301. The accessibility component is categorically excluded under NEPA pursuant to 24 CFR 58.35 (a)(2), and categorically exempt pursuant to CEQA Guidelines Section 15301. **Environmental Review is complete for the emergency repair component of this program; no further environmental review is required. As individual properties are identified for the accessibility component, additional review will be needed to complete NEPA requirements.**
- **Multi-Family Housing New Construction** – This program consists of financial assistance for the construction of new multi-family housing projects. The actions included in this 2011 Action Plan do not include any funding commitments or approvals for any specific project. **Environmental Review will be required for individual projects as they are identified and will be completed prior to any choice limiting action or discretionary action.**
- **Neighborhood Stabilization Program One (NSP-1) Target Area Boundary Expansion:** The amendment and expansion of the NSP-1 target area boundary constitutes an update to an existing program only. This action does not constitute approval for any specific project, and does not change the scope or character or effect on the environment for any specific project. As such, the action is exempt from or does not require environmental review under CEQA or NEPA 24 CFR 58.34(a)(3).

SHRA

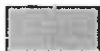
NSP Expanded Target Area Boundary



Map Location



vicinity map



NSP Expanded Target Area Boundary

0 300 600
Feet



SHRA GIS
September 23, 2013



September 26, 2013

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

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

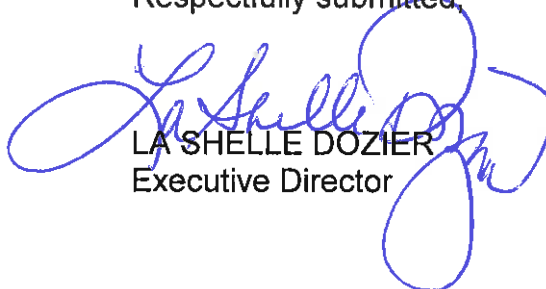
SUMMARY

The attached report is submitted to you for review and recommendation 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:
October 22, 2013

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

From: Sacramento Housing and Redevelopment Agency

Subject: Approval And Adoption Of The 2014 One-Year Action Plan For The Community Development Block Grant (CDBG), Home Investment Partnership (HOME) And Emergency Solutions Grant (ESG) Funded Projects And Programs, Amendment Of Various Years' Action Plans; Amendment To The Sacramento Housing And Redevelopment Agency (SHRA) and Housing Authority Budgets; Authorization To Renew Participating Cooperation And Consortium Agreements; Authorization To Amend And Implement The Proposed Modifications To The Neighborhood Stabilization Program (NSP) Target Area Boundary; Execute Documents For The Administration Of Federal Programs And Other Related Findings

Supervisory

District: All

Contact: LaShelle Dozier, Executive Director, 440-1319
Geoffrey M. Ross, Program Manager, 440-1357

Overview

As a condition of the receipt of various federal grants through the U.S. Department of Housing and Urban Development (HUD), regulations require the submittal of the annual One-Year Action Plan describing proposed activities and expenditures for the following year using the goals and priorities described in the Five-Year Consolidated Plan. This report recommends approval and adoption of the 2014 One-Year Action Plan (Action Plan) for the County of Sacramento. Staff anticipates that the 2014 federal budget will again include a reduction to domestic and discretionary spending. At this time, the Sacramento Housing and Redevelopment Agency (SHRA) projects a five percent reduction in funding level from 2013 and, if necessary, will return to the Board of Supervisors if funding is dramatically different upon adoption of the federal budget.

Adopt the attached resolution that:

1. Approves and adopts the 2014 Action Plan which allocates anticipated CDBG, HOME and ESG funds to various programs and projects as set out in Attachment I.
2. Adopts the various years' Action Plan amendments to defund the activities set forth in Attachment II and add the projects set out in Attachment III.
3. Authorizes SHRA to amend the allocation of CDBG funding for programs and projects in accordance with changes to prior Action Plans; allocate the CDBG, HOME, and

ESG grant funding for programs and projects as set out in the 2014 Action Plan; and to amend the 2014 CDBG Capital Reserve, HOME and ESG budgets to the extent necessary to implement and ensure the timely completion of the activities set out in the 2014 Action Plan.

4. Authorizes SHRA to execute agreements, contracts and documents with the appropriate entities to carry out Action Plan activities in compliance with adopted policies, guidelines and federal law as approved to form by Agency Counsel.
5. Authorizes the County Executive, or designee, to execute agreements, contracts and documents with SHRA to carry out Action Plan activities in compliance with adopted policies, guidelines and federal law as approved to form by County Counsel.
6. Authorizes SHRA to make any budget adjustments and execute any and all related documents, including invoicing, contracts and amendments as necessary to carry out the federal programs.
7. Delegates SHRA the authority to act as agent on behalf of the County to execute the Action Plan grant agreements with HUD and the agreements and contracts with the appropriate entities to carry out the CDBG, HOME and ESG funded activities in the amended prior years' Action Plan and in accordance with the 2014 Action Plan. Such agreements shall be consistent and in compliance with applicable federal law and approved to form by Agency Counsel.
8. SHRA, as the public entity designated to administer the community development program funds, is authorized on behalf of the County to renew participating cooperation and consortium agreements for the next three-year qualification period per HUD's Urban County Qualification Notice.
9. Authorizes SHRA to amend and implement proposed modifications to the NSP target area boundary.
10. Makes related findings.

Measures/Evaluation

The proposed appropriation of funds for new and existing activities is consistent with the goals and objectives in the adopted Consolidated Plan (by resolutions 2013-0018 and HA-2342). The Consolidated Plan goals include assisting low- and moderate-income persons and areas with the following: community services, housing, homeless facilities and services, public improvements and facilities, economic development, and planning activities.

Fiscal Impact

Allocations made in the Action Plan are based on an estimated 2014 CDBG entitlement of \$4,584,576; \$2,000,000 in CDBG reprogramming; \$141,929 in CDBG program income; \$1,810,877 in 2014 HOME entitlement funds; \$748,641 in HOME program income; and \$314,897 in 2014 ESG funds.

No additional funding is being requested for NSP.

Approval And Adoption Of The 2014 One-Year Action Plan For The Community Development Block Grant (CDBG), Home Investment Partnership (HOME) And Emergency Solutions Grant (ESG) Funded Projects And Programs, Amendment Of Various Years' Action Plans; Amendment To The Sacramento Housing And Redevelopment Agency (SHRA) and Housing Authority Budgets; Authorization To Renew Participating Cooperation And Consortium Agreements; Authorization To Amend And Implement The Proposed Modifications To The Neighborhood Stabilization Program (NSP) Target Area Boundary; Execute Documents For The Administration Of Federal Programs And Other Related Findings
Page 3

BACKGROUND

Since 1982 the Sacramento Housing and Redevelopment Agency (SHRA) has managed and administered federal housing and community development funds on behalf of the City and County of Sacramento (City and County) and has served as the federal housing and community development staffing entity pursuant to an agreement between the City and County and its housing authorities.

The consolidation of staffing achieved close coordination of community development / redevelopment and public housing functions, provided budget savings for operation and overhead, eliminated duplicate staffing efforts, and sought federal and other funding opportunities. The consolidation of multiple departments from different jurisdictions under the control of one executive director who is directly accountable to the City and the County governing boards is a key element to the success of the governance and legal structure of SHRA. This structure has been recognized on a statewide and national level as a model for multi-jurisdictional and efficient use of housing and community development funds.

On January 8, 2013 (by resolution 2013-018 and HA 2342) SHRA was approved to administer all U.S. Department of Housing and Urban Development Office of Community Planning and Development (HUD CPD) programs as part of the adoption of the 2013-17 Consolidated Plan. Furthermore, to reflect the administration of the ESG Program in addition to the administration of the CDBG and HOME Programs, as well as to reflect the dissolution of redevelopment, SHRA was also approved by same resolutions to enter into a revised Memorandum of Agreement (MOA) for the continued administration of HUD CPD funds, and the Housing Authority of the County of Sacramento, staffed by SHRA, was designated as the official recipient of federal funds on behalf of the County of Sacramento.

Consolidated Plan and Action Plan

New activities and the reprogramming of previous years' funds and their use are laid out in the Action Plan and are based upon 2013-17 Consolidated Plan priorities. The Action Plan's key components are broken down in the following sections.

Infrastructure

There is a continuing need within the County for public facilities to serve growing populations. Many low- and moderate-income areas in the County are within older neighborhoods that either do not have proper facilities or their existing facilities suffer from heavy use or deferred maintenance leading to disrepair. As identified in the 2013-17 Consolidated Plan, capital

Approval And Adoption Of The 2014 One-Year Action Plan For The Community Development Block Grant (CDBG), Home Investment Partnership (HOME) And Emergency Solutions Grant (ESG) Funded Projects And Programs, Amendment Of Various Years' Action Plans; Amendment To The Sacramento Housing And Redevelopment Agency (SHRA) and Housing Authority Budgets; Authorization To Renew Participating Cooperation And Consortium Agreements; Authorization To Amend And Implement The Proposed Modifications To The Neighborhood Stabilization Program (NSP) Target Area Boundary; Execute Documents For The Administration Of Federal Programs And Other Related Findings
Page 4

improvement funding identified in the Action Plan will be concentrated for maximum leveraging opportunities to provide the greatest impact to the largest number of residents.

Supporting large capital and public facility improvement projects benefiting low- and moderate-income areas remains a key component of the CDBG Program. As part of the 2013-17 Consolidated Plan the targeting of such areas is refined and priority areas are identified. The priority areas represent the intersection of various considerations for effectively targeting funding and maximizing impacts. To the extent a pipeline of projects exists within the priority areas the program goal is to strategically support such projects. However, where strategic projects exist in broader low- and moderate-income areas and to the extent that capital and public facility funding remains available, area benefit projects outside the priority areas will also be supported.

The infrastructure and public improvement projects recommended in the 2014 One-Year Action Plan support current County of Sacramento priorities, as well as previous commitments. This report supports projects currently underway throughout the County, and they are located within the priority areas established under the 2013-17 Consolidated Plan. The Action Plan through the use of priority areas recognizes the post-redevelopment reality in California and Sacramento and creates a system by which funds can be focused strategically on fewer, but larger projects in low- and moderate-income neighborhoods. The goal is to create a concentration of efficient activity generating strategic and visible impacts that promote positive changes within the community.

Housing

High housing costs reduce economic opportunities, access to jobs and services, and the ability of lower-income households, including the elderly and persons with disabilities, to live in the communities and neighborhoods of their choice. The activities laid out in the 2014 Action Plan seek to support activities across the housing spectrum that will increase and improve the multi-family housing stock, rehabilitate existing single-family housing and carry out other housing responsibilities.

SHRA's ability to respond to increasingly difficult housing issues is currently resource constrained by reductions in entitlement grants from the federal government and the loss of local tax increment due to the elimination of redevelopment. As a result, more resources from CDBG are being targeted towards housing rehabilitation and in support of housing development. In addition to direct housing assistance, infrastructure improvements along transit corridors in conjunction with housing development and community facilities in designated neighborhoods has been proven to lead to increased opportunities for low- and moderate-income residents to live closer to their place of work and enjoy greater interaction with their surrounding community and amenities.

Approval And Adoption Of The 2014 One-Year Action Plan For The Community Development Block Grant (CDBG), Home Investment Partnership (HOME) And Emergency Solutions Grant (ESG) Funded Projects And Programs, Amendment Of Various Years' Action Plans; Amendment To The Sacramento Housing And Redevelopment Agency (SHRA) and Housing Authority Budgets; Authorization To Renew Participating Cooperation And Consortium Agreements; Authorization To Amend And Implement The Proposed Modifications To The Neighborhood Stabilization Program (NSP) Target Area Boundary; Execute Documents For The Administration Of Federal Programs And Other Related Findings
Page 5

Affordable housing rehabilitation and new construction is not limited to low- and moderate-income areas and can be developed where it is most appropriate. The guidelines for investing in affordable housing rehabilitation and new construction activities were established as part of separate policies adopted by the Board of Supervisors, and include the Multi-Family Lending Guidelines.

Section 3 Update

To enhance its Section 3 Program, SHRA will launch a pilot program in January 2014 targeting hiring, recruitment, referral and placement of prequalified low-income County residents. The program has three priority levels:

- 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;
- Priority 3: A resident of any SHRA housing site; or
- Priority 4: A low- or very low-income resident of Sacramento City/ County.

CDBG Administration

On October 26, 2012, HUD issued a Memorandum to all CDBG Grantees wherein they provided advance notice that they are seeking to implement changes to HUD's Integrated Disbursement and Information System (IDIS) system that will assist grantees in preventing long-standing open activities. This means that, in addition to the IDIS changes embodied in the 2013-17 Consolidated Plan (which is electronically submitted to HUD), subsequent Action Plans and annual reports will also be linked within the IDIS system, providing HUD the ability to monitor individual project progress. Notably, these changes to CDBG are similar to changes recently introduced in the HOME Program.

It has always been the goal for CDBG Program funds to be the last dollars into a project and the first expended. However, there have been several instances throughout the program's history where projects received funding before they were completely shovel-ready. While CDBG has a timeliness requirement that measures the overall program rate of fund expenditure, these changes by HUD are now adding an additional layer where individual projects will now be flagged within the IDIS system based upon the project's rate of expenditure. Failure to draw funds in a timely manner and failure to report accomplishments for funded projects may result in additional scrutiny and potential freezing of funds.

Approval And Adoption Of The 2014 One-Year Action Plan For The Community Development Block Grant (CDBG), Home Investment Partnership (HOME) And Emergency Solutions Grant (ESG) Funded Projects And Programs, Amendment Of Various Years' Action Plans; Amendment To The Sacramento Housing And Redevelopment Agency (SHRA) and Housing Authority Budgets; Authorization To Renew Participating Cooperation And Consortium Agreements; Authorization To Amend And Implement The Proposed Modifications To The Neighborhood Stabilization Program (NSP) Target Area Boundary; Execute Documents For The Administration Of Federal Programs And Other Related Findings
Page 6

SHRA has successfully met all timeliness requirements over past Consolidated Plan periods; however, these changes require that staff recommendations related to CDBG funding will further reflect projects that are actually ready to proceed. SHRA staff will continue to work closely with County Department staff to ensure that a clear pipeline of projects is identified, that funds are programmed efficiently, and that expenditures and billings are recorded regularly.

CDBG Planning/Administration and Public Services Caps

On May 16, 2013, HUD issued a Memorandum to all CDBG Grantees wherein they provided guidance on the corrective action available when there has been a violation of the 20 percent planning (24 CFR 570.200(g)) and administrative cap or the 15 percent public services cap (24 CFR 570.201(E)), or both, by CDBG entitlement grantees. The guidance reiterated that compliance with the caps is based on obligations rather than expenditures. The regulations at 24 CFR 570.910 provide corrective and remedial actions when there has been a deficiency in program performance or a violation of CDBG Program requirements. HUD's position is that the appropriate corrective action for a violation of either cap is to advise the recipient to reimburse its program account or letter of credit for any amounts expended in excess of the cap for the program year in question, and to reprogram the use of funds in accordance with applicable requirements. The reimbursement must be made with non-federal funds and generally within one year of the finding that the cap has been exceeded. HUD will not accept under-obligation in a following program year, or a voluntary grant reduction in a following year, as corrective actions for non-compliance with these caps.

SHRA has successfully met the cap requirements over the past Consolidated Plan periods. SHRA staff will continue to work closely with County Department and public service provider staff to ensure that funds are obligated and programmed efficiently, and that expenditures and billings are recorded regularly to ensure that the caps are not exceeded.

Status of Agreement Cities

This report also requests authorization for SHRA to continue to act as the general unit of local government on behalf of the County to automatically renew participating urban county cooperation and consortium agreements as set for in the Urban County Qualification Notice.

The Cooperation Agreements with Folsom, Isleton and Galt will expire on December 31, 2014 and the renewal year begins on January 1, 2015. The consortium agreement with the city of Citrus Heights will expire on December 31, 2014 and the renewal year begins on January 1, 2015.

Approval And Adoption Of The 2014 One-Year Action Plan For The Community Development Block Grant (CDBG), Home Investment Partnership (HOME) And Emergency Solutions Grant (ESG) Funded Projects And Programs, Amendment Of Various Years' Action Plans; Amendment To The Sacramento Housing And Redevelopment Agency (SHRA) and Housing Authority Budgets; Authorization To Renew Participating Cooperation And Consortium Agreements; Authorization To Amend And Implement The Proposed Modifications To The Neighborhood Stabilization Program (NSP) Target Area Boundary; Execute Documents For The Administration Of Federal Programs And Other Related Findings
Page 7

The 2013 Action Plan will authorize SHRA to collect from and submit all necessary documents to the cities and HUD to ensure the agreements are able to be executed for the start of the 2015 program year.

