

**CITY COUNCIL MEETING
TUESDAY, JANUARY 31, 2017**

PRESENTATIONS

Item #1 WS 17-005

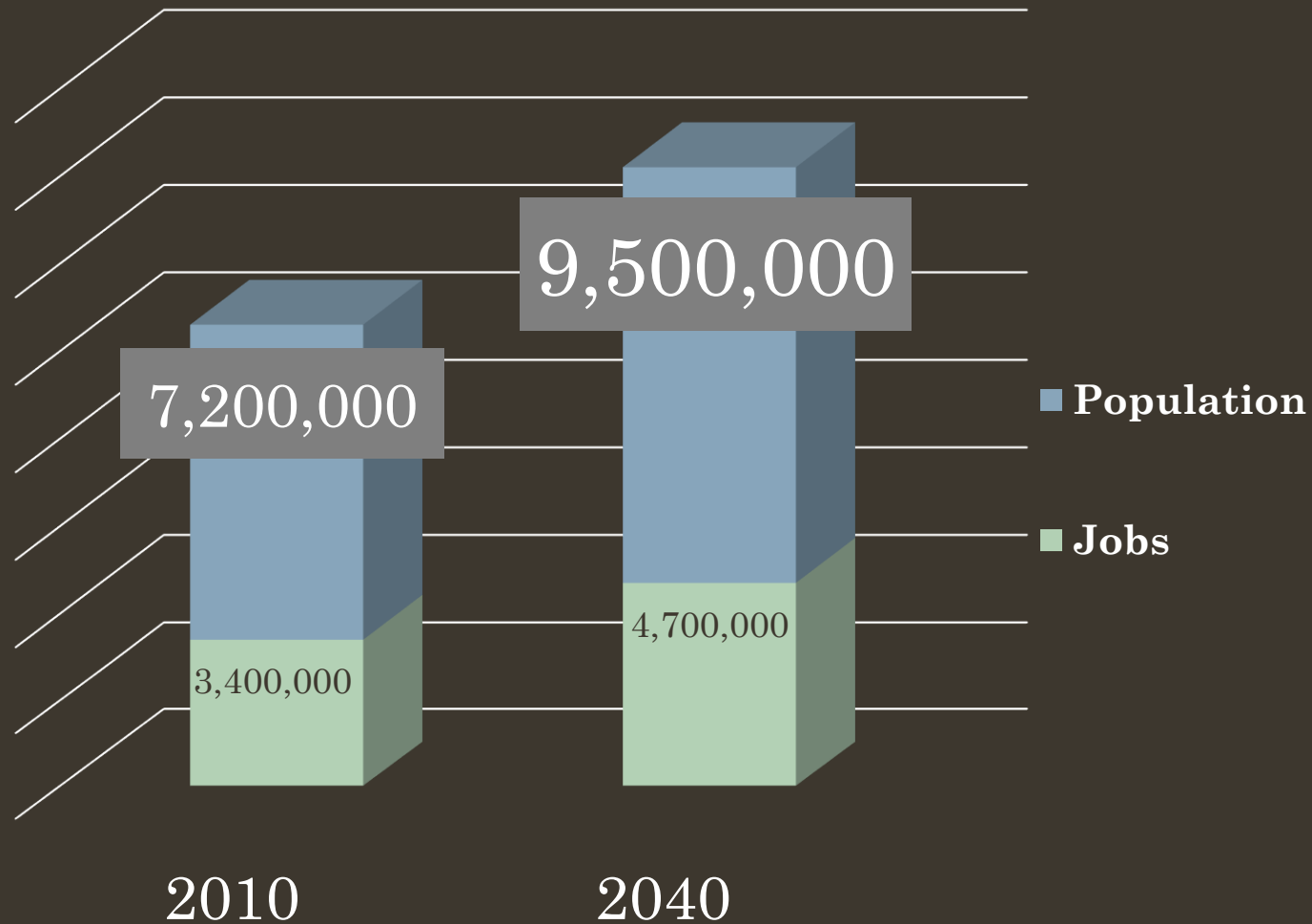
Housing Affordability Strategies



Housing Affordability Strategies

Hayward City Council
January 31, 2017

Projected Bay Area Population and Job Growth: 2010 to 2040



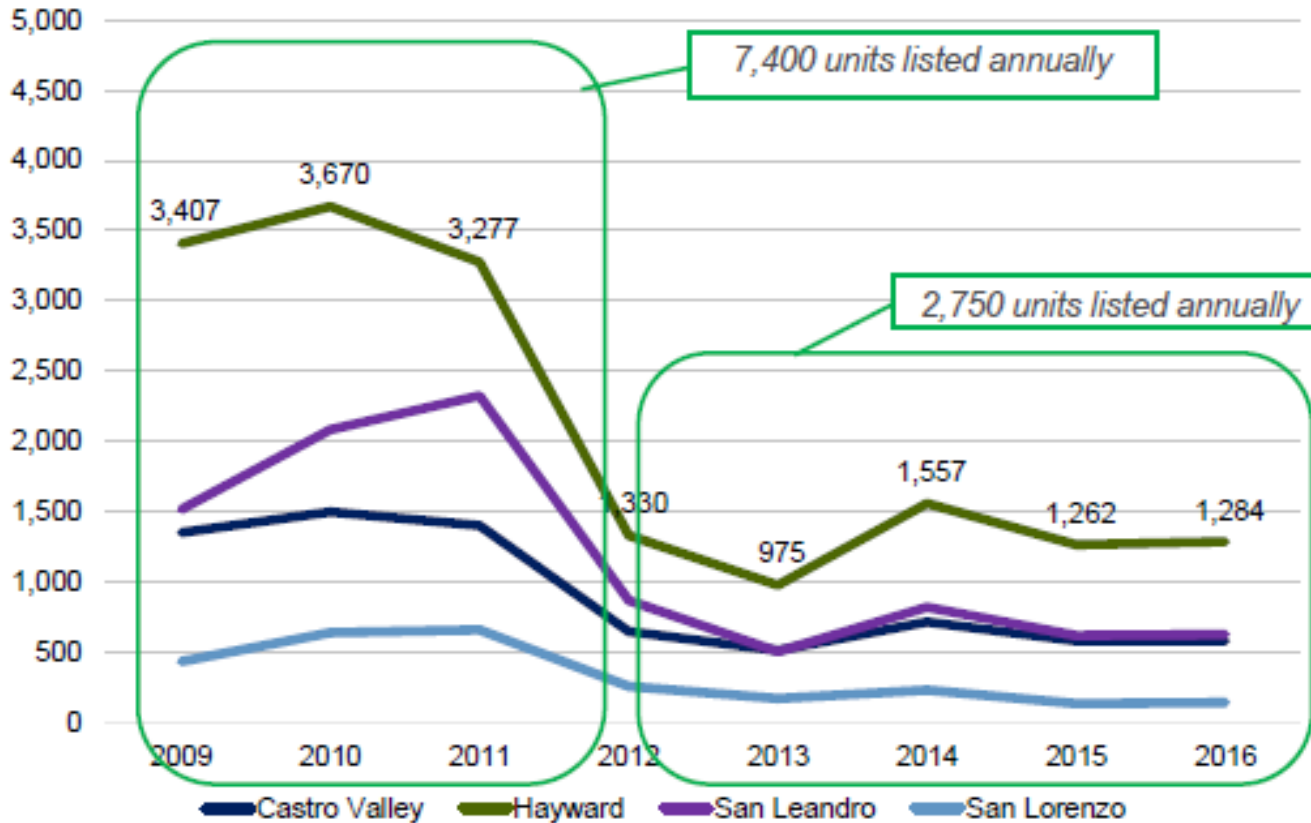
Bursting at the Seams

From 2010 to 2040, the Bay Area is projected to grow from 3.4 million jobs to 4.7 million jobs, and from 7.2 million people to 9.5 million people

- Almost half of those jobs – 600,000 – were added between 2010 and 2015
- Almost one fourth of the population growth occurred between 2010 and 2015

Source: Association of Bay Area Governments

Active SFR Listings 2009 – 2016: Central County



SOURCE: Bay East Association of REALTORS®



The Sinking Supply

Between 2010 and 2016, the annual number of single family residence listings for sale in Hayward decreased by 65 percent.

