



**REPORT TO COUNCIL,  
REDEVELOPMENT AGENCY AND  
HOUSING AUTHORITY  
City of Sacramento  
915 I Street, Sacramento, CA 95814-2671  
[www.CityofSacramento.org](http://www.CityofSacramento.org)**

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**Public Hearing  
November 22, 2011**

**Honorable Mayor and Members of the City Council  
Chair and Members of the Redevelopment Agency and Housing Authority Boards**

**Title: 2012 Sacramento Housing and Redvelopment Agency Proposed Budget**

**Location/Council District: Citywide**

**Recommendation:** Conduct a public hearing and upon conclusion adopt: 1) a **Council Resolution** a) approving the 2012 Proposed Budget for the Sacramento Housing and Redevelopment Agency (Agency), and b) delegating authority to administer certain federal funds and authorizing the Agency to: i) submit the Comprehensive Plan to United States Department of Housing and Urban Development (HUD); ii) submit to HUD the One-Year Action Plan for the Community Development Block Grant (CDBG), Home Investment Partnership (HOME), Emergency Shelter Grant (ESG), American Dream Down Payment Initiative (ADDI), and Housing Opportunities for People with AIDS (HOPWA) programs; iii) submit grant applications for any and all activities within the jurisdiction of the Agency; and iv) enter into contracts, make fund transfers, transfer project appropriations, amend the Agency budget in accordance with the limitations of the Resolution, and undertake other actions necessary to implement the aforementioned; 2) a **Redevelopment Agency Resolution** a) approving the 2012 proposed budget for the Redevelopment Agency of the City of Sacramento; and b) authorizing the Executive Director to: (i) submit grant applications for any and all activities within the jurisdiction of the Agency; and (ii) enter into contracts, make fund transfers, transfer project appropriations, amend the Agency budget in accordance with the limitations of the Resolution, and undertake other actions necessary to implement the aforementioned; and c) authorizing the Executive Director, or designee, to: (i) amend the Agency budget as necessary to facilitate the 2011-12 Voluntary Alternative Redevelopment Program (VARP) payment, and (ii) authorizing the Executive Director, or designee, to re-appropriate funds allocated to make the 2011-12 VARP payment to Agency operating budgets or project budgets, should those State mandated payments no longer be required, and (iii) authorizing the Executive Director to take all actions as outlined in the attached resolution; and 3) a **Housing Authority Resolution** a) approving the 2012 proposed budget for the Housing Authority of the City of Sacramento; and b) authorizing the Executive Director to: (i) submit the annual housing operating budgets to HUD; (ii) submit application to HUD for Capital Fund Plan funding; (iii) submit the Comprehensive Plan to HUD; (iv) submit grant applications for any and all activities within the jurisdiction of the Authority; and (v) enter into contracts, make

fund transfers, transfer project appropriations, amend the Agency budget in accordance with the limitations of the resolution, and undertake other actions necessary to implement the aforementioned.

**Contact:** Don Cavier, Finance Director, 440 1325, LaShelle Dozier, Executive Director, 440-1319

**Presenters:** LaShelle Dozier, Executive Director, Donald Cavier, Director of Finance

**Department:** Sacramento Housing and Redevelopment Agency

### **Description/Analysis**

**Issue:** The annual budget of the Sacramento Housing and Redevelopment Agency (Agency) incorporates the budgets of the Redevelopment Agency of the City of Sacramento, the Redevelopment Agency of the County of Sacramento, the Housing Authority of the City of Sacramento, the Housing Authority of the County of Sacramento and the administration of specific funds on behalf of the City and County of Sacramento. The Proposed 2012 Budget provides a plan by which the Agency operates in an efficient manner and in compliance with the regulatory requirements of our funding sources and the Government Accounting Standards Board. Agency revenue sources require that each constituent entity have an operating budget adopted prior to the start of each new fiscal year. The Agency's budget and fiscal year is the calendar year from January 1<sup>st</sup> through December 31<sup>st</sup>.

The Agency proposes a balanced budget in the amount of \$236 million representing the operational activities and projects for 2012. The 2012 proposed budget represents a \$14 million decrease in net appropriations compared with the prior year. There are no City or County General Funds in the Agency's budget.

Much like the rest of the nation, the current recession has hit the Sacramento region hard and prospects for a quick turnaround remain unlikely. The local economy continues to suffer from a depressed housing market with one of the worst foreclosure rates in the nation, high vacancy rates among the commercial sector and an unemployment rate that is hovering around 12 percent.

Locally, the decline in property values has directly impacted redevelopment tax increment. Since 2008-09, tax increment revenues have dropped 25 percent due to a decline in the assessed value of properties in the Agency's 14 redevelopment project areas. The majority of the decline is the direct result of Proposition 8 value reductions and the settlement of commercial property tax appeals.

Tax Increment (In Millions)				
Fiscal Year	City	County	Joint	Total
2008-09 Actual	\$ 52.87	\$ 13.64	\$ 5.84	\$ 72.35
2009-10 Actual	\$ 46.78	\$ 12.59	\$ 5.11	\$ 64.48
2010-11 Actual	\$ 39.33	\$ 10.91	\$ 4.51	\$ 54.74
2011-12 Estimate	\$ 39.23	\$ 10.55	\$ 4.42	\$ 54.20
Est. Cumulative Loss %	-25.8%	-22.7%	-24.3%	-25.1%

In addition to the \$23.6 million Supplemental Educational Revenue Augmentation Fund (SERAF) shifts of 2009-10 and 2010-11, the State of California continues to attempt to balance its budget with local resources. Two bills have been signed into law, ABx1 26 that calls for the elimination of all California Redevelopment Agencies; and ABx1 27 that provides for the continuation of redevelopment if the redevelopment agencies agree to pay the State \$1.7 billion for the 2011-12 property tax year under a "Voluntary Alternative Redevelopment Program" (VARP). On August 9<sup>th</sup> and August 10<sup>th</sup>, the City and County of Sacramento adopted ordinances to continue redevelopment and make the required VARP payments for FY 2011-12. The Agency successfully appealed the State's initial payment calculation of \$21.9 million which reduced the required payment to \$21.5 million (City RDA \$17.96 and County RDA \$3.54).

Both ABx1 26 and ABx1 27 are being challenged by the California Redevelopment Association (CRA) and the California League of Cities. The California Supreme Court has agreed to hear the case and issued a partial stay on the implementation of ABx1 26 and a complete stay on ABx1 27. The Court has indicated its intent to issue a decision before the January 15, 2012 payment due date. While staff remains hopeful that CRA will prevail in the lawsuit, the Agency's 2012 budget reflects the required VARP payment of \$21.5 million for the 2011-12 property tax year.

At the Federal level, the budget battles of 2011 resulted in significant reductions to CDBG, HOME, Public Housing Capital Funds and HCV administrative fees; reducing the Agency's capacity to fund housing programs, public services, and infrastructure and blight removal projects. Based upon the various recommendations moving through Congress, it is expected that additional funding reductions will continue into 2012 as the economy struggles and debate over deficit reduction continues.

City & County Federal Funding (In Millions)				
Funding Source	2010	2011	2012 Est.	Cumulative Loss %
CDBG	\$ 12.57	\$ 10.47	\$ 8.90	-29%
HOME	\$ 6.98	\$ 6.16	\$ 5.54	-21%
PHA OPERATING FUND	\$ 9.72	\$ 8.95	\$ 8.68	-11%
PHA CAPITAL FUND	\$ 5.48	\$ 4.32	\$ 4.23	-23%
HCV ADMINISTRATIVE FEES	\$ 9.32	\$ 8.80	\$ 8.50	-9%

The Agency is funded primarily from four sources: the HUD Housing Choice Voucher (HCV) Program, HUD Public Housing/Capital Fund Programs, HUD Community Development Programs (CDBG and HOME), and local redevelopment revenues (Tax Increment). The federal government, through HUD, provides nearly two-thirds of the Agency's total annual revenues. A discussion of the Agency's major funding programs is detailed in the background section of this report.

**Policy Considerations:** The actions recommended in this report are consistent with adopted Redevelopment Plan goals, Consolidated Plan goals, the annual Housing Operating Budget, the Capital Fund Plan, and Agency policies.

**Environmental Considerations:**

**California Environmental Quality Act (CEQA):** The proposed action to adopt the Budget does not constitute a project subject to environmental review under the California Environmental Quality Act (CEQA) per Guidelines Section 15378(b)(4). Public services provided for in the budget associated with multi-family supplemental assessments and rental assistance are actions associated with existing facilities with no changes to or expansion of use. As such, these activities are categorically exempt under CEQA pursuant to CEQA Guidelines Section 15301.

All other actions are associated with the adoption of the 2012 proposed budget, and do not make any commitments to, or give approvals for, specific projects. Environmental Review for specific projects will be completed prior to any discretionary action(s) being carried out with regard to such projects.

