

# City Council Referral Memorandum

Date: 5/21/19

To: Hayward Mayor & Council

From: Hayward City Council Member Aisha Wahab

Subject: Providing Housing Development Incentives

Recommendation: It is recommended that the City Council discuss and determine whether an item regarding the creation of **Tax Incentives to Encourage Housing Development** be considered an item for discussion on a future City Council agenda.

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**Background:** The City of Hayward remains committed to creating more affordable housing but new initiatives need to be pursued in order to tackle the multi-layered housing problem. This means that the City of Hayward needs to approach the housing problem from multiple different avenues.

The City of Hayward has been affected by the expanding housing shortage, difficulty in development, rampant homelessness, and the highest in the nation housing costs which has caused a great struggle with displacement, residency, and promoting homeownership. Alongside these concerns, development has stagnated and approved projects have been delayed with much of the reasoning being financial capacity.

The City of Hayward is in the process of providing many protections for current renters however, the need of creating affordable housing, inclusive neighborhoods, and developing and implementing strategies to further affordability (with special attention to low- and middle-income housing) and reduce displacement still needs to be addressed.

Many residents continue to find it difficult to buy or rent an affordable family-sized home. The “missing middle” has become an increasing concern to many working families struggling to come out of the Great Recession. Social workers, firefighters, police officers, teachers, and many working people are priced out of the City and even the area. The City Council of Hayward is in a position to create **Housing at All Income Levels**.

A Tax Exemption/Rebate/Deferment for Housing Development would be one step towards addressing the current problem while stimulating appropriate development.

**Goal/Overview:** As housing has become a primary focus in the City, County, and State, collaboration among public and private sectors can become a tool to create social equity and create more housing opportunities.

The City receives 15% of property tax from every property. This tax is owed to the City and can be utilized in a flexible way as to the purview of the City. The City can create a program that allows a developer to start a project sooner and with less financial risk by offering to exempt the developer temporarily, provide a rebate for the start of a project (but receiving the tax at some point), or defer the tax until the development is complete.

In this spirit, the Council and City can consider avenues to create more housing by providing:

- Tax exemptions
- Tax deferment
- Tax rebates

The goal is to provide different options of city-initiated incentives to encourage development of housing in Hayward. The initiative would be for the City to provide a Housing Development Tax Exemption/Rebate/Deferment to incentivize development.

The Development Tax Exemption program should provide a tax exemption/rebate/rebate to developers/owners of new housing development who set aside a percent of on-site affordable units.

By supporting mixed-income residential development in the City, the Housing Development Tax Exemption Program ensures affordability as the community grows.

The areas of flexibility for Staff to provide best input/feedback to make this happen is:

- Tax Incentive
  - Rebate
  - Exemption
  - Deferment
- Length and timeline of the Housing Development Tax Exemption program
  - Per development
  - Program type
- Affordable Housing Requirement for that Housing Project
  - Percentage On-Site

Developers can then pursue developing more housing (multi-family or single family), acquire land, purchase or rehabilitate existing units with a reduction of financial impact at the start of a development project.

**Timeline:** Decision making date on this referral should come back to the City Council within 90 days.

**Desired Action:** The City Council should vote on creating this program to ensure housing development is encouraged.

**Stakeholders:**

- Developers
- Property Owners
- Alameda County Assessor
- Community

**Strategic Initiatives:**

- Complete Communities Strategic Initiative Goals & Objectives will be met:
  - Goal 1: Improve Quality of Life for Residents, Business Owners, and Community Members in All Hayward Neighborhoods.
    - Objective 1: Increase neighborhood safety and cohesion
    - Objective 2: Foster a sense of place and support neighborhood pride
    - Objective 3: Increase collaboration with businesses, non-profits and neighborhood groups on placemaking projects
    - Objective 4: Create resilient and sustainable neighborhoods

- Objective 5: Actively value diversity and promote inclusive activities
- Goal 2: Provide a Mix of Housing Stock for All Howard Residents and Community Members, Including the Expansion of Affordable Housing Opportunities & Resources
  - Objective 1: Centralize and expand housing services
  - Objective 2: Facilitate the development of diverse housing types that serve the needs of all populations
  - Objective 3: Conserve and improve the existing housing stock (possibly)
  - Objective 4: Increase supply of affordable, safe and resilient housing in Hayward
- Goal 3: Develop A Regulatory Toolkit for Policy Makers
  - Objective 1: Update, streamline, and modernize zoning & codes
  - Objective 2: Identify and design appropriate in-lieu fees to provide community amenities
  - Objective 3: Develop and refine other regulatory tools

**Prepared & Submitted By:**

*Aisha Wahab*

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Hayward City Council Member