



**DATE:** May 19, 2020

**TO:** Mayor and City Council

**FROM:** Development Services Director

**SUBJECT:** Authorize the City Manager to Submit a Local Early Action Planning (LEAP) Grant Application to Fund Preparation of a Housing Element Update to Implement the Sixth Cycle of the Regional Housing Needs Allocation

### **RECOMMENDATION**

That Council adopts a Resolution (Attachment II), authorizing the City Manager to submit a Local Early Action Planning (LEAP) Grant and receive program funds.

### **SUMMARY**

The City is eligible for \$500,000 in LEAP planning grant funds from the State Department of Housing and Community Development (HCD) provided that the funds are used to accelerate housing production and facilitate compliance with and implementation of the sixth cycle of the Regional Housing Needs Allocation (RHNA). Staff recommends that the City apply for and utilize the funds to prepare and adopt an Updated Housing Element to facilitate compliance with the sixth cycle Regional Housing Needs Allocation (RHNA). Staff recommends that the Housing Element Update explore projects outlined in the recently adopted Workplan to Incentivize Housing Production, and that adoption of those programs and projects be included in the outreach, environmental analysis, and General Plan and Zoning Map and Text Amendments associated with the Housing Element Update.

### **BACKGROUND**

The Local Early Action Planning (LEAP) Grants Program is part of a broader program formerly known as the Local Government Planning Support Grants Program established in the State's 2019-2020 Budget Act. The Program provides grant funding to local jurisdictions for technical assistance, preparation, and adoption of planning documents and process improvements. The overarching goals of the LEAP grant are to accelerate housing production and facilitate compliance with and implementation of the sixth cycle of the RHNA. Preparation and adoption of a Housing Element with an implementation component to facilitate compliance with the sixth cycle of the RHNA is among the eligible activities listed in the LEAP Notice of Funding Availability.

Per State law, every jurisdiction shall update their Housing Element every eight years and the Housing Element shall meet statutory requirements and demonstrate that the City can accommodate housing at all income levels. According to the Association of Bay Area Government (ABAG), the final RHNA allocation is expected in Summer 2021 and Housing Elements are due to the State Department of Housing and Community Development in December 2022.

On March 3, 2020, the City Council adopted Resolution No. 20-032, approving a Workplan to Incentivize Housing Production (Workplan). Topics to incentivize housing production include: policies related to zoning and housing approvals; accessory dwelling units; fee transparency; funding sources; public land disposition; and streamlining the approval process. Preparation of a General Plan Housing Element was included in the Workplan. Other topics included in the Workplan (update to the Density Bonus Ordinance, rezoning Single Family Residential properties to match higher density General Plan designations, and development of objective design standards for infill development), will be accomplished through the Senate Bill 2 grant that the City received in February 2020. Work on the SB2 projects will begin later this year.

On May 5, 2020, pursuant to Administrative Rule 3.6-Grant Management Policy, the Grant Administrative Oversight Committee, which is composed of staff members from Finance, the City Manager's Office and Community Services Division, reviewed the grant and recommended that the City submit the application.

## **DISCUSSION**

The Updated Housing Element will include a creative and robust public participation process within constraints related to the Covid-19 pandemic, and will contain statutorily-required sections related to existing and projected housing needs with special attention to vulnerable populations; a site inventory and feasibility analysis providing an inventory of suitable land for a variety of housing types; a thorough analysis of potential and actual governmental constraints to development; objective goals for housing development which may align with or exceed the RHNA allocation; innovative and transformative programs with timeframes for an implementation plan to allow the City to achieve goals and objectives; and thorough environmental analysis to ensure completion of programs and projects as quickly as possible following adoption of the Updated Housing Element. In addition to adoption of the Housing Element, this project will include General Plan Amendments required by State Law including preparation of a new Environmental Justice Element consistent with Senate Bill (SB) 1000 and revisions to the Safety Element, as needed, to address climate adaptation and resiliency strategies per SB 379.

