



INVESTING IN COMMUNITIES

NOTICE OF SPECIAL MEETING
Sacramento Housing and Redevelopment Commission
Wednesday, December 2, 2015 – 6:00 pm
Washington Plaza
1318 E Street
Sacramento CA

ROLL CALL

APPROVAL OF AGENDA

CITIZENS COMMENTS

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

1. APPROVAL OF MINUTES - November 4, 2015 meeting

CONSENT

- 2. Amendment of Agency Procurement Policy**
- 3. Authorize the Execution of the Choice Neighborhoods Implementation Grant Agreement for The Twin Rivers/River District-Railyards Initiative**

EXECUTIVE DIRECTOR REPORT

COMMISSION CHAIR REPORT

ITEMS AND QUESTIONS OF COMMISSION MEMBERS

ADJOURNMENT

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

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



MINUTES

Sacramento Housing and Redevelopment Commission (SHRC)

Regular Meeting

November 4, 2015

Meeting noticed on October 30, 2015

ROLL CALL

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

MEMBERS PRESENT: Alcalay, Creswell, Griffin, Johnson, Macedo, Morgan, Painter, Raab, Rios, Staajabu

MEMBERS ABSENT: none

STAFF PRESENT: La Shelle Dozier, David Levin, Vickie Smith, Tyrone R. Williams, Tina McKenney, MaryLiz Paulson, Sarah Thomas, Christine Weichert, Celia Yniguez, Kyle Flood, Geoff Ross, Lira Goff, Jim Shields, Karen Lukes, Celia Yniguez

APPROVAL OF AGENDA – the Chair announced that item number 7 would be presented first.

CITIZENS COMMENTS

none

1. **APPROVAL OF MINUTES** – October 7, 2015 meeting minutes were approved as submitted.

PUBLIC HEARINGS

2. **Approval of Contracts and Leases for Youth Services at Alder Grove and Marina Vista Housing Authority leases for youth services**
3. **Authorization To Execute Agreements With Youth Service Provider At Twin Rivers Public Housing Site**

MaryLiz Paulson from SHRA presented the item.

Commissioners requested that staff have other representation on selection committees such as non-profits or youth service providers for these types of activities.

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

SHRC Minutes
November 4, 2015

AYES: Alcalay, Creswell, Griffin, Johnson, Macedo, Morgan, Painter, Raab, Rios, Staajabu

NOES: none

ABSTAIN: none

ABSENT: none

BUSINESS ITEMS

4. 2016 and Subsequent Years Authorization For Solicitation, Award, and Approval of Annual Expenditure Caps and Per Contract Caps for Routine Services

Wayne Whitley from SHRA presented the item.

On a motion by Commissioner Alcalay, seconded by Commissioner Painter the Commission recommended approval of the staff recommendation for the item listed above. The votes were as follows

AYES: Alcalay, Creswell, Griffin, Johnson, Macedo, Morgan, Painter, Raab, Rios, Staajabu

NOES: none

ABSTAIN: none

ABSENT: none

5. 2016 Sacramento Housing and Redevelopment Agency Proposed Budget – City report

6. 2016 Sacramento Housing And Redevelopment Agency Proposed Budget– County report

Tina McKenney and LaShelle Dozier of SHRA presented the items.

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

AYES: Alcalay, Creswell, Griffin, Johnson, Macedo, Morgan, Painter, Raab, Rios, Staajabu

NOES: none

ABSTAIN: none

ABSENT: none

INFORMATIONAL PRESENTATIONS

7. Upper Land Park/Broadway Choice Neighborhoods Initiative Update

Tyrone Williams and Celia Yniguez of SHRA presented the item.

Commissioner Alcalay requested an annual report on the “people” strategy from staff.

The following individuals spoke in opposition to the plan: Michelle Jonson, Joyce Johnson, Susan Manual, Cordea Wade, Luree Stetson, and Tobias Barr.

EXECUTIVE DIRECTOR REPORT

The Executive Director reviewed the following:

- December 2nd will be the final meeting of the year and will be held at Washington Plaza.
- Josh Rosa, former SHRA commissioner, was named by the Sacramento Business journal as one of the “40 under 40” to watch.

COMMISSION CHAIR REPORT

Chair Griffin announced that he had appointed Commissioners Johnson and Macedo to a review panel for the Shasta Hotel project.

ITEMS AND QUESTIONS OF COMMISSION MEMBERS

None

ADJOURNMENT

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

AGENCY CLERK

December 2, 2015



Sacramento Housing and Redevelopment Commission
Sacramento, California

Honorable Members in Session:

SUBJECT Amendment of Agency Procurement Policy

RECOMMENDATION

Staff recommends adoption of the attached resolution which: 1) approves the amended Sacramento Housing and Redevelopment Agency (Agency) Procurement Policy, 2) authorizes the Executive Director, or her designee, to comply with the amended Procurement Policy for all future solicitations and contracts issued in the name of the Agency or its constituent entities, and 3) authorizes the Executive Director, or her designee, to update Agency procurement policies and procedures to maintain compliance with Federal and State laws and regulations.

CONTACT PERSONS

Wayne Whitley, Procurement Services Supervisor, 440-1327
James Shields, Director of Administration, 440-1308

SUMMARY

This report recommends changes to the Agency's Procurement Policy, included as Attachment I. The amended policy establishes procedures for procuring supplies and services on behalf of the Agency to maintain compliance with federal, state and local laws and regulations.

BACKGROUND

The Agency is required to have a formally adopted policy to guide the procurement process to ensure compliance with federal, state, and local laws and regulations. The current policy was adopted on October 2, 2013.

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In the past, Agency Procurement Policy was governed by the United States Department of Housing and Urban Development (HUD) according to Federal Regulations at 24 CFR Part 85.36 and procurement standards located in the Procurement Handbook for Public Housing Authorities, HUD Handbook 7460.8, Rev 2. The United States Office of Management and Budget (OMB) and the Federal award making agencies published a final rule implementing 2 CFR Part 200 and removing 24 CFR Part 85 for recipients of Federal financial assistance. Beginning in fiscal year 2016, the Agency's Procurement Policy must comply with 2 CFR Parts 200.317 - 200.326 and the Procurement Handbook for Public Housing Authorities, HUD Handbook 7460.8, Rev 2. This report recommends minor changes to Agency Procurement Policy and Procedures to maintain compliance with updated Federal and State laws and regulations.

The policy changes recommended in this new rule are:

1. The Micro-Purchase threshold is raised from \$2,000 to \$3,000. The policy formerly allowed entities to obtain one reasonable quote for these types of purchases and this is unchanged in the updated policy.
2. Entities may use Small Purchase Procedures for purchases between \$3,000 and \$150,000. A reasonable number of quotes (three or more) must be obtained. Previously the dollar limit for these types of purchases was \$2,000-\$100,000.
3. The Simplified Acquisition Threshold is raised from \$100,000 to \$150,000. For purchases over \$150,000, formal public solicitations are required, using either the sealed or competitive proposal method. In the previous policy, the threshold was \$100,000.

FINANCIAL CONSIDERATIONS

None.

POLICY CONSIDERATIONS

The amended Procurement Policy for the Sacramento Housing and Redevelopment Agency and its constituent entities complies with applicable Federal, state and local laws including the U. S. Department on Housing and Urban Development (HUD), Federal Regulations at 2 CFR Part 200.317 through 200.326, the procurement standards of the HUD Handbook 7460.8, Rev 2.

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ENVIRONMENTAL REVIEW

The proposed action is an organizational and administrative action that does not relate to any specific activity and does not have potential for direct physical change or reasonably foreseeable indirect physical change in the environment. Therefore, the proposed activity is not a project under the California Environmental Quality Act (CEQA) per CEQA Guidelines Section 15378(b)(5). The proposed activity is exempt pursuant to the National Environmental Policy Act (NEPA) in 24 CFR 58.34(a)(3).

M/WBE, SECTION 3 AND FIRST SOURCE 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. Staff will require SHRA procured contractors to use the First Source Program for employment opportunities.

Respectfully submitted,



LASHELLE DOZIER
Executive Director

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RESOLUTION NO. SHRC-_____

ADOPTED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION UNDER THE AUTHORITY DELEGATED TO THE COMMISSION PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE, SECTION 33202 BY RESOLUTION NO. RA 81-083 ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO ON OCTOBER 20, 1981, AND BY RESOLUTION NO. RA-83 ADOPTED BY THE REDEVELOPMENT AGENCY OF THE COUNTY OF SACRAMENTO ON OCTOBER 27, 1981, AND PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34292 BY RESOLUTION NO. HA 81-098 ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO ON OCTOBER 20, 1981, AND BY RESOLUTION NO. HA-1497 ADOPTED BY THE HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO ON OCTOBER 27, 1981.

ON DATE OF
December 2, 2015

APPROVAL OF AMENDED PROCUREMENT POLICY

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

Section 1. All the evidence presented having been fully considered, including but not limited to the environmental findings that the actions herein are not considered a project under the California Environmental Quality Act (CEQA) per Guidelines Section 15378(b)(5) and exempt under the National Environmental Policy Act (NEPA) per 24 CFR 58.34(a)(3), as stated in this staff report that accompanies this resolution are approved.

Section 2. The Amended Agency Procurement Policy is hereby adopted.

Section 3. The Executive Director or her designee is authorized to comply with the amended Procurement Policy for all future solicitations and contracts issued in the name of the Sacramento Housing and Redevelopment Agency and its constituent entities.

Section 4. The Executive Director or her designee is authorized to update Procurement policies and procedures to maintain compliance with Federal and State laws and regulations.

CHAIR

ATTEST:

CLERK

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SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

PROCUREMENT POLICY

EFFECTIVE DATE: January 1, 2016

SUPERSEDED: October 2, 2013

This Procurement Policy for the Sacramento Housing and Redevelopment Agency (SHRA), its constituent entities (the Housing Authorities of the City and County of Sacramento) complies with applicable Federal, state and local laws including the U. S. Department of Housing and Urban Development (HUD), Federal Regulations at 2 CFR 200.317 through 200.326, the procurement standards of the Procurement Handbook for PHAs, HUD Handbook 7460.8, Rev 2.

GENERAL PROVISIONS

General

SHRA shall: provide for a procurement system of quality and integrity; provide for the fair and equitable treatment of all persons or firms involved in purchasing by SHRA; ensure that supplies and services (including construction) are procured efficiently, effectively, and at the most favorable prices available to SHRA; promote competition in contracting; and assure that SHRA purchasing actions are in full compliance with applicable Federal standards, HUD regulations, State, and local laws.

Application

This Procurement Policy applies to all procurement actions of SHRA, funded through appropriated Federal grant funds or otherwise subject to 2 C.F.R. Part 200.317 – 200.326, except as noted under “exclusions,” below. However, nothing in this Policy shall prevent SHRA from complying with the terms and conditions of any grant, contract, gift or bequest that is otherwise consistent with the law. When both HUD and non-Federal grant funds are used for a project, the work to be accomplished with the funds should be separately identified prior to procurement so that appropriate requirements can be applied, if necessary. If it is not possible to separate the funds, HUD procurement regulations shall be applied to the total project. If funds and work can be separated and work can be completed by a new contract, then regulations applicable to the source of funding may be followed.

Definition

The term “procurement,” as used in this Policy, includes the procuring, purchasing, leasing, or renting of: (1) goods, supplies, equipment, and materials, (2) construction and maintenance; consultant services, (3) Architectural and Engineering (A/E) services, (4) Social Services, and (5) other services.

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Exclusions

This policy does not govern administrative fees earned under the Housing Choice Voucher (HCV) program, the award of vouchers under the HCV program, the execution of landlord Housing Assistance Payments contracts under that program, or non-program income, e.g., fee-for-service revenue under 24 CFR Part 990.

This policy does not govern administrative fees earned under the HCV program, the award of vouchers under the Section 8 program, the execution of landlord Housing Assistance Payments contracts under that program, or non-program income, e.g., fee-for-service revenue under 24 CFR Part 990. This policy does not apply to transactions funded through non-Federal funds and shall not create rights on the part of participating parties in such transactions not otherwise provided by law, provided that SHRA staff shall nonetheless follow this policy in such transactions unless waived by the Executive Director.

These excluded areas are subject to applicable State and local requirements.

Changes in Laws and Regulations

In the event an applicable law or regulation is modified or eliminated, or a new law or regulation is adopted, the revised law or regulation shall, to the extent inconsistent with these Policies, automatically supersede these Policies.

Public Access to Procurement Information

Most procurement information that is not proprietary is a matter of public record and shall be available to the public to the extent provided in the California Public Records Act.

ETHICS IN PUBLIC CONTRACTING

General

SHRA hereby establishes this code of conduct regarding procurement issues and actions and shall implement a system of sanctions for violations. This code of conduct, etc., is consistent with applicable Federal, State, or local law.

Conflicts of Interest

No employee, officer, Board member, or agent of SHRA shall participate directly or indirectly in the selection, award, or administration of any contract if a conflict of interest, either real or apparent, would be involved. This type of conflict would be when one of the persons listed below has a financial or any other type of interest in a firm competing for the award:

- A. An employee, officer, Board member, or agent involved in making the award;
- B. His/her relative (including father, mother, son, daughter, brother, sister, uncle, aunt, first cousin, nephew, niece, husband, wife, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother, or half sister);
- C. His/her partner; or

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- D. An organization which employs or is negotiating to employ, or has an arrangement concerning prospective employment of any of the above.

Gratuities, Kickbacks, and Use of Confidential Information

No officer, employee, Board member, or agent shall ask for or accept gratuities, favors, or items of more than \$25 in value from any contractor, potential contractor, or party to any subcontract, and shall not knowingly use confidential information for actual or anticipated personal gain.

Prohibition Against Contingent Fees

Contractors wanting to do business with SHRA must not hire a person to solicit or secure a contract for a commission, percentage, brokerage, or contingent fee, except for bona fide established commercial selling agencies.

PROCUREMENT PLANNING

Planning is essential to managing the procurement function properly. Hence, SHRA will periodically review its record of prior purchases, as well as future needs, to: find patterns of procurement actions that could be performed more efficiently or economically; maximize competition and competitive pricing among contracts and decrease SHRA's procurement costs; reduce SHRA administrative costs; ensure that supplies and services are obtained without any need for re-procurement, e.g., resolving bid protests; and minimize errors that occur when there is inadequate lead time. Consideration should be given to storage, security, and handling requirements when planning the most appropriate purchasing actions.

PURCHASING METHODS

Small Purchase Procedures

For any amounts above the Micro Purchase threshold, but not exceeding \$150,000 (Simplified Acquisition Threshold), SHRA may use small purchase procedures. Under small purchase procedures, SHRA shall obtain a reasonable number of quotes (preferably three or more). For purchases of less than \$3,000 or \$2,000 in the case of purchases for construction subject to the Davis-Bacon Act, also known as Micro Purchases, only one quote is required provided the quote is considered reasonable. To the greatest extent feasible, and to promote competition, small purchases should be distributed among qualified sources. Quotes are to be obtained in writing. Purchases of more than \$3,000 shall be obtained through use of written or electronic invitations or solicitations that reasonably describe the product or service being procured.

