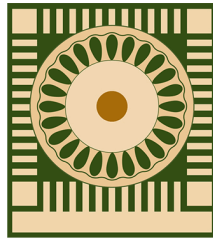


CITY OF HAYWARD

Hayward City Hall
777 B Street
Hayward, CA 94541
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CITY OF
HAYWARD
HEART OF THE BAY

Agenda

Thursday, September 2, 2021

6:00 PM

Remote Participation

Homelessness-Housing Task Force

COVID-19 Notice: Consistent with State of California Executive Order No. 29-20 dated March 17, 2020, and Alameda County Health Officer Order No. 20-10 dated April 29, 2020, the Task Force will be participating in public meetings via phone/video conferencing.

Please note that we are now using the Zoom Webinar platform to conduct meetings and receive live public comment.

How to watch the meeting from home:

- *YouTube Recording (English and Español): <https://bit.ly/2WzWOCm>*

A recording of the meeting will be available on the City's YouTube channel within 24 hours of the meeting's conclusion.

How to submit written Public Comment:

Send an email to yolanda.cruz@hayward-ca.gov by 3:00 p.m. the day of the meeting. Please identify the Agenda Item Number in the subject line of your email. Emails will be compiled into one file, distributed to the Task Force and City staff, and published on the City's Meeting & Agenda Center under Documents Received After Published Agenda. Written comments received after 3:00 p.m. that address an item on the agenda will still be included as part of the record.

How to provide live Public Comment during the meeting:

Click the link below to join the webinar:

<https://hayward.zoom.us/j/94564813732?pwd=MjR4VUZiWEhMWm1FQnQ3N1hMbVU5QT09>

Passcode: HHTF-0921

Or

*Dial: +1 669 900 6833 or +1 253 215 8782 or +1 346 248 7799 or +1 929 205 6099 or +1 301 715 8592
or +1 312 626 6799*

Webinar ID: 945 6481 3732

Passcode: 434521711

A Guide to attend virtual meetings is provided at this link: <https://bit.ly/3jmaUxa>

CALL TO ORDER

ROLL CALL

PUBLIC COMMENTS

APPROVAL OF MINUTES

1. [MIN 21-105](#) Minutes of the Homelessness-Housing Task Force Meeting on June 3, 2021

Attachments: [Attachment I Draft Minutes 6/3/2021](#)

INFORMATIONAL ITEMS

2. [RPT 21-098](#) Overview of Upcoming Updates to the City of Hayward's Housing Element, Climate Action Plan, Environmental Justice and Safety Element and Housing-Related Planning Grants

Attachments: [Attachment I Staff Report](#)
[Attachment II Housing Element Illustrative Schedule](#)

3. [RPT 21-097](#) Implementation Update on the Residential Rent Stabilization and Tenant Protection Ordinance

Attachments: [Attachment I Staff Report](#)
[Attachment II Tenant Relocation Assistance Ordinance Summary](#)

4. [RPT 21-099](#) Informational Report: Memorandum from Townsend Public Affairs regarding 2021-22 State Budget Update for Housing and Homelessness

Attachments: [Attachment I Memorandum Housing and Homeless Update](#)

5. Oral Report on Foreclosures and Evictions

FUTURE AGENDA ITEMS

TENTATIVE SCHEDULE

December 2, 2021

- Strategic Road Map/Incentives to Housing Production Workplan Updates

TASK FORCE MEMBER/STAFF ANNOUNCEMENTS AND REFERRALS

ADJOURNMENT



CITY OF HAYWARD

Hayward City Hall
777 B Street
Hayward, CA 94541
www.Hayward-CA.gov

File #: MIN 21-105

DATE: September 2, 2021

TO: Homelessness-Housing Task Force

FROM: Assistant City Manager

SUBJECT

Minutes of the Homelessness-Housing Task Force Meeting on June 3, 2021

That the Task Force approves the minutes of the meeting on June 3, 2021

ATTACHMENTS

Attachment I Draft Minutes 6/3/2021



**MINUTES OF THE HOMELESSNESS-HOUSING TASK FORCE MEETING
REMOTE PARTICIPATION
Thursday, June 3, 2021, 6:00 p.m.**

CALL TO ORDER

The Task Force meeting was called to order by Council Member Lamnin at 6:00 p.m. The meeting was conducted utilizing teleconferencing and electronic means consistent with State of California Executive Order No. 29-20 dated March 17, 2020, and Alameda County Health Officer Order No. 20-10 dated April 29, 2020, regarding the COVID-19 pandemic.

ROLL CALL

Present:

Council Member Salinas
Council Member Wahab
Council Member Lamnin

Absent: None

OTHER PARTICIPANTS

Jennifer Ott, Assistant City Manager; Christina Morales, Housing Division Manager; Jessica Lobedan, Acting Community Services Manager; Amy Cole-Bloom, Management Analyst; Diana Gomez, Housing Programs Specialist; and Yolanda Cruz, Administrative Clerk.

PUBLIC COMMENTS

There were none.

APPROVAL OF MINUTES

1. Minutes of the Homelessness-Housing Task Force Meeting on March 4, 2021

It was moved by Council Member Wahab, seconded by Council Member Salinas, and carried unanimously, to approve the minutes of the Homelessness-Housing Task Force meeting on March 4, 2021.

WORK SESSION

2. Provide Feedback on Let's House Hayward! Strategic Plan Implementation Strategy and Federal Stimulus Homelessness Expenditure Recommendations

Assistant City Manager Ott announced the report and introduced Acting Community Services Manager Lobedan who provided a presentation on the Let's House Hayward! Strategic Plan

**MINUTES OF THE HOMELESSNESS-HOUSING TASK FORCE MEETING
REMOTE PARTICIPATION
Thursday, June 3, 2021, 6:00 p.m.**

Implementation Strategy and Federal Stimulus Homelessness Expenditure Recommendations. Management Analyst Cole-Bloom joined Ms. Lobedan in providing the presentation. The presentation focused on the: 1) implementation strategy of the Let's House Hayward! Strategic Plan; 2) overview of the staff recommendations on the American Rescue Plan Act Stimulus Funding; and 3) how feedback from the April 20, 2021, Council work session was integrated.

Council Member Lamnin opened the public comments section at 6:32 p.m.

The following individuals spoke during public comments:

Lacei Amodei
Didacus Ramos
Collin Thormoto
Theresa Razentes
Nestor Castillo
George Syrop
Rena Badruzzaman
Alexis Villalobos

Council Member Lamnin closed the public comments section at 6:50 p.m.

Council Members Wahab, Salinas and Lamnin supported staff recommendations and provided input on the Let's House Hayward! Strategic Plan draft Implementation Strategy and Federal stimulus homelessness expenditure recommendations.

3. Provide Comments on Proposed Federal Stimulus Housing Programs

Housing Manager Morales provided a presentation on the Proposed Federal Stimulus Housing Programs which included: 1) Background information on the Federal Stimulus Funding; 2) Proposed housing programs – Foreclosure Prevention Loan Program, Relocation Assistance Emergency Fund, Wealth Building/Reparations Program, and Tax Defaulted and Foreclosed Property Acquisition Assistance Program; 3) Fiscal impacts; and 4) Next steps.

Council Member Lamnin opened the public comments section at 7:53 p.m.

The following individuals spoke during public comments:

Collin Thormoto
Lacei Amodei
Didacus Ramos

Council Member Lamnin closed the public comments section at 7:58 p.m.

**MINUTES OF THE HOMELESSNESS-HOUSING TASK FORCE MEETING
REMOTE PARTICIPATION
Thursday, June 3, 2021, 6:00 p.m.**

Council Members Wahab, Salinas and Lamnin provided input and supported staff recommendations on the proposed Federal stimulus housing programs and allocation of funds to: 1) Foreclosure Prevention Loan Program; 2) Relocation Assistance Emergency Fund; 3) Wealth Building/Reparations Program; and 4) Tax-Defaulted and Foreclosed Property Acquisition Assistance Program.

FUTURE AGENDA ITEMS

TENTATIVE SCHEDULE

September 2, 2021

- Housing Element
- Planning Grants and Description of Corresponding Projects
- Informational Report on the RRSO & TRAO
- Oral Report on Foreclosures and Evictions

December 2, 2021

- Strategic Road Map/Incentives to Housing Production Workplan Updates

TASK FORCE MEMBER/STAFF ANNOUNCEMENTS AND REFERRALS

There were none.

ADJOURNMENT

Council Member Lamnin adjourned the meeting at 9:06 p.m.



File #: RPT 21-098

DATE: September 2, 2021

TO: Homelessness-Housing Task Force

FROM: Assistant City Manager

SUBJECT

Overview of Upcoming Updates to the City of Hayward's Housing Element, Climate Action Plan, Environmental Justice and Safety Element and of Housing-Related Planning Grants

That the Homelessness-Housing Task Force (HHTF) receives and reviews this staff report providing an overview of upcoming updates to the Housing Element, Climate Action Plan, Environmental Justice and Safety Element and of housing-related planning grants; and provides comments and suggestions to assist staff in developing an inclusive and far-reaching community outreach and engagement plan for these efforts.

SUMMARY

This staff report provides an overview of the upcoming 2023-2031 Housing Element Update, which must be updated every eight years in conjunction with the State Department of Housing and Community Development's projections of housing needs at varying income levels throughout the State.

At its core, a Housing Element is an opportunity for a community conversation about how to address local housing challenges and find solutions. The Housing Element addresses a range of housing issues such as affordability, design, housing types, density and location, and establishes goals, policies and programs to address existing and projected housing needs. State law does not require that jurisdictions *build* or *finance* new housing, but they must *plan* for it by identifying of sufficient sites, analysis of housing development constraints, and identifying programs and policy that will address the community's needs. It is in the community's Housing Element that local governments make decisions about where safe, accessible, and diverse housing could be developed to offer a mix of housing opportunities for a variety of household incomes. The Housing Element must identify how the city will meet its share of the region's housing need, called the Regional Housing Needs Allocation (RHNA).

Hayward's Housing Element Update is being combined with updates of the Environmental Justice and Safety Element and Climate Action Plan because issues of housing, environmental justice, safety and hazard planning and climate change are inextricably linked. Further, conducting outreach and planning for all of these efforts simultaneously will result in a more comprehensive and holistic approach to these issues, as well as efficiencies related to outreach, environmental analysis and adoption and implementation efforts.

Further, this report also contains an update and status for the City's various housing-related grants and

File #: RPT 21-098

projects.

ATTACHMENTS

Attachment I	Staff Report
Attachment II	Housing Element Timeline



DATE: September 2, 2021

TO: Homelessness-Housing Task Force

FROM: Assistant City Manager

SUBJECT: Overview of Upcoming Updates to the City of Hayward’s Housing Element, Climate Action Plan, Environmental Justice and Safety Element and of Housing-Related Planning Grants

RECOMMENDATION

That the Homelessness-Housing Task Force (HHTF) receives and reviews this staff report providing an overview of upcoming updates to the Housing Element, Climate Action Plan, Environmental Justice and Safety Element and of housing-related planning grants; and provides comments and suggestions to assist staff in developing an inclusive and far-reaching community outreach and engagement plan for these efforts.

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Hayward’s Housing Element Update is being combined with updates of the Environmental Justice and Safety Element and Climate Action Plan because issues of housing, environmental

justice, safety and hazard planning and climate change are inextricably linked. Further, conducting outreach and planning for all of these efforts simultaneously will result in a more comprehensive and holistic approach to these issues, as well as efficiencies related to outreach, environmental analysis and adoption and implementation efforts.

Further, this report also contains an update and status for the City's various housing-related grants and projects.

