



**Sacramento
Housing &
Redevelopment
Agency**

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

Public Hearing
May 22, 2009

Honorable Mayor and Members of the City Council

Title: 2009 Community Development Block Grant Program of the Recovery Act and Substantial Amendments to the 2008-2012 Consolidated Plan and 2009 Action Plan

Location/Council District: All

Recommendation: Conduct a public hearing and, upon conclusion, adopt a **City Council Resolution** authorizing the Sacramento Housing and Redevelopment Agency (SHRA) to: 1) submit, on behalf of the City of Sacramento, the Community Development Block Grant-R(CDBG-R) application and Substantial Amendment to the U.S. Department of Housing and Urban Development (HUD), and amend the 2008-2012 Consolidated Plan, the 2009 Action Plan, and the 2009 SHRA Annual Budget; 2) approve the CDBG-R Program as presented and described in the attached Substantial Amendment; 3) accept the environmental findings; 4) accept, on behalf of the City of Sacramento, the federal allocation for the CDBG-R Program and to expend funds pursuant to funding requirements; 5) administer and implement the CDBG-R Program on behalf of the City of Sacramento; 6) authorize the City Manager and the SHRA Executive Director to execute agreements and contracts with the appropriate entities to carry out the CDBG-R funded activities 7) authorize the SHRA Executive Director or designee to execute agreements with appropriate entities to carry out the environmental review for HUD grants.

Contact: Lisa Bates, SHRA Deputy Executive Director, 440-1319, Geoffrey Ross, SHRA Program Manager, 440-1322

Presenter: Geoffrey Ross, Program Manager, Housing and Community Development

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: The American Recovery and Reinvestment Act of 2009 (ARRA) includes significant one-time funding of \$1 billion for the Community Development Block Grant program for Recovery activities (CDBG-R). Funding will be distributed to entitlement cities, counties, and states using the existing Community

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Development Block Grant formula. The City of Sacramento will receive \$1,553,219 in CDBG-R funding. The proposed uses of the funds are:

- \$1,100,000 in CDBG-R funding for the 2009 Township 9 Building Demolition project to expedite the creation of a mixed-use transit-oriented development (TOD) located on the corner of North 7th Street and Richards Boulevard in the River District;
- \$221,219 in CDBG-R funding for the 2009 La Valentina Infrastructure project to expedite the creation of a mixed-use TOD on two adjacent sites separated by D Street along the east side of the 12th Street Corridor in the Alkali Flat Redevelopment Area. The south site, (located between D and E Streets), will be adjacent to the Alkali Flat/La Valentina Light Rail Station.
- \$232,000 in CDBG-R public service dollars to be used to support homeless prevention activities. On May 12, 2009 the City Council approved homeless prevention activities to take proactive steps to assist those directly affected by the recession. Under the guidelines of CDBG-R, 15-percent of the funds can be used for public service activities.

Policy Considerations: The recommended actions in this staff report are consistent with the 2008-12 Consolidated Plan adopted October 23, 2007, the 2009 One-Year Action plan adopted October 21, 2008, and the Homeless Prevention and Rapid Re-Housing Program adopted May 12, 2009.

Environmental Considerations:

California Environmental Quality Act (CEQA)/National Environmental Policy Act (NEPA): All new federally funded projects are subject to environmental review under the requirements of the National Environmental Policy Act (NEPA) and per HUD regulations prior to any commitment of federal funds for expenditures unless they are exempt from such review.

Township 9 Building Demolition is subject to environmental review under NEPA prior to funding commitment. The demolition activities were addressed in the Township 9 Environmental Impact Report adopted by the City on August 28, 2007. There are no substantial changes proposed in the project or the circumstances under which the project is being undertaken and there is no new information of substantial importance to the project that was not known when the EIR was certified as complete, therefore no further environmental review of this activity under CEQA is required.

The La Valentina Infrastructure project is subject to environmental review under NEPA prior to funding commitment to confirm the project is exempt, categorically excluded, or that there will be no significant adverse environmental impact. The infrastructure construction activities were

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addressed under CEQA in the "La Valentina Station: Rezone, Plan Review, Special Permit, and Variances," which includes the negative declaration and mitigation measures for this project, as adopted by the City of Sacramento on March 24, 2009. There are no substantial changes proposed in the project or the circumstances under which the project is being undertaken and there is no new information of substantial importance to the project that was not known when the EIR was certified as complete, therefore no further environmental review of this activity under CEQA is required.

The Homeless Prevention and Rapid Re-Housing Program is exempt per NEPA 58.34(a)(2)(3)(4), categorically excluded per 58.35(b)(1) and CEQA per Guidelines 15301 and 15378(b)(5).

