

rehabilitation of Bercut Village, c) allocation of \$1,205,902 in CDBG-CV1 and \$5,832,115 in ESG-CV2 funds for the purpose of operating the 102 units of interim housing for homeless individuals and families at Bercut Village, d) SHRA to negotiate, enter into and execute subrecipient agreements and related documents for the financing of the rehabilitation and operation of the 102 units of interim housing at Bercut Village with the Developer and execute other documents, including without limitation, negotiation, subordination, regulatory agreement, financial restructuring, and extensions, e) SHRA to enter into and execute grant agreements with the HUD, negotiate and execute agreements and contracts with the appropriate entities to carry out projects and programs in accordance with the amended 2020 One-Year Action Plan and amendments to prior years' Action Plans; f) the SHRA budget amendment, and g) the related findings; and 3) a City Council Resolution approving a) the rescission of Resolution No. 89-544 adopted on June 27, 1989, b) authorization to the City Manager, or designee, and SHRA to amend the existing Capitol Park Hotel Acquisition Loan Agreement to reallocate the \$13,370,000 loan repayment of Affordable Housing Revolving Measure U funds for SHRA to enter into an acquisition loan agreement with the Developer for the Discovery Apartment Homes workforce housing development, and execute other documents and perform other actions necessary to fulfill the intent of the Affordable Housing Revolving Measure U funds, including without limitation, negotiation, subordination, financial restructuring, and extensions, b) an acquisition loan agreement and related documents for the financing of Discovery Apartment Homes with \$13,370,000 in Affordable Housing Revolving Measure U funds with the Developer, and execute other documents, and perform other actions, including without limitation, negotiation, subordination, financial restructuring, and extensions, c) authorization to the City Manager, or designee, and SHRA to enter into and execute a CARES Act funding agreement and related documents for the financing of Bercut Village, and execute other documents, and perform other actions, including without limitation, negotiation, subordination, financial restructuring, and extensions, d) authorization to SHRA to negotiate, enter into and execute a \$665,000 in Coronavirus Relieve Funds (CRF) and \$1,267,885 ESG-CV2 funding agreement and related documents for the rehabilitation financing of Bercut Village with the Developer and execute other documents, and perform other actions, including without limitation, negotiation, subordination, financial restructuring, and extensions, e) authorization for to negotiate, enter into and execute a funding agreement and related documents for the operation of 102 interim housing units for homeless individuals and families at Bercut Village with \$5,832,115 in ESG-CV2 funds and \$1,205,902 in CDBG-CV1 funds with the Developer, and perform other actions including without limitation, negotiation, subordination, financial restructuring, and extensions, f) SHRA to negotiate, enter into and execute agreements and contracts with Sacramento Steps Forward and/or appropriate entities to carry out referral services to the Bercut Village interim housing program g) the SHRA budget amendment, and h) the related findings.

Contact: Christine Weichert, Assistant Director, (916) 440-1353, Tyrone Roderick Williams, Deputy Executive Director, (916) 440-1316, Sacramento Housing and Redevelopment Agency

Presenters: Susan Veazey, Program Manager, (916) 440-1311, Sacramento Housing and Redevelopment Agency

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue Detail: On June 27, 1989, the City Council adopted resolution (Resolution No. 89-544) and the Housing Authority of the City of Sacramento adopted resolution (Resolution No. 89-024) each applying to the Richards Boulevard Area (Richards Blvd Resolutions). While actions have been taken in the past that may have been contrary to the Richards Blvd Resolutions and would have resulted in the rescission of each resolution, the Richards Blvd Resolutions have not been formally rescinded. It is recommended that the Richards Blvd Resolutions now be formally rescinded to avoid any doubt the intent, purpose and authority for the development of Bercut Village and the Discovery Apartment Homes.

On May 5, 2020, the Sacramento Housing and Redevelopment Agency (SHRA) presented a proposed Rehousing Plan to the City Council as one element of the response to alleviating COVID-19 impacts on the City's homeless population. One of the recommendations included a Motel Acquisition Program.

On June 16, 2020, the California Department of Housing and Community Development (HCD) announced the availability of approximately \$600 million in Homekey Program funding designed to rapidly sustain and expand the inventory of housing for individuals and families experiencing homelessness or at risk of homelessness and impacted by COVID-19. The Homekey Program (Homekey) provides an opportunity for local public agencies to work independently or in conjunction with a developer to purchase motels and a broad range of other housing types to increase their community's capacity to respond to homelessness and the current COVID-19 pandemic. While Homekey builds from the success of Project Roomkey, a previous HCD program providing funding for housing during the pandemic, applications for Homekey funding were not limited to Project Roomkey sites.

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

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

On August 11, 2020 and September 22, 2020, the Board of the Housing Authority (Board) adopted resolutions authorizing the Housing Authority of the City of Sacramento (HACS) to submit an application, along with Jamboree Housing Corporation, for funding under HCD's Homekey Program. They also approved the execution of a Standard

Agreement and any documents necessary to participate in the Homekey Program; and an amendment of the Housing Authority budget to receive and expend up to \$12,500,000 in Homekey Program funds for the acquisition, rehabilitation and operation financing of a motel conversion to interim supportive housing for individuals and families experiencing homelessness followed by conversion to permanent supportive housing at Bercut Village.

On August 25, 2020, HACS and Jamboree were informed that the application for \$12,484,098 was successful and HCD had reserved funding for the Bercut Village development. As a result, Jamboree Housing Corporation (Jamboree) is under contract with the seller of the Hawthorne Motel located at 321 Bercut Drive and intends to convert the 272-room extended stay motel into the River District Landing affordable housing development. Homekey program funding will be used for 102 units and for interim housing for approximately three years (Bercut Village). After three years the property will be converted to a permanent supportive housing development (North Parcel Number 001-0182-019). The remaining motel rooms are proposed to be acquired with Affordable Housing Revolving Measure U and Housing Authority Successor Agency funds and will be developed into approximately 130 workforce affordable housing units (South Parcel Number 001-0182-024) (Discovery Apartment Homes). A vicinity map is included as Attachment 2.

River District Landing - Bercut Village Development

Phase 1: Bercut Village - Interim Housing

The Bercut Village development will be interim housing for individuals experiencing homelessness. It is anticipated that a typical stay will be for up to one year as housing at Bercut Village is designed to help stabilize individuals and assist them with transitioning into permanent housing. The Bercut Village property will be acquired in mid-November 2020 and occupancy will begin within 90 days. Interim housing may be offered at this location for up to three years until the permanent supportive housing development is complete. The initial rehabilitation of the project will address immediate repairs to address health, safety, security and maintenance issues with replacement in kind as necessary. A small number of the motel rooms are currently equipped with kitchenettes. Specific scope of work items include, but are not limited to, repair and replacement of life safety systems, deep cleaning, ADA upgrades, siding repair, and a new security system and light fixtures in the common areas. Units will be upgraded as necessary with new paint, replacement of showers and tubs, and replacement of doors. Carpet in all of the units will be replaced with vinyl flooring and drapes will be replaced with blinds. A laundry facility will be available for resident use.

Project Financing: The Bercut Village development will be acquired with Homekey funds, and rehabilitated and operated using a combination of Homekey funds, Emergency Solutions Grant funds (ESG), Community Development Block Grant funds (CDBG) and Coronavirus Relief Funds (CRF). Bercut Village will consist of 102 units of housing to be used as interim housing for homeless individuals for approximately three years (Phase 1) and then will be converted to permanent supportive housing (Phase 2). Acquisition, Rehabilitation and Operations Sources and Uses are provided in the table below and in Attachment 3:

Bercut Village - Sources and Uses	
Acquisition Financing:	
Homekey Funding Program	\$ 9,375,000
Subtotal - Acquisition Financing	\$ 9,375,000
Rehabilitation Financing:	
Coronavirus Relief Funds	\$ 665,000
Emergency Solutions Grant-CV2 Funds	\$ 1,267,885
Homekey Funding Program	\$ 825,000
Subtotal - Rehabilitation Financing	\$ 2,757,885

Operations Financing:	
Community Development Block Grant-CV1	\$ 1,205,902
Emergency Solutions Grant-CV2 Funds	\$ 5,832,115
Homekey Funding Program	\$ 2,284,098
Subtotal - Operations Financing	\$ 9,322,115
Total	\$21,455,000

Developer: Jamboree is an affordable housing developer with 30 years of experience in residential development, including 93 developments consisting of more than 9,000 units and an asset portfolio of \$3.2 billion across California. Jamboree is the owner of the Hotel Berry in downtown Sacramento.

Referral Services: Referral services will be made to Bercut Village by Sacramento Steps Forward working in conjunction with a navigator to ensure that outreach and priority is given to homeless individuals currently in the River District. The cost of this navigator is part of the Bercut Village operating budget and will be a new service in the River District area.

Supportive Services: The Bercut Village property contains a substantial amount of space for the provision of on-site supportive services. Hope Cooperative will be providing the services for the interim housing term. The project will include 24/7 staffing and will include a Manager, Assistant Manager, and a team of 15 Resident Services Coordinators which will include: an Outreach Navigator, a Substance Use Disorder Specialist, a Benefits Acquisition Specialist, Case Managers, and a security team. Additionally, there will be a full-time maintenance worker who will live on-site and additional maintenance staff to support the needs of the residents. Two nutritious meals will be served by staff each day. Meal service will follow the Centers for Disease Control and Prevention (CDC) agency guidelines for COVID-19 to ensure resident safety.

As a community services provider for nearly 40 years in Sacramento, Hope Cooperative has well established partnerships with a wide variety of service providers. They will ensure that all residents are quickly connected to primary care at the Federally Qualified

Health Center of their choice such as Sacramento Native American Health Center, WellSpace Health, One Community Health or Elica. If warranted, residents may be linked to mental health services through the Sacramento County Behavioral Health Department and Guest House Clinic at El Hogar. Hope Cooperative is a contracted provider with Sacramento County both for Mental Health and Substance Use Disorder Services.

Property Management: Domus Management Company (Domus) will provide property management services to compliment the supportive service team. Given rent will not be collected and tenants will be screened and referred by Sacramento Steps Forward (SSF) during the interim period, Domus' roles and responsibilities will be limited to accounting, maintenance, and oversight of the grounds. Domus has been in operation since 2007 and specializes in affordable housing management. Examples of current SHRA assisted properties managed by Domus include Curtis Park Senior Apartments, Kelsey Village, Northland Village and Saybrook Apartments.

Security Plan: The development team is engaging with the Sacramento Police Department to perform a CPTED (Crime Prevention through Environmental Design) analysis. The Security Plan for the property will include full time staff staffing at the property 24 hours daily, newly installed security cameras, enhanced exterior lighting, 24/7 roving security, and enhanced visitation protocols will be established and enforced. Monthly stakeholder meetings will be held to address issues/concerns by the development team.

