



REPORT TO COUNCIL

City of Sacramento

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www.CityofSacramento.org

Staff Report
March 18, 2008

**Honorable Mayor and
Members of the City Council**

Title: Proposition 1C Infill Infrastructure Program Recommendation

Location/Council District: District 1

Recommendation: Approve a **Resolution:** 1) authorizing the City Manager to submit an area application for the Township 9 project for the Proposition 1C Infill Infrastructure Grant Program.

Contact: Marty Hanneman, Assistant City Manager, 916-808-7508

Presenters: Marty Hanneman

Department: City Manager's Office

Division: N/A

Organization No: CMO-02001021

Description/Analysis

Summary: On February 19, 2008, Mayor and City Council approved the Railyards as the City's top priority project application for the Proposition 1C Transit Oriented Development (TOD) Grant Program. The Railyards was the City's only application for the TOD funding. At this meeting Mayor and Council also approved Township 9 as its top priority and the Railyards as its second priority (see Attachment 3) for the Proposition 1C Infill Infrastructure Grant Program and asked staff to return to Council when the guidelines were finalized. On February 28, 2008, the guidelines were finalized. Based on a review of the guidelines and the application requirements and a review of major infill projects in the City, staff is recommending that the Mayor and City Council authorize the City Manager to submit an area application for Township 9 recognizing it as the City's first priority.

Policy Considerations: This recommendation is consistent with the City's Smart Growth Principles, the 2002 Infill Strategy and the Vision and Guiding Principles for the new 2030 General Plan.

Committee/Commission Action: None.

Environmental Considerations: Not a project under Section 21065 of CEQA and CEQA Guidelines Section 15378 (b)(4).

Rationale for Recommendation: Township 9 is a major infill project which is expected to encourage additional infill development and reinvestment in the Richards Boulevard Redevelopment Area. This project meets the thresholds of the Infill Infrastructure Grant Program. State bond funding is critical for this project to address significant infrastructure needs and promote infill development in area.

Financial Considerations: Township 9's infrastructure and public facilities are estimated to cost up to \$40 million. The Infill Infrastructure Grant Program funds will provide the funds needed to fill the funding gap in infrastructure to make this project a reality.

Emerging Small Business Development (ESBD): No goods or services are being purchased under this report.

Approved by: 
Marty Hanneman
Assistant City Manager

Recommendation Approved:


Ray Kerridge
City Manager

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ATTACHMENT 1**BACKGROUND**

In 2006 California voters approved Proposition 1C which provides funding for existing affordable housing programs and creates three new programs designed to promote affordable housing and infill development. These include: 1) the Transit Oriented Development (TOD) Housing Program; 2) the Infill Infrastructure Grant Program; and 3) the Brownfields Clean Up (CalReUSE) Program.

On February 19, 2008, Council identified the Railyards as its top priority for the TOD Housing Program and authorized staff to submit an application for these funds on behalf of the Railyards. In conjunction with Thomas Enterprises, City staff submitted that application to the State Department of Housing and Community Development (HCD) on March 7th. Funding for this program is expected to be awarded in June 2008.

The final guidelines for Infill Infrastructure Grant Program were released by HCD on February 28, 2008. The program awards funding for infrastructure projects that support higher density residential or mixed use infill development projects that include affordable housing. Funding can be used for individual projects or for large areas and multi-phase projects. Two categories of funding were established: one category for the Qualified Infill Areas (QIAs) and another category for Qualified Infill Projects (QIPs). Slightly different rules were established for these two categories based on the differences between large developments in infill areas and individual development projects. Large multi-phase projects over 200 units can elect to compete either in the area category or in the project category. Areas can obtain a maximum of \$30 million of funding per round and up to \$50 million overall. Projects can receive up to \$20 million per round up to a maximum of \$50 million over the life of the program.

A total of \$240 million has been set aside for the first year of funding. \$190 million was set aside for the areas category and \$50 million was reserved for the project category. Of the total funding, a target of 45% of the funds has been set aside for northern California, including Sacramento, while 45% is the target for southern California and 10% for the Central Valley. However, HCD has the discretion to adjust these targets based on the demand for these funds. Staff expects that there will be strong competition for these funds, especially in the area category. Additional information on the Infill Infrastructure Grant Program is contained in Attachments 4 and 5.

