

# Prohousing Designation Program

## Frequently Asked Questions

July 2024

### Overview

The Statewide Housing Plan reveals California's need for 2.5 million new homes in the next eight years, including one million for lower-income residents. The Prohousing Designation Program, part of the 2019-20 Budget Act, offers incentives and grants to communities actively implementing state housing laws. These measures aim to address barriers to housing production through accelerated production, equitable zoning, sustainable land use, reduced development costs, or financial subsidies. The program provides exclusive access to funds and additional scoring points for housing, development, and infrastructure projects. Prohousing jurisdictions have until March 15, 2024, to apply for a share of the \$9.5 million available in the current incentive round, supporting the state's goal of permitting 2.5 million new homes by 2030.

### Purpose

The purpose of this material is to provide guidance, which agencies and other entities may use at their discretion. This guidance does not alter lead agency discretion in decision-making, independent judgment and analysis, and preparing environmental documents for project or governmental action subject to CEQA requirements. This material is for general information only and should not be construed as legal advice or legal opinion.

## GENERAL QUESTIONS

### 1. What are the benefits of a Prohousing Designation?

Local governments with Prohousing Designation are eligible to apply for the second round of the [Prohousing Incentive Program](#) (PIP Round 2), which is a \$9.5 million state investment from the Building Homes and Jobs Trust Fund, which can be used to accelerate affordable housing production and preservation. Other benefits include receiving priority processing or funding points when applying to funding programs such as [Affordable Housing & Sustainable Communities \(AHSC\)](#), [Infill Infrastructure Grant \(IIG\)](#), [Transformative Climate Communities \(TCC\)](#), [Solutions for Congested Corridors](#), [Local Partnership Program](#), and [Transit and Intercity Rail Capital Program \(TIRCP\)](#).

### 2. How do you submit a Prohousing Designation application?

As of January 2, 2024, jurisdictions looking to submit a Prohousing Designation application must do so under the permanent regulations. [Prohousing Designation applications](#) are available at the HCD website and will be accepted starting March 2, 2024 on an ongoing basis. Applications will be reviewed by HCD within 60 days.

### 3. What happens if I submitted a Prohousing Designation application prior to January 2, 2024?

Beginning January 23, 2024, HCD will work with jurisdictions that had submitted an application to work and close out the 60-day review period before March 1, 2024. The prior regulation provisions will sunset March 1, 2024.

### 4. What are the criteria for a jurisdiction to be eligible for Prohousing Designation?

HCD will determine if a jurisdiction meets specific threshold requirements to be eligible for a prohousing designation, including: the jurisdiction has adopted a compliant housing element, has submitted an Annual Progress Report, has completed any rezone program or zoning for compliance to Government Code sections 65583, subdivision (c)(1) and 65584.09 subdivision (a) and California Coastal Commission (where applicable), is in compliance with all state housing laws, and has demonstrated the treatment of homeless encampments on public property complies with the constitutional rights of those experiencing homelessness.

### 5. What are the new designation criteria included in the updated Prohousing Designation regulations?

The updated Prohousing Designation regulations include the following new designation criteria for point scoring for Prohousing policies:

- Having zoning or incentives designed to increase affordable housing through a large range of housing types.
- Establishing an inclusionary housing program that requires new developments to include units reserved for low and very low-income households.
- Creating priority permit processing or reduced plan check times for housing affordable to lower-income households.
- Creating ordinances that reduce barriers beyond the current law for development of lower-income housing.
- Establishing a housing fund with proceeds from approved ballot measures.
- Demonstrate use of funding for preserving assisted housing units at risk of conversion to market rate housing with new affordability restrictions.
- Prioritizing local general funds to accelerate the production of housing affordable to lower-income households.
- Providing operating subsidies for permanent supportive housing.
- Providing subsidies for housing affordable to extremely low-income households.

## **6. How long does the Prohousing Designation last?**

A Prohousing Designation will expire three years from the first day of the January that follows the date of designation. For example, a designation issued on April 15, 2023 will remain in effect through December 31, 2026, and expire on January 1, 2027. The jurisdiction with an approved Prohousing Designation may apply for a new designation six months before the current designation expires.

## **7. What would cause a Prohousing Designation to be revoked?**

Common instances include the following:

- The jurisdiction has failed to facilitate the planning, approval, or construction of a variety of housing types including increased zoning capacity for supply, facilitating affordability for all income levels, streamlining approval, and removing regulatory barriers to development.
- The jurisdiction has failed to implement integrated planning and development consistent with the state planning priorities set forth in Government Code section 65041.1 and/or the regional transportation plan adopted by the jurisdiction's transportation agency.
- The jurisdiction has failed to meet their obligations to Affirmatively Further Fair Housing (AFFH).

- The jurisdiction has failed to comply with state housing law.
- The jurisdiction has failed to act or has acted inconsistent with the adopted housing element.

## **APPLICATION SPECIFIC QUESTIONS**

**8. Category 1A: Sufficient sites, including rezoning, to accommodate 150 percent or greater of the current or draft RHNA, whichever is greater, by total and income category. These additional sites must be identified in the Jurisdiction’s housing element adequate sites inventory, consistent with Government Code section 65583, subdivisions (a)(3) and (c)(1).**

**Question: Does an opt-in density bonus for a particular site count towards the 150% or more of RHNA capacity requirement?**

The determination of whether or not a jurisdiction qualifies for the points in this category is based on the sites inventory capacity in the Housing Element. HCD does not typically allow jurisdictions to count density bonus units toward the capacity on housing element sites.

