



**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



April 8, 1986

Budget and Finance Committee
of the City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: Acquisition with Minor Repairs (30 units) and
Substantial Rehabilitation (20 units) Program - City
of Sacramento

SUMMARY

The attached letter is submitted to you for review and recommendation prior to consideration by the Housing Authority of the City of Sacramento.

RECOMMENDATION

The staff recommends approval of the attached resolution approving the funding allocation.

Respectfully submitted,

William H. Edgar

WILLIAM H. EDGAR
Executive Director

TRANSMITTAL TO COMMITTEE:

Solon Wisham, Jr.

SOLON WISHAM, JR.
Assistant City Manager

Attachment



SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY



March 31, 1986

Housing Authority of the
City of Sacramento
Sacramento, CA 95814

Honorable Members in Session:

SUBJECT: Acquisition with Minor Repairs (30 units) and
Substantial Rehabilitation (20 units) Program,
CA30 P005-025, City of Sacramento

SUMMARY

Requested herein is an authorization to utilize \$44,240 of Community Development Block Grant (CDBG) housing rehabilitation funds to perform repairs which require immediate correction on units purchased under the HUD-financed Acquisition with Minor Repairs and Substantial Rehabilitation Program, CA30 P005-025. Of this amount, we hope to reimburse the fund by \$10,350 when HUD funds are eventually received.

BACKGROUND

On 6/25/85, the Housing Authority received approval from DHUD to acquire and rehabilitate 50 family units (37 three bedroom, ten four-bedroom and three five-bedroom) within certain HUD-approved targeted areas within the City of Sacramento. Under this program, the Authority has purchased 32 units requiring only minor repairs and 15 units requiring substantial rehabilitation.

During your regular meeting of August 13, 1985, your approval was granted to purchase those structures identified in this report for values not to exceed HUD-approved appraisal amounts. At that time, HUD also indicated that the Agency could proceed with the HUD-approved corrections and/or repairs on the purchased structures classified as Minor Repair, but no work could begin on the Major Rehabilitation classification until such time as all the units were purchased and all the required documents were received and approved by HUD.

More recently, DHUD mandated that, prior to the Authority performing any rehabilitation work, all units under both the minor repair and major rehab classifications must be purchased by the Authority and all required documents must be received and approved by the HUD office.

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With this decision, the Authority will be placed in a position where it owns occupied units with critical code deficiencies which can not be repaired until all units are purchased and an overall rehabilitation program is approved. Our best estimate for this date is June 30, 1986. According to state law, any owner who is aware of existing code deficiencies and does not make the required repairs is negligent, and liable.

The problem is compounded in our vacant units, since prior to occupying these units, we are required to correct certain other items in order to meet Housing Quality Standards. The budget, as approved by HUD, does not allow any funds for general cleanup and painting in preparation of these units for occupancy.

The purpose of the funds requested in this report would be to correct the critical code items on all occupied units together with critical code items and the minimum Housing Quality Standard items necessary to occupy the vacant units.

Upon approval of the overall rehabilitation program, the Authority will request from HUD that those costs incurred for the correction of any items listed on the HUD-approved appraisal, together with any item considered a code deficiency, be honored as a program expenditure and be reimbursed accordingly.

The following structures have been purchased under the classifications indicated. Also reflected are the HUD-approved rehabilitation amounts for each structure. The indicated HUD-approved expenditures do not include any expenditures for general clean-up and painting of the vacant units readying them for occupancy. They do, however, cover most of the critical code violations which would be corrected utilizing these expenditures in vacant and occupied units in both the major and minor classification.

The column labeled "Recoverable Estimate" indicates the estimated expenditures funded under this request, which we would seek to recover after HUD has approved the overall program. These funds would subsequently be reimbursed to the CDBG rehabilitation program.

Additionally, for your information, we have indicated whether these units are vacant or occupied. Of the 47 units purchased under this program, 35 units are currently occupied. The families who qualify for public housing have been given a notice of continued occupancy, two families have been relocated, and another two families are yet to be relocated.

