



City of Arts & Innovation

Housing and Homelessness Committee Memorandum

**TO: HOUSING AND HOMELESSNESS
COMMITTEE MEMBERS**

DATE: JANUARY 23, 2023

**FROM: COMMUNITY & ECONOMIC DEVELOPMENT
DEPARTMENT**

WARDS: ALL

**SUBJECT: CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
PROHOUSING DESIGNATION PROGRAM APPLICATION**

ISSUE

Request for support for an application to the California Department of Housing and Community Development's (HCD's) Prohousing Designation Program to facilitate a future application for HCD's new Prohousing Incentive Pilot Program grant.

RECOMMENDATIONS

Staff recommends that the LUC Committee:

1. Recommend that the City Council adopt a resolution authorizing the City's application for the California Department of Housing and Community Development's Prohousing Designation Program.

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 preference 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. HCD's PDP Frequently Asked Questions is included as Attachment 1.

The Western Riverside Council of Governments (WRCOG) was the recipient of \$1.7 million in funding through the Southern California Association of Governments (SCAG)'s Regional Early Action Planning (REAP) Subregional Partnership Program (SRP) (Attachment 2). The purpose of the SRP is to assist member jurisdictions with various programs and activities to accelerate housing production and facilitate implementation of each jurisdiction's 6th Cycle Regional Housing Needs Allocation (RHNA). In March of 2022, the City entered into an agreement with WRCOG to

participate in the REAP Local Staff Assistance Program wherein the City receives consulting services to assist with implementation of the 6th Cycle Housing Element, including assistance with preparing and submitting a PDP application (Attachment 3).

In December 2022, HCD launched the Prohousing Incentive Pilot Program (PIP). The PIP is funded by Senate Bill 2 with the intended purposes 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. In order to be eligible for the PIP, jurisdictions must apply for a Prohousing Designation by March 15, 2023. The final PIP program guidelines and Notice of Funding Availability are included as Attachment 4.

DISCUSSION:

Through the REAP Local Staff Assistance Program, the Advance Planning team has been working with WRCOG technical assistance consultant WSP to develop 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
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). A jurisdiction must be awarded a minimum of 30 points (out of a possible 60 points) to receive the Prohousing Designation.

In addition to the required minimum score, the governing body of the jurisdiction must adopt a Resolution authorizing the submittal of the PDP application. A sample resolution provided by HCD is included as Attachment 6. Staff recommend that the Committee recommend the Council adopt the resolution authorizing City staff to submit the PDP application.

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.

STRATEGIC PLAN ALIGNMENT

This item contributes to the following Envision Riverside 2025 **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 the following Cross-Cutting Threads:

1. **Community Trust** – The PDP Application will 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 Application will facilitate future applications for grant funding to support expanded housing opportunities for Riverside’s disadvantaged and underinvested populations.
3. **Fiscal Responsibility** – The PDP Application 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 Application 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 Application 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

There is no fiscal impact to the General Fund associated with this report.

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| 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 |

Attachments:

1. HCD Prohousing Designation Program – Frequently Asked Questions
2. SCAG REAP 1.0 Subregional Partnership Program Information Sheet
3. WRCOG Local Staff Assistance Program Agreement
4. PIP Final Program Guidelines and NOFA
5. HCD Prohousing Designation Program Application Form
6. Prouhousing Designation Program Sample Resolution
7. Presentation