



DATE: July 5, 2022

TO: Mayor and City Council

FROM: Acting Assistant City Manager/Development Services Director

SUBJECT: Housing Element: Work Session on the Housing Resources, Inventory and Housing Plan of the 2023-2031 Housing Element

RECOMMENDATION

That the City Council reviews two draft chapters of the 6th Cycle Housing Element related to Housing Resources and Sites Inventory and the Housing Plan, which contains goals, policies, and actions to support development of housing at all income levels and provide responses to the specific questions included in the Discussion section of the report.

SUMMARY

This is a work session on Hayward's 6th Cycle Housing Element (2023-2031). Pursuant to State Law, all local jurisdictions in California must update their Housing Element, a required chapter of the City's General Plan every five to eight years. The City of Hayward is on an eight-year cycle. The last Housing Element was adopted on December 2, 2014, and the updated Housing Element is due January 31, 2023.

The purpose of this work session is to provide the City Council with an overview of public outreach conducted to date and to share draft materials related to the City's sites inventory to meet the Regional Housing Need Allocation (RHNA) and the Housing Plan, a set of policies and actions to ensure development of housing at a variety of income levels throughout the City during the next Housing Element cycle. Feedback from this Work Session will be summarized and addressed prior to submittal of the Draft Housing Element to the State Department of Housing and Community Development in August.

BACKGROUND

On March 30, 2021, the City was awarded a Local Early Action Planning (LEAP) grant in the amount of \$425,000 to complete updates to the Housing Element and Safety Element and to prepare a new Environmental Justice Element.

On July 20, 2021¹, the City Council adopted a Resolution authorizing the City Manager to execute an agreement with Rincon Consultants to prepare a comprehensive update to the Housing Element, the Climate Action Plan, Safety Element, and to prepare an Environmental Justice Element. These updates were combined because issues of housing, environmental justice, safety and hazard planning, and climate change are inextricably linked and conducting outreach and planning for all of these efforts simultaneously will result in a more comprehensive and holistic approach to these issues.

On May 24, 2022² and May 26, 2022³, the City Council and Planning Commission, respectively, held work sessions on the Climate Action Plan and Environmental Justice Element Updates. The Safety Element Update is currently being drafted and will come to the Planning Commission and City Council for review later this year.

On June 23, 2022⁴, the Planning Commission held a Work Session on the draft Housing Resources, Inventory, and Housing Plan of the 2023-2031 Housing Element. At that meeting, the Commissioners asked clarifying questions such as how many properties on the sites inventory are publicly owned, how many units are at risk of conversion from affordable to market rate housing during the next cycle, whether the sites inventory identified tenure of housing units (i.e. ownership vs rental), and about the technical definition of “cost burdened.” One Commissioner voiced concerns about the loss of local control due to recent State Laws. Other Commissioners were supportive of the Draft chapters. Commissioners: suggested that the City Council consider ground leasing publicly owned properties to developers rather than selling the land; voiced a desire to see mixed income and mixed tenure projects so that low- and moderate-income households could have the opportunity to purchase homes; and said that education and outreach related to resources and assistance should remain a major priority in the next cycle. One member of the public spoke and agreed that resources should be allocated to a mix of rental and ownership opportunities at all levels of affordability.

DISCUSSION

An update of the Housing Element is an opportunity to hold community conversations 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. In the Housing

¹ July 20, 2021 City Council Meeting. <https://hayward.legistar.com/LegislationDetail.aspx?ID=5034289&GUID=A1DD2D35-7B4A-42C8-9284-7DEB78AAD470&Options=&Search=>

² May 24, 2022 City Council Meeting. <https://hayward.legistar.com/MeetingDetail.aspx?ID=959076&GUID=51DF4603-C08E-45DE-9D67-A7D110A7E4C5&Options=info|&Search=>

³ May 26, 2022 Planning Commission Meeting. <https://hayward.legistar.com/MeetingDetail.aspx?ID=965323&GUID=4648772E-CF9D-4B07-A71F-D6DE1AC3C6F9&Options=info|&Search=>

⁴ June 23, 2022 Planning Commission Meeting. <https://hayward.legistar.com/LegislationDetail.aspx?ID=5700918&GUID=32FA9808-163E-481B-8A1A-35338F2B92E5&Options=&Search=>

Element, 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. To support this goal, 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).

