



**MINUTES OF THE REGULAR MEETING OF THE
CITY OF HAYWARD PLANNING COMMISSION
Council Chambers
Thursday, June 14, 2018, 7:00 p.m.
777 B Street, Hayward, CA 94541**

MEETING

A regular meeting of the Hayward Planning Commission was called to order at 7:00 p.m. by Chair Goldstein.

CALL TO ORDER Pledge of Allegiance

Commissioner Faria led in the Pledge of Allegiance.

ROLL CALL

Present: COMMISSIONERS: Willis Jr., Bonilla Jr., McDermott, Faria
CHAIRPERSON: Goldstein
Absent: COMMISSIONER: Schott
Vacancy: ONE

Staff Members Present: Brick, Buizer, Chan, Morales

General Public Present: 4

PUBLIC COMMENT:

Ms. Darryl Rutledge, Hayward resident, requested the light on A Street going into the Lucky's shopping center have a dedicated left turn light and asked about the rent increases at her new residence on A Street. Staff said they will put Ms. Rutledge in touch with the appropriate department. Housing Division Manager Morales said due to the increase of the area medium income (AMI) of 11% there have been rent increases and staff has been made aware of this concern and staff has begun communications with the property owner to see what can be done to address these rent increase concerns.

WORK SESSION:

1. Informational Report on Strategies for Affordable Housing

Planning Manager Buizer said this Work Session was at the request of the Planning Commission to provide information about the Affordable Housing Ordinance.

Housing Division Manager Morales provided a synopsis of the staff report, spoke about the Affordable Housing Ordinance (AHO) and provided a PowerPoint presentation.



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In response to Commissioner Faria's question about inviting affordable housing developers to build in Hayward with the collected in-lieu fees and the housing development on A Street, Housing Division Manager Morales said there are previously collected Inclusionary Housing and Affordable Housing Impact fees and the purpose of the Notice of Funding Application (NOFA) is to award these funds and the Habitat for Humanity developer is still trying to secure financing for the affordable housing development on A street. In response to Ms. Faria's question about the fractional units, Ms. Morales said the AHO requires that the affordable housing units must be comparable to the market rate units and does provide an allowance that if the developer is providing more affordable units there can be a difference in size and amenities as long as the amenities are durable. Planning Manager Buizer clarified the purpose of fractional units is that there is a percentage requirement per the AHO thus if there is a fraction of a unit the developer can pay fees for this fractional unit.

In response to Commissioner McDermott regarding the 11% increase resulting from the area medium income(AMI) as there are residents who are below the AMI, Housing Manager Morales said the owners can decide to raise rents less than the maximum rents and for projects that are funded or restricted by the City, the City can have language governing the rent increases. In response to Ms. McDermott's question about the scoring for developers who applied for benefits, Ms. Morales said it depends on the type of funds the developer was applying for and whether the funding is competitive or not. Ms. McDermott concurred with the communication from the Hayward Collective encouraging that affordable housing units have the same amenities and be interspersed among the market rate units. Ms. McDermott said she has always been an advocate to make the affordable housing element a condition of approval and does not believe this would discourage developers.

Commissioner Willis suggested the City impose a condition of increased density upon a developer who accepts funding to build affordable housing units. Mr. Willis said the City needs to be creative and suggested providing more incentives to encourage developers to build affordable housing and that developers are in the business of making profit.

Commissioner Bonilla thanked staff for the presentation. In response to Mr. Bonilla about the collected in-lieu fees being used to fund affordable housing projects, Housing Division Manager Morales said since the in-lieu fees were previously lower there might not have been enough funds and does not think those funds have been dispersed. Ms. Morales responded to Mr. Bonilla that depending on how much funding is available the NOFA could either be annual or every two years. Ms. Morales responded to Mr. Bonilla that the increase in the AMI could have been because higher rents draws people with higher incomes and staff would have to research this. Ms. Morales said the City is looking at the rent stabilization ordinance, anti-harassment ordinance and other types of mechanisms to protect tenants.



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In response to Commissioner Faria's questions about the development across from Lucky's being approved as a senior development and that the 11% increase was significant, Planning Manager Buizer said the development was originally a senior market rate development that morphed into an affordable senior housing development. Housing Division Manager Morales said the development was financed with California Housing Tax Credits and does have income and rent limits and the rent limit is relative to the income limit and what can be problematic is that the benchmark is based on the area income and not on the individual's income which can be difficult for seniors who are on fixed incomes.

Commissioner Willis spoke about reports of people living in their cars because of the high cost of rents in San Jose and San Francisco. Mr. Willis said San Francisco engages in supporting affordable housing and suggested the City do the same and perhaps utilize collected in-lieu fees for vouchers to help with rent subsidies for low income residents.

In response to Commissioner Bonilla's question about transparency in how the City addresses the housing issues and if the AHO does enough or is the City being conservative, Housing Division Manager Morales said staff could provide additional information regarding strategies to address housing affordability in the City and said it will take time to see how the new AHO works out and noted one of the questions is if the new increased in-lieu fees are high enough to encourage developers to include affordable units in proposed development or is it less costly to pay the in-lieu fee. Ms. Morales said there are other affordable funding opportunities for developers as it is very costly to build units and it is important to develop at all income levels both market rate and affordable housing units.

