



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.

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 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.

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Approved by:



Kelly McAdoo, City Manager