



# COUNCIL REPORT

**DATE:** December 6, 2022

**CATEGORY:** Consent

**DEPT.:** Community Development

**TITLE:** **Application for State's Prohousing Designation Program**

## **RECOMMENDATION**

Adopt a Resolution of the City Council of the City of Mountain View Authorizing Application to and Participation in the Prohousing Designation Program, to be read in title only, further reading waived (Attachment 1 to the Council report).

## **BACKGROUND**

In 2019, Assembly Bill (AB) 101 established the Prohousing Designation Program (Program) administered by the California Department of Housing and Community Development (HCD). Cities may apply to receive the designation, which, if awarded, allows them to be more competitive for important State housing and infrastructure funding. The Program itself is noncompetitive and requires jurisdictions to be compliant with housing laws, Housing Element requirements, and to have enacted or to have proposed enacting Prohousing local policies. At the March 8, 2022 Study Session for the Housing Element Update, Council directed staff to explore application for the Prohousing designation.

HCD is accepting applications on a rolling basis (with no deadline, currently) following the adoption of the Program's Emergency Regulations on June 30, 2021. Jurisdictions awarded a Prohousing Designation will receive a competitive advantage, such as priority processing or funding points for State affordable housing and infrastructure grant programs, including:

- Affordable Housing and Sustainable Communities Program
- Transformative Climate Communities
- Infill Infrastructure Grant
- Transit and Intercity Rail Capital Program

Other programs may be added to the list after HCD engages with stakeholders and partner agencies on adding Prohousing points to other housing and nonhousing programs. The permanent Program regulations are currently being finalized.

To receive the Prohousing designation, jurisdictions must earn a minimum of 30 points across four scoring categories. These policies include particular zoning codes, streamlined permitting and review timelines, fee reductions, and financial subsidies that incentivize housing development. The application must be accompanied by an authorizing resolution adopted by the City Council (Attachment 1). In addition, at the time of application or prior to designation, the City must have adopted a compliant Housing Element, submitted a legally sufficient Annual Progress Report, and must be in compliance with applicable State housing laws.

Based on Council direction, staff has been evaluating the Program requirements and putting together the application. This designation will help the City be more competitive for funding, which is very important given our extensive affordable housing pipeline, which will require much more funding than is projected to be available, as noted in the August 30 Affordable Housing Study Session.

## **ANALYSIS**

The Prohousing Designation Program is designed to recognize jurisdictions that have enacted or proposed policies that accelerate housing development and are in alignment with broader State goals. It is a three-pronged application, and the requirements are summarized in Table 1 below. The table also includes staff's preliminary assessment that the City meets the requirements, subject to final evaluation and HCD review/comments.

**Table 1: Summary of Application Requirements for Prohousing Designation Program**

<b>Requirements</b>	<b>Criteria/Thresholds</b>	<b>Preliminary Assessment</b>
Compliance with State laws: <ul style="list-style-type: none"> <li>• Housing Element Law</li> <li>• No Net Loss Law</li> <li>• Housing Accountability Act</li> <li>• Density Bonus Law</li> <li>• Housing Crisis Act</li> <li>• Fair Housing</li> </ul>	City must be in compliance with all of these laws	The City is in compliance with the specified State Laws

Requirements	Criteria/Thresholds	Preliminary Assessment
Compliant Housing Element and Annual Progress Reports	In Compliance and Annual Progress Report submitted for this year	<p>The City is in compliance with its current Housing Element and is updating the Housing Element for the next cycle of 2023 through 2031. Cities in the Bay Area will be considered to be out of compliance between January 31, 2023 and until compliant Housing Elements are adopted. Planning staff sent the second draft of the Housing Element to HCD in mid-November and will work with HCD to ensure a speedy review and adoption. The Housing Element Update is scheduled to go to Council for review on December 13, 2022.</p> <p>See discussion later in the staff reports for next steps related to the prohousing application..</p>
<p>Application with points from the following categories:</p> <ul style="list-style-type: none"> <li>• Favorable Zoning and Land Use</li> <li>• Acceleration of housing production time frames</li> <li>• Reduction of construction and development cost</li> <li>• Providing financial subsidies</li> </ul>	Minimum of 30 points cumulatively achieved through existing and proposed local policies across the four categories (must have points in each category).	The City meets the 30-point threshold and has existing and proposed policies in each of the four categories. Final score is subject to HCD review upon submittal of application.

Regarding the four scoring categories in the third requirement listed above, applications are awarded points based on the jurisdiction's existing and proposed policies that will increase housing production and proposed policies must be enacted within two years of submitting the application. Staff conducted an assessment of the City's existing and proposed policies with reference to the Prohousing application. The City has been proactive in adopting many zoning, land use, and housing policies that exceed State law in increasing housing production. The City's existing Prohousing policies include the following:

- 15% Below Market Rate inclusionary housing
- Higher-density bonus programs and no minimum parking requirements for North Bayshore and East Whisman Precise Plans
- Rezoning nonresidential zones to include residential and mixed-uses
- Streamlined permit processes with Zoning Administrator review and decision on applications
- Allocation of Commercial Impact Fee towards 100% affordable housing developments

In addition to these existing policies, the City has several proposed policies that are considered Prohousing and are included in the Draft 2023-2031 Housing Element. Staff's preliminary assessment is that the City's existing policies meet the 30-point threshold requirement, and the proposed policies would exceed the application's 30-point threshold requirement (see Attachment 2).

As the City continues to work on planned infrastructure and sustainability projects and with developers of projects in the affordable housing pipeline to leverage funding resources, the Prohousing Designation would assist in making the City more competitive for State funding.

Next steps include finalizing the City's application upon adoption of the resolution. Staff will coordinate with HCD to determine optimal submittal timing either before or after the City submits a Housing Element to HCD.

### **FISCAL IMPACT**

Applying for and receiving the Prohousing Designation will have no fiscal impact on the City's General Fund. Staff will continue to evaluate the affordable housing projects pipeline for eligibility to apply to the State's affordable housing and infrastructure grant programs specified above and supplement existing funds. Receiving the Prohousing designation would make the City's applications competitive through priority processing or receiving additional funding points.

**ALTERNATIVES**

1. Do not adopt a resolution authorizing the City to apply for the Prohousing Designation Program.
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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- Attachments:
1. Resolution Authorizing the Application to the Prohousing Designation Program
  2. Prohousing Application Categories Criteria Applicable to City