



REPORT TO COUNCIL
City of Sacramento
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Staff Report
August 24, 2010

Honorable Mayor and Members of the City Council

Title: Amending the 2009 One-Year Action Plan Containing the Neighborhood Stabilization Program Substantial Amendment, Amendment to the Neighborhood Stabilization Program Budget.

Location/Council District: Citywide

Recommendation: Adopt a **City Council Resolution:** a) approving amendments to the 2009 One-Year action plan containing the Neighborhood Stabilization Program (NSP) Substantial Amendment; b) authorizing the Sacramento Housing and Redevelopment Agency (SHRA) to modify the NSP Block Program - Morrison Creek Estates Project to reallocate \$270,000 to the Property Recycling Program; c) amending the SHRA Budget to allocate the NSP funding for programs and projects in accordance with the amendment of the prior years' Action Plans.

Contact: Chris Pahule, Assistant Director, 440-1350

Presenters: Chris Pahule, Assistant Director

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: This report requests approval to amend the 2009 One-Year Action Plan to reallocate NSP Morrison Creek Estates Project funds to the NSP Property Recycling Program (PRP). NSP funds must be fully obligated within 18 months of the award contract, which is September 11, 2010. Currently 97% of the NSP funds are obligated. Of the \$500,000 in NSP funds allocated to the Morrison Creek Estates project, \$270,000 remains and will not be obligated within the regulated timeframe.

To date 56 properties have been acquired through the Property Recycling Program and the transfer of the Morrison Creek Estates Project funds will allow for the immediate obligation for future rehabilitations. The transfer of funds to the PRP will expedite obligation of the NSP funds, since there is an inventory of properties that need rehabilitation currently waiting for the generation of sales revenue. In order to meet the obligation requirements of NSP, staff recommends reallocating the remaining

\$270,000 of NSP Morrison Creek Estates project funds to the NSP Property Recycling Program.

Policy Considerations: The recommended actions in this staff report are consistent with the 2008-2013 Housing Element of the General Plan, adopted November 18, 2008, which indicates that "The City shall support efforts to alleviate the individual and community problems associated with mortgage default and foreclosure." To implement this policy, the Housing Element includes program 19, committing the City to enact a comprehensive plan for addressing the foreclosure crisis, including "neighborhood reinvestment strategies." The recommended actions are also consistent with the City of Sacramento's 2008-12 Consolidated Plan adopted October 23, 2007 and substantially amended for the Neighborhood Stabilization Program on October 21, 2008.

Environmental Considerations:

California Environmental Quality Act (CEQA)/National Environmental Policy Act (NEPA): The proposed action consists of the reallocation of NSP funds from one project, which required individual review under CEQA and NEPA, to another program which also required (programmatic) review under CEQA and NEPA, and will require additional review under CEQA and NEPA as individual projects are identified and prior to any choice limiting action. The action of reallocating funding does not constitute a separate project under CEQA and no further environmental review is required pursuant to CEQA Guidelines Section 15162. Under NEPA the reallocation of funds is considered an administrative or management activity and is exempt pursuant to 24 CFR 58.34 (3).

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.

Committee/Commission Action: *Sacramento Housing and Redevelopment Commission:* At its meeting on August 4, 2010, the Sacramento Housing and Redevelopment Commission conducted a public hearing and considered the staff recommendation for this item. The votes were as follows:

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

NOES: None

ABSENT: Otto

Rationale for Recommendation: Staff is recommending reallocating \$270,000 from the NSP Morrison Creek Estates Project to programs that will allow SHRA to meet the NSP funding obligation requirement. The reallocation of the Morrison Creek Estate funds to the PRP will bring the City grant award to 100% obligated, which is a NSP program requirement. The complete obligation of the NSP funds allows for SHRA to remain competitive for future funding allocations.

