



## Housing-Related Parks Program Program Guidelines Revised November 2014

### Section 100 Introduction and Program Background

The Department of Housing and Community Development (Department) is pleased to release revised program guidelines (Guidelines) for funding through the Housing-Related Parks (HRP) Program (Program). The HRP Program is designed to encourage cities and counties to develop new residential housing by rewarding those jurisdictions that approve housing affordable to lower-income households and are in compliance with State housing element law.

The HRP Program was funded through Proposition 1C, the Housing and Emergency Shelter Trust Fund Act of 2006, Health and Safety Code Section 53545, subdivision (d) and originally established pursuant to Chapter 641, Statutes of 2008 (AB 2494, Caballero), at Chapter 8 of Part 2 of Division 31 of the Health and Safety Code (commencing with Section 50700) and subsequently amended pursuant to Chapter 779, Statutes 2012 (AB 1672, Torres). The Program awards funds on a per-bedroom basis for each residential unit affordable to very low- and low-income households permitted during the designated Program year. The Program provides funds for parks and recreation projects that benefit the community and add to the quality of life.

The Department reserves the right, at its sole discretion, to suspend or amend the provisions of these Guidelines, including, but not limited to, grant award amounts.

## Section 101 Definitions

Capitalized terms used in these Guidelines shall have the meanings set forth below:

- A. "Building Permit" means a permit issued by a city or a county to construct any building or structure regulated by the Uniform Building Code.
- B. "Converted" means multifamily rental units converted from market rate to affordable by acquisition of the units or purchase of affordability covenants and restrictions as described in paragraph (2) of subdivision (c) of Section 65583.1 of the Government Code, except that the city, county, or city and county may have committed assistance at any time during the projection period.
- C. "Disadvantaged Community" means an area within a city, county, or city and county that is composed solely of those census tracts designated by the United States Department of Housing and Urban Development as having at least 51 percent of its residents at low- or moderate-income levels, using the most recent decennial United States Census data available.
- D. "Department" means the California Department of Housing and Community Development
- E. "Designated Program Year" means the designated time period as indicated in the Notice of Funding Availability ("NOFA") issued by the Department for each funding round.
- F. "Eligible Subcontractor" means a recreation and park district formed under Chapter 4 (commencing with Section 5780 of Division 5 of the Public Resources Code, a district formed pursuant to Section 5500 or 35100 of the Public Resources Code for the creation or improvement of a park or recreational facility, or any nonprofit organization described in Section 501(c)(3) of the Internal Revenue Code (26 U.S.C. Sec 501(c)(3)), that is exempt from taxation and that has among its purposes the conservation of natural or cultural resources.
- G. "Eligible Unit" means a housing unit that qualifies for the base grant award. Only Eligible Units can qualify for the bonus criteria awards.
- H. "Extremely Low-Income Households" has the meaning set forth in Health and Safety Code Section 50106.
- I. "Infill Project" means a residential or mixed-use residential project located within an Urbanized Area on a site that has been previously developed or on a vacant site where at least 75 percent of the perimeter of the site adjoins parcels that are developed with Urban Uses. In calculating this percentage, perimeters bordering navigable bodies of water and improved parks shall not be included. For these purposes, a property is adjoining the side of a project site if the property is separated from the project site only by an improved public right-of-way.