Phase 2: Bercut Village - Permanent Supportive Housing

Immediately upon acquisition of the motel, Jamboree will begin efforts to convert the units into permanent supportive housing by seeking additional funds for a more substantial renovation and a financing mechanism for on-going operating support.

Rehabilitation will include additional kitchenettes, upgraded bathrooms, improved flooring and an upgraded HVAC system; fencing and gates will be improved on the site as well as exterior siding, landscaping, and paving. In the common area, all carpet and baseboards will be removed and replaced, paint will be refreshed, lighting and other fixtures will be upgraded, appropriate reconfiguration of service and management space, and energy efficiency upgrades will be included.

Affordability Requirements: The residents will be individuals who are experiencing homelessness or who are at risk of homelessness and who are impacted by the COVID-19 pandemic. At the time of conversion to permanent supportive housing, SHRA and the Developer will enter into a 55-year regulatory agreement on the property in accordance with the Homekey Program funding rules. There will be a total of 102 units comprised 96 studios and six two-bedroom units. A total of 101 units will be restricted at or below 30% of Area Median Income and one exempt manager's unit.

River District Landing - Discovery Apartment Homes

Discovery Apartment Homes will be located in the southern parcel and will also be acquired and then converted into affordable, workforce housing units. There are 170

motel rooms that will likely be combined to accommodate larger households which will produce an estimated 130 units of permanent housing. Immediately upon acquisition of the property, Jamboree will begin developing a financing strategy for the Discovery Apartment Homes to substantially renovate and convert this portion of the motel into permanent, affordable, workforce housing. The goal would be to start construction within 24 months of acquisition. It anticipated that the property will close escrow in November 2020 or shortly thereafter depending on the availability of funds.

Project Financing: This report recommends the allocation of \$13,370,000 of Affordable Housing Revolving Measure U funds that were used to acquire the Capitol Park Hotel in 2019 toward this project. These funds are scheduled to be repaid by November 30, 2020. It is also recommended that a \$2,255,000 Housing Authority Successor Agency (HASA) funds loan be approved for this project. Acquisition Sources are provided in the table below:

Discovery Apartment Homes - Acquisition Sources	
Acquisition Financing:	
Affordable Housing Revolving Measure U Funds	\$13,370,000
Housing Authority Successor Agency Funds	\$ 2,255,000
Total	\$15,625,000

Affordability Requirements: SHRA and the Developer will enter into a 55-year regulatory agreement on the property in accordance with the HASA funding rules.

Policy Considerations: The recommended actions for both phases of the development are consistent with: a) SHRA’s previously approved Multifamily Lending and Mortgage Revenue Bond Policies, Affordable Housing Priority 2(i), Conversion of Non-Residential to Residential Use for Permanent Supportive Housing and Homeless Housing, and Priority 2(iii), Workforce Housing; b) the 2013-2021 Housing Element, Goals H-1.1.1 Sustainable housing practices; H-1.2.9, in part, Workforce Housing, especially in and around downtown; H-1.3.2 Economic integration of multifamily affordable housing projects; H-2.2.4, in part, Pursue and maximize the use of all appropriate state, federal, local and private funding for the development of housing affordable for extremely low-, very low-, and low-income households, while maintaining economic competitiveness in the region; H-3.1.1 Promote extremely low income housing; H-3.2.8 Provide funding and other resources for permanent supportive housing; H-3.2.9, in part, Prioritization of Special Needs Housing, such as chronically homeless individuals or families for available local affordable housing financing as set forth in the City’s Multifamily Lending and Mortgage Revenue Bond Policies administered by the Sacramento Housing and Redevelopment Agency; and H-5.1 to 5.4, in part, Promote and create accessible residential development (Resolution No. 2013- 415); and c) the Sacramento Promise Zone Plans and Goals, Sustainably Built Community sub-goal to increase housing types and transit growth to promote livability and connectivity within the Promise Zone (Resolution No. 2015-263).

Economic Impacts: The initial rehabilitation of the Bercut Village interim housing project is expected to create 24.51 total jobs (13.76 direct jobs and 10.75 jobs through indirect and induced activities) and create \$2,150,040 in total economic output (\$1,321,324 of direct output and another \$828,716 of output through indirect and induced activities). Further impacts will be made during the next phase of rehabilitation for both the Bercut Village and Discovery Apartment Homes.

The indicated economic impacts are estimates calculated using a calculation tool developed by the Center for Strategic Economic Research (CSER). CSER utilized the IMPLAN input-output model (2009 coefficients) to quantify the economic impacts of a hypothetical \$1 million of spending in various construction categories within the City of Sacramento in an average one-year period. Actual impacts could differ significantly from the estimates and neither the City of Sacramento nor CSER shall be held responsible for consequences resulting from such differences.

Environmental Considerations: California Environmental Quality Act (CEQA): Activities authorized in this report have been analyzed in accordance with CEQA and are determined to be exempt pursuant to Public Resources Code, Section 21080.50 – Interim Motel Housing Project. National Environmental Policy Act (NEPA): Activities authorized in this report are in the process of being analyzed in accordance with NEPA and will be completed prior to making any choice limiting action. It is anticipated that the review will result in a Finding of No Significant Impact (FONSI).

Sustainability Considerations: The proposed Project has been reviewed for consistency with the goals, policies and targets of the Sustainability Master Plan and the 2030 General Plan. If approved, this Project will advance the following goal, policy and target of goal number one – Energy Independence, specifically by reducing the use of fossil fuels and providing long-term affordable and reliable energy.

Commission Action: *Sacramento Housing and Redevelopment Commission:* It is anticipated that, at its October 7th, 2020 meeting, the Sacramento Housing and Redevelopment Commission will approve the staff recommendation for this item. Staff will notify the Council in the event this does not occur.

Rationale for Recommendation: The actions recommended in this report enable SHRA to continue to fulfill its mission of providing a range of affordable housing opportunities in the City and are consistent with SHRA's previously approved Multifamily Lending and Mortgage Revenue Bond Policies, the City of Sacramento's 2013-2021 Housing Element as part of Sacramento's 2035 General Plan, Promise Zone Plans and Goals, and the Opportunity Zone.

Financial Considerations: Interim Housing funding allocated for Bercut Village will be in the form of a grant and will be subject to an ESG regulatory agreement for the interim housing period.

The \$13,370,000 in City funding allocated for the acquisition of Discovery Apartment Homes will be loaned for a period of 30 years at zero percent interest with payments

made through annual calculations of residual receipts. The HASA loan of \$2,255,000 will be provided for 40 years at zero percent interest and subject the southern parcel to a 55-year regulatory agreement beginning at Certificate of Occupancy for permanent housing, in accordance with State law.

SHRA will receive an annual administration fee equal to 12.5 basis points (0.125%) of acquisition loan amount for Discovery Apartment Homes as compensation for monitoring compliance with regulatory restrictions and the administration of the loan. SHRA will also receive a fee equal to \$100 per SHRA-funded unit per year, and a prorated semi-annual installment at loan closing and equal semi-annual installments following the effective date of the regulatory agreement during the term of the regulatory period for each loan.

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

Respectfully Submitted by:



LA SHELLE DOZIER
Executive Director

Attachments

- 1-Description/Analysis
- 2-Vicinity Map
- 3-Residential Project Summary of River District Landing - Bercut Village
- 4-Housing Authority Resolution - Homekey and HASA Funds
- 5-City Council Resolution - Action Plan Amendment CDBG and ESG Funds
- 6-Exhibit A: Action Plan Amendment CDBG and ESG Funds
- 7-City Council Resolution - Affordable Housing Revolving Measure U, CRF, CDBG and ESG Funds

River District Landing – Bercut Village and Discovery Apartment Homes



 River District Landing (321 Bercut Drive)



SHRA GIS
September 21, 2020

**River District Landing - Bercut Village (Interim Housing)
Residential Project Summary**

Address	321 Bercut Drive (North Parcel No. 001-0182-019)		
Number of Units	102		
Year Built	1989		
Acreage	1.86 acres (81,021.6 sq. ft.)		
Unit Mix and Rents	<u>ELI 30% AMI</u>		
1 Bedroom/1 Bath	96		
2 Bedroom/1 Bath	5		
Management Unit (2 Bedroom exempt)	1		
Total Units	102		
Square Footage	<u>Unit Size (sq.ft.)</u>	<u>Total</u>	
1 Bedroom/1 Bath	400	38,400	sq.ft.
2 Bedroom/1 Bath	800	4,000	sq.ft.
Management Unit (2 Bedroom exempt)	800	800	sq.ft.
Community Area		4,500	sq.ft.
Total Gross		47,700	sq.ft.
Resident Facilities	24/7 Staffing, supportive services, community area, parking and laundry facility.		
Permanent Sources	<u>Total</u>	<u>Per Unit</u>	<u>Per Square Foot</u>
Homekey Program	\$ 12,484,098	\$ 122,393	\$ 261.72
City ESG-CV2	\$ 7,100,000	\$ 69,608	\$ 148.85
City CRF	\$ 665,000	\$ 6,520	\$ 13.94
City CDBG-CV1	\$ 1,205,902	\$ 11,823	\$ 25.28
TOTAL SOURCES	\$ 21,455,000	\$ 210,343	\$ 449.79
Permanent Uses			
Acquisition	\$ 9,375,000	\$ 91,912	\$ 196.54
Construction Costs	\$ 2,150,040	\$ 21,079	\$ 45.07
Architecture & Engineering	\$ 20,000	\$ 196	\$ 0.42
Soft Cost Contingency	\$ 35,345	\$ 347	\$ 0.74
Financing Cost	\$ 40,000	\$ 392	\$ 0.84
Operating Reserves	\$ 9,322,115	\$ 91,393	\$ 195.43
Legal Fees	\$ 75,000	\$ 735	\$ 1.57
Third Party Fees, Marketing & Other	\$ 437,500	\$ 4,289	\$ 9.17
TOTAL USES	\$ 21,455,000	\$ 210,343	\$ 449.79

RESOLUTION NO. 2020 -

Adopted by the Housing Authority of the City of Sacramento

on date of

RIVER DISTRICT LANDING (BERCUT VILLAGE AND DISCOVERY APARTMENT HOMES): RESCISSION OF RESOLUTION NO. 89-024; APPROVAL OF FUNDING AGREEMENTS CONSISTING OF \$9,375,000 IN HOMEKEY PROGRAM FUNDS (HOMEKEY FUNDS) FOR THE ACQUISITION OF BERCUT VILLAGE, \$825,000 IN HOMEKEY FUNDS FOR THE REHABILITATION OF BERCUT VILLAGE, \$2,284,098 IN HOMEKEY FUNDS FOR THE OPERATIONS OF INTERIM HOUSING FOR INDIVIDUALS AND FAMILIES EXPERIENCING HOMELESSNESS AT BERCUT VILLAGE, ACQUISITION LOAN AGREEMENT CONSISTING OF \$2,255,000 IN HOUSING AUTHORITY SUCCESSOR AGENCY FUNDS FOR DISCOVERY APARTMENT HOMES, COLLECTIVELY, "AGREEMENTS"; NEGOTIATION AND EXECUTION OF AGREEMENTS AND RELATED DOCUMENTS FOR THE BERCUT VILLAGE DEVELOPMENT AND DISCOVERY APARTMENT HOMES WITH JAMBOREE HOUSING OR RELATED ENTITY (DEVELOPER); AGREEMENTS AND CONTRACTS FOR REFERRAL SERVICES, BUDGET AMENDMENTS AND ENVIRONMENTAL FINDINGS

