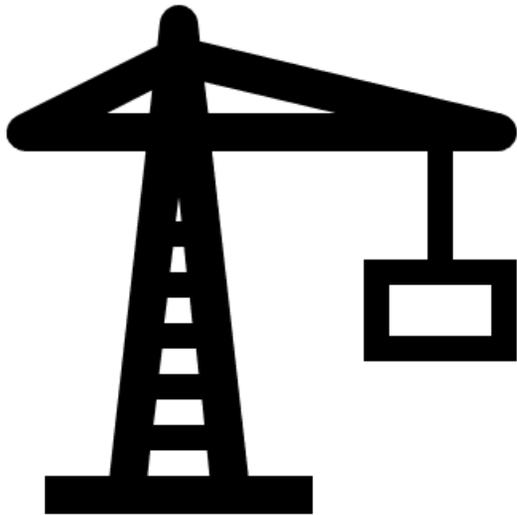




Proposed Workplan to Incentivize Housing Production

Jennifer Ott, Deputy City Manager and Christina Morales, Housing Division Manager
January 14, 2020

Purpose of Presentation



- Review policies to incentivize the production of both market rate and affordable housing; and
- Discuss timeline to seek approval of the workplan components; and
 - Approval of the workplan is the starting point.
 - Components of the plan will be discussed further with community members and brought to Council for further discussion.