ATTACHMENT 2

RESOLUTION NO.

Adopted by the Sacramento City Council

March 18, 2008

AUTHORIZES THE SUBMITTAL OF AN APPLICATION TO THE CALIFORNIA STATE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT FOR FUNDING UNDER THE INFILL INFRASTRUCTURE GRANT PROGRAM; THE EXECUTION OF A STANDARD AGREEMENT IF SELECTED FOR SUCH FUNDING AND ANY AMENDMENTS THERETO; AND ANY RELATED DOCUMENTS NECESSARY TO PARTICIPATE IN THE INFILL INFRASTRUCTURE GRANT PROGRAM.

BACKGROUND

- A. The City of Sacramento, a municipal corporation, wishes to apply for and receive an allocation of funds through the Infill Infrastructure Grant Program; and
- B. The California Department of Housing and Community Development (hereinafter referred to as "HCD") has issued a Notice of Funding Availability ("NOFA") for the Infill Infrastructure Grant Program established under the Housing and Emergency Shelter Trust Fund Act of 2006 (Proposition 1C) pursuant to the Infill Infrastructure Grant Program established Part 12 of Division 31 of the Health and Safety Code, commencing with Section 53545.12.
- C. Pursuant to the statute, HCD is authorized to approve funding allocations utilizing monies made available by the State Legislature, subject to the terms and conditions of the statute and the Infill Infrastructure Grant Program Guidelines implemented February 28, 2008; and
- D. The City of Sacramento wishes to submit an application to obtain from HCD an allocation of the Infill Infrastructure Grant Program funds in the amount of up to \$30 million in support of the Township 9 project.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The City of Sacramento shall submit to HCD an application to participate in the Infill Infrastructure Grant Program in response to the NOFA issued on February 28, 2008 which will request a funding allocation in the amount of up to \$30 million for the following activities for the Township 9 infill development project, which is located in the River District, north of

Richards Boulevard and south of the American River:

- Richards Blvd. light rail station and plaza development;
- Riverfront Park development;
- Parking structure for the residential development; and
- Street improvements, utilities, landscaping and lighting for the following streets:
 - Richards Boulevard
 - North 7th Street
 - Riverfront Drive
 - 4 additional streets for the project

Section 2. If the application for funding is approved, the City of Sacramento hereby agrees to use the Infill Infrastructure Grant Program funds for eligible activities in the manner presented in the application as approved by HCD and in accordance with program guidelines cited above. It also may execute any and all other instruments necessary or required by HCD for participation in the Infill Infrastructure Grant Program.

Section 3. The City Council authorizes the City Manager to execute in the name of the City of Sacramento the application, the Standard Agreement, and all other documents required by HCD for participation in the Infill Infrastructure Grant Program, and any amendments thereto.

Adopted by the City of Sacramento City Council on March 18, 2008 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Mayor Heather Fargo

The City Clerk of the City of Sacramento does hereby attest and certify that the foregoing is a true and full copy of a resolution of the City Council adopted at a duly convened meeting on the date above-mentioned, which has not been altered, amended or repealed.

Shirley Concolino, City Clerk

RESOLUTION NO. 2008-098

Adopted by the Sacramento City Council

February 12, 2008

**AUTHORIZATION AND SUPPORT FOR APPLICATIONS TO THE STATE FOR
PROPOSITION 1C FUNDS**

BACKGROUND

- A. The 244-acre Railyards project and the 65-acre Township 9 project are both located in the Richards Boulevard Redevelopment Area;
- B. Both projects have significant infrastructure needs that require the use of additional funding sources such as State bond funds;
- C. On December 12, 2007, Council approved the financing plan for the Railyards project that identified the need for State Proposition 1C funds for the project and in August 2007, Council approved the Township 9 development;
- D. Both the Railyards and Township 9 are catalyst transit-oriented development projects which encompass three transit stations that will transform the Richards Boulevard Redevelopment Area and the Downtown;
- E. The Railyards and Township 9 projects will each develop over 850 residential units, including affordable housing, and will ultimately result in thousands of residential units and millions of square feet of office, retail and mixed use development that will create vibrant new infill destinations; and

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL
RESOLVES AS FOLLOWS:**

- Section 1. That the City's top priority for the current year funds from the Proposition 1C TOD Housing Program is the Railyards project; and
- Section 2. Staff is directed to work with Thomas Enterprises to submit an application to the State Department of Housing and Community Development for funding from the TOD Housing Program, and
- Section 3. That the City supports the Township 9 project as the first priority for Proposition 1C Infill Development Housing program current year funding and the Railyards project as second priority based on the draft guidelines currently available.
- Section 4. Staff is directed to return to Council when the guidelines for Proposition 1C Infill Development Housing Program funds are finalized to discuss how to best optimize the application process.

