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January 23, 2022

To: City Council

Re: Adoption Of Resolution Authorizing Application To And Participation In The California Department Of Housing And Community Development Prohousing Designation Program (January 25, 2022 Council Agenda, Item #5)

Mayor Rowse and Council Members,

Allied Neighborhoods Association appreciates the opportunity to comment on the above Council agenda item.

On December 22, we wrote to you requesting that when this topic comes back to Council, it not be on Consent. As we stated in that letter *“The Council and the public deserve a full staff presentation on the Prohousing Designation Program under consideration.”*

Also from that letter, *“We would venture to say members of the public, and maybe some or most Council members, do not have the needed familiarity with the details and required commitments of this Program. The Council Agenda Report did not include enough details to fully understand the required commitments.”* No additional details on this Program have been included in this subsequent Consent Calendar Council Agenda Report.

As there is no additional information being provided by staff, have you checked out the HCD Prohousing Designation Program webpage? There is an **extensive amount of information** there and it seems staff should be presenting this to you, our decision makers.

[Click here](#) for the California Department of Housing and Community Development Prohousing Webpage.

The **Program Materials** section of the webpage includes at least five subsections, including a 16-page PowerPoint. You may find the PowerPoint informative: <https://www.hcd.ca.gov/community-development/prohousing/docs/hcdprohousingppt.pdf>

Back in May 2021, staff told us we have sufficient zoning to meet our upcoming RHNA numbers for Cycle 6 (2023 – 2031). Since then, SB 9 was signed into law in Sacramento – so we have even more zoning capacity for housing. All this, without or before any additional changes to AUD/Multi-unit Housing Standards.

Our previous letter included paragraphs about the topics below, and asked:

- What about the just beginning update to the City’s General Plan Program EIR (PEIR)?
- What about the City’s Legislative Platform and retaining local control?
- What about the ongoing discussions about Multi-unit Housing Standards?

A major concern is what commitments would the City be making with the Prohousing Designation Program, especially before the updated PEIR? The action of adopting the Resolution would come before we find out about impacts from the additional zoning changes that have already happened since the baseline analyzed in the PEIR for the 2011 General Plan. A lot has happened so far, and we don’t know the impacts yet; more should be known later this year.

Several times in 2021, we reported advertised apartment rental rates to the City (summarized in Appendix A, 12/12/21 letter). This data highlights the sky high rents being charged for new market-rate rental housing.

The 2017 Keyser Marston Nexus and Feasibility Study (Appendix B, pdf 89/128) includes the chart on the next page of our letter. The chart shows that new market-rate housing creates a need for additional affordable housing. (Important to note, the 2021 BAE Economic Feasibility Analysis was more limited in scope than the Keyser Marston Study and did not include this broader kind of analysis.)

From Appendix B:

“Summary Findings

Table C-3 indicates the results of the analysis for all of the affordable tiers. The table presents the number of households generated in each affordability category and the total number over 120% of Area Median Income.

The findings in Table C-3 are presented below. The table shows the total demand for affordable housing units associated with 100 market rate AUD units. Each column indicates findings specific to the applicable prototype.”

New Worker Households per 100 Market Rate Units						
	<i>Priority Overlay Rental</i>	<i>High Density Rental</i>	<i>Medium High Density Rental</i>	<i>Priority Overlay For-Sale</i>	<i>High Density For-Sale</i>	<i>Medium High Density For-Sale</i>
Extremely Low (0%-30% AMI)	1.8	1.8	1.9	3.0	3.2	3.5
Very Low (30%-50% AMI)	6.0	6.1	6.3	10.1	10.7	11.6
Low (50%-80% AMI)	7.5	7.6	7.9	12.5	13.3	14.4
Moderate (80%-120% AMI)	3.2	3.3	3.4	5.4	5.7	6.1
Total, Less than 120% AMI	18.4	18.8	19.6	31.0	33.0	35.6
Greater than 120% AMI	7.3	7.4	7.7	11.9	12.7	12.9
Total, New Households	25.7	26.2	27.3	43.0	45.7	48.5

The Prohousing Designation Program webpage includes that the Program is currently an emergency regulation, with a process for “*normal rulemaking conversion*” within 360 days, including additional public comment. In addition to that ongoing process, the City Resolution up for adoption, point 4 (pdf 30/136), seems to say the City will be agreeing now to “...and all amendments thereto...” in the future. Exactly what are we agreeing to?

We think there’s a lot more for everyone to know about the Prohousing Designation Program.

Thank you for consideration of our comments.

Sincerely,
Allied Neighborhoods Association

Cc: Daniel Gullett
Elias Isaacson
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