



SUBJECT

Public Hearing on the City of Hayward's Prohousing Designation Application.

RECOMMENDATION

That the Planning Commission hold a public hearing to accept public comments and provide feedback on the City's Prohousing Designation Application.

SUMMARY

The State of California established the Prohousing Designation Program to incentivize local governments to adopt policies to increase the development and availability of housing affordable to all income levels. Incentives associated with a Prohousing Designation include access to new funding sources and priority processing of funding points when applying to various state grants. Applying for and receiving this designation would make Hayward more competitive for state housing and grant funding.

On March 5, 2024, the Council adopted a Resolution authorizing application to and participation in the Prohousing Designation Program¹. To fulfil the requirements of the application, the City must engage in a diligent public participation process including holding this public hearing to allow stakeholders and the public an opportunity to comment on the application, which is the purpose of this public hearing.

BACKGROUND

The 2019-2020 Budget Act provided a spectrum of support, incentives, and accountability measures to meet California's housing goals, and provided for the establishment of the Prohousing Designation Program (Program). The purpose of the Program is to increase the availability of housing statewide by incentivizing local jurisdictions to adopt certain housing-supportive policies. Current incentives include access to the Prohousing Incentive Pilot Program Funding and priority processing of funding points when applying to the following state grant programs:

- Affordable Housing & Sustainable Communities (AHSC)
- Infill Infrastructure Grant (IIG)
- Transformative Climate Communities (TCC)
- Solutions for Congested Corridors
- Local Partnership Program
- Transit and Intercity Rail Capital Program (TIRCP)

¹March 5, 2024 City Council Meeting Agenda and Materials:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=6561055&GUID=9713977D-0817-407D-B833-172E058032C2&Options=&Search=>

On December 22, 2023, the City submitted a Prohousing Designation Program Application to the State Department of Housing and Community Development (HCD); however, on January 2, 2024, HCD adopted a permanent set of regulations for the Prohousing Designation Program which differed from the regulations under which Hayward's application was prepared. HCD was unable to approve the application prior to a newly adopted March 1, 2024, deadline therefore, the City must resubmit under the new regulations. The new regulations include two new requirements including a requirement that applicants conduct a diligent public participation process and that a jurisdiction provide a certification of compliance with constitutional rights of persons experiencing homelessness and enact best practices consistent with the United States Interagency Council on Homelessness' "7 Principles for Addressing Encampments" (June 17, 2022, update)².

On March 5, 2024, the City Council reauthorized application to the Prohousing Designation Program under the new regulations.³ On March 8, 2024, staff resubmitted the Prohousing Designation Program Application to the State despite not having clarity on the new requirements in an attempt to receive priority points on Affordable Housing & Sustainable Communities for the Parcel Group 8 affordable housing project. The City did not receive clarification in time to receive the priority points; however, the State is holding the application while the City completes the diligent public participation process. The Public Outreach section below describes the City efforts to meet the public participation requirements.

Public Outreach: Staff has informed community members about the opportunity to provide public comment on the Prohousing Application as follows:

- Published a public notice in the Daily Review on June 14, 2024.
- Published a Stack Article that is distributed to approximately 54,000 individuals.
- Sent email notification to the Housing Element interested parties' lists consisting of community and advocacy groups that represent lower-income and special needs groups, for-profit and non-profit developers, faith-based groups, schools, homeowner associations, neighborhood groups, mobile home park residents and owners and other individuals interested in housing issues.
- Created a webpage that contains information about the program, the Prohousing Designation Application and ways to provide feedback to Housing staff.

Interested parties are invited to provide feedback in the following ways:

- By attending or submitting comments to the June 20, 2024, Homelessness Housing Task Force meeting.
- By attending or submitting comments to the June 27, 2024, Planning Commission meeting.
- By submitting comments online through the project webpage.

² United States Interagency Council on Homelessness' "7 Principles for Addressing Encampments." <https://www.usich.gov/guidance-reports-data/federal-guidance-resources/7-principles-addressing-encampments>

³ March 5, 2024 City Council Meeting Agenda and Materials:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=6561055&GUID=9713977D-0817-407D-B833-172E058032C2&Options=&Search=>

The City will continue to receive comments on the Prohousing Application through July 15, 2024. If the application needs to be changed based on public feedback, a revised application will be available for review for an additional seven days beyond that July 15 date and notice will be sent to all interested parties and those who requested notification.

