



REPORT TO COUNCIL

City of Sacramento

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www. CityofSacramento.org

STAFF REPORT
May 1, 2007

Honorable Mayor and
Members of the City Council

Title: Historic Places Grant Program (M07-006)

Location/Council District: Citywide

Recommendation: Adopt a **Resolution** 1) authorizing the adoption of the Historic Places Fund and Historic Places Grant Program goals, objectives, criteria and procedures; 2) directing the Finance Department to establish a new Historic Places Fund; 3) authorizing the release of \$1 million to the Historic Places Fund; 4) appropriating \$250,000 from the Grant Program; and 5) authorizing the Development Services Department and Sacramento Heritage, Inc. to implement the Grant Program.

Contact: Roberta Deering, Senior Planner, (916) 808-8259; Greg Schulte, Program Manager, (916) 808-7116

Presenters: Roberta Deering, Senior Planner

Department: Development Services

Division: Planning

Organization No: 4881

Description/Analysis:

Issue: On March 8, 2005, the City Council designated one-time surplus funds totaling \$1 million from the prior year budget with direction to develop specific uses of the funds for historic preservation and return to the Mayor and City Council for review and approval. Staff has accordingly worked with Sacramento Heritage, Inc. to develop program goals and objectives, as well as a proposed one-year pilot matching grant program for the rehabilitation of historic properties throughout the City of Sacramento. Interest on balances in the proposed Historic Places Fund would accrue to the fund.

Policy Considerations: The recommendations are consistent with the City's General Plan and with the Preservation Element of the General Plan, as well as the City's Strategic Plan Focus Areas to:

- Improve and expand public safety
- Achieve sustainability and livability

- Increase opportunities for all Sacramento residents to live in safe and affordable housing
- Expand economic development throughout the City

Committee/Commission Action: No review by City entities, noting, however, the involvement of Sacramento Heritage, Inc.'s Board of Directors (Board), a non-profit organization. The organization's Board members are appointed by the Mayor with confirmation by the City Council. The Board recommended the enclosed Fund and Grant Program goals and objectives, per Exhibit A of the attached Resolution.

Environmental Considerations: The Environmental Services Manager has determined that adopting the proposed Resolution does not have the potential for causing a significant effect on the environment and is therefore exempt from environmental review under the California Environmental Quality Act (CEQA) Guidelines Section 15061(b)(3) (Review for Exemption), and Section 15378(b)(5) (Definitions) "organizational or administrative activities of governments that do not result in direct or indirect physical changes in the environment." However, subsequent projects based upon actions or decisions made pursuant to the program, once implemented, may be required to undergo CEQA review. It should also be noted that program criteria for the use of the matching grant monies requires that projects comply with the Secretary of the Interior's Standards for the Treatment of Historic Properties, thereby potentially allowing for a project's categorical exemption per CEQA guidelines 15331 Historical Resource Restoration/Rehabilitation, unless a project would impact other elements of the environment.

Rationale for Recommendation: The recommendation will facilitate the preservation of Sacramento's historic properties by providing financial assistance to owners of historic properties for repair and rehabilitation needs, with special consideration for low-income property owners and properties requiring urgent attention.

Financial Considerations: Administration of the Historic Places Grant Program will require minimal staff time or costs. Development Services Department preservation staff will be involved in ensuring the selected projects conform to eligibility criteria and the Department's administrative staff will be involved in processing reimbursements. Both functions will involve a slight, but not significant, increase in workload. The 1:1 match requirement of the \$250,000 grant program will yield up to \$500,000 worth of historic preservation activity and could potentially serve as a catalyst for further historic preservation activities by neighboring property owners. Interest on balances in the proposed Historic Places Fund would accrue to the fund.

Emerging Small Business Development (ESBD): No goods or services are being purchased under this report.

Respectfully Submitted by: 
David Kwong
Planning Manager

Approved by: 
William Thomas
Director of Development Services

Recommendation Approved:

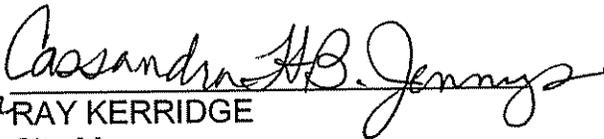

for RAY KERRIDGE
City Manager

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ATTACHMENT 1**Background**

On March 8, 2005, the City Council approved use of one-time surplus funds from the prior year budget totaling \$1 million with direction to develop specific uses of the funds for historic preservation and return to the Mayor and City Council for review and approval.