Award shall be made to the qualified vendor that provides the best value to SHRA. If award is to be made for reasons other than lowest price, documentation shall be provided in the contract file. SHRA shall not break down requirements aggregating more than the Micro Purchase threshold into several purchases that are less than the applicable threshold merely to: (1) permit use of the small purchase procedures or (2) avoid any requirements that applies to purchases that exceed the Micro Purchase threshold.

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Sealed Bids

Sealed bidding shall be used for all contracts that exceed the Simplified Acquisition Threshold and that are not competitive proposals or non-competitive proposals, as these terms are defined in this document. Under sealed bids, SHRA publicly solicits bids and awards a firm fixed-price contract (lump sum or unit price) to the responsible bidder whose bid, conforming with all the material terms and conditions of the Invitation for Bid (IFB), is the lowest in price. Sealed bidding is the preferred method for procuring construction, supply, and non-complex service contracts that are expected to exceed \$150,000.

- A. **Conditions for Using Sealed Bids.** SHRA shall use the sealed bid method if the following conditions are present: a complete, adequate, and realistic statement of work, specification, or purchase description is available; two or more responsible bidders are willing and able to compete effectively for the work; the contract can be awarded based on a firm fixed price; and the selection of the successful bidder can be made principally on the lowest price.
- B. **Solicitation and Receipt of Bids.** An IFB is issued which includes the specifications and all contractual terms and conditions applicable to the procurement, and a statement that award will be made to the lowest responsible and responsive bidder whose bid meets the requirements of the solicitation. The IFB must state the time and place for both receiving the bids and the public bid opening. All bids received will be date and time-stamped and stored **unopened** in a secure place until the public bid opening. A bidder may withdraw the bid at any time prior to the bid opening.
- C. **Bid Opening and Award.** Bids shall be opened publicly. All bids received shall be recorded on an bid spreadsheet, and then made available for public inspection. If equal low bids are received from responsible bidders, selection shall be made by drawing lots or other random means of selection. SHRA has determined that the award will be determined by a single (1) coin flip. The winner of the coin flip will be awarded the contract for the project. If only one responsive bid is received from a responsible bidder, award shall **not** be made unless the price can be determined to be reasonable, based on a cost or price analysis.
- D. **Mistakes in Bids.** Correction or withdrawal of bids may be permitted, where appropriate, before bid opening by written or telegraphic notice received in the office designated in the IFB prior to the time set for bid opening. After bid opening, corrections in bids may be permitted only if the bidder can show by clear and convincing evidence that a mistake of a nonjudgmental character was made, the nature of the mistake, and the bid price actually intended. A low bidder alleging a nonjudgmental mistake may be permitted to withdraw its bid if the mistake is clearly evident on the face of the bid document but the intended bid is unclear or the bidder submits convincing evidence that a mistake was made. All decisions to allow correction or withdrawal of a bid shall be supported by a written determination signed by the Contracting Officer. After bid opening, changes in bid prices or other provisions of bids prejudicial to the interest of SHRA or fair competition shall not be permitted.

Competitive Proposals

Unlike sealed bidding, the competitive proposal method permits: consideration of technical factors other than price; discussion with offerors concerning offers submitted; negotiation of contract price or estimated cost and other contract terms and conditions; revision of proposals

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before the final contractor selection; and the withdrawal of an offer at any time up until the point of award. Award is normally made on the basis of the proposal that represents the best overall value to the PHA, considering price and other factors, e.g., technical expertise, past experience, quality of proposed staffing, etc., set forth in the solicitation and not solely the lowest price.

- A. **Conditions for Use.** Where conditions are not appropriate for the use of sealed bidding, competitive proposals may be used. Competitive proposals are the preferred method for procuring professional services that will exceed the Micro Purchase threshold.
- B. **Form of Solicitation.** Other than A/E services, competitive proposals shall be solicited through the issuance of a Request for Proposals (RFP). The RFP shall clearly identify the importance and relative value of each of the evaluation factors as well as any subfactors and price. A mechanism for fairly and thoroughly evaluating the technical and price proposals shall be established **before** the solicitation is issued. Proposals shall be handled so as to prevent disclosure of the number of offerors, identity of the offerors, and the contents of their proposals until after award. SHRA may assign price a specific weight in the evaluation criteria or SHRA may consider price in conjunction with technical factors; in either case, the method for evaluating price shall be established in the RFP.
- C. **Evaluation.** The proposals shall be evaluated only on the criteria stated in the RFP. Where not apparent from the evaluation criteria, SHRA shall establish an Evaluation Plan for each RFP. Generally, all RFPs shall be evaluated by an appropriately appointed Evaluation Committee. The Evaluation Committee shall be required to disclose any potential conflicts of interest and to sign a Non-Disclosure statement. An Evaluation Report, summarizing the results of the evaluation, shall be prepared prior to award of a contract.
- D. **Negotiations.** Negotiations shall be conducted with all offerors who submit a proposal determined to have a reasonable chance of being selected for award, unless it is determined that negotiations are not needed with any of the offerors. This determination is based on the relative score of the proposals as they are evaluated and rated in accordance with the technical and price factors specified in the RFP. These offerors shall be treated fairly and equally with respect to any opportunity for negotiation and revision of their proposals. No offeror shall be given any information about any other offeror's proposal, and no offeror shall be assisted in bringing its proposal up to the level of any other proposal. A common deadline shall be established for receipt of proposal revisions based on negotiations. Negotiations are exchanges (in either competitive or sole source environment) between the PHA and offerors that are undertaken with the intent of allowing the offeror to revise its proposal. These negotiations may include bargaining. Bargaining includes persuasion, alteration of assumptions and positions, give-and-take, and may apply to price, schedule, technical requirements, type of contract or other terms of a proposed contract. When negotiations are conducted in a competitive acquisition, they take place after establishment of the competitive range and are called discussions. Discussions are tailored to each offeror's proposal, and shall be conducted by the contracting officer with each offeror within the competitive range. The primary object of discussions is to maximize SHRA's ability to obtain best value, based on the requirements and the evaluation factors set forth in the solicitation. The contracting officer shall indicate to, or discuss with, each offeror still being considered for award, significant weaknesses, deficiencies, and other aspects of its proposal (such as cost, price, technical approach, past performance, and terms and conditions) that could, in the opinion of the contracting officer, be altered or explained to enhance materially

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the proposer's potential for award. The scope and extent of discussions are a matter of the contracting officer's judgment. The contracting officer may inform an offeror that its price is considered by the PHA to be too high, or too low, and reveal the results of the analysis supporting that conclusion. It is also permissible to indicate to all offerors the cost or price that the government's price analysis, market research, and other reviews have identified as reasonable. "Auctioning" (revealing one offeror's price in an attempt to get another offeror to lower their price) is prohibited.

- E. **Award.** After evaluation of the revised proposals, if any, the contract shall be awarded to the responsible firm whose technical approach to the project, qualifications, price and/or any other factors considered, are most advantageous to SHRA provided that the price is within the maximum total project budgeted amount established for the specific property or activity.
- F. **A/E Services.** SHRA must contract for A/E services using QBS procedures, utilizing a Request for Qualifications (RFQ). Sealed bidding shall not be used for A/E solicitations. Under QBS procedures, competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. Price is not used as a selection factor under this method. QBS procedures **shall not** be used to purchase other types of services, though architectural/engineering firms are potential sources.

Noncompetitive Proposals

- A. **Conditions for Use.** Procurement by noncompetitive proposals (sole-source) may be used only when the award of a contract is not feasible using small purchase procedures, sealed bids, cooperative purchasing, or competitive proposals, **and** if one of the following applies:
 - 1. The item is available only from a single source, based on a good faith review of available sources;
 - 2. An emergency exists that seriously threatens the public health, welfare, or safety, or endangers property, or would otherwise cause serious injury to SHRA, as may arise by reason of a flood, earthquake, epidemic, riot, equipment failure, or similar event. In such cases, there must be an immediate and serious need for supplies, services, or construction such that the need cannot be met through any of the other procurement methods, and the emergency procurement shall be limited to those supplies, services, or construction necessary simply to meet the emergency;
 - 3. HUD authorizes the use of noncompetitive proposals; or
 - 4. After solicitation of a number of sources, competition is determined inadequate.
- B. **Justification.** Each procurement based on noncompetitive proposals shall be supported by a written justification for the selection of this method. The justification shall be approved in writing by the responsible Contracting Officer. Poor planning or lack of planning is not justification for emergency or sole-source procurements. The justification, to be included in the procurement file, should include the following information:
 - 1. Description of the requirement;
 - 2. History of prior purchases and their nature (competitive vs. noncompetitive);

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3. Statement as to the unique circumstances that require award by noncompetitive proposals;
4. Description of the efforts made to find competitive sources (advertisement in trade journals or local publications, phone calls to local suppliers, issuance of a written solicitation, etc.);
5. Statement as to efforts that will be taken in the future to promote competition for the requirement;
6. Signature by the Contracting Officer's supervisor (or someone above the level of the Contracting Officer); and
7. Price Reasonableness. The reasonableness of the price for all procurements based on noncompetitive proposals shall be determined by performing an analysis, as described in this Policy.

Cooperative Purchasing/Intergovernmental Agreements

SHRA may enter into State and/or local cooperative or intergovernmental agreements to purchase or use common supplies, equipment, or services. The decision to use an interagency agreement instead of conducting a direct procurement shall be based on economy and efficiency. If used, the interagency agreement shall stipulate who is authorized to purchase on behalf of the participating parties and shall specify inspection, acceptance, termination, payment, and other relevant terms and conditions. SHRA may use Federal or State excess and surplus property instead of purchasing new equipment and property if feasible and if it will result in a reduction of project costs. The goods and services obtained under a cooperative purchasing agreement must have been procured in accordance with 2 CFR 200.318(e).

PUBLIC WORKS

Public Works is considered the construction, alteration, demolition, repair, improvement of any structure, building, road, property, or other improvement of any kind, including maintenance, done under contract and paid for in whole, or in part with public funds or owned by a public entity for a public purpose. SHRA shall comply with state Labor Code and Public Contract Code regarding solicitation and contracting for Public Works projects, including bid bonds, payment and performance bonds, prevailing wages (when applicable), and labor provisions.

COST AND PRICE ANALYSIS

SHRA shall require assurance that, before entering into a contract, the price is reasonable, in accordance with the following instructions.

Independent Cost Estimates (ICE)

For all purchases above the Micro Purchase threshold, SHRA shall prepare an ICE prior to solicitation. The level of detail shall be commensurate with the cost and complexity of the item to be purchased.

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Micro Purchases

No formal cost or price analysis is required. Rather, the execution of a contract by the Contracting Officer (through a Purchase Order or other means) shall serve as the Contracting Officer's determination that the price obtained is reasonable, which may be based on the Contracting Officer's prior experience or other factors.

Small Purchases

A comparison with other offers shall generally be sufficient determination of the reasonableness of price and no further analysis is required. If a reasonable number of quotes is not obtained to establish reasonableness through price competition, the Contracting Officer shall document price reasonableness through other means, such as prior purchases of this nature, catalog prices, the Contracting Officer's personal knowledge at the time of purchase, comparison to the ICE, or any other reasonable basis.

Sealed Bids

The presence of adequate competition should generally be sufficient to establish price reasonableness. Where sufficient bids are not received, and when the bid received is substantially more than the ICE, and where SHRA cannot reasonably determine price reasonableness, SHRA must conduct a cost analysis, consistent with federal guidelines, to ensure that the price paid is reasonable.

Competitive Proposals

The presence of adequate competition should generally be sufficient to establish price reasonableness. Where sufficient bids are not received, SHRA must compare the price with the ICE. For competitive proposals where prices cannot be easily compared among offerors, where there is not adequate competition, or where the price is substantially greater than the ICE, SHRA must conduct a cost analysis, consistent with Federal guidelines, to ensure that the price paid is reasonable.

Contract Modifications

A cost analysis, consistent with federal guidelines, shall be conducted for all contract modifications for projects that were procured through Sealed Bids, Competitive Proposals, or Non-Competitive Proposals, or for projects originally procured through Small Purchase procedures and the amount of the contract modification will result in a total contract price in excess of \$150,000.

SOLICITATION AND ADVERTISING

Method of Solicitation

- A. **Micro Purchases.** SHRA may contact only one source if the price is considered reasonable.
- B. **Small Purchases.** Quotes may be solicited through e-mail, fax, or by any other reasonable method.
- C. **Sealed Bids and Competitive Proposals.** Solicitation must be done publicly. SHRA must use one or more following solicitation methods, provided that the method employed provides for meaningful competition.

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1. Advertising in newspapers or other print mediums of local or general circulations.
2. Advertising in various trade journals or publications (for construction).
3. E-Procurement. SHRA may conduct its public procurements through the Internet using e-procurement systems. However, all e-procurements must otherwise be in compliance with **2 CFR 200.317 through 200.326**, State and local requirements, and SHRA's procurement policy.

Time Frame

For purchases of more than \$150,000, the public notice should run not less than once each week for two consecutive weeks.

Form

Notices/advertisements should state, at a minimum, the place, date, and time that the bids or proposals are due, the solicitation number, a contact who can provide a copy of, and information about, the solicitation, and a brief description of the needed items(s).

Time Period for Submission of Bids

A minimum of 30 days shall generally be provided for preparation and submission of sealed bids and 15 days for competitive proposals. However, the Executive Director may allow for a shorter period under extraordinary circumstances.

Cancellation of Solicitations

- A. An IFB, RFP, or other solicitation may be cancelled before bids/offers are due if:
1. The supplies, services or construction is no longer required;
 2. The funds are no longer available;
 3. Proposed amendments to the solicitation are of such magnitude that a new solicitation would be best; or
 4. Other similar reasons.
- B. A solicitation may be cancelled and all bids or proposals that have already been received may be rejected if:
1. The supplies or services (including construction) are no longer required;
 2. Ambiguous or otherwise inadequate specifications were part of the solicitation;
 3. All factors of significance to SHRA were not considered;
 4. Prices exceed available funds and it would not be appropriate to adjust quantities to come within available funds;

Attachment 1

5. There is reason to believe that bids or proposals may not have been independently determined in open competition, may have been collusive, or may have been submitted in bad faith; or
 6. For good cause of a similar nature when it is in the best interest of SHRA.
- C. The reasons for cancellation shall be documented in the procurement file and the reasons for cancellation and/or rejection shall be provided upon request.
- D. A notice of cancellation shall be sent to all bidders/offerors solicited and, if appropriate, shall explain that they will be given an opportunity to compete on any resolicitation or future procurement of similar items.
- E. If all otherwise acceptable bids received in response to an IFB are at unreasonable prices an analysis should be conducted to see if there is a problem in either the specifications or SHRA's cost estimate. If both are determined adequate and if only one bid is received and the price is unreasonable, the Contracting Officer may cancel the solicitation and either
1. Re-solicit using an RFP; or
 2. Complete the procurement by using the competitive proposal method. The Contracting Officer must determine, in writing, that such action is appropriate, must inform all bidders of SHRA's intent to negotiate, and must give each bidder a reasonable opportunity to negotiate.
- F. If problems are found with the specifications, SHRA should cancel the solicitation, revise the specifications and resolicit using an IFB.

