



**Sacramento
Housing &
Redevelopment
Agency**

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

Consent
February 17, 2009

Honorable Mayor and Members of the City Council

Title: Local Housing Trust Fund Grant Application

Location/Council District: Citywide

Recommendation: Adopt a **City Resolution** authorizing the Executive Director or her designee to: 1) submit an application to the California Department of Housing and Community Development (HCD) for funding under the Local Housing Trust Fund Program; 2) execute a Standard Agreement for such funding and any amendments thereto; 3) execute any related documents necessary to participate in the Local Housing Trust Fund Program; 4) adopt local guidelines for implementation of the Local Housing Trust Fund Program; and 5) amend the Agency Budget to receive and expend not more than \$2,000,000 in Local Housing Trust Fund Program funding for multifamily housing activities if the application is awarded.

Contact: Cindy Cavanaugh, Assistant Director, 440-1317; Emily Halcon, Management Analyst, 440-1399, ext. 1420

Presenters: Not applicable

Department: Sacramento Housing and Redevelopment Agency (SHRA)

Description/Analysis

Issue: The California Department of Housing and Community Development (HCD) recently announced a Notice of Funding Availability (NOFA) for the Local Housing Trust Fund (LHTF) Program, a new state program which provides matching dollars for local housing trust funds. Applications under the NOFA are due to HCD no later than February 18, 2009. The funding for this NOFA was provided by the passage of Proposition 1C, the Housing and Emergency Shelter Trust Fund Act of 2006.

The LHTF Program makes one-time grants to localities for the development of affordable multifamily rental and ownership housing and emergency shelters. It is intended to support local housing trust funds that have committed sources of funds not traditionally used for affordable housing and have been operational for at least five years. Awarded state funds must be matched locally and at least 30

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percent of the state and local matching funds must be expended on projects that benefit extremely low-income families (ELI).

In addition, the NOFA prioritizes funding for programs that provide funding for extremely low income housing and/or that provide homeownership opportunities. Given the LHTF Program's 30 percent ELI requirement and the availability of non housing matching funds through the local housing trust fund and 80 percent tax increment for this type of development, staff recommends an application that uses these new grant funds to supplement ELI housing projects in the development pipeline. Specific projects for the funds will be identified in accordance with the funding requirements and the local guidelines, included as Attachment 1 of this report.

Policy Considerations: The actions requested in this staff report are consistent with City Housing Element policy 3.1.1 to promote the siting, production, rehabilitation and preservation of housing for extremely low income households. In addition, the actions are consistent with City Housing Element policy 2.2.5 to pursue and maximize the use of all appropriate state funding for affordable housing.

Environmental Considerations:

California Environmental Quality Act (CEQA): The proposed action consists of an application to create a funding program to provide development assistance for the construction of new multi-family housing. Specific projects for receipt of the funding will be identified at a later date, and will be subject to review under the California Environmental Quality Act (CEQA) prior to Agency loan approvals. The action does not commit to any specific project which may result in potentially significant impacts on the environment. As such, the proposed action does not constitute a project under CEQA per Guidelines Section 15378(b) (4).

Sustainability Considerations: Not applicable

Other: The National Environmental Policy Act (NEPA) does not apply.

Committee/Commission Action: At its meeting of January 21, 2009, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. The votes were as follows:

AYES: Burruss, Dean, Fowler, Gore, Morgan, Shah, Stivers

NOES: None

ABSENT: Chan, Coriano

NOT PRESENT TO VOTE: Otto

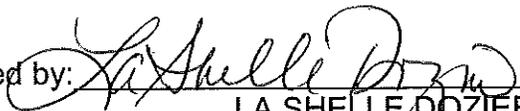
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Rationale for Recommendation: A successful Local Housing Trust Fund application would provide up to \$2,000,000 in grant funding for the development of new multi-family housing, increasing housing opportunities for extremely low income households and increasing the leverage of local resources.

Financial Considerations: The Local Housing Trust Fund application will be in the amount of \$2,000,000. The program funds are in the form of a grant; no repayment to the State is required if funds are spent in accordance with the funding regulations within 36 months of receipt. The Agency budget will be amended to increase the Housing Development Assistance Project funds by \$2,000,000.

M/WBE Considerations: The items discussed in this report have no M/WBE impact; therefore, M/WBE considerations do not apply.

Respectfully Submitted by: 
LA SHELLE DOZIER
Executive Director

Recommendation Approved:


RAY KERRIDGE
City Manager

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State of California Local Housing Trust Fund (LHTF) Program

Basic guidelines for the State LHTF program funds are outlined below. In general, administration of the State funds is governed by the SHRA Multifamily Lending Policies¹, which can be found on SHRA's website.

