



## Folsom City Council Staff Report

<b>MEETING DATE:</b>	7/13/2021
<b>AGENDA SECTION:</b>	Consent Calendar
<b>SUBJECT:</b>	Resolution No. 10668 – A Resolution Accepting Three Regional Early Action Planning Grant Awards to Further Housing Program Goals and Appropriation of Funds
<b>FROM:</b>	Community Development Department

### **RECOMMENDATION / CITY COUNCIL ACTION**

Move to approve Resolution No. 10668 - A Resolution Accepting Three Regional Early Action Planning Grant Awards to Further Housing Program Goals and Appropriation of Funds.

### **BACKGROUND / ISSUE**

In the 2019-20 Budget Act, Governor Gavin Newsom allocated \$250 million for all regions, cities, and counties to do their part by prioritizing planning activities that accelerate housing production to meet identified needs of every community. With this allocation, the state Department of Housing and Community Development (HCD) established the Regional Early Action Planning Grant Program (REAP) with \$125 million to regions. REAP provides one-time grant funding to regional governments and regional entities for planning activities that will accelerate housing production and facilitate compliance in implementing the sixth cycle of the Regional Housing Needs Allocation (RHNA).

The Sacramento Area Council of Governments (SACOG) is eligible to receive \$6,612,880 in REAP funds to address the greater Sacramento region's unique housing priorities and planning needs. In March of last year, the SACOG board recommended approval of a framework for spending an initial 25 percent of the REAP funds using an early access option provided by the state. These early funds provided a formula allocation directly to local agencies for housing element updates or other planning projects related to housing. The City's allocation from this initial portion of REAP funds was \$41,000 and was explicitly for use on our Housing Element update.

There were three additional REAP grant opportunities; two were non-competitive direct allocations for qualifying projects and the third was a competitive grant. Eligible activities were required to demonstrate housing-related planning activities and facilitate accelerated housing production. Zoning code updates and specific plans that include an Environmental Impact Report (EIR), as well as an evaluation of infrastructure needs and cost analyses, are strongly encouraged because these planning activities are identified as priorities in SACOG's Green Means Go Program. Furthermore, for the competitive grant, the project was required to accelerate, increase, and/or intensify housing in the City's Green Zones. The planning activity must support the entire Green Zone or many parcels within the Green Zone.

Based on the City's current Housing Element update and the comprehensive zoning code update, staff identified three distinct and qualifying grant projects to further the City's housing program goals as follows:

<b>Grant Project Description</b>	<b>Grant Amount</b>
Multi-Family and Residential Mixed-Use Design, Density and Market Feasibility Analysis	\$90,000
East Bidwell Drainage Study	\$100,000
Housing Element Program H-2 Implementation: General Plan and Specific Plan Amendment and Environmental Analyses	\$575,000
Total Grant Funds Requested	\$765,000

Given our current efforts with the Housing Element update and comprehensive zoning code update, these tasks would enhance the City's efforts to expand the City's lower-income housing capacity to meet our RHNA obligation. In addition, the funding would also enable the City to examine infrastructure, particularly drainage, to ensure sufficient capacity exists for additional housing development. Furthermore, as the City considers increasing density, City staff and the public must understand the feasibility of higher density development and how density and development standards affect the economics of those projects. Finally, the City must have design standards and expectations that promote attractive, high quality design for higher density multi-family and residential mixed-use development that fit well in the community. The grant funding would allow staff and selected consultants to pursue these additional efforts.

On March 9, 2021 City Council authorized staff to apply for these grants. Applications were completed and the City was successful in receiving all three grant awards totaling \$765,000. This resolution has been prepared to accept the grant awards and appropriate funds.

**POLICY / RULE**

The City Council Adopted Resolution No. 7332 Financial Policies of the City of Folsom on May 25, 2004. Section D - Intergovernmental Revenues, Paragraph C - Grant Project Resolutions states, " All grants received from the Federal or State government for operating or

capital purposes shall be recognized in separate grant project resolutions. A balanced grant project resolution must be adopted prior to beginning the project."

