

**PLANNING COMMISSION MEETING  
THURSDAY, NOVEMBER 10, 2022**

**PRESENTATIONS**

## **STAFF PRESENTATION**

### **ITEM #1 WS 22-035**

**Density Bonus Update: Review and Discuss Updates to the City's  
Density Bonus Ordinance for Compliance with State  
Density Bonus Laws**



# Density Bonus Ordinance Update

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# Background

- City's Density Bonus Ordinance was adopted in 2005.
- Ordinance *Does Not Comply* with State Legislation.
- City was awarded SB2 grant monies in 2019 for this project.
- On February 1, 2022, the City held a Joint Work Session with the City Council and Planning Commission to establish priorities for further analysis.
- On June 26, 2022, the Homelessness Housing Task Force held a work session to review staff recommendations and provided feedback on the proposed Ordinance updates.
- On October 18, 2022, the City Council held a work session to provide feedback and guidance on the recommended updates to the Density Bonus Ordinance.



# Purpose of the Density Bonus

Help make the development of affordable housing and housing for specific target populations economically feasible by:

- Reducing development cost by providing concessions
- Increasing revenue by allowing development at a higher density (more units)
- Streamlining the Review and Approval Process for Density Bonus Applications



# Summary of Feedback Received

Feedback from the City Council, Planning Commission, and Homelessness Housing Task Force include support for:

- **Creating a flexible ordinance** to accommodate future changes by citing State law instead of codifying full state legislation
- **Aligning density bonus approval process** with standard entitlement process to streamline housing permitting
- **Offering incentives above what State law offers**
- **Tailor the ordinance** to meet Hayward's housing need
- **Provide additional incentives/concessions**



# Basis For Staff's Recommendation

- Feedback from the Joint City Council/Planning Commission and City Council-only Work Sessions
- Feedback from the Homelessness Housing Task Force
- Feedback from Targeted Stakeholder Interviews
- Comprehensive Review of Ordinances from Other Local Jurisdictions
- History of Previous Density Bonus Requests Approved by the City
- Results of the Displacement Study, completed in 2021
- Best Practices in Density Bonus Ordinances



# Three Main Components of the Ordinance Update

Staff is proposing three main changes:

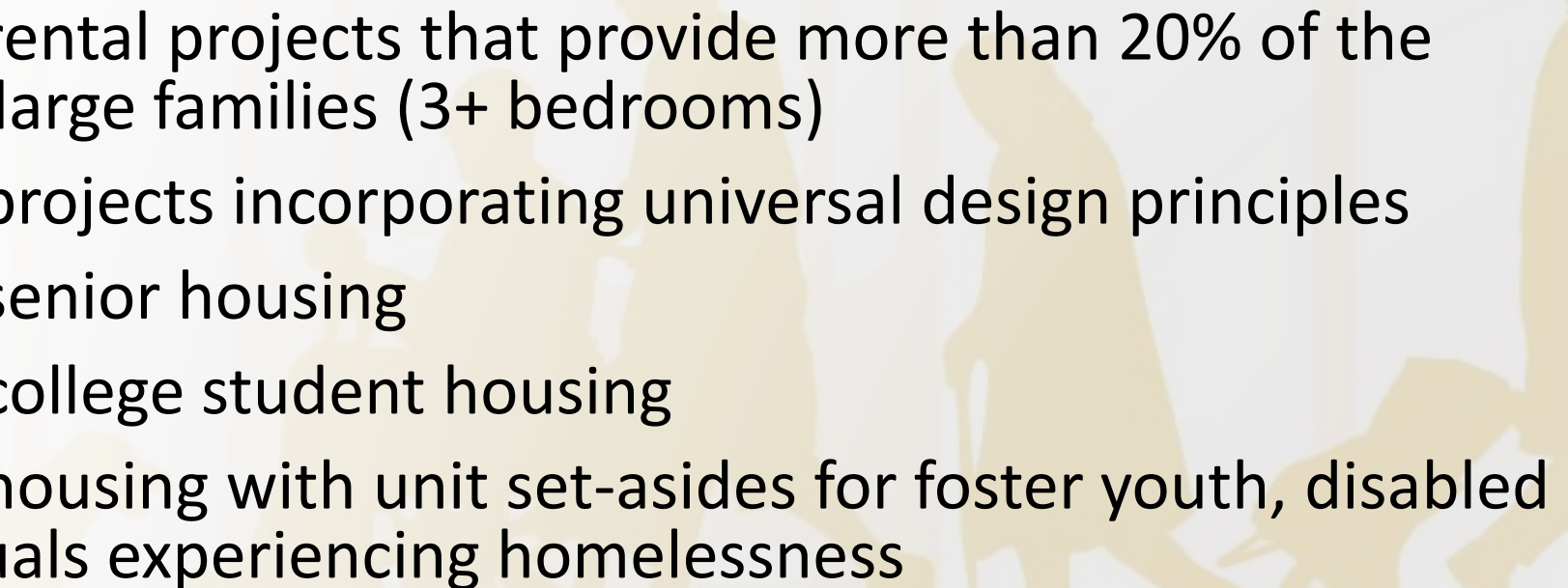
- Exceed the State's Density Bonus Maximum by 5% for all density bonus projects that meet State's on-site affordable unit requirement;
- Exceed the State's Density Bonus Maximum by 10% for projects that meet State's on-site affordable unit requirement and target special populations; and
- Increase the number of incentives/concessions for projects that exceed the minimum on-site affordable housing requirements under the City's Affordable Housing Ordinance (AHO) in order to encourage development of more affordable units.





