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May 6, 1998



Redevelopment Agency of
the City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: DISPOSITION OF DEL PASO HEIGHTS LAND; APPROVAL TO IMPLEMENT THE FEDERAL YOUTHBUILD PROGRAM GRANT AND EXECUTE CONTRACTS WITH THE PARTNERS; LOANS TO NORTHERN CALIFORNIA CONSTRUCTION TRAINING FOR PURCHASE AND CONSTRUCTION; ARMY DEPOT AND AVONDALE/GLEN ELDER BUDGET TRANSFERS TO THE PREAPPRENTICESHIP PROGRAM; AND PROPERTY ACQUISITION FOR AVONDALE/GLEN ELDER PREAPPRENTICESHIP PROJECT.

LOCATION & COUNCIL DISTRICT District 2 and District 6

RECOMMENDATION

Staff recommends approval of the attached resolutions approving the following actions:

Redevelopment Agency of the City of Sacramento authorization of the Acting Executive Director to enter into a Developer Disposition Agreement (DDA) and related documents to sell four Agency-owned sites in the Del Paso Heights Redevelopment Area to Northern California Construction Training (NCCT) for development and construction of four single-family homes.

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City Council authorization of the Acting Executive Director to amend:

- the Preapprenticeship Program to construct one additional Youthbuild home in Del Paso Heights Phase III.
- the Agency budget to transfer \$57,851 from the Housing Developer Assistance Project in the Army Depot Low/Mod Capital Projects fund to the Preapprenticeship Program for the acquisition and construction or rehabilitation of three Avondale/Glen Elder properties.
- the Agency budget to transfer \$100,000 from the Developer Assistance Project in the Army Depot Capital Projects fund to the Preapprenticeship Program for the acquisition and construction or rehabilitation of three Avondale/Glen Elder properties.
- the 1998 Agency budget to reprogram \$150,000 from the 1997 CDBG Avondale/Glen Elder Housing Development Project to the Preapprenticeship Program.

Sacramento Housing and Redevelopment Commission authorization of the Acting Executive Director to:

- enter into Memorandum of Understandings (MOU) contracts with the Youthbuild partners to implement the provisions of the Youthbuild Grant.
- execute a sub-recipient agreement and construction loan agreements and related documents to sell four Agency-owned sites in the Del Paso Heights Redevelopment Area to Northern California Construction Training (NCCT) for development and construction of four single-family homes.
- grant to NCCT up to 10 used desk-top computers valued less than \$1,000 for use in the Youthbuild program.

CONTACT PERSONS

Cassandra Jennings, Director, Business & Employment Opportunities Dept., 440-1312

Greg Wessel, Program Manager, Business & Employment Opportunities Dept., 440-1346

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FOR COUNCIL MEETING OF May 19, 1998

SUMMARY

This report addresses two programs: The Youthbuild Program in Del Paso Heights and the Preapprenticeship Program in Avondale Glen Elder. For the Youthbuild Program, staff requests authority to sell four Del Paso Heights sites and make loans to Northern California Construction Training, Inc. (NCCT), for the construction of four single-family homes; to transfer Youthbuild grant funds to program partners; and to grant up to 10 used computers to NCCT. For the Preapprenticeship Program, staff recommends approval of budget transfers to acquire three properties in Avondale/Glen Elder for new home construction or rehabilitation.

DEL PASO REDEVELOPMENT ADVISORY COMMITTEE ACTION

The Del Paso Redevelopment Advisory Committee (RAC) approved dedication of the land to the Youthbuild Program and design review on March 12, 1998. The RAC had questions regarding the program which were adequately addressed. A recap of the discussions with the RAC is incorporated in the body of this report. With respect to the motion to approve rededication of the four sites from self-help housing to the Youthbuild Program, the votes of the committee were as follows:

Ayes:	Ahkiong, Bolden, Loree, Mack, Olivares, Short, Smith, Velez-Balay, Vue, Whittaker
Noes:	None
Absent:	Barnes, Moore, Perlberger, Thomas
Abstain:	Echols

