

RESOLUTION NO. 2018-0020

Adopted by the Housing Authority of the City of Sacramento

November 13, 2018

Approval of 2019 Budget for Sacramento Housing and Redevelopment Agency; Related Findings, Approvals, Delegations, and Implementing Authorities; Including Authorities for HUD Submissions, Grants and Fund Transfers

BACKGROUND

- A. The Sacramento Housing and Redevelopment Agency (Agency) is a joint powers agency created to eliminate duplicate staffing efforts and to manage and administer federal housing and community development programs on behalf of the City and County of Sacramento. This structure provides a competitive advantage to the City and County when seeking federal and other housing and community development funding opportunities. The consolidation of multiple departments from different jurisdictions achieves close coordination of housing and community development programs and provides budget savings for operation and overhead. The Agency Executive Director reports directly to the City and the County governing boards. The Agency is recognized statewide and nationally as a model public agency that achieves multi-jurisdictional cooperation and effectively leverages local, state and federal housing and community development funds.
- B. The Agency receives annual funding from a combination of federal, state and local sources. The sources of Agency revenue require that an operating budget be adopted prior to the start of each new fiscal year. The Agency's fiscal year is the calendar year from January 1st through December 31st.
- C. Pursuant to Health and Safety Code Section 34176 and City Resolution No. 2012-018 and Housing Authority Resolution 2012-001, the City of Sacramento designated the Housing Authority of the City of Sacramento (HACS), managed and staffed by the Agency, as the local authority to retain the housing-assets and housing-functions previously performed by its Redevelopment Agency and the Housing Authority consented to serve in that role.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO RESOLVES AS FOLLOWS:

- Section 1. The above recitals are found to be true and correct and are hereby adopted.
- Section 2. The proposed actions are administrative and fiscal activities and do not make any commitments to, or give approvals for, specific projects or activities which

have the potential to result in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. Therefore, the proposed actions do not constitute a project subject to environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378(b), and are exempt under the National Environmental Policy Act (NEPA) pursuant to 24 CFR 58.34(a)(2) and (3). Environmental Review for specific projects will be completed prior to any discretionary or choice limiting action(s) being carried out with regard to such projects.

- Section 3. The 2019 Operating Budget totaling \$153,436,253 and the 2019 Project Budget totaling \$39,311,160, all as further described in the 2019 Proposed Agency Budget (hereinafter “2019 Agency Budget” or “Budget”), a copy of which is on file with the Agency Clerk and copies of which have been provided to the respective governing board members, are approved as the Budget of Agency for the 2019 fiscal year. The 2019 Agency Budget incorporates the budgets of the Housing Authority of the City of Sacramento, the Housing Authority of the County of Sacramento, the Sacramento Housing Development Corporation, and the adoption of those budgets is contingent upon the approval of each of these respective entities.
- Section 4. A total of 236.5 Agency full time equivalent positions (FTE) are approved subject to classification review by the Executive Director of the Sacramento Housing and Redevelopment Agency.
- Section 5. The Executive Director, or designee, is authorized to amend the Budget as necessary and to transfer funds among operating budgets or project budgets to facilitate legal directives of the California State Department of Finance and/or the State Controller’s Office and the actions taken by the City of Sacramento acting as Successor Agency to the former Redevelopment Agency as approved by the Successor Agency’s Oversight Board regarding housing successor matters.
- Section 6. The budgeted amount for any item in the Budget may be amended by majority vote of the governing body of each entity actually undertaking and funding the activity. Such an amendment to the Budget so enacted shall be deemed to have been approved by all of the entities that originally adopted the Budget without further action of the remaining entities.
- Section 7. The Executive Director, or designee, is authorized to submit the 2019 Annual Housing Operating Budget and all supporting documents to the United States Department of Housing and Urban Development (HUD), including all required amendments for utilities and other miscellaneous adjustments. Furthermore, the Executive Director, or designee, is authorized to amend the Budget to reflect

actual HUD approved expenditures and revenues for HUD funded programs and projects. See Exhibit B-1 for a summary of the public housing operating budget.