# Targeting Special Needs Populations

Increase overall density bonus and provide additional density bonus increase for projects with special targeting of certain populations. Special targeting includes:

- Mixed-income rental projects that provide more than 20% of the rental units for large families (3+ bedrooms)
  - Mixed-income projects incorporating universal design principles
  - Mixed-income senior housing
  - Mixed-income college student housing
  - Mixed-income housing with unit set-asides for foster youth, disabled vets, or individuals experiencing homelessness
- 
- A decorative background graphic at the bottom of the slide features silhouettes of diverse individuals walking from left to right. The silhouettes include a person in a wheelchair, a person with a cane, a person pushing a stroller, and a person walking a dog. The silhouettes are rendered in a light yellow color against a white background.

# Existing vs. Proposed Density Bonus

Target Population Served State Density Bonus	State Required Restricted Affordable Units	State maximum Density Increase	Proposed Hayward Maximum Density	Proposed Hayward Maximum Density Increase for Special Targeting
Very Low Income	15%	50%	55%	60%
Low Income	23%	50%	55%	60%
Moderate Income	44%	50%	55%	60%
Foster Youth/Disabled Vets/Unhoused people	10% restricted at very low Income	20%	25%	30% (15% restricted at very low income)
College Students	20% Low-Income Student	35%	40%	45% (25% restricted low-income students)
Market Rate Senior*	No Income Restriction	20%	n/a	n/a

# What is a Concession?

A concession/incentive is defined as:

- A reduction of site development standards or a modification of zoning code or architectural design requirements, such as a reduction of minimum square footage requirements;
- Approval of mixed-use zoning; or
- Other regulatory incentives or concessions which result in identifiable and actual cost reductions.



# Existing State vs. Proposed Hayward Concessions

No. of Incentives/ Concessions Required by State	Proposed No. of Incentives/ Concessions	Percentage of VLI Units	Percentage of LI Units	Percentage of MI Units
1	1*	5%	10%	10%
2	3	10%	17%	20%
3	4	15%	24%	30%
4	5	100% (LI/VLI) or 100% (MI 20% /LI 80%)		

\*The first tier is not increased because compliance with the Affordable Housing Ordinance’s on-site affordable housing requirement makes the project eligible for one incentive/concession.





# Other Components of Ordinance Update

- Streamline the review process for all Density Bonus applications;
- Default to the State guidelines, when applicable, to ensure the City's Ordinance reflects any changes to State law;
- Simplify the new Ordinance so that developers and staff can implement the new regulations with ease; and
- Develop a checklist and informational handout for prospective developers to promote the updated program

# Additional Financial Incentives

## Fee Waivers, Reductions, and Deferrals

**Fee Waivers:** The City could promote existing waivers and reductions for park in-lieu fees and traffic impact fees for housing projects that provide on-site affordable units as part of a mixed-income project.

**Fee Deferrals.** The City could explore fee deferrals for utility connections as a concession for providing on-site affordable units, which would save developers the cost to finance the fees.

While Fee Waivers and Deferrals could assist with development of on-site affordable units, staff recommends these options be offered on a case-by-case, as-needed basis following additional collaboration and coordination with the Housing Division and Department of Public Works.

# Next Steps

- Following the Planning Commission meeting, staff will prepare the draft Ordinance and expect to present to City Council on December 6, 2022, for consideration and possible adoption.
- Following adoption, staff will create informational documents to aid developers and staff in processing these applications and promote the City's Density Bonus which will exceed State's required Density Bonus.



**Questions?**