Per State Law, the Housing Element must contain the following statutorily defined sections:

- **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 Resources and 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 as provided in the RHNA.
- **Constraints Analysis:** Analyze and recommend remedies for existing and potential governmental and nongovernmental barriers to housing development.
- **Affirmatively Furthering Fair Housing:** Assembly Bill 686 (AB 686), passed in 2018, created new requirements for jurisdictions to affirmatively further fair housing in this Housing Element Cycle by taking “meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics” as mandated by the 1968 Fair Housing Act.
- **Housing Plan:** Establish policies and programs to be carried out during the 2023-2031 planning period to fulfill the identified housing needs.
- **Community Engagement Plan:** The Housing Element must include a robust community engagement program, reaching out to all economic segments of the community with an emphasis on traditionally underrepresented groups.

The Draft Housing Element will contain all of the sections listed above. The purpose of this work session is to provide the Council with information specifically related to Housing Resources and Sites Inventory and the Housing Plan. A summary of each of those chapters is provided below and the full text of the Draft chapters are attached to this report. Please note that the Attachments are draft and are subject to change before the draft Housing Element is released for public review.

Housing Resources and Sites Inventory

The Draft Housing Resources and Sites Inventory is included as Attachment II to this staff report and provides background on development patterns in the City and how the City plans to meet its RHNA for the 2023-2031 Housing Element Cycle. The chapter: provides a list of approved and pending projects in the pipeline which will be used to meet the RHNA; provides a methodology for how the projected housing units on each inventory site and within each

Zoning District are calculated; provides samples of development in Hayward to provide evidence for the City’s assumptions and a description of constraints to development, infrastructure and services to serve the future development; and, details resources available for affordable housing development.

Regional Housing Needs Allocation. Every Housing Element cycle, HCD projects the housing need for the state as a whole, 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 based on projected growth.

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 the final RHNA in March 2022 following hearings on appeals⁵. Hayward’s final allocation is 4,624 units, approximately 18% higher than the 2015-2023 allocation.

Table 1. RHNA Allocations

	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

According to the Draft Housing Resources chapter, there are 1,895 approved or pending units in developments (Attachment II, Table 4-3 and Figure 4-1). The City also assumes that 96 Accessory Dwelling Units (ADUs) will be built every year of the Housing Element Cycle (for a total of 320 units at varying income levels), which leaves the City with a total 2,409 units to plan for in the Housing Element.

New residential development is expected to occur primarily in the Downtown Specific Plan, Mission Boulevard Code area and on Caltrans Route 238 parcels, which are zoned to allow for higher density development. These sites are close to high frequency transit, commercial services and community amenities that align with the City and State’s goals to support higher density, infill development, and to reduce single occupancy automobile use. Further, development trends in the City signal that most development in the last Housing Element

⁵ ABAG’s Final Regional Housing Needs Allocation & Methodology Report. https://abag.ca.gov/sites/default/files/documents/2022-04/Final_RHNA_Methodology_Report_2023-2031_March2022_Update.pdf

cycle occurred on these types of sites, which supports the City’s assumptions of future development on these sites. A detailed, parcel-specific Sites Inventory shows that the identified sites have a potential development capacity of 3,642 units. Further, the City’s analysis (summarized in Attachment II, Table 4-9, Adequacy of Residential Sites Inventory) shows that there is a 52% buffer for development of lower and moderate income units in the event that development does not occur based on the City’s assumptions.

