



**Sacramento
Housing &
Redevelopment
Agency**

City Council
Sacramento, California

Honorable Members in Session:

**SUBJECT: APPLICATION FOR STATE MATCHING FUNDS FOR CITY HOUSING
TRUST FUND PROGRAM**

LOCATION & COUNCIL DISTRICT - Citywide

RECOMMENDATION

Staff recommends adoption of the attached resolution on page 5 which authorizes the Executive Director of the Sacramento Housing and Redevelopment Agency or her designee to:

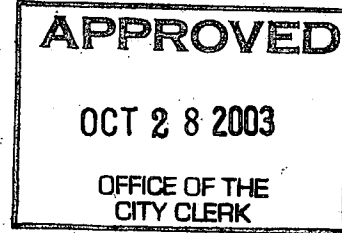
- Submit an application to the California Department of Housing and Community Development (HCD) for funding under the Local Housing Trust Fund (Matching Grant) Program;
- Execute a Standard Agreement with HCD for such funding and any amendments thereto;
- Execute any related documents necessary to participate in the Local Housing Trust Fund Program;
- Administer the Local Housing Trust Fund Program;
- Amend the budget of the Sacramento Housing and Redevelopment Agency to receive and expend not more than \$2 million in Local Housing Trust Fund revenues.

CONTACT PERSONS

Beverly Fretz-Brown, Director of Policy and Planning, SHRA 440-1347
Steve Peterson, Principal Planner, City of Sacramento 264-5981

FOR COUNCIL MEETING OF October 28, 2003

October 28, 2003



3.2

SUMMARY

This staff report requests authorization for the Sacramento Housing and Redevelopment Agency (SHRA) to apply to the State Department of Housing and Community Development (HCD) for funding under the Local Housing Trust Fund matching grant program, to execute all related documents if allocated funds, and to implement the program. As administrator of the housing trust fund program for the City of Sacramento, SHRA requests approval to submit an application not to exceed \$2 million to augment the City's housing trust fund program.

BACKGROUND

In 2002, the California legislature enacted the Local Housing Trust Fund Program, requiring the State Department of Housing and Community Development (HCD) to make matching grants to local governments or qualified nonprofit entities that have or will adopt housing trust funds. The program was included in the 2002 State housing bond (Proposition 46), which was approved by the voters. HCD consequently published a NOFA, allocating \$14.3 million in matching grants for existing local housing trust funds, and \$9.5 million for new trust funds created after January 1, 2003.

The City of Sacramento's housing trust fund, established in 1989, is eligible for the State's matching grant program because it was adopted by ordinance and receives on-going revenues from dedicated sources that would not otherwise have been used for housing. Fees on new commercial development generate the fund's revenues. These fees were based on an economic nexus analysis that determined that the construction of a variety of commercial projects such as offices, business parks, hotels, warehouses, and shopping centers played a major role in attracting new very low- and low-income workers to Sacramento. The fee-generated revenue is used to increase the supply of housing affordable to these income groups. Since 1989, over \$14 million in housing trust fund revenues have been collected, including interest income and amortized loan repayments, and \$13 million committed to projects serving low- and very low-income households. More than \$2 million is available "on deposit" to match the State's grant from second and third quarter 2003 local trust fund revenues, unencumbered funds, and unexpended commitments.

The State's Local Housing Trust Fund Program will provide no less than \$1 million or more than \$2 million in grants to an eligible jurisdiction. The amount depends on the size of the local match, which must be shown to be "on deposit." The source of the revenue must be documented and the fund's on-going capability shown. In addition, the local government must have a Housing Element adopted and in compliance, as determined by HCD. The City's housing trust fund meets the State's financial, documentation, and Housing Element requirements. With more than \$2 million on deposit, staff is thereby requesting that the City apply for a \$2 million matching grant.

The City's housing trust fund regulations do not need to be modified as a result of this application. However, to be competitive for these funds, SHRA recommends that it will commit that the project(s) using the State's grant will have 30 percent of their units contain three or more

bedrooms and 30 percent of the units restricted to extremely low-income households. Other competitive factors - such as the use of non-residential impact fees, the extent to which the trust funds on deposit locally exceed the minimum match, and the level of households overpaying for rent - are all ranked by the State on a curve, depending on the applications received.

