other supportive services. With a few exceptions, special needs groups are disproportionately lower income and have higher poverty rates than the population at large, creating further challenges to finding suitable housing that is also affordable.

New Construction Need

The 2013 Regional Housing Needs Assessment (RHNA) for the Sacramento region covers the planning period from January 1, 2013 to October 31, 2021. SACOG allocated 24,101 housing units as the City's share of regional housing needs during this period. Approximately 21 percent of these housing units should be affordable to extremely low- and very low-income households, 14 percent to low-income households, and 19 percent to moderate-income households. The City's obligation under State law is to demonstrate how it will accommodate its share of regional housing needs with adequately zoned sites that are development ready. The City does not need to guarantee that all of the housing units it must accommodate can actually be built. Table H 3-24 shows the City's housing allocation from SACOG by income level.

Table H 3-24 New Construction Needs (January 1, 2013–October 31, 2021)

[redacted]	[redacted]	[redacted]
Very Low	4,944	21
Low	3,467	14
Moderate	4,482	19
Above Moderate	11,208	46
Total	**24,101**	**100**

Source: SACOG Regional Housing Needs Allocation (RHNA) September, 2012.

In addition to identifying overall housing needs, the City must demonstrate that it can accommodate a variety of housing types (e.g., single room occupancy units, residential care facilities, homeless shelters) that house those with special needs. State law also requires that cities and counties plan for the needs of extremely low-income households. The City may assume that 50 percent of its very low-income regional housing allocation is for extremely low-income (ELI) households.[16] With this assumption, the City's housing need for ELI households is 2,472 new units over the nearly nine-year RHNA period.

At-Risk Housing

Assisted Housing Projects. In 1989, the California Government Code was amended to include a requirement that localities identify and develop a program in their housing elements for the preservation of assisted, affordable multifamily units. Subsequent amendments have clarified the scope of the analysis to also include units developed pursuant to inclusionary housing and density bonus programs. In the preservation analysis, localities are required to provide an inventory of assisted, affordable units that are eligible to convert within 10 years. As part of the analysis, an estimation of the cost of preserving versus replacing the units is to be included, as well as details on alternative programs designed to preserve the affordable units.

The city of Sacramento is home to approximately 15,000 affordable units, including public housing. In general, once the period of restricted rent/occupancy expires, a property owner may charge market rents for

[16] Under state law, SACOG is not required to prepare a regional housing allocation specifically for extremely low-income households. However, the City must include quantified objectives in the Housing Element for the number of housing units that might be constructed, rehabilitated, or preserved for ELI households.

the previously restricted units. There is a threat that low-income occupants may have to find alternative housing if rents rise to market levels, although in properties with Housing Assistance Payments (HAP) vouchers, those residents are provided "enhanced" vouchers to subsidize their rent in market rate projects.

Although these projects are required by law to be listed as at risk of converting to market rate housing, it is not a very good indicator of whether these units will actually convert. The majority of units included in this list are projects built under Federal Housing Administration (FHA) mortgage insurance programs in the late 1960s and early 1970s. In addition to the FHA mortgage insurance, most of these projects also included Housing Assistance Payment (HAP) vouchers, which function similarly to locally controlled Housing Choice Vouchers, formerly Section 8. These vouchers allow the owner to collect fair market rent, but restrict occupancy to lower-income residents and assure that the resident will only be responsible for that portion of the rent equal to 30 percent of their income. Because these vouchers are contingent on annual appropriations from the federal government, HAP vouchers must be annually renewed. Much of the affordability of these older FHA properties is linked directly to the voucher subsidy, and so technically, the units are constantly "at risk". Over time, data and experience has shown that many owners continue to renew their contracts beyond the expiration date, providing evidence that the link between affordability expiration date and conversion is not inevitable.

Even with the relatively low likelihood of conversion, the City is proactive in preventing the loss of affordable housing units. In 2004, the City has adopted a Preservation Ordinance which requires that owners of projects with federal mortgage insurance and/or HAP vouchers provide the Sacramento Housing and Redevelopment Agency (SHRA) and the tenants of the property written notice within one year of an anticipated prepayment, termination of a subsidy contract, or termination of rental restrictions. This allows SHRA time to work with the owner to find a way to maintain the affordability of the units through subsidies or incentives, negotiation for purchase, or connecting the owner to an affordable housing developer for purchase. Should the owner still opt to convert to market rate rents, the ordinance ensures that tenants have at least 180 day notice and gives SHRA the right to inspect the property and sales agreement and to impose penalties to owners who fail to comply.

The inventory of assisted units required to be reported on in the Housing Element includes all multifamily rental units regulated by federal, state, and/or local programs, many of which are covered by the City's Preservation Ordinance. Such units include those developed under the US Department of Housing and Urban Development (HUD) programs, tax exempt mortgage revenue bond programs, low-income housing tax credits, redevelopment programs, inclusionary housing programs, and density bonus programs that are eligible for conversion to market rate within the next 10 years (2013 to 2023). The total number of units at-risk for this period is 1,339.

