

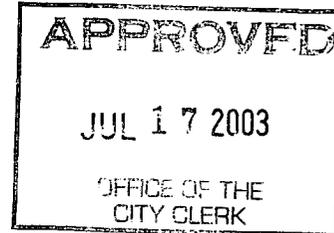


June 18, 2003

6.2

Redevelopment Agency of the City of Sacramento
Sacramento, California

Honorable Members in Session:



SUBJECT: APPROPRIATING ARMY DEPOT LOW-INCOME HOUSING FUNDS FOR PROGRAMS AND ACTIVITIES IN THE AVONDALE/GLEN ELDER WEED AND SEED NEIGHBORHOOD

LOCATION & COUNCIL DISTRICT

District 6— Army Depot Redevelopment Area and the adjacent Weed and Seed Neighborhood, bounded by 65th Expressway on the west, Fruitridge Road on the north, Power Inn on the east, and the southern most City of Sacramento limit to the south.

RECOMMENDATION

Staff recommends adoption of the attached Redevelopment Agency resolution (page 10), which authorizes the Executive Director or her designee to:

1. Expend Army Depot low-income housing funds outside of the redevelopment project area and in Weed and Seed neighborhoods as depicted in Attachment I.
2. Appropriate \$410,000 of housing funds, comprised of \$103,000 of existing Low/Mod Tax Increment and a \$307,000 loan from the Agency's Mortgage Revenue Bond Administrative fund, for implementing Agency affordable housing programs in the Weed and Seed neighborhoods in the following manner:
 - \$100,000 to expand the Vacant Lot Development program;
 - \$100,000 to the Create a Loan program;
 - \$100,000 to the Targeted Homebuyer Program;
 - \$ 60,000 for the acquisition of a vacant lot for the Pre-Apprenticeship program; and
 - \$ 50,000 to contract with Rebuilding Together to conduct a "Dream Street" event.
3. Make a loan to the Army Depot Low/Mod Tax Increment fund from the Agency's Mortgage Revenue Bond Administrative fund in the amount of \$307,000 to be disbursed as needed to facilitate the projects and programs outlined above. The loan terms include an interest rate of 6%, a term of 10 years beginning with the first loan disbursement and a graduated repayment provision based upon available Low/Mod Tax Increment. In the event that the Agency receives Low/Mod Tax Increment in excess of budgeted projections, the Agency will appropriate the excess Low/Mod Tax Increment in place of making an additional loan disbursement.

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4. Acquire a vacant parcel in the Weed and Seed neighborhood for an amount not to exceed \$60,000 for the purposes of participating in the Northern California Construction Training, Inc.'s pre-apprenticeship construction training program in that neighborhood.

CONTACT PERSONS

Sarah Hansen, Acting City Community Development Director, 440-1337
Kim King, Acting South City Community Development Manager, 440-1399, ext. 1400

FOR COUNCIL MEETING OF July 17, 2003

SUMMARY

The attached resolution (page 10) appropriates \$410,000 in low-income housing funds for various housing activities in the area bounded by Fruitridge Road to the north, 65th Expressway to the west, the city limits to the south, and Power Inn to the east. This area is commonly known as Avondale Glen/Elder neighborhood, as presented in Attachment I, where a "Weed and Seed" Department of Justice grant is being implemented. Additionally, the resolution makes a finding that such activities are of benefit to the Army Depot Redevelopment Project Area.

COMMISSION ACTION

At its meeting on June 18, 2003, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolutions. The votes were as follows:

AYES:	Burns, Burruss, Castello, Farley, Harland, Hoag, McCarty, Piatkowski, Simon
NOES:	None
ABSTAIN:	Stivers
ABSENT:	None

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BACKGROUND

Redevelopment agencies are required to set aside 20 percent of their tax increments into a special Low and Moderate Income Housing Fund ("set aside funds") to be used to increase, improve and preserve the supply of low and moderate income housing in their communities.

State redevelopment law permits the use of set-aside funds in areas outside of the project area if such uses benefit the redevelopment area itself. The attached resolution on page 10 finds that the expenditure of funds in the adjacent neighborhoods, generally known as the Avondale/Glen Elder Weed and Seed neighborhood will benefit the project area by improving the low- and moderate-income housing stock for those who might work in the Army Depot redevelopment area.

