



**Sacramento
Housing &
Redevelopment
Agency**

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

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Staff Report
October 27, 2009

Honorable Mayor and Members of the City Council

Title: 2010 One-Year Action Plan for Community Development Block Grant, (CDBG), Home Investment Partnership (HOME), Emergency Shelter Grant (ESG), and Housing Opportunities for Persons With AIDS (HOPWA) funded projects and programs, Amendment of Various Years' Action Plans; Substantial Amendments to The Neighborhood Stabilization Program (NSP) And Community Development Block Grant – Recovery Act (CDBG R) Program; and Amendment to the Sacramento Housing And Redevelopment Agency (SHRA) Budget

Location/Council District: Citywide

Recommendation: Adopt a **City Resolution:** 1) approving the 2010 One-Year Action Plan Budget and amendments to various years' Action Plans; 2) authorizing the Sacramento Housing and Redevelopment Agency (SHRA) to submit the 2010 One-Year Action Plan and amendments to various years' Action Plans to the U.S. Department of Housing and Urban Development (HUD); 3) authorizing the City Manager and the Sacramento Housing and Redevelopment Agency (SHRA) Executive Director to execute agreements and contracts with the appropriate entities to carry out the Community Development Block Grant (CDBG), Neighborhood Stabilization Program (NSP), Community Development Block Grant – Recovery Act (CDBG R), and HOME Investment Partnership (HOME) funded activities; 4) amending the SHRA budget to receive CDBG and HOME grant funds in accordance with the 2010 One-Year Action Plan; 5) authorizing the County Department of Human Assistance (DHA) to receive Emergency Shelter Grant (ESG) and Housing Opportunities for Persons With AIDS (HOPWA) funds and to execute contracts with appropriate entities to carry out the projects contained within the One-Year Action Plan; 6) authorizing SHRA to act as general unit of local government for environmental review for HUD community development grants; 7) authorizing the SHRA Executive Director or designee to execute agreements with appropriate entities to carry out the environmental review for HUD grants; and 8) authorizing SHRA to charge and receive fees for environmental services provided to non-profit entities.

Contact: Geoffrey M. Ross, Program Manager, 440-1357, Gregory Wessel, Assistant Director, 440-1322

Presenters: Geoffrey M. Ross, Program Manager

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: This report approves the 2010 One-Year Action Plan, the third year of the 2008-2012 Consolidated Plan; amends prior year Action Plans, including the Neighborhood Stabilization Program Substantial Amendment, and authorizes their submission to HUD. The One-Year Action Plan describes CDBG, HOME, HOPWA, and ESG funded activities that the jurisdiction proposes to undertake in the coming year and is required to be submitted each year to HUD. The Consolidated Plan is a five-year planning document (covering 2008-2012) approved by the City Council on October 23, 2007, and substantially amended October 21, 2008, and May 22, 2009.

Policy Considerations: The recommended actions in this staff report are consistent with the 2008-2012 Consolidated Plan adopted October 23, 2007, and substantially amended for Neighborhood Stabilization Program October 21, 2008, Homeless Prevention and Rapid Re-Housing Program May 12, 2009, and Community Development Block Grant – Recovery Act May 22, 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.

Commitment of funding for new projects that could result in a direct or indirect physical change to the environment is subject to environmental review under the California Environmental Quality Act, (CEQA) if implementation of the projects is authorized as part of the budgeting process.

Many of the 2010 One-Year Action Plan new projects are exempt or categorically excluded from environmental review under CEQA and NEPA. Those projects that are not exempt or not yet defined are approved subject to: (1) confirmation that the project to be funded is categorically excluded under NEPA per 24 CODE of Federal Regulations (CFR) Part 58 and exempt under CEQA per the Guidelines prior to project implementation; or (2) appropriate environmental review prior to project implementation. Please refer to Attachment 2 for additional information.

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: 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: At its meeting on October 7, 2009, the Sacramento Housing and Redevelopment Commission considered this item. The votes were as follows:

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

NOES: None

ABSENT: None

Rationale for Recommendation: As a condition of the receipt of various federal grants provided through the U.S. Department of Housing and Urban Development (HUD), the regulations require the annual submittal of a One-Year Action Plan describing proposed activities and expenditures for the following year using the goals and priorities of the Consolidated Plan.

Please refer to the Exhibits for the list of 2010 recommended activities, projects to be defunded and various years' Action Plan amendments.

Financial Considerations: Proposed allocations made in the 2010 One-Year Action Plan are based on:

- estimated CDBG of \$5,793,772
- \$270,572 in CDBG reprogramming
- \$136,594 in CDBG program income
- \$3,487,639 in HOME funds
- \$210,411 in HOME program income
- \$254,622 in ESG funds
- \$844,003 in HOPWA funds
- \$37,081 in HOPWA reprogramming.

The \$529,975 CDBG capital reserve budgeted in the One-Year Action Plan is approximately nine percent of the 2010 CDBG entitlement. If Congress ultimately approves funding in a lesser amount, the reserve will be used to fund budgeted projects. When SHRA acts as general unit of local government for non-profit organizations, the non-profit organizations will be responsible for all expenses related to the environmental process. SHRA's fee, to be paid by each applicant, will be \$850 based on the average hourly staff costs and costs of publication for notices.

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:

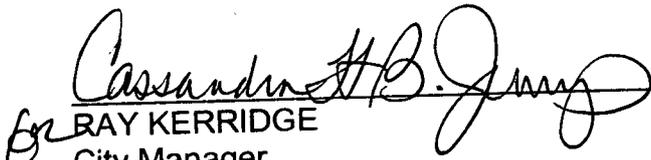

RAY KERRIDGE
City Manager

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Background

New activities, reprogramming of previous years' funds and substantial amendments to the Consolidated Plan and their use are based upon Consolidated Plan priorities originally adopted on October 23, 2007, by the City Council.

The infrastructure and public improvement projects recommended in the 2010 One-Year Action Plan are in support of Council District and various department priorities, as well as previous commitments to support projects currently underway throughout the City. District funding allocations are based on the most current federal budget trends and the percentage of low- and moderate-income population residing in the district as documented in the 2000 census. Other actions to further the Consolidated Plan strategies as required by HUD are described in the Action Plan Narrative, the Public Housing Authority Administrative Plan, the Citizen Participation Plan, the Continuum of Care Plan and the 10-Year Plan to End Chronic Homelessness. These documents are on file with the Agency Clerk.

As part of the mid-year update to the 2008 Action Plan, the Council authorized SHRA to act as a general unit of local government relating to environmental review of projects being supported by community development funding originating from HUD and directly administered by the recipient. As the City's administrator of community development programs originating from HUD, SHRA typically conducts such reviews, completes, and submits required documentation to HUD on the City's behalf.

