



**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



6

June 11, 1991

Budget & Finance Committee
of the City Council
Sacramento, CA

Honorable Members in Session:

SUBJECT: Continued Funding of Sacramento Neighborhood Housing
Services

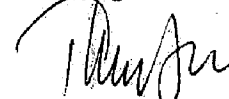
SUMMARY

The attached report is submitted to you for review and recommendation prior to consideration by the Redevelopment Agency of the City of Sacramento.

RECOMMENDATION

The staff recommends approval of the attached resolutions approving the funding.

Respectfully submitted,


for JOHN E. MOLLOY
Executive Director

TRANSMITTAL TO COMMITTEE:



JACK R. CRIST
Deputy City Manager

Attachment



**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



June 18, 1991

Redevelopment Agency of the
City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: Continued Funding of Sacramento Neighborhood Housing
Services (NHS)

SUMMARY

This report recommends the allocation of \$100,000 in Oak Park Tax Increment (TI) funds for continued support of the NHS activities serving a segment of the Oak Park Redevelopment Project area. The \$100,000 amount would be added to \$225,000 in Community Development Block Grant (CDBG) funds previously approved as part of the 1991 CDBG Program.

BACKGROUND

NHS is part of a nationwide network of independent non-profit corporations which target housing rehabilitation services and other improvement activities to selected neighborhoods as part of an overall neighborhood strategy. NHS works to reverse decline and preserve the housing stock for the benefit of current residents through a partnership of the business community, residents, and local government. NHS has been funded from local resources through a combination of City and County CDBG funds (\$225,000 annually), Oak Park Tax Increment (TI) funds, and private donations since its incorporation in 1987. Of the CDBG contribution, \$150,000 was designated for its City and County Revolving Loan Funds (Housing Rehabilitation Loan Program) and \$75,000 for administrative purposes. In 1990, NHS received \$100,000 of Oak Park TI funds. Of this amount, \$75,000 was designated for the Oak Park Revolving Loan Fund and \$25,000 for administrative purposes.

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NHS primarily operates two programs. The Revolving Loan Fund Program (for housing rehabilitation) and the Paint Bank Program. The NHS Revolving Loan Fund was established to assist Oak Park home owners who are not able to qualify for housing rehabilitation loans from conventional lending sources. These NHS loans, generally secured by the property, are made at flexible interest rates and terms (1-9% rates) designed to meet each individual borrower's ability to repay. The Paint Bank Program provides surplus paint from private companies to residents desiring to paint their homes with the understanding that work is to be completed within six weeks.

During 1990, NHS has completed several projects and activities in the Oak Park Project Area:

- o 4535 11th Avenue - With Agency financial assistance, NHS moved, rehabilitated, and sold a home donated by the University of California Davis Medical Center (UCD Medical Center) to a low income, first time home buyer, family.
- o 4432 7th Avenue - The UCD Medical Center has donated another home to NHS and subsequently moved it to an Agency owned lot for rehabilitation and sale to another first time home buyer.
- o Three homes on 11th Avenue were painted as part of a NHS beautification program call "Paint the Town '90". Two more homes were painted as part of the Paint Bank Program.
- o NHS completed a total of \$121,871 of rehabilitation work on owner occupied homes in 1990.
- o 4428 7th Avenue - Purchased the site next to the move-on property located at 4432 7th Avenue. The lot will be developed in late '91/early '92 as a single family affordable home ownership opportunity.
- o 4517 10th Avenue - This site is a joint venture affordable housing development project. This is a project in conjunction with the Building Industry Association of Superior California (BIA), Consumnes River College (CRC), and NHS.

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There are remaining Oak Park Tax Increment Funds from NHS's 1990-91 fiscal year. New funds will not be forwarded to NHS until these are expended. As of March 30, 1991, NHS has a balance of \$116,654.75 in Oak Park Tax Increment Funds in its Revolving Loan Fund. Of this amount, \$75,000 is unused from the 1990-91 Agency contract with NHS for the use of Oak Park Tax Increment Funds. The balance of the funds are program income from the sale of \$38,154.01 in loans to Neighborhood Housing Services of America (NHSA)¹ and \$3500.74 from client net loan repayments. To comply with the Agency contract with NHS, program income must be spent first before drawing down contractual proceeds.