Credit (or Purchasing) Cards

Credit card usage should follow the rules for all other small purchases. For example, the Contracting Officer may use a credit card for Micro Purchases without obtaining additional quotes provided the price is considered reasonable. However, for amounts above the Micro Purchase level, the Contracting Officer would generally need to have obtained a reasonable number of quotes before purchasing via a credit card.

When using credit cards, SHRA should adopt reasonable safeguards to assure that they are used only for intended purposes (for instance, limiting the types of purchases or the amount of purchases that are permitted with credit cards).

BONDING REQUIREMENTS

The standards under this section apply to construction contracts that exceed \$25,000 . There are no bonding requirements for competitive proposals. SHRA may require bonds in these latter circumstances when deemed appropriate; however, non-construction contracts should generally not require bid bonds.

- A. Bid Bonds. For construction contracts exceeding \$25,000, offerors shall be required to submit a bid guarantee from each bidder equivalent to 5% of the bid price.

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- B. Payment and Performance Bonds. Unless otherwise provided in State law, prior to the execution of any contract for construction and equipment contracts exceeding \$25,000, the successful bidder shall furnish a performance and payment bond in a penal sum of 100 percent of the contract price; or, as may be required or permitted by State law.
- C. These bonds must be obtained from guarantee or surety companies acceptable to the U. S. Government and authorized to do business in the State where the work is to be performed. Individual sureties shall not be considered. U. S. Treasury Circular Number 570 lists companies approved to act as sureties on bonds securing Government contracts, the maximum underwriting limits on each contract bonded, and the States in which the company is licensed to do business. Use of companies on this circular is mandatory.

CONTRACTOR QUALIFICATIONS AND DUTIES

Contractor Responsibility

SHRA shall not award any contract until the prospective contractor, i.e., low responsive bidder, or successful offeror, has been determined to be responsible. A responsible bidder/offeror must:

- A. Have adequate financial resources to perform the contract, or the ability to obtain them;
- B. Be able to comply with the required or proposed delivery or performance schedule, taking into consideration all the bidder's/offeror's existing commercial and governmental business commitments;
- C. Have a satisfactory performance record;
- D. Have a satisfactory record of integrity and business ethics;
- E. Have the necessary organization, experience, accounting and operational controls, and technical skills, or the ability to obtain them;
- F. Have the necessary production, construction, and technical equipment and facilities, or the ability to obtain them; and,
- G. Be otherwise qualified and eligible to receive an award under applicable laws and regulations, including not be suspended, debarred or under a HUD imposed Limited Denial of Participation.

If a prospective contractor is found to be non-responsible, a written determination of non-responsibility shall be prepared and included in the official contract file, and the prospective contractor shall be advised of the reasons for the determination.

Suspension and Debarment

Contracts shall not be awarded to debarred, suspended, or ineligible contractors. Contractors may be suspended, debarred, or determined to be ineligible by HUD in accordance with HUD regulations (2 CFR 200.317 through 200.326) or by other Federal agencies, e.g., Department of Labor for violation of labor regulations, when necessary to protect housing authorities in their business dealings.

Attachment 1

Vendor Lists

All interested businesses shall be given the opportunity to be included on vendor mailing lists. Any lists of persons, firms, or products which are used in the purchase of supplies and services (including construction) shall be kept current and include enough sources to ensure competition.

CONTRACT PRICING ARRANGEMENTS

Contract Types

Any type of contract which is appropriate to the procurement and which will promote the best interests of SHRA may be used, provided the cost-plus-a-percentage-of-cost and percentage-of-construction-cost methods are not used. All solicitations and contracts shall include the clauses and provisions necessary to define the rights and responsibilities of both the contractor and SHRA.

For all cost reimbursement contracts, SHRA must include a written determination as to why no other contract type is suitable. Further, the contract must include a ceiling price that the contractor exceeds at its own risk.

Options

Options for additional quantities or performance periods may be included in contracts, provided that:

- A. The option is contained in the solicitation;
- B. The option is a unilateral right of SHRA;
- C. The contract states a limit on the additional quantities and the overall term of the contract;
- D. The options are evaluated as part of the initial competition;
- E. The contract states the period within which the options may be exercised;
- F. The options may be exercised only at the price specified in or reasonably determinable from the contract; and
- G. The options may be exercised only if determined to be more advantageous to SHRA than conducting a new procurement.

CONTRACT CLAUSES

All contracts should identify the contract pricing arrangement as well as other pertinent terms and conditions, as determined by SHRA.

Additionally, the forms HUD-5369, 5369-A, 5369-B, 5369, 5370, 5370-C, and 51915-A, which contain all HUD-required clauses and certifications for contracts of more than \$150,000, as well as any forms/clauses as required by HUD for small purchases, shall be used in all corresponding solicitations and contracts issued by SHRA.

Attachment 1

CONTRACT ADMINISTRATION

SHRA shall maintain a system of contract administration designed to ensure that contractors perform in accordance with their contracts. These systems shall provide for inspection of supplies, services, or construction, as well as monitoring contractor performance, status reporting on major projects including construction contracts, and similar matters. For cost-reimbursement contracts, costs are allowable only to the extent that they are consistent with the cost principles in HUD Handbook 2210.18.

SPECIFICATIONS

General

All specifications shall be drafted so as to promote overall economy for the purpose intended and to encourage competition in satisfying SHRA needs. Specifications shall be reviewed prior to issuing any solicitation to ensure that they are not unduly restrictive or represent unnecessary or duplicative items. Function or performance specifications are preferred. Detailed product specifications shall be avoided whenever possible. Consideration shall be given to consolidating or breaking out procurements to obtain a more economical purchase. For equipment purchases, a lease versus purchase analysis should be performed to determine the most economical form of procurement.

Limitation

The following types of specifications shall be avoided:

- A. geographic restrictions not mandated or encouraged by applicable Federal law (except for A/E contracts, which may include geographic location as a selection factor if adequate competition is available);
- B. brand name specifications (unless the specifications list the minimum essential characteristics and standards to which the item must conform to satisfy its intended use).

Nothing in this procurement policy shall preempt any State licensing laws. Specifications shall be reviewed to ensure that organizational conflicts of interest do not occur.

APPEALS AND REMEDIES

General

It is SHRA policy to resolve all contractual issues informally and without litigation. Disputes will not be referred to HUD unless all administrative remedies have been exhausted. When appropriate, a mediator may be used to help resolve differences.

Appeals Procedure

The appeals procedure for solicitations/contracts of more than \$3,000 shall be as follows:

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- A. **Bid Protest.** Any actual or prospective contractor may protest the solicitation or award of a contract for serious violations of the principles of this Policy. Any protest against a solicitation must be received before the due date for the receipt of bids or proposals, and any protest against the award of a contract must be received within ten calendar days after the contractor receives notice of intent to award the contract, or the protest will not be considered. All bid protests shall be in writing, specifying in detail the grounds of the protest, and providing evidence and supporting documents. Protests are to be submitted to the Contracting Officer or designee, who shall issue a written decision on the matter. The Contracting Officer may, at his/her discretion, suspend the procurement pending resolution of the protest if the facts presented so warrant.
- B. **Contractor Claims.** All claims by a contractor relating to performance of a contract shall be submitted in writing to the Contracting Officer for a written decision. The contractor may request a conference on the claim. The Contracting Officer's decision shall inform the contractor of its appeal rights to the next higher level of authority in SHRA. Contractor claims shall be governed by the Changes clause in the form HUD-5370.

ASSISTANCE TO SMALL AND OTHER BUSINESSES

Required Efforts

Consistent with Presidential Executive Orders 11625, 12138, and 12432, and Section 3 of the HUD Act of 1968, all feasible efforts shall be made to ensure that small and minority-owned businesses, women's business enterprises, and other individuals or firms located in or owned in substantial part by persons residing in the area of SHRA project are used when possible. Such efforts shall include, but shall not be limited to:

- A. Including such firms, when qualified, on solicitation mailing lists;
- B. Encouraging their participation through direct solicitation of bids or proposals whenever they are potential sources;
- C. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by such firms;
- D. Establishing delivery schedules, where the requirement permits, which encourage participation by such firms;
- E. Using the services and assistance of the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce;
- F. Including in contracts, to the greatest extent feasible, a clause requiring contractors, to provide opportunities for training and employment for lower income residents of the project area and to award subcontracts for work in connection with the project to business concerns which provide opportunities to low-income residents, as described in **24 CFR Part 135** (so-called Section 3 businesses); and
- G. Requiring prime contractors, when subcontracting is anticipated, to take the positive steps listed above.

Attachment 1

Goals shall be established periodically for participation by small businesses, minority-owned businesses, women-owned business enterprises, labor surplus area businesses, and Section 3 business concerns in SHRA prime contracts and subcontracting opportunities.

Definitions

1. A **small business** is defined as a business that is: independently owned; not dominant in its field of operation; and not an affiliate or subsidiary of a business dominant in its field of operation. The size standards in **13 CFR Part 121** should be used to determine business size.
2. A **minority-owned business** is defined as a business which is at least 51% owned by one or more minority group members; or, in the case of a publicly-owned business, one in which at least 51% of its voting stock is owned by one or more minority group members, and whose management and daily business operations are controlled by one or more such individuals. Minority group members include, but are not limited to Black Americans, Hispanic Americans, Native Americans, Asian Pacific Americans, Asian Indian Americans, and Hasidic Jewish Americans.
3. A **women's business enterprise** is defined as a business that is at least 51% owned by a woman or women who are U.S. citizens and who control and operate the business.
4. A **"Section 3 business concern"** is as defined under **24 CFR Part 135**.
5. A **labor surplus area business** is defined as a business which, together with its immediate subcontractors, will incur more than 50% of the cost of performing the contract in an area of concentrated unemployment or underemployment, as defined by the DOL in **20 CFR Part 654**, Subpart A, and in the list of labor surplus areas published by the Employment and Training Administration.

BOARD APPROVAL OF PROCUREMENT ACTIONS

All applicable procurement activities will be presented to the appropriate governing body. It is the responsibility of the Executive Director to ensure that all procurement actions are conducted in accordance with the policies contained herein.

DELEGATION OF CONTRACTING AUTHORITY

While the Executive Director is responsible for ensuring that SHRA's procurements comply with this Policy, the Executive Director may delegate all procurement authority as is necessary and appropriate to conduct the business of SHRA. Delegations of procurement authority shall be made in writing, which may be in electronic form.

Further, and in accordance with this delegation of authority, the Executive Director may, where necessary, establish additional operational procedures (such as a procurement manual or standard operating procedures) to implement this Policy.

DOCUMENTATION

SHRA must maintain records sufficient to detail the significant history of each procurement action. These records shall include, but shall not necessarily be limited to, the following:

- A. Rationale for the method of procurement (if not self-evident);

Attachment 1

- B. Rationale of contract pricing arrangement (if not self-evident);
- C. Reason for accepting or rejecting the bids or offers;
- D. Basis for the contract price (if not self-evident);
- E. A copy of the contract documents awarded or issued and signed by the Contracting Officer;
- F. Basis for contract modifications; and
- G. Related contract administration actions.

The level of documentation should be commensurate with the value of the procurement.

Records are to be retained for a period of three years after final payment and all matters pertaining to the contract are closed.

FUNDING AVAILABILITY

Before initiating any contract, SHRA shall ensure that there are sufficient funds available to cover the anticipated cost of the contract or modification.



November 23, 2015

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Authorize the Execution of the Choice Neighborhoods Implementation Grant Agreement
for the Twin Rivers/River District – Railyard Initiative

SUMMARY

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

RECOMMENDATION

Staff recommends approval of the recommendations outlined in this report.

Respectfully submitted,


LASHELLE DOZIER
Executive Director

Attachment

COUNTY OF SACRAMENTO CALIFORNIA

For the Agenda of:
December 15, 2015

To: Housing Authority of the County of Sacramento

From: Sacramento Housing and Redevelopment Agency

Subject: Authorize the Execution of the Choice Neighborhoods Implementation Grant Agreement for The Twin Rivers/River District-Railyards Initiative

Supervisory
District(s): Serna

Contact: Tyrone Rodrick Williams, Development Director, 440-1316
Geoffrey Ross, Assistant Director, 440-1357
Kyle Flood, Program Manager, 440-1311

Overview

On September 28, 2015, the U. S. Department of Housing and Urban Development (HUD) awarded the Housing Authority of the County of Sacramento (Housing Authority) a \$30 million Choice Neighborhoods Initiative (CNI) Implementation Grant. These funds will support implementation of the River District-Railyards Neighborhood Transformation Plan (NTP) to redevelop the Twin Rivers public housing, provide well functioning services, and revitalize the surrounding neighborhood. This report recommends the authorization to execute the grant agreement as the Lead Grantee for the Twin Rivers - River District – Railyards CNI (see Attachment 1 for boundary map), which will focus revitalization efforts on the Twin Rivers public housing community and surrounding neighborhood. The grant agreement and associated forms and documents must be signed and submitted to HUD by January 8, 2016.

Recommendations

Adopt a Housing Authority Resolution authorizing the Sacramento Housing and Redevelopment Agency (Agency) Executive Director or her designee to:

1. Execute the United States Department of Housing and Urban Development agreement as Lead Grantee, sign documents and forms required by the Choice Neighborhood Initiative Implementation Grant Award; and
2. Amend the Agency Budget to incorporate the \$30,000,000 grant funds and allocate to the Twin Rivers - River District – Railyards Choice Neighborhood Initiative;
3. Make related findings.

Measures/Evaluation

The Neighborhood Transformation Plan places significant emphasis on data collection, measurement and evaluation. As part of implementation, the Housing Authority of the County of Sacramento will secure partnership certifications from various partners to share data that will be used to create regular reports to evaluate progress.

Fiscal Impact

This report recommends amending the Agency budget to receive and allocate \$30,000,000 in

grant funds to the Twin Rivers – River District Choice Neighborhoods Initiative. This grant is matched by previously allocated Community Development Block Grant (CDBG) funds from both the City of Sacramento (\$2.3 million) and County of Sacramento (\$950,000) in the fall of 2014 (County Resolution No. 2014-0869). No additional funds are requested.

BACKGROUND

The Twin Rivers public housing development is the oldest development in the Housing Authority of the County of Sacramento's (HACOS or Housing Authority) public housing inventory. Twin Rivers has existed as an isolated and disconnected community, cut off from the surrounding area by railroad tracks, levees and rivers, with limited connections via rail, road, or transit to other parts of the City.

On January 31, 2012, the U.S. Department of Housing and Urban Development (HUD) awarded the Housing Authority a \$300,000 Choice Neighborhoods Initiative (CNI) Planning grant to develop a Neighborhood Transformation Plan (NTP) for the Twin Rivers - River District/Railyards neighborhood.

The CNI focuses on improving severely distressed public housing and resident self-sufficiency and to assist local jurisdictions' transformation of distressed neighborhoods into revitalized mixed-income neighborhoods. Choice Neighborhoods is comprised of three core goals:

1. Transforming distressed public and assisted housing into energy efficient, mixed-income housing that is physically and financially viable over the long-term.
2. Supporting positive outcomes for families who live in the target development(s) and the surrounding neighborhood, particularly outcomes related to residents' health, safety, employment, mobility, and education.
3. Transforming distressed, high-poverty neighborhoods into viable, mixed-income neighborhoods with access to well-functioning services, high quality public school and education programs, high quality early learning programs and services, public assets, public transportation, and improved access to jobs.