## **ANALYSIS**

The three REAP grant projects awarded will advance the City's Housing Element goal of exploring increased densities and updated development standards for the City's Transit Priority Areas, the East Bidwell Mixed Use Corridor, and the Town Center area of the Folsom Plan Area Specific Plan (FPASP). Key elements of this effort are understanding appropriate design for each area, establishing design standards, and understanding how design, density, and development standards affect development economics. As previously indicated, there are two separate non-competitive REAP grants and one competitive grant. Each of these grant projects are summarized below.

### **Non-competitive Grants**

Grant #1 - Multi-Family and Residential Mixed-Use Design, Density and Market Feasibility Analysis: The first non-competitive REAP grant is the most flexible and provides a formula allocation directly to local agencies for eligible activities that demonstrate an increase in housing related planning activities and facilitate accelerated housing production. Under this non-competitive grant, the City's formula allocation is \$90,000. This grant will be used to fund an analysis of the economic feasibility of multi-family and residential mixed-use development at different densities on different size parcels, as well as an evaluation of the types of design and design standards that would be attractive and suitable in the areas where the City is considering increasing density and updating development standards to encourage more housing development. The goal is to provide the City Council and community with an understanding of the economics of residential development on smaller parcels (i.e., less than 4 acres) and how density and development standards affect design. Furthermore, the analysis will examine different approaches to design used successfully in other communities to address concerns over scale, height, massing, and other concerns associated with higher density development. Ultimately, the analysis will inform future planning activities related to the implementation of Housing Element Program H-2, referenced above.

Grant #2 - East Bidwell Drainage Study: The second non-competitive REAP grant is available to the City as a result of the City's participation in SACOG's 2018 Civic Lab Series, which examined the challenges facing older commercial corridors in the region, including Folsom's East Bidwell Street corridor between Coloma Street and Blue Ravine Road. Civic Lab Series' goal was to identify strategies to promote revitalization, including housing, through the removal of barriers to infill development. Under this Civic Lab-related REAP grant, the City is eligible to receive up to \$100,000 for a drainage study to assess the extent and condition of the drainage system along the East Bidwell Street corridor section between Coloma Street and Blue Ravine. The area is identified in the City's 2035 General Plan by the East Bidwell Mixed Use Overlay land use designation, which allows residential mixed-use development. The City has identified several sites in this part of the corridor as potential sites in our Housing Element sites inventory analysis. Thus, given current and future plans for residential mixed-use

development along this section of East Bidwell Street, understanding the existing drainage system condition and capacity is key to the future development of additional residential projects on the corridor.

### **Competitive Grant**

Grant # 3 - Housing Element Program H-2 Implementation: General Plan and Specific Plan Amendment and Environmental Analyses: To implement the 2021-2029 Housing Element Program H-2, which requires the City to increase maximum densities in the East Bidwell Mixed Use Overlay, SACOG Transit Priorities Areas, and the Folsom Plan Area Specific Plan Town Center, a general plan amendment and associated environmental analysis is required. Concurrently, a FPASP specific plan amendment with environmental analysis will be required to increase densities in the Town Center and to revise Policy 4.7 to increase the total dwelling units allowed in the FPSAP. As previously indicated, for the competitive grant, the project is required to accelerate, increase, and/or intensify housing in the City's Green Zones. Zoning code updates and specific plans that include an Environmental Impact Report (EIR) and an evaluation of infrastructure needs and cost analyses are strongly encouraged because these planning activities are identified as priorities in SACOG's Green Means Go Program. Given that the East Bidwell Mixed Use Overlay and the SACOG Transit Priority Areas are in the City's Green Zones, SACOG has indicated that the proposed general plan amendment, FPASP specific plan amendment and associated environmental analyses necessary to implement Program H-2 are eligible for competitive REAP grant activities. SACOG's approved framework allocates \$1,727,000 to this competitive grant program, with a stipulation that no jurisdiction will receive more than one-third (or approximately \$575,000). As such, the City is eligible to receive a maximum of \$575,000 with this competitive REAP grant application.

Each of the three grant funded projects will work in tandem with other City efforts to further the City's goal of creating additional opportunities for high-density housing to ensure the City maintains an adequate capacity to meet the lower-income RHNA.

