



COUNCIL REPORT

DATE: February 14, 2023
CATEGORY: Consent
DEPT.: Community Development
TITLE: **Application for State’s Prohousing Incentive Pilot Program**

RECOMMENDATION

Adopt a Resolution of the City Council of the City of Mountain View Authorizing Application to the Prohousing Incentive Pilot Program and Certifying to the California Department of Housing and Community Development Compliance with the Prohousing Incentive Pilot Program Requirements and Authorizing the City Manager or Designee to Execute a Grant Agreement if Awarded, to be read in title only, further reading waived (Attachment 1 to the Council report).

BACKGROUND

In 2019, Assembly Bill 101 (AB 101) established the Prohousing Designation Program administered by the California Department of Housing and Community Development (HCD). The Program is noncompetitive and requires jurisdictions to be compliant with State housing laws and Housing Element requirements and to have enacted or propose to enact Prohousing local policies. At the December 6, 2022 meeting, Council directed staff to apply for the Prohousing designation.

On December 15, 2022, HCD released a Notice of Funding Availability for the Prohousing Incentive Pilot (PIP) Program. The PIP Program complements the Prohousing Designation Program and is designed to encourage cities and counties to obtain a Prohousing designation. The deadline to apply for the PIP program is March 15, 2023, and jurisdictions must receive a Prohousing designation by March 30 to be eligible for the PIP program. After March 30, the HCD will rank applicants that meet threshold requirements according to their Prohousing Designation score, as determined by the HCD.

The PIP program application must be accompanied by an authorizing resolution adopted by the City Council (Attachment 1). In addition, prior to the award of funds, the City must have adopted a compliant Housing Element, submitted a legally sufficient Annual Progress Report (tentatively scheduled for Council review on March 14, 2023), received a Prohousing Designation, and must be in compliance with applicable State and Federal housing laws. Staff anticipates submitting the

Prohousing designation application to the HCD for an initial review in late February to be eligible to receive the designation and selected for the PIP program after the Housing Element is adopted.

In September 2017, the California Legislature approved Senate Bill 2 (SB 2), known as the Building Homes and Jobs Act, which established a \$75 recording fee on most real estate documents. The revenues generated from the fee would fund various housing programs meant to increase the supply of affordable housing. One of the programs established by SB 2 and funded by 5% of annual collections is the PIP program. Approximately \$25.7 million is available in funding for this round, and awards can be used towards planning and implementation activities related to housing and community development.

Eligible applicants will receive an award based on jurisdiction size (\$500,000 for jurisdictions with a population of 50,000 to 99,999 persons). In addition, applicants are eligible for a bonus award of up to \$500,000. The bonus award amount will be calculated by multiplying the applicant's Prohousing designation score by 10,000. For example, an applicant with a Prohousing designation score of 35 points may receive up to a \$350,000 bonus award in addition to the initial award.

ANALYSIS

The PIP Program assists local governments in addressing their housing needs by providing financial assistance for eligible housing-related projects and programs (see Attachment 2—List of Eligible Activities per PIP Program Guidelines). These are similar to the eligible activities under the Permanent Local Housing Allocation program, which Council has previously authorized staff to apply for at the October 25, 2022 Council meeting. Staff will apply for the PIP funds to be used similarly.

A compliant Housing Element is required in order to receive a Prohousing designation, and staff recognizes that there is a chance that Mountain View may not have an adopted Housing Element for the Sixth Cycle in advance of the March 30 deadline for the PIP Program. However, staff recommends that Council authorize this application at this time. This will allow for staff to expediently submit this application when the City is eligible to do so as the PIP Notice of Funding Availability indicates that HCD will consider applications that receive the Prohousing designation after the deadline if there are additional funds available.

As only a handful of jurisdictions have received the Prohousing designation, submitting the Prohousing designation application for an initial review and applying for the PIP program would enable the City to be eligible to receive the Prohousing designation certification and be on the list of ranked applicants that meet threshold requirements for funding from the PIP program after the City's Housing Element is adopted and in compliance.

FISCAL IMPACT

If approved by the State, the City would be eligible to receive a minimum award of \$500,000 and up to \$1 million, if the bonus award amount is authorized based on the final Prohousing Designation score. The funding would supplement City funding for programs and initiatives related to the 2022-2027 Strategic Plan, the City's Housing Element, and the City's Federal Consolidated Plan.

ALTERNATIVES

1. Do not adopt a resolution authorizing the City to apply for the Prohousing Incentive Pilot Program, which results in no application being submitted.
2. Provide other direction to staff.

PUBLIC NOTICING

The meeting agenda and Council report have been posted on the City's website and announced on Channel 26 cable television.

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HR-MHT/1/CAM
846-02-14-23CR
202753

- Attachments:
1. Resolution Authorizing Prohousing Incentive Pilot Program Application
 2. List of Eligible Activities per PIP Program Guidelines