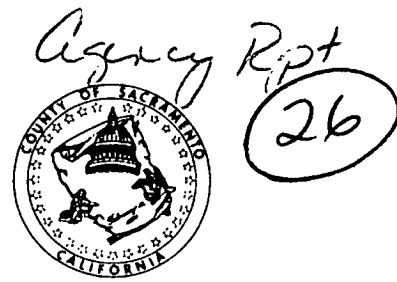




**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



APPROVED September 18, 1984
BY THE CITY COUNCIL

SEP 25 1984

OFFICE OF THE
CITY CLERK

CITY MANAGER'S OFFICE
RECEIVED
SEP 19 1984

Sacramento City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: Rental Housing Rehabilitation Grant Program Neighborhoods

SUMMARY

This report recommends approval of neighborhoods within which the Rental Housing Rehabilitation Grant program will be operated.

BACKGROUND

On July 3, 1984 the Sacramento City Council approved submittal of a program description to the U.S. Department of Housing and Urban Development for the new Rental Rehabilitation Grant program. The City of Sacramento will receive \$298,000 for rehabilitation loans and approximately 60 housing vouchers or Section 8 certificates. The program description has been approved by HUD. Funds should be available by mid-October.

HUD regulations require that the program be operated only in neighborhoods where all of the following conditions are found:

- a. The median income of the neighborhood does not exceed 80% of the median income for the Sacramento SMSA.
- b. The current rents, generally are below the Fair Market Rents (FMR) established for the Section 8 Existing Housing Program.

9-25-84
All Districts

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Sacramento City Council

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- c. The character of the neighborhood indicates that rents are not likely to increase at a rate significantly greater than rent increases that can reasonably be anticipated to occur in the market area for the five year period following selection of the neighborhoods.

It is our belief that, in order to most effectively market the program, within the constraints established by HUD, the program should be made available to rental units in as wide a range of areas as possible. The selected neighborhoods need not be submitted to HUD for review or approval. The local jurisdiction is at liberty to change the designation at any time, again subject to the HUD criteria.

In accord with the above guidelines, staff has prepared the attached map identifying neighborhoods for consideration. The selection was based on an analysis of 1980 Census Tract and Block Group data, field surveys, and the experience and knowledge of the Rehabilitation and Community Development Block Grant Divisions staff. Census boundaries were used because of the availability of data. These, however, should not be considered as rigid neighborhood definitions. A census line may well split a low income area. Properties which are outside of the defined neighborhood, but in close proximity, should be considered on a case-by-case basis.

Two types of areas are proposed - Primary and Secondary Eligibility Neighborhoods. Projects in Primary Eligibility Neighborhoods would be automatically considered for loans. Projects in Secondary Eligibility Neighborhoods would be evaluated on a case-by-case basis to ensure that the area does, in fact, meet the HUD guidelines. In these instances, detailed field surveys will be necessary.

Primary Eligibility Neighborhoods are those in which it is clear from the available data that: 1) Block Group Median incomes are less than 80% of the Median Family Income of the SMSA and 2) More than 60% of the rental units in the Census Tract have gross rents less than 90% of the HUD FMR.

Neighborhoods meeting these two criteria have a high probability of maintaining affordable rents for the foreseeable future. It should be noted that the program description previously approved used 75% of the rental units, rather than 60%, as a cutoff for eligibility on the basis of percent of units renting below 90% of FMR. Further analyses of data proved that the initial 75% was unnecessarily restrictive, and that it limited the program to relatively few areas.

Secondary Eligibility Neighborhoods are those in which: 1) The Median income of the Block Group is less than 80% of the SMSA median family income, and 2) Between 40% and 60% of the rental units in the Census Tract have gross rents below 90% of 1980

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Fair Market Rents. In these instances, detailed field surveys may reveal portions of these areas which meet the 60% criteria. Such analysis should be done on a case-by-case basis, and only upon receipt of specific rehabilitation proposals.

ENVIRONMENTAL REVIEW

There is no environmental review necessary as a result of this proposed action.

POLICY IMPLICATIONS

The actions proposed in this staff report are consistent with previously approved policy, with the exception that Eligible Neighborhoods are those in which at least 60% (instead of 75%) of the rental units have gross rents less than 90% of HUD's Fair Market Rents.

FINANCIAL IMPLICATIONS

A \$298,000 City grant has been approved by HUD for fiscal year 1984.

VOTE AND RECOMMENDATION OF COMMISSION

At its regular meeting of September 17, 1984 the Sacramento Housing and Redevelopment Commission adopted a motion recommending adoption of the attached resolution. The votes were as follows:

AYES: Amundson, Angelides, Lopez, Moose, Ose,
Sanchez, Walton, Teramoto

NOES: None

VACANCY: One

ABSENT: None

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RECOMMENDATION

The staff recommends adoption of the attached resolution establishing eligible neighborhoods for the Rental Housing Rehabilitation Grant Program.

