

**RESOLUTION NO. 2005-005**

**ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO**

**ON DATE OF MAR 15 2005**

**DEL PASO HEIGHTS AND OAK PARK FUNDING FOR HOUSING AUTHORITY 5(h)  
HOMEOWNERSHIP PROGRAM**

WHEREAS, the Housing Authority has been operating a 5(h) Homeownerhsip Program in the City for several years; and

WHEREAS, the proposed project will benefit and improve the Del Paso Heights and Oak Park project area and further the goals of the Del Paso Heights and Oak Park 2005-2009 implementation plans by increasing homeownership opportunities.

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

Section 1. After due consideration of the evidence presented, this proposed project will benefit and improve the Del Paso Heights and Oak Park Redevelopment Project Areas and the findings, including the environmental findings regarding this action, as stated in the staff report that accompanies this resolution, are approved..

Section 2. The Executive Director is authorized to amend the Housing Authority budget to receive \$740,000 in Del Paso Heights tax increment and \$500,000 in Oak Park 1999 CIRB tax-exempt bond funds for the rehabilitation of Housing Authority 5(H) homes within the respective redevelopment areas.

Section 3. The Del Paso Heights funds allocated will be a construction loan that will be repaid with no interest at time of sale of the seventeen (17) 5(h) homes within Del Paso Heights.

Section 4. Five hundred thousand dollars of net sales proceeds resulting from the sale of the Oak Park 5(h) homes will be used for capital improvements to the Housing Authority-owned single-family housing (priority one) and housing complexes (priority two) in Oak Park.

Section 5. The Executive Director or her designee is authorized to enter into and amend construction contracts, regulatory agreements, and loan documents and take all actions necessary for the implementation of the project.

HEATHER FARGO

CHAIR

ATTEST:

SHIRLEY CONCOLINO

SECRETARY

**FOR CITY CLERK USE ONLY**

RESOLUTION NO.: 2005-005

DATE ADOPTED: MAR 15 2005



**Sacramento  
Housing &  
Redevelopment  
Agency**

March 2, 2005

Housing Authority  
of the City of Sacramento  
Sacramento, California

Honorable Members in Session:

**SUBJECT: ACCEPTANCE OF OAK PARK TAX-EXEMPT BOND FUNDS AND DEL PASO HEIGHTS TAX INCREMENT FUNDS FOR HOUSING AUTHORITY OF THE CITY OF SACRAMENTO'S 5(H) HOMEOWNERSHIP PROGRAM**

**LOCATION & COUNCIL DISTRICT**

Del Paso Heights Redevelopment Area – Council District 2  
Oak Park Redevelopment Area – Council District 5

**RECOMMENDATION**

Staff recommends that the Housing Authority of the City of Sacramento adopt the attached resolution on page 7, which

- accepts \$500,000 of Oak Park tax-exempt bond funds to rehabilitate six vacant single family houses in Oak Park owned by the Housing Authority of the City of Sacramento (“Housing Authority”), and;
- accepts \$740,000 in Del Paso Heights tax increment and taxable bond funds to rehabilitate up to seventeen (17) vacant single family houses in Del Paso Heights owned by the Housing Authority; and
- defines the use of the sales proceeds generated by the utilization of the Oak Park and Del Paso Heights funds; and
- authorizes the Executive Director to enter into and amend construction contracts, regulatory agreements, and loan documents necessary for the implementation of the project.

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## **CONTACT PERSONS**

Tom Lee, Deputy Director, 440-1337  
Leslie Fritzsche, Senior Management Analyst, 440-1301

**FOR COUNCIL MEETING OF** - March 15, 2005

## **SUMMARY**

The Housing Authorities of the City and County have obtained HUD approval to rehabilitate and sell vacant single family houses in their public housing inventory. In order to accelerate the sale of these homes in the Del Paso Heights and Oak Park Redevelopment Areas, staff accepts tax increment funds from Del Paso Heights and Oak Park to rehabilitate the homes in those areas.

## **COMMISSION ACTION**

At its meeting of March 2, 2005, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolutions. The votes were as follows:

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

NOES: Simon

ABSENT: Burns

## **BACKGROUND**

Since 1997, the Agency has operated the 5(h) Homeownership Program. This program involves the rehabilitation and sale of up to 389 single family public housing units to lower income families. To date, 61 of those houses have been sold to public housing residents and participants in the Housing Choice Voucher (HCV) program who were given priority to purchase the housing if they met income and rental history requirements. Consistent with HUD regulations, the Agency could not cause families to relocate if they did not wish to participate in or were not eligible for the homeownership program. As a result, most of the homes could not be sold, causing the Agency to revise the program in October 2004 and limit it to the 73 vacant single family units in the city and the county.