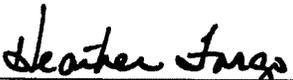
Adopted by the City of Sacramento City Council on February 12, 2008 by the following vote:

Ayes: Councilmembers Cohn, Fong, Hammond, McCarty, Pannell, Sheedy,
Tretheway, Waters, and Mayor Fargo.

Noes: None.

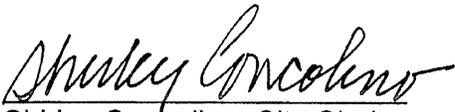
Abstain: None.

Absent: None.



Mayor Heather Fargo

Attest:



Shirley Concolino, City Clerk

ATTACHMENT 4**SUMMARY OF FINAL INFILL INFRASTRUCTURE
GRANT PROGRAM GUIDELINES**

The information below is based on the final guidelines which were approved by the State Department of Housing and Community Development (HCD) on February 28, 2008.

▪ Infill Funding Summary

- \$850 million to be distributed over three years, \$240 million appropriated this year
- Two pots of funds: Qualified Infill Areas (QIAs) and Qualified Infill Projects (QIPs)
- \$190 million is available for areas and \$50 million is available for projects
- Money is distributed based on the following formula:
 - 45% is for Northern California jurisdictions including Sacramento;
 - 45% is for Southern California jurisdictions; and
 - 10% is for Central Valley jurisdictions
- Large multi-phase projects over 200 units are treated as Qualified Infill Areas and compete for the same funds
- Developers can apply for funding for qualified projects or for a large multi-phase projects
- City has to apply for qualified area funding
- Overall cap of \$50 million per project and area.
- Maximum annual award of \$20 million and \$30 million for projects and areas, respectively

▪ Infill Funding Thresholds

- Housing element in compliance with HCD
- Inclusion of not less than 15% affordable units
- A minimum density of 30 du/ac applies
- Location in an area designated for mixed-use or residential development pursuant to general plan, redevelopment plan, blueprint, or other regional plan

▪ Infill Funding Criteria

- Project readiness, including:
 - Land use entitlements;
 - Environmental review;
 - Project funding; and
 - Local support
- Affordability of housing
- Density of project
- Transit access
- Proximity to amenities
- Consistency with regional blueprint or other land use plans

ATTACHMENT 5

PROP. 1C INFILL INFRASTRUCTURE PROGRAM SCORING CRITERIA

ELIGIBILITY THRESHOLDS	
Project type	Must be an integral part of, or necessary to facilitate the development of a project or area.
Location	<ul style="list-style-type: none"> • Within urbanized area; • Adopted housing element that is in compliance with State law • 75% of the project perimeter developed with urban uses • Must be in area designated for mixed use or residential development • Must meet redevelopment housing replacement requirements
Affordability	<ul style="list-style-type: none"> • 15% Restricted Units • Cannot count replacement housing units
Density	<ul style="list-style-type: none"> • 30 units per acre
Tenure	<ul style="list-style-type: none"> • Rental, ownership or a combination of rental and ownership • Compatible, non-residential uses can be included
Areas	<ul style="list-style-type: none"> • Must include a qualifying project • The area must be contiguous, coherent area, no satellites • Qualifying project cannot contain more than 50% of total housing units in the area • The qualifying project must be a discrete development with a common development scheme
Applicant	<ul style="list-style-type: none"> • Project = the nonprofit, for-profit developer either by itself or as co-applicant with a locality • Area = Local Jurisdiction by itself, or with a BID as joint applicants.