Respectfully submitted,

William H. Edgar

WILLIAM H. EDGAR
Executive Director

Contact Person: John Molloy
440-1360

TRANSMITTAL TO COUNCIL

for: Walter J. Slife
City Manager

LS:J
8/29/84
RentNeighbor

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RESOLUTION NO. 84-826

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

September 25, 1984

RENTAL HOUSING REHABILITATION GRANT PROGRAM NEIGHBORHOODS

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

SECTION 1. The Eligible Neighborhoods for the Rental Housing Rehabilitation Grant Program, as depicted on the map attached as Exhibit A, is hereby approved.

SECTION 2. The Executive Director of the Sacramento Housing and Redevelopment Agency is hereby authorized to modify the boundaries and to add or delete Eligible Neighborhoods as deemed necessary to implement the intent and purposes of the Rental Housing Rehabilitation Grant Program.

MAYOR

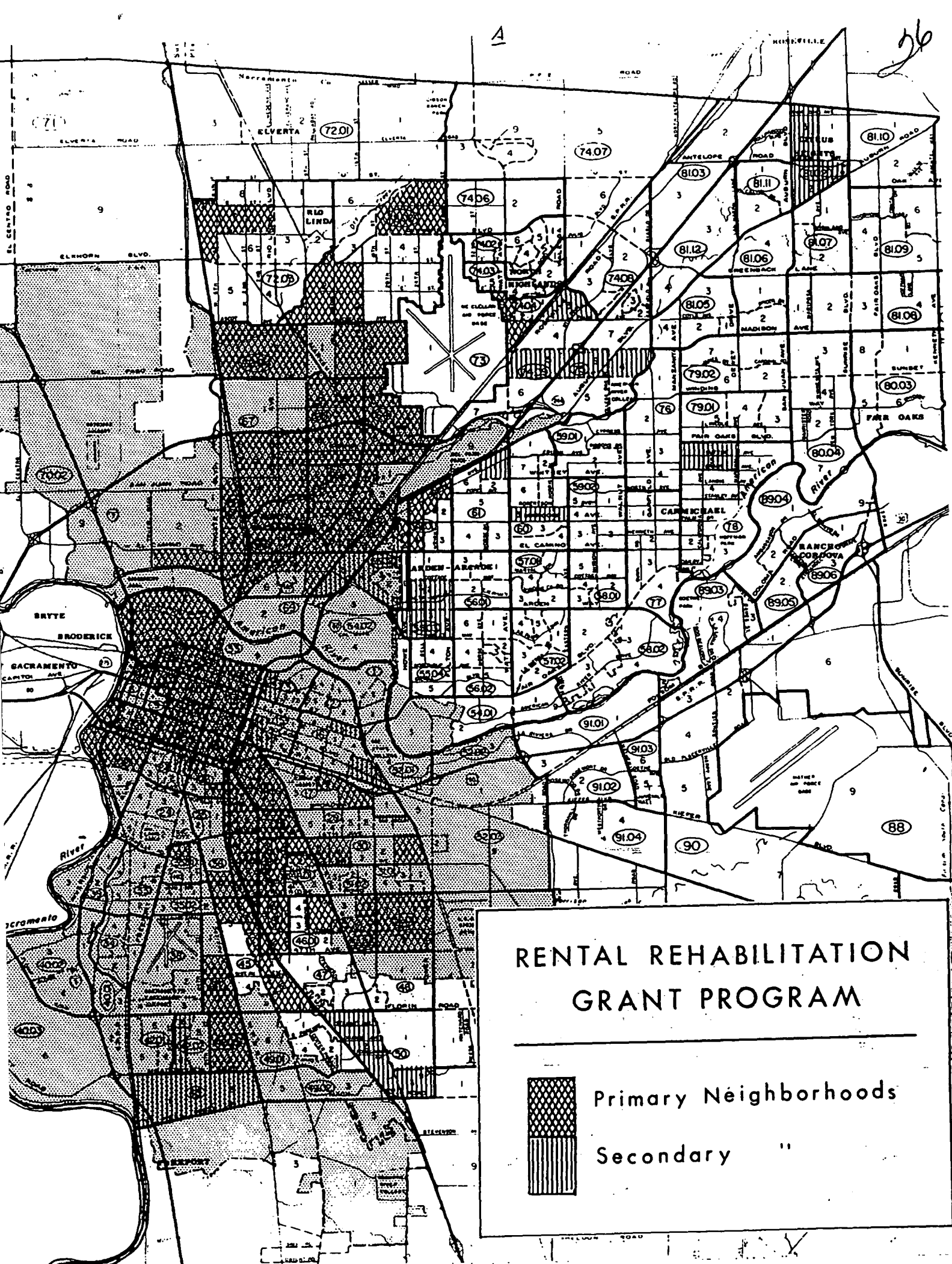
ATTEST:

