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

Review
October 15, 2013

Honorable Mayor and Members of the City Council

Title: Adoption of the 2014 One-Year Action Plan for the Community Development Block Grant (CDBG), Home Investment Partnership (HOME), Emergency Solutions Grant (ESG), and Housing Opportunities for Persons With AIDS (HOPWA) Funded Projects and Programs; Amendment of Various Years' Action Plans; Amendment to the Sacramento Housing and Redevelopment Agency (SHRA) Budget; Authorization to Amend the Neighborhood Stabilization Program (NSP) Target Area Boundary; and authorization to Execute Documents for the Administration of Federal Programs and make related environmental findings

Location/Council District: Citywide

Recommendation: Review Report: 1) Adopting the 2014 One-Year Action Plan (Action Plan), which allocates anticipated CDBG, HOME, HOPWA and ESG funds to various programs and projects; 2) adopting Amendments to the Action Plan to defund the activities set forth in Exhibit B and to add the projects set out in Exhibit C; 3) authorizing SHRA to amend its budget to allocate the CDBG, HOPWA and ESG funding for programs and projects in accordance with the amended 2013 Action Plan and the 2014 Action Plan; and amend the 2014 CDBG Capital Reserve, HOME, HOPWA and ESG budgets as necessary; 4) authorizing SHRA to submit the 2013 Action Plan amendment and the 2014 Action Plan to the United States Department of Housing and Urban Development (HUD) and to execute the subsequent grant agreements and contracts with HUD and other appropriate entities to carry out projects in accordance with the Action Plans; 5) authorizing the City Manager to execute agreements with SHRA to carry out the activities contained in the 2014 Action Plan and the amended 2013 Action Plan; 6) authorizing SHRA to amend the Neighborhood Stabilization Program (NSP) target area boundary to include the Twin Rivers public housing project and surrounding area; 7) authorizing SHRA to execute any and all related documents and agreements as necessary to carry out the federal programs as described in the Action Plans; 8) approving National Environmental Policy Act (NEPA) and California Environmental Quality Act (CEQA) environmental exemptions for ESG and NSP funded projects and acknowledging that CDBG, HOME and HOPWA funded projects will require further review. Complete environmental determination is found in Exhibit D, and 9) continue to October 22, 2013 for approval.

Contact: La Shelle Dozier, Executive Director, 440-1319, Geoffrey M. Ross, Program Manager, 440-1357

Presenters: Geoffrey M. Ross, Program Manager

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: This report recommends approval of the 2014 Action Plan, thereby updating the Consolidated Plan, and requests authorization to submit the plan to HUD. The Consolidated Plan is a five-year planning document covering the period 2013-17 (by resolutions City Council No. 2013-0010 and Housing Authority No. 2013-0001). The Consolidated Plan identifies the City's housing and community development needs and describes a long-term strategy to meet those needs. In addition, the 2014 Action Plan specifically addresses the following federally funded housing and community development programs: CDBG, HOME, ESG and HOPWA.

Staff anticipates that the 2014 federal budget will again reflect the most recent round of reductions to domestic and discretionary spending resulting in an overall lower level of funding from HUD than previously experienced at the adoption of the prior 2013 Action Plan. Background information is included in Attachment 1.

Policy Considerations: The proposed appropriation of funds for new and existing activities is consistent with the goals and objectives in the adopted Consolidated Plan. The Consolidated Plan goals include assisting low- and moderate-income persons and areas with the following: community services, housing, homeless facilities and services, public improvements and facilities, economic development, and planning activities.

Economic Impacts: Not applicable.

Environmental Considerations:

California Environmental Quality Act (CEQA)/National Environmental Policy Act (NEPA):

<u>CDBG, HOME and HOPWA</u>

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 CEQA if implementation of the projects is authorized as part of the budgeting process.

All new federally funded projects are subject to environmental review under the requirements of NEPA and per HUD regulations prior to any commitment of federal funds for expenditure unless they are exempt from such review.

Many of the 2014 Action Plan new projects are exempt or categorically excluded from environmental review under CEQA and NEPA. Some of

the programs contained in the action plan do not include specific projects, or actions on specific properties as these projects and properties have not yet been defined. As projects and properties are identified, additional environmental review under CEQA and/or NEPA will be required prior to any discretionary action or choice limiting action. These projects cannot be approved until further environmental review is completed. Exhibit D contains specific information regarding CEQA and NEPA reviews and findings for specific projects.

ESG

The authority for environmental review of HUD-assisted projects and activities carried out under the Emergency Solutions Grant (ESG) Program is NEPA, related environmental laws and authorities, and 24 CFR Part 50. The Homeless Emergency Assistance and Rapid Transition to Housing Act (HEARTH) of 2009 repealed prior assumption authority to allow states and units of local government to perform HUD's environmental review responsibility for the ESG Program. Therefore the use of procedures under 24 CFR Part 58 – Environmental Review Procedures for Entities Assuming HUD's Environmental Responsibilities – is not authorized.

Per 24 CFR Part 50.19(b), the ESG activities included in the 2014 Action Plan for services and staff will have no physical impact on the environment. These are considered supportive services and are categorically excluded under NEPA. These programs are covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Exhibit D contains specific information regarding CEQA and NEPA reviews and findings for ESG.

NSP

The amendment and expansion of the NSP target area boundary constitutes an update to an existing program only. This action does not constitute approval for any specific project, and does not change the scope or character or effect on the environment for any specific project. As such, the action is exempt from or does not require environmental review under CEQA or NEPA 24 CFR 58.34(a)(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: the project supports GOAL NUMBER FIVE – Public Health and Nutrition, Item 3 – Create Healthy Urban Environments through Restorative Redevelopment.

Other: N/A

Committee/Commission Action: On October 2, 2013, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. The votes were as follows:

AYES: Alcalay, Chan, Gore, Griffin, Johnson, LeDuc, Morgan, Morton, Rosa, Shah

NOES: none

ABSENT: Stivers

Rationale for Recommendation: As a condition of the receipt of various federal grants provided through HUD, the regulations require the annual submittal of a One-Year Action Plan describing proposed activities and expenditures for the upcoming year using the goals and priorities in the Consolidated Plan. Refer to the Exhibits for the list of 2014 recommended activities, projects to be defunded and various years' Action Plan amendments.

Financial Considerations: Proposed allocations made in the 2014 Action Plan are based on:

CDBG Entitlement	$4,071,624
CDBG Program Income	$117,900
HOME Entitlement	$1,722,207
HOME Program Income	$285,048
ESG Entitlement	$287,038
HOPWA Entitlement	$819,496

The $769,942 in CDBG capital reserve budgeted in the 2014 Action Plan is approximately 19 percent of the 2014 CDBG entitlement. If Congress ultimately approves funding in a lesser amount, the reserve will be used to fund budgeted projects. The actions proposed include authorizing SHRA to obligate the CDBG Capital Reserve to activities described in this Action Plan.