**Sustainability Considerations:** N/A

**Other:** The proposed actions to adopt the Budget are considered administrative and management activities, and are exempt from environmental review under the National Environmental Policy Act (NEPA) per 24 CFR Section 58.34(a)(3). All other actions are associated with the adoption of the 2012 proposed budget, and do not make any commitments to, or give approvals for, specific projects. Environmental Review for specific projects will be completed prior to any choice limiting action(s) being carried out with regard to such projects.

**Committee/Commission Action:** At its meeting November 2, 2011, the Sacramento Housing and Redevelopment Commission considered this item. The votes were as follows:

AYES: Alcalay, Chan, Fowler, Gore, Le Duc, Morgan, Morton, Rosa, Shah

NOES: none

ABSENT: Johnson, Stivers

**Rationale for Recommendation:** The proposed budget provides a fiscal strategy for operations and capital projects during 2012. The budget is in balance and complies with applicable federal, state and local regulations on the use of the funds.

**Financial Considerations:** The Agency's 2012 proposed budget of \$236 million includes \$102 million for housing assistance payments, \$42.4 million in debt service payments, \$31.2 million in redevelopment and financial transactions (including the VARP payment, redevelopment pass through payments, etc.), \$23.2 million for salary and benefits, \$15.6 million for services and supplies, \$18 million in capital project funds and \$3.6 million in public service programs.

Over the past several years the Agency has worked to restructure and re-engineer the organization which required an analysis of span of control (number of employees reporting to management), process improvements, adjusting service level expectations and implementation of initiatives that streamline and consolidate services and functions. Many of these initiatives have been implemented and have resulted in a much more cost effective and efficient organization. However the continued decline of tax increment and the impact of recent federal funding cuts necessitate further restructuring of Agency personnel.

The 2012 budget proposes the elimination of 38 full time equivalent positions (FTE) bringing authorized Agency FTE down from 291 to 253 positions, a 13 percent reduction compared with prior year. In total, the Agency has reduced authorized FTE positions by 22 percent since 2005 when the Agency had 325 FTE positions. Reductions were achieved through elimination of vacant positions, management employee layoffs and reclassification of other positions.

The Agency further proposes to implement six additional closure days during 2012 in conjunction with the Agency's year-end closure schedule and to make additional cuts to services and supplies for added operational savings. The estimated savings associated with these measures is a \$4 million reduction in operational costs. The proposed cuts represent a 13 percent reduction in salaries, benefits and a 4 percent reduction in services and supplies compared with 2011.

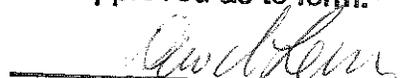
These proposed actions represent the initial changes needed to reduce operational costs, modify span of control, and position Agency departments to better deliver projects and programs in 2012. As more information becomes available regarding the magnitude of the federal funding cuts and the outcome of the redevelopment law suit, the Agency will implement additional measures as needed to meet the new challenges.

**M/WBE Considerations:** The action proposed in this report has no M/WBE impact; therefore, M/WBE considerations do not apply.

Respectfully Submitted by:

  
LA SHELLE DOZIER  
Executive Director

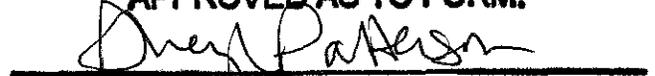
Approved as to form:

  
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Agency Counsel

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**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
CITY ATTORNEY



## **BACKGROUND**

For many years, the Agency has effectively managed numerous budgetary challenges including the complete decentralization and streamlining of the Public Housing and Housing Choice Voucher programs in response to federal funding cuts and regulatory changes. In recent years, we have grappled with the drastic decline of property tax revenues and the multiple ERAF/SERAF shifts of tax increment to the State of California.

To confront these challenges, the Agency has efficiently controlled costs through a variety of strategies:

- Managing the workforce through attrition and filling vacant Housing Authority positions with qualified redevelopment staff. The Agency has also worked closely with its two bargaining units on implementing a year end closure for the past two years.
- The Agency's Services and Supplies budget has been reduced to reflect the changes in head count and the scope of our projects including the winding down of the one-time federal recovery funding (NSP)

As the Agency closes out the NSP1 program and begins the implementation of the much smaller NSP3 program, we expect that the one-time administrative funding provided by HUD for NSP will be largely depleted by the end of 2012. Given the broad spectrum of funding reductions absorbed in 2011, and the likelihood of continued cuts in 2012, the Agency has expanded efforts to reduce operational costs in order to position the organization for the uncertain future.

## **DISCUSSION**

### **Public Housing:**

The Agency owns and manages approximately 3,410 housing units within the City and County of Sacramento. Nearly 3,000 of the units were developed under the federal public housing program administered by the Department of Housing and Urban Development (HUD) and are located throughout the City and County of Sacramento. Units consist of various property types from high-rise apartments to single family homes. Program revenues are generated from tenant rent collections and operating subsidies provided by HUD. The amount of rent paid by the tenants is based on 30 percent of gross family income minus certain other adjustments. In addition to the public housing units, the Housing Authority manages another 410 units of local non-public housing.

The average occupancy rate in the Public Housing Agency (PHA) program is in excess of 95 percent for public housing properties available to be leased. In 2011, rents have declined due to several factor including: 1) the vacancies in 626 I Street

associated with the Agency's relocation from the commercial space and the relocation of the tenants for the planned rehabilitation of the site, 2) the disposition of public housing units sold under the HUD 5h/Section 32 program, 3) the disposition of the Washington and Sutterview high-rises to the Agency affiliated non-profit the Sacramento Housing Asset Repositioning Program, Inc. (SHARP), 4) vacant and boarded units being sold under the NSP PRP program, and 5) the reduction in Temporary Aid to Needy Families (TANF) and Social Security Income (SSI) to PHA tenants which reduces the tenants share of the rental payments (30 percent of income). Rent revenues are expected to improve beginning in late 2012 as both the commercial and residential floors of 626 I Street are brought back online.

HUD Operating subsidy levels have risen in recent years with federal appropriations for the program reaching as high as 103 percent of funding eligibility in 2010. This increased funding all but eliminated the public housing operating deficit for 2010. However, program funding is contingent upon annual appropriations and current funding proposals reflect the potential for substantial cuts in 2012. The Housing Authority has targeted 89 percent of formula funding based upon current proposals.

#### **Capital Fund Program:**

The HUD Capital Fund program provides funding annually via a formula, and program funds are allocated to public housing authorities (PHA) across the nation. Capital Fund grants are intended specifically for the development, financing, modernization, and management improvements for properties owned under the HUD public housing program. The Agency receives funding for the public housing properties owned by the City and County Housing Authorities. In 2011, the federal government cut program funding by 21 percent compared with 2010 and current proposals reflect additional cuts for 2012. Revenue estimates are based on the current year grant amounts and are adjusted based upon Federal appropriation proposals.

Additionally, the Housing Authority received one time federal stimulus funds under the American Recovery and Reinvestment Act of 2009. The Housing Authority received \$7.2 million on a formula basis and an additional \$10 million under a competitive grant application. The City Housing authority was the only Housing Authority on the west coast to win a competitive award of the ARRA grant funds. The ARRA funds are being used to rehabilitate and modernize public housing units in the City and County of Sacramento. The competitive grant funds were awarded for the specific purpose of rehabilitating a residential high-rise located in Downtown Sacramento.

#### **Public Housing (Non-Federal):**

While the public housing program has shown some decreases in rents and operating subsidy, the Agency's local housing projects, units not regulated by HUD, have shown positive revenue trends. The primary reason for this change is the implementation of the Housing Authority's asset repositioning strategy that has moved two Public Housing high-rise buildings to SHARP, Inc., an Agency controlled non-profit.

**Housing Choice Voucher Program (HCV):**

The Housing Choice Voucher (formerly Section 8 Housing Assistance) program is funded by the HUD through Annual Contribution Contracts (ACC). The Agency administers this program on behalf of the Housing Authority of the County of Sacramento. The Housing Choice Voucher program permits the applicant to obtain housing in the private rental market using housing vouchers. The program participants pay a portion (an adjusted 30 percent of gross family income) of the lease rate to the owner and the remaining rent amount is paid by the Agency. Participants can utilize their voucher anywhere in the City or County of Sacramento.

Revenue under the HCV program is received from HUD in the form of Housing Assistance Payments (HAP) and Administrative Fees (AF). The federal appropriations process dictates the amount of funding that will be allocated to the HCV program on a national level. Jurisdictional funding allocations are performance based, with the funding level determined by the number of authorized vouchers leased. Currently, the Agency's HCV program has 11,507 housing choice vouchers authorized for leasing each month and the program has maintained leasing levels in excess of 98 percent since 2008. The high utilization level of vouchers makes the program eligible for maximum funding from HUD. Despite the fact that the Agency is entitled to maximum funding for the program, HUD has intentionally provided less funding than required to cover HAP costs in an effort to recapture accumulated HAP reserves from public housing authorities across the country. In 2008 and 2009 HUD intentionally recaptured HAP reserves leaving the Housing Authority with approximately two weeks of reserves; therefore, managing leasing levels becomes exceptionally important.