CITY CLERK

APPROVED
BY THE CITY COUNCIL

SEP 25 1984

OFFICE OF THE
CITY CLERK

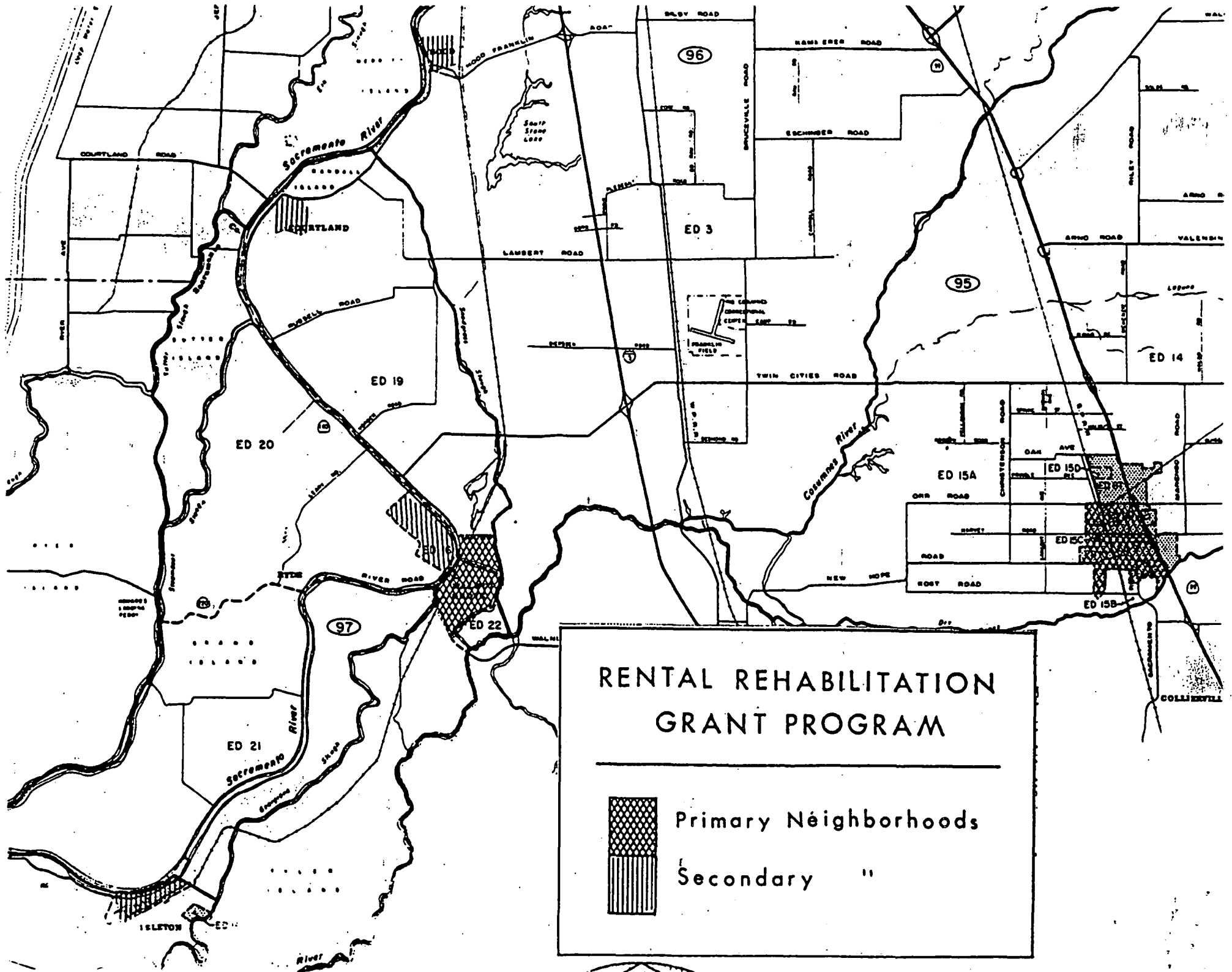


RENTAL REHABILITATION GRANT PROGRAM



Primary Neighborhoods

Secondary



RENTAL REHABILITATION GRANT PROGRAM



Primary Neighborhoods

Secondary " "