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November 3, 1999

**APPROVED**  
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OFFICE OF THE  
CITY CLERK

City Council and  
Redevelopment Agency of the  
City of Sacramento  
Sacramento, California

Honorable Members in Session:

**SUBJECT:** FORMATION AND FUNDING OF UPTOWN COMMUNITY  
DEVELOPMENT CORPORATION (CDC)

**LOCATION & COUNCIL DISTRICT** North Sacramento; District 2.

**RECOMMENDATION**

The statutory requirements for project area committees having been met in the North Sacramento Redevelopment Project Area, staff recommends adoption of the attached resolution which authorizes the Executive Director or her designee to:

- accept a resolution adopted by the North Sacramento Redevelopment Project Area Committee (PAC) at or any time subsequent to its October 1999 meeting, recommending that its activities and responsibilities be transferred to the Uptown Community Development Corporation (Uptown CDC), with the exception that the PAC will continue reviewing projects that require acquisition of residential property by eminent domain ;
- transfer the activities and responsibilities of the North Sacramento PAC, with the exception of residential eminent domain review, to the Uptown CDC at such time that the CDC notifies the Executive Director that it is prepared to commence operations, including completion of any applicable state and federal requirements;
- continue the North Sacramento PAC, but restrict its activities and responsibilities to providing advice to the Sacramento City Council, the Sacramento Housing and Redevelopment Commission, and the Sacramento Housing and Redevelopment Agency on projects that require acquisition of residential property by eminent domain;
- amend the 1999 CDBG Subrecipient Agreement for the North Sacramento Paint Program to 1) transfer all funding, current liabilities and program operations from the North Sacramento Chamber of Commerce to the Uptown CDC; and 2) reprogram

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\$8,250 from CDBG funds appropriated in 1998 for "CBDO Support" to the North Sacramento Paint Program;

- reprogram \$19,750 from 1998 CDBG funds appropriated for "CBDO Support" to provide technical assistance to the Uptown CDC to carry out CDBG-eligible neighborhood revitalization or economic development activities; and
- transfer \$53,219 from the North Sacramento Business Attraction and Retention tax increment project and \$11,781 from the North Sacramento tax increment commercial loan project to the Uptown CDC project.

In addition, adoption of the resolution by City Council will recognize the Uptown Community Development Corporation as the advisory body to the City Council, the Sacramento Housing and Redevelopment Commission, and the Sacramento Housing and Redevelopment Agency on redevelopment matters in the North Sacramento Redevelopment Project Area.

### **CONTACT PERSONS**

John Dangberg, Director - Community Development, 440-1357  
Greg Rowe, Program Manager - Community Development, 440-1399, ext. 1232

**FOR COUNCIL MEETING OF** - November 23, 1999

### **SUMMARY**

Agency staff recommends adoption of the attached resolution by the Sacramento Housing and Redevelopment Commission and the Sacramento City Council for the formation of the Uptown Community Development Corporation (Uptown CDC), and the transfer of all duties and responsibilities of the North Sacramento Project Area Committee (PAC) to the Uptown CDC, with the exception of reviewing projects that require the acquisition of residential property by eminent domain. The new CDC will carry out comprehensive community and economic development activities designed to bolster the economic base of North Sacramento by leveraging public and private funding sources.

### **PAC ACTION**

On May 10, 1999 the North Sacramento Redevelopment Project Area Committee (PAC) adopted a motion requesting that "SHRA formulate a plan for phase-out of the PAC and transition to a CDC" (7 ayes, 0 noes, no abstentions). This report responds to the PAC's request. At its regularly scheduled meeting on October 11, 1999 the North Sacramento PAC adopted a motion specifically recommending the actions described in this staff report. The vote was as follows:

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AYES: Bergstrom, Bird, Carruthers, Johnson, McCleary, Reisinger

NOES: Lott, Morgan

ABSENT: Warren

### COMMISSION ACTION

At its meeting on November 3, 1999 the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolutions. The votes were as follows:

