



**DATE:** October 19, 2021

**TO:** Mayor, City Council, and Planning Commission

**FROM:** Assistant City Manager/Development Services Director

**SUBJECT:** Joint Housing Element Work Session: Housing Element Update and Residential Objective Standards Project

## **RECOMMENDATION**

That the Council and Planning Commission provide feedback and guidance on the Housing Element update and the Residential Objective Standards Project.

## **SUMMARY**

City staff is moving forward with two key housing projects in light of an evolving State legislative landscape. These key projects, which are included in the City's Strategic Roadmap and Incentives for Housing Production Plan, include development of an updated Housing Element, as well as the Residential Objective Standards Project. These projects will align Hayward's goals and expectations for future development with the State's goal to address the housing crisis.

The Housing Element Update will integrate housing goals with equity, outreach to groups typically marginalized through these processes, developing and proposing programs that affirmatively further fair housing, and align climate and environmental justice.

Another key project is the development of Residential Objective Standards for residential and mixed-use development to give the community, developers, staff, and decision makers more certainty about what future development will look like as the City moves forward with these streamlined processes. This project will further address concerns previously expressed by the Council, Planning Commission, and community regarding a desire for more detailed standards related to architectural design and neighborhood context.

## **BACKGROUND**

In recent years, the California legislature has adopted and amended several housing and land use laws to address the state's housing crisis. Specifically, the State Department of Housing and Community Development (HCD) found that California needs an estimated 1.8 million new homes by 2025 to meet projected demand; yet on average, only 80,000 new homes are built

per year.<sup>1</sup> The Housing Action Plan developed by the State includes several strategies to achieve these targets including streamlining housing construction, lowering per unit costs, developing production incentives for jurisdictions meeting housing goals, defining accountability and enforcement to strengthen local compliance with housing laws, and creating dedicated funding sources for housing.

Since 2017, the State legislature has adopted numerous housing bills to achieve the goals and strategies outlined in the Housing Action Plan. While the legislature has adopted dozens of bills over the past few years, a few have significantly changed typical planning and approval processes. Specifically, Senate Bill (SB) 35, SB 330, and SB 8 are aimed at streamlining land use entitlements. Streamlining is generally used to limit and define local control and discretion thus providing developers with more certainty in timing and outcomes for residential and mixed-use developments.

- SB 35 (2017) streamlines housing development approvals on infill sites that comply with “objective standards,” meet minimum affordability requirements, are not environmentally sensitive, and if the developer pays prevailing wage and uses a “skilled and trained workforce” for projects over a certain threshold.
- SB 330 (2019) requires cities to approve housing development projects that comply with all applicable objective standards, and freezes impact and other fees in place when a pre-application is filed and deemed complete.
- SB 8 (2021) builds upon SB 330 by expanding the definition of a “housing development project” to include single family dwelling units.

Other legislation includes updates to Accessory Dwelling Unit (ADU) and Density Bonus law and adoption of SB 9 and SB 10, are aimed at allowing a greater number and variety of housing types.

- ADU laws (updated 2016-2021) allows for development of accessory dwelling units on single-family and multi-family zoned properties.
- Density Bonus Law (AB 1763, 2019) allows for an 80% density bonus if 100% of the units are deed restricted for lower income households, and provides an unlimited density bonus if the housing development is located within one-half mile of a major transit stop.
- SB 9 (2021) requires ministerial approval for urban lot splits and two-unit developments on single family properties that meet certain criteria.
- SB 10 (2021) allows cities to upzone multifamily parcels within a certain proximity to high frequency transit to permit up to ten residential units and bypasses the CEQA process for the zone change.

More information about new housing and land use legislation is outlined within Attachment II.

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<sup>1</sup> California’s Housing Future: Challenges and Opportunities Final Statewide Housing Assessment 2025 prepared by California Department of Housing and Community Development. [https://www.hcd.ca.gov/policy-research/plans-reports/docs/sha\\_final\\_combined.pdf](https://www.hcd.ca.gov/policy-research/plans-reports/docs/sha_final_combined.pdf)

City staff is moving forward with a couple of key housing projects in light of this changing legislative landscape. These key projects, which are included in the City's Strategic Roadmap and Incentives for Housing Production Plan, include development of an updated Housing Element and the Residential Objective Standards Project. These projects will align Hayward's goals and expectations for future development with the State's goal to address the housing crisis.

The Housing Element Update will integrate housing goals with equity, outreach to groups typically marginalized through these processes, developing and proposing programs that affirmatively further fair housing, and align climate and environmental justice.

Another key project is the development of Residential Objective Standards for residential and mixed-use development to give the community, developers, staff, and decision makers more certainty about what future development will look like as we move forward with these streamlined processes. This project will further address concerns previously expressed by the Council, Planning Commission, and community regarding a desire for more detailed standards related to architectural design and neighborhood context.