BACKGROUND

Housing Element Update. Per State law, every jurisdiction shall update their Housing Element every eight years in conjunction with the RHNA allocation. The last Housing Element was adopted on December 2, 2014¹, and the updated Housing Element for the 2023-2031 cycle will be due January 31, 2023. The Housing Element typically includes:

- **Housing Needs Assessment:** Examine demographic, employment, and housing trends and conditions and identify existing and projected housing needs of the community, with attention paid to special housing needs (e.g., large families, persons with disabilities).
- **Evaluation of Past Performance:** Review the prior Housing Element to measure progress in implementing policies and programs.
- **Housing Sites Inventory:** Identify locations of available sites for housing development or redevelopment to ensure there is enough land zoned for housing to meet the future need at all income levels.
- **Community Engagement:** Implement a robust community engagement program, reaching out to all economic segments of the community with special attention paid to engaging traditionally underrepresented groups.
- **Constraints Analysis:** Analyze and recommend remedies for existing and potential governmental and nongovernmental barriers to housing development.
- **Policies and Programs:** Establish policies and programs to be carried out during the 2023-2031 planning period to fulfill the identified housing needs.

Recent legislation resulted in the following key changes for this 6th cycle of RHNA and Housing Element updates:

- **Higher allocations** - There is a higher total regional housing need. HCD's identification of the region's total housing needs has changed to account for unmet existing need, rather than only projected housing need. HCD now must consider overcrowded households, cost burdened households (those paying more than 30% of their income for housing), and a target vacancy rate for a healthy housing market (with a minimum of 5%).
- **Affirmatively Furthering Fair Housing (AFFH)** - Local Housing Elements must affirmatively further fair housing. According to HCD, achieving this objective includes preventing segregation and poverty concentration as well as increasing access to areas of opportunity. HCD has mapped Opportunity Areas and has developed guidance for

¹ Hayward 2015-2023 Housing Element. Adopted December 2, 2014. <https://www.hayward-ca.gov/sites/default/files/Housing%20Element%20FINAL%20Adopted.pdf>

jurisdictions about how to address affirmatively furthering fair housing in Housing Elements.

- Limits on Sites - Identifying Housing Element sites for affordable units will be more challenging. There are new limits on the extent to which jurisdictions can reuse sites included in previous Housing Elements and increased scrutiny of small, large, and non-vacant sites when these sites are proposed to accommodate units for very low- and low-income households.
- Environmental Justice & Safety Element Updates. In 2016, the California legislature adopted Senate Bill (SB) 1000² requiring local jurisdictions to review and update Safety Elements of the General Plan to address and update hazards related to flooding, fires and to include climate adaptation and resilience strategies. Further, SB 1000 added the topic of Environmental Justice to be addressed in local jurisdictions' General Plans as a separate Element or addressed through related goals, policies and objectives within other Elements. In adopting this legislation, the State found that low-income communities and communities of color have experienced disproportionate environmental effects, pollution burdens, and related health impacts³. As a result, these communities face barriers to overall health, livelihood, and sustainability. Based on State guidance, Environmental Justice-related work must disclose and work to reduce the disproportionate health risks in disadvantaged communities, to promote civic engagement in the decision-making process, and to prioritize improvements that address the needs of identified "disadvantaged communities."

Regional Housing Needs Allocation. Every eight years, the State Department of Housing and Community Development (HCD) projects the housing need for the state as a whole, which is referred to as the Regional Housing Needs Allocation. To determine this calculation, HCD uses demographic population information from the California Department of Finance and develops a formula to calculate a figure for each region/Council of Governments based on projected growth. In more recent cycles, the State tied the housing allocation to transportation funding to promote sustainability goals such as reducing Vehicle Miles Traveled (VMT) between jobs and housing.

In this cycle, the Bay Area was allocated 441,176 units (a 234% increase over the last cycle allocation) with about 26% allocated to Very Low Income, 15% to Low, 16% to Moderate and 43% to Above Moderate-income households. The Association of Bay Area Government's (ABAG) Housing Methodology Committee released a Draft Regional Housing Allocation Plan⁴ in May 2021. Hayward's draft allocation is 4,624 units, approximately 18% higher than the 2015-2023 allocation. ABAG is slated to adopt the allocations in Fall 2021, after the Board hold public hearings on various appeals.⁵

² Senate Bill 1000. https://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=201520160SB1000

³ State of California Department of Justice. SB 1000 Environmental Justice in Local Land Use Planning. <https://oag.ca.gov/environment/sb1000>

⁴ Draft Regional Housing Allocation Plan 2023-2031. https://abag.ca.gov/sites/default/files/documents/2021-05/ABAG_2023-2031_Draft_RHNA_Plan.pdf

⁵ ABAG 2023-2031 Appeals Process. <https://abag.ca.gov/our-work/housing/rhna-regional-housing-needs-allocation/2023-2031-rhna-appeals-process>

	Very Low Income (<50% of Area Median Income)	Low Income (50-80% of Area Median Income)	Moderate Income (80-120% of Area Median Income)	Above Moderate Income (>120% of Area Median Income)	Total
2015-2023 Allocation	851	480	608	1,981	3,920
2023-2031 Allocation	1,075	617	817	2,115	4,624

In this recent allocation, the ABAG Housing Methodology Committee recommended higher numbers of housing units be funneled to High Opportunity and High Jobs Areas. High Opportunity Areas are considered those that have good schools, parks, and services like grocery stores. These are places where typically you see very high-income households and it is hard for lower income households to take advantage of the opportunities that accrue just by living in the area. High Jobs Areas (San Francisco, San Jose, Oakland, Fremont, and others) are areas where there are high numbers of jobs so adding housing at various income levels in these communities would reduce vehicle miles traveled for workers.

Current 5th Cycle Housing Element RHNA Status: Local jurisdictions report progress annually on meeting their RHNA goals which are included in the City’s Housing Element. The Table below demonstrates progress made toward meeting Hayward’s RHNA goals for the 5th cycle Housing Element period between 2015-2023 as of the last report year (2020), which is shown in the column titled “Reported 2020.” The State allows local jurisdictions to “report” the units when building permits are issued to construct the units. The “Approved” and “Pending Approval” columns provide an estimate of potential compliance by counting both entitled projects and projects going through the entitlement process.

2023 RHNA Goal Progress in the City of Hayward

Income Category*	Unit Goal	Reported 2020		Approved		Pending Approval		Estimated Compliance		Estimated Deficiency	
		Units	% of Goal	Units	% of Goal	Units	% of Goal	Units	% of Goal	Units	% of Goal
Very low	851	65	8%	205	24%	87	10%	357	42%	494	58%
Low	480	153	32%	71	15%	126	26%	350	73%	130	27%
Moderate	608	72	12%	55	9%	44	7%	171	28%	437	72%

*The City has achieved the Above Market Rate housing goals for the 2015-2023 RHNA cycle.

Housing Element Compliance Penalties & Incentives. Jurisdictions face a number of consequences for not having a certified Housing Element. Under legislation enacted in recent years, if a city does not comply with State housing law, it can be sued – by individuals, developers, third parties or the State. In addition to facing significant fines, a court may limit local land use decision-making authority until the jurisdiction brings its Housing Element into compliance. Additionally, local governments may lose the right to deny certain projects.

Conversely, an HCD-certified housing element makes cities eligible for numerous sources of funding, such as Local Housing Allocations, Affordable Housing and Sustainable Communities Grants, SB 1 Planning Grants, CalHOME Program Grants, Infill Infrastructure Grants, Pro-Housing Design funding, Local Housing Trust Funds, Regional Transportation Funds (such as MTC's OneBayArea Grants).

Housing Element Timeline. On May 28, 2021, the City released a Request for Proposals (RFP) to conduct a Housing Element, Climate Action Plan, Environmental Justice & Safety Element Update and related environmental analysis. On July 20, 2021, the Council adopted Resolution No. 21-158 awarding the Housing Element contract to Rincon Consultants.

An updated Housing Element is required to be reviewed by HCD and adopted by the City Council by January 2023. Hayward's Housing Element and related General Plan Amendments timeline is included as Attachment II. The project kick-off meeting was held on August 12, 2021. Next steps include development of the Community Outreach and Engagement Plan by September 2021 and kicking off that outreach process in late September/early October 2021.

Housing Related Planning Grants. In 2019, 2020, and 2021, the City applied for and received several housing-related planning grants from the State. The Table below provides information on the grant timeframes, project status and timeframe for grant expenditures.

Grant Type	Project Description	Grant Award	Date Grant Received	Project Status	Date Grant Funds Must be Expended
SB2	Comprehensive Rezone and Objective Design Standards	\$185,000	3/19/2020	Drafting Request for Proposals	6/30/2022
SB2	Update to Density Bonus Ordinance	\$125,000	3/19/2020	Not started	6/30/2022
LEAP	Housing Element Update	\$420,000	5/21/2021	Project underway	12/31/2023
LEAP	Accessory Dwelling Unit Ordinance & Program Update	\$70,000	5/21/2021	Not started	12/31/2023
REAP	Develop materials to facilitate the implementation of the Affordable Housing Ordinance and develop program to convert tax defaulted properties to affordable housing	\$52,869	7/27/2021	Not Started	9/30/2023

DISCUSSION

A comprehensive update to the Housing Element was an identified project in the City's Workplan to Incentivize Housing Production adopted by the Council on March 3, 2020⁶, and the Strategic Roadmap adopted by the Council on January 28, 2020⁷ and updated on June 1, 2021⁸. Both of these Plans call out completion of the Housing Element and updates to housing related programs and policies as a major effort in the coming year and a half. This effort is being combined with updates to the Environmental Justice and Safety Element and Climate Action Plan because issues of housing, environmental justice, safety and hazard planning and climate change are inextricably linked. Staff believes that conducting outreach and planning for all of these efforts simultaneously will result in a more comprehensive and holistic approach to these issues. Further, combining these efforts will result in cost and time efficiencies related to outreach, environmental analysis, and adoption and implementation efforts.

In addition to fulfilling statutory requirements as detailed above, the Housing Element update will be conducted with a racial equity lens, which is consistent with City goals and the State's Affirmatively Furthering Fair Housing requirements. As detailed in the grant materials and in the RFP prepared for this project, the research, outreach, and preparation of these documents shall center racial equity from the earliest phases of outreach and information gathering through implementation. A racial equity lens will be applied throughout the Housing Element and other updates. The City will work with the community, consultants, and decision makers to establish guardrails against which all work will be conducted to ensure equitable outreach and outcomes for all in the areas of housing policy and planning, as well as environmental justice and climate action planning.

The first step in this process is the development of a robust and inclusive community outreach and engagement plan. Staff has already started reaching out to individual community members and groups such as the Hayward Collective to inquire about formal and informal community-based organizations and groups that staff should include, consult with, and partner with throughout the engagement process to ensure that we reach all economic segments of the community with special attention paid to traditionally underrepresented groups.

STRATEGIC ROADMAP

This item supports and provides an update on the Strategic Priorities to Preserve, Protect and Produce Housing and Combat Climate Change. Specifically, this item relates to implementation of the following project(s):

⁶ Workplan to Incentivize Housing Production. March 3, 2020 City Council Meeting.
<https://hayward.legistar.com/LegislationDetail.aspx?ID=4345462&GUID=5E3353DD-0839-4361-AED3-B7EB4102CBE3&Options=&Search=>

⁷ Strategic Roadmap. January 28, 2020 City Council Meeting.
<https://hayward.legistar.com/LegislationDetail.aspx?ID=4315589&GUID=1F328D58-C3FC-41E5-8BF7-A17E4E09DDCB&Options=&Search=>

⁸ Adoption of Updated FY21-23 Strategic Roadmap. June 1, 2021 City Council Meeting.
<https://hayward.legistar.com/LegislationDetail.aspx?ID=4968961&GUID=22D0F57F-B982-4566-8DA6-CE2854247AB0&Options=&Search=>

- Preserve, Protect and Produce Housing – Project 9, Update the Housing Element Plan
- Preserve, Protect and Produce Housing – Project 4b, Amend Density Bonus Ordinance
- Preserve, Protect and Produce Housing – Project 4c, Update Accessory Dwelling Unit Ordinance
- Preserve, Protect and Produce Housing – Project 4d, Develop an Overlay Zoning District to allow RS zoned properties to develop into a variety of housing types and densities permitted under the applicable General Plan designation
- Preserve, Protect and Produce Housing – Project 4g, Expand emergency shelter sites in Hayward
- Combat Climate Change – Project 4, Adopt & Implement 2030 GHG Goal & Roadmap

NEXT STEPS

Staff intends to present an overview on the Housing Element and other updates at a September 28, 2021 Joint Planning Commission/City Council Work Session. In addition, staff is preparing the community outreach and engagement plan and will start holding community meetings and conducting outreach in September 2021.