Sustainability Considerations: The projects included in this report have been reviewed for consistency with the goals, policies and targets of the Sustainability Master Plan and the 2030 General Plan. If approved, the contents of this report will advance the following goals, policies and targets as follows: the project supports Goal number five – Public Health and Nutrition, item 3 – Create Healthy Urban Environments through Restorative Redevelopment.

Other: n/a

Committee/Commission Action: Staff anticipates that, at its meeting on May 20, 2009, the Sacramento Housing and Redevelopment Commission will approve this item. In the event that they do not, staff will notify the Council on May 22, 2009.

Rationale for Recommendation: The actions recommended take advantage of new federal stimulus funding and permit the City to accelerate certain projects in order to create jobs, encourage economic development, and mitigate the effects of the recession.

Financial Considerations: This report recommends accepting the federal allocation of \$1,553,219 for the CDBG - R and authorizes SHRA to administer the funds and program on behalf of the City of Sacramento.

This report also recommends allocating CDBG-R funds and amending the Agency budget as follows:

- \$1,100,000 of CDBG-R funds to the 2009 Township 9 Building Demolition project
- \$221,219 of CDBG-R funds to the 2009 La Valentina Infrastructure project
- \$232,000 of CDBG-R funds to the Homeless Prevention activities

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M/WBE Considerations: Minority and Women's Business enterprise requirements will be applied to all activities to the extent required by federal funding.

Respectfully Submitted by:


LA SHELLE DOZIER
Executive Director

Recommendation Approved:


RAY KERRIDGE
City Manager

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Attachment 1**Background
Community Development Block Grant - Recovery Program**HUD's Process

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act of 2009 (ARRA), which includes \$1 billion in one-time additional funding for Recovery activities as part of the Community Development Block Grant Program (CDBG-R). The CDBG-R funds are being distributed based on the formula used for the annual entitlement program. The City of Sacramento's allocation is \$1,533,219. This report outlines the proposed distribution of those funds.

HUD released on Wednesday May 6, 2009 the regulations for eligible activities as part of the CDBG-R program. Eligible grantees must submit a Substantial Amendment to their Action Plan, which further amends the Consolidated Plan, to HUD no later than June 5, 2009. The Substantial Amendment will outline the activities the jurisdiction will undertake with the CDBG-R funds to address priority needs and objectives. Attachment 2 contains the Substantial Amendment. HUD will notify grantees no later than July 20, 2009 of approval or disapproval of the Amendment.

As a condition of funding, HUD strongly urges grantees to use CDBG-R funds for hard development costs associated with infrastructure activities that provide basic services to residents or activities that are: a) preserving and creating jobs and promoting economic recovery; b) assisting those most impacted by the recession; c) providing investment needed to increase economic efficiency; d) investing in transportation, environmental protection, or other infrastructure that will provide long-term economic benefits; e) minimizing or avoiding reductions in essential services; or f) fostering energy independence.

Under the Recovery Act, recipients shall give priority to projects that can award contracts based on bids within 120 days of the grant agreement. One hundred percent of the funds (\$1.55 million) must be spent by September 30, 2012. HUD will recapture and reallocate funds from communities not in compliance.

Community Outreach

To expedite the dispersal of funds HUD reduced the normal public comment period from 30 days to 7 days. A notice was published in the *Sacramento Bee* and the *Daily Recorder* as well as placed on the Sacramento Housing and Redevelopment Agency (SHRA) web site on May 19, 2009; the notice requested public comments and provided notification of the date and time of the public hearing.

Public comments and responses have been summarized and are included within Attachment 2 – Substantial Amendment.

RESOLUTION NO. 2009 -**Adopted by the Sacramento City Council**

on date of

**APPROVAL AND IMPLEMENTATION OF THE COMMUNITY DEVELOPMENT
BLOCK GRANT-R OF THE RECOVERY ACT; SUBSTANTIAL AMENDMENT TO THE
2008-2012 CONSOLIDATED PLAN; AMENDMENT OF THE 2009 ACTION PLAN
AND AMENDMENT OF THE AGENCY BUDGET****BACKGROUND**