COMMISSION ACTION

At its regular meeting of May 6, 1998, the Sacramento Housing and Redevelopment Commission recommended approval of the attached resolutions. The votes were as follows:

AYES:	Amundson, Castello, Dobbins, Hoag, Holloway, Newsome, Rotz, Harland
NOES:	None
NOT PRESENT TO VOTE:	Cespedes, Simon
ABSENT:	Taylor

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BACKGROUND

YOUTHBUILD PROGRAM:

In June 1997, the Agency applied to the Department of Housing and Urban Development (HUD) for funding under the federal Youthbuild Program (Youthbuild). This was the fourth time the Agency applied for such funding and its efforts were rewarded with a \$700,000 grant to implement the program in Del Paso Heights. The HUD Youthbuild Grant is exceedingly competitive; typically only about 30 proposals nationwide are funded annually. The three primary Youthbuild goals are: 1) provide skills training for high school dropouts in the construction trades to prepare them for employment and self-sufficiency; 2) provide basic education leading to successful completion of the GED certificate; and 3) teach social and personal responsibility through leadership skills development. An ancillary, but nevertheless important goal is to create additional affordable housing through new construction and/or rehabilitation.

Although Youthbuild is similar to the Agency's Preapprenticeship Construction Job Training Program (Preapprenticeship Program), Youthbuild distinguishes itself by targeting higher-risk participants. Seventy-five percent of Youthbuild participants must be high school dropouts between the ages of 18 and 24. In addition, 75 percent of the participants must be very low-income or have incomes at 50 percent or lower of the median. Further, Youthbuild established two primary performance benchmarks: 1) to have at least 75 percent of the participants obtain the GED before they receive a program completion certificate and 2) to place 50 percent of the participants in construction or construction-related jobs or in other vocational training within 90 days of graduation.

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To accomplish its goals, HUD's \$700,000 grant will exclusively fund Youthbuild training and education components, more intensive participant processes, stipends, support services, case management services for the duration of the program (anticipated at 22 months), and targeted job development services. Youthbuild funding adds tremendous capacity to the local Preapprenticeship Program model.

Youthbuild is based upon a collaboration of partners which bring special expertise to the Preapprenticeship Program. These partners, their special relationships to each other, and their individual roles and responsibilities constituted an integral part of the Agency's application to HUD. They form the strength of the proposed program and as such were ranked sufficiently high enough to merit funding from HUD. The Agency will contract with existing partners including the Sacramento Employment and Training Agency (SETA) for services related to recruitment, assessment, and case management; with Northern California Construction Training (NCCT) for journeyman level training in construction of the four houses; and with the Sacramento County Office of Education Regional Occupation Program (ROP) to provide classroom training for passage of the GED test. As a part of the SETA component, the Grant Unified School District and local non-profit organizations will assist in providing services through the Las Palmas One-Stop Career Center.

The Agency will also contract with a new partner, the Citizenship and Law Related Education Center (CLRE), a non-profit organization which has been in business since 1984. CLRE will provide leadership training to the program. CLRE is active throughout California and provides a number of programs directed to at-risk youth in under-served areas. Some of these programs include summer institutes for youth on the subject of participating in local government, a law-related education conference, and "Law Works" an interactive community service project for 7th to 12th graders. The CLRE Center currently implements conflict resolution programs and juvenile delinquency prevention programs for school age children and has conducted programs in Del Paso Heights in the past. CLRE is also a project coordinator for the County Office of Education's "Teacherbridge" Americorps Program.

For its part, the Agency will assume responsibility for contributing the land and financing for construction, architectural services and construction management, project coordination and oversight, evaluation and monitoring, home buyer assistance, and linkage of student participants with the Agency's Office of Economic Opportunity in Construction (OEOC) for construction job placement activities. In addition, the Agency will grant to NCCT up to ten salvage desk-top computers and associated equipment for instructional use in the Youthbuild. This equipment no longer meets the Agency's technical needs but will be of great value to students.

