



**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



7

November 12, 1986

Budget & Finance Committee of
the City Council
Sacramento, CA

Honorable Members in Session:

SUBJECT: 1987 Community Development Block Grant Application

SUMMARY

The attached report is submitted to you for review and recommendation prior to consideration by the Redevelopment Agency and City Council of the City of Sacramento.

RECOMMENDATION

The staff recommends approval of the attached resolution approving the proposed application.

Respectfully submitted,


WILLIAM H. EDGAR
Executive Director

TRANSMITTAL TO COMMITTEE:


JACK R. CRIST
Deputy City Manager

Attachment



SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY



November 3, 1986

Redevelopment Agency of the
City of Sacramento
Sacramento, California
and Sacramento City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: 1987 Community Development Block Grant Statement of
Objectives and Proposed Use of Funds - Public Hearing

SUMMARY

This report presents the City of Sacramento's 1987 Application to the U.S. Department of Housing and Urban Development (HUD) for Community Development Block Grant (CDBG) funds. The attached resolutions (1) approve the 1987 Application and carryover budget amendments (Chart A), (2) authorize the Executive Director to submit the application and execute the subsequent grant agreement, and (3) authorize the Executive Director to amend the 1987 CDBG contingency fund in the event the final 1987 entitlement is greater or smaller than that estimated in the application.

BACKGROUND

Each year the City of Sacramento submits an application to HUD in order to receive CDBG funds. The application is due at HUD by December 1, 1986, in order for the City to receive CDBG funds in approximately late January or early February of 1987.

The attached application has been developed in close conformance with the Best Case 1987 Priority Statement and the Target Area Committee Three-Year Plans. As you recall, in June of this year the City Council approved two alternative Priority Statements for 1987 (Best Case and Worst Case) as part of the actions taken to accommodate federal reductions in CDBG. Based on the most recent estimates from HUD and the budget deliberations in Congress, both of which indicate at least the higher funding level, staff has used the Best Case figures in developing the application.

(1)

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Staff has reviewed all proposed projects and finds them to be in accordance with HUD regulations regarding eligibility and program benefit to low- and moderate-income persons or neighborhoods. Highlighted below are significant policy or budget issues:

I. ANTICIPATED REVENUES. Based on the Best Case, the City's 1987 grant should be \$2,951,000. In addition to the 1987 entitlement funds, staff is recommending reprogramming of surplus unused funds from prior years to meet the needs for 1987 (see Chart A). The addition of \$216,342.14 in surplus carryover funds (Chart A) will create a total projected 1987 budget of \$3,167,342.14.

Because staff does not yet have a final entitlement figure from HUD, the attached resolutions authorize adjustments to the contingency fund should the final entitlement be greater or smaller than the current projection.

II. BUDGET HIGHLIGHTS. The purpose of the national CDBG Program is to provide direct benefit and a more decent living environment for low-income persons and to upgrade deteriorated areas. The targeting policies adopted along with the 1987 Priority Statement recommend that emphasis be given to essential housing and public services. Accordingly, capital improvement funding has been reduced but remains an essential element in the program.

III. CAPITAL IMPROVEMENTS. Funding for capital improvements has been decreased by almost 50 percent from the 1986 level. Nonetheless, projects are planned for all target areas as described on pages 9 through 16 of the attached application. The one in Woodbine represents the final project prior to closing out the program there as recommended by adopted targeting policies. No funding is recommended for projects in the redevelopment project areas, also in accordance with targeting policies.

The Target Area Committees have reviewed and recommended the projects proposed for their respective areas. They have also impressed on staff that many needs still exist which cannot be addressed under such reduced funding; (additional needed projects are listed on Exhibit B).

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Also included within the capital improvement budget is funding for special neighborhood cleanups in the target areas, the redevelopment project areas, and Meadowview. This allocation will cover costs of the Solid Waste Division of the Department of Public Works in providing a summer cleanup; this cleanup will be in addition to the City's regular service which offers approximately annual cleanups per neighborhood Citywide. As in the past, Workrecreation crews will assist prior to the cleanup effort by delivering announcements door-to-door.