BACKGROUND

- A. On June 27, 1989, the Housing Authority of the City of Sacramento adopted a resolution (Resolution No. 89-024) applying to the Richards Boulevard Area. While actions have been taken in the past that may have been contrary to Resolution No. 89-024 and would have resulted in its rescission, Resolution No. 89-024 has not been formally rescinded. The Housing Authority of the City of Sacramento now wishes to formally rescind Resolution No. 89-024.
- B. ~~In 2011 the California Legislature enacted AB 1X26, which, coupled with a subsequent decision of the State Supreme Court, resulted in the dissolution of redevelopment agencies as of February 1, 2012.~~
- C. ~~The City of Sacramento, by Resolution Number 2012-018 (adopted on January 31, 2012), designated the Housing Authority of the City of Sacramento as the local authority to retain the housing assets and functions previously performed by the Redevelopment Agency of the City of Sacramento.~~
- D. The Housing Authority of the City of Sacramento, by Resolution Number 2012-001 (adopted on January 31, 2012), accepted the housing assets and housing functions previously performed by the Redevelopment Agency of the City of Sacramento.
- E. The Redevelopment Agency of the City of Sacramento, by resolution Number 2012-001 (adopted on January 31, 2012) transferred its housing assets and housing functions to the Housing Authority of the City of Sacramento.
- F. On April 1, 2013, the California Department of Finance issued its final determination related to the Housing Asset Transfer assets. This final

determination included these Housing Successor funds.

- G. On July 16, 2020, the State of California Department of Housing and Community Development (HCD) issued a Notice of Funding Availability (NOFA) for the Homekey Program (Homekey or Homekey Program). The Housing Authority of the City of Sacramento (HACS) jointly applied for Homekey grant funds with Jamboree Housing Corporation and was successful in receiving a reservation of \$12,484,098 in Homekey funds to acquire and operate a motel be converted into housing for homeless individuals and families.
- H. Jamboree Housing Corporation is under contract with the seller of the Hawthorne Motel at 321 Bercut Drive and intends to convert the 272-room extended stay motel into the River District Landing affordable housing development, 102 units of which will be supported by the Homekey Program funding and used for interim housing for approximately three years (Bercut Village) and then convert to Bercut Village permanent supportive housing development (North Parcel Number 001-0182-019). The remaining motel rooms that will be acquired with Housing Authority Successor Agency funds will be developed into approximately 130 workforce affordable housing units (South Parcel Number 001-0182-024) (Discovery Apartment Homes).
- I. On September 22, 2020, the Board of the Housing Authority of the City of Sacramento (Board) adopted a resolution authorizing HACS to submit an application, along with Jamboree Housing Corporation, to HCD's Homekey Program; execute a Standard Agreement and any documents necessary to participate in the Homekey Program; and amend the Housing Authority budget to receive and expend the \$12,500,000 in Homekey Program funds for the acquisition, rehabilitation and operation of a motel conversion to permanent supportive housing for individuals and families experiencing homelessness at Bercut Village.
- J. ~~Activities authorized in this report have been analyzed in accordance with the California Environmental Quality Act (CEQA) and are determined to be exempt pursuant to Public Resources Code, Section 21080.50 – Interim Motel Housing Project.~~
- K. Activities authorized in this report are in the process of being analyzed in accordance with the National Environmental Policy Act (NEPA) and will be completed prior to making any choice limiting action. It is anticipated that the review will result in a Finding of No Significant Impact (FONSI).

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

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

- Section 2. The Housing Authority hereby rescinds Resolution No. 89-024 adopted on June 27, 1989.
- Section 3. The Executive Director, or designee, is authorized to negotiate, enter into and execute a funding agreement and related documents for the acquisition financing of Bercut Village with \$9,375,000 in Homekey Program funds and to transmit such to Jamboree Housing or related entity (Developer), and execute other documents, as approved to form by its Office of the General Counsel, and perform other actions the Housing Authority of the City of Sacramento (HACS) deems necessary to fulfill the intent of the Homekey Program funds, including without limitation, regulatory agreement, negotiation, subordination, grant restructuring, and extensions, consistent with its adopted policy and with this resolution.
- Section 4. The Executive Director, or designee, is authorized to negotiate, enter into and execute a funding agreement and related documents for the rehabilitation financing of Bercut Village for interim housing to individuals and families experiencing homelessness with \$825,000 in Homekey Program funds and to transmit such to the Developer, and execute other documents, as approved to form by its Office of the General Counsel, and perform other actions HACS deems necessary to fulfill the intent of the Homekey Program funds, including without limitation, negotiation, subordination, grant restructuring, and extensions, consistent with its adopted policy and with this resolution.
- Section 5. The Executive Director, or designee, is authorized to negotiate, enter into and execute an operator agreement and related documents to operate 102 units at Bercut Village as interim housing to individuals and families experiencing homelessness with \$2,284,098 in Homekey Program funds and to transmit such to the Developer, and execute other documents, as approved to form by its Office of the General Counsel, and perform other actions HACS deems necessary to fulfill the intent of the Homekey Program funds, including without limitation, negotiation, subordination, financial restructuring, and extensions, consistent with its adopted policy and with this resolution.
- Section 6. The Executive Director, or designee, is authorized to negotiate, enter into and execute other documents related to Bercut Village, as approved to form by its Office of the General Counsel, and perform other actions HACS deems necessary to fulfill the intent of the Homekey Program requirements established by the State of California Department of Housing and Community Development, in accordance with its terms, including without limitation, negotiation, subordination, financial restructuring, and extensions, consistent with its adopted policy and with this resolution.
- Section 7. The Executive Director, or designee, is authorized to negotiate, enter into and execute an acquisition loan agreement and related documents for the financing of Discovery Apartment Homes with \$2,255,000 in Housing Authority Successor Agency (HASA) funds and to transmit such to the Developer, and execute other documents, as approved to form by its Office of the General Counsel, and perform other actions HACS deems necessary

to fulfill the intent of the HASA funds, including without limitation, negotiation, subordination, regulatory agreement, financial restructuring, and extensions, consistent with its adopted policy and with this resolution.

Section 8. The Executive Director, or designee, is authorized to negotiate, enter into and execute agreements and contracts with Sacramento Steps Forward and/or appropriate entities to carry out referral services to the Bercut Village interim housing program and execute other documents, as approved to form by its Office of the General Counsel, and perform other actions SHRA deems necessary to fulfill the intent of the Homekey Program funds, including without limitation, negotiation, subordination, financial restructuring, and extensions, consistent with its adopted policy and with this resolution.

Section 9. The Housing Authority is authorized to amend its budget and allocate a) an amount not to exceed \$12,500,000 in Homekey Program funds to provide acquisition, rehabilitation and operations financing for interim housing for homeless individuals and families at Bercut Village (North Parcel); and b) \$2,255,000 in Housing Authority Successor Agency Funds to provide an acquisition loan to the Developer to purchase the Hawthorne Motel and convert to Discovery Apartment Homes permanent, workforce, affordable housing development (South Parcel).

RESOLUTION NO. 2020 -

Adopted by the Sacramento City Council

on date of

AUTHORIZATION FOR THE SUBSTANTIAL AMENDMENT #3 TO THE 2020 ONE-YEAR ACTION PLAN FOR THE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) AND EMERGENCY SOLUTIONS GRANT (ESG) FUNDED PROJECTS AND PROGRAMS FOR THE CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT (CARES ACT); NEGOTIATION AND EXECUTION OF FUNDING AGREEMENTS AND RELATED DOCUMENTS WITH JAMBOREE HOUSING OR RELATED ENTITY (DEVELOPER) FOR THE BERECUT VILLAGE PROJECT; AMENDMENT OF PRIOR YEARS' ACTION PLANS; AMEND THE SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY BUDGET; EXECUTE DOCUMENTS FOR THE ADMINISTRATION OF FEDERAL PROGRAMS; AND ENVIRONMENTAL FINDINGS

BACKGROUND

- A. The United States Department of Housing and Urban Development (HUD) requires the adoption of a Five-Year Consolidated Plan and annual Action Plan, consistent with the Consolidated Plan, to identify the programs and projects for expenditure of federal Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME), Emergency Solutions Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA).
- B. Since 1982 the Sacramento Housing and Redevelopment Agency (SHRA) and its constituent entities has served as the public entity designated to efficiently administer the CDBG program and was subsequently designated as the public entity to administer HOME, ESG, and HOPWA, funding originating from HUD.
- C. As the recipient of HUD funding and designated agent for the City of Sacramento, SHRA is authorized to submit environmental determinations on the City's behalf and on the behalf of non-profit sub-recipients.
- D. The recommended actions are consistent with the goals and objectives contained in the 2020-2024 Consolidated Plan, the Analysis of Impediments to Fair Housing Choice (AI) and the 2020 Action Plan which were approved by Resolution No. 2019-0408.
- E. On March 27, 2020, the President of the United States signed the CARES Act, Public Law 116-136. This made available \$5 billion CDBG Coronavirus (CDBG-CV) funds, \$4 billion in ESG Coronavirus (ESG-CV) and \$65 million in HOPWA supplemental funds to respond to the growing effects of the historic COVID-19 public health crisis.

- F. The CARES Act allocated the first round of funding to the City of Sacramento based upon fiscal year 2020 formulas in the following amounts: \$2,869,932 of CDBG-CV1, \$1,453,941 of ESG-CV1 and \$218,082 of HOPWA supplemental allocation.
- G. The CARES Act allocated a second round of CDBG-CV funding to the State of California.
- H. The CARES Act allocated a third round of CDBG (CDBG-CV3) to the City of Sacramento in the amount of \$3,600,966.
- I. The CARES Act allocated a second round of ESG (ESG-CV2) to the City of Sacramento based upon a new formula in the amount of \$10,205,871.
- J. The CARES Act authorized the HUD Secretary to grant waivers and alternative requirement of statutes and regulations in connection with the use of CDBG-CV funds, including the suspension of the 15 percent cap on public services; reducing the public comment period to 5 days for consolidated plan and action plan amendments, and allowing the option of virtual hearings.
- K. The CARES Act authorized the HUD Secretary to grant waivers and alternative requirement of statutes and regulations in connection with the use of ESG-CV funds, including the suspension of the spending cap on emergency shelter and outreach activities; administrative cost cap is increased to 10 percent; funds are exempt from the match requirements; funds not subject to consultation and citizen participation requirements; subrecipients may deviate from applicable procurement standards; and supportive services are not a required to receive treatment.
- L. SHRA has applied and received waivers for the CDBG-CV, ESG-CV and HOPWA supplemental funds.
- M. The City Council and County Board of Supervisors approved Sacramento COVID-19 Homeless Response Plan (Response Plan) and authorized implementation of the plan on April 7, 2020. The comprehensive plan utilizes, local, state and federal funding. The Board of Supervisors approved an amendment on July 14, 2020 and by the City Council on August 18, 2020. The Response Plan designates the City and County with lead responsibilities.
- N. The 2020-2024 Consolidated Plan, the 2020 Action Plan and the City and County of Sacramento Citizen Participation Plan were amended to accept and allocate the CARES Act funding by City Council Resolution No. 2020-0098.

