



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: MARCH 7, 2023**

FROM: COMMUNITY & ECONOMIC DEVELOPMENT **WARDS: ALL**
DEPARTMENT

SUBJECT: RESOLUTIONS AUTHORIZING APPLICATION FOR, AND RECEIPT OF, CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT PROHOUSING DESIGNATION AND PROHOUSING INCENTIVE PILOT PROGRAMS - SUPPLEMENTAL APPROPRIATION

ISSUE

Adoption of resolutions authorizing application for, and receipt of, the California Department of Housing and Community Development's (HCD's) Prohousing Designation Program (PDP) and Prohousing Incentive Pilot (PIP) grant program.

RECOMMENDATIONS

That the City Council:

1. Adopt the attached resolution authorizing the City Manager, or designee, to submit an application for the HCD Prohousing Designation Program;
2. Adopt the attached resolution authorizing the City Manager, or designee, to submit an application for the Prohousing Incentive Pilot Program grant funds for an amount not to exceed \$2,500,000;
3. Authorize the City Manager, or designee, to accept and receive such funds and to execute any documents necessary to secure such award and administer the Prohousing Incentive Pilot Program grant; and
4. With at least five affirmative votes, authorize the Chief Financial Officer, or designee, to record an increase in revenue and supplemental appropriation in the amount of \$2,500,000 upon the award of grant funds in the Development Grants Fund, Prohousing Incentive Program.

COMMITTEE RECOMMENDATION

On January 23, 2023, the City Council Housing & Homelessness Committee received an overview of both the PDP and the PIP Program (Attachment 3). The Committee voted unanimously to recommend that the City Council adopt a resolution in support of the City's PDP application.

BACKGROUND

California's fiscal year 2019-2020 budget established the Prohousing Designation Program (PDP) as part of a spectrum of support, incentives, and accountability measures to help meet California's housing goals. The PDP provides incentives to cities and counties in the form of additional points and/or other preferences in the scoring of competitive housing, community development, and infrastructure funding programs administered by HCD. Jurisdictions seeking to participate in the PDP and receive a Prohousing Designation must complete an application that demonstrates the jurisdiction's housing-related policies, programs, and activities exceed minimum State requirements to actively support increasing the supply of all kinds of housing.

In December 2022, HCD launched the Prohousing Incentive Pilot Program (PIP). The PIP is funded by Senate Bill 2 with the intended purpose to create and conserve affordable housing. Cities with a Prohousing Designation are now eligible for community development resources through the PIP Program. The competitive program offers \$25.7 million in additional funding to Prohousing cities to help accelerate housing production and preservation. In addition to awards based on a Prohousing Designated jurisdiction's size, the PIP Program provides bonus award amounts based on a jurisdiction's Prohousing Designation application score. To be eligible for the PIP, jurisdictions must apply for a Prohousing Designation by March 15, 2023, and must be awarded a Designation by March 30, 2023. HCD Guidance indicates that applications for the PDP and PIP Program may be submitted concurrently. The final PIP program guidelines and Notice of Funding Availability are included in Attachment 4.

DISCUSSION:

Prohousing Designation Program

Through a Local Staff Assistance Program funded by Senate Bill 2 grant money through the Western Riverside Council of Governments, staff has received assistance from a consultant to prepare the City's PDP application (Attachment 5). The application requires that the City demonstrate its housing-related policies, programs, and activities, exceed minimum state requirements in four categories:

1. Favorable Zoning and Land Use;
2. Acceleration of Housing Production Timeframes;
3. Reduction of Construction and Development Costs; and
4. Providing Financial Subsidies.

Within each category, between eight and 12 prohousing policies are assigned one to three points (depending on the impact of the policy to achieving the purposes of the category). Enhancements in each category may also be awarded to increase the overall score. A jurisdiction must be awarded a minimum of 30 points (out of a possible 60 points) to receive the Prohousing Designation. Staff estimate that the City's application will score 45 to 50 points with enhancement factors. In addition to the required minimum score, the governing body of the jurisdiction must adopt a Resolution authorizing the submittal of the PDP application.