In June of 2011, the funding level provided by HUD was projected to be insufficient to cover currently leasing costs. Specifically, cuts to public assistance programs like SSI and TANF were increasing the average per unit costs of the vouchers and depleting the limited HAP reserves. The Housing Authority applied for additional HAP funding from funds set aside for additional HAP costs resulting from unforeseen circumstances and increases in program leasing levels. The application was successful and Housing Authority received an award of \$3.2 million in additional HAP funding for 2011. This additional funding has enabled the Housing Authority to maintain the current small HAP reserves that it currently has. Funding for HAP is expected to cover the actual HAP costs provided that federal appropriations for the program remain the same. However, there are significant funding cuts proposed for HCV administrative funding; consequently, further funding reductions in 2012 are anticipated.

**Community Development Block Grant (CDBG):**

CDBG is a federal entitlement program provided to communities annually for the benefit of low-income persons through housing improvement, public improvements, economic development, public service and elimination of blighting conditions. Areas of Sacramento which are low-income and extremely physically blighted have been selected for targeted CDBG assistance in the areas of capital improvements, housing preservation and renovation, and economic development and commercial revitalization activities. These funds must be used to augment but not replace local

funds and responsibilities. The annual HUD CDBG entitlement budget is allocated to cities and counties based on a formula comprised of several measures. The Agency receives grants for both the City of Sacramento and the County of Sacramento. Funding has remained fairly level for the previous 5 years, but in 2011 cuts to federal appropriations resulted in a funding cut of 16.7 percent compared with 2010. For 2012, current proposals reflect the likely possibility of additional cuts to the CDBG program of 12 percent.

The Agency is currently administering CDBG entitlement funding and one time federal stimulus funds provided to the Agency under the Housing and Economic Recovery Act (HERA) of 2008. In the first round of funding, the Agency received \$31.8 million of funding for the Neighborhood Stabilization Program (NSP) to assist with the acquisition and/or rehabilitation of foreclosed properties in the City and County of Sacramento. In 2010, HUD announced that the Agency would receive an additional \$8.3 million in NSP Funding. Also, the Agency received \$3.12 million in additional CDBG funding under the American Recovery and Reinvestment Act of 2009. In 2012 the Agency expects to close out the activities under NSP1 and commencing the administration of NSP3 activities.

**Home Investment Partnership Program (HOME):**

This program provides for the preservation and expansion of affordable housing to very low and low-income persons. Housing developers and sponsors (both for-profit and non-profit) apply to SHRA for funding. In the past, HOME funds have assisted families in purchasing their first home, renovated deteriorating housing units and assisted in special housing programs. The annual HUD HOME budget is allocated to states and participating jurisdictions as formula grants. The Agency receives HOME entitlement for both the City of Sacramento and the County of Sacramento. Funding has remained fairly level for the last several years, but in 2011 the federal government cut program funding by 12 percent compared with 2010 and current proposals reflect additional cuts for 2012.

**Redevelopment Tax Increment:**

The revenues are generated from the incremental property taxes collected from properties within the boundaries of redevelopment project areas. The Agency administers 14 project areas throughout the City and County of Sacramento:

CITY	COUNTY	JOINT
65 <sup>th</sup> Street	Florin Road	Auburn
Alkali Flat	Mather/McClellan	Franklin Boulevard
Army Depot		Stockton Boulevard
Del Paso Heights		
Merged Downtown		
North Sacramento		
Oak Park		
Railyards		
River District		

When redevelopment project areas are formed, the property tax values on the tax roll prior to the formation of the project area, become the project area's base year. As property values in the project area grow, the values in excess of the base year represent the incremental assessed value. The property tax revenues derived from this incremental assessed value are referred to as tax increment revenue. California redevelopment law requires that a minimum of 20 percent of the gross tax increment received be set aside for the development and/or preservation of affordable housing. Due to the implementation of SB211 Plan Extensions, the Merged Downtown and Del Paso Heights redevelopment areas must allocate a minimum of 30 percent to the housing set aside fund. With the exception of the joint project areas, Merged Downtown, River District, and Railyards, the Agency's governing boards adopted a finding of benefit in order to aggregate the majority of the housing set aside funds into two distinct aggregated housing funds, City and County.

Revenues from tax increment have declined 24 percent in 2010-11 compared with 2008-09. The two year decline is directly attributable to the property value reductions enrolled by the County Assessor's Office under the provisions of 1978 Proposition 8, and from the settlement of commercial property tax appeals and their associated refunds.

Under the provisions of Proposition 8, the County Assessor to must enroll properties at the lower of market value or their original Proposition 13 value. The drop in the Sacramento real estate market triggered the Assessor's actions with regard to the implementation of Prop 8. For the 2009-10 property tax year, the Assessor reduced the values on over 170,000 parcels in the County of Sacramento, and this trend continued throughout 2010-11.

Additionally, the County Assessor's Office was inundated with a large volume of commercial property tax appeals for multiple property tax years. Open "at risk" appeals in redevelopment project areas exceeded \$1 billion by September 2010.

Between fiscal years 2008-09 and 2010-11 assessed values in the Agency's redevelopment project areas dropped by \$1.2 billion. Additionally, the settlement of open appeals resulted in property tax refunds of \$3.3 million for the 2010-11 fiscal year, with additional refunds expected in 2011-12.



## RESOLUTION NO. 2011-

Adopted by the Sacramento City Council

on date of

### APPROVAL OF 2012 BUDGET FOR SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY; RELATED FINDINGS, APPROVALS, DELEGATIONS AND IMPLEMENTING AUTHORITIES; INCLUDING AUTHORITIES FOR HUD SUBMISSIONS, GRANTS AND FUND TRANSFERS

#### BACKGROUND

- A. The Sacramento Housing and Redevelopment Agency (Agency) is a joint powers agency comprised of six separate legal entities: City of Sacramento, Redevelopment Agency of the City of Sacramento, Housing Authority of the City of Sacramento, County of Sacramento, Redevelopment Agency of the County of Sacramento and Housing Authority of the County of Sacramento.
- B. Agency receives annual funding from a combination of federal, state and local sources.
- C. The sources of Agency revenues require each constituent entity to have an operating budget adopted prior to the start of each new fiscal year.
- D. Agency's fiscal year is the calendar year from January 1<sup>st</sup> through December 31<sup>st</sup>.

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

- Section 1. The proposed actions to adopt the 2012 Proposed Agency Budget are considered administrative and management activities. As such, these actions do not constitute a project subject to environmental review under the California Environmental Quality Act (CEQA), as provided in CEQA Guidelines Section 15378(b)(4). These actions are also exempt from environmental review under the National Environmental Policy Act (NEPA) per 24 CFR Section 58.34(a)(3). Public services provided for in the budget associated with multi-family supplemental assessments and rental assistance are actions associated with existing facilities with no changes to or expansion of use. As such, these activities are categorically exempt under CEQA pursuant to CEQA Guidelines Section 15301. There is no federal funding associated with these actions; therefore, NEPA does not apply.

All other actions are associated with the adoption of the 2012 proposed budget, and do not make any commitments to, or give approvals for, specific projects. Environmental Review for specific projects will be completed prior to any discretionary action(s) being carried out with regard to such projects.

- Section 2. The 2012 Operating Budget totaling \$217,898,540 and the 2012 Project Budget totaling \$18,008,562, all as further described in the 2012 Proposed Agency Budget (hereinafter “2012 Agency Budget or “Budget”), a copy of which is on file with the Agency Clerk and copies of which have been provided to the respective governing board members, are approved as the Budget of Agency for the 2012 fiscal year. The 2012 Agency Budget incorporates the budgets of the Redevelopment Agency of the City of Sacramento, the Redevelopment Agency of the County of Sacramento, the Housing Authority of the City of Sacramento, the Housing Authority of the County of Sacramento, and the Sacramento Housing Development Corporation, and adoption of those budgets is contingent upon the approval of each of these respective entities.
- Section 3. A total of 253 Agency full time equivalent positions (FTE) (reflecting a reduction of 38 FTE positions compared with the 291 FTE positions authorized in the 2011 Budget), are approved subject to classification review by the Executive Director of the Sacramento Housing and Redevelopment Agency. Executive Director is authorized to establish a classification of Agency Clerk – Level 1 (Agency salary range 11), and to designate the current Agency Clerk classification at its current salary range as Agency Clerk - Level 2 (Agency salary range 14).
- Section 4. The budgeted amount for any item in the Budget may be amended by majority vote of the governing body of each entity actually undertaking and funding the activity. Such an amendment to the Budget so enacted shall be deemed to have been approved by all of the entities that originally adopted the Budget without further action of the remaining entities.
- Section 5. The Agency is authorized to amend the Budget as necessary and to transfer funds among operating budgets or project budgets to facilitate the 2011-2012 Voluntary Alternative Redevelopment Program (VARP) payment and is authorized to reappropriate funds allocated to make 2011-2012 VARP payment to the Agency operating budgets or project budgets should those State mandated payments no longer be required.
- Section 6. Agency is authorized to submit the 2012 Annual Housing Operating Budget and all supporting documents to the United States Department of

Housing and Urban Development (HUD), including all required amendments for utilities and other miscellaneous adjustments. Furthermore, Agency is authorized to amend the Budget to reflect actual HUD approved expenditures and revenues for HUD funded programs and projects.