The 2014 Action Plan proposes the allocation of \$300,000 to complete the Isleton Bing Kong Tong historical building stabilization project (Attachment III), \$150,000 to Galt for an infrastructure improvement project, \$150,000 to Folsom for its Seniors Helping Seniors Program and \$156,260 to Citrus Heights for its First-Time Homebuyer Program (see Attachments I and III).

Homeless Services

Homeless policy changes at the national level, coupled with recent research, are leading to local improvements in system design, repurposing of existing resources, and the development of reallocation strategies. The Sacramento Continuum of Care (CoC) has made significant headway in the past few years and has strong models and approaches to build on. However, changes imbedded in the Homeless Emergency Assistance and Rapid Transition to Housing Act (HEARTH) and the new federal plan to end homelessness will challenge the CoC to rethink current investments and develop a more integrated response system with clear performance expectations for all the local partners.

For the past two and half decades federal grant funding has been directed to thousands of programs across the country. While agencies were expected to coordinate their efforts locally for planning purposes, federal grants went directly to individual programs and were allocated based on numbers of people served or services offered, rather than being based on the ultimate outcomes of the programs. This funding approach is changing. Coinciding with this change, SHRA, the City and County, Sutter Health Foundation, the Sacramento Regional Community Foundation, Legal Services of Northern California and other entities collaborated to create Sacramento Steps Forward (SSF), to act as the lead entity in our response to end homelessness. Over the past two years SSF has emerged to assume the role of grantee for the CoC.

Over the coming year, SHRA will navigate the new regulatory requirements and seek to overcome significant challenges impeding the implementation of new system-wide strategies that recognize the need for tighter linkages to other programs and resources in the human services and health care arenas as well as system-wide accountability for outcomes. The goal is to begin to transform homeless services into a crisis response system that prevents homelessness and rapidly returns people who experience homelessness to stable housing.

Approval And Adoption Of The 2014 One-Year Action Plan For The Community Development Block Grant (CDBG), Home Investment Partnership (HOME) And Emergency Solutions Grant (ESG) Funded Projects And Programs, Amendment Of Various Years' Action Plans; Amendment To The Sacramento Housing And Redevelopment Agency (SHRA) and Housing Authority Budgets; Authorization To Renew Participating Cooperation And Consortium Agreements; Authorization To Amend And Implement The Proposed Modifications To The Neighborhood Stabilization Program (NSP) Target Area Boundary; Execute Documents For The Administration Of Federal Programs And Other Related Findings
Page 8

Emergency Solutions Grant

In January 2013, SHRA assumed the administration of the ESG Program from the Sacramento County Department of Human Assistance (DHA). Over the course of 2013, SHRA staff worked with DHA staff to reconcile program funding and accomplishments.

A key milestone towards implementing new system-wide strategies for the homeless is the full roll-out of the Emergency Solutions Grant (ESG) Program that provides, for the first time, ongoing entitlement funding in support of homeless prevention and rapid re-housing activities. The first homeless prevention and rapid re-housing program established in Sacramento was linked to the one-time funding of the Homeless Prevention and Rapid Re-housing (HPRP) Program under the American Recovery and Reinvestment Act (ARRA). The lessons learned and infrastructure created from HPRP will serve as a starting point for the new ESG Program.

In May 2013, HUD issued the Grant Award amounts for the federal entitlement programs, and the ESG Program was reduced from \$454,384 (2012 funding level) to \$314,897 (2013 funding level); approximately 30 percent reduction. This severe reduction required SHRA to reduce its contracts with the Sacramento's emergency shelter providers. SHRA will coordinate with the CoC and homelessness providers on allocating ESG funds in a manner that best serves the community. A federal requirement places caps on ESG (24 CFR 576.3-General Provisions): 40 percent of the funds are to be made available for prevention and rapid re-housing activities, and 60 percent of the funds for emergency shelters and outreach; in addition, out of the 60 percent, 7.5 percent can be allocated for program administration.

To implement this coordination, SHRA collaborated with SSF to lead the community discussions for implementation of homeless prevention and rapid re-housing activities in conjunction with the wider repositioning of the CoC based upon HEARTH. In late 2013, SHRA will release a Request for Qualifications to seek qualified providers to implement the prevention and rapid re-housing component of the ESG Program in 2014. SHRA, as administrator, will then directly contract with providers based upon the priorities adopted as part of the implementation of HEARTH locally. These actions will prove crucial for the continued competitiveness of the Sacramento CoC when the 2014 competitive funding round is launched by HUD and the Notice of Funding Availability (NOFA) implements the regulations pertaining to HEARTH.

In September 2013, SHRA contracted with Focus Strategies to develop a coordinated entry / assessment system for the ESG, Shelter Plus Care and HOPWA Programs administered by SHRA. The system will launch in January 2014 and will serve as a pilot coordinated entry / assessment for the CoC. SHRA will continue to collaborate with SSF on developing a coordinated entry / assessment system throughout the CoC. The core system services will include: assessment, eligibility, calculating assistance, housing search and location, provision of financial assistance, case management / stabilization services, reassessment and exiting.

Approval And Adoption Of The 2014 One-Year Action Plan For The Community Development Block Grant (CDBG), Home Investment Partnership (HOME) And Emergency Solutions Grant (ESG) Funded Projects And Programs, Amendment Of Various Years' Action Plans; Amendment To The Sacramento Housing And Redevelopment Agency (SHRA) and Housing Authority Budgets; Authorization To Renew Participating Cooperation And Consortium Agreements; Authorization To Amend And Implement The Proposed Modifications To The Neighborhood Stabilization Program (NSP) Target Area Boundary; Execute Documents For The Administration Of Federal Programs And Other Related Findings
Page 9

Neighborhood Stabilization Program

Following the Board's approval in February 2009, the Neighborhood Stabilization Program (NSP-1) was launched countywide within specific target areas as illustrated in Attachment V. Neighborhoods were selected with criteria including the concentration of abandoned, foreclosed, or vacant properties and programs were created to provide affordable housing alternatives and improved economic conditions. Although NSP-1 funds are nearly exhausted, SHRA is recommending an expansion of the NSP-1 target area boundaries to include the distressed Twin Rivers public housing project and adjacent parcels, located just north of Downtown in the City of Sacramento's River District as shown in Attachment VI. The area is in the City of Sacramento, however SHRA secured a Choice Neighborhoods Initiative (CNI) Planning grant in 2011 for the County Housing Authority owned Twin Rivers public housing site and is nearing completion of a Neighborhood Transformation Plan. Subject to future funding authorization from the Board, this action will allow the County's Housing Authority to strategically invest NSP-1 funds to support activities identified in the CNI-funded Neighborhood Transformation Plan. Those activities may include acquisition of adjacent properties, demolition of structures, and/or rehabilitation of the Twin Rivers public housing project and surrounding properties. Furthermore, the proposed modification will help address the long standing issue of a deteriorating housing stock and assist in promoting a variety of affordable housing alternatives for individuals and families.

DISCUSSION

This report recommends approval of the 2014 Action Plan, thereby updating the Consolidated Plan, and requests authorization to submit the plan to HUD. The Consolidated Plan is a five-year planning document covering the period 2013-17. The Consolidated Plan identifies the County's housing and community development needs and describes a long-term strategy to meet those needs. In addition, the Action Plan specifically addresses the following federally funded housing and community development programs: CDBG, HOME and ESG.

COMMISSION ACTION:

On October 2, 2013, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. The votes were as follows:

AYES:

NOES:

ABSENT:

Approval And Adoption Of The 2014 One-Year Action Plan For The Community Development Block Grant (CDBG), Home Investment Partnership (HOME) And Emergency Solutions Grant (ESG) Funded Projects And Programs, Amendment Of Various Years' Action Plans; Amendment To The Sacramento Housing And Redevelopment Agency (SHRA) and Housing Authority Budgets; Authorization To Renew Participating Cooperation And Consortium Agreements; Authorization To Amend And Implement The Proposed Modifications To The Neighborhood Stabilization Program (NSP) Target Area Boundary; Execute Documents For The Administration Of Federal Programs And Other Related Findings
Page 10

MEASURES/EVALUATIONS

The proposed funding allocations for new and existing activities are consistent with the goals and objectives found in the adopted Consolidated Plan.

The Consolidated Plan goals include assisting low- and moderate-income persons and areas with the following: community services, housing, homeless facilities and services, public improvements and facilities, economic development, planning and administration.

FINANCIAL ANALYSIS

Proposed allocations made in the 2014 Action Plan are based on:

CDBG Entitlement	\$4,584,576
CDBG Program Income	\$141,929
HOME Entitlement	\$1,810,877
HOME Program Income	\$748,641
ESG Entitlement	\$314,897
Total Revenues	\$7,600,920

The \$351,687 CDBG capital reserve budgeted in the 2014 Action Plan is approximately eight (8) percent of the 2014 CDBG entitlement. If Congress ultimately approves funding in a lesser amount, the reserve will be used to fund budgeted projects. SHRA is authorized to obligate the CDBG Capital Reserve to activities described in this Action Plan. No additional funding is being requested for NSP.

POLICY CONSIDERATIONS

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

ENVIRONMENTAL REVIEW

CDBG, HOME and NSP

Commitment of funding for new projects that could result in a direct or indirect physical change to the environment is subject to environmental review under the CEQA if implementation of the projects is authorized as part of the budgeting process.

Approval And Adoption Of The 2014 One-Year Action Plan For The Community Development Block Grant (CDBG), Home Investment Partnership (HOME) And Emergency Solutions Grant (ESG) Funded Projects And Programs, Amendment Of Various Years' Action Plans; Amendment To The Sacramento Housing And Redevelopment Agency (SHRA) and Housing Authority Budgets; Authorization To Renew Participating Cooperation And Consortium Agreements; Authorization To Amend And Implement The Proposed Modifications To The Neighborhood Stabilization Program (NSP) Target Area Boundary; Execute Documents For The Administration Of Federal Programs And Other Related Findings
Page 11

All new federally funded projects are subject to environmental review under the requirements of the National Environmental Policy Act (NEPA) and per HUD regulations prior to any commitment of federal funds for expenditure unless they are exempt from such review.

Many of the Action Plan's new projects are exempt or categorically excluded from environmental review under CEQA and NEPA. Some of the programs contained in the action plan do not include specific projects, or actions on specific properties as these projects and properties have not yet been defined. As projects and properties are identified, additional environmental review under CEQA and/or NEPA will be required prior to any discretionary action or choice limiting action. These projects cannot be approved until further environmental review is completed. Attachment IV contains specific information regarding CEQA and NEPA reviews and findings for specific projects.

ESG

The authority for environmental review of HUD-assisted projects and activities carried out under the Emergency Solutions Grant (ESG) Program is NEPA, related environmental laws and authorities, and 24 CFR Part 50. The HEARTH Act of 2009 repealed prior assumption authority to allow states and units of local government to perform HUD's environmental review responsibility for the ESG Program. Therefore the use of procedures under 24 CFR Part 58 – Environmental Review Procedures for Entities Assuming HUD's Environmental Responsibilities – is not authorized.

Per 24 CFR Part 50.19(b), the Action Plan ESG activities included in the 2014 Action Plan for services and staff will have no physical impact on the environment. These are considered supportive services and are categorically excluded under NEPA. These programs are covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Attachment IV contains specific information regarding CEQA and NEPA reviews and findings for ESG.

Approval And Adoption Of The 2014 One-Year Action Plan For The Community Development Block Grant (CDBG), Home Investment Partnership (HOME) And Emergency Solutions Grant (ESG) Funded Projects And Programs, Amendment Of Various Years' Action Plans; Amendment To The Sacramento Housing And Redevelopment Agency (SHRA) and Housing Authority Budgets; Authorization To Renew Participating Cooperation And Consortium Agreements; Authorization To Amend And Implement The Proposed Modifications To The Neighborhood Stabilization Program (NSP) Target Area Boundary; Execute Documents For The Administration Of Federal Programs And Other Related Findings
Page 12

M/WBE AND SECTION 3 CONSIDERATION

Minority and Women's Business Enterprise and Section 3 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
ATT I	2014 One-Year Action Plan Activities
ATT II	Defunded Prior Year's Activities
ATT III	Previous Year's Action Plan Activities
ATT IV	Environmental Determination
ATT V	NSP Existing Target Area Map
ATT VI	NSP Expanded Target Area Map

RESOLUTION NO. _____

APPROVAL AND THE ADOPTION OF THE 2014 ONE-YEAR ACTION PLAN FOR THE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG), HOME INVESTMENT PARTNERSHIP (HOME) AND EMERGENCY SOLUTIONS GRANT (ESG) FUNDED PROJECTS AND PROGRAMS, AMENDMENT OF VARIOUS YEARS' ACTION PLANS; AND AMENDMENT TO THE SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY AND HOUSING AUTHORITY BUDGETS; EXECUTE DOCUMENTS FOR THE ADMINISTRATION OF FEDERAL PROGRAMS; AUTHORIZATION TO RENEW PARTICIPATING COOPERATION AND CONSORTIUM AGREEMENTS; AMENDMENT AND IMPLEMENTATION OF PROPOSED MODIFICATIONS TO THE NEIGHBORHOOD STABILIZATION PROGRAM (NSP) TARGET AREA BOUNDARY AND OTHER RELATED FINDINGS

WHEREAS, the U.S. Department of Housing and Urban Development (HUD) requires adoption of a Five-Year Consolidated Plan (Con Plan) and annual Action Plan, consistent with the Con Plan, to identify the programs and projects for expenditure of federal CDBG, HOME and ESG funds; and

WHEREAS, since 1982 the Sacramento Housing and Redevelopment Agency (SHRA) on behalf of its constituent entities has served as the public entity designated to efficiently administer the CDBG, HOME and ESG funding originating from HUD on behalf of the County of Sacramento; and

WHEREAS, with the release of the 2013 Notice of Funds Availability (NOFA), the 2013 Consolidated Plan recognized the modifications to regulations for the Continuum of Care and enactment of the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act, for rental assistance to be administered by the Public Housing Agency (PHA). The County designated its PHA, staffed by SHRA, to administer rental assistance programs; and

WHEREAS, the Neighborhood Stabilization Program (NSP) nears completion, the target area boundary is being expanded to allow SHRA to strategically invest NSP funds in a manner that that will support the implementation of the Neighborhood Transformation Plan for the Twin Rivers public housing site that is nearing completion; and

WHEREAS, community development grants from HUD administered directly by the recipient are required to secure environmental clearance; SHRA is designated as the agent for the County and is the general unit of local government for the purpose of environmental

clearance on the County's behalf and on behalf of non-profit organizations which are sub-grantees; and

WHEREAS, a duly noticed public hearing soliciting comments on the 2014 One-Year Action Plan was held on October 2, 2013 by the Sacramento Housing and Redevelopment Commission.

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

Section 1. All evidence presented, having been duly considered, the finding, including the environmental findings regarding this action as stated in Attachment IV, are approved.

Section 2. The 2014 One-Year Action Plan, which allocates anticipated CDBG, HOME and ESG funds to various programs and projects as set out in Attachment I, is adopted.

Section 3. Various years' Action Plans are amended to defund activities set forth in Attachment II and add the projects set out in Attachment III.

Section 4. SHRA is authorized to amend the allocation of CDBG funding for programs and projects in accordance with changes to prior Action Plans; allocate the CDBG, HOME, and ESG grant funding for programs and projects as set out in the 2014 Action Plan; and to amend the 2014 CDBG Capital Reserve, HOME and ESG budgets to the extent necessary to implement and ensure the timely completion of the activities set out in the 2014 Action Plan.

Section 5. SHRA is authorized to execute agreements, contracts and related documents with the appropriate entities to carry out Action Plan activities in compliance with adopted policies, guidelines and federal law as approved to form by Agency Counsel.

Section 6. The County Executive, or designee, is authorized to execute agreements, contracts and related documents with SHRA to carry out Action Plan activities in compliance with adopted policies, guidelines and federal law as approved to form by SHRA Counsel.

Section 7. SHRA is authorized and delegated authority to act as agent on behalf of the County to execute the Action Plan grant agreements with HUD and the agreements and contracts with the appropriate entities to carry out the CDBG, HOME and ESG funded activities in the amended prior years' Action Plan and in accordance with the 2014 One-Year Action Plan. Such agreements shall be consistent and in compliance with applicable federal law.