IV. HOUSING. Housing continues to be the largest component of the overall CDBG program, consistent with both local and national objectives.

As noted in the Priority Statement, the amount for repayment of Section 108 loans cannot be adjusted. In 1987, it requires \$215,644 of CDBG funds, an amount that will increase to approximately \$415,000 in 1988, unless other sources of repayment can be found for the Twelfth Street Revitalization loan.

For the Housing Rehabilitation program, the application includes administration support for not only the specific 1987 loans and grants allocations but also for carryover and revolving loan funds and for numerous other programs which provide loan funds but make no allowance for administration. These additional programs and funds are enumerated on Exhibit C which also lists special projects managed by the Housing Rehabilitation Division.

Staff also recommends \$150,000 to support Neighborhood Housing Services (NHS) as approved in concept by the City Council earlier this year. As you recall, NHS is a specialized, neighborhood-based rehabilitation program which will serve two areas: portions of Gardenland and Noralto and a portion of Oak Park.

V. PUBLIC SERVICES. Funding for each of the public services traditionally assisted with CDBG remains at this year's level. In order to maintain public service funding within the regulatory ceiling of 15 percent of the grant, all of the allocation for Human Rights/Fair Housing has been categorized as administration.

VI. ECONOMIC DEVELOPMENT. In anticipation of some carryover from 1986 staff recommends an allocation of \$200,000 for the Economic Development Program. This program provides technical assistance and high risk loans on targeted commercial areas of Stockton, Franklin, and Del Paso Boulevards.

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VII. ADMINISTRATION. The recommended \$300,000 allocation for administration supports 3.75 full-time equivalent (FTE) staff positions, indirect costs, supplies and services, consultants, and all citizen participation costs. The CDBG staff is responsible for full administration of the CDBG program including the annual application, grantee performance reports, audits and monitoring reports, and ensuring compliance with all Federal requirements related to contracting, purchasing, environmental review, financial review, and equal opportunity. In addition, the staff is responsible for coordinating the monthly activities of the three target area committees and CDBG related activities of various City departments and non-profits. Project implementation and oversight is the greatest workload for the unit, with approximately 60 projects currently active. The Agency's Minority and Women Business Enterprises (MBE/WBE) program is also administered by this staff.

VIII. CONTINGENCY. Finally, this report projects a contingency fund totalling five percent of the budget. This fund, which provides primarily for unexpected construction project costs, will be augmented, if the final entitlement exceeds the current estimate.

FINANCIAL DATA

The attached application conforms to staff's best estimate of 1987 CDBG revenues and includes program budget reductions to respond to overall cuts in CDBG funding nationwide.

ENVIRONMENTAL REVIEW

All projects are currently under review for compliance with both the California Environmental Quality Act (CEQA) and the National Environmental Protection Act (NEPA). Per HUD regulations, no funds will be expended prior to environmental clearance.

POLICY IMPLICATION

The attached application is developed in accordance with the Federal CDBG regulations regarding primary benefit to low-income persons and neighborhoods. Due to budget cuts beyond local control, the number and extent of capital improvements has been reduced. Despite these cuts, the application still largely addresses the CDBG Three-Year Plan (1985-87) goals of providing decent housing and improving the living environment of the three target areas within the City.

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VOTE AND RECOMMENDATION OF COMMISSION

At its regular meeting of November ____, 1986, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolutions. The vote was as follows:

AYES:

NOES:

ABSENT:

RECOMMENDATION

The staff recommends adoption of the attached resolutions which (1) approve the 1987 application, (2) approve reprogramming of surplus funds from prior years to the 1987 budget as delineated in Chart A, (3) authorize the Executive Director to submit the application and to execute the grant agreement, and (4) allow for any increase or decrease in actual CDBG entitlement funds to be reflected in the 1987 CDBG contingency.

Respectfully submitted,

William H. Edgar

WILLIAM H. EDGAR
Executive Director

TRANSMITTAL TO COUNCIL:

WALTER J. SLIPE
City Manager

Contact Person: Trish Davey

2075K

(5)

RESOLUTION NO.