Chart: Active SFR Listings in Hayward and Alameda County

Source: Bay East Association of Realtors



In California between 1980 and 2010, metropolitan areas like the Bay Area built on average 120,000 units per year.

The LAO projects that **2.7 million more units should have been built during this time.**

This lack of supply drives up demand and thus price.

The Growing Shortfall

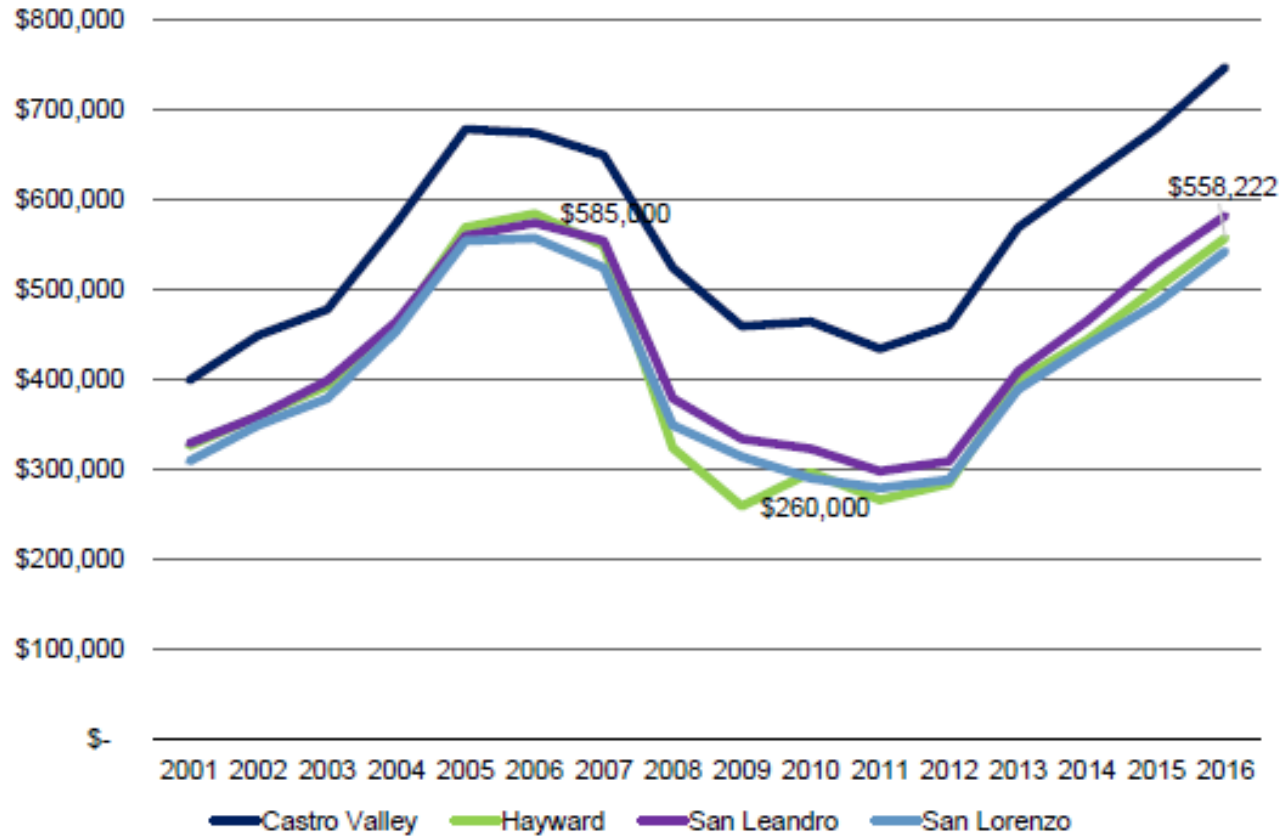
Between 2010 and 2040, 823,000 additional housing units will be needed to meet the projected housing demand for the same period by 2040.

Only 8% of that total was achieved by 2015.

Source: Legislative Analyst's Office (LAO)



Central County SFR Sales Prices



SOURCE: Bay East Association of REALTORS®

BAYEAST
ASSOCIATION OF REALTORS®

Bubble 2.0

Between 2010 and 2015, single family residence sales prices in Hayward increased by 84 percent.