City staff and the Board of Directors of Sacramento Heritage, Inc. (a not-for-profit organization with Board members appointed by the Mayor and confirmed by the City Council) have subsequently worked together to develop proposed program goals and objectives and evaluated various loan and grant program options for a Historic Places Fund. Staff referenced herein included persons from the City Treasurer's Office, City Manager's Office, Finance Department, Code Enforcement Department, Development Services Department and also included consultation with staff from the Sacramento Housing & Redevelopment Agency.

The delay in bringing forth a proposed program reflects the challenges staff encountered in analyzing the viability of a revolving loan program. Staff determined the administrative costs and loan servicing fees associated with a loan program reduced the ability of the fund to revolve at full capacity beyond six years. Moreover, the analysis also found a payback term of only four years to be problematic, though it would help to maintain the fund's ability to lend adequate funds. Staff determined that regular, market-rate private financing with significantly longer loan terms would likely be more attractive to potential borrowers than a shorter-term loan that might offer a slightly better interest rate.

Due to challenges noted above in developing a viable revolving loan program, City staff and the Sacramento Heritage, Inc. Board have developed this proposal for a one-year pilot matching grant program using \$250,000 of the funds. At its December 11, 2006 meeting, Sacramento Heritage Inc. took action to recommend to the City Council proposed goals and objectives, program components, grant application, award and reimbursement criteria and procedures for the Historic Places Fund Grant Program; see Exhibit A of attached Resolution proposed for adoption. The program is designed to ensure that funds are disbursed to:

- Properties and projects with eligible needs that can be remedied;
- Properties and projects that can be completed in a timely manner;
- Projects that demonstrate a strong likelihood of success.

The proposed Resolution includes a recommendation to continue investigating viable loan options and report back to the City Council after the pilot grant program has been completed.

If approved, staff intends to market the grant program through the media, the City's website, at neighborhood area leadership meetings, through Community Centers, Development Services Department permit centers, and via the Code Enforcement Department's Housing and Dangerous Buildings Division. The Division enforces City and State mandated codes relating to residential and commercial structures that are dangerous, substandard, blighted, or vacant.

I. Proposed Pilot Grant Program Implementation Schedule

1. May 2007: Finalize application procedures/materials and publicize program
2. July 2007: First of quarterly application periods (City staff to advertise program, application deadline and requirements for at least 30 days prior to deadlines)
3. October 2007: Second of quarterly application periods (City staff to advertise program, application deadline and requirements for at least 30 days prior to deadlines)
4. January 2008: Third of quarterly application periods (City staff to advertise program, application deadline and requirements for at least 30 days prior to deadlines)
5. April 2008: Fourth of quarterly application periods (City staff to advertise program, application deadline and requirements for at least 30 days prior to deadlines)
6. June 2008: City Council Report Back - Pilot Program assessment and revolving loan program recommendations

ATTACHMENT 2

RESOLUTION NO. 2007-____

Adopted By The Sacramento City Council

**AUTHORIZATION FOR THE FINANCE DEPARTMENT TO ESTABLISH THE
HISTORIC PLACES FUND AND FOR THE
DEVELOPMENT SERVICES DEPARTMENT TO IMPLEMENT
A HISTORIC PLACES GRANT PROGRAM**

BACKGROUND

- A. In March 2005 the City Council approved use of \$1 million for a new Historic Places Revolving Fund.
- B. Since that time, City staff and the Board of Sacramento Heritage Inc. (Board) have been working to develop goals and objectives, program components, property and project eligibility criteria, and procedures for application, approval and reimbursement for a Historic Places Fund revolving loan program.
- C. Due to problems in developing a viable loan program, City staff and the Board have developed a program for a one-year \$250,000 pilot matching grant program, as noted in Exhibit A to this Resolution, with a recommendation to continue investigating viable loan options and report back to the City Council after the pilot program has been completed.
- D. The Environmental Services Manager has determined that adopting this resolution does not have the potential for causing a significant effect on the environment and is therefore exempt under California Environmental Quality Act (CEQA) guidelines section 15061(b)(3) (review for exemption), and section 15378(b)(5) (definitions) "organizational or administrative activities of governments that do not result in direct or indirect physical changes in the environment." However, subsequent projects based upon actions or decisions made pursuant to the program, once implemented, may be required to undergo CEQA review. It should also be noted that criteria for the use of the matching grant monies requires that projects comply with the Secretary of the Interior's Standards for the Treatment of Historic Properties, thereby potentially allowing for a project's categorical exemption per CEQA Guidelines 15331 Historical Resource Restoration/Rehabilitation, unless other elements of the environment are impacted.