AYES:

NOES:

ABSENT:

The Commission attached the following stipulations to its motion:

1. In June 2000 (six months after the anticipated commencement of operations), the Uptown CDC shall present a progress report to the Commission on its activities to date, including a completed business plan, list of accomplishments to date, and description of services provided to North Sacramento residents of low-to-moderate income; and
2. Should the Uptown CDC submit an application to the Agency and Commission for a second year of funding (calendar year 2001), such application shall include a budget for the third, fourth and fifth years of operation (2002-04), demonstrating the means by which the Uptown CDC shall reach and maintain financial self-sufficiency.

### BACKGROUND

#### Structure and Function of Community Development Corporations

Community Development Corporations first emerged in the late 1960s to deal with a broad array of issues ranging from employment services and economic development to affordable housing, and over 2,000 are functioning today. They are generally incorporated and registered as non-

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profit charitable organizations by both state and federal authorities. CDCs provide a mechanism for obtaining and administering funding from a wide variety of sources, including government and foundation grants, and fees for administering Business Improvement Districts (BIDs) and other services.

During the 1980s most CDCs focused almost exclusively on providing housing, but welfare reform and reduced federal funding for economic development in the 1990s helped stimulate a resurgence of more comprehensive CDC involvement in community revitalization. CDCs are now organizing communities, running economic development programs, and launching venture capital funds. Some are even branching out to generate revenue and recirculate money locally through ownership of local businesses such as grocery stores and construction companies.

### Uptown Community Development Corporation

The Redevelopment Plan for the North Sacramento Redevelopment Project Area was adopted in June 1992 with the enthusiastic support of the Project Area Committee (PAC). The PAC represents a broad spectrum of community residents, property owners, and business operators. Among its many activities during the past seven years, the PAC has been involved in virtually all commercial and residential construction projects within the project area. It has formulated meaningful commentary for government agencies and commissions on planning entitlements, housing, design review, and business licensing. This experience has enabled the PAC members to attain a high level of knowledge and sophistication on such issues.

Perhaps more important, the PAC has worked closely with the North Sacramento Chamber of Commerce to effectively promote North Sacramento as an excellent place to live, work, shop and pursue cultural activities. Assisted by the Sacramento Housing and Redevelopment Agency, the two groups have also worked in concert to develop the "Uptown Arts District" and entertainment theme that has characterized much of the recent development in the Del Paso Boulevard corridor.

As a result of this collaboration, in 1997 a steering committee comprised of Chamber and PAC members began exploring a more comprehensive operational and funding structure for marketing the area and generating new business activity. A key motivation was the recognition that achieving a higher level of activity would require a greater devotion of human resources and expertise than is available through the current combination of Agency assistance and local volunteers. Community "stakeholder" interviews and surveys were conducted over a four-month period earlier this year, and an "Uptown Vision" workshop attracted over 50 participants. As a result of these endeavors, it was concluded that a Community Development Corporation (CDC), staffed by a full-time executive director, would provide the structure and flexibility required to implement a wider vision for comprehensive community development and neighborhood improvement. As is the case with other CDCs throughout the country, retaining a full-time executive staff will help ensure consistent organizational leadership, coordination, and intensity of effort.

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The Uptown CDC anticipates full commencement of operations during the last quarter of calendar year 1999. Aiming for the greatest geographic impact, the CDC proposes to function within the entire North Sacramento community, which extends beyond the boundaries of the Redevelopment Project Area boundaries (Attachment 1). Efforts will be concentrated in those areas not already served by existing organizations. Evaluation of building permit applications, use permits, variances, and Design Review functions will shift from the PAC to the CDC. The City of Sacramento Department of Planning and Development has indicated that no special arrangements are required to effect this change.

