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Staff Report for a Resolution Authorizing the City Manager to Submit an Application for State of California Department of Housing and Community Development Housing-Related Parks Program Grant Funds

**SUMMARY AND RECOMMENDATIONS**

Staff recommends that the City Council adopt a resolution to:

- 1) Authorize the submittal of a Housing-Related Parks Program grant application for the 2016 Designated Program Year to the State of California Department of Housing and Community Development, and
- 2) Authorize the City Manager, or his designee, to execute all necessary Housing-Related Parks program grant application and related documents.

**BACKGROUND**

On November 16, 2016, the State of California Department of Housing and Community Development (HCD) released the Notice of Funding Availability (NOFA) for Housing-Related Parks (Parks) Program grant funds. The grant application is due February 23, 2017. The Parks Program is funded through Proposition 1C, the Housing Emergency Shelter Trust Fund Act of 2006. Approximately \$35 million is available for the 2016 funding round.

The Parks Program is an innovative incentive program designed to reward local governments that approve housing for lower-income households and are in compliance with State housing element law with grant funds to create and/or renovate community parks and recreational facilities. HCD will award Parks Program funds to eligible jurisdictions on a per-bedroom basis for each residential unit affordable to very low- [50% of Area Median Income (AMI)] and low-income (80% AMI) households permitted during the Designated Program Year (DPY), which covers January 1, 2016 through

December 31, 2016. In addition, units substantially rehabilitated, converted from market rate to affordable, and preserved with certificates of occupancy are also eligible to receive funding.

The City has successfully submitted Parks Program grant applications for the 2013 and 2014 Designated Program Years. The City was awarded \$1,376,600 in DPY 2013 grant funds designated for the rehabilitations of Siempre Verde Park and Thrasher Park as well as for the creation of a science-based interactive Exploratorium art exhibit at Joaquin Plaza in Downtown San Leandro. The City also secured \$381,200 in DPY2014 grant funds, which were also used towards the Siempre Verde Park renovation project.

### **Analysis**

The Parks Program is a non-competitive grant program. All applicants meeting the threshold requirements will be funded. There is no maximum award; however, if the program is oversubscribed, funds will be prorated among eligible applicants. In the event the Parks Program is undersubscribed, any unused funds will roll over to the next program year.

There are four threshold requirements that all applicants must meet to be eligible to participate in the program:

- 1) Applicant must have a Housing Element in compliance with State housing element law pursuant to Government Code Section 65585;
- 2) Applicant must submit its Annual Progress Reports for all years in which applicant has eligible units;
- 3) Applicant must submit documentation of eligible units; and
- 4) Applicant must meet a minimum grant amount of \$75,000.

San Leandro meets all of the threshold requirements.

Funds will be awarded on a per bedroom basis for each documented eligible unit: \$500 per bedroom in affordable to low-income households, and \$750 per bedroom in affordable to very low-income households. In addition to the base grant award, substantial bonus funds will be awarded per bedroom as follows:

- \$300 for newly constructed housing units;
- \$250 for extremely low-income (30% of the Area Median Income) housing units;
- \$250 for housing units built in an infill project;
- \$500 if park project is located in a Disadvantaged Community;
- \$500 if park project is located in a Park-Deficient Community;
- \$100 if park project supports an infill development; and/or
- \$50-\$75 for Regional Housing Needs Allocation progress as determined by HCD.

Based on the eligibility requirements, the grant application will include the newly renovated Las Palmas Apartments. Las Palmas is a 91-unit (69 tax credit units, including a manager's unit, and 22 market-rate units) mixed-income low-income housing tax credit property, which the City provided financial assistance to in 2000. In 2015, these state tax credits expired, and affordable housing nonprofit owner and developer Eden Housing completed a "re-syndication" of new tax credits to rehabilitate these units. The new 55-year tax credit regulatory agreement stipulates 77 tax credit

units, 1 manager's unit, and 13 market-rate units. The 77 tax credit units will have the following unit and income mix:

- 14 one-bedrooms and 10 two-bedrooms at very low-income (50% AMI)
- 26 one-bedrooms, 26 two-bedrooms, and 1 three-bedrooms at low income (60% AMI)

The City has a number of park and recreation facilities with deferred maintenance and capital improvement needs. Funding for these types of maintenance activities is limited as the City does not set aside funds for replacement of park amenities. These parks projects compete with other City capital improvement projects (CIP), and the backlog of street improvement projects have been prioritized by the City. Consequently, the parks projects, to date, are yet to be funded.

In consultation and coordination with the Engineering & Transportation, Public Works, and Recreation & Human Services departments, staff proposes to apply all Parks grant funds, if awarded, to the renovation of Warden Park. Rehabilitation at Warden Park could include replacing the outdated playground equipment to meet safety codes, surfacing pavement/concrete work, irrigation upgrades/repairs, and upgrading the benches and tables.

While three City parks - Warden Park, Toyon Park, and Heath tennis courts - also qualify for these Parks grant funds, staff recommends that all awarded funding should be directed to the Warden Park renovations (estimated to cost \$245,000) instead of to replace the irrigation at Toyon Park (estimated cost of \$490,000) or to resurface the Heath tennis courts (estimated to cost \$80,000) because it is the project that scores highest on the CIP list and the funding available is aligned with the cost of the project.

As required by the Parks Program, the City will commit an estimated \$25,000 in staff labor. This is the City's "committed assistance" to the Warden Park renovation project.

### **Applicable General Plan Policies**

The Parks Program provides an excellent opportunity for the City to pursue and achieve its General Plan goals and objectives for City parks and recreational facilities:

#### **Goal 21: Rehabilitation of Existing Parks**

##### *Policy 21.01: Park Rehabilitation*

*Encourage the rehabilitation of the City's parks to provide residents of all ages and physical capabilities with access to as wide variety of recreational experiences as possible. Park improvements should maintain a balance between active and passive recreation areas and should ensure that the park system benefits a diverse range of interest groups.*

##### *Policy 21.02: Park Maintenance*

*Provide for the regular, systematic maintenance of San Leandro's parks and recreational facilities to prevent deterioration, ensure public safety, and permit continued public use and enjoyment.*

##### *Policy 21.03: Priority on Renovation*

*Where cost savings and equivalent benefits would be achieved, rehabilitate existing recreational facilities before building entirely new facilities. A priority should be placed on renovating athletic fields and swimming pools, and replacing outdated facilities with new facilities that are safe,*

*attractive, and better meet current needs.*

### **Fiscal Impacts**

There is no fiscal impact on the City to apply and receive the grant funds. If the Parks Program grant is awarded, the City may receive up to \$250,000 in grant funding that would be designated for the rehabilitation of Warden Park. The City is prepared to provide up to \$25,000 of in-kind labor and services as a match, which is required by the grant program.

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