Project Types	State funds will be available for multi-family rental projects that include units affordable to extremely low income households.
Geographic Areas	State funds will be available Citywide.
Investment Types	State funds will be loans to qualified developers, in accordance with the underwriting provisions of the Multifamily Lending Policies.
Terms and Conditions	Loan terms and conditions will be in accordance with the Multifamily Lending Policies, Section 2.
Maximum Loan Amount	The maximum per unit loan amount from the State funds shall be the US Department of Housing and Urban Development 221(d)(3) limits, adjusted by unit size.
Income Targeting Goals	At least 75 percent of the State funds and matching Local Housing Trust Funds will be expended on extremely low income units. Consistent with the Local Housing Trust Fund regulations, all rental units assisted with State funds and matching Local Housing Trust Funds will be affordable to households at or below 60 percent of area median income.
Eligibility	Non-profit and for-profit entities are eligible, consistent with the Multi-family Lending Guidelines, Section 1.3.
Underwriting	Loan underwriting shall be consistent with the Multi-family Lending Guidelines, Section 3.
Match Requirements	At a minimum, a dollar-for-dollar match of Local Housing Trust Funds and/or 80 percent tax increment funds will be made to eligible projects. Consistent with the Multi-family Lending Guidelines, all projects will be required to leverage outside funding sources, both public and private, to the greatest extent feasible.

¹ The City Council is scheduled to review and adopt the revised Multi-family Guidelines on January 27, 2009. References in these program guidelines are to the revised guidelines. Should changes be made prior to adoption, these guidelines will be changed accordingly.

RESOLUTION NO. 2009 -

Adopted by the Sacramento City Council

on date of

AUTHORIZATION FOR SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY TO APPLY FOR, ACCEPT AND ADMINISTER THE STATE OF CALIFORNIA LOCAL HOUSING TRUST FUND PROGRAM IN THE NAME OF AND ON BEHALF OF THE CITY OF SACRAMENTO

BACKGROUND

- A. The City of Sacramento, a political subdivision of the State of California, desires to apply for and receive an allocation of funds through the State of California Local Housing Trust Fund Program.
- B. The California Department of Housing and Community Development (the "Department") is authorized to allocate Local Housing Trust Fund Program ("LHTFP") funds made available from the Housing and Emergency Shelter Act of 2006. LHTFP funds are to be used for the purposes set forth in Section 50843.5 of the Health and Safety Code and any implementing regulations developed by the Department.
- C. On October 24, 2008, the Department issued a Notice of Funding Availability and on November 6, 2008, the Department amended that Notice of Funding Availability announcing the availability of funds under the LHTFP (the "NOFA").
- D. In response to the NOFA, the City, by its agent, the Sacramento Housing and Redevelopment Agency, ("Agency"), a joint power authority (the "Applicant") wishes to apply to the Department for, and receive an allocation of, funds from the LHTFP.

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

- Section 1. The foregoing findings are true and correct and hereby adopted.
- Section 2. The City delegates authority to the Agency to submit an application to the State Department of Housing and Community Development on behalf of and in the name of the City of Sacramento to the Local Housing Trust Fund Program in response to the NOFA issued on October 24, 2008 and amended on November 6, 2008 for an allocation of funds not to exceed

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two million dollars (\$2,000,000) for the following activities and/or programs:

Development loans for new residential development in the City of Sacramento for low-, very low- and extremely low-income households.

Section 3. The City delegates authority to the Agency to receive funding from HCD in the amount of \$2,000,000 on behalf of and in the name of the City and to administer LHTFP funds in accordance with the LHTFP rules and regulations.

Section 4. If the application for funding is approved, the Applicant hereby agrees to use the LHTFP funds for eligible activities in the manner presented in its application as approved by the Department in accordance with the statute and guidelines cited above. The City authorizes the Agency to execute, on behalf of itself and the City, a standard agreement, any amendments thereto, and any and all other documents or instruments necessary or required by the Department for participation in the Local Housing Trust Fund Program, as currently established in the applicable law and regulations.

Section 5. The City, for itself and the Agency, adopts the Local Housing Trust Fund Program Guidelines, as described in Attachment 1. The Agency may make technical changes to the guidelines as necessary for program implementation.

Section 6. If the application for funding is approved, the Agency's Budget is hereby amended to incorporate the Local Housing Trust Fund Program funding of up to \$2,000,000 for the multi-family lending program within the Housing Development Assistance Project. The Agency is authorized to move funds from one program to another as needed to ensure Local Housing Trust Fund Program expenditures.