**Section 101**  
**Definitions**  
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- J. "Low-Income Households" has the meaning set forth for lower-income households in Health and Safety Code Section 50079.5.
- K. "Park and Recreation Facility" means a facility that provides benefits to the community and includes, but is 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.
- L. "Parks Deficient Community" means an area within a city, county, or city and county that has less than three acres of usable parkland per 1,000 residents.
- M. "Preserved" means units preserved at affordable housing costs to lower-income households by acquisition of the units or the purchase of affordability covenants and restrictions as described in paragraph (2) of subdivision (c) of Section 65583.1 of the Government Code, except that the city, county, or city and county may have committed assistance at any time during the projection period.
- N. "Program" means the Housing-Related Parks Program implemented by these Guidelines.
- O. "Qualifying Park Project" means that Park and Recreation Facility designated in the Program Application that meets the eligible use criteria for funding through the Program, as set for in Section 108 of these Guidelines.
- P. "Regional Blueprint Plan" means a regional plan that implements statutory requirements intended to foster comprehensive planning as defined in Section 65041.1 of Chapter 2.5 (commencing with Section 65080) of Division 1 of Title 7 and Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code.
- Q. "Substantially Rehabilitated" means units at imminent risk of loss to the housing stock which are substantially rehabilitated and therefore represent a net increase in the community's affordable housing stock as described in paragraph (2) of subdivision (c) of Section 65583.1 of the Government Code, except that the city, county, or city and county may have committed assistance at any time during the projection period.

**Section 101**  
**Definitions**  
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- R. "Urbanized Area" means an incorporated city or urbanized area or urban cluster as defined by the United States Census Bureau. For unincorporated areas outside of an urban area or urban cluster, the area shall be within a designated urban service area that is designated in the local general plan for urban development and is served by public sewer and water.
  
- S. "Urban Uses" means any residential, commercial, industrial, transit, transportation passenger facility, or retail use, or any combination of those uses. Urban uses do not include lands used for agricultural uses or parcels in excess of 15,000 square feet in size and containing only one single-family residence.
  
- T. "Very Low-Income Households" has the meaning set forth in Health and Safety Code Section 50105.

## Section 102

### Eligibility and Threshold Criteria

The Program does not use a competitive process to award funds; all cities and counties that meet the eligibility requirements outlined below will be funded as provided in these Guidelines.

#### A. Eligible Applicants

Cities, counties, and cities and counties are eligible to apply to the Department for funds for eligible costs and activities under the Program.

#### B. Threshold Criteria

Applicants must meet all of the following threshold requirements for participation in the Program:

- Housing Element Compliance:** The applicant must have a housing element that has been adopted by the jurisdiction's governing body and determined to be in substantial compliance with State housing element law pursuant to Government Code Section 65585 by the deadline specified in the NOFA. The jurisdiction's adopted housing element will be deemed to have met this requirement if the adopted element is submitted to the Department on or prior to the date specified in the NOFA and the Department determines the submitted adopted housing element to be in substantial compliance pursuant to Government Code Section 65585 without further amendment. A jurisdiction's current housing element compliance status can be obtained by referencing the Department's website at <http://www.hcd.ca.gov/hpd/hrpp/> or by contacting the Program representative for your region.
- Annual Progress Report on the housing element submitted to the Department:** Government Code Section 65400 requires local governments to submit reports to the Department on the jurisdiction's progress in implementing the housing element. To qualify for the Program funding round, an applicant must submit to the Department the Annual Progress Report (APR) required by Government Code Section 65400 for the Designated Program Year. For the purposes of the Program, required Annual Progress Reports must be submitted by the date established in the NOFA. Charter cities are not exempt from this specific program requirement and must submit an Annual Progress Report to be eligible for the Program.

The reports must cover the prior calendar year(s) that immediately precedes the Calendar Year for which eligible units are being claimed and meet all the requirements for the report set forth in Section 65400. If the Designated Program Year covers more than one calendar or fiscal year, the jurisdiction must submit an Annual Progress Report for each of the reporting years in which the jurisdiction has documented eligible units for the purposes of qualifying for funds.

**Section 102**  
**Eligibility and Threshold Criteria**  
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Please be advised that the Department will not accept other reports in lieu of the APR. Housing Authority Financial Reports, Redevelopment Reports, and other similar reports will not be accepted as meeting this requirement. If uncertain of the status of the report submittal for a jurisdiction, please contact the Department for more information.

