



SUMMARY REPORT

Agenda Date: 9/27/2022

To: Sonoma County Board of Supervisors and Community Development Commission Board of Commissioners
Department or Agency Name(s): Community Development Commission, Permit and Resource Management, Economic Development Board

Staff Name and Phone Number: Dave Kiff, (707) 565-7504; Ethan Brown, (707) 565-7589; Tennis Wick, (707) 565-1925

Vote Requirement: Majority

Supervisorial District(s): Countywide

Title:

Agreement with Generation Housing for Prohousing Designation (PHD) Advocacy and Technical Assistance

Recommended Action:

Authorize the Interim Executive Director of the Community Development Commission, or designee, to enter into a professional services agreement of an amount not to exceed \$375,000 for a 12-month period with Generation Housing for services relating to advocacy and technical assistance for the County and area municipalities to achieve a Prohousing Designation (PHD) by the California Department of Housing and Community Development (HCD).

Executive Summary:

Approval of this agenda item will authorize a contract with Generation Housing to encourage and assist Sonoma County cities (as well as County government) in applying for and attaining the California Department of Housing and Community Development's (HCD) "Prohousing" Designation ("PHD"). The contract is for \$375,000 and would be for 12 months. The County has already taken steps to secure PHD, and other cities are beginning similar steps.

Discussion:

Sonoma County's ongoing housing crisis - including the lack of available units at all affordability levels - impacts how we as a region address homelessness, our ability to have housing for essential workers and their families, and to retain a skilled workforce. While progress has been made, more can be done to eliminate barriers to approving more housing - such as "by right" approvals, funding sources like Housing Trust funds, and more.

To that end, within the State's 2019-2020 budget approvals, AB 101 was included to "task HCD with designating jurisdictions as "prohousing" when they demonstrate policies and strategies to accelerate housing production. In turn, prohousing jurisdictions will be awarded additional points or preference in grant programs, such as the Affordable Housing and Sustainable Communities, Transformative Climate Communities, and Infill Incentive Grant programs." (CSAC, July 2021). HCD's Prohousing Designation Program is set up to incentivize local governments to be more "prohousing" to "facilitate the planning, approval, or construction of housing" across the income spectrum.

Essentially, the designation asks local governments to adopt policies and procedures that:

- Establish plans to manage local financial incentives for housing, like a local housing trust fund;
- Reduce parking requirements for residentially zoned development sites;
- Grant “use by right” zoning for residential and mixed-use development;
- Adopt zoning activities to help meet or exceed the existing RHNA minimum requirements for the current Housing Element cycle;
- Establish policies and procedures that encourage the use and development of accessory dwelling units (ADUs) as it pertains to furthering affordable housing efforts;
- Streamline permit processing;
- Establish objective development standards;
- Pursue activities that result in the reduction of development impact fees; and
- Establish a Workforce Housing Opportunity Zone a housing sustainability district.

PHD provides incentives to designees in the form of additional points or other preferences when it comes to point scoring of grants and other funds regarding competitive housing, community development, and infrastructure programs.

The grants include, but are not limited to:

- [Affordable Housing and Sustainable Communities \(AHSC\) <https://www.hcd.ca.gov/affordable-housing-and-sustainable-communities/>](https://www.hcd.ca.gov/affordable-housing-and-sustainable-communities/),
- [Transformative Climate Communities \(TCC\) <https://sgc.ca.gov/programs/tcc/>](https://sgc.ca.gov/programs/tcc/),
- [Infill Incentive Grant \(IIG\) programs <https://www.hcd.ca.gov/infill-infrastructure-grant/>](https://www.hcd.ca.gov/infill-infrastructure-grant/), and
- [Transit and Intercity Rail Capital Program \(TIRCP\) <https://calsta.ca.gov/subject-areas/transit-intercity-rail-capital-prog/>](https://calsta.ca.gov/subject-areas/transit-intercity-rail-capital-prog/)

Other programs may be added to the list after HCD engages with stakeholders and partner agencies on adding prohousing points to other housing and non-housing programs.

Of the grants above, the CDC alone has been able to access the ASHC and IIG grants - but these are competitive and additional scoring would help access more of these funds in this regard, including for projects like Roseland’s proposed affordable and market-rate housing and infrastructure.

HCD officials have described the prohousing designation as a key to unlocking “hundreds of millions of dollars in affordable housing development grants available from HCD,” giving jurisdictions a leading edge for grant opportunities. HCD and others assist with application processing and makes the process fairly locality-centric via the point system. To be eligible, jurisdictions must score at least 1 point in 4 categories:

- Zoning and land use,
- Accelerating production time frames,
- Reducing construction and development costs, and
- Providing financial subsidies

A score of 138 is the highest point total possible, but only 30 points are required to earn the designation. Policies can be a mix of enacted and proposed. The flexibility allows jurisdictions to self-attest which policies they want to put up for HCD’s consideration. Jurisdictions may get credit for policies that eliminate or reduce parking requirements, permit missing middle housing uses, and reduce transportation-related infrastructure costs, to name a few.

