

RESOLUTION NO. 2004-757

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF SEP 28 2004

**PREDEVELOPMENT GRANT TO RURAL CALIFORNIA
HOUSING CORPORATION FOR AMERICAN RIVER VILLAGE PROJECT**

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

Section 1. The Sacramento Housing and Redevelopment Agency 2004 budget is amended to allocate Forty Thousand Dollars (\$40,000) in HOME CHDO Funds to the American River Village management review project for a grant to Rural California Housing Corporation for the purposes and on the terms stated in the staff report that accompanies this resolution.

HEATHER FARGO

MAYOR

ATTEST:

SHIRLEY CONCOLINO

CITY CLERK

FOR CITY CLERK USE ONLY

**RESOLUTION NO.: 2004-757
DATE ADOPTED: SEP 28 2004**

(7)



**Sacramento
Housing &
Redevelopment
Agency**

September 15, 2004

3.4

City Council
of the City of Sacramento
Sacramento, California



Honorable Members in Session:

**SUBJECT: APPROVAL OF PREDEVELOPMENT GRANT TO RURAL CALIFORNIA
HOUSING CORPORATION FOR AMERICAN RIVER VILLAGE
PROJECT**

LOCATION & COUNCIL DISTRICT

718 Northview Drive, Southwest of Northgate Boulevard and El Camino Avenue,
Northgate area
District 1

RECOMMENDATION

Staff recommends adoption of the attached resolution on page 6 which authorizes the allocation of \$40,000 of City HOME funds in the form of a predevelopment grant to Rural California Housing Corporation ("RCHC"), a Community Housing Development Organization ("CHDO"). Funds will be used to allow RCHC to evaluate the physical and financial conditions at the American River Village Condominiums ("ARV Condos") and to formulate a plan to improve both the physical and financial conditions at the complex.

CONTACT PERSONS

Lisa Bates, Director – City Community Development, 440-1316
Vickie Smith, Program Manager, 440-1399, ext. 1417

FOR COUNCIL MEETING OF - September 28, 2004

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SUMMARY

This report recommends authorization of \$40,000 in City HOME predevelopment funds for the evaluation of the physical and financial conditions at the ARV Condominiums. Prior to offering affordable homeownership opportunities to families at this property, staff is interested in stabilizing the ARV Condos physical and financial situation. The goal of this predevelopment work is to work with the Homeowners Association (HOA) Board to create a long-term plan for fiscal and physical viability which will be completed by RCHC, a CHDO non-profit.

HOA BOARD ACTION

At its meeting on May 17, 2004, the American River Village HOA Board adopted a motion recommending approval of the attached resolution. The votes were as follows:

AYES: Billingsley, Ridgeway, Gordon

NOES: None

ABSENT: Walls

COMMISSION ACTION

At its meeting of September 15, 2004, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolutions. The votes were as follows:

AYES: Burruss, Gore, Harland, Hoag, Piatkowski, Stivers

NOES: Coriano, Simon

ABSENT: Burns, McCarty

BACKGROUND

The American River Village Condominiums (ARV Condos) is a 49-unit condominium development originally constructed in 1985. It was developed in conjunction with the 123-unit River Garden Estates Apartments, which is an Agency assisted project currently owned by the Sacramento Mutual Housing Association. Fifty five percent of the units in the ARV Condos are renter occupied and managed by absentee landlords. Lack of participation on the part of some owners has resulted in the HOA being continuously under funded and inconsistently managed and maintained.

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For the past two years, the Sacramento Police Department has been working to address the crime problems and has been successful in reducing the level of crime at the complex.

The current HOA Board has shown a commitment to improve the situation. However, their current by-laws need to be evaluated as they do not adequately provide for long-term maintenance costs. In addition, the by-laws have not provided for quality management practices by non-owner occupied units and resident rules, which is necessary to solve many of the aforementioned problems.

The current HOA Board is interested in structurally improving the HOA so that it will become self-sufficient and operate more efficiently. To help them meet this goal, SHRA plans to partner with RCHC to work with the HOA Board to create a long-term plan for fiscal and physical viability. The plan includes review of the Homeowner's Association governance, financial structure, and management structure including tenant screening for non-owner occupied units and house rules.

The HOA governance review will cover:

1. Articles of Incorporation;
2. By-Laws;
3. Codes, Covenants and Restrictions (CC&R's);
4. HOA meeting minutes;
5. Interviews with officers, members and on-site staff; and
6. Interview the City Task Force formed to address issues at American River Village.

RCHC will then provide recommendations regarding the existing organization structure of the HOA and their analysis, if necessary, of required changes to increase effectiveness.

The financial status review will cover:

1. Accounting records, financial statements, and tax returns;
2. Dues structure and collection procedures; and
3. Analysis of the adequacy of the replacement reserves based on the physical needs assessment.

RCHC will then provide recommendations regarding the adequacy of existing financial structure and provide recommendations to improve the structure if needed.

The final step of the review will be an assessment of the management of the Homeowners Association. This assessment will include the following:

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1. Management procedures;
2. Owner and tenant obligations and responsibilities;
3. Physical needs assessment of the property and individual units; and
4. Repairs and maintenance procedures.

This final review will provide recommendations to improve management performance. Items to be addressed include maintenance of common areas, site security, and management procedures of the property. The review will also discuss activities that will increase the attractiveness of the condominiums to owner occupants.

The timeframe to complete the proposed work is 90 days from execution of a binding contract with RCHC and the delivery of required documents from the HOA.