No additional funding is being requested for NSP.

M/WBE and Section 3 Considerations: Minority and Woman's Business Enterprise and Section 3 requirements will be applied to all activities to the extent required by federal funding to maintain that federal funding. Section 3 requirements will be applied to the extent as may be applicable.

Respectfully Submitted by: _____
LA SHELLE DOZIER
Executive Director

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Approved as to form:
_____
Agency Counsel

APPROVED AS TO FORM:
_____
CITY ATTORNEY

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Background

Since 1982 the Sacramento Housing and Redevelopment Agency (SHRA) has managed and administered federal housing and community development funds on behalf of the City and County of Sacramento (City and County) and has served as the federal housing and community development staffing entity pursuant to an agreement between the City and County and its housing authorities.

The Joint Powers Authority governance structure allows for a consolidation of staffing which achieves close coordination of housing, community development and public housing functions, provides budget savings for operation and overhead, eliminates duplicate staffing efforts, and provides a competitive advantage when seeking federal and other housing and community development funding opportunities. The consolidation of multiple departments from different jurisdictions under the control of one executive director who is directly accountable to the City and the County governing boards is a key element to the success of the governance and legal structure of SHRA. This structure has been recognized on a statewide and national level as a model for multi-jurisdictional cooperation and efficient use of housing and community development funds.

On January 8, 2013 (by City Council Resolution 2013-010 and HA Resolution 2013-01) SHRA was approved to administer all U.S. Department of Housing and Urban Development Office of Community Planning and Development (HUD CPD) Programs as part of the adoption of the 2013-17 Consolidated Plan. Furthermore, to reflect the administration of the ESG and HOPWA Programs in addition to the administration of the CDBG and HOME Programs, as well as to reflect the dissolution of redevelopment, SHRA was also approved by same resolutions to enter into a revised Memorandum of Agreement (MOA) for the continued administration of HUD CPD funds, and the Housing Authority of the City of Sacramento, staffed by SHRA, was designated as the official recipient of federal funds on behalf of the City of Sacramento.

Consolidated Plan and Action Plan

New activities and the reprogramming of previous years' funds and their use are laid out in the 2014 Action Plan and are based upon 2013-17 Consolidated Plan priorities. The Action Plan's key components are broken down in the following sections.

Infrastructure

There is a continuing need within the City for public facilities to serve growing populations. Many low- and moderate-income areas in the City are within older neighborhoods that either do not have proper facilities or their existing facilities suffer from heavy use or deferred maintenance leading to disrepair. As identified in the 2013-17 Consolidated Plan, capital improvement funding identified in the Action Plan will be concentrated for maximum leveraging opportunities to provide the greatest impact to the largest number of residents.

Supporting large capital and public facility improvement projects benefiting low- and moderate-income areas remain a key component of the CDBG Program. As part of the 2013-17

Consolidated Plan the targeting of such areas is refined and priority areas are identified. The priority areas represent the intersection of various considerations for effectively targeting funding and maximizing impacts. To the extent a pipeline of projects exists within the priority areas the program goal is to strategically support such projects. However, where strategic projects exist in broader low- and moderate-income areas and to the extent that capital and public facility funding remains available, area benefit projects outside the priority areas will also be supported.

The infrastructure and public improvement projects recommended in the Action Plan are in support of current City of Sacramento priorities, as well as previous commitments. This report supports projects currently underway throughout the City, and they are located within the priority areas established under the 2013-17 Consolidated Plan. The Action Plan through the use of priority areas recognizes the post-redevelopment reality in California and Sacramento and creates a system by which funds can be focused strategically on fewer, but larger projects in low- and moderate income neighborhoods. The goal is to create a concentration of efficient activity generating strategic and visible impacts that promote positive changes within the community.

Housing

High housing costs reduce economic opportunities, access to jobs and services, and the ability of lower-income households, including the elderly and persons with disabilities, to live in the communities and neighborhoods of their choice. The activities laid out in the Action Plan seek to support activities across the housing spectrum that will increase and improve the multi-family housing stock, rehabilitate existing single-family housing and carry out other housing responsibilities.

SHRA's ability to respond to increasingly difficult housing issues is currently resource constrained by reductions in entitlement grants from the federal government and the loss of local tax increment due to the elimination of redevelopment. As a result, a portion of CDBG funding is being targeted towards housing rehabilitation and in support of housing development. In addition to direct housing assistance, infrastructure improvements along transit corridors, in conjunction with housing development and community facilities in designated neighborhoods has been proven to lead to increased opportunities for low- and moderate-income residents to live closer to their place of work and enjoy greater interaction with their surrounding community and amenities.

Affordable housing rehabilitation and new construction is not limited to low- and moderate-income areas, but is able to be developed where it is most appropriate. The guidelines for investing in affordable housing rehabilitation and new construction activities were established as part of separate policies adopted by the Council, and include the Multi-Family Lending Guidelines.

McClellan Heights/Parker Homes Update

The funds allocated in the 2014 Action Plan represent the final installment by the Agency to support preservation and improvements in the Parker Homes and McClellan Heights

neighborhoods as a direct result of the formation of the McClellan Redevelopment Area (RDA). Notably, the McClellan RDA was dissolved with the dissolution of all redevelopment areas within the State of California in 2012. As of October of 2013, $4,184,364 comprising $2,088,663 in CDBG funds and $142,043 in Tax Increment had been invested in nearly a dozen infrastructure and utilities projects in the area. The Agency had agreed to invest $2,000,000 in the area as a result of the formation of the McClellan RDA, of which the Agency has successfully met.

Parker Homes, bifurcated by Interstate 80, is located on the Northeast corner of Council District 2. Parker Homes is bordered by Raley Boulevard east. McClellan Heights is located between Parker Homes and the McClellan Air Force base. Parker Homes includes 216 housing units on a total land area of approximately 50 acres that was constructed by the Federal Government in 1942 as off base military housing to support the base during WWII. The houses were built without perimeter foundation, proper grade elevations, durable materials and designs and they suffer from substandard and nonconforming front and side ward setbacks as well as narrow street right of ways, which compound challenges to infrastructure and housing.

McClellan Heights, which is an area adjacent to the base and in the late 1990s, was in dire need of infrastructure improvements. This area is affected by increased truck traffic entering the southwest side of the base. McClellan Heights exhibited a need for street improvements and related drainage and lighting upgrade. With a low housing density and a high growth potential, investment to upgrade the area's street related infrastructure, was the Agency's focus over the last decade.