The targeted neighborhood gets its broader connotation from the implementation of a Weed and Seed Department of Justice grant. The grant funds a comprehensive program created to "weed" out crime from targeted neighborhoods with concentrated effort by the local and U.S. Law Enforcement agencies and to "seed" those neighborhoods with human services and economic programs to further stimulate revitalization. A high level of crime, joblessness, poverty, large families with single heads of household, economic blight, housing dilapidation and other indicators of need has marked Weed and Seed neighborhoods. Housing development is a key component of the Weed and Seed initiative to revitalize these neighborhoods.

The Neighborhood Restoration Strategy in the Avondale/Glen Elder Weed and Seed neighborhood promoted the following objectives:

- encourage quality development of ownership housing
- train youth in the construction trades
- develop high quality, promote affordable home ownership
- rehabilitate existing rental and ownership housing.

The following programs and funding allocations are recommended to accomplish these objectives.

- ***The Vacant Lot Development Program. \$100,000***

This program provides monetary incentives to developers who construct quality homes on vacant lots in targeted areas and then sells them to low- and moderate-income owner-occupants. There are more than 150 vacant lots in this neighborhood. Seven developers are currently approved for program participation. It is estimated that four new homes will be

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constructed with these funds. A 45-year regulatory agreement with affordability restrictions will be executed upon sale. This program is currently available only in Oak Park, North Sacramento, and Walnut Grove. The attached resolution on page 10 expands the program to include the Weed and Seed area.

- ***The Create a Loan Program. \$100,000***

This loan program is designed to provide financing for home improvements to low-income owner-occupied single family homes in the City of Sacramento. The program may be used to finance real property improvements that substantially protect or improve the basic livability or utility of a property. This program will be marketed through the Weed and Seed newsletter and a targeted outreach meeting for the neighborhoods. A minimum of two homes will be rehabilitated with these funds. A 45-year regulatory agreement with resale affordability restrictions will be executed upon completion of the improvements.

- ***Targeted Homebuyer Program. \$100,000***

This program provides low- and moderate-income households with down payment and closing cost assistance for the purchase of a home. This program is currently available to many redevelopment neighborhoods, and will continue to be marketed as an over-the-counter program. Staff and the Weed and Seed Multi-Cultural team will undertake outreach. It is estimated that ten households will be assisted. A 45-year regulatory agreement with resale affordability restrictions will be executed with each home sale.

- ***Pre-Apprenticeship Program. \$60,000***

This Department of Labor Pre-Apprenticeship Construction Training Program is operated by the Northern California Construction and Training (NCCT) to provide construction trades training in the classroom and at the building site. The training costs will be borne by a Department of Labor grant. The Agency will acquire a developable vacant lot and will grant it to NCCT through a Disposition and Development Agreement, the execution of which will be authorized by a separate resolution to be approved at a later date. One home will be built and then sold to a low-income first-time homebuyer.

- ***A "Dream Street" event with Rebuilding Together: \$50,000***

This is an event for about 20 homes, which increases homeowner's comfort and safety, improves the visual impact of the neighborhood, increases property values, renews neighborhood pride, and increases homeowner motivation to maintain their home. This program has been very successful in the Del Paso Heights Redevelopment Project Area and will be replicated by the non-profit Rebuilding Together in a neighborhood to the north of

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Lemon Hill Road. Low-income families will be targeted by the event, but affordability restrictions are not required on projects with minor rehabilitation.

FINANCIAL CONSIDERATIONS

Funding for the activities described above will be provided by \$103,000 in tax increment housing funds and an Agency internal loan for up to \$307,000.

The Executive Director will be authorized to make a loan to the Army Depot Low/Mod Tax Increment fund from the Agency's Mortgage Revenue Bond Administrative fund in an amount up to \$307,000 to be disbursed as needed to facilitate the projects and programs outlined above. The loan terms include an interest rate of 6 percent, a term of 10 years beginning with the first loan disbursement and a graduated repayment provision based upon available Low/Mod Tax Increment. In the event that the Agency receives Low/Mod Tax Increment in excess of budgeted projections; the Agency will appropriate the excess Low/Mod Tax Increment in place of making an additional loan disbursement

POLICY CONSIDERATIONS

The staff report is consistent with the City's Strategic Plan to: "Enhance and preserve the neighborhoods" and its guiding principles that "Policies, programs and strategies should promote the maintenance and development of the fullest range of housing choices in every community in the City...."

