

RESOLUTION NO. 2022-0328

Adopted by the Sacramento City Council

October 25, 2022

Resolution Approving Allocations of Funds to Affordable Housing Projects and Programs

BACKGROUND

- A. Homelessness is an existential threat to the individuals living without quality housing and to the public health and safety of the residents and businesses in Sacramento. The right to an adequate standard of living for every resident of the City is one that must be protected and advanced by the actions and commitment of all levels of government, including the City of Sacramento. The interconnectedness of homelessness, housing, and public health must inform the current and future policy, partnerships, prioritization of work programs, and budget allocations to prevent homelessness and reduce the number of people experiencing it.
- B. On January 5, 2021, the City Council unanimously approved the preparation of a siting, operations, programmatic, and financing plan and committed to a Council-led process to engage the community, identify public and private properties for shelter and housing, identify funding sources, and provide authority to the City Manager to implement it. The resulting Comprehensive Siting Plan to Address Homelessness was approved on August 10, 2021 and a substantial workplan update was approved on April 12, 2022.
- C. According to the 2019 Point-in-Time Homeless Count released by the Sacramento Steps Forward, which is Sacramento's Continuum of Care, the County of Sacramento had a homeless population of 5,570 individuals, a majority of whom are sheltered and unsheltered on any given night in the City of Sacramento. The 2019 Point-in-Time Count also estimates that in 2019 between 10,000 and 11,000 individuals would be unsheltered at some point over the year. In 2022, the Point-in-Time Count increased to 9,278 homeless individuals in Sacramento County. A disproportionate share of these homeless individuals are people of color. There has been an increase in local homelessness as a result of the COVID-19 pandemic, population relocation, and further housing market constraints, finding that approximately 16,500 to 20,000 experience homelessness over the course of a year in Sacramento County.
- D. Since 2019, housing affordability in the state has worsened with rising rents and limited new construction of affordable and permanent supportive housing. The City Council declared a Shelter Crisis annually since January 14, 2020 under chapter 7.8 of division 1 of title 2 of the California Government Code and directed the City Manager to take action

to streamline the provision of homeless shelters (Resolution 2020-0017). While the City has made great progress in ensuring 1,100 spaces for sheltering and notable increases in the production of affordable and workforce housing, more housing is needed.

- E. Recent increases in higher-income households relocating from the Bay Area have placed further demand on the local housing market. Regionally, over the last year, median household income increased by twelve percent, far outpacing the typical three percent average. It is estimated that these increases are primarily resulting from new residents, making the housing market more competitive than ever.
- F. The City Council has also acknowledged that to reduce the number of persons experiencing homelessness for the first time and persons who return to homelessness after previously experiencing it, homeless-prevention, diversion, workforce-training and job placement resources are a priority and those resources have been allocated accordingly.
- G. Since March 2020 when the COVID-19 pandemic was declared a public health emergency in California, the City Council has allocated significant funding from one-time funding sources to provide shelter and emergency housing.
- H. In an effort to provide a systematic and comprehensive approach to address the humanitarian crisis of homelessness, staff from the City, County, SHRA, and Sacramento Steps Forward have been collaborating in the implementation of a Coordinated Access System (funded by the City Council and partners) and in the creation and adoption of a Sacramento Local Homeless Action Plan to implement a regional response to homelessness. The Local Homeless Action Plan includes prevention/diversion programs, shelter and housing options, and necessary supportive services, as directed by the City Council, the County Board of Supervisors, and the Continuum of Care Board and Committees.
- I. The recommended actions in this report are consistent with the 2021-2029 Housing Element, which encourages the provision of a variety of quality housing types to encourage neighborhood stability, including options for extremely low-income households (Resolution No. 2021-0259); the City Council's adopted Housing Trust Fund Framework from January 28, 2020; and the Council's efforts under the Comprehensive Siting Plan and the Local Homeless Action Plan to further affordable housing and reduce local instances of homelessness. On June 28, 2022, the City Council directed staff to bring back recommendations to further alignment of the Comprehensive Siting Plan and the Local Homeless Action Plan.

The recommendations include commitment of funds to both State Projects (BRIDGE Affordable Housing and CADA/Mutual Affordable Housing) and to projects initiated by local non-profits and developers (The Kind Project South, Donner Field Affordable

Housing, Oak Park Affordable Housing, collectively “Local Projects”). The State Projects have already been approved by the Department of General Services and are infill projects exempt from CEQA pursuant to CEQA Guidelines section 15332 (Bridge Affordable Housing, Notice of Exemption filed January 14, 2022; CADA/Mutual Affordable Housing, Notice of Exemption filed September 14, 2022). The City’s establishment of a funding mechanism for the Local Projects is not a project pursuant to CEQA Guidelines section 15378(b)(4) because it does not constitute the commitment to or approval of any particular project. The City retains the sole and independent discretion as the lead agency to decide whether to approve the Local Projects. As currently described, the Local Projects will be single family units exempt from CEQA pursuant to CEQA Guidelines sections 15268 and 15303 and multi-unit projects subject to the City’s Ministerial Housing Ordinance and exempt from CEQA pursuant to CEQA Guidelines section 15268. The Home Repair Program Project dedicates funds to the repair of existing private structures and is exempt from CEQA pursuant to CEQA Guidelines section 15301 as maintenance of existing City facilities. The same exemption applies to the transitional housing contract and other programming.

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.

SECTION 2.

In accordance with updates to the Comprehensive Siting Plan and with the Local Homeless Action Plan, the City is focusing increased resources on the implementation of homeless prevention and the production of more permanent affordable housing.

