



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: RES 23-039, **Version:** 1

It is recommended that the Board of Supervisors adopt a Resolution:

- a. authorizing staff to apply to the Prohousing Incentive Pilot (PIP) Program administered by the California Department of Housing and Community Development; and
- b. authorizing the Housing and Community Development Director or designee to accept PIP Program funds, if awarded, and execute all required Agreements and related documents necessary to implement the program; and
- c. finding that these actions are either not a “project” as defined by the California Environmental Quality Act (CEQA) or, if they are viewed as a project, are exempt from CEQA under the “common sense” exemption.

RECOMMENDATION:

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SUMMARY:

On December 15, 2022, the California Department of Housing and Community Development (CA HCD) released a Notice of Funding Availability and application for its new Prohousing Incentive Pilot (PIP) Program to support the creation and preservation of affordable housing. The PIP Program intends to increase participation in CA HCD’s Prohousing Designation Program by pairing the designation with a significant award grant to eligible jurisdictions based upon a regional geographic categorization and a jurisdiction’s Prohousing Designation Program (PDP) Application score. Staff will be applying by March 30, 2023 and is hopeful that it will be awarded a Prohousing Designation. Currently the approval score for the PDP is unknown, but the minimum score to qualify for the PDP is 30 points. As such, staff only anticipates an award of up to \$1,450,000 related to the PIP Program, which is the base award amount plus the bonus award of \$10,000 per point score.

CA HCD’s PDP originates from the 2019-2020 Budget Act under Assembly Bill 101 (Housing Development and Financing.) In response to calls for immediate action to address the State’s housing crisis, the legislature tasked CA HCD with establishing and administering a PDP to enable jurisdictions that have adopted local measures, programs, and incentives that go beyond existing state law to encourage and facilitate the development of housing within their jurisdiction. PDP designation would serve as an important tool to attract and encourage housing development within the County and provide the County with a competitive advantage in seeking and securing additional housing production-related funding such as the PIP Program. On March 21, 2023, the Board of Supervisors will consider a Resolution approving the submission of a PDP application to CA HCD to allow CA HCD to establish a PDP designation for use in evaluating the County’s PIP application.

DISCUSSION:

CA HCD has established a March 15, 2023 deadline for the submission of a PIP Program application. In recognition of the concurrent PDP application deadline of March 30, 2023 and the impacts of its resulting score on a potential PIP award amount, HCD has encouraged jurisdictions to submit both applications and to continue to work with HCD staff to finetune the PDP application to allow for the attainment of maximum points and maximization of awarded PIP funding.

Staff is actively working on supportive documentation for the PDP application. This is an important incentive, as a higher PDP application score directly correlates to a larger PIP Program fund award. Based upon its regional geographic categorization and population, the County would be eligible for a baseline PIP award of \$1,150,000 and an additional \$10,000 for each point awarded under its PDP applications or \$300,000 of bonus award for the total of \$1,450,000.

PIP Program awards may fund the following eligible activities:

- The predevelopment, development, acquisition, rehabilitation, and preservation of multifamily, residential live-work, rental housing that is affordable to extremely low-, very low-, low-, and moderate-income households, including necessary operating subsidies.
- Affordable rental and ownership housing that meets the needs of a growing workforce earning up to 120 percent of area median income, or 150 percent of area median income in high-cost areas.
- Matching portions of funds placed into local or regional housing trust funds.
- Matching portions of funds available through the Low- and Moderate-Income Housing Asset Fund pursuant to subdivision (d) of Section 34176 of the Health and Safety Code.
- Capitalized reserves for services connected to the creation of new permanent supportive housing, including, but not limited to, developments funded through the Veterans Housing and Homelessness Prevention Bond Act of 2014.
- Assisting persons who are experiencing or at risk of homelessness, including providing rapid rehousing, rental assistance, navigation centers, emergency shelters, and the new construction, rehabilitation, and preservation of permanent and transitional housing.
- Accessibility modifications. • Efforts to acquire and rehabilitate foreclosed or vacant homes. • Homeownership opportunities, including, but not limited to, down payment assistance.
- Fiscal incentives or matching funds to local agencies that approve new housing for extremely low, very low, low-, and moderate-income households.

If designated and awarded, the County intends to allocate \$1,450,000 of its awarded funds towards assisting persons who are experiencing or at risk of homelessness, including providing rapid rehousing, rental assistance, navigation centers, emergency shelters, and the new construction, rehabilitation, and preservation of permanent and transitional housing.

OTHER AGENCY INVOLVEMENT:

The Office of County Counsel will review future agreements with CA HCD.

FINANCING:

There is no financial impact to the General Fund to consider and direct staff to apply to CA HCD for PIP Program funds. HCD staff time to prepare this report and the application is funded as part of the Fiscal Year 2022-23 Adopted Budget. Upon award, staff would return to the Budget Committee and Board of Supervisors with a request to increase appropriations and estimated revenues.

ENVIRONMENTAL REVIEW:

Staff has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines section 15378) because it does not have the potential to cause either a direct or reasonably foreseeable indirect physical change to the environment. Additionally, staff has determined that, even were the proposed actions to be seen as a project, they would be exempt under the “common sense exemption” set forth in CEQA Guidelines section 15061(b)(3), because, “ “[i]t can be seen with certainty that there is no possibility that the activit[ies] in question may have a significant effect on the environment.” Regardless, any subsequent discretionary projects resulting from this action will be separately assessed for CEQA applicability.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Authorizing County staff to file the PIP application and accept the award supports the Board of Supervisors’ Strategic Initiatives for Health and Human Service by assisting those unsheltered.

Mark a check to the related Board of Supervisors Strategic Initiatives

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

Prepared and Approved by: Erik Lundquist AICP, Housing and Community Development Director, x5154

The following attachments are on file with the Clerk of the Board:

Attachment A - Draft Resolution

Attachment B - Draft PIP Application

Attachment C - Prohousing Incentive Pilot Program Notice of Funding Availability and Guidelines

Attachment D - California Standard Agreement STD 213