
File ID: 2022-02565

2/21/2023

Discussion Item 1.

One-Year Action Plan Federal Programs Allocation Process Workshop Number One

File ID: 2022-02565

Location: Citywide

Recommendation: Review and provide direction regarding the Federal Programs Allocation Process Schedule, Eligibility, and Potential Projects.

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Attachments:

1-Description/Analysis

Additional Description/Analysis

Issue Detail: On May 28, 2019, the Council approved the One-Year Action Plan Allocation Process for federal funds administered by the Sacramento Housing and Redevelopment Agency (SHRA). The One-Year Action Plan outlines programs, projects, and other actions for multiple federally funded programs, including Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME), Emergency Solutions Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA) Program, and is approved by the Council each year. The One-Year Action Plan Allocation Process includes a process and schedule to develop the annual One-Year Action Plan. The process begins in January/February of each year and includes two workshops with the City Council, one community workshop before the Sacramento Housing and Redevelopment Commission, and multiple coordination activities with the City Manager and City Departments to determine projects and programs. Additionally, the schedule aligns with the development of the City's annual Capital Improvement Program. This presentation is the initial step in the One-Year Action Plan Allocation process and requests input from the Council related to potential projects.

Policy Considerations: The One-Year Action Plan Allocation Workshop is consistent with the

adopted Consolidated Plan, including the Citizen Participation Plan. This Workshop provides transparency to the allocation process.

Economic Impacts: Not applicable.

Environmental Considerations: Not applicable.

Sustainability: Not applicable.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: Not applicable.

Financial Considerations: Below are the estimated allocations for 2024 for each funding source. The figures are estimates based on previous years' entitlement allocations.

Revenue Source	2024 Estimated New Allocation
CDBG	\$4,500,000
HOME	\$2,800,000
ESG	\$ 400,000
HOPWA	\$1,700,000
Total	\$9,400,000

Local Business Enterprise (LBE): Not applicable.

Background: Since 1982, SHRA has managed and administered federal housing, public service, 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 a joint powers agreement between the City and County and its Housing Authorities. The United States Department of Housing and Urban Development (HUD) requires the submission of three documents as part of the formula grant programs. These documents include 1) Analysis of Impediments (AI) to Fair Housing; 2) Five Year Consolidated Plan; and 3) One-Year Action Plan. The AI and the 2020-2024 Consolidated Plan were approved by the City Council on October 22, 2019, by Resolution 2019-0408.

Analysis of Impediments (AI)

In 2016, the City authorized SHRA to enter into collaboration agreements with surrounding

municipalities and public housing authorities to perform a regional AI. The AI identifies actions needed to overcome the effects of impediments to fair housing which are incorporated into the Consolidated Plan. The Primary Findings are the following: 1) segregation and lack of access to economic opportunity persist; 2) homeownership rates vary widely by race and ethnicity, lowest rates for Blacks and Hispanics; 3) highest rates of cost burden and crowding are experienced by Blacks and Hispanic households; 4) affordable rental options increasingly limited; 5) residents with disabilities lack access to affordable, accessible housing, services; 6) public transportation outside of the downtown grid is limited and costly (prior to Sacramento Regional Transit network changes); 7) educational inequities persist in the region; and 8) there are disparities in labor market engagement.

Consolidated Plan

A Consolidated Plan is required of any city, county, or state that receives federal block grant dollars for housing and community development funding from HUD. HUD consolidated the planning and application process of formula grant programs in 1995, with the purpose of coordinating program requirements and simplifying the process of requesting and obtaining federal funds. The City of Sacramento receives four formula grants which are administered by SHRA including Community Development Block Grant (CDBG), Home Investment Partnership (HOME), Emergency Solutions Grant (ESG), and Housing for Persons with AIDS (HOPWA) programs. The consolidated planning process is intended to achieve the following:

- Promote citizen participation in the development of local priority needs benefiting low- and moderate-income persons.
- Develop a series of One-Year Action Plans that will be the basis for the assessment of performance.
- Consult with public and private agencies to identify needs and appropriate actions required to address their needs.