In addition, this staff report is consistent with the Department of Justice Weed and Seed grant proposal to: "Encourage quality development of ownership housing, renovate and sell boarded and vacant homes; train youth in the construction trades; ...develop high quality, affordable home ownership; and rehabilitate existing rental and ownership housing."

The allocation and expenditure of set aside funds for the Targeted Homebuyer Program and the Dream Street Event do not result in the production or preservation of affordable housing units as described in Section 33334.2. Further, expenditures of the allocations will meet proportionality requirements to serve very low, low-, and moderate-income households as set forth by state law.

ENVIRONMENTAL REVIEW

Approval of the activities described herein are in furtherance of the Army Depot Redevelopment Plan, as amended, and analyzed in Army Depot Redevelopment Plan Environmental Impact Report ("Program EIR"). Pursuant to California Environmental Quality Act ("CEQA") Guidelines Section 15180, actions to eliminate blight and encourage redevelopment in a

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redevelopment area were deemed approved at the time of adoption of the redevelopment plan and the Program EIR. Per Guidelines Sections 15162 and 15163, there are no significant new impacts or changes in circumstances associated with this project. NEPA does not apply.

To the extent individual projects may not have been analyzed under the Program EIR, or are located outside of the Army Depot Redevelopment Plan Survey Area, the activities described herein are exempt from further environmental review pursuant to the following CEQA Guidelines Sections:

- Vacant Lot Development Program: Projects described herein are exempt from further environmental review pursuant to CEQA Guidelines Section 15332. Each individual project constitutes an in-fill development project. Furthermore, each project will meet the following conditions: (a) the projects are consistent with the applicable general plan designation and all applicable general plan policies as well as with applicable zoning designation and regulation; (b) the proposed developments occur with city limits on project sites of no more than five acres substantially surrounded by urban uses; (c) the project sites have no value as habitat for endangered, rare, or threatened species; (d) approval of projects would not result in any significant effect relating to traffic, noise, air quality, or water quality; and (e) the sites can be adequately served by all required utilities and public services. In addition, lower-income single-family home development projects approved herein are exempt from further environmental review pursuant to CEQA Guidelines Section 15280 insofar as construction of residential buildings of not more than 45 units shall be affordable to and sold lower-income households as defined by this Section of the CEQA Guidelines and a 45-year regulatory agreement restricting sale to lower-income households shall be recorded on the property.
- Create a Loan Program: The activities approved under this program provide financing to low-income, owner-occupied single family homeowners for home improvements. As such, the activities approved herein are exempt from further environmental review pursuant to CEQA Guidelines Section 15280 as a lower-income housing project and pursuant to CEQA Guidelines Section 15310 as a loan to assist low-income homeowners.
- Targeted Homebuyer Program: Loans made to low- and moderate-income households to encourage homeownership under this program are exempt from further environmental review pursuant to CEQA Guidelines Section 15310 as loans made for the purchase of existing structures, not for new construction.
- Pre-Apprenticeship Program: The proposed action for development of a parcel in a residential area are exempt from further environmental review per CEQA Guidelines §15303(a) as new construction of a single-family residence to be built in the residential area of Weed and Seed, which a heavily urbanized area within the meaning of this section.

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Furthermore, the proposed action for development of the a parcel is exempt from further environmental review per CEQA Guidelines §15332 in that it is an infill development project that is consistent with the general plan and zoning; it will occur within the city limits, is no

more than 5 acres, and is substantially surrounded by urban uses; the land has no value as habitat for endangered, rare or threatened species; development of the parcel will not have a significant effect on traffic, noise, air quality, or water quality; and the site can be adequately served by all required utilities and public services.