The Agency and its partners envisioned through the investments to be made as a result of the formation of the McClellan RDA in the early 2000s, that the Parker Homes and McClellan Heights neighborhoods were to become safe and vibrant neighborhoods of choice with common community standards regarding yard and home maintenance and neighborhood behavior. In the last decade, the revitalization of the neighborhoods was accomplished through engagement of residents and property owners in a manner that reduced displacement and avoided gentrification.

The Parker Homes/McClellan Heights project encompasses an area that demonstrates that existing developed urban neighborhoods can be "recreated" and "renewed" by building on the assets of the neighborhood, reviving pride and neighborhood spirit and coordinating the many skills and talents of multiple collaborative partners.

Section 3 Update

Section 3 is a program under HUD (24 CFR 135) that is designed to ensure that employment and other economic opportunities generated by certain HUD financial assistance be available to low- and very low-income persons, particularly those who are recipients of government assistance for housing.

SHRA in coordination with City Council Districts 2 and 3 and the Sacramento Urban League, will launch a pilot program in January 2014 for targeted hiring, recruitment, referral and placement of prequalified low-income residents. The pilot program has five priority levels:

Priority 1: A resident of the SHRA housing site within the targeted area;

Priority 2: A low or very low-income resident of Choice neighborhoods outside the targeted area; or

Priority 3: A resident of any SHRA housing site;

Priority 4: A low or very low-income resident of Sacramento City/ County.

CDBG Administration

On October 26, 2012, HUD issued a Memorandum to all CDBG Grantees wherein they provided advance notice that they are seeking to implement changes to HUD's Integrated Disbursement and Information System (IDIS) system that will assist grantees in preventing long-standing open activities. This means that, in addition to the IDIS changes embodied in the 2013-17 Consolidated Plan (which is electronically submitted to HUD), subsequent Action Plans and annual reports will also be linked within the IDIS system, providing HUD the ability for ongoing monitoring of individual project progress. Notably, these changes to CDBG are similar to those changes recently introduced in the HOME Program.

It has always been the goal for CDBG Program funds to be the last dollars into a project and the first expended. However, there have been several instances throughout the program's history where projects received funding before they were completely shovel-ready. While CDBG has a timeliness requirement that measures the overall program rate of fund expenditure, these changes by HUD are now adding an additional layer where individual projects will now be flagged within the IDIS system based upon the project's rate of expenditure. Failure to draw funds in a timely manner and failure to report accomplishments for funded projects may result in additional scrutiny and potential freezing of funds. For this reason all projects identified within the Action Plan have been screened and determined to be shovel-ready.

SHRA has successfully met all timeliness requirements over the past Consolidated Plan periods; however, these changes will require that staff recommendations related to CDBG funding further reflect projects that are actually ready to proceed. SHRA staff will continue to work closely with City Department staff to ensure that a clear pipeline of projects is identified, that funds are programmed efficiently, and that expenditures and billings are recorded regularly.

CDBG Planning/Administration and Public Services Caps

On May 16, 2013, HUD issued a Memorandum to all CDBG Grantees wherein they provided guidance on the corrective action available when there has been a violation of the 20 percent

planning (24 CFR570.200(g)) and administrative cap or the 15 percent public services cap (24 CFR 570.201(E)), or both, by CDBG entitlement grantees. The guidance reiterated that compliance with the caps is based on obligations rather than expenditures. The regulations at 24 CFR 570.910 provide corrective and remedial actions when there has been a deficiency in program performance or a violation of CDBG Program requirements. HUD's position is that the appropriate corrective action for a violation of either cap is to advise the recipient to reimburse its program account or letter of credit for any amounts expended in excess of the cap for the program year in question, and to reprogram the use of funds in accordance with applicable requirements. The reimbursement must be made with non-federal funds and generally within one year of the finding that the cap has been exceeded. HUD will not accept under-obligation in a following program year, or a voluntary grant reduction in a following year, as corrective actions for non-compliance with these caps.

SHRA has successfully met the cap requirements over the past Consolidated Plan periods. SHRA staff will continue to work closely with City Departments and public service provider staff to ensure that funds are obligated and programmed efficiently, and that expenditures and billings are recorded regularly to ensure that the caps are not exceeded.

Homeless Services

Homeless policy changes at the national level, coupled with recent research, are leading to local improvements in system design, repurposing of existing resources, and the development of reallocation strategies. The Sacramento Continuum of Care (CoC) has made significant headway in the past few years and has strong models and approaches to build on. However, changes imbedded in the HEARTH Act and the new federal plan to end homelessness will challenge the CoC to rethink current investments and develop a more integrated response system with clear performance expectations for all the local partners.

For the past two and half decades federal grant funding has been directed to thousands of programs across the country. While agencies were expected to coordinate their efforts locally for planning purposes, federal grants went directly to individual programs and were allocated based on numbers of people served or services offered, rather than being based on the ultimate outcomes of the programs. This funding approach is changing. Coinciding with this change, SHRA, the City and County, Sutter Health Foundation, the Sacramento Regional Community Foundation, Legal Services of Northern California and other entities collaborated to create Sacramento Steps Forward (SSF), to act as the lead entity in our response to end homelessness. Over the past two years SSF has emerged to assume the role of grantee for the CoC.

Over the coming year, Sacramento will navigate the new regulatory requirements and seek to overcome significant challenges impeding the implementation of new system-wide strategies that recognize the need for tighter linkages to other programs and resources in the human services and health care arenas as well as system-wide accountability for outcomes. The goal is to begin to transform homeless services into a crisis response system that prevents homelessness and rapidly returns people who experience homelessness to stable housing.

Emergency Solutions Grant (ESG)

In January 2013, SHRA assumed the administration of the ESG Program from the Sacramento County Department of Human Assistance (DHA). Over the course of 2013, SHRA staff worked with DHA staff to reconcile program funding and accomplishments.

A key piece towards implementing new system-wide strategies for the homeless is the full roll-out of the ESG Program that provides, for the first time, ongoing entitlement funding in support of homeless prevention and rapid re-housing activities. The first homeless prevention and rapid re-housing program established in Sacramento was linked to the one-time funding of the Homeless Prevention and Rapid Re-housing (HPRP) Program under the American Recovery and Reinvestment Act (ARRA). The lessons learned and infrastructure created from HPRP will serve as a starting point for the new ESG Program.