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NEIGHBORHOOD ECONOMIC DEVELOPMENT PLAN:

HUD requires all recipients of HUD funds to make, to the greatest extent feasible, business and employment opportunities available to residents in the area where a project is located. This requirement resulted from Section 3 of the U.S. Housing Act of 1968. Youthbuild is a Section 3 focused project.

Staff engaged in numerous discussions with the RAC and other members of the Del Paso Heights community to identify local opportunities and determine how those opportunities could and would be directed to neighborhood residents and contractors. RAC discussions also addressed the need for community Youthbuild oversight. What follows is the Youthbuild neighborhood economic development action plan.

Construction Subcontracting

Del Paso Heights/Strawberry Manor contractors and businesses that have the capacity to perform the subcontract portions of the housing construction and training will be encouraged to submit a proposal to provide subcontract work for Youthbuild. The subcontracts include wallboard taping and texturing, electrical, plumbing, heating and air conditioning, and landscape. If needed, we will make the project contingency budget available to help local contractors achieve the capacity in terms of insurance and bonding to propose successfully for this work. In some cases, a person or persons may be hired by NCCT to perform this work and instruct students. Persons hired as staff by NCCT to teach on a site are expected to be qualified instructors in their craft/trade under California's Montoya Educational Rules and they are subject to background checks as required by the Michelle Montoya Law. We have requested assistance from the community to identify companies and individuals who can perform this portion of the work.

GED Classroom Teacher

A half-time GED instructor, specified in the Youthbuild Grant, will be recruited from the local Grant Union High School District to perform the in-classroom academic instruction.

Classroom Lease

A suitable classroom facility located in the local community will be leased by ROP for one year.

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Real Estate Sales

All licensed residential real estate firms in Del Paso Heights will be contacted and invited to attend meetings disseminating information to help attract eligible buyers to purchase the completed homes. The agents will earn a commission when they close a sale of one or more of the homes.

Home Buyer Financial Assistance

Eligible home buyers may take advantage of special down-payment and closing-cost assistance provided in the Program that will enable them to purchase the new homes. Local real estate agents will be assisted in making information about the financial assistance known throughout the community.

Counseling/Case Manager Position

One person will be hired by the Las Palmas Career One-Stop, under contract with SETA, for the recruitment, counseling, case management and job development components of Youthbuild. This is a full time position for a 22-month period. Residents from the Del Paso Heights/Strawberry Manor community will be encouraged to apply. The case manager must meet Grant Union High School district requirements. The local community will assist in identifying eligible individuals for this position.

Community Liaison/Student Intern

One liaison/intern will be hired by SETA to assist with recruitment and other duties for 12 months or longer. Residents from the Del Paso Heights/Strawberry Manor community will be encouraged to apply. The local community will assist in identifying eligible individuals for this position.

Leadership Development Advisory Committee

Two members of the local community will sit on the Leadership Development Advisory Committee to be established by the CLRE Center. The RAC will select and recommend members to the committee.

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The items addressed above combined with student stipends and Youthbuild Grant need-based assistance represent about \$466,000 of the \$1,228,870 total Del Paso Phase III budget. Therefore, on a percentage basis, about 38 percent of the total Youthbuild budget is targeted for neighborhood economic development.

AVONDALE/GLEN ELDER:

In anticipation of an additional phase of home construction through our Preapprenticeship Training Program in Avondale/Glen Elder (planned to start in the Fall of 1998), staff is requesting the reprogramming of funds and the authority to identify and purchase properties for later sale to NCCT. Staff will request authority to transfer the property and make loans to NCCT for the purchase of the properties for construction and training at a later date. Staff will present this information to the Avondale/Glen Elder Implementation Committee at their meeting on April 30, 1998. We do not anticipate any issues will be raised that would delay project commencement.

FINANCIAL CONSIDERATIONS

Youthbuild—Del Paso Heights financing:

The Agency purchased the four Del Paso Heights lots, which are held in the name of the Redevelopment Agency of the City, in 1972 with CDBG funds and land-banked them for housing (see Attachment I). The July 1995 resolutions authorizing the Preapprenticeship Construction Training Program also approved construction funding. There are sufficient existing Preapprenticeship Program monies to construct the three Del Paso Heights Phase III homes originally planned plus the one additional Youthbuild required home. NCCT will offer these four houses for sale in the \$85,000 to \$100,000 price range to low-income, first-time home buyers; the homes will be regulated and remain affordable for at least 10 years.