Section 9. SHRA is authorized amend and implement the proposed modification to the NSP target area boundary to include the Twin Rivers Public Housing Project and surrounding area.

Section 10. SHRA, as the public entity designated to administer the community development program funds, is authorized on behalf of the County to renew participating cooperation and consortium agreements for the next three-year qualification period per HUD's Urban County Qualification Notice.

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 22nd day of October, 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

County of Sacramento

2014 One Year Action Plan Activities

The U.S. Department of Housing and Urban Development (HUD) requires a consolidated planning process for the federal Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME), and Emergency Shelter Grant (ESG) programs. This process consolidates multiple grant application requirements into a single submission. The concept of the Consolidated Plan was developed to further HUD's statutory goals through a collaborative process involving the community to establish a unified vision for future community development actions.

The adopted Five-Year Consolidated Plan outlines proposed strategies for the expenditure of CDBG, HOME, and ESG funds for the period 2013-2017. In general, the mission of the Consolidated Plan is to revitalize selected lower-income neighborhoods and to assist disadvantaged populations by providing adequate public facilities and services, generating affordable housing opportunities, and stimulating economic development.

The One-Year Action Plan is the annual update to the Consolidated Plan. A key component of the One-Year Action Plan is the allocation of funds to proposed activities. This portion of the plan describes activities the jurisdiction will undertake in the coming year, including geographic locations and proposed accomplishments. Proposed activities address the priority needs and specific objectives of the 2013-17 Consolidated Plan, adopted by the Sacramento Board of Supervisors on January 8, 2013.

The One-Year Action Plan is based on the following estimated revenues:

Revenue Source	Estimated Revenue
CDBG Entitlement	\$4,584,576
CDBG Program Income	\$141,929
HOME Entitlement	\$1,810,877
HOME Program Income	\$748,641
ESG Entitlement	\$314,897
Total Revenues	\$7,600,920

The following summarizes proposed activities for 2014. Activities are organized into the following categories; funding totals for each category are indicated.

Funding Category	Proposed Funding
Infrastructure and Public Improvements	\$1,478,090
Housing Development, Preservation and Homeownership	\$3,668,605
Public Services	\$1,016,676
Agreement Cities	\$300,000
Grant Planning and Administration	\$785,862
CDBG Capital Reserve	\$351,687
Total Funding	\$7,600,920

INFRASTRUCTURE AND PUBLIC IMPROVEMENTS

The following are recommended capital improvements of public or community-based facilities and public right-of-way projects to be completed within 18 months. These activities, when appropriate, will be coordinated with other County Departments to maximize leveraging with the County's capital improvement plan.

Circulation Improvements: Installation of ADA curb, gutter, and sidewalk improvements; as well as streetscape improvements in low- and moderate-income areas to improve the mobility of eligible residents throughout the unincorporated county.

\$174,332	CDBG
\$125,668	CDBG PI

Walnut Grove ADA Restrooms Project: Design and construction of ADA bathrooms and associated signage, lighting and landscaping.

\$350,000	CDBG
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South Sacramento Lighting Project: Funds to provide engineering design, right-of-way acquisition, fence relocation and installation of approximately 51 streetlights in the low-income neighborhood roughly bounded by Palmer House Drive, Flamingo Way, Samantha Way, Power Inn Road and Loucreta Drive.

\$525,000	CDBG
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Capital Improvement Project Scoping: Funding for scoping, cost estimates, conceptual design, eligibility review and/or environmental review for proposed CDBG projects. Location and scope to be determined by an internal process of requests on first-come, first-served basis.

\$100,000	CDBG
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Public Improvements Delivery: Staffing and administration for Section 3 related activities and capital improvement projects in 2014.

\$203,090	CDBG
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Total Infrastructure and Public Improvements

\$1,478,090	
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HOUSING DEVELOPMENT, PRESERVATION AND HOMEOWNERSHIP

The following are recommended activities to increase, improve, and preserve affordable housing opportunities.

Multi-Family Housing Acquisition and Rehabilitation: Provides loans for the acquisition and rehabilitation of low- and moderate-income multi-family housing.

\$928,500	CDBG
\$16,261	CDBG PI
\$736,765	HOME
\$327,086	HOME PI

Multi-Family Housing New Construction: Provides loans for the construction of low- and moderate-income multi-family housing.

\$736,765	HOME
\$327,086	HOME PI

City of Citrus Heights First-Time Homebuyer Program: Provides down payment assistance, closing costs, homeownership education and counseling to income eligible first-time homebuyers.

\$156,260	HOME
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Emergency Repair Program/Accessibility Grant Program (ERP-A):

This program provides grants of up to \$5,000 each to very-low income homeowners for emergency health and safety repairs as well as grants to low-income disabled residents for accessibility modifications.

\$100,000 CDBG

Minor Repair & ADA for Seniors and Low-Income Homeowners

Program: Provides for administrative costs associated with minor home repairs for low- and moderate-income homeowners and the administrative oversight for the Home Assistance Repair Program for Seniors (HARPS).

\$46,000 CDBG

Housing Programs Delivery: Supportive services for affordable/multi-family rehabilitation/new construction, and emergency repair/accessibility programs in 2014.

\$293,882 CDBG

Total Housing Development, Preservation and Homeownership

\$3,668,605

PUBLIC SERVICES

The following are recommended funding allocations to support human assistance programs. For CDBG, HUD limits funding for public services to 15 percent of the total amount of entitlement and program income.

Emergency Solutions Grant Program: Funds to provide homelessness prevention and rapid re-housing in addition to emergency housing/shelters, operations and maintenance of facilities and essential supportive services per ESG regulations.

\$291,279 ESG

Meals on Wheels: Provides meals to homebound seniors and to non-homebound seniors at over 22 dining sites.

\$378,778 CDBG

Homeless Activities: Funds will be used to design, administer, and implement homeless programs including but not limited to housing and shelter, medical and counseling services, and the provision of food.

\$346,619 CDBG

Total Public Services:

\$1,016,676

AGREEMENT CITIES

The following are funding allocations to incorporated areas within the County. The cities of Rancho Cordova, Elk Grove and Citrus Heights receive CDBG directly from HUD.

Folsom - Seniors Helping Seniors Handyman Program: Funds to be used for the City's Seniors Helping Seniors Handyman Program.

\$150,000 CDBG

Galt - Railroad Quiet Zone Improvements: Funds to be used to implement Railroad Quiet Zone improvements in CDBG eligible areas of Galt.

\$150,000 CDBG

Total Agreement Cities

\$300,000

GRANT PLANNING AND ADMINISTRATION

The following are related to program planning, community participation and general program administration.

Consolidated Planning: Planning related to affordable housing, homeless/HEARTH Act activities and public improvements.	\$100,000	CDBG
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ESG Program Administration: Administrative services for the implementation of ESG-funded activities in 2014.	\$23,618	ESG
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HOME Program Administration: Administrative services for the implementation of HOME-funded activities in 2014.	\$181,087	HOME
	\$94,469	HOME PI

Section 3 Program Delivery: Supportive services for First Source and Section 3 related activities in 2014.	\$104,000	CDBG
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CDBG Planning and Administration: Administrative and Planning services for CDBG projects and programs in 2014.	\$282,688	CDBG
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Total Grant Planning and Administration:	\$785,862	
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CDBG CAPITAL RESERVE

Capital Reserve: Reserve account for overruns in capital improvement activities and to fund budgeted activities in 2014 if CDBG entitlement is less than anticipated. The reserve is also available to cover unanticipated project and program costs to bring an activity to completion. The full amount of the reserve is available to ensure the timely completion of the activities.	\$351,687	CDBG
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**County of Sacramento
Defunded Activities for Various Years' Action Plan**

Activities being defunded are those that have been completed, cancelled or funded through alternative sources.

Recommendation	Amount	
Norcade Block Project: Project is complete; remaining funds to be transferred to Capital Reserve and allocated to Circulation Improvements .	\$100,000	CDBG
Jean Harvie Community Center Water Line: Project is complete; remaining funds to be transferred to Capital Reserve and allocated to Circulation Improvements .	\$100,000	CDBG
Capital Reserve: Fund reserve account for overruns in capital improvement activities and to fund budgeted activities in 2013 if CDBG entitlement is less than anticipated. Funds to be transferred to Circulation Improvements ; refer to Attachment III.	\$1,000,000	CDBG
Capital Reserve: Fund reserve account for overruns in capital improvement activities and to fund budgeted activities in 2013 if CDBG entitlement is less than anticipated. Funds to be transferred to Isleton Bing Kong Tong Phase 1 Stabilization Project ; refer to Attachment III.	\$300,000	CDBG
Capital Reserve: Fund reserve account for overruns in capital improvement activities and to fund budgeted activities in 2013 if CDBG entitlement is less than anticipated. Funds to be transferred to Focused Outreach and Code Inspection Strategy (FOCIS) Program ; refer to Attachment III.	\$200,000	CDBG
Capital Reserve: Fund reserve account for overruns in capital improvement activities and to fund budgeted activities in 2013 if CDBG entitlement is less than anticipated. Funds to be transferred to Rio Linda Community Center Rehabilitation Project ; refer to Attachment III.	150,000	CDBG
Capital Reserve: Fund reserve account for overruns in capital improvement activities and to fund budgeted activities in 2013 if CDBG entitlement is less than anticipated. Funds to be transferred to Water Systems Improvements ; refer to Attachment III.	\$150,000	CDBG
Total	\$2,000,000	

Amendment to Previous Years' Action Plan Activities

The following existing CDBG projects augmentation are recommended in this report. These activities have been identified as those that need immediate funding. In addition, these adjustments will facilitate timely expenditures as required by HUD.

Recommendation	Amount	
Isleton - Bing Kong Tong Stabilization Phase 1 – Funding to include costs associated with the Phase 1 Stabilization project, including, but not limited to, building siding, roof and windows to seal the historic building.	\$300,000	CDBG
Focused Outreach and Code Inspection Strategy (FOCIS) Program: Funds will be used for County building inspectors for a one time, 12-month pilot program to operate a geographically focused single-family inspection strategy addressing problem properties in targeted areas. Previously CDBG funded single- and multi-family Code Enforcement in CDBG eligible areas.	\$200,000	CDBG
Rio Linda Community Center Rehabilitation Project: Funds will be used to design and rehabilitate the Community Center's kitchen which serves as a congregate site for Meals on Wheels.	\$150,000	CDBG
Water Systems Improvements: Funds to provide environmental clearance, design, construction or other eligible activities to water systems in CDBG eligible areas.	\$150,000	CDBG
Circulation Improvements – Installation of ADA curb, gutter, and sidewalk improvements; as well as streetscape improvements in low- and moderate-income areas to improve the mobility of eligible residents throughout the unincorporated county.	\$1,200,000	CDBG
Total	\$2,000,000	

**County of Sacramento
Environmental Determination**

Emergency Solutions Grant

Supportive Services (no physical impact) - NEPA per 24 CFR Section 50.19(b) and CEQA per Guidelines Section 15061 (b)(3):

The authority for environmental review of HUD-assisted projects and activities carried out under the *Emergency Solutions Grant (ESG)* program is NEPA, related environmental laws and authorities, and 24 CFR Part 50. The Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009 repealed prior assumption authority to allow states and units of local government to perform HUD's environmental review responsibility for the ESG program. Therefore the use of procedures under 24 CFR Part 58 – Environmental Review Procedures for Entities Assuming HUD's Environmental Responsibilities – is not authorized.

These programs are covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. **Environmental Review is complete for these activities; no further environmental review is required.**

The following is a partial list of eligible ESG activities listed in Section 50.19(b) that do not require further environmental review. For the full list refer to 24 CFR Part 50.

- Environmental and other studies, resource identification and the development of plans and strategies, if specific to eligible ESG activities such as rehabilitation or conversion.
- Administrative and management expenses.
- Public services that will not have a physical impact or result in any physical changes including, but not limited to services concerned with employment, crime prevention, child care, health, drug abuse, education, counseling, energy conservation and welfare or recreational needs.
- Technical assistance
- Tenant-based rental assistance
- Supportive services including, but not limited to, health care, housing services, permanent housing placement, day care, nutritional services, short-term payments for rent, mortgage, utility costs, and assistance in gaining access to local, state, and federal government benefits and services.
- Operating costs including maintenance, security, operation, utilities, furnishings, equipment, supplies, staff training and recruitment and other incidental costs.

CDBG / HOME / NSP

Supportive Services (no physical impact) - NEPA per 24 CFR Section 58.35(b)(2) and CEQA per Guidelines Section 15061 (b)(3):

The Action Plan includes funding for services and staff for the following programs, which will have no physical impact on the environment. These are considered supportive services and are categorically excluded under NEPA. These programs are covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. **Environmental Review is complete for these activities; no further environmental review is required.**

- Homeless Activities
- Meals on Wheels by ACC

Operating Costs (staff costs) - NEPA per 24 CFR Section 58.35 (b)(3) and CEQA per Guidelines Section 15378 (b)(2):

The Action Plan includes funding for staffing only for the following programs, which will have no physical impact on the environment. Staffing costs are considered operating costs and are categorically excluded under NEPA. Costs for staffing are not considered a project under CEQA. **Environmental Review is complete for these activities; no further environmental review is required.**

- CDBG Administration
- FOCIS Program
- First Source / Section 3 Delivery
- Minor Repair & ADA for Seniors and Low-Income Homeowners Program Administration
- Housing Programs Delivery
- HOME Program Administration (including the city of Citrus Heights of the Consortium)
- Public Improvements Delivery
- Section 108 Fiscal Accounts

Planning and Feasibility Studies and Design Costs - NEPA per 24 CFR Section 58.34 (a)(1) and (a)(8) and CEQA per Guidelines Section 15262:

The Action Plan includes funding for planning and feasibility studies, and design work only, which may include funding for environmental planning, for the following programs. These actions are considered engineering and design costs, and studies, and are exempt under NEPA. As feasibility and planning studies only, with no legally binding effect on later activities, these activities are exempt under CEQA. **Environmental Review is complete for the feasibility and planning studies and design costs associated with these programs only; if these studies identify specific projects, further environmental review will be required prior to taking any choice limiting action or discretionary action on those specific projects.**

- CDBG Planning
- Consolidated Planning
- Capital Improvement Project Scoping

Financial Assistance for Acquisition and/or Rehabilitation of Existing Structures - NEPA per 24 CFR 58.35 (a)(3) and (a)(5) and CEQA per Guidelines Section 15301:

The Action Plan includes funding for acquisition of land or properties, and/or rehabilitation of existing structures for the following programs. Both acquisition and rehabilitation of existing structures are categorically excluded under NEPA, assuming that the requirements of 24 CFR 58.35 (a) are met. These activities are also categorically exempt under CEQA. **Environmental Review is complete for these programs; however, as individual properties are identified for acquisition and/or rehabilitation, additional review shall be performed to complete NEPA requirements. Additional review may also be required if site specific rehabilitation, as it is defined, allows for changes in use or capacity.**

- Multi-Family Acquisition and Rehabilitation Program
- Affordable Housing Rehabilitation Program

Removal of barriers for elderly and disabled persons. NEPA per 24 CFR 58.35 (a)(2) and CEQA per Guidelines Section 15301:

The Action Plan includes funding for minor improvements to the following existing facilities in order to remove barriers that restrict mobility of and accessibility by elderly and disabled persons. These actions are categorically excluded under NEPA, assuming that the requirements of 24 CFR 58.35 (a) are met. These activities are also categorically exempt under CEQA, assuming that improvements are minor and do not allow for changes in use or capacity. **Environmental Review is complete for these programs; no further environmental review is required.**

Circulation Improvements– NEPA per 58.35 (a)(2) and CEQA 15301: The Action Plan includes funding for Installation of ADA curb, gutter, and sidewalk improvements; as well as streetscape improvements in low- and moderate-income areas to improve the mobility of eligible residents throughout the unincorporated county.

This activity is categorically excluded under NEPA per 24 CFR 58.35 (a)(2a) and CEQA per Guidelines Section 15301.