As part of the 2009 Action Plan, DHA Emergency Shelter Program using Emergency Shelter Grant (ESG) funds identified St. John's Shelter in the activity description. Instead, a new shelter (A Street Shelter, which serves disabled men) has been identified to receive the ESG funds.

Neighborhood Stabilization Program (NSP)

In July 2008, Congress passed the Housing and Economic Recovery Act of 2008 (HERA). In October of 2008 as part of the 2009 One-Year Action Plan SHRA substantially amended the Consolidated Plan to include the Neighborhood Stabilization Program (NSP) funding of \$13,264,829 in the City of Sacramento. In the Substantial Amendment, SHRA identified the federal parameters, elements of a local stabilization strategy and local programs for the use of funds.

One of the definitions described in the Amendment was Acquisition and Relocation. The definition is being modified to read as follows:

SHRA generally does not allow for the conversion or loss of regulated affordable housing units. For NSP funded activities, SHRA does not intend to demolish or convert units unless they are vacant and uninhabitable or for redevelopment activity purposes. Due to the structure of the programs being implemented, it is anticipated that more low- and moderate-income units will become available as a result of NSP funded activities than existed prior to them.

Additionally, the City Council approved guidelines and allocated funds to the Vacant Property Program to pursue a pilot Pre-Foreclosure Initiative. Following approval, SHRA released a Request for Qualifications, and has selected Further Development to accomplish this activity. This report recommends entering into a Memorandum of Understanding with Further Development for the pilot Pre-Foreclosure Initiative and transferring \$1,500,000 from the Vacant Property Program to the Property Recycling Program. See Exhibit D - Draft Agreement.

Community Development Block Grant – Recovery (CDBG - R)

In June 2009 SHRA submitted a substantial amendment for the CDBG - R funded through the American Recovery and Reinvestment Act (ARRA). In the amendment, \$1,100,000 in CDBG - R funds was proposed to be allocated 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.

This report identifies a new activity supporting the same project. The demolition activity originally proposed with the amendment will be replaced by the construction of infrastructure to support 179 units of affordable housing in Parcel 11. Improvements to Richards Boulevard, D Street, E Street and F Street are to be included in the scope of work. Improvements may included, but not be limited to site preparation, underground utilities, curb, gutter, sidewalk, paving, signage, striping, and landscaping.

The programmatic parameters being sought as part of this report include all activities currently supported by the 2009 Action Plan and incorporated within the 2010 Action Plan.

RESOLUTION NO. 2008 -

Adopted by the Sacramento City Council

on date of

APPROVAL OF THE 2010 ONE-YEAR ACTION PLAN, COMMUNITY DEVELOPMENT BLOCK GRANT, HOME INVESTMENT PARTNERSHIP PROGRAM, HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS, AND EMERGENCY SHELTER GRANT PROGRAMS; AMENDMENT TO THE NEIGHBORHOOD STABILIZATION PROGRAM AND COMMUNITY DEVELOPMENT BLOCK GRANT – RECOVERY ACT; AND AMENDMENT OF THE SHRA BUDGET

BACKGROUND

- A. On October 23, 2007, the Sacramento City Council approved the 2008-2012 Consolidated Plan. The Consolidated Plan identifies the City's housing and community development needs and describes a long-term strategy for meeting those needs. In addition, it specifically addresses federally funded housing and community development programs: Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME), Housing Opportunities for Persons with AIDS (HOPWA), and Emergency Shelter Grant (ESG) Programs.
- B. On October 21, 2008, the Sacramento City Council approved the Substantial Amendment to the Consolidated Plan for Neighborhood Stabilization Program.
- C. On May 22, 2009, the Sacramento City Council approved the Substantial Amendment to the Consolidated Plan for the Community Development Block Grant – Recovery Act
- D. The Department of Housing and Urban Development (HUD) requires the annual submittal of a One-Year Action Plan describing proposed activities and expenditures for the following year using the goals and priorities of the Consolidated Plan.
- E. The Sacramento Housing and Redevelopment Agency (SHRA) annually serves as the designee for the City of Sacramento to administer community development grants originating from HUD.
- F. One-time community development grants from HUD which are to be administered directly by the recipient are required to secure environmental clearance; SHRA is designated as the general unit of local government and is authorized to submit a determination of environmental clearance on their behalf.
- G. A noticed public hearing soliciting comments on the 2010 One-Year Action Plan was held by the Sacramento Housing and Redevelopment Commission on October 7, 2009 and the Sacramento City Council on October 20, 2009.

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 in Exhibit A to this resolution, are approved.
- Section 2. The 2010 One-Year Action Plan, which allocates anticipated CDBG, HOME, ESG and HOPWA funds to various programs and projects as set out in Exhibit B to this resolution, is approved.
- Section 3. Sacramento Housing and Redevelopment Agency (SHRA) is authorized to amend various years' Action Plans as herein provided to include amendments to NSP and CDBG-R.
- Section 4. The 2009 One-Year Action Plan is amended to defund the activities set forth in Exhibit C and add the projects set out in Exhibit D and Exhibit F to this resolution.
- Section 5. SHRA is authorized to amend the SHRA Budget to allocate the CDBG funding for programs and projects in accordance with the amendment of the prior years' Action Plan, and to allocate the CDBG, HOME, ESG and HOPWA grant funding for programs and projects as set out in the 2010 One-Year Action Plan.
- Section 6. SHRA is authorized to submit the amendment of prior years' Action Plan, the 2010 One-Year Action Plan to HUD, and execute the subsequent grant agreements with HUD.
- Section 7. SHRA is authorized to execute agreements and contracts with the appropriate entities to carry out the CDBG to include NSP, CDBG-R, HOME, ESG, and HOPWA grant funds in accordance with the 2010 One-Year Action Plan and substantial amendment to the Consolidated Plan.
- Section 8. SHRA is authorized to enter into a Memorandum of Understanding with Further Development to execute the Pilot Pre-Foreclosure Initiative under NSP as set forth in Exhibit E.
- Section 9. SHRA is authorized to amend the 2010 CDBG capital reserve, HOME, ESG and HOPWA budgets in the event that the final 2010 entitlement is different than what was estimated in the 2010 One-Year Action Plan.
- Section 10. SHRA is authorized to execute agreements with appropriate entities to carry out the environmental review for HUD grants.

Section 11. SHRA is authorized to charge and receive a fee of \$850 to reimburse Agency staff costs and publication costs for environmental services provided to non-profit entities in connection with HUD grants. The Executive Director is also authorized to receive a deposit to fund all third party costs for providing such services

Section 12. The City Manager is authorized to execute agreements and contracts with the appropriate entities to carry out the activities contained in the 2010 One-Year Action Plan.

