

# WS 20-001 - ATTACHMENT II POLICIES TO INCENTIVIZE HOUSING PRODUCTION

## ZONING AND HOUSING APPROVAL

### TOPICS EVALUATED

#### OVERVIEW

Zoning and housing approvals can be costly and time consuming. Projects that do not conform with the General Plan or zoning must request general plan amendments or variances. In some cases, the requests require additional studies, a higher level of approval and additional public comment. Lengthy approval times add additional cost to the project and can make a project less feasible. Staff identified topics for further consideration which would streamline the entitlement process. The subsections below provide information regarding each topic considered and whether it is recommended for further evaluation. Proceeding each section is a table the summarizes information including types of projects, income targeting, objectives, recommendations, and timelines.

#### I. Density Bonus

| Summary  |   |
|--|---|
| Objective  | <ul style="list-style-type: none"> <li>As required by state law, provide incentives to include affordable housing units in market rate projects by providing an increase in density and/or development incentives without requiring local officials to approve general plan amendments and zoning changes.</li> <li>Amend ordinance to conform with recent changes to state law including new "Super Density Bonus" for 100% affordable housing projects.</li> <li>Determine if increasing density bonus for market rate projects beyond state law is appropriate for Hayward.</li> </ul> |
| Benefits Market Rate Development                     | <b>Yes:</b> Encourages the inclusion of on-site affordable housing units as means to comply with the Affordable Housing Ordinance because it reduces project cost.  |
| Targeted Projects                                    | Mixed-income and affordable housing; rental and ownership housing.  |
| Household Targeting                                  | Very low, low, moderate and above moderate (see Appendix A for details); seniors, college students, foster youth, disabled veterans, persons experiencing homelessness  |
| State Priority for "Pro-housing City"                | Streamlining, Use of Right Approval   |
| Regional Housing Needs (RHNA)/ Housing Element Goals | Will produce units at all income levels:<br>Very low, low, moderate and above moderate  |
| Level of Recommendation                              | <b>Highly Recommended</b> <ul style="list-style-type: none"> <li>Must comply with state mandates</li> <li>Recommend evaluating with stakeholder participation if a greater density bonus for mixed-income properties is warranted</li> </ul>  |
| Proposed Timeline                                    | Mid-term (2-3 years)  |

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**Policy Description.** Density Bonus is a state mandate. Density Bonus Law requires that developers who meets the requirements of state law be granted increased density and/or other incentives or concessions in exchange for meeting specific housing needs such as affordable housing or senior housing. Developers can request percent increase in density beyond current zoning, reduction of development standards, modification of zoning codes or architectural design requirements, approval of mixed-use zoning; or other regulatory incentives or concessions to achieve cost savings. Unless the City determines that the proposed concession or incentive does not reduce costs, would cause a public health or safety problem, would cause an environmental problem, would harm historical property, or would be contrary to law, the City is required to grant the concession or incentives. The following are some examples of requirements that entitle a developer to a density bonus:

- At least 5% of the housing units are restricted to very low-income residents.
- At least 10% of the housing units are restricted to lower income residents or moderate-income residents in a for-sale common interest development.
- At least 20% of the housing units are for low-income college students in housing dedicated for full-time students at accredited colleges.
- The project is a senior citizen housing development (no affordable units required).

**Policy Analysis.** Other jurisdictions that have Density Bonus that exceeds 35% State Density Bonus include Anaheim, Glendale, Sacramento County, San Diego, Santa Rosa, Walnut Creek and San Francisco. Density Bonuses in these jurisdictions range in applicability. Some jurisdictions allow density bonuses with no specific limit or geographical area and are decided on a case by case basis in exchange for some community benefit like higher affordable housing allocations. San Diego allows up to 50% density bonus plus five exceptions for projects that allocate higher numbers of affordable housing units or deeper levels of affordability. Santa Rosa and Sacramento County allow higher density bonuses within certain geographical areas (i.e. proximity to transit, located within downtown areas), and in exchange for certain development features (i.e. preservation of environmentally sensitive areas and energy conservation features).

The objective of the State Density Bonus is to reduce development costs in exchange for meeting the housing needs of specific target populations. Affordability levels required by the Density Bonus Law mostly meet the requirements of the Affordable Housing Ordinance which will encourage the inclusion of on-site affordable units and promote mixed-income housing. It is important for the City to be proactive about making this connection for the developers. The Density Bonus would be included as an incentive as part of the proposed "Package of Incentives" described under the streamlining topic.

Can provide developer with increased flexibility and an expedited approval process if proposed project would otherwise exceed maximum density for the site.

**Workplan Proposal.** At a minimum, this proposal would require amendments to the Hayward Municipal Code to conform Hayward's Density Bonus Provisions with state law. Additionally, efforts could include stakeholder outreach to evaluate the benefit of a density

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bonus above state law. Additional density bonus would be dependent on certain yet-to-be-determined criteria that would need to be met by the project depend (e.g., number and type of affordable units being proposed; the housing type; the underlying General Plan designation and zoning; and surrounding development). The City has requested SB2 grant funding to fund this work. This work would be completed over a 2 to 3-year time period.

**Recommendation.** Highly recommended that the City conform Density Bonus Ordinance with state law and evaluate (with stakeholder participation) increased density bonus for market rate/mixed-income projects.

## II. Upzone Residential Land Use Categories and Expand Single-Family Residential Land Use Categories to Allow Up to Four Units

| Summary  |   |
|--|---|
| Objective  | Evaluate all residential zoning districts and land use designations to determine if appropriate to upzone to allow for additional residential development and expand citywide single-family residential land use categories to allow residential structures with up to four dwelling units – like duplexes, triplexes, ad fourplexes – in single family zones |
| Benefits Market Rate Development                     | <b>Yes.</b> Helps developers and property owners avoid lengthy and expensive rezoning process.  |
| Targeted Projects                                    | Mixed-income and affordable housing; rental and ownership housing.  |
| Household Targeting                                  | Very low, low, moderate and above moderate (see Appendix A for details)   |
| Regional Housing Needs (RHNA)/ Housing Element Goals | Anticipated that the smaller project would pay the affordable housing in-lieu fee, but change could produce smaller non-restricted affordable by design units.  |
| State Priority for “Pro-housing City”                | Use of Right Approval   |
| Level of Recommendation                              | <b>Recommended</b> <ul style="list-style-type: none"> <li>Evaluate with stakeholder participation upzoning options from addressing inconsistencies between zoning and the general plan to a more comprehensive upzoning of all residential districts.</li> </ul>  |
| Proposed Timeline                                    | Long-term (3+ years)  |

**Policy Description.** This policy would explore the possibility of expanding some or all single-family districts to reduce the required lot size or allow up to four units if the owner chooses to develop more units. Changing the zoning will facilitate development because it will eliminate the need for completing lengthy and expensive rezoning process.

**Policy Analysis.** Cities establish plans and regulations to ensure orderly development in their community. As required by state law, the City adopts a General Plan that sets a vision for future development. Zoning Ordinances translates the plan into specific requirements and identifies what a property owner can do with their land. If the land has been zoned as single family, a property owner would not be able to add an addition unit to their property

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without completing lengthy and expensive rezoning process. Staff has identified several options, that require further evaluation, that could increase the number of units allowed single family districts.

Option 1: Comprehensive Upzoning of All Residential Zoning Districts. Proposal to evaluate all existing residential zoning districts to determine the potential to upzone allowing more density than currently allows across all zoning districts. As an example, stakeholder feedback identified some areas zoned RSB10, which require a 10,000 sq. ft. lot minimum and the potential to rezone to RS, which requires a 5,000 sq. ft. lot minimum, which would allow for increased density without changing the single-family character of the neighborhood. This would require rezoning and potential General Plan Amendments to allow for the increased density in appropriately identified areas ensuring zoning and General Plan designations for properties were consistent and may have CEQA impacts.