New Construction of Small ADA Compliant Restrooms in Walnut Grove. The Action Plan includes funding for the design and construction of two small ADA compliant restrooms, signage, lighting and landscaping. This action is budgetary only. **Environmental Review will be required and will be completed prior to any choice limiting action or discretionary action.**

Acquisition/Rehabilitation/Reconstruction of Existing Public Facilities - NEPA per 24 CFR 58.35 (a)(1) and CEQA per Guidelines Section 15301(c) and 15304(b):

The Action Plan includes funding for rehabilitation of and improvements to existing public facilities within existing right of way under the following programs. Rehabilitation and reconstruction of existing public facilities and improvements are categorically excluded under NEPA, assuming that the requirements of 24 CFR 58.35 (a) are met. These activities are also categorically exempt under CEQA. **Environmental Review is complete for these programs; however, as individual improvements are identified, additional review shall be performed to complete NEPA requirements. Additional review may also be required if identified improvements allow for changes in use or capacity.**

- South Sacramento Lighting Project
- Water Systems Improvements
- Rio Linda Community Center Rehabilitation Project
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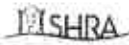
Supplemental Assistance to Pre-existing Projects (no change in scope) - NEPA per 24 CFR 58.35 (b)(7) and CEQA per Guidelines Sections 15162 and 15301(c):

- Galt – Railroad Quiet Zone Improvements
- Isleton - Bing Kong Tong Phase 1 Stabilization Project

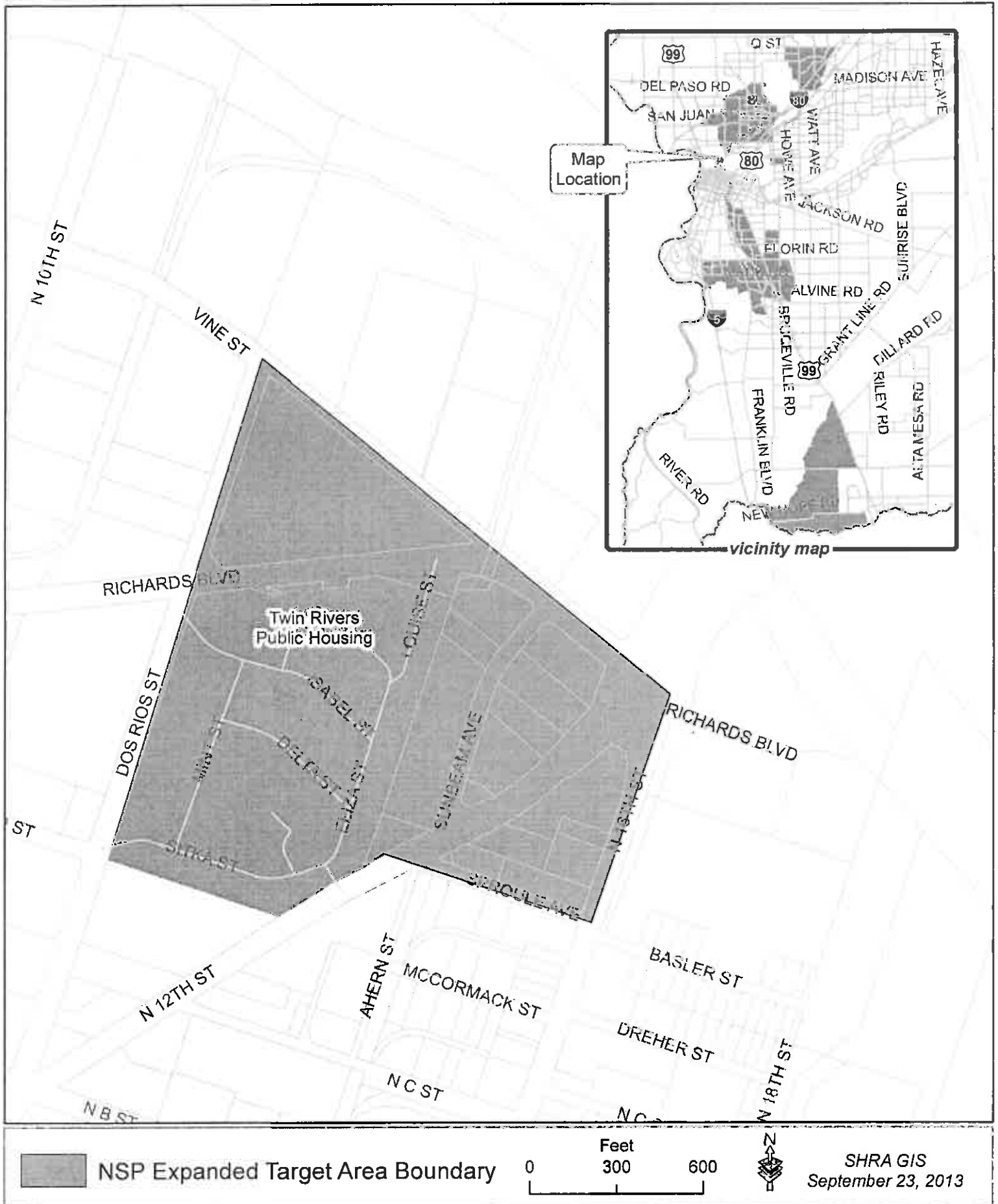
The remaining programs and actions included in the 2014 Action Plan have program specific environmental review as described below:

- **Emergency Repair Program/Accessibility Grant and Folsom Senior Helping Seniors Programs** – These programs include: an emergency repair component, which will be limited to repair and improvements to existing structures to control threats to public safety; and, an accessibility improvements component, which will remove barriers that restrict mobility of and accessibility by elderly and disabled persons. The emergency repairs component is exempt under NEPA pursuant to 24 CFR 58.34 (a)(10), and categorically exempt pursuant to CEQA Guidelines Section 15301. The accessibility component is categorically excluded under NEPA pursuant to 24 CFR 58.35 (a)(2), and categorically exempt pursuant to CEQA Guidelines Section 15301. **Environmental Review is complete for the emergency repair component of this program; no further environmental review is required. As individual properties are identified for the accessibility component, additional review will be needed to complete NEPA requirements.**
- **Multi-Family Housing New Construction** – This program consists of financial assistance for the construction of new multi-family housing projects. The actions included in this 2011 Action Plan do not include any funding commitments or approvals for any specific project. **Environmental Review will be required for individual projects as they are identified and will be completed prior to any choice limiting action or discretionary action.**
- **NSP** - The amendment and expansion of the Neighborhood Stabilization Program (NSP) target area boundary constitutes an update to an existing program only. This action does not constitute approval for any specific project, and does not change the scope or character or effect on the environment for any specific project. As such, the action is exempt from or does not require environmental review under CEQA or NEPA 24 CFR 58.34(a)(3).

SHRA GIS
September 23, 2013



NSP Expanded Target Area Map





October 2, 2013

Sacramento Housing and Redevelopment Commission
Sacramento, California

Honorable Members in Session:

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

RECOMMENDATION

Staff recommends adoption of the attached resolution which 1) certifies that the required public hearing has been held and comments received, 2) approves the 2014 Public Housing Agency (PHA) Annual Plan, 3) authorizes the submittal of the 2014 PHA Annual Plan to the U.S. Department of Housing and Urban Development (HUD), 4) certifies that the plan is consistent with the Consolidated Plan pursuant to the Code of Federal Regulations (CFR) 24 CFR 903.15, and 5) authorizes the Executive Director to execute all necessary documents for the submission and certification of compliance of the 2014 PHA Annual Plan as required by HUD and to comply with the Quality Housing and Work Responsibility Act of 1998.

CONTACT PERSONS

Sarah Thomas, Interim Assistant Director of Housing – Housing Choice Voucher (HCV), 916-440-1397; MaryLiz Paulson, Assistant Director of Housing – Public Housing, 916-440-1334

SUMMARY

This report recommends the approval of the 2014 PHA Annual Plan (Plan) and its attachments for the Housing Authorities of the City and County of Sacramento (collectively “Housing Authority”) and its consistency with the Five-Year Consolidated Plan). This Plan also includes the Capital Fund Program Five-Year Action Plan (2012-2017).

The Plan consists of:

- the Housing Authority PHA Annual Plan and attachments;
- the Public Housing Admissions and Continued Occupancy Policy (ACOP) with three significant changes; and
- the Administrative Plan for the Housing Choice Voucher program (Administrative Plan), Housing Authority of the County of Sacramento only, with one significant change.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Sacramento Housing and Redevelopment Commission

October 2, 2013

Page 2

Together, these documents provide a comprehensive guide to the Housing Authority's policies, programs, operations, and strategies for meeting local housing needs and goals consistent with the Housing Authority's overall goal to improve operating efficiencies and service to residents. A public hearing on the proposed plan is to be held on September 18, 2013 and comments from that hearing will be incorporated into the final document as necessary.

BACKGROUND

Applicable Federal Law and HUD regulations require that each Housing Authority develop and adopt a PHA Plan and update it on an annual basis. The PHA Plan provides details about Housing Authority programs, services, and general operations. In addition, the Plan focuses on implementation strategies designed to address residents' needs and issues, as well as outlining ways to improve operational efficiencies for the upcoming fiscal year. This planning mechanism requires that the Housing Authority examine its existing operational needs and design short and long-term strategies to address those needs. A copy of the complete PHA plan is on file with the Agency Clerk and is available upon request.

There are three proposed changes to the ACOP which have been deemed "significant" in this year's Plan. First, "gender identity" is proposed to be added to the list of prohibited discrimination classes. HUD issued guidance which prohibited discrimination based on sexual orientation and gender identity in the provision of housing. SHRA had previously amended the ACOP and Administrative Plan to prohibit discrimination due to sexual orientation, but those documents do not currently reference the new guidance prohibiting discrimination against gender identification. That will be corrected in the 2014 Public Housing ACOP and 2014 HCV Administrative Plan.

Second, a new fee is proposed to be added to the ACOP and List of Charges which will impose a \$200 charge for residents who fail to report having a pet in their unit. Residents will be notified there is a three month "grace period" from October through December 2013 during which any resident may register their pet with no penalty. However, beginning January 1, 2014, any resident who has not registered their pet before it is brought onto the property will be subject to the \$200 charge. To implement this provision, residents will be given adequate time to pay the penalty if their resources are limited. The goal is to make sure all pets are properly registered before they come onto the property.

The final change recommends revised language for the Family Self Sufficiency (FSS) program to clarify the circumstances and the steps which must be taken to de-enroll or deny participation in the FSS program. This will ensure that due process protections will be in place before denial or termination from the FSS program takes place.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Sacramento Housing and Redevelopment Commission

October 2, 2013

Page 3

FINANCIAL CONSIDERATIONS

The recommended actions in this report require no additional funding.

POLICY CONSIDERATIONS

This Public Housing Authority complies with applicable federal laws and regulations, including the Quality Housing and Work Responsibility Act of 1998 (QHWRA).

ENVIRONMENTAL REVIEW

The Capital Fund Program Five-Year Action Plan (2010-2014) was previously analyzed in accordance with the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA). All programs included in the Five-Year Action Plan were found to be Exempt under CEQA Guidelines and Exempt or Categorically Excluded under NEPA Guidelines (see Attachment 2). The actions proposed in this 2014 Annual Plan are in support of the Five-Year Action Plan and include only minor administrative changes to programs which do not constitute substantial changes with respect to the circumstances under which these programs will be undertaken. As such, the recommended actions do not require further environmental review pursuant to NEPA, or CEQA Guidelines Section 15162. Some programs contained in the action plan did not include specific projects or actions on specific properties because those projects and properties had not yet been defined. As projects and properties are identified, additional environmental review under CEQA and/or NEPA will be required prior to any discretionary action or choice limiting action.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Sacramento Housing and Redevelopment Commission

October 2, 2013

Page 4

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,



LA SHELLE DOZIER
Executive Director

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

2014 PUBLIC HOUSING AGENCY ANNUAL PLAN FOR THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO AND HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO

WHEREAS, the Capital Fund Program Five-Year Action Plan (2010-2014) was previously analyzed in accordance with the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA). All programs included in the Five-Year Action Plan were found to be Exempt under CEQA Guidelines and Exempt or Categorically Excluded under NEPA Guidelines (see Attachment 2 for the specific environmental determination made for each program). The actions proposed in this 2014 Annual Plan are in support of the Five-Year Action Plan and include three (3) administrative changes to programs which rise to the level of significant changes with respect to the circumstances under which these programs will be undertaken.

WHEREAS, the first significant change adds "gender identity" to the list of previously prohibited sources of discrimination throughout the Section 8 HCV Administrative Plan and Public Housing Admission and Occupancy Policy (ACOP).

WHEREAS, the second significant change revises the ACOP and List of Charges to establish to a new \$200 tenant charge for failing to properly register a pet, but prior to implementation there shall be a three (3) month initial grace period during which no fine shall be levied for registering a pet that was previously unregistered.

WHEREAS, the third significant change involves revisions to the Family Self-Sufficiency Program that clarifies the procedure used to deny and terminate families from the program. This change is designed to enhance communication with FSS residents and clearly set expectations going forward while preserving the ability to recognize unique family circumstances that may lead to issues of eligibility or compliance.

WHEREAS, given the administrative nature of these changes, the recommended actions do not require further environmental review pursuant to NEPA, or CEQA Guidelines Section 15162. Some of the programs contained in the action plan did not include specific projects or actions on specific properties as that those projects and properties had not yet been defined. As projects and properties are identified, additional environmental review under CEQA and/or NEPA will be required prior to any discretionary action or choice limiting action.

WHEREAS, starting with the 2001 fiscal year and reauthorized each subsequent year in the resolutions approving the Housing Authority of the City and Housing Authority of the County of Sacramento (collectively "Housing Authority") budgets, the Sacramento Housing and Redevelopment Agency and its Executive Director are delegated authority by the governing boards of the Housing Authority to conduct a public hearing on behalf of the Housing Authority to discuss the Public Housing Agency Annual Plan (PHA Plan) as applicable and invite public comment on the plans.

WHEREAS, the proposed PHA Plan changes were presented to the Resident Committees and the Resident Advisory Board, and made available to the public on July 10, 2013.

WHEREAS, a public hearing, duly noticed for a 45 day period, was held on September 18, 2013 on the 2014 PHA Plan on behalf of the Housing Authority and comments received were considered by the Commission.

WHEREAS, the 2014 PHA Plan is consistent with the 2008-2012 Consolidated Plan approved by the City and County of Sacramento, the Consolidated Plan is a planning document that identifies the City and County of Sacramento's overall housing and community development needs, and outlines a strategy to address those needs.

BE IT RESOLVED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION:

Section 1. After due consideration of the facts presented, the findings, including the environmental findings regarding this action, as stated above are approved.

Section 2. The 2014 Public Housing Agency Annual Plan (PHA Plan), consisting of the Public Housing Admissions and Continued Occupancy Policy (ACOP) for both the Housing Authority of the City of Sacramento and the Housing Authority of the County of Sacramento, and the Administrative Plan for the Housing Choice Voucher program (Administrative Plan), for the Housing Authority of the County of Sacramento only, are hereby approved.

Section 3. The Executive Director or her designee is authorized to make non-substantive changes to the Plan based on any additional public comments received.

Section 4. The Executive Director or her designee is authorized to make changes to the PHA Plan as directed by the Department of Housing and Urban Development or required to comply with the Quality Housing and Work Responsibility Act of 1998.

Section 5. The Executive Director or her designee is authorized to execute and submit all required documents for the submission and certification of compliance of the 2014 PHA Annual to the Department of Housing and Urban Development or to comply with the Quality Housing and Work Responsibility Act of 1998.

ATTEST:

CHAIR

CLERK

2014 PHA Plan Significant Changes

Public Housing Authority Annual Plan (PHA Plan) – City and County

Revision #1: Adds “gender identity” to list of prohibited reasons for discrimination

Section 5.2, Page 2 of 42

Goal: Ensure Equal Opportunity in Housing for all Americans

- Ensure equal opportunity and affirmatively further fair housing:
 - Undertake affirmative measures to ensure access to assisted housing regardless of race, color, religion, national origin, sex, *familial status*, disability, *sexual orientation*, and *gender identity*.
 - Undertake affirmative measures to provide a suitable living environment for families living in assisted housing, regardless of race, color, religion, national origin, sex, *familial status*, disability, *sexual orientation*, and *gender identity*.
 - Undertake affirmative measures to ensure accessible housing to persons with all varieties of disabilities regardless of unit size requires

Admissions and Continued Occupancy Policy (ACOP)

Chapter 1 - Statement of Policies and Objectives

1. D. Fair Housing Policy (page 1-2) Adds the following language in red.

It is the policy of the PHA to comply fully with all federal, state, and local nondiscrimination laws and with the rules and regulations governing Fair Housing and Equal Opportunity in housing and employment.