- O. A notice to solicit comments on the proposed actions was published. The actions are scheduled to be approved at the City Council meeting on October 13, 2020, which meets the five (5) day public comment period requirement.
- P. The Housing Authority of the City of Sacramento and their co-applicant, Jamboree Housing Corporation, were awarded \$12,484,098 for the Bercut Village project in the Homekey Program. The Bercut Village project includes the acquisition and conversion of a motel into interim housing for homeless families and individuals located at 321 Bercut Drive (001-0182-019).
- Q. Activities authorized in this report have been analyzed in accordance with the California Environmental Quality Act (CEQA) and are determined to be exempt pursuant to Public Resources Code, Section 21080.50 – Interim Motel Housing Project.
- R. Activities authorized in this report are in the process of being analyzed in accordance with the National Environmental Policy Act (NEPA) and will be completed prior to making any choice limiting action. It is anticipated that the review will result in a Finding of No Significant Impact (FONSI).

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

- Section 1. All evidence presented having been duly considered, the findings, including environmental findings regarding this action, as stated above, are found to be true and accurate and are hereby approved adopted.
- Section 2. The 2020 One-Year Action Plan Substantial Amendment #3 which allocates CDBG-CV3 and ESG-CV2 as described in Exhibit A is approved. Sacramento Housing and Redevelopment Agency (SHRA) is directed to submit the amended 2020 One-Year Action Plan to HUD.
- Section 3. ESG-CV2 funds of \$1,267,885 are allocated to the Bercut Village project for rehabilitating the motel into 102 units of interim housing units for homeless individuals and families.
- Section 4. CDBG-CV1 funds of \$1,205,902 and ESG-CV2 funds of \$5,832,115 are allocated to the Bercut Village project to operate as 102 units of interim housing for homeless individuals and families.
- Section 5. SHRA is authorized to negotiate, enter into and execute subrecipient agreements, and related documents for the rehabilitation and operation Bercut Village with Jamboree Housing Corporation or related entity (Developer), and execute other documents, as approved to form by its Office of the General Counsel, required for the CDBG-CV1 and ESG-CV2 funds, perform other actions including without limitation, negotiation, subordination, regulatory agreement, financial restructuring, and extensions, consistent with its adopted policy and with this resolution.

- Section 6. SHRA is authorized and delegated authority to act as agent on behalf of the City of Sacramento to execute grant agreements with HUD, and negotiate and execute agreements and contracts with the appropriate entities to carry out projects and programs in accordance with the amended 2020 One-Year Action Plan and amendments to prior years' Action Plans in compliance with applicable federal laws and regulations as approved to form by its Office of the General Counsel.
- Section 7. SHRA's budget is hereby amended to incorporate \$1,267,885 of ESG-CV2 in rehabilitation financing, and \$1,205,902 in CDBG-CV1 and \$5,832,115 in ESG-CV2 funds in operations financing for the Bercut Village project.

Table of Contents:

Exhibit A: 2020 Action Plan Amendment #3

**City of Sacramento
Amendment #3 to 2020 Action Plan**

This report formally amends the 2020 Action Plan to activities listed below:

2020 One-Year Action Plan Amendment			
Recommendation – Community Development Block Grant			
Activity Name	Amount	Source	CDBG Criteria
Homeless Activities (Public Services): Funds to operate a hotel to serve as an emergency shelter/and interim housing for homeless individuals and families.	\$1,205,902	CDBG-CV1	03T/LMC
Total	\$1,205,902		

2020 One-Year Action Plan Amendment			
Recommendation – Emergency Solutions Grant			
Activity Name	Amount	Source	ESG Criteria (§576.102)
Homeless Activities (Public Services): Funds to renovate, including major rehabilitation or conversion, of an existing hotel to serve as an emergency shelter/ interim housing for homeless individuals and families.	\$1,267,885	ESG-CV2	Emergency Shelter Renovation, Rehabilitation, Conversion
Homeless Activities (Public Services): Funds to operate a hotel to serve as an emergency shelter/and interim housing for homeless individuals and families.	\$5,832,115	ESG-CV2	Emergency Shelter Essential Services, Operations
Total	\$7,100,000		

RESOLUTION NO. 2020 -

Adopted by the Sacramento City Council

on date of

RIVER DISTRICT LANDING (BERCUT VILLAGE AND DISCOVERY APARTMENT HOMES): RESCISSION OF RESOLUTION NO. 89-544; APPROVAL TO AMEND THE CAPITOL PARK HOTEL ACQUISITION LOAN AGREEMENT TO ALLOW LOAN REPAYMENT FUNDS TO BE ALLOCATED TO FINANCE THE ACQUISITION LOAN OF BERCUT VILLAGE; ACQUISITION LOAN AGREEMENT CONSISTING OF \$13,370,000 IN AFFORDABLE HOUSING REVOLVING MEASURE U FUNDS FOR THE DISCOVERY APARTMENT HOMES; FUNDING AGREEMENT CONSISTING OF \$665,000 IN CORONAVIRUS RELIEF FUNDS (CRF); OPERATOR AGREEMENT CONSISTING OF \$5,832,115 IN EMERGENCY SOLUTIONS GRANT FUNDING (ESG-CV2) AND \$1,205,902 IN COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS (CDBG-CV1); AGREEMENTS AND CONTRACTS FOR REFERRAL SERVICES; NEGOTIATION AND EXECUTION OF AMENDMENT TO THE LOAN AGREEMENT AND RELATED DOCUMENTS FOR CAPITOL PARK HOTEL BETWEEN THE CITY OF SACRAMENTO AND SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY (SHRA); NEGOTIATION AND EXECUTION OF ACQUISITION LOAN AGREEMENT, FUNDING AGREEMENT, OPERATOR AGREEMENT AND RELATED DOCUMENTS FOR THE BERCUT VILLAGE AND DISCOVERY APARTMENT HOMES BETWEEN SHRA AND JAMBOREE HOUSING OR RELATED ENTITY (DEVELOPER); AGREEMENTS AND CONTRACTS FOR REFERRAL SERVICES, BUDGET AMENDMENTS AND ENVIRONMENTAL FINDINGS

BACKGROUND

- A. On June 27, 1989, the City Council (Council) adopted a resolution (Resolution No. 89-544) applying to the Richards-Boulevard Area. While actions have been taken in the past that may have been contrary to Resolution No. 89-544 and would have resulted in its rescission, Resolution No. 89-024 has not been formally rescinded. Council now wishes to formally rescind Resolution No. 89-544.
- B. On April 30, 2019, the Council adopted a resolution (Resolution No. 2019-0137) authorizing the approval of a loan agreement in the amount of \$13,370,000 of Affordable Housing Revolving Measure U funds between the City of Sacramento (City), as Lender, and Sacramento Housing and Redevelopment Agency (SHRA), as Borrower, to cover acquisition and relocation costs associated with the Capitol Park Hotel Temporary Shelter. The maturity date of the loan agreement is November 30, 2020. It is anticipated the construction and permanent financing of Capitol Park Hotel and repayment of this loan will occur in November 2020. SHRA desires to amend the loan agreement by utilizing loan repayment funds to finance the acquisition of Hawthorne Motel which will be converted to permanent affordable housing (Discovery Apartment Homes).
- C. On July 16, 2020, the State of California Department of Housing and Community Development (HCD) issued a Notice of Funding Availability (NOFA) for the Homekey Program (Homekey or Homekey Program). The Housing Authority of the

City of Sacramento jointly applied for Homekey grant funds with Jamboree Housing Corporation and was successful in receiving a reservation of \$12,484,098 in Homekey funds to acquire and operate a motel be converted into housing for homeless individuals and families.

- D. Jamboree Housing Corporation is under contract with the seller of the Hawthorne Motel at 321 Bercut Drive and intends to convert the 272-room extended stay motel into the River District Landing affordable housing development, 102 units of which will be supported by the Homekey Program funding and used for interim housing for approximately three years (Bercut Village) and then convert Bercut Village to permanent supportive housing development (North Parcel Number 001-0182-019). The remaining motel rooms that will be acquired with Housing Authority Successor Agency funds will be developed into Discovery Apartment Homes with approximately 130 workforce affordable housing units (South Parcel Number 001-0182-024).
- E. On August 18, 2020, the Council directed the Sacramento Housing and Redevelopment Agency (SHRA) to allocate \$3,400,000 in Emergency Solutions Grant (ESG) funding from the Federal CARES Act to fund re-housing activities noted in the Amended Sacramento COVID-19 Homeless Response Plan. The County of Sacramento will be funding this activity in place of City ESG funding. On this date, Council also directed SHRA to allocate \$2,000,000 of City ESG to the Homeless Prevention Program.
- F. Activities authorized in this report have been analyzed in accordance with the California Environmental Quality Act (CEQA) and are determined to be exempt pursuant to Public Resources Code, Section 21080.50 – Interim Motel Housing Project.
- G. Activities authorized in this report are in the process of being analyzed in accordance with the National Environmental Policy Act (NEPA) and will be completed prior to making any choice limiting action. It is anticipated that the review will result in a Finding of No Significant Impact (FONSI).

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

- Section 1. All evidence presented having been duly considered, the findings, including environmental findings regarding this action, as stated above, are found to be true and accurate and are hereby approved adopted.
- Section 2. The City hereby rescinds Resolution No. 89-544 adopted on June 27, 1989.
- Section 3. The City Manager, or designee, and Sacramento Housing and Redevelopment Agency (SHRA) are authorized to amend the existing Capitol Park Hotel Acquisition Loan Agreement to reallocate the \$13,370,000 loan repayment of Affordable Housing Revolving Measure U funds for SHRA to enter into an acquisition loan agreement with Jamboree Housing Corporation or related entity (Developer) for the Discovery

Apartment Homes workforce housing development. The City Manager, or designee, and SHRA are further authorized to execute other documents, as approved to form by the City Attorney and SHRA's Office of the General Counsel, and perform other actions as the City Manager or SHRA deems necessary to fulfill the intent of the Affordable Housing Revolving Measure U funds, including without limitation, negotiation, subordination, financial restructuring, and extensions, consistent with SHRA's adopted policy and with this resolution.