Presentation
Focus



BACKGROUND



OBJECTIVES



**REVIEW HOUSING
PRODUCTION
STRATEGIES**



**DISCUSS
PROPOSED
WORKPLAN**

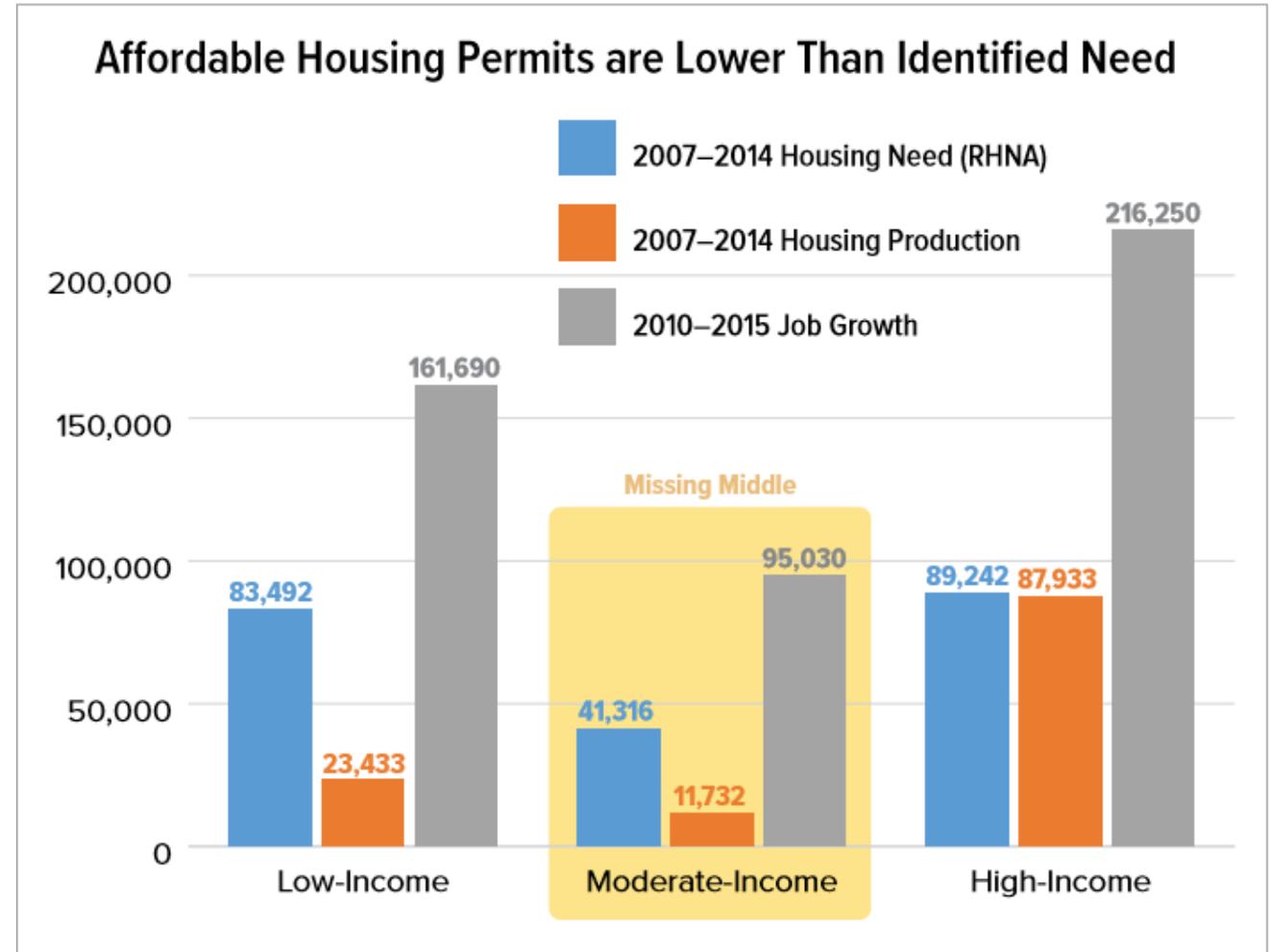


Background

Background

- Housing production in the Bay Area has not kept pace with housing demand.
- Council directed staff to identify ways to incentivize housing development to address concerns about housing affordability.

Bay Area Housing Production Versus Job Growth



Source: Casa Compact

Background

Homelessness-Housing
Taskforce Meetings
(HHTF)

Discussed proposed workplan on

- September 5, 2019
- December 9, 2019

HHTF recommended

- Adding workplan item to evaluate providing pre-approved plans for ADUS to facilitate development
- Consideration by the City Council

Background

Stakeholder Participation

Participation Events

1. Review of proposed workplan with affordable and market rate developers
2. Individual interviews with market rate developers
3. Stakeholder forum with small group discussions
4. Convening of infill developers

Background

Stakeholder
Participation

Major Themes from Participants

1. More flexibility
2. Upfront certainty
3. Partnership mentality
4. Expedite approval processes
5. Reasonable ground floor commercial space requirements

Background

Changes to State Legislation

Effective January 1, 2020

- Streamlining legislation
- Accessory dwelling units (ADU) legislation that limits local control
- Housing approval legislation
 - By right low barrier navigation centers
 - Super density bonus
 - Supportive housing streamlining
- Surplus Lands Legislation
- Transparency requirements regarding developer impact fees



Objectives

Objectives



- Incentivize the production of both market rate and affordable housing
- Implement measures to meet Regional Housing Need Assessment (RHNA) goals included in the Housing Element.
- Establish “pro-housing” policies to ensure Hayward remains competitive for State Housing Funds.
- Improve housing affordability

Objectives

2015 -2023 RHNA Goal Progress



Income Category	Unit Goal	Reported 2018		Approved		Pending Approval		Estimated Compliance		Estimated Deficiency	
		Units	% of goal	Units	% of goal	Units	% of goal	Units	% of goal	Units	% of goal
Very low	851	40	5%	147	17%	180	21%	367	43%	484	57%
Low	480	19	4%	209	43%	54	11%	282	59%	198	41%
Moderate	608	0	0%	40	7%	21	3%	61	10%	547	90%
Above Moderate	1981	873	44%	2,617	132%	318	16%	3,808	192%	0	N/A

To be counted toward the RHNA goals, a unit must be permitted.

Objectives

Income Limits



Income Category	Household Size							
	1	2	3	4	5	6	7	8
Extremely Low 30% AMI*	\$26,050	\$29,750	\$33,450	\$37,150	\$40,150	\$43,100	\$46,100	\$49,050
Very low 50% AMI*	\$43,400	\$49,600	\$55,800	\$61,950	\$66,950	\$71,900	\$76,850	\$81,800
Low 80% AMI*	\$69,000	\$78,850	\$88,700	\$98,550	\$106,450	\$114,350	\$122,250	\$130,100
Median 100% AMI	\$78,200	\$89,350	\$100,550	\$111,700	\$120,650	\$129,550	\$138,500	\$147,450
Moderate 120% AMI	\$93,850	\$107,250	\$120,650	\$134,050	\$144,750	\$155,500	\$166,200	\$176,950