FUNDING INFORMATION	
Eligible costs	<ul style="list-style-type: none"> • Capital improvements required for development of housing.
Project Funding	<ul style="list-style-type: none"> • Grant Funding (Calculated per housing unit) • Annual Minimum of \$500,000 • Annual Maximum of \$20 million • Total Cap of \$50 million
Area and Large Multi-Phase Project (> 200 units) Funding	<ul style="list-style-type: none"> • Grant Funding (Calculated per housing unit) • Annual Minimum of \$2 million • Annual Maximum \$30 million • Total Cap of \$50 million
Funding Distribution	<ul style="list-style-type: none"> • Not less than 45% for Southern California • Not less than 45% for Northern California (includes Sacramento) • Not less than 10% for the Central Valley
Funding Allocation	<ul style="list-style-type: none"> • \$190 million for Qualified Infill Areas and Large Multi-Phase Projects (> 200 units) • \$50 million for Qualified Infill Projects

THRESHOLDS	
Qualified Infill Projects	<ul style="list-style-type: none"> • Eligible capital improvement project • Uses of funds must be eligible • Complete application • Construction of capital improvement has not commenced • Capital improvement is infeasible without program funds, no supplanting • Applicant must have site control
Qualified Infill Areas and Large Multi-Phase Projects (> 200 units)	<ul style="list-style-type: none"> • Defined, described border • Contains at least one Qualified Infill Project within its borders • Subject to a public plan or ordinance adopted for the purpose of guiding development within the area • Legally enforceable net densities in the area • Designate the housing developments within the Area • Demonstrate that 15% affordability threshold will be met or exceeded through completion of phase

Scoring Criteria for Qualified Infill Projects

SCORING CRITERIA	MEASURE	MAXIMUM POINTS
Project Readiness	<ul style="list-style-type: none"> • Environmental Review Status - (8 points) • Land Use Entitlements (8 points) • Funding Commitments (8 points) • Local Support (6 point) 	30
Affordability	<ul style="list-style-type: none"> • Applications will be awarded points based on the percentage of units in the Qualifying Infill Project restricted to occupancy by various income groups. 	30
Density	<ul style="list-style-type: none"> • Applications will be scored based on the extent to which the average Net Density of the Project, adjusted by unit size, exceeds the required density 	20
Access to Transit	<ul style="list-style-type: none"> • Within ½ mile of transit stop (20 points), walkable route • Within 1 mile of transit stop (10 points), walkable route 	20
Proximity to Amenities	<ul style="list-style-type: none"> • Within ¼ mile of public park (6 points) or within ½ mile (4 points) • Within 1 mile of employment or retail center (7 points), or within 2 miles (4 points) • For project where at least 50% of units have two or more bedrooms, the site is within ¼ mile of public school or community college (7 points) or within ½ mile (4 points) • For SRO or special needs projects within ½ of social service facility (7 points) or within 1 mile (4 points) • For Senior projects within ¼ mile of senior center (7 points) or within ½ mile (4 points) 	20
Consistent with Regional Plans	<ul style="list-style-type: none"> • 10 points for projects that are consistent with a regional blueprint plan or other regional growth plan. 	10
TOTAL		130

Scoring Criteria for Qualified Infill Areas

SCORING CRITERIA	MEASURE	MAXIMUM POINTS
Project Readiness	<ul style="list-style-type: none"> • Environmental Review Status - (8 points) • Land Use Entitlements (8 points) • Funding Commitments (8 points) • Local Support (6 points) 	30
Affordability	<ul style="list-style-type: none"> • Applications will be awarded points based on the percentage of units in the Qualifying Infill Project restricted to occupancy by various income groups. 	30
Density	<ul style="list-style-type: none"> • Applications will be scored based on the extent to which the average Net Density of the Project, adjusted for bedroom size, exceeds the required density 	20
Access to Transit	<ul style="list-style-type: none"> • Based on percentage of housing units in the area which are within ¼ mile of transit stop, walkable route. 2 points for each 10 percent of such housing units. 	20
Proximity to Amenities	<ul style="list-style-type: none"> • Based on amenities within ½ mile of its boundaries. <ul style="list-style-type: none"> - 6 or more amenities per 10 acres (20 points) - 2-5 amenities per 10 acres (10 points) - 0 to 1 amenities per 10 acres (0 points) 	20
Consistent with Regional Plans	<ul style="list-style-type: none"> • 10 points for projects that are consistent with a regional blueprint plan or other regional growth plan. 	10
TOTAL		130