



DATE: July 8, 2024

TO: Homeless-Housing Task Force

FROM: Acting Assistant City Manager

SUBJECT: Community Feedback on Prohousing Designation Application

RECOMMENDATION

That the Homelessness-Housing Task Force review the Prohousing Designation Application to Solicit Feedback from the Task Force Members and Stakeholders.

SUMMARY

The State of California established the Prohousing Designation Program to incentivize local policies that would increase the availability of housing statewide. Staff have determined that the City would likely meet the minimum qualifications to receive the Prohousing Designation and that it would be beneficial for the City. On March 5, 2024, Council adopted a resolution authorizing application to and participation in the Prohousing Designation Program.¹ To fulfil the requirements of the application, the City must engage in a diligent public participation process to allow stakeholders the opportunity to comment on the application.

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 to better the quality of life of all Californians and to end homelessness by providing incentives to cities and counties in the form of additional points or other preferences in the scoring of competitive housing, community development, and infrastructure programs. 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)

¹ 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=>

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

On December 22, 2023, the City submitted the Prohousing Designation Program Application. However, on January 2, 2024, the permanent regulations for the Prohousing Designation Program were approved. While the City submitted its Prohousing Designation Application prior to the effective date, the state was unable to approve the application prior to the March 1, 2024 deadline; therefore, the City must resubmit under the new regulations. On March 5, 2024, City Council reauthorized application to the Prohousing Designation Program 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, 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 requirement 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 within enough time to receive the priority points; however, the state is holding the application while the City completes the diligent public participation process. The Public Contact Section below describes the efforts the City is undertaking to complete the public participation requirements.

DISCUSSION

Program Summary

Staff have determined that the City will likely meet the minimum qualifications to receive the Prohousing Designation and that it would be beneficial for the City to apply.⁴ The minimum requirements include:

- Compliant housing element and annual progress reports

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=>

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

- All required rezones complete
- Jurisdiction compliant with all housing laws
- 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)

The State can revoke for failure to stay in compliance with threshold requirements.

Having the Prohousing Designation would increase competitiveness for the state funding opportunities listed above. The designation would give the City access to housing funding that is limited to Prohousing designated jurisdictions (the Prohousing Incentive Pilot Program). Lastly, it would give the City the opportunity to highlight all the Prohousing policies that it currently has in place and plans to implement within the next two years.

In addition to meeting the minimum requirements, the State awards Prohousing Designation to jurisdictions that have policies that:

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

Each prohousing policy identified in an application shall receive 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.

Application Summary

Staff believe the City meets the threshold requirements and exceeds the requirements for prohousing policies scoring a total of 44 points. The City's application consists of 22 enacted policies and only 3 proposed policies. The proposed policies are consistent with policies and programs identified in the City's Housing Element.

Create housing favorable zoning and land use policies: Staff have identified six policies that create favorable zoning. All of the policies included have been adopted. Examples of the adopted policies include replacement of Single-Family Residential Districts with Low-Density Residential Districts, where detached residential duplexes and triplexes are permitted, going above and beyond state Density Bonus, and allowing residential and mixed used development on all commercial land use designations and zoning districts. Staff anticipate receiving 17 points in this category.

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Accelerate housing production timeframes: Staff have identified five policies that accelerate housing production timeframes. All of the policies included have been adopted. Examples of

the adopted 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, and offering Conceptual Development Review to all applicants for free during the first review of development proposals. Staff anticipate receiving eight points in this category.

Reduce construction and development costs: Staff have 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 enacted policies include exemption or reduction of impact fees for affordable housing, permitting lower cost innovative housing types such as mobile homes, manufactured homes and tiny homes. Staff anticipate receiving nine points in this category.

Provide housing financial subsidies: Staff have identified seven provide housing financial subsidies. Six of the seven policies are enacted. The proposed policy proposes providing rental subsidy to the Tiny Home Project to cover the operating expenses including permanent supportive services. Enacted policies describe the various funding sources that support the development of permanent or temporary housing, provide rental assistance, or provided displacement protections. Staff anticipate receiving ten points in this category.

The full application is included in Attachment II.

FISCAL IMPACT

There is no fiscal impact associated with this agenda item.

STRATEGIC INITIATIVES

This agenda item supports the Strategic Priority of Preserve, Protect & Produce Housing. This item is not specifically related to a project identified in the Strategic Roadmap. Staff are bringing forth this new item because it will improve competitiveness for some state housing grants for projects located in the City of Hayward. Staff will include this item in the next bi-annual update to Council on the Strategic Roadmap.

PUBLIC CONTACT

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 previously had the opportunity to provide feedback at the June 27, 2024 Planning Commission; however, they may also provide feedback in the following ways:

- By attending or submitting comments to the July 8, 2024, Homelessness Housing Task Force meeting;
- By submitting comments online through the project webpage.

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

NEXT STEPS

Staff will review and consider all feedback. If based on the feedback, it is determined that we must revise the application, the application will be posted for an additional seven days for comment. Once the public engagement is complete, staff will finalize the application and HCD will have 60 days to review and provide feedback.

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Approved by:



Dustin Claussen, Interim City Manager