CITY OF HAYWARD
AGENDA REPORT

AGENDA DATE 09/11/01
AGENDA ITEM 9
WORK SESSION ITEM _____

TO: Mayor and City Council

FROM: Director of Community and Economic Development

SUBJECT: Draft Housing Element Policies and Strategies

RECOMMENDATION:

It is recommended that the City Council review and comment on this report.

BACKGROUND:

On July 24, 2001, a joint work session with the City Council and Planning Commission was held to review and comment on the preliminary policies and strategies to be included in the draft Housing Element. At that meeting members of the Hayward Coalition for Affordable Housing requested an opportunity for more public input into the Housing Element process. A number of ideas were suggested. After discussion, it was decided that the draft policies and strategies would be discussed at a City Council meeting in early September. Attached is a copy of the work session report with attachments.

Prepared by:

Ann R Bauman, Neighborhood and
Economic Development Manager

Recommended by:

Sylvia Ehrenthal
Director of Community and Economic Development

Approved by:

Jesús Armas, City Manager

Attachment: 07/24/01 Housing Element Update Work Session Report

CITY OF HAYWARD
AGENDA REPORT

AGENDA DATE 07/24/01
AGENDA ITEM
WORK SESSION ITEM WS 3

TO: Mayor, City Council and Planning Commission

FROM: Director of Community and Economic Development

SUBJECT: Housing Element Update

RECOMMENDATION:

It is recommended that the City Council and Planning Commission review and comment on this report.

BACKGROUND:

The purpose of this joint work session is to formulate the preliminary policies and strategies to be included in the draft Housing Element. Potential policy directions and strategies have emerged from the public meetings identifying housing issues and needs. Staff has reviewed existing policies and strategies in adopted city plans, particularly the 1990 Housing Element and its 1992 and 1995 Amendments, to determine their continuing relevance, implementation status, and relationship to identified issues and needs. Staff has also reviewed the policies and strategies contained in the neighborhood plans to ensure that any recommendations with potential city-wide impacts have been included as part of this process and that any recommendations that may conflict with the policies and strategies proposed in the draft Housing Element will be addressed.

At this time, staff is seeking comments on the appropriateness of proposed policies and strategies, any perceived conflicts in the preliminary policies and strategies, and suggestions for additions needed to adequately address identified issues. During the summer, staff will develop programs to implement the preliminary draft policies and strategies for further review by the City Council and Planning Commission at work sessions in September. It is anticipated that the draft Housing Element can be completed by the end of September and sent to the State of California Department of Housing and Community Development for review.

DISCUSSION:

Much has changed in Hayward since the last full Housing Element update in 1990. Hayward has grown by approximately 30,000 people in the past ten years. Accomodating this and future growth, without a negative impact on existing neighborhoods, and improving the quality of life for all Hayward residents are critical issues in this Housing Element update cycle.

The State of California requires that localities prepare a land inventory for the Housing Element that identifies vacant and underutilized parcels suitable for housing to ensure that there are sufficient sites for residential development to meet the allocation of units to meet the State's projected housing needs. In this context, vacant parcels are defined as unimproved land designated for residential development. In communities with limited vacant land, the inventory

should identify and analyze underutilized land available for use as sites for housing. To obtain the number of acres available, underutilized land was defined as parcels on which the Assessor's land value is higher than the value of the building(s), since potentially, these parcels are zoned or could be zoned for more intensive residential use.

In 1990, there were 1,660 acres of vacant and underutilized land in the City available for housing. This total has decreased substantially as new subdivisions have been built. Today, only 838 acres remain. Of that, 327 acres are vacant residentially zoned land divided into 448 parcels -- 35% of which is located in the unincorporated Mt. Eden area. Only thirty-four of the vacant parcels are larger than two acres. Approximately 535 acres in 605 parcels are underutilized land zoned for residential use on which more intensive development is possible. Approximately, two-thirds of these parcels are less than an acre in size and most are not contiguous. Out of 605 parcels, there are 231 which are more than two acres in size and only half of those are larger than three acres. This data shows that much of Hayward's future housing potential will be on lots within or near existing neighborhoods.