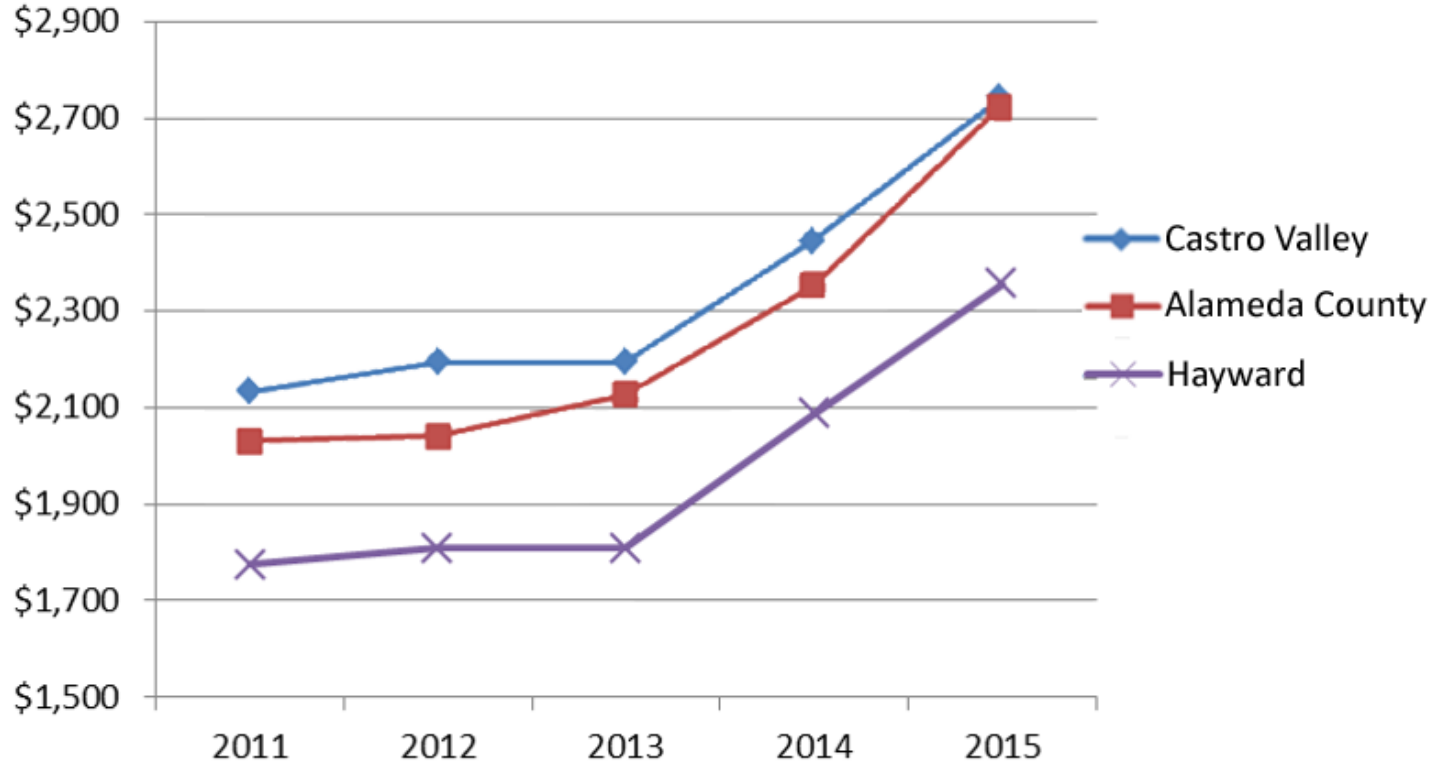
Hayward prices remain among the lowest in Alameda County.

Chart: Central County SFR Sales Prices

Source: Bay East Association of Realtors



Median Rents All Home Types, 2011-2015 *City of Hayward and Alameda County*



Source: Zillow Rent Index (ZRI), Median Rent Series

The Rising Cost of Rent

Between 2011 and 2015, the median monthly rent in Hayward increased by 33 percent.

Hayward rents remain among the lowest in Alameda County.

Chart: Median rents in Hayward and Alameda County

Source: Zillow Rent Index

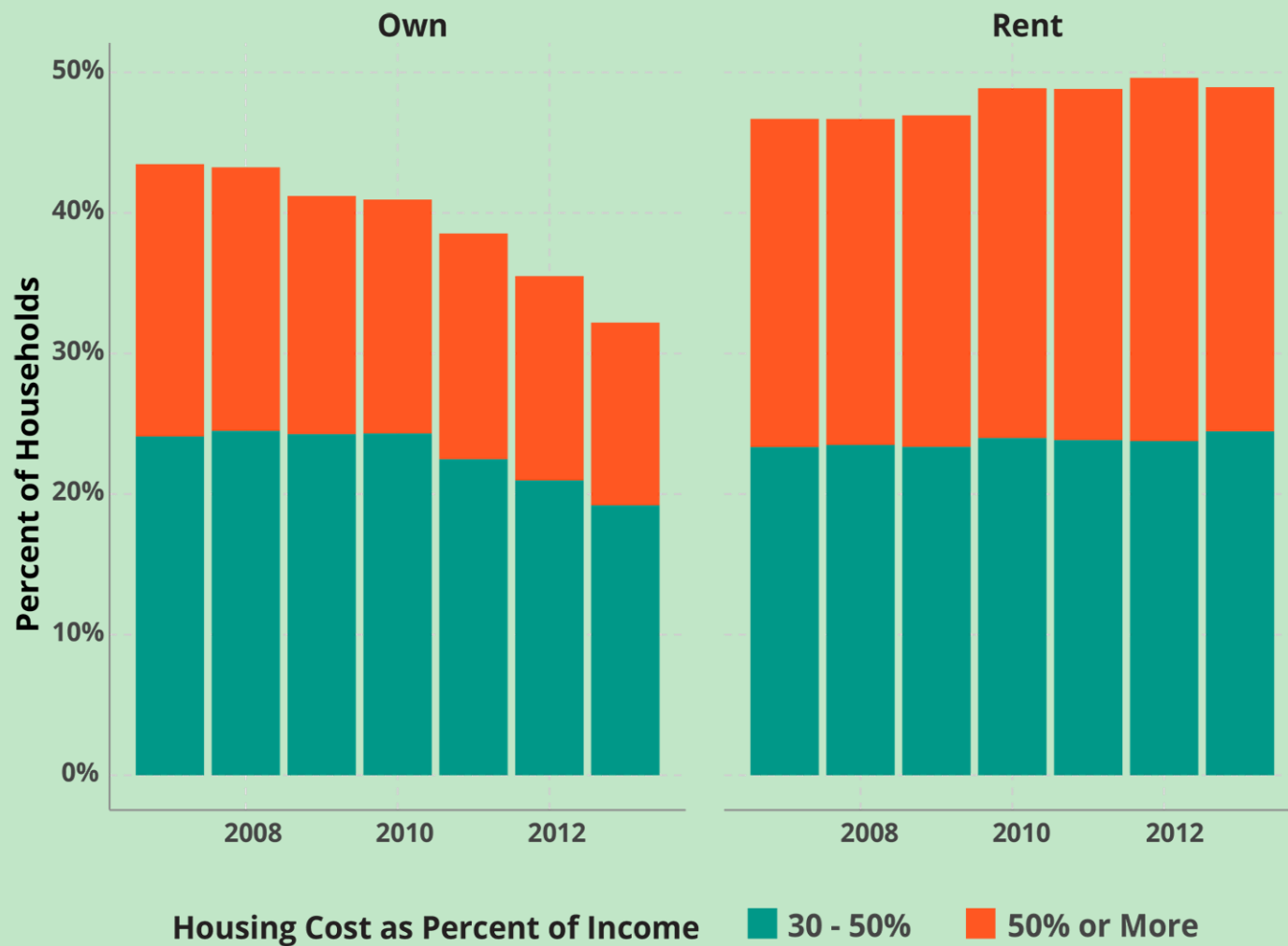


Housing Insecurity

Housing costs are considered to be affordable when they are less than 30 percent of household income.