- A. On October 23, 2007, the City Council approved the 2008-2012 Consolidated Plan. The Consolidated Plan identifies the City's housing, community development, and homeless needs and describes the long-term strategy for meeting those needs. In addition, it specifically addresses federally funded housing and community development programs; and
- B. On October 21, 2008, the City Council approved the 2008 One-Year Action Plan; and
- C. On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act of 2009 (Recovery Act), which includes \$1 billion for Community Development Block Grant availability for recovery activities and referred to the new program as "Community Development Block Grant Program (CDBG-R)"; and
- D. HUD released the formula and regulations for the CDBG-R Program on May 6, 2009, and a Substantial Amendment to the 2009 Action Plan, which further amends the 2008-12 Consolidated Plan for CDBG-R Program funding, is to be submitted to HUD no later than June 5, 2009 and approved by HUD no later than July 20, 2009; and
- E. On May 22, 2009, a noticed public hearing was held, soliciting comments to the amended 2009 Action Plan and the Substantial Amendment for CDBG-R Program and its submission;
- F. Township 9 Building Demolition is subject to environmental review under NEPA prior to funding commitment. The demolition activities were addressed in the Township 9 Environmental Impact Report adopted by the City on August 28, 2007. There are no substantial changes proposed in the project or the circumstances under which the project is being undertaken and there is no new information of substantial importance to the project that was not known when the EIR was certified as complete, therefore no further environmental review of this activity under CEQA is required.

- G. The La Valentina Infrastructure project is subject to environmental review under NEPA prior to funding commitment to confirm the project is exempt, categorically excluded, or that there will be no significant adverse environmental impact. The infrastructure construction activities were addressed under CEQA in the “La Valentina Station: Rezone, Plan Review, Special Permit, and Variances,” which includes the negative declaration and mitigation measures for this project, as adopted by the City of Sacramento on March 24, 2009. There is no substantial changes proposed in the project or the circumstances under which the project is being undertaken and there is no new information of substantial importance to the project that was not known when the EIR was certified as complete, therefore no further environmental review of this activity under CEQA is required.
- H. The Homeless Prevention and Rapid Re-Housing Program is exempt per NEPA 58.34(a)(2)(3)(4), categorically excluded per 58.35(b)(1) and CEQA per Guidelines 15301 and 15378(b)(5).

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

- Section 1. After due consideration of the facts presented, the findings, including the environmental findings regarding this action, as stated in the findings above, the following activities are approved.
- Section 2. On behalf of the City of Sacramento, the Sacramento Housing and Redevelopment Agency (Agency) is authorized to submit the CDBG-R application and Substantial Amendment to the U.S. Department of Housing and Urban Development (HUD), and is authorized to amend the 2008-2012 Consolidated Plan and 2009 Action Plan Community Development Block Grant – Recovery Act - May 22, 2009
- Section 3. The CDBG-R Program as presented and described in the attached report and Substantial Amendment are approved.
- Section 4. On behalf of the City of Sacramento, the Agency is authorized to accept the federal allocation for the CDBG-R Program and to expend funds pursuant to funding requirements.
- Section 5. On behalf of the City of Sacramento, the Agency is authorized to administer funds and implement the CDBG-R Program and to amend the Agency budget as follows:
- Allocate \$1,100,000 of CDBG-R funds to the 2009 Township 9 Building Demolition project.
 - Allocate \$221,219 of CDBG-R funds to the 2009 La Valentina Infrastructure project.
 - Allocate \$232,000 of CDBG-R funds to the Homeless Prevention activities.

Section 6. The Agency is authorized to execute all necessary agreements and contracts to carry out the recommended activities described in this report, each in a form approved by Agency counsel

Section 7. The City Manager is authorized to execute agreements and contracts with appropriate entities to carry out the activities contain in the Substantially Amended 2009 One-Year Action Plan and the 2008-12 Consolidated Plan.

**Substantial Amendment to the Consolidated Plan 2008 Action Plan for the
Community Development Block Grant – R Funding**

City of Sacramento

Attachment 3

A. General Information

Grantee Name	City of Sacramento
CDBG-R Contact Person	Geoffrey Ross
Title	Program Manager, Housing & Community Development
Address Line 1	Sacramento Housing and Redevelopment Agency
Address Line 2	630 I Street
City, State, Zip Code	Sacramento, CA 95814
Telephone	916.440.1322
Fax	916.447.2261
Email Address	gross@shra.org
Authorized Official (if different from Contact Person)	La Shelle Dozier
Title	Executive Director
Address Line 1	Sacramento Housing and Redevelopment Agency
Address Line 2	630 I Street
City, State, Zip Code	Sacramento, CA 95814
Telephone	916.440.1319
Fax	
Email Address	
Web Address where this Form is Posted	www.shra.org

CDBG-R Amount	\$1,553,219
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B. Citizen Participation and Public Comment

1. Briefly describe how the grantee followed its citizen participation plan regarding this proposed Substantial Amendment (limit 250 words).