Attachments:

Exhibit A - Environmental Determination

Exhibit B - 2010 One-Year Action Plan Activities

Exhibit C - Defunded Activities for Various Years' Action Plan

Exhibit D - Amendments to 2009 One-Year Action Plan Activities

Exhibit E - Draft MOA Agreement

Exhibit F - CDBG R

**City of Sacramento
Environmental Determination**

Public Services (no physical impact) - NEPA per 24 CFR Section 58.34 (a)(4) and 58.35(b)(2) and CEQA per Guidelines Section 15378 (a):

- Emergency Shelter Grant Program
- Volunteers of America
- Lutheran Social Services
- Senior Nutrition Program
- Prime Time Teen
- Phoenix Park Resource Center
- 211 Sacramento Activities
- Downtown SRO Supportive Services
- Human Rights/Fair Housing Commission
- Sacramento Housing Alliance Fair/Affordable Housing Education
- Homelessness Prevention and Rapid Re-Housing
- Single-Family Rehabilitation/Emergency Repair/Accessibility Grant Program Delivery
- Homeownership Assistance Delivery
- HOPWA – MAAP Program
- HOPWA - Volunteers of America – Open Arms
- HOPWA - AIDS Housing Alliance – Saint Martin De Porras
- HOPWA - Center for AIDS Research, Education and Services (CARES)
- HOPWA – Transitional Living and Community Support (TLCS)
- HOPWA – CommuniCare Health Clinics – Emergency Housing Assistance
- HOPWA - Placer County – Emergency Housing Assistance
- HOPWA - El Dorado County – Emergency Housing Assistance

Administrative Functions (staff costs) - NEPA per 24 CFR Section 58.34 (a)(3) and 58.35 (b)(3) and CEQA per Guidelines Section 15378 (b)(2):

- Commercial Revitalization Program Administration
- Community Development Block Grant Administration
- Department of Human Assistance Administration (Homeless, ESG, and CDBG)
- HOPWA Administration
- Rebuilding Together Administration
- City Code Enforcement Administration
- HOME Administration
- Public Improvement Delivery
- Section 108 Custodial Accounts
- Section 108 Loan Repayment - Del Paso Nuevo

Planning and Feasibility Studies - NEPA per 24 CFR Section 58.34 (a)(1) and CEQA per Guidelines Section 15262:

- Community Development Block Grant Planning and Scoping
- Ten-Year Plan to End Chronic Homelessness
- In Fill Housing Planning
- Northeast Line Master Plan

Financial Assistance for Acquisition and/or Rehabilitation of Existing Structures - NEPA per 24 CFR 58.35 (a)(3), (a)(5) and (b)(5) and CEQA per Guidelines Section 15310:

- Multi-Family Acquisition and Rehabilitation Program*
- First-Time Homebuyer Assistance Program

Rehabilitation of Existing Structures (health and safety standards) - NEPA per 24 CFR 58.34 (a)(10) and CEQA per Guidelines Section 15301(d):

- Emergency Repair Program/Accessibility Grant Program
- Single-Family Rehabilitation Loan Program
- Commercial Revitalization Program
- Boarded and Vacant Property Program*

Rehabilitation of Existing Structures (access improvements) - NEPA per 24 CFR 58.35 (a)(2) and CEQA per Guidelines Section 15301(a):

- Emergency Repair Program/Accessibility Grant Program*

Rehabilitation/Reconstruction of Existing Public Facilities (existing right of way, no expansion of use, and/or minor alterations to land) - NEPA per 24 CFR 58.35 (a)(1) and CEQA per Guidelines Section 15301(c) and 15304(b):

- Oak Park Community Center Rehabilitation*
- Del Paso Streetscape*
- Neighborhood Acquisition/Rehabilitation Project*
- Elvas Avenue Street Improvements*
- Midtown Infrastructure Improvement Project*

Financial Assistance for New Construction - Projects funded under the following loan program will require prior environmental review to verify that the project will have no significant impacts prior to funding commitment:

- Multi-Family Housing New Construction*

* The programs and projects with an (*) are subject to environmental review under CEQA and/or NEPA prior to funding commitment to confirm that the project is exempt, categorically excluded, or that there will be no significant adverse environmental impacts.

**City of Sacramento
2010 One-Year Action Plan Activities**

The U.S. Department of Housing and Urban Development (HUD) requires a consolidated planning process for the federal Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME), Housing Opportunities for Persons with AIDS (HOPWA), and Emergency Shelter Grant (ESG) programs. This process consolidates multiple grant application requirements into a single submission. The concept of the Consolidated Plan was developed to further HUD's statutory goals through a collaborative process involving the community to establish a unified vision for future community development actions.

The Five-Year Consolidated Plan outlines proposed strategies for the expenditure of CDBG, HOME, HOPWA, and ESG funds for the period 2008-2012. In general, the mission of the Consolidated Plan is to revitalize selected lower-income neighborhoods and to assist disadvantaged populations by providing adequate public facilities and services, generating affordable housing opportunities, and stimulating economic development.

The One-Year Action Plan is the annual update to the Consolidated Plan. A key component of the One-Year Action Plan is the allocation of funds to proposed activities. This portion of the plan describes activities the jurisdiction will undertake in the coming year. Proposed activities address the priority needs and specific objectives of the 2008-2012 Consolidated Plan, adopted by the Sacramento City Council on October 23, 2007 and subsequently amended for NSP October 21, 2008, HPRP May 12, 2009, and CDBG – R May 22, 2009.

In addition, a description of other actions to further the Consolidated Plan strategies is required by HUD as part of the One-Year Action Plan application. These include the Public Housing Authority Administrative Plan, the Citizen Participation Plan, the Continuum of Care Plan and the 10-Year Plan to End Chronic Homelessness. These documents, on file with the Agency Clerk, are incorporated into this staff report and the record by this reference.

The One-Year Action Plan is based on the following estimated revenues:

Revenue Source	Estimated Revenue
CDBG Entitlement	\$5,793,772
CDBG Program Income	\$136,594
HOME Entitlement	\$3,487,639
HOME Program Income	\$210,411
ESG Entitlement	\$254,622
HOPWA Entitlement	\$844,003
HOPWA Reprogramming	\$37,082
Total Revenues	\$10,764,123

Exhibit B

The following summarizes proposed activities for 2010. Activities are organized into the following categories; funding totals for each category are indicated.

Funding Category	Proposed Funding
Infrastructure and Public Improvements	\$1,998,228
Housing Development, Preservation and Homeownership	\$4,238,762
Public Services	\$1,995,605
Commercial Revitalization	\$9,996
Grant Planning and Administration	\$1,540,403
HUD Loan Repayments	\$451,154
CDBG Capital Reserve	\$529,975
Total Funding	\$10,764,123

Background on the City Council District Allocation

The infrastructure and public improvement projects recommended in the 2010 One-Year Action Plan are allocated by City Council District. Each Council District contains low- and moderate-income census tracts, and each Council District allocation is based on the percentage of low- and moderate-income population residing within the District according to the 2000 Census. This allocation method is used to distribute funds for new and continuing capital improvement projects.