Table H 3-25 presents a list of housing units that have income restrictions that may expire before 2023. The 613 units within the projects considered lower risk are those owned by SHRA, a non-profit housing organization, or an affordable housing developer which has indicated interest in preserving the affordability. The remaining 1,602 units are within projects owned by profit motivated organizations, however, 374 of these higher risk units are "at-risk" only due to the annual renewal requirements associated with the HAP vouchers described above. Of the total at-risk units, there are 313 senior units in two developments (St. Francis Manor and Wong Center) at-risk of converting.

Table H 3-25 Units in Projects at Risk of Conversion to Market Rate Housing

[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]					
Larchmont Valley Hi	5280 Meadow Park Wy	2013	HUD/ HAP HFDA/NC/SR	10	10
Normandy Arms	1327 E St	2013	HUD/ HAP/LMSA	20	20
Artisan Square	1615 Del Paso Blvd	2014	HOME	7	7
Hellenic Senior Center	7847 Rush River Dr	2013	HUD/ HAP	70	70
Gloria Drive Apartments	7201–4 Gloria Dr	2013	HUD/ HAP	32	32
Victoria Apartments	1307 F St	2013	HUD/ HAP	10	10
Pioneer Towers	515 P Street	2013	HUD	198	100
Woodbridge Apartments	2028 San Juan Rd	2014	CDLAC Bond	301	61
Somerset Parkside	1001 – 1029 Q Street	2014	RHCP	26	26
St. Francis Manor*	2515 J St	2014	HUD/ HAP 202/8	128	126
Camelot North	1222 E Street	2014	LMSA	20	20
Camelot South	1222 E Street	2014	LMSA	20	20
Don Carlos	1510 O St	2015	RRP/DPR	8	8
Johnston House	1522 14th St	2015	RRP SHRA	6	6
L & D Properties	2425 Q St	2015	HOME	10	10
Sequoia Hotel	911 K St	2016	TI, HCD	92	92
N/A	502 10th St	2016	HOME	8	7
N/A	511 9th St	2016	TI	2	2
Grand Avenue Villa	3740 May Street	2017	LMSA	18	18
Somerset Parkside	1001-1035 Q Street	2014	RHCP	26	25
Biele Place	1421 15th Street	2014	RHCP	35	34
Don Carlos	1510 O Street	2015	RRP/DPR	8	8
Johnston House	1506 O Street	2015	RRP SHRA	6	6
Brannan Court	1500 N Street	2018	CalHFA	40	8
Subtotal				**1,101**	**726**
[redacted]					
River City Residences	1816 O Street	2012	HUD	15	15
Wong Center*	331 J Street	2012	LMSA	187	187
Florin Gardens Coop. East Phase II	2536 Wah Avenue	2013	HUD/HAP	52	52
Florin Garden Apartments Coop.	6951 24th Street	2014	LMSA	72	55
Glenn Ellen Estates	2380 Glen Ellen Circle	2019	RRP	36	36
Oak Park	4021 Broadway	2019	HUD/HAP	24	24
	2361 Harbor Drive	2019	CDLAC	714	140

Table H 3-25 Units in Projects at Risk of Conversion to Market Rate Housing

[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	3741 Rio Linda Blvd	2020	CDLAC/TCAC/SHRA	104	104
Subtotal				**1,204**	**613**
Total Units				**2,305**	**1,339**

Source: SACOG Housing Element Data Profiles, November 2012; Sacramento Housing and Redevelopment Agency, 2013; CADA, 2013.
Local Funding Definitions:
CDLAC = Tax exempt bond financing (California Debit Limit Allocation Committee)
HOME = HOME Investment Partnership Program (Federal Funding)
HUD/HAP = Housing and Urban Development/ Housing Assistance Payments Contract
TCAC = Tax Credit financing (Tax Credit Allocation Committee)
TI = Tax Increment
CDBG = Community Development Block Grant funding (Federal funding)
RRP = Rental Rehabilitation Program
Downtown = Downtown redevelopment project area Low-Income Housing Fund
HCD = State Department of Housing & Community Development
LMSA = Loan Management Set-Aside
SHRA = Sacramento Housing and Redevelopment Agency
202/8 = HUD Section 202 and 208 Programs
NC/SR = Section 8 New Construction/Substantial Rehabilitation
DPR = Down Payment Resource
HFDA = Section 8 Funding through Housing Finance and Development Agency
RCHP = Rental Housing Construction Program
* Senior units

Preservation Options

In addition to identifying units at risk of converting to market rate housing, Government Code Section 65583(a)(8)(B) requires a comparison of costs to replace lost units through construction or rehabilitation to the cost of preserving the existing units. Preservation of the at-risk units can be achieved in several ways, including 1) facilitating a transfer of ownership of these projects to affordable housing organizations; 2) purchasing of affordability covenants; and 3) providing rental assistance to tenants.