The PHA shall not deny any family or individual the opportunity to apply for or receive assistance under the Conventional/Public Housing programs on the basis of race, shade, color, sex, religion, creed, national or ethnic origin, ancestry, source of income, veteran status, age, familial or marital status, handicap/disability, sexual orientation, or *gender identity*. To further its commitment to full compliance with applicable Civil Rights laws, the PHA will provide federal/state/local information to voucher holders and public housing residents regarding discrimination and recourses available to them. The PHA provides and reviews information regarding Fair Housing rights and responsibilities during family briefing sessions. Such information will be made available during the family briefing session in each briefing packet.

Housing Choice Voucher Administrative Plan

Chapter 1 - Statement of Policies and Objectives

D. Fair Housing Policy (page 1-3) Adds the following language in red.

The PHA shall not deny any family or individual the opportunity to apply for or receive assistance under the Housing Choice Voucher programs on the basis of race, color, sex, religion, creed, national or ethnic origin, age, familial or marital status, disability, sexual orientation, or *gender identity*.

Revision #2: Adds tenant charge for failing to register pets in advance

Admissions and Continued Occupancy Policy (ACOP)

Chapter 10 – Pet Policy

2. Advance Permission, Registration, and Pet Deposits (page 10-3) Adds the following language in red.

Permission to keep a pet is granted at the PHA's sole discretion and is subject to the resident's strict adherence to all aspects of the *Pet Policy/Agreement*. Any resident who wishes to keep a pet will first obtain the approval of the PHA, register the pet by complying with the requirements of the *Pet Policy/Agreement*, pay (or make arrangements to pay) a pet deposit for each qualified pet, and sign a *Pet Policy/Agreement*. The pet deposit for *each animal* is two hundred fifty dollars (\$250).

All pet deposits must be paid (or make arrangements to pay) prior to the presence of the pet. No pet deposit is required for birds, fish, or rodents/other.

Failure to comply with registration of pet(s) prior to allowing into household will result in a \$200.00 charge for non-compliance with 'Advance Permission', section A and C, of the Pet Policy.

Revision #3: Changes to Family Self Sufficiency (FSS) Program Processing

Admissions and Continued Occupancy Policy (ACOP)

Chapter 16 – Family Self Sufficiency Program

3. C. FSS Family Selection Procedure (Page 16-2) Added the following language in red.

FSS applicants will be notified in writing of the reason(s) they were not selected for participation and will be informed they have the opportunity to appeal the decision.

Any person who previously participated in the FSS Program at SHRA and self-terminated may re-apply for the program after a one-year waiting period.

SHRA may deny participation in the FSS program to a family that previously participated and was terminated from FSS because the family did not meet its FSS obligations according to its Contract of Participation.

Successful graduates of the FSS Program will be denied participation in the FSS Program a second time.

FSS will also deny participation to applicants who don't meet basic motivational criteria of orientation attendance, keeping the individual appointment, or expressing a desire to work full time.

4. WAITING LIST (Page 16-2 & 16-3) – Added the following language in red:

The PHA will maintain a waiting list, should it be necessary, for the FSS Program on a first come first served basis. A limited number of FSS slots and funding is available and a waitlist helps to manage orderly admissions to the FSS program. Priority will be given to those applicants who are currently enrolled in an economic self-sufficiency program, in school, in a training program (resident trainees), or in the Welfare to Work Program. SHRA will also give priority to families that have recently (less than 1 year) moved into assisted housing.

FSS staff will determine if there is a slot and funding available to add another family to the FSS program. If so, the next applicant will be contacted so they may apply for the FSS program.

Once an HCV program participant or public housing resident residing within Sacramento County has applied to the FSS Program, the following procedure is followed to determine if client will be eligible to participate in FSS:

- *A letter and a pre-enrollment form are sent to applicant. The applicant has two weeks to complete and return the form. Should the applicant fail to complete and return the form within the allotted time, their application to FSS is withdrawn and the participant must re-apply. An FSS staff member may call to follow up on completing forms.*
- *Once the completed return form is received within allotted time, an orientation appointment is scheduled for applicants. These applicants must have current household income and family composition and be in compliance with their lease agreement before moving to the next step.*
- *Following the orientation appointment, the applicant and FSS Coordinator will complete a Needs Assessment and the Contract of Participation.*



INVESTING IN COMMUNITIES

September 26, 2013

Stephen E. Goldberg
Sarah R. Ropelato
Legal Services of Northern California
515 12th Street
Sacramento CA 95814

Re: Response to remaining comments for the:

- 1) 2014 Public Housing Admissions and Continue Occupancy Policy (ACOP); and
- 2) 2014 Housing Choice Voucher Administrative Plan (Administrative Plan)

Dear Stephen and Sarah,

Thank you for working with us during the public comment period for the 2014 ACOP and Administrative Plan. Many of the issues you offered during our meetings beginning on August 29, 2013 have been resolved to our mutual satisfaction. Of the 100+ issues raised in our meetings, your letter addressed the following five (5) issues.

Below are listed each of the remaining issues with our responses and rationale.

#1 LSNC Comment: Use State definition of disability (delete “substantially” from language) in the ACOP and Administrative Plan since SHRA is subject to State of California State Fair Housing Law.

Reference: Administrative Plan, page 1-4, GL-3, and RA-2 – Statement of Policies & Objectives; ACOP, page 1-2, 20-14 – Statement of Policies and Objectives; Glossary

“PERSON WITH DISABILITIES:

1. A person who has a disability, as defined in 42 U. S. C. 423, and is determined, under HUD regulations, to have a physical, mental, or emotional impairment that is expected to be of long-continued and indefinite duration, **substantially** impedes the ability to live independently, and is of such a nature that the ability to live independently could be improved by more suitable housing conditions.”

SHRA Response: We Agree.

SHRA will remove the word, “substantially” from the 2014 ACOP and the Administrative Plan for all occurrences in, or references to, the definition of disability.

Rationale: It is the policy of the Public Housing Authority to comply fully with all federal, state, and local nondiscrimination laws and with the rules and regulations governing Fair Housing and



Equal Opportunity in housing and employment.¹ We want to ensure staff is appropriately using the broadest definition of the term “disability.”

As a matter of practice, SHRA in its decision-making does not request information related to the severity of an applicant’s or resident’s disability. The issue of severity has never been raised and the characterization of “substantially” has never been applied to any reasonable accommodation request’s approval or denial.

#2 LSNC Comment: Interactive process is required prior to any denial of reasonable accommodation requests.

Reference: Administrative Plan p. RA-3, RA-7 – Reasonable Accommodation Policy

“In those cases where an evaluation of the health care provider’s recommendation indicates an alternate accommodation may be similarly effective, and based on the RACC’s recommendation, the Reasonable Accommodation Coordinator, or designated staff, will engage in an interactive process with the client. This negotiation attempts to reach agreement between the original request and an alternate accommodation that would effectively address the disability-related need as stated by the health care professional. Note that the client must voluntarily agree to an alternate accommodation. The interactive process should normally be completed within a week, but may take longer if a site inspection is needed or under other special circumstances . . .”

“The interactive process may also be utilized when the RACC needs additional information or the requested accommodation is not clear. In any case, whenever the RACC has complete information from the health care provider, the RACC must always come up with a decision: either to approve or to deny the request and must communicate this decision in writing to the family.”

SHRA Response: We Disagree. The existing process will be maintained as there is no legal requirement that requires interaction with the client prior to the denial of the request.

Rationale: SHRA currently collaborates with the doctor or other health care professional and/or applicant, resident or participant, whenever it is needed to process the reasonable accommodation request.

#3 LSNC Comment: The family unit size calculation must include that children other than very young children cannot be required to use the same bedroom or sleeping area.

Reference: Administrative Plan p. 5-1 Subsidy Standards

A. DETERMINING FAMILY UNIT (VOUCHER) SIZE [24 CFR 982.402]

The PHA does not determine who shares a bedroom/sleeping room, but there must be at least one person per bedroom on the Voucher. The PHA's subsidy standards for determining voucher size shall be applied in a manner consistent with Fair Housing guidelines.”

All standards in this section relate to the number of bedrooms on the voucher, not the family's actual living arrangements.

The unit size on the voucher remains the same as long as the family composition remains the same, regardless of the actual unit size rented.

¹ 2014 Administrative Plan, Chapter 1, Section D, page, 1-3.

One bedroom will be assigned to the head of household and spouse/partner or co-head, and one bedroom will be assigned for each additional two persons.”

SHRA Response: We **Disagree** with the need to change the language in the Administrative Plan. The language remains as written.

Rationale: The sentence that LSNC wants added to the Plan is a quote from the regulations. The purpose of the Administrative Plan is to add clarity around those areas where the regulations give discretion to the PHA, not to restate the governing regulations. Existing language in the Plan speaks only to Voucher size. It is up to the Family to decide the actual size of the rental dwelling along with the sleeping arrangements.

#4 LSNC Comment: Object to at least \$50 decrease in rent before interim is conducted.

Reference: Administrative Plan, page 13-4 - Moves with Continued Assistance/Portability

“The PHA will process a rent adjustment if all reported changes within a 60 day period result in an overall income decrease as long as the decrease in income will last thirty (30) days or more from the date it was reported and was verified, or **when the PHA confirms that the decrease in income is \$50 or more per month.**” (Emphasis added)

SHRA Response: We **Disagree**.

The Administrative Plan states an interim will be conducted when INCOME decreases by \$50, not RENT.

Rationale: A \$50 decrease in income would result in a rent decrease of \$15.00. Given the reduced resources of the Agency, the current policy is for staff to process income decreases (of \$50 or more per month) where the net result is a decrease in rent of \$15.00 or more a month.

#5 LSNC Comment: PHA should not be able to use juvenile court records unless a petition is granted under Welfare and Institutions Code Section 827(a)(2).

Reference: Administrative Plan, page 15-3 - Denial or Termination of Assistance

“Criminal Background screening will apply to any member of the household who is 18 years of age or older, or an emancipated minor. Should the PHA have information that a minor of an applicant family has a history of criminal record, the PHA may consider individual circumstances with the advice of the Juvenile Court officials without violating the confidentiality of juvenile court records.”

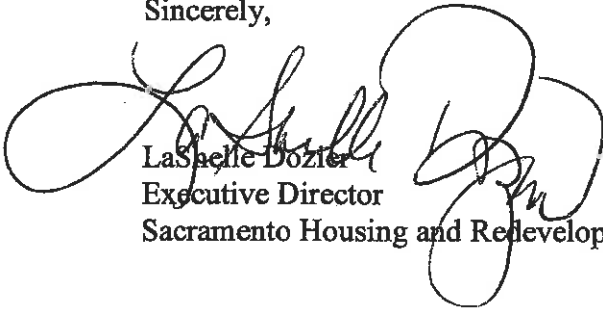
SHRA Response: We **Disagree**; Existing language is sufficient.

Rationale: We do not screen minors for criminal information. The language LSNC is requesting to be added currently exists elsewhere in the Administrative Plan in the discussion of criminal records.

We have made an incredible amount of progress on the 2014 ACOP and Administrative Plan. Your contributions and assistance are greatly appreciated.

While we have agreed on most of your requests that were submitted during the past few weeks there are a few items per this letter that we will have to agree to disagree on. We look forward to continuing to work with you over the next few months to continue our dialogue to further resolve pending issues. We welcome your comments and thank you for your valuable input.

Sincerely,



LaShelle Dozier
Executive Director
Sacramento Housing and Redevelopment Agency



September 26, 2013

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Approval of Tax-Exempt Bonds and Housing Trust Fund Loan for Olive Wood
Apartments

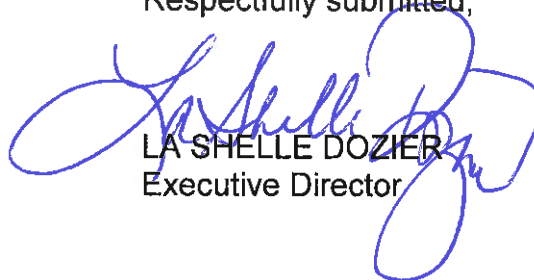
SUMMARY

The attached report is submitted to you for review and recommendation 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:
October 22, 2013
11:30 am

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

From: Sacramento Housing and Redevelopment Agency

Subject: Approval Of Tax-Exempt Bonds And Housing Trust Fund Loan For Olive Wood Apartments

Supervisory District: Nottoli

Contact: Christine Weichert, Assistant Director, Development Finance, 440-1353;
Steve Lierly, Housing Finance Analyst, Development Finance, 449-6236

Overview

This report recommends approval of up to \$7,000,000 in tax-exempt mortgage revenue bonds for the acquisition, rehabilitation, and permanent financing of the Olive Wood Apartments (Project). It also recommends approval of a loan of up to \$4,000,000 of State and County Housing Trust Funds to the Project together with the restructuring of previous Agency loans.

Recommendations

Staff recommends adoption of the attached resolutions for the Olive Wood Apartment Project which:

1. Authorize the issuance by the Housing Authority of the County of not more than \$7,000,000 in tax-exempt mortgage revenue bonds to provide construction and permanent financing for the Project; and authorize an application to the California Debt Limit Allocation Committee (CDLAC) for allocation authority to issue the bonds;
2. Indicate the Board of Supervisors has conducted a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing related to the proposed construction and permanent financing of the project;
3. Authorize the Sacramento Housing and Redevelopment Agency ("Agency") to modify the existing loan documents and loan up to \$4,000,000 for the acquisition, construction, and permanent financing of the Olive Wood Apartment project and related budget amendment.

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

Measures/Evaluation

This development will preserve and extend 68 rehabilitated units of affordable housing, contributing to the Counties 2008-2013 Housing Element goals. Affordability restrictions placed on the Olive Wood Apartments will be monitored by the Agency for 55 years.

The Agency will receive a one-time issuance fee of 0.25 percent of the bond amount, which is payable at bond closing, and an annual payment for monitoring the regulatory restrictions and administration of the bonds, in the amount of 0.15 percent of the bond amount for the term of 55 years. The developer will be responsible for payment of all costs, fees, and deposits relating to the bond application. Mortgage revenue bonds do not represent a financial obligation of the Agency, Housing Authority, or County of Sacramento.

BACKGROUND

Pacific Developer Group ("Developer") has applied for the issuance of up to \$7,000,000 in tax-exempt mortgage revenue bonds and a \$4,000,000 Agency loan for the acquisition and subsequent rehabilitation of the Olive Wood Apartments.

Olive Wood Apartments is an existing 68 unit affordable housing project located at 2801 La Quinta Drive on 2.7 acres. The property was made affordable in 1996 with Low Income Housing Tax Credits (LIHTC), and in 1999 Agency loans restricted seven units to 50 percent of Annual Medium Income (AMI) and eight units to 60 percent AMI for a term of 30 years.

DISCUSSION

Description of Development: Olive Wood Apartments was built in 1972 and had an original mixture of two and three bedroom apartments. The five building complex is located in the Cypress Meadows neighborhood, near the recently renovated four-plexes on Norcade Circle. This 41 year old development and will need substantial improvements to bring it up to modern standards. In connection with a previous re-financing some two-bedroom units were combined to create 4 bedroom units. This created the current unit count and bedroom mix. The developer proposes a rehabilitation budget of approximately \$5,530,000 to make the necessary improvements. All apartment interiors will be renovated and upgraded with replacement of kitchen cabinets, bathroom vanities, tubs and showers, kitchen and bathroom countertops, kitchen and bathroom sinks, and plumbing fixtures. The heating and air conditioning systems are being replaced to meet new energy standards and new energy efficient appliances are included. Exterior work will include new roofs on most buildings, installation of wood and metal screening, complete stucco replacement, painting, elimination of surplus entry doors, and new dual-pane windows. Site work will include improvements to fencing, signage, landscaping, sidewalks, dumpster enclosures, parking areas and upgraded ADA accessibility throughout the complex. Additional new facilities to be constructed include a new community room and leasing office, a new play ground, pool and pool deck. The existing community room and laundry room will be remodeled to accommodate a larger maintenance room. The existing swimming pool and tot lot will be removed and replaced with new landscaping. Extensive re-landscaping will take place through out the site. Exterior lighting will be upgraded and a new security camera system will be installed.

The project will be restricted to 21 extremely low-income units affordable to families at or below 30 percent of AMI, and 46 low-income units affordable to families at or below 60 percent of AMI. A map and site plan is included as Attachments I and II, respectively. Elevations of the post rehab exteriors are provided in Attachment III.

