



NOTICE OF REGULAR MEETING
Sacramento Housing and Redevelopment
Commission
Wednesday, September 18, 2013 – 6:00 pm
801 12th Street Sacramento, CA

ROLL CALL

APPROVAL OF AGENDA

APPROVAL OF ACTION SUMMARY SYNOPSIS

1. Synopsis – August 21, 2013

CITIZENS COMMENTS

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

PUBLIC HEARING

3. Greenfair Land Disposition and Repayment of HOME Loan
4. 2014 Public Housing Agency Annual Plan for the Housing Authority of the City of Sacramento and the Housing Authority of the County of Sacramento

PRESENTATIONS

5. County Housing Element Update
6. 2014 SHRA Budget Workshop – Housing and Community Development

EXECUTIVE DIRECTOR REPORT

COMMISSION CHAIR REPORT

ITEMS AND QUESTIONS OF
COMMISSION MEMBERS

ADJOURNMENT

Staff reports are available for public review on the Agency's website www.shra.org and include all attachments and exhibits. Hard copies are available at the Agency Clerk's office (801 12th Street) for 10 cents per page. A copy of materials for this agenda will be available at the meeting for public review. **Assistance for the Disabled:** Meeting facilities are accessible to persons with disabilities. If you require special assistance to participate in the meeting, notify the Agency Clerk at (916) 440-1363 at least 48 hours prior to the meeting.



SYNOPSIS

Sacramento Housing and Redevelopment Commission (SHRC) Regular Meeting August 21, 2013

Meeting noticed on August 15, 2013

ROLL CALL

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

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

MEMBERS ABSENT: Johnson, Shah

STAFF PRESENT: Cindy Parker, LaShelle Dozier, David Levin, Greg Ptucha, Christine Weichert, Sarah Hansen, Bern Wikhammer, Karen Wallace, Don Cavier, Karen Lukes

APPROVAL OF AGENDA - approved as submitted

APPROVAL OF ACTION SUMMARY SYNOPSIS

1. The Synopsis for July 17, 2013 were approved as submitted.

CITIZENS COMMENTS

2. None

BUSINESS ITEMS

3. Tax Equity and Fiscal Responsibility (TEFRA) Hearing and Approval of Tax Exempt Bonds and Loan for Washington Plaza Senior Apartments

Bern Wikhammer and Greg Ptucha presented the item.

Commissioner LeDuc asked for information about the split between Bridge and SHARP which staff provided.

Commissioner Chan asked for information about the debt on the property which staff provided.

Commissioner Stivers asked if the low-income status would be maintained throughout the regulatory agreement period. Staff indicated that it would.

Chair Alcalay asked if tenants have been informed and involved through this process. Staff indicated that they had been kept informed.

The Commission approved opening and closing the public hearing and recommended approval of the staff recommendation for the item listed above. The votes were as follows:

AYES: Alcalay, Chan, Gore, Griffin, LeDuc, Morgan, Morton, Rosa, Stivers

NOES: none

ABSENT: Johnson, Shah

4. Tax Equity and Fiscal Responsibility (TEFRA) Hearing and Approval of Tax Exempt Bonds for the Warren Project

Joel Riphagen presented the project.

Commissioner LeDuc asked if resident services would be provided at this project.

Staff indicated that this was not required but that staff would investigate adding that as a future requirement for projects of this type.

The Commission approved opening and closing the public hearing and recommended approval of the staff recommendation for the item listed above. The votes were as follows:

AYES: Alcalay, Chan, Gore, Griffin, LeDuc, Morgan, Morton, Rosa, Stivers

NOES: none

ABSENT: Johnson, Shah

PRESENTATIONS

5. Housing Element Update

Greg Sandlund from the city of Sacramento presented the update.

Chair Alcalay recommended that the Executive Committee meet to review the mixed income housing ordinance prior to the end of 2013.

6. 2014 SHRA Budget Workshop – Revenue Overview

Don Cavier presented the item.

EXECUTIVE DIRECTOR REPORT

LaShelle Dozier announced:

- 1) Next meeting would be held on September 18th.
- 2) Reviewed last weekend's event at Twin Rivers and Marina Vista/Alder Grove
- 3) Distributed River District/Railyard Choice Neighborhood Transformation Plan

COMMISSION CHAIR REPORT

Chair Alcalay announced:

- 1) Would like for Executive Committee to review and comment on mixed income housing ordinance prior to January.
- 2) Would like a presentation on CADA.
- 3) Commented on events at The Arbors and at Arbor Creek and said they both went well.

ITEMS AND QUESTIONS OF COMMISSION MEMBERS

none

ADJOURNMENT

As there was no further business to be conducted, Chair Alcalay adjourned the meeting at 7:50 p.m.

AGENCY CLERK



September 13, 2013

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Greenfair Land Disposition and Repayment of HOME Loan

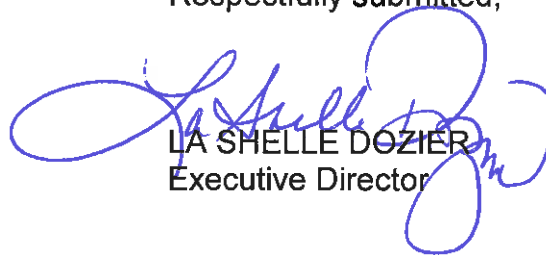
SUMMARY

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

RECOMMENDATION

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

Respectfully submitted,



LA SHELLE DOZIER
Executive Director

Attachment



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

**Staff Report
October 8, 2013**

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

Title: Greenfair: Repayment of HOME Loan Obligation and Land Disposition

Location/Council District: Fairgrounds Drive, Council District 6

Issue: The Housing Authority of the City of Sacramento ("Housing Authority") owns a 6.7-acre vacant site it wishes to dispose of to a private development team to facilitate the development of mixed-income residential units. In addition, the Housing Authority requests the allocation of funds to repay a \$2.631 million Housing Authority federal Home Investment Partnership Program loan obligation related to the property.

Recommendation: Adopt 1) a **City Council Resolution** that: a) accepts the environmental findings of the Housing Authority; b) authorizes the Sacramento Housing and Redevelopment Agency ("SHRA") to amend its budget to allocate \$1,400,000 of HTF; c) authorizes SHRA to reimburse the HOME revolving loan fund in the amount of \$2,631,000; d) authorizes the release of existing HOME regulatory restrictions on the property concurrent with repayment of HOME funds; and e) authorizes SHRA to use Housing Authority Greenfair Property sale proceeds to repay the \$200,000 Greenfair HTF loan and to deposit sale proceeds into the City HTF and 2) a **Housing Authority Resolution** that a) finds the proposed action to be exempt from the California Environmental Quality Act ("CEQA") and makes a National Environmental Policy Act ("NEPA") finding of No Significant Impact; b) authorizes the Executive Director or her designee to amend the Sacramento Housing and Redevelopment Agency ("SHRA") budget to allocate \$1,400,000 of City Housing Trust Fund ("HTF") and \$1,231,000 of unexpended Greenfair project funds for repayment of the Greenfair HOME loan obligation; c) authorizes the Executive Director or her designee to repay the Greenfair HOME loan obligation; d) authorizes the Sacramento Housing and Redevelopment Agency ("SHRA") on behalf of the Housing Authority to dispose of the Greenfair property, subject to SHRA procurement policy; e) authorizes the Executive Director or her designee to dispose of the Greenfair property through a publicly noticed auction with

Greenfair: Land Disposition and Loan Repayment

a minimum bid based upon the appraised value or to list the property for sale at the appraised value in the event that the publicly noticed auction results in no acceptable offers; and f) authorizes the Executive Director or her designee to deposit Greenfair Property net sale proceeds into the City HTF and repay the \$200,000 Greenfair HTF loan;

Contact: Christine Weichert, Assistant Director, Development Finance, 440-1353

Presenter: Gregory Ptucha, Development Finance

Department: Sacramento Housing and Redevelopment Agency (SHRA)

Description/Analysis

Issue: Greenfair is a 31-acre common interest development created in 1972 by the federal Department of Housing and Urban Development ("HUD") to allow a number of housing manufacturers to test experimental materials and methods of residential construction. Some Greenfair units quickly deteriorated and/or were found to contain environmentally unsafe materials. Beginning in the mid-1990s, HUD acquired and demolished parcels containing 164 substandard housing units. In 2004, HUD sold its parcels to the Housing Authority of the City of Sacramento ("Housing Authority") for one dollar. The Housing Authority acquired the land with the objective of attracting qualified developers to produce new mixed-income, for-sale housing that would provide at least as many units as were lost to demolition. Financial resources used by the Housing Authority for Greenfair acquisition, relocation, demolition, holding costs and predevelopment activities included a loan, with subsequent amendments, from the Sacramento Housing and Redevelopment Agency consisting of \$2.631 million of Home Investment Partnership Program Revolving Loan Funds ("HOME") and \$200,000 of City Housing Trust Funds ("HTF"). The residential parcels owned at Greenfair by the Housing Authority from 2005 until mid-2013 are shown in Attachment 1.

