



**Sacramento
Housing &
Redevelopment
Agency**

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

Consent
March 24, 2009

Honorable Chair and Members of the Housing Authority Board

Title: Approval of an Application for the Disposition of a Sacramento Housing Authority Maintenance Facilities Building

Location/Council District: 320 Commerce Circle Maintenance Facility,
Council District 2

Recommendation: Adopt a **Housing Authority Resolution** authorizing the Executive Director or her designee to: 1) submit an application to the U.S. Department of Housing and Urban Development (HUD) for the disposition of 320 Commerce Circle (CA30-P005-002) in Sacramento, CA, 2) remove the Declaration of Trust and Contract for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act, and transfer the Declaration of Trust and Contract for Loan Guarantee Assistance under Section 108 to the Oak Park duplexes, 3) subject to approval from HUD requested in Section 1 above, request a reassignment of this property to the Housing Authority of the City of Sacramento's Central Office Cost Center (COCC), and 4) request an exception under 24 CFR part 85.6(c) to reimburse the federal government for its equity in the project.

Contact: Nick Chhotu, Assistant Director of Public Housing, 916-440-1334

Presenters: N/A

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: The Housing Authority currently owns a 1.72 acre maintenance facility at 320 Commerce Circle in Sacramento. The building was acquired in November 1988 with non- HUD funds to house the Housing Authority's central maintenance and management staff. In December 1995, the Housing Authority entered into an agreement with the U.S. Department of Housing and Urban Development (HUD) to amend an existing Annual Contributions Contract (ACC) to include the maintenance facility, thereby incorporating the facility as a public housing asset and subject to HUD regulatory requirements. The rationale to add this maintenance facility into an existing ACC was to explore the potential use of capital funds for tenant improvements and other eligible expenses at the facility.

Disposition Application for Central Maintenance Facility

In 2005 HUD issued significant regulatory changes which required housing authorities to transition from a centralized to a de-centralized asset based management model of operations. In 2007, the Sacramento Housing and Redevelopment Agency (SHRA) completed its Asset Repositioning Study as part of a proactive strategy to align SHRA operations to the realities of the HUD funding environment while adhering to SHRA's "guiding principles" and continuing to meet the needs of our traditional constituents.

Before the conversion to the de-centralized asset based management model, the Commerce Circle maintenance facility was utilized as office space, and as a central warehouse providing the receipt, storage and distribution of a variety of equipment and materials to various SHRA offices and public housing developments. The building is no longer needed for that purpose as the warehousing function and appropriate staff have been relocated onsite to the appropriate asset management project.

The facility is currently underutilized and houses only a small group of staff who will be relocated to the new 801 12th Street office building later this year. Staff foresees no other useful purpose and considers 320 Commerce Circle to be surplus property and is, therefore, seeking formal disposition approval.

To obtain approval, the Housing Authority must provide a resolution to HUD evidencing their support and approval of the disposition submission as well as a certification stating that the disposition is in compliance with the provisions of Section 18 of the HUD Act. Once approved by the Housing Authority Board, staff will submit the disposition application to HUD's Special Applications Center (SAC) to obtain final approval.

Housing Authority staff are also requesting reassignment of the Commerce Circle property to the Housing Authority's Central Office Cost Center (COCC). This will remove the property from the HUD regulatory requirements imposed currently as an ACC property and allow for its disposition.

It is staff's intent to use the 320 Commerce Circle sale proceeds to partially cover the Housing Authority's funding shortfall by disposing of surplus assets no longer needed for the critical operation of public housing projects. Staff considers this sufficient "good cause" for HUD to waive the reimbursement required to the federal government for its equity in the project.

Finally, staff proposes to remove the Declaration of Trust and Contract for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act from this property. This loan guarantee was originally placed on the property to secure the Del Paso Nuevo Section 108 Loan. The balance on the Del Paso Nuevo loan has been reduced considerably due to over ten years of principal pay down on the loan, so the majority of the lien on the Commerce Circle property is no longer required. The small amount of the lien to secure the Del Paso Nuevo loan will be transferred to other SHRA assets.

Disposition Application for Central Maintenance Facility

Policy Considerations: Public Housing Authorities are required to comply with applicable federal laws and regulations, including the Quality Housing and Work Responsibility Act of 1998 (QHWRA).