FINANCIAL CONSIDERATIONS

The award of a \$2 million grant to the City's housing trust fund will enable SHRA to finance two additional housing developments through its multifamily lending program. If approved, the State's funds are required to be spent on a one-to-one basis with local trust funds. Repayment of the loans made with State funds will revolve back into the local housing trust fund account at SHRA.

POLICY CONSIDERATIONS

The City of Sacramento's Housing Element and its Consolidated Plan both commit the City and SHRA to seek additional funding to increase the housing supply affordable to low-income people. Applying for the maximum amount allowable under the State's Local Housing Trust Fund Program carries out this commitment.

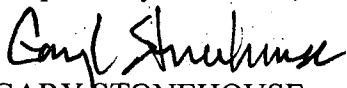
ENVIRONMENTAL REVIEW

The proposed action involves a government funding mechanism. As such, the proposed action does not constitute a project under CEQA per Guidelines Section 15378(b)(4). Environmental review of the projects that may be funded under this program will occur at the time of project approval. The proposed action is not a federal undertaking under NEPA.

M/WBE CONSIDERATIONS

Minority and Women's Business Enterprise requirements will be applied to all activities to the extent required by federal funding.

Respectfully submitted,


GARY STONEHOUSE
City Planning Director

Respectfully submitted,


ANNE M. MOORE
Executive Director

Transmittal approved,



ROBERT P. THOMAS
City Manager

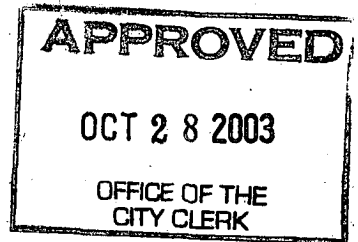
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RESOLUTION NO. 2003-743

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF



AUTHORIZATION FOR SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY TO APPLY FOR, ACCEPT, AND ADMINISTER THE LOCAL HOUSING TRUST FUND PROGRAM OF THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT, IN THE NAME OF AND ON BEHALF OF THE CITY OF SACRAMENTO

WHEREAS the City of Sacramento, a political subdivision of the State of California, desires to apply for and receive an allocation of funds through the California State Department of Housing and Community Development's Local Housing Trust Fund Program; and if selected, to execute a standard agreement, any amendments thereto, and any related documents necessary to participate in the Local Housing Trust Fund Program; and

WHEREAS the California Department of Housing and Community Development (the "Department") is authorized to allocate Local Housing Trust Fund Program ("LHTF") funds made available from the Housing and Emergency Shelter Act of 2002. LHTF funds are to be used for the purposes set forth in Section 50843 of the Health and Safety Code, and any implementing guidelines developed by the Department; and

WHEREAS, the Department issued a Notice of Funding Availability on August 18, 2003, announcing the availability of funds under the LHTF program (the "NOFA"); and

WHEREAS, in response to the NOFA, the City of Sacramento (the "Applicant"), by its agent, the Sacramento Housing and Redevelopment Agency, ("Agency") wishes to apply to the Department for, and receive an allocation of, LHTF funds.

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

Section 1. In response to the NOFA, the City delegates authority to the Agency to submit an application to the Department on behalf of and in the name of the City of Sacramento to participate in the LHTF program and to request a funding allocation not to exceed Two Million Dollars (\$2,000,000) for the following activities and/or programs located in the City of Sacramento:

Provision of gap financing in the form of construction and/or permanent loans for the construction of multifamily rental housing where at least thirty (30) percent of the total units will either contain three or more bedrooms or be restricted to special needs

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RESOLUTION NO.: _____

DATE ADOPTED: _____

populations, and at least 30 percent of total units will be restricted to extremely low-income households.

Section 2. If the application for funding is approved, the City delegates authority to the Agency to receive funding from the Department in the name of the City and administer the LHTF funds for eligible activities in the manner presented in its application as approved by the Department in accordance with the statute and guidelines cited above. It also may execute a standard agreement, any amendments thereto, and any and all other documents or instruments necessary or required by the Department for participation in the LHTF program (collectively, the required documents).

Section 3. The City authorizes the Agency to execute, on behalf of itself and the City, the Standard Agreement, any amendments thereto, and any and all other documents or instruments necessary or required by the Department for participation in the LHTF program.

Section 4. The Agency will amend the Agency Budget to receive and expend not more than \$2,000,000 under the LHTF program.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____