Option 2: Upzoning of All Single-Family Zoning Districts. Proposal to create a new land use category to allow residential structures with up to four dwelling units in single-family residential zones. Project would require General Plan Amendment to allow for a variety of attached as well as detached housing types. Examples include Minneapolis and Oregon.

Option 3: Upzoning of Only Those Single-Family Zoning Districts Inconsistent with the General Plan. Create an Overlay District that applies to properties that have a Medium Density Residential land use designation in the General Plan and an inconsistent Single Family Residential district designation in the zoning ordinance (applies to approximately 1,558 parcels city-wide and approximately 289 acres), resulting in the upzoning of these properties to a higher medium density zoning category. This would allow property owners to avoid the lengthy and expensive rezoning process to make the parcel consistent with the General Plan and would be in line with the General Plan designation adopted for the neighborhood. This could be part of any effort under Option 1 above.

Upzoning would provide the developer with increased flexibility.

**Workplan Proposal.** Evaluate all residential zoning districts and land use designations to determine if appropriate to upzone to allow for additional residential development and expand city-wide single-family residential land use categories to allow residential structures with up to four dwelling units – like duplexes, triplexes, and fourplexes – in single family zones. Depending on the option pursued, this may require rezoning and General Plan Amendments.

All of these efforts would require extensive outreach and further evaluation. The City has requested SB2 grant funding to fund this work. This work would be completed over three plus year time period.

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**Recommendation.** Recommended that the City evaluate with stakeholder participation upzoning options ranging from addressing inconsistencies between zoning and the general plan to comprehensive upzoning of all residential districts.

### III. Allow Emergency Shelter Sites in More Areas within the City

| Summary  |   |
|--|---|
| Objective  | Expand locations where emergency shelters are allowed as a permitted use without a conditional use or other discretionary permit.   |
| Targeted Projects                                    | Homeless shelters   |
| Household Targeting                                  | Extremely low-income and Very low-income (see Appendix A for details) people experiencing homelessness.   |
| Benefits Market Rate Development                     | <b>No</b>   |
| State Priority for “Pro-housing City”                | Use of Right Approval   |
| Regional Housing Needs (RHNA)/ Housing Element Goals | <ul style="list-style-type: none"> <li>• Does not contribute to fulfilling RHNA allocation</li> <li>• Contributes to fulfilment of Housing Element goals:                             <ul style="list-style-type: none"> <li>• H-4.2 to provide clear development standards and approval procedures for multifamily housing and emergency shelters.</li> <li>• H-6.1 Address Special Needs Housing including emergency shelters.</li> <li>• H-6.6 Support organizations that serve the Homeless Community.</li> </ul> </li> </ul> |
| Level of Recommendation                              | <b>Recommended</b><br>Recommend further evaluating with stakeholder participation   |
| Proposed Timeline                                    | Mid-term (2-3 years)  |

**Policy Description.** State law requires that local jurisdictions strengthen provisions for addressing the housing needs of people experiencing homelessness, including the identification of a zone or zones where emergency shelters are allowed as a permitted use without a conditional use permit. The proposed policy would expand the locations where emergency shelters are allowed as a permitted use without a conditional use or other discretionary permit. The City could identify written objective standards for a shelter to qualify such as the maximum number of beds.

**Policy Analysis.** Emergency shelters are defined (per Health and Safety Code 50801) as housing with minimal supportive services for homeless persons that is limited to occupancy of six months or less by a homeless person. No individual or household may be denied emergency shelter because of an inability to pay. Emergency Shelters are permitted as by right uses in the S-T4 (South Hayward Form Based Code, T4) District and as a by right use above ground floor commercial uses in the MB-T4 (Mission Boulevard Form Based Code, T4-1 and T4-2) Districts (and with a CUP on the ground floor in those sub-districts). The HMC has special requirements for Emergency shelters within the Form Based Code areas (i.e. must be located along Mission Blvd, among other performance standards). See Secs. 10-24.295 and 10-25.295(b) for special requirements. In the South Hayward MB FBC areas, there are 674 parcels (256 acres) where an emergency shelter may be established.

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Homeless Shelters are permitted as a by right use in the Industrial District on publicly owned land.

SB 744 - amends the Supportive Housing Streamlining laws adopted in 2018. Supportive Housing Projects eligible for streamlining pursuant to Government Code 65651 are not subject to CEQA. This would expedite the permitting process by shortening time periods for filing notices of exemption and notices of determination of supportive housing projects funded with No Place Like Home Funds.

**Workplan Proposal.** Evaluate if expansion of locations of emergency shelters is needed and identify allowable locations. This effort would require extensive outreach and further evaluation. This work would be completed over 2 to 3-year time period.

**Recommendation.** Recommend further evaluating with stakeholder participation.

### IV. Evaluate City's Affordable Housing Ordinance (AHO)

| Summary  |  |
|--|--|
| Objective  | Identify and address inconsistencies in the AHO with other affordable housing policies, state mandated requirements or impediments to development.   |
| Benefits Market Rate Development                     | <b>Yes.</b> Avoiding frequent changes in housing policy helps market rate developers have confidence in the feasibility of the project. As the AHO is evaluated, maintain an understanding that the AHO can also create an impediment to a development's feasibility.  |
| Targeted Projects                                    | Mixed-income and affordable housing; rental and ownership housing.   |
| Household Targeting                                  | Very low, low, moderate and above moderate (see Appendix A for details)  |
| State Priority for "Pro-housing City"                | Establishes Affordable Housing Trust Fund  |
| Regional Housing Needs (RHNA)/ Housing Element Goals | <ul style="list-style-type: none"> <li>• Onsite units will produce a modest number of units at all income levels:                             <ul style="list-style-type: none"> <li>○ Very low, low, moderate and above moderate;</li> <li>○ Ownership: 100 affordable units per 1000 market rate units for</li> <li>○ Rental: 60 affordable units per 1000 market rate units.</li> </ul> </li> <li>• Affordable housing in-lieu fees will subsidize 100% affordable housing projects which are instrumental in meeting the RHNA goals. Council would determine the priority affordability levels for the next NOFA.</li> </ul> |
| Level of Recommendation                              | <b>Recommended</b><br>Recommend evaluating with stakeholder participation three years after implementation.  |
| Proposed Timeline                                    | Mid-term (2-3 years)   |

**Policy Description.** The Affordable Housing Ordinance creates new affordable ownership or rental units at various income levels. Developers have the option of including on-site affordable units in their project and creating a mixed-income development, providing off-site affordable housing, proposing alternative ways to provide affordable housing, or paying the affordable housing in-lieu fee. The in-lieu fee revenue must be used to fund the

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development of affordable housing. It is important to evaluate new legislation to determine if it is serving its objectives.

**Policy Analysis.** The City last updated the AHO in December 2017. Effects of the changes will not be apparent until years after modification of the ordinance due to the time it takes for development project to be complete. Most projects that were approved since adoption of the new ordinance were conceived before the new AHO was proposed. It is also important to note that in-lieu fee revenue is an important resource to fund 100% affordable housing developments. To meet the Regional Housing Needs Allocation (RHNA) goals, the City will need more 100% affordable housing developments. Additionally, staff will work on a “Package of Incentives” (See item XXV) to promote the inclusion of on-site affordable units. Lastly, there is concern that frequent changes to development requirements become an impediment to housing development. While there is concern that not many mixed income projects have been proposed, it may be too early to make determination on the effectiveness of the AHO.

Allowing developers to comply with the affordable housing ordinance as written will provide more flexibility and upfront certainty.

**Workplan Proposal.** Staff proposes holding a work session only after the ordinance has been in effect for at least three years and implemented other incentives to develop mixed income properties. Staff recommends evaluating the ordinance within 2 to 3 years.