Section 4. SHRA is authorized to negotiate, enter into and execute an acquisition loan agreement and related documents for the financing of Discovery Apartment Homes with \$13,370,000 in Affordable Housing Revolving Measure U funds and to transmit such to the Developer, and execute other documents, as approved to form by its Office of the General Counsel, and perform other actions SHRA deems necessary to fulfill the intent of the Affordable Housing Revolving Measure U funds, including without limitation, negotiation, subordination, financial restructuring, and extensions, consistent with its adopted policy and with this resolution.

Section 5. The City Manager, or designee, and SHRA are authorized to negotiate, enter into and execute a CARES Act funding agreement and related documents for the financing of Bercut Village, and execute other documents, as approved to form by the City Attorney and SHRA's Office of the General Counsel, and perform other actions as the City Manager or SHRA deems necessary to fulfill the intent of the CARES Act funds, including without limitation, negotiation, subordination, financial restructuring, and extensions, consistent with SHRA's adopted policy and with this resolution.

Section 6. SHRA is authorized to negotiate, enter into and execute a funding agreement and related documents for the rehabilitation financing of Bercut Village for interim housing to individuals and families experiencing homelessness with \$665,000 in City Coronavirus Relief Funds (CRF) and \$1,267,885, in Emergency Solutions Grant (ESG-CV2) funds and to transmit such to the Developer, and negotiate and execute other documents, as approved to form by its Office of the General Counsel, and perform other actions SHRA deems necessary to fulfill the intent of the Coronavirus Relief Funds and Emergency Solutions Grant, including without limitation, negotiation, subordination, financial restructuring, and extensions, consistent with its adopted policy and with this resolution.

Section 7. SHRA is authorized to negotiate, enter into and execute a funding agreement and related documents for the operation of 102 interim housing units for homeless individuals and families at Bercut Village with \$5,832,115 in Emergency Solutions Grant (ESG-CV2) funds and \$1,205,902 in Community Development Block Grant (CDBG-CV1) funds and to transmit such to the Developer, and execute other documents, as approved to form by its Office of the General Counsel, and perform other actions SHRA deems necessary to fulfill the intent of the Emergency Solutions Grant and Community Development Block Grant funds, including without limitation,

negotiation, subordination, financial restructuring, and extensions, consistent with its adopted policy and with this resolution.

Section 8. SHRA is authorized to negotiate, enter into and execute agreements and contracts with Sacramento Steps Forward and/or appropriate entities to carry out referral services to the Bercut Village interim housing program and execute other documents, as approved to form by its Office of the General Counsel, and perform other actions SHRA deems necessary to fulfill the intent of the Emergency Solutions Grant and Community Development Block Grant funds, including without limitation, negotiation, subordination, financial restructuring, and extensions, consistent with its adopted policy and with this resolution.

Section 9. SHRA is authorized to amend its budget and allocate a) \$13,370,000 in City Homeless Housing Initiative Program funds for the purposes of SHRA providing for the purchase of the Hawthorne Motel which will be converted to Discovery Apartment Homes; b) \$665,000 of City Coronavirus Relief funds and \$1,267,885 in Emergency Solutions Grant (ESG-CV2) funding for the rehabilitation of the Hawthorne Motel to Bercut Village; and c) \$5,832,115 in ESG-CV2 combined with \$1,205,902 in Community Development Block Grant (CDBG-CV1) funds for the purposes of providing a contract for up to three years of operating expenses for 102 units of interim housing being provided at Bercut Village.

RESOLUTION NO. SHRC-_____

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

ON DATE OF

October 7, 2020

AUTHORIZATION FOR THE SUBSTANTIAL AMENDMENT #3 TO THE 2020 ONE-YEAR ACTION PLAN FOR THE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) AND EMERGENCY SOLUTIONS GRANT (ESG) FUNDED PROJECTS AND PROGRAMS FOR THE CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT (CARES ACT); AMENDMENT OF PRIOR YEARS' ACTION PLANS; NEGOTIATION AND EXECUTION OF FUNDING AGREEMENTS AND RELATED DOCUMENTS WITH JAMBOREE HOUSING OR RELATED ENTITY (DEVELOPER) FOR THE BERECUT VILLAGE PROJECT; AMEND THE SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY BUDGET; EXECUTE DOCUMENTS FOR THE ADMINISTRATION OF FEDERAL PROGRAMS; AND ENVIRONMENTAL FINDINGS

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

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

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

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

WHEREAS, on March 27, 2020, the President of the United States signed the CARES Act, Public Law 116-136. This made available \$5 billion CDBG Coronavirus (CDBG-CV) funds, \$4 billion in ESG Coronavirus (ESG-CV) and \$65 million in HOPWA supplemental funds to respond to the growing effects of the historic COVID-19 public health crisis.

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

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

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

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

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

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

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

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

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

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

WHEREAS, Jamboree Housing Corporation is under contract with the seller of the Hawthorne Motel at 321 Bercut Drive and intends to convert the 272-room extended stay motel into the River District Landing affordable housing development, 102 units of which will be supported by the Homekey Program funding and used for interim housing for approximately three years and then convert to Bercut Village permanent supportive housing development (North Parcel Number 001-0182-019). The remaining motel rooms that will be acquired with Housing Authority Successor Agency funds will be developed into Discovery Apartment Homes with approximately 130 workforce affordable housing units (South Parcel Number 001-0182-024).

WHEREAS, the Housing Authority of the City of Sacramento and their co-applicant, Jamboree Housing Corporation, were awarded \$12,484,098 for the Bercut Village project in the Homekey Program. The Bercut Village project includes the acquisition and conversion of a motel into interim housing for homeless families and individuals located at 321 Bercut Drive (001-0182-019).

WHEREAS, activities authorized in this report have been analyzed in accordance with the California Environmental Quality Act (CEQA) and are determined to be exempt pursuant to Public Resources Code, Section 21080.50 – Interim Motel Housing Project.

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

BE IT RESOLVED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION:

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

Section 2. The 2020 One-Year Action Plan Substantial Amendment #3 which allocates CDBG-CV3 and ESG-CV2 as described in Exhibit A is approved. The Executive Director or designee is directed to submit the amended 2020 One-Year Action Plan to HUD.

Section 3. ESG-CV2 funds of \$1,267,885 are allocated to the Bercut Village project for rehabilitating the motel into 102 units of interim housing units for homeless individuals and families.

Section 4. CDBG-CV1 funds of \$1,205,902 and ESG-CV2 funds of \$5,832,115 are allocated to the Bercut Village project to operate as 102 units of interim housing for homeless individuals and families.

Section 5. The Executive Director or designee is authorized to negotiate, enter into and execute subrecipient agreements, and related documents for the financing of the rehabilitation and operation at Bercut Village with Jamboree Housing Corporation or related entity (Developer), and execute other documents, as approved to form by its Office of the General Counsel, required for the CDBG-CV1 and ESG-CV2 funds, perform other actions, including without limitation, negotiation, subordination, regulatory agreement, financial restructuring, and extensions, consistent with its adopted policy and with this resolution.

Section 6. The Executive Director or designee is authorized and delegated authority to act as agent on behalf of the City of Sacramento to execute grant agreements with HUD, and negotiate and execute agreements and contracts with the appropriate entities to carry out projects and programs in accordance with the amended 2020 One- Year Action Plan and amendments to prior years' Action Plans in compliance with applicable federal laws and regulations as approved to form by its Office of the General Counsel.

Section 7. SHRA's budget is hereby amended to incorporate \$1,267,885 of ESG-CV2 in rehabilitation financing, and \$1,205,902 in CDBG-CV1 and \$5,832,115 in ESG-CV2 funds in operations financing for the Bercut Village project.

CHAIR

ATTEST:

CLERK

RESOLUTION NO. SHRC-_____

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

ON DATE OF

October 7, 2020

RIVER DISTRICT LANDING (BERCUT VILLAGE AND DISCOVERY APARTMENT HOMES): APPROVAL TO AMEND THE CAPITOL PARK HOTEL ACQUISITION LOAN AGREEMENT TO ALLOW LOAN REPAYMENT FUNDS TO BE ALLOCATED TO FINANCE THE ACQUISITION LOAN OF BERCUT VILLAGE; ACQUISITION LOAN AGREEMENT CONSISTING OF \$13,370,000 IN MEASURE U FUNDS FOR THE DISCOVERY APARTMENT HOMES; FUNDING AGREEMENT CONSISTING OF \$665,000 IN CORONAVIRUS RELIEF FUNDS; OPERATOR AGREEMENT CONSISTING OF \$5,832,115 IN EMERGENCY SOLUTIONS GRANT FUNDING COMBINED WITH \$1,205,902 IN COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS; EXECUTION OF AMENDMENT TO THE LOAN AGREEMENT AND RELATED DOCUMENTS FOR CAPITOL PARK HOTEL BETWEEN THE CITY OF SACRAMENTO AND SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY (SHRA); NEGOTIATION AND EXECUTION OF ACQUISITION LOAN AGREEMENT, FUNDING AGREEMENT, OPERATOR AGREEMENT AND RELATED DOCUMENTS FOR BERCUT VILLAGE AND THE DISCOVERY APARTMENT HOMES BETWEEN SHRA AND JAMBOREE HOUSING OR RELATED ENTITY (DEVELOPER); AGREEMENTS AND CONTRACTS FOR REFERRAL SERVICES, BUDGET AMENDMENTS AND ENVIRONMENTAL FINDINGS

WHEREAS, on April 30, 2019, the City Council (Council) adopted a resolution (Resolution No. 2019-0137) authorizing the approval of a loan agreement in the amount of \$13,370,000 of Measure U funds between the City of Sacramento (City), as Lender, and Sacramento Housing and Redevelopment Agency (SHRA), as Borrower, to cover acquisition and relocation costs associated with the Capitol Park Hotel Temporary Shelter. The maturity date of the loan agreement is November 30, 2020. It is anticipated the construction and permanent financing of Capitol Park Hotel and repayment of this loan will occur in November 2020. SHRA desires to amend the loan agreement by utilizing loan repayment funds to finance the acquisition of Hawthorne Motel which will be converted to permanent affordable housing (Discovery Apartment Homes).

WHEREAS, on July 16, 2020, the State of California Department of Housing and Community Development (HCD) issued a Notice of Funding Availability (NOFA) for the Homekey Program (Homekey or Homekey Program). The Housing Authority of the City of Sacramento jointly applied for Homekey grant funds with Jamboree Housing Corporation and was successful in receiving a reservation of \$12,484,098 in Homekey funds to acquire and operate a motel be converted into housing for homeless individuals and families.