## **DISCUSSION**

### *Housing Element Update*

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 sufficient sites, analyzing housing development constraints, and identifying programs and policies 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 Safety Element, the Climate Action Plan, and programs and policies related to Environmental Justice 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. While there will be other future opportunities to provide feedback on the Climate Action Plan and related General Plan Amendments, this work session will focus on the Housing Element Update.

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, 2014<sup>2</sup>, 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 plus 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.

Regional Housing Needs Allocation. Every eight years, HCD projects the housing need for the state as a whole, which is referred to as the RHNA. 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 Plan<sup>3</sup> 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 holds public hearings on various appeals.<sup>4</sup>

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

<sup>3</sup> Draft Regional Housing Allocation Plan 2023-2031. [https://abag.ca.gov/sites/default/files/documents/2021-05/ABAG\\_2023-2031\\_Draft\\_RHNA\\_Plan.pdf](https://abag.ca.gov/sites/default/files/documents/2021-05/ABAG_2023-2031_Draft_RHNA_Plan.pdf)

<sup>4</sup> 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 VMT for workers.

Housing Element Update Timeline. On May 28, 2021, the City released a Request for Proposals (RFP) for the Update. On July 20, 2021, the Council adopted Resolution No. 21-158 awarding the Housing Element contract to Rincon Consultants. Next steps include development of the Community Outreach and Engagement Plan and kicking off that outreach in October 2021, which will extend through the entire project. An updated Housing Element is required to be reviewed by HCD and adopted by the Council by January 2023.

The purpose of this update is to provide the Planning Commission and Council with background on the Housing Element, RHNA, and related statutory requirements and timeframes. Further, the community outreach and engagement process for this Update is identified as a Diversity, Equity, and Inclusion (DEI) project for the Development Services Department. To ensure that staff and the consultant develop a robust and equitable outreach plan, staff is seeking the following feedback from the Council and Planning Commission:

- In terms of outreach, what community, advocacy, and interest groups do you suggest that staff reaches out to in particular to achieve broad equitable outreach?
- Are there any specific locations or events that you recommend staff visit to ensure that we achieve broad equitable outreach?
- One of the early outreach efforts will be a survey to understand community concerns. Are there any specific topics or questions that you would like staff to include on such a survey?

*Residential Objective Standards Project*

In 2019, the City of Hayward was awarded a Senate Bill (SB) 2 Planning Grant by HCD for various housing related activities. A portion of these grant funds are earmarked for the

development of more detailed objective residential standards. Additionally, the grant funds for this project will also cover zoning amendments to ensure General Plan and Zoning Ordinance consistency for parcels that are zoned for single family uses but have underlying General Plan designations that require higher densities.

As defined by the Housing Crisis Act, a development standard is considered to be objective if it involves no “personal or subjective judgement by a public official.” Due to the recent changes in State housing law outlined above, residential projects that meet certain requirements, including consistency with applicable objective standards, must be approved. The Hayward Municipal Code (HMC) already includes some basic objective standards for residential zoning districts, including height limits, setback minimums, and lot coverage maximums. More recently adopted portions of the HMC, such as sections governing the Downtown Specific Plan area and the Mission Boulevard corridor, provide much more extensive objective standards for residential development, including standards related to allowable frontage and building types, façade articulation, and architectural elements. By adopting more detailed objective residential standards for all residential zoning districts, the City can help ensure that future housing development is attractively designed in a manner consistent with the community’s goals and objectives. Additionally, more detailed objective standards will provide developers with greater certainty as to what is expected during the development review process.

Currently, staff is drafting a RFP to seek a qualified consultant to assist in this project. Staff intends to release the RFP later this fall with the desire to select a consultant before the end of the year. To assist with the development of the RFP, staff is requesting specific feedback from the Council and Planning Commission on the following:

- What qualities of residential development should the objective standards address (e.g., massing, relationship to surrounding development, frontage types, windows/privacy, landscaping, colors/materials, or parking)?
- What stakeholders should be engaged as part of this project?
- What outreach strategies should be utilized for this project?

## **STRATEGIC ROADMAP**

This agenda item supports the Strategic Priority of Preserve, Protect and Produce Housing for All. Specifically, this item relates to the implementation of the following project (s):

Project 4, Part 4d:                    Implement housing incentives and production work plan in accordance to state housing limits; Develop an Overlay Zoning District to allow RS zoned properties (single family residential) to develop into a variety of housing types at densities permitted under the applicable General Plan designation.

Project 9:                                Update the Housing Element Plan

## **NEXT STEPS**

Following the joint Council and Planning Commission work session, staff will incorporate any comments received into the Housing Element Update and Residential Objective Standards Project, respectively.

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Taylor Richard, Assistant Planner

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

Approved by:

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Kelly McAadoo, City Manager