



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Leslye Corsiglia
Norberto Duenas

SUBJECT: SEE BELOW

DATE: 06-15-11

Approved

Date

6/16/11

COUNCIL DISTRICT: 3

SUBJECT: APPLICATION TO THE STATE OF CALIFORNIA FOR GRANT FUNDING FROM THE HOUSING-RELATED PARKS PROGRAM – ADDENDUM ITEM

REASON FOR ADDENDUM

The State of California will announce on June 15, 2011 that grant funds of up to \$20 million will be made available under the State of California's Housing-Related Parks Program and all grant applications are due on or before July 29, 2011. This late notice did not provide sufficient time for the preparation of a memorandum to the City Council following the normal agenda process. It is important that this memorandum is added to the June 21, 2011 City Council meeting to provide staff the authority to submit a grant application before the July 29th deadline.

RECOMMENDATION

It is recommended that the City Council adopt a resolution:

1. Authorizing the Director of Housing, or designee, to submit grant applications in an aggregate amount of \$1,781,200 to the California Department of Housing and Community Development (HCD) under three funding rounds of the Housing-Related Parks Program (HRPP) in 2011, 2012 and 2013 for the acquisition of parkland in the Rincon South neighborhood.
2. Authorizing the Director of Housing, or designee, to accept HRPP grant awards and conduct all negotiations, execute and submit all documents, including, but not limited to, applications, agreements, amendments, and payment requests, which may be necessary in connection with these grants.

OUTCOME

The HRPP grants will allow the City to proceed with possible land acquisition for a future park in the Rincon South community, a park-deficient neighborhood with several affordable housing projects in various stages of development.

BACKGROUND

On June 3, 2011, the HCD announced that it would issue a \$20 million NOFA under its HRPP on June 15, 2011, with grant applications due in Sacramento by July 29, 2011. This will be the first annual Notice of Funding Availability (NOFA) expected to be announced over the next several years.

HRPP is a new program funded through the passage of Proposition 1C (the Housing and Emergency Shelter Trust Fund Act of 2006) that creates an incentive for local governments to build affordable housing by providing the reward of grant funds to meet the need for park facilities in their communities.

In 2010, staff from the departments of Housing and Parks, Recreation and Neighborhood Services (PRNS) met on several occasions to discuss the possibility of submitting an application for the HRPP and to prepare a list of potential park projects to be funded by the HPRR program. In early June 2011, the two departments finalized the recommendations which are detailed in this memorandum.

ANALYSIS

In each funding round, HRPP grants will be made to jurisdictions based on affordable housing developments that have started construction and had received at least a foundation inspection in the prior calendar year. The HRPP does not use a competitive process to award funds. Rather, all cities and counties that apply and meet the eligibility requirements are funded. To the extent that any one round is over-subscribed, each jurisdiction's award is proportionately reduced so that no more than \$20 million is disbursed. Disbursement of grant funds will be made upon each qualifying housing development's receipt of a Certificate of Occupancy upon completion of construction.

HRPP awards points are based on the number of bedrooms in units restricted to occupancy by low- and very low-income households. Bonus points for which the City's proposed application will qualify include: units restriction to occupancy by extremely low-income households; units in infill projects; and the proposed park facility will serve an infill residential development. Bonus points for which the City's application will not qualify include: significant progress achieved by the community in meeting its Regional Housing Needs Allocation; and the proposed park facility is located in a disadvantaged community (i.e., a lower income census tract).

Qualifying Housing Developments and Grant Eligibility

In years 2010 through 2012, at least eight affordable housing developments have received or are expected to receive foundation inspections, and it is these housing projects that form the basis for the City's applications for HRPP funds:

<u>Name</u>	<u>Type</u>	<u># of Bdrms</u>
Orvieto	Family	181
Belovida	Seniors	184

Brookwood Terrace	Family	163
Cornerstone	Family	120
N. Fourth Street Apts	Family	189
Archer	SRO	41
Kings Crossing	Family	181
Rosemary Family	Family	<u>362</u>
TOTAL BEDROOMS		1,421

Based on the complex formula for determining potential HRPP grant amounts, it is anticipated that the grant applications to be filed through 2013 will add up to \$1,781,200. It is possible that the City will not receive this full amount, however, due to the NOFA being over-subscribed by applications from around the State.