During the next Housing Element cycle, the City will explore policies and programs to address surging homelessness in the region, to increase the feasibility of high-density residential development, and incentivize development of missing middle housing. Some of the projects included in the Workplan will become policies and programs in the Housing Element, while others such as comprehensive upzoning of all residential zoning districts, and other Zoning Map and Text Amendments may be accomplished in conjunction with the Housing Element

Update in order to achieve efficiencies in community outreach, environmental review and staff time spent processing General Plan and Zoning Amendments.

Specific programs and policies that will be explored in the Housing Element Update include but are not limited to the following:

- Creation of a new land use category to allow attached and detached residential structures with up to four dwelling units in single family residential zones, similar to land use changes in Minneapolis and Oregon.
- Adoption of a zoning text amendment to allow temporary shelters or affordable housing development on church properties; and to allow emergency shelters as a by-right use in more areas within the City.
- Expansion of and identification of permanent sources of funding for homeless programs & services.
- Implementation of a moderate-income housing development financing model.
- Consideration of public health objectives when designating and promoting housing development sites.
- Exploration of opportunities to take advantage of projects that are delayed, abandoned or are on the market by having a readily accessible pool of funding to enable affordable housing developers to take over the land and entitlements.
- Development of innovative market-based programs and practices that enable middle income housing opportunities and strategies to reduce construction costs.
- Conversion of underused and tax defaulted properties to permanent affordable housing in partnership with nonprofit affordable housing developers.
- Creation of packages of incentives for affordable housing developments depending on the amount and depth of affordability that provide exemptions from or reductions in development or impact fees, parking reductions and waivers of certain development standards.
- Establishment pre-approved architectural plans to facilitate the development of Accessory Dwelling Units.
- Development of priorities for allocation of affordable housing trust funds to incentivize development of housing for priority populations.

## **ENVIRONMENTAL REVIEW**

Submittal of the subject grant application is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3), that CEQA only applies to projects that have the potential for causing a significant effect on the environment. General Plan Amendments and Municipal Code Amendments undertaken with the grant funds, if received, will undergo project specific CEQA analysis.

## **STRATEGIC ROADMAP**

This agenda item supports the Strategic Priority of Preserve, Protect and Produce Housing. Specifically, this item relates to the implementation of the following projects:

Project 8, Part 8.a: Identify and respond to regulations to ensure that Hayward or Hayward-supported projects qualify for state housing funding.

Project 9. Update the Housing Element Plan.

### **FISCAL IMPACT**

Pursuant to the Grant Guidelines, funds shall be used for the costs of preparing and adopting the proposed activities including payment to subcontractors. Work must be completed prior to requesting reimbursement therefore the City would be required to pay for all grant related expenses prior to requesting reimbursement. Grant funds may not be utilized for administrative costs related to the grant; however, grant funds may be utilized to cover staff time related to preparation and adoption of the projects. The Planning Division would oversee the grant activities and implementation of the projects. Staff anticipates that the projects would account for about one-quarter of a full-time employee's time for one year. Initial cost estimates by staff indicate that the costs related to hiring a consultant and undertaking the projects outlined above could be achieved within the grant award amount.

### **PUBLIC CONTACT**

The City provided opportunities for stakeholder participation throughout the development of the Workplan to incentivize housing production including individual interviews with market rate developers, small group discussion forums, and a convening of infill developers prior to a work session with decisionmakers. As noted above, the workplan was adopted in March 2020. If the City is awarded the grant funds, City staff would conduct a robust outreach process prior to adoption of the Housing Element Update and related General Plan Amendments and Zoning Map and Text Amendments.

### **NEXT STEPS**

If adopted, City staff will prepare and submit the LEAP Grant Application before the July 1, 2020 deadline. If the grant funds are awarded to the City, Planning staff will draft a Request for Proposals to conduct the work and identify a consultant to start work in Spring 2021.

*Prepared by:* Leigha Schmidt, Senior Planner

*Recommended by:* Laura Simpson, Development Services Director

Approved by:



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Kelly McAdoo, City Manager