To date, the NSP Vacant Properties Program and NSP Property Recycling Program funds are fully obligated within the City and the PRP has capacity to accommodate additional funds that could be obligated immediately for rehabilitation of SHRA foreclosed properties. NSP funds have restrictions that have limited the number of units purchased in the increasing competitive Morrison Creek Estates area. Additionally, the tight time frame to obligate NSP funds necessitates reallocation to the PRP in order to quickly move the funds. The NSP funds spent to date and the Franklin Boulevard Low-Mod Funds allocated to the project are adequate to continue the acquisition of additional properties in the Morrison Creek Estates area.

Financial Considerations: Allocations made in the NSP amendment to the 2009 One-Year Action Plan are based on a City grant award of \$13,264,829. This report recommends reallocating \$270,000 from the NSP Block Program – Morrison Creek Project to the NSP Property Recycling Program.

M/WBE Considerations: Minority and Woman's Business Enterprise requirements will be applied to all activities to the extent required by federal funding to maintain that federal funding. To the extent possible, SHRA shall encourage all participants to hire locally and to partner with emerging small businesses.

Respectfully Submitted by


LA SHELLE DOZIER
Executive Director

Recommendation Approved:

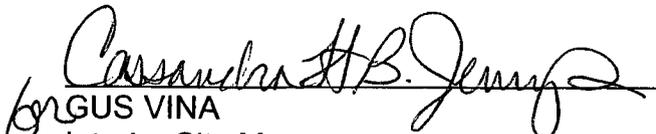

GUS VINA
Interim City Manager

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RESOLUTION NO. 2010 -

Adopted by the Sacramento City Council

on date of

AMENDMENT TO THE 2009 ONE-YEAR ACTION PLAN CONTAINING THE NEIGHBORHOOD STABILIZATION PROGRAM (NSP) SUBSTANTIAL AMENDMENT; AMENDMENT TO NEIGHBORHOOD STABILIZATION PROGRAM BUDGET TO REALLOCATE FUNDS FROM THE NSP BLOCK PROGRAM – MORRISON CREEK ESTATES PROJECT TO THE NSP PROPERTY RECYCLING PROGRAM

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), Emergency Shelter Grant (ESG) Programs.
- B. On October 21, 2008, the Sacramento City Council approved a substantial amendment to the 2008 – 2012 Consolidated Plan containing Neighborhood Stabilization Plan (NSP), (Resolution – 2008-691).
- C. On February 24, 2009, the City Council approved Amendments to the 2009 One-Year Action Plan containing the implementation guidelines for the NSP, to include the implementation of the Block Acquisition and Rehabilitation Strategy for Morrison Creek Estates (Resolution -2008-114).
- D. On October 27, 2009, the Sacramento City Council approved additional amendments to the 2009 One-Year Action Plan which included a reallocation of funds from the NSP Block Program – Morrison Creek Estates Project to the NSP Property Recycling Program and the NSP Vacant Property Program (Resolution – 2010-129).
- E. A noticed public hearing soliciting comments on the 2009 One-Year Action Plan containing the NSP Substantial Amendment and amendments to the budget for the NSP Block Program – Morrison Creek Estates Project to the NSP Property Recycling Program was held by the Sacramento Housing and Redevelopment Commission on August 4, 2010.

- F. Action under NSP constitute updates to existing planning studies, budget amendments and designation of authority to carry out activities associated with the allocation of funding only. This action does not constitute approval for any specific projects, or the allocation of funding to any specific projects, that may have an adverse effect on the environment. As such, these actions are exempt from or do not require environmental review under CEQA or NEPA.
- G. NSP 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. Therefore, the appropriate level of CEQA and/or NEPA review will be carried out for individual projects under this plan as they are identified.

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 above are true and correct.
- Section 2. Sacramento Housing and Redevelopment Agency (Agency), by action of its Executive Director, or designee, is authorized to amend the 2009 One-Year Action Plan containing the NSP Substantial Amendment that includes the NSP Block Program – Morrison Creek Estates Project and the NSP Property Recycling Program to reallocate \$270,000 from the NSP Block Program – Morrison Creek Estates Project to the NSP Property Recycling Program.
- Section 3. The Agency is authorized to amend the Sacramento Housing and Redevelopment Agency Budget to allocate the NSP funding for programs and projects in accordance with the amendment of the 2009 One-Year Action Plan.