Prepared by: Leigha Schmidt, Acting Principal Planner

Recommended by: Jennifer Ott, Assistant City Manager/Development Services Director

Approved by:



Kelly McAdoo, City Manager



Illustrative Work Schedule

Hayward Housing Element, Climate Action Plan, Environmental Justice and Safety Element Update



Meeting
(Community/Staff)



Public
Meeting/Hearing



Work in Progress



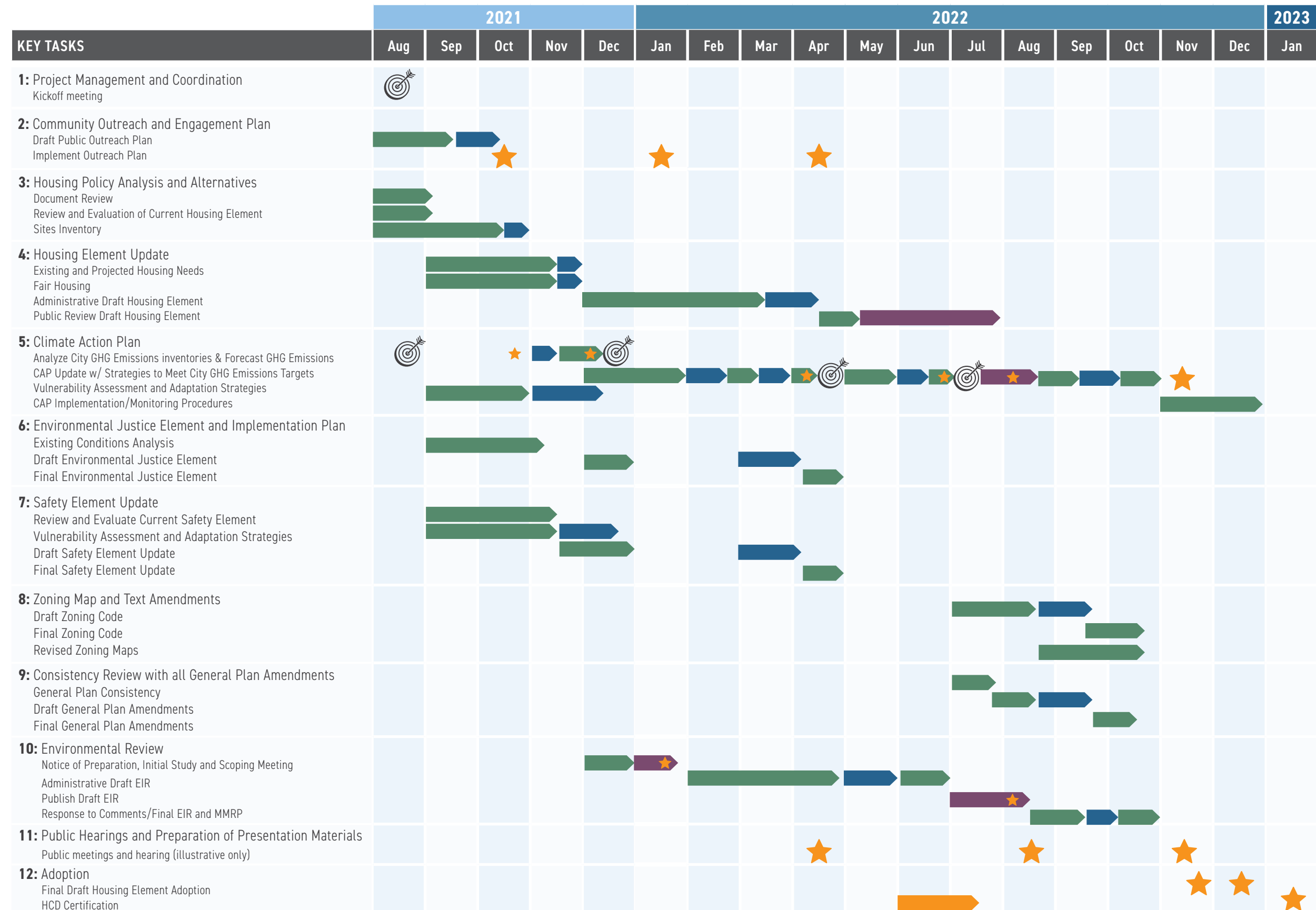
City Review



Public Review



HCD Review





CITY OF HAYWARD

Hayward City Hall
777 B Street
Hayward, CA 94541
www.Hayward-CA.gov

File #: RPT 21-097

DATE: September 2, 2021

TO: Homelessness-Housing Task Force

FROM: Assistant City Manager

SUBJECT

Implementation Update on the Residential Rent Stabilization and Tenant Protection Ordinance

RECOMMENDATION

That the Homelessness-Housing Task Force (HHTF) review and discuss this report on the implementation progress of the Residential Rent Stabilization and Tenant Protection Ordinance.

SUMMARY

The Council approved the Residential Rent Stabilization and Tenant Protection Ordinance (RRSO) in June 2019, greatly expanding the number of rental units in Hayward covered by the new 5% annual rent increase threshold and creating additional protections, such as just cause eviction and prohibitions against harassing or discriminating against tenants. Since it became effective in July 2019, staff have been collecting and analyzing data on petitions for review of rent, as well as rent increase and termination notices, which landlords are required to submit to the Rent Review Office under the new RRSO.

The HHTF heard an update on RRSO implementation in March 2020 and made recommendations for revision to the RRSO, which Council adopted in July 2020. In this report, the HHTF is hearing an informational update on the RRSO following two full years of implementation. Importantly, 18 months of that implementation has been during the COVID-19 pandemic, which has created substantial financial distress for tenants and landlords alike and during which an eviction moratorium was in effect for a majority of the timeframe. Data in this report should be reviewed within this context. Further, given the unique nature of the majority of the RRSO implementation, staff does not recommend making any new changes to the RRSO beyond what Council already authorized in July 2020.

ATTACHMENTS

Attachment I Staff Report
Attachment II Tenant Relocation Assistance Ordinance Summary



DATE: September 2, 2021

TO: Homelessness-Housing Task Force

FROM: Assistant City Manager

SUBJECT: Implementation Update on the Residential Rent Stabilization and Tenant Protection Ordinance

RECOMMENDATION

That the Homelessness-Housing Task Force (HHTF) review and discuss this report on the implementation progress of the Residential Rent Stabilization and Tenant Protection Ordinance.

SUMMARY

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BACKGROUND

RRSO Implementation

On June 18, 2019,¹ the Council approved the introduction of a new RRSO to improve housing stability for Hayward tenants. Staff and community partners conducted a comprehensive and community inclusive process, including specific direction provided by the Council on February 19, 2019,² a community workshop on April 6, 2019, and numerous subsequent HHTF meetings, to develop the RRSO. The key components of the RRSO passed in June and made effective on July 25, 2019 include:

- Mandatory mediation program with binding arbitration that would be available to tenants upon rent increases greater than five percent and applicable to all pre-1979 units except single family homes and condominiums consistent with State law;
- Provisions to protect Section 8 voucher holders from discrimination;
- Requirements that landlords file rent increase notices and eviction notices with the City to obtain accurate data about rental housing activity;
- Tenant retaliation protection provisions; and
- Just Cause for tenant evictions.

On March 5, 2020,³ staff provided the HHTF with a progress report on RRSO implementation and made recommendations for revising the RRSO based on changes to State law and an analysis of implementation challenges. Task Force members supported recommendations for revisions to the RRSO presented in that report and, on July 14, 2020,⁴ Council voted to adopt amendments to the RRSO and the addition of the Tenant Relocation Assistance Ordinance (TRAO; Chapter 12, Article 2 of the Hayward Municipal Code).

COVID-19 Response

Since the onset of COVID-19, the City of Hayward has instituted several renter protections intended to mitigate housing instability caused by the pandemic. These protections include:

- **Rent Relief Program:** The Council authorized a total of more than \$1.7 million in HOME Investment Partnership Program (HOME) and emergency Community Development Block Grant (CDBG) funds for an emergency rent relief program, providing up to \$5,000 in direct rent payments to landlords on behalf of almost 700 tenant households.
- **Expanded Mediation:** The Council authorized the expansion of the City's agreement with Project Sentinel to provide a free mediation program to support landlords and

¹June 18, 2019 City Council Staff Report and Attachments:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=3985848&GUID=52D1B678-D6BB-401A-AB3C-8990885C0CDD&Options=&Search=>

²February 19, 2019, City Council Staff Report and Attachments:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=3863371&GUID=E3FF2A1F-D770-463F-ACC2-8EBEFC711CF3>

³March 5, 2020, Homelessness-Housing Task Force Staff Report and Materials:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=4344677&GUID=B0C788EE-6B8B-4B62-9006-2DA3C426E0B8&Options=&Search=>

⁴July 14, 2020, City Council Staff Report and Materials:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=4590663&GUID=ADB12ECB-15EB-4DB2-B096-5A6D9877359A&Options=&Search=>

tenants negotiating repayment plans when tenants are unable to pay rent due to the pandemic. Both landlords and tenants may apply for the program.

- **Local Eviction Moratorium:** Before the State moratorium was enacted in August 2020, the Council adopted an emergency ordinance establishing a temporary moratorium on evictions for non-payment of rent caused by the COVID-19 pandemic or for no-fault evictions. Council extended the moratorium until it was superseded by State law.
- **Tenant Relocation Assistance Fund:** The Council adopted a resolution approving the City's federal stimulus expenditure plan for American Rescue Plan Act funds, including contributing \$250,000 in Fiscal Years 2022, 2023, and 2024 to a relocation assistance fund for tenants displaced due to no fault evictions or health and safety issues. This fund would allow the City to make payments directly to tenants when landlords are unable or refuse to make assistance payments required by the TRA0.⁵

DISCUSSION

This discussion section provides an overview of the RRSO implementation progress, including the following areas of implementation:

- Analysis of tenant and landlord petitions;
- Analysis of rent increase and eviction notices submitted as required by the RRSO;
- Discussion of participation in the Eviction Prevention Learning Lab and data accessibility; and
- Discussion of Tenant Relocation Assistance Ordinance implementation.

The staff report from the July 2020 RRSO update includes a comprehensive list of all resources and materials created to help tenants and landlords comply with the RRSO, as well as a discussion of the revisions made to the RRSO after its first year of implementation.

It is important to note that, while the RRSO has been in effect in Hayward for two years, the majority of that time has been during the COVID-19 pandemic and corresponding local, state, and federal eviction moratoria. As such, it is difficult to measure the RRSO's progress in meeting its goals of reducing displacement and to make comparisons between rent increase data submitted to the City's Rent Review Office and market trends.