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

- Section 1.** The proposed goals and objectives, program components, property and project eligibility criteria, application, approval and reimbursement process proposed for the Historic Places Fund and the proposed one-year pilot matching-grant program, outlined in Exhibit A, are adopted.
- Section 2.** The Finance Department is authorized and directed to establish a Historic Places Fund.
- Section 3.** Release \$1,000,000 to the Historic Places Fund.
- Section 4.** Appropriate \$250,000 to the Historic Places Grant Program.
- Section 5.** Development Services Department staff, with Sacramento Heritage, Inc., is directed to implement the proposed pilot matching-grant program consistent with Section 1 above.
- Section 6.** Development Services Department staff is directed to continue to explore viable loan program options and to report back on those options and the pilot matching-grant program after the pilot grant program has been completed.

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Exhibit A: Historic Places Fund Program

EXHIBIT A

HISTORIC PLACES FUND PROGRAM

I. Program Goals & Objectives

The goals of the Historic Places Fund are to preserve, rehabilitate, restore or reconstruct historic properties in the City of Sacramento through timely prudent financial assistance:

1. By working with the City's Housing and Dangerous Buildings unit, to prevent demolition and to stop further deterioration of derelict properties that are listed or are eligible to be listed on the Sacramento Register as Landmarks or Contributing Resources in Historic Districts.
2. To assist owners of listed or eligible properties to be able to use appropriate historic materials, designs, and treatments when doing rehabilitation work.
3. To encourage owners or prospective owners to rehabilitate historic properties.
4. For urgently needed roof repair, building security, or stabilization.

II. Program Components

1. One-year pilot matching-grant program utilizing up to \$250,000 of the City of Sacramento's Historic Places Fund monies;
2. For approved projects, award 1:1 matching-grants for 50% of project costs under \$25,000, but not less than \$1,000, on a reimbursement basis;
3. Consideration may be given to waive the matching requirement if an applicant can demonstrate their household annual income does not exceed 80% of median in Sacramento County for the preceding year;
4. Quarterly application period awarding up to \$62,500 in grants per quarter;
5. Emergency grant awards for buildings determined Immediately Dangerous that also meet program, property and project eligibility criteria;

- A. Funds disbursement on a reimbursement basis to assure work conforms to approved application;
- B. Establish a Sacramento Heritage Inc. Historic Places Fund (HPF) Committee to approve applications;
- C. City Development Services Department Preservation and Administration staff to administer program.

III. Property and Project Eligibility Requirements

1. Property is either A or B below:
 - A. City designated Landmark or Contributing Resource in Historic District; or
 - B. Not yet designated, but the Preservation Director has made a preliminary determination of eligibility: a) as a Landmark and a Landmark Nomination application has been submitted by the property owner; or b) as a contributing resource and a Contributing Resource Nomination has been submitted by the property owner.
2. Project meets all the following requirements:
 - A. Proposed work complies with the Secretary of the Interior's Standards for the Treatment of Historic Properties, usually this will involve the Rehabilitation Standards;
 - B. Involves exterior work, or work that affects the exterior of the structure/property, including foundation or structural work, or involves work on significant publicly-accessible interiors;
3. Completed work conforms to approved plans, budget and schedule.

IV. Application, Approval & Reimbursement Process

1. Quarterly application periods established and publicized by City Preservation, Development Services Department, and Housing & Dangerous Buildings staff, thirty days in advance of application deadline;
2. Property owners make application to City for grant, identifying property involved, project work/plans, project budget and schedule, including information that demonstrates that the work can be completed within the proposed budget and schedule;

3. City Development Services Department Preservation staff review applications for completeness and eligibility;
4. Within two weeks of an application having been deemed complete and eligible, complete and eligible applications forwarded to Sacramento Heritage, Inc. HPF Committee for its review;
5. Within two weeks of its receipt of the applications, Sacramento Heritage HPF Committee makes grant award decisions (Committee may also consider waiving match requirement for low-income homeowners), with priority given to the following projects:
 - A. Properties determined Dangerous or Immediately Dangerous by Housing & Dangerous Buildings, where urgent eligible needs can be cured;
 - B. Projects to stabilize and make weather-tight the property/structure;
 - C. Projects where costs for rehabilitation to the Historic Standards exceed costs for the work as would otherwise be allowed under the regular Building Code;
 - D. Projects to restore or reconstruct missing or altered significant features;
 - E. Effectiveness of the project in meeting program goals of preserving threatened or endangered structures;
 - F. Likelihood of successful and timely completion of the project.
6. Work must be completed within one year of grant award decision date;
7. Within sixty (60) days from project completion, property owner submits reimbursement request, including copies of paid invoices and other documentation needed to determine compliance with grant award requirements;
8. Within thirty (30) days from receipt of reimbursement request, City Development Services Department Preservation staff reviews the work and the reimbursement request documents for compliance with the approved application and program requirements; once compliance is determined, the reimbursement request is certified;

9. Within two weeks of certification, City issues reimbursement check to property owner for amount of grant award, or less if work completed under budgeted amount.