The cost breakdown of the plan is as follows:

- | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| <u>1. Homeowner's Association Governance</u> | \$15,000 |
| This includes the review of documents, interviews with all interested stakeholders, and legal and accounting consultants to confirm required changes to the HOA's governing documents. | |
| <u>2. Homeowner's Association Financial Analysis</u> | \$ 8,000 |
| The financial review assumes analysis of the past three years operating and financial statements and the services of an experienced CPA to provide technical guidance. In addition, the capital replacement plan will provide an analysis of costs required over a ten year period. | |
| <u>3. Homeowner's Association Management Analysis</u> | \$17,000 |
| The management review includes the cost of the full physical inspection of the property condition. Anticipated third party expenses include termite inspection, roof inspection and sewer scoping report. Engineering and architectural professionals will be engaged as necessary to provide additional expertise on recommended corrective actions. | |

The full report will include alternatives to address the identified problems along with recommendations on the preferred course of action. The timing is 90 days from receipt of all required documentation, which is anticipated to be received 15-30 days after our work has begun.

FINANCIAL CONSIDERATIONS

This report recommends allocating \$40,000 in City HOME CHDO funds to this project in the form of a grant to RCHC.

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POLICY CONSIDERATIONS

The actions described in this report are consistent with the Agency's goals of eliminating blight and preserving and enhancing the supply of the City's housing stock. In addition, it also meets the City of Sacramento's goal of preserving and enhancing neighborhoods.

ENVIRONMENTAL REVIEW

The proposed action is exempt from environmental review under the California Environmental Quality Act (CEQA) Guidelines Section 15262 (feasibility and planning studies). This action is also exempt from environmental review under the National Environmental Policy Act pursuant to 24 CFR Section 58.34(a)(8) (predevelopment engineering or design costs).

M/WBE CONSIDERATIONS

Minority and Women's Business Enterprise requirements will be applied to all activities to the extent required by the federal funding.

Respectfully submitted,



ANNE M. MOORE
Executive Director

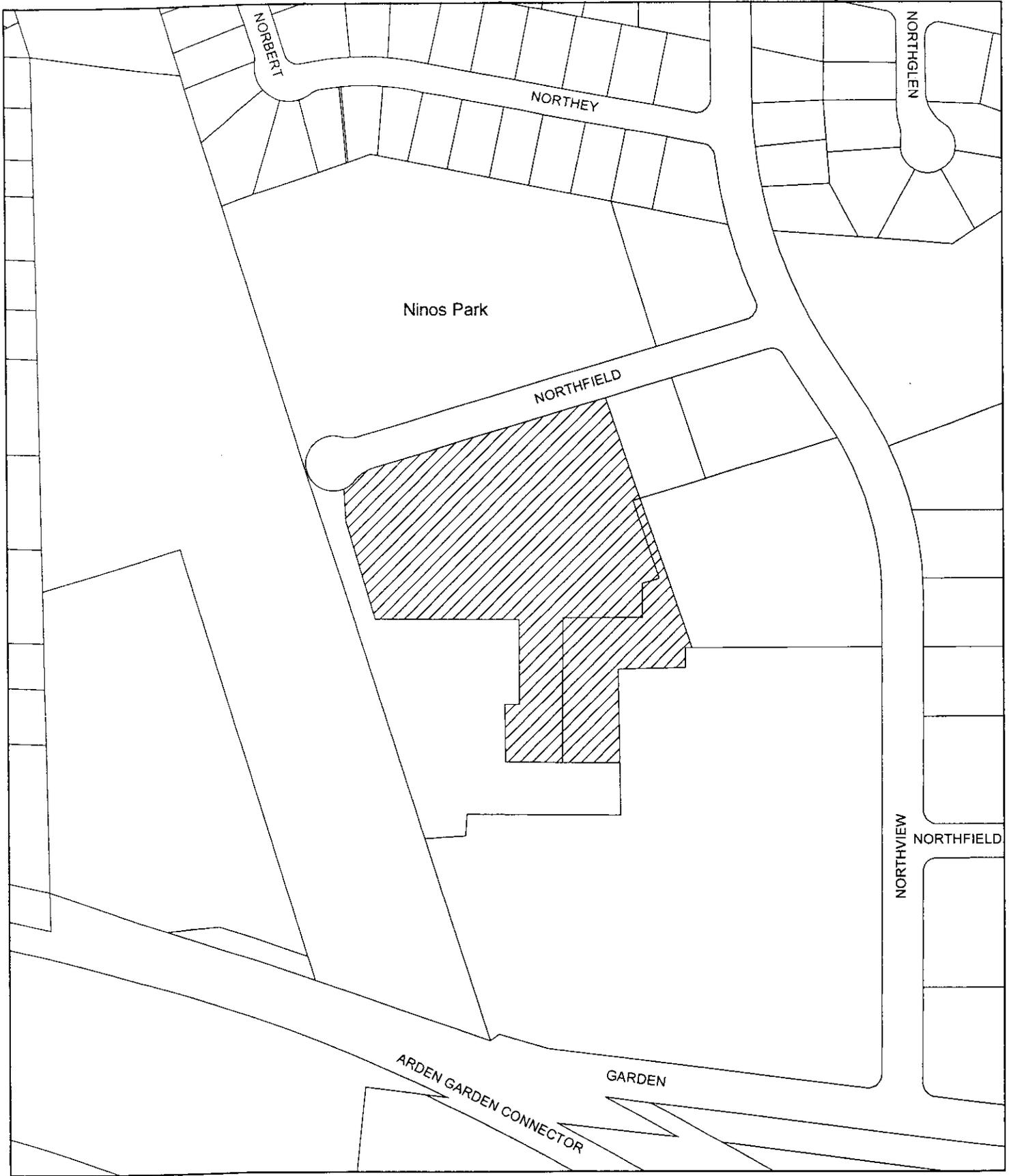
Transmittal approved,



ROBERT P. THOMAS
City Manager

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Legend

 American River Village