The chart below shows the percent of low- and moderate-income population and each Council District's CDBG allocation for the 5-year consolidated plan.

District 1	District 2	District 3	District 4	District 5	District 6	District 8
2000 Percent of Low- and Moderate-Income Population						
10.91%	18.53%	12.13%	12.27%	16.62%	13.20%	16.35%
CDBG Allocation						
\$588,000	\$1,004,000	\$726,000	\$648,000	\$900,000	\$707,000	\$877,000

2010 Action Plan Activities

INFRASTRUCTURE AND PUBLIC IMPROVEMENTS

The following are recommended capital improvements of public or community-based facilities and public rights-of-way to be completed within 18 months. These activities, when appropriate, will be coordinated with other City Departments to maximize leveraging with the City's capital improvement plans.

Neighborhood Acquisition/Rehabilitation Project (District 1): Funding for the development and or rehabilitation of a new or existing neighborhood park/community center.	\$114,000	CDBG
Del Paso Streetscape (District 2): Funds will be used for the construction of streetscape improvements on Del Paso Boulevard from Acoma to Arden Way. Improvements include but are not limited to curbs, gutters, sidewalks, drainage, traffic controls and landscaping.	\$826,000	CDBG
Oak Park Community Center Rehabilitation (District 5): Funds will be used for the Expansion of the Multi-purpose facility to include a team room, conference room, full kitchen, office space and men's and women's changing rooms.	\$348,000	CDBG
Capital Improvement Project Scoping: Funding for early planning, cost estimates, conceptual design, and/ or environmental for CDBG-eligible projects. Location and scope to be determined by an internal process of requests on first-come, first-served basis. CDBG staff to determine eligibility of activity.	\$100,000	CDBG
Public Improvements Implementation: Staffing and supportive services for capital improvement projects in 2010.	\$610,228	CDBG
Total Infrastructure and Public Improvements	\$1,998,228	

HOUSING DEVELOPMENT, PRESERVATION AND HOMEOWNERSHIP
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The following are recommended activities to increase, improve, and preserve affordable housing opportunities.

Multi-Family Housing Acquisition and Rehabilitation:	\$44,435	CDBG PI
Provides loans for the acquisition and rehabilitation of low- and moderate-income multi-family housing.		
	\$1,569,438	HOME
	\$70,488	HOME PI
Multi-Family Housing New Construction: Provides loans for the construction of multi-family housing.	\$1,569,438	HOME
	\$70,488	HOME PI
First-Time Homebuyer Assistance Program: Provides up to \$40,000 in down payment assistance, closing costs, homeownership education and counseling to income eligible first-time homebuyers as prescribed under the City's housing element	\$69,436	HOME PI
Emergency Repair Program/Accessibility Grant Program (ERP-A): This program provides grants of up to \$5,000 each to very-low income homeowners for emergency health and safety repairs as well as grants to low-income disabled residents for accessibility modifications.	\$300,000	CDBG
Single-Family Rehabilitation Program: Provides rehabilitation loans up to \$50,000 to owner-occupant low- and moderate-income homeowners.	\$30,011	CDBG PI
Rebuilding Together: Provides for administrative costs associated with minor home repairs for low- and moderate-income homeowners and the administrative oversight for the Home Assistance Repair Program for Seniors (HARPS).	\$46,625	CDBG
City Code Enforcement: Provides funds for City code enforcement staff to address boarded and/or vacant and substandard residential properties in low- and moderate-income areas.	\$250,000	CDBG
Single-Family Rehabilitation, Emergency Repair/Accessibility Grant Program Delivery: Supportive services for the single-family rehabilitation, emergency repair/accessibility programs in 2010.	\$130,047	CDBG

Homeownership Assistance Delivery: Supportive services for the Homeownership Program in 2010.	\$88,356	CDBG
Total Housing Development, Preservation, and Homeownership	\$4,238,762	

COMMERCIAL REVITALIZATION

The following are recommended activities to provide financial and technical assistance to revitalize distressed business communities.

Commercial Revitalization Program: The program operates as a zero-interest loan program along commercial corridors, using CDBG funding for façade improvements and correction of code violations.	\$9,996	CDBG PI
Total Commercial Revitalization	\$9,996	

PUBLIC SERVICES

The following are recommended funding allocations to support human assistance programs. For CDBG, HUD limits funding for public services to 15 percent of the total amount of entitlement and program income.

DHA Emergency Shelter Program: Funding of shelter(s) to provide approximately 100 bed 24 hour shelter for women and children, with a 90 day stay.	\$254,622	ESG
DHA VOA Detox Facility & Homeless Shelter Services: Provides shelter, food, medical screening & assessments, detoxification, counseling services, and recovery program to public inebriates and homeless.	\$55,000	CDBG
DHA Lutheran Social Services: Provides child care and case management to transitional housing participants through the Building Bridges program. Operated by Lutheran Social Services.	\$13,000	CDBG
DHA Senior Nutrition Program: Provides meals to homebound seniors and to non-homebound seniors at over 21 dining sites.	\$475,000	CDBG
Phoenix Park Resource Center: Provides funds for utility payments, resource center office expenses, and resource center staff.	\$25,000	CDBG

Exhibit B

2-1-1 Sacramento: Provides information which links callers with organizations providing housing, transportation, health, and other services in low- and moderate-income areas.	\$57,300	CDBG
Downtown SRO Supportive Services: Provides coordination of health and human services, crisis intervention, independent living skills, drug and alcohol recovery, and community building activities at four downtown hotels. The service center is located at 719 J Street.	\$120,000	CDBG
Prime Time Teen Program: Youth program connecting teens with peers and adults in an environment that fosters safety, relationship building, skill development, youth participation, and community involvement. Program administered by City Neighborhood Services.	\$80,000	CDBG
Volunteers of America (VOA): Funds will be used by VOA to address the housing needs of low-income residents of Central Sacramento who are recently homeless or about to become homeless. Services provided by VOA will include housing location and case management to achieve housing stabilization, as well as financial assistance to meet a portion of residents' housing costs for a limited time.	\$61,000	CDBG
MAAP: Provides intensive case management to 30 individuals participating in the Shelter Plus Care program and 30 individuals who live in other housing, who may be single or a member of a family, and are formerly homeless persons living with HIV/AIDS	\$80,000	HOPWA
Volunteers of America – Open Arms: Operates an emergency shelter for homeless individuals with HIV/AIDS. Individuals are eligible for 90 days of emergency shelter including chemical dependency assessment, meals, transportation and assistance into permanent housing.	\$312,189	HOPWA
AIDS Housing Alliance – Colonia San Martin: Provider is acquiring 40 permanent housing units for persons with HIV/AIDS. One unit will be an operations office. In addition to housing, on-site supportive services will also be provided.	\$141,633	HOPWA
Center for AIDS Research, Education and Services (CARES) - Emergency Housing Assistance: Provides for short-term emergency housing assistance for persons with HIV/AIDS. Administered by Sacramento County, Department of Human Assistance for Sacramento County. – Supportive Services. Provides case management, assessment, and referral to services and housing, to persons with HIV/AIDS in Sacramento County.	\$126,725	HOPWA