In addition to the parcels described above, there are approximately 85 acres of recyclable land that are proposed to be rezoned from industrial to a mix of residential, commercial and open space in Areas 2 and 3 depicted in the Cannery Area Design Plan. This plan, which envisions between 786 and 962 units of housing, demonstrates how good design can sensitively integrate new housing and amenities with the adjacent neighborhood to improve the quality of life for all. Approximately 71 acres in Area 2 will be included in the request for development proposals to be issued by the Redevelopment Agency.

In 1990, rising real estate prices were considered a barrier to home ownership. In 2001, sales prices for standard homes have increased far beyond the reach of moderate/middle income households. The average price of a existing three bedroom, two bath home in Hayward is $325,000 (excluding homes in the Hayward hills). A household of three with an income of $77,300 (120% of median income) can afford a maximum mortgage of $232,511; likewise a household of four with an income of $85,900 (120% of median income) can afford a maximum mortgage of $253,794. (To determine the amount of the monthly mortgage payment a homebuyer can afford, staff used the standard lending ratio of 33% of total monthly income for housing costs, including principal, interest, taxes and insurance.) Only with a very large downpayment or a $50,000 deferred second mortgage or an expanded housing costs ratio of 40% of monthly income, can households of three and four afford to purchase the median home in Hayward. An inclusionary zoning ordinance, that establishes a set percentage of new housing units that must be sold at an affordable price to first time homebuyers, may be one way to ensure that people who live and work in Hayward can afford to purchase a home here.

Rents and security deposits have increased as well, far faster than the increase in household incomes, creating a hardship for low and/or fixed income tenants. An unanticipated side effect of higher rents throughout Hayward is that many low income tenants can no longer qualify to rent a market rate apartment. Current tenant screening criteria, used by apartment managers in Alameda County, requires that the prospective tenants' monthly income be at least 2.5 times the monthly rent. With rents between $1,000 and $1,500 per month, households who rent must earn at least $30,000 to $45,000 per year to qualify. Many tenant households qualified and leased their apartments when rents were substantially lower. As rents have increased, the percentage of household income spent on rent has risen substantially. If they needed to find a new unit, many tenants would not be able to qualify to rent an apartment at the rents they are currently paying. Encouraging the acquisition and rehabilitation of existing apartment buildings using the City's

multifamily mortgage bond program is one way to guarantee that at least 20% of those units will be available to low income and fixed income Hayward residents.

1995 Homeownership Amendment
During consideration of the General Plan Annual Review in 1994, City Council expressed the desire to increase the percentage of Hayward residents who are homeowners. On October 17, 1995, the City Council approved an amendment to the Housing Element of the General Plan to establish a goal of 70% owner-occupied housing in the City of Hayward.

This policy direction met a two-fold purpose. First, it promoted the development of homeownership programs to meet the needs of people both living and working in Hayward. The City's current Growth Management Element articulates the following general development principle: "Promote housing that supports the economic base and matches the supply of existing jobs. Ensure a choice of housing opportunities (e.g., location, size, type and income level) throughout the City that meets the needs of residents, students and workers." Second, it fostered homeownership opportunities to enhance neighborhood stability, encourage the maintenance and upkeep of the housing stock as well as help to preserve the character of existing single-family neighborhoods.

From 1980 to 1990, the percentage of owner-occupied housing in Hayward fell from 55% to 51% as the price of ownership housing increased in California. The proportion of ownership housing declined, despite the fact that ownership-type units (e.g., single-family detached homes, condominiums, mobilehomes, etc.) constitute approximately 64% of Hayward's current housing stock. As a result of housing programs included in this Amendment, more than 150 households were able to become homeowners in Hayward due to the City's downpayment and closing cost loan program for first time homebuyers. That program and new residential development have increased the City's owner-occupancy rate to 53.2%, creating 934 more owner-occupants than would have been the case had the owner-occupancy rate remainded the same as in 1990.