The 2020-2024 Consolidated Plan is a joint City-County planning document that identifies the area's housing, public service, and community development needs and describes a long-term strategy to meet those needs. The Consolidated Plan provides a vision, goals, and strategies for the allocation of these federal formula grant funds.

The Consolidated Plan has three overarching goals to address community needs including: 1) provide affordable housing, including for those with special needs; 2) provide a suitable living environment through more livable and integrated neighborhoods; and 3) expand economic opportunities, especially for low- and moderate-income persons. Specific activities the City will undertake to achieve the stated objectives are detailed in the One-Year Action Plan. These activities are designed to serve extremely low-, low-, and moderate-income residents by funding programs and projects in the following categories: 1) Infrastructure and Public Improvements, 2) Affordable Housing Development, and 3) Public Services. The Consolidated Plan's goals and priorities for the City were developed through an extensive community engagement process and consultation with public

agencies in the City.

Action Plan

The One-Year Action Plan (Plan) details programs, activities, and budgets for the year beginning January 1 through December 31. The One-Year Action Plan describes the resources expected to be available in the coming program year from federal, nonfederal, and private sources. It includes a description of the activities that will be undertaken to meet the specific objectives in the Consolidated Plan. In subsequent years, the One-Year Action Plan will be used to update the Consolidated Plan. It also provides the City with a basis for assessing its progress in meeting the goals of the Consolidated Plan through the Consolidated Annual Performance and Evaluation Reports (CAPER).

The Action Plan's key components are broken down into the following sections:

CDBG Eligible Activities

The CDBG program requires that each activity must meet one of three national objectives: 1) Benefit low and moderate-income persons using one of four subcategories: a) Low and Moderate-Income (LMI), Area Benefit in a primarily residential census tract; b) LMI Clientele (homeless, seniors, etc.); c) Housing for LMI residents; d) Jobs for LMI residents; 2) Prevention or elimination of slums or blighted areas; and 3) Urgent Need.

Additionally, the activity must also be eligible and generally include the following: Public Facility/Infrastructure Improvements; Public Services; Acquisition; Clearance and Remediation Activities; Homeownership Assistance; and Planning and Environmental Studies.

Infrastructure and Public Facility Improvements

There is a continuing need in the City for infrastructure and public facility improvements to serve low- and moderate-income residents who reside within older neighborhoods that either has inadequate facilities or where existing facilities suffer from heavy use or deferred maintenance, leading to disrepair. Capital improvement funding identified in the Action Plan strives for maximum leveraging opportunities to provide the greatest impact to residents.

Supporting large infrastructure and public facility improvement projects benefiting low and moderate-income areas remains a key objective of the City's CDBG Program. The Consolidated Plan identifies targeted priority areas that 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, area benefit projects outside the priority areas will also be supported where strategic projects exist in broader low- and moderate-income areas and to the extent that capital and public facility funding remains available.

The Action Plan recognizes the limited federal, state, and local funding available for Projects, and strategically focuses funding on fewer, but larger projects in low- and moderate-income neighborhoods. The goal is to create a concentration of activity that generates strategic and visible impacts which promote positive changes within the community.

Housing

Housing activities outlined in the Action Plan seek to support, increase and improve the multi-family housing stock, fund minor and emergency repairs to existing single-family homes, and provide decent and affordable housing to low- and moderate-income individuals. SHRA's ability to respond to difficult housing issues has been constrained in recent years due to the limited amount of entitlement grants from the federal government and limited state and local funding. As a result, resources from CDBG have been consistently targeted over the Consolidated Planning period towards housing rehabilitation and in support of housing development. Efforts have been made to reduce mobility barriers for low- and moderate-income households by supporting infrastructure improvements along transit corridors in conjunction with housing development and community facilities in designated neighborhoods. This strategy is part of SHRA's efforts to support equitable Transit-Oriented Development and is 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.

HOME Program

The HOME Program empowers grantees to design and implement affordable housing strategies to respond to locally determined needs. HOME funds, unlike CDBG, can be used for the construction of new housing. Additionally, HOME funds are also used for the rehabilitation of existing housing.

