



City of Arts & Innovation

Housing and Homelessness Committee Memorandum

TO: HOUSING AND HOMELESSNESS COMMITTEE

DATE: JULY 27, 2026

**FROM: COMMUNITY & ECONOMIC DEVELOPMENT
DEPARTMENT**

WARDS: ALL

SUBJECT: CALIFORNIA PROHOUSING DESIGNATION PROGRAM REAPPLICATION

ISSUE:

Consideration of whether to reapply for the California Department of Housing & Community Development Prohousing Designation Program.

RECOMMENDATIONS:

That the Housing and Homelessness Committee:

1. Receive an update on the Prohousing Designation Program; and
2. Provide direction as to whether the City should pursue renewal of its Prohousing Designation by January 2027.

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 the California Department of Housing and Community Development (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 types of housing. The original guidelines and application criteria for the PDP were established by HCD during the COVID-19 Pandemic and as such were preliminary in nature, with HCD's stated intent to issue permanent guidelines and scoring criteria at a later date.

In December 2022, HCD launched the Prohousing Incentive Pilot Program (PIP). The PIP is funded by Senate Bill 2 with the intended purpose of creating and conserving affordable housing. Cities with a Prohousing Designation are eligible for community development resources through the PIP Program, including access to \$25.7 million in additional funding for Prohousing cities to help accelerate housing production and preservation.

The City applied for its Prohousing Designation on March 13, 2023, and was awarded its Prohousing Designation on March 30, 2023 (Attachment 1). To-date, the City has received \$2.44 million in PIP funding as a result of its successful application for the PDP, which has assisted with the construction of 172 affordable housing units.

HCD issued permanent program guidelines and application scoring criteria for the PDP in January 2024 (Attachment 2). The current guidelines and criteria are more rigorous than the provisional criteria established during the Pandemic, in part because State housing law has become significantly more robust as new legislation has been passed. This is because policies that previously would have earned a jurisdiction points toward a PDP designation have been met or exceeded by the minimum requirements of State housing law.

On April 15, 2026, the City received notification from HCD that its PDP designation would expire by January 1, 2027 (Attachment 3).

DISCUSSION:

The PDP 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 nine and 14 prohousing policies are assigned one to three points depending on the impact of the policy in achieving the purposes of the category (Attachment 4). 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 have completed a preliminary assessment of the current PDP scoring criteria and estimate that the City's application could score up to 39 points before enhancement factors (Attachment 5). 16 points would come from criteria that the City is likely to meet with a high degree of confidence. The remaining 23 points would come from scoring criteria that may or may not be granted pending HCD review. If HCD determines the City's application does not merit enough points for re-designation with existing policies and programs alone, the program criteria allow points to be claimed for policies and programs planned to be implemented within a set timeframe, meaning the City could commit to enact new policies to achieve needed points.

Threshold requirements and next steps

In addition to the required minimum score, jurisdictions seeking a Prohousing Designation must demonstrate compliance with minimum threshold requirements including, but not limited to:

1. A certified Housing Element and completed Housing Element Rezoning Program;
2. Compliance with yearly Housing Element Annual Progress reporting;
3. Compliance with a variety of State housing laws; and
4. Demonstration that treatment of homeless encampments on public property complies with and will continue to comply with the constitutional rights of persons experiencing homelessness.

To demonstrate constitutional best practices for treatment of homeless encampments, jurisdictions may provide documentation that its practices are consistent with United States Interagency Council on Homelessness' "7 Principles for Addressing Encampments" (Attachment 6) which include the following:

1. Establish a Cross-Agency, Multi-Sector Response
2. Engage Encampment Residents to Develop Solutions
3. Conduct Comprehensive and Coordinated Outreach
4. Address Basic Needs and Provide Storage
5. Ensure Access to Shelter or Housing Options
6. Develop Pathways to Permanent Housing and Supports
7. Create a Plan for What Will Happen to Encampment Sites After Closure

Finally, jurisdictions seeking designation must provide evidence of a "diligent public participation process" documenting public engagement efforts in development of the application, and the governing body of the jurisdiction must adopt a formal resolution authorizing application to the program.

At the direction of the Committee, staff will commence efforts to reapply for the Prohousing Designation Program, including conducting public engagement and bringing a Resolution authorizing reapplication to the City Council for consideration. Staff will also consult with HCD on scoring criteria where additional guidance is necessary, with a goal of submitting a complete reapplication package before the January 2027 expiration of the City's current designation status. Alternatively, at the direction of the Committee, the City's designation may be allowed to lapse without reapplying to the program.

FISCAL IMPACT

There is no fiscal impact associated with this report. The City's Prohousing status has resulted in receipt of \$2.44 million in grants to support housing-related programs and activities that would have otherwise been unavailable.

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Certified as to
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Approved as to form: Rebecca McKee-Reimbold, Interim City Attorney

Attachments:

1. Prohousing Designation Award Letter – March 30, 2023
2. PDP and PIP Frequently Asked Questions
3. Prohousing Designation Expiration Reminder – April 15, 2026
4. PDP Application and Scoring Criteria
5. PDP Reapplication Eligibility Checklist
6. "7 Principles for Addressing Encampments" – June 17, 2022
7. Presentation