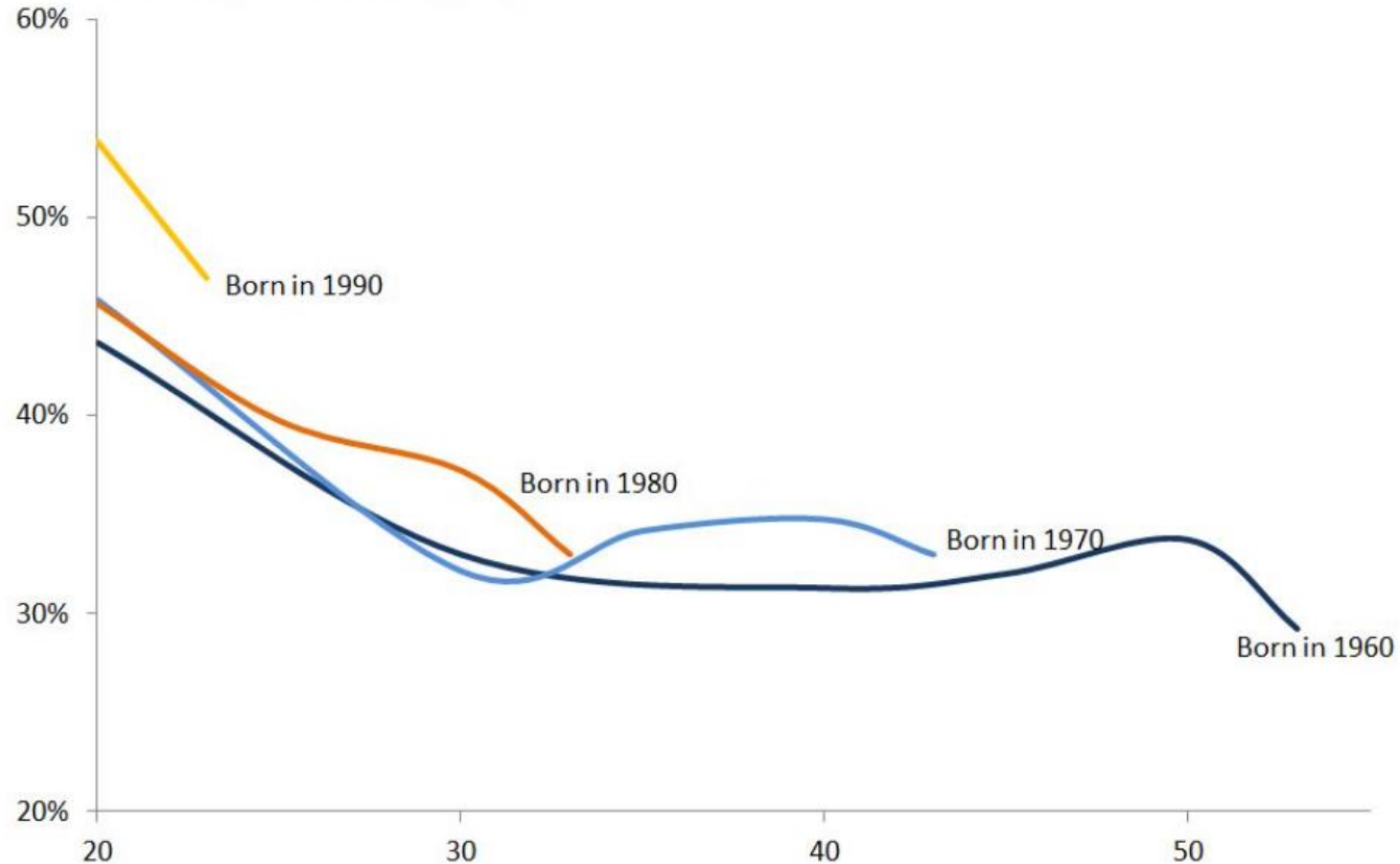
Chart: Households Paying 30 Percent or More of Income on Housing in the Bay Area

Source: Association of Bay Area Governments



Younger Generations Spend More of Their Income on Housing

Share of income spent on housing by age, California



The Millennials' Burden

Individuals born in 1990 are forced to spend a substantially greater percent of their income on housing than individuals born in 1960.

Chart: Share of income spent on housing by age, California

Source: Legislative Analyst's Office

Major Policies & Resources

1. Housing Element
2. Affordable Housing Ordinance
3. Hayward Housing Authority
4. HOME Investment Partnerships
5. Housing Preservation Programs
6. Permanent Supportive Housing
7. Measure A1 – Affordable Housing Bond



B. and Grand Senior Affordable Housing

1. Housing Element

- Long range housing goals and plan 2015-2023.
- Conserve and improve existing housing stock; develop new affordable housing to meet need.
- Provide for special needs of seniors, persons with disabilities, homeless persons, single female-headed households, and others.
- Promote equal housing opportunity.



Hayward 2040 General Plan

Housing Element

December 2014



2. Affordable Housing Ordinance (AHO)

- Ensures development of new affordable housing in Hayward.
- Imposes fees on new development to help build affordable housing.
- Applies to all new residential developments over 20 units.
- Developers have option to pay AHO impact fees or include affordable units in their project.



Proposed Lincoln Landing mixed-use development

3. Hayward Housing Authority (HHA)

- Established in 1946.
- Redevelopment Agency housing assets transferred to HHA in 2012.
- Promotes affordable housing projects and programs.
- Not a Public Housing Authority.
- County of Alameda operates a Housing Authority (PHA).