In May 2013, HUD issued the Grant Award amounts for the federal entitlement programs, and the ESG Program was reduced from $452,693 (2012 funding level) to $302,145 (2013 funding level); approximately 30 percent reduction. This severe reduction required SHRA to reduce its contracts with the Sacramento's emergency shelter providers. SHRA will coordinate with the CoC and homelessness providers on allocating ESG funds in a manner that best serves its community. A federal requirement places caps on ESG (24 CFR 576.3-General Provisions): 40 percent of the funds are to be made available for prevention and rapid re-housing activities, and 60 percent of the funds for emergency shelters and outreach; in addition, out of the 60 percent, 7.5 percent can be allocated for program administration.

To implement this coordination, SHRA collaborated with SSF to lead the community discussions for implementation of homeless prevention and rapid re-housing activities in conjunction with the wider repositioning of the CoC based upon HEARTH. In late 2013, SHRA will release a Request for Qualifications to seek qualified providers to implement the prevention and rapid re-housing component of ESG in 2014. SHRA, as administrator, will then directly contract with providers based upon the priorities adopted as part of the implementation of HEARTH locally. These actions will prove crucial for the continued competitiveness of the Sacramento CoC when the 2014 competitive funding round is launched by HUD and the Notice of Funding Availability (NOFA) implements the regulations pertaining to HEARTH.

In September 2013, SHRA contracted with Focus Strategies to develop coordinated entry / assessment system for ESG, Shelter Plus Care and HOPWA Programs administered by SHRA. The system will launch in January 2014 and will serve as a pilot coordinated entry /assessment for the CoC. SHRA will continue to collaborate with SSF on developing a coordinated entry / assessment system throughout the CoC. The core system services will include: assessment, eligibility, calculating assistance, housing search and location, provision of financial assistance, case management / stabilization services, reassessment and exiting.

Housing Opportunities for Persons with AIDS (HOPWA)

HOPWA funding provides housing assistance and related supportive services and grantees are encouraged to develop community-wide strategies and form partnerships with area nonprofit organizations. SHRA, on behalf of the City of Sacramento (City), is the Grantee for

this Program and received funds for the City of Sacramento and the counties of Sacramento, Yolo, Placer and El Dorado.

In 2012, SHRA began administering the HOPWA Program. DHA was the previous administrator. As part of the transition, SHRA and the Providers reviewed DHA's 2011 contract scope of work and streamlined the processes for invoicing and reporting for 2012. In 2013, SHRA and the Providers continued to revise the scope of work, reporting process to follow federal regulations and reporting requirements under the HEARTH Act (e.g., Homeless Management Information System-HMIS) and HOPWA regulations. As part of this process, SHRA, the Providers, and with assistance from Cloudburst (HUD contractor), reviewed HOPWA regulations and discussed how to holistically revise the HOPWA Program in the Sacramento Region to serve its clients and to enact the HEARTH Act. In 2013, SHRA monitored the Providers for program compliance and provided technical assistance as needed to ensure the program continues to be successfully implemented.

In 2014, SHRA will continue to work on providing a program that meets the needs of its clients while meeting federal regulations and reporting requirements. In addition, SHRA and the Providers will meet quarterly for a question/answer forum amongst their peers.

Neighborhood Stabilization Program

Following the City's approval in February 2009, the Neighborhood Stabilization Program (NSP) was launched countywide within specific target areas as illustrated in Attachment 2. The goal of NSP has been to rapidly arrest the decline of low and moderate income neighborhoods negatively affected by abandoned, foreclosed, or vacant properties through the provision of affordable housing alternatives and improved economic conditions. Although NSP funds are nearly exhausted, SHRA is recommending an expansion of the NSP target area boundaries to allocate resources for the redevelopment of the distressed Twin Rivers public housing project and adjacent parcels, located just north of downtown Sacramento in the River District as shown in Exhibit E of the attached resolutions.

SHRA secured a Choice Neighborhoods Initiative (CNI) Planning grant in 2011 for the County Housing Authority owned Twin Rivers public housing site and is nearing completion of a Neighborhood Transformation Plan. Subject to future funding authorization from the City, this action will allow SHRA to strategically invest NSP funds to support activities identified in the CNI-funded Neighborhood Transformation Plan. Those activities may include acquisition of adjacent properties, demolition of structures, and/or rehabilitation of the Twin Rivers public housing project and surrounding properties. Furthermore, the proposed modification will help address the long standing issue of a deteriorating housing stock and assist in promoting a variety of affordable housing alternatives for individuals and families.

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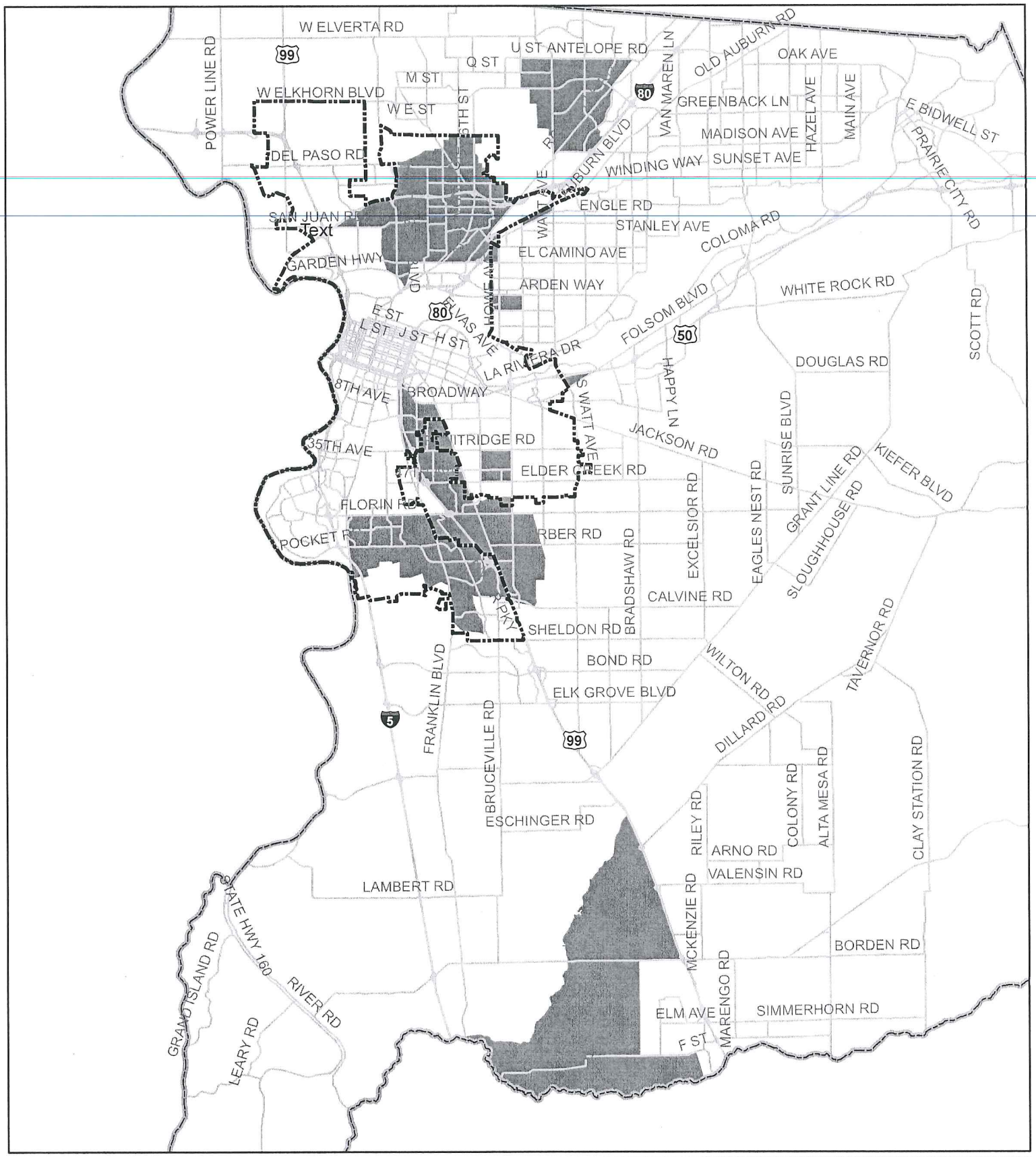
SHRA