Environmental Considerations:

California Environmental Quality Act (CEQA): The California Environmental Quality Act (CEQA) does not apply to the proposed policy pursuant to CEQA Guidelines section 15378(b)(5), which excludes administrative activities of governments that will not result in direct or indirect changes in the environment.

National Environmental Policy Act (NEPA): The proposed action is categorically excluded from environmental review under the National Environmental Policy Act (NEPA) per 24 CFR Part 58.35(a)(5), which exempts the disposition of property where no change in use is contemplated.

Sustainability Considerations: The recommended actions would position the Housing Authority to achieve the goal within the City's Sustainability Master Plan to replace or renovate obsolete energy or resource inefficient infrastructure (buildings, facilities, systems, etc).

Other: N/A

Committee/Commission Action: At its meeting of March 4, 2009, the Sacramento Housing and Redevelopment Commission reviewed the staff recommendation for this item. The vote was as follows:

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

NOES: None

ABSENT: None

Rationale for Recommendation: It is the intent of the Housing Authority to use the proceeds from the proposed sale of 320 Commerce Circle to fund its operational shortfall by disposing of assets no longer critical for the operation of public housing projects. The remaining actions recommended in this report will clear the liens and other restrictions on the property which will allow it to be sold.

Financial Considerations: The recommended actions in this report create no new financial obligations. Sale of the property may generate income which will be used for housing operations expenses.

March 24, 2009

Disposition Application for Central Maintenance Facility

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

Respectfully Submitted by:


LASHELLE DOZIER
Executive Director

Recommendation Approved:


for RAY KERRIDGE
City Manager

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RESOLUTION NO. 2009 -

Adopted by the Housing Authority of the City of Sacramento

on date of

SUBMISSION OF AN APPLICATION FOR DISPOSITION OF THE CENTRAL MAINTENANCE FACILITY

BACKGROUND

- A. The Board of Commissioners is authorized by the State of California to represent and act on the behalf of the Housing Authority of the City of Sacramento.
- B. The Housing Authority of the City of Sacramento wishes to reassign the non-dwelling property located at 320 Commerce Circle to the Housing Authority of the City of Sacramento Central Office Cost Center (COCC).
- C. The Department of Housing and Urban Development (HUD) has issued Notice PIH (Public and Indian Housing) 2008-17 (HA) providing guidance on disposition of certain Public Housing Program assets to the COCC under public housing asset management. The Housing Authority of the City of Sacramento has elected to reassign the ownership of its central warehouse to the COCC under the provisions of this notice.
- D. The Housing Authority of the City of Sacramento requests approval from HUD to remove the Declaration of Trust from the property because the property is no longer needed for the operation of public housing projects.
- E. The maintenance facility located at 320 Commerce Circle was not purchased with public housing funds and no public housing funds have been expended on the property.
- F. Before conversion to asset management, this property was utilized as the miscellaneous office space and the central warehouse to provide logistical services in the receipt, storage and distribution of a variety of equipment and materials to the Housing Authority's many developments and is no longer needed for that purpose.
- G. The warehousing function has been relocated from this site to the appropriate Asset Management Projects.