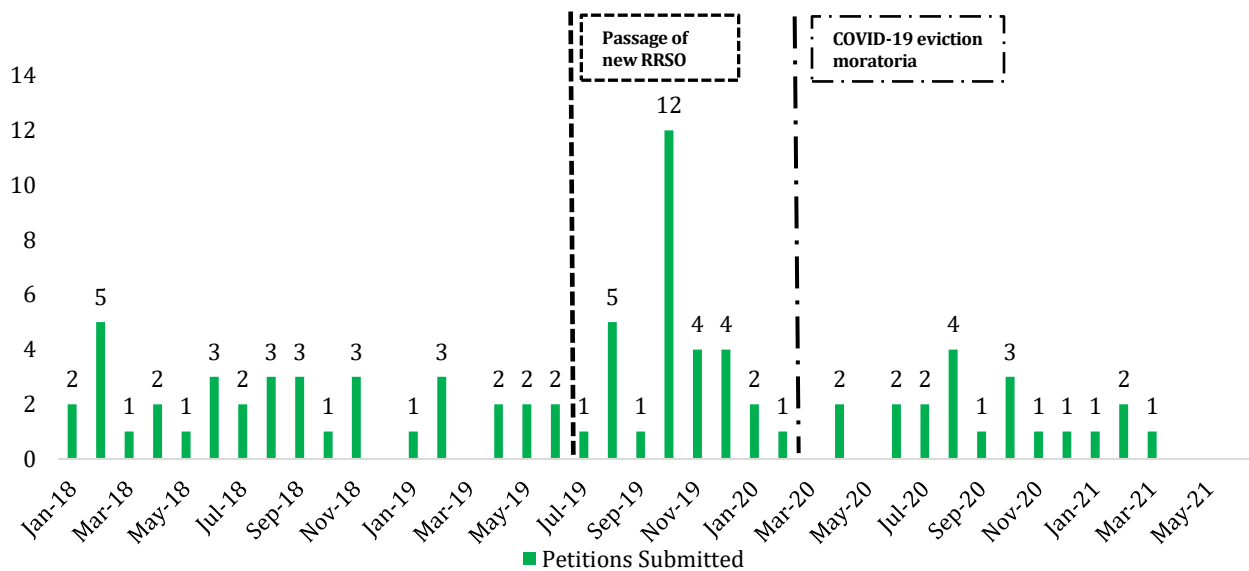
Tenant and Landlord Petitions

The new RRSO expanded the mediation and arbitration process for rent dispute resolution to include more Covered Rental Units. The process is initiated by a petition, either from a tenant or a landlord. To support the petition process and make it as easy as possible for tenants and landlords to understand and comply with the RRSO, staff created several petition forms for tenants and landlords, including infographics and fact sheets. This information is available in English, Spanish and Chinese.

⁵ July 13, 2021, City Council Staff Report and Materials:
<https://hayward.legistar.com/LegislationDetail.aspx?ID=5028015&GUID=E0215022-6A47-486F-81C4-9BFB2583AE10&Options=&Search=>

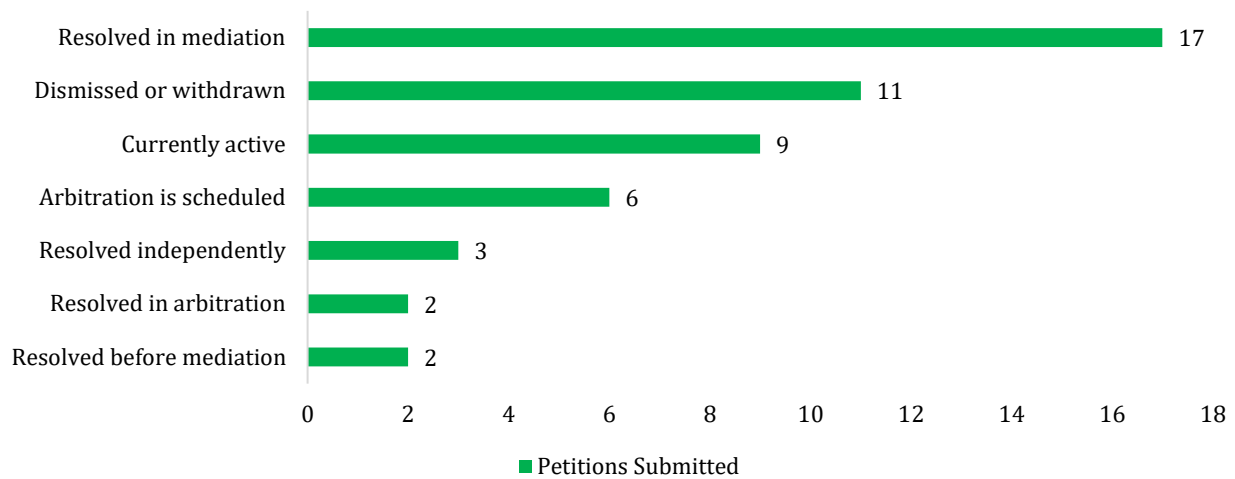
As shown in Figure 1, the number of petitions submitted by tenants was highest during the first six months after the RRSO was revised in July 2019, which is when access to the mediation and arbitration process was expanded to more units. In the months following the Governor’s declaration of a state of emergency and local emergency orders due to COVID-19, the number of petitions decreased substantially and have remained low. Of those submitted after July 2019, all but two were submitted by tenants. Staff have talked with several landlords to explain the fair return and capital improvement petition process and Project Sentinel has delivered multiple landlord workshops focused on the petition process.

Figure 1. RRSO Petitions Received since January 2018



The Rent Review Office received 50 petitions from when the new RRSO went into effect through the end of June 2021. Figure 2 describes the outcomes of each petition received since the new RRSO went into effect, as of August 2021. The majority are no longer active. Of those that were accepted and resolved (n = 24), almost all were resolved either in mediation or before it was needed, with only two going to arbitration. Arbitration is scheduled for six cases, and another nine are currently active and in the process of being reviewed or scheduled.

Figure 2. Tenant Petition Outcomes, as of August 2021



Rent Increase and Termination Notices

The RRSO requires that landlords provide the Rent Review Office with copies of all rent increase and termination notices. Collecting such information enables staff to identify trends in Hayward’s rental environment that were previously unclear without reliable data. However, after two years of implementation, there are important limitations to consider for this analysis and interpreting existing data. First, it is likely that not all landlords are complying with the requirement to provide eviction and rent increase notices to the Rent Review Office, so existing data may under-represent eviction notices and may not fully reflect rent increase trends. Second, local, state, and federal COVID-19 eviction moratoria beginning in March of 2020 means eviction notice data is not reflective of normal market conditions in Hayward, as the moratoria restrict the type of evictions permitted during the pandemic. Box 1 below provides more information on the eviction moratoria. While there has not been a freeze on rent increases during that time, many landlords may have opted not to increase rents for tenants who were already struggling to pay.

Box 1. State and Local Eviction Moratorium Timeline

- *March 16, 2020:* Governor authorizes local jurisdictions to prohibit commercial and residential evictions due to non-payment where failure to pay is due to COVID-19 pandemic
- *March 24, 2020:* City passes a temporary moratorium on residential evictions
- *April 7, 2020:* City revises local moratorium to include commercial evictions, lender evictions of homeowners, and prevention of retaliation against tenants
- *June 30, 2020:* City extends temporary moratorium on evictions through September 30, 2020
- *August 31, 2020:* State enacts AB 3088 establishing a state-wide moratorium on residential evictions until January 31, 2021 and precluding local governments from extending their own moratoria beyond already enacted expiration dates
- *September 30, 2020:* City’s temporary residential eviction moratorium sunsets and is not extended due to AB 3088
- *January 29, 2021:* State enacts Senate Bill 91, extending the state eviction moratorium through June 30, 2021, and allocating \$2.6 billion in stimulus funding for rent relief to cover 80% of unpaid rent owed by eligible low-income tenants
- *June 28, 2021:* State enacts Assembly Bill 832, again extending the eviction moratorium through September 30, 2021, and expanding the rental assistance program to cover 100% of unpaid rent owed by eligible low-income tenants

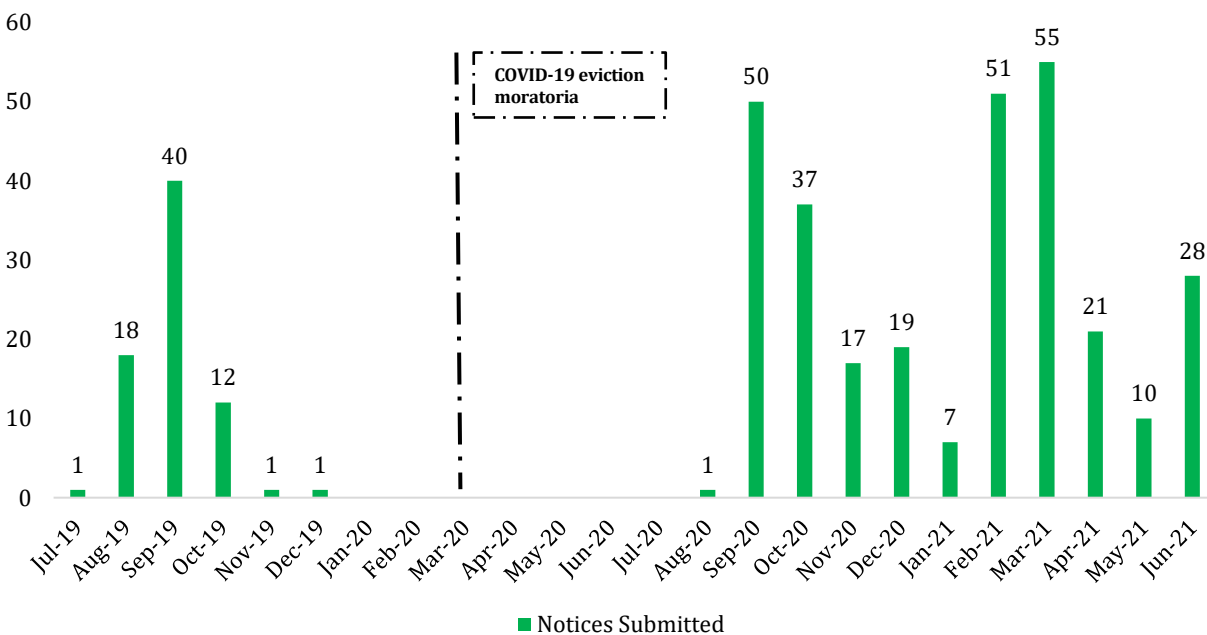
To make it as easy as possible for Landlords to comply with this component of the RRSO, staff developed several forms for noticing that meet all the noticing requirements of the RRSO, including a template form to use whenever a landlord increases rent. These forms are posted to the City’s website and available in hard copy in the Rent Review Office kiosk, which was available at the entrance to City Hall during the pandemic closure.

Termination Notices

Since the RRSO was passed in July 2019 through June 2021, the Rent Review Office has received 446 termination notices from landlords complying with the RRSO. These notices are not documentation of an eviction, but instead are notices to pay or quit, which are intended to be cured by the tenant (either by paying past due rent or leaving the unit). Many termination notices can be cured, so not all termination notices received by the Rent Review Office led to displacement.

As shown in Figure 3, the Rent Review Office did not receive any notices of termination during the first six months of the pandemic, from March 2020 through August 2020. This trend is consistent with the timing of the State eviction moratorium, which was enacted in August 2020 and required that landlords file a 15-day notice to pay or quit when tenants are unable to pay rent. Tenants then have 15 days to provide their landlord with a declaration of COVID-19 related financial distress form. The State moratorium was subsequently extended in January and June 2021, through September 2021. Therefore, the data in Figure 3 does not necessarily reflect actual displacement of tenants.