Over a 24 month period, from January 2012 through December 2013, Housing Authority staff worked with a multitude of organizations, community groups, and Twin Rivers' public housing residents to craft the NTP. It is a comprehensive neighborhood revitalization plan which focuses on recommending strategies to address the three core goals. The NTP serves to guide the revitalization of the 218-unit Twin Rivers public housing site while simultaneously encouraging the transformation of the surrounding neighborhood with positive outcomes for families. Since January 2014, staff has begun implementation of core components of the NTP.

On November 6, 2014, HUD issued the Choice Neighborhoods Notice of Funding Availability (NOFA) for Implementation Grants for Fiscal Years 2014 and 2015. In February, HACOS as the lead applicant, and the City of Sacramento (City) as co-applicant per the applicant eligibility threshold requirement, submitted an application. On September 28, 2015, HUD awarded one of five \$30,000,000 Implementation Grants to Sacramento. McCormack Baron Salazar is the housing lead, Urban Strategies is the People Lead, and the City serves as the Neighborhood lead for the grant which has a term of seven (7) years.

DISCUSSION

CNI Grant funds are intended to support those communities which have completed a comprehensive local planning process and are positioned to implement the NTP to redevelop the public housing, provide well- functioning services, and improve/revitalize the surrounding neighborhood.

The NTP focuses revitalization of the site in a manner that capitalizes upon the planned investments in the neighborhood and expands options for residents to live and work and learn in a revitalized mixed-income and mixed-use environment rich with opportunities. The Plan for the River District-Railyards sets forth a comprehensive blueprint of the neighborhood, housing, and people strategies essential to realize the collective vision for this pivotal community. The highlights of the goals and strategies for each component are described below.

Neighborhood Strategy

The City of Sacramento will lead the implementation of the Neighborhood Plan which is focused on short- and mid-term community improvements that both address the immediate concerns of current residents and lays the ground work for future planned and anticipated development. Activities address public safety from a built-environment perspective; identify place-based strategies to mitigate the issues surrounding the concentration of homeless service providers in the area; and increase the number and quality of amenities available to neighborhood users from open space to retail to transportation. Anchoring the Neighborhood Plan are the existing assets of the community including its proximity to downtown, the rivers, and local and regional employment centers.

Housing Strategy

Constructed primarily between 1942 and 1946, many of the systems and infrastructure at Twin Rivers have reached the end of their useful life, existing buildings do not conform to current seismic standards, the site plan lacks defensible space, and the units do not meet the space and amenity requirements of today's families. The Housing Plan for the River District-Railyards recommends the replacement of all 218 public housing units at Twin Rivers with an anticipated 487-unit mixed-income; mixed-use community that will result in vastly improved living conditions for current residents. The units proposed will offer a diverse range of housing types to be constructed both on- and off-site, with public housing, affordable, and market-rate units being indistinguishable from one another. Featuring energy-efficient design and accessibility for people of all abilities, the new housing will give residents an unprecedented opportunity to re-engage not only with the local neighborhood but with other parts of the City and region.

People Strategy

The People Strategy focuses on facilitating connections with Twin Rivers' residents, including youth, adults, the disabled and the elderly, to the appropriate services and programs that address their individually-identified barriers to success, whether defined as higher educational achievement, gainful employment, physical well-being, independent living, and/or

homeownership. Grounded in a case management approach, each Twin Rivers' resident is recommended to have a family development plan that identifies specific goals along with the action steps and supports needed to achieve those goals.

Through a comprehensive Service Provider Network, residents would be proposed to be linked to existing programs. For services not delivered on-site, Twin Rivers' residents will receive transportation support to assist with access issues. For adults, a "Work First" approach that focuses on transitional employment and job skills training with wrap-around support targeting health, mobility, and family support services will be adopted. For youth, the program will be based on a dual generation model that focuses on school readiness for younger children and college/career preparation for older youth, all of which is supported by involvement from the child's immediate family network including parents, grandparents, and caregivers.

Implementation

The CNI grant application included a proposed budget to implement activities for the three core goals: Housing, People and Neighborhoods. The execution of the grant agreement does not approve a specific grant budget. In the near term, Housing Authority staff and the three lead partners will work with HUD to finalize the projects and programs to be funded by the grant. Once HUD approves the CNI budget, the Housing Authority Board will be updated. All future projects resulting from the Implementation Grant are subject to further ongoing environmental review and will come before the appropriate governing boards for subsequent approval.

COMMISSION ACTION

It is anticipated that, at its meeting of December 2, 2015, the Sacramento Housing and Redevelopment Commission will approve the staff recommendation for this item. Staff will notify the Board in the event this does not occur.

MEASURES/EVALUATIONS

The NTP contains a significant emphasis on data collection, measurement and evaluation on an on-going basis. All partners will work to share data and provide regular reports to be used to evaluate progress of efforts.

FINANCIAL ANALYSIS

This report requests the authority to amend the Agency budget and allocate the \$30,000,000 to the Twin Rivers – River District – Railyards Choice Neighborhoods Initiative. This will leverage existing funds including those allocated on November 4, 2014, by the County of Sacramento in the amount of \$950,000 in CDBG funding (2015 CDBG Action Plan Resolution No. 2014-0869) in support of the Initiative and the City of Sacramento's allocation of \$2,300,000 in funding.

POLICY CONSIDERATIONS

HUD has approved five-year Public Housing Authority Plan affirming Twin Rivers as a public housing development designated for demolition and/or disposition. The recommended action is

also consistent with the County's commitment to the Housing Authority Asset Repositioning Guidelines.

ENVIRONMENTAL REVIEW

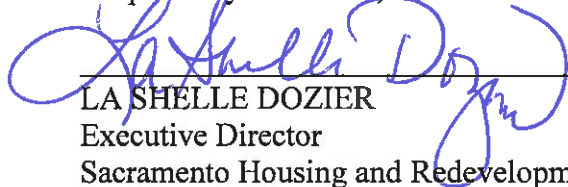
California Environmental Quality Act (CEQA): Activities covered in the grant application and in furtherance of preparing the Neighborhood Transformation Plan are considered planning and feasibility studies which are statutorily exempt under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15262.

National Environmental Policy Act (NEPA): Activities covered in the grant application and in furtherance of preparing the Neighborhood Transformation Plan are considered studies, resource identification and the development of plans and strategies, and are exempt under NEPA per 24 CFR 58.34 (a)(1).

M/WBE AND SECTION 3 CONSIDERATIONS

As implementation of the NTP proceeds, 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. Staff will encourage any contractors involved in this program to participate in the First Source Program.

Respectfully submitted,


LA SHELLE DOZIER
Executive Director
Sacramento Housing and Redevelopment Agency

APPROVED

BRADLEY J. HUDSON
County Executive

Attachments:

RES – Housing Authority Resolution
RES EXH A – HUD CNI Agreement
ATT 1 – Map

RESOLUTION NO. _____

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

ON DATE OF

**AUTHORIZATION TO EXECUTE CHOICE NEIGHBORHOODS INITIATIVE (CNI)
IMPLEMENTATION GRANT AGREEMENT WITH THE UNITED STATES
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FOR THE TWIN
RIVERS - RIVER DISTRICT- RAILYARDS CHOICE NEIGHBORHOODS
TRANSFORMATION PLAN**

WHEREAS, On September 28, 2015, HUD awarded the Housing Authority with a \$30 million CNI Implementation Grant to implement the Twin Rivers-River District-Railyards Neighborhood Transformation Plan; and

WHEREAS, the proposed actions of executing the CNI Implementation Grant Agreement and amending the Agency Budget are exempt under the National Environmental Policy Act (NEPA) per 24 CFR 58.34 (a)(1) and statutorily exempt under the California Environmental Quality Act (CEQA) Guidelines Section 15262.

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

Section 1. All evidence presented having been duly considered, the findings, including environmental findings regarding this action, as state above, are approved.

Section 2. The Executive Director, or designee, is authorized to sign the attached Grant Agreement as the Lead Grantee and all other documents and forms required by HUD for the FY 2014-2015 CNI Implementation Grant Agreement to support the Twin Rivers - River District CNI.

Section 3. The Agency Budget is amended to incorporate and allocate the CNI funding in the amount of \$30,000,000 to the Twin Rivers – River District – Railyards CNI.

Section 4. This resolution is not an approval of any specific project. Staff will obtain governing board authorization prior to entering into any contracts with consultants or development partners as needed.

Authorization To Execute Choice Neighborhoods Initiative (CNI) Implementation Grant
Agreement With The United States Department Of Housing And Urban Development For The
Twin Rivers - River District- Railyards Choice Neighborhoods Transformation Plan
Page 2

On a motion by Member _____, seconded by Member _____, the
foregoing Resolution was passed and adopted by the Housing Authority of the County of
Sacramento, State of California this 15th day of December, 2015, by the following vote, to wit:

AYES: Members,

NOES: Members,

RECUSAL: Members,

(PER POLITICAL REFORM ACT (§ 18702.5))

ABSENT: Members,

ABSTAIN: Members,

Chair of the Housing Authority
of Sacramento County, California

(SEAL)

ATTEST: _____
Clerk

FY2014-2015 Choice Neighborhoods Implementation Grant Agreement

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**FY2014-2015 Choice Neighborhoods
IMPLEMENTATION GRANT AGREEMENT**

This grant agreement (“Grant Agreement”) is made by and between the United States Department of Housing and Urban Development (“HUD”) and the Lead and Co-Applicant(s) (“Grantee”). On September 28, 2015, HUD awarded the Grantee a Choice Neighborhoods Implementation Grant from fiscal year 2014 and 2015 funds, for the implementation of a Transformation Plan (“Transformation Plan”) that is identified in this Grant Agreement below.

HUD agrees, subject to the terms of this Grant Agreement, to provide grant funds to the Grantee, in the total amount listed on the form HUD-1044, for the activities described in the Transformation Plan as defined in Article III. Either the Lead Applicant or the Co-Applicant Grantee may be the designated entity with access to LOCCS for drawing down grant funds.

The assistance that is the subject of this Grant Agreement is authorized by, and required to be used in accordance with, Section 24 of the U.S. Housing Act of 1937, the Consolidated Appropriations Act, 2014 (Public Law 113-76, 128 Stat. 5, approved January 17, 2014) (“2014 HUD Appropriations Act”) and Consolidated and Further Continuing Appropriations Act, 2015 (Pub. L. 113-235, approved December 16, 2014) (“2015 HUD Appropriations Act”), (collectively the “Choice Neighborhoods Authorization”).

The form HUD-1044 and the Exhibits are incorporated into and subject to the terms of this Grant Agreement.

HUD and the Grantee hereby agree to be bound by the following terms and conditions of this Grant Agreement:

ARTICLE I. Choice Neighborhoods Requirements

The Grantee agrees to conduct all activities to be assisted with funds provided under this Grant Agreement in accordance with the following requirements, as such requirements now exist or as they may hereafter be amended (hereafter collectively referred to as the “Choice Neighborhoods Requirements”):

- A. the U.S. Housing Act of 1937, as amended (the “1937 Act”), as applicable, and all implementing regulations;
- B. the 2014 HUD Appropriations Act (Public Law 113-76, approved January 17, 2014) and 2015 HUD Appropriations Act (Public Law 113-235, approved December 16, 2014);
- C. the Fiscal Year (FY) 2014-2015 Notice of Funding Availability for the Choice Neighborhoods Initiative Implementation Grants published via Grants.gov on November 7, 2014 (the “Choice Neighborhoods Implementation NOFA”) and NOFA Policy Requirements and General Section (“General Section”) to HUD’s FY2014 NOFAs for Discretionary Programs, published via Grants.gov on February 19, 2014, incorporated therein.
- D. 31 U.S.C. § 1552. In accordance with this statute, all FY2014 Choice Neighborhoods funds must be expended by September 30, 2021 and all FY2015 funding must be expended by September 30, 2022. Any funds that are not expended by that date will be cancelled and recaptured by the Treasury, and thereafter will not be available for obligation or expenditure for any purpose.
- E. In accordance with section 24(e)(2)(D) of the 1937 Act, Grantees must involve affected residents of the targeted public and/or assisted housing during the implementation process. Grantees are required to involve the affected public and/or assisted housing residents in the implementation of the Transformation Plan. This involvement must be continuous from the beginning of the planning process through the implementation and management of the grant. In addition to the statutory requirement, unless HUD indicates otherwise in writing, Grantees will be expected to undertake resident and community involvement in a manner and method at least as comprehensive as that described in your grant application.
- F. all executive orders applicable to the activities being conducted with funds provided under this Grant Agreement;
- G. the terms and requirements of this Grant Agreement, and any amendments or addenda thereto;
- H. all other applicable Federal requirements, including, without limitation, those set forth the FY2014 and 2015 Appropriations Acts and those set forth in Appendix A; and

- I. all regulations, handbooks, notices, and policies applicable to the activities being conducted with funds provided under this Grant Agreement.

ARTICLE II. Program Overview

- A. **Goals of the Choice Neighborhoods Program.** The Choice Neighborhoods Program employs a comprehensive approach to neighborhood transformation. The program transforms neighborhoods of concentrated poverty into mixed-income neighborhoods of long-term viability by revitalizing severely distressed public and/or assisted housing; improving access to economic opportunities; and investing and leveraging investments in well-functioning services, effective schools and education programs, public assets, public transportation, and improved access to jobs. Choice Neighborhoods ensures that current residents benefit from this transformation by preserving affordable housing in the neighborhood or providing the choice to move to affordable housing in another neighborhood of opportunity. The purpose of this grant is to implement a Transformation Plan that has been developed through a local planning process and furthers the goals of the Choice Neighborhoods Program. The core goals of Choice Neighborhoods are:

1. **Housing:** Replace distressed public and assisted housing with high-quality mixed-income housing that is well-managed and responsive to the needs of the surrounding neighborhood;
2. **People:** Improve educational outcomes and intergenerational mobility for youth with services and supports delivered directly to youth and their families; and
3. **Neighborhood:** Create the conditions necessary for public and private reinvestment in distressed neighborhoods to offer the kinds of amenities and assets, including safety, good schools, and commercial activity, that are important to families' choices about their community.

ARTICLE III. Choice Neighborhoods Transformation Plan

- A. **General.** The Grantee's Choice Neighborhoods Transformation Plan ("Transformation Plan") consists of a document or documents reviewed and approved by HUD to govern the transformation of the neighborhood. The Transformation Plan should integrate effective strategies to implement public and/or assisted housing revitalization, the coordination and design of supportive services, including educational opportunities for children, and neighborhood-level planning to improve a range of neighborhood assets. The Transformation Plan should be created as part of a collaborative planning process that involves neighborhood stakeholders and local governmental entities. The Transformation Plan should translate the three core goals of Choice Neighborhoods – Housing, People and Neighborhood – into a strategy that will direct investments, demonstrate the commitment among a range of public and private partners to address interdependent neighborhood challenges, utilize data to set and monitor progress toward implementation goals, and engage community stakeholders and residents in meaningful decision-making roles.

