



Memorandum

**TO: RULES AND OPEN
GOVERNMENT COMMITTEE**

FROM: Leslye Krutko

SUBJECT: SEE BELOW

DATE: April 16, 2008

Approved

Date

4-17-08

**COUNCIL DISTRICT: City-Wide
SNI AREA: N/A**

**SUBJECT: AB 2494 (CABALLERO) – HOUSING RELATED PARKS PROGRAM
UNDER PROP. 1C**

RECOMMENDATION

The Housing Department recommends that:

1. The Mayor and City Council support AB 2494, with amendments.
2. The Rules Committee provide a one-week turn around for Mayor and City Council review.

OUTCOMES

If the Rules and Open Government Committee and the Mayor and City Council accept staff's recommendation, the City lobbyist may begin seeking amendments for AB 2494. Staff believes that AB 2494 deserves the utmost attention, because if passed, it could provide a funding stream for parks and have a significant impact on affordable housing and its programs in San José.

BACKGROUND

Several housing-related bills have already been introduced during the 2008 State Legislative cycle. AB 2494 is of particular relevance to San José residents because it would provide funding for parks under Proposition 1C, the Housing Bond approved by voters in November of 2006.

ANALYSIS

A fact sheet and analysis of AB 2494 (Caballero) is attached.

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)**

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

COORDINATION

This memorandum has been coordinated with the City Attorney's Office.

POLICY ALIGNMENT

The attached fact sheet and analysis is consistent with the Council-adopted 2008 Legislative Guiding Principles and the 2007 Proposition 1C Guiding Principles.

CEQA

Not a project.


LESLEYE KRUTKO
Director of Housing

For more information, call Melissa Whatley, Policy Manager, at (408) 975-4418.

**A.B. 2494 (CABALLERO) – HOUSING RELATED PARKS PROGRAM
UNDER PROP 1C**

What issue is the bill trying to resolve?

AB 2494 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 creation, development, or rehabilitation of park and recreation facilities. Grants would be awarded to cities and counties that meet all of the following criteria:

- The jurisdiction shall be critically underserved by park and recreation facilities, based on criteria established by the Department of Parks and Recreation,
- On or before the end of the period covered by the Notice of Funding Availability, the jurisdiction has adopted a housing element that HCD has found to be in compliance, and
- The jurisdiction has issued a building permit for a housing development that consists of newly constructed units that are affordable to very low or low-income households. For rental units, the units must have an affordability restriction for 55 years. Homeowner-occupied developments must be sold to another low-income eligible household, then the local government shall ensure the repayment of public funds and reuse those funds for affordable housing for a period of at least 20 years.

In addition to the above criteria, AB 2494 specifies that local governments will be eligible for bonus funds if they meet the following criteria:

- If the units affordable to very low and low-income households are developed in infill projects
- Jurisdictions have met or exceeded housing production thresholds established by HCD in consultation with the State Department of Finance
- If there are units affordable to extremely low-income households
- Located in an urbanized area as defined by the U.S. Census Bureau;

How would the passage of the bill affect San José?

The State of California Quimby Act requires that developers of new residential projects dedicate parkland, construct park improvements, and/or pay equivalent in-lieu fees for neighborhood and community-serving parks. Current City policy exempts affordable housing from paying Parkland Dedication Ordinance (PDO) and Park Impact Ordinance (PIO) fees, which facilitates housing affordability but results in fewer parklands. Passage of this bill would provide a funding mechanism for the creation, development, or rehabilitation of park and recreation facilities in San José in conjunction with affordable housing.

Staff anticipates that the City would be competitive for parks funding under Proposition 1C because the City would score well according to the eligibility requirements prescribed in the bill. Also, the City's General Plan has a parkland goal of 3.5 acres of

neighborhood and/or community serving parkland per 1,000 residents. Currently, the City has 1.16 acres of parkland per 1000 residents (2.97 if school lands are included). Furthermore, many of the characteristics for which AB 2494 would award bonus points, are the same characteristics that San José is seeking to address (e.g., deficient park space, infill development, etc.).

What is staff's Proposed Position?

Staff recommends that the City support A.B. 2494. 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 would award bonus points to local governments that have met or exceeded housing production thresholds established by HCD by the total number of units, or the allocation of units for each affordability level. We recommend that the language be made clear to state that the bonus points will be awarded to local governments that have met at least 75% of their RHNA allocation for very-low and low-income households during the last seven-year cycle.
- 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 that AB 2494 be amended to include moderate income owner-occupied housing developments.
- Through AB 2494, bonus funds would be awarded to local governments that are critically underserved by park and recreation facilities. Staff recommends that the bill be amended to municipalities who have less than 1.5 acres of community-serving parkland/1000 people.

Who are the bill's supporters and opponents?

The bill is supported by the Western Center on Law and Poverty. In addition, the California Parks & Recreation Society is currently tracking this bill.

What is the current status of the measure?

The bill was introduced on February 21, 2008. At a hearing on April 2, the bill passed and was referred to the Committee on Water, Parks, and Wildlife for April 15.