### **FINANCIAL IMPACT**

The Regional Early Action Planning Grants Program award total is \$765,000. None of the three grant applications require a financial match. All grant funds are required to be fully expended and reimbursed by August 30, 2023. Consultant services would be funded initially through the General Fund and reimbursed by the Regional Early Action Planning Grants Program funds in accordance with the reimbursement schedule over two fiscal year periods; Fiscal Year 2021-2022 and Fiscal Year 2022-2023.

The grant awards were not included in the Fiscal Year 2021-22 Operating Budget. An additional appropriation will be required in the amount of \$765,000 in the Fiscal Year 2021-22 General Fund Operating Budget in the Community Development Department.

### **ENVIRONMENTAL REVIEW**

Grant acceptance is not considered a project under the California Environment Quality Act (CEQA) in accordance with CEQA Guidelines Section 15061(b)(3). As a result, these actions are exempt from environmental review.

**ATTACHMENT**

Resolution No. 10668 - A Resolution Accepting Three Regional Early Action Planning Grant Awards to Further Housing Program Goals and Appropriation of Funds

Submitted,



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Pam Johns,  
Community Development Director

## Attachment 1

Resolution No. 10668 - A Resolution Accepting Three Regional Early Action Planning Grant Awards to Further Housing Program Goals and Appropriation of Funds

**RESOLUTION NO. 10668**

**A RESOLUTION ACCEPTING THREE REGIONAL EARLY ACTION PLANNING  
GRANT AWARDS TO FURTHER HOUSING PROGRAM GOALS AND  
APPROPRIATION OF FUNDS**

**WHEREAS**, the State 2019-20 Budget Act allocated \$250 million for all California regions, cities, and counties to do their part by prioritizing planning activities that accelerate housing production to meet identified needs of every community; and

**WHEREAS**, the state Department of Housing and Community Development (HCD) established the Regional Early Action Planning Grant Program (REAP) to provide one-time grant funding to regional governments and regional entities for planning activities that will accelerate housing production and facilitate compliance in implementing the sixth cycle of the Regional Housing Needs Allocation (RHNA); and

**WHEREAS**, Sacramento Area Council of Governments (SACOG) received an advance allocation of REAP funds to provide direct allocations to local agencies for housing element updates or other planning projects related to housing; and

**WHEREAS**, on March 9, 2021 City Council adopted Resolution 10599 authorizing City Staff to apply for two non-competitive REAP grants and one competitive REAP grant for eligible housing related activities to advance the City's Housing Element goals and create additional opportunities for high-density housing to ensure the City maintains an adequate capacity to meet the lower-income RHNA, and

**WHEREAS**, the total requested in REAP grants totaled up to \$765,000 for the following projects, and;

1. Multi-Family and Residential Mixed-Use Design, Density and Market Feasibility Analysis (non-competitive grant \$90,000)
2. East Bidwell Drainage Study (non-competitive grant \$100,000)
3. Housing Element Program H-2 Implementation: General Plan and Specific Plan Amendment and Environmental Analysis (competitive grant \$575,000)

**WHEREAS**, the City received full approval/award of all three of the REAP grants requested for qualifying projects in the total combined amount of \$765,000, with no city match required; and

**WHEREAS**, grant acceptance is not considered a project under the California Environmental Quality Act (CEQA).

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Folsom hereby:

1. Approves the acceptance of a total grant award from the Regional Early Action Planning Grant Program in the amount of \$765,000; and
2. Appoints the Community Development Director, as agent of the City of Folsom to conduct all negotiations, execute and submit all documents, including, but not limited to applications, agreements, amendments, payment requests, which may be necessary for the completion of the aforementioned projects; and
3. Authorizes the Chief Financial Officer to increase revenue estimates and expenditure appropriations by \$765,000, the grant award, to the City's General Fund (Fund 010).

**PASSED AND ADOPTED** this 13<sup>th</sup> day of July 2021, by the following roll-call vote:

**AYES:** Councilmember(s):  
**NOES:** Councilmember(s):  
**ABSENT:** Councilmember(s):  
**ABSTAIN:** Councilmember(s):

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Michael D. Kozlowski, MAYOR

ATTEST:

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Christa Freemantle, CITY CLERK