Purchase of Affordability Covenant

The first option to preserve the affordability of at-risk projects is to provide an incentive package to owners to maintain the projects as low-income housing. Incentives could include restructuring the existing loan, and/or supplementing the HAP fair market rent to market levels, if market rents are substantially more than the HUD allowed fair market rent, and/ or providing a low interest loan or grant to finance project rehabilitation. It is difficult to estimate the cost of purchasing affordability covenants due to the number of variables in such a purchase.

Transfer of Ownership

Long-term affordability of low-income units can be secured by transferring ownership of these projects to non-profit or for-profit affordable housing organizations. By doing so, these units would be eligible for refinancing using a range of affordable housing financing programs, including low-income housing tax credits and tax-exempt mortgage revenue bonds that ensure affordability for at least 55 years from the time of funding. Most of these transactions also include rehabilitation of the project to modernize the property and to extend the useful life of the major systems. Upon review of recently financed preservation projects that have been acquired and refinanced as shown in Table H 3-26, the average cost of acquiring and rehabilitating these affordable housing units is $112,307 per unit, or $150,379,073 for all 1,339 at-risk units.

Table H 3-26 Estimated Acquisition/Rehabilitation Cost

[redacted]	[redacted]	[redacted]	[redacted]
Norwood Avenue Apartments	28	$1,840,000	$65,714
Wong Center Apartments	187	$31,916,593	$170,677
Y.W.C.A. Residential Hotel	32	$3,217,000	$100,531
Average	**82**	**$12,324,531**	**$112,307**
Total for all 1,339 "At Risk" units			**$150,379,073**

Source: Sacramento Housing and Redevelopment Agency, 2013.

Rent Subsidy

Tenant-based subsidies could be used to preserve the affordability of housing. Similar to Housing Choice Vouchers (formerly Section 8), the City, through a variety of potential funding sources, could provide a voucher to lower income households. The level of subsidy required to preserve at-risk affordable housing through rent subsidies is estimated to equal the Fair Market Rent for a unit minus the housing cost affordable by a lower-income household. Table H 3-27 estimates the rent subsidies required to preserve the housing affordability for a theoretical project with equal numbers of three different prototypical units. Based on the estimates and assumptions shown in the table, approximately $2.7 million annually would be required to preserve the current at-risk inventory of 1,339 units.

Table H 3-27 Potential Rent Subsidies

		[redacted]	[redacted]	[redacted]	[redacted]
[redacted]					
A	Low Income (60% AMI)	$914	$1,029	$ 1,142	
B	Very Low Income (50% AMI)	$761	$856	$951	
C	Average (A & B)	$838	$943	$ 1,047	
D	Per Unit Fair Market Rent	$837	$1,021	$ 1,473	
E	Monthly Per Unit Subsidy (D–C)	$0	$78	$426	
F	Annual Subsidy/Unit (E * 12)	$0	$936	$5,112	
	Total "At Risk" Units [2]	**446**	**446**	**447**	**1,339**
	Total Annual Subsidy	**$0**	**$417,456**	**$2,285,064**	**$2,702,520**

Source: HUD, 2012; SACOG, 2012; Mintier Harnish, 2013.

[1] Gross rents as allowed under the HOME and low-income housing tax credit programs.

[2] Assumes 1/3 of total "At Risk" units within each bedroom size.

Replacement Costs Cost Comparisons

To estimate replacement housing costs for units potentially lost in the affordable housing market, per unit construction costs of recently approved or constructed projects are used. The land for the projects listed was donated, so the estimated cost does not include the land cost, which would add substantially to the overall project cost (estimated land costs are discussed in Chapter 8, Constraints). Based on costs for recently funded new construction multifamily projects, it is estimated that the average per unit cost is $273,066 or about $3.7 million for all 1,339 units as shown in Table H 3-28

Table H 3-28 Estimated Replacement Cost

[redacted]	[redacted]	[redacted]	[redacted]
Broadway and Martin Luther King Blvd.	56	$14,039,751	$250,710
Kelsey Village	20	$5,704,286	$285,214
La Valentina	81	$29,952,000	$369,778
North of Richards Blvd. on North Seventh Avenue	180	$33,581,000	$186,561
Average	**85**	**$20,819,259**	**$273,066**
Total for all 1,339 "At Risk" units			**$365,635,374**

Source: Sacramento Housing and Redevelopment Agency, 2013.

In summary, the three cost estimating scenarios find the relative preservation costs to be:

- Acquisition and rehabilitation - $150,379,073
- Rent subsidy - $2,702,520 annually or $27,025,200 over ten years
- Replacement through new construction - $365,635,374

Replacement and preservation of these 1,339 at-risk units is costly, regardless of the preservation method. Providing an acquisition and rehabilitation program would be the least costly option. Additionally, there are many Federal and State funding programs available for acquisition, rehabilitation, and new construction of affordable housing.