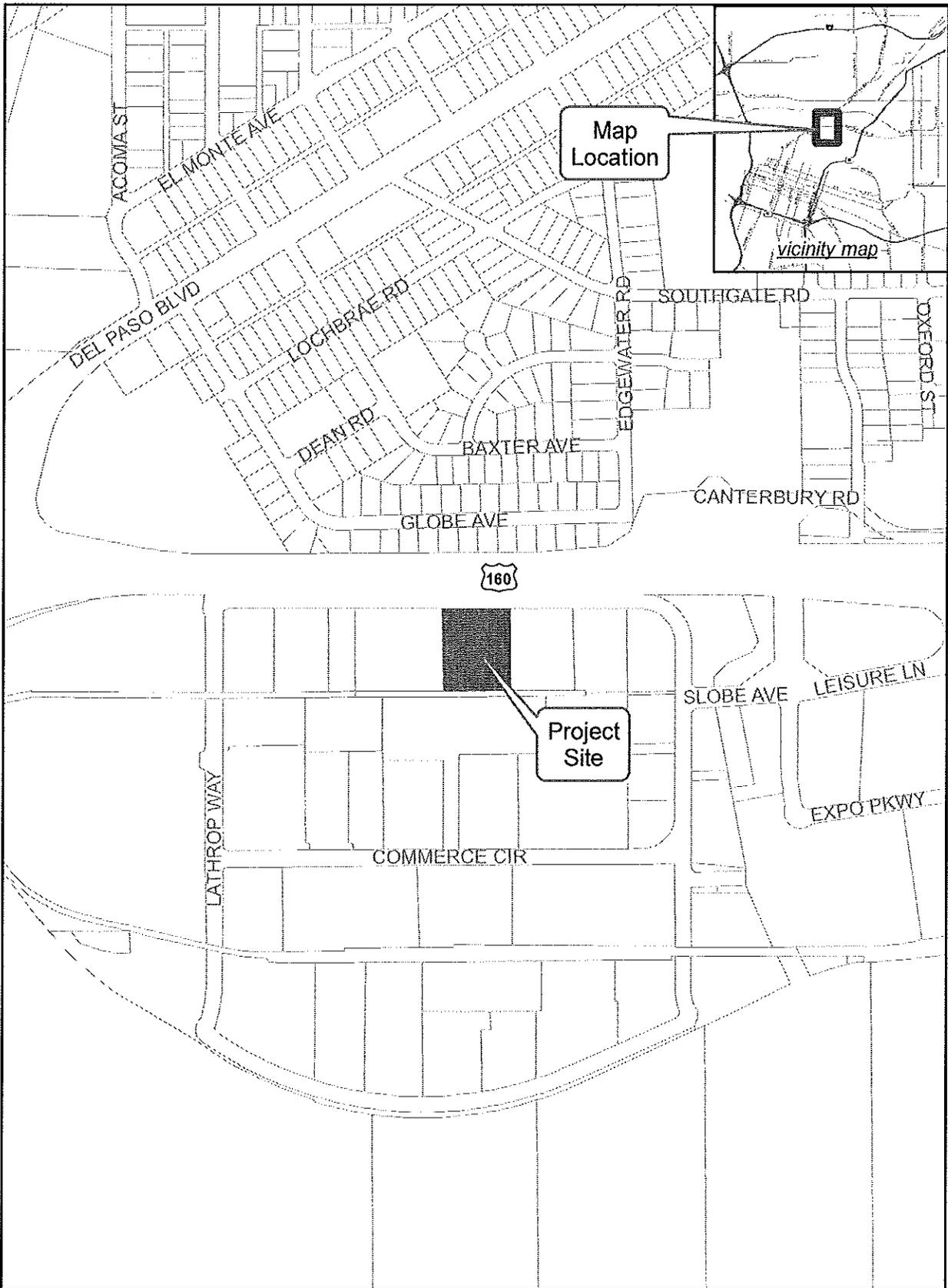
- H. The disposition or reassignment of the non-dwelling real property will not be detrimental to the operation of public housing for the Housing Authority of the City of Sacramento.

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

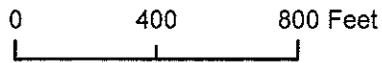
- Section 1. Approve and authorize the Executive Director to submit an application to the U.S. Department of Housing and Urban Development (HUD) for the disposition of the 320 Commerce Circle (CA30-P005-002) in Sacramento, California; and
- Section 2. Approve and authorize the Executive Director to apply to HUD for authority to remove 320 Commerce Circle from the Declaration of Trust and Contract for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act prior to this reassignment and transfer the Declaration of Trust and Contract for Loan Guarantee Assistance under Section 108 to the appropriate Housing Authority assets subject to HUD approval; and
- Section 3. Subject to approval from HUD requested in Section 1 above, approve and authorize the Executive Director to reassign 320 Commerce Circle to the Housing Authority of the City of Sacramento's COCC which will allow for the disposal of the property to a unit of local government or to negotiate the terms of sale with a private concern when financing is more readily available; and
- Section 4. Approve and authorize the Executive Director to request an exception under 24 CFR part 85.6(c) to the requirement that the Housing Authority of the City of Sacramento reimburse the federal government for its equity in the project.



Maintenance Facility Disposition



320 Commerce Circle



SHRA GIS
February 26, 2009