Proposed Park

Staff used two basic criteria to determine which park facility to recommend for HRPP funding. First, the park should serve a neighborhood in which one or more affordable housing developments are located. Second, land acquisition was a priority since that would avoid incurring maintenance expenses, at least in the near term.

Based on the above criteria, staff recommends requesting grant funding for land acquisition for a future park as specified in South Rincon Area Specific Plan. In the short term, the land acquisition will have no General Fund impacts for park maintenance.

The Rincon South area is bounded by Highways 101, 880 and 87. Apart from the Rosemary Gardens neighborhood, it is in transition from predominantly non-residential uses to a mix of housing and commercial/industrial uses. Even though much of the expected new housing development has yet to be built, the area is already deficient according to the City's standard of three acres per 1,000 residents. The affordable housing developments in the Rincon South area that will be served by a possible future park are:

<u>Name</u>	<u>Location</u>	<u>Type</u>	<u>Units</u>	<u>Status</u>
Gish Apartments	Corner of N. 1 st St. & Gish	SRO/Family	35	In service
N. Fourth St. Apts	1460 N. 4 th Street	Family	100	Under construction
Archer	Corner of Archer & Kerley	SRO	42	Under construction
Rosemary Seniors	Corner of N. 1 st & Rosemary	Seniors	106	Const. not yet funded
Rosemary Family	Rosemary, east of N. 1 st St.	Family	<u>184</u>	Const. not yet funded
TOTAL UNITS			467	

Because the proposed grant project will involve land acquisition only, there will be minimal maintenance costs to be absorbed by the General Fund in the near term.

City staff is in the process of identifying a number of potential park sites in the South Rincon area. Resources to fund any land acquisition that have been identified to date include:

<u>Source</u>	<u>Amount</u>
Fund 375, Reserve: Rincon South Area Park Land Acquisition (Appropriation 8239)	\$212,000
2011-2013 HRPP Grant Awards (“up to” amount)	\$1,781,200
ROEM contribution in connection with the Rosemary Family housing development	\$350,000
TOTAL	\$2,343,200

The grant requires that the City Council approve a grant-specific resolution allowing the submission of an application to the HRPP and, if awarded, accepting the award and entering into an agreement with HCD for the purposes of complying with the terms and conditions of the grant program

After the awards are announced for the 2011 funding round, staff will be able determine what the overall acquisition budget will be and can then start to talk to property owners about a purchase and sale agreement.

EVALUATION AND FOLLOW UP

The Administration will return to City Council for both the budgetary action necessary to completely fund the park acquisition and the acquisition action itself.

POLICY ALTERNATIVES

Alternative #1: *Seek funds for a different park project*

Pros: Park improvements to City-owned property would deliver park and recreation services to the public sooner.

Cons: Newly improved parks require maintenance funded by the General Fund. Additionally, development of affordable housing in the Rincon South area is creating demand for parkland that is not otherwise being met.

Reason for not recommending: In the current era of fiscal crisis for the City, it is prudent to minimize the increased need for General Fund resources to pay for park maintenance.

PUBLIC OUTREACH/INTEREST

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

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The action recommended in this report does not meet any of the above criteria. Nonetheless, this memorandum will be posted on the City Council's Agenda website prior to the June 21, 2011 City Council meeting.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office, the City Manager's Budget Office, and the Department of Planning, Building and Code Enforcement.

FISCAL/POLICY ALIGNMENT

The proposed action is consistent with City policy to maximize resources for development of public improvements. The proposed Rincon South park is referenced in the Council-adopted Greenprint Update (December 8, 2009, item 5.2). Delivery of the Project supports Goal 10 of the Council-adopted Green Vision (October 30, 2007, item 9.1) to provide a 100-mile Trail Network by 2022.

CEQA

Not a Project, File No. PP10-068(a), Grant Application.

/s/

LESLYE CORSIGLIA
Director of Housing

/s/

NORBERTO DUENAS
Deputy City Manager/Acting Director of Parks,
Recreation and Neighborhood Services

For questions please contact LESLYE CORSIGLIA, Director of Housing, at 408-535-3851.