



**DATE:** April 7, 2026  
**TO:** City Council  
**FROM:** Development Services Director  
**SUBJECT:** Work Session on Tree Mitigation In-Lieu Fees

### **RECOMMENDATION**

That the City Council review the proposed recommendations and provide feedback, as necessary, on the allocation of collected Tree Mitigation In-Lieu Fee funds.

### **SUMMARY**

In December 2025, the City Council approved updates to the City's Tree Preservation Ordinance (Ordinance). The Ordinance<sup>1</sup> is contained within the Hayward Municipal Code (HMC) and establishes the guidelines for the protection of existing trees in the City of Hayward, as well as establishes the process for removing, replacement, and mitigation for trees covered by the Ordinance.

Tree replacement and mitigation on site is the preferred option when trees are removed to help re-establish tree canopy. There are, however, instances when trees cannot be replaced on-site and as such the Ordinance establishes parameters to allow the applicant to provide off-site mitigation through the payment of in-lieu fees. The amount of mitigation required is based on the appraised value of the existing trees and any on or off-site mitigation is verified during the building permit process. Applicants have the option to mitigate all their tree removals on-site, pay an in-lieu fee for off-site mitigation equal to 125% of the assessed value, or provide some combination thereof.

Since Ordinance adoption, staff has identified options to allocate funds that align with the City's long-term environmental and tree canopy goals. This report proposes an allocation of in-lieu fees for an annual estimated budget of \$250,000. Staff is seeking feedback from Council on the proposed allocation and distribution of these funds, pending availability. Following Council feedback and direction, staff will finalize the program options in preparation for the FY27 budget adoption and update the funding tied to those programs accordingly.

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<sup>1</sup> Tree Preservation Ordinance: [https://library.municode.com/ca/hayward/codes/municipal\\_code?nodeId=HAYWARD\\_MUNICIPAL\\_CODE\\_CH10PLZOSU\\_ART15TRPROR](https://library.municode.com/ca/hayward/codes/municipal_code?nodeId=HAYWARD_MUNICIPAL_CODE_CH10PLZOSU_ART15TRPROR)

## **FISCAL IMPACT**

The in-lieu fees discussed in this report supplement City programs. Allocating these monies towards some of the existing programs the City offers would reduce future financial burdens to the General Fund, assuming the program generates an average of \$250,000 annually. The implementation of this program does involve staff time, including the distribution and tracking of these funds. For this reason, staff recommends allocating 15% of the in-lieu fees towards program administration to ensure program sustainability.

## **BACKGROUND**

Since 1986 and for the past thirty-four consecutive years until 2019, Hayward has been recognized as “Tree City USA” by the Arbor Day Foundation until the temporary suspension due to COVID-19. Tree City USA is a nationwide movement established in collaboration with the U.S. Forest Service and the National Association of State Foresters in 1976. The program aims to recognize communities nationwide that are taking steps toward effectively managing and expanding public trees.

The City of Hayward adopted its first tree preservation ordinance in the late 1950s, establishing a need to preserve significant trees based on size and species. There have been three updates since then: 1971, 2002, and 2025. These updates ranged from minor clarifications to more significant policy changes, with the most substantial update occurring in 2025. The idea of In-Lieu fees as a mitigation measure existed within the 2002 update and may have existed prior to that date; however, the Ordinance update in 2025 modified the program by adding a 25% surcharge to the appraised value of the trees to cover the City’s cost of purchasing, installing and maintaining the trees for the first three years following planting.

Since the previous update in 2002, the City’s population has grown significantly leading to a higher demand for more housing and development. To address the housing crisis in California, the State enacted new legislation intended to streamline development review processes and spur new housing construction, including ministerial reviews of some residential projects. These new State laws have subsequently required updates to the City’s General Plan, Zoning Ordinance, and related development standards to establish a streamlined review process and enable higher-density developments. However, many projects are located on infill sites, which require the removal of existing mature trees and a reduction in the amount of total landscape area in order to make a project feasible. These competing interests limit an applicant’s opportunity to mitigate tree removals on-site but still would allow the City to target off-site locations in underserved areas of the City where additional tree plantings are desired and tree canopy is lacking.

As part of the updates to the Tree Preservation Ordinance, the City completed a Tree Canopy Survey, which included all trees located on public and private property, open space and natural resource areas, including creek and riparian areas and within golf courses.