SHRA offers gap financing and bond issuance for new construction and rehabilitation of multifamily rental housing in the City of Sacramento. The adopted Multifamily Housing Loan Program and Mortgage Revenue Bond Program guidelines specify that funding recommendations for SHRA financing will be based on the following project priorities: 1) Preservation (affordable at-risk units); 2) Recapitalization (substantial rehabilitation of affordable projects); 3) Inclusionary housing; and 4) Rehabilitation and new production. SHRA provided financial assistance to preserve three affordable housing developments totaling 173 units at-risk during the 4th cycle housing element. Additionally, four projects totaling 80 units at-risk during the 5th cycle were substantially rehabilitated and subjected to new regulatory agreements. This resulted in a total of 253 units at-risk for conversion between 2007 and 2020 were subject to new regulatory agreements. Due to the elimination of redevelopment tax increment and the decreases in Federal funding for affordable housing, preserving units will be challenging, but a high priority for SHRA.

There are several organizations active in the region that have the capacity to own and manage affordable rental projects and have expressed an interest in being notified of the availability of assisted rental housing. These organizations listed in Table H 3-29 have been pre-approved by HCD to participate in acquisition of at-risk properties. In addition to these qualified companies, there are many other affordable housing developers locally and throughout the state who participate in preservation projects.

Table H 3-29 Qualified Entities in Sacramento County

[redacted]	[redacted]
ACLC, Inc	Stockton
Affordable Housing Foundation	San Francisco
C. Sandidge and Associates	Pinole
Christian Church Homes of Northern California, Inc.	Oakland
Community Home Builders and Associates	San Jose
Community Housing Opportunities Corporation	Davis
Eden Housing, Inc.	Hayward
Eskaton Properties Inc.	Carmichael
Housing Corporation of America	Laguna Beach
Nehemiah Progressive Housing Dev. Corp.	Sacramento
Norwood Family Housing	Sacramento
Project Go, Inc.	Rocklin
ROEM Development Corporation	Santa Clara
Rural California Housing Corp	West Sacramento
Sacramento Valley Organizing Community	Sacramento
Mutual Housing California	Sacramento
Satellite Housing Inc.	Berkeley
Solano Affordable Housing Foundation	Fairfield
Transitional Living and Community Support	Sacramento

Source: California Department of Housing and Community Development, 2012.

Conclusions

The City of Sacramento takes a very effective approach to ensuring its stock of regulated rental units remains affordable and available to lower income residents. While 1,339 units are considered “at risk” during this housing element cycle, given the City’s proactive Preservation Ordinance and the presence of Housing Assistance Payments (HAP) vouchers on many of the units, it is unlikely that many affordable units will look to convert. Should owners opt to convert to market rate, the City has numerous programs and policies in place to facilitate new affordable development and to provide alternate affordable housing options to any displaced residents (see Chapter 9 for more detail). Since adoption of the Preservation Ordinance in 2004, the City has provided funding to preserve 517 units from conversion, ensuring additional long-term affordability in the existing affordable housing stock.

Special Housing Needs

Special housing needs relate to age, disability, income, family size, or other circumstances (such as student status) that create additional challenges to obtaining suitable housing that is also affordable. The following section describes these special needs groups and their associated housing availability issues.

[redacted]

- The City's Housing Trust Fund, adopted in 1989, has provided almost $30 million for the development of over 2,500 new affordable units. These fees are based on the need for affordable housing generated by new non-residential construction.

- SHRA's average annual budget for Housing Choice Vouchers countywide is more than $10 million for over 12,000 vouchers.

- SHRA issues tax exempt mortgage revenue bonds on behalf of the City. These bonds, often coupled with low-income housing tax credits, provide millions of dollars of loans and equity for affordable housing development.

- The City and SHRA take advantage of a broad range of external funding sources, including competitive funding from the State and Federal government.

[redacted]

This chapter presents information on funds and other resources that are available to support the City of Sacramento's housing programs. The City's housing programs are funded through a variety of State, local, and Federal sources. These funds actively support the construction of new affordable housing, encourage housing rehabilitation, and provide various other housing services to low- and moderate-income households.

The City, through the Sacramento Housing and Redevelopment Agency (SHRA), provides development funding, operating assistance, and mortgage assistance for a variety of affordable housing types throughout the City. Development funding is most typically provided to developers of multifamily rental units for new construction or rehabilitation, and leverages additional funding from other sources, including tax exempt mortgage revenue bonds, low-income housing tax credits, and various programs administered by the State of California and the Federal government. SHRA, primarily in its role as the Housing Authority, administers approximately 11,000 Housing Choice Vouchers (formerly Section 8) and over 2,000 public housing units for very low- and extremely low-income households. Finally, for lower-income homebuyers, SHRA provides mortgage assistance, typically in a secondary position to conventional funding, to allow access to homeownership for families who otherwise would be priced out of the market.

To help summarize resources available, Table H 6-1 presents a summary of SHRA's historical budgeted funding for housing programs, and Table H 6-2 projects anticipated annual funding during the Housing Element period, based on historical averages.