The CDC has maximized its fiscal resources by incorporating as a California non-profit corporation, and has applied for tax-exempt 501(c)3 status from the Internal Revenue Service. The Bylaws specify a 21-member Board of Directors (now in place), which includes residential representation. While recruiting for a full-time executive director, a part-time interim director will be retained (who will be ineligible for the permanent position) to establish initial operations. Ideally, the permanent executive director will possess a background in economic development and non-profit administration.

The primary goal of the Uptown CDC is to harness the area's entrepreneurial spirit and all potential funding resources for implementing private development in North Sacramento. Its mission is: "To unify, streamline and help fund North Sacramento community organizations in their quest to bring stability, economic growth, destination location, and art institutions to North Sacramento." Its objectives include:

1. Developing strategies that strengthen linkages between business and residential coalitions that have a stake in North Sacramento revitalization.
2. Encouraging a climate favorable to individuals and businesses interested in relocating to North Sacramento.
3. Actively seek to involve community businesses and residents in solving social problems, thereby enhancing the quality of life in North Sacramento.
4. Defining new projects benefiting North Sacramento.
5. Leveraging and expanding resources and services through grant and contract opportunities.
6. Building community capacity through education to encourage local decision-making.

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### FINANCIAL CONSIDERATIONS

The Uptown CDC's proposed first year budget totals \$257,500 (Attachment 2). This amount includes \$104,500 previously budgeted for the CDBG funded North Area Paint Program that is currently administered by the North Sacramento Chamber of Commerce. The CDC will assume responsibility for administration of this program. Upon satisfactory performance in implementing the paint program (and contingent upon continued federal funding) staff anticipates future allocation of funding for this program.

The remaining \$153,000 is being funded from the following sources:

CDBG	\$ 28,000
North Sacramento Tax Increment	\$ 65,000
City of Sacramento General Fund	\$ 40,000
North Sacramento BID	<u>\$ 20,000</u>
Total	\$153,000

Therefore, this report recommends funding as follows:

1. \$8,250 in reprogrammed CDBG 1998 CBDO Support funding to the North Sacramento Paint Program (this augments \$104,500 in 1999 CDBG funding for the North Sacramento Paint Program).
2. \$19,750 in reprogrammed CDBG 1998 CBDO funds for technical assistance to increase the capacity of the Uptown CDC. This will include funding for the interim Executive Director and training of CDC Board and staff related to developing capacity to carry out eligible CDBG activities.
3. Transfer \$53,219 from the North Sacramento Business Attraction and Retention tax increment project to the Uptown CDC project.
4. Transfer \$11,781 from the North Sacramento tax increment commercial loan project to the Uptown CDC project.

Note: The General Fund contribution of \$40,000 is not included in this report.

Staff anticipates that similar support will be needed in the second year of CDC operations. The Uptown CDC will be required to develop programs to achieve operational self-sufficiency by 2002.

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### POLICY CONSIDERATIONS

Transferring the majority of the duties and responsibilities of the North Sacramento Project Area Committee (PAC) to another entity after seven years of operation is not inconsistent with the California Redevelopment Law (CRL). The CRL requires only that a PAC be in existence for the first three years of a Redevelopment Plan unless the use of eminent domain for residential properties is contemplated. This report recommends that the North Sac PAC remain in place, with its activities and responsibilities focused exclusively on reviewing projects that require the acquisition of residential property through eminent domain.

The North Sacramento Project Area Committee is an official advisory body to the City Council, the Sacramento Housing and Redevelopment Commission, and the Agency on matters within the Agency's control, that affect the Project Area. The CDC desires to be recognized as the official advisory body to the Sacramento Housing and Redevelopment Commission, the Agency and the City Council on redevelopment activities in the North Sacramento Redevelopment Project Area, with the exception of Agency acquisition of residential property through eminent domain. This will entail transferring to the CDC the following authorities specified in the PAC Bylaws:

- a) Review and comment upon proposed Redevelopment funded activities and assist in the formulation of projects and programs to meet identified goals and objectives, including housing programs.
- b) Comment upon the implementation of the redevelopment and community development plans and programs.
- c) Take under consideration such other matters as from time to time the City Council, or the Sacramento Housing and Redevelopment Commission, or the Agency deem appropriate.