- Dream Street Event: The proposed project is exempt from further environmental review pursuant to CEQA Guidelines Section 15301 which exempts project consisting of repair, maintenance or minor alteration of existing public structures, facilities, or topographical features involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination. Guidelines Section 15301(d) includes restoration or rehabilitation of deteriorated or damaged structures, facilities, or mechanical equipment to meet current standards of public health and safety; Guidelines Section 15301(e) includes addition to existing structures provided that the addition will not result in an increase of more than: (1) fifty percent of the floor area of the structures before the addition, or 2,500 square feet, whichever is less; or (2) 10,000 square feet if: (A) the project is in an area where all public services and facilities are available to allow for maximum development permissible in the General Plan and (B) the area in which the project is located is not environmentally sensitive.

The National Environmental Policy Act does not apply. In the event that individual projects exceed the scope of work or have an impact on the environment beyond that contemplated by this report, the Redevelopment Agency of the City of Sacramento shall conduct further environmental review and amend the findings and determinations made herein.

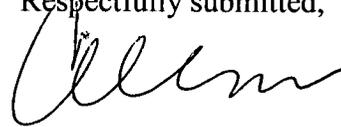
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M/WBE CONSIDERATIONS

There are no M/WBE considerations in the recommended actions.

Respectfully submitted,



ANNE M. MOORE
Executive Director

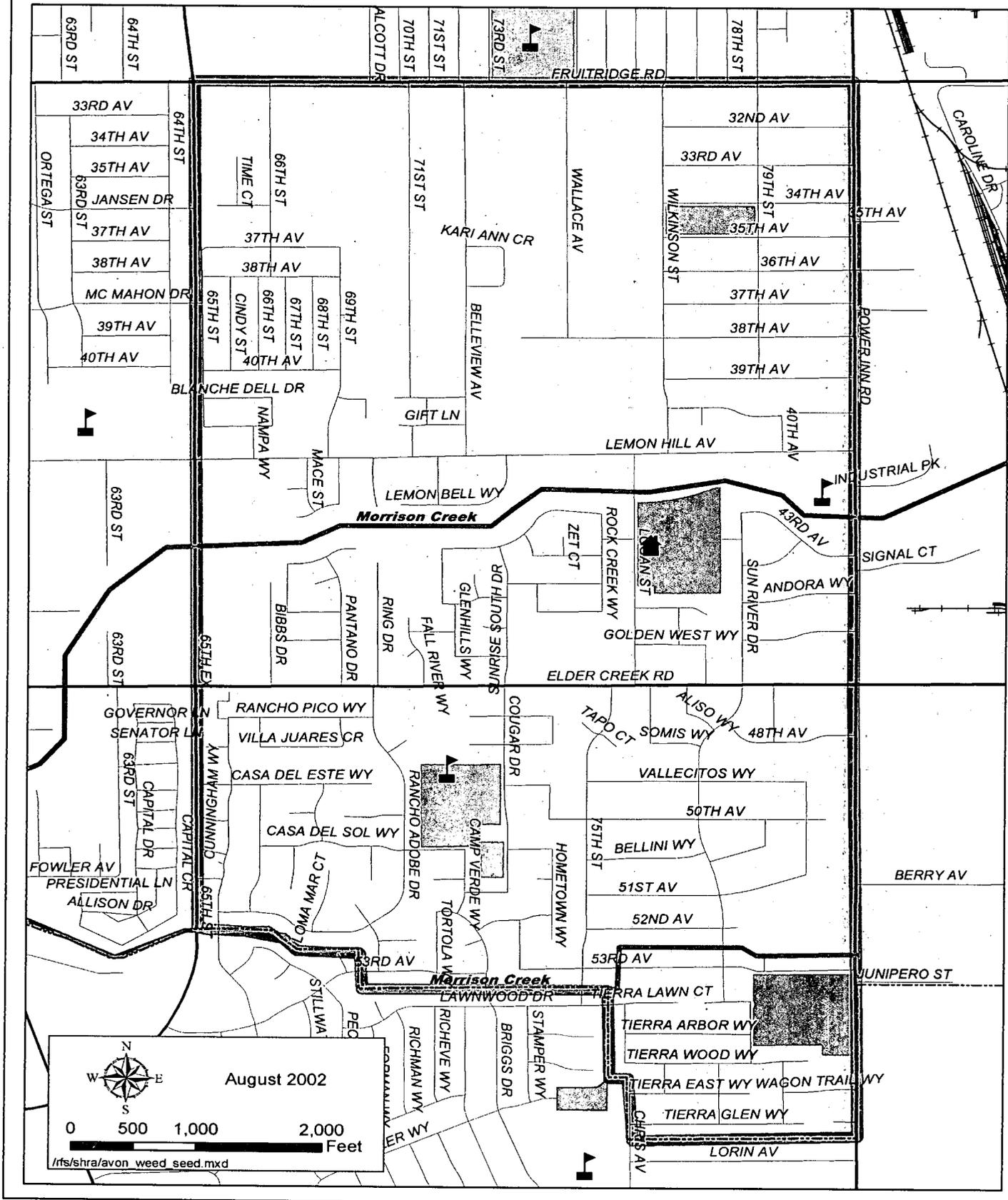
Transmittal approved,


ROBERT P. THOMAS
City Manager

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AVONDALE/GLEN ELDER WEED AND SEED AREA





RESOLUTION NO. 2003-044

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF

ARMY DEPOT HOUSING TAX INCREMENT FOR HOUSING PROGRAMS AND ACTIVITIES IN THE AVONDALE AND GLEN ELDER WEED AND SEED NEIGHBORHOOD

WHEREAS, the housing programs and activities approved and adopted as set forth herein shall benefit and improve the Army Depot Project Area; and

WHEREAS, the housing programs and activities approved and adopted as set forth herein shall further the goals of the Army Depot 2000-2004 Implementation Plan by increasing and preserving the nearby housing stock for those persons who might work in the Project Area.

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

Section 1. It is found and determined that the above recitals are true and correct.

