

City of Sacramento

Legislation Text

File #: 2020-01569, Version: 1

Title:

2021 City Council Schedule and Work Program to Create a Master Siting, Operations, Programmatic and Financing Plan to Address Homelessness

File ID: 2020-01569

Location: Citywide

Recommendation:

Adopt a Resolution: 1) detailing City Council direction for creation of a Master Siting, Operations, Programmatic and Financing Plan to Address Homelessness; 2) approving a Council-led Community Outreach Program; 3) approving the 2021 Tentative City Council Schedule and Work Program Outline; 4) directing the City Manager to prepare a plan to allocate staff and any other resources needed to create the Master Plan; and 5) authorizing the City Treasurer to complete the necessary steps for the consideration of the sale of affordable housing bonds.

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Presenter: Mayor Darrell Steinberg (916) 808-5300, Office of the Mayor

Attachments:

1-Description/Analysis

2-Resolution

3-2021 City Council Tentative Schedule & Work Program Outline

4-City Council Report: Adoption of Sacramento Affordable Housing Trust Fund Framework dated January 28, 2020

Description/Analysis

Issue Detail: On December 6, 2020, Mayor Steinberg published a letter to the Council informing them of his intent to bring forward for Council approval a proposal to prepare a Master Siting, Programmatic, Operations and Financing Plan (Comprehensive Master Plan) to address the urgent homeless crisis in a sustained and successful way. The proposed plan will be comprehensive enough to shelter and house thousands of Sacramentans living outdoors and to prevent thousands more

from becoming homeless.

The Comprehensive Master Plan will be prepared through an intensive community engagement process with regular Council meeting agenda items and Council workshops, extensive Council district and community outreach, stakeholder meetings and site review, including reviewing and distributing parcels into categories of sites to fulfill local needs (e.g. safe parking lots) by an interdisciplinary team of staff from the City, the Sacramento Housing and Redevelopment Agency (SHRA), and Sacramento County in partnership with homeless advocates, agency partners and other local stakeholders.

The Council will be asked to define and lead the outreach in their districts for community guiding principles, siting input, operations feedback and program needs with Council district and City staff support. The Councilmembers will tailor effective engagement in their respective districts. The recommendation includes a commitment by the Councilmembers to conduct initial community outreach in each of their respective districts beginning in January and again in February to define process guiding principles, gain input on local needs, and vet potential sites before formal Council siting workshops in March and April. The Mayor will be available to participate in any of the workshops at the invitation of the Councilmembers. The comments from stakeholders, including non-profit service providers, neighborhood associations, advocates for people experiencing homelessness, people with lived experience of being homeless, philanthropic entities, faith-based organizations, property and business owners, and other interested parties, will be forwarded for consideration by the interdisciplinary staff team and by the Council during future workshops.

The final product will be a Comprehensive Master Plan identifying public and privately-owned sites in each Council district with a range of proposed facilities. Input into the process will be sought from a spectrum of operators, to include non-profit service providers, faith-based groups, or other entities and programs and providers that serve Sacramento residents. The plan will identify specific implementation timelines consistent with available financial resources. Finally, the plan will identify resources needed to prevent homelessness and provide rental assistance and other aid to Sacramentans who are housing insecure.

The Council will take a single vote on the Comprehensive Master Plan, scheduled for June 2021. With this approval, Council will designate sites for homeless solutions. Land use disposition, environmental review and/or entitlements and funding awards will be subject to state and local legislation, City ordinances and practices, and housing authority approvals. The City Manager will have authority to move forward with each homeless solution, from safe parking to shelter and housing projects, based on the approved plan.

The recommendation before the Council also includes direction to the City Treasurer to proceed with the necessary stress test and review of debt ratios for the purpose of considering City issuance of an Affordable Housing Bond as originally approved with the FY 2019/20 Budget. Bond proceeds would

be deposited into the Affordable Housing Trust Fund following the framework approved by Council on January 28, 2020 and could be used in the construction of permanent supportive housing units and affordable housing options that reduce homelessness. (Attachment 4)

The homelessness crisis is further exacerbated in Sacramento due to the lack of affordable housing supply. Temporary shelter and housing must be accompanied by significantly greater investment in new low-income housing production including efficiency housing and permanent supportive housing (affordable housing with services). The bond sales were delayed by the COVID-19 pandemic and according to the City Treasurer, there may be an opportunity to sell the bonds in 2021 with action by the Council to provide the guarantee funds. The Affordable Housing Trust Fund would leverage outside affordable housing resources that may also include future state housing funds and contributions from both public and private nonprofit organizations.

Policy Considerations: The proposed actions implement the City's Housing Element and the Central City Specific plan. The 2013-2021 Housing Element of General Plan includes goals (H-3.2 Special Needs) to house special needs populations including the homeless and (H-3.2.3 Ten-Year Plan to End Chronic Homelessness and the Continuum of Care) to support efforts to meet the needs of homeless families and individuals. The Comprehensive Master Plan will also implement adopted goals in the Central City Specific Plan goals including (Goal H.3 Homelessness) to pursue solutions to reduce homelessness that includes prevention, assertive outreach, shelter and housing. A second goal (H.3.3 Service Provider Coordination) states the City will continue to coordinate with Sacramento County, other cities and community service providers to serve the homeless. And a third particularly relevant goal (H.3.5 Emergency Shelters) states the City will continue to support existing emergency shelters and additional shelter capacity both in the plan area and citywide. This proposed plan is also consistent with an objective of the current draft Housing Element to adopt a local Homeless Response Plan in coordination with community partners and the regional response on homelessness.