**Recommendation.** Recommend evaluating with stakeholder participation three years after implementation.

### V. Prepare General Plan Housing Element for Next Cycle

| Summary  |   |
|--|---|
| Objective  | Ensure that the City's General Plan Housing Element is in compliance with new state law to avoid court sanctions (July 1, 2020) and incorporate "prohousing" housing element criteria to earn extra points for HCD funding.   |
| Benefits Market Rate Development                     | <b>Yes.</b> State Housing Element law requires that local jurisdictions describe and analyze the housing needs of their community, the barriers or constraints to providing that housing, and actions proposed to address these concerns over an eight-year period. |
| Targeted Projects                                    | Mixed-income and affordable housing; rental and ownership housing.  |
| Household Targeting                                  | Very low, low, moderate and above moderate (see Appendix A for details)   |
| State Priority for “Pro-housing City”                | N/A   |
| Regional Housing Needs (RHNA)/ Housing Element Goals | Could produce units at all income levels:<br>Very low, low, moderate and above moderate   |

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|                                |   |
|--------------------------------|---|
| <b>Level of Recommendation</b> | <b>Recommended</b><br>Preparation of the General Plan Housing Element is a state mandate. |
| <b>Proposed Timeline</b>       | Mid-term (2-3 years)  |

**Policy Description.** Identify new state mandates to ensure City's General Plan Housing Element is in compliance to avoid court sanctions and incorporate "prohousing" housing element criteria to earn extra points for HCD funding.

**Policy Analysis.** The City will be required to update the City's General Plan Housing Element by 2023. Failure to comply with mandate may result in court sanction and reduce the City's competitiveness for state housing funds.

**Workplan Proposal.** Update the City General Plan Housing Element as required by state law by 2023.

**Recommendation.** Recommend that the City Comply with state law and prepare the next General Plan Housing Element incorporating "prohousing" Housing Element Criteria.

### VI. Modify Parking Requirements in the Parking Ordinance

| Summary   |   |
|---|---|
| <b>Objective</b>  | Amend the parking ordinance with elimination or modification of parking requirements to reduce costs associated with parking.                         |
| <b>Benefits Market Rate Development</b>                     | <b>Possibly:</b> Reduction of parking requirements may reduce costs; however, units in certain locations may be less marketable with reduced parking. |
| <b>Targeted Projects</b>                                    | Market rate, Mixed-income and affordable housing; rental and ownership housing.   |
| <b>Household Targeting</b>                                  | Very low, low, moderate and above moderate (see Appendix A for details)   |
| <b>State Priority for "Pro-housing City"</b>                | Reducing Parking Requirements   |
| <b>Regional Housing Needs (RHNA)/ Housing Element Goals</b> | Could produce units at all income levels:<br>Very low, low, moderate and above moderate   |
| <b>Level of Recommendation</b>                              | <b>Not Recommended</b><br>Not Recommended at this time as there is much debate about the topic.   |
| <b>Proposed Timeline</b>                                    | Long-term (3+ years)  |

**Policy Description.** Amend the parking ordinance with elimination or modification of parking requirements to reduce costs associated with parking.

**Policy Analysis.** Reducing, modifying or eliminating parking requirements is being discussed as a keyway to reduce the cost of construction for housing development and vehicle miles travelled throughout the state and region. Providing adequate supply of



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parking in new developments is a much-debated topic in the City of Hayward and is, therefore, not being recommended by staff at this time, although likely to be a topic that is addressed comprehensively throughout the City at a later point in time once there are adequate staff resources to take on this additional project.

**Recommendation.** Not Recommended.

## ACCESSORY DWELLING UNITS (ADU)

### TOPICS EVALUATED

#### OVERVIEW

Per the State of California Department of Housing and Community Development (HCD), ADUs are an innovative, affordable, effective option for adding much-needed housing in California. The benefits of ADUs include:

- ADUs are an affordable type of home to construct in California because they do not require paying for land, major new infrastructure, structured parking, or elevators.
- ADUs can provide a source of income for homeowners.
- ADUs are built with cost-effective wood frame construction, which is significantly less costly than homes in new multifamily infill buildings.
- ADUs allow extended families to be near one another while maintaining privacy.
- ADUs can provide as much living space as many newly built apartments and condominiums, and they're suited well for couples, small families, friends, young people, and seniors.
- ADUs give homeowners the flexibility to share independent living areas with family members and others, allowing seniors to age in place as they require more care.
- Development of new ADUs contribute to moderate income RHNA goals.

The state has mandated standards related to ADUs to reduce development barriers for property owners.

The cost of developing an ADU varies based on size and location of ADU. The following table summarizes costs associated with ADU applications received in 2018 and 2019.

| <b>Location of ADU</b>       | <b>Average Construction Cost</b> | <b>Average Size</b> | <b>Average Cost per Square Foot</b> | <b>Average Cost Fees and Taxes</b> | <b>Average Total Costs</b> |
|------------------------------|----------------------------------|---------------------|-------------------------------------|------------------------------------|----------------------------|
| Detached                     | \$85,072                         | 634 sf              | \$139                               | \$30,145                           | \$115,172                  |
| Attached                     | \$94,954                         | 641 sf              | \$142                               | \$35,570                           | \$130,524                  |
| Conversion of Existing Space | \$51,354                         | 522 sf              | \$113                               | \$18,409                           | \$ 69,763                  |

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## VII. Reduce Time to Issue ADU Permit

| Summary  |  |
|--|--|
| Objective  | Reduce City's time to issue a permit through adjustment to internal processes.     |
| Benefits Market Rate Development                     | <b>Yes.</b> Streamlines approval process for property owners that wish to add ADU. |
| Targeted Projects                                    | Additions to existing housing units in single family zoned districts               |
| Household Targeting                                  | Low- and Moderate-Income Households; Affordable by design                          |
| State Priority for "Pro-housing City"                | Reduction of Permit Processing Time  |
| Regional Housing Needs (RHNA)/ Housing Element Goals | Can be counted as moderate income units to meet RHNA goals.                        |
| Level of Recommendation                              | Already addressed  |
| Proposed Timeline                                    | N/A  |

**Policy Description.** Reduce City's time to issue a permit through adjustment to internal processes.

**Policy Analysis.** Currently, Planning approval for ADUs is typically completed within two weeks of submittal of a Zoning Conformance application.

According to Building Permit records, it takes between 2-10 months between building permit application to issuance of permit with an average of six months. The range in timing is related to quality of plans and responsiveness of applicant to comments. Other Cities have implemented further improvements such as same day approval process which would require participation of multiple departments. Other improvements could include sample pre-approved plans to address the quality of plans submitted.

**Workplan Proposal.** Staff recommends no further improvements at this time. Staff proposes prioritizing updates to the ADU Ordinance, as required by state law, and activities that will reduce time to process applications for larger scale projects.

**Recommendation.** No further improvements at this time.

## VIII. Update City's ADU Ordinance to Conform with State Law

| Summary                          |  |
|----------------------------------|--|
| Objective                        | Increase the supply of naturally occurring affordable housing by providing more flexibility to property owners interested in adding ADUs to their properties as required by state.       |
| Benefits Market Rate Development | <b>Yes.</b> Removes some restrictions related to adding ADUs to a privately-owned property. Allows rental property owners to add ADUs to both single-family and multi-family properties. |

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|   |   |
|---|---|
| <b>Targeted Projects</b>                                    | Additions of ADUs to existing housing in single family zoned districts or multi-family developments.  |
| <b>Household Targeting</b>                                  | Low- and Moderate-Income Households; affordable by design   |
| <b>State Priority for “Pro-housing City”</b>                | Use of Right Approval   |
| <b>Regional Housing Needs (RHNA)/ Housing Element Goals</b> | Can be counted as moderate income units to meet RHNA goals.   |
| <b>Level of Recommendation</b>                              | <p><b>Highly Recommended</b></p> <ul style="list-style-type: none"> <li>City’s Ordinance will be null and void if it does not meet state Requirements.</li> </ul> |
| <b>Proposed Timeline</b>                                    | Mid-term (2-3 years)  |

**Policy Description.** Existing ADU ordinance will be “null and void” on January 1, 2020. While the state has left little room for local discretion, the City will need to update its ADU ordinance to establish any discretion it has.

