

CITY COUNCIL MEETING
TUESDAY, NOVEMBER 7, 2017

Presentations

ITEM #5 – PH 17-099

**Affordable Housing Ordinance
And In-Lieu Fees**

Affordable Housing Ordinance Amendments and Adoption of In-Lieu Fees

City Council
Nov. 7, 2017



Introduction



✓ Rising Housing Costs

Since the adoption of the AHO, rising home prices and rents have strengthened the housing market in Hayward.

✓ Affordability Challenges

The escalation in prices and rents increased local housing affordability challenges.

✓ AHO and Nexus Study

Council directed staff to re-evaluate the AHO requirements. Staff commissioned a Nexus and Feasibility Study from KMA

Introduction

- ✓ **Nexus and Feasibility Study Findings and Recommendations Presented at Council Work Session - October 17**
- ✓ **Council Directed Staff to Return with a Proposed Ordinance**
Incorporating Council feedback from October 17, Work session and consistent with the findings and recommendations of the study

Proposed Amendment to the City's Affordable Housing Ordinance (AHO) and Fee Resolution

Proposed Ordinance and Fee Resolution

		Existing Requirements	Proposed Amendment
1	Minimum Project Size Subject to AHO	20 units	2 units
2	Affordable Unit Percentage Requirement	Detached: 10% Attached: 7.5%	Ownership: 10% High Density Condo: 7.5% Rentals: 6%
3	In-Lieu Fees by Right?	Yes for all projects	Yes for all projects (No Change)

Proposed Ordinance and Fee Resolution (cont.)

		Existing Requirements	Proposed Amendment
4	In-Lieu Fee Level (\$/SF at B.P.)	\$4.61 Detached for-sale \$3.87 Attached for-sale \$3.63 Rentals	\$18.18 for most unit types and \$15.00 for high density condos
5	Option to pay at Occupancy? (vs. Building Permit)	Yes (with 10% added to fee)	Yes (with 10% added to fee) \$20.00/SF for most unit types and \$16.50/SF for high density condos

Proposed Ordinance and Fee Resolution (cont.)

		Existing Requirements	Proposed Amendment
6	Annual Adjustment	Tied to home prices and rents	Rate of Increase in Consumer Price Index
7	Small Projects (2 to 9 units)	Fee does not apply	Step-in of fee based on project size
8	Fractional Affordable Unit Obligations	Round up to whole unit	Allow fee for fractional unit
9	Other Alternatives	Any combination of on-site, off-site, in-lieu fees, land dedication	No Change

Provisions for Pending Projects [Grandfathering]

Submittal by	Deemed Completed By	Entitled	Pull Building Permits By:	Standard
Not yet submitted	-----	-----	-----	New Fees (In-Lieu Fees)
10/10/2017	11/28/2017	By 11/28/2017	-----	AHO Fees at time of Approval
		After 11/28/2017 but before 01/31/2018	1/31/2020	Current AHO Fees
		After 01/31/2018	1/31/2020	50% of New Fees

Additional Recommendation

- ✓ That the following sentence be added to Section 10-17.410 of the AHO: “The amount of any affordable housing in-lieu fee for a dwelling unit shall be based upon the fee resolution in effect at the time of issuance of the building permit for that dwelling unit.”

Additional Note

- ✓ The City is adopting In-Lieu Fees to recognize the purpose of the Fees. However, the amount of the fees is also supported by the Nexus Study. Thus, they are justified as both impact fees and in-lieu fees.

Recommendation

No CEQA Review and Consistency with HE

The proposed amendments do not require CEQA review and are consistent with the City's Housing Element policies.

Recommendation

That the City Council holds the public Hearing and introduces the proposed amendments to the AHO and In-Lieu Fees, as proposed in the Work Session, with the above-described modifications and clarifications.

In-Lieu Fees effective after 60 days

The adoption of the In-Lieu Fees cannot become effective for sixty days.

Next Steps





Questions / Discussion

City Council