



DATE: November 28, 2018

TO: Community Services Commission

FROM: Community Services Manager

SUBJECT Housing Update: Christina Morales, Housing Manager

RECOMMENDATION

That the Commission reviews and comments on this report.

SUMMARY

While Hayward has had a Residential Rent Stabilization Program for almost 40 years and invested in over 1,300 units of affordable rental and ownership housing, the disproportionate increase in housing cost compared to incomes has caused Hayward to increase its attention to housing affordability. Over the last two years, Council has approved a number of measures intended to produce, preserve or protect affordable housing.

BACKGROUND

On January 31, 2017, the City Council convened a work session to review housing affordability strategies and resources in the City of Hayward and Alameda County.¹ Council explored four major areas in depth, and directed staff to pursue five specific strategies for further Council review and potential implementation:

- Additional Study of the Residential Rent Stabilization Ordinance/Review of Housing Affordability Strategies
- Update and Revise the City's Ordinance Regulating Accessory Dwelling Units (ADUs)
- Explore Options to Create a New Housing Rehabilitation ADU Program
- Issue a NOFA/RFP for Affordable Rental Housing Development Projects
- Update and Revise the Affordable Housing Ordinance

To date, Council has adopted an ordinance updating ADU regulations to produce more legal ADU units², approved legislation to update the Affordable Housing Ordinance and increase the

¹ January 31, 2017 Staff Report and Attachments:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=2947412&GUID=7B833FA7-2B44-404D-86D2-031C37926B34>

² November 7, 2018 Staff Report and Attachments:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=3203229&GUID=3717DD5D-8D11-4353-AE63-AA2ED4F5649C>

affordable housing in-lieu fees³, reviewed a number of strategies to provide tenant protections^{4,5}, adopted an emergency ordinance enacting a moratorium on vacancy decontrol⁶, adopted an emergency ordinance clarify that both controlled and decontrolled units are subject to the eviction for cause provisions of the Residential Rent Stabilization Ordinance (RRSO)⁵, and approved funding recommendations resulting from the NOFA to support the development 259 units of affordable housing⁷.

DISCUSSION

Research indicates that access to affordable housing can improve educational outcomes, increase health and wellbeing, boost economic activity, lower the costs for state and local governments to provide emergency housing, mental health crisis services, emergency medical care, and other services to assist the homeless or families and individuals with a housing crisis. However, providing housing is predominately a private sector function subject to market prices and rents. The gap between population growth and housing development has widen substantially. Between 2005 and 2015, Hayward's population grew by nearly 15,000 people but over the same period the total number of housing units increased by less than 500 units. Additionally, the cost of housing has increased disproportionately compared to wage increases.

The development of affordable housing is one of many approaches local governments are implementing to address housing affordability. Additionally, local governments are implementing mediation programs, anti-displacement and other tenant protection measures measures, revisions to regulations and land use polices, and housing preservation and rehabilitation programs. Over the last 12 months, the City has taken the following actions to improve housing affordability:

- Modification of the Affordable Housing Ordinance including increasing the Affordable Housing in-lieu fee to fund future affordable housing developments.
- Issuing a Notice of Funding Availability for the conduction of affordable housing and awarding \$28.6 million to three affordable housing developments to fund 259 units of affordable housing increasing the City's portfolio of restricted affordable housing units by 20%.

³November 28, 2017 Staff Report and Attachments:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=3215741&GUID=B35757EA-765E-48A0-8B12-F06ED99D87B7>

⁴February 6, 2018 Staff Report and Attachments:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=3335549&GUID=DDD8866E-BAEB-44BF-8EBB-2F716A750170>

⁵ March 27, 2018 Staff Report and Attachments:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=3458584&GUID=A516B525-DC67-41CD-A8FF-C4779E6B8FE9>

⁶ May 29, 2018 Staff Report and Attachments:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=3512726&GUID=CC5F9A5F-1885-4AD7-81B1-BFA7C9A88C41>

⁷ October 2, 2018 Staff Report and Attachments:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=3690553&GUID=0F826B7B-CA03-44E1-AB73-06C8790A7D69>

- Passing a moratorium on vacancy decontrol to evaluate the vacancy decontrol provisions of the RRSO.
- Clarifying that the Eviction for Cause provisions applies to all units subject to the RRSO.
- Entering into a Contract with Abode Services to provide rental subsidy to ten former foster care youth.
- Approving modification of the regulatory agreement with Eden Housing on Tennyson Gardens to enable to the cross collateralization of Tennyson Gardens and Faith Manor to preserve and extend affordability restrictions, rehabilitate both properties, and increase the number of affordable units.
- Extending the Development Disposition Loan Agreement with Habitat for Humanity to provide sufficient time to secure funding and develop ten units of affordable ownership housing for low-income households.

Ongoing responsibilities include:

- Monitoring the affordable housing portfolio consisting of 18 properties for compliance with affordability restrictions and to ensure habitability standards are met.
- Monitoring a portfolio of 96 affordable ownership units for compliance with occupancy and resale restrictions.
- Review affordable housing plans for compliance with the Affordable Housing Ordinance, providing technical assistance to developers providing on-site affordable units, and negotiating affordable housing agreements. 112 units have been approved to date.
- Provide housing related resource and referral services.
- Implementation of the RRSO.
- Implementation of the Mobile Home Space Rent Stabilization Ordinance.
- Improve dissemination of information to the public regarding housing resources.

In addition to the work the City has done to increase the number of affordable units, the City has approved the development of 3,274 units of housing. However, as a function of the private sector, construction of those units is dependent on the ability of the developer to secure financing and the profitability of the project.

NEXT STEPS

Staff continues to review strategies to improve housing affordability. To facilitate the construction of new housing, staff will evaluate and propose measure to reduce City caused barriers to the development housing. Staff is in the process of hiring a consultant to review the vacancy decontrol provisions of the RRSO and anticipates returning to Council with recommendations in February 2019. Staff continue to work with stakeholders to explore measures to mitigate the impacts of the rapidly increasing housing costs. Once sufficient funds are available from payment of affordable housing in-lieu fees and loan repayments, staff will seek Council direction regarding allocation of those funds to affordable housing projects.

Prepared by: Dana Bailey, Community Services Manager

Recommended by: Jennifer Ott, Deputy City Manager

Approved by:

Kelly McAdoo, City Manager