**Policy Analysis.** Recent state legislation has limited Cities authority related to ADU requirements. For example, the state has restricted limitations on parking requirements, limitations on setbacks, limitations on size, impact fees, owner occupancy requirements. Local ordinance can establish:

- Objective landscaping, design, privacy, historic standards;
- Height limits above 16 feet;
- Size limitations above state requirements;
- Location standards for larger detached ADUs and attached ADUS;
- Prohibit all short-term rentals if desired;
- Application and submittal requirements;

Sixty days after adoption, the City will have to send new ADU ordinance to the state for review. In the interim, approval of ADUS will default to the state ministerial streamlining requirements.

**Workplan Proposal.** Update City’s ADU Ordinance to comply with state law and set City’s standards where allowable. Staff recommends updating the ordinance within 2 to 3 years.

**Recommendation.** Highly recommended that we establish Hayward ADU Ordinance that complies with state law.

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## IX. Evaluate Providing Pre-Approved ADU Plans

| Summary  |   |
|--|---|
| Objective  | Decrease the cost and time for developing ADUs by providing pre-approved plans.   |
| Benefits Market Rate Development                     | <b>Yes.</b> Facilitates the development of ADUs on privately-owned property. Allows rental property owners to add ADUs to both single-family and multi-family properties. |
| Targeted Projects                                    | Additions of ADUs to existing housing in single family zoned districts.   |
| Household Targeting                                  | Low- and Moderate-Income Households; affordable by design   |
| State Priority for “Pro-housing City”                | Use of Right Approval   |
| Regional Housing Needs (RHNA)/ Housing Element Goals | Can be counted as moderate income units to meet RHNA goals.   |
| Level of Recommendation                              | <b>Recommended</b> <ul style="list-style-type: none"> <li>• Recommended by the Homelessness-Housing Taskforce (HHTF)</li> </ul>   |
| Proposed Timeline                                    | Mid-term (2-3 years)  |

**Policy Description.** Pre-approved ADU plans have the potential to reduce time to issue a building permit. Staff would evaluate the effectiveness, cost associated with providing pre-approved plans to develop ADUs and staff’s capacity to take on an additional project.

**Policy Analysis.** According to Building Permit records, it takes between 2-10 months between building permit application to issuance of permit with an average of six months. The range in timing is related to quality of plans and responsiveness of applicant to comments. Some cities are providing pre-approved plans that can be used by property owners to build ADUs.

**Workplan Proposal.** Evaluate the possibility of providing community residents pre-approved ADU plans to facilitate the development of ADUs. Staff recommends completed this evaluation within 2 to 3 years.

**Recommendation.** HHTF recommends evaluating the possibility of proving pre-approved plans to facilitate development of ADUs

## **FEES AND TRANSPARENCY**

### TOPICS EVALUATED

#### **OVERVIEW**

Impact fees provide cities revenue needed to address the impacts of development on the community. The City of Hayward imposes a Park Dedication In-Lieu Fee, Affordable Housing In-Lieu Fee and will be considering a Transportation Impact fee at a later date. Impact fees help to address community concerns but can also discourage investment if the costs cannot be absorbed by the market. The State of California has identified the high cost of impact fees and an impediment to housing development. Stakeholders have identified changes to the amount of fees can render a project infeasible. However, for residential development, Hayward’s existing fees are among the lowest for surrounding jurisdictions. Needless to say, freezing, deferring, reducing, or exempting a project from impact fees can be used to incentivize the inclusion of affordable housing.

#### **X. Reducing Development Impact Fees for Affordable Units (Excluding Utility Fees)**

| <b>Summary</b>  |  |
|---|--|
| <b>Objective</b>  | Reduce development costs for affordable housing projects and incentivize inclusion of affordable units in market rate developments by mitigate costs associated with the affordable units. |
| <b>Benefits Market Rate Development</b>                     | <b>Yes.</b> Will reduce costs for market rate developments that include on-site affordable housing units.  |
| <b>Targeted Projects</b>                                    | Mixed-income and affordable housing; rental and ownership housing  |
| <b>Household Targeting</b>                                  | Very low, low, moderate and above moderate (see Appendix A for details)  |
| <b>State Priority for “Pro-housing City”</b>                | Reduction of Development Impact Fees   |
| <b>Regional Housing Needs (RHNA)/ Housing Element Goals</b> | Will produce units at all income levels:<br>Very low, low, moderate and above moderate   |
| <b>Level of Recommendation</b>                              | <b>Highly Recommended</b>  |
| <b>Proposed Timeline</b>                                    | Short-term (1-2 years)   |

**Policy Description.** Options for Reducing Development Impact Fees for Affordable Units (Excluding Utility Fees).

- 1. Exempt affordable housing units (including on-site inclusionary units) from City development impact fees.** Exempt affordable housing units from development impact fees, including on-site inclusionary units. Maintain existing impact fee policy as part of any future policy to exempt 100% affordable housing projects with an average household income of 60 area median income or less or expand to include all

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100% affordable housing projects serving households up to 120% AMI that are sponsored by non-profit developers.

2. **Reduce development impact fees for affordable housing.** Reduce development impact fees for affordable housing units, including on-site inclusionary units (alternative: units that meet certain affordability criteria and requirements, such as very low or low-income units).
3. **Defer development impact fees for all housing.** Maintain existing impact fee policy as part of any future policy to allow development impact fees to be collected at certificate of occupancy instead of building permit.
4. **Establish Loan Program for Development Impact Fees for Affordable Housing.** Create a loan program for development impact fees for affordable housing units secured by a deed of trust released upon full payment of the fees.

**Policy Analysis.** Staff recommends the following actions to reduce the costs of development impact fees and incentivize affordable and mixed-income housing:

- Exempt 100% affordable housing projects sponsored by non-profit developers serving households up to 120% AMI from Park Dedication In-Lieu Fees.
- Provide a 50% reduction in park fees to for-profit developers for on-site affordable units that are income restricted consistent with the City's Affordable Housing Ordinance.
- Maintain the ability for development impact fees to be paid at certificate of occupancy as provided for in the City's current park development fee ordinance.
- Provide a 50% reduction in any future transportation fees for on-site affordable units that are located within 1/2 mile of BART or a major high-frequency transit line.
- Establish a loan program to defer impact fees for projects that include affordable housing units and that require a City regulatory agreement. Loan servicing would coincide with monitoring required by the regulatory agreement which will minimize the burden on staff and the cost of program administration.

**Workplan Proposal.** Staff recommends implementing a combination of fee exemption, reduction and deferral as described in the analysis to mitigate the cost of the affordable housing units and incentivize the inclusion of affordable units in market rate developments. Staff recommends implementing fee reductions within 1 to 2 years.

**Recommendation.** Highly Recommended

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## XI. Impact Fees and ADUs

| Summary  |   |
|--|---|
| Objective  | Reduce development costs for ADUs to incentivize property owners to add ADUs as an affordable by design housing option. |
| Benefits Market Rate Development                     | <b>Yes.</b> Reduces costs related to adding ADUs to a privately-owned property.   |
| Targeted Projects                                    | Additions of ADUs to existing housing in single family zoned districts or multi-family developments.                    |
| Household Targeting                                  | Low- and Moderate-Income Households; Affordable by design   |
| State Priority for "Pro-housing City"                | Reduction of Development Impact Fees  |
| Regional Housing Needs (RHNA)/ Housing Element Goals | Can be counted as moderate income units to meet RHNA goals.   |
| Level of Recommendation                              | <b>Highly Recommended</b><br><br>Exempt and reduce development impact fees consistent with state law.                   |
| Proposed Timeline                                    | Short-term (1-2 years)  |

**Policy Options.** Reduce development costs for ADUs to incentivize property owners to add ADUs as an affordable by design housing option. Options for Reducing Development Impact Fees for ADUs (Excluding Utility Fees).