As a common interest development, all Greenfair residential parcels were surrounded by common area owned by the Greenfair Homeowners Association ("HOA"). Common areas provided surface parking lots, sidewalks, infrastructure, landscape areas and other community amenities. In 2005, the Housing Authority selected and worked with a private development team to plan for new housing on a site to be comprised of Housing Authority parcels and some common area that would be acquired through negotiation with the HOA. The private development team negotiated with the HOA but the parties failed to reach mutual agreement. Private pre-development planning ceased in 2007 due to the inability of the development team to assemble an appropriate site.

In 2008, the Housing Authority made a purchase offer to the HOA for enough Greenfair common area to create a development site, but the offer was rejected. The Housing Authority then authorized a Resolution of Necessity in 2009 and

Greenfair: Land Disposition and Loan Repayment

began eminent domain proceedings to acquire the required common area, labeled as "HOA Owned Land (Acquisition Property)" in Attachment 2.

The eminent domain suit was ultimately resolved by a settlement agreement in June 2012. Terms of the settlement resulted in the Housing Authority parcels south of Fairgrounds Drive being transferred to the HOA, and the HOA transferring its common area north of Fairgrounds Drive to the Housing Authority. The legal transfers of title were completed in July 2013. As a result, the Housing Authority Greenfair Property is now comprised of approximately 6.7 acres of developable land shown in Attachment 3 as "Disposition Property." The land now owned by the Housing Authority has been fully removed from the HOA and is no longer subject to the Greenfair Covenants, Conditions, and Restrictions ("CC&Rs"). An appraisal to establish reasonable market value of the Housing Authority Greenfair Property is underway. It will take into account the impact of affordability restrictions described below.

As noted earlier, the Housing Authority never planned to directly develop its Greenfair holdings. The original intent was to combine the many individual Housing Authority parcels with sufficient HOA common area to facilitate the planning and development of mixed-income housing by a private development team. The 2012 settlement agreement effectively accomplishes the site assembly objective, and staff recommends that the Housing Authority authorize sale of the 6.7 acres for private development in a manner that will achieve the Housing Authority's 2004 mixed-income housing objectives that require ten percent of the housing constructed to be affordable to households earning 80 percent or less of the Area Median Income ("AMI").

SHRA, on behalf of the Housing Authority intends to dispose of the property utilizing a publicly noticed auction with a minimum bid requirement that will be based upon the appraised value. In the event an acceptable bid is received, the Executive Director, or her designee, will execute a standard purchase and sales agreement with a regulatory agreement that will ensure future residential development on the site which includes a specified level of affordability. In the event that the publicly noticed auction results in no acceptable offers, the property will be listed for sale at its appraised value. Upon receipt of an offer at the appraised value, the Executive Director, or her designee, will execute a standard purchase and sales agreement in a form approved by Agency Counsel. The Housing Authority's Greenfair project activities have, since 2004, included property acquisition, relocation, demolition, holding costs, and predevelopment activities. Expenditure of HOME funds requires production of housing with specific restrictions and in specific timeframes that could not be met during the protracted efforts to assemble the development site. Rather than require the purchaser to adhere to these restrictions, staff recommends that HTF be used to repay the HOME funds and release HOME regulatory agreements. These repaid HOME funds will remain with SHRA for future use. The HTF account will be

Greenfair: Land Disposition and Loan Repayment

replenished to the extent possible by the net sale proceeds of the Housing Authority Greenfair Property.

More information on the lengthy history of Greenfair and the Housing Authority's involvement is found in Attachment 4.

Policy Considerations: Sale of the Housing Authority Greenfair Property will allow its development consistent with the Housing Element of the City's 2030 General Plan and the R-3 zoning classification for the property, which allows up to 30 housing units per gross acre. Use of HTF to repay HOME is consistent with HTF Ordinance (City Code Section 17.188.020) requirement that HTF funds be used and disbursed to assist in the construction of low income rental or owner-occupied housing. Legal restrictions will remain after sale to ensure that a minimum of ten percent of the housing constructed to be affordable to households earning 80 percent or less AMI.

Economic Impacts: Not applicable. The recommended disposition of vacant Housing Authority-owned real estate will not, by itself, create measurable economic impacts. Disposition is intended to result in development of residential units that will generate economic impacts in the future.

Environmental Considerations:

California Environmental Quality Act ("CEQA"): The Housing Authority finds that the proposed action is consistent with the Sacramento 2030 General Plan land uses and policies, and with the 2030 General Plan Master Environmental Impact Report (MEIR) analysis, and no new impacts have been identified for the proposed action that were not previously addressed in the MEIR adopted March 3, 2009. An initial study checklist prepared for acquisition of the parcels for housing development is on file at SHRA. This action is therefore exempt from further environmental review under CEQA.

National Environmental Policy Act: An environmental assessment was prepared pursuant to 24 CFR Part 58.36, and resulted in the determination that the proposed activities will have no significant impact on the human environment. A Finding of No Significant Impact was published and no comments were received from the public or interested agencies.

Sustainability Considerations: Development of the Housing Authority Greenfair Property will allow residential densities that comply with the Housing Element in the City's 2030 General Plan. The current R-3 zoning represents an increase of the previous maximum densities for the property, which is proximate to UC Davis Medical Center, Shriners' Hospital and other major employers. A completed

Greenfair: Land Disposition and Loan Repayment

project would achieve the following goals within the City's Sustainability Master Plan:

- Replace or renovate obsolete energy or resource inefficient infrastructure (buildings, facilities, systems, etc.) (*Plan Goal # 1*);
- Reduce long commutes by providing a wide array of transportation and housing choices near jobs for a balanced, healthy city (*Plan Goal # 6*).

Commission Action: At its meeting on September 18, 2013, the Sacramento Housing and Redevelopment Commission convened a duly-noticed public hearing to consider public comments and the staff recommendation for this project. The votes were as follows:

AYES:

NOES:

ABSENT:

Rationale for Recommendation: The Housing Authority Greenfair Property is not needed for the Housing Authority's portfolio of real estate. Sale of the 6.7 acres of developable land can result in construction of up to 30 housing units per gross acre under the R-3 zoning. Repayment of HOME will ensure continued compliance with federal guidelines while removing unnecessary restrictions from the property. Requiring at least ten percent of the new units be affordable to 80 percent AMI households will comply with the HTF ordinance and further SHRA's goal of supporting development of affordable housing options.

Financial Considerations: This report repays the Greenfair HOME loan obligation by allocating \$1,400,000 of City Housing Trust Fund and \$1,231,000 of unexpended Greenfair project funds. The sale proceeds from the Housing Authority's 6.7 acre site at its appraised value will be deposited into the City HTF. These proceeds will also retire the \$200,000 HTF portion of the Greenfair loan and the remaining funds will be available for new affordable residential development. Funds used to repay HOME will remain with SHRA for future use consistent with HOME Program requirements.

Greenfair: Land Disposition and Loan Repayment

M/WBE and Section 3 Considerations: The activities recommended in this staff report do not involve federal funding; therefore, there are no M/WBE or Section 3 requirements.