3. Eligible Units must meet the following Census Bureau definition:

*“A house, an apartment, a mobile home or trailer, a group of rooms, or a single room that is occupied as separate living quarters, or if vacant is intended for occupancy as separate living quarters. Separate living quarters are those in which the occupants live separately from any other individuals in the building and which have a direct access from the outside of the building or through a common hall.”*

4. **Minimum Grant Amount:** To be eligible for funding, an applicant must meet a minimum grant amount of \$75,000, including any bonus awards, based on Eligible Units for the Designated Program Year. If an applicant is unable to meet the minimum threshold amount, it may combine Eligible Units from the Designated Program Year with Eligible Units from one or more subsequent funding rounds and apply once it is able to meet the minimum qualification amount.

If the applicant intends to combine Eligible Units from multiple funding rounds in order to apply in a later funding round, all threshold criteria must be met by the close of each Designated Program Year for the respective funding rounds in which qualifying units are being utilized. However, in order to qualify using this method, an applicant must submit an application once it can meet the minimum \$75,000 threshold requirement.

**Section 103**  
**Required Threshold Criteria Documentation**

- A. Applicants will be required to submit, at minimum, the following documents to the Department as part of the application:
1. For new affordable units: building permits for Eligible Units or installation approvals for manufactured homes issued during the Designated Program Year.  
  
For units Substantially Rehabilitated, Converted, or Preserved: a certificate of occupancy or other evidence of readiness for occupancy within the Designated Program Year. Documentation must also be included to demonstrate the units meet all requirements of paragraph (2) of subdivision (c) of Section 65583.1 of the Government Code, except that the local government may have committed assistance at any time during the projection period.
  2. Documentation of the affordability deed restrictions or covenants associated with each eligible housing unit, including restriction by income level.
  3. Documentation showing the total number of bedrooms by income level for each eligible housing unit. Documentation of affordability and bedroom counts must contain a project identifier, such as an assessor's parcel number (APN), address or other similar identifier that clearly ties the affordability and bedroom count documentation to the Eligible Unit.
- B. Applicants are encouraged to track Eligible Units as they are issued throughout the year and document the affordability and bedroom counts of those units eligible for the Program.

## Section 104 Affordability Requirements

The occupancy of Eligible Units must be for households whose incomes are within the published income limits for Very Low- or Low-Income Households. For the purpose of the Program, the units shall be considered affordable if the rent or housing payment is restricted by a regulatory agreement or deed restriction, and does not exceed amounts allowed by common Federal or State housing assistance programs, as determined by the Department.

### A. New Construction Units

1. **Rental Units:** Eligible rental units must be subject to an affordability covenant or agreement recorded on the property that requires the owner to maintain rents on the restricted units at levels affordable to very low- or low-income households for at least 55 years.

For manufactured housing rental units, affordability is determined by the rental amount for the manufactured housing only and does not include the rental amount for the space where the manufactured housing is located.

Specifically, Eligible Units must include:

- a. Affordable rents for Very Low- and Low-income Households<sup>1</sup>, and
- b. Covenants restricting occupancy to eligible households and affordable rents for a minimum of 55 years, which begins with the recording date of the instrument used to ensure repayment, typically a deed restriction.

Please note that if the primary funding source for an affordable unit requires a shorter period of affordability, such as 30 years, the applicant must *further restrict* the Eligible Unit for a minimum of 55 years to be eligible for the Program.

2. **Ownership Units:** Eligible Units must be initially reserved for sale to a very low- or low-income household and ensure the repayment of the public funds and reuse of those funds for affordable housing for a period of at least 20 years. The 20-year time period for ownership units begins with the recording date of the instrument used to ensure repayment, typically a deed restriction.
  - a. If no public funds are used for an ownership unit affordable to a Very Low- or Low-Income Household, the local jurisdiction may count the unit if it can demonstrate that the unit has been or will be initially sold to an income-eligible household at an affordable housing cost.

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<sup>1</sup>Affordability in rents can be met with or without a subsidy to the tenant or to the unit; rents may be restricted by project or by unit.