Prior to receiving CDBG funding, the Uptown CDC shall submit to the Agency a written description of how CDBG funding will be used to build capacity to deliver CDBG-eligible products or services that meet CDBG national objectives. In addition, before the PAC transfers its operations to the Uptown CDC, the CDC shall:

- a) present evidence from the California Secretary of State documenting its incorporation as a California non-profit corporation; and
- b) present evidence of its application to the Internal Revenue Service for tax-exempt status, and its diligent pursuit of such designation.

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Agency staff will attend CDC meetings as necessary to report on and obtain input regarding redevelopment activities in the North Sacramento project area, but the CDC executive director will be responsible for managing all CDC meetings, including the preparation and circulation of agendas, meeting notices, minutes, etc. Agency staff will coordinate meetings of the PAC as may be convened periodically to review and provide advice on projects that require the acquisition of residential property through eminent domain.

### ENVIRONMENTAL REVIEW

The proposed action is exempt from CEQA review per Guidelines Section 15378(b)(3), and categorically exempt from NEPA per 24 CFR Part 58.34(a)(3).

### M/WBE CONSIDERATIONS

There are no M/WBE considerations associated with this action.

Respectfully submitted,



ANNE M. MOORE  
Executive Director

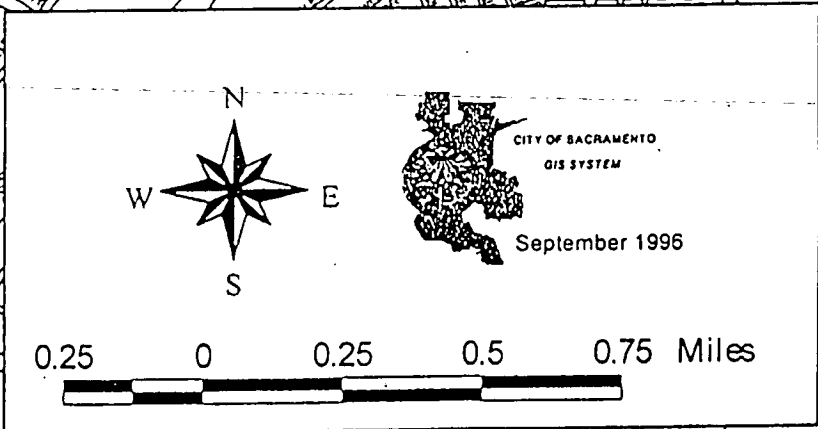
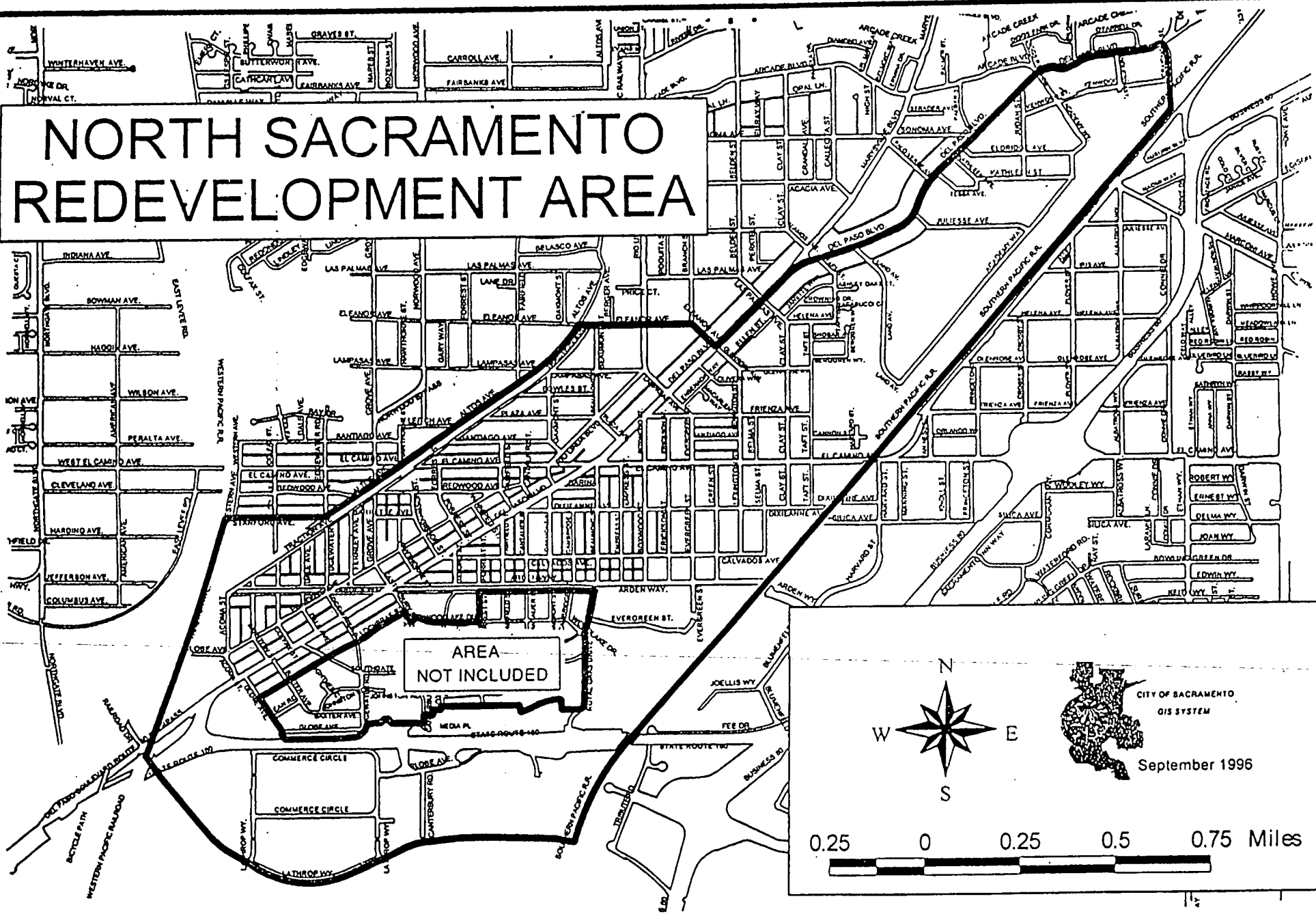
Transmittal approved,



ROBERT P. THOMAS  
City Manager



# NORTH SACRAMENTO REDEVELOPMENT AREA



ATTACHMENT I

## DRAFT BUDGET for Uptown Community Development Corporation

<b>Expenses</b>	<b>Budget</b>
<b>Director</b>	\$ 65,000.00
<b>Admin Assist (contract)</b>	\$ 10,000.00
<b>Grant Writer (contract)</b>	\$ 10,000.00
<b>Incorporation</b>	\$ 3,500.00
<b>Rent/Utilities/Repairs</b>	\$ 12,000.00
<b>Phone</b>	\$ 1,200.00
<b>Equipment Lease</b>	\$ 1,500.00
<b>Board &amp; Staff Training</b>	\$ 3,500.00
<b>Office Expenses/Admin</b>	\$ 3,500.00
<b>Postage/Mailing</b>	\$ 3,600.00
<b>Insurance</b>	\$ 3,600.00
<b>Projects/Programs</b>	
Projects TBA	\$ 15,600.00
Blvd Clean-Up	\$ 5,000.00
Capital Projects Fund	\$ 5,000.00
Marketing	\$ 5,000.00
Paint Program	\$ 104,500.00
<b>Contingency (1.9%)</b>	\$ 5,000.00
<b>TOTAL</b>	<b>\$ 257,500.00</b>