In accordance with HOME regulations (24 CFR Part 92), projects are subject to regulatory restrictions for a term of five through twenty years depending on the amount and type of assistance. In the past, restrictions were recorded for longer periods than required, typically for the purpose of uniformity among different funding sources. In an effort to maximize the opportunity for rehabilitation projects to secure new financing, such as Mortgage Revenue Bond and Tax Credits, staff recommends HOME restrictions be only for the period required by HUD. Once the HOME loan has been repaid, the HOME affordability period has been satisfied, and continued affordability is assured through the placement of a new restriction, the HOME regulatory agreement will be released. The new restrictions will generally remain in force for a minimum of fifty-five years.

Homeless Services

SHRA is part of the Continuum of Care Advisory board and is committed to partnering with the City and Sacramento Steps Forward (SSF), the lead agency for the Continuum of Care (CoC). As such, SHRA continues to participate in discussions about the best methods to reach out to homeless persons and how to assess individual needs as part of ongoing coordination efforts. It is recognized in the Action Plan that addressing homelessness is a high priority for the City. SHRA continually

works with City staff on the most strategic use of federal funding for homeless services, including CDBG, HOPWA, and ESG, to reflect and complement the broader commitments of the City to prevent and end homelessness.

Objectives to address homelessness include: 1) supporting efforts to continue the CoC System for homeless assistance through the provision of emergency shelters, rapid re-housing/prevention services, and including housing for the chronically homeless; and 2) providing permanent supportive housing services, and supportive services for low- and moderate-income persons and those with special needs, including the homeless and persons living with HIV/AIDS.

As part of the Action Plan, CDBG, ESG, and HOPWA funds are used for established programs such as emergency shelters, rapid re-housing, and other actions related to the prevention of homelessness.

Emergency Solutions Grant

The federal Emergency Solutions Grant program (ESG) provides funds for a variety of activities to address homelessness as authorized under the federal Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009. ESG funds may be used for five program components: street outreach, emergency shelter, homelessness prevention, rapid re-housing assistance, and administrative activities. Upon approval of the Action Plan by the Sacramento City Council, SHRA executes sub-recipient agreements for rapid re-housing and emergency shelter programs. Rapid re-housing services include housing search and placement, housing stability case management, direct short-term rental assistance, rental application fees, security/utility deposits, and first/last months' rent.

HOPWA

HOPWA provides housing assistance and related supportive services to low-income persons living with HIV/AIDS and their families. These include, but are not limited to, the acquisition, rehabilitation, or new construction of housing units, costs for facility operations, rental assistance, and short-term payments to prevent homelessness. Supportive services can include case management, substance abuse treatment, mental health treatment, nutritional services, job training and placement assistance, and assistance with daily living. In addition to funding for activities outlined above, SHRA works with developers in order to create affordable HOPWA housing units as opportunities present themselves.

As a HOPWA recipient, SHRA has the responsibility to serve eligible individuals within the Eligible Metropolitan Statistical Area (EMSA) which is a metropolitan area with more than 500,000 people and more than 2,000 persons living with HIV or AIDS. For HOPWA funds allocated to the City, the eligible area includes Sacramento, Yolo, Placer, and El Dorado counties. SHRA works with sub-recipients to provide services to HOPWA-eligible clients.

Public Services

An overall priority for CDBG is to increase self-sufficiency and economic opportunity for low-income residents and individuals with special needs so that they can achieve a reasonable standard of living. The priority in the Consolidated Plan for the utilization of public service funding is to support the provision of vital services to the City's most vulnerable populations, such as providing meals to seniors and services and emergency shelter to homeless households.

Fair Housing

SHRA, the City and County of Sacramento, and the Cities of Citrus Heights, Elk Grove, Folsom, and Rancho Cordova implement fair housing services through local partnerships. The result is the Renter's Hotline, which serves as a central intake point to provide counseling, dispute resolution, and fair housing services for all Sacramento residents in a housing crisis or dispute. Access is through the telephone and the internet. Other components include fair housing education and training for landlords, implicit bias training, and fair housing investigation/testing/litigation.