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November 18, 1997

Board of Supervisors, Housing Authority and
Redevelopment Agency of the
County of Sacramento
City Council, Housing Authority and
Redevelopment Agency of the
City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT PROCESS TO DEFINE THE ROLE AND ORGANIZATION OF THE
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY FOR THE
21ST CENTURY

LOCATION & COUNCIL DISTRICT - City and County-wide

RECOMMENDATION Approve the attached resolutions which:

- adopt a process to define the future role and inter-agency relationship for the Sacramento Housing and Redevelopment Agency in the City and County of Sacramento; and
- identify a schedule for community participation and notification to be included in the process;

CONTACT PERSON Anne M. Moore, Acting Executive Director, SHRA - 440-1333
Jack Crist, Deputy City Manager, City of Sacramento- 264-5571
John O'Farrell, Administrator, County Community Development
Neighborhood Assistance - 440-6458

FOR COUNCIL MEETING OF December 2, 1997

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SUMMARY

On July 29, 1997, as a follow up to the establishment of the City's Downtown Department, the City Council and Board of Supervisors appointed an Acting Executive Director of the Sacramento Housing and Redevelopment Agency (SHRA) with direction to spend the next 12 months identifying the future role of SHRA for the betterment of Sacramento. This report presents a framework for that process.

COMMISSION ACTION

At its meeting of November 5, 1997, the Sacramento Housing and Redevelopment Commission recommend approval of the attached resolution.

AYES: Amundson, Castello, Cespedes, Dobbins, Hoag, Holloway, Simon,
Harland
NOES: None
ABSENT: Newsome, Rotz
NOT PRESENT TO VOTE: Taylor

BACKGROUND

The Sacramento Housing and Redevelopment Agency was established in 1973 as the City and County's public developer. Market forces drive its initiatives to rebuild blighted neighborhoods, provide access to decent housing for all of Sacramento's low-income residents; and more recently, to create opportunities for employment and self sufficiency. The Agency proactively employs an array of tools to stimulate the private sector to invest, form partnerships to effect change, and take direct development roles when necessary.

The Agency is one of the largest landlords in the City and County of Sacramento, managing over 3,500 public housing units and 5,500 Section 8 certificates and vouchers for low-income families, senior citizens and disabled persons. SHRA's resident population represents about five percent of the local population directly affected by welfare reform. The Agency has a waiting list of over 23,000 people in line for public housing units and Section 8 rent subsidies in the City and County of Sacramento. Meanwhile, approximately 85,000 of Sacramento's very low-income

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families are currently in need of our housing assistance, paying over 30 percent of their income for housing.

SHRA's staff provides professional services to the City and County as specifically defined in a Joint Powers Agreement. All of SHRA's functions are performed without any City or County general funds. Instead the Agency receives predominately federal Department of Housing and Urban Development (HUD) funds and, to a lesser extent, targeted redevelopment revenues as allowed by state redevelopment law. In some cases, the funds initially received by SHRA are ultimately transferred to the City or County to support municipal services.

We are all well aware of the many critical issues and challenges impacting our City and County: budget shortfalls, major unknowns emanating from welfare reform, significant changes in our economy, and tears in the social fabric holding a diverse community together. We propose that SHRA has a continuing role in addressing these problems and finding the solutions required to support a strong, vital Sacramento into the future.

In recognition of these issues, Agency staff is redefining the way it does business across the community. Discussions last June on the transfer of SHRA's downtown redevelopment functions to a new City Downtown Department focussed attention on the future role of SHRA, including its administration of the federal Community Development Block Grant program. We are taking on these issues in a reengineering effort that includes the City and County of Sacramento, other key public agencies, private for-profit and nonprofit organizations, and community representatives.

SHRA's Role for the Future

The Agency has undertaken a two part process to reengineer its internal systems and to define future partnerships with the City, County and other key stakeholders committed to the best future for Sacramento. Recent discussions with the City Council and Board of Supervisors related to SHRA's role for the future have brought forward the following questions:

- Should certain functions carried out by SHRA for both the City and County be transferred to the City and County, similar to the recent transfer of SHRA's Downtown redevelopment functions to the City's newly created Downtown Department? These discussions have focussed primarily on the administration of the Community Development Block Grant (CDBG) Program.