[redacted] [redacted]

[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2011	$10,659,708	$109,741,760	$10,755,000	$3,070,188	$1,277,649	$1,042,027	$136,546,332
2012	$10,245,315	$111,168,891	$0	$1,871,691	$889,815	$360,528	$124,536,240
2013	$10,056,422	$111,168,891	$0	$1,813,096	$1,042,027	$586,528	$124,666,964
Average	$10,320,482	$110,693,181	$3,585,000	$2,251,658	$1,069,830	$663,028	$128,582,179

Source: SHRA, 2013.

1 HCV ("Housing Choice Voucher") revenue amounts include total housing assistance payments for the entire County, including all incorporated cities.

2 Although $10,755,000 in Tax Increment revenue was realized in 2011, the funding was recaptured due to the dissolution of Redevelopment.

3 CDBG (Community Development Block Grant) amounts represented are the portion of each year's allocation used for housing purposes.

[redacted] [redacted]

	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Historical Annual Average	$10,320,482	$110,693,181	$3,585,000	$2,251,658	$1,069,830	$663,028	$125,582,179
2013–2021	$92,884,338	$996,238,629	$0	$20,264,922	$9,628,470	$5,967,252	$1,124,983,611

Source: SHRA, 2013.

1 Housing Choice Voucher revenue amounts include total housing assistance payments for the entire County, including all incorporated cities.

2 Due to the dissolution of Redevelopment, no Tax Increment revenue is anticipated.

Revenues from the HOME and Housing Trust Funds, detailed in Table 6-2, are targeted for use under the Sacramento Housing and Redevelopment Agency Multifamily Housing Lending Program. This program provides assistance for developers wishing to purchase and rehabilitate or construct affordable rental housing throughout the city. Guidelines for this program were updated in 2009, prioritizing funding towards preservation of at-risk units and rehabilitation projects in redevelopment areas.

When considering the funding sources described in Tables H 6-1 and H 6-2 above, it is important to recognize the limitations and regulations associated with each. Public Housing and Housing Choice Voucher (HCV) funding represents a large amount of SHRA's funding, but the uses of both are limited to maintenance of existing public housing units and HCVs, and in general, do not represent funding available for the provision of new housing units. In addition, CDBG funding is used for non-housing purposes (although Tables H 6-1 and H 6-2 show only those funds budgeted for housing-related activities).

The City is very interested and committed to seeking additional resources for the provision of affordable housing, and will continue to request such funding when available. Recently, the City has pursued new funding from State funded bond programs, including Proposition 1B and 1C funds for the Downtown Railyards and Curtis Park Railyards developments.

[redacted]

This section offers a summary of funding sources that are currently used by the City and SHRA, as well as additional funding sources that are potentially available to support various housing programs.

Federal Sources of Funding

U.S. Department of Housing and Urban Development

Public Housing

The largest source of funding for affordable housing in Sacramento comes from the United States Department of Housing and Urban Development (HUD). HUD supports the Housing Authority's public housing units, new development and rehabilitation of affordable housing, and special needs housing through the provision of operating subsidies and capital funding. The City has over 2,000 public housing units, which house some of the poorest residents of the city, with an average income of seven percent of area median income. Providing safe and secure housing for such an impoverished population is extremely expensive and requires an ongoing, dedicated operating subsidy. Recent cut backs to the public housing program at HUD are requiring public housing authorities nationwide to reconsider how they own, manage, and maintain their public housing assets. In recognition of the declining Federal resources, the City has approved SHRA's asset repositioning strategy, which aims to rehabilitate and redevelop current public housing, with no net loss of subsidized units.

Housing Choice Vouchers

In addition to public housing, HUD also funds Housing Choice Vouchers formerly known as Section 8. Unlike public housing, which fixes the tenant's rent to no more than 30 percent of their household income, Housing Choice Vouchers provide a subsidy to private landlords to pay the difference between what the tenant can afford with 30 percent of their family income and the fair market rent. The Housing Choice Voucher program aims to provide housing choices to lower-income families, and to disperse lower-income residents throughout the county. SHRA administers approximately 12,000 Housing Choice vouchers throughout Sacramento County, including all its incorporated cities. The majority of these vouchers are "tenant based" – they travel with the tenant to wherever he or she wishes to reside. However, HUD allows housing authorities to "project base" up to 20 percent of their vouchers, ensuring that certain units within certain complexes are available and affordable to lower-income families and enabling the development to achieve deeper income targeting. The Housing Choice Voucher Program is a federally funded program. The City has no control of the funding of the program. The additional homelessness that could result from cuts to the program is concerning. SHRA is trying to mitigate the loss of funding by not filling vacancies received through attrition (approximately 40-60 vouchers are freed up monthly). Currently no participants have been terminated from the program, however if HUD makes additional cuts in 2014, it is possible that some participants may lose their vouchers. SHRA's administrative plan envisions project basing up to 15 percent of its total voucher funding.

Entitlement Funds

As an entitlement City under HUD regulations, Sacramento also receives Community Development Block Grants (CDBG), Home Investment Partnership (HOME) funds, Emergency Shelter Grants (ESG), and Housing for People with AIDS/HIV (HOPWA). Federal funds available in the Federal fiscal year 2013 are shown in Table H 6-3. These amounts are taken from the 2013 Consolidated Action Plan, and include only new entitlement funds. They do not include any program income or existing unspent income, which is included in the budgeted amounts in Table H 6-1.

