



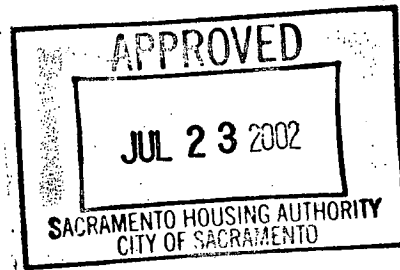
**Sacramento
Housing &
Redevelopment
Agency**

Housing Authority of the
City of Sacramento
Sacramento, California



2.1

July 23, 2002



Honorable Members in Session:

SUBJECT: APPROVAL OF EXPANSION MOVE FOR HOUSING CHOICE VOUCHER PROGRAM (FORMERLY SECTION 8) INTO 1210 G STREET

Location & Council District - Citywide

RECOMMENDATION

Staff recommends adoption of the attached resolution, which authorizes the Executive Director or her designee to:

- take all actions necessary to lease the approximate 7,400 square foot space (5500 square foot office and 1900 square foot storage) and related parking lot at 1210 G Street, at reasonable commercial market rates, for a fixed lease term of three (3) years, and two (2) option terms of one (1) year each, all of which will coincide with lease term at 701 12th Street; and
- take all actions necessary to extend the 701 12th Street lease for an additional two (2) option terms of one (1) year each at reasonable commercial market rates.

CONTACT PERSONS

Edward White, Jr., Housing Authority Director, (916) 440-1337
Mark Stephenson, Assistant Director of Housing, (916) 440-1395

FOR COUNCIL MEETING OF – July 23, 2002

SUMMARY

This report provides an update on the growth of the Agency's Housing Choice Voucher Program and recommends that the Executive Director be authorized to lease additional office space located at 1210 G Street, adjacent to the program's current location, and amend certain contracts and the Agency budget in order to complete the transaction.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Housing Authority
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COMMISSION ACTION

It is anticipated that at its July 17, 2002 Commission meeting, the Sacramento Housing and Redevelopment Commission will recommend approval of the attached resolution. In the event they fail to do so, you will be informed prior to your July 23, 2002 meeting.

BACKGROUND

The Housing Choice Voucher (HCV) program (formerly known as the Section 8 Housing Certificate Program), the primary tenant-based Federal rent subsidy program, has experienced in excess of 50 percent growth over the past 2 1/2 years (from 6,500 subsidized families in January, 2000 to more than 9,600 families served in June of 2002). Also, new initiatives like Housing Choice Voucher Homeownership, Project-Based Assistance, and a Security Deposit Revolving Loan fund have increased demand for the division's services among owners and clients.

Continued re-organization of the existing 15,000 square foot facility, first leased in 1998, has allowed some flexibility in the use of this space. However, there is simply not enough space for the number of employees and customers who visit the office on a daily basis. This inhibits the division's capacity to serve landlords and tenants.

Staff has looked at several options to locate offices in the north and south areas to improve public access to the division's services, but at this time staff has determined that expansion space is needed at the current location for a least three years. During the period of this lease, a more detailed review of total space needs will be conducted along with an evaluation of all funding and financing options to fully plan for decentralized north and south HCVP offices in the future.

Of the available buildings near the current HCV program office located at 701 12th Street, the free-standing, adjacent building at 1210 G makes the most sense because of proper sizing (7,400 square feet), adjacent physical proximity, and the availability of 30 off-street parking spaces for customers.

About 20 to 25 of the 70 current HCV employees, or about 30 percent, would be relocated to the new leased space. Since the facility is adjacent to the current operation, client confusion or inconvenience would be minimized. Current public access is limited, as customers try to park on the street, in competition with employees and customers of surrounding office buildings. The proposed layout of the two spaces will allow tenants and landlords to be serviced in the same location without interrupting briefings, interviews and meetings to feed parking meters. The additional space would result in better workflow in both buildings and add more meeting space.

FINANCIAL CONSIDERATIONS

The additional leased facility and associated 30 parking spaces can be acquired for an annualized cost of roughly \$125,000. However, with less than half of this fiscal year remaining, there will

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Housing Authority
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be a first year fiscal cost of approximately \$50,000. This can be accommodated within the Housing Authority's existing \$6 million budget for the HCV program. Sufficient program reserves exist for any reasonable contingency.