Figure 3. Termination Notices Received from July 2019 to June 2021



Of the 446 notices submitted to the Rent Review Office in the first two years of the requirement, the majority (96%) were for a failure to pay rent or utilities. In those cases, as of

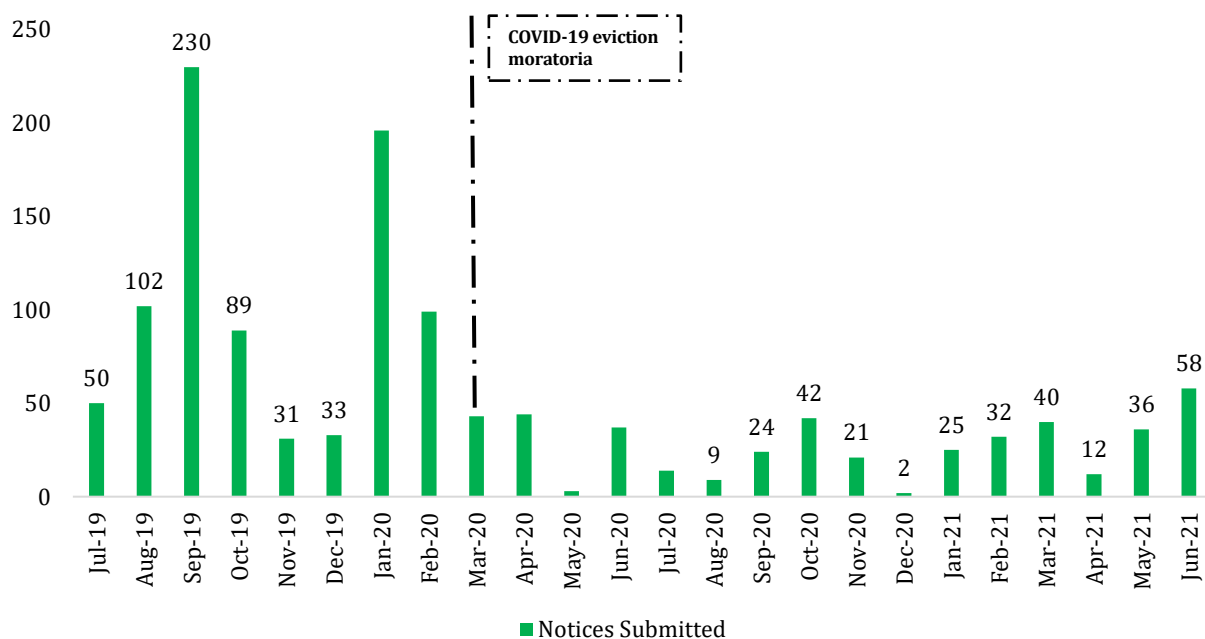
August 2020, tenants had the opportunity to respond with a declaration of inability to pay, per state law. Only 2% of all notices received since July 2019 were for a violation of the lease and another 2% were for a no-fault eviction, such as an owner or family member moving into the unit.

Rent Increase Notices

Since the RRSO was passed in July 2019 through June 2021, the Rent Review Office has received 1,271 rent increase notices. Of those notices received, 1,080 (85%) had enough information to determine the amount of the rent increase. Notices with not enough information often provided options for the tenant to pick different lease lengths with different increases depending on the lease term or had incomplete address or current rent information. Since identifying this trend, staff are establishing a process to follow-up with landlords who submit deficient notices to notify them of the issues and provide them with the City’s rent increase notice template.

For rent increase notices that had sufficient information, the average rent increase amount was 4.8% for covered rental units (i.e., those subject to the RRSO’s rent increase threshold) and 6.2% for rental units. As shown in Figure 4, since the onset of the COVID-19 pandemic and the corresponding eviction moratoria, the number of rent increase notices submitted to the Rent Review Office has dropped substantially.

Figure 4. Rent Increase Notices Received from July 2019 to June 2021

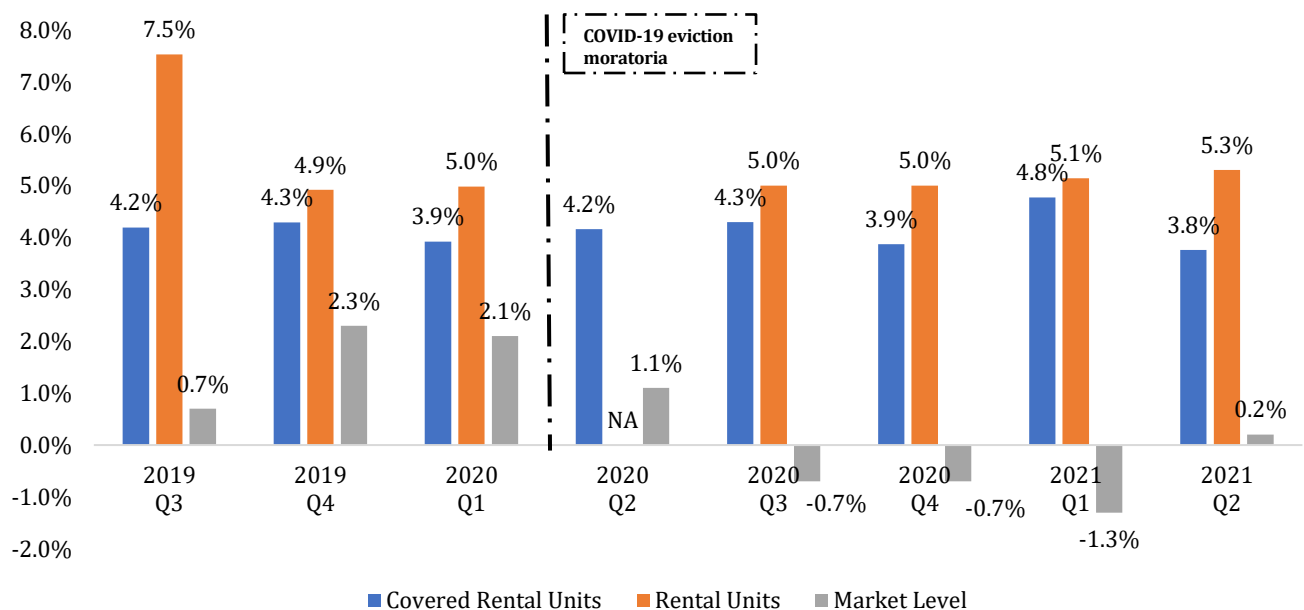


Data from the CoStar real estate database provides some insights into the Hayward rental market by surveying effective rent on new leases in multi-family rental properties.⁶ Over time, average effective rent has reduced from an average increase of 5.7% in 2016 to an average of 3.7% in 2018. When compared to the rent increase information shared with the Rent Review

⁶ Effective rents refer to the actual rent after factoring in concessions or other discounts.

Office, market-level data show lower average effective rent, as shown in Figure 5. It is important to note that available data on multi-family effective rent changes does not capture existing leases or changes to those agreements over time, which includes potential substantial rent increases for individual households. While market prices for multi-family properties may decrease, not all tenants will experience the relief of market rent depreciation. However, when comparing Figures 4 and 5, there appears to be a correlation between the reduction in market rents and the number of rent increase notices filed. While the cause of this relationship cannot be determined at this time, it appears that fewer tenants have received rent increases at the same time that market rent is depreciating.

Figure 5. Comparison of Average Rent Increases Submitted to the Rent Review Office and Average Multi-Family Market Rents from July 2019 through June 2021, by Quarter



The City’s RRSO is intended to stabilize rents, creating predictability for landlords and tenants and preventing unpredictable spikes in rent for individual households. As the average change in market rents is considerably lower than the increases in actual rent submitted to the Rent Review Office, additional time is needed to evaluate the extent to which rents are stabilizing, particularly given the unique circumstances of the pandemic during the majority of the RRSO’s implementation.

Data Infrastructure and Implementation Improvements

Since the last update to the HHTF in March 2020, staff have launched both the external and internal components of the Rent Review Database. For external use, the database allows tenants and landlords to search for a specific unit and determine which components of the RRSO apply. Through this search function, they can determine if a unit is subject to the rent stabilization threshold, which can help landlords comply with the RRSO and help tenants determine if they have received an unlawful rent increase. Internally, the database allows staff and our consultants to track the status of tenant and landlord petitions, as well as easily query and report on the trends in existing petitions.

In addition to expanding the Rent Review Database, the City was selected to participate in the Eviction Prevention Learning Lab (EPLL).⁷ The EPLL is a national peer-to-peer network focused on eviction prevention strategies, providing cities and their partners with access to best practices, policies, and tools for preventing eviction. It is facilitated by the National League of Cities and the Stanford Legal Design Lab. The City is focusing on the learning areas of 1) Tenant and Landlord Education and 2) Communication, Outreach, and Engagement. Additionally, through participation in the EPLL, the City has been selected as a pilot site for the development of a Housing Loss Public Tool. Through the pilot project, the City has begun conversations with the Alameda County Superior Courts to access eviction data. This data may help the City evaluate eviction activity in the City and produce a geographic depiction of where evictions are occurring in Hayward. Such an analysis is important to understanding the eviction landscape in Hayward, where displacement pressures are rising for renters, most of whom are Black/African American or Hispanic and carrying larger housing cost burdens than White or Asian renters. Staff are still in early communications for this project but are optimistic about accessing new data and piloting effective ways to visualize and report on eviction trends in the City.

Tenant Relocation Assistance Ordinance Implementation

Alongside the amendments to the RRSO approved in July 2020, Council also adopted Chapter 12, Article 2 of the Hayward Municipal Code, titled the Tenant Relocation Assistance Ordinance (TRAO). The TRAO creates permanent and temporary relocation assistance requirements for landlords to pay under certain circumstances when a tenant becomes displaced from their unit. Landlords are required to pay permanent relocation assistance when there is a no-fault just cause eviction. Temporary relocation assistance is required when landlords must complete substantial repairs that would temporarily displace the tenants, or when a government order is issued for health and safety issues. For more information about the TRAO, see Attachment II.

Since its implementation, staff have created a number of resources to facilitate compliance with the TRAO:

- TRAO Summary (translated into English, Spanish, and traditional Chinese)
- Template notice to tenants form, for landlords to use to notify tenants of the applicability of the TRAO (translated into English, Spanish, and traditional Chinese)
- Template permanent relocation noticing forms for landlords to use when completing a no-fault eviction (translated into English, Spanish, and traditional Chinese)
- Template permanent and temporary relocation noticing forms for landlords to use when tenants are eligible for assistance due to a notice to vacate from Code Enforcement

Staff are still finalizing temporary relocation noticing forms, which require landlords and tenants to coordinate to share information necessary for calculating the type and amount of assistance owed during a temporary displacement not caused by a government order to vacate. The forms are intended to help the landlord comply with the requirements of the

⁷ Visit the EPLL for more information: <https://www.nlc.org/initiative/2021-eviction-prevention-learning-lab/>

TRAO when doing substantial repairs that will displacement tenants temporarily. Once the forms are completed, they will also be translated from English into Spanish and traditional Chinese.

Since implementation, staff have reviewed twelve relocation cases, the majority of which have been initiated through a Code Enforcement inspection that has found the unit to be in violation of health and safety code. Staff from Housing and Code Enforcement work closely to share information on these cases and to communicate with the tenants. Staff have observed that in many cases, landlords are either unwilling or unable to make the required relocation assistance payments. In response, staff are taking two key actions. First, staff are drafting implementation regulations, as authorized by Section 12-2.14 of the TRAO. The regulations will detail the City's ability to provide relocation payments to a tenant on behalf of the landlord if the landlord fails to comply, then recover the payment from the landlord through a special assessment or lien. Second, Council authorized the City's federal stimulus expenditure plan for American Rescue Plan Act funds, creating a relocation assistance fund for displaced tenants of \$250,000 for FY 22 through FY 24. This fund, along with the implementation regulations, will enable the City to make relocation assistance on behalf of landlords who cannot or refuse to pay, then recover the costs through special assessment, lien, or a negotiated repayment plan.