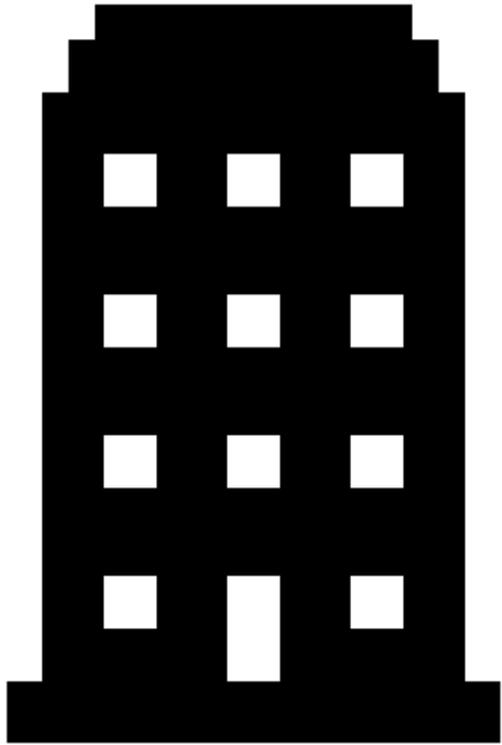
Objectives

Pro-Housing Local Policies

State defined pro-housing local policies:

- Establishing local housing trust fund
- Reducing parking requirements
- Using by right approval
- Reduction of permit processing time
- Reduction of development impact fees
- Establishment of Workforce Housing Opportunity Zone or housing sustainability district





Housing Production Strategies

Identification of Strategies



Proposed and enacted state legislation



Policies from other jurisdictions



Regional planning efforts



Industry professionals

Housing Production Incentives Categories

1. Zoning and Housing Approvals

Accessory Dwelling Units (ADU) Approvals

Impact Fees and Transparency

Funding Resources

Public Land Disposition

Streamlining Approval Process

- In progress/Addressed
- Highly Recommended
- Recommended
- Not Recommended

Incentivizing Housing Production

Zoning and Housing Approvals

Topic	Type of Housing	RHNA Compliance Household Targeting
Density Bonus <ul style="list-style-type: none"> Conform to state law Increase Incentives for mixed income projects 	Mixed-Income, Affordable, Ownership, Rental	All income levels, seniors, college students, foster youth, disabled veterans, unsheltered
Upzoning <ul style="list-style-type: none"> All residential zoning districts All single-family zoning districts Only those single-family zoning districts inconsistent with the general plan 	Market Rate , Mixed-Income, Affordable, Ownership, Rental	All Income levels
Expand locations for emergency shelters	Homeless shelters	No RHNA contribution. Extremely low-income, very-low income and unsheltered

- In progress/Addressed
- Highly Recommended
- Recommended
- Not Recommended

Incentivizing Housing Production

Zoning and Housing Approvals

Topic	Type of Housing	RHNA Compliance Household Targeting
Evaluate City's Affordable Housing Ordinance (AHO)	Mixed-Income, Affordable, Ownership, Rental	All Income levels
Prepare Housing Element for next cycle	Market Rate , Mixed-Income, Affordable, Ownership, Rental	All Income levels
Modify Parking Requirements	Market Rate , Mixed-Income, Affordable, Ownership, Rental	All Income levels

- In progress/Addressed
- Highly Recommended
- Recommended
- Not Recommended

Incentivizing Housing Production

Accessory Dwelling Units (ADU)

Topic	Type of Housing	RHNA Compliance Household Targeting
Reduce time to issue ADU Permits	SFR Additions Market Rate	RHNA-Moderate Income Low income and moderate income by design
Update City's ADU Ordinance to conform with state law	Additions to SFR and Multifamily Residential Market Rate	RHNA-Moderate Income Low income and moderate income by design
Evaluate the possibility of providing pre-approved plan sets to facilitate the development of ADUs	Additions to SFR, Market Rate	RHNA-Moderate Income Low income and moderate income by design