In response to Commissioner McDermott's question about strategies to make Accessory Dwelling Units (ADU) more affordable, Planning Manager Buizer said the State has gone a long way and is continually modifying the requirements for the ADUs and limits requirements cities can impose upon ADU units. Ms. Buizer said the City has embarked on an update of the park dedication in-lieu fees and staff will be conducting a nexus study and looking at the ordinance, looking at developing a modified scale/impact fees for affordable housing developments built by non-profits developers. Ms. Buizer said ADU impact fees are currently the same as a market rate unit and that this fee will be studied. Ms. Buizer noted that since the City has made modifications to the ADU regulations to be more aligned with the State there has been an increased interest in the building of ADUs. Ms. McDermott appreciates staff is looking at this as there are many older homes with large lots that owners could be interested in building ADUs but it has been cost prohibitive.

In response to Chair Goldstein's inquiry regarding the type of affordable housing units for the SOHAY project, Planning Manager Buizer said the affordable housing rental units were a mix of different kinds of units and the ownership units were made up of studios and one bedrooms. Mr. Goldstein suggested there needs to be a mechanism to ensure that the



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developer meets the requirements of the AHO and help clarify the affordable housing unit makeup for the public.

In response to Commission Bonilla's comment that his understanding was for the SOHAY project that the mixture of the affordable housing rental units was that these units were going to be smaller and that it was allowed since the developer was going to provide more than the required number of affordable housing rental units, Planning Manager Buizer said that the rental units are an equivalent mix of unit types and the ownership units are made up of the studios and one bedrooms.

Chair Goldstein said to have a better understanding of how the impact the NOFA will have for the City, the Commission would need to have broader view of the funding from state, county and federal sources as there was a question about utilizing these funds to offset rents as he understands there are other government funding sources to subsidize rents. Housing Division Manager Morales said the City utilizes HOME funds to provide tenant based subsidies for emancipated youth and the Alameda County Housing Authority (HACA) provides both tenant and project based rental subsidies. Ms. Morales said there are no vouchers available to projects currently from the HACA and noted the State has access to programs that fund housing subsidies for veterans. Ms. Morales said the purpose of the NOFA is that the City will look comprehensively at all the projects and that they maximize these resources from the County and the State including tax credits, bond financing, infrastructure funds, and transportation. Mr. Goldstein asked about ballot measures regarding affordable housing coming up in November, Ms. Morales said she believes the measures will require local matching funds.

Chair Goldstein opened the public hearing at 8:00 p.m.

Ms. Alicia Lawrence, with Hayward Collective, felt the SOHAY project could have more density and requested the Commission focus on the low, very low and extremely low-income residents when considering future developments. In response to Ms. Lawrence's question about rent increase limitations on City funded affordable units, Housing Division Manager Morales said the City has the authority to approve a rent increase and maximums will be set by the regulatory agreement and for the redevelopment funded projects there is language that requires the property owner submit rent increases to the City for approval. Ms. Morales said what she has done in other jurisdictions was to establish a policy on reasons why rents can be increased above a certain threshold consistent with the city's residential rent stabilization ordinance that any increase above 5% requires a justification. Ms. Morales said in working with affordable housing developments there is no incentive to increase profit as most of developers have residual receipt loans which means any profit pays the loans and not the developers.



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Chair Goldstein closed the public hearing at 8:05 p.m.

Chair Goldstein reminded Ms. Lawrence that the Planning Commission must follow rules set by the City Council which includes the City's zoning requirements. Mr. Goldstein spoke about the City's General Plan which has the building requirements and zoning element that developers follow. Mr. Goldstein asked staff to research which City parcels can be required to have more density.

In response to Commissioner Bonilla's question that if the Commission felt a development could have more density or a higher affordable housing percentage, the Commissioners are within their jurisdiction to be able to vote against a project, Assistant City Attorney Brick said the density range is just one of many concerns that the Commission can take into account when evaluating a project. Planning Manager Buizer added that the Commission is charged with evaluating proposed projects and making the findings to either support or not support a proposed project. If the Commission cannot make the findings to support the project then the Commission needs to articulate the reasons and concerns and why the findings cannot be made and these reasons can be put forward.

Planning Manager Buizer commented that between the Planning Commission and the City Council there have been a number of approved housing projects over the past year and a half and many of the projects have not moved to the next step. Ms. Buizer noted there have been several projects that have received their entitlements as market rate developments but then are being shopped around and the City has seen that there has been a lot of interest from affordable housing developers that have been approaching staff regarding the NOFA and said it will be interesting to see how the projects are finalized.

Chair Goldstein said it will be interesting to see how the trends continue and hopes it will not cause housing prices to increase.

Commissioner Willis commented that the key to affordable housing is supply and demand.

Chair Goldstein noted reading an article that much of Hayward's housing stock is still being built the same way as it was in the past and currently there is lack of skilled labor.

APPROVAL OF MINUTES:

2. Approval of the Planning Commission Meeting Minutes of May 24, 2018
The Planning Commission Meeting Minutes of May 24, 2018, were pulled for minor corrections.



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COMMISSION REPORTS

Oral Report on Planning and Zoning Matters:

Planning Manager Buizer announced that there will be four items for the next meeting of June 28, 2018.

Commissioners' Announcements, Referrals:

Commissioner Faria commented that the Apricot Station Development fits right into the community and looks like it has been there for a long time.

Commissioner McDermott thanked Housing Division Manager Morales for her presentation and sharing her knowledge with the Commission.

ADJOURNMENT

Chair Goldstein adjourned the meeting at 8:31 p.m.

APPROVED:

Ray Bonilla Jr., Secretary
Planning Commission

ATTEST:

Denise Chan, Senior Secretary
Office of the City Clerk