WHEREAS, Jamboree Housing Corporation is under contract with the seller of the Hawthorne Motel at 321 Bercut Drive and intends to convert the 272-room extended stay motel into the River District Landing affordable housing development, 102 units of which will be supported by the Homekey Program funding and used for interim housing for approximately three years (Bercut Village) and then convert Bercut Village to permanent supportive housing development (North Parcel Number 001-0182-019). The remaining motel rooms that will be acquired with Housing Authority Successor Agency funds will be developed into Discovery Apartment Homes with approximately 130 workforce affordable housing units (South Parcel Number 001-0182-024).

WHEREAS, on August 18, 2020, the Council directed the Sacramento Housing and Redevelopment Agency (SHRA) to allocate \$3,400,000 in Emergency Solutions Grant (ESG) funding from the Federal CARES Act to fund re-housing activities noted in the Amended Sacramento COVID-19 Homeless Response Plan. The County of Sacramento will be funding this activity in place of City ESG funding. On this date, Council also directed SHRA to allocate \$2,000,000 of City ESG to the Homeless Prevention Program.

WHEREAS, the recommended actions have been analyzed in accordance with the California Environmental Quality Act (CEQA) and are determined to be exempt pursuant to Public Resources Code, Section 21080.50 – Interim Motel Housing Project.

WHEREAS, the recommended actions have been analyzed in accordance with the National Environmental Policy Act (NEPA) and will be completed prior to making any choice limiting action. It is anticipated that the review will result in a Finding of No Significant Impact (FONSI).

BE IT RESOLVED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION:

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

Section 2. The Executive Director, or designee, is authorized to amend the existing Capitol Park Hotel Acquisition Loan Agreement to reallocate the \$13,370,000 loan repayment of Measure U funds for SHRA to enter into an acquisition loan agreement with Jamboree Housing Corporation or related entity (Developer) for the Discovery Apartment Homes workforce housing development. The Executive Director or designee is further authorized to execute other documents, as approved to form by the its Office of the General Counsel, and perform other actions SHRA deems necessary to fulfill the intent of the Measure U funds, including without limitation, negotiation, subordination, financial restructuring, and extensions, consistent with SHRA's adopted policy and with this resolution.

Section 3. The Executive Director, or designee, is authorized to negotiate, enter into and execute an acquisition loan agreement and related documents for the financing of Discovery Apartment Homes with \$13,370,000 in Measure U funds and to transmit such to the Developer, and execute other documents, as approved to form by its Office of the General Counsel, perform other actions SHRA deems necessary to fulfill the intent of the Measure U funds, including

without limitation, negotiation, subordination, financial restructuring, and extensions, consistent with its adopted policy and with this resolution.

Section 4. The Executive Director, or designee, is authorized to negotiate, enter into and execute a CARES Act funding agreement with the City Manager of the City of Sacramento or designee and related documents for the financing of Bercut Village, and execute other documents, as approved to form by the City Attorney and SHRA's Office of the General Counsel, perform other actions as the City Manager or SHRA deems necessary to fulfill the intent of the CARES Act funds, including without limitation, negotiation, subordination, financial restructuring, and extensions, consistent with SHRA's adopted policy and with this resolution.

Section 5. The Executive Director, or designee, is authorized to negotiate, enter into and execute a funding agreement and related documents for the rehabilitation financing of Bercut Village for interim housing to individuals and families experiencing homelessness with \$665,000 in City Coronavirus Relieve Funds (CRF) and to transmit such to the Developer, and execute other documents, as approved to form by its Office of the General Counsel, and perform other actions SHRA deems necessary to fulfill the intent of the CRF, including without limitation, negotiation, subordination, financial restructuring, and extensions, consistent with its adopted policy and with this resolution.

Section 6. The Executive Director, or designee, is authorized to negotiate, enter into and execute a funding agreement and related documents for the rehabilitation financing of Bercut Village for interim housing to individuals and families experiencing homelessness with \$1,267,885 in Emergency Solutions Grant (ESG-CV2) funds to the Developer, and execute other documents, as approved to form by its Office of the General Counsel, and perform other actions SHRA deems necessary to fulfill the intent of the Emergency Solutions Grant funds, including without limitation, negotiation, subordination, financial restructuring, and extensions, consistent with its adopted policy and with this resolution.

Section 7. The Executive Director, or designee, is authorized to negotiate, enter into and execute a funding agreement and related documents for the operation of 102 interim housing units for homeless individuals and families at Bercut Village with \$5,832,115 in ESG-CV2 in Community Development Block Grant (CDBG-CV1) funds to the Developer, and execute other documents, as approved to form by its Office of the General Counsel, and perform other actions SHRA deems necessary to fulfill the intent of the Emergency Solutions Grant and Community Development Block Grant funds, including without limitation, negotiation, subordination, financial restructuring, and extensions, consistent with its adopted policy and with this resolution.

Section 8. The Executive Director, or designee, is authorized to negotiate, enter into and execute agreements and contracts with Sacramento Steps Forward and/or appropriate entities to carry out referral services to the Bercut Village interim housing program and execute other documents, as approved to form by its Office of the General Counsel, and perform other actions SHRA deems necessary to fulfill the intent of the Emergency Solutions Grant and Community Development Block Grant funds, including without limitation, negotiation, subordination, financial restructuring, and extensions, consistent with its adopted policy and with this resolution.

Section 9. The Executive Director or designee is authorized to amend its budget and allocate a) \$13,370,000 in Measure U funds for the purposes of SHRA providing a loan to the Developer for the purchase of the Hawthorne Motel which will be converted to Discovery Apartment Homes; b) \$665,000 of City Coronavirus Relief Funds and \$1,267,885 in Emergency Solutions Grant (ESG-CV2) funds for the rehabilitation of the Hawthorne Motel to Bercut Village; and c) \$3,832,115 in ESG-CV2 funds combined with \$1,205,902 in Community Development Block Grant (CDBG-CV1) funds for the purposes of providing a contract for up to three years of operating expenses for the 102 units of interim housing being provided through this motel acquisition and conversion (Bercut Village).

CHAIR

ATTEST:

CLERK



October 2, 2020

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Approval of Funding Agreements and 2020 Action Plan Amendment for La Mancha
Development (7789 La Mancha Way)

RECOMMENDATION

Staff is presenting this information to the Commission for final review prior to review by
the City of Sacramento.

Respectfully submitted,


Executive Director

Attachment



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

**Discussion
October 13, 2020**

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

**Title: La Mancha Approval of Funding Agreements and 2020 Action Plan
Amendment**

Location/Council District: 7789 La Mancha Way/Council District 8

Recommendation: Pass a Motion by two-thirds vote waiving Sacramento City Code section 4.04.020 and Council Rules of Procedure Chapter 7, Section E.2.d that mandate all labor agreements and all agreements greater than \$1million shall be made available to the public at least ten (10) days prior to Council action. Adopt: 1) a Housing Authority Resolution approving a) authorization to the Executive Director, or designee, to enter into and execute i) Homekey Program funding and operator agreements and related documents for the La Mancha development (Project) associated with the \$13,190,000 acquisition and \$1,310,934 operations financing with Mercy Housing California or related entity (Developer), and execute other documents and perform other actions including without limitation, negotiation, subordination, regulatory agreement, financial restructuring, and extensions, ii) other documents related to the Project to fulfill the intent of the Homekey Program requirements, including without limitation, negotiation, subordination, financial restructuring, and extensions, b) HACS budget amendment, and c) the related findings; and 2) a City Council Resolution approving a) the amendment to the 2020 One-Year Action Plan to allocate Community Development Block Grant (CDBG-CV1) funds to the Project, and Sacramento Housing and Redevelopment Agency (SHRA) is directed to submit the amended 2020 One-Year Action Plan to the US Department of Housing Urban Development (HUD), b) allocation of \$1,577,932 in CDBG-CV1 funds for the operations financing of the Project, c) SHRA to enter into and execute subrecipient agreements and related documents for the operations financing of the Project with the Developer, and execute other documents and perform other actions including without limitation, negotiation, subordination, regulatory agreement, financial restructuring, and extensions, d) SHRA to enter into and execute grant agreements with the HUD, execute agreements and contracts with the appropriate entities to carry out projects and programs in accordance with the amended 2020 One-Year Action Plan and amendments to prior years' Action Plans; e) the SHRA budget amendment, and f) the related findings; and 3) a City Council Resolution approving a) authorization to the City Manager, or designee, and SHRA to enter into

and execute a CARES Act funding agreement and related documents for the acquisition rehabilitation financing of the Project, execute other documents, and perform other actions, including without limitation, negotiation, subordination, financial restructuring, and extensions, b) authorization to SHRA to enter into and execute a \$2,000,000 Coronavirus Relief Funds (CRF) funding agreement and related documents for the acquisition and rehabilitation financing of the Project with the Developer, execute other documents, and perform other actions, including without limitation, negotiation, subordination, financial restructuring, and extensions, c) authorization to the City Manager, or designee, and SHRA to enter into and execute a HHAP-3 funding agreement and related documents for the operations financing of the Project, execute other documents, and perform other actions, including without limitation, negotiation, subordination, financial restructuring, and extensions, d) authorization to SHRA to enter into a \$2,030,000 in Homeless Housing, Assistance and Prevention Program (HHAP-3) operator agreement and related documents for the operations financing of the Project with the Developer, execute other documents, and perform other actions, including without limitation, negotiation, subordination, financial restructuring, and extensions, e) the SHRA budget amendment, and f) the related findings.

Contact: Christine Weichert, Assistant Director, (916) 440-1353, Tyrone Roderick Williams, Deputy Executive Director, (916) 440-1316, Sacramento Housing and Redevelopment Agency

Presenters: Susan Veazey, Program Manager, (916) 440-1311, Sacramento Housing and Redevelopment Agency

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue Detail: On May 5, 2020, the Sacramento Housing and Redevelopment Agency (SHRA) presented a proposed Rehousing Plan to the City Council as one element of the response to alleviating COVID-19 impacts on the City's homeless population. One of the recommendations included a Motel Acquisition Program.

On June 16, 2020, the California Department of Housing and Community Development (HCD) announced the availability of approximately \$600 million in Homekey Program funding designed to rapidly sustain and expand the inventory of housing for individuals and families experiencing homelessness or at risk of homelessness and impacted by COVID-19. The Homekey Program (Homekey) provides an opportunity for local public agencies to work independently or in conjunction with a developer to purchase motels and a broad range of other housing types to increase their community's capacity to respond to homelessness and the current COVID-19 pandemic. While Homekey builds from the success of Project Roomkey, a previous HCD program providing funding for housing during the pandemic, applications for Homekey funding were not limited to Project Roomkey sites.

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

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

On September 8, 2020, the Housing Authority of the City of Sacramento (HACS) and Mercy Housing California or related entity (Mercy Housing) were informed that their joint application for \$14,500,934 had been successful and HCD had made a reservation of funding. Given the timing of the Homekey Program application deadlines necessitated by CRF expenditure deadlines, HACS and Mercy Housing submitted the application to HCD prior to receiving Housing Authority Board approval. HCD permitted applicants to provide the required board resolutions after the submission of the application.