South Hayward BART Family & Seniors Communities

4. HOME Investment Partnerships

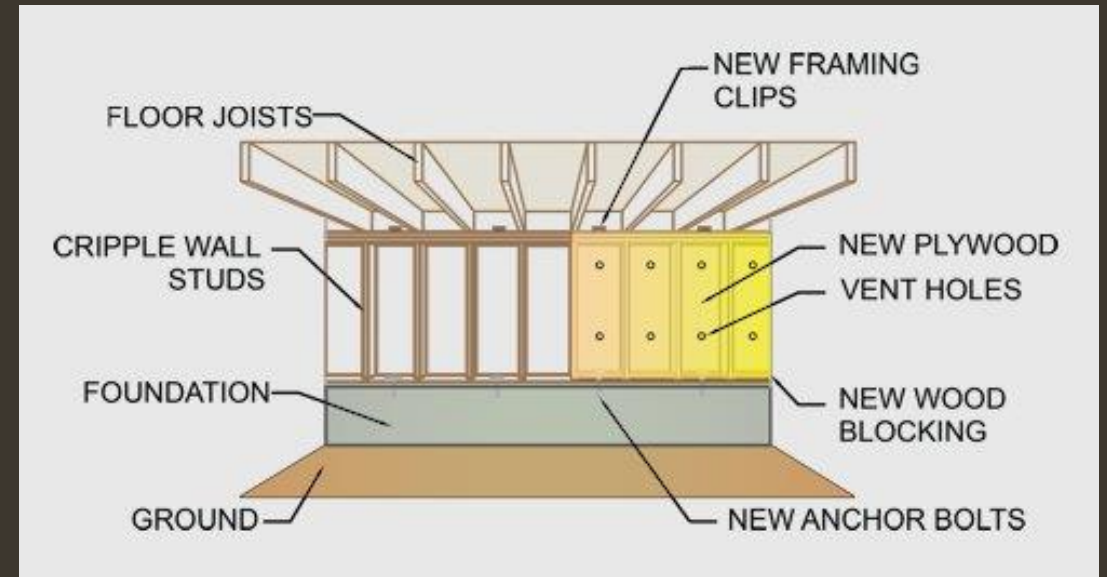
- Federal funds (HUD) to acquire, rehabilitate, and construct affordable housing; provide homebuyer's and renter's assistance.
- Construction of Glen Berry and Sara Conner Court Apartments.
- Rehabilitation of Huntwood Commons and Tennyson Gardens.
- Acquisition of Cypress Glen Apartments.



Sara Conner Court Apartments

5. Housing Preservation Programs

- CDBG funded grants and loans.
- Assists seniors and persons with disabilities to live independently in their homes and age-in-place.
- Repairs major home systems; installs accessibility solutions; remedies health and safety-related code violations.
- New: Residential Bolt and Brace seismic retrofit program.



Example of a typical bolt and brace retrofit.

6. Permanent Supportive Housing

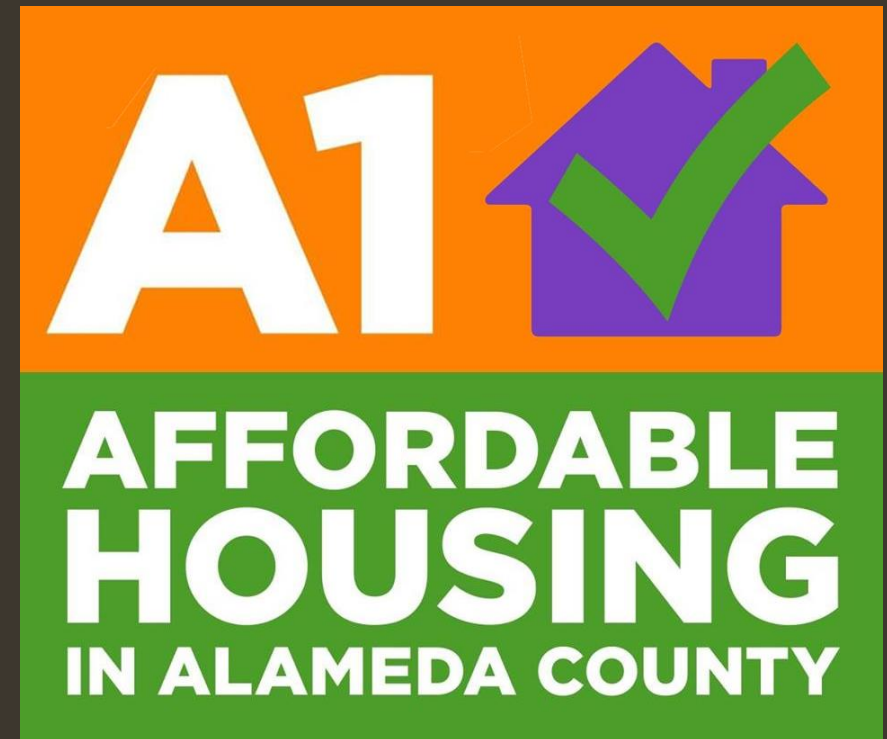
- Places chronically homeless persons in permanent housing with supportive services.
- Partners with public safety and emergency responders to identify most high-impact individuals.
- Once safely housed, individuals have high rate of staying housed, support services more effective.
- Ex.: Abode Services, Shelter+Care.



Dennis was chronically homeless in Hayward for over a decade. Now he has his own apartment.

7. Measure A1 – Affordable Housing Bond

- Total \$580 million County wide G.O. Bond approved by voters November 8, 2016
- \$20.3 million direct allocation to Hayward for affordable rental housing development.
- \$49.8 million competitive regional pool for affordable rental housing development
- \$35 million County wide pool for innovation projects incl. anti-displacement rental development
- \$120 million County wide pool for home ownership programs



Housing Affordability Strategies



Proposed Maple & Main mixed-use development

1. Anti-Displacement
2. Regulation & Land Use
3. Housing Preservation
4. Acquisition & Construction



1. Anti-Displacement Strategies

City Council – January 31, 2017

Anti-Displacement Strategies

- a. Rent Control/ Stabilization Programs
- b. Sleeping in Cars/Vehicles
- c. Fair Housing Policies
- d. Other Anti-Displacement Strategies
- e. Recommendations

a. Rent Control / Stabilization

- In place since 1979
- 20,000 units covered originally
- 1,000 units currently covered by strict rent controls' (5% max increases)
- What happened to 19,000 units?
- Original tenants moved out, and owners made modest capital improvements (triggering de-control)

a. Rent Control / Stabilization

- Owners entered into agreements with housing authority for Section 8 program
- HUD finances or non-profit ownership
- Costa-Hawkins Act' in 1995 created major de-control at vacancy and eliminated smaller occupancy units like single-family homes
- Owners must control five or more units

a. Rent Control / Stabilization

- Anti-retaliation regulations prohibit owners from evicting tenants or raising rents for complaining about code violations or asking owners for written leases
- ‘Good Cause for Eviction’ protections (designed to prevent arbitrary evictions)
- Mandatory mediation and binding arbitration for covered units