**Section 104**  
**Affordability Requirements**  
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b. All ownership units must be within the applicable sales price limits for new construction as published by the California Housing Finance Agency (CalHFA). The sales price limits can be obtained on the CalHFA website at <http://www.calhfa.ca.gov/homeownership/limits/index.htm>.

3. In mixed-income developments, only those units that meet the Program income and affordability requirements will qualify for an award. Housing units in a mixed-use commercial development that meet the eligibility requirements may be counted in this Program, as well as second units or units that are converted from non-residential to residential uses.

**B. Units Substantially Rehabilitated, Converted, and/or Preserved**

Pursuant to paragraph (2) of subdivision (c) of Section 65583.1 of the Government Code, the affordability requirements for each type of project are as follows:

<b>Project Type</b>	<b>Minimum Affordability Term</b>
Substantial Rehabilitation	20 years, or the time period required by any applicable federal or state law or regulation
Conversion (multifamily rental units only)	55 years
Preservation	40 years

<p style="text-align: center;"><b>Section 105</b> <b>Base Grant Award</b></p>
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- A. Funds will be awarded on a per-bedroom basis for each documented Eligible Unit. Studio and efficiency units are counted as one-bedroom units.
- B. Awards will be distributed on the following basis:
  - 1. \$500 per bedroom for each unit affordable to Low-Income Households
  - 2. \$750 per bedroom for each unit affordable to Very Low-Income Households
- C. The minimum grant amount of \$75,000, including the calculation of any bonus awards, must be achieved through Eligible Units.

## Section 106

### Bonus Criteria Awards and Required Supporting Documentation

In addition to the base grant award, substantial bonus funds will be awarded for New Construction and Qualifying Park Projects serving Disadvantaged and/or Park-Deficient Communities.

Additional bonus funds will be awarded for Extremely Low-Income Units, Infill Projects, Infill-Supporting Park and Recreation Facility Projects or Regional Blueprint Conformance, and RHNA Bonus.

Eligibility criteria for each of the bonus awards are as follows:

- A. **New Construction:** A \$300 bonus will be awarded per bedroom for qualifying new housing units based on building permits submitted with the application.
- B. **Extremely Low-Income Units:** A \$250 bonus will be awarded per bedroom for each unit to be occupied by and affordable to Extremely Low-Income Households.
  - 1. The application must include documentation of the affordability deed restrictions or covenants associated with the specific number of units and clearly identify that the units are restricted at the Extremely Low-Income level.
- C. **Infill Projects:** A \$250 bonus will be awarded per bedroom for each Eligible Unit that is built in an Infill Project.
  - 1. Infill units must be part of a Infill Project located within an Urbanized Area as determined by ONE of the following:
    - a. located within an incorporated city, *OR*
    - b. located within an urbanized area or urban cluster as defined by the U.S. Census Bureau at <http://www.census.gov/2010census/>, *OR*
    - c. for unincorporated areas outside an urbanized area or urban cluster, the area shall be within a designated urban service area that is designated in the local general plan for urban development and is served by public sewer and water.
  - 2. The Infill Project must meet ONE of the following requirements:
    - a. the site has been previously developed, *OR*
    - b. at least 75 percent of the perimeter of the site adjoins parcels that are currently developed with Urban Uses (refer to definition of Urban Uses in Section 102), or is separated from parcels that are developed with Urban Uses only by an improved public right-of-way. In calculating this percentage, perimeters bordering navigable bodies of water and improved parks shall not be included.

**Section 106**  
**Bonus Criteria Awards and Required Supporting Documentation**  
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3. Documentation must be submitted to support units are in an Infill Project meeting the criteria above. Documentation can include, but is not limited to:
- a. engineer's calculations;
  - b. aerial photos;
  - c. historical Documents (to show previously developed status of the site); and
  - d. other documentation acceptable to the Department that sufficiently identifies the project as meeting the definition of an Infill Project.