- Section 8. The proposed expenditures under the 2019 Housing Operating Budget are necessary for the efficient and economical operation of Agency housing to serve low-income families.
- Section 9. The housing financial plan set forth in the 2019 Housing Operating Budget is reasonable in that:
- a. It indicates a source of funding adequate to cover all proposed expenditures.
 - b. It does not provide for the use of federal funding in excess of amounts payable under the provisions of the pertinent regulations.
 - c. It proposes rental charges and expenditures that are consistent with provisions of law and the Annual Contributions Contract
 - d. It includes asset management project budgets prepared on an individual basis as shown in the Schedule of Public Housing AMP and Central Office 2019 Budget attached as Exhibit B-1.
- Section 10. Form HUD-52574 (04/2013), attached as Exhibit B-2 for signature by the Chair of the Board of the Housing Authority, provides necessary certifications for submission of the Operating Budgets described in Section 7d.
- Section 11. Based on the HUD requirement for public housing authorities to implement Asset Management that includes fee for service, the proposed Budget implements the fee for service provisions and support service costs. The fee for service provision is predicated on the concept that fee revenues will cover the cost of the services provided. Such services include, but are not limited to property management services. Subject to applicable laws, regulations and policies governing Agency procurement, the Agency is authorized to competitively procure and execute contracts for such fee for services.
- Section 12. The Executive Director, or designee, is authorized to submit applications to HUD for the Capital Fund Plan and Program funding. If such grants are awarded, the Executive Director, or designee, is authorized to accept the grant or grants, execute all related documents and to execute contracts to implement the Capital Fund Program subject to HUD approval of the annual statements and amend the budget accordingly. The Executive Director, or designee, is directed to comply with all policies, procedures, and requirements prescribed by HUD as a condition of such grants. The Executive Director, or designee, is authorized to submit the Comprehensive Plan or annual statement to HUD, after receiving public comments and resident review.

- Section 13. On an annual basis the Agency, on behalf of HACS, conducts a physical inventory, analyzes receivables for collectability and, accordingly, reconciles and adjusts related financial records. The Executive Director, or designee, is authorized to amend the Budget and financial records as needed for such adjustments.
- Section 14. The Executive Director, or designee, is authorized to purchase all lines of applicable insurance for its properties and operations through local independent agents, direct carriers, or risk retention pools, provided that the insurance requirements, coverage and terms are commercially reasonable and provided that the cost does not exceed the amounts in the approved Budget. The Agency, on behalf of HACS, is also authorized to obtain flood insurance through the federal flood insurance program for HACS properties and this coverage may be secured through a local independent agent.
- Section 15. Subject to availability under the Budget of any required funds, the Executive Director, on behalf of HACS, is authorized to approve conversion of HUD funded conventional public housing dwelling units to non-dwelling use or disposition as long as the use or disposition is approved by HUD and consistent with adopted HACS policy and governing board approvals. The Executive Director, or designee, is authorized to amend the Budget as necessary and to transfer funds among operating budgets or project budgets to facilitate the HUD approved conversion.
- Section 16. The Executive Director, or designee, is authorized and directed, on behalf of HACS, to approve, submit and implement the Public Housing Agency (PHA) Annual Plan and the PHA Five-Year Plan, and the attachments and/or amendments to such Plans to comply with the Quality Housing and Responsibility Act of 1998.
- Section 17. The Executive Director, or designee, is authorized to submit to HUD the One Year Action Plan for Community Development Block Grant (CDBG), Home Investment Partnership (HOME), Emergency Shelter Grant (ESG) and Housing Opportunities for People with AIDS (HOPWA). HACS, staffed by the Agency, is delegated authority to administer federal funds appropriated by HUD and is the designated recipient of funds outlined in the One Year action Plan. If such grants are awarded, the Agency is authorized to accept the grant or grants, execute all related documents and amend the Budget accordingly. The Agency is directed to comply with all policies, procedures, and requirements prescribed as a condition of such grants. Agency is authorized to amend the Capital Reserve Project budget in the event that the actual entitlement exceeds, or is less than, that estimated in the Budget.