September 22, 2020, the Housing Authority Board (Board) adopted a resolution authorizing HACS to submit an application, along with Mercy Housing, to HCD's Homekey Program; execute a Standard Agreement and any documents necessary to participate in the Homekey Program; and amend the Housing Authority budget to receive and expend up to \$15,500,000 in Homekey Program funds for the acquisition, rehabilitation and operation financing of a motel conversion to permanent supportive housing for individuals and families experiencing homelessness.

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

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

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

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

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

Developer: Mercy Housing California (Developer) is a nonprofit public benefit corporation dedicated to providing quality affordable housing with supportive programs to low-income individuals in California. Mercy has developed more than 11,000 affordable homes, including over 8,000 rental and 3,000 homeownership units. Their portfolio includes 20 properties with over 1,400 units in Sacramento County. The Developer is qualified to repurpose a motel given its experience in the rehabilitation of the Budget Inn on Stockton Boulevard into the 74-unit Boulevard Court Apartments, and the 92-unit Courtyard Inn Apartments, both permanent supportive housing developments.

Supportive Services: It is anticipated that 30 units will be restricted to the MHSA funding program and supportive services will be provided by the County of Sacramento Department of Health Services. Mercy Housing will also be providing and coordinating supportive services. Mercy Housing California has over 20 years of experience providing safe and affordable housing to homeless and chronically homeless individuals and families. Mercy has a successful history of creating partnerships with service providers who provide intensive case management and connect residents to resources including mental health services, healthcare services, substance abuse services, life skills programs, employment services, and crisis management.

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

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

Policy Considerations: The recommended actions for the development are consistent with: a) SHRA's previously approved Multifamily Lending and Mortgage Revenue Bond Policies, Affordable Housing Priority 2(i), Conversion of Non-Residential to Residential Use for Permanent Supportive Housing and Homeless Housing, and Priority 2(iii), Workforce Housing; and b) the 2013-2021 Housing Element, Goals H-2.2.4, in part, Pursue and maximize the use of all appropriate state, federal, local and private funding for the development of housing affordable for extremely low-, very low-, and low-income households, while maintaining economic competitiveness in the region; H-3.1.1 Promote extremely low income housing; H-3.2.8 Provide funding and other resources for permanent supportive housing; H-3.2.9, in part, Prioritization of Special Needs Housing, such as chronically homeless individuals or families for available local affordable housing financing as set forth in the City's Multifamily Lending and Mortgage Revenue Bond Policies administered by the Sacramento Housing and Redevelopment Agency; and H-5.1 to 5.4, in part, Promote and create accessible residential development (Resolution No. 2013- 415).

Economic Impacts: The rehabilitation of the La Mancha permanent supportive housing project is expected to create 11.4 total jobs (6.4 direct jobs and 5.0 jobs through indirect and induced activities) and create \$1,958,040 in total economic output (\$1,203,329 of direct output and another \$754,711 of output through indirect and induced activities).

The indicated economic impacts are estimates calculated using a calculation tool developed by the Center for Strategic Economic Research (CSER). CSER utilized the IMPLAN input-output model (2009 coefficients) to quantify the economic impacts of a hypothetical \$1 million of spending in various construction categories within the City of Sacramento in an average one-year period. Actual impacts could differ significantly from the estimates and neither the City of Sacramento nor CSER shall be held responsible for consequences resulting from such differences.

Environmental Considerations: California Environmental Quality Act (CEQA): Activities authorized in this report have been analyzed in accordance with CEQA and are determined to be exempt from CEQA pursuant to Health & Safety Code, Section 50678.1.2 – Project Homekey. National Environmental Policy Act (NEPA): Activities authorized in this report are in the process of being analyzed in accordance with NEPA and will be completed prior to making any choice limiting action. It is anticipated that the review will result in a Finding of No Significant Impact (FONSI).

Sustainability Considerations: The proposed Project has been reviewed for consistency with the goals, policies and targets of the Sustainability Master Plan and the 2030 General Plan. If approved, this Project will advance the following goal, policy and target of goal number one – Energy Independence, specifically by reducing the use of fossil fuels and providing long-term affordable and reliable energy.

Commission Action: *Sacramento Housing and Redevelopment Commission:* It is anticipated that, at its October 7th, 2020 meeting, the Sacramento Housing and Redevelopment Commission will approve the staff recommendation for this item. Staff will notify the Council in the event this does not occur.

Rationale for Recommendation: The actions recommended in this report enable SHRA to continue to fulfill its mission of providing a range of affordable housing opportunities in the City and are consistent with SHRA’s previously approved Multifamily Lending and Mortgage Revenue Bond Policies, the City of Sacramento’s 2013-2021 Housing Element as part of Sacramento’s 2035 General Plan, and the Opportunity Zone.

Financial Considerations: The Homekey funds allocated for the La Mancha development will be in the form of a grant with a 55-year regulatory agreement term. The \$2,355,788 in County of Sacramento Mental Health Services Act (MHSA) funds will be loaned for a period of 40 years at zero percent interest. SHRA will receive an annual administration fee equal to 12.5 basis points (0.125%) of the loan for the Project as compensation for monitoring compliance with regulatory restrictions and the administration of the loan. SHRA will also receive a fee equal to \$100 per SHRA-funded unit per year, and a prorated semi-annual installment at loan closing and equal semi-annual installments following the effective date of the regulatory agreement during the term of the regulatory period for each loan.

Local Business Enterprise (LBE) - M/WBE and Section 3 requirements: Local Business Enterprise requirements do not apply to this report. Minority and Women’s Business Enterprise requirements and Section 3 will be applied to all activities to the greatest extent possible and as required by federal funding and in accordance with SHRA’s Section 3 Economic Opportunity Plan. The Developer and General Contractor will work with SHRA’s Section 3 Coordinator, Sacramento Employment and Training Agency, the Greater Sacramento Urban League or similar programs, to promote employment opportunities.

Respectfully Submitted by: 
LA SHELLE DOZIER
Executive Director

Attachments

1-Description/Analysis

2-Vicinity Map

3-Residential Project Summary

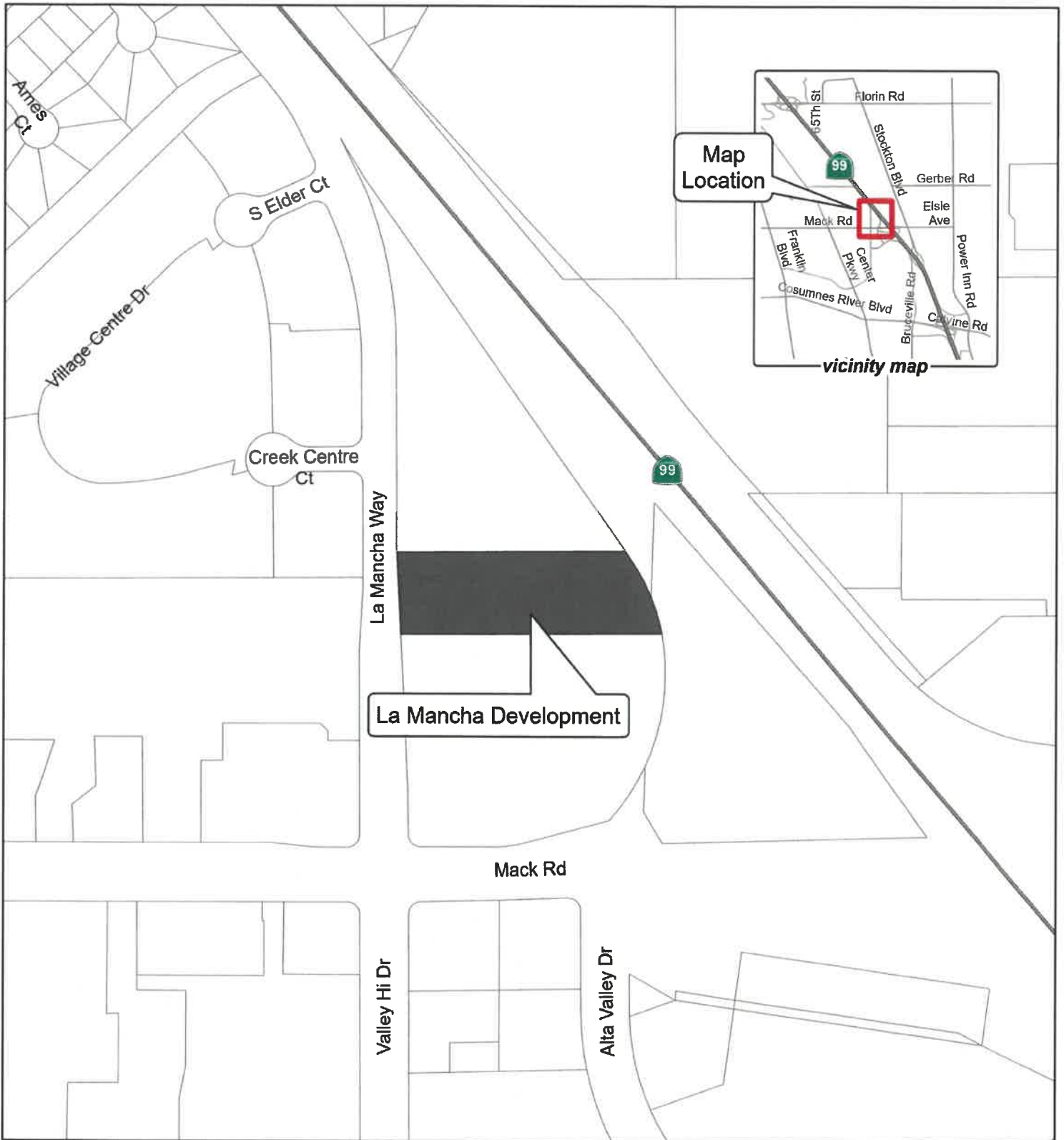
4-Housing Authority Resolution – Homekey Funds

5-City Council Resolution – Action Plan Amendment CDBG Funds

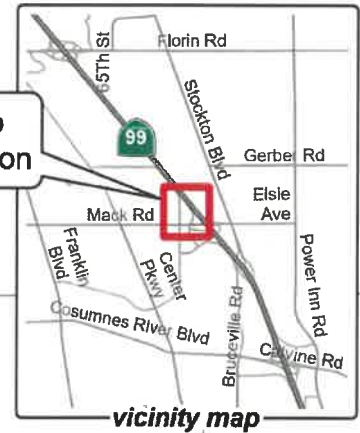
6-Exhibit A: Action Plan Amendment CDBG Funds

7-City Council Resolution – CRF and HHAP-3 Funds

La Mancha Development

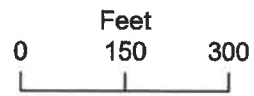


Map Location



La Mancha Development

 La Mancha Development (7789 La Mancha Way)