B. Components of the Transformation Plan. The Grantee's Transformation Plan includes each of the following components, as needed for the Transformation Plan and as approved by HUD. Because some of these documents may be submitted to HUD for approval throughout the implementation of the Grant Agreement, an approved Transformation Plan shall be deemed to mean the most recent set of documents that have been submitted to (as set forth in this Article) and approved by HUD:

1. The Grantee's Choice Neighborhoods application, submitted in response to the FY2014-2015 Choice Neighborhoods Implementation NOFA (the "Choice Neighborhoods Application");
2. Requests for predevelopment costs, as described in Article VI.
3. Post Application Submissions that HUD requires the Grantee to submit following HUD's review of the Choice Neighborhoods application and/or as a result of a site visit to the neighborhood which is the target of redevelopment under this grant ("Development"), including but not limited to:
 - a. any additional information required in order for HUD to approve demolition of the target public and/or assisted housing based on the Choice Neighborhoods application;
 - b. certifications and assurances;
 - c. a Program Schedule, in accordance with the timeframes established in this Article;
 - d. a Choice Neighborhoods Budget (all phases) as described in Article VI;
 - e. any other information or documentation that is not otherwise required under any other component of the Transformation Plan that is requested by HUD to supplement or refine information provided in the Choice Neighborhoods Application or to meet any terms or conditions of the Grant Agreement; and
 - f. any waiver requests;

(Subparagraphs (a) through (f) are hereafter collectively referred to as, "Post Application Submissions.")

4. a Supportive Services/People plan;
5. the Grantee's submissions to HUD in connection with an Endowment Trust, if applicable, in accordance with Article IV(J) (including but not limited to submission of a Choice Neighborhoods Endowment Trust Addendum);
6. for public housing only, a Demolition Application, if applicable, as described in Article IV;

7. for public housing only, a Disposition Application relating to the Development, as described in Article IV, to the extent applicable;
 8. a development proposal(s), as described in Article IV;
 9. a homeownership proposal, as applicable, as described in Article IV;
 10. a plan for Critical Community Improvements projects, as applicable; and
 11. any amendment or modification of the foregoing, as approved in writing by HUD.
- C. Incorporation into Grant Agreement. As each component of the Transformation Plan is approved in writing by HUD, it will be deemed to be incorporated into this Grant Agreement.
- D. Time Periods for Implementation. The Grantee agrees to implement its Transformation Plan in accordance with the approved Program Schedule, including but not limited to the following time periods:
1. In accordance with the Choice Neighborhoods Implementation NOFA as incorporated by Article I(C) above.
 2. Items identified in paragraph (B) of this Article must be submitted to HUD in accordance with the HUD-approved Program Schedule. The Program Schedule is due to HUD within 90 calendar days (weekends and holidays are not excluded) from the Grant Award Date. HUD reserves the right to require Grantee to make edits to these items to put them in a form and substance acceptable to HUD.
 3. The Grantee must start service coordination and case management services as soon as possible, if they have not already. The Grantee must have started these services within 60 days of the Grant Award Date. It is imperative that case management services begin immediately so that residents who will be relocated have time to participate in and benefit from Supportive Services activities before leaving the site; and that residents who have already been relocated are able to participate in and benefit from Supportive Services activities.
 4. The closing of the first housing phase of development must take place within 18 months of the Grant Award Date. For this purpose, "closing" means all financial and legal arrangements have been executed and actual activities (construction, etc.) are ready to commence. The construction Notice to Proceed or equivalent must be issued no later than 90 days after the closing date, unless otherwise approved by HUD.
 5. Grantees must start housing rehabilitation/construction within 21 months of the Grant Award Date.

6. Grantees must complete replacement housing rehabilitation/construction by obtaining a certificate of occupancy or equivalent for units funded with Choice Neighborhoods funds by September 30, 2022.
- E. Time Extensions. All requests for extensions of the time periods for implementation listed in paragraph (D)(1)-(4) of this Article must be requested by the Grantee in advance of the deadline date. All requests for extensions must be made in writing to the Office of Public Housing Investments and will be reviewed and approved or disapproved by the Assistant Secretary of Public and Indian Housing and/or the Deputy Assistant Secretary for the Office of Public Housing Investments.

ARTICLE IV. Transformation Activities and Requirements

- A. Required Activities. Grantees must include the activities listed in Section III.C.1.a of the Choice Neighborhoods Implementation NOFA in their Transformation Plan.
- B. Program Requirements. Grantees must comply with the Program Requirements stated in Section III.C.3 of the Choice Neighborhoods Implementation NOFA, some of which are restated in this Article for emphasis and/or with additional detail.
- C. Eligible Activities. Grantees may be eligible to complete the activities stated in Section III.C.1.b of the Choice Neighborhoods Implementation NOFA as well as all activities listed in this Article.
- D. One-for-one Replacement of Public and/or Assisted Housing. Each Transformation Plan must comply with the applicable one-for-one replacement requirement as stated in Section III.C.3.b of the Choice Neighborhoods NOFA.
- E. Development Activities.
 1. Public Housing Development Activity. For any public housing development activity under the Transformation Plan (whether on-site reconstruction or off-site development), the Grantee must obtain HUD approval of a development proposal submitted under 24 CFR 905.606 (“Development Proposal”).
 2. Any RAD conversion must be done in accordance with PIH Notice 2012-32 REV-2, published June 15, 2015 and PIH Notice 2014-17, published July 14, 2014.
- F. Rehabilitation Activities. For rehabilitation and physical improvement of public housing and/or community facilities primarily intended to facilitate the delivery of community and supportive services for residents of the Development and residents of off-site replacement housing under the Transformation Plan, the Grantee will comply with 24 CFR § 905.
- G. Homeownership Activities. Homeownership units developed with Choice Neighborhoods funds must be done in accordance with a homeownership proposal. Such units developed

with Choice Neighborhoods funds are included in the definition of “affordable housing” provided in the Choice Neighborhoods Implementation NOFA (e.g. they may be sold to families earning up to 120 percent of AMI and grantees shall commit to an affordability period of at least 20 years).

- H. Demolition of Public Housing. You cannot carry out nor permit others to carry out the demolition of the targeted public housing project or any portion of the project until HUD approves, in writing, one of the following ((1) - (3) of this section), and until HUD has also:
- (i) approved a Request for Release of Funds submitted in accordance with 24 CFR part 58, or
 - (ii) if HUD performs an environmental review under 24 CFR part 50, has approved the property for demolition, in writing, following its environmental review.
- 1. Information regarding demolition in your Choice Neighborhoods Application, along with Post Application Submissions requested by HUD after the award of the grant. Section 24(g) of the 1937 Act provides that severely distressed public housing that is demolished pursuant to a revitalization plan is not required to be approved through a demolition application under section 18 of the 1937 Act or regulations at 24 CFR part 970.
 - 2. A demolition application under section 18 of the 1937 Act.
 - 3. A section 202 Mandatory Conversion Plan, in compliance with regulations at 24 CFR part 971 and other applicable HUD requirements, if the project is subject to Mandatory Conversion (section 202 of the Omnibus Consolidated Rescissions and Appropriations Act of 1996, Pub. L. 104-134, approved April 26, 1996). A Mandatory Conversion Plan concerns the removal of a public housing project from a PHA’s inventory.
- I. Demolition of Multifamily Housing. For projects subject to a project-based section 8 Housing Assistance Payments (“HAP”) contract, the Grantee will not engage in or permit the partial or total demolition of the project, or any activities related thereto, including any activities in preparation for such demolition, without the prior written consent of HUD. Such consent will not be provided until HUD has first approved (i) a proposal for preserving the project-based section 8 HAP contract consistent with applicable statutory authority (e.g., section 212(a) of the 2012 HUD Appropriations Act, or successor legislation; or section 8(bb)(1) of 1937 Act) and all related Departmental policies, procedures, and requirements; (ii) a proposal for project rehabilitation; and (iii) a replacement housing plan that provides for the orderly, temporary relocation of relocated families (e.g., based on the requirements of Housing Handbook 4350.1 REV-1 CHG-2, Chapter 38 (Multifamily Emergency/Disaster Guidance), section 38-32C (Section 8 Pass Through)) that ensures decent, safe, and sanitary housing, consistent with 24 CFR Part 5 Subpart G (Physical Condition Standards and Inspection Requirements) and 24 CFR Part 200 Subpart P (Physical Condition of Multifamily Properties), at the beginning of and throughout the relocation period.

J. Disposition of Public Housing. This section applies only to disposition of public housing.

1. Disposition of a severely distressed public housing site, by sale or lease, in whole or in part, must be done in accordance with section 18 of the 1937 Act and implementing regulations at 24 CFR part 970, as applicable.
2. The Grantee will also comply with the provisions of its approved disposition application (the approved "Disposition Application"), unless otherwise modified in writing by HUD, and with the procedures for processing dispositions associated with mixed-finance projects as set forth by HUD.
3. A ground lease of one year or more that is not incident to the normal operation of a development is considered to be a disposition that is subject to section 18 of the 1937 Act.

K. Relocation.

1. General. The Grantee will provide suitable, decent, safe, and sanitary housing for each family required to relocate as a result of transformation activities under the Transformation Plan.
2. Relocation Plan for Public Housing Units. The Grantee must carry out its relocation activities in compliance with a relocation plan that conforms with the following statutory and regulatory requirements, as applicable (the "Relocation Plan") for displacement or temporary relocation carried out as a result of:
 - a. **Rehabilitation, acquisition, or demolition pursuant to section 24 of the 1937 Act** under an approved Plan is subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. § 4601 et seq; 49 CFR part 24) (URA) and regulations at 24 CFR § 905.308 or successor part and meets the requirements of the Choice Neighborhoods Implementation NOFA.
 - b. **Disposition or demolition pursuant to section 18 of the 1937 Act** under an approved Transformation Plan is subject to section 18 of the 1937 Act as amended and 24 CFR 970.21.
 - i. Exception: displacement or temporary relocation carried out as a result of **disposition** pursuant to the mixed-finance development requirements at 24 CFR 905, subpart F is subject to section 18 of the 1937 Act but not 24 CFR 970.21.
 - c. **Disposition pursuant to a Section 202 mandatory conversion plan** (section 33 of the 1937 Act) is subject to Section 18 of the 1937 Act and 24 CFR Part 971.
 - d. **Demolition pursuant to a Section 202 mandatory conversion plan** (section 33 of the 1937 Act) is subject to the URA.If the project also utilizes Community Development Block Grant (CDBG) or HOME funds, section 104(d) of the Housing and Community Development Act of 1974 may also apply. Please refer to the Tenant Assistance Relocation and Real Property Acquisition Handbook (HUD Handbook 1378) for detailed information.

3. Relocation Plan for Non-Public Housing Units. Except for displacement resulting from demolition or disposition activities subject to section 18 of the 1937 Act, projects involving real property acquisition, rehabilitation or demolition are subject to the URA and the requirements of the Choice Neighborhoods Implementation NOFA. For projects subject to a project-based section 8 HAP contract, the Grantee will (i) secure or cause to be secured temporary replacement housing for displaced families; will ensure that (ii) the temporary housing is available for the entire duration of the displacement period; and (iii) the housing meets the requirements of 24 CFR Part 5, Subpart G ("Physical Condition Standards and Inspection Requirements") and 24 CFR Part 200 Subpart P ("Physical Condition of Multifamily Properties") at the beginning of and throughout the displacement period. To satisfy this requirement, the Grantee is encouraged to adopt the model and the related procedures in Housing Handbook 4350.1 REV-1 CHG-2, Chapter 38 ("Multifamily Emergency/Disaster Guidance"), section 38-32 C ("Section 8 Pass Through") for the temporary relocation of section 8-assisted families necessitated by a natural disaster or other emergency. Based on this model and the related procedures, the Grantee is authorized to enter into a temporary lease for a unit in the same locale that meets the foregoing regulatory requirements on behalf of a displaced section 8-assisted family. During this period, the Owner of a property subject to a project-based section 8 HAP contract ("Owner"), whether the Owner is the Grantee or one of the Grantee's partners, may voucher for the contract rent for that unit on a temporary basis. The Owner pays no more than the contract rent on the temporary dwelling until the resident's permanent rental unit has been restored to habitable condition and the Owner notifies the resident that they may resume occupancy of their former unit. The resident is still responsible for the resident's share of the rent. Should the displaced resident fail to return, the Owner may rent the repaired unit to an eligible section 8 applicant. Before doing so, however, the Owner must inform the resident in writing that their assistance is terminated. In the event that the Owner rents the unit to an eligible section 8 applicant, the Owner must first terminate the "pass through" lease that the Owner executed on behalf of the displaced resident. In addition, should the temporarily relocated resident move from the temporarily leased unit before their permanent rental unit is repaired and made available for their return, the Owner can no longer voucher for the temporary unit and the resident is considered permanently housed. (See Housing Handbook 4350.1 REV-1 CHG-2, Chapter 38 ("Multifamily Emergency/Disaster Guidance"), section 38-32 C ("Section 8 Pass Through")).

L. Acquisition.

1. Acquisition Proposal. A PHA must submit an acquisition proposal to HUD for review and approval prior to acquisition in accordance with 24 CFR 905.608 when a PHA determines that it is necessary to acquire vacant land for development of public housing through new construction, using public housing funds. This acquisition approval must be submission of a development proposal under 24 CFR 905.606.

2. Land for Replacement Units outside the target neighborhood. For acquisition of land for replacement housing outside the target neighborhood, you must comply with 24 CFR 905.602 (site and neighborhood standards).
 3. Land for Economic Development-Related Activities. Acquisition of land for this purpose is eligible if the activities specifically promote the economic self-sufficiency of residents of the neighborhood, such as construction or rehabilitation of parks and community gardens, environmental improvements; or promoting economic development, such as development or improvement of transit, retail, community financial institutions, public services, facilities, assets or other community resources. Limited infrastructure and site improvements associated with development retail, commercial, or office facilities, such as rough grading and bringing utilities to (but not on) the site, are eligible activities with prior HUD approval. You may request an amount not to exceed 15 percent of the total Choice Neighborhoods grant to pay the costs of non-housing capital costs as described above for Critical Community Improvements.
- M. Supportive Services. The Grantee must plan for and provide current public and assisted housing residents, relocated public and assisted housing residents, and returning and new public and assisted housing residents with supportive services for the term of the Grant Agreement. Supportive Services programs and services must be carefully planned so that they will be sustainable after the Choice Neighborhoods grant period ends. The Grantee is responsible for tracking and providing Supportive Services programs and services to baseline and revitalization development residents. Baseline residents are those residents that lived in the targeted redevelopment site at the time of application for this Choice Neighborhoods grant. The grantee and HUD will also work together to track the experiences and changing characteristics of revitalization development residents who live at the revitalized site. Supportive Services activities must be well integrated with the physical development process, both in terms of timing and the provision of facilities to house on-site service and educational activities. The Grantee should provide final outcomes and metrics on Supportive Services as identified in the Transformation Plan. The Grantee will report to HUD on those outcomes and measure progress using those metrics as discussed in Article XII. HUD will use these reports to determine if the Grantee has met their supportive service requirements as listed in their Transformation Plan. To the extent that the Grantee proposed Supportive Services to the surrounding neighborhood residents as part of the application, public housing and HUD assisted housing resident Supportive Services should be tracked in the same way or as proposed in the application.
1. Funding. Consistent with sections 24(d)(1)(L) and 24(j)(3) of the 1937 Act and the Choice Neighborhoods Implementation NOFA, the Grantee may use an amount up to 15 percent of the total Choice Neighborhoods Grant to pay the costs of community and supportive service programs. The Grantee may spend additional sums on community and supportive services programs using donations, HUD funds made available for that purpose, or other Grantee funds.
 2. Supportive Services Endowment Trust. The Grantee may deposit up to 15 percent of the Choice Neighborhoods Grant amount (the maximum amount of the grant allowable for

Supportive Services programs) into an endowment trust to provide Supportive Services activities (the “Endowment Trust”).