The following chart shows the total budget for the training, construction and sale of four Del Paso Heights Phase III homes.

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PROPOSED FINANCING FOR THE DEL PASO HEIGHTS PHASE III	
DEVELOPMENT, BUILDING AND SELLING COSTS:	
Land (Acquisition Cost)	\$ 12,000
Construction—four homes	\$ 393,581
Construction and Program contingency	\$ 48,289
Sub-Total Development	\$ 453,870
Home buyer financing; marketing, real estate and legal fees	\$ 75,000
Sub-Total Marketing	\$ 75,000
Education, Training, Job Development	\$ 323,103
Recruitment/Case Management/Job Development (OEOC)	\$ 161,625
Student Stipends	\$ 175,272
Administration	\$ 40,000
Sub-Total Training Etc.	\$ 700,000
GRAND TOTAL	\$1,228,870
Source of Funding	
Funds appropriated in the Program budget for construction and marketing this phase	\$ 528,870
HUD Youthbuild Grant Funds	\$ 700,000
Total Del Paso Heights Phase III Funding Required	\$1,228,870

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The following are the proposed loans to NCCT to construct Youthbuild/Del Paso Heights Phase III.

- Loans in the amount of \$119,814 to NCCT to construct four homes. The source of these funds are in the Del Paso Heights Low/Mod Preapprenticeship Repayment Project. Loans may be forgiven upon sale of the homes.
- Loans in the amount of \$334,056 to NCCT to purchase the land and construct four homes. The source of these funds is in the City CDBG 1997 and 1998 Preapprenticeship Program. These loans, made pursuant to a CDBG Program sub-recipient agreement, are to be repaid upon completion and sale of the Del Paso Heights properties. Approximately \$50,000 of CDBG funds may be forgiven in these loans upon sale of the Del Paso Heights Properties. Proceeds from the sale of the homes will be repaid to the CDBG Program Income Fund.

TOTAL LOANS TO NCCT NOT TO EXCEED

\$453,870

An additional \$75,000 is available from the Low/Mod Project to the Preapprenticeship Program for low-income first-time home buyer financing and for marketing, real estate, and legal fees.

Preapprenticeship Program — Avondale/Glen Elder:

Staff is requesting the following to assist with financing the Avondale/Glen Elder phase:

- Transfer \$57,851 from the Housing Developers Assistance Project in the Army Depot Low/Mod Capital Projects fund to the Preapprenticeship Program for the acquisition, and construction or rehabilitation of three properties in Avondale/Glen Elder.
- Transfer \$100,000 from the Developers Assistance Project in the Army Depot Capital Projects fund to the Preapprenticeship Program for the acquisition, and construction or rehabilitation of three properties in Avondale/Glen Elder.
- Reprogram \$150,000 available from the 1997 City CDBG Avondale/Glen Elder Housing Development Project to the Preapprenticeship Program.

Combined with existing Preapprenticeship Program funding, there will be sufficient monies to purchase property and construct or rehabilitate three additional Avondale/Glen Elder neighborhood homes. Staff will request authority to sell the properties and make loans to NCCT for this phase at a later time.

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POLICY CONSIDERATIONS

The actions recommended are consistent with Agency policy to provide affordable housing, to remove blight, and to encourage self-sufficiency via employment training.

ENVIRONMENTAL REVIEW

The proposed actions are in furtherance of the redevelopment project which provides funding for disposition of land, low-income housing development and job training programs, per CEQA Guidelines Sections 15180, 15162 and 15163. The residential lots identified in this Program are existing legal residential in-fill lots in established urban areas. All lots conform with land use designations and zoning, with utility services such as water, sewer, storm drain and water service already in place. Issuance of building permits for such lots are ministerial actions by the City and County under CEQA, since environmental review was previously conducted, where applicable, when the lots were created.

