



DATE: February 21, 2017

TO: Mayor and City Council

FROM: Director of Library and Community Services

SUBJECT: Resolution Authorizing the City to Apply for Housing Related Parks Program Grant Funding

RECOMMENDATION

That Council adopts the attached resolution authorizing the City to apply for Housing Related Parks Program (HRPP) grant funding from the State of California Department of Housing and Community Development; and authorizing the City Manager to execute all documents necessary for the application and acceptance of funds if the requested grant is awarded to the City.

SUMMARY

The City of Hayward is eligible to apply for up to \$247,050 and possibly as much as \$351,800 in HRPP grant funds in the current funding cycle. To receive the maximum possible grant award, the City must submit an application with a qualifying project that meets several bonus criteria and which can be completed and funds fully expended by June 30, 2019. For reasons outlined in this report, staff recommends that the City apply for the maximum possible grant amount and to apply the funds, if awarded, toward the Heritage Plaza renovation project scheduled to begin construction in early 2018.

BACKGROUND

On November 16, 2016, the State of California Department of Housing and Community Development (HCD) released a Notice of Funding Availability (NOFA) for Housing-Related Parks Program (HRPP) grant funding for the 2016 Designated Program Year. The HRPP grant program is funded through Proposition 1C, the Housing Emergency Shelter Trust Fund Act of 2006. Approximately \$35 million statewide is available in the current round of funding.

The HRPP rewards jurisdictions that meet certain thresholds for creating housing that is affordable to Very Low Income and Low Income households (households with incomes up to 50% and up to 80% of Area Median Income, respectively), and that comply with State housing

element law by providing funding to create and/or improve parks and recreational facilities for the community benefit. The City of Hayward meets both of these eligibility criteria.

Additionally, there are four threshold requirements to be eligible to receive HRPP funding. All applicants must:

- Have a Housing Element in compliance with State housing element guidelines pursuant to Government Code Section 65585;
- Have submitted their Housing Element Annual Progress Reports for all years in which they have eligible units;
- Submit documentation of affordable units permitted during the Designated Program Year (in this case, 2016); and
- Meet a minimum grant amount of \$75,000.

In addition to the above eligibility requirements, funded projects should be at or near “shovel ready” status because all HRPP funding must be drawn down and fully expended within 24 months after grant awards are announced. Any unspent HRPP funds after June 30, 2019 will be forfeited and returned to the overall grant pool.

The HRPP definition of “eligible park and recreation facility” is relatively broad and allows jurisdictions the flexibility to use the funds in a wide range of projects that further their local priorities:

Eligible projects include, but are not limited to: places for organized team sports, outdoor recreation, and informal turf play; non-motorized recreational trails; permanent play structures; landscaping; community gardens; places for passive recreation; multipurpose structures designed to meet the special recreational, educational, vocational, and social needs of youth, senior citizens, and other population groups; recreation areas created by the redesign and retrofit of urban freeways; community swim centers; regional recreational trails; and infrastructure and other improvements that support these facilities.

The HRPP is a non-competitive formula grant program. All applicants that meet the threshold requirements are funded a base award. There are various bonus criteria that can increase the total award under certain circumstances. However, if the program is oversubscribed, funds will be proportionally reduced among all qualified applicants regardless of base award or bonuses. In the event the program is undersubscribed, any unused funds will roll over to the next program year.

DISCUSSION

Staff estimates that the City is eligible to receive up to \$247,050 and possibly as much as \$351,800 in HRPP grant funds. To receive the maximum possible grant award, the City must submit an application with a qualifying project that meets several bonus criteria and which can be completed and funds fully expended by June 30, 2019. For this reason, applying with an approved shovel-ready qualifying project is highly desirable. Additionally, using the HRPP funds toward a qualifying General Fund supported project would have the added benefit to the City of freeing up General Fund monies to potentially be redirected to other uses.

For these reasons, staff recommends applying for \$351,800 in HRPP funds to use toward the Heritage Plaza restoration project scheduled to begin construction in early 2018. The Heritage Plaza project includes the demolition of the old Main Library facility, the installation of an underground rainwater storage and recycling system, and the creation of a major new park and civic space. These project activities qualify under HRPP guidelines, and the project meets several key criteria for bonus awards (explained later in this report). Additionally, the Heritage Plaza project is shovel-ready with a clear timeline for completion. The project was approved by Council in May 2015, is scheduled to begin construction in early 2018 immediately after the 21st Century Library construction project is completed, and is scheduled to be completed in mid-2018, well ahead of the HRPP final grant expenditure deadline. Because the Heritage Plaza project is supported by the General Fund (Measure C), securing HRPP grant funding to support the project would have a direct positive impact to the General Fund, in that it would free up a portion of the already committed General Fund monies to potentially redirect to other uses at Council's discretion.