Exhibit B

<p>Transitional Living and Community Support (TLCS): Provides clean and sober facility-based housing with supportive services for persons with HIV/AIDS and mental disabilities at a community residence with 9 – 1 bedroom units (one bedroom has 2 beds) Provides 24 hour property manager. Also provides weekly supportive services and educational and social activities for residents.</p>	\$58,000	HOPWA
<p>Placer County – Emergency Housing Assistance: Provides for short-term emergency housing assistance for persons with HIV/AIDS. Administered by Sacramento County, Department of Human Assistance for Placer County.</p>	\$46,408	HOPWA
<p>El Dorado County – Emergency Housing Assistance: Provides for short-term emergency housing assistance for persons with HIV/AIDS. Administered by Sacramento County Department of Human Assistance for El Dorado County.</p>	\$46,408	HOPWA
<p>CommuniCare Health Clinics-Emergency Housing Assistance: Provides for short-term emergency housing assistance for persons with HIV/AIDS. Administered by Sacramento County, Department of Human Assistance for Yolo County.</p>	\$43,320	HOPWA
<p>Total Public Services</p>	\$1,995,605	

HUD LOAN REPAYMENTS

The following debt service payments for HUD Section 108 loans and internal SHRA loans for commercial revitalization, job creation, and infrastructure development.

<p>Section 108 Loan Repayment - Del Paso Nuevo: Annual debt service payment on Section 108 loan funds used to develop infrastructure in a new neighborhood subdivision. If program income is utilized towards the debt service payment then unused funds will be utilized towards project costs. (Payments eight and ten on two separate Section 108 Loans)</p>	\$399,002	CDBG
	\$52,152	CDBG PI
<p>Total Loan Repayments:</p>	\$451,154	

GRANT PLANNING AND ADMINISTRATION
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The following are related to immediate/intermediate term CDBG program planning, community participation and general program administration. For CDBG, HUD limits funding for planning and administration to 20 percent of the total amount of entitlement and program income. For HOME, the limit is 10 percent.

Exhibit B

DHA Administration: Administrative funding for the implementation of CDBG Detox and Senior Nutrition program activities.	\$50,500	CDBG
HOPWA Administration: Administrative funding for the implementation of HOPWA program activities.	\$26,400	HOPWA
Human Rights/Fair Housing Commission: Provides administrative support for fair housing activities, including investigations, referral mediation, outreach, education, and fair housing audits.	\$92,903	CDBG
Sacramento Housing Alliance Fair/Affordable Housing Education: Funds to provide fair housing education and outreach including affordable housing education to various community groups. The public will be educated on fair housing law, and provided information to combat negative stereotypes about affordable housing.	\$5,000	CDBG
Ten-Year Plan to End Chronic Homelessness: Administrative services for the implementation of the Plan.	\$173,000	CDBG
Northeast Line Master Plan: Funds will be used to develop a master plan consistent with the urban, mixed use land use designations adopted for this corridor in the 2030 General Plan.	\$100,000	CDBG
In Fill Housing Planning: Funds will be used to create standardized, infill house plans for builders to facilitate the development of large number of vacant lots within low income neighborhoods.	\$35,000	CDBG
CDBG Planning: Project and program planning for CDBG activities in 2010.	\$28,653	CDBG
CDBG Administration: Administrative services for CDBG programs in 2010.	\$680,183	CDBG
HOME Program Administration: Administrative services for the implementation of HOME-funded activities in 2010	\$348,764	HOME
Total Grant Planning and Administration:	\$1,540,403	

CDBG CAPITAL RESERVE

Capital Reserve: Fund reserve account for overruns in capital improvement activities and to fund budgeted activities in 2010 if CDBG entitlement is less than anticipated.	\$529,975	CDBG
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**City of Sacramento
Defunded Activities for Various Years' Action Plan**

Activities being defunded are those that have been completed, cancelled or funded through alternative sources. Newly funded activities are scheduled to be implemented and completed by December 31, 2011 to comply with federal regulations governing the timely expenditure of funds.

CDBG & CDBG R		
Recommendation	Amount	Fund
2007 Colonial Heights Sidewalk Improvements (District 5): Construction of pedestrian improvements in residential area, including curb, gutter, sidewalks, street pavement, trees and landscaping, and associated minor drainage improvements. Precise location to be scoped within funding parameters; project vicinity is 50th, 52nd and 53rd between 14th and 15th Streets. Project is complete; staff recommends funds be reallocated to Capital Reserve.	\$102,354	CDBG
2009 Home Assistance Repair Program for Seniors (HARPS): Provides technical assistance and referral services to senior homeowners with minor home needs, such as installation of grab bars and plumbing repairs. HARPS organization decided to close due to lack of volunteers. Rebuilding Together has assumed the HARPS Program. Staff recommends funds be reallocated to Capital Reserve.	\$13,218	CDBG
2008 Mercy Housing Supportive Housing Program: Provides technical assistance to social service organizations developing supportive housing for special needs groups. No projects were identified in 2008. Staff recommends funds be reallocated to Capital Reserve.	\$5,000	CDBG
2009 Green Building Consultant: Provides funding for a consultant to develop strategies, program planning, and implementation of green building practices through SHRA's multifamily lending guidelines, request for proposals, and public housing projects. Internal resources were used to implement this activity; staff recommends funds be reallocated to Capital Reserve.	\$50,000	CDBG
2009 Ben Ali/Hagginwood Design (District 3): Funding for design work for the Ben Ali and Hagginwood Strategic Neighborhood Action Plans infrastructure and public facilities projects. No project was identified for funding; staff recommends funds be reallocated to Capital Reserve.	\$100,000	CDBG
2009 Homeless Prevention: Funds to be used to support homeless	\$100,000	CDBG R

Exhibit C

prevention activities associated with Homeless Prevention and Rapid Re-Housing Program (HPRP). Staff is recommending defunding the activity by \$100,000 and funding the <u>Case Management for Keys To Hope</u> , leaving a balance of \$132,000.		
Total	\$370,572	

NSP		
Recommendation	Amount	Fund
Pilot – Pre-Foreclosure Initiative (Vacant Property Program): Funds will be used to establish a pilot initiative in the City to partner with private equity investment firm to purchase and modify distressed mortgages in the Target Areas. Staff is recommending funds be transferred to Property Recycle Program.	\$1,500,000	NSP
Total	\$1,500,000	

City of Sacramento
Amendment to 2009 Action Plan and Substantial Amendment Activities

This report formally amends the 2009 Action Plan by augmenting existing and new projects with CDBG. These activities have been identified as those that need immediate funding. Also, these adjustments will facilitate timely expenditures as required by HUD.