Public Input
Staff participated in four public meetings to obtain public input regarding housing issues of concern to the community. Total attendance at these meetings was approximately 200 to 250 people. Participants focused on quality of life issues, housing affordability, and how to expand the supply of housing without creating a negative impact on existing neighborhoods. Participants concurred regarding the following:

- the City should create policies in the Housing Element that take into account how housing and the other elements of a neighborhood are interrelated;
- development should add to quality of neighborhood life, not diminish it;
- the City should focus on creating livable neighborhoods, not just housing;
- the City should encourage a wide variety of housing stock for our diverse community; and
- Hayward needs more housing units at rents that are reasonable for people who are living/working here.

Exhibit A are the draft policies and strategies concerning housing that were proposed for the Land Use Element as presented in the agenda report of June 26, 2001. These are included here to create a context for the Housing Element, to collect all of the policies and strategies concerning housing in a single agenda report, and here to ensure compatibility between the two Elements. Exhibit B, Draft Policies and Strategies for the Housing Element, was developed to respond to the concerns described in this report. Exhibit C contains the Policies and Strategies from the 1990 Housing Element and its Amendments.

Prepared by:

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Recommended by:

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Approved by:

Jesús Armas, City Manager

Attachments:

Exhibit A – Draft Policies and Strategies on Housing Recently Proposed for the Land Use Element
Exhibit B – Draft Housing Element Policies and Strategies
Exhibit C – Policies and Strategies from the 1990 Housing Element and Amendments

DRAFT POLICIES AND STRATEGIES ON HOUSING RECENTLY PROPOSED FOR THE 2001 LAND USE ELEMENT

(Policies appear in **bold** type; Strategies appear in regular type)

A. Land Use Pattern

Employ smart growth principles to promote a balance of land uses and achieve a vibrant urban development pattern that enhances the character of the city.

1. Seek to achieve an improved balance between jobs and housing in the Hayward planning area.

2. Maintain an adequate supply of land designated and zoned for residential use at appropriate densities to meet projected housing needs.

3. Promote mixed-use development where appropriate to ensure a pedestrian-friendly environment that has housing, jobs, shopping, parks and recreation in close proximity.

B. Transit-Oriented Development

Support higher-intensity and well-designed quality development in areas within ½ mile of transit stations and ¼ mile of major bus routes in order to encourage non-automotive modes of travel.

1. Encourage mixed-use zoning that supports integrated commercial and residential uses in activity centers and along major transit corridors.

2. Encourage higher-density residential development along major arterials and near major activity or transit centers.

3. Consider reductions in parking requirements for mixed-use developments within the Downtown area and other activity centers as well as along major arterials.

C. Downtown Area

Maintain the Downtown as the focal point for the City so that it continues to express the City's history, provides a venue for cultural vitality, and retains its role as a center for social, political, and other civic functions.

1. Encourage both commercial and residential development in the area surrounding the Downtown BART Station.

2. Encourage moderate and upper income residential development in the downtown area to increase market support for business and to extend the hours of downtown activity.

D. Cannery Area

Seek implementation of the Cannery Area Design Plan.

E. Mission/Foothill Corridor

Promote transit-oriented development in the Mission/Foothill Corridor in order to help relieve congestion and create a distinctively attractive commercial boulevard.

1. Create a more transit-oriented environment by encouraging a better mix of land uses, including a mix of commercial and residential uses.

DRAFT POLICIES AND STRATEGIES FOR THE 2001 HOUSING ELEMENT

(Policies appear in **bold** type; Strategies appear in regular type)

Expand The Housing Supply

Encourage the provision of an adequate supply of housing units in a variety of housing types which accommodate the diverse housing needs of those who live or wish to live in the city.