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF

SUBMITTAL OF 1987 COMMUNITY DEVELOPMENT BLOCK GRANT
STATEMENT OF OBJECTIVES AND PROJECTED USE OF FUNDS
TO THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY
OF SACRAMENTO:

Section 1: The Executive Director is authorized to submit the Final 1987 Community Development Block Grant Statement of Objectives and Projected Use of Funds and necessary application materials, as approved by the City Council, to the United States Department of Housing and Urban Development.

Section 2: The Executive Director is authorized to execute and submit all certifications necessary to receive Community Development Block Grant Funds and to execute the subsequent grant agreement.

Section 3: The 1987 Agency budget shall be amended to acknowledge receipt of Community Development Block Grant funds in the amount and purposes designated in the 1987 Application approved on this date.

Section 4: The Executive Director is hereby authorized to amend the 1986 and 1987 Agency budgets in accordance with Exhibit "A" attached hereto.

Section 5: The Executive Director is hereby authorized to amend the 1987 CDBG Contingency in the event 1987 entitlement funds received are greater or smaller than estimated in the Projected Use of Funds.

CHAIR

ATTEST:

SECRETARY

0564L

(6)

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

SUBMITTAL OF 1987 COMMUNITY DEVELOPMENT BLOCK GRANT
STATEMENT OF OBJECTIVES AND PROJECTED USE OF FUNDS
TO THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

Section 1: The Executive Director is authorized to submit the Final 1987 Community Development Block Grant Statement of Objectives and Projected Use of Funds and necessary application materials, as approved by the City Council, to the United States Department of Housing and Urban Development.

Section 2: The Executive Director is authorized to execute and submit all certifications necessary to receive Community Development Block Grant Funds and to execute the subsequent grant agreement.

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Section 4: The Executive Director is hereby authorized to amend the 1986 and 1987 Agency budgets in accordance with Exhibit "A" attached hereto.

Section 5: The City Council hereby authorizes the Executive Director to amend the 1987 CDBG Contingency in the event 1987 entitlement funds received are greater or smaller than estimated in the Projected Use of Funds.

MAYOR

ATTEST:

CITY CLERK

0564L

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CHART A: RECOMMENDED REPROGRAMMINGS
CITY OF SACRAMENTO
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

YEAR COST CENTER	PROJECT	CURRENT ALLOCATION	RECOMMENDED ALLOCATION	NET CHARGE TO CONTINGENCY	COMMENTS
1980/82-4120	Sacramento Blvd. Widening	\$104,980.00	\$104,980.47	-\$.47	Project complete; funds needed for final bill.
1985 - 4200	CDBG Administration	273,371.20	225,146.20	+\$ 48,225.00	Project complete; surplus funds.
1986 - 4611	1987 Reserve Fund	168,117.61	0	+\$168,117.61	Surplus fund ear- marked from 1986 contingency for 1987.
1986 - 4506	Gardenland Park Handball Courts	10,000.00	0	+\$ 10,000.00	This project was recommended for cancellation by the Gardenland TAC due to continuing problems at the park.
1986 - New	Stanford Settlement Parking Lot Lighting	0	10,000.00	<u>-\$ 10,000.00</u>	This project was recommended for funding by the TAC due to the need for security lighting at Stanford Settlement's parking lot.
TOTAL AVAILABLE FOR 1987 BUDGET:				\$216,342.14	

2076K

EXHIBIT A

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

EXHIBIT B

CITY OF SACRAMENTO

1987 ADDITIONAL CAPITAL IMPROVEMENT NEEDS

COST ESTIMATE

GARDENLAND TARGET AREA:

Stanford Settlement Parking	\$ 10,000
Lot Lighting	
Community Garden	8,000
Levee Barrier	Not Available
NHS Area Support Projects	Not Available

EAST DEL PASO HEIGHTS TARGET AREA:

Street Improvements Phase 5B (Construction)	\$500,000
Street Improvements Phase 4 (Construction)	Not Available

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SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