Respectfully Submitted by:


LA SHELLE DOZIER
Executive Director

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Greenfair Parcel Layout



Site Location

2nd Avenue



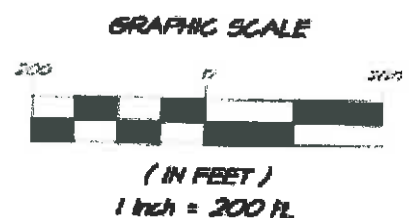
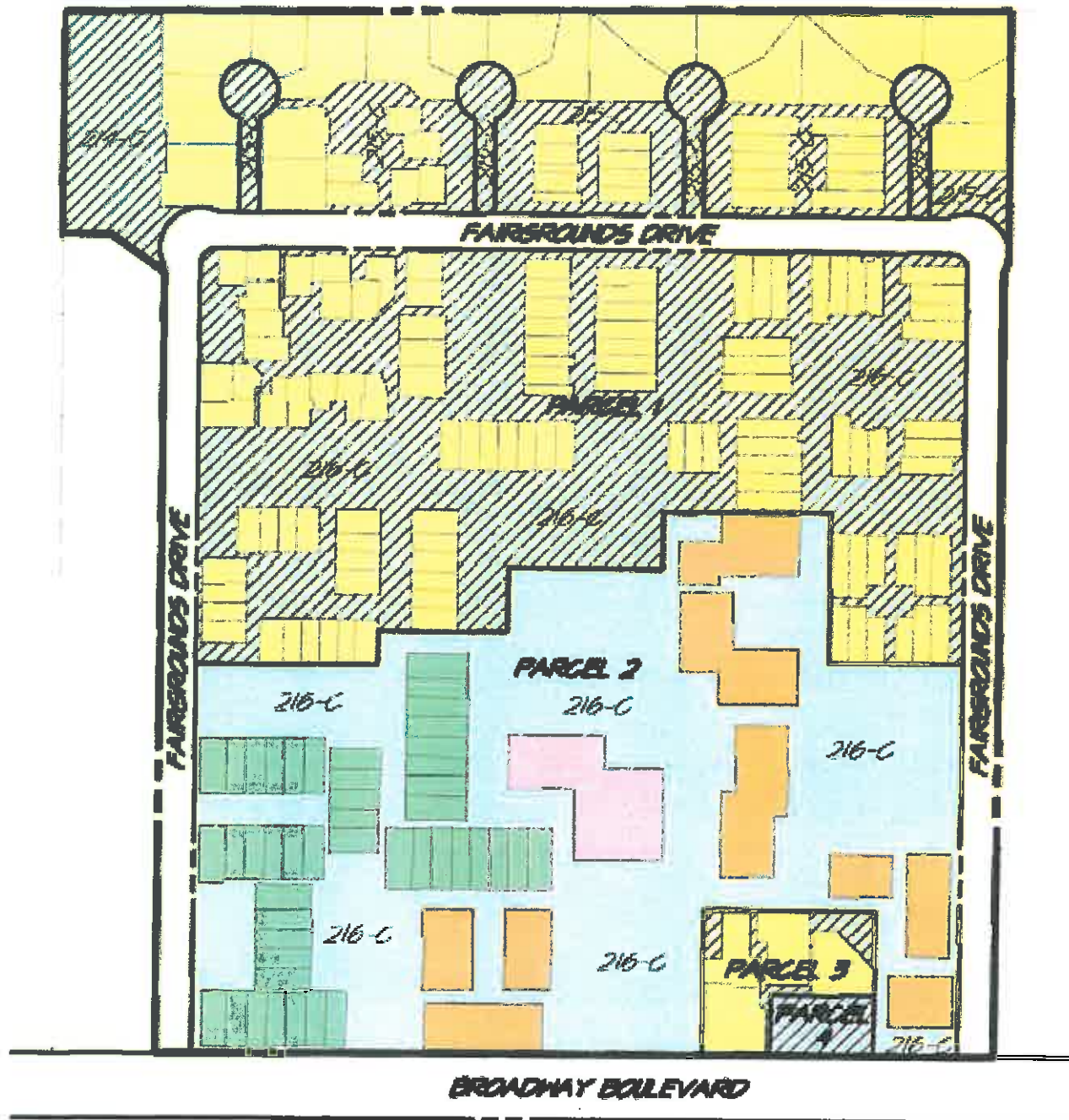
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| Housing Authority Parcels | Christiana Western Townhomes | Senior Apartments |
| HOA Owned Land | Clubhouse & Pool (HOA) | |

Feet
0 100 200



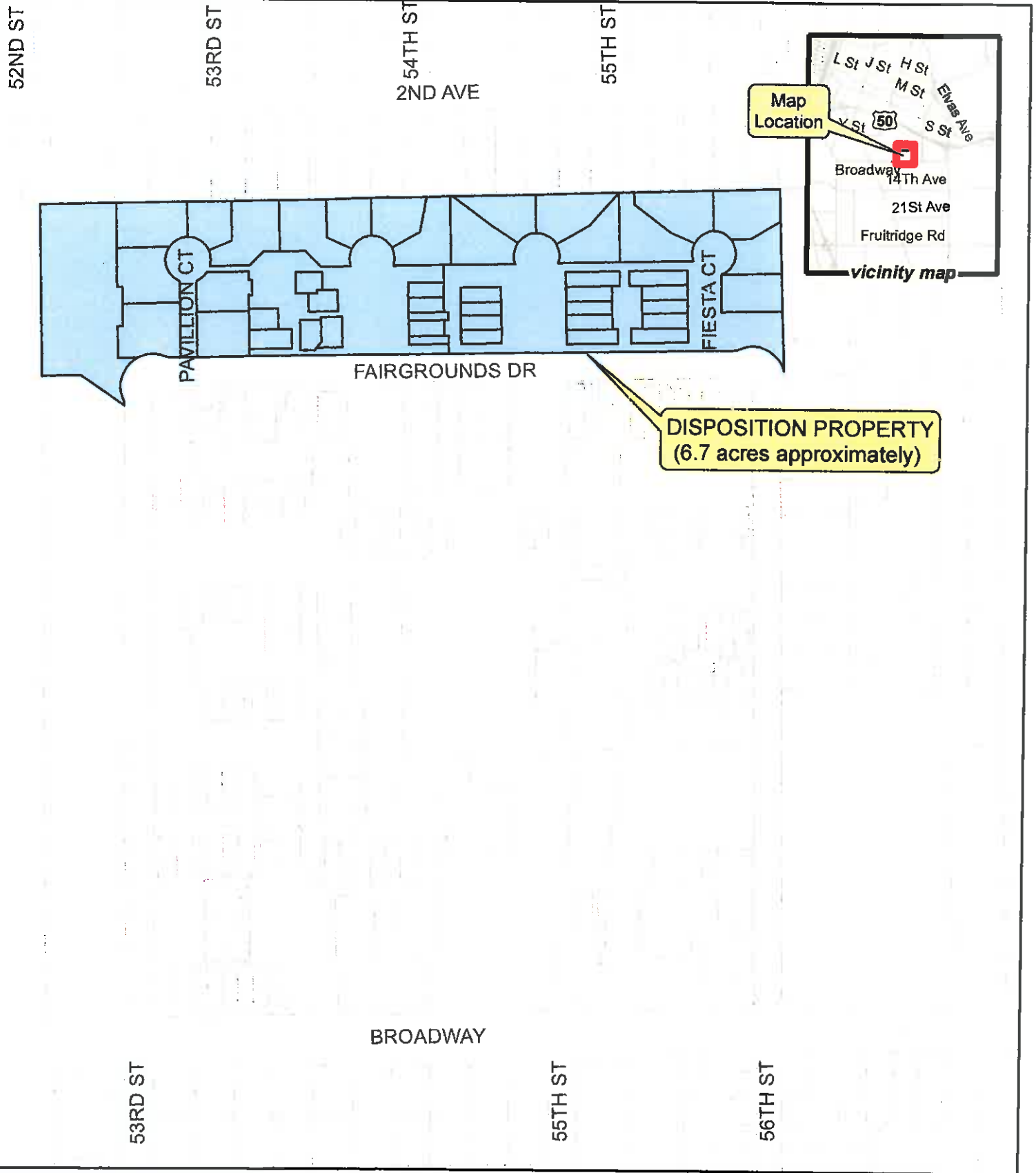
SHRA GIS
September 10, 2013

Greenfair: Acquisition and Remainder Property 2009 - 2012





Housing Authority Greenfair Property



Disposition Property (6.7 acres approx)



SHRA GIS
September 12, 2013

Background

Introduction

Greenfair's development dates from the early 1970s. Involvement by the Housing Authority of the City of Sacramento ("Housing Authority") and the Sacramento Housing and Redevelopment Agency ("SHRA") began in the early 2000s. Highlights and milestones in evolution of Greenfair follow.