CDBG		
Recommendation	Amount	Fund
Westerner Mobile Home Park: Funds to be used for the cost associated with the construction of cathodic protection test station & anode bed for the gas system, pavement and drainage, and community room.	\$100,000	CDBG
Midtown Infrastructure Improvement Project (District 3): Funds will be used for base infrastructure improvements to streets and alleys in Midtown, primarily between J and L Street from 16 th to 26 th Streets.	\$506,000	CDBG
Volunteers of America (VOA): Funds will be used by VOA to address the housing needs of low-income residents of Central Sacramento who are recently homeless or about to become homeless. Services provided by VOA will include housing location and case management to achieve housing stabilization, as well as financial assistance to meet a portion of residents' housing costs for a limited time.	\$55,000	CDBG
Case Management for Keys to Hope: Funds for case management, benefits administration, and house monitor support for approximately 47 former chronically homeless residents. Activities include client needs assessments, development and implementation of case plans, therapeutic support, crisis intervention, life skills education, enrollment and advocacy for benefits such as general assistance, disability, health and behavioral health care.	\$25,000	CDBG
Total	\$686,000	

NSP		
Recommendation	Amount	Fund
Property Recycle Program: Funds will be used to acquire foreclosed properties for rehabilitation with rental, for sale, demolition, land banking and redevelopment as eligible activities.	\$1,500,000	NSP
Total	\$1,500,000	

MEMORANDUM OF UNDERSTANDING
between the Sacramento Housing and Redevelopment Agency
and Further Development, LLC

THIS MEMORANDUM OF UNDERSTANDING, hereinafter referred to as “MOU” or “Agreement,” is made and entered into this _____ day of _____, 2009 (“Effective Date”) by and between the Sacramento Housing and Redevelopment Agency, a joint powers authority, hereinafter referred to as “Agency” and Further Development, LLC, hereinafter referred to as “Further Development.”

WHEREAS, the Agency administers the Neighborhood Stabilization Program (“NSP”) on behalf of the City of Sacramento and the County of Sacramento; and

WHEREAS, NSP aims to stabilize neighborhoods impacted by foreclosure by removing significant blight from neighborhoods and providing housing for low- to moderate-income households through acquisition, land banking, demolition, rehabilitation and mortgage assistance for vacant and/or foreclosed properties; and

WHEREAS, the Agency also desires to respond to and reduce the impact of high foreclosure rates within targeted areas of the City and County of Sacramento on current homeowners; and

WHEREAS, the Agency is willing to make funding available through the Agency’s NSP Property Recycling Program to mitigate the risk associated with the purchase and refinance of distressed mortgages with the intention of keeping homeowners in their homes; and

WHEREAS, Further Development, in collaboration with NeighborWorks Homeownership Center (NeighborWorks), is willing to purchase and aggressively refinance homeowners’ mortgages in the NSP Target Areas order to make the mortgage payments affordable to the owner occupants and prevent foreclosures;

NOW, THEREFORE, the parties agree as follows:

1. **PURPOSE.** This MOU delineates the responsibilities of the Agency and Further Development with regard to the Pilot Pre-foreclosure Program.
2. **TERMS AND DEFINITIONS.** Throughout this Agreement, the following terms have the following definitions:
 - a) “Distressed Mortgage” means a mortgage that, within twelve months of the Effective Date, has: (1) been declared in default or; (2) demonstrates at least one missed payment.
 - b) “Foreclosed Properties” means properties in the Target Areas for which Further Development has purchased the Distressed Mortgage or home at foreclosure auction, has attempted unsuccessfully to refinance the mortgage at a more affordable level, has issued a

Exhibit E

notice of default, and has foreclosed upon, consistent with all applicable NSP, state, and local laws and regulations.

- c) "Project" means the purchase and refinance of homeowners' mortgages, and when necessary the purchase of properties at foreclosure auction, in the Target Areas order to make the mortgage payments affordable to the owner occupants and prevent foreclosures. A detailed program description and agreements with local vendors necessary to implement the Project is described in Exhibit 1. It also may consist of the sale of Foreclosed Properties to the Agency for redevelopment and affordable housing.
 - d) "Target Areas" means those areas most severely impacted by foreclosures that show evidence of weaker housing markets that are not able to recover without assistance, as described further in Exhibit 2, which is incorporated into the MOU by this reference.
3. **TERM.** The term of this MOU shall commence as of the Effective Date stated above and shall continue for twelve (12) months after the Effective Date.
4. **FURTHER DEVELOPMENT RESPONSIBILITIES.** Further Development shall:
- a) Provide, within 30 days of the effective date, evidence of sufficient project capital to invest a minimum of \$10 million (\$10,000,000) for the purpose of purchasing distressed mortgages. Such evidence may take the following forms:
 - 1. Further Development's provision of financial statements prepared by a certified public accountant which show liquid assets available to the Project (and not subject to other existing or contingent claims) in the amount of One Hundred Percent (100%) of the amount of the required equity.
 - 2. Delivery to the Agency of a binding commitment letter for the Project from a third party investor and verifiable evidence that the investor has made available to the Project (and not subject to other existing or contingent claims) the amount of One Hundred Percent (100%) of the amount of the required equity.
 - b) Request prior Agency approval of any relevant financial or Project changes.
 - c) Submit monthly reports to Agency detailing the portfolio of loans and status of modifications.
 - d) Provide firm evidence of the investment of at least ten million dollars (\$10 million) in Distressed Mortgages in the Sacramento NSP Target areas within twelve (12) months of the Effective Date.
 - e) Provide Agency with a copy of all Notice of Defaults filed by Further Development in the Target Areas to Agency during the term of this MOU.