- Section 18. The Executive Director, or designee, is authorized to administer funds or delegate authority to other appropriate entities approved by the governing boards to administer ESG and HOPWA programs, and is also authorized to expend funds and execute contracts with the appropriate entities to carry out the ESG and HOPWA funded activities contained in the approved Action Plan, strictly in accordance with the terms of the approved Action Plan and funding source requirements.
- Section 19. The Executive Director, or designee, is authorized to enter into necessary grants and agreements with HUD, the State Housing and Community Development Department (HCD), and other governmental or private entities for homeless programs for which HACS/Agency is the designated recipient of grant funds or contracting agency. The Agency, on behalf of HACS, is authorized to accept such grants, execute contracts to implement homeless activities funded in the Budget, and amend the Budget accordingly (provided that the activities are fully funded by the grant or are within the Agency Budget). The Executive Director, or designee, is authorized to execute contracts for homeless activities funded in the Agency Budget as outlined in the Agency public services schedule.
- Section 20. HACS finds and declares that the proposed expenditure of tax increment housing funds, as set forth in approved recognized obligation payment schedules, for activities serving the homeless, including providing subsidies to, or for the benefit of, extremely low income households through either site specific rental assistance or tenant based rental assistance, as allocated/outlined in the budget, will not cause or exacerbate racial, ethnic or economic segregation and will be beneficial to all former Redevelopment Project Areas by facilitating the production of affordable housing and providing housing for a population which remains in or frequents the former Redevelopment Project Areas and is perceived as a blighting influence by business owners, property owners, workers and residents, and as a result impedes the elimination of blight in the community.
- Section 21. HACS further finds and declares that the proposed expenditure of tax increment housing funds, as set forth in approved recognized obligation payment schedules to provide subsidies to, or for the benefit of, extremely low income households through either site specific rental assistance or tenant based rental assistance, increases, improves, and preserves the community's supply of low and moderate-income housing available at an affordable housing cost to persons and families that are extremely low, very low, low or moderate income households and will be of benefit to the community.
- Section 22. HACS finds and declares that the proposed planning and administrative expenses which may be paid for from the former low and moderate income housing fund, pursuant to an approved recognized obligation payment schedule,

is necessary for the production, improvement and/or preservation of low and moderate income housing during the 2019 Agency Budget year.

- Section 23. HACS is authorized to amend the budget to transfer or accept funding or assets consistent with an approved recognized obligation payment schedule to the Agency or City Redevelopment Agency Successor Agency (RASA) for approved capital projects or operating expenses in compliance with all bond covenants, tax laws and applicable laws and regulations or changes to the aforementioned.
- Section 24. HACS is authorized to amend the budget to receive assets or transfer assets, receive funds or transfer funds to the City RASA and execute agreements with the City or RASA as necessary to facilitate authorized directives of the State of California, the California State Department of Finance and/or the State Controller's Office or to provide staffing services to RASA. Agreements between the Agency or HACS and the City RASA are subject to Successor Agency Oversight Board Approval.
- Section 25. The Executive Director, or designee, is authorized to submit grant applications on behalf of the Housing Authority of the City of Sacramento for any and all housing and community development activities within the jurisdiction of Agency. If such grants are awarded, Agency is authorized to accept the grant or grants execute contracts to implement grant activities with the appropriate entities (provided that the activities are fully funded by the grant or within the Budget), execute all related documents and amend the Budget. Budget expenditure and amendments for such grants are permitted for positions, services and supplies, equipment and projects. The Agency is directed to comply with all policies, procedures, and requirements prescribed as a condition of such grants. Such grants may include but are not limited to the following:
- Homeless Prevention and Rapid Re-housing Program HPRP
 - Neighborhood Stabilization Program
 - Family Unification Program
 - Family Self Sufficiency
 - Veteran's Assistance and Supportive Housing
 - United States Environmental Protection Agency Brownfield Assessment
 - United States Environmental Protection Agency Brownfield Clean Up
 - United States Environmental Protection Agency Brownfield Revolving Loan Fund
 - United States Environmental Protection Agency Brownfield Job Training
 - California State Water Resources Control Board – Underground Storage Cleanup
 - CAL REUSE Cleanup Grant and Loan Program
 - Social Innovation Fund