The U.S. Department of Housing and Urban Development (HUD) released the regulations for the American Recovery and Reinvestment Act of 2009 (ARRA) containing significant one-time funding of \$1 billion for the Community Development Block Grant Program for Recovery activities (CDBG-R) on Wednesday, May 6, 2009. The regulations require grantees to submit a Substantial Amendment to their Action Plan that further amends the Consolidated Plan to the local HUD field office no later than Friday, June 5, 2009. The Substantial Amendment outlines the Recovery activities the jurisdiction will undertake with the CDBG-R funds to address priority needs and objectives. HUD will notify grantees no later than July 20, 2009 of approval or disapproval of the Amendment.

To expedite the process and to ensure CDBG-R grants are awarded in a timely manner, while preserving a reasonable citizen participation process, HUD reduced the normal public comment period from 30 days to 7 days. Draft copies of the Substantial Amendment to the 2009 Action Plan which further amends the 2008-12 Consolidated Plan detailing the proposed Recovery activities under the CDBG-R Program are displayed for public comment on the Sacramento Housing and Redevelopment Agency (SHRA) web site located at www.shra.org. The public notice was published in the Sacramento Bee and Daily Recorder on May 19, 2009, seven days prior to the scheduled public hearing on Tuesday, May 26, 2009, at 6:00 p.m. Public comments are also received by SHRA's Housing and Community Development Department.

2. Provide the appropriate response regarding this Substantial Amendment by checking one of the following options:
 - Grantee did not receive public comments.
 - Grantee received and accepted all public comments.
 - Grantee received public comments and did not accept one or more of the comments.
3. Provide a summary of the public comments regarding this Substantial Amendment. Include a summary of any comments or views not accepted and the reasons for non-acceptance.

No comments received to date.

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C. Use of CDBG-R Funds

1. Description of Activities to be undertaken with CDBG-R funds:

Homeless Prevention

Under the guidelines of CDBG-R, 15 percent of the funds can be used for public service activities. In accordance with the 2008-12 Consolidated Plan goals and per the CDBG-R guidelines, it is proposed that \$232,000 in CDBG-R public service dollars be used to support homeless prevention activities.

On May 12, 2009 the City Council approved homeless prevention activities under the Homeless Prevention and Rapid Re-Housing Program (HPRP) Substantial Amendment to the 2009 Action Plan and 2008-12 Consolidated Plan to address the need to take proactive steps to assist those directly affected by the recession.

According to the current 2008-12 Consolidated Plan and the 2009 Action Plan all existing funds, public and private, will continue to be utilized for the jurisdiction's current and proposed Continuum of Care programs. Any new funding will be directed to accomplish the proposed goals of the Ten-Year Plan to End Chronic Homelessness as appropriate.

In the county of Sacramento twenty (20) private and public agencies offer homeless prevention services that include mortgage assistance, rental assistance, and utility assistance. Many more private and public agencies within the county offer counseling and advocacy services to assist individuals and families at risk of becoming homeless. The funding for these services come from a combination of Federal, state, local, and private sources.

Infrastructure Improvements

As a condition of funding, HUD strongly urges grantees to use CDBG-R funds for hard development costs associated with infrastructure activities. In accordance with the 2008-12 Consolidated Plan goals and the intent of CDBG-R program, it is proposed that:

- \$1,100,000 in CDBG-R funding go to the 2009 Township 9 Building Demolition project to expedite the creation of a mixed-use transit-oriented development (TOD) located on the corner of North 7th Street and Richards Boulevard in the River District; and
- \$221,219 in CDBG-R funding go to the 2009 La Valentina Infrastructure project to expedite the creation of a mixed-use TOD on two adjacent sites separated by D Street along the east side of the 12th Street Corridor in the Alkali Flat Redevelopment Area. The south site, (located between D and E Streets), will be adjacent to the Alkali Flat/La Valentina Light Rail Station.

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Township 9 is a 65-acre, urban scale, transit-oriented master-planned neighborhood consisting of 2,350 dwelling units, 800,000 square feet of office, 150,000 square feet of ground floor retail, and more than 20 acres of open space north of downtown Sacramento, California. The State of California Department of Housing and Community Development has also awarded \$19.1 million in grants from Proposition 1C Infill Infrastructure Grant Funds to support this project. Township 9 is designed to create a more balanced mix of jobs and housing and create many opportunities for the use of alternate modes of transportation to the automobile – walking, bicycling, light rail transit, and bus transit. Township 9 is a one of only two projects in Sacramento accepted to participate in the U.S. Green Building Council's prestigious new Leadership in Energy and Environmental Design certification program for "Neighborhood Design" (LEED-ND).

