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SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

February 10, 1981

Ms. Annie Mason
Deputy City Clerk
915 I Street
Sacramento, CA

SUBJECT: Recommendations to Discontinue Sacramento
Homeownership Program

Dear Annie:

This will confirm our conversation wherein I requested that the above item, No. 34 on the February 10, 1981 Agenda, be withdrawn.

Thank you.

Very truly yours,

Joan Roberts
JOAN ROBERTS
Agency Clerk

FILED
By the City Council
Office of the City Clerk

Withdrawn
FEB 10 1981



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SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

February 3, 1981

CITY MANAGER'S OFFICE
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Housing Authority of the
City of Sacramento
Sacramento, California

- CITY GOVERNING BOARD**
- Phillip L. Isenberg, Mayor
 - Lloyd Connelly
 - Lynn Roble
 - Blaine H. Fisher
 - Thomas R. Hoerber
 - Douglas N. Pope
 - John Roberts
 - Anne Rudin
 - Daniel E. Thompson

Honorable Members in Session:

SUBJECT: Recommendations to Discontinue the SNAP Homeownership Program (SHOP)

- COUNTY GOVERNING BOARD**
- Illa Collin
 - C. Tobias (Toby) Johnson
 - Joseph E. (Ted) Sheedy
 - Sandra R. Smoley
 - Fred G. Wade

BACKGROUND

- EXECUTIVE DIRECTOR**
- William G. Seline
- P.O. Box 1834
Sacramento, CA 95809
630 I Street
Sacramento, CA 95814
(916) 444-9210

The SHOP Program, a joint City and County pilot program, was designed to provide homeownership opportunities for low income persons who could not qualify for conventional mortgage financing. Six existing housing units were to be purchased by the Sacramento Housing and Redevelopment Agency. The Agency was to provide a low interest SNAP loan to the qualified applicant with the applicant contributing a portion of the labor to lower the rehabilitation cost. The acquisition and rehabilitation costs incurred by the Agency were to be recovered through the repayment of the loan, with the proceeds to be deposited in a revolving loan fund for future SHOP activities.

ACTIVITIES TO DATE

The Agency has purchased from the Department of Housing and Urban Development (DHUD), at approximately 10% below market value, three FHA-repossessed structures. One of the structures is located in the County, while the other two are located in the City. Work write-ups and cost estimates have been completed for the rehabilitation of these units. The acquisition and estimated rehabilitation costs of these units are as follows:

2-10-81

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<u>Location</u>	<u>Acquisition Price</u>	<u>Estimated Rehabilitation Cost</u>	<u>Total</u>
4318 8th Avenue (City)	\$ 5,500	\$14,450	\$19,950
2180 Ferran Avenue (City)	26,550	7,225	33,775
4212 Gothberg Avenue (County)	29,700	12,350	42,050

FINANCIAL DATA

The following information is a breakdown of SHOP Program expenditures for these three units through December 1, 1980:

	<u>City</u>	<u>County</u>
Budget	<u>\$67,500</u>	<u>\$67,500</u>
Real Estate Purchased	32,050	29,700
Agency Operating Expenditures	<u>4,348</u>	<u>5,387</u>
Total Expenditures	<u>36,398</u>	<u>35,087</u>
Budget Balance	<u>31,102</u>	<u>32,413</u>

ANALYSIS

An analysis of the practicability of continuing this project indicates a very poor future due to the following reasons:

1. The stock of available FHA-repossessed homes suitable for acquisition and rehabilitation with which to continue the program is limited and according to local FHA staff will stay that way in the future.
2. The average acquisition cost of currently available structures is \$29,000 or \$12,000 (71%) more than contained in the original program proposal. This cost is continually increasing.
3. The amount of staff time that would be necessary to implement the program would impact on the Agency's ability to meet established production goals of other rehabilitation programs.
4. The remaining funds in both the City and County SHOP budgets are insufficient to complete even one additional respective project.

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5. The availability of outside funds to repay the SNAP loan and create a revolving fund are extremely limited.

VOTE AND RECOMMENDATION OF COMMISSION

At its regular meeting on February 2, 1981, the Sacramento Housing and Redevelopment Commission adopted a motion recommending adoption of the attached Resolution. The votes were recorded as follows:

AYES: Knepprath, Luevano, Serna, Teramoto, Walton, B. Miller
NOES: None
ABSENT: Coleman, Fisher, A. Miller

RECOMMENDATIONS

The staff recommends as follows:

1. That the three units already acquired be absorbed into the Agency's Substantial Rehabilitation Program recently approved by DHUD. The Substantial Rehabilitation Program utilizes direct Federal monies and would not involve expending any local dollars.
2. That the SHOP Program be discontinued and the remaining budgeted funds totaling \$67,500 be deposited in the respective City and County Contingency Fund and then reallocated to the SNAP Revolving Loan Fund account to be utilized for additional housing rehabilitation loans.

Respectfully submitted,

William H. Edgar

WILLIAM H. EDGAR
Interim Executive Director

TRANSMITTAL TO COUNCIL:

Walter J. Liipe

WALTER J. LIPE
City Manager

Contact Person: Leo Goto

RESOLUTION NO. _____

Adopted by the Housing Authority of the City of Sacramento

February 10, 1981

DISCONTINUING THE
SACRAMENTO HOMEOWNERSHIP PROGRAM

BE IT RESOLVED BY THE HOUSING AUTHORITY OF THE CITY OF
SACRAMENTO:

Section 1. The Sacramento Homeownership Program as established by Resolution No. 1646 dated October 3, 1978, is hereby rescinded and dissolved.

Section 2. The three housing units previously acquired under the Sacramento Homeownership Program shall be transferred to the Substantial Rehabilitation Program recently established by the Authority.

Section 3. The remaining funds in the Sacramento Homeownership Program shall be transferred to the respective City and County contingency funds and reallocated to the Sacramento Neighborhood Assistance Program Revolving Loan Fund account to be utilized for additional housing rehabilitation loans.

CHAIRMAN

ATTEST:

SECRETARY

RESOLUTION NO. HA-

Adopted by the Housing Authority of the City of Sacramento

February 10, 1981

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CHAIRMAN

ATTEST:

William H. Flynn
SECRETARY