



Folsom City Council Staff Report

MEETING DATE:	3/9/2021
AGENDA SECTION:	Consent Calendar
SUBJECT:	Resolution No. 10599 – A Resolution Authorizing Applications for Regional Early Action Planning Grants Program Funds for Housing Related Planning Activities and Authorizing the City Manager to Execute Agreements to Accept Awarded Grant Funds
FROM:	Community Development Department

RECOMMENDATION / CITY COUNCIL ACTION

Staff recommends that City Council approve Resolution No. 10599 - A Resolution Authorizing Applications for Regional Early Action Planning Grants Program Funds for Housing Related Planning Activities and Authorizing the City Manager to Execute Agreements to Accept Awarded Grant 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 are three additional REAP grant opportunities that staff is interested in pursuing. Two of these grants are non-competitive direct allocations. The third grant is a competitive grant. For each of these grants, eligible activities must 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 is 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 has identified three distinct and qualifying grant projects to further the City's housing program goals as follows:

- **Multi-Family and Residential Mixed-Use Design, Density and Market Feasibility Analysis**
- **East Bidwell Drainage Study**
- **Housing Element Program H-2 Implementation: General Plan and Specific Plan Amendment and Environmental Analyses**

The total combined funding request for the three grant project applications is \$765,000. Given our current efforts with the Housing Element update and comprehensive zoning code update, these tasks will enhance the City's efforts to expand the City's lower-income housing capacity to meet our RHNA obligation. In addition, the funding will 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 will allow staff and selected consultants to pursue these additional efforts.

The grant applications have a due date of March 12, 2021, and all grant funds must be fully expended by August 30, 2023.

POLICY / RULE

The Regional Early Action Planning Grants Program requires the applicant's governing body certify by resolution the approval of the application before submission.

ANALYSIS

The City is currently in the process of updating the 2013 Housing Element. The upcoming sixth cycle Housing Element will cover the 2021 through 2029 planning period and will reassess the community's housing-related goals and objectives while addressing issues and establishing objectives concerning a wide range of possible housing related programs. The sixth cycle Housing Element presents several new challenges for the City of Folsom in meeting an increased Regional Housing Needs Assessment (RHNA) and navigating new state housing laws, including the new "no net loss" requirement. To create additional opportunities for high-density housing and ensure the City maintains an adequate capacity to meet its lower-income RHNA throughout the planning period, the 2021-2029 Housing Element includes Program H-2, which requires the City to increase maximum densities in the East Bidwell Mixed Use Overlay, SACOG Transit Priorities Areas (likely at the Glenn station and Iron Point station), and the Folsom Plan Area Specific Plan (FPASP) Town Center.

The three REAP grant project proposals advance the City's 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 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 proposals 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 opportunities 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 funding request is for a combined total of up to \$765,000. None of the three grant applications require a financial match. 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.

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. 10599 - A Resolution Authorizing Applications for Regional Early Action Planning Grants Program Funds for Housing Related Planning Activities and Authorizing the City Manager to Execute Agreements to Accept Awarded Grant Funds

Submitted,

A handwritten signature in blue ink, appearing to read "Pam Johns", with a long horizontal flourish extending to the right.

Pam Johns,
Community Development Director

RESOLUTION NO. 10599

A RESOLUTION AUTHORIZING APPLICATIONS FOR REGIONAL EARLY ACTION PLANNING GRANTS PROGRAM FUNDS FOR HOUSING RELATED PLANNING ACTIVITIES AND AUTHORIZING THE CITY MANAGER TO EXECUTE AGREEMENTS TO ACCEPT AWARDED GRANT 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, 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; and

WHEREAS, 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, the City is eligible to apply for two non-competitive REAP grants and one competitive REAP grant for eligible housing related activities, and

WHEREAS, each of the three grant opportunities 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; and

WHEREAS, the total combined funding request for the three grant project applications is for an amount up to \$765,000, with no city match required; and

WHEREAS, approval of the agreements for grant funding from SACOG is exempt from the California Environmental Quality Act (CEQA).

NOW, THEREFORE, BE IT RESOLVED that the City Manager is hereby authorized to apply for and to accept the Sacramento Area Council of Governments Regional Early Action Planning Grants for eligible housing planning related activities.

BE IT FURTHER RESOLVED that the City Manager is authorized to execute all documents, agreements, amendments, and payment requests to accept and fulfil the requirements of the Sacramento Area Council of Governments Regional Early Action Planning Grants.

PASSED AND ADOPTED this 9th day of March 2021, by the following roll-call vote:

AYES: Council Member(s):
NOES: Council Member(s):
ABSENT: Council Member(s):
ABSTAIN: Council Member(s):

Michael D. Kozlowski, MAYOR

ATTEST:

Christa Freemantle, CITY CLERK

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