[redacted]

[redacted]	[redacted]
Community Development Block Grants	$4,285,920
HOME	$1,812,849
Emergency Shelter Grants	$302,145
Housing for People with AIDS/HIV	$862,627
TOTAL	**$7,263,541**

Source: SHRA, 2013.

CDGB. The majority of CDBG funds are allocated for non-housing community development projects and each HUD funding source also allows for administrative costs. For 2013, just over $1 million of the total CDBG funding is allocated for housing development, preservation, and homeownership according to the City's Consolidated Plan. CDBG funds designated for housing primarily support rehabilitation and First Time Homebuyer programs. CDBG funds are also available for public service activities supporting homeless programs and transitional housing.

HOME. HOME funds are used exclusively for the new construction and rehabilitation of affordable housing, covering both homeownership and rental properties. While HOME funding has fluctuated in recent years, it has averaged about $2.2 million annually, and repayments from outstanding loans are "revolved" back into the fund. While HOME funds are partially used to support homeownership programs, the majority of HOME dollars are used as "gap" loans for multifamily rental development and rehabilitation. HOME loans have been provided in eight City projects between 2008 and 2013, leveraging millions of dollars in Federal and State funds to help produce 711 affordable rental units. During this same timeframe, 192 downpayment assistance loans were funded by HOME throughout the city, allowing lower-income residents to become first time homebuyers. SHRA has also set aside HOME funding for a supportive housing loan program that it operates in conjunction with the County Department of Human Assistance, the County Department of Health and Human Services, and Mercy Housing, serving persons who are homeless or at risk of homelessness.

ESG and HOPWA. The Emergency Shelter Grant (ESG) program provides homeless persons with basic shelter and essential supportive services. ESG funds can be used for a variety of activities, including: rehabilitation or remodeling of a building used as a new shelter, operations, and maintenance of a facility, essential supportive services, and homeless prevention. The Housing for People with AIDS/HIV (HOPWA) program provides grant funds to design long-term, comprehensive strategies for meeting the housing needs of low- and moderate-income people living with HIV/AIDS. HOPWA funds can be used for acquisition, rehabilitation, or new construction of housing, rental assistance, and related supportive services. HOPWA funds are received by the County of Sacramento for the City and counties of Sacramento, El Dorado, Placer, and Yolo and administered by the County Department of Human Assistance (DHA).

McKinney Vento Act Program Description

Funding is available on an annual basis through the U.S. Department of Housing and Urban Development (HUD) Super-NOFA which is typically published in the spring of each year. Sacramento County Department of Human Assistance (DHA) is the lead Agency (Grantee) in Sacramento County, which coordinates the local application process. Funding is provided for services to chronically homeless individuals residing in transitional housing and permanent supportive housing developments. Priority had previously been for transitional housing programs; however, recent emphasis has begun to shift towards providing funding for services through permanent supportive housing. Most existing programs are renewed on an annual basis. Funding for new programs is typically available in two ways; the Grantee (DHA) can apply for one new project (Samaritan Bonus) each year in addition to renewing existing programs or an existing program can either be de-funded or request a reduction in funding and those funds can become available to a new program.

HUD 811 and 202 Programs

The Section 811 program provides funding for the development of rental housing with the availability of supportive services for adults with disabilities. The Section 811 program allows for persons with disabilities to live as independently as possible in the community. The program also provides project rental assistance, which covers the difference between the HUD-approved operating costs of the project and the tenants' contribution toward rent. The Section 202 program provides funds to finance the construction, rehabilitation, or acquisition with or without rehabilitation of structures that will serve as supportive housing for very low-income elderly persons, including the frail elderly, and provides rent subsidies for the projects to help make them affordable. It provides very low-income elderly with options that allow them to live independently but in an environment that provides support activities such as cleaning, cooking, transportation, and other supportive activities.

Mortgage Revenue Bonds and Low-Income Housing Tax Credits

Since 1983, SHRA has issued tax-exempt mortgage revenue bonds on behalf of the City for housing developments that restrict a portion of their units for very low-income and low-income households. The basic Federal requirements are that 20 percent of the units must be restricted to very low-income households (50 percent of area median income), or 40 percent of the units restricted to low-income households at 60 percent of area median income. Agency policies require the 20 percent very low-income restriction. The funds raised as a result of the bond sales carry below market interest rates, and are often coupled with Low-Income Housing Tax Credits to raise the equity needed for the project's affordability and feasibility.

The Low-Income Housing Tax Credit program is a Federal program that provides each state an allocation of tax credits based upon population to be used to create affordable housing for lower-income households. First used in 1988, the tax credits are used as an incentive for private business to invest in affordable housing. Within the Federal tax credit program, there are two programs: the four percent and the nine percent tax credits. The nine percent tax credit program with its higher credit factor (typically around nine percent) is more competitive and requires much deeper affordability targeting. The four percent tax credit program is used solely in conjunction with the mortgage revenue bond program. In addition to federal tax credits, California has created a state tax credit program to be used in conjunction with the federal credits.