- a. The Grantee may not draw down funds provided under this Grant Agreement for deposit into an Endowment Trust until it has a HUD-approved Endowment Trust plan and has executed with HUD an addendum to this Grant Agreement (the “Choice Neighborhoods Endowment Trust Addendum”), as directed by HUD. The Choice Neighborhoods Endowment Trust Addendum establishes the requirements governing the establishment, operation, and management of an Endowment Trust.
 - b. In reviewing the amount of the Grantee’s proposed allocation of Choice Neighborhoods Grant funds to an Endowment Trust, HUD will take into account the Grantee’s demonstrated ability to pay for current Supportive Services activities with Choice Neighborhoods or other funds, and the projected long-term sustainability of the Endowment Trust to carry out such activities.
 - c. Endowment Trust funds (including any non-Choice Neighborhoods funds donated or otherwise made available to the Endowment Trust, and any interest earned on Choice Neighborhoods and non-Choice Neighborhoods funds) may only be used for eligible and necessary Supportive Services activities.
3. Although targeted housing residents must be the primary beneficiary of Supportive Services, Supportive Services provided to the surrounding neighborhood residents, beyond public and HUD assisted housing residents, are an eligible use of funds.
- N. Administration, Fees and Costs. Reasonable costs for administration, planning, technical assistance, and fees and costs, as established by the Cost Control and Safe Harbor Standards guidance dated April 9, 2003, or successor document. These costs are limited to the costs of implementing the Transformation Plan, as specifically approved by HUD, such as fees for architectural and engineering work, program management (if any), and reasonable legal fees. You may not use Choice Neighborhoods Implementation Grant funds to pay for any implementation activities carried out on or before the date of the letter announcing the award of the Choice Neighborhoods Grant.
- O. Right of Return. Each tenant who wishes to return to the on-site or off-site replacement housing may return if the tenant was lease-compliant at the time of departure from the housing prior to relocation and continued to remain lease-compliant during the relocation period. This is a Choice Neighborhoods program requirement and not related to benefits provided in accordance with the URA. A returning tenant shall be provided a preference for occupancy of on-site or off-site replacement units before such units are made available to any other eligible households, or the tenant may choose to retain tenant-based voucher assistance, subject to appropriations and availability, provided under section 8(o) of the United States Housing Act of 1937 for relocation from the properties revitalized under this Grant Agreement. These preferences are retained even if the resident has already received permanent relocation benefits. This preference applies to residents that were relocated due to the redevelopment activity and remains available until the initial lease-up of the new units. Residents that voluntarily move prior to relocation do not have this right to return preference. Prior written approval for any new tenant-based voucher assistance, including but not limited to Tenant Protection Vouchers, is required prior to Grantee obtaining voucher assistance. If a

household is “rightsized” (e.g. splits into two separate households) through the relocation resulting from Choice Neighborhoods, the original head of household will have the right to return. Once all of the original residents have been housed, the Grantee is required to offer the second household any units that are available. If no units are available, then the second household will be moved to the top of the waiting list. Both the original household and the second household are required to be lease-compliant at the time of relocation and throughout relocation.

P. Site and Neighborhood Standards for Replacement Housing.

1. **Grantee’s Election of Requirements.** A Grantee, at its election, separately with regard to each site it proposes, will comply with the development regulations regarding Site and Neighborhood Standards (24 CFR § 905.602), or with the Site and Neighborhood Standards contained in this Article.
2. **On-Site Replacement Housing** (i.e. on the target housing site and/or in the target neighborhood). Because the objective of the Choice Neighborhoods program is to alleviate distressed conditions at the targeted development and in the target neighborhood, replacement housing under Choice Neighborhoods that is located within the target neighborhood will not require approval by HUD under Site and Neighborhood Standards.
3. **Off-site Replacement Housing** (i.e., outside of the target neighborhood but within the metropolitan area up to 25 miles from the target housing site). Replacement housing outside the target neighborhood must:
 - a. offer access to economic opportunities and public transportation and be accessible to social, recreational, educational, commercial, health facilities and services, and other municipal services and facilities that are comparable to those that will be provided in the target neighborhood; and
 - b. be located neither in areas of minority concentration nor in areas with a poverty rate above 40 percent. A neighborhood of minority concentration is a Census tract or other defined geographic area in which the percentage of residents who are racial or ethnic minorities is at least 20 percentage points higher than the percentage of minority residents in the Metropolitan Statistical Area (MSA) (or jurisdiction not in a MSA) as a whole. In MSAs (or jurisdictions not in MSAs) in which the majority of residents are racial or ethnic minorities, HUD will consider and rely on all relevant information to determine whether the neighborhood proposed for replacement housing will lead to the creation of more inclusive and integrated housing in opportunity-rich neighborhoods.

- Q. Research and Evaluation Cooperation.** HUD and its contractors shall perform research and evaluation activities on the Choice Neighborhoods program, including interviews with the Grantee and community, review of grantee documents and data, surveys of assisted households and neighborhood residents, and documentation of changing physical conditions in the buildings and neighborhood. The Grantee shall make all reasonable efforts to cooperate with HUD and its contractors in carrying out these activities, including but not

limited to facilitating interviews of Grantee's staff and partners, providing HUD's contractor with access to observe community meetings; to data systems, documents, and assisted and public housing residents; and to buildings for conducting physical inspections.

- R. Operation and Management Principle and Policies, and Management Agreement for PHAs. Grantee must develop a Management Agreement that describes their operation and management principles and policies for their public housing units. Grantees and their procured property manager, if applicable, must comply (to the extent required) with the provisions of 24 CFR part 966 in planning for the implementation of the operation and management principles and policies described below.

1. Rewarding work and promoting family stability by promoting positive incentives such as income disregards and ceiling rents;
2. Instituting a system of local preferences adopted in response to local housing needs and priorities, e. g., preferences for victims of domestic violence, residency preferences, working families, and disaster victims. Note that local preferences for public housing must comply with Fair Housing requirements at 24 CFR 960.206. No preference should lead to disparate negative impact on any Fair Housing Act protected class;
3. Lease requirements that encourage self-sufficiency by promoting involvement in the resident association, performance of community service, participation in self-sufficiency activities, and transitioning from public housing;
4. Implementing site-based waiting lists that follow project-based management principles for the redeveloped public housing. Note that site-based waiting lists for public housing must comply with Fair Housing requirements at 24 CFR 903.7(b)(2);
5. Strictly enforcing lease and eviction provisions;
6. Implementation of defensible space principles and the installation of physical security systems such as surveillance equipment, control engineering systems, etc. to improve the safety and security of residents;
7. Enhancing ongoing efforts to eliminate drugs and crime from neighborhoods through collaborative efforts with federal, state, and local crime prevention programs and entities.

- S. Lobbying. The Grantee hereby certifies that no funds provided under this Grant Agreement will be expended for lobbying activities, as prohibited by Section 319 of Public Law 101-121 (which prohibits recipients of Federal contracts, grants, and loans from using appropriated funds for lobbying the Executive or Legislative Branches of the Federal Government), and implemented for HUD at 24 CFR part 87, as the same may be amended from time to time. The Grantee will disclose promptly any commitment or expenditure of non-appropriated funds for lobbying activities if those activities would be prohibited if paid with appropriated funds.

ARTICLE V. Changes to the Transformation Plan

- A. Changes Requiring Prior HUD Approval. If the following activities in the application are to be modified or amended, the Grantee must request and obtain prior written HUD approval:
1. the Program Schedule. The Grantee must inform HUD immediately, in writing, of any problems, delays or adverse conditions that will impair materially the Grantee's ability to comply with the Program Schedule, and include a statement of action taken, or proposed to be taken, and any assistance needed to resolve the situation. HUD must approve any proposed changes to the Program Schedule that would modify any date or time period.
 2. the form of program oversight or governance;
 3. the overall strategy for community involvement;
 4. the approved disposition;
 5. the approved demolition;
 6. the Housing plan, including the total number of housing units to be developed or rehabilitated (whether or not there is an associated budgetary revision requiring prior approval), the unit mix, the location of housing, the design, or any other changes that materially affect the Transformation Plan;
 7. the plan for Critical Community Improvements projects;
 8. changes in any Choice Neighborhoods Budget or phase budget that propose an increase or decrease in any line item, except as permitted by Article VI;
 9. an extension of the period of availability of the Choice Neighborhoods Grant funds provided under this Grant Agreement, not to go beyond the statutory timeframes;
 10. changes in the entities or individuals, including any key partners specified in the Transformation Plan as having key responsibilities for carrying out the Transformation Plan (or any component(s) of the Transformation Plan). Subgranting, subcontracting or otherwise obtaining the services of a third party to perform activities that are central to the purposes of the Transformation Plan will constitute such a change in entities or individuals; and
 11. changes requested by a subgrantee that relate to any of the itemized categories listed in paragraph (A) of this Article.

B. Changes Requiring Grant Agreement Amendment. For the following types of revisions to the Transformation Plan, the Grantee must submit a written request to HUD and must receive HUD's written authorization prior to making any such changes:

1. change in the total dollar amount of the grant; and/or
2. change in the Development for which funds provided under this Grant Agreement are made available.

Upon HUD's written approval, the change will be implemented by the execution of an amendment to this Grant Agreement, and shall consist of a revised Form HUD-1044 if there is a change in the dollar amount of the grant.

C. Waiver Requests.

1. Standard for Approval. The activities to be conducted under this Grant Agreement are subject to the terms of this Grant Agreement and the Choice Neighborhoods Requirements. Nevertheless, HUD seeks innovative solutions under the Choice Neighborhoods Program to the long-standing problems of severely distressed public and assisted housing developments located in neighborhoods of concentrated poverty, and will consider granting a waiver of specific regulatory requirements, provided that:
 - a. such a waiver would be consistent with applicable statutory requirements; and
 - b. the Grantee is able to demonstrate good cause to support HUD's granting of such a waiver.
2. Waiver Request Procedure. If the Grantee wants HUD to approve a waiver of a regulatory requirement, it must submit a request with sufficient information and justification to enable HUD to make a determination of good cause for granting any such request to deviate from existing regulations. Until such time as the Grantee requests and HUD, in its discretion, approves any such requests in writing, the Grantee does not have authority to implement the activities described in the Choice Neighborhoods Application to which the request for approval applies (or for which a request for approval is needed).

ARTICLE VI. Choice Neighborhoods Budget and Funding Requests

- A. Budget. The Grantee must ensure that funds provided under this Grant Agreement are expended in accordance with the Choice Neighborhoods Requirements and a Choice Neighborhoods Budget. Each Grantee must submit to HUD for approval a Choice Neighborhoods Budget as part of the Post Application Submissions. The Choice Neighborhoods Budget allocates ALL Choice Neighborhoods Grant funds into Budget Line Items. The Choice Neighborhoods Budget will serve as the primary budget and may be subject to revision.
- B. Budget Form. Each budget submitted in accordance with paragraph (A) of this Article must be submitted on the Choice Neighborhoods Budget Form (form HUD-53236). Part I must be

signed and dated by the Lead Grantee, and Part II must include a detailed description of the uses of the funds. Grantees should also track their leveraged fund expenditures and maintain this information on file should HUD request it.

- C. Pre-Grant Agreement Execution Costs. After the execution of this Grant Agreement, the Grantee may include in its Choice Neighborhoods Budget, and the Grantee may draw down funds for, costs that were incurred prior to execution of this Grant Agreement, provided that such costs were incurred after the Grant Award Date, are directly associated with the activities to be funded under this Choice Neighborhoods Grant, and are approved as reasonable and eligible by HUD.
- D. Predevelopment Costs.
 - 1. Funding Requests. The Grantee may request a Choice Neighborhoods Grant funds for predevelopment costs by submitting the Choice Neighborhoods Budget to HUD. Funds may be drawn down for eligible Predevelopment Costs (as defined in subparagraph (2) below), subject to receiving HUD approval and the requirement for an environmental review in accordance with the provisions of this Grant Agreement.
 - 2. Eligible Predevelopment Costs. Eligible predevelopment costs ("Predevelopment Costs") may include funds for:
 - a. administration costs related to having additional and/or existing staff work on the Choice Neighborhoods Grant;
 - b. fees and costs related to procuring goods and services from third parties in connection with eligible predevelopment activities such as architectural and engineering (A&E) fees;
 - c. resident relocation;
 - d. supportive services costs, including costs dedicated to case management and services;
 - e. costs associated with carrying out environmental reviews, in accordance with 24 CFR § 58.23; and
 - f. site remediation and demolition costs, provided that HUD has notified the Grantee in writing of the approval.
 - 3. Predevelopment Funds. Upon review and approval of the Choice Neighborhoods Budget as described in this Article, HUD will make the approved predevelopment funds available to the Grantee for drawdown in LOCCS. The Grantee will ensure that the funds are expended in conformance with the HUD-approved Predevelopment Budget.
- E. Program Income. Program Income is defined in 24 CFR § 85.25, or successor regulation. If the Grantee receives program income:
 - 1. prior to grant closeout program income from repayment of loans, sale of homeownership units, and/or other sources:
 - a. must be reinvested in the Development or neighborhood and used for Choice Neighborhoods eligible purposes, unless otherwise approved by HUD; and

- b. must be used for eligible activities authorized under this Grant Agreement before the Grantee may draw down additional cash payments from the Choice Neighborhoods Grant.
2. after grant closeout, program income from repayment of loans, sale of homeownership units, and/or other sources the program income must be reinvested in the Development or neighborhood and used for Choice Neighborhoods eligible purposes. Before the grant is closed out, Grantee will provide a plan to HUD for how program income will be reinvested, in a form and substance that is acceptable to HUD. HUD will determine with the Grantee what the sources of program income are.

The language of this provision, article VI (E)(2), shall survive grant close-out and termination of this Grant Agreement.

ARTICLE VII. Project Drawdowns

- A. LOCCS Payment System. Consistent with 2 CFR Part 200, the Grantee will request all drawdowns of Choice Neighborhoods Grant funds under the Line of Credit Control System (e-LOCCS), unless and until another payment system is designated by HUD. The Grantee will comply with all rules, guidelines, and notices established for Choice Neighborhoods under LOCCS, or any substitute system, in connection with any drawdown of Choice Neighborhoods Grant funds. If HUD designates a different payment system, it will be based upon the provisions of 2 CFR § 200.305.
- B. Drawdowns.
 1. The Grantee may draw down Choice Neighborhoods Grant funds for a Budget Line Item (BLI) in an amount up to 100 percent of the amount of that BLI that HUD has approved and made available for drawdown.
 2. Any request for funds in excess of 10 percent of the entire grant amount in any month must be approved by HUD. The Grantee must submit copies of the invoices supporting the drawdown amount to the Team Coordinator for review.
- C. Drawdown Consequences of Default.
 1. Withholding of Payments. HUD may withhold payments in accordance with 24 CFR § 200.338.
 2. Grantee Representations. Each drawdown request by the Grantee will constitute, and be deemed to be, a representation that the Grantee is not in default under this Grant Agreement (except as the Grantee previously may have disclosed to HUD in writing).
 3. Overdue Reports. HUD may elect to suspend draws under this Grant Agreement during any period in which the Grantee has failed to file with HUD any quarterly report.