NSP Existing Target Area Boundary



Sac County Boundary

City of Sac Boundary

NSP1 Target Areas Boundary

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SHRA GIS
September 10, 2013

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RESOLUTION NO. 2013 –

Adopted by the Sacramento City Council

on date of

ADOPTION OF THE 2014 ONE-YEAR ACTION PLAN FOR THE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG), HOME INVESTMENT PARTNERSHIP (HOME), HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS (HOPWA) AND EMERGENCY SOLUTIONS GRANT (ESG) FUNDED PROJECTS AND PROGRAMS; AMENDMENT OF 2013 ACTION PLAN; AMENDMENT TO THE SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY BUDGET; AMENDMENT OF THE NEIGHBORHOOD STABILIZATION PROGRAM (NSP) TARGET AREA BOUNDARY; AND AUTHORIZATION TO EXECUTE DOCUMENTS FOR THE ADMINISTRATION OF THESE FEDERAL PROGRAMS AND APPROVAL OF RELATED ENVIRONMENTAL FINDINGS

BACKGROUND

A. The U.S. Department of Housing and Urban Development (HUD) requires adoption of a Five-Year Consolidated Plan (Con Plan) and an annual Action Plan, consistent with the Con Plan, to identify the programs and projects for expenditure of federal CDBG, HOME, ESG and HOPWA funds.

B. Since 1982 the Sacramento Housing and Redevelopment Agency (SHRA), on behalf of City, has served as the public entity designated to efficiently administer the CDBG program and was subsequently designated as the public entity to administer HOME, ESG and HOPWA funding originating from HUD.

C. With the release of the 2013 Notice of Funds Availability (NOFA), the 2013 Consolidated Plan recognized the modifications to regulations for the Continuum of Care and enactment of the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act for rental assistance to be administered by the Public Housing Agency (PHA). The City designated its Public Housing Authority (PHA), staffed by SHRA, to administer these rental assistance programs.

D. As the Neighborhood Stabilization Program (NSP) nears completion, the target area boundary is proposed to be expanded to allow SHRA to strategically invest NSP funds in a manner that that will support the implementation of the Neighborhood Transformation Plan for the Twin Rivers public housing site.

E. Projects administered directly by the recipient using HUD community development grant funds are required to undertake environmental review and have a determination issued. SHRA is designated as the agent for the City of Sacramento, for the purpose of the HUD regulations, and SHRA is authorized to submit environmental determinations on the City's behalf and on behalf of non-profit organizations which are sub-grantees.

F. A noticed public hearing soliciting comments on the 2014 One-Year Action Plan was held by the Sacramento Housing and Redevelopment Commission on October 2, 2013.

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

Section 1. All evidence presented having been duly considered, the findings, including environmental findings regarding this action, as stated in Exhibit D, are approved.

Section 2. The 2014 One-Year Action Plan, which allocates anticipated CDBG, HOME, ESG and HOPWA funds to various programs and projects as set out in Exhibit A, is adopted.

Section 3. The 2013 One-Year Action Plan amendment, to defund the activities set forth in Exhibit B and to add the projects set out in Exhibit C, is adopted.

Section 4. SHRA is authorized to amend its budget to allocate the CDBG, ESG and HOPWA funding for programs and projects in accordance with the 2014 Action Plan and the amendment of the 2013 Action Plan; and to amend the 2014 CDBG Capital Reserve, HOME, HOPWA and ESG budgets to the extent necessary to implement and ensure the timely completion of the activities set out in Exhibits A, B and C.

Section 5. SHRA is authorized and delegated authority to act as agent on behalf of the City of Sacramento to submit the amendment of 2013 Action Plan and the 2014 One-Year Action Plan to HUD; execute the subsequent grant agreements with HUD; and to execute agreements and contracts with the appropriate entities to carry out the CDBG, HOME, HOPWA and ESG programs and projects in accordance with the Action Plans. All such agreements shall be in compliance with applicable federal laws and regulations.

Section 6. The City Manager is authorized to execute agreements with SHRA to carry out the activities contained in the 2014 One-Year Action Plan and the amendment of the 2013 Action Plan. All such agreements shall be in compliance with applicable federal laws and regulations, in a form approved SHRA Counsel and the City Attorney.

Section 7. SHRA is authorized to amend the Neighborhood Stabilization Program NSP target area boundary to include the Twin Rivers public housing project and surrounding area as outlined in Exhibit E.

Section 8. SHRA is authorized to execute related documents and agreements as necessary to carry out the federal programs as described in the 2014 Action Plan and the amendment to the 2013 Action Plan in compliance with applicable federal laws and regulations.

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Exhibit A 2014 Action Plan Activities
Exhibit B Project and Program Defunding
Exhibit C Various Years' One-Year Action Plan Activities
Exhibit D Environmental Determination
Exhibit E NSP Expanded Target Area Boundary

City of Sacramento
2014 One-Year Action Plan Activities

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

The Five-Year Consolidated Plan outlines proposed strategies for the expenditure of CDBG, HOME, HOPWA, and ESG funds for the period 2013-17. In general, the mission of the Consolidated Plan is to revitalize selected lower-income neighborhoods and to assist disadvantaged populations by providing adequate public facilities and services, generating affordable housing opportunities, and stimulating economic development.