The proposed action is consistent with earlier approvals of the Preapprenticeship Construction Job Training Program. Single family construction activities are exempt from CEQA review per CEQA Guidelines Section 15303, and use of CDBG funds are categorically excluded from NEPA per 24CFR Part 58.35 (a) (4). No further environmental review is required.

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M/WBE CONSIDERATIONS

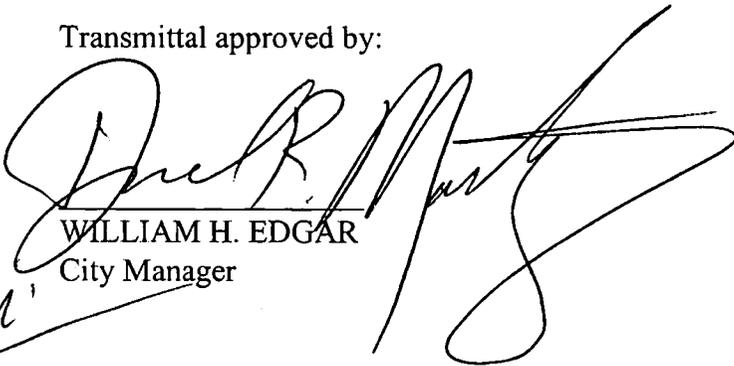
The Agency will award MOU contracts to the Youthbuild partners. The Agency does not award construction contracts under this program, therefore, M/WBE considerations do not apply. However, every effort is made to recruit women and minority individuals and businesses into the training program.

Respectfully submitted by,



ANNE M. MOORE
Acting Executive Director

Transmittal approved by:



WILLIAM H. EDGAR
City Manager

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RESOLUTION NO. 98-026

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF _____

**PREAPPRENTICESHIP CONSTRUCTION JOB TRAINING PROGRAM (PROGRAM):
CONSTRUCTION OF SINGLE FAMILY RESIDENCES
FOR DEL PASO HEIGHTS PHASE III
AND AVONDALE/GLEN ELDER**

WHEREAS, the Agency utilized Community Development Block Grant (CDBG) funds to acquire real property on Nogales Street (APN 251-157-01, -02) and Silvano Street (APN 251-157-07, -08) for development of housing.

WHEREAS, the Agency intends to advance the objectives of construction training and housing development in Avondale/Glen Elder.

NOW, THEREFORE, BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO:

Section 1. The Executive Director is authorized to amend the Preapprenticeship Program to construct one additional Youthbuild home in Del Paso Heights Phase III from existing Program funds.

Section 2. The Executive Director is authorized to enter into a Disposition and Development Agreement (DDA) and related documents in the form on file with the Agency Clerk, subject to modification as approved by Agency Counsel, with Northern California Construction Training (NCCT) to sell the four above-described Agency-owned sites in the Del Paso Heights Redevelopment Area to NCCT for development and construction of four (4) single-family homes.

Section 3. The Agency budget is amended to reprogram \$150,000 from the 1997 CDBG Avondale/Glen Elder Housing Development Program to the Preapprenticeship Program.

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

Section 4. The Executive Director is authorized to transfer \$57,851 from the Housing Developers Assistance Project in the Army Depot Low/Mod Capital Projects fund to the Preapprenticeship Program for the acquisition, and construction or rehabilitation by NCCT of three properties in Avondale/Glen Elder.

Section 5. The Agency budget is amended by transferring \$100,000 from the Developer Assistance Project in the Army Depot Capital Projects fund to the Preapprenticeship Program for the acquisition, and construction or rehabilitation by NCCT of three Avondale/Glen Elder properties.

Section 6. Authority is hereby delegated to the Sacramento Housing and Redevelopment Commission to hold public hearings, review and approve disposition of land acquired for the Preapprenticeship Program with tax increment in Avondale/Glen Elder, and approve contracts, loan agreements and related documents with NCCT for Preapprenticeship Program training and construction.

CHAIR

ATTEST:

SECRETARY

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RESOLUTION NO.: _____

DATE ADOPTED: _____