- Section 7. The proposed expenditures under the 2012 Housing Operating Budget are necessary in the efficient and economical operation of Agency housing to serve low-income families.
- Section 8. The housing financial plan set forth in the 2012 Housing Operating Budget is reasonable in that:
- a. It indicates a source of funding adequate to cover all proposed expenditures.
  - b. It does not provide for use of federal funding in excess of amounts payable under the provisions of the pertinent regulations.
  - c. It proposes rental charges and expenditures that are consistent with provisions of law and the Annual Contributions Contract.
  - d. It implements the fee for service provisions and support service costs based on the HUD requirement for public housing authorities to implement Asset Management that includes fee for service. The fee for service provision is predicated on the revenues generated by fees being sufficient to cover the cost of services provided.
- Section 9. Agency is authorized to submit applications to HUD for the Capital Fund Plan and Program funding. If such grants are awarded, Agency is authorized to accept the grant or grants, execute all related documents, execute contracts to implement the Capital Fund Program subject to HUD approval of the annual statements and amend the budget accordingly. Agency is directed to comply with all policies, procedures, and requirements prescribed by HUD as a condition of such grants. Agency is authorized to submit the Comprehensive Plan or annual statement to HUD, after receiving public comments and resident review.
- Section 10. On an annual basis, HUD requires Agency to conduct a physical inventory, analyze receivables for collectability, and, accordingly, reconcile and adjust related financial records. Agency is authorized to amend the Budget and financial records as needed for such adjustments.
- Section 11. Agency is authorized to purchase all lines of applicable insurance for its properties and operations through local independent agents, direct carriers, or risk retention pools, provided that the insurance requirements,

coverage and terms are commercially reasonable and provided that the cost does not exceed the amounts in the approved Budget. Agency is also authorized to obtain flood insurance through the federal flood insurance program for Agency properties and this coverage may be secured through a local independent agent.

- Section 12. Subject to availability under the Budget of any required funds, Agency is authorized to approve conversion of HUD funded conventional public housing dwelling units to non-dwelling use or disposition as long as the use or disposition is approved by HUD and consistent with adopted Agency/Housing Authority policy and governing board approvals.
- Section 13. Agency is authorized and directed to approve, submit and implement the Public Housing Agency (PHA) Annual Plan and PHA Five-Year Plan and the attachments and/or amendments to such Plans to comply with the Quality Housing and Responsibility Act of 1998.
- Section 14. Agency is authorized to submit to HUD the One Year Action Plan for Community Development Block Grant (CDBG), Home Investment Partnership (HOME), Emergency Shelter Grant (ESG) and Housing Opportunities for People with AIDS (HOPWA). The Agency is delegated authority to administer federal funds appropriated by HUD and is the designated recipient of funds outlined in the One Year action Plan. If such grants are awarded, Agency is authorized to accept the grant or grants, execute all related documents and amend the Budget accordingly. Agency is directed to comply with all policies, procedures, and requirements prescribed as a condition of such grants. Agency is authorized to amend the Capital Reserve Project in the event that the actual entitlement exceeds, or is less than, that estimated in the Budget.
- Section 15. Agency is authorized to delegate authority to the County Department of Human Assistance, or other appropriate entity approved by the governing boards, to administer ESG and HOPWA programs and expend funds and to execute contracts with the appropriate entities to carry out the activities contained in the Action Plan utilizing ESG and HOPWA funds, strictly in accordance with the terms of the Action Plan and funding source requirements.
- Section 16. Agency is authorized to enter into necessary grants and agreements with HUD, the State Housing and Community Development Department (HCD), and other governmental or private entities for homeless programs transferred to the County, but for which the Agency is the designated recipient of grant funds or contracting agency. Agency is authorized to accept such grants, execute contracts to implement homeless activities funded in the Budget and amend the Budget accordingly (provided that the activities are fully funded by the grant or are within the Agency

Budget). The Agency is authorized to execute contracts for homeless activities funded in the Agency Budget as outlined in the Agency public services schedule.

Section 17. Agency is authorized to submit grant applications on behalf the City of Sacramento for any and all housing and community development activities within the jurisdiction of Agency. If such grants are awarded, Agency is authorized to accept the grant or grants execute contracts to implement grant activities with the appropriate entities (provided that the activities are fully funded by the grant or within the Budget), execute all related documents and amend the Budget. Budget expenditure and amendments for such grants are permitted for positions, services and supplies, equipment and projects. Agency is directed to comply with all policies, procedures, and requirements prescribed as a condition of such grants. Such grants may include but are not limited to the following:

- Homeless Prevention and Rapid Re-housing Program (HPRP)
- Neighborhood Stabilization Program
- Family Unification Program
- Family Self Sufficiency
- Veteran's Assistance and Supportive Housing
- United States Environmental Protection Agency Brownfield Assessment
- United States Environmental Protection Agency Brownfield Clean Up
- United States Environmental Protection Agency Brownfield Revolving Loan Fund
- United States Environmental Protection Agency Brownfield Job Training
- California State Water Resources Control Board – Underground Storage Cleanup
- CAL REUSE Cleanup Grant and Loan Program

Section 18. Agency is authorized to amend the Budget to make transfers of fund balances to accommodate reserve requirements. Agency may allocate and transfer any available fund balances to accounts held for future projects or reduce budget shortfalls in any other fund balances, provided monies so used are not otherwise restricted by law or regulations related to the funding source. Further, Agency is authorized to expend available balances from the payroll fund for the cost of liabilities such as post retirement medical benefits, sick leave, and vacation accruals.

Section 19. The Agency Budget is controlled at the fund group level. Except as provided in this resolution, no expenditure will exceed the approved Budget.

- Section 20. Agency is authorized to amend the Budget to appropriate for expenditure all revenues received in revolving funds.
- Section 21. Agency is authorized to increase or decrease operating Budget appropriations up to \$100,000. Operating Budget appropriation increases and decreases in excess of \$100,000 must be approved by the appropriate governing board.
- Section 22. Agency is authorized to transfer appropriations up to \$100,000 per transaction in Operating Budget and contingency reserves.
- Section 23. Agency is authorized to increase or decrease project budget appropriations by not more than \$100,000 for each project or activity. Project budget appropriation increases and decreases in excess of \$100,000 must be approved by the appropriate governing board.
- Section 24. Agency is authorized to transfer project appropriations among fund groups (such as among funds within a redevelopment project area).
- Section 25. Agency is authorized to amend the Budget to reflect all required debt service payments, pass through payments loan repayments and other existing obligations based on actual higher or lower tax increment revenues.
- Section 26. The Agency is authorized to amend the operating budget or capital project budget or transfer funding of approved capital projects or operating budgets within the respective project area funds in compliance with approvals, bond covenants, tax laws and applicable redevelopment laws and regulations or changes to the aforementioned.
- Section 27. Agency is authorized to execute and implement internal loans between Agency managed funds as reflected in the Budget and as consistent with bond covenants, tax laws and applicable redevelopment laws and regulations; and to modify the terms of loans and reconcile available revenues as needed for redevelopment purposes to assure receipt of anticipated redevelopment area tax increment revenues.
- Section 28. Agency is authorized to exercise default remedies and take other actions to protect Agency assets under contracts, loans, disposition and development agreements, owner participation agreements and other Agency agreements and to appropriate the associated revenues in the Budget. Agency is authorized to enter into "loan work outs," to the extent reasonably necessary to protect Agency assets, and in entering such "work outs," Agency is authorized to rewrite the terms of the loan as if the loan were made according to current loan program underwriting criteria (including forgiveness of principal as necessary to reflect underwriting the

loan at current fair market value of the subject property).

Section 29. All project appropriations in existence as of December 31, 2011 will be carried over and continued in 2012.

Section 30. All multi-year operating grant budgets in existence as of December 31, 2011 shall be continued in 2012.