The One-Year Action Plan is the annual update to the Consolidated Plan. A key component of the One-Year Action Plan is the allocation of funds to proposed activities. This portion of the plan describes activities the jurisdiction will undertake in the coming year, including geographic locations and proposed accomplishments. Proposed activities address the priority needs and specific objectives of the 2013-17 Consolidated Plan, adopted by the City Council on January 8, 2013.

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

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

Revenue Source	Estimated Revenue
CDBG Entitlement	$4,071,624
CDBG Program Income	$117,900
HOME Entitlement	$1,722,207
HOME Program Income	$285,048
ESG Entitlement	$287,038
HOPWA Entitlement	$819,496
Total Revenue	**$7,303,313**

The following summarizes proposed activities for 2014. Activities are organized into the following categories; funding totals for each category are indicated.

Funding Category	Proposed HUD Funding
Infrastructure and Public Improvements	$690,415
Housing Development, Preservation and Homeownership	$3,144,762
Public Services	$1,681,730
Grant Planning and Administration	$668,301
HUD Loan Repayments	$348,163
CDBG Capital Reserve	$769,942
Total Revenue	**$7,303,313**

INFRASTRUCTURE AND PUBLIC IMPROVEMENTS

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

Activity Name	Funding	Source
River District CIP / 12th Street: Funds will be used for the engineering design and installation of streetscape and pedestrian improvements along 12th Street between C Street and Richards Boulevard.	$300,000	CDBG
Meadowview / Manorside Traffic Signal: Funds will be used to design and construct new traffic signal at the intersection.	$100,000	CDBG
Capital Improvement Project Scoping: Funding for early cost estimates, conceptual design, and/ or environmental for CDBG-eligible projects. Location and scope to be determined by an internal process of requests on first-come, first-served basis. CDBG staff to determine eligibility of activity.	$100,000	CDBG
Public Improvements Delivery: Staffing and supportive services for capital improvement projects in 2014.	$190,415	CDBG
Total Infrastructure and Public Improvements	**$690,415**	

HOUSING DEVELOPMENT, PRESERVATION AND HOMEOWNERSHIP

The following are recommended activities that increase the marketability and livability of neighborhoods

Activity Name	Funding	Source
Multi-Family Housing Acquisition and Rehabilitation: Provides loans for the acquisition and rehabilitation of low- and moderate-income multi-family housing.	$600,000 $117,900 $774,993 $131,047	CDBG CDBG PI HOME HOME PI
Multi-Family Housing New Construction: Provides loans for the construction of multi-family housing.	$774,993 $131,047	HOME HOME PI
Emergency Repair Program/Accessibility Grant Program (ERP-A): This program provides grants of up to $5,000 each to very-low income homeowners for emergency health and safety repairs as well as grants to low-income disabled residents for accessibility modifications.	$300,000	CDBG
Minor Repair & ADA for Seniors and Low Income Homeowners Program: Provides for administrative costs associated with minor home repairs for low- and moderate-income homeowners and the administrative oversight for the Home Assistance Repair Program for Seniors (HARPS).	$46,000	CDBG
Housing Programs Delivery: Supportive services for affordable housing/multi-family rehabilitation/new construction, Section 3 related activities and emergency repair/accessibility programs in 2014.	$268,782	CDBG

Total Housing Development, Preservation, and Homeownership **$3,144,762**

PUBLIC SERVICES

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

Activity Name	Funding	Source
Emergency Solutions Grant: Funds to provide homeless prevention and rapid re-housing in addition to emergency housing/shelters, operations and maintenance of facilities and essential supportive services per ESG regulations.	$265,510	ESG
Homeless Activities: Funds will be used to design, administer, and implement homeless programs including but not limited to housing and shelter, medical and counseling services, and the provision of food.	$69,683	CDBG
Meals on Wheels: Provides meals to homebound seniors and to non-homebound seniors at over 22 dining sites.	$431,625	CDBG
Downtown SRO Supportive Services: Provides coordination of health and human services, crisis intervention, independent living skills, drug and alcohol recovery, and community building activities at four downtown hotels. The service center is located at 719 J Street.	$120,000	CDBG
HOPWA STRMU: Provides for short-term emergency housing assistance for persons with HIV/AIDS in the City of Sacramento and Counties of Sacramento, Yolo, Placer and El Dorado.	$224,652	HOPWA
HOPWA Housing Operations: Provides for operations assistance for emergency, transitional, short-term and permanent housing.	$171,531	HOPWA
HOPWA Supportive Services: Provides funding for case management and supportive services for persons with HIV/AIDS in the City of Sacramento and Counties of Sacramento, Yolo, Placer and El Dorado.	$366,627	HOPWA
HOPWA Provider Administration: Provides funding for provider administration of the HOPWA program.	$32,102	HOPWA
Total Public Services	**$1,681,730**	

HUD LOAN REPAYMENTS

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

Section 108 Loan Repayment : Annual debt service payment on Section 108 loan funds. If program income is utilized towards the debt service payment then unused entitlement funds will be utilized towards project costs.	**$348,163**	CDBG

GRANT PLANNING AND ADMINISTRATION

The following are related to immediate/intermediate term program planning, community participation and general program administration. For CDBG, HUD limits funding for planning and administration to 20 percent of the total amount of entitlement and program income. For HOME, the limit is 10 percent. For HOPWA, the limit is 3 percent. For ESG, the limit is 7.5 percent.

Consolidated Planning: Planning related to public facility and infrastructure improvements, affordable housing and homeless/HEARTH Act activities.	$100,000	CDBG
ESG Program Administration: Administrative services for the implementation of ESG-funded activities in 2014.	$21,528	ESG
HOME Program Administration: Administrative services for the implementation of HOME-funded activities in 2014.	$172,221	HOME
	$22,954	HOME PI
HOPWA Program Administration: Administrative services for the implementation of HOPWA-funded activities in 2014.	$24,584	HOPWA
Section 3 Program Delivery: Supportive services for First Source and Section 3 related activies in 2014.	$30,000	CDBG
CDBG Planning and Administration: Administrative & Planning services for CDBG programs in 2014.	$297,014	CDBG
Total Grant Planning and Administration:	$668,301	

CDBG CAPITAL RESERVE

Capital Reserve: Reserve account for overruns in capital improvement activities and to fund budgeted activities in 2014 if CDBG entitlement is less than anticipated. The reserve is also available to cover unanticipated project and program costs to bring an activity to completion. The full amount of the reserve is available to ensure the timely completion of the activities.	**$769,942**	CDBG

City of Sacramento
Defunded Activities for Various Years' Action Plan

Activities being defunded are those that have been completed, cancelled or funded through alternative sources. Newly funded activities are scheduled to be implemented and completed by December 31, 2014 to comply with federal regulations governing the timely expenditure of funds.