Prohousing Incentive Pilot Program

The PIP Program is a competitive grant that awards eligible jurisdictions a base amount plus a potential bonus amount for higher PDP application scores. Based on these factors, Riverside would be eligible for a maximum award of \$2.5 million, which may be used to fund a variety of housing-related activities for affordable housing for extremely low-, very low-, low- and moderate-income

households.

The City's draft PIP Application is included as Attachment 6. If awarded PIP grant funds, Staff recommends funding the following projects:

PROJECT	DEVELOPER	NO. UNITS	PROPOSED PIP PROGRAM FUNDING
Mulberry Gardens (State surplus land Mulberry and Holding Streets, Ward 1)	Eden Housing	150 affordable units and 59 affordable senior units	\$1,500,000
Sunrise at Bogart (Bushnell and Bogart Avenues, Ward 6)	NPHS	23 permanent supportive housing units	\$1,000,000
TOTAL			\$2,500,000

These projects will be brought back separately to the City Council and/or Housing Authority Board for funding agreement approval at a later date, if grant funds are awarded. The proposed resolution in this report is a requirement for the receipt of PIP Program funds, as is the signing of a standard funding agreement with HCD.

STRATEGIC PLAN ALIGNMENT

This item contributes to **Strategic Priority 2 – Community Well-Being (Goal 2.1 – Facilitate the development of a quality and diverse housing supply that is available and affordable to a wide range of income levels)** and **Strategic Priority 5 – High Performing Government (Goal 5.4 – Achieve and maintain financial health by addressing gaps between revenues and expenditures and aligning resources with strategic priorities to yield the greatest impact).**

This Project aligns with each of the five Cross-Cutting Threads as follows:

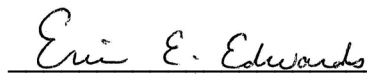
1. **Community Trust** – The PDP and PIP applications are be built on policies, programs and activities that have been developed with extensive community outreach and engagement, including the 6th Cycle Housing Element, Five Year Homelessness Action Plan, and similar efforts.
2. **Equity** – The PDP and PIP applications will facilitate future applications for grant funding to support expanded housing opportunities for Riverside's disadvantaged and underinvested populations.
3. **Fiscal Responsibility** – The PDP and PIP applications will increase the competitiveness of the City's applications for limited State funding resources to support critical needs related to housing.
4. **Innovation** – The PDP and PIP applications will earn the City formal recognition for its innovative and leading efforts related to expanding housing opportunity and streamlining governmental processes.
5. **Sustainability & Resiliency** – The PDP and PIP applications will increase the City's competitiveness for future applications to the Affordable Housing and Sustainable Communities (AHSC) and Transformative Climate Communities (TCC) grant programs.

FISCAL IMPACT

The total fiscal impact of this action is up to \$2,500,000. Upon Council approval and award of the PIP Program grant, an increase in revenue will be recorded and expenditures appropriated in the amount of \$2,500,000, or in the amount of the award in the Development Grants Fund, Prohousing Incentive Program revenue account 9348100-334100 and expenditure account 9348100-440210.

Prepared by: Chris Christopoulos, Deputy Community & Economic Development Director
Reviewed by: Michelle Davis, Housing Authority Manager
Approved by: Rafael Guzman, Assistant City Manager
Certified as to
availability of funds: Edward Enriquez, Interim Assistant City Manager/Chief Financial Officer/City Treasurer
Approved as to form: Phaedra A. Norton, City Attorney

Concurs with;



Councilmember Erin Edwards, Chair
Housing and Homelessness Committee

Attachments:

1. Resolution – Prohousing Designation Program Application
2. Resolution – Prohousing Incentive Program Application
3. Housing & Homelessness Committee Report – January 23, 2023
4. PIP Final Program Guidelines and NOFA
5. Draft Prohousing Designation Program Application
6. Draft Prohousing Incentive Pilot Program Application
7. Presentation