1. **Exempt ADUs from development impact fees.** Exempt ADUs that are 750 sf or less from development impact fees as required by state law.
2. **Reduce development impact fees for ADUs.** Reduce development impact fees for ADUs that are greater than 750 sf proportional to the square footage of the primary dwelling as required by state law.
3. **Defer development impact fees for ADUs.** Defer development impact fees for ADUs.

**Policy Analysis.** Staff highly recommends reducing development impact fees for ADUs. Potential applicants frequently and continuously express to planners/city staff that this is a major impediment to constructing ADUs in the City. New state legislation has imposed limitations on impact fees for ADUs. Effective January 1, 2020, no Impact Fees or Quimby Act Fees can be charged for ADUs if the unit is less than 750 square feet. For ADUs greater than 750 square feet, the City can only charge an impact fee proportional to the square footage of the primary dwelling. Additionally, the deferral of payment of fees to certificate of occupancy consistent with the existing park development impact fee should be maintained.

**Workplan Proposal.** Staff recommends implementing fee exemptions and reductions for ADUs consistent with state law. Staff recommends implementing fee exemptions and reductions within 1 to 2 years.



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**Recommendation.** Highly Recommended

## **XII. Defer Utility Fees for Affordable Housing/ADUs until Service Connection.**

| Summary   |   |
|---|---|
| <b>Objective</b>  | Reduce development costs for affordable housing projects and ADUs by deferring utility impact fees until service connection.                |
| <b>Benefits Market Rate Development</b>                     | <b>Yes.</b> Will reduce costs for property owners who build ADUs or market rate developments that include on-site affordable housing units. |
| <b>Targeted Projects</b>                                    | Mixed-income and affordable housing; rental and ownership housing   |
| <b>Household Targeting</b>                                  | Very low, low, moderate and above moderate (see Appendix A for details)   |
| <b>State Priority for “Pro-housing City”</b>                | Reduction of Development Impact Fees  |
| <b>Regional Housing Needs (RHNA)/ Housing Element Goals</b> | Will produce units at all income levels:<br>Very low, low, moderate and above moderate  |
| <b>Level of Recommendation</b>                              | <b>Highly Recommended</b>   |
| <b>Proposed Timeline</b>                                    | Short-term (1-2 years)  |

**Policy Description.** Allow deferral of utility impact fees for affordable housing units and ADUs until service connection. Paying fees later reduces the financing costs associated with construction because it reduces interest accrual on loans.

**Policy Analysis.** Staff highly recommends deferring utility fees for affordable housing projects that provide on-site inclusionary units and ADUs. A workflow and tracking system will need to be established to verify payment.

**Workplan Proposal.** Staff recommends implementing fee deferral for utility connection fees for affordable housing units and ADUs within 1 to 2 years.

**Recommendation.** Highly Recommended

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## XIII. Improve Transparency.

| Summary  |   |
|--|---|
| Objective  | Provide more transparency to the development community about development requirements and the cost of fees. |
| Benefits Market Rate Development                     | <b>Yes.</b> Will provide developers more upfront certainty.   |
| Targeted Projects                                    | Market rate, Mixed-income and affordable housing; rental and ownership housing                              |
| Household Targeting                                  | Very low, low, moderate and above moderate (see Appendix A for details)                                     |
| State Priority for "Pro-housing City"                | Reduction of Development Impact Fees  |
| Regional Housing Needs (RHNA)/ Housing Element Goals | Will produce units at all income levels:<br>Very low, low, moderate and above moderate                      |
| Level of Recommendation                              | <b>In progress</b>  |
| Proposed Timeline                                    | Short-term (1-2 years)  |

**Policy Description.** As required by new state law, provide clear and easily obtainable information on the City's website and in Development Services Department materials to help the development community understand the development requirements and the cost of fee in the City so that they can plan their projects more effectively.

**Policy Analysis.** While new state law requires improved transparency, local developers indicated that uncertainty during the development process is one of their concerns with the City. Developers have stated that development requirements and/or fees are not clear. Additionally, they have experienced sudden changes or imposition of last-minute requests in development standards which create delays or increase project costs.

**Workplan Proposal.** Staff is already working on ways to provide clearer information about the cost of fees in the City to the development community, such as fees for sample projects and a possible fee calculator. Staff recommends completing this work within 1 to 2 years.

**Recommendation.** In Progress

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## FUNDING

### TOPICS EVALUATED

#### OVERVIEW

Increasing funding for affordable housing will enable the City to subsidize additional affordable housing units. The City has an affordable housing trust fund which is funded through payment of the affordable housing in-lieu fee. Additional funding can come from bond funds, parcel taxes, applying for state funding or partnering with affordable housing developers on their applications for state funding.

#### XIV. Pilot a New Moderate-Income Affordable Housing Financing Model

| Summary  |   |
|--|---|
| Objective  | Pilot a new Moderate-income affordable housing financing model  |
| Benefits Market Rate Development                     | <b>No</b>   |
| Targeted Projects                                    | Affordable housing; rental  |
| Household Targeting                                  | moderate-income (see Appendix A for details)  |
| State Priority for "Pro-housing City"                | N/A   |
| Regional Housing Needs (RHNA)/ Housing Element Goals | Will produce units at moderate income level   |
| Level of Recommendation                              | <b>Recommended</b><br>Recommended that the City partner with Catalyst Housing to utilize tax-exempt bond financing to fund moderate income housing. |
| Proposed Timeline                                    | Short-term (1-2 years)  |

**Policy Description.** Catalyst Housing has developed a financing model to finance deed restricted moderate income housing that would not require any financial contribution from the City. It would require that the City: (1) join the California Community Housing Authority (CALCHA) and partner with Catalyst Housing to utilize tax-exempt 30-year bonds issued by CALCHA; and (2) execute Purchase Option Agreements with CALCHA to give the City the option to purchase or sell the property between years 15-30 of the bonds. The City could assign this purchase option agreement to a non-profit housing corporation to assume the property.

**Policy Analysis.** Staff recommends this proposal as it would provide capital to finance and create new moderate-income housing rental units within the City. Currently, there are no housing development subsidies for moderate income households. The financing model could be used for new construction or to purchase market rate rental properties and convert them to moderate income properties. Catalyst housing has a zero-displacement policy and would allow over-income tenants to remain in their unit until they choose to

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leave. There would be no financial liability for the City unless the City exercises its option to purchase the property in the future.

**Workplan Proposal.** Staff is conducting additional analysis and is targeting Winter 2020 to bring this forward to Council for approval. Development of projects would be contingent on the availability of suitable sites or properties.

**Recommendation.** Recommended that the City partner with Catalyst Housing to utilize tax-exempt bond financing to fund moderate income housing.

### XV. Pursue State Housing Funding Opportunities

| Summary  |   |
|--|---|
| Objective  | Secure additional resources for the development of affordable housing by applying for state grant opportunities |
| Benefits Market Rate Development                     | <b>No</b>   |
| Targeted Projects                                    | Affordable housing; rental and ownership  |
| Household Targeting                                  | Very low, low, and moderate-income (see Appendix A for details)   |
| State Priority for "Pro-housing City"                | N/A   |
| Regional Housing Needs (RHNA)/ Housing Element Goals | Will produce units at all income levels:<br>Very low, low, and moderate-income                                  |
| Level of Recommendation                              | <b>Recommended</b><br>Recommended that the City apply for state grant opportunities.                            |
| Proposed Timeline                                    | Mid-term (2-3 years)  |

**Policy Description.** There are a variety of state grant opportunities that will provide funding for affordable housing development and planning grants intended to increase affordable housing production. Some examples of grants include, Local Housing Trust Fund Program (LHTF) which provides matching grants to local and regional housing trust funds dedicated to the creation, rehabilitation and preservation of affordable housing, transitional housing and emergency shelters; and Infill Infrastructure Grant Program (IIG) which promotes infill housing development by providing financial assistance that supports infrastructure improvements. The City should pursue funding opportunities to increase the supply of affordable housing.