Operation Breakthrough and Greenfair (1969 – mid 1970s)

In 1969, the U.S. Department of Housing and Urban Development ("HUD") implemented "Operation Breakthrough" to stimulate volume production of housing by testing new, experimental materials and construction methods. At Greenfair, seven housing manufacturers constructed a total of 407 ownership and rental housing units of various kinds, including single-family houses, attached town homes, "4-plex" buildings and low-rise and mid-rise apartments.

Re-acquisition by HUD and Agency Purchases (mid 1990s – 2005)

Much of the housing constructed deteriorated prematurely and became structurally deficient. HUD reacquired 152 of the parcels that contained 164 housing units, demolished almost all of the improvements and, in September 2004, sold its holdings to the Housing Authority for one dollar. HUD's sale included the requirement that at least 10% of any new project would be affordable to low- or moderate-income households.

The Housing Authority subsequently purchased six additional Greenfair properties. Its holdings totaled 158 parcels previously improved with 170 housing units. The Housing Authority also had a non-exclusive, undivided interest in the common area owned by the Greenfair HOA, of which the Housing Authority was a member. Use of land within Greenfair is governed by Covenants, Conditions, and Restrictions ("CC&Rs") applicable to all lots and to the HOA's common area.

Preliminary Planning and Developer Selection (2004 – 2005)

SHRA initiated a "Community Visioning" planning process with three workshops to gather input on site layout, density, unit configuration, traffic patterns and common areas. The intent was to provide a framework for ongoing public participation regarding development proposals. SHRA then sought development teams capable of building 200 to 400 new housing units on a site that would include Housing Authority holdings combined with as much surplus HOA common area as needed to create a viable development site. The local team selected was a joint venture comprised of three local development firms (Fulcrum

Greenfair: Land Disposition and Loan Repayment

Heller, New Faze Development, and USA Properties Fund). The joint venture was organized as Greenfair Village Partners, LLC ("GVP").

Development Team Due Diligence (2006 – 2007)

From early 2006 to mid-2007, the team initiated preliminary site planning and design, community outreach, civil engineering and entitlements research. The team explored purchasing certain HOA common area, but the parties eventually abandoned discussions and the team ceased pre-development planning in 2007 due to the inability to assemble a development site.

The Rebuilding Challenge

The 158 Housing Authority parcels were small, irregular in shape and distributed so that almost all were landlocked by HOA common area. The Housing Authority could not achieve its objectives without acquiring additional land and without extinguishing the limitations the CC&Rs imposed on use of the Housing Authority's parcels.

Acquisition Property Boundaries, Appraisal and Purchase Authority (2007 - 2008)

On behalf of the Housing Authority, SHRA assumed the lead in pre-development activities. A civil engineering firm was retained to study and recommend acquisition boundaries of HOA common area necessary to create a developable site without injury to the HOA. A real estate appraisal firm was engaged to complete a fair market appraisal.

Purchase Offer (2008)

In May 2008, a purchase offer was formally submitted to the HOA through its board of directors, offering fair market value for HOA property it was seeking. The offer to purchase was contingent upon release of the acquired HOA property and current Agency parcels from the HOA, its CC&Rs and termination of HOA fees.

Rejection, Impasse and Resolution of Necessity

In late November 2008, the HOA notified SHRA of rejection of the offer. Reasons specified its rejection were the condition of the real estate market and the perceived impact of the transaction on the HOA's financial health.

Eminent Domain Proceedings and Settlement

Since the Housing Authority and the Greenfair HOA were at impasse, exercise of the Housing Authority's power of eminent domain was authorized by Housing Authority Resolution 2009-009 on March 31, 2009.

Eminent domain proceedings began in spring 2009. In June 2012, the Housing Authority and Greenfair HOA reached a settlement agreement, whereby the Housing Authority would receive all of the HOA land north of Fairgrounds Drive free and clear of the CC&Rs, and Greenfair HOA would receive \$1.3 million and

Greenfair: Land Disposition and Loan Repayment

all of the Housing Authority lots south of Fairgrounds Drive. Approval of the settlement required authorization from all current HOA members, which took several months. A judgment consistent with the settlement agreement was rendered and a Final Order of Condemnation was entered and recorded in early 2013.

Housing Authority Greenfair Property and Disposition Public Hearing

As a result of the settlement agreement and Final Order of Condemnation, the Housing Authority Greenfair Property consists of 47 legal parcels, totaling about 6.7 acres of land, as represented in Attachment 3 and labeled "Disposition Property."

RESOLUTION NO. 2013 -

Adopted by the Housing Authority of the City of Sacramento

on date of

**GREENFAIR: AUTHORIZE EXECUTIVE DIRECTOR TO AMEND THE
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY BUDGET; REPAY
HOUSING AUTHORITY GREENFAIR LOAN OBLIGATION; DISPOSE OF REAL
PROPERTY AND DEPOSIT THE RECEIPT OF SALES PROCEEDS FROM THE
DISPOSITION OF REAL PROPERTY INTO THE CITY HOUSING TRUST FUND**

BACKGROUND

- A. In 2004 and 2005, the Housing Authority of the City of Sacramento ("Housing Authority") acquired 152 mostly-demolished Greenfair parcels from the federal Department of Housing and Urban Development ("HUD") along with six additional units from individual owners which were subsequently demolished.
- B. The Housing Authority objective in acquiring parcels at Greenfair was for a qualified developer to cause eventual development of mixed-income housing with a minimum of ten percent of the residential units being made available to persons or families with incomes at or below 80% of area median income.
- C. The Housing Authority selected a private development team in 2005 to plan and propose new construction on a site to be comprised of Housing Authority-owned land and abutting common area property owned by the Greenfair Homeowners Association ("Greenfair HOA").
- D. During 2005 – 2007, the development team was unable to negotiate terms of purchase of needed Greenfair HOA common area property and ceased pre-development planning for lack of site control.
- E. The Housing Authority borrowed \$2.631 million from the Home Investment Partnership Program Revolving Loan Fund ("HOME") and \$200,000 Housing Trust Funds ("HTF") for the acquisition, relocation, demolition, holding costs and predevelopment activities at Greenfair ("Greenfair loan obligation").
- F. The Housing Authority's offer to purchase some common area property at fair market value from the Greenfair HOA was rejected and subsequent negotiations failed, leading to impasse and an eminent domain action by the Housing Authority being commenced in March of 2009.
- G. The eminent domain action settled on September 24, 2012, and the Final Order of Condemnation was recorded June 28, 2013, resulting in the Housing Authority

Greenfair: Land Disposition and Loan Repayment

obtaining site control of a developable vacant site north of Fairgrounds Drive that is approximately 6.7 acres in size (the "Greenfair Property").

- H. Pursuant to Health and Safety Code Section 34312.3 the Housing Authority intends to dispose of the Greenfair Property to a residential developer for housing with a minimum of ten percent of the residential units being made available to persons or families with incomes at or below 80% of area median income. This disposition is consistent with the purposes for which the property was acquired.
- I. The Sacramento Housing and Redevelopment Commission, on behalf of the Housing Authority, held a duly noticed public hearing regarding the disposition of real property for housing pursuant to Health and Safety Code Section 34312.3 on September 18, 2013 at 801 12th Street Sacramento, CA.
- J. The Housing Authority has considered the environmental impacts of the project in accordance with the California Environmental Quality Act ("CEQA") and has found that the proposed action is consistent with the Sacramento 2030 General Plan land uses and policies, and with the 2030 General Plan Master Environmental Impact Report (GP MEIR) analysis, and no new impacts have been identified for the proposed action that were not previously addressed in the GP MEIR adopted March 3rd, 2009. An initial study checklist prepared for acquisition of the parcels for housing development is on file at SHRA. This action is therefore exempt from further environmental review under CEQA. The site has been identified for housing in the City of Sacramento 2030 General Plan Master Environmental Impact Report (MEIR). Future housing development on the property will be subject to subsequent site-specific CEQA review to ensure consistency with the MEIR findings.
- K. The Housing Authority has considered the environmental impacts of the project in accordance with the National Environmental Policy Act of 1969 ("NEPA"). An environmental assessment was prepared pursuant to 24 CFR Part 58.36 and resulted in the determination that the proposed activities will have no significant impact on the human environment. A Finding of No Significant Impact was published and no comments were received from the public or interested agencies.

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

- Section 1. The above findings and declarations are determined to be true and correct.
- Section 2. The Executive Director or her designee, subject to City Council approval, is authorized to amend the SHRA budget to allocate \$1,400,000 of City

Greenfair: Land Disposition and Loan Repayment

Housing Trust Fund and \$1,231,000 of unexpended Greenfair project funds for the repayment of the Greenfair HOME loan obligation.