Mortgage revenue bonds with Low-Income Housing Tax Credits have been the most successful tool for financing new construction, producing mixed-income developments with a variety of affordability levels serving very low-income and lower-income households and preserving the affordability and useful life of the apartment complexes terminating their HUD contracts. Use of the mortgage revenue bond and tax credit programs allows the City to spread its limited local resources as gap loans supporting bond and tax credit projects. This financing has been used successfully in new growth areas for family and senior developments, and will likely be employed in downtown Sacramento's housing expansion.

Mortgage Credit Certificates

The Mortgage Credit Certificate (MCC) program provides financial assistance to first time homebuyers for the purchase of new or existing single-family homes. The MCC provides qualified first time homebuyers with a Federal income tax credit, which reduces an individual's tax payment(s) by an amount equal to the credit. The MCC program can be used to increase homeownership, especially in targeted census tracts.

State Sources of Funding

Proposition 1B Funding

Proposition 1B authorized about $20 billion in State bond funds for transportation. The measure allocates specific amounts of bond funding for particular transportation uses, and requires that the funding be subject to legislative appropriation. These transportation funds can be used to assist in improvements that are required for new development projects supporting transit, including affordable housing. The Downtown Railyards project received $20 million in Proposition 1B funding in April 2008 to relocate and realign the Union Pacific railroad tracks to facilitate the development of the Sacramento Valley Station. The realignment has cleared one barrier to development of the first two phases of the Railyards project, which will include 1,831 units as indicated in Appendix C.

Proposition 1C Funding

Proposition 1C authorized about $2.85 billion in State funding for a variety of housing programs. Potential uses of Proposition 1C funds include brownfield cleanup and infill incentives, multifamily housing programs, implementation of Transit Oriented Development (TOD), the State Homeowner Downpayment Assistance program, supportive housing, farmworker housing, emergency housing assistance, and programs for homeless youth. For the first round of this program, Sacramento received Proposition 1C funding from both the TOD program and the infill infrastructure program to implement redevelopment projects at the Downtown Railyards and Township 9. The City will continue to seek this type of grant funding to assist major infill projects in the city.

Multifamily Housing Program

The Multifamily Housing Program (MHP) is used to assist in the new construction, rehabilitation, and preservation of permanent and transitional rental housing for lower-income households. Special allocations have been made for supportive housing with associated health and social services for low-income renters with disabilities, or individuals or households that are moving from emergency shelters or transitional housing, or are at risk of homelessness. MHP funding can be used by local governments, for-profit and nonprofit corporations, limited equity housing cooperatives, and individuals to construct, rehabilitate, or preserve permanent and transitional rental housing.

Mental Health Services Act Program

Mental Health Services Act (MHSA) Housing Program was established by Executive Order to fund permanent supportive housing (PSH) projects for people with psychiatric disabilities and children with serious emotional disturbance. In permanent housing, all services must be voluntary. PSH is defined to include all of the following: tenant holds a lease and has rights of tenancy, tenant has a private space that is locked and that only they have access to, and participating in supportive services is not a requirement of tenancy. Transitional housing and emergency shelters are not eligible for funding.

Eligible uses of funds include: acquisition of vacant property, acquisition and rehabilitation of an existing development, construction of a new development, capitalizing operating costs, and predevelopment costs associated with an eligible project proposal. Funds can be awarded as a grant or a loan, whichever assists in project feasibility and/or meets the requirements of other sources of funding.

There are two pools of funds that are provided in three year cycles. “One-time” funds are provided by the State directly to the County and applications are accepted over-the-counter through SHRA and through Sacramento County Division of Mental Health (DMH). The other source of MHSA funds are controlled by CalHFA and applications are submitted over-the-counter to CalHFA.

Building Equity and Growth in Neighborhoods (BEGIN)

BEGIN funding includes grants to local public agencies to make deferred-payment second mortgage loans to qualified buyers of new homes, including manufactured homes on permanent foundations, in projects with affordability enhanced by local regulatory incentives or barrier reductions. These grants are used to increase homeownership among low- and moderate-income residents.

Housing Enabling Local Partnerships (HELP)

HELP funding is provided to local government entities to tailor the affordable housing activities and priorities of the particular jurisdiction. HELP Program funds can be used for a wide variety of housing programs, including multifamily construction and rehabilitation and homeownership assistance. SHRA has used the HELP program twice to assist in the funding for the acquisition and redevelopment of the Phoenix Park (formerly Franklin Villa) neighborhood.

CalHOME

CalHOME funding includes grants to local public agencies and nonprofit corporations to assist individual households through deferred-payment loans, as well as direct, forgivable loans to assist development projects involving multiple ownership units, including single-family subdivisions. These grants are used to enable low- and very low-income residents to become or remain homeowners.