Developer: Pacific Developer Group is a General Contractor and affiliate of Professional Apartment Management, Inc. (PAM). PAM was formed in 1969 and was an experienced owner, manager and developer of affordable rental housing projects. PAM developed 28 properties in California and has owned and operated in excess of 4,500 affordable units in California, Nevada, and Hawaii. Pacific Developer Group was formed by the remaining principal owners of PAM in 2009 after the bulk of PAM's housing portfolio was sold to an east coast investor. PAM in partnership with Community Revitalization and Development Corporation, a California Non-profit public benefit corporation (CRDC) has formed Olivewood-Sacramento Apartment Investors, LP.

Resident Services: Resident services are to be provided by Life Skills Training and Educational Programs, Inc. (LifeSTEPS) whose mission is to strengthen families and communities through programs with a focus on life skills training, education and supportive services that meet the needs of the residents. LifeSTEPS is an experienced social service provider since 1996 and is already working at several affordable projects in Sacramento. LifeSTEPS has submitted a resident services plan for Agency approval detailing the scope and schedule of services to be provided. A minimum of 15 hours per week of resident services will be provided on-site to the residents at no charge.

Property Management: The Project will be managed by a property management company with staff experienced in operating affordable apartment communities. Agency staff will review and approve the management plan, including daily operations, leasing procedures, maintenance, and eviction procedures, to ensure the company meets the Agency's requirements for property management.

Project Financing: The Developer proposes to finance the Project with up to \$7,000,000 in tax-exempt mortgage revenue bonds issued by the Housing Authority, Low-Income Housing Tax Credits, a deferred developer fee, the assumption of approximately \$662,000 in existing Agency funding and a new Agency loan in the amount of \$4,000,000. The Agency is recommending the commitment of \$2,000,000 of County Housing Trust Funds to meet the matching requirements of a \$2,000,000 State Housing Trust Fund grant received from the California Department of Housing and Community Development (HCD) in 2009. These HCD funds must be committed before the end of 2013 when the grant obligation expires.

Additionally, this report recommends restructuring the existing Agency loans on the project to ensure the continued financial viability. The existing loans were originated in 1999 and contain County Housing Trust Funds and Home Investment Partnership Program (HOME) funds. These loans have an outstanding balance of approximately \$662,000. These obligations must be assigned and assumed by the new owner with the payment schedules and maturity dates restructured due to the additional financing and deeper affordability of the project. A project summary, including a proposed sources and uses of funds, is included as Attachment IV. A cash flow proforma is included as Attachment V.

Bond Financing: As a public entity, the Housing Authority can issue tax-exempt bonds, the proceeds of which can provide acquisition, construction, and permanent financing for multi-family housing projects. Interest paid on the bonds is exempt from federal and state income tax, so bondholders will accept a below-market yield from the bonds. These savings are, in turn, passed on to the project owner in the form of a below-market rate loan, with interest rates approximately one to two percent below prevailing market rates.

The bonds for the project are intended to be privately-placed with Chase N.A. for the construction financing and California Community Reinvestment Coalition (CCRC) for the permanent financing. The law firm of Orrick, Herrington and Sutcliffe LLP, will serve as bond counsel to the Housing Authority.

Low-Income Set-Aside Requirements: As a condition of receiving tax credits and the benefits of tax-exempt bond financing, federal law requires units be set-aside for targeted income groups. Maximum rent and income limits for the mortgage revenue bond program can be found in Attachment VI. The Project's affordability restrictions will be specified in regulatory agreements with the Developer.

Project Inducement: CDLAC requires that an "inducement" resolution be adopted by the entity proposing to issue the bonds. Inducement at this time will also allow the developer to be reimbursed from bond issue proceeds for acquisition expenses that it has incurred already and will incur in the future. Staff recommends that the Housing Authority adopt a resolution to indicate its intent to issue bonds to finance the construction and permanent financing of the project. Adoption of the resolution will not bind the Housing Authority to issue bonds until and unless all other necessary actions are taken in accordance with all applicable laws.

COMMISSION ACTION

At its meeting of October 2, 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 County's Housing Element has set affordable housing goals for the period of 2008-2013. The project preserves and renovates existing regulated affordable housing units and creates additional affordability restrictions of 60 percent AMI on 38 units, increases the affordability on seven 50 percent AMI units together with an additional 14 units to 30 percent AMI.

FINANCIAL ANALYSIS

The proposed bond issuance will not be an obligation of the County, the Housing Authority, or the Sacramento Housing and Redevelopment Agency. The bonds will be the obligation solely of the project's owner, who will bear all costs associated with the issuance of the bonds. The Agency will receive a one-time issuance fee of 0.25 percent (25 basis points) of the bond issuance amount, which is payable at bond closing. The Agency will also collect an annual payment of 0.15 percent (15 basis points) of the total bond issuance amount for monitoring of the regulatory restrictions and administration of the bonds.

The new loan will bear interest at two percent and carry a term after renovation of 55 years. All principal and accrued interest will be due and payable at the maturity of the loan. The Loan Commitment Letter is included as Attachment VII.

POLICY CONSIDERATIONS

The actions are generally consistent with approved Agency's Multifamily Housing Loan Program and Mortgage Revenue Bond Program. The total debt load of the property will exceed a 90% loan-to-value ratio, and the permanent loan term will be 55 years following a two year construction term. Regulatory restrictions on the property will be specified in bond and loan regulatory agreements. Compliance with the regulatory agreements will be monitored by the Agency on a regular basis for 55 years.

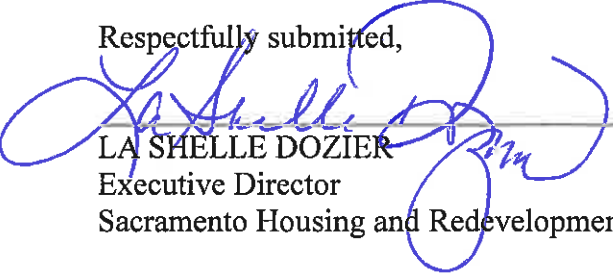
ENVIRONMENTAL REVIEW

The proposed action is categorically exempt under California Environmental Quality Act (CEQA) Guidelines Section 15301 which exempts actions on existing facilities, including rehabilitation and financing, where there is no change or expansion of the existing use. The National Environmental Policy Act (NEPA) does not apply.

M/WBE AND SECTION 3 CONSIDERATIONS

The activities recommended in this staff 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:

RES – Board of Supervisors TEFRA
RES – Housing Authority Bond Reimbursement
RES – Board of Supervisors Housing Trust Fund Loan
ATT I – Olive Wood Location Map
ATT II – Olive Wood Site Map
ATT III – Olive Wood Elevations
ATT IV – Project Summary
ATT V – Cash Flow Proforma
ATT VI – Rent and Income Limits
ATT VII – Commitment Letter

RESOLUTION NO. _____

ON DATE OF

OLIVE WOOD APARTMENTS: APPROVING THE ISSUANCE OF OBLIGATIONS BY THE HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO ON BEHALF OF PAM, INC.

WHEREAS, the Housing Authority of the County of Sacramento, a housing authority organized and existing under the laws of the State of California (the "Authority"), proposes to issue multifamily housing revenue obligations (the "Obligations") in an amount not to exceed \$7,000,000 and to lend the proceeds thereof to Olivewood-Sacramento Apartment Investors, LP, a California limited partnership, or a limited partnership or a limited liability company related to or formed by Pacific Development Group (the "Developer") to be used to provide funds for the acquisition, rehabilitation and development of a 68-unit multifamily housing residential facility located at 2801-2811 La Quinta Drive in the County of Sacramento, California, to be owned and operated by the Developer;

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986 requires the execution and delivery of the obligations to be approved by the Board of Supervisors of the County (the "Board"), as the elected representative of the County of Sacramento, the host jurisdiction of the subject multifamily housing residential facility, after a public hearing has been held following reasonable and proper notice;

WHEREAS, a public hearing was held by the Board on the 22th day of October, 2013, following duly published notice thereof, and all persons desiring to be heard have been heard;

WHEREAS, it is in the public interest and for the public benefit that the Board, as the elected representative of the County of Sacramento, the host jurisdiction of the subject multifamily housing residential facility, approve the execution and delivery by the Authority of the Obligations;

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

Section 1. The Board of Supervisors of the County of Sacramento hereby finds, determines and declares that issuance by the Authority of the Obligations in the maximum principal amount of \$7,000,000 for the purposes described above is hereby approved.

Section 2. This resolution shall take effect immediately upon its adoption.

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 22nd day of October, 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

RESOLUTION NO. _____

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

ON DATE OF

**OLIVE WOOD APARTMENTS: A RESOLUTION OF THE HOUSING AUTHORITY
OF THE COUNTY OF SACRAMENTO DECLARING INTENTION TO REIMBURSE
EXPENDITURES FROM THE PROCEEDS OF TAX-EXEMPT OBLIGATIONS AND
DIRECTING CERTAIN ACTIONS**

WHEREAS, the Housing Authority of the County of Sacramento (the "Authority") intends to execute and deliver tax-exempt obligations (the "Obligations") for the purpose, among other things, of making a loan to Olivewood-Sacramento Apartment Investors, LP, a California limited partnership, or a limited partnership or a limited liability company related to or formed by Pacific Development Group (the "Developer"), the proceeds of which shall be used by the Developer to finance the acquisition, rehabilitation and development of a 68-unit multifamily housing residential facility located on 2801-2811 La Quinta Drive in the County of Sacramento, California (the "Project"); and

WHEREAS, United States Income Tax Regulations section 1.103-18 provides generally that proceeds of tax-exempt debt are not deemed to be expended when such proceeds are used for reimbursement of expenditures made prior to the date of issuance of such debt unless certain procedures are followed, among which is a requirement that (with certain exceptions), prior to the payment of any such expenditure, the issuer must declare an intention to reimburse such expenditure; and

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

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

Section 1. The Authority intends to execute and deliver the Obligations for the purpose of paying the costs of financing the acquisition, rehabilitation and development of the Olive Wood Apartments Project.

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

Section 3. The maximum amount of proceeds of the Obligations to be used for reimbursement of expenditures for the acquisition, rehabilitation and development of the Olive Wood Apartments Project that are paid before the date of initial execution and delivery of the Obligations is not to exceed \$7,000,000.

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

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

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

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

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

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 22nd day of October, 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

RESOLUTION NO. _____

ON DATE OF

**OLIVE WOOD APARTMENTS: APPROVAL OF ALLOCATION OF \$2,000,000
COUNTY HOUSING TRUST FUND AND \$2,000,000 STATE HOUSING TRUST FUND
TO THE PROJECT; EXECUTION OF LOAN COMMITMENT AND RELATED
DOCUMENTS WITH OLIVEWOOD-SACRAMENTO APARTMENT INVESTORS. LP
OR RELATED ENTITY; RELATED BUDGET AMENDMENT, ENVIRONMENTAL
DETERMINATION**

WHEREAS, Olivewood-Sacramento Apartment Investors. LP (Developer) has applied for an allocation of up to Two Million Dollars (\$2,000,000) in County Housing Trust Funds (HTF) and Two Million Dollars (\$2,000,000) in State HTF for a combined total of Four Million Dollars (\$4,000,000) to assist in funding the construction and permanent financing of the Olive Wood Apartments project;

WHEREAS, the Olive Wood Apartments project qualifies for County HTF and State HTF funding under the Sacramento Housing and Redevelopment Agency guidelines;

WHEREAS, the Project currently has a Housing Trust Fund loan outstanding. The principle balance of the loan is \$188,000 plus \$84,970.78 of accrued interest;

WHEREAS, the Project currently has a Home Investment Partnership Program Funds (HOME) loan outstanding. The principle balance of the loan is \$375,818.28 plus \$13,408.75 of accrued interest;

WHEREAS, the proposed action is categorically exempt under California Environmental Quality Act (CEQA) Guidelines Section 15301 which exempts actions on existing facilities, including rehabilitation and financing, where there is no change or expansion of the existing use. The specific actions herein are exempt under National Environmental Policy Act (NEPA) as no new federal funds are going into this project..

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

Section 1: The above recitals are found to be true and correct and the proposed Project is categorically exempt under CEQA Guidelines Section 15301 and NEPA does not apply..

Section 2: The Loan Commitment attached to and incorporated in this resolution by this reference for the financing of the Olive Wood Apartments project ("Loan Commitment") is approved and the Sacramento Housing and Redevelopment Agency ("SHRA") is authorized to execute the Loan Commitment and related documents and transmit to Olivewood-Sacramento Apartment Investors, LP or related entity. SHRA will return to the Board for approval of loan documents.

Section 3: SHRA is authorized to amend the Agency budget to allocate Two Million Dollars (\$2,000,000) in County HTF and Two Million Dollars (\$2,000,000) in State HTF to the Olive Wood Apartments project.

Section 4: The restructuring of the outstanding Housing Trust Fund loan and related documents in the amount of \$188,000 principal, plus \$84,970.78 of accrued interest to restructure payments, extend the maturity date and allow the assumption of the obligation by Olivewood-Sacramento Apartment Investors, LP or related entity, in order to ensure the continued viability of the development is approved. The loan may be subordinated if such subordination is required to obtain primary financing.

Section 4: The restructuring of the outstanding HOME loan and related documents in the amount of \$375,818.28 principal, plus \$13,408.75 of accrued interest to restructure payments, extend the maturity date and allow the assumption of the obligation by Olivewood-Sacramento Apartment Investors, LP or related entity, in order to ensure the continued viability of the development is approved. The loan may be subordinated if such subordination is required to obtain primary financing.

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 22nd day of October, 2013, by the following vote, to wit:

AYES: Supervisors,

NOES: Supervisors,

ABSENT: Supervisors,

ABSTAIN: Supervisors,

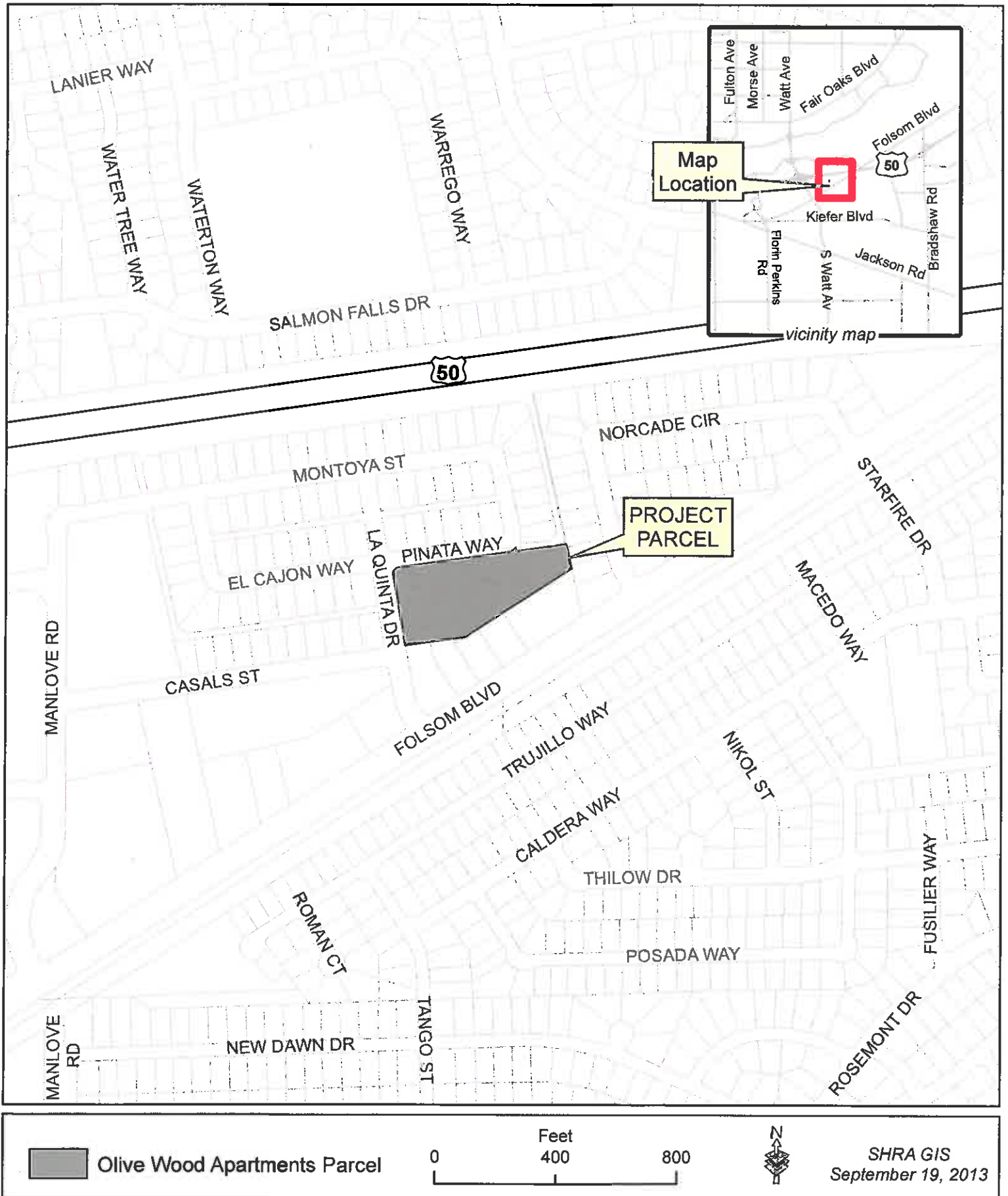
Chair of the Board of Supervisors
of Sacramento County, California