Prior to the Ordinance update in 2025, the State of California and City of Hayward adopted several goals and policies that focus on sustainability, climate change, and the environment, including the reduction of greenhouse gas emissions, and the adoption of new hazard mitigation strategies, including Zone Zero, to combat wildfires in the High Severity Fire Zones

as well as Defensible Space planning in the Wildland-Urban Interface areas. Supplementing these efforts, the City also adopted or updated several other plans to support these initiatives, including adoption of the Shoreline Adaptation Plan to combat sea-level rise and updates to the Climate Action Plan to reduce our carbon footprint and greenhouse gas emissions. Prior to the addition to the Shoreline Adaptation Plan and updates to the Climate Action Plan, the City updated the *Hayward 2040 General Plan*<sup>2</sup> in 2014, which contains several goals and policies for protecting the natural environment.

### **Tree Canopy Survey**

As part of the update to the Tree Preservation Ordinance, the City's consultant, Dudek, completed a city-wide Tree Canopy Survey in 2023 (Attachment III) using LiDAR satellite imagery taken from 2020 to measure the overall canopy coverage of the city and establish a baseline of coverage by census tract. The Survey is a valuable tool that is typically updated every five years and helps provide insight as to how the overall tree canopy is expanding or contracting throughout the City. Maintaining and expanding the tree canopy in Hayward provides significant public benefits (as shown in Attachment III) and supports several key goals and policies found in the City's Strategic Roadmap, Climate Action Plan and *Hayward 2040 General Plan* by the following:

- Reducing the heat island effect
- Filtering and reducing air pollutants
- Slowing runoff in storm events that overwhelm city drainage systems
- Increasing carbon sequestration
- Beautifying the City
- Creating a better quality of life in to work and live

The Survey results were shared with the City Council at a work session on September 17, 2024<sup>3</sup>, which showed that within the urban boundary of Hayward, the canopy coverage is estimated at 14.6% with the overall city-wide canopy coverage, which includes native oak woodlands on the upper hillside areas of Hayward, estimated at 20.8%. This data demonstrates the importance of protecting and maintaining the native oak woodland canopy throughout the City as it makes up nearly 30% of the overall canopy citywide. As shown in Attachment II, the canopy analysis is broken down between public parcels (city owned land like parks), private parcels and street right of ways.

It should also be noted that areas closer to the Hayward shoreline have the least amount of canopy coverage as no native trees would have naturally grown in these areas. Additionally, the height and number of trees near the Hayward Executive Airport is also limited due to FAA regulations, resulting in far less canopy than other parts of Hayward. Furthermore, it must be noted that the Shoreline area is naturally free from trees within the natural habitat. Therefore, the goal for new plantings in these areas must be reduced due to suitability of soil, saltwater intrusion, and natural habitat ecosystems.

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<sup>2</sup> Hayward General Plan: [Hayward 2040 General Plan FINAL.pdf \(hayward-ca.gov\)](#)

<sup>3</sup> City Council Work Session: <https://hayward.legistar.com/MeetingDetail.aspx?ID=1226856&GUID=A4929F6C-4D31-4E1E-AFFB-6ADA15B90CAF&Options=info|&Search=>

### **Current and Estimated Funding Available**

Prior to 2025, most of the In-Lieu Fees collected (approx. \$525,000) were allocated for the development of La Vista Park. Once the project went to bid in 2025, the collection of fees were directed to the City's Tree Replacement Fund. Currently, the fund contains approx. \$311,367. This amount is expected to increase over time as developers opt to maximize their development potential in lieu of allocating space for new tree planting on site.

While staff has not historically tracked the amount of fees collected, staff estimates the updated in-lieu program, which provides applicants with additional flexibility, will provide approximately \$250,000 annually for tree replacement and maintenance, including program administration. This estimate is based on staff's monitoring of current development trends for projects that are subject to development review and based on inquiries from residents about tree removal and replacement requirements.

While many large redevelopment projects do provide some trees and shrubs to satisfy the on-site mitigation requirement, current practice allows applicants to satisfy the mitigation requirement through other site improvements, such as installation of permeable pavers, raised planter beds, and smaller ornamental trees that do not support wildlife habitat and provide limited shade. While staff supports the flexibility this approach has historically provided to applicants, often the trees proposed for removal are mature and the replacement landscaping materials, including the tree canopy is not easily or quickly replaced. In many cases, applicants will remove a mature, native tree and in exchange, plant a series of new ornamental trees or shrubs that never fully replace the canopy of the tree to be removed. While this flexibility has been supported by applicants, this approach does not help the City achieve its environmental and canopy replacement goals.

