

City of Sacramento

Legislation Text

File #: 2019-00699, **Version:** 1

Title:

(Housing Authority) Authorization to Submit a Section 18 Demolition and Disposition Application to the United States Department of Housing and Urban Development for City Scattered Site Public Housing Units

File ID: 2019-00699

Location: Citywide

Recommendation:

Adopt a Housing Authority Resolution authorizing the Executive Director to: 1) submit a Section 18 Demolition and Disposition (Section 18) application to the United States Department of Housing and Urban Development (HUD) for City of Sacramento Housing Authority Scattered Site Units; 2) apply to HUD for Tenant Protection Vouchers; 3) execute all applicable award agreements if the Section 18 applications are approved; and 4) make related findings.

Contact: LaTanna Jones, Assistant Director, (916) 440-1334, Sacramento Housing and Redevelopment Agency

Presenter: None

Attachments:

- 1-Description Analysis
- 2-Resolution
- 3-Exhibit A - List of Properties - Four Units or Less
- 4-Scattered Site Map

Description/Analysis

Issue Detail: In Sacramento there are currently 2712 units of public housing, 1699 of which are in the City of Sacramento (City Public Housing) and 1013 which are in the County of Sacramento. The Sacramento Housing and Redevelopment Agency (SHRA) manages these public housing units which provide housing for low- and very-low income residents. However, significant issues currently affect the long-term sustainability of the City's Public Housing stock. Issues include: rapidly aging

housing stock, lack of funding from the federal government over the last 17 years for public housing programs, and the increase in local demand for affordable housing. Sacramento's issues are not unique. Many Public Housing Authorities (PHAs) across the nation are struggling to maintain their public housing inventories. To meet these challenges, SHRA must use new and innovative approaches to preserve and maintain the City's Public Housing stock.

As an initial step toward improving the viability of these assets, SHRA contracted with CSG Financial Services (CSG) to update the PHA Asset Repositioning Plan to evaluate the best strategy for the City's Public Housing portfolio. The update included analysis and review of the physical condition of all properties via physical needs assessments, review of financial records, development of property budgets, and evaluation of historical property data. In addition, CSG reviewed available funding and programs to address the deferred maintenance and capital improvement needs backlog in public housing through HUD.

The updated Asset Repositioning Plan, approved by the City Housing Authority Board in 2018 via Housing Authority Resolution No. 2018-0019, recommended that the Housing Authority convert its smaller Scattered Site properties (those with four or fewer units) from the current Public Housing Program to Project-Based Section 8 units via HUD's Section 18 Demolition and Disposition Program. Conversion to this program will increase the Housing Authority's ability to stabilize its properties and address deferred maintenance needs by reducing inventory, while preserving long term affordability for residents through Section 8 vouchers. There are 153 Scattered Site properties in the City of Sacramento. A list of those properties is included as Exhibit A.

Conversion to the Section 18 program can begin immediately upon approval from the Board and HUD as there is no specific requirement to complete upfront deferred maintenance work. In cases where the Housing Authority determines rehabilitation is necessary at a unit, that work can be performed with the enhanced revenues generated as a result of the conversion. A benefit of Scattered Site conversions under the Section 18 program is the inclusion of Tenant Protection Vouchers that can either be used to relocate tenants or to convert the properties to the Project Based Section 8 program to guarantee long-term affordability. No drain on Sacramento's current Housing Choice Voucher program is created by these conversions as these Tenant Protection Vouchers will be newly allocated.

Staff proposes that the Section 18 conversion application be submitted to HUD before the end of 2019. All conversions under the Section 18 program will be allocated new Tenant Protection Vouchers which are provided by HUD on a first-come, first-served basis. Because of the demand for this program, it is important that the Housing Authority submit applications as soon as possible to obtain additional vouchers before the HUD allocation is exhausted.

In 2018, the City Housing Authority Board authorized initial approval of the Section 18 application via Housing Authority Resolution No. 2018-0019. Since that time, staff has completed the required

consultation with residents affected by this action as well as with the Public Housing Tenants group who is known as the Sacramento Resident Advisory Board (SRAB) and is now asking for final approval to submit the required Section 18 application documents to HUD.

Policy Considerations: The recommendations in this report are consistent with the recently updated Public Housing Authority Plan to transition and convert public housing properties under the Section 18 Demolition and Disposition Program. These efforts are also consistent with the Housing Authority's mission to promote self-sustaining housing opportunities for extremely low-income residents in Sacramento.

Economic Impacts: Not Applicable.

Environmental Considerations:

California Environmental Quality Act (CEQA): The proposed application for Section 18 and the conversion of properties under the Section 18 program are administrative activities and do not make any commitments to, or give approvals for, specific projects or activities which have the potential to result in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. Therefore, the proposed actions do not constitute a project subject to environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines at 14 California Code of Regulations (CCR) section 15378(b). Environmental Review for specific projects, such as rehabilitation, under the Section 18 program will be completed prior to any discretionary action(s) being carried out with regard to such projects.

National Environmental Policy Act (NEPA): The proposed application for Section 18 is an administrative activity and does not make any commitments to, or give approvals for, specific projects or activities and is exempt under the National Environmental Policy Act (NEPA) pursuant to 24 Code of Federal Regulations section 58.34(a)(3). The conversion of properties under the Section 18 program is considered a leasing and disposition activity and is categorically excluded under NEPA pursuant to 24 CFR section 58.35(a)(5). Environmental Review for disposition and/or rehabilitation of specific properties under the Section 18 Program will be completed prior to any choice limiting action(s) being carried out with regard to such projects.

Sustainability: Not Applicable.

Commission/Committee Action: It is anticipated that, at its meeting of June 5, 2019, the Sacramento Housing and Redevelopment Commission will approve the staff recommendation for this item. Staff will notify the Board in the event this does not occur.

Rationale for Recommendation: This report recommends that the Housing Authority submit applications to HUD to convert the City's Public Housing portfolio to the Project Based Section 8 platform under the Section 18 program. This will convert the portfolio to a long-term sustainable financial model and allow for physical improvements to be made at the properties with no increase in tenant rents.

Financial Considerations: Conversion to the Section 18 program, if granted, would terminate the Housing Authority's reliance on HUD's Public Housing Subsidy and Capital Fund to operate and maintain public housing properties. Under the Section 18 program, the Housing Authority would receive Tenant Protection Vouchers (Section 8 vouchers) for a higher payment amount to manage the properties, which greatly improves the viability and future outlook of the units and also maintains affordability for residents.

Local Business Enterprise (LBE): Not applicable.