SECTION 3.

The FY2022/23 Affordable Housing Project (I02189050) is established as a new Multi-Year Operating Project.

SECTION 4.

The City Manager or the City Manager’s designee is authorized to make the budgetary adjustments to available fund balances and projects as outlined and attached as Exhibit A to this Resolution.

SECTION 5.

The City Manager or the City Manager’s designee is authorized, following appropriate environmental review if necessary, to negotiate, enter into, execute, and amend the necessary funding agreements, subject to legal review and approved as to form by the Office of the City Attorney, that provide loans or grants in the amounts specified for the projects outlined and attached as Exhibit B to this Resolution. Such funding agreements shall require the immediate return of funds to any projects subject to City review and not approved by the City.

SECTION 6.

The City Manager or the City Manager’s designee is authorized to perform all other actions related to the Projects listed above, including conducting any legally required environmental review, executing related affordability agreements, approved as to form by the Office of the City Attorney, amending the HHAP 2 budget with the State, and producing other Project documents.

SECTION 7.

Future loan repayments from these Projects are to be returned to the Revolving Loan Fund (Fund 2029) as payments are received. Any additional interest collected by the City in the Housing Trust Fund can be used to cover the City’s administrative costs of servicing the loans and for additional affordable housing development.

SECTION 8.

The City Manager or the City Manager’s designee will return to Council in November for additional discussion of the Homeless Housing, Assistance and Prevention (HHAP) Round 4 funding.

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- Exhibit A – Budgetary Adjustments
- Exhibit B – Affordable Housing Projects

Adopted by the City of Sacramento City Council on October 25, 2022, by the following vote:

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

Noes: None

Abstain: None

Absent: None

Attest:  11/22/2022

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.

Budgetary Adjustments

Project Number/ Dept ID	Project Name	ARPA Reinvestment (1003)	Operating Grants (2702)	Fund			Measure U (2401)	Total
				2005 TAB Oak Park CIP Taxable (3816)	2005 TAB Oak Park CIP Tax-Exempt (3817)			
C15001400	Property Acquisition for Siting Locations	(470,675)						(470,675)
C15001500	Siting Plan Location Buildout	(2,208,664)						(2,208,664)
G02000960	HHAP II Program		(3,456,710)					(3,456,710)
I02000200	Homeless Housing Initiative						(1,167,500)	(1,167,500)
I02180300	Oak Park Broadway			(445,646)				(445,646)
I02180300	Oak Park Broadway					(2,185,756)		(2,185,756)
I80611000	ARPA Reinvestment Funds	(8,530,664)						(8,530,664)
60001015	Available Fund Balance			(246,354)				(246,354)
60001015	Available Fund Balance					1,185,756		1,185,756
I02189050	FY2022/23 Affordable Housing Project	11,210,003	3,456,710	692,000		1,000,000	1,167,500	17,526,213

Affordable Housing Projects

Project Name	Project Description	Amount & Source
Paratransit The Kind Project South- 7141 Woodbine Avenue	216 low-income units to be developed in partnership with Paratransit and private equity. Utilizes partnership programs (Transition-Aged Youth, RIL, City Year, etc.) to address rent subsidies and on-site services. 10 homeless set-aside units for City referral	CSP: \$7,966,713 Measure U: \$459,500 Total: \$8,426,213 \$39,010 per unit subsidy
BRIDGE Affordable Housing- 440 Arden Way	124 units on state surplus property combined with city surplus property. Includes extremely low to low-income units, 21 homeless set-aside units	CSP: \$243,290 HHAP II: \$3,456,710 Total: \$3,700,000 \$29,839 per unit subsidy
CADA/Mutual Affordable Housing- 805 R Street	242 units on state surplus property. Includes extremely low to low-income units, 15 homeless set-aside units	CSP: \$3,000,000 \$12,397 per unit subsidy
Eden Housing Donner Field Affordable Housing- 4501 9 th Avenue	67 units on Redevelopment-Housing surplus property. Includes extremely-low to very-low income senior units in the Stockton Boulevard area. 35 homeless set-aside units. Conditioned upon timely execution of Disposition & Development Agreement with Eden.	Redevelopment: \$692,000 Measure U: \$558,000 Total: \$1,250,000 \$18,657 per unit subsidy
Oak Park Affordable Single-Family Lots- Scattered	10 affordable ownership units on Redevelopment-Housing surplus property. Includes very-low to low-income units in the Oak Park area. Additional funding to accelerate construction of lots.	Redevelopment: \$500,000 \$50,000 per unit subsidy Subject to Match of SHRA \$1,000,000 that covers project soft and hard costs.
Home Repair in Oak Park Area (Habitat Rock the Block Program)	Estimated 70-100 low-income homeowners with potential code and health & safety repairs are assisted in maintaining their housing. Expands program to year-round.	Redevelopment: \$500,000 \$7,143 per unit subsidy Subject to Match of Habitat \$500,000
Reduced Residential Development Impact Fees for Affordable Housing Units (Zero-Dollar Impact Fee) Program (Authorized by Resolution 2019-0185)	Authorizes a zero-dollar rate for certain development impact fees for qualified affordable housing. Estimated to cover approximately 600 units with the zero- dollar fee rate.	\$3,000,000 for estimated current fiscal year impact fees
TOTAL	659 new construction units, 729 to 759 new construction and repair	\$29,981 per unit construction subsidy/ \$18,562 per unit combined