- Section 3. The Executive Director, or her designee, is authorized to repay the existing Greenfair HOME loan obligation of \$2,631,000 from the funds allocated to the Housing Authority to repay the Greenfair loan obligation.
- Section 4. Sacramento Housing Redevelopment Agency (SHRA) on behalf of the Housing Authority is authorized to dispose of the Greenfair Property, subject to SHRA procurement policy. The Greenfair property includes Lots 1 – 45 and Lots 214-C and 215-C on that certain map entitled "Plat of Greenfair Unit No. 1, City of Sacramento, California" filed April 21, 1972, in Book 89 of Maps, Map No. 20, in the Official Records of the Sacramento County Recorder's Office. A regulatory agreement will be placed on such property ensuring it is developed for residential purposes and at least ten percent of the units are made available to persons or families earning 80 percent or less of Area Median Income.
- Section 5. The Executive Director, or her designee, is authorized to dispose of the Greenfair Property through a publicly noticed auction with a minimum bid based upon the appraised value, subject to SHRA adopted procurement policy. Upon receipt of an acceptable bid, the Executive Director or her designee is authorized to execute a standard purchase and sales agreement, in a form approved by SHRA Counsel.
- Section 6. In the event that the publicly noticed auction results in no acceptable offers, the Executive Director or her designee, subject to SHRA adopted procurement policy, is authorized to list the property for sale at the appraised value. Upon receipt of an offer at the appraised value the Executive Director, or her designee, is authorized to execute a standard purchase and sales agreement, in a form approved by SHRA Counsel.
- Section 7. The Executive Director, or her designee, is directed to deposit the proceeds of the sale of the Greenfair Property net the cost of sale, in the City Housing Trust fund and repay the \$200,000 Greenfair HTF loan.

RESOLUTION NO. 2013 -

Adopted by the Sacramento City Council

On date of

GREENFAIR: AUTHORIZE SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY TO AMEND BUDGET TO ALLOCATE CITY HOUSING TRUST FUNDS AND OTHER FUNDING TO REIMBURSE THE FEDERAL HOME REVOLVING LOAN FUND, RELEASE REGULATORY AGREEMENTS ASSOCIATED WITH LOAN AND AUTHORIZE SALES PROCEEDS FROM THE DISPOSITION OF PROPERTY AT GREENFAIR TO BE DEPOSITED INTO THE CITY HOUSING TRUST FUND

BACKGROUND

- A. The In 2004 and 2005, the Housing Authority of the City of Sacramento ("Housing Authority") acquired 152 mostly-demolished Greenfair parcels from the federal Department of Housing and Urban Development ("HUD") along with six additional units from individual owners which were subsequently demolished.
- B. The Housing Authority objective in acquiring parcels at Greenfair was for a qualified developer to cause eventual development of mixed-income housing with a minimum of ten percent of the residential units be made available to persons or families at with incomes at or below 80% of area median income.
- C. The Housing Authority selected a private development team in 2005 to plan and propose new construction on a site to be comprised of Housing Authority-owned land and abutting common area property owned by the Greenfair Homeowners Association ("Greenfair HOA").
- D. During 2005 – 2007, the development team was unable to negotiate terms of purchase of needed Greenfair HOA common area property and ceased pre-development planning for lack of site control.
- E. The Housing Authority borrowed \$2.631 million from the Home Investment Partnership Program Revolving Loan Fund (HOME) and \$200,000 Housing Trust Funds (HTF) for the acquisition, relocation, demolition, holding costs and predevelopment activities at Greenfair ("Greenfair Loan Obligation")
- F. The Housing Authority's offer to purchase some common area property at fair market value from the Greenfair Homeowners Association was rejected and subsequent negotiations failed, leading to impasse and an eminent domain action by the Housing Authority being commenced in 2009.

Greenfair: Land Disposition and Loan Repayment

- G. The eminent domain action settled on September 24, 2012, and the Final Order of Condemnation was recorded June 28, 2013, resulting in the Housing Authority obtaining site control of a developable vacant site north of Fairgrounds Drive that is approximately 6.7 acres in size (the "Greenfair Property").
- H. Site control of a developable vacant site allows the Housing Authority to accomplish its original objective of promoting mixed-income housing thru a disposition of the property to a residential developer with the requirement that future development comply with the Housing Authority's original intent to ensure minimum levels of affordability.
- I. A portion of the Housing Authority's acquisition, relocation, demolition, holding costs and predevelopment activities for the lots it acquired at Greenfair were paid from a loan of \$2.631,000 of federal Home Investment Partnership Program Revolving Loan Funds ("HOME") and \$200,000 of Housing Trust Funds (collectively, "Greenfair loan"). HOME restrictions require construction of new units in a specified timeframe. Because of circumstances beyond the control of the Housing Authority and the extended time it took to obtain site control of the property the units cannot be built within the timeframe specified in the HOME loan. Therefore, the Housing Authority wishes to repay the HOME funds with Housing Trust Funds ("HTF") to facilitate the sale and development of mixed-income residential units consistent with the purposes of the HTF.
- J. Use of HTF to repay the Greenfair federal HOME obligation/loan is consistent with HTF Ordinance (City Code Section 17.188.020) requirement that HTF be disbursed to assist in the new construction of rental or owner-occupied work force housing on infill sites with proximity of one-quarter mile to existing transit services. Restrictions will require at least ten percent of units built on the Housing Authority Greenfair Property to be affordable to households earning 80% or less of Area Median Income ("AMI").
- K. The Housing Authority considered and declared the proposed action consistent with the Sacramento 2030 General Plan land uses and policies, and with the 2030 General Plan Master Environmental Impact Report (MEIR) analysis, and no new impacts have been identified for the proposed action that were not previously addressed in the MEIR adopted March 3, 2009. An initial study checklist prepared for acquisition of the parcels for housing development is on file at Sacramento Housing and Redevelopment Agency (SHRA). This action is therefore exempt from further environmental review under CEQA.

Greenfair: Land Disposition and Loan Repayment

- L. The Housing Authority considered and declared the environmental impacts of the project in accordance with the National Environmental Policy Act of 1969 ("NEPA"). An environmental assessment was prepared pursuant to 24 CFR Part 58.36, and resulted in the determination that the proposed activities will have no significant impact on the human environment. A Finding of No Significant Impact was published and no comments were received from the public or interested agencies.

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

- Section 1. The Housing Authority environmental findings are accepted and the above recitals are determined to be true and correct.
- Section 2. SHRA is authorized to amend the SHRA budget to allocate \$1,400,000 of City Housing Trust Fund for the repayment of the Greenfair HOME loan obligation.
- Section 3. SHRA is authorized to reimburse the HOME revolving loan fund in the amount of \$2,631,000. The reimbursement is comprised of the following sources: a) \$1,231,000 of unexpended Greenfair project funds and b) \$1,400,000 of HTF.
- Section 4. SHRA is authorized to release any existing regulatory agreement and reconvey any existing deed of trust it has imposed on the Housing Authority Property at Greenfair, concurrent with its repayment of HOME funds.
- Section 5. SHRA is authorized to receive from the Housing Authority any proceeds from the Housing Authority's sale of its property at Greenfair. Such sales proceeds shall be deposited into the City HTF and to repay the \$200,000 Greenfair HTF loan.



September 18, 2013

Sacramento Housing and Redevelopment Commission
Sacramento, California

Honorable Members in Session:

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

RECOMMENDATION

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

CONTACT PERSONS

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

SUMMARY

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

The Plan consists of:

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

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Sacramento Housing and Redevelopment Commission

September 18, 2013

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

BACKGROUND

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

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

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

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

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Sacramento Housing and Redevelopment Commission
September 18, 2013
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FINANCIAL CONSIDERATIONS

The recommended actions in this report require no additional funding.

