



DATE: February 1, 2022

TO: Mayor, City Council, and Planning Commission

FROM: Assistant City Manager/Development Services Director

SUBJECT: Residential Objective Standards and Zoning Consistency Update: Review and Discuss the Residential Objective Standards and Zoning Consistency Update Project

RECOMMENDATION

That the Council and Planning Commission provide initial guidance and feedback on the Residential Objective Standards and Zoning Consistency Update Project with particular attention to the questions outlined in this report.

SUMMARY

In response to recent State housing legislation pertaining to streamlined development review and objective standards, in 2019, the City of Hayward sought out and was awarded a SB 2 Planning Grant by the California Department of Housing and Community Development. Of the \$310,000 awarded to the City, \$235,000 is earmarked for a project to develop detailed objective residential standards and implement targeted zoning updates to ensure General Plan and Zoning Ordinance consistency.

Following a Request for Proposals (RFP) process conducted in November and December 2021, consulting firm Mintier Harnish was selected to support the City in this project, which is anticipated to be completed by the end of 2022. At this joint session, which constitutes the public kick-off of the Objective Residential Standards and Zoning Consistency Updates Project, staff is requesting specific feedback from the Council and Planning Commission on the following questions:

- What qualities of residential development should the objective standards address (e.g. massing, relationship to surrounding development, frontage types, windows/privacy, landscaping, colors/materials, and/or parking)?
- What stakeholders should be engaged as part of this project?
- What outreach strategies should be utilized for this project?

BACKGROUND

Recent State Housing Legislation. In recent years, the California legislature has adopted and amended several housing and land use laws to address the state's housing crisis. Specifically, the State Department of Housing and Community Development (HCD) found that California needs an estimated 1.8 million new homes by 2025 to meet projected demand, yet on average, only 80,000 new homes are built per year.¹ The Housing Action Plan developed by the State includes several strategies to achieve these targets including streamlining housing construction, lowering per unit costs, developing production incentives for jurisdictions meeting housing goals, defining accountability and enforcement to strengthen local compliance with housing laws, and creating dedicated funding sources for housing.

Since 2017, the State legislature has adopted numerous housing bills to achieve the goals and strategies outlined in the Housing Action Plan. While the legislature has adopted dozens of bills over the past few years, a few have significantly changed typical planning and approval processes. Specifically, Senate Bill (SB) 35, SB 330 and SB 8, are aimed at streamlining land use entitlements. Streamlining is generally used to limit and define local control and discretion thus providing developers with more certainty in timing and outcomes for residential and mixed-use developments.

- SB 35 (2017) streamlines housing development approvals on infill sites that comply with “objective standards,” meet minimum affordability requirements, are not environmentally sensitive, and if the developer pays prevailing wage and use a “skilled and trained workforce” for projects over a certain threshold.
- SB 330 (2019) requires cities to approve housing development projects that comply with all applicable objective standards and freezes impact and other fees in place when a pre-application is filed and deemed complete.
- SB 8 (2021) builds upon SB 330 by expanding the definition of a “housing development project” to include single family dwelling units.

Other legislation includes updates to Accessory Dwelling Unit (ADU) and Density Bonus law and adoption of SB 9 and SB 10, are aimed at allowing a greater number and variety of housing types.

- ADU law (updated 2020) allows for development of accessory dwelling units on single-family and multi-family zoned properties.
- Density Bonus Law (AB 1763, 2020) allows for an 80% density bonus if 100% of the units are deed restricted for lower income households, and provides an unlimited density bonus if the housing development is located within one-half mile of a major transit stop.
- SB 9 (2021) requires ministerial approval for urban lot splits and two-unit developments on single family properties that meet certain criteria.
- SB 10 (2021) allows cities to upzone multifamily parcels within a certain proximity to high frequency transit to permit up to ten residential units and bypasses the CEQA process for the zone change.

