



Green Means Go Grant Submittal: Federal PRO Housing Program

Receive & File

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Attachments: No

Referring Committee: Land Use & Natural Resources

Issue:

SACOG has identified the federal PRO Housing grant program as a promising opportunity to fund Green Means Go implementation and activities.

Request:

None; this is for information only.

Recommendation for Board:

None; this item is for information only.

Recommendation for Committee:

Provide final review and direction on SACOG's draft PRO Housing Grant proposal.

Background:

The United States Department of Housing and Urban Development has released a notice of funding opportunity in the federal Pathways to Removing Obstacles to Housing (PRO Housing) program. The purpose of the program is to fund activities that remove barriers to affordable housing production and preservation. The 2024 PRO Housing program will award \$100 million nationally through a competitive application process.

The PRO Housing objectives are to:

- Elevate and enable promising practices for removing barriers to affordable housing production
- Institutionalize analysis and implementation of effective, equitable, and resilient approaches to affordable housing production
- Facilitate collaboration and harness innovation
- Affirmatively further fair housing
- Provide technical assistance to help communities implement these solutions

On September 19, 2024, the SACOG board of directors authorized staff to submit a grant application to the federal PRO Housing program and, should SACOG be awarded the grant, authorized the executive director to execute any needed contracts, memoranda of understanding or agreements for the grant award. Staff also committed to bringing the final concept and a summary of public comments to the October Land Use &

Natural Resources (LUNR) Committee for final review. This will include staff's recommendation for any adjustments to the proposed scope, based on public and stakeholder feedback, that the committee may direct staff to incorporate into the application ahead of the October 15, 2024, deadline.

In accordance with the funding program requirements, on September 23, 2024, SACOG [published a draft application for the PRO Housing Grant on its website](#) for a 15-day public comment period. The draft application includes six required exhibits: an Executive Summary, Threshold Requirements, Need, Soundness of Approach, Capacity, Leverage, and Long-Term Effect. These exhibits will be refined based on input received from the public, stakeholders, and the SACOG board before final submission ahead of the October 15, application deadline.

Discussion/Analysis:

As discussed at the September 3, Land Use and Natural Resources (LUNR) Committee meeting, SACOG's draft PRO Housing application is oriented around creating pathways to more affordable homeownership opportunities. Green Means Go has been effective at funding catalytic infrastructure investments and policy changes aimed at increasing housing production and diversity in Green Zones. The PRO Housing Application provides an opportunity for Green Means Go to continue its success with a greater focus on fostering pathways to home ownership in Green Zones and more broadly.

Historically, a key competitive advantage of the SACOG region was the existence of more affordable homeownership opportunities than our coastal counterparts. That advantage has eroded in recent years with the median value of homes in the Sacramento metropolitan statistical area increasing 30 percent since the pandemic. Only around ⅓ of households could afford the mortgage for the median-priced home in the Sacramento Region in 2022, down from over 50 percent just 10 years ago.

To tackle this affordability challenge while also meeting our environmental, equity, and economic goals, the region needs more townhomes, condos, and small lot subdivisions in infill areas that can meet increasing demand for walkable neighborhoods closer to jobs and services. SACOG's PRO Housing proposal seeks to identify the actions local governments and SACOG can take to realize more affordable homeownership opportunities and build a culture of yes.

As part of the draft PRO Housing Grant application, SACOG proposes to work within the Green Means Go program to create pathways to more affordable homeownership by:

1. Working with local governments to identify and support elective policy changes that clear the regulatory path for for-sale missing middle builders.

SACOG and its Grant Partners will work directly with interested local governments to design and implement policy and process changes at the local level that facilitate the construction of more small lot and attached housing products that serve the for-sale market. This could include:

- Ministerial approvals (with no discretionary review or hearing) of infill subdivisions within 60 days as a means of significantly reducing the approval timelines for small scale ownership products. Common "gentle density" housing types created through this policy could include townhomes, cottage courts, and pocket neighborhoods.
- Allowances, where appropriate, for accessory dwelling units (ADUs) to be sold separately as condos. This will create a new class of ownership options that are well below the price point

of the neighborhood due to the size of ADUs (must be under 1,200 square feet and frequently under 750 square feet).

- Reducing minimum lot sizes, which will facilitate more townhome and cottage court developments aimed at first time homebuyers and lower to moderate income households.
- Review of form standards that can preclude missing middle housing products like setbacks, height, open space requirements, buffers restricting multifamily products within a certain distance of single family homes, etc.

SACOG and its Grant Partners will also launch a regional clearinghouse to provide local governments with:

- Preapproved design plans for missing middle housing ownership products like ADUs and small lot subdivisions
- Guidebooks and FAQs for builders looking to explore the middle housing ownership space, walking through the regional regulatory environment, available streamlining opportunities, what housing types are allowed where throughout the region, etc.
- Implementation guides for planning and building departments aimed at creating a cohesive regional regulatory environment for more affordable homeownership opportunities

2. Fostering an ecosystem of yes by building capacity and coordination in the development community, local government planning and building departments, and special service districts.

This three-part incubator will include:

- A free academy oriented towards existing and aspiring for-sale missing middle and ADU builders/contractors across the region.
- A working group, made up of builders, local government staff, and special service districts, focused on coalescing around a coordinated, regional strategy for how small lot subdivisions will work, how infrastructure will be addressed, and what approval processes will be like. A key outcome of this group will be to work towards a future where any developer can approach any jurisdiction in the region with a missing middle ownership proposal (like an 8 unit townhome project) and have confidence of what the rules are, what the timeline is, and that they have a willing public sector partners to get to a completed project.
- A group focused on bringing together elected officials from around the region for facilitated conversations about how to be the most effective champions for new pathways to affordable homeownership opportunities, and how to educate the general public about issues of race and equity in housing policy.

In the September board action that directed staff to apply to the PRO Housing Program, staff also committed to bringing an update on the proposal to the October LUNR committee for a final review. While the public comment period for this application will be ongoing past the October 3, committee meeting, with comments due on Tuesday, October 8, staff will provide the committee with a summary of any comments received to date and recommendations for how these comments can be incorporated into the application. Should any comments be received following the committee meeting, staff proposes working directly with the Chair of the LUNR committee to determine if any final modifications need to be made to the proposal.

Fiscal Impact/Grant Information:

The PRO Housing grant program does not require a local match and would extend the timeframe of Green Means Go activities, which currently are entirely grant funded. The current Overall Work Program includes

time for this proposal development through Blueprint implementation activities.

List of Attachments:

Not applicable