- f) Provide Agency with a first right of refusal for all properties that Further Development has foreclosed upon within the Target Areas during the Term of this MOU.
5. **AGENCY RESPONSIBILITIES.** The Agency shall:
- a) Earmark three million dollars (\$3,000,000) to the Project for the purchase of vacant, foreclosed upon properties located within the Target Areas (“Foreclosed Properties”) from Further Development during the term of the MOU. Such funds may also be used to meet any NSP obligations arising from the implementation of the Project that are mutually agreed to by the Agency and Further Development
 - b) Once the foreclosure process is complete, purchase all Foreclosed Properties identified by Further Development as in default during the term of the MOU at the same price as the loan modification offered to the homeowner, up to ninety-nine percent (99%) of the appraised value of the property. All appraisals will be ordered by the Agency.
 - c) In the event that the Agency does not receive at least \$10 million of the requested NSP2 funding from the Federal Department of Housing and Urban Development, the Agency may reduce the budgeted allocation to the Project by one third (1/3) of the unobligated balance six months after the Effective Date, and every three months thereafter for the term of this MOU. Funds shall be considered obligated for a specific property in the amount of the Agency’s purchase price from Further described in Section 5.b if: (1) the property is a Foreclosed Property; or (2) Further Development has recorded a Notice of Default against the property within the term of this MOU.
6. **DEFAULT.** Failure by Further Development to perform any obligations pursuant to Section 4 of this MOU shall be deemed a default by Further Development under this MOU. Upon occurrence of a default, Agency shall give written notice of such default to Further Development. If such default is not cured within thirty (30) days after notice thereof, Agency may terminate this Agreement and reallocate all unobligated Project funds. Should a default occur after a portion of the \$10 million has been invested in accordance with all requirements of this Agreement, an amount of Project funds proportionate to the existing investment would remain in place for the term of this Agreement. Nothing in this Section shall preclude the Agency from exercising any of its other rights or remedies with respect to this MOU.
7. **ALTERATION OF TERMS.** No alteration or variation of the terms of this MOU shall be valid unless made in writing and signed by both parties.
8. **NOTICES.** Any notice required or permitted to be given under this MOU shall be in writing and shall be served by registered mail or personal service upon the other party.
9. **CHANGES AND PARTIAL VALIDITY.** Any material changes to any of the clauses above have to be agreed upon in writing by both parties. If any provision of this Agreement is held by a court to be invalid, void, or unenforceable, the remaining portions will nevertheless continue in full force without being impaired or invalidated in any way.

- 10. **SUCCESSORS AND ASSIGNS.** This MOU shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and permitted assigns. However, Further Development shall not assign this MOU or any interest it may have in Foreclosed Properties purchased pursuant to this MOU without the prior written consent of Agency.
- 11. **NO JOINT VENTURE, PARTNERSHIP, OR OTHER RELATIONSHIP.** Nothing contained in this MOU or in any other document executed in connection with this MOU shall be construed as creating a joint venture or partnership between Agency and Further Development. Each Party is acting as an independent entity and not as an agent of the other in any respect.
- 12. **APPLICABLE LAW.** This MOU, and the application or interpretation of this MOU, shall be governed by the laws of the State of California. The parties consent to the jurisdiction and venue of any federal or State court in Sacramento, California and also consent to service of process by any means authorized by California or federal law.

Notice to Agency shall be addressed as follows:

Chris Pahule, Assistant Director
Sacramento Housing and Redevelopment Agency
600 I Street, Suite 250
Sacramento, CA 95814

Notice to Further Development shall be addressed as follows:

Erik Sten, President
Further Development LLC
1940 NW 24th
Portland, OR 97210

IN WITNESS WHEREOF, This MOU has been executed as of the Effective Date herein above appearing.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

FURTHER DEVELOPMENT, LLC

By: _____
LaShelle Dozier, Executive Director

By: 
Erik Sten, President

Date _____

Date : September 22, 2009

Exhibit 1



Foreclosure Prevention and Neighborhood Stabilization

Pilot Pre-Foreclosure Work Program

Further Development, LLC (Further) is a private, socially conscious real estate company working to prevent foreclosures. Further assembles double-bottom line capital to purchase distressed mortgages or homes at foreclosure auction and then offers the affected families an affordable loan modification or equivalent lease option.

Further responded to the Sacramento Housing and Redevelopment Agency's (SHRA) Pilot Pre-Foreclosure Initiative Request for Qualifications and developed the following work program after being selected through that process and engaging in additional consultation with SHRA and community partners. Working in cooperation with NeighborWorks HomeOwnership Center, Sacramento Region (NeighborWorks), Further has designed a comprehensive response to the foreclosure crisis in SHRA target neighborhoods. Private investment to prevent foreclosure will be teamed with federal Neighborhood Stabilization Funds (NSP) to rehab and resell properties that become vacant. SHRA has set aside, subject to final contract negotiation and governing body approvals, an award of \$3 million in NSP funds to purchase vacant properties created when foreclosure repair is unsuccessful. Further has agreed to invest a minimum of \$10 million in private funds to prevent foreclosures. The project is expected to begin on November 1st, 2009 subject to approval by the governing bodies on October 20th, 2009.

To best serve its target families and neighborhoods and prevent as many foreclosures as possible, Further and its partners will execute the following strategy:

- Community groups and contacts refer families in danger of foreclosure to NeighborWorks for counseling as is current practice.
- Families will receive foreclosure counseling from HUD certified NeighborWorks staff. The option of participating in Further's program will be evaluated along with the Hope for Homeowners program and other options currently offered by the federal government and participating lenders.
- To be eligible for the program, a family's home must be located in SHRA's NSP target areas outlined in the attached exhibit. This requirement cannot be waived.
- Counseling staff will identify appropriate families based on financial situation, income stability, character and desire to stay in their homes. Counselors will look at readily available market estimates of the family's property and create a rough approximation of the likely modified payment for purposes of determining financial feasibility. Families will be expected to meet FHA income guidelines at the new payment. Debt levels and other financial factors will be reviewed. Families will not be expected to meet credit rating levels typically required for an FHA or similar loan. While each situation will differ, current market conditions should allow for a 30-50 percent reduction in payments for many families with large negative equity.

- Once a potential client family has been identified, Further will review the screening information and if no problems are found will conduct a full appraisal and inspection of the subject property. Further's screening criteria will be identical to that of NeighborWorks and the respective staff will be working together to minimize the chance that Further would not accept a referral. Final decision on inclusion in the program, however, will reside solely with Further.
- Once the appraisal and inspection are complete, the information will be submitted to SHRA for its agreement that the home fits the criteria for purchase should it become vacant and foreclosed. All homes in the target areas that meet NSP criteria are expected to be approved.
- After SHRA approves the home as meeting the requirements for purchase should it become vacant or foreclosed, Further will sign a contract with the family outlining roles and responsibilities. The contract will stipulate the expected sales price of 80 percent of current appraised value and terms of 6 percent interest with no fees, points or penalties of any kind. Appraised value will be derived from the recent appraisal obtained by Further. The family will agree to the projected terms, though there will be no penalty should they decide not to complete the transaction. The contract will explain the methods Further will use to acquire the mortgage and/or house and the different mechanisms for loan modification or sale that will result from each method.
- Further Development will make every effort, using private funds, to purchase individual distressed mortgages from lenders, or when necessary, purchase the homes at foreclosure auction.
- Mortgage purchases will be executed by Further with COO Morgan Smith leading the negotiation and acquisition activities.
- Auction purchases will be executed by a strategic partner expert in this area, River Forest Financial. Morgan Smith will oversee this activity and Further will make final decisions on purchases.
- Once the mortgage or home has been successfully purchased, Further Development will offer each family a modified loan at 80 percent of current appraised value, or in the case of auction purchases, an economically equivalent lease option. Loans will be 30 years fixed at 6 percent interest with no balloons, fees or pre-payment penalties of any kind.
- NeighborWorks will be responsible for loan servicing and collections through a contract for services with Further.
- Homes that are, or become, vacant and foreclosed will be sold to SHRA for the price of the loan modification, which is 80 percent of the appraised value. SHRA will follow its standard purchase process as described in its MOU with Further and will use its standard purchase contract.
- Further will contract with NeighborWorks to secure and maintain vacant properties until close of escrow on the sale to SHRA. Properties will be maintained to all applicable local standards and be available for inspection by SHRA at all times. Properties will be well-maintained and monitored regularly to ensure they are not detrimental to neighborhood livability during this interim period.