As such, staff believes applicants will continue to choose a hybrid approach by providing on-site tree replacement when feasible and paying an in-lieu fee for the remainder of the mitigation off-site. Staff will continue to monitor the funds contributed to the in-lieu fee program and will adjust the program estimates annually as part of the City's annual budget update.

### **DISCUSSION**

Staff is looking for Council direction on a proposed allocation of in-lieu fees, assuming the program provides an estimated \$250,000 annually. In weighing various options, staff believes there are three main components for Council to consider:

- A. Administrative support and program management,
- B. Social equity and community partnerships, and
- C. Environmental resiliency and sustainability planning.

Additional details on each component, including staff analysis and recommendations, are discussed in greater detail below. Following the detailed descriptions, there is a summary chart, Figure 1, which summarizes the estimated costs of each for ease in referencing and providing feedback to staff.

## **Administrative Support and Program Management**

*PlanIt Geo Software.* Shortly after the Survey was completed, the City's Maintenance Services, Landscape Division was awarded a federal grant and acquired software called *PlanIt Geo*. This software enables the staff to physically document tree species, size, and characteristics. Additionally, the software allows those individuals to mark potential new tree planting opportunities but currently, the contract only covers the downtown Hayward area. With possible use of in-lieu fees, there are opportunities to expand the areas covered by the software to capture more accurate data throughout the City. Having this data will help staff better identify underserved areas of the City and provide opportunities for additional urban forestry grants to help meet Hayward's climate tree and canopy goals. A three-year subscription is currently \$58,425, averaging close to \$20,000 per year with the subscription renewal due in 2028.

*Street Tree Program.* The City's Maintenance Services Department was awarded a Tree Planting Grant from the USDA in 2024. Tree planting is to be completed in disadvantaged areas or areas needing trees that have a clear void and need but lack economic or social programs to make tree planting and care challenging. The Grant award was \$185,000 for 400 trees with the term ending November 30, 2027. This rate equates to an average of \$462 per 15-gallon size tree planted, as per City of Hayward standards. As currently estimated, planting blocks of 100 trees is estimated to cost approximately \$46,200 per fiscal year.

*Tree Maintenance.* New planting of street trees require care and maintenance for success. Allotments of funding must be maintained to ensure the projects succeed until established at the two-year mark. This work is best done with contract help as current City Maintenance Services does not have capacity for this additional workload. Funding would be relative to RFQ responses on a project basis. An estimated minimum for water and maintenance is equal to planting costs, which is \$46,000.

*Program Administration and Management.* Administration, management and implementation of these new programs, as recommended by staff, require significant staff and fiscal resources. To make these programs closer to full cost recovery and cover the additional administrative burden of managing the programs and consultants, staff recommends that 15% of the program funds be set aside for administrative and staff support. While most of the on-site mitigation can be charged hourly for time and materials associated with development review, many of the new programs are not billable and rely on the General Fund. As such, dedicating an additional revenue stream to fund the administration of the in-lieu fee program will help reduce the burden to the City's General Fund while establishing a funding mechanism to maintain these programs in the future.

## **Social Equity and Community Partnerships**

*Grant Assistance Program for Low-Income Households.* This program could be renewed each fiscal year and assist low-income homeowners needing financial support with a City-sponsored grant to remove, replace and/or maintain protected trees on private property. As envisioned by staff, the City could hire a preferred vendor to provide on-call services when needed. To gauge public support, staff recommends an initial allocation of \$20,000 per year

be provided towards this program, which could be re-evaluated annually based on public demand and funding availability. Staff envisions this program would offer a one-time \$500 grant for eligible tree services per household, for a total of up to 40 households per year.

*Non-Profit/Partnership Planting Programs.* The City currently partners with several community and non-profit groups, such as 100k Trees for Humanity, to provide new tree plantings throughout the City in an effort to expand the tree canopy and improve quality of life for Hayward residents. To support and expand these community partnerships, staff would engage non-profit groups, community members, and organize volunteers to support neighborhood planting programs for underserved areas in Hayward. The estimated cost to support these partnerships is \$50,000 to \$75,000, depending on funding availability and the number of neighborhood areas served.