Table 2. Adequacy of Residential Sites Inventory

	Lower Income	Moderate Income	Above Moderate Income	Total
RHNA Allocation	1,692	817	2,117	4,624
Planned and Approved Units	550	82	1,263	1,895
ADUs Anticipated	192	96	32	320
Remaining RHNA	950	639	820	2,409
Downtown Specific Plan Area	650	561	395	1,606
Mission Boulevard Corridor	741	302	483	1,526
Former Route 238 Corridor	41	180	289	510
Total Units on Vacant Sites	255	364	540	1,159
Total Units on Underutilized Sites	1,077	679	627	2,483
Total Units on Vacant and Underutilized Sites	1,432	996	1,214	3,642
Total Unit Surplus	482	357	394	1,233

It is important to note that while the City’s assumptions primarily rest on higher density development in specific areas, there will likely be additional incremental, infill development in lower density neighborhoods throughout the City during the next Housing Element cycle. This is illustrated by the recent implementation of Senate Bill 9, which allows for any single-family parcel to be split into two lots and developed with a duplex on each lot, subject to minimum setback and other standards, which went into effect on January 1, 2022. Since its implementation, Planning staff developed SB9 Frequently Asked Questions guidance and a Checklist application⁶. Staff has received many inquiries about this type of development;

⁶ Hayward Senate Bill 9 webpage: <https://www.hayward-ca.gov/your-government/departments/planning-division/senate-bill-9>

however, there isn't enough evidence in the record to assume a specific unit count or locations of development that will occur as a result of this State Law. However, it is safe to assume that the City will see increased development over the coming years similar to increased ADU development as the State relaxed laws related to that type of development. The combination of new ADU and SB9 related development along with the City's pending Objective Standards long range planning project will allow for site specific intensification of development in line with adopted General Plan densities and will result in additional development in the City that cannot be predicted at this time.

Housing Plan

The Draft Housing Plan is included as Attachment III to this staff report. It contains the following Goals:

- Preserve, Conserve and Improve Existing Housing Stock
- Assist in the Development of Affordable Housing
- Provide Adequate Sites
- Remove Constraints on Development
- Provide Housing for Persons with Special Needs and
- Provide Equal Housing Opportunities for All Persons

Each of the Goals is followed by a set of Policies, Actions, Objectives, Timeframes, and importantly sets forth the Responsible Agency and Funding Sources for achieving the Actions. Some Programs and related Actions are specific and measurable such as providing grants for home repair (Program H-1); conducting a certain number of rental inspections per year (H-2); adopting an updated Density Bonus Ordinance (Program H-5), providing housing subsidies to specific populations; and holding a certain number of workshops for tenants and landlords every year (Programs H-7, H-20, H-21, H-22); and adopting a Universal Design Ordinance (Program H-19). Some Programs and Actions are intended to monitor, measure and pivot, if needed, during the Housing Element cycle meet the subject Goal. These include issuing Notices of Funding Availability which can only occur if funding is available (Programs H-3, H-4, H-7, H-19 and H-21); monitoring development of ADUs and SB9 developments and implementing changes in procedures or Municipal Code to incentivize development of this type of housing in high resource, low density areas throughout the City (Program H-17 and H-18); and providing expedited project review for affordable housing, which can take on many forms (Program H-16). Many of these Policies and Actions are prescribed by HCD while some are modified to meet Hayward's specific characteristics, policies, practices and community desires and needs.

Questions for City Council

Staff is seeking feedback related to the documents under review tonight. Specifically:

1. Do you have any questions how the sites inventory was derived or about any individual site included in the inventory?
2. Do you have any questions about the proposed Policies and Actions included in the Housing Plan?

3. Are there Actions that you would like to see expanded or added to the Housing Plan?

The Housing Resources and Inventory Chapter and Housing Plan are still in draft form and are subject to change based on Commission, Council, and public comments as described in Next Steps below.