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- How can the City Council and Board of Supervisors be provided with better information and assurances of how SHRA resources support the goals and priorities of each governing body?
- How can the allocation of SHRA resources be coordinated with the allocation of all local public sector resources (City, County, SETA, school districts, etc.) to result in the highest level of benefit to our community?
- Are there correctable inefficiencies and duplications within SHRA or between SHRA and the City and County?
- How can we improve coordination between SHRA staff and the City and County staff when there are shared responsibilities to implement projects and programs?
- How can we evaluate the effectiveness of SHRA programs in meeting the needs and priorities of the City and County?

To address the questions above requires research and analysis at two levels. At one level SHRA is examining which of its current functions or "businesses" the Agency is best positioned to provide for the City and County and which, if any, additional "businesses" make sense for the Agency to develop for the future. A second level of analysis will focus on City/Agency and County/Agency coordination and functioning to identify the most effective roles and partnerships for SHRA and the City and County as well as others, such as SETA and private sector entities, to assure that the City and County each receive the best value for the collection of public resources available to carry out housing and community development priorities.

Level I Analysis: Reengineering SHRA

Last July, in response to direction from the City Council and the Board of Supervisors to spend the next 12 months defining the Agency's future role, SHRA staff immediately initiated an internally focused reengineering process. The Agency's executive leadership team identified the following areas for analysis:

- Affordable housing development,
- Commercial real estate development,

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- Employment creation and linkages to low-income neighborhoods,
- Public Housing and Section 8 administration, and
- Specialized program administration and grant writing.

Teams completed a competitive market analysis for each topic based on research and interviews of 77 "competitors" and partners (both from the public and private sector). Over 50 recommendations were generated including recommendations for further study on which businesses SHRA should be in the future. Based on the recommendations generated from SHRA's competitive market analysis, six interdisciplinary staff teams have been established to carry forward restructuring proposals for the following areas:

- Neighborhood Strategic Planning
- Lending Programs
- Commercial Development & Developer Services
- Construction Management
- Construction Bidding
- Property Management and Maintenance

The teams will fully analyze the efficiency and capacity of SHRA's current systems in each area, host customer focus groups to critique our systems, develop recommendations for change (once again with a high level of customer input) and prepare final recommendations for change by mid-February. Recommendations will focus on change which result in significant efficiencies and cost savings, in addition to confirming which businesses SHRA should focus on in the future. The recommendations will also identify any businesses which should possibly be discontinued, and which businesses could best be carried out in partnership with other public or private sector entities.

Level II Analysis: Defining Partnership Roles Between SHRA and the City, County and other Public Agencies

The complexities of the issues SHRA seeks to address on behalf of the City and County have always required partnerships and cooperation with the staff of each jurisdiction as well as many other public and private organizations and community representatives. Our focus in the Level II Analysis is to define SHRA's future roles and partnerships with the City and County and other entities so that SHRA's internal business and service reengineering efforts will line up with City and County priorities. The Level II inter-agency process will be carried out by four teams whose

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members are top level managers from the City, County and SHRA; at least one of the teams will also include membership from SETA. The teams will focus on:

- Neighborhood revitalization, preservation and sustainability;
- Coordinated resource allocation;
- Public sector roles and responsibilities related to economic development; and
- Community participation processes.

Each team will define best practices for their topic area and will also define the most effective role for each entity. A scoping meeting to further define the topics of each of the Level II teams will be held on November 19th. Pending support from the Board of Supervisors and City Council, the teams begin work in early January and will meet weekly over the next four months with final recommendations scheduled in May 1998.

Community Participation and Notification in the Reengineering Process

The processes defined in this report include numerous opportunities for community involvement and notification. Starting in November and throughout the process, Agency staff will attend community meetings to describe the process undertaken and invite community members to participate in customer focus groups scheduled in November, January and next Spring. Any recommendations generated through this process will be distributed to community groups prior to presentation to the City Council and Board of Supervisors for action next Spring. Throughout the process community participation will be encouraged at regular meetings of the Sacramento Housing and Redevelopment Commission.

Timeline

A general timeline for both the internal and inter-agency reengineering process is summarized below. There are three points during the process when we will report back to the Board of Supervisors and City Council on our progress. The first report back in January will summarize feed back from customer input/focus groups looking at current systems internal to the Agency and as they link to the City and County. The second opportunity to report back to the governing boards follows customer focus groups scheduled in early February/January to look at proposed changes to our internal process. Later next Spring a report back on customer focus groups looking at inter-agency process changes will be presented. A summary of the feed back received from the governing boards on each of these reports will be addressed and final recommendations will

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be brought forward for implementation by mid-April for our internal processes and in June for our inter-agency processes.