ARTICLE VIII. Matching and Leveraged Funds

A. Match Requirements. In accordance with section 24(c) of the 1937 Act (42 U.S.C. 1437v(c)),

1. Grantee must have secured a match in the amount of 5 percent of the grant amount in cash or in-kind donations.
2. Additional Supportive Services Match. The lesser of that provided for in your Transformation Plan or up to 15 percent of the Choice Neighborhoods grant may be used for supportive services activities. However, if the Grantee is using more than 5 percent of the grant funds for supportive services activities, funds (cash or in-kind donations) from sources other than Choice Neighborhoods must be secured for the amount between 5 and 15 percent of the grant that Grantee will use for supportive services activities. These resources must be NEW commitments in order to be counted for match.

B. Match Donations and Leverage Resources. Grantee shall keep documentation on matching and leveraged funds during the term of this Grant Agreement and shall provide this documentation in a format acceptable to HUD upon request by HUD, until the closeout of this grant. The documentation should show that the funds are secured and the Grantee should keep records showing how those funds have been expended over time.

ARTICLE IX. Grantees, Subgrantees and Contractors

A. General Grantee Responsibilities.

1. Implementation Team. The Grantee agrees to promptly assemble a competent implementation team, if you have not already, to assist in working with the Grantee's partners and coordinating all phases of the implementation process.
2. Choice Neighborhoods Requirements. The Grantee shall ensure that any entity to which it makes grant funds available will comply with the Choice Neighborhoods Requirements.
3. Required Certifications.
 - a. The Grantee must ensure that all subgrantees and contractors execute an original document in the form of Exhibit A or B, as appropriate, to this Grant Agreement at the time the Grantee executes any contract with any subgrantee or contractor to provide goods or services under this Grant Agreement. The Grantee will retain the executed original certificate together with the executed contract documents.

- b. Grantees that are public housing authorities (PHA Grantee) must ensure that the requirements contained in the General Conditions for Non-Construction Form (Form 5370-C) are included in any solicitation in connection with non-construction contracts that will be made by the PHA Grantee and paid for with assistance under this Grant Agreement. Such conditions must also be included in any non-construction contract entered into by the PHA Grantee.
 - c. Certifications required by 2 CFR 200.415.
- B. Administrative Requirements for Grantees. Public housing authority, local government, Indian tribe, and non-profit entity grantees are subject to 2 CFR Part 200.
- C. Administrative Requirements for Subgrantees and Related Agreements
 - 1. Public housing authority, local government, Indian tribe, and non-profit subgrantees are subject to the requirements of 2 CFR Part 200.
 - 2. For-profit subgrantees are subject to the requirements of 2 CFR Part 200, Subparts A-E. The Grantee is responsible for establishing audit requirements consistent with 2 CFR 200.501(h).
 - 3. Suspension and Debarment. Grantees are subject to the requirements of 2 CFR 200.212.
 - 4. Grantee Responsibilities Regarding Subgrantees. Grantees will be responsible for:
 - a. ensuring that subgrantees are aware of the requirements imposed upon them by Federal statutes, regulations, and this Grant Agreement;
 - b. ensuring that all subgrant agreements include any clauses required by Federal statutes and their implementing regulations and executive orders; and;
 - c. monitoring subgrantees' performance to ensure compliance with this Grant Agreement.
- D. Administrative Requirements for Contractors and Subcontractors and Related Contracts.
 - 1. Grantee Responsibilities Regarding Contractors and Subcontractors. Grantees that are subject to 2 CFR Part 200 as described in (B)(1) of this Article will be responsible for the following:
 - a. Grantee shall obtain the services of a for-profit entity through a competitive procurement under 2 CFR Part 200. However, if the Grantee can demonstrate to HUD that the services to be provided by the for-profit entity can be obtained only from that one source, the Grantee may request HUD approval to select the entity under a sole-source procurement in accordance with 2 CFR 200.230(f).
 - b. Consultant Services. Grantees shall obtain consultant services provided under an independent contractor relationship pursuant to 2 CFR Part 200.
 - 2. Trigger for the Submission of Contracts. Contract documents must be submitted to HUD for prior approval if required by 2 CFR Part 200, Subpart D, or if requested by HUD.

Any modification of such contracts is also subject to HUD's written approval before execution.

3. Debarred or Suspended Parties. Grantees must comply with 2 CFR 200.212.

ARTICLE X. No Third Party Rights

The Grantee and HUD are the sole parties to this Grant Agreement and do not intend to create any third party beneficiaries to this Grant Agreement. Nothing in this Grant Agreement may be construed as conferring the status of third party beneficiary upon the residents; and in no event shall any entity other than the Grantee have direct rights to the Choice Neighborhoods funds provided for under this Grant Agreement.

ARTICLE XI. Conflict of Interest

- A. Prohibition. The Grantee shall comply with the conflict of interest requirements in 2 CFR 200.318. No person who is an employee, agent, officer, or elected or appointed official of the Grantee or member of his immediate family and who exercises any functions or responsibilities with respect to activities assisted under this Choice Neighborhoods Grant may have a direct interest in any contract, subcontract, or agreement with respect thereto, or the proceeds thereunder.
- B. HUD-Approved Exception.
 1. Standard. HUD may grant an exception to the prohibition in paragraph (A) of this Article on a case-by-case basis when it determines that such an exception will serve to further the purposes of Choice Neighborhoods and its effective and efficient administration.
 2. Procedure. HUD will consider granting a regulatory waiver only after the Grantee has provided a written request which provides a disclosure of the nature of the conflict, accompanied by:
 - a. an assurance that there has been public disclosure of the conflict;
 - b. a description of how the public disclosure was made; and
 - c. an opinion of the Grantee's attorney that the interest for which the exception is sought does not violate State or local laws.
 3. Consideration of Relevant Factors. In determining whether to grant a requested exception under paragraph (B) of this Article, HUD will consider the cumulative effect of the following factors, where applicable:
 - a. whether the exception would provide a significant cost benefit or an essential degree of expertise to the Transformation Plan that would otherwise not be available;
 - b. whether an opportunity was provided for open competitive bidding or negotiation;

- c. whether the person affected is a member of a group or class intended to be the beneficiaries of the Transformation Plan and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;
- d. whether the affected person has withdrawn from his or her functions or responsibilities, or the decision making process, with respect to the specific activity in question;
- e. whether the interest or benefit was present before the affected person was in a position as described in paragraph (A) of this Article;
- f. whether undue hardship will result either to the Grantee or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and
- g. any other relevant considerations.

ARTICLE XII. Reporting Requirements

A. Quarterly Report.

1. The Grantee will submit to HUD a Quarterly Report as prescribed by HUD 15 calendar days after the end of each quarter, with the first report due April 15, 2016. In the Quarterly Report the Grantee will report at a minimum the progress of their grant, including but not limited to progress against their schedule and budget, expenditures to date, a narrative statement on their progress, progress on priority outcomes as described in the Choice Neighborhoods Implementation NOFA, progress against the priority metrics identified by HUD, and description of financing secured to date for implementation. The Grantee should also include, as appropriate, best practices and lessons learned from the date of the prior Quarterly Report. The Quarterly Reports must be submitted until the Transformation Plan is complete.
2. Failure to submit to HUD a timely Quarterly Report will result in a suspension of Choice Neighborhoods Grant funds in LOCCS until such time as the report is received and approved by HUD, and/or any other default remedy authorized by Article XIV.

B. Obligations and Expenditures. The Grantee must enter cumulative obligation and expenditure data into LOCCS by the due dates established by HUD, whether or not there has been any change in the cumulative amounts since the end of the last quarter.

C. Additional Information Requests. Subject to paragraph (D) of this Article, the Grantee will comply with all other reporting requirements from time to time established by HUD, in its sole discretion, in connection with the Choice Neighborhoods Program. The Grantee will:

1. fully cooperate with all reasonable information gathering requests made by HUD or contractors of HUD in the course of authorized evaluations of the Choice Neighborhoods Program;

2. submit a final report on grant funds by 90 days after the last funded activity, in the form prescribed by HUD; and
 3. submit a final Transformation Plan report when the Transformation Plan has been completed that details the number of units produced, the status of people outcomes, and any other metrics that HUD prescribes.
- D. Additional Requirements. The Grantee agrees to comply with all other terms and conditions HUD may establish to administer, monitor, or evaluate the Choice Neighborhoods Program in an effective and efficient manner. Notwithstanding the foregoing, however, except as provided in Article XIV, HUD hereafter will not establish any additional terms and conditions without:
1. consideration of the burden imposed on the Grantee by such conditions or requirements;
 2. consideration of the availability of less burdensome conditions or requirements; and
 3. in the case of a term or condition applicable solely to the Grantee, consulting in advance with the Grantee.

ARTICLE XIII. Technical Assistance

- A. Site Visits. The Grantee acknowledges and agrees that HUD, or its designees, may conduct site visits and inspections as deemed necessary by HUD based upon the Grantee's needs in implementing the Transformation Plan or the needs of the Choice Neighborhoods Program. Technical assistance site visits may be provided by HUD or its designees:
1. in response to requests from the Grantee; or
 2. based upon demonstrated needs of the Choice Neighborhoods Program; or
 3. as provided in paragraph (B) of this Article.
- B. HUD Assessment. HUD representatives will visit the site and make an assessment of any technical assistance and/or training that the Grantee may require for the implementation of the Transformation Plan. HUD will consult with the Grantee in determining the Grantee's specific technical assistance and training needs and will carry out subsequent on-site assessments as necessary.
- C. Technical Assistance Provider. If HUD determines, in its discretion, that technical assistance and/or training is necessary for the implementation of the Transformation Plan, it will assign a technical assistance provider to work with the Grantee for this purpose.
- D. Grantee Training/Technical Assistance. The Grantee agrees to use its best efforts to attend any training and to accept any technical assistance provided or sponsored by HUD.

ARTICLE XIV. Unsatisfactory Performance/Default

- A. In accordance with Section 24(i) of the 1937 Act, if the Grantee defaults under this grant agreement, HUD may withdraw any unobligated grant amounts and may pursue other actions as described in this Article. HUD shall redistribute any withdrawn amounts to one or more other applicants eligible for Choice Neighborhoods assistance or to one or more other entities capable of proceeding expeditiously in the same locality in carrying out the Transformation Plan of the original Grantee. This section applies to all Grantees regardless of their status as a government, PHA, for-profit, or other entity.
- B. Default. Each of the following events or occurrences, to the extent it constitutes a material breach or occurrence, may constitute a default by the Grantee under this Grant Agreement, as determined by HUD in its sole discretion:
1. use of funds provided under this Grant Agreement for any purpose, in any manner or at any time, other than as authorized by this Grant Agreement;
 2. failure to comply with the Choice Neighborhoods Requirements or any other Federal, State, or local laws, regulations or requirements applicable in creating the Transformation Plan;
 3. failure to make any submission under Article III, perform any obligation, or otherwise fail to proceed in a manner consistent with the Transformation Plan, (including, without limitation, failure to accomplish an activity by the date specified in the Program Schedule);
 4. any material misrepresentation in any of the required submissions, including, without limit, any misrepresentations in any of the submissions required by Article III(B); or
 5. failure to comply with, or any material breach of, any other requirements, conditions or terms of this Grant Agreement.
- C. Notice of Default and Action(s) to Cure.
1. General. HUD will give the Grantee written notice of any default. The notice will give the Grantee the opportunity to cure such default within 30 days of the date of the notice, or to demonstrate within this time period, by submitting substantial evidence satisfactory to HUD, that it is not in default. If the default is not able to be cured within the 30-day period, the Grantee will demonstrate, to HUD's satisfaction, that the Grantee has taken actions necessary to cure the default and that the default is curable within 90 days from the date of the default notice. Additionally, the Grantee must agree to carry out such cure diligently and to complete the cure within the 90-day period.

2. **Immediate Default.** Notwithstanding the provisions of paragraph (C)(1) of this Article, HUD in its sole discretion may place the Grantee into immediate default for not being in compliance with its Program Schedule or for non-compliance with Choice Neighborhoods requirements once written notification of default has been provided to the Grantee. At that time, HUD may immediately begin imposing consequences of default, including specifically the suspension of draws of the Choice Neighborhoods grant.
3. **Imminent Threat.** Notwithstanding the provisions of subparagraph (C)(1) of this Article concerning the opportunity to cure defaults, if HUD reasonably determines that there is an imminent threat that the Grantee will expend additional Choice Neighborhoods Grant funds in violation of the provisions of this Grant Agreement, HUD may implement the remedial action provided for under subparagraph (C)(4)(d) of this Article to prevent any such unauthorized expenditure until such time as the Grantee has complied with the cure provisions set forth above. HUD will implement such remedial action by written notice set forth either in the notice of default given under paragraph (C)(1) of this Article or by subsequent written notice to the Grantee. An imminent threat is not an immediate default.
4. **Consequences of Default.** If the Grantee fails to cure all defaults specified in the notice of default within the time periods set forth in paragraph (C)(1) of this Article, or fails to diligently pursue or complete any cure as provided in paragraph (C)(1), HUD may take any of the following remedial actions, upon written notice to the Grantee:
 - a. requiring a Grantee in default to provide evidence to HUD of acceptable performance over such period of time as specified by HUD and to obtain written approval from HUD to proceed to the next phase of activities;
 - b. requiring additional, more detailed financial reports;
 - c. requiring additional project monitoring;
 - d. requiring the Grantee (or subgrantee) to obtain technical or management assistance;
 - e. establishing additional prior approvals;
 - f. require the Grantee, within a time period established by HUD, to prepare a revised Program Schedule, obtain HUD's approval thereto, and follow such revised Program Schedule to complete the activities under the Grant Agreement;
 - g. require the Grantee, within a time period established by HUD, to revise any activity under the Grant Agreement in order to successfully complete the activities under the Grant Agreement in a manner satisfactory to HUD, including, without limitation, exclusion or revision of affected activities, revision of the Choice Neighborhoods Budget as necessary, and substitution of other eligible activities;
 - h. require submission of additional documentation before any additional request for funds will be approved;
 - i. temporarily suspend the Grantee's authority to draw down Choice Neighborhoods Grant funds for affected activities, or at HUD's sole discretion for all activities, pending action to cure the defaults;
 - j. disallow use of Choice Neighborhoods Grant funds for all or part of the cost of the activity or action not in compliance;
 - k. recover amounts determined by HUD to have been improperly expended, including any property obtained by the Grantee with such grant funds;