- Section 26. The Executive Director, or designee, is authorized to amend the Budget to make transfers of fund balances to accommodate reserve requirements. The Executive Director, or designee, may allocate and transfer any available fund balances to accounts held for future projects or reduce budget shortfalls in any other fund balances, provided monies so used are not otherwise restricted by law or regulations related to the funding source. Further, the Agency is authorized to expend available balances from the payroll fund for the cost of liabilities such as post retirement medical benefits, sick leave and vacation accruals.
- Section 27. The Agency Budget is controlled at the fund group level. Except as provided in this resolution, no expenditure will exceed the approved Budget.
- Section 28. The Executive Director, or designee, is authorized to amend the Budget to appropriate for expenditure all revenues received in revolving funds.
- Section 29. The Executive Director, or designee, is authorized to increase or decrease operating Budget appropriations up to \$100,000. Operating Budget appropriation increases and decreases in excess of \$100,000 must be approved by the appropriate governing board.
- Section 30. The Executive Director, or designee, is authorized to transfer appropriations up to \$100,000 per transaction in Operating Budget and contingency reserves.
- Section 31. The Executive Director, or designee, is authorized to increase or decrease project budget appropriations by not more than \$100,000 for each project or activity. Project budget appropriation increases and decreases in excess of \$100,000 must be approved by the appropriate governing board.
- Section 32. The Executive Director, or designee, is authorized to transfer any available fund balances from HACS instrumentalities or affiliates to allocate for future HACS projects or to reduce budget shortfalls, provided the use and receipt of funds is not otherwise restricted by law or regulations. Such transactions are subject to HACS instrumentality or affiliate board approval.
- Section 33. The Executive Director, or designee, is authorized to amend the Budget to reflect all required debt service payments, pass through payments, loan repayments, and other existing obligations based on actual higher or lower revenues.
- Section 34. The Executive Director, or designee, is authorized to amend the operating budget or capital project budget or transfer funding of approved capital projects or operating budgets in compliance with appropriate approvals, bond covenants, tax laws and applicable laws and regulations or changes to the aforementioned.

- Section 35. The Executive Director, or designee, on behalf of HACS serving as the Successor Housing Entity, is authorized to execute, and implement internal loans between Agency managed funds as reflected in the Budget and as consistent with bond covenants, tax laws and applicable redevelopment laws and regulations; and to modify the terms of loans and reconcile available revenues as needed for the completion of enforceable housing obligations of the former redevelopment agency to assure receipt of anticipated revenues.
- Section 36. The Executive Director, or designee, is authorized to exercise default remedies and take other actions to protect HACS assets under contracts, loans, disposition and development agreements, owner participation agreements and other HACS agreements and to appropriate the associated revenues in the Budget. Agency, on behalf of HACS is authorized to enter into “loan work outs,” to the extent reasonably necessary to protect HACS assets, and in entering such “work outs,” The Agency is authorized to renegotiate and rewrite the terms of the loan as if the loan were made according to current loan program underwriting criteria (including forgiveness of principal as necessary to reflect underwriting the loan at current fair market value of the subject property). Further, The Executive Director, or designee, is authorized to renegotiate existing HACS debt obligations and execute new security instruments provided the terms of the new debt do not increase the principal outstanding and either result in a cost savings or provide HACS with more favorable loan terms.
- Section 37. All project appropriations in existence as of December 31, 2018 will be carried over and continued in 2019.
- Section 38. All multi-year operating grant budgets in existence as of December 31, 2018 shall be continued in 2019.
- Section 39. All encumbrances for valid purchase orders and contracts in effect as of December 31, 2018 may remain in effect in 2019. The Executive Director, or designee, is authorized to increase the Budget for valid encumbrances as of December 31, 2018, but only to the extent that the applicable division’s 2018 operating budget appropriations exceeded 2018 expenditures.
- Section 40. The Executive Director, or designee, is authorized to incorporate the changes listed on Exhibit A as part of the 2019 Budget.
- Section 41. If any entity requires a separate resolution for any action approved within this resolution other than resolutions for approval or amendment of projects, programs or the Agency Budget, the Sacramento Housing and Redevelopment Commission is delegated the authority to approve and deliver such resolution.