a. Rent Control / Stabilization

- Voluntary mediation available through Project Sentinel (phone and website)
 - tel: 408.720.9888
 - website: www.housing.org
- Free legal resources at 'Centro Legal' (through City Attorney's Office phone and website)
 - tel. 510.437-1554
 - website: www.centrolegal.org

a. Rent Control / Stabilization

- Free advice at ECHO housing (phone and website)
 - tel.: 510.581.9380
 - website: www.echofairhousing.org
- Eviction Defense Center (phone and website)
 - tel.: 510.452.4541
 - website: www.yelp.com/biz/eviction-defense-center-oakland

a. Rent Control / Stabilization

- City Attorney's Office (rent line and website)
 - tel.: 510.583.4454
 - website: www.Hayward-ca.gov

b. Sleeping in Cars / Vehicles

- Not recommended
- City does not prohibit sleeping in cars in public places, like streets or municipal lots
- Law enforcement may contact people sleeping in cars for good reasons
 - kids
 - engine running
 - drugs

b. Sleeping in Cars / Vehicles

- Code does prohibit sleeping in cars or vehicles like campers, RVs on private property for health & safety. (water, sewer, utilities, dangerous power hookups) – by complaint.

c. Fair Housing Policies

- Illegal to discriminate in housing based on race, religion, sex, family status, gender, sexual orientation, gender presentation, etc.
- Fair employment and Housing Act
- ‘Under the table’ rentals
- FEHA (phone and website)

d. Other Anti-Displacement Strategies

- Tenant-based assistance (emergency grant funds for one-time emergencies or as ongoing subsidies) not typically available through cities
- Home-sharing-CSUEB has explored matching students with homeowners/seniors (about 20% of college students are estimated to be homeless)

d. Other Anti-Displacement Strategies

- Other strategies
 - Local non-profits
 - Accelerated approval of conversions
 - Accessory dwelling units

Recommendations

- Additional in-depth study of the existing Residential Rent Stabilization Ordinance.
- Identify how the Ordinance could potentially strengthen tenant protections or expand protections to more units
- Balance the interests of landlords who are constitutionally entitled to a 'fair rate of return' on their property investments.



2. Regulation & Land Use

City Council – January 31, 2017

Regulation & Land Use

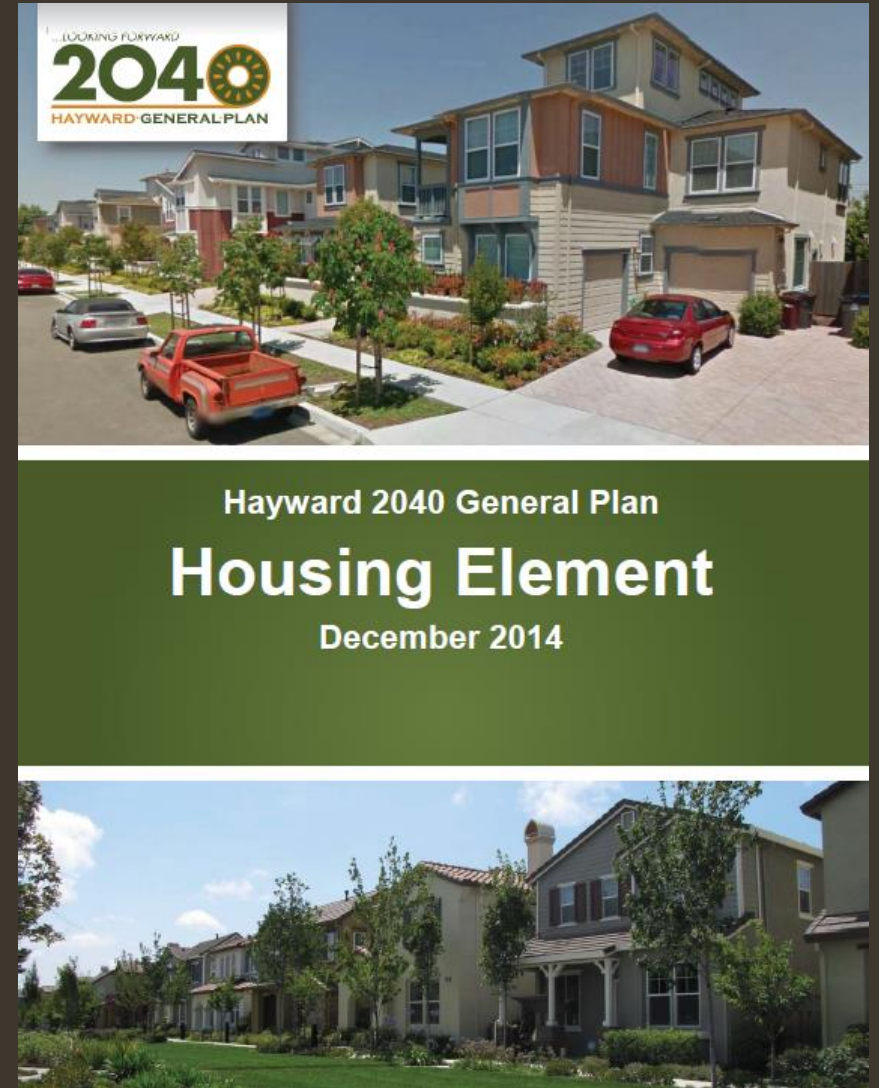
- a. Housing Element
- b. Zoning Ordinance & Form-Based Codes
- c. Affordable Housing Ordinance
- d. State Policies & Strategies
- e. Recommendations



Maple & Main mixed use project

a. Housing Element

1. Conserve/improve the **condition** of existing affordable housing stock;
2. Assist in the **development** of low and moderate income housing;
3. Identify adequate **sites** to encourage housing for all income levels;
4. Remove **governmental constraints** to the maintenance, improvement, and development of housing;
5. Promote housing **opportunities** for all persons; and
6. Provide **special needs housing** (seniors, persons with disabilities, large families with children, single female-headed households, homeless)



Hayward's RHNA (2014-2022 Planning Period)

	Number of Units				
	Very Low (<50% of AMI)	Low (51-80% of AMI)	Moderate (81-120% of AMI)	Above Mod. (>120% of AMI)	Total
Allocation	851	480	608	1,981	3,920

b. Zoning Ordinance & Form-Based Codes

Accessory Dwelling Units (ADUs)

	Hayward Municipal Code	New State Law SB-1069
Review Process:	Ministerial	Ministerial
Size:		
Attached	400 to 640 sq. ft.	≤50% of existing home area up to 1,200 sq. ft.
Detached	Not permitted	≤1,200 sq. ft.
Parking:	None required	None required if ADU is within primary residence or accessory structure or within ½ mile of transit; otherwise, up to one space per bedroom*
Owner Occupancy Restrictions:	Owner shall reside in primary dwelling	City may require owner to reside in primary dwelling
Utility Fees:	Requires fees equal to that of single-family home	ADUs within a residence: No connection fees Other ADUs: City may require new or separate utility connections
Fire Sprinklers:	Required	Not required if primary dwelling isn't sprinklered