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The Housing Authority's estimates for rehabilitation, based on its experience to date, range from \$80,000 - \$110,000 for major improvements; \$60,000 - \$90,000 for moderate improvements, and \$20,000 to \$60,000 for minor repairs. Since many of the homes have been vacant for a number of years, the rehabilitation work necessary is extensive. Though there is a wide variety of rehabilitation needs among the houses, the type of work under each category is generally as follows:

Minor – Interior and exterior painting, lighting, flooring, new windows as needed, landscaping and fencing as needed, fire alarm systems , pest extermination, plumbing, bathroom fixtures, as needed.

Moderate – Items listed in Minor category above plus new or modifications to kitchen cabinets, as needed; new kitchen and bathroom fixtures, as needed; new roofing, as needed; electrical repairs, new interior doors, as needed; HVAC, and water heater, as needed.

Major - Items listed in Minor and Moderate categories plus hazardous materials mitigation, as needed, structural, mechanical, and electrical repairs.

In the redevelopment areas, additional attention will be given to the exterior of the homes to ensure the renovation will enhance not only the property but will be an asset to the entire street. Elimination of chain link fences, new exterior paint treatments, lighting, new landscaping and irrigation are just a few of the façade improvements designed to improve the property's curb appeal.

To accelerate the rehabilitation and sale of the vacant homes in the city, the Del Paso Heights tax increment and 1998 taxable bond proceeds, and Oak Park tax exempt bond funds will be utilized to provide construction funding. Maps illustrating the homes in Del Paso Heights and Oak Park are included herein as Attachment IA and 1B. By utilizing this funding along with existing funds identified for the 5(H) program staff estimates that the rehabilitation and sale of all 73 homes can be completed within two years.

### Del Paso Heights Funding

The Del Paso Heights funds will be structured as a construction loan to the project and will be repaid from the proceeds of the Del Paso Heights homes. The homes that were sold under the 5(H) Program previously netted proceeds ranging between \$50,000 to \$100,000 per unit, depending on the amount of rehabilitation needed and the amount of carry-back financing the Agency provided to make them affordable to the public housing residents and HCV participants. It is anticipated that the amount of proceeds may be similar under this phase given the need to keep the housing prices within a price affordable to families making less than 80% of area median income.

(3)

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### Oak Park Funding

The Oak Park funds are tax-exempt bond funds and therefore can not be repaid. The funds that will be received by the Housing Authority as part of the total net proceeds from the sale of the Oak Park homes will be utilized to make capital improvements to other Housing Authority owned properties within Oak Park. Priority will be given to improve the remaining single-family inventory and then to the housing complexes. Proceeds that remain after paying back the construction loan to Del Paso Heights and making capital improvements to the remaining Oak Park inventory, will be used to augment the Agency's homeownership and other affordable housing programs and to cover the cost of administering the 5(H) Homeownership Program.

### FINANCIAL CONSIDERATIONS

This report recommends accepting the following funds for the Housing Authority's 5(H) Homeownership Program:

	<b>Funding Source</b>	<b>Amount</b>	<b>Use</b>
<b>Del Paso Heights</b>	Del Paso Heights Taxable Commercial Loan fund (1998 TAB)	\$387,000	Construction Loan
	Del Paso Heights Tax Increment – Development Assistance	\$150,000	Construction Loan
	Del Paso Heights Tax Increment – Commercial Loans	\$203,000	Construction Loan
<b>SUBTOTAL</b>		\$740,00	
<b>Oak Park</b>	Oak Park 1999 Tax Exempt Low/mod Capital Project Fund	\$500,000	Grant for Construction
<b>SUBTOTAL</b>		\$500,000	
<b>TOTAL</b>		\$1,240,000	

The funds allocated from all sources total \$1,240,000 for the rehabilitation and related construction costs of 23 homes. The funds will not be secured by a deed of trust on the property. The Agency will record a regulatory agreement approved by HUD to evidence tax increment income requirements. These documents will be subordinate to the HUD Declaration of Restrictions, which will be removed at sale.

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### **POLICY CONSIDERATIONS**

The Oak Park and Del Paso neighborhoods are plagued with high percentages of rentals and absentee owners. The rehabilitation of the 5(h) homes and their sale to lower income families will serve to not only improve the physical condition of the neighborhood but will strengthen the community by establishing pride of ownership and investment. The program will provide an opportunity for homeownership for families who are currently priced out of the housing market.