- Section 42. The Executive Director, or designee, or designee, is authorized to delegate the authorities as set out in this resolution.
- Section 43. Form HUD-52574 (04/2013), attached as Exhibit B-2 for signature by the Chair of the Board of the Housing Authority, provides necessary certifications for submission of the Operating Budgets described in Section 8d.
- Section 44. This resolution shall take effect immediately.

Table of Contents:

- Exhibit A - Summary of Changes to Sacramento Housing and Redevelopment Agency Proposed 2019 Budget
- Exhibit B-1 - 2019 City Public Housing Asset Management Projects (AMP) and Central Office Cost Center (COCC)
- Exhibit B-2 - HUD Resolution Approving the 2019 AMP Budgets

Adopted by the Housing Authority of the City of Sacramento on November 13, 2018, by the following vote:

- Ayes: Members Ashby, Carr, Guerra, Hansen, Harris, Jennings, Schenirer, Warren and Mayor Steinberg
- Noes: None
- Abstain: None
- Absent: None

Attest by Secretary:

Mindy Cuppy Digitally signed by Mindy Cuppy
Date: 2018.11.21 10:44:33
-08'00'

Mindy Cuppy, City Clerk

The presence of an electronic signature certifies that the foregoing is a true and correct copy as approved by the Housing Authority.

EXHIBIT A

SUMMARY OF CHANGES TO SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY PROPOSED 2019 BUDGET

Approved 2019 Total Operating Budget	\$ 153,436,253
Revised Approved 2019 Total Operating Budget	\$0
Approved 2019 New Projects	\$ 39,311,160
Revised Approved 2019 New Projects	\$0
TOTAL SHRA BUDGET	\$ 192,747,413

