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February 18, 1998

**APPROVED**  
BY THE CITY COUNCIL

**MAR 3 1998**

OFFICE OF THE  
CITY CLERK

City Council  
Sacramento, California

Honorable Members in Session:

**SUBJECT:** APPROVAL OF GRANTS UNDER THE NONPROFIT HOUSING DEVELOPMENT CORPORATION ASSISTANCE PROGRAM

**LOCATION AND COUNCIL DISTRICT:** City

**RECOMMENDATION**

Staff recommends the approval of the attached resolution which authorizes three grants totaling \$110,905 of 1997 Community Development Block Grant (CDBG) funds to:

- Sacramento Cottage Housing, Inc. (\$60,000) to assist tenants to become self-sufficient through the development of small businesses, job training and placement;
- Rural California Housing Corporation (\$905) to assist tenants with job training and placement;
- Volunteers of America (\$50,000) to assist tenants at downtown single room occupancy (SRO) properties by providing case management, crisis intervention services, referral to social services, independent living skills training, and access to drug and alcohol support groups.

**CONTACT PERSONS**

Beverly Fretz-Brown, Director of Housing Development, 440-1357;  
Alberto Esquivel, Program Manager of Housing Development, 440-1350

**FOR COUNCIL MEETING OF:** March 3, 1998

## SACRAMENTO HOUSING & REDEVELOPMENT AGENCY

City Council  
February 18, 1998  
Page 2

### SUMMARY

Based on the recommendations of a Selection Committee, staff recommends approval of grants to Sacramento Cottage Housing, Inc, Rural California Housing Corporation and Volunteers of America to carry out specific projects that directly benefit low-income people and the communities in which they live. A total of \$110,905 in 1997 City CDBG funds are recommended to fund tenant self-sufficiency programs.

### COMMISSION ACTION

At its meeting of February 18, 1998, the Sacramento Housing and Redevelopment Commission recommended approval of the attached resolution. The votes were as follows:

AYES: Amundson, Castello, Cespedes, Dobbins, Hoag, Newsome,  
Rotz, Taylor, Harland

NOES: None

ABSENT: Holloway, Simon

### BACKGROUND

In January 1997, the City Council and Board of Supervisors adopted the Nonprofit Housing Development Corporation Assistance Program (Program) and created a competitive process to award CDBG funds through the issuance of Request for Proposals (RFPs). The purpose of the Program is to fund administrative costs related to specific projects benefiting low-income persons where such costs cannot be covered by property-based mortgages or other typical financing sources. Eligible activities include:

- pilot tenant assistance programs, such as welfare-to-work programs;
- investigative and predevelopment efforts leading to the acquisition and rehabilitation of problem properties; and
- neighborhood revitalization activities which are physical in nature.

The Program guidelines and evaluation criteria are included in Attachment I.

An RFP was issued in October 1997, and nine responses were received. Four applications were determined to be ineligible on the basis of either not holding a non-profit corporation status or

## SACRAMENTO HOUSING & REDEVELOPMENT AGENCY

City Council  
February 18, 1998  
Page 3

the activities proposed were not eligible under this RFP. Four of the remaining five applications are being recommended for funding. A fifth application, California Hispanic Commission on Alcohol and Drug Abuse, Inc., was not recommended for because it duplicated an existing Agency program in which the applicant is participating.

Based on its review of applications and interviews, a Selection Committee, as authorized by the City Council, composed of a Sacramento Housing and Redevelopment Commissioner, a representative of US Bank, and a member of the Sacramento Housing Alliance, a community organization, is recommending approval of the following grant awards:

- Rural California Housing Corporation to provide **welfare-to-work** (tenant assistance) programs, to support the development of small businesses, job training and placement, and supportive services including confidence-building, language and computer skills in the City (\$905) and County (\$13,640) of Sacramento. The pilot project will be carried out in two properties involving 160 people;
- Sacramento Cottage Housing, Inc. to provide **welfare-to-work** (tenant assistance) programs, to support the development of small businesses, job training and placement, and supportive services including confidence-building in the City of Sacramento (\$60,000);
- Volunteers of America (VOA) to perform a **pilot program of tenant assistance** for Downtown residential hotels (City). VOA will provide support services to approximately 200 tenants of the YWCA, Sequoia, and the Ridgeway hotels (\$50,000); and
- Community Resource Project to perform early predevelopment work and feasibility analyses leading to the **acquisition/rehabilitation of troubled properties**. Funds will be used for acquisition and rehabilitation of the Mira Rita Apartments located in the County of Sacramento (\$24,000).