RESOLUTION NO. 99-039

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF

**FORMATION AND FUNDING OF THE UPTOWN COMMUNITY DEVELOPMENT CORPORATION AND TRANSFER OF DUTIES AND RESPONSIBILITIES OF THE NORTH SACRAMENTO PROJECT AREA COMMITTEE TO THE UPTOWN COMMUNITY DEVELOPMENT CORPORATION; RELATED AMENDMENT OF AGENCY BUDGET, 1998 AND 1999 COMMUNITY DEVELOPMENT BLOCK GRANT BUDGETS, AND SUBRECIPIENT AGREEMENT WITH THE PAC**

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

Section 1. In contemplation of action by the North Sacramento Redevelopment Project Area Committee ("PAC") to transfer its duties and responsibilities to the Uptown Community Development Corporation ("Uptown CDC"), with the exception that the PAC will continue reviewing projects that require acquisition of residential property by eminent domain, the Executive Director is authorized to accept such action by the PAC.

Section 2. After such action of the PAC and after the Uptown Community Development Corporation ("Uptown CDC") has submitted to the Executive Director, proof acceptable to the Executive Director, of its formation as a California nonprofit corporation and its diligent pursuit of recognition by the California Franchise Tax Board and the United States Internal Revenue Service as having tax-exempt status, the Executive Director is authorized to transfer all applicable activities and responsibilities of the PAC to the Uptown CDC.

Section 3. After such action of the PAC and the Uptown CDC, the North Sacramento PAC shall continue in place, but its activities and responsibilities shall be restricted to providing advice to the Sacramento Housing and Redevelopment Commission, and the Sacramento Housing and Redevelopment Agency on projects that require acquisition of residential property by eminent domain;

Section 4. The Executive Director is authorized to receive and allocate funds from the 1998 and 1999 CDBG budgets, as may be reprogrammed and assigned to the Uptown CDC.

**FOR CITY CLERK USE ONLY**

RESOLUTION NO.: \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_

Section 5. The Executive Director is authorized to transfer \$53,219 from the North Sacramento Business Attraction and Retention project tax increment funds and \$11,781 from the North Sacramento commercial loan project tax increment funds to the Uptown CDC.

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CHAIR

ATTEST:

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SECRETARY

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**FOR CITY CLERK USE ONLY**

RESOLUTION NO.: \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_

RESOLUTION NO. 99-683

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF

**APPROVED**  
NOV 23 1999  
OFFICE OF THE  
CITY CLERK

**RELATED AMENDMENT OF 1998 AND 1999 COMMUNITY  
DEVELOPMENT BLOCK GRANT BUDGETS FUNDING OF THE  
UPTOWN COMMUNITY DEVELOPMENT CORPORATION**

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

Section 1. The Executive Director of the Sacramento Housing and Redevelopment Agency is authorized to reprogram the 1999 Community Development Block Grant ("CDBG") budget funds from North Sacramento Paint Program to transfer all funding, current liabilities and program operations from the North Sacramento Chamber of Commerce to the Uptown Community Development Corporation ("Uptown CDC"); 2) to reprogram \$8,250 from 1998 CDBG funds "CDBO Support" to the North Sacramento Paint Program under the direction of the Uptown CDC; and (c) to reprogram \$19,750 from 1998 CDBG funds appropriated to "CDBO Support" to provide technical assistance to the Uptown CDC to carry out CDBG-eligible neighborhood revitalization or economic development activities.

Section 2. The Executive Director is authorized to amend the Subrecipient Agreement for the North Sacramento Paint Program to transfer all funding, current liabilities and program operations from the North Sacramento Chamber of Commerce to the Uptown CDC.

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

\_\_\_\_\_  
FOR CITY CLERK USE ONLY

RESOLUTION NO.: \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_