There are currently three pending loans allocated to Oak Park residents valued at \$165,000 of which \$105,000 is from Oak Park Tax Increment Funds. These loans are due to close escrow in July of 1991.

FINANCIAL DATA

During 1991, NHS's total budget is 1.1 million dollars. This budget consists of the following:

| | |
|--|----------------|
| Proposed Oak Park Housing Development (TI) Funds | \$ 100,000 |
| City-County CDBG | 225,000 |
| Non-Agency Sources | <u>766,354</u> |
| Total | \$1,091,354 |

The \$100,000 allocation is part of Oak Park's 20% low and moderate income housing set-aside funds.

¹ NHSA is a nonprofit organization set up to create a secondary market for NHS loans. NHSA is modeled after the Fannie Mae and Freddie Mac programs. The secondary notes are sold privately to insurance companies, savings and loan institutions, pension funds, and foundations.

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POLICY IMPLICATIONS

The above recommended actions are consistent with Agency policy to increase housing stock and provide home ownership opportunities in Oak Park. The action is in compliance with the goals of the Oak Park Redevelopment Plan, the Oak Park Five Year Revitalization Strategy, and the Oak Park Housing Marketing Study.

ENVIRONMENTAL REVIEW

CEQA does not apply to administrative actions the rehabilitation projects will be reviewed on a case by case basis; NEPA does not apply

MBE/WBE

The recommended action has no MBE\WBE policy impact.

VOTE AND RECOMMENDATION OF THE OAK PARK PROJECT AREA COMMITTEE (PAC)

At its May 1, 1991 meeting, the Oak Park PAC approved the recommendation to continue funding of Sacramento Neighborhood Housing Services for its 1991-2 fiscal year.

RECOMMENDATION OF THE COMMISSION

At its meeting of June 5, 1991, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolution. The votes were as follows:

AYES: Amundson, Pernel, Simon, Simpson, Williams, Wooley,
Yew, Strong

NOES: None

ABSENT: Cespedes, Diepenbrock, Moose

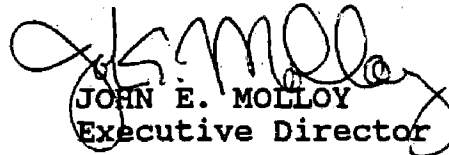
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RECOMMENDATION

Staff recommends approval of the resolution to allocate Oak Park Tax Increment (TI) funds for continued funding to support the NHS activities serving a segment of the Oak Park Redevelopment Project area. Funds for the 1991-2 contract year will be forwarded to NHS when the 1990-1 contract year funds are fully expended.

Respectfully submitted,


JOHN E. MOLLOY
Executive Director

TRANSMITTAL TO COUNCIL

WALTER J. SLIPE
City Manager

Contact Person: Leslie Fritzsche
440-1315

F:\KEM\NHSFUND1A

RESOLUTION NO.

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF _____

FUNDING OF SACRAMENTO NEIGHBORHOOD HOUSING SERVICES (NHS)

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

Section 1: The Executive Director is authorized to amend the agency budget by transferring \$100,000 from Housing Development to Neighborhood Housing Services.

Section 2: The Executive Director is authorized to amend the Agreement to Provide Community Development Services dated on or about May 1, 1991, among the Redevelopment Agency of the City of Sacramento, the Redevelopment Agency of the County of Sacramento and Neighborhood Housing Services Inc. (NHS) to provide additional funding from Oak Park Redevelopment Project Area tax increment funds in the amount of \$100,000 for the performance of housing projects and activities in the Oak Park Redevelopment Project Area for the NHS fiscal year commencing May 1, 1991.

Section 3: These additional funds will be disbursed to NHS when the funds previously allocated for the 1990-1 contract year are fully expended.

CHAIR

ATTEST:

SECRETARY

P:\SHARE\RESO\NHS

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____