*Local jurisdictions shall be flexible in requiring replacement parking for primary residence lost due to ADU conversions

c. Affordable Housing Ordinance

- Projects involving ≥ 20 units
- Options to comply
 - Pay in-lieu fees
 - Build affordable units on-site
 - Build affordable units off-site
 - Alternative approach



Proposed Lincoln Landing mixed-use development

d. State Policies & Strategies

- ADUs
- Density Bonus Law
- Housing Accountability Act



California State Capitol

Recommendations

- Update and revise the City's ordinance regarding Accessory Dwelling Units in light of State law
- Update and revise the City's Density Bonus Ordinance, in light of recent changes to State law
- Comply with state law while retaining local control over land use decisions as much as possible



Proposed mixed-use development at former Holiday Bowl Site



3. Housing Preservation

City Council – January 31, 2017

Housing Preservation & Rehabilitation

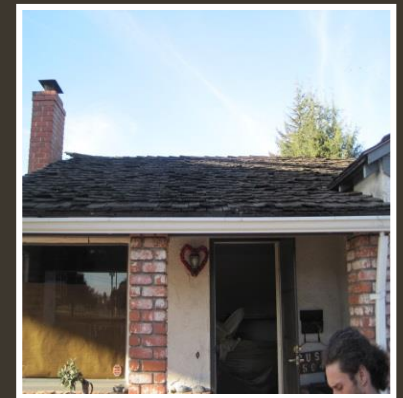
- a. Housing Rehabilitation Program (HRP)
- b. Minor Home Repair Partnerships
- c. Brace and Bolt Seismic Retrofit Program
- d. Other Housing Preservation Strategies
- e. Recommendations



The HRP is funded and monitored by the U.S. Department of Housing and Urban Development (HUD)

a. Housing Rehabilitation Program

- In operation since 1986
- Limited to low-income Hayward homeowners in owner-occupied single family homes
- Repairs address:
 - ✓ Accessibility/Mobility
 - ✓ Resolving code violations
 - ✓ Systems failures (i.e. roofs, plumbing, etc.)
- One-time assistance available through loans or grants
- HRP manages project from start to finish



b. Minor Home Repair Partnerships



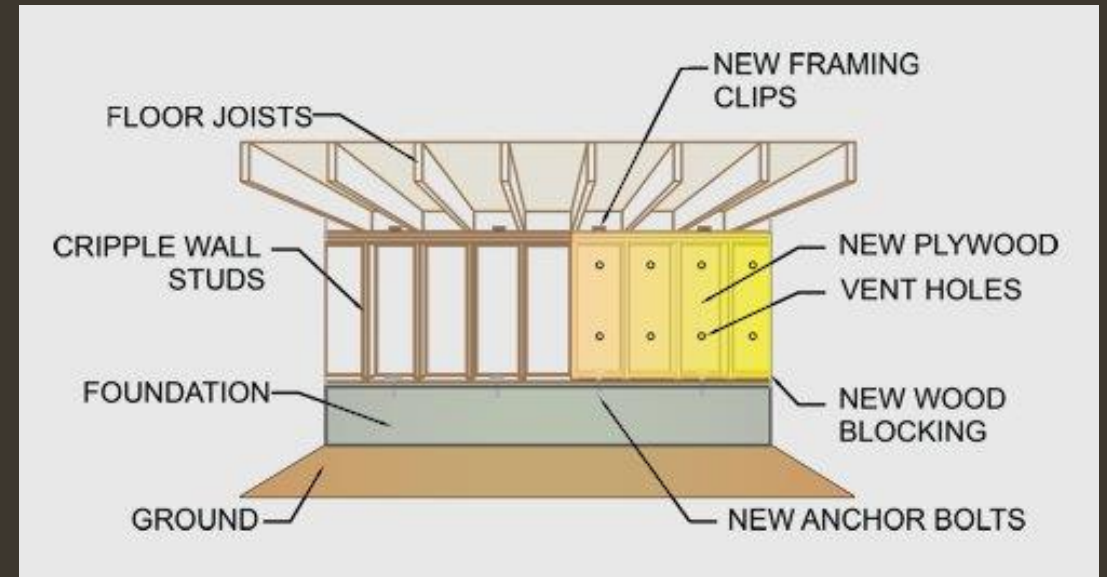
- **Habitat for Humanity – East Bay**
 - ✓ Mobile home repairs for qualified homeowners
 - ✓ Up to \$20,000 in loans
 - ✓ Work completed by licensed contractors



- **Rebuilding Together - East Bay**
 - ✓ Safe at Home Program
 - ✓ Minor home repairs for qualified homeowners
 - ✓ Projects completed by skilled volunteers

c. Brace & Bolt Seismic Retrofit Program

- Partnership with California Earthquake Authority
- Program protects against widespread displacement in the event of an earthquake
- Work completed as a grant to senior or disabled homeowners
- FEMA-trained contractors secure homes to foundation using an approved set of architectural plans



Example of a typical bolt and brace seismic retrofit.

d. Other Housing Preservation Strategies

- **County Affordable Housing Bond Measure A1**
 - ✓ Approximately \$580m for affordable housing in Alameda County
 - ✓ Half of funds distributed to cities
 - ✓ Homeowner and Rental housing programs
- **Accessible Dwelling Units (ADU's)**
 - ✓ Potential to create in-law units or garage conversions
 - ✓ Special loans for the creation of deed restricted units



Example of a garage conversion to a new accessory dwelling unit

Recommendations

- Explore the possibility of creating a new Housing Rehabilitation ADU Program to incentivize homeowners to undertake construction and conversion projects that create new accessory dwelling units in single-family homes.
- Analyze potential resources, including County Measure A1 funds, that could potentially support program.



Palma Ceia has over 4,000 single family homes.