Emergency Housing and Assistance Program (EHAP)

EHAP funding includes both operating grants and deferred loans for capital development. Grants can be used for facility operations of emergency shelters, transitional housing projects, and supported services for homeless individuals and families. Loans to local public agencies and nonprofit developers may be used for capital development activities for emergency shelters, transitional housing, and safe havens that provide shelter and supportive services for homeless individuals and families.

Workforce Housing Reward Program

This program provides financial incentives to cities and counties that issue building permits for new housing affordable to very low- or low-income households. Grants can be used for construction or acquisition of capital assets.

Local Sources of Funding

Housing Trust Fund of the City of Sacramento

The City of Sacramento adopted a landmark local ordinance in 1989 that established an impact fee on new non-residential construction. The fees were based on an economic nexus analysis that determined that the construction of such commercial projects as offices, business parks, hotels, warehouses, and shopping centers played a major role in attracting new very low- and low-income workers to Sacramento. Because the workers are often unable to afford housing close to their work sites, the fee-generated revenue is used to increase the supply of housing affordable to these income groups, creating the nexus or linkage between jobs and housing.

Annually, the City Housing Trust Fund provides approximately $700,000 for new construction of housing for people that are in or likely to be in the labor force. As of mid 2013, almost $30 million in City Housing Trust Funds have been loaned to developers building over 2,500 new units affordable to lower-income households. Housing Trust funds are most commonly used as "gap" loans, leveraging millions of dollars of outside resources to create affordable housing in the city.

[redacted]

In addition to the external resources described above, the City has an intricate internal network of departments that work together to coordinate housing activities. It is imperative that these departments work under the same vision for housing in the city, and that their collective resources and expertise are directed toward a common goal.

Sacramento Housing and Redevelopment Agency

The Sacramento Housing and Redevelopment Agency (SHRA) is a Joint Powers Authority created as a public agency by the City and County of Sacramento in 1973. SHRA serves two essential functions for both the City and unincorporated County in its roles as the Housing Authority and housing department for both jurisdictions.

In its role as the Housing Authority, SHRA owns and operates 2,462 public housing units in the city and an additional 832 in the other parts of the county. It administers over 12,000 Housing Choice Vouchers throughout Sacramento County. SHRA also acts as the City's housing department, administering Federal and State funding programs for the provision of affordable housing and implementing the City's Mixed Income Housing Ordinance.

City of Sacramento

In addition to the lead housing role of SHRA, various City departments are involved in the planning and delivery of housing and community development services.

The **Economic Development Department's** mission is to market the City and facilitate private investment in accordance with established economic development priorities and adopted land use plans and policies. In addition, the Economic Development Department administers the Merged Downtown and Richards Boulevard redevelopment areas, working collaboratively with SHRA on housing projects in these areas.

The **Community Development Department (CDD)** reviews development all applications requiring entitlements from the Planning and Design Commission and/or City Council, ensures implementation of the State of California code requirements and City ordinances and codes, reviews development projects for adequate infrastructure, and operates the Permit Centers that are "one stop" public information and service centers for a number of City agencies. These development-oriented centers assist customers with planning, engineering, building, and transportation issues.

CDD also oversees planning efforts of the City, including the General Plan and Community Plans as well as neighborhood and specific plan area projects. CDD ensures that development is consistent with the vision of the City and prioritizes public infrastructure investment to facilitate such development.

CDD also includes the Code Enforcement division, which promotes and maintains a safe and desirable living and working environment. Code Enforcement maintains and improves the quality of the community by administering a fair and unbiased enforcement program to correct violations of municipal codes and land use requirements. The Code Enforcement division administers the rental property inspection programs and the vacant building ordinance, ensuring proper upkeep of residential units throughout the city.

The **Parks and Recreation Department** provides parks and recreation services. The department maintains more than 2,000 acres of developed parkland, operates 18 community centers and clubhouses, and provides recreation programs at numerous department and school sites. The Neighborhood Services division helps to connect residents to City government and to facilitate ongoing and meaningful community input. Neighborhood Services works on a variety of neighborhood related issues, including development and maintenance of housing.

County of Sacramento

Sacramento Steps Forward (SSF) operates the County's welfare program and serves as the lead agency for the ESG and HOPWA programs. SSF offers a range of services including: senior volunteer services, welfare reform, homeless assistance, employment services, financial assistance, medical assistance, and senior nutrition.

The **Department of Health and Human Services** offers a variety of services including: alcohol and drug rehabilitation services, children's services, family assistance, mental health services, senior services, and shelter and homeless assistance.

Other Service Providers

SHRA coordinates with a variety of nonprofit organizations that coordinate or provide housing and/or social services in the City of Sacramento. These organizations include the Mercy Housing, Volunteers of America, Sacramento Neighborhood Housing Services, Lutheran Social Services, InfoLine Sacramento, Self-Help Housing, Turning Point Community Programs, Transitional Living and Community Support, Loaves and Fishes, Sacramento Veterans Resource Center, and many others.