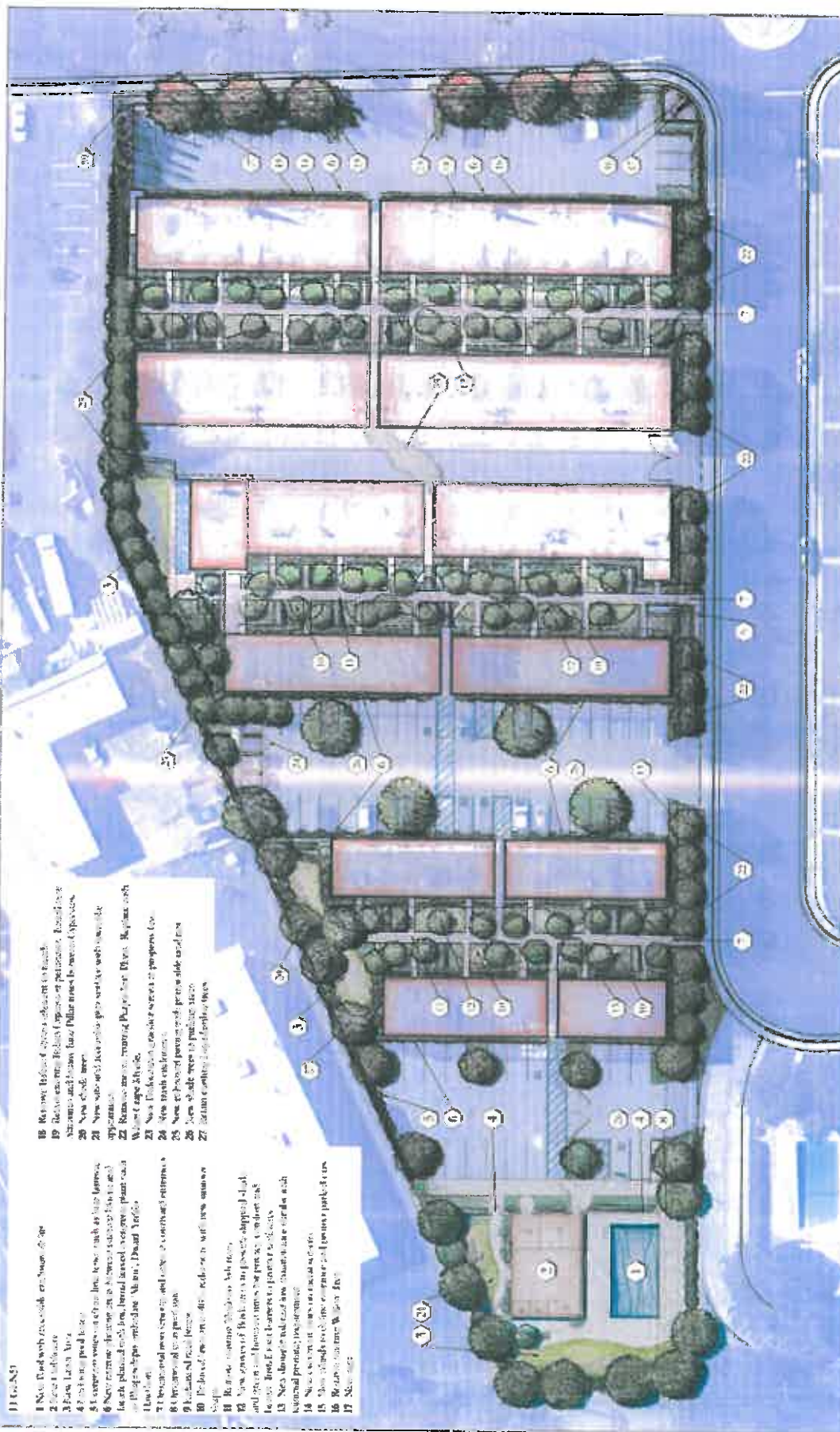
(SEAL)

ATTEST: _____
Clerk, Board of Supervisors



Olive Wood Apartments





OLIVE WOOD APARTMENTS

MASTER PLAN

SCALE: 1" = 20'-0"

THE OFFICE OF
 JEFFREY H. GAMBONI
 LANDSCAPE ARCHITECT 2742
 3012 PACIFIC AVENUE
 STOCKTON 95204
 209 948 8335



Olive Wood Apartments

Project Summary

<u>Address</u>	2801-2811 La Quinta Drive		
<u>Number of Units</u>	68		
<u>Year Built</u>	1972		
<u>Acreage</u>	2.71		
<u>Affordability</u>	21 units (30%) at or below 30% of median income 46 units (70%) at or below 60% of medium income 1 manager units		
<u>Unit Mix and Rents</u>	(30% AMI)	(60% AMI)	Manager Unit
2 Bedroom	14	32	1
3 Bedroom	1	2	
4 Bedroom	6	12	
Total	21	46	1
<u>Unit Square Footage</u>	<u>Per Unit</u>	<u>Total</u>	
2 Bedroom/1 Bath	967	45,449 square feet	
3 Bedroom/2 Bath	1248	3,744 square feet	
4 Bedroom/2 Bath	1302	23,436 square feet	
Total		72,629 square feet	
<u>Resident Facilities</u>	The project will include new leasing office and community room, a new play ground and a new relocated swimming pool.		
<u>Permanent Sources</u>	<u>Total</u>	<u>Per Unit</u>	<u>Per Square Foot</u>
Tax Exempt Bonds	\$ 1,985,915	\$ 29,205	\$ 27.34
Tax Credit Equity	\$ 3,480,432	\$ 51,183	\$ 47.92
New SHRA Loan	\$ 4,000,000	\$ 58,824	\$ 55.07
Existing Loan	\$ 662,198	\$ 9,738	\$ 9.12
Deferred Developer Fee	\$ 118,097	\$ 1,737	\$ 1.63
TOTAL SOURCES	\$ 10,246,642	\$ 150,686	\$ 141.08
<u>Permanent Uses</u>			
Aquisition	\$ 2,300,000	\$ 33,824	31.67
Construction Costs	\$ 5,029,143	\$ 73,958	69.24
Relocation	\$ 200,000	\$ 2,941	2.75
Architecture, Engineering, Survey	\$ 75,000	\$ 1,103	1.03
Construction Contingency	\$ 502,914	\$ 7,396	6.92
Financing Costs	\$ 309,200	\$ 4,547	4.26
Reserves	\$ 118,677	\$ 1,745	1.63
Legal Fees	\$ 100,000	\$ 1,471	1.38
Developer Fee	\$ 1,238,239	\$ 18,209	17.05
Third Party Fees, Marketing, Other	\$ 373,469	\$ 5,492	5.14
TOTAL USES	\$ 10,246,642	\$ 150,686	\$ 141.08
<u>Management / Operations</u>			
Proposed Developer:	Pacific Development Group		
Property Management Company:	Property Association Manangement		
Operations Budget:	\$339,398	\$4,991 per unit	
Replacement Reserves:	\$20,400	\$300 per unit	

Unit Type	Number	Square Feet	Total Sq Feet	Gross Rent	Utility Allowance	Net Rent	Rent per Sq Foot	Total No. Annual Rent	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
2 BD / 1 BA @ 30% AMI	14	867	12,138	\$ 488	\$ 82	\$ 406	\$ 0.47	\$ 58,208																														
2 BD / 1 BA @ 60% AMI	32	867	27,744	\$ 976	\$ 164	\$ 812	\$ 0.93	\$ 136,416																														
3 BD / 2 BA @ 30% AMI	1	1,248	1,248	\$ 564	\$ 100	\$ 464	\$ 0.37	\$ 464																														
3 BD / 2 BA @ 60% AMI	2	1,248	2,496	\$ 1,128	\$ 200	\$ 928	\$ 0.74	\$ 928																														
4 BD / 1 BA @ 30% AMI	6	1,302	7,812	\$ 630	\$ 116	\$ 514	\$ 0.39	\$ 3,084																														
4 BD / 1 BA @ 60% AMI	12	1,302	15,624	\$ 1,258	\$ 232	\$ 1,026	\$ 0.78	\$ 6,156																														
Managers Units	1	867	867	\$ -	\$ -	\$ -	\$ -	\$ -																														
Totals	68		67,929					\$ 53,600	\$ 643,200																													
Income																																						
Potential Gross Income																																						
Other Income																																						
Less Vacancy																																						
Effective Gross Income																																						
Operating Expenses																																						
Operating Expenses																																						
Property Management																																						
Residential Services																																						
Replacement Reserves																																						
Total Expenses																																						
Net Operating Income																																						
Debt Service																																						
Senior Loan																																						
Debt Service Authority Monitoring Fee																																						
Debt Service Subtotal																																						
DCR on Senior Bonds																																						
Other Operating Expenses																																						
Supplemental Annual Fee																																						
Other Operating Expenses Subtotal																																						
Modified NOI for DCR																																						
Priority Distributions																																						
Asset Management Fee (GP)																																						
Partnership Management Fee (LP)																																						
Priority Distributions Subtotal																																						
Net Cash after Priority Distributions																																						
Deferred Developer Fee																																						
Principal Balance																																						
Interest for Period																																						
Accumulated Interest																																						
Payment																																						
Balance																																						
Net Cash after Deferred Developer Fee																																						
Existing SHRA Financing																																						
Principal Balance																																						
Interest for Period																																						
Accumulated Interest																																						
Payment																																						
Balance																																						
Net Cash after Existing SHRA loan																																						
SHRA New loan																																						
Principal Balance																																						
Interest for Period																																						
Accumulated Interest																																						
Payment																																						
Balance																																						
Combined Debt Coverage Ratio																																						
Net Cash After New Loan Repayment																																						

MAXIMUM RENT AND INCOME LEVELS 2013
 Restricted by Low Income Housing Tax Credits, Mortgage Revenue Bonds, and
 Housing Trust Funds

Maximum Income Levels

Family Size	30% AMI	60% AMI
1 person	\$16,000	\$31,980
2 person	\$18,300	\$36,540
3 person	\$20,600	\$41,100
4 person	\$22,850	\$45,660
5 person	\$24,700	\$49,320
6 person	\$26,550	\$52,980
7 person	\$28,350	\$56,640
8 person	\$30,200	\$60,300
9 person	\$32,000	\$63,960

Maximum Rent Levels

Unit Size	30% AMI	60% AMI
1 Bedroom	\$407	\$814
2 Bedroom	\$488	\$976
3 Bedroom	\$564	\$1,128
4 Bedroom	\$630	\$1,258

October 22, 2013

David Michael,
c/o Olivewood-Sacramento Apartment Investors, LP
2800 March Lane, Suite 475, Stockton, CA 95204

RE: Conditional Funding Commitment, Olive Wood Apartments

Dear Mr. Michael:

On behalf of the Sacramento Housing and Redevelopment Agency ("Agency"), we are pleased to advise you of its commitment of construction and permanent loan funds ("Loan") from the State Housing Trust Fund (SHTF) and County Housing Trust Fund (CHTF) for the purpose of financing the development of that certain real property located at 2801-2811 La Quinta Drive, Sacramento, California ("Property"). The Property has existing loans of approximately \$662,198 from the County Home Investment Partnership Program ("HOME") program and Housing Trust Funds ("Existing Debt"). The Agency will seek approval from the appropriate governing body to allow for the restructuring and assignment of the existing loans. Agency's decision is based on your application, and all representations and information supplied by you to it. If these representations and information change in a material manner without written approval of Agency, this commitment is void. Agency's obligation to make the Loan is subject to satisfaction of all the following terms and conditions and Borrower's execution of documentation that is in a form and in substance satisfactory to the Agency.

The Loan shall be made on standard Agency loan documents. No material loan terms not in this funding commitment shall be included in the final loan documents without additional environmental review and governing board approval with the exception of changes the Agency is authorized to make in accordance with the Board of Supervisors resolution approved on October 22, 2013. In the event of any discrepancies between terms stated in this loan commitment letter and the final, executed loan documents, the terms stated in the final, executed loan documents shall control.

Unless otherwise agreed in writing by the Agency in exercise of its absolute discretion, the following shall be considered conditions to Agency approval of a financing commitment. The Agency may, in exercise of its absolute discretion,

modify its requirements upon written notice to Borrower given at least sixty days prior to close of escrow for the Property.

This commitment will expire on June 1, 2014.

1. **PROJECT DESCRIPTION:** The project is the acquisition and rehabilitation of existing property at 2801-2811 La Quinta Drive in the County of Sacramento. The property contains 68 units and at least 21 units will be affordable to individuals earning no more than 30 percent of the area median income (AMI), at least 46 units will be affordable to individuals earning no more than 60 percent of AMI, and one manager's unit will be unregulated.
2. **BORROWER:** The name of the Borrower for the Loan is Olivewood-Sacramento Apartment Investors, LP or related entity.
3. **PURPOSE OF LOAN:** The Loan is to be used by Borrower solely to pay the costs of construction and permanent financing, or for such other purposes as Agency expressly agrees to in the loan agreement for the Loan, and such other agreements as may be generally required by the Agency for the use of the funding source for the Loan.
4. **PRINCIPAL AMOUNT:** The principal amount of the Loan will be the lesser of (a) Four Million Dollars (\$4,000,000), or (b) an amount to be determined prior to close of the Loan based on a project budget approved by Agency. It is understood that, the combined indebtedness of the Property will exceed ninety percent of the appraised value.
5. **TERM OF LOAN:** The Loan shall mature 57 years or 684 months from the date of the first disbursement, at which point any and all unpaid principal and interest on the loan will be due and payable.
6. **INTEREST RATE:** The Loan shall bear interest of 2% annually.
7. **MONTHLY REPAYMENT:** Monthly principal and interest payments may be deferred from the Loan's Effective Date through the first 204 months. Beginning in month 205, monthly installments shall be made according to the payment schedule contained in the Loan Agreement, calculated to achieve an annual 1.2 debt coverage ratio based on all non-contingent debt service including, without limitation, non-contingent debt service on a senior permanent loan and on the Existing Debt. Monthly payments shall be applied first to outstanding interest accrued and unpaid and then to principal.
8. **AMORTIZATION:** Loan shall amortize as permitted by monthly payments.
9. **SOURCE OF LOAN FUNDS:** Agency is making the Loan from County Housing Trust funds and State Housing Trust Funds, the Loan is subject to all requirements related to the use of such, whether Agency requirements or otherwise required by the State Department of Housing and Community Development (HCD). This Loan is conditioned

upon Borrower's acceptance of Agency's requirements and conditions related to such lending programs and funding sources, including among others, the required forms of agreements for the Loan; the requirements for covenants, conditions and restrictions upon the Property; and insurance and indemnity requirements.

Borrower acknowledges that, as a condition of the Agency's making of the Loan, the Property will be subject to restrictions on future sales and rentals which may result in less income to Borrower than could otherwise be realized, and that such restrictions run with the land, and during their operational term, will bind all successors in interest.

_____ (Borrower Initial)

Borrower also acknowledges that the loan contains funds from State Housing Trust Funds originating through the California Department of Housing and Community Development and is therefore subject to state prevailing wages, which are the responsibility of the Borrower and Borrower's contractor.