POLICY CONSIDERATIONS

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

ENVIRONMENTAL REVIEW

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

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Sacramento Housing and Redevelopment Commission

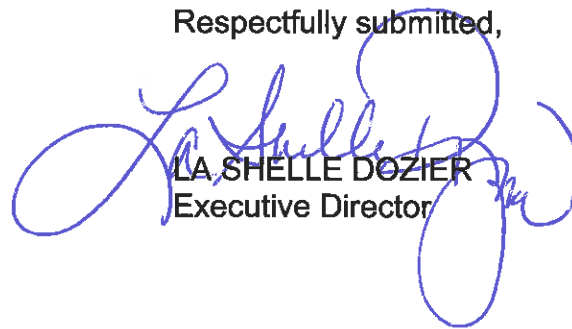
September 18, 2013

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M/WBE AND SECTION 3 CONSIDERATIONS

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

Respectfully submitted,



LA SHELLE DOZIER
Executive Director

RESOLUTION NO. SHRC-_____

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

ON DATE OF

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

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

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

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

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

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

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

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

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

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

BE IT RESOLVED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION:

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

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

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

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

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

CHAIR

ATTEST:

CLERK

2014 PHA Plan Significant Changes

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

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

Section 5.2, Page 2 of 42

Goal: Ensure Equal Opportunity in Housing for all Americans

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

Admissions and Continued Occupancy Policy (ACOP)

Chapter 1 - Statement of Policies and Objectives

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

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

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

Housing Choice Voucher Administrative Plan

Chapter 1 - Statement of Policies and Objectives

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

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

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

Admissions and Continued Occupancy Policy (ACOP)

Chapter 10 – Pet Policy

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

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

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

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

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

Admissions and Continued Occupancy Policy (ACOP)

Chapter 16 – Family Self Sufficiency Program

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

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

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

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

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

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

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

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

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

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

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

**COUNTY OF SACRAMENTO
CALIFORNIA**

PLANNING COMMISSION REPORT

Control No.: PLNP2012-00011

Type: GPB - ZOB

Date: September 9, 2013

TO: COUNTY PLANNING COMMISSION
(Final Approval by Board of Supervisors)

FROM: DEPARTMENT OF COMMUNITY DEVELOPMENT

CONTACT: *Cindy Storelli, Principal Planner, 874-5345; storellic@saccounty.net*
Tim Kohaya, Planner III, 874-5982; kohayat@saccounty.net
Jessica Brandt, Planner III, 874-8379; brandtj@saccounty.net

PROJECT DESCRIPTION

PLNP2012-00011. 2013 Housing Element and Housing Incentive Program. Request for a General Plan Amendment to update the County's Housing Element and a Zoning Ordinance Amendment to incorporate the Housing Incentive Program (HIP) into the Zoning Code. Applicant: Sacramento County Department of Community Development; APN: Various; Environmental Document: Negative Declaration. Supervisor District(s): All

APPLICANT:

Department of Community Development
Sacramento County
827 7th Street, Room 230
Sacramento, CA 95814
Attention: Tim Kohaya

**DETAILED
REQUEST:**

1. A **General Plan Amendment** to amend the Housing Element; and
2. A **Zoning Ordinance Amendment** to incorporate the Housing Incentive Program into the Zoning Code.

HOUSING ELEMENT AND HOUSING INCENTIVE PROGRAM
PLNP2012-GPB-ZOB-00011
APN: VARIOUS

Overview:

The County is updating its Housing Element per State law. The draft Element was presented to the Planning Commission and Board of Supervisors at workshops held in early 2013. After these workshops, staff revised the draft Element per direction received and initiated the environmental review process. Staff also submitted the draft Element to the State Housing and Community Development Department (State HCD), to initiate their review process as required by State law. On May 23, 2013, State HCD certified the draft Element (Attachment A), stating that it will comply with State housing element law when adopted. The draft environmental document (Negative Declaration) was released on August 9, 2013.

The statutory due date for adoption of the draft 2013 Housing Element is October 31, 2013. Failure to adopt the draft Element within four months of the State's statutory deadline would result in the County being required to revise its Housing Element within four years instead of eight.

The Housing Incentive Program (HIP) is a Housing Element implementation program and an important component of State HCD's certification determination. This program allows an increase in residential densities and waiver of development standards for certain projects that develop units targeted to individuals with special needs as defined by the State. A Zoning Ordinance Amendment is required to implement the HIP and must be adopted before or concurrent with the adoption of the draft Element (See Attachment B for draft HIP language). If the HIP is not adopted prior to or concurrent with adoption of the Housing Element, State HCD may choose to either not certify the adopted Element or issue a conditional certification that requires adoption of the HIP as an "adequate sites" implementation program.

Hearing Body:

The Board of Supervisors is the final hearing authority for this project, after a recommendation from the County Planning Commission.

Recommendations:

Staff recommends **APPROVAL** of the proposed project.

I.	Background of the Draft Housing Element	3
II.	Discussion	4
III.	Conclusion	11
IV.	Staff Recommendations	12
V.	Attachments	12

I. BACKGROUND OF THE DRAFT HOUSING ELEMENT

California Government Code Section 65583 requires that a local government's General Plan include a Housing Element that addresses the preservation, improvement, and development of housing. Interestingly, the Housing Element is the only element of the General Plan that is subject to State oversight and approval. State statute formerly required Housing Elements to be updated every five years. Recent changes to State law have extended the five year cycle to eight years (e.g., SB 375). Pursuant to the new schedule, the Housing Element's proposed policies and strategies will cover the October 2013 to June 2021 planning period.

State law requires the element to include and address the following:

- An assessment of housing needs, and an inventory of resources and constraints relevant to meeting those needs.
- A statement of the community's goals, quantified objectives, and policies relative to the maintenance, preservation, improvement and development of housing.
- A program which sets forth an eight-year schedule of actions the local government is undertaking, or intends to undertake, to implement the policies and achieve the goals and objectives of the 2013 Housing Element, including the administration of land use and development controls, provision of regulatory concessions and incentives, and the utilization of appropriate Federal and State financing and subsidy programs.

County staff began the update process by reviewing and evaluating past policies and programs contained in the existing Housing Element, last adopted (and certified by HCD) in 2008. This update has been prepared in compliance with Section 65583 of the California Government Code and to address revisions of other State laws since 2008 that address housing, planning, and zoning issues, including provisions in SB 375. In addition, the Element addresses challenges facing Sacramento County such as the mortgage foreclosure crises, current and projected economic conditions, the growing need for senior housing, and providing housing for individuals with special needs. The County's Housing Element update was conducted entirely by County staff without consultant assistance.

Housing Elements in the Sacramento Area Council of Governments (SACOG) region must be adopted by the jurisdiction by October 31, 2013. If the jurisdiction fails to adopt its Housing Element within 120 days after the statutory deadline, then it will be required to revise its Housing Element every four years, rather than every eight years. State law requires State HCD to review Housing Elements for compliance with State law. The draft Element was submitted to State HCD on March 27, 2013, and certified on May 23, 2013. The certification letter (Attachment C) states that the revised draft Element meets the statutory requirements of State Housing Element Law and will comply with State Housing Element Law when adopted by the County and submitted to State HCD for final

certification. While State law affords HCD a 90-day review period, review and certification of an element adopted in compliance with their draft findings often takes much less time.

II. DISCUSSION

The following is a summary of the key issues regarding the draft Element, including 1) State HCD review; 2) public outreach; 3) development of proposed strategies, policies and programs; 4) the inclusion of the Affordable Housing Ordinance; 5) the Vacant Land Inventory; and 6) the Housing Incentive Program (HIP).

A. *State Housing and Community Development (State HCD) Review:*

On March 27, 2013, the draft Element was submitted to State HCD to start the review process. During this 60 day review period, State HCD staff requested minor revisions to the draft Element. Staff made further revisions in response to a letter sent by Legal Services of Northern California (Legal Services) to State HCD on May 6, 2013 (Attachment D). Major revisions are listed in Attachment E. As a result of these revisions, State HCD certified the draft Element on May 23, 2013, after the requested revisions were made. Key to certification is the development of the Housing Incentive Program (HIP) which is described in Section II.F.

B. *Public Outreach:*

Public Outreach Before State Certification: California Government Code Section 65583(c)(7) requires that a local government make a diligent effort to achieve public participation of all economic segments of the community during the updating of its Housing Element. To meet this requirement, staff organized three public outreach phases for the 2013 Housing Element Update. Two of the phases occurred before the State certified the draft Element on May 23, 2013.

The first phase was a series of meetings with stakeholder groups in April and May of 2012, including the Housing Subcommittee of the County's Disability Advisory Commission, the Sacramento Housing Alliance (SHA), and the Building Industry Association (BIA) of Northern California. Starting in August 2012, there was a series of sub-committee meetings with representatives of the SHA and BIA to discuss existing Housing Element programs, focusing in particular on the County's Affordable Housing Ordinance.

