

Date of Hearing: April 11, 2012

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Norma Torres, Chair

AB 1672 (Torres) – As Introduced: February 14, 2012

SUBJECT: Housing-Related Parks Program.

SUMMARY: Makes changes to the Housing-Related Parks Program (HRP), administered by the Department of Housing and Community Development (HCD). Specifically, this bill:

- 1) Specifies that HCD will award grants to cities and counties under HRP based upon the issuance of building permits for new housing units that are affordable to low- or very low-income households.
- 2) Deletes the requirement that funds be disbursed upon documentation of a certificate of occupancy, final inspection, or other comparable local approval.
- 3) Authorizes HCD to award bonus funds for qualifying units located within the boundaries of a catalyst project and when a jurisdiction can demonstrate that grant funds will be spent to create or improve a park or community recreation facility located within the boundaries of a catalyst project.
- 4) Defines “catalyst project” to mean a project designated as a gold, silver, or bronze project under HCD's Catalyst Projects for California Sustainable Strategies Pilot Program.

EXISTING LAW

- 1) Establishes the Housing-Related Parks Program, administered by HCD, to provide grants for the creation, development, or rehabilitation of park and recreation facilities to cities, counties, and cities and counties for housing starts for newly constructed units that are affordable to very low- or low-income households (Health and Safety Code Section 50701).
- 2) Provides \$200,000,000 for housing-related parks grants in urban, suburban, and rural areas (Health and Safety Code Section 53545).
- 3) Gives HCD the authority to determine a base grant amount to be provided to any city, county, or city and county that meets all of the following criteria:
  - a) The jurisdiction has adopted a housing element that HCD has found to be in substantial compliance with the requirements of Housing Element Law;
  - b) The jurisdiction has submitted to HCD the required annual progress report on the housing element for the preceding 12 months; and

- c) The jurisdiction can document housing starts for newly constructed units that are affordable to very low- or low-income households within the designated time period.

(Health and Safety Code Section 50702)

- 4) Requires HCD to issue a Notice of Funding Availability (NOFA) each year for housing starts issued during the designated time period (Health and Safety Code Section 50702).
- 5) Specifies that grant amounts shall be based on a per-bedroom incentive for each unit restricted for very low- and low-income households (Health and Safety Code Section 50702).
- 6) Requires HCD to reduce all grants proportionally if eligibility for funds exceeds the amount of funding available for the program (Health and Safety Code Section 50702).
- 7) Specifies that funds awarded shall be disbursed upon documentation of a certificate of occupancy, final inspection, or other comparable local approval (Health and Safety Code Section 50702).
- 8) Requires HCD to award bonus funds in addition to the base grant award for any of the following:
  - a) Qualifying units that are affordable to extremely low income households;
  - b) Qualifying units that are affordable to very low- and low-income households and are developed in infill projects;
  - c) Jurisdictions that have met or exceeded housing production thresholds established by HCD, in consultation with the Department of Finance;
  - d) Jurisdictions that demonstrate that grant funds will be spent to improve a park or community recreational facility that will serve a disadvantaged community, as defined in subdivision (a) of Section 50700;
  - e) Jurisdictions that demonstrate that grant funds will be spent to create a new park or community recreational facility that will serve a disadvantaged community, as defined in subdivision (a) of Section 50700;
  - f) Jurisdictions that meet the definition of a park deficient community, as defined in subdivision (b) of Section 50700; and
  - g) Jurisdictions that can demonstrate that grant funds will be spent to create or improve a park or community recreational facility to support infill development, or development within a jurisdiction that has conformed its general plan to the regional blueprint, as determined by the council of governments.

(Health and Safety Code Section 50703)

- 9) Establishes a minimum grant amount of \$75,000 (Health and Safety Code Section 50704).
- 10) Allows a jurisdiction to delay application and combine qualifying units from multiple NOFA periods in order to meet the minimum grant amount (Health and Safety Code Section 50704).
- 11) Requires grants awarded under HRP to be used for the costs of park and recreation facility creation, development, or rehabilitation, including, but not limited to, the acquisition of land for the purposes of those activities (Health and Safety Code Section 50704).
- 12) Requires that funds awarded under HRP supplement, not supplant, other available funding (Health and Safety Code Section 50704).

FISCAL EFFECT: Unknown

COMMENTS:

The Housing-Related Parks Program (HRP) provides grants to local governments for park and recreation facilities. Grant awards are based on the number of affordable housing units that are started in community in a given year. The program is not competitive; grants are awarded to all local governments that apply that meet the program's requirements in a given year. Awards are calculated on a per-bedroom basis. The current program regulations establish a base award of \$500 per bedroom for low-income units and \$750 per bedroom for very low-income units. Various bonus categories raise the potential maximum per-bedroom award to \$1100 for low-income units and \$1625 for very low-income units.

Proposition 1C, the Housing and Emergency Trust Fund Act of 2006, provided \$200 million in funding for housing-related parks. HRP was modeled on HCD's popular Workforce Housing Rewards Program, which was funded through the prior housing bond (Proposition 46 of 2002) but not under Proposition 1C. Under that program, local governments received flexible funding for a variety of community facilities and improvements when they approved affordable housing. The idea behind Workforce Housing Rewards, and subsequently HRP, was to provide local governments with an incentive to approve needed affordable housing by providing guaranteed funding for community amenities.

Under current law, HRP awards are based on the number of housing starts in a community in a given year. The HRP statute defines a housing start to mean that the local government has issued a completed foundation inspection. Unfortunately, this has proven problematic. There is little consistency in documenting foundation inspections across jurisdictions, which has left some jurisdictions unsure how to document their eligibility or confused as to whether they even are eligible for HRP funds even though they approved affordable units. In addition, some types of construction, such as podium structures, do not involve a foundation inspection.

AB 1672 replaces housing starts with building permits as the way to document HRP eligibility. All local governments already issue and track building permits for housing projects. This small change will simplify the HRP application process and ensure that local governments receive

awards under HRP for all affordable housing projects that they approve, enabling them to receive needed park funding.

AB 1672 also eliminates a requirement that funds not be disbursed to local governments until they issue a certificate of occupancy for the units that qualified them for the HRP award. It takes an average of 18 months between the time a building permit is issued and the time units are completed. Depending on when HCD awards funds each year, local governments may have to wait a substantial amount of time between receiving an award and actually getting the money. While the intent of the requirement is to ensure that units that qualify a jurisdiction for an award actually get built, it is extremely rare for an affordable housing project to not proceed through the construction process once building permits have been issued. Thus, the requirement serves mostly to delay the delivery of needed park funds to local governments. In addition, given that the program is intended to reward local governments for approving affordable housing, it does not necessarily make sense to rescind an award in the event that a project fails to proceed despite having received all necessary local approvals.

Double referred

This bill was also referred to the Water, Parks and Wildlife Committee, where it is scheduled to be heard on April 24, 2012, should it pass out of this committee.

REGISTERED SUPPORT / OPPOSITION:

Support

League of California Cities

Opposition

None on file

Analysis Prepared by: Anya Lawler / H. & C.D. / (916) 319-2085