The Comprehensive Master Plan also aligns with the federal directive and City commitment that funding for addressing homelessness follow a "housing first" approach, which offers permanent housing as quickly as possible for individuals and families experiencing homelessness. Partnering with other City of Sacramento agencies to leverage resources and improve livability is consistent with the City Council's past actions, budget allocations, and current direction.

Economic Impacts: Not applicable.

Environmental Considerations: This report does not involve activities that constitute a "project" as defined by Sections 15061(b)(3) and 15378(b)(4) of the California Environmental Quality Act (CEQA) Guidelines.

Sustainability: Not Applicable.

Commission/Committee Action: None.

Rationale for Recommendations: Homelessness is a crisis in the City of Sacramento and across the State of California. The 2019 Point-in-Time count documented over 5,570 homeless people in Sacramento County, a majority of whom are unsheltered in the City of Sacramento. The 2019 Point-in-Time Count Report estimated that a total of 10,000 to 11,000 county residents would experience homelessness at some point in 2019. Since the 2019 count, the problem has grown worse. Rents continue to increase in the Sacramento region as demand for housing has outpaced new construction. The COVID-19 pandemic has brought an unanticipated and surging increase in numbers due to the economic devastation of many residents and the public health orders. Limited resources for the unsheltered in need of substance abuse and mental health services are resulting in complex case management and housing needs.

However, there is another reason there has not been more progress. Each siting decision for a shelter, permanent supportive housing, tiny home project, converted motel and sanctioned campground creates an individual controversy each time the City Council deliberates and tries to move forward. The pace, combined with the increased numbers of people becoming homeless, has made it difficult to achieve progress on the scale needed to meet the magnitude of this most urgent crisis in Sacramento. This, combined with limited resources, requires us to have a greater vision and strategy on how to respond to the complex challenge of homelessness.

The Approach

The Comprehensive Master Plan will be modeled after the nation's base closure commission or Base Realignment and Closure Commission (BRAC). Between 1998 and 2005, an independent commission made recommendations on closing large numbers of military bases and forwarded the comprehensive plans to Congress for one up or down vote. This avoided political pressure by individual members of Congress to prevent the closure of facilities in their districts and allowed for the improvement of the efficiency of the military while saving taxpayer dollars. The key difference in the proposed approach is that the Council, with support from staff and input from the community, will develop the plan as opposed to an independent commission.

The Process

The Council will serve as the lead entity for public engagement as staff prepares the plan document. An aggressive schedule of Council agenda items at regular meetings and workshops will provide content for the plan.

The time commitment by the City Council will be significant to fully vet and address all issues as the plan is prepared. The proposed schedule for review, comment and approval by the Council is

included as Attachment 3.

Staff Resources

The City Manager will oversee the staff resources to prepare the draft Comprehensive Master Plan. An interdisciplinary team including partners like SHRA, the Sacramento Municipal Utility District, Pacific Gas & Electric, and the County of Sacramento will be asked to review sites and content of the plan as well. Financing recommendations will be vetted with the City Treasurer and Finance Department, SHRA, the County of Sacramento, and other potential philanthropic and private funders.

Affordable Housing Bond Sale Next Steps

At the direction of Council, the City Treasurer will resume the creation of a second Master Lease Program and the appraisals of available city assets to facilitate the issuance of General Fund lease revenue bonds to fund a city investment in the City Affordable Housing Trust Fund. Per the City's Debt Policy that was revised in July 2019, as a result of input from the Council, and further revised in June 2020, any General Fund or Lease-revenue Bonds issued by the city must meet two criteria:

- **Stress Test:** In conjunction with the City Treasurer's Office, the City's Department of Finance shall prepare, for each long-term financing that will be supported by the General Fund, an internal feasibility analysis of the effect on current and future budgets and the City's overall credit ratings of the debt service for the financing and the costs of operating the financed capital projects. This analysis may be performed formally or informally and must also address the reliability of revenues to support debt service. The City Treasurer's Office is prepared to contract with Fieldman Rolapp & Associates, the City's financial advisor, to perform the analysis in conjunction with certain assistance/information provided by the City's Department of Finance.
- **Debt Capacity:** Total annual debt service for all General Fund bonds and lease-revenue bonds, in each year they are outstanding, must not exceed 6% of annual budgeted General Fund revenues net of revenues that City departments generate by providing services directly chargeable to City residents and businesses. Examples of such department revenues include the Fire Department's advanced life-support fee, the Police Department's alarm-permitting fee, and the Community Development Department's building permit and general plan fees.

Financial Considerations: The City Manager will evaluate staff resources and provide a recommendation regarding staffing and any other resources needed to meet the Council-designated priorities including addressing the homelessness crisis in the City.

Local Business Enterprise (LBE): Not applicable.