Rehabilitating rental single family homes and selling them to new homeowners are activities endorsed by the Oak Park and Del Paso Redevelopment Plans and Implementation Plans. The Housing Element of the City of Sacramento similarly supports increasing owner-occupancy throughout the city for low and moderate income households (Goal 3.3)

### **ENVIRONMENTAL REVIEW**

The proposed action which includes the rehabilitation and sale of existing single family residences is exempt from environmental review under the CEQA Guidelines Section 15301(d) and under NEPA per HUD regulations at 24 CFR Sections 58.35(a)(3) and (a)(5).

### **M/WBE CONSIDERATIONS**

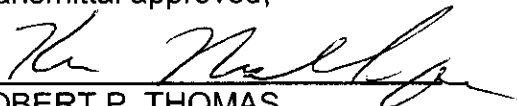
Minority and Women's Business Enterprise requirements will be applied to all activities to the extent required by federal funding.

Respectfully submitted,



ANNE M. MOORE  
Executive Director

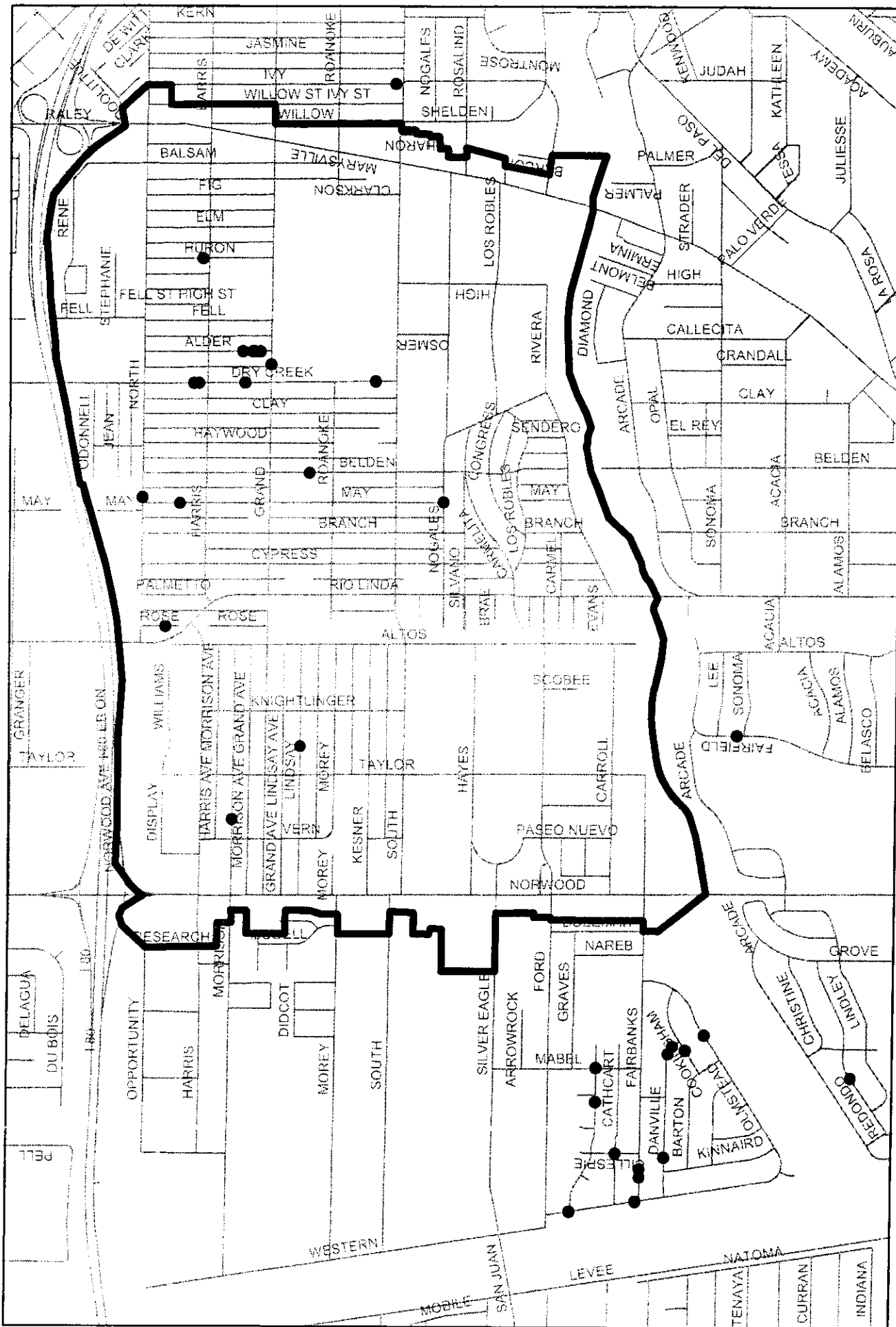
Transmittal approved,



ROBERT P. THOMAS  
City Manager

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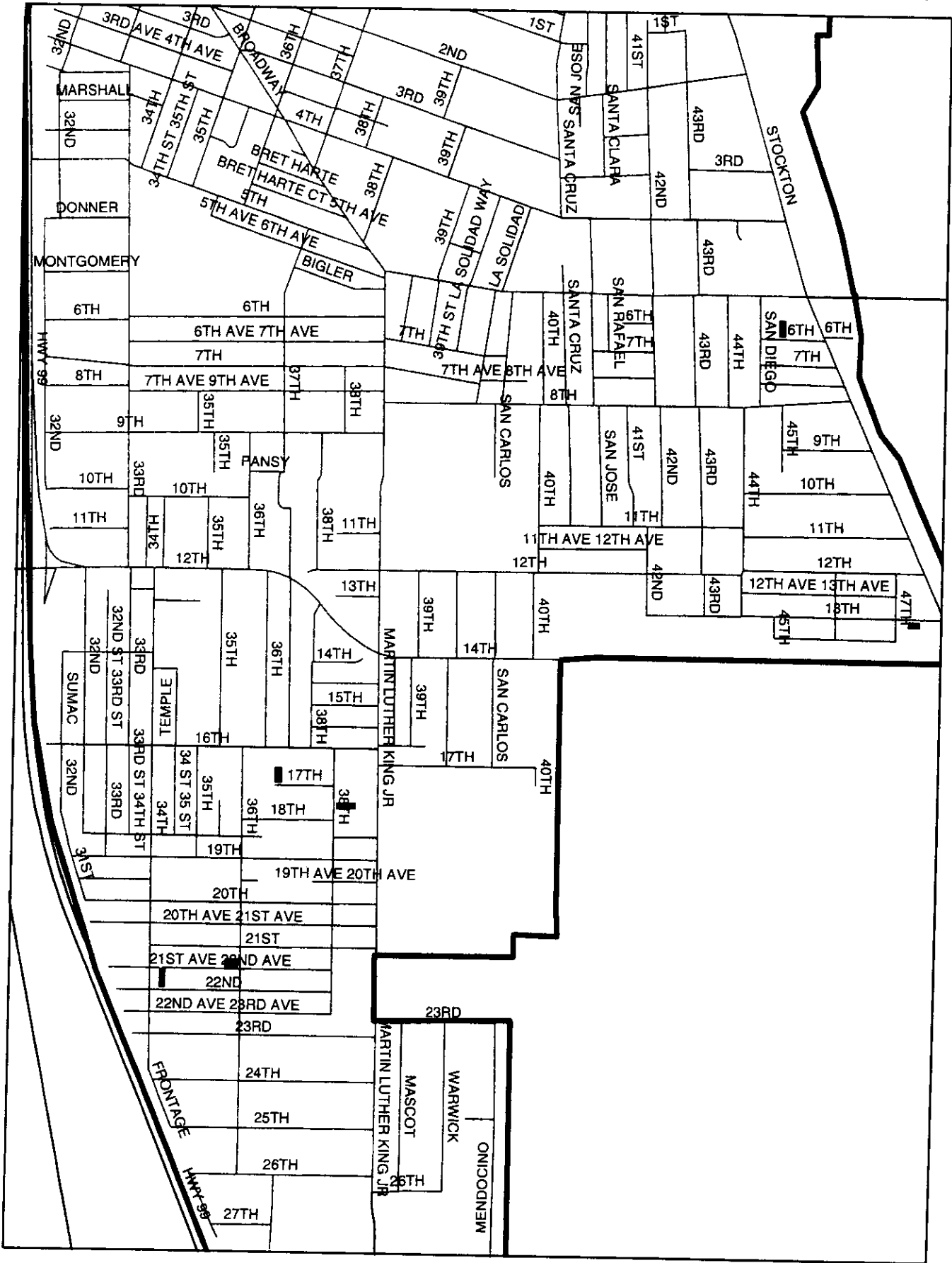


**Legend**

- 5(h) Units
- ▭ Del Paso Heights RDA



**5(h) Vacant Homes in the Del Paso Heights RDA**



**Oak Park  
5(h) Homes**



**Legend**

- Subject Sites
- Oak Park RDA