August 1997	Initiated SHRA Competitive Market Analysis (internal process);
October	Completed Competitive Market Analysis; Identified key businesses for the future (internal process); Initiated process to reengineer SHRA systems supporting selected businesses (internal process);
November	Hold first customer focus groups to review current SHRA systems (internal process);
December	Present scope of reengineering process to City Council and Board of Supervisors;
January	Hold customer focus groups to review current inter-agency processes; Initiate inter-agency teams on neighborhood revitalization, community participation, resource coordination; Summarize feed back from customer input/focus groups, looking at current systems; (internal and inter-agency processes); Hold customer focus groups to comment on recommended system changes (internal process);
February	Report back recommendations to governing boards on customer input on system changes (internal process);

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- April
- Preview recommendations with community groups and stakeholders (internal processes);
 - Hold customer focus group to comment on changes to inter-agency processes;
 - Summarize feedback from customer feedback/focus groups on inter-agency processes;
 - Present reengineering recommendations to City Council and Board of Supervisors for implementation (internal processes);
- June
- Present reengineering recommendations to City Council and Board of Supervisors for implementation (inter-agency process);

FINANCIAL CONSIDERATIONS

A goal of the process described in this report is the identification of changes which will produce significant efficiencies and cost savings at the local government level. Those changes will be presented to the City Council and Board of Supervisors by April 1998. The cost of consultant support to facilitate the joint Agency/City/County process (\$60,000) will be shared equally by the City, County and SHRA. Consultant services will be provided by the firm of Pam Hurt and Associates. This firm has extensive successful reengineering experience in the private and public sector and has recently completed the reengineering of several County of Sacramento processes.

POLICY CONSIDERATIONS

There are no policy recommendations at this time. However, significant policy issues will be brought forward as a result of the process described in this report.

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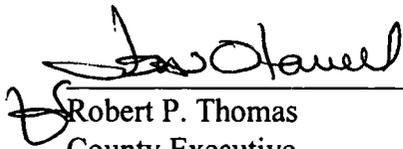
ENVIRONMENTAL REVIEWS

This action is administrative in nature, and does not constitute a "project" under CEQA, per Guidelines Section 15378(b)(3). NEPA does not apply.

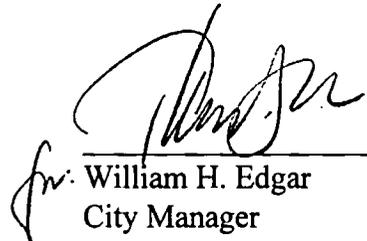
M/WBE CONSIDERATIONS

The facilitating consultant is currently an M/WBE participant.

Approved:



Robert P. Thomas
County Executive



William H. Edgar
City Manager



Anne M. Moore
Acting Executive Director, SHRA

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630 I Street, Sacramento, California 95814



RESOLUTION NO. 97-041

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF _____

**PROCESS TO DEFINE FUTURE ROLE OF
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY**

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

Section 1. The reengineering process to define the future role and inter-Agency relationships for the Sacramento Housing and Redevelopment Agency ("SHRA") in the City and County of Sacramento is hereby approved.

Section 2. The Acting Executive Director of SHRA is required to return to Board and Council with implementation steps generated for the SHRA reengineering process.

Section 3. Sacramento Housing and Redevelopment Agency is directed to carry out the community participation and notification process described in the staff report, which accompanies this resolution, to be included in the reengineering process.

CHAIR

ATTEST:

SECRETARY

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FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

RESOLUTION NO. 97-010



ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO

ON DATE OF _____

**PROCESS TO DEFINE FUTURE ROLE OF
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY**

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

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CHAIR

ATTEST:

SECRETARY

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FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

APPROVED
BY THE CITY COUNCIL
DEC 2 1997
OFFICE OF THE
CITY CLERK

RESOLUTION NO. 97-1661

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

**PROCESS TO DEFINE FUTURE ROLE OF
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY**

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

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MAYOR

ATTEST:

CITY CLERK

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RESOLUTION NO.: _____

DATE ADOPTED: _____