- In progress/Addressed
- Highly Recommended
- Recommended
- Not Recommended

Incentivizing Housing Production

Fees and Transparency

Topic	Type of Housing	RHNA Compliance Household Targeting
Improve fee transparency	Market Rate , Mixed-Income, Affordable, Ownership, Rental	All Income levels
Exempt, reduce or defer city development impact fees for affordable housing units	Mixed-Income, Affordable, Ownership, Rental	All Income levels
Exempt or reduce ADUs from development impact fees consistent with state law	Additions to SFR and Multifamily Residential Market Rate	RHNA-Moderate Income Low income and moderate income by design
Allow deferral of utility impact fees for affordable housing units and ADUs until service connection	Mixed-Income, Affordable, Ownership, Rental	All Income levels

Incentivizing Housing Production

Reduction of Development Impact Fees

Expand current exemption

- 100% Affordable
- Affordability levels up to 120% AMI
- Non-profit developer

Reduce fee for on-site affordable units

- Must meet minimum requirements for on-site units per Affordable Housing Ordinance (AHO)
- 50% reduction of park fees for on-site affordable unit
- 50% reduction of transportation fee for on-site affordable units for projects located ½ mile of BART or major-high frequency transit.

Establish Impact fee loan program for affordable units

- Project must have City Regulatory Agreement

Exempt/Reduce Impact Fees for ADUs consistent with state law

- Units 750 square feet-Exempt
- Units greater than 750 square- Reduce fee to proportional amount of primary residence.

- In progress/Addressed
- Highly Recommended
- Recommended
- Not Recommended

Incentivizing Housing Production

Funding

Topic	Type of Housing	RHNA Compliance Household Targeting
Pilot a new moderate-income affordable housing financing model	Affordable, Rental	Moderate-Income
Pursue state housing funding opportunities	Affordable, Rental, Ownership	Very low, low, and moderate-income
Allocation of Affordable Housing Trust Funds	Affordable, Rental, Ownership, Transitional Housing, Downpayment Assistance (TBD)	Very low, low, and moderate-income

- In progress/Addressed
- Highly Recommended
- Recommended
- Not Recommended

Incentivizing Housing Production

Public Lands

Topic	Type of Housing	RHNA Compliance Household Targeting
Prioritize on-site affordable housing for residential projects developed on city-owned land	Mixed-Income, Affordable, Ownership, Rental	All Income levels
Convert underused and tax defaulted properties to permanent affordable housing in partnership with nonprofit affordable housing developers	Mixed-Income, Affordable, Ownership, Rental	No RHNA contribution without amendment to Housing Element. Helps fulfil goals.
Create a zoning exemption for affordable housing on surplus land in residential zones regardless of density maximums	Affordable, Rental, Ownership	All Income levels

- In progress/Addressed
- Highly Recommended
- Recommended
- Not Recommended

Incentivizing Housing Production

Streamlining

Topic	Type of Housing	RHNA Compliance Household Targeting
Streamlined approval for affordable housing projects meeting specific criteria consistent with SB 35	Affordable, Ownership, Rental	Very low, low, and moderate-income
Review approval process to address inefficiencies with the goal of reducing overall approval time	Market Rate , Mixed-Income, Affordable, Ownership, Rental	All income levels
Provide "Package of Incentives" for housing projects providing affordable housing	Market Rate , Mixed-Income, Affordable, Ownership, Rental	All income levels
Educational work session regarding project feasibility, residual land value and implication of demands beyond established requirements	Market Rate , Mixed-Income, Affordable, Ownership, Rental	All income levels

Incentivizing Housing Production

Illustrative Package of Incentives

Package A

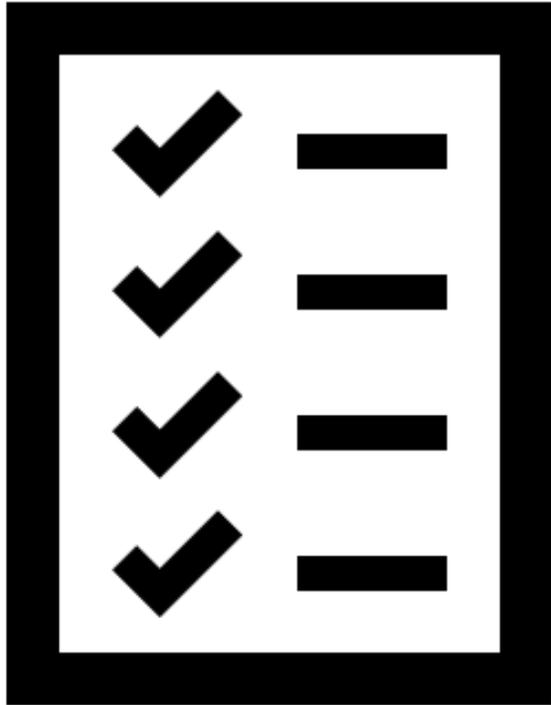
- **On-site affordable housing meeting AHO requirements**
- Density bonus increases and concessions consistent with current state law.
- Park fee reduction for affordable units
- Loan program for impact fees for affordable rental units