_____ (Borrower Initial)

10. ACCELERATION: Agency shall have the right to accelerate repayment of the Loan in the event of a default under any Loan Document or upon sale, transfer or alienation of the Property except as specifically provided for in the Loan documents.
11. SECURITY: The Loan shall be evidenced by promissory note(s) secured by a deed of trust with assignment of rents against the fee and/or leasehold interest in the Property and Improvements, which shall be a third lien upon the Property and Improvements subject only to other items as the Agency may approve in writing. The Loan shall also be secured by security agreements. The Agency may subordinate said deeds of trust in order to accommodate completion of construction of the Property.
12. LEASE AND RENTAL SCHEDULE: Upon request, Agency shall have the right to review all leases of the Property and Improvements prior to execution. Borrower shall not deviate from the rental schedule presented in the staff report accompanying approval of this Loan Commitment Letter for the Loan without Agency's prior written approval; provided, however, that such approval shall not be required for annual adjustments to rental rates as permitted by the California Tax Credit Allocation Committee.
13. PROOF OF EQUITY: Borrower shall provide proof of equity for the Property and Improvements in the amount of no less than \$3,400,000 from sources including Low Income Housing Tax Credits, net operating income during rehabilitation, deferred developer fee and existing reserves.
14. OTHER FINANCING: Borrower, as a requirement of the Loan, shall procure and deliver to Agency evidence satisfactory to Agency that Borrower has obtained the

following described financing which may be secured by a lien upon the Property and Improvements superior or subordinate to Agency's liens, and which shall be otherwise on terms and conditions acceptable to Agency:

- (a) Construction financing from a private lender(s) in an amount(s) sufficient to complete construction of the Property according to a scope of work as approved by Agency and made for a term not less than that specified in the Schedule of Performances for completion of construction, and in any event not less than the time necessary to fulfill all conditions precedent to funding of the permanent financing.
 - (b) Commitments for permanent financing sufficient to "take out" all liens senior to the Agency's lien (not including the Existing Debt) and for a term of not less than 15 years and fully amortized.
 - (c) Such commitments for financing shall not require modification of Agency loan documents, or any term of this commitment letter except such modifications within the authority granted by the Board of Supervisors Resolution approved on October 22, 2013 and agreed to by the Agency.
 - (d) Such commitments shall not be based upon sources and uses of Project funds that are different from those approved by Agency for the project or be subject to conditions which require amendment of the Agency loan documents or other agreements.
15. EVIDENCE OF FUNDS: Prior to the first disbursement of the Loan, Borrower must demonstrate evidence of adequate and assured funding to complete the development of the Project in accordance with the Agency's requirements. Borrower's evidence of available funds must include only one or more of the following: a) Borrower equity; b) firm and binding commitments for the Project from financial institution(s) or from other lender(s) approved by Agency in its reasonable discretion; and c) Agency's contribution, provided, however, that Agency is not obligated by this letter to make any contribution not stated in the terms of the letter.
16. TOXIC REPORTS : Borrower shall submit to Agency a hazardous substances report made in accordance with the American Society for Testing and Materials "Standard Practice for Environmental Site Assessments; Phase I Environmental Site Assessment Process" (Designation E1527-93) prepared by a licensed or registered environmental engineer or other qualified party prior to Loan closing. Borrower must, as a condition of disbursement of Loan funds, give assurances satisfactory to the Agency that hazardous materials are not present on the Property or that any hazardous materials on the Property have been remediated and that no further remediation is then required by the environmental agency having responsibility for monitoring such remediation.

17. LOAN IN BALANCE: Borrower will be required to maintain the Loan "in balance". The Loan is "in balance" whenever the amount of the undisbursed Loan funds, the remaining sums to be provided by the Borrower and the loan funds from other project lenders are sufficient, in the sole judgment of the Agency, to pay for the remainder of the work to be done on the project as required by written agreement with the Agency. Should the Agency determine that the Loan is not "in balance", the Agency may declare the Loan to be in default.
18. PLANS AND SPECIFICATIONS: Final plans and specifications for the project must be in accord with the proposal approved as part of the Loan application. Final plans and specifications will be subject to Agency's final approval prior to the disbursement of Agency Loan funds. Borrower must obtain Agency's prior written consent to any material change in the approved plans and specifications or any material deviation in construction of the project.
19. ARCHITECTURAL AGREEMENT: The architectural agreement ("Agreement") for the preparation of the plans and specifications and other services shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Agreement as security for the Loan.
20. CONSTRUCTION CONTRACT: The construction contract ("Contract"), and any change orders issued thereunder, and the contractor ("Contractor") to be retained by Borrower to construct the Improvements shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Contract as security for the Loan.
21. RETENTION AMOUNT: The Agency shall retain ten percent (10%) as retention from each disbursement for construction related expenses, not to exceed a total of ten percent (10%) of the total amount of the Loan.
22. COST BREAKDOWN: Borrower shall deliver to Agency for Agency's approval prior to commencement of work a detailed cost breakdown of the cost of constructing, financing and other costs of developing the Improvements, which breakdown conforms to the project plans and specification and the budget approved with this commitment (as such budget may have been modified within the scope of the authority granted to the Agency pursuant to the Board of Supervisors Resolution approved October 22, 2013). Borrower shall also deliver a list of all contractors and subcontractors to be employed in connection with the construction of the Improvements. If required by the Agency Borrower shall also submit copies of all bids received for each item of work to be performed as well as copies of executed contracts and subcontracts with acceptable bidders.

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

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

23. COST SAVINGS: At completion of construction, borrower shall submit to Agency a cost certification prepared by a qualified, independent auditor acceptable to Agency, which cost certification shall indicate the amounts actually spent for each item in the cost breakdown and shall indicate the projected final sources of funding. If there is an aggregate savings, net of any increases or decreases in sources of funding, in the total of all such cost breakdown items from the cost breakdown items in the original budget approved by the Agency, the Agency shall withhold for itself as loan repayment, one-half of such savings from the amount of retention then held by the Agency, and the Loan balance shall be reduced by the amount so withheld. The remaining one-half of such savings shall be used to first pay any deferred developer fee and then to reduce the amount of the permanent take-out loan. The Agency, in its sole discretion, shall determine any reduction and/or repayment of the Agency loan based upon this cost certification, the projected final sources of funding, and the original approved budget for the project.
24. START OF CONSTRUCTION: Borrower shall commence construction at the earliest possible date subject to the conditions of this Agency and other involved lenders, but no later than 30 days following the close of construction financing.
25. COMPLETION OF CONSTRUCTION: Borrower shall complete the construction of the Improvements no later than 24 months following the close of construction financing.
26. HAZARD INSURANCE: Borrower shall procure and maintain fire and extended coverage insurance or in lieu such insurance, Builder's Risk completed value insurance in a form and substance approved by Agency. Coverage shall be for protection against loss of, or damage to the Improvements or materials for their construction to their full insurable value. Borrower shall also procure and maintain insurance against specific hazards affecting Agency's security for the Loan as may be required by Agency, governmental regulations, or any permanent lender. All such policies shall contain a standard mortgagee loss payable clause in favor of Agency. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000.00).
27. PUBLIC LIABILITY AND OTHER INSURANCE: Borrower must procure and maintain commercial general and property damage insurance (with Agency named as additional insured) in a form approved by Agency. Coverage must be approved by Agency and must be in at least the following limits of liability: (1) Commercial General Liability insurance in Insurance Services Office ("ISO") policy form CG 00 01

Commercial General Liability (Occurrence) or better with limits of liability, which are not less than \$1,000,000, per occurrence limit; \$5,000,000 general aggregate limit, and \$5,000,000 products and completed operations aggregate limit, all per location of the Project; (2) Property damage liability of \$1,000,000 each occurrence, \$1,000,000 single limit and \$1,000,000 aggregate; (3) Contractual liability for Bodily Injury of \$1,000,000 each occurrence, for Property Damage of \$1,000,000 each occurrence and \$1,000,000 aggregate, and Personal Injury with Employment Exclusion Deleted of \$1,000,000 aggregate; and (4) Comprehensive Automobile Liability for any vehicle used for or in connection with the Work of \$1,000,000. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000). Borrower must also procure and maintain workers' compensation and all other insurance required under applicable law, as required by law and as approved by Agency.

28. TITLE INSURANCE: Borrower must procure and deliver to Agency a 2006 ALTA LP-10 Lender's Policy of Title Insurance, together with such endorsements as Agency may require, including but not limited to CLTA endorsement nos. 100, 116, and 102.5/102.7 insuring Agency in an amount equal to the principal amount of the Loan, that Agency's Deed of Trust constitutes a third lien or charge upon the Property and Improvements subject only to such items as shall have been approved by Agency. There must be no exceptions permitted for mechanics liens. Title insurance for the Loan must be issued by a title insurer approved by Agency.
29. ORGANIZATIONAL AGREEMENTS: Borrower must submit to Agency certified copies of all of Borrower's organizational documents, including all amendments, modifications or terminations: if a corporation, Borrower's Articles of Incorporation and By-Laws; if a partnership, its Partnership Agreement and, as applicable, Certificate of Limited Partnership or Statement of Partnership; if a Limited Liability Company, its Articles of Organization and its Operating Agreement; and in all cases with all exhibits and amendments to such documents, fictitious business name statements, other related filings or recorded documents and such related documents as Agency may request. If it is a corporation, Borrower must submit a corporate borrowing resolution referencing this Loan. If Borrower is other than a corporation, Borrower must submit such proof of authority to enter this Loan as may be required under the organizational documents.
30. ACQUISITION OF PROPERTY: Borrower shall provide Agency with copies of all documents relating to Borrower's acquisition of the Property.
31. FINANCIAL INFORMATION: During the term of the Loan, Borrower shall deliver to Agency within 120 days of the end of each fiscal year an audited income and expense statement, a balance sheet, and a statement of all changes in financial position signed by authorized officers of Borrower. Prior to close of the Loan and during its term, Borrower must deliver to Agency such additional financial information as may be requested by Agency. Agency reserves the right to review and approve financial statements and other credit information and references prior to closing. During the term of the Loan, Borrower must deliver to Agency a monthly rent-roll including household composition information,

and operating statements with respect to the Property and Improvements, as Agency may request.

32. MANAGEMENT AGREEMENT: Prior to execution, Borrower must submit to Agency any agreement providing for the management or operation of the Property or Improvements by a third party which agreement is subject to Agency Approval.
33. LOW INCOME HOUSING TAX CREDITS("LIHTC"): Borrower represents that as a condition of closing this Loan it is applying for an allocation of LIHTCs and agrees to perform all actions and to meet all requirements to maintain the LIHTC allocation if granted.
34. SECURITY AND LIGHTING: Project shall include a security camera system approved by the Agency and lighting adequate to properly illuminate the parking area and all common spaces. In addition, project will include security patrol if necessary.
35. RESIDENT SERVICES PLAN: Borrower shall provide Agency with a detailed resident services plan including, but not limited to, the following information: 1) identification of all entities responsible for providing resident services to Project tenants and each entity's role in the provision of those services; 2) the services will be provided for a minimum of 15 hours per week, including educational activities and service coordination; 3) a description of the programs to be offered, and; 4) a proforma resident services budget.
36. SMOKE-FREE ENVIRONMENT: Borrower shall provide that at least 50% of the buildings but no less than 50% of the units must be smoke free. Projects with only a single residential building must have at least 50% of the units in the building smoke-free. In addition all indoor common areas must be smoke-free.
37. DOCUMENTATION: This letter is not intended to describe all of the requirements, terms, conditions and documents for the Loan, which shall also include customary provisions and documents for an Agency transaction of this type. All documents to be delivered to or approved by Agency must be satisfactory to Agency in all respects. Borrower must promptly deliver to Agency any further documentation that may be required by Agency.
38. CONSISTENCY OF DOCUMENTS: As a material obligation under this commitment letter, Borrower shall assure that the loan documents for the Project are consistent with lender's commitment approved by the Agency and comply, in all respects, with this commitment letter.
39. CHANGES OR AMENDMENTS: No documents or contracts which are to be delivered to Agency or are subject to Agency's review or approval shall be modified or terminated without the prior written approval of Agency.

40. SUBORDINATION AND ASSIGNMENT OF EXISTING DEBT: The Agency will seek approval from the appropriate governing body to restructure, subordinate and assign the existing loan on the Property of \$677,941 (principal and accrued interest) from the HOME program and County Housing Trust Funds ("Existing Debt") to the Borrower. The Agency will seek to restructure the terms of the loan, the payment schedule and the maturity date to be consistent with the 57 year term of the new \$4,000,000 Agency Loan.
41. ACCEPTANCE OF THIS COMMITMENT: Borrower's acceptance of this Commitment, including acceptance of Borrower's obligation to assume the Existing Debt, shall be evidenced by signing and delivering to Agency the enclosed copy of this letter. Until receipt of such acceptance by Agency, Agency shall have no obligation under this letter. Agency may withdraw this commitment at any time prior to Borrower's acceptance.

Yours truly,

Sacramento Housing and Redevelopment Agency

La Shelle Dozier, Executive Director

Dated:

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

BORROWER:

Olivewood-Sacramento Apartment Investors, LP,
a California limited partnership

By: Professional Apt. Management Inc.,
General Partner

By: _____
David Michael, President

Dated: _____

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

OLIVE WOOD APARTMENTS: APPROVAL OF ALLOCATION OF \$2,000,000 COUNTY HOUSING TRUST FUND AND \$2,000,000 STATE HOUSING TRUST FUND TO THE PROJECT; EXECUTION OF LOAN COMMITMENT AND RELATED DOCUMENTS WITH OLIVEWOOD-SACRAMENTO APARTMENT INVESTORS. LP OR RELATED ENTITY; AND RELATED BUDGET AMENDMENT APPROVAL OF THE RESTRUCTURING OF OUTSTANDING LOANS AND ASSUMPTION OF OBLIGATIONS BY OLIVEWOOD-SACRAMENTO APARTMENT INVESTORS, LP OR RELATED ENTITY; SUBORDINATION OF EXISTING LOANS, ENVIRONMENTAL DETERMINATION.

BACKGROUND

- A. Olivewood-Sacramento Apartment Investors. LP (Developer) has applied for an allocation of up to Two Million Dollars (\$2,000,000) in County Housing Trust Funds (HTF) and Two Million Dollars (\$2,000,000) in State HTF for a combined total of Four Million Dollars (\$4,000,000) to assist in funding the construction and permanent financing of the Olive Wood Apartments project;
- B. The Olive Wood Apartments project qualifies for County HTF and State HTF funding under the Sacramento Housing and Redevelopment Agency guidelines; and
- C. The Developer has requested that existing Agency debt on Olive Wood Apartments be restructured and assigned to Olivewood-Sacramento Apartment Investors, LP. The existing debt includes:
 - A loan of County HOME funds with an existing balance of \$389,219
 - A loan of County Housing Trust Funds (HTF) with an existing balance of \$272,971
- D. The proposed action is categorically exempt under California Environmental Quality Act (CEQA) Guidelines Section 15301 which exempts actions on existing facilities, including rehabilitation and financing, where there is no change or expansion of the existing use. The National Environmental Policy Act (NEPA) does not apply to this state and locally funded project.

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

- Section 1. The above recitals, including the environmental recitals, are found to be true and correct.
- Section 2. The Executive Director or her designee is authorized to amend the Agency budget to allocate Two Million Dollars (\$2,000,000) in County HTF and One Million Five Hundred Fifty Thousand Dollars (\$2,000,000) in State HTF to the Olive Wood Apartments project.
- Section 3. The Loan Commitment attached to and incorporated in this resolution by this reference for the financing of the Olive Wood Apartments project ("Loan Commitment") is approved and the Executive Director or her designee is authorized to execute the Loan Commitment and related documents and transmit to Olivewood-Sacramento Apartment Investors, LP or related entity.
- Section 4. The Executive Director, or her designee, is authorized to execute standard Agency loan documents in a form approved by Agency Counsel and in accordance with the Loan Commitment and the staff report accompanying this resolution, and in accordance with all applicable laws, regulations, and policies regarding the making of the Loan and the use of the allocated funds for the Project. The Loan may be subordinated if such subordination is required to obtain primary financing.
- Section 5. The Executive Director is authorized to **restructure** the outstanding Agency loans and related documents in the amount of 1) \$\$389,218, outstanding balance of County HOME funds for Olive Wood Apartments, 2) \$272,971 outstanding balance in County HTF for Olive Wood Apartments, to extend the maturity dates and or adjust their payment schedules as may be required to obtain primary financing.
- Section 6. The Executive Director is authorized to consent to the assumption of the existing Agency loans by Olivewood-Sacramento Apartment Investors, LP or a related entity, in order to ensure the continued viability of the development.
- Section 7. It is found that an economically feasible alternative to financing is not reasonably available on comparable terms and conditions without subordination of the existing loans. Authorization is therefore granted to subordinate the existing loans.

CHAIR

ATTEST:

CLERK