The second phase was a series of seven public workshops. The first workshop occurred on September 6, 2012, and was held in South Sacramento. It was well attended with approximately 70 participants. The next four public workshops were held in October 2012 at the County Administration Building. These meetings were also well attended with the number of participants ranging from 20 to 40. Each workshop was focused on a special topic area. Additional public workshops were held with the Planning Commission in January 2013, followed with the Board of Supervisors in February and March 2013.

Workshop participants represented a variety of interests and backgrounds, including but not limited to: staff from various County agencies, affordable housing advocates and providers, disability advocates, housing developers and builders, Community Planning Advisory Council members, neighborhood association members, healthy community advocates, and residents of affordable housing developments. The feedback received from the workshop participants helped to inform staff's review and revision of existing programs from the 2008 Housing Element and also led directly to the inclusion of multiple new programs in the draft Element (See Attachment F – new programs shown in bold). These include: updating the County's Zoning Code, requiring all multifamily projects to include accessible units, creating a Housing Incentive Program (HIP), addressing reasonable accommodation, reducing barriers to construction of accessory dwelling units, and making the County's rental housing inspection program more robust.

Public Outreach After State Certification: The State HCD certification letter stated that revisions received at the end of their review period have yet to be fully vetted through a public participation process. State HCD recommended that the County continue to engage the community by making information regularly available and considering and incorporating comments where appropriate. In response to this recommendation, staff organized a third phase of public outreach. This third phase included two public meetings: the first meeting was held in the Arden-Arcade community on July 29, 2013, and the second meeting was held in the South Sacramento community on July 31, 2013. Staff sent emails to over 1,800 people to advertise these workshops and direct them to updated information posted at the Housing Element Update web site at

< http://www.per.saccounty.net/PlansandProjectsIn-Progress/Pages/HousingElementUpdate_HOME.aspx >.

During these workshops, staff provided an overview of the Housing Element update process and shared information on specific revisions requested by State HCD and on new programs such as the Housing Incentive Program (HIP). Comments received during the meetings included the following (a complete list of comments is in Attachment G). Note, the answers provided below were formulated for this Staff Report and were not provided at the workshops.

- Development waivers awarded by the Housing Incentive Program (Program HE-5.2(E4)) should not include parking spaces for the disabled. (Answer: The draft ordinance has been amended to clarify that development waivers cannot include parking spaces for the disabled.)
- Transit routes should be established before affordable housing is constructed in new growth areas.
- Does the minimum five percent accessible unit requirement for multifamily projects (Program HE-4.1(D1)) apply to the project's base units only or to the

project's base units *and* the project's density bonus units? (Answer: The five percent minimum will be applicable to the project's base units only.)

- The homeless should be included in affordable housing programs. (Answer: The Affordable Housing Ordinance allows SHRA to buy-down units for extremely low-income households.)
- Inspection fees in the County's rental inspection program (Program HE-3.2(C8)) should be similar to that of the City's so that the program pays for itself. (Answer: Inspection fees will be increased but not to the point where the program can pay for itself.)

C. *Development of Proposed Strategies, Policies and Programs:*

State law requires that a jurisdiction conduct a review of the policies and programs of the previous Housing Element (see the draft Element, page 4-1. for the analysis). This analysis, along with comments received during the public outreach process, was used to guide program development for the updated Housing Element. Successful programs from the previous Housing Element that remain feasible and relevant were continued while other programs were either modified or discontinued. Additionally, similar and duplicative programs were consolidated to streamline the Element. Chapter 3 of the Housing Element is the Housing Action Plan; it includes all of the proposed Housing Element programs. A summary of these programs is also included in Attachment F.

The majority of the programs in the draft Housing Element consist of existing programs with established funding sources. However, a number of new and/or revised programs were also incorporated into the Element based on feedback received during public workshops and stakeholder meetings, including:

- HE-1.1(A5) Multifamily Parcels in Master Plans: To facilitate the development of housing for lower income households, land divisions in master plan communities (including specific plans, comprehensive plans and other master plans) will include multifamily zoned (RD-20+) parcels 3 to 10 acres in size. (Attachment F, Page 1)
- HE-2.1(B6) Updated Zoning Code: The County will initiate and complete an amendment to the Zoning Code to more effectively facilitate medium to high density residential and mixed use development. (Attachment F, Page 3)
- HE-3.2(C8) Rental Housing Inspection Program: The Code Enforcement Division will continue to implement the Rental Housing Inspection Program and will strengthen the program to conduct initial inspections by Code Enforcement staff for each rental property. (Attachment F, Page 5)
- HE-4.1(D1) Required Accessible Multifamily Units: The County will require through its updated Zoning Code that a minimum of five percent of units (but

not less than one unit) in a multifamily project shall be made accessible for persons with mobility impairments. (Attachment F, Page 6)

- HE-5.2(E4) Housing Incentive Program (HIP): To encourage the construction of housing for individuals with special needs as identified in State Housing Element law, the County will allow developers of residential projects in multifamily zones to augment their projects with up to fifteen percent additional units subject to development/design review if they provide a certain percentage of housing for special needs groups. A Zoning Code Amendment is proposed for the HIP. This program and the proposed Amendment are discussed in greater detail in Section II.F below. (Attachment F, Page 9)
- HE-5.2(E12) Residential Accessory Dwellings: The construction of accessory dwellings will be encouraged through the updated Zoning Code that will reduce minimum lot standards and the removal of planning entitlement requirements for some accessory dwellings. (Attachment F, Page 10)

D. *Affordable Housing Ordinance:*

Since December 1, 2004, the County has implemented an Affordable Housing Ordinance (Ordinance) which requires that developers of new residential developments in the unincorporated County include an affordable housing component in their developments. The adopted Ordinance required 15 percent of a project's total units to be affordable: three percent affordable to extremely low income households, six percent affordable to very low income families and six percent affordable to low income families. Projects with less than 100 units pay an in-lieu fee, while projects of over 100 units either dedicate land to the Sacramento Housing and Redevelopment Agency (SHRA) and pay an affordability fee or construct rental or for-sale affordable units on or off site equal to 15 percent of the total units.

The original Ordinance was amended in 2007 to address various issues. One amendment was to transfer the financial burden of providing units affordable to extremely low income households from the developers to the County. The SHRA, on behalf of the County, "buys down" very low-income units provided by the developer with collected affordability fees to a level that will be affordable to extremely low-income households. However, funding sources were not identified to address the three percent requirement.

The Planning Commission Report for the Housing Element Update workshop held on January 28, 2013, recommended that the draft Element not contain any policies or programs related to the Ordinance. Changes to the Ordinance were likely and this process may delay adoption of the draft Element if it referenced the Affordable Housing Ordinance.

At the Board workshops in February and March, the Board requested that staff review options for language in the Element that would reference the Ordinance. On March

26, 2013, the Board of Supervisors recommended that a program be added. During the certification process, the language was amended as follows:

The County will review and amend as appropriate its Affordable Housing Ordinance to consider its effectiveness in producing affordable housing, its impact on the production of market rate housing, the current and projected future need for affordable housing in the County and the market's ability to meet that need, and options to streamline and/or clarify the Ordinance. (Housing Element Program HE-5(E3))

State HCD requires that Housing Element program language provides certainty that the program will be implemented. Changes made to the Ordinance program language, as identified above, provide this certainty.

E. *Vacant Land Inventory:*

California Government Code Section 65583 requires cities and counties to provide "adequate" sites with appropriate zoning, development standards, infrastructure, and public services to facilitate and encourage the development of a variety of types of housing for all income levels. State law requires SACOG to periodically adopt a Regional Housing Needs Allocation (RHNA) for the six-County region; the RHNA determines each jurisdiction's "fair share" of the region's housing needs per a methodology established by State law and approved by State HCD. The current RHNA was approved by the SACOG Board in September 2012. It is important to note, the RHNA is used for planning and housing policy development purposes, it is not a mandate to construct the requisite number of new housing units within the defined planning period. Currently, 38.7 percent of the units allocated to the County per the RHNA are for low and very low households.

As part of the update, an inventory of suitable and available sites (land inventory) was created that identified vacant and underutilized land available for residential development within the unincorporated area. The inventory demonstrated that the County can accommodate its "fair share" of the region's housing needs as determined by the RHNA, including needs for low- and very low-income households. The County's inventory showed that there was sufficient land for each income group category as defined in the RHNA. State HCD reviewed this inventory as part of their certification process.

