



COUNCIL AGENDA: 06-05-07
ITEM: 3.8(a)

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Lee Price, MMC
City Clerk

SUBJECT: AB 1252 (CABALLERO) – HOUSING DATE: May 24, 2007
RELATED PARKS PROGRAM

RECOMMENDATION

As recommended by the Rules and Open Government Committee on May 16, 2007, approve the support position for AB 1252 (Caballero) – Housing Related Parks Program as outlined in the attached memo previously submitted to and approved by the Rules & Open Government Committee.



Memorandum

**TO: RULES AND OPEN
GOVERNMENT COMMITTEE**

FROM: Leslye Krutko

SUBJECT: SEE BELOW

DATE: May 16, 2007

Approved

Deanna Puhre

Date

5/17/07

Council District: All
SNI: All

SUBJECT: AB 1252 (CABALLERO) – HOUSING-RELATED PARKS PROGRAM

RECOMMENDATION

The Housing Department recommends that:

1. The Mayor and City Council support, with amendments, AB 1252 (Caballero).
2. A one-week turn around for Mayor and City Council review.

OUTCOME

If the Rules and Open Government Committee and the Mayor and City Council accept staff's recommendation, the City lobbyist could begin seeking amendments for AB 1252. Staff believes that AB 1252 deserves the utmost attention of the City, because if passed, it could have significant impacts on affordable housing and its programs in San José.

BACKGROUND

The 2006-2007 State Legislative cycle has featured over 100 housing-related bills. Of these, over 20 bills seem to be particularly relevant to the residents of San José, the Housing Department, and the City. AB 1252 is one of these bills; as such, Housing Department staff are presenting it to the Rules and Open Government Committee.

ANALYSIS

A fact sheet and analysis of AB 1252 is attached.

PUBLIC OUTREACH/INTEREST

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**

- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**

- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This legislative item does not meet any of the above criteria.

COORDINATION

This memorandum was coordinated with the City Attorney's Office.

POLICY ALIGNMENT

The attached fact sheet and analysis are consistent with the Council-adopted 2007 Legislative Guiding Principles and the 2007 Proposition 1C Guiding Principles.

CEQA

Not a project


LESLIE KRUTKO
Director of Housing

AB 1252 (Caballero) –HOUSING-RELATED PARKS PROGRAM

What's the issue the bill is trying to resolve?

The shortage of affordable housing often overshadows the shortage of related infrastructure and essential amenities like parks. AB 1252 would create the Housing-related Parks Program, which would be administered by the Department of Housing and Community Development (HCD) with guidance from the Department of Parks and Recreation (DPR). The Housing-related Parks Program would use \$200 million from Proposition 1C to award grants to local governments for the sole purpose of creating and rehabilitating parks related to eligible housing projects. Grants would be awarded to cities and counties that meet all of the following criteria:

- Have adopted a housing element compliant with provisions of the Government Code relating to State housing goals and affordable housing;
- Meet or exceed housing production thresholds established by the Department of Housing and Community Development (HCD); and
- Issue a building permit for a new rental housing development that serves very-low- or low-income renters for a minimum term of 55 years. Homeowner-occupied developments would be initially sold at an affordable cost, and the local government awardee would set resale restrictions and/or pay back grant funding.

Grant amounts would be larger for cities and counties with multi-bedroom housing units, and units restricted to very-low-income households

In addition to the above criteria, AB 1252 specifies standards for local governments to be eligible for bonus funds. HCD will consider bonus grants for cities and counties that create and rehabilitate parks that are:

- Located in an urbanized area or urbanized cluster as defined by the U.S. Census Bureau;
- Located in areas with deficient parkland (as determined by the Department of Parks and Recreation);
- Result from community planning efforts;
- Part of infill development;
- Located in areas of low-income concentration or high population density; or
- Accessible to pedestrians, bicycles and public transit, and encourages use by local residents.

How would the passage of this bill affect San José?

The City of San José is simultaneously planning to rehabilitate and expand its park spaces while continuing its ongoing efforts to rehabilitate and expand its stock of affordable housing. Current City policy exempts affordable housing from paying Parkland Dedication Ordinance (PDO) fees, which facilitates affordability but results in fewer parklands. This bill would help San José provide parks in conjunction with affordable housing development without impacting housing production.

Staff anticipates that the City would be competitive for Proposition 1C park funds, because the City would score well according to the eligibility requirements prescribed in the bill. Furthermore, many of the characteristics for which AB 1252 would give special consideration, are the same characteristics that San José is seeking to address (e.g.; high density development, deficient park space, infill development, etc.).

Staff's Proposed Position:

Staff recommends that the City support AB 1252. There are some concerns, however, that the City believes should be expressed to the bill's author and a few areas where the bill differs from the Council-adopted Proposition 1C Guiding Principles. These are:

- It is unclear whether this bill requires local governments to produce the total number of units prescribed in its regional housing needs allocation, or the target number of units for all affordability levels. We recommend that the language be made clear to state that the local government needs to have met the overall unit threshold established by HCD during the last seven-year Regional Housing Needs Assessment (RHNA) cycle.
- AB 1252 requires that eligible cities must have issued building permits for developments with rental units affordable to low- and very-low income units. To be consistent with the City's Proposition 1C Guiding Principles and the State RHNA process, we recommend that the bill be amended to stress rental housing developments with extremely-low income units in order to reflect the City's priority to produce more deeply affordable housing.
- The bill requires that eligible cities must have issued building permits for developments with owner-occupied developments for low- and very-low income units. Given the for-sale housing market in San José and the extreme difficulty of funding homeownership at the lower income levels, staff recommends AB 1252 be amended to include moderate income owner-occupied housing development.
- Staff recommends that the bill be amended to prescribe specific minimum percentages (10%-15%) of low income units for the rental and owner-occupied affordable housing.
- Through AB 1252, bonus funds would be awarded to local governments with a "high need for park renovation or park acreage" as determined by the Department of Parks and Recreation. Staff recommends that the bill be amended to explicitly describe the methodology that will be used to determine "high need." As written, it is unclear if the City of San José would be deemed a "high need" jurisdiction.

Who are the bill's supporters and opponents?

As of May 9, 2007, staff has identified two supporters of AB 1252: the California Association of Councils of Governments, and the Department of Housing and Community Development. The only known opponent of the bill is the Western Center on Law and Poverty, though some of Western Center's objections were addressed in the most recent amendments.

What is the current status of the measure?

The measure was heard in the Assembly Appropriations Committee on May 1st and passed by a vote of 6-0. An amended version is currently with the Assembly Appropriations Committee where it is scheduled to be heard on May 16th.