

RESOLUTION NO. 2021-0297

Adopted by the Sacramento City Council

September 21, 2021

La Mancha (Project): A Resolution Approving an Application for Funding and the Execution of a Grant Agreements and any Amendments Thereto from the 2020 Community Development Block Grant Program – Coronavirus Response (CDBG-CV) and/or the 2020-2021 Funding Year of the State CDBG Program; Amend Sacramento Housing and Redevelopment Agency (SHRA) Budget; Related Findings and Environmental Findings

BACKGROUND

- A. On October 13, 2020, City Council (Council) and Housing Authority Board (Board) approved the funding agreements associated with each respective funding program, State of California (State) Department of Housing and Community Development (HCD) Homekey funds, Community Development Block Grant Coronavirus (CDBG-CV), Coronavirus Relief Funds (CRF), Homeless Housing Assistance Prevention Program-3 (HHAP-3) Funds for the acquisition, construction and permanent financing of La Mancha permanent supportive housing development (Project). The Housing Authority of the City of Sacramento was a co-recipient of the Homekey funding award in partnership with 7789 La Mancha Way LLC (Mercy Housing California) (Developer).
- B. On October 20, 2020, the County Board of Supervisors approved an MHSA Loan from Sacramento Housing and Redevelopment Agency (SHRA) to the Developer, and the MHSA Loan Documents for the construction and permanent financing of the Project.
- C. On December 16, 2020, the Developer successfully closed on acquisition, construction and permanent financing and started construction at the Project. Operations are currently supported by CDBG-CV and CRF. The HHAP-3 funds were awarded in June 2021 and will also support operations at the Project.
- D. The Developer has completed approximately 90 percent of the conversion of the 124-room extended stay motel into 100 permanent supportive housing units. Community space and site work is in progress. The Project is nearly at full occupancy.
- E. On April 21, 2021 and amended on May 21, 2021, HCD sent Homekey awardees and eligible local jurisdiction applicants an invitation to apply for HCD's set aside of CDBG – Coronavirus Response (CDBG-CV) funds to support Homekey projects pursuant to the State's FY 2019-2020 Annual Action Plan Second Substantial Amendment. The Developer requested SHRA to apply to HCD for \$1.75 million in CDBG-CV funds for additional improvements to the Project (HCD CDBG-CV Invitation).

- F. The City of Sacramento (“City” or “Applicant”) is an eligible local jurisdiction. The Applicant, through its related entity and agent, the Sacramento Housing and Redevelopment Agency (SHRA), wishes to submit an application to HCD in the amount of \$1.75 million in CDBG-CV funds for additional improvements to the Project.
- G. A public hearing was held by the City Council on September 21, 2021, following duly published notice thereof, and all persons desiring to be heard have been heard.
- H. Activities authorized in this report have been analyzed in accordance with the California Environmental Quality Act (CEQA) and are determined to be exempt from CEQA pursuant to Health & Safety Code, Section 50675.1.2 – Project Homekey.
- I. An Environmental Assessment (EA) was prepared in order to analyze the project in accordance with the National Environmental Policy Act (NEPA) and it was determined that the project would not result in a significant impact on the environment. The addition of new funds to the project and the change in project scope required that the findings of the NEPA document be re-evaluated. The project is being re-evaluated and it is anticipated that the change in scope will not result in a change of findings. The re-evaluation will be completed prior to making any choice limiting action.

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 above, are found to be true and accurate and are hereby approved adopted.
- Section 2. The City has reviewed and hereby approves the submission to the State of California of one application in the aggregate amount of, not to exceed, \$1.75 million for (i) the following CDBG-CV activities, pursuant to the CDBG Method of Distribution as described in the State of California 2019- 2020 Annual Action Plan August 2020 Second Substantial Amendment, and/or (ii) the following CDBG activities, pursuant to the CDBG Method of Distribution as described in the State of California 2020-2021 Annual Action Plan January 2021 Substantial Amendment:

La Mancha Permanent Supportive Housing for Homeless Facility Rehabilitation \$1.75 million.
- Section 3. The City hereby approves the use of Program Income in an amount not to exceed \$1.75 million for the CDBG-CV activities and/or CDBG activities described in Section 5 of this resolution.

- Section 4. The City acknowledges compliance with all state and federal public participation requirements in the development of its application(s).
- Section 5. The City hereby delegates, authorizes and directs SHRA, whose Executive Director is La Shelle Dozier, to execute and deliver all applications and act on the City's behalf in all matters pertaining to all such applications.
- Section 6. If an application is approved, SHRA, whose Executive Director is La Shelle Dozier, is authorized to enter into, execute and deliver the grant agreement (i.e., Standard Agreement) and any and all subsequent amendments thereto with the State of California for the purposes of the grant.
- Section 7. If an application is approved, SHRA, whose Executive Director is La Shelle Dozier, is authorized to sign and submit Funds Requests and all required reporting forms and other documentation, without limitation, including any covenant or regulatory agreement as may be required by the State of California from time to time in connection with the grant.
- Section 8. If an application is approved, SHRA, whose Executive Director is La Shelle Dozier, is authorized to enter into, execute and deliver a grant agreement (i.e., subrecipient agreement), related documents, and other documents as approved to form by its Office of the General Counsel, and any and all subsequent amendments thereto with the Developer, whose Vice President is Stephan Daues for the purposes of the grant; and perform other actions required for the CDBG-CV activities and/or CDBG funds consistent with HCD's CDBG-CV Invitation, SHRA's adopted policy and with this resolution.
- Section 9. If an application for funding is approved, SHRA's budget is hereby amended to incorporate the CDBG-CV funding of up to \$1.75 million for additional improvements to the Project.

Adopted by the City of Sacramento City Council on September 21, 2021, by the following vote:

Ayes: Members Ashby, Guerra, Harris, Jennings, Loloee, Valenzuela, Vang, and Mayor Steinberg

Noes: None

Abstain: None

Absent: Member Schenirer

Attest: **Mindy Cuppy** Digitally signed by Mindy Cuppy
Date: 2021.09.22 10:28:24
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Mindy Cuppy, City Clerk

The presence of an electronic signature certifies that the foregoing is a true and correct copy as approved by the Sacramento City Council.