Note: if aerial photographs are provided, the image must clearly identify the Infill Project site boundaries. In addition, if not easily identifiable, the application should provide a description of the adjacent uses to demonstrate the uses meet the definition of "Urban Uses." If no description is provided, the Department will make a determination to the best of its ability.

- D. Disadvantaged Community: A \$500 bonus will be awarded per bedroom for each Eligible Unit if the applicant can evidence that all Program funds will be spent to create or rehabilitate a park or community recreational facility that will serve a Disadvantaged Community.

1. The applicant must demonstrate that all the Program funds will be utilized for a Qualifying Park Project that meets the definition of a Disadvantaged Community demonstrated through at least ONE of the following:
  - a. Any portion of the Qualifying Park Project is located within or bordered by at least one qualified census tract (QCT) as determined the by U.S. Department of Housing and Urban Development. Documentation to support this identification will be obtained by all applicants through the HUD-User GIS Service QCT Locator available at <http://209.48.228.153/qctmap.html>,

OR

- b. The Qualifying Park Project is located within a census tract determined by the U.S. Department of Housing and Urban Development having at least 51 percent of its residents at low- or moderate-income levels. Documentation to support this identification will be obtained by all applicants from the dataset available at <http://www.hud.gov/offices/cpd/systems/census/ca/index.cfm#lowmod>.

**Section 106**  
**Bonus Criteria Awards and Required Supporting Documentation**  
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E. Park-Deficient Community: A \$500 bonus will be awarded per bedroom for each Eligible Unit if the applicant can demonstrate all Program funds will be utilized for a Qualifying Park Project located in an area within the jurisdiction that qualifies as a Park-Deficient Community.

1. For the purposes of this section, the area within the jurisdiction that must qualify as a Park-Deficient Community will be that which is within a half mile radius of any point within the Qualifying Park Project.
2. The ratio of useable park space (in acres) per 1,000 residents within a half mile radius of the identified Qualifying Park Project site must be less than three.
3. Documentation to support this identification will be obtained by all applicants from <http://www.parkinfo.org/factfinder2011/grantee.html>.

F. Infill-Supporting Park and Recreation Facility or Regional Blueprint Conformance: A \$100 bonus will be awarded per bedroom for each Eligible Unit if the applicant can demonstrate all Program funds will be utilized for a Qualifying Park Project located in an area within the jurisdiction that qualifies as infill-supportive with either (1) or (2) below:

1. Grant funds will be spent to create or improve a Park and Recreational Facility that supports at least one current or previously developed Infill Project. Support of an Infill Project can be evidenced by meeting at least one of the following criteria:
  - a. The Park and Recreational Facility to be created or improved is accessible within a quarter mile radius from a current or previously developed Infill Project, OR
  - b. The Park and Recreational Facility to be created or improved is accessible within a half mile walkable route from a current or previously developed Infill Project. For the purposes of this section, a “walkable route” is a route which after completion of the Qualifying Park Project shall be free of negative environmental conditions that deter pedestrian circulation.

OR

**Section 106**  
**Bonus Criteria Awards and Required Supporting Documentation**  
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2. The jurisdiction shall provide documentation that it has conformed applicable sections of its adopted General Plan, including the land-use and open space elements in particular, to the land-use provisions of the applicable adopted Regional Blueprint Plan, as may be verified by the Department. This documentation shall include all of the following, in a manner specific to the grant application for the proposed park improvements:
  - a. copies of relevant text, diagrams, or maps from both the General Plan and the Regional Blueprint Plan;
  - b. a resolution from the elected body of the applicant jurisdiction describing the basis of the conformity between the two plans; and
  - c. a letter or resolution from the Council of Governments (COG) having jurisdiction over the Regional Blueprint Plan attesting to the conformity of the General Plan with the adopted Regional Blueprint Plan.
  