**Policy Analysis.** Staff recommends that the City supplement existing resources to fund affordable housing development by applying for state grants.

**Workplan Proposal.** This work will be ongoing as the state issues NOFA. It is anticipated that the NOFA for the LHTF will be issue Spring 2020.

**Recommendation.** Recommended that the City pursue state grant funding opportunities.

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## XVI. Allocation of Affordable Housing Trust Funds

| Summary   |   |
|---|---|
| <b>Objective</b>  | Allocate affordable housing trust funds based on Council priorities.  |
| <b>Benefits Market Rate Development</b>                     | <b>No</b>   |
| <b>Targeted Projects</b>                                    | Affordable housing including rental and ownership; down payment assistance, transitional housing  |
| <b>Household Targeting</b>                                  | Very low, low, and moderate-income (see Appendix A for details)   |
| <b>State Priority for "Pro-housing City"</b>                | Local Housing Trust Fund  |
| <b>Regional Housing Needs (RHNA)/ Housing Element Goals</b> | Will produce units at all income levels:<br>Very low, low, moderate and above moderate  |
| <b>Level of Recommendation</b>                              | <b>Recommended</b><br>Staff recommends evaluating funding priorities that include various types of housing assistance including affordable rental housing, homeownership resale restricted housing or down payment assistance, and/or shelter opportunities |
| <b>Proposed Timeline</b>                                    | Mid-term (2-3 years)  |

**Policy Description.** Once sufficient funds are available, hold work session to establish funding priorities for Affordable Housing Trust Funds including affordable rental housing, homeownership resale restricted housing or down payment assistance, and/or shelter opportunities. Issue Notice of Funding Availability (NOFA) or establish programs consistent with Council funding priorities.

**Policy Analysis.** Last fiscal year, the City Council allocated the balance of the Affordable Housing Trust Funds. Once the Affordable Housing Trust Fund is replenished through payment of the affordable housing in-lieu fee, staff recommends evaluating funding priorities of various types of housing assistance including affordable rental housing, homeownership resale restricted housing or down payment assistance, and/or shelter opportunities. Per the Affordable Housing Ordinance, the affordable housing in-lieu fees must be used to increase the supply of housing affordable to moderate-, low, very low, or extremely low-income households in the City through new construction, acquisition of affordability covenants and substantial rehabilitation of existing housing. Use of the funds must mitigate the impact of market rate housing on the need for affordable housing.

**Workplan Proposal.** It is anticipated that sufficient funds will be available in 1-2 years. Council would hold a work session to establish priorities. In preparation, the HHTF will review homeownership policies and programs in June 2020 to be considered for funding. This work would be completed over 2 to 3-year time period.

**Recommendation.** Staff recommends evaluating funding priorities that include various types of housing assistance including affordable rental housing, homeownership resale

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restricted housing or down payment assistance, and/or shelter opportunities to determine allocation of affordable housing trust funds.

### XVII. Abate or Defer Property Tax for Market Rate and/or Affordable Housing Projects.

| Summary  |  |
|--|--|
| Objective  | Abate or Defer Property Tax for Market Rate and/or Affordable Housing Projects.        |
| Benefits Market Rate Development                     | <b>Yes.</b> Reduces cost of the development.   |
| Targeted Projects                                    | Affordable housing; rental and ownership housing                                       |
| Household Targeting                                  | Very low, low, moderate and above moderate-income (see Appendix A for details)         |
| State Priority for "Pro-housing City"                | N/A  |
| Regional Housing Needs (RHNA)/ Housing Element Goals | Will produce units at all income levels:<br>Very low, low, moderate and above moderate |
| Level of Recommendation                              | <b>Not Recommended</b>   |
| Proposed Timeline                                    | N/A  |

**Policy Description.** Abate or defer property taxes for market rate and/or affordable housing that meet certain density or inclusionary housing criteria and requirements.

**Policy Analysis.** This proposal is not recommended since it was already considered as a referral by the City Council and direction was given to staff not to pursue it.

**Recommendation.** Not Recommended.

### XVIII. Establish an Impact Fee on Commercial Uses for Affordable Housing

| Summary  |  |
|--|--|
| Objective  | Establish an impact fee on commercial uses to subsidize the development of affordable housing. |
| Benefits Market Rate Development                     | <b>No.</b>   |
| Targeted Projects                                    | Affordable housing; rental and ownership housing   |
| Household Targeting                                  | Very low, low, and moderate-income (see Appendix A for details)                                |
| State Priority for "Pro-housing City"                | Local Housing Trust Fund   |
| Regional Housing Needs (RHNA)/ Housing Element Goals | Will produce units at all income levels:<br>Very low, low, moderate and above moderate         |

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|                         |                        |
|-------------------------|------------------------|
| Level of Recommendation | <b>Not Recommended</b> |
| Proposed Timeline       | N/A                    |

**Policy Description.** Establish a fee that would be collected from commercial uses and placed in the Affordable Housing Trust Fund and used as described in Sections 10-17.1000-1010 (Affordable Housing Trust Fund) of the City's Affordable Housing Ordinance.

**Policy Analysis.** This proposal is not recommended because it would create a disincentive for commercial uses locate in the City, which the City is actively trying to attract. This policy is better suited for Silicon Valley where there is a high demand for commercial uses.

**Recommendation.** Not Recommended.

### **XIX. Pursue Voter-Approved Ballot Measure for a Vacant Parcel Tax for Homelessness and/or Affordable Housing.**

| Summary  |  |
|--|--|
| Objective  | Establish additional funding to fund services for people experiencing homelessness and/or development of affordable housing. |
| Benefits Market Rate Development                     | <b>No.</b>   |
| Targeted Projects                                    | Housing services and affordable housing; transitional housing and housing with supportive services                           |
| Household Targeting                                  | Extremely low-income (see Appendix A for details)  |
| State Priority for "Pro-housing City"                | Local Housing Trust Fund   |
| Regional Housing Needs (RHNA)/ Housing Element Goals | If used for housing development will produce units to meet the very low-income goal.   |
| Level of Recommendation                              | <b>Not Recommended</b>   |
| Proposed Timeline                                    | N/A  |

**Policy Description.** Pursue a voter-approved ballot measure, similar to the City of Oakland, to fund services for people experiencing homelessness and/or affordable housing (including rental and homeownership).

**Policy Analysis.** Pursue a voter-approved ballot measure, similar to the City of Oakland, to fund services for people experiencing homelessness and/or affordable housing (including rental and homeownership).

**Recommendation.** Not Recommended.

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### XX. Pursue Voter-Approved Ballot Measure for an Affordable Housing Bond Program

| Summary  |  |
|--|--|
| Objective  | Establish additional funding to subsidize the development of affordable housing.       |
| Benefits Market Rate Development                     | <b>No.</b>   |
| Targeted Projects                                    | Mixed-income and affordable housing; rental and ownership housing                      |
| Household Targeting                                  | Very low, low, and moderate income (see Appendix A for details)                        |
| State Priority for "Pro-housing City"                | Local Housing Trust Fund   |
| Regional Housing Needs (RHNA)/ Housing Element Goals | Will produce units at all income levels:<br>Very low, low, moderate and above moderate |
| Level of Recommendation                              | <b>Not Recommended</b>   |
| Proposed Timeline                                    | N/A  |

**Policy Description.** Pursue a voter-approved ballot measure for an affordable housing bond program to build and preserve affordable housing units (including rental and homeownership) citywide. The bond proceeds would help stabilize housing for the city’s most vulnerable populations including veterans, seniors, the disabled, low and moderate-income individuals or families, foster youth, victims of abuse, the homeless and individuals suffering from mental health or substance abuse illnesses. Furthermore, the bond would prioritize advancing supportive housing for special needs populations, including homeless and chronically homeless persons and increasing housing supply for extremely low-income populations.