EXHIBIT C

CITY OF SACRAMENTO HOUSING REHABILITATION DIVISION 1987 LOAN FUNDS AND SPECIAL PROJECTS

1987 LOAN FUNDS TO BE ADMINISTERED BY THE HOUSING REHABILITATION DIVISION

	<u>Single-Family</u>	<u>Multi-Family</u>
CDBG Allocation:		RRBG Carryover \$246,000
Loans and Retrofit		
Grants	\$300,000*	RRBG 1987 \$250,000
Revolving Loan Fund Carryover	20,000	
Revolving Funds	250,000	
Carryover from 1986	655,000	
Section 312	400,000	
ERP Carryover	25,000	
ERP	<u>175,000</u>	
TOTAL	\$1,825,000	<u>\$496,000</u>
Total 1987 Single Family and Multi-Family Loan Funds:		\$2,321,000

SPECIAL PROJECTS MANAGED BY THE HOUSING REHAB DIVISION

Paso Paint Project
Oak Park Paint Project
Alkali Flat Special Rehab (728 E Street; 530 10th Street)
Remedial Action Funds
12th Street Commercial Rehab
Donner School
Oak Park Firehouse
Camellia Center
Single Room Occupancy Hotels

* An additional \$150,000 of CDBG funds will be allocated to NHS for rehab loans in the NHS areas.

Compiled October 29, 1986.

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CERTIFICATIONS

The grantee certifies that:

- (a) It possesses legal authority to make a grant submission and to execute a community development and housing program;
- (b) Its governing body has duly adopted or passed as an official act a resolution, motion or similar action authorizing the person identified as the official representative of the grantee to submit the final statement and all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the grantee to act in connection with the submission of the final statement and to provide such additional information as may be required;
- (c) Prior to submission of its final statement to HUD, the grantee has:
 - (1) met the citizen participation requirements of § 570.301(a)(2) and has provided citizens with:
 - (A) the estimate of the amount of CDBG funds proposed to be used for activities that will benefit persons of low and moderate income; and
 - (B) its plan for minimizing displacement of persons as a result of activities assisted with CDBG funds and to assist persons actually displaced as a result of such activities;
 - (2) prepared its final statement of community development objectives and projected use of funds in accordance with § 570.301(a)(3) and made the final statement available to the public;
- (d) The grant will be conducted and administered in compliance with:
 - (1) Title VI of the Civil Rights Act of 1964 (Pub. L. 88-352; 42 U.S.C. § 2000d et seq.); and
 - (2) Title VIII of the Civil Rights Act of 1968 (Pub. L. 90-284; 42 U.S.C. § 3601 et seq.);
- (e) It will affirmatively further fair housing;
- (f) It has developed its final statement of projected use of funds so as to give maximum feasible priority to activities which benefit low and moderate income families or aid in the prevention or elimination of slums or blight; (the final statement of projected use of funds may also include activities which the grantee certifies are designed to meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community, and other financial resources are not available); except that the aggregate use of CDBG funds received under section 106 of the Act and, if applicable, under section 108 of the Act, during the 1985, 1986, and 1987 program year(s) (a period specified by the grantee consisting of 1, 2, or 3 program years, e.g., 1984 & 1985), shall

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principally benefit persons of low and moderate income in a manner that ensures that not less than 51 percent of such funds are used for activities that benefit such persons during such period;

- (g) It has developed a community development plan, for the period specified in paragraph (f) above, that identifies community development and housing needs and specifies both short and long-term community development objectives that have been developed in accordance with the primary objective and requirements of the Act;
- (h) It is following a current housing assistance plan which has been approved by HUD pursuant to § 570.306;
- (i) It will not attempt to recover any capital costs of public improvements assisted in whole or in part with funds provided under section 106 of the Act or with amounts resulting from a guarantee under section 108 of the Act by assessing any amount against properties owned and occupied by persons of low and moderate income, including any fee charged or assessment made as a condition of obtaining access to such public improvements, unless: (1) funds received under section 106 of the Act are used to pay the proportion of such fee or assessment that relates to the capital costs of such public improvements that are financed from revenue sources other than under Title I the Act; or (2) for purposes of assessing any amount against properties owned and occupied by persons of moderate income, the grantee certifies to the Secretary that it lacks sufficient funds received under section 106 of the Act to comply with the requirements of subparagraph (1); and
- (j) It will comply with the other provisions of the Act and with other applicable laws.