4. Acquisition & Construction of Permanent Affordable Housing

City Council – January 31, 2017

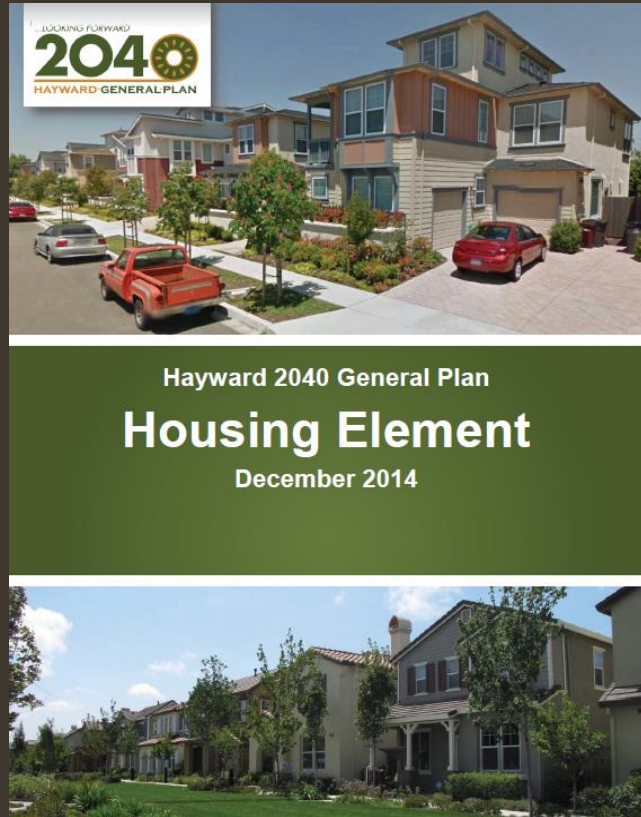
Acquisition & Construction

- a. Housing Element programs
- b. Resources & fiscal impacts
- c. Programs to expand affordable housing resources
- d. Other affordable housing strategies
- e. Projects in the pipeline
- f. Recommendations



Sara Conner Court

a. Housing Element Programs



Several of the 21 HE policy-implementing programs promote the creation or preservation of long-term, deed-restricted affordable units for families seniors, and households with special needs

a. Housing Element Programs

This includes:

- **HE Program #4: Preservation of at-risk housing.** During the last ten years, the City/Housing Authority facilitated the rehabilitation of approximately 550 apartments for low- and very low-income families and seniors. This has ensured the long-term affordability of these homes.



Huntwood Commons

a. Housing Element Programs

- **HE Program #7: Tenant-Based Rental Assistance to Emancipated Youth** – Utilizing HOME funds, the City has helped over 250 at-risk youth remain housed. This program provides supportive services and rental subsidies to emancipated youth who have aged out of the foster care system.



Source: beyondemancipation.org – 01/31/17

a. Housing Element Programs

- **HE Program #8: Affordable Housing Development.** Utilizing different financing mechanisms, during the last ten years the City has facilitated the construction of approximately 382 new affordable homes and facilitated the conversion (through acquisition and rehabilitation) of 415 homes into deed-restricted assets.



Walker Landing

a. Housing Element Programs

- **HE Program #12: Affordable Housing Ordinance (IHO).** Since its adoption, the IHO/AHO has facilitated the creation of 359 affordable homes (311 rental and 48 ownership). The City has also received \$3.3 million in affordable housing impact-fee payments which must be used to create new affordable housing opportunities.



a. Housing Element Programs

- Other HE Programs in this area include:
- **#6: Mortgage Credit Certificate (MCC) Program**
- **#18: Boomerang Funds**
- **# 20: Housing Choice Vouchers**
- **Student Housing: no HE implementing program but can be further explored**

b. Resources & Fiscal Impacts

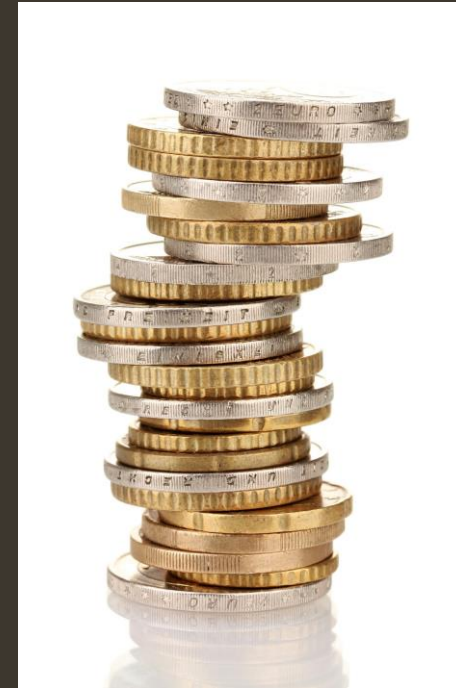
Current balances of the City of Hayward funding sources for permanent affordable housing:

Housing Authority	\$	4,493,973
Inclusionary/Affordable Housing Ordinance Trust Fund	\$	3,311,863
HOME Investment Partnership Funds	\$	183,058
Total Available COH Funding for Affordable Projects	\$	7,988,893



c. Programs to Expand Resources

- Commercial (Linkage) Fees
- Property Tax Incentives
- Enhanced Infrastructure Districts
- Boomerang Funds
- Other Revenue-For-Affordable-Housing-Generating Programs



d. Other Affordable Housing Strategies

- Small Site Acquisition and Management
- Ground Leases of Publicly-Owned Land
- Restrictive Declarations
- Community Land Trusts
- Shared Housing



e. Projects in the Pipeline

- Additional Funding for the 10-unit Sequoia Grove (aka A & Walnut) Affordable Homeownership Development by Habitat.
- The Rehabilitation of Tennyson Gardens and the Acquisition and Rehabilitation of Faith Manor.
- New Construction of Twenty Ownership Homes by Habitat on City-Owned Property at Harder and I-92.
- **Total: 30 new** for-sale homes for low- and moderate-income families, substantial rehabilitation of **96-unit** Tennyson Gardens, and **62 new** rental apartments affordable to low-income families at Faith Manor (through acquisition and rehabilitation).



Recommendations

- Issue NOFA or RFP for affordable rental housing development projects supported by Hayward's share of Measure A1 funds
- Evaluate Affordable Housing Ordinance and associated Impact Fees
- Reactivate the First-Time Homebuyer Down Payment Assistance Program



Proposed Maple & Main mixed-use development



Conclusion

Hayward City Council
January 31, 2017

Recommended Next Steps

1. Study the Rent Stabilization Ordinance
2. Revise the ADU Ordinance
3. Explore Housing Rehab ADU Program
4. Issue NOFA for affordable development projects
5. Evaluate AHO and Impact Fees
6. Reactivate First Time Homebuyer Program

Public Comments

Thomas Flemming

Tiny Houses for the Homeless



Dignity Village, Portland, OR



Opportunity Village Eugene, OR



Quixote Village, Olympia, WA



Quixote Village Olympia, WA



Nickel's Ville Camp, Seattle, WA



Nickel's Ville Camp, Seattle, WA



Tiny Houses for the Homeless



Tiny Houses for the Homeless



Tiny Houses for the Homeless