**Policy Analysis.** Staff recommends supporting a regional housing bond measures instead of a local measure, as the potential benefits of a regional bond would have far greater potential than a local measure. This also allows the City to explore the feasibility of other revenue measures that the City may pursue over the next 2-5 years.

**Recommendation.** Not Recommended.



## **PUBLIC LANDS**

### TOPICS EVALUATED

#### **Overview**

City owned land is a resource that can be leveraged to increase the supply of housing. By establishing criteria for the disposition of City-owned property, the City set-priorities for development such as providing housing for low- or moderate-income housing subject to feasibility.

#### **XXI. Prioritize On-Site Affordable Housing for Residential Projects Developed on City-Owned Land**

| Summary   |  |
|---|--|
| <b>Objective</b>  | Increase the production of mix-income and affordable housing on City-owned land to address housing affordability and meet RHNA goals   |
| <b>Benefits Market Rate Development</b>                     | <b>Yes.</b> Creates development opportunities for market rate developers to develop mixed-income housing and sets clear expectations for inclusion of onsite affordable housing. |
| <b>Targeted Projects</b>                                    | Mixed-income and affordable housing; rental and ownership housing  |
| <b>Household Targeting</b>                                  | Very low, low, moderate and above moderate income (see Appendix A for details)   |
| <b>State Priority for “Pro-housing City”</b>                | N/A  |
| <b>Regional Housing Needs (RHNA)/ Housing Element Goals</b> | Will produce units at all income levels:<br>Very low, low, moderate and above moderate   |
| <b>Level of Recommendation</b>                              | <b>In Progress</b><br>Recommended that the City continue to leverage City-owned land to create opportunities for mixed-income or affordable housing.                             |
| <b>Proposed Timeline</b>                                    | Short-term (1-2 years)   |

**Policy Description.** Require that new development of City owned land include on-site affordable units at a level of affordability consistent with the affordable housing ordinance or provide a significant benefit to affordable housing in another form, as appropriate.

**Policy Analysis.** Currently, the City is in progress of implementing prioritization of on-site affordable housing for residential projects related to the development of City owned land, such as the 238 properties. In negotiating land deals, the City can identify development requirements that provide a public benefit to the extend the requests are feasible based on market conditions and are appropriate based on the General Plan and zoning. During the stakeholder events, developers have indicated that identifying project requirements upfront ensures project feasibility and that the framework the City has been using to identify project requirements for land disposition makes it easier to propose a feasible project that satisfies the City’s priorities.

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**Workplan Proposal.** This plan is already being applied to the disposition of City-owned land.

**Recommendation.** Recommended that the City continue to leverage City-owned land to create opportunities for mixed-income or affordable housing.

### XXII. Convert Underused and Tax Defaulted Properties to Permanent Affordable Housing in Partnership with Nonprofit Affordable Housing Developers

| Summary  |  |
|--|--|
| Objective  | Increase the production of mix-income and affordable housing on City-owned land to address housing affordability and meet RHNA goals   |
| Benefits Market Rate Development                     | <b>Yes.</b> Creates development opportunities for market rate developers to develop mixed-income housing and sets clear expectations for inclusion of onsite affordable housing.   |
| Targeted Projects                                    | Mixed-income and affordable housing; rental and ownership housing  |
| Household Targeting                                  | Very low, low, moderate and above moderate income (see Appendix A for details)   |
| State Priority for “Pro-housing City”                | N/A  |
| Regional Housing Needs (RHNA)/ Housing Element Goals | <ul style="list-style-type: none"> <li>• Without amendment to the Housing Element, the units developed would not count toward the RHNA goals.</li> <li>• Contributes to fulfilment of Housing Element goals:                             <ul style="list-style-type: none"> <li>• H-2.2 Provide Incentives for Affordable Housing</li> <li>• H-3.5 Encourage compatible development of underutilized sites.</li> <li>• H-3.6 Supports adaptive reuse.</li> </ul> </li> </ul> |
| Level of Recommendation                              | <b>Highly Recommended</b><br>Recommended that the City continue to leverage City-owned land to create opportunities for mixed-income or affordable housing.  |
| Proposed Timeline                                    | Short-term (1-2 years)   |

**Policy Description.** Enter into a joint venture partnership with a non-profit organization to acquire and convert formerly blighted and tax-defaulted properties into permanently affordable housing (including rental and homeownership) for low-and-moderate income households.

**Policy Analysis.** Staff highly recommends converting underused and tax defaulted properties to permanent affordable housing in partnership with a nonprofit affordable housing developer and/or community land trust in a way that minimizes administrative and financial impacts to City staff. Currently, unless new units are created, the program would not contribute units to meet the City’s RHNA goals. However, staff would structure this program and update the next housing element to count affordable units developed towards achieving regional housing allocations.

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**Workplan Proposal.** In previous years, there have only been a small number of units available on Alameda County’s tax defaulted property list. While the program will be beneficial in creating additional affordable housing opportunities, it is being set as a lower priority. Therefore, design and implementation of the program would be within 2-3 years.

**Recommendation.** Highly recommended that the City establish a program to convert underused and tax defaulted properties to permanent affordable housing in partnership with non-profit housing providers.

### XXIII. Create a Zoning Exemption for Affordable Housing on Surplus Land in Residential Zones regardless of Density Maximums.

| Summary  |   |
|--|---|
| Objective  | To increase the number of affordable housing units developed on surplus land in residential zones by exempting the land from maximum density. |
| Benefits Market Rate Development                     | <b>No.</b>  |
| Targeted Projects                                    | Affordable housing; rental and ownership housing  |
| Household Targeting                                  | Very low, low, moderate and above moderate income (see Appendix A for details)  |
| State Priority for “Pro-housing City”                | Use of Right Approval   |
| Regional Housing Needs (RHNA)/ Housing Element Goals | Could produce units at all income levels: <ul style="list-style-type: none"> <li>• Very low, low, moderate and above moderate</li> </ul>      |
| Level of Recommendation                              | <b>Not Recommended</b>  |
| Proposed Timeline                                    | Mid-term (2-3 years)  |

**Policy Description.** Permit 100% affordable housing developments on public land regardless of density maximums in residential and mixed-use zones. This exemption could be structured to exclude projects ineligible for state affordable housing financing program and on industrially zoned land.

**Policy Analysis.** This proposal may require General Plan Amendment and Zoning Text Amendments to allow densities on publicly owned land if it is not designated/zoned for residential uses. Additionally, new state law will allow increase density for 100 percent affordable housing developments. According to GIS, the City owns 335 parcels that have a Residential or Mixed-Use General Plan or Zoning designation and Successor Agency owns 13 parcels (7.7 acres) that could benefit by this proposal. Given limited staff resources and the limited potential benefits of this item, staff recommends pursuing proposals I (Density Bonus) and III (Upzoning) above instead.

**Recommendation.** Not Recommended.

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## STREAMLINING

### TOPICS EVALUATED

#### Overview

Depending on the scope of the development, the approval process can take years to complete. During that time, construction costs, fees and financing costs can increase; and development standards change. This creates uncertainty for developers and increases risk for developers. The objective of streamlining is to accelerate the approval process for residential development.

#### XXIV. Streamlined Approval for Affordable Housing Projects Meeting Specific Criteria Consistent with SB 35.

| Summary  |   |
|--|---|
| Objective  | Expedite the approval of 100% affordable housing developments as required by state law. |
| Benefits Market Rate Development                     | <b>No</b>   |
| Targeted Projects                                    | Affordable housing; rental and ownership housing  |
| Household Targeting                                  | Very low, low, and moderate income (see Appendix A for details)                         |
| State Priority for "Pro-housing City"                | Reduction of Permit Processing Time   |
| Regional Housing Needs (RHNA)/ Housing Element Goals | Will produce units at variety of income levels:<br>Very low, low, and moderate          |
| Level of Recommendation                              | <b>In Progress</b><br>Recommended compliance with state law                             |
| Proposed Timeline                                    | Short-term (1-2 years)  |

**Policy Description.** Develop an application process for ministerial review related to SB 35 streamlining eligible projects. Staff will identify Hayward’s objective zoning and design review standards. This will exclude qualified projects from environmental review under CEQA and reduce the approval process to 90 days from 180 days.