¹ California's Housing Future: Challenges and Opportunities Final Statewide Housing Assessment 2025 prepared by California Department of Housing and Community Development. https://www.hcd.ca.gov/policy-research/plans-reports/docs/sha_final_combined.pdf

More information about new housing and land use legislation is outlined within Attachment III.

Objective Residential Standards and Zoning Consistency Project. In 2019, the City of Hayward was awarded a SB 2 Planning Grant by HCD for various housing related activities. A portion of these grant funds are earmarked for the development of more detailed objective residential standards. The grant funds for this project will also cover zoning amendments to ensure General Plan and Zoning Ordinance consistency for parcels that are zoned for single family uses but have underlying General Plan designations that require higher densities.

This project will give the community, developers, staff, and decision makers more certainty about what future development will look like as we move forward with these State mandated streamlined processes. This project will further address concerns previously expressed by the Council, Planning Commission, and the community regarding a desire for more detailed standards related to architectural design and neighborhood context. Ultimately, this project will align Hayward's goals and expectations for future development with the State's goal to address the housing crisis.

Request for Proposals and Consultant Selection. On November 5, 2021, the City released a RFP to seek a consultant to assist with the Objective Residential Standards and Zoning Consistency Project. In response to the RFP, the City received one proposal from Mintier Harnish. A committee of staff representing the City's Planning Division and Housing Division reviewed the proposal and interviewed the firm before confirming that Mintier Harnish is the capable and preferred team to complete the work. On January 25, 2022, the Council authorized the City Manager to negotiate and execute a contract with Mintier Harnish to complete the proposed project. Minter Harnish's Scope of Work and Budget are attached to this staff report as Attachment IV.

DISCUSSION

As defined by the Housing Crisis Act, a development standard is considered to be objective if it involves no "personal or subjective judgement by a public official." Due to the recent changes in State housing law outlined above, residential projects that meet certain requirements, including consistency with applicable objective standards, must be approved.

The Hayward Municipal Code already includes some basic objective standards for residential zoning districts, including height limits, setback minimums, and lot coverage maximums. More recently adopted portions of the Municipal Code, such as sections governing the Downtown Specific Plan area and the Mission Boulevard corridor, provide much more extensive objective standards for residential development, including standards related to allowable frontage and building types, façade articulation, and architectural elements. Adopting more detailed objective residential standards for all residential zoning districts will help ensure that future housing development is attractively designed in a manner consistent with the community's goals and objectives. Additionally, more detailed objective standards will provide developers with greater certainty as to what is expected during the development review process.

At this joint session, which constitutes the public kick-off of the Objective Residential Standards and Zoning Consistency Updates Project, staff is requesting specific feedback from the City Council and Planning Commission on the following:

- What qualities of residential development should the objective standards address (e.g. massing, relationship to surrounding development, frontage types, windows/privacy, landscaping, colors/materials, and/or parking)?
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STRATEGIC ROADMAP

This agenda item supports the Strategic Priority of Preserve, Protect and Produce Housing for All. Specifically, this item relates to the implementation of the following project (s):

Project 4, Part 4d: Implement housing incentives and production work plan in accordance to state housing limits; Develop an Overlay Zoning District to allow RS zoned properties (single family residential) to develop into a variety of housing types at densities permitted under the applicable General Plan designation.

FISCAL IMPACT

Mintier Harnish's proposed budget is \$204,910. Additionally, the consultant team has proposed a \$30,000 contingency to cover any unanticipated costs, bringing the total budget to \$234,910, all of which will be paid through the HCD SB2 Planning Grant awarded in 2019.

NEXT STEPS

Following the joint Council and Planning Commission work session, staff will incorporate any comments received into the Objective Residential Development Standards and Zoning Consistency Project. As part of the project's robust Community Engagement Strategy, four more study sessions and two public hearings are planned with these bodies.

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Recommended by: Jennifer Ott, Assistant City Manager/Development Services Director

Approved by:



Kelly McAdoo, City Manager