Table 1 shows the California jurisdictions who have attained or may soon attain the HCD prohousing

designation as of June 28, 2022.

Table 1 - Jurisdictions Pursuing Prohousing Designation

Jurisdiction	County	Status
City of Sacramento	Sacramento	Awarded 2-10-2022
LA County	LA	Pending applicant revision
Tulare County	Tulare	Pending applicant revision
City of Roseville	Placer	Pending executive approval
City of West Sacramento	Yolo	In review
City of Citrus Heights	Sacramento	Pending applicant revision
San Mateo County	San Mateo	Pending applicant revision
San Diego County	San Diego	Pending applicant revision
City of El Cerrito	Alameda	Pending applicant revision
City of Oakland	Alameda	Pending applicant revision
Sacramento County	Sacramento	Application assigned
City of Los Angeles	LA	Application assigned

About Generation Housing. As the Board is aware, the Board preliminarily assigned \$375,000 in discretionary funds to assist the County and interested Sonoma County cities to help increase the number of housing units constructed and the units' construction pacing. In the past, the Board has utilized Generation Housing, a local agency that is a 501(c)(3) under the auspices of the Tides Foundation, to assist in advocating for more housing in Sonoma County. Generation Housing began after the 2017 wildfires reduced local housing stock and reaffirmed the need for additional housing units as well as more housing resiliency. In the case of this agreement, staff has proposed using Generation Housing via a sole source to perform these services because in this case the circumstances require a local or specialized service provider. Indeed, the local knowledge, past research, and relationships that Generation Housing has built over the years make it uniquely situated to perform these services.

Generation Housing's January 2022 [report <https://generationhousing.org/wp-content/uploads/2022/02/2022_Feb_SOH_Sonoma-County.pdf>](https://generationhousing.org/wp-content/uploads/2022/02/2022_Feb_SOH_Sonoma-County.pdf) "State of Housing in Sonoma County," which was funded in part by district grants from Districts 1, 2, and 5, included these findings:

- Employees in occupations with lower wages struggle to find housing on the market with many who need affordable rental housing at or below \$1,000 a month; overall median asking rents are double that rate.
- Black and Latino homeownership rates are significantly lower than white households at 33% and 39%, respectively.
- Rent burden is felt most acutely by lower income households; 50% to 80% of low to extremely low-income renters experienced moderate rent burden.
- The percentage of children living in crowded housing conditions in Sonoma County has been less than the State average, but our numbers have risen steadily since 2010 at a faster pace than the state average. In 2010, the State average was 27% of children aged 0-17 living in crowded conditions, while Sonoma County was 18.8%. In 2018, the State average was 27.7%,

and Sonoma County had risen to 23.5%.

- From 2014 to 2019, the rental vacancy rates dropped statewide and locally. Sonoma County's rate decreased from 4.6% to 2.9%.
- Sonoma County's rental vacancy rate declined at a greater pace than California's during that time.
- Nearly every city in the county will need to build significantly more housing at all income levels by 2031.
- Cities like Petaluma, Rohnert Park, Windsor, and Healdsburg's Regional Housing Needs Allocation (RHNA) housing goals have nearly or more than doubled in the upcoming 8-year cycle from 2023 to 2031.
- Most cities in Sonoma County remain short on achieving their affordable housing goals, although time remains in the current cycle for cities to achieve their goals.
- Unincorporated Sonoma County has performed the strongest with respect to its RHNA goals. For example, its low-income target is 37 units for the entire cycle but has 283 units to date (765%).
- Sonoma County has an average of 2.7 low-wage jobs for every affordable home.
- Sonoma and Sebastopol have more than 5 low-wage jobs for every affordable home, indicating that more affordable homes are desperately needed in these 2 cities to meet the need of lower income households.

To improve on these metrics, Generation Housing submitted a request for funding through the County's APRA process in April 2022. That request was not funded at that time. However, the Board of Supervisors set aside \$375,000 of funding during the FY2022-23 Budget Hearings to support efforts (via both advocacy and technical assistance) with area cities and the County in attaining PHD.

Aligned Work. The [Napa Sonoma Collaborative <https://nsc-housing.org/>](https://nsc-housing.org/) (NSC) "is a shared effort among the region's jurisdictions to help address the region's housing challenges. The jurisdictions, by working together collaboratively, save money, time, and resources by sharing information and capacity. The goal is to maintain and facilitate relationships with non-profits, affordable housing advocates, and key governmental organizations." Members of the NSC include the Sonoma County cities of Cloverdale, Cotati, Healdsburg, Petaluma, Rohnert Park, Santa Rosa, Sebastopol, Sonoma, and the Town of Windsor (as well as the County of Sonoma).