Minimal renovations to the either facility would be required. Funding for any contingencies would be from current Housing Choice Voucher (formerly Section 8 Housing Certificate Program) administration fee income.

POLICY CONSIDERATIONS

The recommended action in this report is consistent with Agency policies and no new policies are recommended.


ENVIRONMENTAL REVIEW

The proposed action does not constitute a project under CEQA per Guidelines 15378 (b) (3), or a federal undertaking pursuant to NEPA.

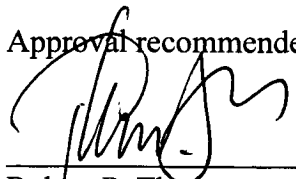
M/WBE CONSIDERATIONS

There are no M/WBE considerations associated with this action.

Respectfully submitted,


ANNE M. MOORE
Executive Director

Approval recommended,



Robert P. Thomas
City Manager

RESOLUTION NO. HA 2002-007

ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO

ON DATE OF

APPROVED
JUL 23 2002
OFFICE OF THE
CITY CLERK

APPROVED
JUL 23 2002
SACRAMENTO HOUSING AUTHORITY
CITY OF SACRAMENTO

EXPANSION MOVE FOR HOUSING CHOICE VOUCHER PROGRAM (FORMERLY SECTION 8) INTO 1210 G STREET AND EXTENSION OF LEASE AT 701 12TH STREET

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

Section 1. The Housing Authority of the City of Sacramento approves the move of Housing Authority staff to a new site located at 1210 G Street, as well as the extension of the Housing Authority's lease at 701 12th Street for an additional two option years, and accepts, approves of, and authorizes funding expenditures and execution of documents as needed to affect the changes presented in the staff report presented herewith and incorporated herein by this reference.

Section 2. The Executive Director or her designee shall take all actions necessary to lease the approximate 7,400 square foot space and related parking lot at 1210 G Street, at reasonable commercial market rates, for a fixed lease term of three (3) years, and two (2) option terms of one (1) year each, all of which will coincide with lease term at 701 12th Street.

The Executive Director or her designee shall take all actions necessary to extend the 701 12th Street lease for an additional two (2) option terms of one (1) year each at reasonable commercial market rates.

CHAIR

ATTEST:

SECRETARY

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____
DATE ADOPTED: _____

**SACRAMENTO HOUSING AND
REDEVELOPMENT AGENCY**

Single Audit Reports

For the Year Ended December 31, 2001

**SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
FOR THE YEAR ENDED DECEMBER 31, 2001**

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**SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2001**

<u>Federal Grantor/Program</u>	<u>Catalog of Federal Domestic Assistance (CFDA) Number</u>	<u>Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>		
<u>Direct:</u>		
Section 8 Cluster:		
Rental Voucher Program	14.855	\$ 48,987,251
Lower-Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	140,407
Rental Certificate Program	14.857	<u>448,074</u>
Total Section 8 Cluster		49,575,732
Public and Indian Housing -		
Low Rent Public Housing	14.850	7,731,905
Drug Elimination Program	14.854	1,419,584
Public Housing Comprehensive Improvement Grant Program	14.859	6,565,176
Public Housing Capital Fund	14.872	568,301
Community Planning and Development -		
Economic Adjustment Assistance	11.307	182,079
Community Development Block Grant	14.218	14,381,778
Shelter Plus Care	14.238	53,678
Home Investment Partnership Program	14.239	6,019,425
Opportunities for Youth: Youthbuild Program	14.243	395,639
Economic Development Initiative	14.246	3,054,013
Section 108 Loan Guarantees	14.248	<u>1,646,102</u>
Total Federal Expenditures - U.S. Department of Housing and Urban Development		<u>\$ 91,593,412</u>

**SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2001**

NOTE A - BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is prepared on the full accrual basis of accounting. Expenditures are recognized when the related liability is incurred.

NOTE B - LOAN PROGRAMS

At December 31, 2001, outstanding Community Development Block Grant (CFDA #14.218) loans total \$10,530,000.