Section 31. All encumbrances for valid purchase orders and contracts in effect as of December 31, 2011 may remain in effect in 2012. Agency is authorized to increase the Budget for valid encumbrances as of December 31, 2011, but only to the extent that the applicable division's 2011 operating budget appropriations exceeded 2011 expenditures.

Section 32. Agency is authorized to incorporate the changes listed on Exhibit A as part of the 2012 Budget.

Section 33. If any entity requires a separate resolution for any action approved within this resolution other than resolutions for approval or amendment of projects, programs or the Agency Budget, the Sacramento Housing and Redevelopment Commission is delegated the authority to approve and deliver such resolution.

Section 34. Agency is authorized to delegate the authorities as set out in this resolution.

Section 35. The financial management policies set forth in Section A of the budget document are hereby approved.

Section 36. This resolution shall take effect immediately.

**Table of Contents:**

Exhibit A - Summary of Changes to Sacramento Housing and Redevelopment Agency Proposed 2012 Budget



## EXHIBIT A

### SUMMARY OF CHANGES TO SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY PROPOSED 2012 BUDGET

Approved 2012 Total Operating Budget	\$ 217,898,540
Revised Approved 2012 Total Operating Budget	\$0
Approved 2012 New Projects	\$ 18,008,562
Revised Approved 2012 New Projects	\$0
<b>TOTAL SHRA BUDGET</b>	<b>\$ 235,907,102</b>



## RESOLUTION NO. 2011 -

**Adopted by the Redevelopment Agency of the City of Sacramento**

on date of

**APPROVAL OF 2012 BUDGET FOR SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY; RELATED FINDINGS, APPROVALS, DELEGATIONS, AND IMPLEMENTING AUTHORITIES; INCLUDING AUTHORITIES FOR HUD SUBMISSIONS, GRANTS AND FUND TRANSFERS**

### BACKGROUND

- A. The Sacramento Housing and Redevelopment Agency (Agency) is a joint powers agency comprised of six separate legal entities: City of Sacramento, Redevelopment Agency of the City of Sacramento, Housing Authority of the City of Sacramento, County of Sacramento, Redevelopment Agency of the County of Sacramento and Housing Authority of the County of Sacramento.
- B. Agency receives annual funding from a combination of federal, state and local sources.
- C. The sources of Agency revenues require each constituent entity to have an operating budget adopted prior to the start of each new fiscal year.
- D. Agency's fiscal year is the calendar year from January 1<sup>st</sup> through December 31<sup>st</sup>.

### **BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE REDEVELOPMENT AGENCY RESOLVES AS FOLLOWS:**

- Section 1. The proposed actions to adopt the 2012 Proposed Agency Budget are considered administrative and management activities. As such, these actions do not constitute a project subject to environmental review under the California Environmental Quality Act (CEQA), as provided in CEQA Guidelines Section 15378(b)(4). These actions are also exempt from environmental review under the National Environmental Policy Act (NEPA) per 24 CFR Section 58.34(a)(3). Public services provided for in the budget associated with multi-family supplemental assessments and rental assistance are actions associated with existing facilities with no changes to or expansion of use. As such, these activities are

categorically exempt under CEQA pursuant to CEQA Guidelines Section 15301. There is no federal funding associated with these actions; therefore, NEPA does not apply. All other actions are associated with the adoption of the 2012 proposed budget, and do not make any commitments to, or give approvals for, specific projects. Environmental Review for specific projects will be completed prior to any discretionary action(s) being carried out with regard to such projects.

- Section 2. The 2012 Operating Budget totaling \$217,898,540 and the 2012 Project Budget totaling \$18,008,562, all as further described in the 2012 Proposed Agency Budget (hereinafter “2012 Agency Budget” or “Budget”), a copy of which is on file with the Agency Clerk and copies of which have been provided to the respective governing board members, are approved as the Budget of Agency for the 2012 fiscal year. The 2012 Sacramento Housing and Redevelopment Agency Budget incorporates the budgets of the Redevelopment Agency of the City of Sacramento, the Redevelopment Agency of the County of Sacramento, the Housing Authority of the City of Sacramento, the Housing Authority of the County of Sacramento, and the Sacramento Housing Development Corporation, and adoption of those budgets is contingent upon the approval of each of these respective entities.
- Section 3. A total of 253 Agency full time equivalent positions (FTE) (reflecting a reduction of 38 FTE positions compared with the 291 FTE positions authorized in the 2011 Budget), are approved subject to classification review by the Executive Director of the Sacramento Housing and Redevelopment. Executive Director is authorized to establish a classification of Agency Clerk – Level 1 (Agency salary range 11), and to designate the current Agency Clerk classification at its current salary range as Agency Clerk - Level 2 (Agency salary range 14).
- Section 4. The budgeted amount for any item in the Budget may be amended by majority vote of the governing body of each entity actually undertaking and funding the activity. Such an amendment to the Budget so enacted shall be deemed to have been approved by all of the entities that originally adopted the Budget without further action of the remaining entities.
- Section 5. The Executive Director, or designee, is authorized to amend the Budget as necessary and to transfer funds among operating budgets or project budgets to facilitate the 2011-2012 Voluntary Alternative Redevelopment Program (VARP) payment and is authorized to reappropriate funds allocated to make 2011-2012 VARP payment to the Agency operating budgets or project budgets should those State mandated payments no longer be required.

Section 6. The Executive Director, or designee, is authorized to submit grant applications on behalf of the Redevelopment Agency of the City Sacramento for any and all housing and community development activities within the jurisdiction of Agency. If such grants are awarded, Agency is authorized to accept the grant or grants execute contracts to implement grant activities with the appropriate entities (provided that the activities are fully funded by the grant or within the Budget), execute all related documents and amend the Budget. Budget expenditure and amendments for such grants are permitted for positions, services and supplies, equipment and projects. Agency is directed to comply with all policies, procedures, and requirements prescribed as a condition of such grants. Such grants may include but are not limited to the following:

- Homeless Prevention and Rapid Re-housing Program (HPRP)
- Neighborhood Stabilization Program
- Family Unification Program
- Family Self Sufficiency
- Veteran's Assistance and Supportive Housing
- United States Environmental Protection Agency Brownfield Assessment
- United States Environmental Protection Agency Brownfield Clean Up
- United States Environmental Protection Agency Brownfield Revolving Loan Fund
- United States Environmental Protection Agency Brownfield Job Training
- California State Water Resources Control Board – Underground Storage Cleanup
- CAL REUSE Cleanup Grant and Loan Program

Section 7. The Executive Director, or designee, is authorized to enter into necessary grants and agreements with HUD, the State Housing and Community Development Department (HCD), and other governmental or private entities for homeless programs transferred to the County, but for which the Agency is the designated recipient of funds or contracting agency. The Executive Director, or designee, is authorized to accept such grants, execute contracts to implement homeless activities funded in the Budget and amend the Budget accordingly (provided that the activities are fully funded by the grant or are within the Agency Budget). The Agency is authorized to execute contracts for homeless activities funded in the Agency Budget as outlined in the Agency public services schedule.

Section 8. The proposed expenditure of tax increment housing funds for activities serving the homeless, including providing subsidies to, or for the benefit of, extremely low income households through either site specific rental assistance or tenant based rental assistance, as set out in the budget, will

not cause or exacerbate racial, ethnic or economic segregation and will be beneficial to all Redevelopment Project Areas as set forth in City Redevelopment Agency Resolution 2004-062 and County Redevelopment Agency Resolution RA-0757, by facilitating the production of affordable housing and providing housing for a population which remains in or frequents the Redevelopment Project Areas and is perceived as a blighting influence by business owners, property owners, workers and residents, and as a result impedes redevelopment of the Project Areas.

- Section 9. The expenditure of tax increment housing funds from the Project Areas to provide subsidies to, or for the benefit of, extremely low income households through either site specific rental assistance or tenant based rental assistance, increasing, improving, and preserving the community's supply of low and moderate-income housing available at an affordable housing cost to persons and families that are extremely low, very low, low or moderate income households for proposed projects located outside of a Project Areas but within another Project Area or in the other portions of the Agency's jurisdiction, will be of benefit to all the Project Areas.
- Section 10. The proposed planning and administrative expenses paid for from the low and moderate income housing fund are necessary for the production, improvement and/or preservation of low and moderate income housing during the 2012 Agency Budget year.
- Section 11. Agency is authorized to purchase all lines of applicable insurance for its properties and operations through local independent agents, direct carriers, or risk retention pools, provided that the insurance requirements, coverage and terms are commercially reasonable and provided that the cost does not exceed the amounts in the approved Budget. Agency is also authorized to obtain flood insurance through the federal flood insurance program for Agency properties and this coverage may be secured through a local independent agent.
- Section 12. The Executive Director, or designee, is authorized to amend the Budget to make transfers of fund balances to accommodate reserve requirements. The Executive Director, or designee, may allocate and transfer any available fund balances to accounts held for future projects or reduce budget shortfalls in any other fund balances, provided monies so used are not otherwise restricted by law or regulations related to the funding source. Further, Agency is authorized to expend available balances from the payroll fund for the cost of liabilities such as post retirement medical benefits, sick leave, and vacation accruals.
- Section 13. The Agency Budget is controlled at the fund group level. Except as provided in this resolution, no expenditure will exceed the approved Budget.