## **Environmental Resiliency and Sustainability Planning**

*Future Tree Canopy Study.* Conducting regular Tree Canopy Surveys is an important way to gauge if the City is meeting its tree canopy goals. Based on tree growth rates and canopy data and methodology, staff recommend the Canopy Survey being conducted at 10-year intervals. The estimated cost for each Survey's is approx. \$8,000.

*Urban Forest Management Plan.* Establishing goals, methods, and planning for Hayward's urban forest as part of an Urban Forest Management Plan is an essential way for the City to reach its climate, sustainable and environmental goals. Development of an Urban Forest Management Plan was identified as a goal of the Council's Strategic Roadmap and listed for implementation in the *Hayward 2040 General Plan*. As these Plans require significant funding, time and staff resources, proactive planning for this effort is recommended. In neighboring Fremont, the City developed their Forestry Management Plan at a cost of \$800,000. Similarly, the City of Oakland obtained a grant to develop their Urban Forest Management Plan at a cost of approx. \$1 million. Given the cost to prepare this Plan, staff recommends the City set aside some monies from the in-lieu fee program to serve as a possible grant match in the event future grant opportunities be provided. In addition, having an adopted Plan will also help the City become eligible for future grant funding opportunities for implementation. As such, staff recommends the City set aside approx. \$50,000 annually to serve as a grant match to help with future planning and policy development around an Urban Forest Management Plan.

*Defensible Space Planning in High Severity Fire Areas.* Given recent State legislation and the need to create defensible space and minimize risk in High Severity Fire Zones and Wildland Urban Interface areas, staff recommends a portion of the in-lieu fee program be dedicated towards creating additional educational materials and performing community outreach in areas within the City designated by CalFire as a High Severity Fire Area. Estimated costs to develop the initial educational materials is approximately \$5,000; however, the actual removal, pruning, and creation of defensible space in High Severity Fire areas will be an additional cost, which will also be dependent on the scope of work and funding available. Staff suggests an allocation of \$20,000 for this program, annually.

**Figure 1 In-Lieu Fee Allocation Summary Chart**

<b>ADMINISTRATIVE SUPPORT AND PROGRAM MANAGEMENT</b>	<b>Annual Cost</b>
• PlanIt Geo software	\$20,000
• Street Tree Planting Program (COH)	\$46,000
• Street Tree Maintenance Program (COH)	\$46,000
• Program Administration and Management (15% of funding)	\$37,500 (based on \$250,000)
<b>SOCIAL EQUITY &amp; COMMUNITY PARTNERSHIP</b>	
• Grant Assistance Program	\$8,000
• Non-Profit Planting and Outreach Programs	\$75,000
<b>ENVIRONMENTAL RESILLIANCE SUSTAINABILTY PLANNING</b>	
• Future Tree Canopy Study	\$8,000
• Urban Forest Master Plan	\$50,000
• Defensible Space Planning	\$20,000
<b>TOTAL COST</b>	<b>\$285,000</b>

**Feedback Requested**

Staff is requesting feedback from Council on the proposed allocation in-lieu fee monies summarized in Figure 1, including the following items:

- Does Council support staff’s recommendation to fund program administration, planning and programming at 15%?
- Does Council support the funding of community projects, partnerships, and programs, as recommended by staff?
- Are there other programs or initiatives that Council would like staff to focus on?

**ECONOMIC IMPACT**

Economic impacts associated with the potential allocation have not been identified as each option requires cost analysis to determine the anticipated expenditure per year. In-Lieu Fees are not guaranteed from year to year and as such, annual evaluation of this program and the funding available should be completed. However, staff believes there is a potential positive economic, social, and environmental justice impacts to residents and businesses located in neighborhoods currently underserved by tree canopy.

**STRATEGIC ROADMAP**

This agenda item supports the Strategic Roadmap priorities to confront Climate Crisis and Champion Environmental Justice objectives. Establishing a larger inventory of the actual number, species, size and health of the trees in Hayward helps with the potential future grant opportunities which could be used to fund an Urban Forestry Management Plan.

## **NEXT STEPS**

Following direction from the City Council, staff will update the in-lieu fee program with expected expenditures for each program area and work to incorporate those programs into the FY26/27 draft budget.

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*Recommended by:* Sara Buizer, AICP, Development Services Director

*Approved by:*

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Jennifer Ott, City Manger