NOTE C - SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the Sacramento Housing and Redevelopment Agency (Agency) provided federal awards to subrecipients as follows:

<u>Federal Program</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grant	14.218	\$7,585,419



Macias, Gini & Company LLP
 Certified Public Accountants and
 Management Consultants

Partners

Kenneth A. Macias, Managing Partner
 Ernest J. Gini
 Kevin J. O'Connell
 Richard A. Green
 Jan A. Rosati
 James V. Godsey
 Benjamin P. Reyes

3927 Lennane Drive
 Suite 200
 Sacramento, CA 95834-1922
 916•928•4600
 916•928•2755 FAX
 www.maciasgini.com

Honorable Members of the
 City Council, County Board of Supervisors, and
 Sacramento Housing and Redevelopment Commission
 Sacramento Housing and Redevelopment Agency
 Sacramento, California

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE (INCLUDING
 THE PROVISIONS CONTAINED IN THE GUIDELINES FOR COMPLIANCE
 AUDITS OF REDEVELOPMENT AGENCIES) AND ON INTERNAL CONTROL
 OVER FINANCIAL REPORTING BASED ON AN AUDIT OF BASIC
 FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
 WITH GOVERNMENT AUDITING STANDARDS**

We have audited the basic financial statements of the Sacramento Housing and Redevelopment Agency (Agency), a component unit of the City of Sacramento, California as of and for the year ended December 31, 2001, and have issued our report thereon dated May 15, 2002. Our report contained an explanatory paragraph describing the Agency's adoption of Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*, GASB Statement No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenues - an amendment of GASB Statement No. 33*, GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*, GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of January 1, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Agency's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. Such provisions include those provisions of laws and regulations identified in the *Guidelines for Compliance Audits of California Redevelopment Agencies* issued by the State Controller's Office, Division of Accounting and Reporting. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the City Council, County Board of Supervisors, management, and officials of applicable federal and state grantor agencies and is not intended to be and should not be used by anyone other than these specified parties.

Macias, Hiri & Company LLP

Certified Public Accountants

Sacramento, California

May 15, 2002



Macias, Gini & Company LLP
Certified Public Accountants and
Management Consultants

Partners

Kenneth A. Macias, Managing Partner
Ernest J. Gini
Kevin J. O'Connell
Richard A. Green
Jan A. Rosati
James V. Godsey
Benjamin P. Reyes

3927 Lennane Drive
Suite 200
Sacramento, CA 95834-1922
916•928•4600
916•928•2755 FAX
www.maciasgini.com

Honorable Members of the
City Council, County Board of Supervisors, and
Sacramento Housing and Redevelopment Commission
Sacramento Housing and Redevelopment Agency
Sacramento, California

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM, INTERNAL
CONTROL OVER COMPLIANCE AND THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133**

Compliance

We have audited the compliance of the Sacramento Housing and Redevelopment Agency (Agency) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2001. The Agency's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Agency's management. Our responsibility is to express an opinion on the Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Agency's compliance with those requirements.

In our opinion, the Agency complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2001.

Internal Control Over Compliance

The management of the Agency is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Agency's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the Agency as of and for the year ended December 31, 2001, and have issued our report thereon dated May 15, 2002. Our report contained an explanatory paragraph describing the Agency's adoption of Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*, GASB Statement No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenues - an amendment of GASB Statement No. 33*, GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, as of January 1, 2001. Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Agency taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the City Council, County Board of Supervisors, management, and officials of applicable federal and state grantor agencies and is not intended to be and should not be used by anyone other than these specified parties.

Macias, Iri & Company LLP

Certified Public Accountants

Sacramento, California
May 15, 2002

**SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2001**

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Reportable conditions identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
• Material weaknesses identified?	No
• Reportable conditions identified that are not considered to be material weaknesses?	None reported

Type of auditor's report issued on compliance for major programs:	Unqualified
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Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No
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Identification of major programs:

CFDA #14.218	Community Development Block Grant
CFDA #14.239	Home Investment Partnership Program
CFDA #14.246	Economic Development Initiative
CFDA #14.859	Public Housing Comprehensive Improvement Grant Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$2,747,802
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Auditee qualified as low-risk auditee?	Yes
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**SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2001**

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None