- If homes do not require significant rehab, SHRA will be given the option of not purchasing the properties and allowing Further to resell them on the open market and thereby preserving NSP funds.

While the price and pace of acquisition will vary and is difficult to predict with certainty, Further expects to purchase approximately 100-125 mortgages and/or homes through the course of the project. Purchases will be made individually with an expected volume of 5 mortgages/homes per week after a short ramp-up period.

Further will work with project partners to identify and bring additional opportunities and resources to the Sacramento region to support this project. If the rate of vacancy is low, Further will work to bring additional capital to the project and expand the number of customers served.

Further will compensate NeighborWorks for all tasks performed at NeighborWorks standard rates. Services may include, but not be limited to pre-foreclosure counseling, ongoing counseling, loan servicing, repairs and security on vacant and occupied properties as requested, refinancing, loan packaging, marketing and sales of homes and any other tasks that become necessary during the course of the project. If appropriate and cost-effective, Further will fund dedicated staff at NeighborWorks.

Further and NeighborWorks will negotiate and enter into one or more written contracts to enforce each party's performance of the negotiated obligations, duties and responsibilities necessary to implement to specific activities and goals set forth in this Memorandum of Understanding. All such contracts shall be provided to SHRA.

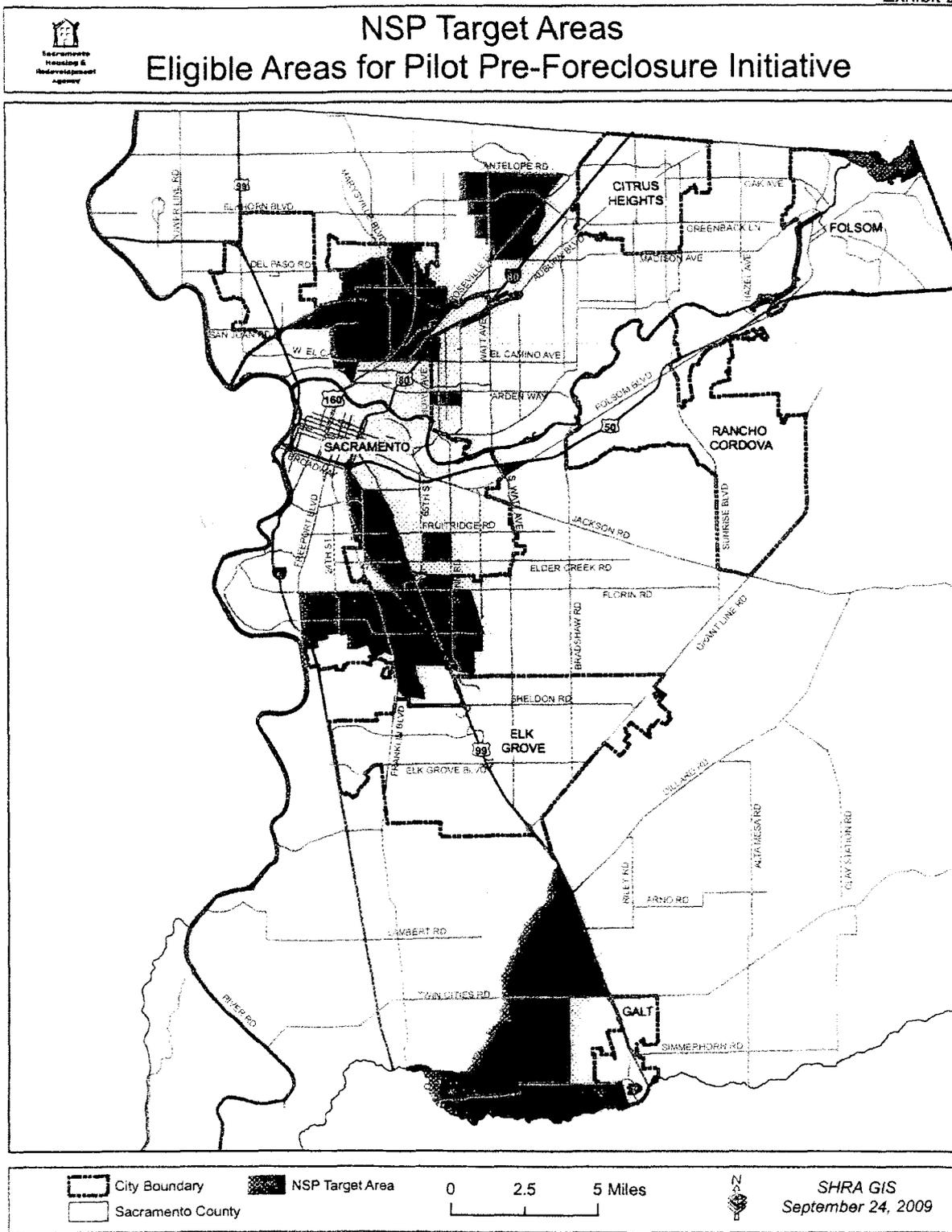
SHRA funds earmarked for the Pilot Pre-foreclosure Initiative shall be used for the following activities: (1) acquisition of eligible foreclosed homes from Further; (2) appraisals of foreclosed homes offered for sale by Further; (3) relocation costs, if necessary, from homes purchased from Further.

This Work Plan was submitted on September 28th, 2009 and represents an accurate representation of the project as planned. The project is projected to begin in full on November, 1st, 2009.



Erik Sten,
President, Further Development, LLC

Exhibit 2



**City of Sacramento
Amendment to 2009 CDBG R**

This report clarifies the actions to be undertaken per the 2009 CDBG R Substantial Amendment by defining a new activity to receive the previously allocated funding within the Township 9 project. Infrastructure improvements have been identified as needing immediate funding. This change is consistent with the previously adopted Substantial Amendment and will further facilitate timely expenditures as required by HUD.

CDBG R		
Recommendation	Amount	Fund
<p>Infrastructure Improvements in Support of Affordable Housing: Funds to be used for the cost associated with the construction of infrastructure in support of affordable housing development on parcel 11 within Township 9.</p> <p>The related infrastructure construction activities were addressed within the Environmental Impact Report adopted by the City for the project 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. Review under the National Environmental Policy Act ("NEPA") is underway.</p>	\$0	CDBG R
Total	\$ 0	