A summary of the Selection Committee's analysis and conclusions are found in Attachment II.

### FINANCIAL CONSIDERATIONS

The appropriation of CDBG funds for the Nonprofit Housing Development Assistance Program was approved by City Council as part of the City's Consolidated Plan and the Agency's 1997 budget. Of the \$210,000 appropriated for the program in the City, \$135,915 was available for commitment under this RFP. This report recommends that \$110,905 of the 1997 City CDBG funds that were appropriated for the Nonprofit Housing Development Corporation Assistance Program be awarded

**SACRAMENTO HOUSING & REDEVELOPMENT AGENCY**

City Council  
February 18, 1998  
Page 4

to the following nonprofit organizations in the following amounts. The balance of the appropriated funds (\$25,010) will be carried forward to the 1998 RFP.

Tenant Assistance	
Sacramento Cottage Housing, Inc.	\$ 60,000
Volunteers of America	\$ 50,000
Rural California Housing Corp.	\$ 905
<b>TOTAL ASSISTANCE RECOMMENDED:</b>	<b><u>\$110,905</u></b>

**POLICY CONSIDERATIONS**

The action recommended in this report is consistent with previously approved Agency guidelines and evaluation criteria regarding funding of the Nonprofit Housing Development Corporation Assistance Program. City support of nonprofit corporations to provide affordable housing is also incorporated in the Action Plan of the City and County Housing Elements.

**ENVIRONMENTAL REVIEW**

The administrative activities funded by this program are exempt from NEPA per 24 CFR Part 58.34(a)(3), and do not constitute projects under CEQA per Guidelines section 15378(b)(3).

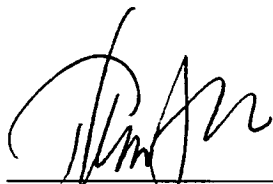
**M/WBE CONSIDERATION**

All projects receiving Agency funding will be required to meet Agency M/WBE requirements.

Respectfully submitted by,



ANNE M. MOORE  
Acting Executive Director



WILLIAM H. EDGAR  
City Manager

**RESOLUTION NO. 98-067**

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF March 3, 1998

**APPROVAL OF GRANTS PURSUANT TO THE 1997 CDBG  
NONPROFIT HOUSING DEVELOPMENT  
CORPORATION OPERATING ASSISTANCE PROGRAM**

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

Section 1. The recommendations of the Project Selection Committee of the Nonprofit Housing Development Corporation Operating Assistance Program are approved to fund the following nonprofit housing corporations pursuant to the Request for Proposals for such programs:

Tenant Economic Independence (Welfare to Work)

Sacramento Cottage Housing, Inc. \$ 60,000

Volunteers of America \$ 50,000

Rural California Housing Corporation \$ 905

TOTAL ASSISTANCE RECOMMENDED: \$110,905

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**FOR CITY CLERK USE ONLY**

RESOLUTION NO.: 98-067

DATE ADOPTED: March 3, 1998

Section 2. The Sacramento Housing and Redevelopment Commission is authorized and directed to take all actions necessary to expend 1997 City of Sacramento Community Development Block Grant funds in the amounts and for the purposes described above, including entering into and amending contracts for the performance of services.

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MAYOR

ATTEST:

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CITY CLERK

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FOR CITY CLERK USE ONLY

RESOLUTION NO.: 98-067

DATE ADOPTED: 3-3-98

FACT SHEET

**NONPROFIT HOUSING DEVELOPMENT CORPORATION  
ASSISTANCE PROGRAM**

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**Program Description:** The Nonprofit Housing Development Corporation Assistance Program funds administration costs related to a specific project in those cases where such costs cannot be covered by property-based mortgages or other typical financing sources. The program will not provide on-going operational subsidies to the nonprofit corporation.