- Section 14. The Executive Director, or designee, is authorized to amend the Budget to appropriate for expenditure all revenues received in revolving funds.
- Section 15. The Executive Director, or designee, is authorized to increase or decrease operating Budget appropriations up to \$100,000. Operating Budget appropriation increases and decreases in excess of \$100,000 must be approved by the appropriate governing board.
- Section 16. The Executive Director, or designee, is authorized to transfer appropriations up to \$100,000 per transaction in Operating Budget and contingency reserves.
- Section 17. The Executive Director, or designee, is authorized to increase or decrease project budget appropriations by not more than \$100,000 for each project or activity. Project budget appropriation increases and decreases in excess of \$100,000 must be approved by the appropriate governing board.
- Section 18. The Executive Director, or designee, is authorized to transfer project appropriations among fund groups (such as among funds within a redevelopment project area).
- Section 19. The Executive Director, or designee, is authorized to amend the Budget to reflect all required debt service payments, pass through payments loan repayments, and other existing obligations based on actual higher or lower tax increment revenues.
- Section 20. The Executive Director, or designee, is authorized to amend the operating budget or capital project budget or transfer funding of approved capital projects or operating budgets within the respective project area funds in compliance with approvals, bond covenants, tax laws and applicable redevelopment laws and regulations or changes to the aforementioned..
- Section 21. The Executive Director, or designee, is authorized to execute and implement internal loans between Agency managed funds as reflected in the Budget and as consistent with bond covenants, tax laws and applicable redevelopment laws and regulations; and to modify the terms of loans and reconcile available revenues as needed for redevelopment purposes to assure receipt of anticipated redevelopment area tax increment revenues.
- Section 22. The Executive Director, or designee, is authorized to exercise default remedies and take other actions to protect Agency assets under contracts, loans, disposition and development agreements, owner participation agreements, and other Agency agreements and to appropriate the

associated revenues in the Budget. The Executive Director, or designee, is authorized to enter into "loan work outs", to the extent reasonably necessary to protect Agency assets, and in entering such "work outs," the Executive Director, or designee, is authorized to rewrite the terms of the loan as if the loan were made according to current loan program underwriting criteria (including forgiveness of principal as necessary to reflect underwriting the loan at current fair market value of the subject property).

- Section 23. All project appropriations in existence as of December 31, 2011 will be carried over and continued in 2012.
- Section 24. All multi-year operating grant budgets in existence as of December 31, 2011 shall be continued in 2012.
- Section 25. All encumbrances for valid purchase orders and contracts in effect as of December 31, 2011 may remain in effect in 2012. The Executive Director, or designee, is authorized to increase the Budget for valid encumbrances as of December 31, 2011, but only to the extent that the applicable division's 2011 operating budget appropriations exceeded 2011 expenditures.
- Section 26. The Executive Director, or designee, is authorized to incorporate the changes listed on Exhibit A as part of the 2012 Sacramento Housing and Redevelopment Agency Budget.
- Section 27. If any entity requires a separate resolution for any action approved within this resolution other than resolutions for approval or amendment of projects, programs or the Agency Budget, the Sacramento Housing and Redevelopment Commission is delegated the authority to approve and deliver such resolution.
- Section 28. The Executive Director, or designee, is authorized to delegate the authorities as set out in this resolution.
- Section 29. The financial management policies set forth in Section A of the budget document are hereby approved.
- Section 30. This resolution shall take effect immediately.

**Table of Contents:**

Exhibit A: Summary of Changes to Sacramento Housing and Redevelopment Agency Proposed 2012 Budget



## EXHIBIT A

### SUMMARY OF CHANGES TO SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY PROPOSED 2012 BUDGET

Approved 2012 Total Operating Budget	\$ 217,898,540
Revised Approved 2012 Total Operating Budget	\$0
Approved 2012 New Projects	\$ 18,008,562
Revised Approved 2012 New Projects	\$0
<b>TOTAL SHRA BUDGET</b>	<b>\$ 235,907,102</b>



## **RESOLUTION NO. 2011-**

**Adopted by the Housing Authority of the City of Sacramento**

on date of

### **APPROVAL OF 2012 BUDGET FOR SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY; RELATED FINDINGS, APPROVALS, DELEGATIONS, AND IMPLEMENTING AUTHORITIES; INCLUDING AUTHORITIES FOR HUD SUBMISSIONS, GRANTS AND FUND TRANSFERS**

#### **BACKGROUND**

- A. The Sacramento Housing and Redevelopment Agency (Agency) is a joint powers agency comprised of six separate legal entities: City of Sacramento, Redevelopment Agency of the City of Sacramento, Housing Authority of the City of Sacramento, County of Sacramento, Redevelopment Agency of the County of Sacramento, and Housing Authority of the County of Sacramento.
- B. Agency receives annual funding from a combination of federal, state and local sources.
- C. The sources of Agency revenues require each constituent entity to have an operating budget adopted prior to the start of each new fiscal year.
- D. Agency's fiscal year is the calendar year from January 1<sup>st</sup> through December 31<sup>st</sup>.

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

- Section 1. The proposed actions to adopt the 2012 Proposed Agency Budget are considered administrative and management activities. As such, these actions do not constitute a project subject to environmental review under the California Environmental Quality Act (CEQA), as provided in CEQA Guidelines Section 15378(b)(4). These actions are also exempt from environmental review under the National Environmental Policy Act (NEPA) per 24 CFR Section 58.34(a)(3). Public services provided for in the budget associated with multi-family supplemental assessments and rental assistance are actions associated with existing facilities with no changes to or expansion of use. As such, these activities are categorically exempt under CEQA pursuant to CEQA Guidelines Section 15301. There is no federal funding associated with these actions; therefore, NEPA does not apply. All other actions are associated with the adoption of the 2012 proposed budget, and do not make any

commitments to, or give approvals for, specific projects. Environmental Review for specific projects will be completed prior to any discretionary action(s) being carried out with regard to such projects.

- Section 2. The 2012 Operating Budget totaling \$217,898,540 and the 2012 Project Budget totaling \$18,008,562, all as further described in the 2012 Proposed Agency Budget (hereinafter “2012 Agency Budget” or “Budget”), a copy of which is on file with the Agency Clerk and copies of which have been provided to the respective governing board members, are approved as the Budget of Agency for the 2012 fiscal year. The 2012 Agency Budget incorporates the budgets of the Redevelopment Agency of the City of Sacramento, the Redevelopment Agency of the County of Sacramento, the Housing Authority of the City of Sacramento, the Housing Authority of the County of Sacramento, and the Sacramento Housing Development Corporation, and adoption of those budgets is contingent upon the approval of each of these respective entities.
- Section 3. A total of 253 Agency full time equivalent positions (FTE) (reflecting a reduction of 38 FTE positions compared with the 291 FTE positions authorized in the 2011 Budget), are approved subject to classification review by the Executive Director of the Sacramento Housing and Redevelopment. Executive Director is authorized to establish a classification of Agency Clerk – Level 1 (Agency salary range 11), and to designate the current Agency Clerk classification at its current salary range as Agency Clerk - Level 2 (Agency salary range 14).
- Section 4. The budgeted amount for any item in the Budget may be amended by majority vote of the governing body of each entity actually undertaking and funding the activity. Such an amendment to the Budget so enacted shall be deemed to have been approved by all of the entities that originally adopted the Budget without further action of the remaining entities.
- Section 5. The Executive Director, or designee, is authorized to submit the 2012 Annual Housing Operating Budget and all supporting documents to the United States Department of Housing and Urban Development (HUD), including all required amendments for utilities and other miscellaneous adjustments. Furthermore, the Executive Director, or designee, is authorized to amend the Budget to reflect actual HUD approved expenditures and revenues for HUD funded programs and projects. See Exhibit B-1 for a summary of the public housing operating budget.
- Section 6. The proposed expenditures under the 2012 Housing Operating Budget are necessary for the efficient and economical operation of Agency housing to serve low-income families.