The most significant review comment was that according to California Government Code Section 65583.2(c), the County must demonstrate that underutilized parcels in the inventory can realistically develop with appropriate residential densities within the planning period. In response, staff provided an analysis of the residential development potential for each underutilized parcel. Also, staff estimated that 25 percent of the underutilized acreage will be available for development during the

planning period. This resulted in small decreases in acreage for the lower income categories due to the limited number of underutilized parcels in the inventory. The current inventory still has a surplus of approximately 18 acres for the very low-income category and approximately 22 acres for the low-income category.

F. ***Housing Incentive Program (HIP):***

Background:

State statute allows jurisdictions two options to meet the “inventory of adequate sites” provision:

- *Option 1:* include an inventory of sites at sufficient densities (see next paragraph for more detail) that are available and suitable (e.g., of sufficient size and unconstrained) within the planning period to accommodate the development of affordable housing, or;
- *Option 2:* prepare an analysis that demonstrates the available sites are, due to a variety of factors, suitable to encourage and facilitate such development.

One significant change since the County’s 2008 Housing Element update is the increase in the “default densities” considered appropriate to accommodate the development of future housing opportunities for lower income households under ‘Option 1’. According to 2010 census data, the population of the four-county Sacramento Metropolitan Statistical Area (MSA) has surpassed two million. Therefore, pursuant to State Housing Element law (Government Code section 65583.2 (c)(3)(B)(iv)), the County is now defined as a “metropolitan county” and subject to a “default density” of 30 dwelling units per acre to accommodate the housing needs of lower income neighborhoods; a 50% increase of the 20 dwelling units per acre standard in effect in 2008.

Many jurisdictions in the Sacramento MSA have chosen ‘Option 1’. However, relying on the 30 dwelling unit/acre default density provision was not a viable or realistic option for Sacramento County or master plan applicants. The County would need to rezone over 200 acres of existing vacant RD-20 parcels to RD-30 and this would not only be costly in staff time and resources, but would be very controversial. The County would also need to require master plan applicants to accommodate at least 38 percent of their total proposed units on sites designated for 30 dwelling units/acre or higher.

Therefore, the County chose ‘Option 2’ and prepared an analysis (Chapter 8 of the draft 2013 Housing Element) that demonstrated the suitability of the current inventory of vacant RD-20 parcels for affordable housing. State HCD is charged with determining whether this analysis satisfies the statute. When staff met with State HCD in late 2012 to discuss the County’s draft analysis, it was clear that the analysis alone would not be sufficient to secure HCD’s certification of the draft Element. Therefore, County staff developed a “toolbox of programmatic efforts” which

includes the Housing Incentive Program (HIP) (page 8-8 of the draft 2013 Housing Element). Inclusion of this toolbox (namely the HIP) ultimately will lead to State HCD approval of the County's analysis and ultimate certification of the draft Element.

Program Details:

The HIP strives to meet two goals: facilitate and encourage development of housing for individuals with special needs, and encourage voluntary increased residential density to meet new State minimum density expectations for affordable housing. The HIP is implemented via a new Article in the Zoning Ordinance, which will outline a process for developers to request a density increase and waiver of development standards in return for developing units that meet the needs of individuals with special needs as identified in State Housing Element law. Specific provisions of the new Article are as follows:

- Developers of residential projects can request up to 15 percent additional units in the RD-20 and commercial zones, and up to 10 percent additional units in the RD-25, RD-30 and RD-40 zones if they develop least 10 percent of the base project units to target special needs groups. A developer can request to waive one development standard as well.
- Special needs groups include seniors, persons with disabilities, large families, female heads of household, and the homeless. Units targeting these groups would be required to include one of the following:
 - Three or more bedrooms
 - Accessibility (defined further in the proposed Article and including corresponding accessible parking spaces that cannot be reduced in number under the development standards waiver component of the Program)
 - Studio for-rent apartments of 400 square feet or less
 - Age-restricted senior housing
 - Income-restricted housing
 - Transit accessibility (all project units)
 - Walking distance (1/2 mile) from list of amenities (including schools, medical facilities, and parks)
- The HIP is a ministerial program, not an entitlement. This is to address State HCD's expectation for certainty, accountability, and transparency in addressing the 'adequate sites' requirement.
- The HIP can be combined with the State Density Bonus Law for overall

density increases, but units cannot be “double counted” for each program. (i.e., a developer can request a HIP increase for a set of units and a density bonus for a second set of units, but cannot count the same set of units for both programs.)

- Resulting density increase utilizing HIP is roughly three units per acre at the 15% increase amount and two units per acre at the 10% increase amount. Increases in combination with State Density Bonus law for affordable units would be higher, up to 10 units per acre total increase in the RD-20 zone.

The Zoning Ordinance Amendment required for the HIP must be adopted before or concurrent with the adoption of the draft Element per State HCD direction. The draft Element’s Vacant Land Inventory already assumes implementation of the HIP. If for some reason the HIP is not adopted prior to or concurrent with adoption of the Housing Element, and therefore not available for use during the entire time period for the Housing Element, State HCD may choose to either not certify the adopted Element or issue a conditional certification that requires adoption of the HIP or an alternative program as an “adequate sites” implementation program. See Attachment B for the draft HIP ordinance language.

III. CONCLUSION

The draft 2013 Housing Element is an update of the 2008 Housing Element. The draft Element was submitted to the State HCD on March 27, 2013, after public workshops were held with the Planning Commission and Board of Supervisors. On May 23, 2013, State HCD certified the draft Element.

Two important components of the Housing Element update process are public outreach and development of new programs. Staff organized three public outreach phases to reach all economic segments of the community. Each phase included multiple workshops and meetings. The process of developing new programs included evaluating existing Housing Element programs and analyzing comments from public outreach workshops. Significant new programs include the Housing Incentive Program, ensuring that at least five percent of new multifamily units have universal design features, and having a three-acre minimum lot size requirement for multifamily parcels in master plans. Other programs have been modified such as the program that references the Affordable Housing Program.

The Vacant Land Inventory is another important component of the Housing Element. This inventory demonstrated that the County can accommodate its “fair share” of the region’s housing needs as determined by the County’s Regional Housing Needs Allocation. The ability of the County to accommodate its “fair share” of housing for households in the very low- and low-income categories is dependent on the adoption of the Housing Incentive Program (HIP). The HIP will be implemented via a new Article in the Zoning Code and will allow multifamily developers to receive a density increase for providing units for special needs groups.

If the HIP is not adopted prior to or concurrent with the adoption of the Housing Element, State HCD may choose to not to certify the adopted Element or issue a conditional certification that requires adoption of the HIP as an “adequate sites” implementation program.

IV. STAFF RECOMMENDATIONS

For these reasons, staff recommends **APPROVAL** of this proposal.

A. Recommended Planning Commission Actions: These actions are recommendations to the Board of Supervisors:

1. Environmental Documentation: Determine that the environmental analysis is adequate and complete and that the **NEGATIVE DECLARATION** is appropriate; and
2. Zoning Ordinance Amendment: **APPROVE** the requested entitlement to incorporate the Housing Incentive Program into the Zoning Code; and
3. General Plan Amendment: **APPROVE** the requested entitlement to update the County’s Housing Element; and
4. Mitigation Monitoring and Reporting Program: None.

B. Recommended Findings: The staff recommendations are based upon the following considerations:

1. The adoption of the 2013 Housing Element will meet the requirements of California Government Code Section 65583 which requires that a local government’s general plan include a Housing Element that addresses the preservation, improvement, and development of housing.
2. The 2013 Housing Element is consistent with the other elements of the 2030 General Plan.
3. The Housing Incentive Program (HIP) will be consistent with Housing Element strategies of providing affordable housing stock and improving housing opportunities for special needs groups.

V. ATTACHMENTS

- A. Draft 2013 Housing Element
- B. Draft Zoning Ordinance Amendment language for the HIP
- C. State Housing and Community Development Department (State HCD) Certification Letter
- D. Legal Services of Northern California Letter Sent to State HCD
- E. Major Revisions in Response to State HCD Comments

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- F. Proposed Strategies, Sub-Strategies and Programs
- G. Public Comments from July 29, 2013, and July 31, 2013, Public Outreach Meetings

This staff report was prepared on August 8, 2013.