**Program Goals:** The goals of the program are to promote neighborhood revitalization, acquire and rehabilitate deteriorated multifamily properties, and initiate tenant service and/or self-sufficiency programs in specific housing complexes. All projects must directly benefit low-income persons and the communities in which they live.

**Form of Assistance:** Grants are provided, governed by a contractual agreement, allowing for reimbursement of administrative expenses when related to performance under an Agency-approved work plan.

**Other Terms:** The project must be an activity eligible for Community Development Block Grant funding; address a specific community need whose beneficiaries are low-income people; require funding beyond that which is available from traditional funding sources and real estate loans; and be the most cost-effective method for providing the service or accomplishing the task.

**ELIGIBILITY**

**Applicant:** The nonprofit housing development organization must be incorporated in California, hold federal and state tax-exempt status, have a functioning volunteer board of directors, and be directly involved in the operation of the proposed activity.

The applicant must demonstrate financial and staff capability to carry out the work.

**Project:** The proposed work plan must be achievable within the time period presented and funds committed.

A line item budget and sources and uses of funds must show that the total project's operation is financially feasible.

**ATTACHMENT I (cont.)**

**Amount:** The amount of funding shall not exceed an amount which is reasonably required by the project, is comparable to costs in similar programs, and is not available from traditional sources including real estate based loans.

**Application Procedures:** Applicants must respond to Requests for Proposals issued by the Agency. All applications will be reviewed by a Selection Committee with recommendations that are subject to the approval of the City Council and Board of Supervisors.



NONPROFIT HOUSING DEVELOPMENT CORPORATION ASSISTANCE PROGRAM

GENERAL EVALUATION CRITERIA

1. Evaluation of the activity

- Documentation of need and identification of beneficiaries
- Alternatives: is the activity being provided by any other entity? Under what conditions could the activity be carried out without public subsidy?
- Description of permanent results; is proposed work plan effective in meeting goals; are milestones realistic?

2. Delivery of the activity or service

- Justification that the work plan shows the best means for delivering the service or accomplishing the task.
- Description of relationships with other entities on which the project's performance may be dependent.

3. Ability to carry out the activity

- Experience of the organization in this or related field; describe success.
- Identification of staff, board, or other competencies required to carry out the activity.
- Availability of necessary financial resources to carry out the program; if corporation has little liquidity, are other sources of funding committed? Submission of required financial documents (audits, income tax returns) necessary to determine financial strength.

4. Cost Effectiveness

- Justification that the job to be performed (complexity, number and skill of personnel, time, etc.) is related to the cost of providing the service.
- Leverage: what other funds are leveraged; describe uses of other sources of funds.
- Fundraising: if fundraising required for corporation stability, describe past success and persons involved in the activity.
- Clarity of description of administrative costs in project's itemized budget.

**NONPROFIT HOUSING DEVELOPMENT CORPORATION OPERATING  
ASSISTANCE GRANT PROGRAM**

**SUMMARY OF SELECTION COMMITTEE RECOMMENDATIONS**

**Tenant Assistance** (three applications)

Application No. 1: Sacramento Cottage Housing, Inc.  
Project: Bishop Francis A. Quinn Cottages (City)  
Amount Requested: \$60,000  
Amount Recommended: \$60,000

**Description of Project**

Sacramento Cottage Housing, Inc. (SCH) is seeking funding for a work training and placement program for the residents at Bishop Francis A. Quinn Cottages (Quinn Cottages).

Quinn Cottages is a 60 unit transitional housing program for homeless individuals located at 1500 North 'A' Street.

Residents will be trained to engage in employment projects which may include: expansion of the Midtown Garden Project, using onsite gardens to supply specialized produce and herbal needs of to local restaurants; residential and commercial landscape installation and maintenance; building maintenance; and food services. In addition, SCHI will conduct business training in the form of basic bookkeeping and other similar classes.