SHRA GIS
September 21, 2020

La Mancha Development Residential Project Summary

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

RESOLUTION NO. 2020 -

Adopted by the Housing Authority of the City of Sacramento

on date of

LA MANCHA DEVELOPMENT: APPROVAL OF FUNDING AGREEMENTS CONSISTING OF \$13,190,000 IN HOMEKEY PROGRAM FUNDS (HOMEKEY FUNDS) FOR THE ACQUISITION OF 7789 LA MANCHA (PROJECT), \$1,310,934 IN HOMEKEY FUNDS TO OPERATE PERMANENT SUPPORTIVE HOUSING FOR INDIVIDUALS AND FAMILIES EXPERIENCING HOMELESSNESS AT THE PROJECT, COLLECTIVELY, "AGREEMENTS"; NEGOTIATION AND EXECUTION OF AGREEMENTS AND RELATED DOCUMENTS FOR THE PROJECT WITH MERCY HOUSING CALIFORNIA OR RELATED ENTITY (DEVELOPER); BUDGET AMENDMENTS AND ENVIRONMENTAL FINDINGS

BACKGROUND

- A. On July 16, 2020, the State of California Department of Housing and Community Development (HCD) issued a Notice of Funding Availability (NOFA) for the Homekey Program (Homekey or Homekey Program). The Housing Authority of the City of Sacramento (HACS) jointly applied for Homekey grant funds with Mercy Housing California and was successful in being awarded \$14,500,934 in Homekey funds to acquire and operate a motel to be converted into housing for homeless individuals and families.
- B. Mercy Housing California is under contract with the seller of the Woodspring Suites at 7789 La Mancha Way and intends to convert the 124-room extended stay motel into 100 permanent supportive housing units (Project) supported with Homekey Program funding.
- C. On September 22, 2020, the Board of the HACS (Board) adopted a resolution authorizing HACS to submit an application for the Project, along with Mercy Housing California, to HCD's Homekey Program; execute a Standard Agreement and any documents necessary to participate in the Homekey Program; and amend the Housing Authority budget to receive and expend an amount not to exceed \$15,500,000 in Homekey Program funds for the acquisition, rehabilitation and operation of a motel conversion to permanent supportive housing for individuals and families experiencing homelessness.
- D. Activities authorized in this report have been analyzed in accordance with the California Environmental Quality Act (CEQA) and are determined to be exempt from CEQA pursuant to Health & Safety Code, Section 50678.1.2 – Project Homekey.
- E. Activities authorized in this report are in the process of being analyzed in accordance with the National Environmental Policy Act (NEPA) and will be completed prior to making any choice limiting action. It is anticipated that the review will result in a Finding of No Significant Impact (FONSI).

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

- Section 1. All evidence presented having been duly considered, the findings, including environmental findings regarding this action, as stated above, are found to be true and accurate and are hereby approved adopted.
- Section 2. The Executive Director, or designee, is authorized to negotiate, enter into and execute a funding agreement and related documents for the acquisition financing of the Project with \$13,190,000 in Homekey Program funds to provide permanent supportive housing for individuals and families experiencing homelessness and to transmit such to Mercy Housing California or related entity (Developer), and execute other documents, as approved to form by its Office of the General Counsel, and perform other actions the Housing Authority of the City of Sacramento (HACS) deems necessary to fulfill the intent of the Homekey Program funds, including without limitation, negotiation, subordination, regulatory agreement, financial restructuring, and extensions, consistent with its adopted policy and with this resolution.
- Section 3. The Executive Director, or designee, is authorized to negotiate, enter into and execute an operator agreement and related documents to operate 100 permanent supportive housing units for individuals and families experiencing homelessness with \$1,310,934 in Homekey Program funds at the Project and to transmit such to the Developer, and execute other documents, as approved to form by its Office of the General Counsel, and perform other actions HACS deems necessary to fulfill the intent of the Homekey Program funds, including without limitation, negotiation, subordination, regulatory agreement, financial restructuring, and extensions, consistent with its adopted policy and with this resolution.
- Section 4. The Executive Director, or designee, is authorized to negotiate, enter into and execute other documents related to the Project, as approved to form by its Office of the General Counsel, and perform other actions HACS deems necessary to fulfill the intent of the Homekey Program requirements established by the State of California Department of Housing and Community Development, in accordance with its terms, and perform other actions HACS deems necessary including without limitation, negotiation, subordination, regulatory agreement, financial restructuring, and extensions, consistent with its adopted policy and with this resolution.
- Section 5. The Housing Authority is authorized to amend its budget and allocate an amount not to exceed \$14,500,934 in Homekey Program funds to provide acquisition and operations financing for the Project.

RESOLUTION NO. 2020 -

Adopted by the Sacramento City Council

on date of

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

BACKGROUND

- A. The United States Department of Housing and Urban Development (HUD) requires the adoption of a Five-Year Consolidated Plan and annual Action Plan, consistent with the Consolidated Plan, to identify the programs and projects for expenditure of federal Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME), Emergency Solutions Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA).
- B. Since 1982 the Sacramento Housing and Redevelopment Agency (SHRA) and its constituent entities has served as the public entity designated to efficiently administer the CDBG program and was subsequently designated as the public entity to administer HOME, ESG, and HOPWA, funding originating from HUD.
- C. As the recipient of HUD funding and designated agent for the City of Sacramento, SHRA is authorized to submit environmental determinations on the City's behalf and on the behalf of non-profit sub-recipients.
- D. The recommended actions are consistent with the goals and objectives contained in the 2020-2024 Consolidated Plan, the Analysis of Impediments to Fair Housing Choice (AI) and the 2020 Action Plan which were approved by Resolution No. 2019-0408.
- E. On March 27, 2020, the President of the United States signed the CARES Act, Public Law 116-136. This made available \$5 billion CDBG Coronavirus (CDBG-CV) funds, \$4 billion in ESG Coronavirus (ESG-CV) and \$65 million in HOPWA supplemental funds to respond to the growing effects of the historic COVID-19 public health crisis.

- F. The CARES Act allocated the first round of funding to the City of Sacramento based upon fiscal year 2020 formulas in the following amounts: \$2,869,932 of CDBG-CV1, \$1,453,941 of ESG-CV and \$218,082 of HOPWA supplemental allocation.
- G. The CARES Act allocated a second round of CDBG-CV funding to the State of California.
- H. The CARES Act allocated a third round of CDBG (CDBG-CV3) to the City of Sacramento in the amount of \$3,600,966.
- I. The CARES Act allocated a second round of ESG (ESG-CV2) to the City of Sacramento based upon a new formula in the amount of \$10,205,871.
- J. The CARES Act authorized the HUD Secretary to grant waivers and alternative requirement of statutes and regulations in connection with the use of CDBG-CV funds, including the suspension of the 15 percent cap on public services; reducing the public comment period to 5 days for consolidated plan and action plan amendments, and allowing the option of virtual hearings.
- K. The CARES Act authorized the HUD Secretary to grant waivers and alternative requirement of statutes and regulations in connection with the use of ESG-CV funds, including the suspension of the spending cap on emergency shelter and outreach activities; administrative cost cap is increased to 10 percent; funds are exempt from the match requirements; funds not subject to consultation and citizen participation requirements; subrecipients may deviate from applicable procurement standards; and supportive services are not a required to receive treatment.
- L. SHRA has applied and received waivers for the CDBG-CV, ESG-CV and HOPWA supplemental funds.
- M. The City Council and County Board of Supervisors approved Sacramento COVID-19 Homeless Response Plan (Response Plan) and authorized implementation of the plan on April 7, 2020. The comprehensive plan utilizes, local, state and federal funding. The Board of Supervisors approved an amendment on July 14, 2020 and by the City Council on August 18, 2020. The Response Plan designates the City and County with lead responsibilities.
- N. The 2020-2024 Consolidated Plan, the 2020 Action Plan and the City and County of Sacramento Citizen Participation Plan were amended to accept and allocate the CARES Act funding by City Council Resolution No. 2020-0098.

- O. A notice to solicit comments on the proposed actions was published. The actions are scheduled to be approved at the City Council meeting on October 13, 2020, which meets the five (5) day public comment period requirement.
- P. The Housing Authority of the City of Sacramento and their co-applicant, Mercy Housing California, were awarded \$14,500,934 for the La Mancha development in the Homekey Program. The La Mancha development includes the acquisition and conversion of a motel into permanent supportive housing for homeless families and individuals located at 7789 La Mancha Way (118-0133-010).
- Q. Activities authorized in this report have been analyzed in accordance with the California Environmental Quality Act (CEQA) and are determined to be exempt from CEQA pursuant to Health & Safety Code, Section 50678.1.2 – Project Homekey.
- R. Activities authorized in this report are in the process of being analyzed in accordance with the National Environmental Policy Act (NEPA) and will be completed prior to making any choice limiting action. It is anticipated that the review will result in a Finding of No Significant Impact (FONSI).

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

- Section 1. All evidence presented having been duly considered, the findings, including environmental findings regarding this action, as stated above, are found to be true and accurate and are hereby approved adopted.
- Section 2. The 2020 One-Year Action Plan Substantial Amendment #4 which allocates CDBG-CV1 as described in Exhibit A is approved. SHRA is directed to submit the amended 2020 One-Year Action Plan to HUD.
- Section 3. CDBG-CV1 funds of \$1,577,932 are allocated to the La Mancha development to operate as 100 units of permanent supportive housing for homeless individuals and families.
- Section 4. SHRA is authorized to negotiate, enter into and execute subrecipient agreements, and related documents for operations financing of the La Mancha development with Mercy Housing California or related entity (Developer), and execute other documents, as approved to form by its Office of the General Counsel, perform other actions required for the CDBG-CV1 funds, including without limitation, negotiation, subordination, regulatory agreement, financial restructuring, and extensions, consistent with its adopted policy and with this resolution.
- Section 5. SHRA is authorized and delegated authority to act as agent on behalf of the City of Sacramento to execute grant agreements with HUD and execute agreements and contracts with the appropriate entities to carry

out projects and programs in accordance with the amended 2020 One-Year Action Plan and amendments to prior years' Action Plans in compliance with applicable federal laws and regulations as approved to form by its Office of the General Counsel.

Section 6. SHRA's budget is hereby amended to incorporate \$1,577,932 in CDBG-CV1 funds for the operations financing of the La Mancha development.

Table of Contents:

Exhibit A: 2020 Action Plan Amendment #4

**City of Sacramento
Amendment #4 to 2020 Action Plan**

This report formally amends the 2020 Action Plan to activities listed below:

2020 One-Year Action Plan Amendment			
Recommendation – Community Development Block Grant			
Activity Name	Amount	Source	CDBG Criteria
Homeless Activities (Public Services): Funds to operate a hotel to serve as an emergency shelter/and interim housing for homeless individuals and families.	\$1,577,932	CDBG-CV1	03T/LMC
Total	\$1,577,932		