- Section 7 The housing financial plan set forth in the 2012 Housing Operating Budget is reasonable in that:
- a. It indicates a source of funding adequate to cover all proposed expenditures.
  - b. It does not provide for use of federal funding in excess of amounts payable under the provisions of the pertinent regulations.
  - c. It proposes rental charges and expenditures that are consistent with provisions of law and the Annual Contributions Contract
  - d. It includes asset management project budgets prepared on an individual basis as shown in the Schedule of Public Housing AMP and Central Office 2012 Budget attached as Exhibit B-1.
- Section 8. Form HUD-52574 (08/2005), attached as Exhibit B-2 for signature by the Chair of the Board of the Housing Authority, provides necessary certifications for submission of the Operating Budgets described in Section 7d.
- Section 9. Based on the HUD requirement for public housing authorities to implement Asset Management that includes fee for service, the Budget implements the fee for service provisions and support service costs. The fee for service provision is predicated on the concept that fee revenues will cover the cost of the services provided.
- Section 10. The Executive Director, or designee, is authorized to submit applications to HUD for the Capital Fund Plan and Program funding. If such grants are awarded, the Executive Director, or designee, is authorized to accept the grant or grants, execute all related documents and to execute contracts to implement the Capital Fund Program subject to HUD approval of the annual statements and amend the budget accordingly. The Executive Director, or designee, is directed to comply with all policies, procedures, and requirements prescribed by HUD as a condition of such grants. The Executive Director, or designee, is authorized to submit the Comprehensive Plan or annual statement to HUD, after receiving public comments and resident review.
- Section 11. On an annual basis the Agency conducts a physical inventory, analyzes receivables for collectability and, accordingly, reconciles and adjusts related financial records. The Executive Director, or designee, is authorized to amend the Budget and financial records as needed for such adjustments.
- Section 12. Agency is authorized to purchase all lines of applicable insurance for its properties and operations through local independent agents, direct carriers, or risk retention pools, provided that the insurance requirements, coverage and terms are commercially reasonable and provided that the cost does

not exceed the amounts in the approved Budget. Agency is also authorized to obtain flood insurance through the federal flood insurance program for Agency properties and this coverage may be secured through a local independent agent.

- Section 13. Subject to availability under the Budget of any required Housing Authority funds, the Executive Director, or designee, is authorized to approve conversion of HUD funded conventional public housing dwelling units to non-dwelling use or disposition as long as the use or disposition is approved by HUD and consistent with adopted Agency/Housing Authority policy and governing board approvals.
- Section 14. The Executive Director, or designee, is authorized and directed to approve, submit and implement the Public Housing Agency (PHA) Annual Plan and the PHA Five-Year Plan, and the attachments and/or amendments to such Plans to comply with the Quality Housing and Responsibility Act of 1998.
- Section 15. The Executive Director, or designee, is authorized to submit to HUD the One Year Action Plan for Community Development Block Grant (CDBG), Home Investment Partnership (HOME), Emergency Shelter Grant (ESG) and Housing Opportunities for People with AIDS (HOPWA). The Agency is delegated authority to administer federal funds appropriated by HUD and is the designated recipient of funds outlined in the One Year action Plan. If such grants are awarded, Agency is authorized to accept the grant or grants, execute all related documents and amend the Budget accordingly. Agency is directed to comply with all policies, procedures, and requirements prescribed as a condition of such grants. Agency is authorized to amend the Capital Reserve Project in the event that the actual entitlement exceeds, or is less than, that estimated in the Budget.
- Section 16. The Executive Director, or designee, is authorized to delegate authority to the County Department of Human Assistance, or other appropriate entity approved by the governing boards, to administer ESG and HOPWA programs and expend funds and to execute contracts with the appropriate entities to carry out the activities contained in the Action Plan utilizing ESG and HOPWA funds, strictly in accordance with the terms of the Action Plan and funding source requirements.
- Section 17. The Executive Director, or designee, is authorized to enter into necessary grants and agreements with HUD, the State Housing and Community Development Department (HCD), and other governmental or private entities for homeless programs transferred to the County, but for which the Agency is the designated recipient of grant funds or contracting agency. Agency is authorized to accept such grants, execute contracts to implement homeless activities funded in the Budget and amend the Budget accordingly (provided that the activities are fully funded by the grant or are

within the Agency Budget). The Agency is authorized to execute contracts for homeless activities funded in the Agency Budget as outlined in the Agency public services schedule.

Section 18. The Executive Director, or designee, is authorized to submit grant applications on behalf of the Housing Authority of the City of Sacramento for any and all housing and community development activities within the jurisdiction of Agency. If such grants are awarded, Agency is authorized to accept the grant or grants execute contracts to implement grant activities with the appropriate entities (provided that the activities are fully funded by the grant or within the Budget), execute all related documents and amend the Budget. Budget expenditure and amendments for such grants are permitted for positions, services and supplies, equipment and projects. Agency is directed to comply with all policies, procedures, and requirements prescribed as a condition of such grants. Such grants may include but are not limited to the following:

- Family Unification Program
- Family Self Sufficiency
- Veteran's Assistance and Supportive Housing
- United States Environmental Protection Agency Brownfield Assessment
- United States Environmental Protection Agency Brownfield Clean Up
- United States Environmental Protection Agency Brownfield Revolving Loan Fund
- United States Environmental Protection Agency Brownfield Job Training
- California State Water Resources Control Board – Underground Storage Cleanup
- CAL REUSE Cleanup Grant and Loan Program
- Neighborhood Stabilization Program
- Homeless Prevention and Rapid Re-housing Program

Section 19. The Executive Director, or designee, is authorized to amend the Budget to make transfers of fund balances to accommodate reserve requirements. The Executive Director, or designee, may allocate and transfer any available fund balances to accounts held for future projects or reduce budget shortfalls in any other fund balances, provided monies so used are not otherwise restricted by law or regulations related to the funding source. Further, Agency is authorized to expend available balances from the payroll fund for the cost of liabilities such as post retirement medical benefits, sick leave and vacation accruals.

Section 20. The Agency Budget is controlled at the fund group level. Except as provided in this resolution, no expenditure will exceed the approved Budget.

- Section 21. The Executive Director, or designee, is authorized to amend the Budget to appropriate for expenditure all revenues received in revolving funds.
- Section 22. The Executive Director, or designee, is authorized to increase or decrease operating Budget appropriations up to \$100,000. Operating Budget appropriation increases and decreases in excess of \$100,000 must be approved by the appropriate governing board.
- Section 23. The Executive Director, or designee, is authorized to transfer appropriations up to \$100,000 per transaction in Operating Budget and contingency reserves.
- Section 24. The Executive Director, or designee, is authorized to increase or decrease project budget appropriations by not more than \$100,000 for each project or activity. Project budget appropriation increases and decreases in excess of \$100,000 must be approved by the appropriate governing board.
- Section 25. The Executive Director, or designee, is authorized to transfer project appropriations among fund groups (such as among funds within a redevelopment project area).
- Section 26. The Executive Director, or designee, is authorized to amend the Budget to reflect all required debt service payments, pass through payments loan repayments, and other existing obligations based on actual higher or lower tax increment revenues.
- Section 27. The Executive Director, or designee, is authorized to amend the operating budget or capital project budget or transfer funding of approved capital projects or operating budgets within the respective project area funds in compliance with approvals, bond covenants, tax laws and applicable laws and regulations or changes to the aforementioned.
- Section 28. The Executive Director, or designee, is authorized to execute, and implement internal loans between Agency managed funds as reflected in the Budget and as consistent with bond covenants, tax laws and applicable redevelopment laws and regulations; and to modify the terms of loans and reconcile available revenues as needed for redevelopment purposes to assure receipt of anticipated redevelopment area tax increment revenues.
- Section 29. The Executive Director, or designee, is authorized to exercise default remedies and take other actions to protect Agency assets under contracts, loans, disposition and development agreements, owner participation agreements, and other Agency agreements and to appropriate the associated revenues in the Budget. The Executive Director, or designee, is authorized to enter into "loan work outs," to the extent reasonably necessary to protect Agency assets, and in entering such "work outs," the

Executive Director, or designee, is authorized to rewrite the terms of the loan as if the loan were made according to current loan program underwriting criteria (including forgiveness of principal as necessary to reflect underwriting the loan at current fair market value of the subject property).

- Section 30. All project appropriations in existence as of December 31, 2011 will be carried over and continued in 2012.
- Section 31. All multi-year operating grant budgets in existence as of December 31, 2011 shall be continued in 2012.
- Section 32. All encumbrances for valid purchase orders and contracts in effect as of December 31, 2011 may remain in effect in 2012. The Executive Director, or designee, is authorized to increase the Budget for valid encumbrances as of December 31, 2011, but only to the extent that the applicable division's 2011 operating budget appropriations exceeded 2011 expenditures.
- Section 33. The Executive Director, or designee, is authorized to incorporate the changes listed on Exhibit A as part of the 2012 Budget.
- Section 34. If any entity requires a separate resolution for any action approved within this resolution other than resolutions for approval or amendment of projects, programs or the Agency Budget, the Sacramento Housing and Redevelopment Commission is delegated the authority to approve and deliver such resolution.
- Section 35. The Executive Director, or designee, or designee, is authorized to delegate the authorities as set out in this resolution.
- Section 36. The financial management policies set forth in Section A of the budget document are hereby approved.
- Section 37. This resolution shall take effect immediately.