- G. **Regional Housing Needs Allocation (RHNA):** A \$50 bonus will be awarded per bedroom in units restricted to Low-Income Households and \$75 bonus per bedroom in units restricted to Very Low- or Extremely Low-Income households for jurisdictions that have made significant progress in permitting the housing needed to meet the overall RHNA for the current planning period for the jurisdiction. To qualify for the RHNA bonus, eligible jurisdictions must have met a target percentage as established by the Department, of their overall RHNA, by the end of the Designated Program Year.

The target percentage will be prorated for the number of years completed in each jurisdiction's respective planning cycle. The applicant must meet the target percentage based on new housing units relative to their total RHNA. The Department will calculate each jurisdiction's eligibility for the RHNA bonus award based on the overall number of building permits issued during the current planning period as a percentage of its total RHNA compared to the overall average of new housing units permitted within that county as a whole. For example, if a jurisdiction has met 70 percent of its total RHNA and the average RHNA production of all jurisdictions within that County including the unincorporated County area is 68 percent, that jurisdiction would be eligible for the RHNA bonus.

The bonus will be applied to all Eligible Units. The Department will calculate a jurisdiction's eligibility for the RHNA bonus after the application has been received.

## Section 107 Award Calculation

- A. Based on the number of qualifying units and documented bonus award eligibility, eligible applicants may receive up to:
1. \$2,200 per bedroom in qualifying low-income units
  2. \$2,725 per bedroom in qualifying very low-income units

		Bonus Awards Per Bedroom						
		Unit-Based			Park-Based			Other
Qualifying Unit	Base Award per bedroom	New Construction Units	ELI Units	Infill Units	Disadvantaged Community	Park Deficient Community	Regional Blueprint/ Supporting Infill	RHNA Progress*
Low Income	\$500	\$300	N/A	\$250	\$500	\$500	\$100	\$50
Very-Low Income	\$750	\$300	\$250	\$250	\$500	\$500	\$100	\$75

*\* to be determined by the Department after application submittal*

- B. There is no maximum award, however, if eligibility for funds exceeds the amount of funding available in any round, the Department may reduce all grants proportionally or, in the event the Program is undersubscribed, roll over unused funds to the next funding round.

<b>Section 108</b> <b>Eligible Use of Funds</b>
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- A. Grant funds shall 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 consistent with the requirements set forth in Section 16727 of the Government Code. Program grant funds may be used for the following types of projects:
1. Costs to construct, rehabilitate, or acquire capital assets, meaning:
    - a. Physical property with an expected useful life of 15 years or more.
    - b. Major maintenance, reconstruction, or demolition for purposes of reconstruction of facilities, and retrofitting work that is ordinarily done no more often than once every 5 to 15 years, or expenditures that continue or enhance the useful life of the capital asset.
    - c. Equipment with an expected useful life of two years or more.
  2. Costs incidental to but directly related to the construction or acquisition of a capital asset are allowable.

**PLEASE NOTE: QUALIFYING PARK PROJECTS ARE NOT REQUIRED TO BE TIED TO THE HOUSING UNITS USED TO QUALIFY FOR THE BASE GRANT AWARD.**

- B. Program grant funds **may not** be used for administrative costs of persons employed by the grantee, such as grant administration, or for other costs not directly related to the acquisition, rehabilitation or construction of a capital asset.
- C. A jurisdiction that receives funds under this Program may subcontract with an Eligible Subcontractor. The subcontract shall be subject to the approval of the Department and shall provide for compliance with all the requirements of the Program. The subcontract shall not relieve the jurisdiction of its responsibilities under the Program.
- D. Successful Program applicants will enter into a State Standard Agreement (Standard Agreement) for distribution of funds. Program grant funds must be spent within two years of the date of award announcement.
- E. No costs incurred prior to the execution date of the Standard Agreement may be charged to Program funds. After the contract has been executed by the State, eligible expenditures may be incurred and expended for the project(s) subject to the terms and conditions of the Standard Agreement.

Requests for fund disbursements must be for at least 25 percent of the total grant amount awarded.