Section 2. Having heard and duly considered the staff report and all evidence presented, the findings, including the environmental findings regarding this action, as stated in the staff report that accompanies this resolution, are approved.

Section 3. The Executive Director, or her designee, is hereby authorized to amend the budget to appropriate One Hundred Three Thousand Dollars (\$103,000) of Army Depot Low/Mod Tax Increment funds and Three Hundred Seven Thousand (\$307,000) from the Agency's Mortgage Revenue Bond Administrative fund, as described and approved in Section 4 of this Resolution, and allocate said funds to the Avondale and Glen Elder Weed and Seed Neighborhood Fund in the following amounts:

- \$100,000 to the Army Depot Create a Loan program.
- \$100,000 to the Army Depot Vacant Lot Development program.
- \$50,000 to the Army Depot Targeted Homebuyer Program.
- \$60,000 to acquire a vacant lot for the Pre-Apprenticeship program.
- \$50,000 for an Army Depot Dream Street event.

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

Section 4. The Executive Director is hereby authorized to amend the budget to lend up to Three Hundred Seven Thousand (\$307,000) from the Agency's Mortgage Revenue Bond Administrative Fund to the Army Depot Low/Mod Tax Increment Fund for the actions approved and adopted herein only when Army Depot Low/Mod Tax Increment is not available at a rate of Six Percent (6%) per annum simple interest for a term of ten years. The effective date of the loan shall be the date of the first disbursement. There shall be a graduated repayment provision based upon available Army Depot Low/Mod Tax Increment. The loan shall be fully repaid.

Section 5. The Executive Director is hereby authorized to expand the Create a Loan Program, the Vacant Lot Program, and the Targeted Homebuyer Program to include the Avondale and Glen Elder Weed and Seed Neighborhood, as further described and defined in Attachment I of the accompanying staff report.

Section 6. The Executive Director, or her designee, is hereby authorized to negotiate, make a purchase offer, and acquire a vacant lot at a cost not to exceed Sixty Thousand Dollars (\$60,000) for the purposes of implementing a Pre-Apprenticeship Construction Training Program in the Avondale and Glen Elder Weed and Seed Neighborhood, as further described and defined in Attachment I of the accompanying staff report.

Section 7. The Executive Director, or her designee, is hereby authorized to enter into a contract for services, as approved by Agency Counsel, with Rebuilding Together to conduct a Dream Street event in the Avondale and Glen Elder Weed and Seed Neighborhood for an amount not to exceed Fifty Thousand Dollars (\$50,000).

CHAIR

ATTEST:

SECRETARY

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____