City Public Housing AMP, Central Office and Central Services Budget

January 1 - December 31, 2019

PHA Code: CA005 City of Sacramento	City AMP 1	City AMP 2	City AMP 3	City AMP 4	City AMP 5	City AMP 7	Total City Public Housing	City COCC Central Office & Central Svc
Beginning fund equity	\$ 1,754,405	\$ 3,138,772	\$ 2,300,425	\$ 864,404	\$ 868,175	\$ 862,505	9,788,686	\$ 199,999
Revenues:								
HUD Operating Subsidy	1,466,459	1,795,088	656,490	708,898	757,812	635,724	6,020,471	-
Maintenance Charges to Tenants	3,000	3,000	3,000	10,000	10,000	7,000	36,000	-
Washer/Dryer Income	600	60	15,000	5,000	4,000	4,000	28,660	-
Rental Income - Dwelling	875,000	850,000	900,000	660,000	650,000	530,000	4,465,000	-
Rental Income - Commercial	-	-	330,000	-	-	-	330,000	-
Rental income other	15,000	15,000	-	-	-	-	30,000	-
Interest Income - Investment	20,000	27,000	21,000	9,000	10,000	10,000	97,000	5,888
Bad Debt Recovery	3,000	1,000	1,000	1,000	2,000	1,000	9,000	-
Return Check Fee	30	60	75	30	60	30	285	-
Miscellaneous income	10,000	10,000	3,000	2,000	4,000	4,000	33,000	22,146
Management Fee	-	-	-	-	-	-	-	1,818,432
IT/Bookkeeping Fee	-	-	-	-	-	-	-	174,870
Asset Management Fee	-	-	-	-	-	-	-	218,640
Admin Fee (CFP)	-	-	-	-	-	-	-	266,389
Central services fees	-	-	-	-	-	-	-	448,553
Total operating revenue	2,393,089	2,701,208	1,929,565	1,395,928	1,437,872	1,191,754	11,049,416	2,954,918
CFP Mgmt impr transfers	36,397	36,445	41,333	32,411	32,411	34,226	213,223	-
Local Housing Transfers	-	-	-	-	-	-	-	520,655
Total revenues and transfers in	2,429,486	2,737,653	1,970,898	1,428,339	1,470,283	1,225,980	11,262,639	3,475,573
Expenditures:								
Employee Services:								
- Management/Maintenance	776,218	732,644	504,582	464,800	356,114	376,531	3,210,889	1,223,556
- Resident Trainees	36,397	36,445	41,333	32,411	32,411	34,226	213,223	-
Total Employee Services	812,615	769,089	545,915	497,211	388,525	410,757	3,424,112	1,223,556
Services & Supplies:								
- Management/Maintenance	1,069,535	1,285,568	936,431	632,646	779,529	541,405	5,245,114	2,452,016
Other Charges:								
Financial Transactions	2,813	4,926	3,989	1,705	1,541	1,427	16,401	-
- Central Service Fees	94,587	103,430	88,425	54,930	56,002	51,179	448,553	-
- Miscellaneous (PILOT, Depr.)	52,329	57,312	49,838	32,394	29,902	27,410	249,185	-
Management Fee	287,667	314,559	268,924	167,059	170,318	155,650	1,364,177	-
IT / Bookkeeping Fee	31,770	34,740	29,700	18,450	18,810	17,190	150,660	-
Asset Management Fee	43,200	46,920	39,720	25,560	25,080	23,400	203,880	-
Total operating expense	2,394,516	2,616,544	1,962,942	1,429,955	1,469,707	1,228,418	11,102,082	3,675,572
Ending Balance	\$ 1,789,375	\$ 3,259,881	\$ 2,308,381	\$ 862,788	\$ 868,751	\$ 860,067	\$ 9,949,243	\$ -

PHA Board Resolution
Approving Operating Budget

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing -
Real Estate Assessment Center (PIH-REAC)

OMB No. 2577-0026
(exp. 04/30/2016)

Public reporting burden for this collection of information is estimated to average 10 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

This information is required by Section 6(c)(4) of the U.S. Housing Act of 1937. The information is the operating budget for the low-income public housing program and provides a summary of the proposed/budgeted receipts and expenditures, approval of budgeted receipts and expenditures, and justification of certain specified amounts. HUD reviews the information to determine if the operating plan adopted by the public housing agency (PHA) and the amounts are reasonable, and that the PHA is in compliance with procedures prescribed by HUD. Responses are required to obtain benefits. This information does not lend itself to confidentiality.

PHA Name: Housing Authority-City of Sacramento PHA Code: CA005

PHA Fiscal Year Beginning: 01/01/2019 Board Resolution Number:

Acting on behalf of the Board of Commissioners of the above-named PHA as its Chairperson, I make the following certifications and agreement to the Department of Housing and Urban Development (HUD) regarding the Board's approval of (check one or more as applicable):

DATE

- Operating Budget approved by Board resolution on: 11/13/2018
Operating Budget submitted to HUD, if applicable, on:
Operating Budget revision approved by Board resolution on:
Operating Budget revision submitted to HUD, if applicable, on:

I certify on behalf of the above-named PHA that:

- 1. All statutory and regulatory requirements have been met;
2. The PHA has sufficient operating reserves to meet the working capital needs of its developments;
3. Proposed budget expenditure are necessary in the efficient and economical operation of the housing for the purpose of serving low-income residents;
4. The budget indicates a source of funds adequate to cover all proposed expenditures;
5. The PHA will comply with the wage rate requirement under 24 CFR 968.110(c) and (f); and
6. The PHA will comply with the requirements for access to records and audits under 24 CFR 968.110(i).

I hereby certify that all the information stated within, as well as any information provided in the accompaniment herewith, if applicable, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012.31, U.S.C. 3729 and 3802)

Print Board Chairperson's Name: Mayor Darrell Steinberg
Signature: [Handwritten Signature]
Date: 11/13/18