STAFF ANALYSIS

Staff believes that the City meets the minimum qualifications to receive the Prohousing Designation based on the updated application requirements. The minimum requirements to qualify for a Prohousing Designation⁴ include:

- Compliant Housing Element and Annual Progress Reports,
- Completion of all required rezoning programs outlined in the Housing Element,
- Compliant with all housing laws, and
- Compliant with constitutional rights of persons experiencing homelessness and enact best practices consistent with the United States Interagency Council on Homelessness' *"7 Principles for Addressing Encampments"* (June 17, 2022, update)

In addition to meeting the minimum requirements listed above, HCD awards Prohousing Designation to jurisdictions with adopted and planned policies that:

- Create housing favorable zoning and land use policies,
- Accelerate housing production timeframes,
- Reduce construction and development costs, and
- Provide housing financial subsidies.

Each prohousing policy identified in the application receives a point allocation. Applications must score at least 30 points to earn the prohousing designation. Additionally, at least two enacted policies must be included, and the applicant must certify that each proposed policy will be enacted within two years from the date of the application. As of the date of this report, there are 47 jurisdictions that have received the Prohousing Designation.

It is important to note that HCD may revoke a jurisdiction's Prohousing Designation for failure to stay in compliance with threshold requirements outlined above.

Application Summary

Staff believes the City exceeds the application requirements for prohousing policies by scoring a total of 44 points on the draft Application, where a minimum of 30 points is required (Attachment II). The City's application indicates that the City has 22 enacted policies and three proposed policies that fall under the Prohousing Designation. The three proposed policies included in the application are policies and programs identified in the City's Housing Element. As described in detail in Attachment II, the City's existing and proposed policies meet the Prohousing Designation by:

⁴ State Department of Housing and Community Development Prohousing Designation Program. <https://www.hcd.ca.gov/planning-and-community-development/prohousing-designation-program>

Creating housing favorable zoning and land use policies: Staff identified six policies that create favorable zoning. All the policies included have been adopted. Examples of adopted policies include replacement of Single-Family Residential Districts with Low-Density Residential Districts, allowing detached residential duplexes and triplexes as permitted uses based on General Plan land use densities; allowing additional density, incentives and concessions beyond that required per State Density Bonus Law; and allowing residential and mixed used development within all commercial land use designations and zoning districts. Staff anticipates receiving 17 points in this category.

Accelerating housing production timeframes: Staff identified five policies that accelerate housing production timeframes. All of the policies included have been adopted. Such policies include staff level approval of Site Plan Review applications for projects that are consistent with Zoning and General Plan when no Tentative Map approval is required; implementation of a new ePermit system streamlining submittal and review processes; and, offering a free Conceptual Development Review to all applicants prior to submittal of a development permit application in order to understand City's requirements and potential conditions of approval. Staff anticipates receiving eight points in this category.

Reducing construction and development costs: Staff identified six policies that reduce construction and development costs. Four of the six policies are enacted. The two proposed policies include reduction of barriers for property owners to build Accessory Dwelling Units and Development of Universal Design Guidelines. Examples of enacted policies include exemptions or reductions of impact fees for affordable housing, and permitting lower cost innovative housing types, such as mobile homes, manufactured homes and tiny homes with proportionate fee requirements. Staff anticipates receiving nine points in this category.

Providing housing financial subsidies: Staff identified seven policies that provide housing financial subsidies. Six of the seven policies have been enacted. The proposed policy provides rental subsidies for an approved Tiny Home project to cover operating expenses, including supportive services. Enacted policies describe the various funding sources that support the development of permanent or temporary housing, provided rental assistance, and/or provided displacement protections. Staff anticipates receiving ten points in this category.


NEXT STEPS

Following this public hearing, staff may revise the Prohousing Designation application based on Commission, stakeholder and public feedback. If amended, the Prohousing Designation application will be posted on the project webpage for seven days for public review and comment. Once the public engagement component is complete, staff will finalize the application and submit to HCD for review. HCD will have 60 days to review and provide feedback or approve the City's Prohousing Designation application.

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