Package B

- **On-site affordable housing greater than minimum requirements (tbd)**
- Density bonus increase above 35%, if exceeds states affordability levels
- More concessions
- Park fee reduction for affordable units
- Loan program for impact fees for affordable rental units

Package C

- **100% Affordable**
- Density bonus increase above 35%
- More concessions
- Park fee exemption or reduction
- Loan program for impact fees



Workplan

Workplan

Short-term (In progress)

Topic	Policies	Type	State Priority “pro-housing”
Streamlining	Streamline approval of affordable housing projects meeting specific criteria established in SB 35	Administrative	Reduction of processing time
Streamlining	Review approval process to address inefficiencies	Administrative	Reduction of processing time
Public Lands	Prioritize on-site affordable housing for residential projects developed on City-owned land	Administrative	Meet RHNA Goals
Fees/ Transparency	Improve transparency	Administrative	N/A
Streamlining	Hold informational City Council work session to discuss project feasibility, residual land value and implication of demands beyond established requirements	Work Session	

Workplan

Short-term (1-2 years)

Topic	Policies	Type	State Priority “pro-housing”
Fees/ Transparency	Deferral of utility impact fees	Administrative	Reduction of impact fees
Fees/ Transparency	Exempt, reduce, defer and provide loans for impact fees on affordable units	Work Session Legislative	Reduction of impact fees
Fees/ Transparency	Exempt and Reduce impact fees for ADUs as required by state Law	Work Session Legislative	Reduction of impact fees
Zoning/Housing Approvals	Conform ADU ordinance with state Law	Legislative	Use of right approval
Funding	Moderate-income affordable housing finance model	Legislative	Meet RHNA Goals
Funding	Pursue state housing and planning funding opportunities	Legislative	N/A

Workplan Mid-term (2-3 years)

Topic	Policies	Type	State Priority “pro-housing”
Zoning/Housing Approvals	Conform Hayward Density Bonus with state law and explore Density bonus greater than 35%	Outreach Work Session Legislative	Meet RHNA Goals
Zoning/Housing Approvals	Allow emergency shelter sites in more areas within the City	Outreach Work Session Legislative	Use of right approval
Public Lands	Program to convert tax defaulted properties to affordable housing	Administrative Legislative	Meet RHNA Goals
Streamlining	Package of Incentives	Administrative	Reduction of processing time
Funding	Allocation of Affordable Housing Trust Funds	Work Session	Local Housing Trust Fund
ADU Approvals	Evaluate the possibility of providing pre-approved plan sets to facilitate the development of ADUs	Administrative	Reduction of Processing time

Workplan Long-term (3+ years)

Topic	Policies	Type	State Priority “pro-housing”
Zoning/Housing Approvals	Upzone Residential Land Use Categories and Expand Single-Family Residential Land Use Categories to Allow Up to Four Units	Outreach Work Session Legislative	Use of right approval
Zoning/Housing Approvals	Prepare the City’s General Plan Housing Element for next cycle.	Outreach Work Session Legislative	Regulatory Compliance
Zoning/Housing Approvals	Evaluate City’s Affordable Housing Ordinance	Outreach Work Session Legislative	Meet RHNA Goals

Next Steps

- That the City Council review and discuss the proposed workplan to incentivize housing production in the City of Hayward.
- Return to Council on January 21, 2020 for Approval of the Workplan
 - Support indicates a desire to evaluate further (Not Approval).
 - Staff will evaluate further and conduct community stakeholder work.
 - Staff will return to Council with recommendations within the proposed time frames.

Discussion and Questions