ECONOMIC IMPACT

This report is an informational update on the implementation progress of the RRSO. It does not propose any substantial legislative changes that would create any new or differing economic impact.

FISCAL IMPACT

This informational update does not propose any changes or additions that would create a fiscal impact to the City's General Fund. The RRSO does include an administration fee, the revenue for which supports the implementation of the ordinance. This includes staff expenses, as well as education and outreach activities to ensure landlords and tenants are aware of their rights and responsibilities.

STRATEGIC ROADMAP

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

Project 7, Parts 7b: Monitor the implementation of the Rent Stabilization Ordinance and prepare a statistical report

PUBLIC CONTACT

Since it was passed in July 2019, the City has conducted several education and outreach workshops and received many inquiries regarding the RRSO. As reported in the previous

HHTF update, the City hired a new Housing Program Specialist in February 2020 who has focused on increasing outreach and education efforts, with an emphasis on meeting tenants and landlords where they are through tabling events and collaboration with partners like Hayward Unified School District, in addition to online workshops. From July of 2020 to date, staff have participated in 38 outreach events, including outdoor tabling at neighborhood events and resource fairs and hosting online workshops about the RRSO as well as the County's Emergency Rental Assistance Program and existing eviction moratoria.

In addition to scheduled outreach and education events, the City has received 6,365 inquiries since July 2019 to the Housing Division phone or office, including a specific Spanish language line that was set up during the pandemic. Over half (55%) of the inquiries have been about the RRSO. Frequent RRSO inquiries include tenants or landlords asking about allowable rent increases, questions from landlords about the administrative fee, and questions from tenants and landlords about just cause eviction. Another 22% of all inquiries received since July 2019 were related to COVID-19. The COVID-19 inquiries were primarily about rent relief or the eviction moratorium.

NEXT STEPS

Staff will continue to monitor implementation of the RRSO, identifying additional opportunities to improve processes, forms, and outreach strategies. Through continued participation in the EPLL, staff plan to evaluate current outreach, communication, and education strategies. Staff will also continue working with the EPLL and Alameda County Superior Court to improve eviction data access and reporting. Additionally, staff have already scheduled nine outreach events for the remainder of the year, including partnering with Code Enforcement, ECHO Fair Housing, and HUSD.

On September 21, 2021, Council will hear an informational report on the City's plan for responding to the end of the State's eviction moratorium at the end of the September. Staff will share more information about expanded mediation services and services to prevent foreclosure for low-income homeowners.

Prepared by: Amy Cole, Management Analyst II

Recommended by: Jennifer Ott, Assistant City Manager
Christina Morales, Housing Division Manager

Approved by:



Kelly McAdoo, City Manager



Summary of the Tenant Relocation Assistance Ordinance

EFFECTIVE AUGUST 20, 2020

City of Hayward Housing Division

HAYWARD-CA.GOV/HOUSING | 510-583-4454 | HOUSING@HAYWARD-CA.GOV

Este formulario está disponible en español en nuestra oficina y en nuestro sitio web: www.hayward-ca.gov/housing
可以在我們的辦公室和網站上以西班牙語獲取此表格：www.hayward-ca.gov/housing

This guide is a summary of the Tenant Relocation Assistance Ordinance (TRAO). It is not intended to be a complete description or a substitute for the Ordinance. This summary can be given to a tenant to meet the TRAO's noticing requirements. If this summary is different from the TRAO, the language from the TRAO applies. Review of the full TRAO is encouraged. It is located on the City's Housing Division website: www.hayward-ca.gov/housing. The City's Rent Review Office can answer questions regarding the TRAO. The Rent Review Office cannot give legal advice.

I. Overview

The TRAO creates two kinds of relocation assistance. The first is permanent relocation assistance. It helps tenants with moving costs when they are facing no fault evictions. The second is Temporary Relocation Assistance. It provides financial help to tenants who cannot stay in their rental unit for a temporary time because the landlord must do substantial repairs to the unit. This summary describes each of these types of assistance. It provides information about what is required of tenants and landlords as part of the new TRAO. The following sections describe the Permanent Relocation Assistance requirements, the Temporary Relocation Assistance Requirements, and the noticing requirements.

II. Permanent Relocation Assistance

Permanent Relocation Assistance helps tenants with moving costs. It only applies to no-fault evictions. No fault evictions are explained below. The applicability section explains what types of units this applies to. Certain units are exempt which is also explained below. Lastly, the compliance section explains what can happen if either the tenants or the landlords do not follow the ordinance.

Applicability

Permanent Relocation Assistance applies to all rental units in the City of Hayward, **except:**

- Hotels or motels
- Nonprofit hospitals, religious facilities, extended care homes, or licensed residential care homes for the elderly
- Dormitories
- Housing where the tenant shares a bathroom or kitchen with owner
- Owner-occupied single-family homes where the owner rents rooms or accessory dwelling units on the property
- Duplexes where the owner lives in one unit
- Single unit properties with owners who are not real estate trusts, LLCs, or Corporations.
- New housing built within the last 15 years

No Fault Evictions

Landlords have the right to end a tenancy but only for certain reasons. These reasons are described in the City's Just Cause for Eviction provision. There are some reasons for ending tenancy that are not caused by the tenant. These are called no fault evictions. When they

occur, the tenant is eligible for financial assistance from the landlord. No fault evictions include:

- Demolishing a rental unit after obtaining permits and not rebuilding it
- Owner or owner's family move in
- Owner moves in based on terms of the lease
- Any no fault eviction allowable under state or federal law

Payment of Permanent Relocation Assistance

The landlord must provide relocation assistance for no-fault evictions. The landlord can choose to do one of the following:

- Make a payment to the tenant equal to the amount of one month's rent, or
- Waive the last month's rent.

The landlord must serve the tenant a termination notice to tell the tenant that they must leave the rental unit. On the notice, the landlord must tell the tenant the reason for no longer renting the unit to them.

When there is a no-fault eviction, the landlord must tell the tenant about their rights to relocation assistance. The landlord must also tell the tenant how the assistance will be provided. When landlord chooses to pay relocation assistance, they must pay the tenant within 15 days.

Noncompliance

When a landlord does not provide relocation assistance for a no-fault eviction, the termination notice becomes void. A tenant who accepts relocation assistance and does not leave can be sued.

III. Temporary Relocation Assistance

Temporary relocation assistance helps tenants who must leave their unit because it needs substantial repairs. The assistance provides the tenant money to cover some of the living costs. This assistance makes sure that tenants have a safe place to stay during construction. The applicability section explains what types of units this applies to. The compliance section explains what can happen if either the tenants or the landlords do not follow the ordinance.

Applicability

Temporary Relocation Assistance applies to all units **except:**

- A mobile home or mobile space
- Hospital, extended care facility, convalescent home, nonprofit home for the aged, or dormitory where rooms are offered along with services like meals, cleaning services, or social programs
- Motels, hotels, inns, tourist houses, rooming houses, and boarding houses that are not occupied by the same tenant for more than 30 days in a row

Landlords must pay temporary relocation assistance when:

- Substantial repairs must be made to the unit, or
- A government agency (like Code Enforcement) tells the tenant to leave or the tenant leaves due to health/safety conditions

In some cases, tenants may need to leave the unit for repairs, but landlords are not required to make temporary relocation payments. This happens if a governmental agency determines that:

- The damage was caused by natural disaster. Examples include a fire, flood, or earthquake.
- The tenant or their guest caused or substantially contributed to the damage.

Payment of Temporary Relocation Assistance

Tenants have two options for how they get assistance. Option one is to receive relocation payments and keep paying rent. Option two is to not receive relocation payments and not pay rent.

Landlords must begin assistance payments within three days of notifying the tenant that they will have to leave their unit. Landlords can also offer a comparable housing unit instead of making payments. The unit must be similar in size and amenities. Landlords must still pay moving costs.

Temporary relocation assistance is given to tenants for every day they are displaced. This is called a per diem. Hayward City Council sets the per diem rates. The current rates are:

Table 1. Per Diem Rates for Temporary Relocation Assistance.

Payment	Amount	Frequency
Hotel or motel	\$161	Per day per household
Meal expenses	\$32	Per day per person
Laundry	\$1	Per day per household
Pet	\$31 for cat \$56 for dog	Per day per animal

Payment of Temporary Relocation Assistance when Displacement Exceeds 60 Days

When repairs are not made within 60 days, the requirements change. Tenants must begin receiving payments and must pay rent again.

When repairs are not made within 120 days, the landlord must make *rent differential payments*. The tenant will not pay rent. Rent differential payments are the difference between a tenant’s rent and the fair market rent for a unit of that size. Tenants get these payments after 60 days if they had to leave because of a government order. Table 2 lists the current Department of Housing and Urban Development (HUD) fair market rents for Alameda County.

Table 2. Fiscal Year 2020-2021 Alameda County Fair Market Rents (FMRs) by Unit Bedrooms

Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
\$1,488	\$1,808	\$2,239	\$3,042	\$3,720

Appeal Process

If a landlord or a tenant believes that there was an issue with whether assistance should be paid, they may be allowed to file an appeal with the Rent Review Office. Only certain decisions can be appealed:

- If the landlord caused or contributed to conditions leading to an order to vacate
- If a tenant or guest of the tenant caused or contributed to the conditions leading to an order to vacate
- If there are health or safety conditions that require the tenant to vacate without a governmental agency’s order
- If a comparable unit qualifies as comparable
- If a tenant has good cause to vacate a comparable unit after 120 days

Noncompliance

If a tenant does not agree to leave the unit, landlords may temporarily terminate the tenancy. In that case, tenants are still eligible for temporary relocation assistance.

IV. Noticing Requirements

The landlord is responsible for notifying the tenant about their rights under the TRAO. They must also tell tenants when they are eligible for assistance.

Initial Notice. Landlords must notify all tenants of their rights under the new TRAO by September 19, 2020. Landlords must also notify new tenants of the TRAO any time they enter a lease with new tenants. The TRAO describes how landlords should provide notice. They must:

- Give written notice that the rental unit is subject to the TRAO
- Give a copy of this summary or a copy of the ordinance to their tenants

Upon Receipt of a Termination Notice. Any time a landlord gives a tenant a notice to terminate, the landlord must notify tenants if they are eligible for relocation assistance. The landlord must send a copy of that notice to the City’s Rent Review Office.

The City of Hayward’s Rent Review Office has created forms to help landlords follow these noticing requirements:

- This summary document
- A template notice for telling tenants if they live in a unit covered by the TRAO
- A template notice for telling tenants their rights under the TRAO



CITY OF HAYWARD

Hayward City Hall
777 B Street
Hayward, CA 94541
www.Hayward-CA.gov

File #: RPT 21-099

DATE: September 2, 2021

TO: Homelessness-Housing Task Force

FROM: Assistant City Manager

SUBJECT

Informational Report: Memorandum from Townsend Public Affairs regarding 2021-22 State Budget Update for Housing and Homelessness

RECOMMENDATION

That the Homelessness Housing Task Force reviews the attached informational memorandum from Townsend Public Affairs regarding the 2021 State Budget for housing and homelessness.