1. Maintain an adequate supply of available residentially zoned land at appropriate densities to meet the projected ABAG regional housing needs determination.
2. Promote development of infill housing units within existing residential neighborhoods in a variety of housing types.
3. Encourage higher-density residential development along major arterials and near major activity or transit centers.
4. Explore ways to allow expansion of existing dwellings while maintaining the integrity of neighborhoods.
5. Encourage developers to build houses that accommodate varied household sizes.

Conserve The Housing Stock

Ensure the safety and habitability of the city's housing units and the quality of its residential areas.

1. Maintain and upgrade residential areas through abatement of nuisances and provision of needed public improvements.
2. Maintain and upgrade the housing stock by encouraging the rehabilitation, maintenance and upkeep of residential properties
3. Maintain a supply of various types of rental housing for those who do not have the desire or the resources to purchase homes.
4. Continue to implement the Residential Rental Inspection Program and explore whether changes are needed to maintain a quality housing stock.

Preserve Owner-Occupied Housing

Encourage the development of ownership housing and assist tenants to become homeowners in order to reach a 70% owner-occupancy rate, within the parameters of Federal and State housing law

1. Encourage homeownership opportunities through down payment and closing costs assistance and deferred, second mortgage loans.

2. Conduct first time homebuyer workshops to prepare people for homeownership.

3. Engage in periodic outreach to Hayward renters to inform them about the availability of homeownership workshops and other forms of assistance.

4. Develop monitoring programs to assess the potential cumulative effects of these homeownership programs.

Develop Affordable Housing

Ensure that the city's housing stock contains an adequate number of decent and affordable units for households of all income levels.

1. Generate housing affordable to low and moderate income households through participation in federal and state housing subsidy and mortgage bond programs and in county or non-governmental programs.

2. Periodically review the City's development process system to reduce delays or impediments to the development of new housing or the acquisition and/or rehabilitation of existing housing.

3. Promote distribution of low and moderate income housing throughout the City to avoid geographic concentration.

4. Consider an inclusionary zoning ordinance as a means of increasing the supply of affordable housing.

5. Review any proposed disposition of surplus public land within the City limits to determine its suitability as a site for low-income housing.

6. Use Redevelopment Agency resources to generate affordable housing within the Redevelopment Project Area and throughout the City, consistent with State law.

Support "Special Needs" Housing

Ensure that special needs households have a variety of housing units from which to choose and that the emergency housing needs of Hayward households are met.

1. Analyze the special housing needs of the elderly, the disabled, female headed households, large families, farm workers and homeless persons and families as required by State law.

2. Promote emergency housing programs that prevent or relieve homelessness.

3. Promote development of permanent affordable housing units for those defined above as special needs households.

Promote Fair Housing

Promote equal access to housing by educating City residents about fair housing and lending laws.

1. Promote the dissemination of information to alert homeowners about predatory lending practices.

2. Work with Bay East Association of Realtors to ensure that residential real estate agents and brokers adhere to fair housing laws and regulations.

3. Work with tenants, tenant advocates, and rental housing owners and managers to eradicate housing discrimination and to ensure that Hayward's supply of rental housing is decent, safe and sanitary.

4. Review the Residential Rent Stabilization Ordinance and identify changes if appropriate.

5. Promote training for property owners and managers to ensure that they are knowledgeable of the requirements of Federal, State and local real estate, housing discrimination, tenant protection, housing inspection and community preservation laws.

6. Promote training of tenants in the requirements of Federal, State, and local laws so that they are aware of their rights and obligations.

Preserve Assisted Housing

Avoid the loss of assisted housing units and the resulting displacement of low income residents by providing funds for the acquisition of at-risk subsidized housing developments by nonprofit housing developers.

1. Monitor at-risk projects/units.

2. Assist nonprofit acquisition of at-risk projects.

3. Participate in federal, state or county initiatives to address the preserving at-risk housing.

4. Encourage owners of existing Mortgage Revenue Bond projects to refinance bonds in order to extend the term of the Regulatory Agreement.