Without a significant investment of public funds for infrastructure improvements, Township 9 is infeasible. Infrastructure funds will remove the burden of extraordinary infrastructure costs from individual housing developments within the project. Due to the industrial nature of the surrounding area and in order for housing development to be successful, the initial development must consist of enough infrastructure to create a place where people want to live. The demolition project supported by CDBG-R will allow for the development of infrastructure improvements to be expedited that are required for the creation of light rail station and 90 affordable housing units to be located on the site.

La Valentina Infrastructure project is a multi-phased project and the CDBG-R funds will be utilized primarily for off-site infrastructure improvements necessary to create a mixed-use TOD located on two sites. A portion of the funds may be used for planning activities related to the infrastructure work, wherein the CDBG-R regulations permit 10-percent of the grant to be used for planning and administrative activities. The south site will include a 1,300 square foot café, a 2,000 square foot community room, 5,000 square feet of commercial/retail space, a property management office, and resident bike and car parking on the ground floor. There will be 63 affordable rental units located on the second, third, and fourth floors. The building will have photovoltaic solar panels, a green eco-roof featuring rooftop plantings, and a bioswale infiltration system which filters water runoff through plantings before entering the City's water system. The north site, (located between the C street Alley and D Street), will consist of 18 affordable split-level townhome-style rental units. The total project will consist of 12 studios, 24 one-bedroom units, 21 two-bedroom units, and 24 three-bedroom units.

The La Valentina Infrastructure project is designed to be a sustainable development, incorporating principles from TOD and LEED. There will be many "green" features, including energy efficiency systems, rooftop photovoltaic solar panels, solar hot water heating systems, a green eco-roof featuring rooftop plantings, and a bio-swale infiltration system which filters water runoff through plantings before entering the City's water system. To prepare the area in support of a mixed-use TOD CDBG-R funds will provide needed infrastructure improvements.

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2. Description of how the distribution and uses of CDBG-R funds will meet the requirement of Title XXII of Division A and Section 1602 of the Recovery Act:

Under ARRA, recipients shall give priority to projects that can award contracts based on bids within 120 days of the grant agreement. One hundred percent of the funds (\$1.55 million) must be spent by September 30, 2012. CDBG-R is intended to invest in economic development, housing, infrastructure and other public facility activities that will quickly spur further economic investment, increased energy efficiency, and job creation or retention, as well as provide a long-term economic benefit. CDBG-R specifically recommends grantees identify activities previously approved to receive funding and consider whether activities could be accelerated by being funded with CDBG-R. The projects listed above are consistent with the goals and objectives of both ARRA and the approved City of Sacramento 2008-12 Consolidated Plan.

3. Description of how the use of CDBG-R funds for the activities will maximize job creation and economic benefit in relation to the CDBG-R funds obligated, and will address the Recovery Act by: preserving and creating jobs and promoting economic recovery; assisting those most impacted by the recession; providing investment needed to increase economic efficiency; investing in transportation, environmental protection or other infrastructure that will provide long-term economic benefits; or fostering energy independence.

The Township 9 and La Valentina projects use CDBG-R funds to preserve and create jobs in the building/construction industry, which is particularly impacted by the economic recession, by expediting the development of catalyst projects integral to the success of larger activities. Such catalyst projects both directly employ individuals and will lead to future employment as development continues and new businesses and residents move into the project areas.

Both projects provide investments needed to increase economic efficiency, investments in transportation, and environmental protection that will provide long-term economic benefits and foster energy independence whereby they are both mixed-use, TOD, LEED certified projects. Such projects seek to create a balance between housing and jobs, reduce travel time for commutes, reduce congestion by providing alternative modes of transit that equate to less energy use and air pollution.

Homeless prevention activities meet the intent of the CDBG-R funds by utilizing the public service component to assist those most impacted by the recession. CDBG-R public service funds provide an additional opportunity for longer lasting system improvements, shifting from a system organized around shelter to one centered on prevention and housing stability. HUD encourages a coordinated

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process with central intake and community wide tools to assess the individual's risk of homelessness and housing needs.

4. Description of the activities that will be carried out with CDBG-R funds that promote energy conservation, smart growth, green building technologies or reduced pollution emissions:

Both Township 9 and La Valentina are mixed-use, TOD, LEED certified projects designed to incorporate to the maximum extent possible energy conservation, smart growth principles, and green building technologies that will lead to reduced pollution emissions.



Community Development Block Grant Recovery Act

Attachment 4