**Table of Contents**

- Exhibit A - Summary of Changes to SHRA Proposed 2012 Budget  
Exhibit B-1- 2012 City Public Housing Asset Management Property and Central Office Cost Center  
Exhibit B-2 - HUD Resolution Approving the 2012 AMP Budgets



## EXHIBIT A

### SUMMARY OF CHANGES TO SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY PROPOSED 2012 BUDGET

Approved 2012 Total Operating Budget	\$ 217,898,540
Revised Approved 2012 Total Operating Budget	\$0
Approved 2012 New Projects	\$ 18,008,562
Revised Approved 2012 New Projects	\$0
<b>TOTAL SHRA BUDGET</b>	<b>\$ 235,907,102</b>



# City Public Housing AMP, Central Office and Central Services Budget

## January 1 - December 31, 2012

PHA Code: CA005 City of Sacramento	City <u>AMP 1</u>	City <u>AMP 2</u>	City <u>AMP 3</u>	City <u>AMP 4</u>	City <u>AMP 5</u>	City <u>AMP 6</u>	City <u>AMP 7</u>	Total City Public Housing	City COCC Central Office & Central Svc
Beginning fund equity	\$ 832,736	\$ 814,586	\$ 728,882	\$ 44,964	\$ 90,066	\$ (48,044)	\$ (14,320)	2,448,870	\$ 137,266
Revenues:									
HUD Operating Subsidy	1,213,000	1,525,000	534,000	701,000	604,000	437,000	639,000	5,653,000	-
Maintenance Charges to Tenants	10,000	20,000	7,500	3,000	7,500	1,500	25,000	74,500	-
Washer/Dryer Income	5,000	-	12,000	6,000	3,000	3,000	6,000	35,000	-
Rental Income - Dwelling	680,000	630,000	570,000	480,000	472,386	140,000	422,386	3,394,772	-
Rental Income - Commercial	-	-	-	-	-	-	-	-	-
Interest Income - Investment	10,000	10,000	8,000	750	700	1,000	1,000	31,450	7,254
Bad Debt Recovery	-	200	-	-	1,000	-	200	1,400	-
Miscellaneous income	17,015	16,515	3,015	2,015	8,515	865	5,015	52,955	69,510
Management Fee	-	-	-	-	-	-	-	-	1,337,961
IT/Bookkeeping Fee	-	-	-	-	-	-	-	-	198,810
Asset Management Fee	-	-	-	-	-	-	-	-	168,238
Admin Fee (CFP)	-	-	-	-	-	-	-	-	271,124
Central services fees	-	-	-	-	-	-	-	-	309,680
<b>Total operating revenue</b>	<b>1,935,015</b>	<b>2,201,715</b>	<b>1,134,515</b>	<b>1,192,765</b>	<b>1,097,101</b>	<b>583,365</b>	<b>1,098,601</b>	<b>9,243,077</b>	<b>2,362,577</b>
CFP Mgmt impr transfers	95,587	95,587	59,105	59,105	95,587	59,105	59,105	523,181	-
AMP to AMP transfers	-	-	-	-	180,442	106,285	117,153	403,880	-
<b>Total revenues and transfers in</b>	<b>2,030,602</b>	<b>2,297,302</b>	<b>1,193,620</b>	<b>1,251,870</b>	<b>1,373,130</b>	<b>748,755</b>	<b>1,274,859</b>	<b>10,170,138</b>	<b>2,362,577</b>
Expenditures:									
Employee Services:									
- Management	299,156	409,158	137,647	150,078	166,022	102,590	152,978	1,417,629	729,966
- Maintenance	377,486	301,008	337,530	216,722	231,966	153,324	231,966	1,850,002	-
- Resident Trainees	21,863	21,863	13,518	13,518	21,863	13,518	13,518	119,661	-
<b>Total Employee Services</b>	<b>698,505</b>	<b>732,029</b>	<b>488,695</b>	<b>380,318</b>	<b>419,851</b>	<b>269,432</b>	<b>398,462</b>	<b>3,387,292</b>	<b>729,966</b>
Services & Supplies:									
- Management	324,644	490,799	261,269	325,286	463,861	154,081	283,029	2,302,969	1,577,921
- Maintenance	659,793	428,977	172,166	262,669	267,052	80,273	291,719	2,162,649	-
- Resident Trainees	73,725	73,725	45,587	45,587	73,725	45,587	45,587	403,523	-
<b>Total Services &amp; Supplies</b>	<b>1,058,162</b>	<b>993,501</b>	<b>479,022</b>	<b>633,542</b>	<b>804,638</b>	<b>279,941</b>	<b>620,335</b>	<b>4,869,141</b>	<b>1,577,921</b>
Other Charges:									
Financial Transactions	1,787	1,998	1,694	254	185	253	267	6,438	510
- Central Service Fees	33,886	55,698	42,480	51,401	52,062	19,015	55,138	309,680	-
- Miscellaneous (PILOT, Depr.)	46,319	41,304	40,671	26,692	22,752	4,216	22,629	204,583	-
- AMP to AMP transfers	223,438	180,442	-	-	-	-	-	403,880	-
Management Fee (\$51.08 / unit)	231,670	247,289	156,182	152,929	143,818	108,677	143,818	1,184,383	-
IT / Bookkeeping Fee (\$7.50 / door)	32,040	34,200	21,600	21,150	19,890	15,030	19,890	163,800	-
Asset Management (\$10.00 / door)	43,200	46,920	29,040	-	-	838	-	119,998	-
<b>Total operating expense</b>	<b>2,369,007</b>	<b>2,333,381</b>	<b>1,259,384</b>	<b>1,266,286</b>	<b>1,463,196</b>	<b>697,402</b>	<b>1,260,539</b>	<b>10,649,195</b>	<b>2,308,397</b>
<b>Ending Balance</b>	<b>\$ 494,331</b>	<b>\$ 778,507</b>	<b>\$ 663,118</b>	<b>\$ 30,548</b>	<b>\$ -</b>	<b>\$ 3,309</b>	<b>\$ -</b>	<b>\$ 1,969,813</b>	<b>\$ 191,446</b>



Board Resolution Approving the AMP Budgets  
PHA Board Resolution  
Approving Operating Budget

OMB No. 2577-0026  
(exp. 10/31/2009)

U.S. Department of Housing and Urban Development  
Office of Public and Indian Housing  
Real Estate Assessment Center (PIH-REAC)

Previous editions are obsolete form HUD-52574 (08/2005) Public reporting burden for this collection of information is estimated to average 10 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number. This information is required by Section 6(c)(4) of the U.S. Housing Act of 1937. The information is the operating budget for the low-income public housing program and provides a summary of the proposed/budgeted receipts and expenditures, approval of budgeted receipts and expenditures, and justification of certain specified amounts. HUD reviews the information to determine if the operating plan adopted by the public housing agency (PHA) and the amounts are reasonable, and that the PHA is in compliance with procedures prescribed by HUD. Responses are required to obtain benefits. This information does not lend itself to confidentiality.

PHA Name: Housing Authority- City of Sacramento

PHA Code: CA005

PHA Fiscal Year Beginning: 01/01/12

Board Resolution Number:

Acting on behalf of the Board of Commissioners of the above-named PHA as its Chairperson, I make the following certifications and agreement to the Department of Housing and Urban Development (HUD) regarding the Board's approval of (check one or more as applicable):

DATE

Operating Budgets (*for COCC and all Projects*) approved by Board resolution on: \_\_\_\_\_

Operating Budget submitted to HUD, if applicable, on: \_\_\_\_\_

Operating Budget revision approved by Board resolution on: \_\_\_\_\_

Operating Budget revision submitted to HUD, if applicable, on: \_\_\_\_\_

I certify on behalf of the above-named PHA that:

1. All statutory and regulatory requirements have been met;
2. The PHA has sufficient operating reserves to meet the working capital needs of its developments;
3. Proposed budget expenditures are necessary in the efficient and economical operation of the housing for the purpose of serving low-income residents;
4. The budget indicates a source of funds adequate to cover all proposed expenditures;
5. The PHA will comply with the wage rate requirement under 24 CFR 968.110(e) and (f); and
6. The PHA will comply with the requirements for access to records and audits under 24 CFR 968.325.

I hereby certify that all the information stated within, as well as any information provided in the accompaniment herewith, if applicable, is true and accurate.

**Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012.31, U.S.C. 3729 and 3802)

Print Board Chairman's Name: Kevin Johnson	Signature:	Date:
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