STRATEGIC ROADMAP

This agenda item supports the Strategic Priorities to Preserve, Protect and Produce Housing and implementation of the following project:

- Preserve, Protect and Produce Housing – Project 9, Update the Housing Element Plan

FISCAL IMPACT

This is a Work Session on a long-range planning effort. The Housing Plan (Attachment III) will require City expenditures to accomplish the Actions detailed in the Plan over the eight-year Housing Element cycle. Each of the Actions in the Housing Plan include a description, objective, timeframe, responsible agency, and funding source. Funding sources include: Departmental Budget/General Funds; Housing In Lieu Fees; county, state and federal housing funds; grants; Community Development Block Grant funds; Administrative and Application fees; and American Rescue Plan Act (ARPA) funds.

Most Actions are anticipated in the work plans of the Housing Division, Community Services Division, Planning Division, Code Enforcement Division, and other Divisions and are anticipated in adopted plans such as the Let’s House Hayward Strategic Plan, Incentives to Housing Production Work Plan, Strategic Roadmap, and Federal Stimulus Expenditure Plan to Address Economic Impacts of the Public Health Emergency. Some Actions will require application for grant funds, partnership with developers or other entities and may require additional budget allocation, which will be evaluated and included in the annual citywide budgeting process depending on the timeframe for completion of the Action. Staff will return to Council with future budget requests when known.

PUBLIC CONTACT

Between August 2021 and May 2022, the Hayward Housing and Climate Team comprised of staff from the Planning Division, Environmental Services Division, and the Housing Division conducted extensive outreach related to the Housing Element, Climate Action Plan, and Environmental Justice Element including but not limited to:

- Development of a project website with project information, interactive components, readings and videos about housing, Hayward history, climate change, and environmental justice.
- Compilation of extensive contact lists for community and advocacy groups, faith-based and school organizations, Homeowners Associations, Neighborhood Groups, Mobile

Home Parks, attendees at various events, and interested parties who wrote in and requested to be notified about project updates.

- Creation of a graphic, bilingual (English and Spanish) mobile gallery that was posted at City Hall, the Hayward Library and at various meeting sites and community events throughout Hayward
- Social media campaign
- Bilingual flyers in water bills and excise tax bills to all households in Hayward
- Handing out flyers at grocery stores, farmers market, laundromats, and BART
- Attendance at numerous community events, meetings, and focus groups with community stakeholders such as the NAACP, Hayward Promise Neighborhood, Chabot College, Community Resources for Independent Living, Hayward Community Family Fair, and Juneteenth Celebration
- Development of housing and climate surveys in English, Spanish and Chinese and prizes for participation
- Creation of a Housing Sites Simulation activity
- Three community workshops on Environmental Justice and the Climate Action Plan
- Partnership with Chabot Community College and California State University East Bay to conduct interviews with over 400 Hayward residents about housing, discrimination, segregation, neighborhood pollution and other topics designed to understand people's lived experiences. Development of a GIS site to showcase the Chabot interviews.

The Introduction chapter of the Draft Housing Element will contain detailed descriptions of each of these bullets and appendices of interviews, survey results, and public comments received to date. It is essential to note that outreach is ongoing and will continue throughout the project.

NEXT STEPS

The Draft Housing Element will be released for a 30-day public review the week of July 11, 2022. The City plans to hold a community meeting tentatively scheduled for July 20, 2022 during the 30 day public review.

Following the public review, the City will review, address, and incorporate any comments into the Draft Housing Element, which will then be sent to the State Department of Housing and Community Development for a mandatory 90-day review. During that time, the City will complete environmental analysis for the Housing Element and related General Plan Amendments.

Following the 90-day HCD review, staff will update the Housing Element to address HCD's comments and bring the Housing Element back to the Planning Commission and City Council for public hearings prior to adoption which is slated to occur prior to January 31, 2023.

Prepared by: Leigha Schmidt, Principal Planner

Recommended by: Dustin Claussen, Acting Assistant City Manager/Development Services Director

Approved by:

A handwritten signature in black ink, appearing to read 'Kelly McAdoo', with a long horizontal flourish extending to the right.

Kelly McAdoo, City Manager