SUMMARY

This memorandum prepared by Townsend Public Affairs, the City of Hayward's State legislative affairs consultant, is an overview of the various funding programs for housing and homelessness related efforts and projects included in the 2021-22 State Budget. The information in this memorandum is from official proposals, analyses, guidelines, and other materials, and summarizes the following:

- 2021-22 State Budget
- Housing and Homelessness Programs
 - Homeless Housing, Assistance and Prevention Program
 - Encampment Resolution Grants
 - Family Homelessness Challenge Grants
 - Regional Early Action Planning Grant Program
 - Project Homekey
 - Infill Infrastructure Grant Program of 2019
 - Affordable Housing Backlog and Preservation
 - Foreclosure Intervention and Housing Preservation Program
 - Excess Sites

ATTACHMENTS

Attachment I Memorandum from Townsend Public Affairs

MEMORANDUM

To: City of Hayward
Mayor and Council Members
Kelly McAdoo, City Manager

From: Townsend Public Affairs, Inc.
Christopher Townsend, President
Richard Harmon, Senior Director

Date: July 20, 2021

Subject: 2021-22 State Budget Housing and Homeless Update

OVERVIEW

This memorandum is an overview of the various funding programs for housing and homeless-related efforts and projects included in the 2021-22 State Budget. The information in this memorandum is from official proposals, analyses, guidelines and other materials, and is organized as follows:

- **2021–22 State Budget Summary**
- **Housing and Homeless Programs**
 - *Homeless Housing, Assistance and Prevention Program*
 - *Encampment Resolution Grants*
 - *Family Homelessness Challenge Grants*
 - *Regional Early Action Planning Grant Program*
 - *Project Homekey*
 - *Infill Infrastructure Grant Program of 2019*
 - *Affordable Housing Backlog and Preservation*
 - *Foreclosure Intervention and Housing Preservation Program*
 - *Excess Sites*



2021-22 STATE BUDGET SUMMARY

In response to the Governor's revised budget proposal released in May, the Legislature finalized its own budget development process in June and approved a budget bill (Assembly Bill 128) prior to the Constitutional deadline of June 15. Budget negotiations between the Governor and State Legislature continued throughout June, with a final budget bill (Senate Bill 129) approved on June 28 (and signed into law on July 12).

Final budget negotiations required the introduction of smaller budget bills to make changes to funding amounts included in Assembly Bill 128. In addition, there will be a total of more than 20 trailer bills approved with the final agreement that will include provisions for various programs and the use of funds. For example, a budget line item for a specified dollar amount to the Department of Housing and Community Development for homelessness assistance to local agencies would require a trailer bill to specify what entities are eligible for funding, criteria for use of those funds, and processes and accountability related to the distribution of funding.

On July 15, the Legislature approved Assembly Bill 140 (signed into law on July 19) which contained the majority of provisions for housing and homelessness programs as part of the overall State Budget. This document summarizes those provisions and will be updated as necessary following any final subsequent efforts on the State Budget.

HOUSING AND HOMELESS PROGRAMS

Homeless Housing, Assistance, and Prevention Program

In 2019, the State Budget created the Homeless Housing, Assistance, and Prevention Program (HHAPP) for the purpose of providing jurisdictions with grant funds to support regional coordination and expand or develop local capacity to address their immediate homelessness challenges informed by a best-practices framework focused on moving homeless individuals and families into permanent housing and supporting the efforts of individuals and families to maintain their permanent housing. In addition, funding was intended to support local jurisdictions in their unified regional response to reduce and end homelessness.

The HHAPP was funded through two rounds—\$650 million announced in 2019 and \$300 million announced in 2020. The funding was made available through the Business, Consumer Services, and Housing Agency (BCSH) and Homeless Coordinating Financing Council (HCFC) for implementing the program. Eligible applicants included California's 13 largest cities, 58 counties, and 44 Continuums of Care (CoCs).

Generally, recipients of funding were able to expend funds on evidence-based solutions that address and prevent homelessness among eligible populations including any of the following:

- Rental assistance and rapid rehousing.
- Operating subsidies in new and existing affordable or supportive housing units, emergency shelters, and navigation centers. Operating subsidies may include operating reserves.
- Incentives to landlords, including, but not limited to, security deposits and holding fees.



- Outreach and coordination, which may include access to job programs, to assist vulnerable populations in accessing permanent housing and to promote housing stability in supportive housing.
- Systems support for activities necessary to create regional partnerships and maintain a homeless services and housing delivery system, particularly for vulnerable populations including families and homeless youth.
- Prevention and shelter diversion to permanent housing.
- New navigation centers and emergency shelters based on demonstrated need.

The 2021-22 State Budget provides for the allocation of \$2 billion in funds over the next two years for flexible aid for local governments to combat homelessness through the HHAPP. Specifically, the State Budget:

- Allocates **\$1 billion** for Round 3 HHAPP funding in the 2021-22 fiscal year.
 - Provides that **80 percent or \$800 million** to applicants that are cities, counties or CoCs as follows:
 - **32 percent or \$240 million** to CoCs based on each CoC's proportionate share of the State's total homelessness population, based on homeless point-in-time count. Requires the HCFC to award no more than 40 percent of this allocation to any one CoC.
 - **42 percent or \$336 million** to cities, or cities that are also a county, that have a population of 300,000 or more, as of January 1, 2020. Requires the HCFC to calculate the allocation to a city based on the city's proportionate share of the total homeless population of the region served by the CoC within which the city is located, based on homeless point-in-time count. Requires the HCFC not to award more than 45 percent of this allocation to any one city. Provides that if more than one recipient within the CoC meets the requirement of this subparagraph, the proportionate share of funds shall be equally allocated to those jurisdictions.
 - **28 percent or \$224 million** of the allocation to counties. Requires the HCFC to calculate the allocation to a county based on the county's proportionate share of the total homeless population of the region served by the CoC within which the county is located based on the homeless point-in-time count. Requires the HCFC not to award more than 40 percent of the program allocation to any one county.

Annual HHAPP Distribution Funding Categories		
Category for Distribution	Funded Amount	Eligible Applicants
Continuum of Care— <i>Based on Point in Time Count Ranges</i>	\$240 million	Continuum of Care (CoC)
City/City that is also a County — <i>Based on Percent of Homeless Population</i>	\$336 million	Large cities with a population over 330,000
County— <i>Based on Percent of Homeless Population</i>	\$224 million	Counties



- **18 percent or \$180 million** of the funding available be set aside for awarding bonus funding for jurisdictions that achieve the outcome goals specified in their applications, described below. Requires the HCFC to determine bonus award allocations, based on homeless population, and to report to the chairs of the relevant fiscal and policy committees within 30 days of making the funding allocation determinations.
- Provides not more than **2 percent or \$20 million** of the funding to tribal applicants, as follows:
 - Allows tribes to request funds, and to be allocated funds up to their requested amount, or up to a total of \$20 million collectively among all tribal applicants.
 - Allows the HCFC to make allocations to tribes on the basis of a tribal applicant's proportionate share of need relative to all tribes that submit an application for funding.
 - Provides that a tribal applicant may partner with a local CoC or coordinated entry system.
 - Provides that any funds available to tribal applicants that are unallocated by July 1, 2025, shall be allocated as bonus awards.
- Provides for the allocation of Round 3 funds to eligible jurisdictions via the following process:
 - Requires the HCFC to issue a standard agreement for applicants to apply for Round 3 program funds no later than **September 15, 2021**, which specifies requirements for applicants to submit an application that includes a local homelessness action plan and specific outcome goals.
 - Requires a signed standard agreement to be returned to the HCFC no later than 30 days from the date the HCFC issues the agreement.
 - Requires the HCFC to allocate 20 percent of an eligible city's, county's, or CoC's total allocation upon receipt of a signed standard agreement.
 - Allows a city, city and county, single CoC, or county to apply jointly with a counterpart entity or entities. Provides that an applicant that applies jointly shall be allocated 25 percent of the jointly applying jurisdictions' total allocation instead of 20 percent upon receipt of a signed standard agreement.
 - Requires a joint application to include, at a minimum, evidence of collaboration between the jointly applying applicants and an explanation of how the jointly applying applicants will administer the funds allocated to them.
 - A recipient is permitted to use the initial funds awarded to complete the local homeless action plan, including paying for any technical assistance or contracted entities to support completion of the homeless action plan.
 - Requires an applicant to submit an application to the HCFC by **June 30, 2022**, that includes a local homelessness action plan, a narrative, and specific outcome goals to receive the remaining balance of its Round 3 program allocation, as follows:
 - Requires that a complete application include the following:
 - A local homelessness action plan.



- Outcome goals aimed at preventing and reducing homelessness over a three-year period, informed by the findings from the local landscape analysis and the jurisdiction's base system performance measure from 2020 calendar year data in the Homeless Data Integration System. The outcome goals shall set definite metrics, based on the United States Department of Housing and Urban Development's system performance measures.
 - A narrative describing the uses of the requested funds and how they will help the jurisdiction achieve their outcome goals.
 - Requires an applicant to engage with the HCFC on its local plan and outcome goals before submitting a complete application.
 - Requires an applicant to agendaize the application at a regular meeting of its governing body, including receiving public comment, before being submitted to the HCFC.
 - Requires the HCFC to either approve the application, and issue the notice of award to allocate the remaining percent of an applicant's funding, or return it to the applicant with written comments and specific requested amendments.
- Requires Round 3 funds to be used in the following manner:
 - Prohibits a program recipient from using funding from the program to supplant existing local funds for homelessness services under penalty of disallowance or reduction, or both, of future program funds, as determined by the HCFC.
 - Provides that no more than 5 percent or \$50 million of the funds available shall be used to cover the HCFC's costs of administration. The HCFC may expend administrative funds until December 31, 2026, to complete grant close-out activities.
 - Provides that a program recipient use at least 10 percent of the funds allocated for homeless youth populations.
 - Requires all funds to be expended on evidence-based homeless interventions and in compliance with Housing First.
 - Provides that all Round 3 program funds, including bonus funds, shall be expended by **June 30, 2026**.
 - Requires that no later than **June 30, 2024**, recipients shall demonstrate whether they have successfully met their outcome goals.
 - Jurisdictions that meet their outcome goals shall be eligible for bonus funds. The HCFC shall allocate bonus awards in a reasonable and equitable manner, based on homeless population, to all jurisdictions who have qualified for bonus funds no later than **November 1, 2024**.
 - Jurisdictions that have not met their outcome goals shall not be eligible for bonus funding and shall accept technical assistance from HCFC staff and may also be required to limit the allowable uses of these program funds, as determined by the HCFC.



- Allocates **\$1 billion** for Round 4 HHAPP funding in the 2022-23 fiscal year, in amounts and to eligible applicants identical to Round 3 HHAPP.
- Provides for the allocation of Round 4 funding via the following process:
 - Requires the HCFC to make an application for Round 4 program allocations available no later than **September 30, 2022**. Applications shall be due to the HCFC no later than 60 days from the date the HCFC makes those applications available.
 - Requires an applicant to submit an application with the following information to receive a Round 4 allocation:
 - A local homelessness action plan that provides an update on the local homelessness action plan included in an application for a Round 3 program allocation.
 - New outcome goals that build upon prior years outcome goals.
 - Requires that each applicant determine its outcome goals that build upon prior year goals in consultation with the HCFC, and requires consultation with the HCFC before submitting final outcome goals.
 - A narrative describing how the requested funding will be used and how it will support the specified outcome goals.
 - Requires a city, county, and CoC application to be agendized at a regular meeting by the applicant's governing body, including receiving public comment, before submitting to the HCFC.
 - Requires the HCFC to approve the application and issue the notice to award to disburse 50 percent of an applicant's funding within 30 days, or return it to the applicant with written, detailed comments and request one or more amendments.
- Requires funding allocated in Round 4 of the program to be spent in the following manner:
 - Prohibits a program recipient from using funding from the program to supplant existing local funds for homelessness services under penalty of disallowance or reduction, or both, of future program funds, as determined by the HCFC.
 - Provides that no more than five percent or \$50 million of the funds shall be used to cover the HCFC's costs of administration of this section. The HCFC may expend administrative funds until December 31, 2027, to complete grant close-out activities.
 - Provides that a program recipient use at least 10 percent of the funds allocated for homeless youth populations.
 - Requires all funds to be expended on evidence-based interventions and in compliance with Housing First.
 - Requires a recipient to contractually obligate not less than 75 percent and expend not less than 50 percent of the initial Round 4 program allocations no later than



May 31, 2025. If the jurisdiction has met this requirement, and can demonstrate that they are on track to meet their outcome goals, the HCFC shall distribute the balance of the jurisdiction's allocated funding.