CDBG		
Recommendation	**Amount**	**Fund**
Capital Reserve: Fund reserve account for overruns in capital improvement activities and to fund budgeted activities in 2013 if CDBG entitlement is less than anticipated. Funds to be transferred to **CNI NW Land Park**, **Parker Homes/McCellan Heights Infrastructure Project and RT Light Rail Station / 12th & 16th**; refer to Exhibit C.	$900,000	CDBG
Total	**$900,000**	

City of Sacramento
Amendment to 2013 Action Plan and Substantial Amendment Activities

This report formally amends the 2013 Action Plan by augmenting existing and new projects with CDBG. These activities have been identified as those that need immediate funding. Also, these adjustments will facilitate timely expenditures as required by HUD.

CDBG		
Recommendation	**Amount**	**Fund**
Parker Homes / McCellan Heights Infrastructure Improvements: Funds will be used for the engineering design and installation of streetscape and pedestrian improvements along Pinell Street.	$200,000	CDBG
CNI Upper Land Park: Funds will be used to undertake community outreach and hire consultants to develop a human capital plan, neighborhood transformation plan and master plan for the CNI planning grant in preparation for redeveloping the Marina Vista and Alder Grove public housing communities.	$200,000	CDBG
Dos Rios Light Rail Station: Funds will be used for environmental clearance, design and engineering services to build a new light rail station at 12th and 16th Streets to serve the nearby public housing community.	$500,000	CDBG
Total	**$900,000**	

Exhibit D

City of Sacramento
Environmental Determination

Emergency Solutions Grant

Supportive Services (no physical impact) - NEPA per 24 CFR Section 50.19(b) and CEQA per Guidelines Section 15061 (b)(3):

The authority for environmental review of HUD-assisted projects and activities carried out under the *Emergency Solutions Grant (ESG)* program is NEPA, related environmental laws and authorities, and 24 CFR Part 50. The Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009 repealed prior assumption authority to allow states and units of local government to perform HUD's environmental review responsibility for the ESG program. Therefore the use of procedures under 24 CFR Part 58 – Environmental Review Procedures for Entities Assuming HUD's Environmental Responsibilities – is not authorized.

These programs are covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. **Environmental Review is complete for these activities; no further environmental review is required.**

The following is a partial list of eligible ESG activities listed in Section 50.19(b) that do not require further environmental review. For the full list refer to 24 CFR Part 50.

- Environmental and other studies, resource identification and the development of plans and strategies, if specific to eligible ESG activities such as rehabilitation or conversion.
- Administrative and management expenses.
- Public services that will not have a physical impact or result in any physical changes including, but not limited to services concerned with employment, crime prevention, child care, health, drug abuse, education, counseling, energy conservation and welfare or recreational needs.
- Technical assistance
- Tenant-based rental assistance
- Supportive services including, but not limited to, health care, housing services, permanent housing placement, day care, nutritional services, short-term payments for rent, mortgage, utility costs, and assistance in gaining access to local, state, and federal government benefits and services.
- Operating costs including maintenance, security, operation, utilities, furnishings, equipment, supplies, staff training and recruitment and other incidental costs.

CDBG / HOME / HOPWA

Supportive Services (no physical impact) - NEPA per 24 CFR Section 58.35(b)(2) and CEQA per Guidelines Section 15061 (b)(3):

The Action Plan includes funding for services and staff for the following programs, which will have no physical impact on the environment. These are considered supportive services and are categorically excluded under NEPA. These programs are covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. **Environmental Review is complete for these activities; no further environmental review is required.**

- Homeless Activities
- Meals on Wheels by ACC
- Downtown SRO Supportive Services
- HOPWA - Volunteers of America – Open Arms
- HOPWA - AIDS Housing Alliance – Colonia San Martin
- HOPWA - AIDS Housing Alliance – Steven Place
- HOPWA - Center for AIDS Research, Education and Services (CARES)
- HOPWA – Transitional Living and Community Support (TLCS)
- HOPWA – CommuniCare Health Clinics – Emergency Housing Assistance
- HOPWA - Placer County – Emergency Housing Assistance
- HOPWA - El Dorado County – Emergency Housing Assistance

Operating Costs (staff costs) - NEPA per 24 CFR Section 58.35 (b)(3) and CEQA per Guidelines Section 15378 (b)(2):

The Action Plan includes funding for staffing only for the following programs, which will have no physical impact on the environment. Staffing costs are considered operating costs and are categorically excluded under NEPA. Costs for staffing are not considered a project under CEQA. **Environmental Review is complete for these activities; no further environmental review is required.**

- CDBG Administration
- HOPWA Administration
- First Source/Section 3 Delivery
- Minor Repair & ADA for Seniors and Low Income Homeowners Program Administration
- HOME Administration
- Housing Programs Delivery
- Public Improvement Delivery
- Section 108 Fiscal Accounts
- Section 108 Loan Repayment - Del Paso Nuevo

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

The Action Plan includes funding for planning and feasibility studies only, which may include funding for environmental planning, for the following programs. These actions are considered environmental and other studies, resource identification and the development of plans and strategies, and are exempt under NEPA. As feasibility and planning studies only, with no legally binding effect on later activities, these activities are also exempt under CEQA. **Environmental Review is complete for the feasibility and planning studies associated with these programs only; if these studies identify specific projects, further environmental review will be required prior to taking any choice limiting action or discretionary action on those specific projects.**

- CDBG Planning
- Capitol Improvements Project Scoping
- CNI Upper Land Park
- Consolidated Planning

Financial Assistance for Acquisition and/or Rehabilitation of Existing Structures - NEPA per 24 CFR 58.35 (a)(3) and (a)(5) and CEQA per Guidelines Section 15301:

The Action Plan includes funding for acquisition of land or properties, and/or rehabilitation of existing structures for the following programs. Both acquisition and rehabilitation of existing structures are categorically excluded under NEPA, assuming that the requirements of 24 CFR 58.35 (a) are met. These activities are also categorically exempt under CEQA. **Environmental Review is complete for these programs; however, as individual properties are identified for acquisition and/or rehabilitation, additional review shall be performed to complete NEPA requirements. Additional review may also be required if site specific rehabilitation, as it is further identified, allows for changes in use or capacity.**