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**Tenant Assistance**

Applicant No. 2: Volunteers of America (VOA)  
Project: Service Assisted Living (City)  
Amount Requested: \$50,000  
Amount Recommended: \$50,000

**Description of Project**

VOA proposes funding for a social worker to provide case management and crisis intervention services, information and referral to social services, independent living skills training, access to drug and alcohol support groups, assistance with formation of resident associations, and

coordination of recreational and social activities to approximately 200 residents of downtown SROs, including the YWCA, the Sequoia Hotel, and the Ridgeway Hotel.

The supportive services proposed by the project are vital for assisting residents of SROs to maintain or improve their standard of living and employment opportunities. Staff will work with VOA to adopt clear and measurable objectives for program evaluation.

It is proposed that residents of the YWCA, Ridgeway Hotel, Sequoia Hotel, and other downtown SROs will utilize these services. In addition, it is anticipated that residents would be referred to the following agencies for support services: Crossroads Rehabilitation Systems, Inc., Sacramento Works, the Sacramento Consumer Self-Help Center, the Social Security Administration's PASS Program, El Hogar Mental Health Clinic, and the Sacramento Black Alcoholism Center.

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Tenant Assistance

Applicant No. 3:	Rural California Housing Corporation
Project:	Family Self-Sufficiency Project (City and County)
Amount Requested:	\$14,545
Amount Recommended:	\$14,545

Description of Project

RCHC is proposing to expand to additional sites an existing pilot project that assists families to achieve economic independence. They propose several different approaches to achieve these results: 1) job training and placement services; 2) creation of small businesses to provide alternatives for individuals without conventional employment skills; and 3) supportive services that will enhance the prior two approaches.

RCHC has recently begun these activities at five housing complexes. To date the program has been successful by placing residents and others in employment, initiating activities to start businesses, and beginning classes for job training.

The new services will be available to residents in River Village, a 104-unit mixed income complex in the County. In addition, RCHC will provide job training in the construction trades and placement for 12 residents of Kennedy Estates Apartments, which will undergo a complete rehabilitation in 1998.

**Acquisition/Rehabilitation of Troubled Properties** (one application)

Applicant: Community Resource Project  
Project: Mira Rita Apartments (County)  
Amount Requested: \$24,000  
Amount Recommended: \$24,000

**Description of Project**

The Community Resource Project, Inc. (CRP) is proposing the redevelopment of its first multifamily rehabilitation project. Their vision is to provide quality affordable housing to low income families, complete with an array of services which will enable the families to achieve more stability in their lives and eventually greater economic and educational success.

The project which they are targeting initially is the Mar Rita Manor, a 75-unit apartment complex located at 10421 El Mercado Drive, in the Rancho Cordova (Mather) area; however, they have indicated that they are still investigating other deteriorated properties. The project is to fund early predevelopment work and feasibility analysis.

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**Neighborhood Revitalization** (one application)

Applicant No. 1: California Hispanic Commission on Alcohol and Drug Abuse, Inc.  
Project: The Adobe Project Affordable Housing (County)  
Amount Requested: \$66,000  
Amount Recommended: \$0

**Description of Project**

The California Hispanic Commission on Alcohol and Drug Abuse, Inc. (CHCADA) is proposing an acquisition and rehabilitation program, the Adobe Project, for affordable housing in targeted neighborhoods with a predominately minority population. The Adobe Project will purchase and rehabilitate five single-family homes in the South Sacramento/Fruitridge area using FHA 203(k) funds. Upon completion, the homes will be sold to low to moderate-income first-time home buyers using FHA 203(b) financing.

The acquisition and rehabilitation of distressed properties is an activity already being undertaken by private developers under the Agency's Sacramento Boarded and Vacant Homes (SBVH) program of which CHCADA is a participant and which includes the South Sacramento/Fruitridge area. The Agency has committed \$30,000 to CHCADA for the acquisition, rehabilitation and resale of three homes (\$10,000 ea.) to owner occupants.

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