In addition to the recommended Heritage Plaza restoration project, staff evaluated a number of other possible projects for this grant opportunity including: contributing toward creek walk and pocket park improvements at the proposed Lincoln Landing development; contributing toward property acquisition for a planned park in the Maple & Main development project; and contributing toward land acquisition or park improvements for the La Vista Park development. However for the Lincoln Landing and Maple & Main projects, developers are already positioned—indeed are required—to bear the costs of park development activities that would qualify for the HRPP grant funds. Securing HRPP grant funds toward these projects would have no direct benefit to the General Fund. Additionally, the completion timelines for all three of the potential park projects identified above would fall outside of the 2019 completion date requirements. The added complexities of large mixed-use development projects and the increased potential for unforeseen delays suggests that these projects may not be able to meet the HRPP grant expenditure deadline. There may be an opportunity in the future to explore HRPP funding for the La Vista Park if there are future rounds of grant funds available.

HRPP Program Requirements and Award Formulas

The City meets all the threshold requirements for the current funding round (Designated Program Year 2016) which covers eligible units permitted, substantially rehabilitated, converted, and/or preserved from January 1, 2010 through December 31, 2016. The funds are awarded on a per bedroom (not per unit) basis. Furthermore, the HRPP application can include the *preservation* of the affordable bedrooms in the Huntwood Commons and Cypress Glen Apartment projects, both of which were recently reviewed by Council. These two affordable projects received final inspections during the eligibility period established for the 2016 Designated Program Year. Staff calculates that, based on the number of bedrooms in the two projects, the City may obtain approximately \$104,750 if only the *base award* criteria is taken into account.

In addition to the base award, the HRPP provides substantial bonuses based on certain characteristics of the affordable units created by the jurisdiction (project-based bonuses) and the location of the proposed park or recreation facility project (park-based bonuses). The project-based per bedroom bonuses are as follows:

- \$300 for newly constructed units;
- \$250 for units reserved for occupancy by extremely low-income (30% of AMI) households;
- \$250 for housing units built in an infill project.

The park-based per bedroom bonuses are as follows:

- \$500 if the park project is located in a Disadvantaged Community: i.e., if it is within a Qualified Census Tract (QCT), as determined by the US Department of Housing and Urban Development (HUD);
- \$500 if the park project will serve a Park-Deficient Community, meaning that it will be in a neighborhood where the ratio of usable park space (in acres) per 1,000 residents is considered low by the California Department of Parks and Recreation;
- \$500 if the park project is in close proximity to an infill development; and/or
- \$50-75 if the jurisdiction has made substantial progress in meeting a Regional Housing Needs Allocation income category target.

If all of the above *project-based* and *park-based* bonuses are taken into account, staff estimates that the City may receive up to \$247,050 in addition to the \$104,750 base award, for a total HRPP grant of up to \$351,800. Staff is prepared to submit an application with the goal of receiving all the bonuses listed above while supporting an eligible park project in the city. Staff proposes to use HRPP funds to support the Heritage Plaza restoration project. The project is shovel ready and scheduled to be completed well in advance of the grant's final expenditure deadline, and meets all of the above noted park-based bonus criteria. Furthermore, applying HRPP funds to support the project will free up a portion of already committed General Fund (Measure C) monies to potentially redirect to other uses.

ECONOMIC IMPACT

As mentioned earlier in this report, the HRPP provides jurisdictions a financial reward for the creation of a public good (affordable housing) to create or improve another much-needed public good (parks). The Heritage Plaza restoration project will be a significant asset for residents and visitors in downtown Hayward, a rapidly developing area for major new housing and other urban uses, where the need for spaces for outdoor community gathering, recreation and celebration activities is projected to grow significantly in the coming years.

FISCAL IMPACT

Should HRPP grants be awarded and used to support the Heritage plaza project, the net impact to the General Fund could be positive in that the HRPP funds would free up a portion

of already committed Measure C funds to potentially be redirected to other uses. Staff estimates that the City could receive up to \$351,800 provided that the City receives the maximum funding possible for the type of affordable units permitted or that received final inspections during the 2016 Designated Program Year, and provided that the City uses the funds for the Heritage Plaza restoration project which qualifies for multiple park-based bonus criteria.

NEXT STEPS

Should Council adopt the attached resolution authorizing the City to apply for HRPP grant funds¹, staff will submit an application for HRPP funding and the City Manager will execute all documents necessary for the application and receipt of the requested grant award to the City.

Prepared by: Omar Cortez, Housing Development Specialist

Recommended by: Sean Reinhart, Director of Library & Community Services

Approved by:



Kelly McAdoo, City Manager

¹ The resolution, if approved by Council, would authorize acceptance of no less than \$75,000 and no more than \$528,000 in HRPP grant funds, if awarded. HCD requests that HRPP resolutions contain language that specifically identify the minimum possible grant award (\$75,000) and maximum figures equivalent to 50 percent over the requested amount, which in this case is \$527,700 (\$351,000 plus 50 percent more equals \$527,700).