- Multi-Family Acquisition and Rehabilitation Program
- Affordable Housing Rehabilitation Program
- Single-Family Rehabilitation Loan Program

Rehabilitation/Reconstruction of Existing Public Facilities - NEPA per 24 CFR 58.35 (a)(1) and CEQA per Guidelines Section 15301(c) and 15304(b):

The Action Plan includes funding for rehabilitation of existing public facilities within existing right of way under the following programs. Rehabilitation and reconstruction of existing public facilities and improvements are categorically excluded under NEPA, assuming that the requirements of 24 CFR 58.35 (a) are met. These activities are also categorically exempt under CEQA. **Environmental Review is complete for these programs; however, as individual improvements are identified, additional review will be needed to complete NEPA requirements. Additional review may also be required if identified improvements allow for changes in use or capacity.**

- River District CIP / 12th Street
- Dos Rios Light Rail Station
- Parker Homes / McClellan Heights Infrastructure Improvements
- Meadowview / Manorside Traffic Signal

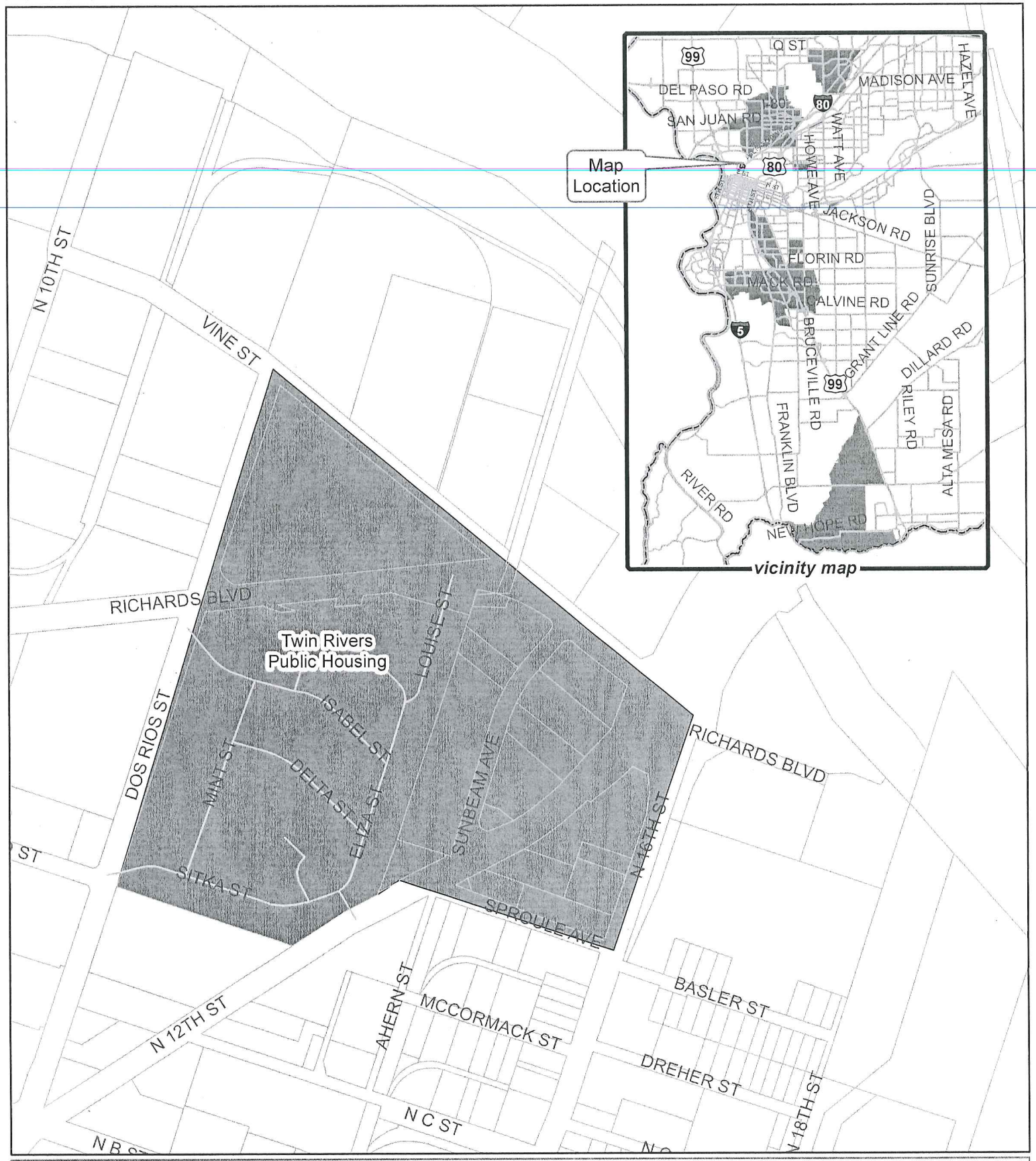
The remaining programs and actions included in the 2012 Action Plan have program specific environmental review as described below:

- **Emergency Repair Program/Accessibility Grant Program –** This program includes: an emergency repair component, which will be limited to repair and improvements to existing structures to control threats to public safety; and, an accessibility improvements component, which will remove barriers that restrict mobility of and accessibility by elderly and disabled persons. The emergency repairs component is exempt under NEPA pursuant to 24 CFR 58.34 (a)(10), and categorically exempt pursuant to CEQA Guidelines Section 15301. The accessibility component is categorically excluded under NEPA pursuant to 24 CFR 58.35 (a)(2), and categorically exempt pursuant to CEQA Guidelines Section 15301. **Environmental Review is complete for the emergency repair component of this program; no further environmental review is required. As individual properties are identified for the accessibility component, additional review will be needed to complete NEPA requirements.**

- **Multi-Family Housing New Construction –** This program consists of financial assistance for the construction of new multi-family housing projects. The actions included in this 2011 Action Plan do not include any funding commitments or approvals for any specific project. **Environmental Review will be required for individual projects as they are identified and will be completed prior to any choice limiting action or discretionary action.**

- **Neighborhood Stabilization Program One (NSP-1) Target Area Boundary Expansion:** The amendment and expansion of the NSP-1 target area boundary constitutes an update to an existing program only. This action does not constitute approval for any specific project, and does not change the scope or character or effect on the environment for any specific project. As such, the action is exempt from or does not require environmental review under CEQA or NEPA 24 CFR 58.34(a)(3).

NSP Expanded Target Area Boundary



NSP Expanded Target Area Boundary

Feet
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SHRA GIS
September 23, 2013