**Policy Analysis.** Currently, the City is in progress of streamlining approval for affordable housing projects that are in conformance and compliance with SB 35 eligibility criteria. Furthermore, the City has developed a checklist tool for developers to utilize during the permitting process to verify that all necessary documents and obligations are met to expedite the permitting process. Planning has received the first application for streamlined approval for affordable housing and working with other City Departments to comply with the requirements of SB 35. This policy will expedite the approval process for affordable housing a mix-income projects that otherwise meet the criteria.

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**Workplan Proposal.** Continue to work with City Departments to ensure compliance with SB 35 and create a process that will expedite affordable housing developments that meet the criteria for streamlining.

**Recommendation.** Recommended that the City continue establishing a process to comply with SB 35 to streamline approvals for affordable housing.

### XXV. Review Approval Process to Address Inefficiencies with the Goal of Reducing Overall Approval Time.

| Summary  |  |
|--|--|
| Objective  | <ul style="list-style-type: none"> <li>Expedite the approval process by addressing inefficiencies.</li> <li>Comply with new state law</li> </ul> |
| Benefits Market Rate Development                     | <b>Yes.</b> Will make improvements to address some of the developers concerns about approval times and early identification of required reports. |
| Targeted Projects                                    | Market Rate, Mixed-income, Affordable housing; rental and ownership housing  |
| Household Targeting                                  | Very low, low, moderate and above moderate-income (see Appendix A for details)   |
| State Priority for "Pro-housing City"                | Reduction of Permit Processing Time  |
| Regional Housing Needs (RHNA)/ Housing Element Goals | Will produce units at all of income levels:<br>Very low, low, moderate and above moderate  |
| Level of Recommendation                              | <b>In Progress</b>   |
| Proposed Timeline                                    | Short-term (1-2 years)   |

**Policy Description.** Identify internal bottlenecks that delay the development approval process and evaluate ways to address these delays in terms of contracting on-call consultants or specialists, re-deploying staff resources more efficiently, and adding staff, if necessary. Also, identify required studies early in the application process to avoid unnecessary delays, identify the reasons why some required studies do not get identified until subsequent submittals of an application, and establish a process to improve early preparation of lengthy studies.

**Policy Analysis.** These improvements will be administrative by nature and will not require Council approval. Currently, the City is in progress of evaluating areas of inefficiencies in the development process with the goal of reducing overall approval time. Additionally, there are several proposed policies listed here that are intended to help address some of those inefficiencies related to permit approval time. Developers have referenced in stakeholder meetings that approval times and lack of clear requirements can impact project feasibility. This policy would improve the application process and reduce requests for additional studies late in the application process.

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Additionally, SB 330 Streamlining requires that the City publish on its website detailed information required for development application; provide development tools and resources; and develop system to track new deadlines for housing development applications (and ADUs).

**Workplan Proposal.** Continue work to address inefficiency and to comply with state law in order to expedite approval time. This work will be completed within 1-2 years.

**Recommendation.** Recommended that the City continue implementing improvements to the approval process and ensure compliance with state law.

### XXVI. Provide "Package of Incentives" for Housing Projects Providing Affordable Housing.

| Summary  |  |
|--|--|
| Objective  | To synthesize policies that promote inclusion of affordable units.   |
| Benefits Market Rate Development                     | <b>Yes.</b> This policy will provide clarity to developers about requirements, assist them in accessing benefits that mitigate cost of including affordable units in the project, and help them to comply with the Affordable Housing Ordinance. |
| Targeted Projects                                    | Market Rate, Mixed-income, Affordable housing; rental and ownership housing  |
| Household Targeting                                  | Very low, low, moderate and above moderate-income (see Appendix A for details)   |
| State Priority for "Pro-housing City"                | Reduction of Permit Processing Time  |
| Regional Housing Needs (RHNA)/ Housing Element Goals | Will produce units at all of income levels:<br>Very low, low, moderate and above moderate  |
| Level of Recommendation                              | <b>Highly Recommended</b>  |
| Proposed Timeline                                    | Mid-term (2-3 years)   |

**Policy Description.** Promote and incentivize new construction of mixed income and affordable housing by compiling a "Package of Incentives" of various incentives. There could be multiple packages that vary depending on the proportion of affordable units and the depth of affordability. The incentives and exemptions could include: an exemption or reduction of development impact fees, utility fee deferral, parking reductions and/or a waiver of physical building requirements imposed on development and identification of low-cost financing options or guidance for investing in an opportunity zone.

**Policy Analysis.** Staff recommends providing various types of packages contingent on the project meeting various affordability requirements. For example, an affordable housing project consisting of 50% income restricted units would receive lesser incentives than a 100% affordable housing project. After staff receives direction on the other proposals above, staff will design packages of incentives in greater detail. Staff would "package" policies and resources that help developers mitigate the costs with associated with affordable units to make it easier for developers to take advantage of these cost saving

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measures. If approved, staff would highlight the following: Project requirements for streamlining under SB 35, Density Bonus, Fee exemption and reductions, utility fee deferral, and special financing opportunities. This policy will demonstrate a partnership mentality that will problem solve by consolidating information that may increase feasibility of on-site affordable units.

**Workplan Proposal.** Creation of the “package of incentives” is dependent on approval of policies that incentivize inclusion of affordable housing on market rate projects; however, creation of the packages will be an administrative responsibility. This work will be completed within 2-3 years.

**Recommendation.** Recommended that the City create a “Package of Incentives”.

### XXVII. Educational Work Session Regarding Project Feasibility, Residual Land Value and Implication of Demands Beyond Established Requirements

| Summary  |   |
|--|---|
| Objective  | Streamline approval process by reducing the number of last-minute requests imposed by City Council by providing an informational work session to discuss project feasibility, residual land value and implication of demands beyond established requirements. |
| Benefits Market Rate Development                     | <b>Yes.</b> Would reduce development timeline and unexpected expenses caused by last minute changes to the project that otherwise meets City Standards.   |
| Targeted Projects                                    | Market Rate, Mixed-income, Affordable housing; rental and ownership housing   |
| Household Targeting                                  | Very low, low, moderate and above moderate-income (see Appendix A for details)  |
| State Priority for “Pro-housing City”                | Reduction of Permit Processing Time   |
| Regional Housing Needs (RHNA)/ Housing Element Goals | Will produce units at all of income levels:<br>Very low, low, moderate and above moderate   |
| Level of Recommendation                              | <b>Highly Recommended</b>   |
| Proposed Timeline                                    | Short-term (1-2 years)  |

**Policy Description.** Provide education to City Council about the implications of changes to a proposed project that meets all of the City’s established regulations.

**Policy Analysis.** Stakeholders have expressed concern that well intended project modifications have unintended consequence of affecting project feasibility. Developers have suggested education regarding providing training regarding development project feasibility, residual land value and the implication of adding additional components to a project that was not initially included the development designs and budget. This policy will create awareness that is intended to improve upfront certainty and expedite the approval process.

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**Workplan Proposal.** Hire a consultant to provide education at an informal work session to ensure that decision makers are aware of the implications of adding additional project requirements. This work would be complete in 1-2 years.

**Recommendation.** Recommend holding an educational work session regarding development project feasibility, residual land value and the implication of adding additional components to a project that was not initially included the development designs and budget.



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**APPENDIX A-2019 INCOME LIMITS FOR ALAMEDA COUNTY AS ESTABLISHED BY CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**

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