- If a jurisdiction cannot meet this requirement, they must submit an alternative disbursement plan that includes an explanation for the delay on or before **June 30, 2025**. Requires the HCFC to approve the alternative disbursement plan prior to distributing additional funding.
 - Provides that the HCFC shall determine whether a recipient has met its outcome goals through **July 1, 2025**, and shall award bonus funding as soon as data becomes available, but no later than **November 1, 2025**.
 - Allows the HCFC to provide exceptions to meeting outcome goals if the recipient demonstrates hardship by a disaster for which a state of emergency is proclaimed by the Governor.
 - Requires that all Round 4 program funds, including bonus funds, shall be expended by **June 30, 2027**.
- Requires applicants to report specific information for all rounds of program allocations through a data collection, reporting, performance monitoring and accountability framework established by the HCFC. This includes:
 - Data on the applicant's progress towards meeting their outcome goals submitted annually on December 31 of each year through the duration of the program.
 - If an applicant has not made significant progress toward meeting outcome goals, they must submit a description of barriers and possible solutions and accept technical assistance from the HCFC.
 - Requires applicants to provide quarterly fiscal reports to the HCFC. If applicants are not on-track to meet their performance goals, these quarterly reports shall include an update on meeting those goals.
 - Applicants must provide a final report on Round 3 funding by **October 1, 2026**, and on Round 4 funding by **October 1, 2027**.

Encampment Resolution Grants

The State Budget appropriates **\$50 million** and establishes the Encampment Resolution Funding Program to assist cities, counties, and CoCs in ensuring the safety and wellness of people experiencing homelessness in encampments to do the following:

- Provide competitive encampment resolution grants to resolve encampment concerns.
- Transition individuals into safe and stable housing.
- Encourage a data-informed, coordinated approach to address encampment concerns.
- Requires the HCFC to award initial grants by **March 1, 2022**.



Family Homelessness Challenge Grants

The State Budget establishes the Family Homelessness Challenge Grants and Technical Assistance and appropriates **\$40 million** to fund one-time grants and technical assistance to local jurisdictions in order to address and end family homelessness.

- 75 percent or **\$30 million** in funding appropriated for this purpose available for competitive grants, to be allocated in two competitive solicitations.
- 20 percent or **\$8 million** in funding available for technical assistance for local jurisdictions.
- 5 percent or **\$2 million** in funding available for administration of the program.
- Requires that funding be made available no later than **March 1, 2022**, and that funds be expended by **June 30, 2026**.

Regional Early Action Planning Grant Program

The State Budget establishes the Regional Early Action Planning (REAP) Grants Program of 2021 (funding amount to be determined). Specifically, the State Budget:

- Requires that the program be developed and administered by the Department of Housing and Community Development (HCD) in collaboration with the Office of Planning and Research (OPR), the Strategic Growth Council (SGC) and the State Air Resources Board (ARB) to provide regions with funding for transformative planning and implementation activities.
- Allocates funding as follows:
 - 85 percent to Metropolitan Planning Organizations based on projected population.
 - 5 percent to rural jurisdictions.
 - 5 percent for “exemplary” projects that exceed the requirements of the program.
 - 5 percent for program administration.
- Requires that funds be spent on planning and implementation projects that improve housing and reduce per capita vehicle miles travel in furtherance of applicants’ Sustainable Community Strategies.



Project Homekey

Building on the success of Project Roomkey, Project Homekey is the second phase in the State's response to protecting Californians experiencing homelessness who are at high risk for serious illness and are impacted by COVID-19.

Administered by HCD, grant funding is made available to local public entities, including cities, counties, or other local public entities, including housing authorities or federally recognized tribal governments within California to purchase and rehabilitate housing, including hotels, motels, vacant apartment buildings, and other buildings and convert them into interim or permanent, long-term housing.

Under the Homekey program, local entities partner with the State to acquire and rehabilitate a variety of housing types, including (but not limited to) hotels, motels, vacant apartment buildings, and residential care facilities in order to serve people experiencing homelessness or who are also at risk of serious illness from COVID-19.

Eligible applicants include local entities including housing authorities and federally recognized tribal governments within California. Cities, counties, or other local public entities, including housing authorities or federally recognized tribal governments within California, may apply independently as a Development Sponsor or jointly with a non-profit or a for-profit corporation.

Awarded funds must be used to provide housing for individuals and families experiencing homelessness or at risk of experiencing homelessness and who are impacted by the COVID-19 pandemic.

The 2021-22 State Budget continues to provide for the use of additional State and federal funds for the acquisition, rehabilitation, and conversion of hotels, motels, commercial properties, and other non-housing properties for noncongregate housing for homeless individuals. Funding in the State Budget is appropriated over the next two years:

- 2021-22—**\$1.45 billion** (\$1.2 billion federal American Rescue Plan Act, or ARPA, funds and \$250 million General Fund)
- 2022-23—**\$1.3 billion** (\$1 billion ARPA funds and \$300 million General Fund)

In addition to the 2-year funding distribution, the State Budget makes other statutory changes, including:

- Providing that the deferred payment loan requirement under the program would not apply to assistance provided pursuant to these provisions.
- Authorizing HCD to adopt guidelines for the expenditure of funds appropriated to HCD under these provisions and requires HCD to report to the Legislature on the use of the funds in its annual report, including, among other things, an explanation of how funding decisions were made and the number of individuals housed, or likely to be housed, using the funds.



- Exempting from CEQA, until July 1, 2024, a project described above and funded pursuant to these provisions if certain requirements are met, including that the project proponent submits to the lead agency a letter of support from a county, city, or other local public entity for any proposed rehabilitation, construction, or major alteration work. If the lead agency determines that a project is not subject to CEQA and the lead agency determines it will approve or carry out the project, the bill would require the lead agency to file a notice of exemption.

The State Budget also requires the Director of the Department of Industrial Relations to establish and maintain a strategic enforcement unit focused on construction, alteration, and repair projects. Requires the unit to enhance the department's enforcement of the Labor Code in construction, alteration, and repair projects related to Project Homekey.

Infill Infrastructure Grant Program of 2019

The purpose of the Infill Infrastructure Grant (IIG) Program is to promote infill housing development by providing financial assistance for Capital Improvement Projects that are an integral part of, or necessary to facilitate the development of, a Qualifying Infill Project or a Qualifying Infill Area.

The IIG is grant assistance, available as gap funding for infrastructure improvements necessary for specific residential or mixed-use infill development projects or areas. Funds will be allocated through a competitive process, based on the merits of the individual Infill Projects and Areas. Application selection criteria includes project readiness, affordability, density, access to transit, proximity to amenities, and consistency with regional plans.

To be eligible for funding, a Capital Improvement Project must be an integral part of, or necessary for the development of either a Qualifying Infill Project or housing designated within a Qualifying Infill Area. Eligible costs include the construction, rehabilitation, demolition, relocation, preservation, and acquisition of infrastructure.

Eligible Applicants means one of, or any combination of, the following:

- A nonprofit or for-profit Developer of a Qualifying Infill Project;
- A city, county, city and county, or public housing authority, or redevelopment agency that has jurisdiction over a Qualifying Infill Area;
- A city, county, city and county, public housing authority, or redevelopment agency that has jurisdiction over a Qualifying Infill Area applying jointly with an "owners' association," as defined in the Street and Highways Code section 36612 for a business or property improvement district that includes the Qualifying Infill Area;
- The duly constituted governing body of an Indian reservation or rancheria that has jurisdiction over a Qualifying Infill Area or a Tribally Designated Housing Entity that is the Developer of a Qualifying Infill Project.



The State Budget makes provisions for the allocation of additional State funds through the IIG Program of 2019. Specifically, the State Budget:

- Extends the operation of the IIG Program from January 1, 2023, to January 1, 2026.
- Authorizes HCD to expend **\$250 million** pursuant to the IIG Program of 2019 as follows:
 - **\$160 million** for selected capital improvements for large jurisdictions under the program.
 - **\$90 million** for over-the-counter grants for capital improvements for projects for small jurisdictions under the program.
- Authorizes up to 5 percent of the funds to be set aside for program administration.

Affordable Housing Backlog and Preservation

The State Budget includes significant funding for developing, constructing, and preserving affordable and livable housing, including:

- *Multifamily Housing Program*—**\$1.75 billion** to alleviate the backlog in affordable housing construction.
- *Housing and Community Development*—**\$300 million** for the preservation of existing affordable housing.
- *Joe Serna Jr., Farmworker Housing Grant Program*—**\$130 million** for the development, maintenance, and preservation of farmworker housing.
- *Strategic Growth Council*—**\$600 million** for planning and implementation grants to help local governments plan for and meet their goals under their Sustainable Community Strategies.

The State Budget provides for the allocation of funds for the preservation of State-funded affordable housing properties that are in danger of losing their affordability protections. Specifically, the State Budget also:

- Authorizes HCD, upon appropriation, to make loans or grants, or both loans and grants, to rehabilitate, capitalize operating subsidy reserves for, and extend the long-term affordability of department-funded housing projects that have affordability restrictions that have expired, that have an affordability restriction with a remaining term of less than five years, or are otherwise at risk for conversion from affordable to market rate.
- Requires HCD to establish loan processing or transaction fees for loans or grants authorized under these provisions and requires that funds received by HCD in repayment of loans under these provisions be deposited in the Housing Rehabilitation Loan Fund, to be used for the Multifamily Housing Program.
- Authorizes HCD to adopt guidelines to implement this program and exempt those guidelines from the rulemaking provisions of the Administrative Procedure Act.



Foreclosure Intervention and Housing Preservation Program

The State Budget appropriates **\$500 million** and establishes the Foreclosure Intervention Housing Preservation Program which specifically:

- Allows HCD to contract with program administrators to offer grants or loans to qualifying nonprofits, community land trusts, or qualifying LLCs to purchase housing properties (one to 25 units) either out of foreclosure or after the property has defaulted on its loans but before it enters foreclosure.
- Requires HCD to consider geographic equity in allocating funds, among other guideline requirements.
- Requires grantees/borrowers to keep the units affordable for 55 years. Allows a temporary exemption if some of the units are market rate when acquired, but requires them to convert to affordable once existing tenants move out.
- Allows HCD to contract with fund administrators through June 30, 2026, or longer if funding is available. Funds not committed to an administrator by December 31, 2025, would be reallocated to the Housing Preservation Program for state or local funded projects.
- Requires HCD to report to the legislature by May 2023 on the status of the program.

Excess Sites

The State Budget establishes the Excess Site Local Government Matching Grant Program administered by HCD to provide selected developers with one-time grants for development activities to enable development on excess State-owned property.

- Requires HCD to allocate grants of up to **\$10 million** to development partners selected under Executive Order No. N-06-19 program to enter a ground lease with the State to create affordable housing on excess State-owned property and that will receive contributions from a local government in support of that affordable housing.
- Requires HCD to award grant funds based on several factors, including value of the local government contribution and the creation of new permanent housing options.
- Authorizes a selected developer and a local government to submit a joint application that includes, among other things, a budget demonstrating the amount of the local government's contribution and a commitment and strategy from the local government to support the selected developer.
- Limits the total amount of funding awarded under the program to \$30 million and requires HCD to set aside up to 5 percent of appropriated funding for program administration.