**9. Category 1B: Permitting missing middle housing uses (e.g., triplexes and fourplexes) by right in existing low-density, single-family residential zones in a manner that exceeds the requirements of SB 9 (Chapter 162, Statutes of 2021, Gov. Code, §§ 65852.21, 66411.7).**

**Question: If missing middle housing that exceeds SB 9 requirements is permitted within single-family zones in specific areas (e.g., Downtown) but not citywide, is that enough to secure points?**

Yes, possibly, depending on the specifics. If you feel that your jurisdiction’s policy meets the intent of the category, it is recommended that you apply for the points and provide justification.

**10. Category 1F: Eliminating minimum parking requirements for residential development as authorized by Government Code section 65852.2; adopting vehicular parking ratios that are less than the relevant ratio thresholds at subparagraphs (A), (B), and (C) of Government Code section 65915, subdivision (p)(1); or adopting maximum parking requirements at or less than ratios pursuant to Government Code section 65915, subdivision (p)**

**Question: If a sizeable portion of the jurisdiction falls under AB 2097 would that count as eliminating parking requirements?**

Adoption of a local ordinance to implement state law is generally best-practice and could be used as a justification to support the conclusion. If a local ordinance to implement AB 2097 is not adopted, it would be possible not to receive points in this category.

**11. Category 1L: Other zoning and land use actions not described in Categories (A)-(K) of this section that measurably support the Acceleration of Housing Production.**

**Question: How is it best to provide evidence for vague criteria? I.e. “Demonstrating other zoning and land use actions that measurably support the Acceleration of Housing Production.”**

This is an opportunity to highlight any other “prohousing” actions that do not fit into any of the other categories. Consider highlighting specific work such as an ADU checklist or other work through the SANDAG HAP TA program and any other “prohousing” actions you have taken or plan to take.

**12. Category 2A: Establishment of ministerial approval processes for multiple housing types, including, for example, single family, multifamily and mixed-use housing.**

**Question: When establishing a ministerial approval process for a variety of housing types, can this be satisfied by implementing SB 35?**

Generally speaking, HCD is looking for ministerial approval procedures that go beyond the implementation of SB 35. At this time, compliance with SB 35 should be included in case HCD considers it as a ministerial approval process.

**13. Category 2D: Establishment of permitting processes that take less than four months to complete. Policies under this subparagraph must address all approvals necessary to issue building permits.**

**Question: What is the best way to submit substantial evidence of a permit process taking less than 4 months?**

You can provide justification through a variety of different ways. Some ideas include:

- Annual Progress Report data that tracks approval times.
- Demonstrating approval timelines using example projects.
- A written procedure (ordinance, resolution) that identifies approval process and timelines.
- An expedited program for housing approvals.

**14. Category 2E: Absence or elimination of public hearings for projects consistent with zoning and the general plan.**

**Question: What is the best way to provide evidence for “absence or elimination” of public hearings for projects consistent with zoning and the General Plan.**

Any written procedures to implement SB 35 or SB 330 could be highlighted along with any other noted actions to reduce the number of hearings would qualify as ‘evidence’. Additional evidence includes your jurisdiction meeting category 2 for streamlined ministerial approval process.

**15. Category 4B: Establishment of local housing trust funds or collaboration on a regional housing trust fund, which include the Jurisdiction’s own funding contributions. The Jurisdiction must contribute to the local or regional housing trust fund regularly and significantly. For the purposes of this subparagraph, “regularly” shall be defined as at least annually, and “significant” contributions shall be determined based on the impact the contributions have in accelerating the production of affordable housing.**

**Question: To receive points in Category 4B, does a local housing trust fund need to meet HCD guidelines for the Local Housing Trust Fund (LHTF) Program?**

For the purpose of the Prohousing Designation, the local housing trust fund does not need to comply with HCD guidelines for the Local Housing Trust Fund (PHTF) Program. However, it is best practice to establish a local housing trust fund consistent with the LHTF Program guidelines because it makes a jurisdiction eligible for matching funds from the state.

**16. Category 4D: Provide grants or low-interest loans for ADU/JADU construction affordable to Lower- and Moderate-Income Households.**

**Question: What if an ADU grant program is temporary?**

It seems reasonable to apply for this category for a temporary ADU grant program.

**17. Category 4E: A comprehensive program that complies with the Surplus Land Act (Gov. Code, § 54220 et seq.) and that makes publicly owned land available for affordable housing, or for multifamily housing projects with the highest feasible percentage of units affordable to Lower-Income Households. A qualifying program may use mechanisms such as land donations, land sales with significant write-downs, or below-market land leases.**

**Question: How can you show compliance with the Surplus Land Act to receive points?**

Your jurisdiction must be able to demonstrate that you have a surplus land program in place that complies with the described criteria. This could be demonstrated through adopted an policy, a request for proposals issued for a surplus site, or other documents illustrating that your jurisdiction has provided surplus land for affordable housing. It is likely not enough to just identify surplus land; or, if publicly owned land is made available, but has not resulted in affordable housing.

**18. Category 4G: Prioritization of local general funds to accelerate the production of housing affordable to Lower-Income Households.**

**Question: How can you provide evidence for prioritization of General Funds for affordable housing?**

A written resolution or policy that dedicates General Funds monies for affordable housing, such as dedicating a portion of funds for a housing trust fund or creating a fee subsidy program.

**19. How do the Enhancement Factor points work? Can there be “unlimited” additional enhancement points?**

Per guidelines, you may only use one enhancement factor per prohousing policy. But the same enhancement category number can be used more than once in the project proposal scoring sheet.