5. Work with Alameda County Housing Authority to obtain Section 8 Vouchers for displaced tenants of at-risk projects.

POLICIES FROM THE 1990 HOUSING ELEMENT AND ITS AMENDMENTS

I. EXPANSION OF THE HOUSING SUPPLY

GOAL: 1. ENCOURAGE THE PROVISION OF AN ADEQUATE SUPPLY OF HOUSING UNITS IN A VARIETY OF HOUSING TYPES WHICH ACCOMMODATE THE DIVERSE HOUSING NEEDS OF THOSE WHO LIVE, OR WISH TO LIVE IN THE CITY.

POLICY 1.1: Maintain an adequate supply of available (vacant and underutilized) land with sufficient infrastructure and appropriate densities to meet projected housing needs.

POLICY 1.2: Promote development of infill housing units within existing residential neighborhoods in a variety of housing types.

POLICY 1.3: Encourage development of additional housing units in the Downtown-City Center area.

POLICY 1.4: Encourage higher-density residential development along major arterials and near major activity or transit centers.

GOAL: 2. CONSERVATION OF THE HOUSING STOCK
ENSURE THE SAFETY AND HABITABILITY OF THE CITY'S HOUSING UNITS AND THE QUALITY OF ITS RESIDENTIAL AREAS.

POLICY 2.1: Seek to identify and rehabilitate substandard residential units.

POLICY 2.2: Replenish the housing stock on a one-for-one basis for any existing low and moderate income housing units which are lost as a direct result of City actions.

POLICY 2.3: Maintain a supply of rental housing of various types for those who do not have the desire or the resources to purchase homes.

POLICY 2.4: Maintain and upgrade residential areas through abatement of nuisances and provision of needed improvements.

GOAL: 3. DEVELOPMENT OF AFFORDABLE HOUSING.
ENSURE THAT THE CITY'S HOUSING STOCK CONTAINS AN ADEQUATE NUMBER OF DECENT AND AFFORDABLE UNITS FOR HOUSEHOLDS OF ALL INCOME LEVELS.

POLICY 3.1: Generate housing affordable to low and moderate income households through participation in federal and state housing subsidy programs and county or other local programs.

POLICY 3.3: Promote distribution of low and moderate income housing throughout the City.

POLICY 3.2: Act to eliminate constraints to generation of affordable housing on the open market.

POLICY 3.4: Use Redevelopment Agency powers and funds to generate affordable housing within the Downtown Redevelopment Project Area and throughout the City.

POLICY 3.5: Protect low income households who face demolition or conversion of their homes to market-rate housing or non-residential uses.

GOAL: 4. SPECIAL HOUSING NEEDS
ENSURE THAT ALL HOUSEHOLDS HAVE A VARIETY OF HOUSING UNITS FROM WHICH TO CHOOSE AND THAT THE EMERGENCY HOUSING NEEDS OF HAYWARD HOUSEHOLDS ARE MET.

POLICY 4.1: Promote emergency housing programs which prevent or relieve homelessness.

POLICY 4.2: Promote equal access to housing by enforcing fair housing laws.

POLICY 4.3: Promote development of housing units in structures which meet the various special needs of those who live, or wish to live, in Hayward.

GOAL: 5. PRESERVATION OF ASSISTED HOUSING – 1992 Amendment

POLICY 5.1: City will attempt to convert all at-risk projects or affordable units in market rate projects into permanently affordable or (if not possible) longer term affordable units.

GOAL: 6. NEIGHBORHOOD PRESERVATION THROUGH INCREASED HOMEOWNERSHIP OPPORTUNITIES – 1995 Amendment

POLICY 6.1: The City shall encourage the development of ownership housing and conversion of existing rental units to ownership housing in order to reach a 70% owner-occupancy rate, within the parameters of Federal and State housing law