The NSC is also assisting with prohousing designations across Sonoma and Napa counties, with the scope of services focusing on:

- One informational presentation to local elected body on Certification; and
- A preliminary review of a jurisdiction's current standing for a successful application.

The NSC work is conducted in part under contract with 4LEAF, a private sector consulting firm that works with local governments on planning, public works, and other projects.

Here, with the County of Sonoma, Permit Sonoma staff has completed a preliminary review of prohousing designation requirements. Permit Sonoma staff, working with the NSC, expects to submit the County's prohousing designation application to HCD by the end of October 2022.

Scope. The Generation Housing Agreement's scope of services (Attachment 1) will be participatory with the NSC but that could provide greater levels of support and advocacy than envisioned with the NSC scope.

The proposed agreement's scope includes, but is not limited to:

- Working on PHD roadmaps for the County as well as the cities (Santa Rosa, Rohnert Park, and Healdsburg);
- Working with 4LEAF/NSC to complete final evaluations of scoring on the PHD scale;
- Developing prohousing policies for participant cities designed primarily to increase the production of housing; and
- Coordinating community engagement relating to model policies, including engagement of the Latino community.

County staff also looked at possible advantages for the County government and its housing programs via this contract and via having all or many of Sonoma County's cities secure the prohousing designation. We have included some of these incentives and advantages in the Agreement as goals, expectations, and ways to measure performance. These include:

- A stated goal to have **3 of the region's 9 cities** and the County government secure prohousing status at the conclusion of the Agreement. Some of Sonoma County's cities are working on this effort now (including Santa Rosa, Rohnert Park, and Healdsburg). Others are discussing it at a staff level.
- A **regular (quarterly) update** as to progress in securing prohousing designations, including city-by-city updates as to successes, challenges, and barriers. This would include a log of who was contacted by city (city manager, mayor, planning director) and when, further outreach following that as needed.
- Coordination with the County communications teams and City Public Information Officers (PIOs) as to building **community awareness** of the prohousing designation and the benefits of attaining the designation. Ideally, Generation Housing would continue its efforts to **profile people as individuals** instead of categorizing housing income types in educational materials.
- In regard to cities' and the County's **Regional Housing Needs Assessment (RHNA) data**, Generation Housing would organize advocacy around housing projects that help meet RHNA obligations once County staff and city staff negotiate impacts to each jurisdiction's RHNA allocations (in the cases where there is a County-City transfer of funds, and annexation, or other shared resources that might indicate shared "credit" for RHNA allocations).
- Regular reporting to and consultation with the **Economic Development Board (EDB)** to stay aligned with EDB's efforts to improve workforce housing units and stock (including unsubsidized units at 60-120% of Area Median Income).
- Regular reporting as to pending and approved projects regionwide to add to the County's and housing advocates' awareness of upcoming units.

We note, too, that the Agreement shown in Attachment 1 is generally consistent with the County's standard agreement format, but Generation Housing asked for modifications in the areas of Assignment of Rights and Ownership of the Work Product. These modifications appeared reasonable to CDC staff and consistent with the goal of sharing work products with any jurisdiction that would use the work product to secure PHD.

Strategic Plan:

This item directly supports the County's Five-year Strategic Plan by working to make it easier to construct

housing. It is aligned with the following pillar, goal, and objective.

Pillar: Healthy and Safe Communities

Goal: Goal 3: In collaboration with cities, increase affordable housing development near public transportation and easy access to services.

Objective: Objective 2: Identify and leverage grant funding sources for permanent supportive and affordable housing development.

Prior Board Actions:

Not applicable

FISCAL SUMMARY

Expenditures	FY 22-23 Adopted	FY23-24 Projected	FY 24-25 Projected
Budgeted Expenses			
Additional Appropriation Requested	\$375,000		
Total Expenditures	\$375,000		
Funding Sources			
General Fund/WA GF	\$375,000		
State/Federal			
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources	\$375,000		

Narrative Explanation of Fiscal Impacts:

The Board of Supervisors carved out \$375,000 in discretionary funds for this effort during the FY 2022-23 budget hearings. Some of the funds are likely to roll into FY 2023-24 given the Agreement's schedule and scope of work. Appropriations will be added to the FY 2022-23 Adopted Budget during the 1st Quarter Consolidated Budget Adjustments.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

Not applicable - these are consultant services.

Agenda Date: 9/27/2022

Attachments:

Attachment 1 - Professional Services Agreement with Generation Housing, Including Exhibits

Related Items “On File” with the Clerk of the Board:

N/A