- l. require reimbursement by the Grantee for Choice Neighborhoods Grant funds determined by HUD to have been improperly expended;
 - m. make arrangements satisfactory to HUD, in its sole discretion, for use of an entity other than the Grantee to carry out activities assisted under the Grant Agreement, including requiring the Grantee to assign any outstanding contracts obligating grant funds to another entity.
5. **Additional Enforcement Actions.** If HUD determines that the remedial actions taken by HUD under paragraph (C)(4) of this Article have not been effective in curing the default, or if the Grantee has not complied with the requirements imposed by HUD under paragraph (C)(4) and has not otherwise cured the default, or if HUD exercises its discretion under subparagraph (C)(2) of this Article to institute any of the following actions, HUD may take any of the following remedial or enforcement actions (in addition to any of the remedies permitted under paragraph (C) of this Article upon written notice to the Grantee):
- a. reduce the Choice Neighborhoods Grant in the amount affected by the default;
 - b. terminate the Choice Neighborhoods Grant as to all further activities and initiate closeout procedures;
 - c. recapture any Choice Neighborhoods Grant funds not obligated by the Grantee.
 - i. If the basis for the Grantee's default is its failure to comply with the reasonable time periods established by HUD under Article III(D), HUD shall, in accordance with section 24(i) of the 1937 Act, and unless otherwise approved by HUD under paragraph (C)(3) of this Article, recapture any Choice Neighborhoods Grant funds not obligated by the Grantee.
 - ii. If the Grantee fails to comply with the reasonable time periods established in Article III(D), HUD may take into account whether factors beyond the Grantee's control are the cause of the delay.
 - d. take action against the Grantee under 24 CFR part 24 and Executive Order 12549 with respect to future HUD or Federal grant awards; and
 - e. take any other available legal or equitable remedial action, including, but not limited to, any remedial actions available under a PHA's ACC and/or premised on HUD's interest in the housing development established in the relevant Declaration of Trust or Declaration of Restrictive Covenants or housing assistance contract, as applicable.
6. **Delinquent Federal Debts.** Consistent with the purposes and intent of 31 U.S.C. 3720B and 28 U.S.C. 3201(e), Grantees with an outstanding federal debt must provide to HUD a negotiated repayment schedule which is not delinquent or have made other arrangements satisfactory to HUD. If arrangements satisfactory to HUD cannot be completed within 90 days of notification of selection, HUD will not make an award of funds to the Grantee, but offer the award to the next eligible Grantee. Applicants selected for funding, or awarded funds, must report to HUD changes in status of current agreements covering federal debt. If a previously agreed-upon payment schedule has not been adhered to or a new agreement with the federal agency to which the debt is owed has not been signed, the Grantee will be considered to be in default under this Agreement.

ARTICLE XV. Project Close-Out

A. Termination of Disbursements Letter. Within 90 days after completion of all grant funded activities, the Grantee will initiate close-out, in accordance with procedures established by HUD, by submitting a Termination of Disbursements letter, which states that:

1. The Grantee has completed all activities to be performed using Choice Neighborhoods Implementation Grant funds.
2. All requirements of the Grant Agreement have been met.
3. All obligated Choice Neighborhoods grant funds have been disbursed; and
4. The Grantee will abide by any continuing Federal requirements;

At HUD's option, the Grantee may delay initiation of close-out until the resolution of any HUD monitoring findings. If HUD exercises this option, the Grantee must promptly resolve the findings.

B. Preliminary Closeout Materials. The Grantee must submit the following Preliminary Close-Out Materials along with the Termination of Disbursements Letter:

1. Final Choice Neighborhoods Budget;
2. Actual HOPE VI Cost Certificate (Cost Certificate) (Form HUD-53001-A), or a Choice Neighborhoods successor form if created, which summarizes the information on the Financial Status Report and serves as the document that officially closes out the grant.

C. HUD Review of Preliminary Close-Out Materials. HUD will review Preliminary Close-Out Materials to confirm that:

1. The amounts on the final Choice Neighborhoods Budget and Cost Certificate agree as to funds approved, obligated and expended.
2. The amount of funds approved and disbursed on the Cost Certificate agrees with HUD records in LOCCS.
3. If HUD disbursed more funds that the Grantee expended, the Grantee will immediately remit to HUD the excess funds, without waiting for completion of the final audit.

D. Final Audit. Following HUD approval of the Preliminary Close-Out Materials, Grantees that are not for-profit entities must conduct a final audit of the Implementation Grant in accordance with the requirements of 2 CFR Part 200, Subpart F and forward the audit to HUD for approval. For-Profit Grantees must conduct a final audit of the Implementation Grant in accordance with 2 CFR 200.501(h) and forward the audit to HUD for approval.

- E. **Cost Certificate.** Upon receipt of the final audit, the designated HUD official will execute the Cost Certificate once HUD determines to its satisfaction that:
1. the expenditure of funds provided under this Grant Agreement was allowable and reasonable, as determined by the final audit;
 2. the activities to be completed using Choice Neighborhoods Grant funds were completed, as required by the Grant Agreement; and
 3. all Federal requirements, were satisfied.
- F. **Final Close-Out.** Following execution of the Cost Certificate, any funds remaining in the Implementation Grant will be recaptured by HUD. A Post-Audit Date will be entered into LOCCS and the grant will be closed.
- G. **Close-Out Procedures on the Choice Neighborhoods website.** Grantees must follow the detailed Close-Out Procedures for the Choice Neighborhoods program, as posted to the Choice Neighborhoods website, including procedures for the Final Choice Neighborhoods Close-Out Approval.

ARTICLE XVI. Grant Award Date

The Grant Award Date is September 28, 2015. Except for Quarterly Reports, which are due according to the dates in Article XII, all deliverables in the Grant Agreement are based on the Grant Award Date.

ARTICLE XVII. Funding Obligation Date, Date of Funding Availability and Effective Date

The date of obligation of the funding to the Grantee under this Grant Agreement is the date HUD signed the form HUD-1044. The effective date of the Grant Agreement and date of fund availability is the date that HUD signs the signature page of the Grant Agreement (See Article XIX).

ARTICLE XVIII. Points of Contact

Any correspondence related to this Grant Agreement should be directed to the following points of contact for HUD, the Lead Grantee, and any other Grantees:

For the U.S. Department of Housing and Urban Development:

Dominique Blom
Deputy Assistant Secretary, Office of Public Housing Investments
U.S. Department of Housing and Urban Development
451 7th Street, SW Room 4130
Washington, DC 20410

For the Lead Grantee:

Ms. La Shelle Dozier
Executive Director
Housing Authority of the County of Sacramento
801 12th Street
Sacramento, CA 95814

For the Co- Grantee:

Mr. John F. Shirey
City Manager
City of Sacramento
915 I Street
Sacramento, CA 95814

Article XIX. Signature Page

Ms. La Shelle Dozier
Executive Director
Housing Authority of the County of Sacramento

Mr. John F. Shirey
City Manager
City of Sacramento

Lourdes Castro Ramírez
Principal Deputy Assistant Secretary
for Public and Indian Housing
U.S. Department of Housing and Urban Development

Date

Appendix A

Additional statutory, regulatory, and other requirements with which Grantee must comply as applicable include:

1. Fair Housing Certifications, as the same maybe amended from time to time, and any additional Fair Housing requirements that may become applicable:
 - A. the Fair Housing Act (42 U.S.C. §§ 3601-19) and regulations pursuant thereto 24 CFR part 100;
 - B. Executive Order 11063 (Equal Opportunity in Housing) and regulations pursuant thereto (24 CFR part 107);
 - C. the fair housing poster regulations (24 CFR part 110) and advertising guidelines (24 CFR part 108);
 - D. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d) and regulations pursuant thereto (24 CFR part 1) relating to nondiscrimination in housing;
 - E. the prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. §§ 6101-07) and regulations issued pursuant thereto (24 CFR part 146);
 - F. the prohibitions against discrimination on the basis of disability, including requirements that the Grantee make reasonable modifications and accommodations and make units accessible, under Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794) and regulations issued pursuant thereto (24 CFR part 8);
 - G. the Americans with Disabilities Act (42 U.S.C. § 12101 et seq.) and its implementing regulation at 28 CFR part 36;
 - H. the Architectural Barriers Act of 1968, as amended (42 U.S.C. § 4151) and regulations issued pursuant thereto (24 CFR part 40);
 - I. Accessible Technology. The Rehabilitation Act Amendments of 1998 apply to all electronic information technology (EIT) used by a Grantee for transmitting, receiving, using, or storing information to carry out the responsibilities of any Federal grant awarded. It includes, but is not limited to, computers (hardware, software, word processing, email and web pages) facsimile machines, copiers and telephones. When developing, procuring, maintaining or using EIT, grantees must ensure that the EIT allows:
 - (1) Employees with disabilities to have access to and use information and data that is comparable to the access and use of data by employees who do not have disabilities; and
 - (2) Members of the public with disabilities seeking information or service from a grantee must have access to and use of information and data and comparable to the access and use of data by members of the public who do not have disabilities. If these standards impose on a grantee, they may provide an alternative means to allow the individual to use the information and data. No grantee will be required to provide information services to a person with disabilities at any location other than the location at which the information services are generally provided.

2. Finance and Accounting

- A. **Commingling of Grant Funds.** The Grantee agrees that, in its recordkeeping, it will not commingle Choice Neighborhoods Grant funds with funds from any other sources including, but not limited to, other HUD program funds or funds from other Federal, State or local government agencies. (Such other funds may be used to carry out the Transformation Plan, so long as they are not commingled in the Grantee's recordkeeping.)
- B. **Duplication of Funding.** The Grantee will ensure that Choice Neighborhoods Grant funds are not used to duplicate work that is funded with any other HUD funds, funds from any other Federal program, or from any other funding source identified under the Transformation Plan, and will establish controls to assure non-duplication of funding.

3. Suspension and Debarment. Grantees must comply with 2 CFR 200.213.

4. Recordkeeping

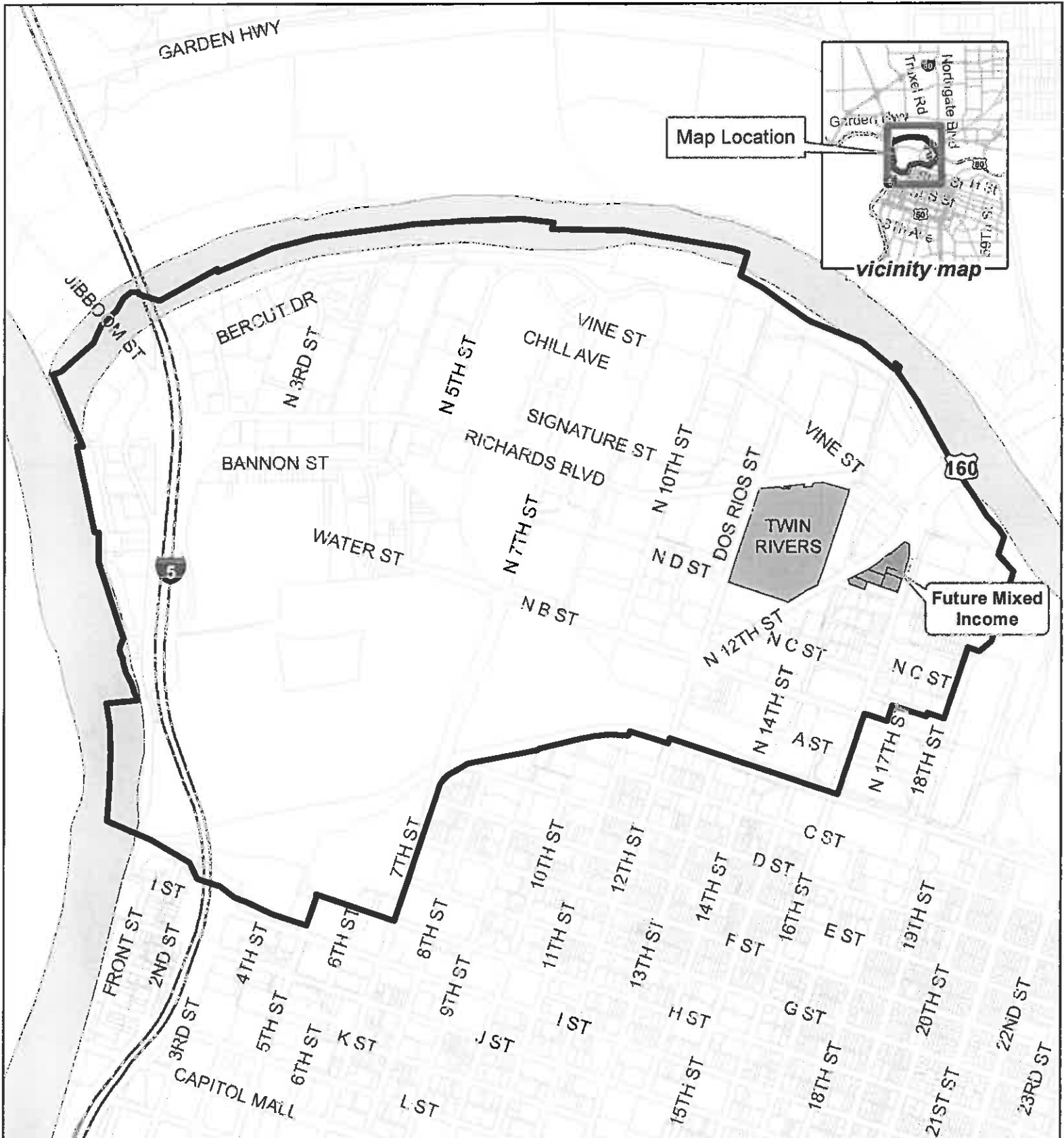
- A. **Recordkeeping Authorities.** The Grantee will comply with and be subject to all Federal recordkeeping requirements, including, but not limited to 2 CFR 200.333.
- B. **Recordkeeping Requirements.** Grantees must retain records in accordance with the requirements of paragraph (A) above, including, but not limited to:
 - (1) the amount and disbursement of funds received under this Choice Neighborhoods Grant, including sufficient records that document the reasonableness and necessity of each expenditure;
 - (2) the amount and nature of any other assistance, including cash, services, or other items contributed to assist in the development of the Transformation Plan or contributed as a condition of receiving this Choice Neighborhoods Grant; and
 - (3) any other proceeds received for, or otherwise used in connection with, the Transformation Plan.
- C. **Access to Records.** For the purpose of audit, examination, monitoring, and evaluation, the Grantee will give HUD (including any duly authorized representatives and the Inspector General) access, and will ensure that any participating party will give HUD such access, to any books, documents, papers, and records of the Grantee, or such participating party, that are pertinent to assistance received under this Choice Neighborhoods Grant or under the Transformation Plan, including all records required to be kept by paragraph (B) above.

5. Reporting

- A. **Compliance with the Federal Funding Accountability and Transparency Act of 2006** (Pub. L. 109-282) (Transparency Act), as amended. Please refer to www.ftrs.gov for complete information on requirements under the Transparency Act and OMB guidance.
- B. **Compliance with Section 872 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009** (Public Law 110-417), hereafter referred to as "Section 872." OMB is in the process of issuing regulations regarding federal agency implementation of section 872 requirements.



Twin Rivers - River District - Railyards Choice Neighborhoods Initiative



Twin Rivers-RiverDistrict-Railyards CNI
 Future Mixed Income
 Twin Rivers Public Housing

Feet
 0 600 1,200



SHRA GIS
 November 17, 2015