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Minor Repair Classification

<u>Purchased Units</u>		<u>Hud-Approved Rehab Costs</u>	<u>Estimated* Amount to be Advanced for CDBG</u>	<u>Recoverable Estimate</u>
<u>Address</u>				
3820 - 15th Ave.	Vacant	1,885	1,400	300
3621 - 17th Ave.		1,745	600	-0-
3814 - 15th Ave.		3,550	800	200
3817 - 16th Ave.		2,275	600	-0-
3988 - 12th Ave.		2,275	600	-0-
4604 - 36th St.		2,710	700	-0-
4308 - 36th St.		2,685	700	-0-
3917 - 36th St.		1,845	600	-0-
3611 - 23rd Ave.		2,820	700	-0-
3405 - 24th Ave.		1,940	600	-0-
7711 - 18th St.		2,765	700	-0-
5064 - 10th Ave.		635	600	-0-
7350 Loma Verde	Vacant	1,050	300	-0-
2543 Cheryl Way	Vacant	1,030	1,250	500
5107 Alcott Dr.		3,895	1,200	500
3405 - 22nd Ave.		3,755	1,500	700
4004 - 39th St.		1,880	1,200	400
1420 Stephanie		20	-0-	-0-
1424 Stephanie		365	-0-	-0-
321 Eleanor Ave.		4,095	900	-0-
220 Cookingham		2,600	300	-0-
4058/60 Sumac		3,385	1,800	-0-
7673 Lytle St.		3,950	800	200
2161 Berg Ave.	Vacant	5,000	2,000	700
1444 Wacker Way	Vacant	3,290	1,540	500
4137 Rio Linda Bl.		1,375	700	550
3346 Cypress St.		4,440	650	-0-
5110 Bradford		2,920	1,200	400
3421/23 - 19th Ave.		4,060	1,800	400
Sub-Totals		<u>74,240</u>	<u>25,740</u>	<u>5,350</u>

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Major Rehabilitation

3829 Elm St.	Vacant	12,460	1,500	500
7557 - 18th St.		9,245	1,700	500
2970-2nd Ave. (4 units, 3 vac.)		39,624	1,000	-0-
2274 Babette Way		5,600	1,500	500
2270 Babette Way	Vacant	6,220	1,500	500
2289 Babette Way		10,515	1,000	-0-
5100 Esmeralda St.	Vacant	8,690	1,500	500
7355 Springman St.		5,450	1,000	-0-
3672 Reel Circle		10,758	1,500	500
616 South Avenue	Vacant	8,580	1,800	500
3600 Reel Circle		9,076	1,500	500
375 Lindley Drive		8,336	1,500	500
200 Redondo Avenue		15,176	1,500	500
Sub-Totals		<u>\$149,730</u>	<u>18,500</u>	<u>5,000</u>
TOTALS		\$223,970	44,240	10,350

FINANCIAL DATA

The approval of this \$44,240 request will provide the Authority with the required funds to correct the immediate hazardous code deficiencies and ready the vacant units for occupancy. No additional staffing is required.

POLICY IMPLICATIONS

The action proposed in this staff report is consistent with many previous actions in which we added local funding to DHUD acquisition, construction and rehabilitation programs. Since no further funding for either acquisition, rehabilitation or new construction is forthcoming from DHUD, the policy may be moot following this action. Nevertheless, if future funding does become available, we will want to look closely at the potential impact on local funding requirements before accepting it.

*The figures listed in this column represent estimates for work yet to be performed. They could rise or fall depending on final bidding by private contractors. It is intended to move savings from one address to cost increases of another. The total cost, however, to complete all of the work will not be exceeded.

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VOTE AND RECOMMENDATION OF COMMISSION

At its regular meeting of April 7, 1986, the Sacramento Housing and Redevelopment Commission adopted a motion recommending adoption of the attached resolution. The votes were as follows:

AYES:

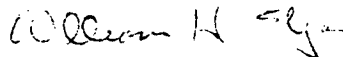
NOES:

ABSENT:

RECOMMENDATION

The staff recommends that \$44,240 be allocated from the CDBG fund and that the cost of any portion of the work covered under this allocation which is recovered from HUD, be reimbursed to the CDBG program.

Respectfully submitted,



WILLIAM H. EDGAR
Executive Director

TRANSMITTAL TO COUNCIL:

WALTER J. SLIPE
City Manager

Contact Person: John Molloy

RESOLUTION NO.

ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO
ON DATE OF

CDBG FUNDS FOR MINOR REPAIRS TO HUD-FINANCED ACQUISITION

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

Section 1: The Executive Director is hereby authorized to utilize \$44,240 of Community Development Block Grant (CDBG) housing rehabilitation funds to perform corrections on the housing units purchased under the HUD-financed Acquisition with Minor Repairs and Substantial Rehabilitation Program, CA30 P005-025.

Section 2: The Executive Director is further authorized to reimburse the CDBG fund by \$10,350, upon HUD approval and release of funds.

CHAIR

ATTEST:

SECRETARY

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