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Staff Report for Resolution Approving the City of San Leandro 2014 and 2015 Housing Element Annual Progress Report

**SUMMARY AND RECOMMENDATIONS**

Staff recommends that the City Council review and approve the 2014 and 2015 Annual Progress Reports related to the status and progress in implementing the City’s Housing Element. The Annual Progress Report is accompanied by a resolution to meet State reporting requirements pursuant to Govt. Code §65400, which will then be forwarded to the California Department of Housing and Community Development and Governor’s Office of Planning and Research.

**BACKGROUND**

The Housing Element is one of the seven required elements of the San Leandro General Plan. The City’s current Housing Element Update covers 2015-2023, which replaced the 2007-2014 version and which the City adopted in January 2015, incorporates new data, new housing targets, and new State requirements as part of the 2035 General Plan update process. The State Department of Housing and Community Development certified City’s 2015-2023 Housing Element Update in February 2015.

Pursuant to Government Code §65400, cities and counties must submit an Annual Progress Report every year to the State. Because some State Housing and Community Development Programs have made submittal of the report a funding eligibility requirement, cities and counties are further incentivized to annually complete and submit their Annual Progress Reports. As required by the State, both the 2014 and 2015 Annual Progress Reports will be reported as part of the 2015-2023 Housing Element reporting cycle.

**Analysis**

The purpose of the Annual Progress Report is to track and monitor the status of and progress in addressing the City’s housing needs and goals. The primary Housing Element goals and objectives include:

1. New housing opportunities
2. Affordable housing development
3. Administration of housing programs
4. Home ownership
5. Affordable housing conservation
6. Green and sustainable neighborhoods
7. Special needs populations
8. Elimination of housing constraints
9. Fair housing

The State also uses the Annual Progress Report to monitor progress by cities and counties on achieving their Regional Housing Needs Allocation (RHNA) goals. State law requires that each city and county ensure that its “fair share” of regional housing accommodate community needs at all income levels. The Association of Bay Area Governments (ABAG) allocated to San Leandro its RHNA assignment of 2,287 total housing units for the 2015-2023 period, which is an increase from the 1,630 units allocated for the previous 2007-2014 reporting cycle, as shown in the following table.

Between 2007 and 2014, the City produced 1,048 units, or 64% of its RHNA goal of 1,630.

<b><u>UNIT INCOME LEVELS</u></b>	<b><u>2007-14 RHNA ALLOCATION</u></b>	<b><u>HOUSING UNITS</u></b>
Very Low-Income	368	195
Low-Income	228	759
Moderate-Income	277	19
<u>Above Moderate-Income</u>	<u>75</u>	<u>75</u>
<b>TOTALS</b>	<b>1,630</b>	<b>1,048</b>

The City’s subsequent Annual Progress Reports will reflect the City’s total production of housing units each calendar year beginning in 2015 for the 2015-2023 period. The actual production of units in the “very low” and “low” income category is the result of Marea Alta, BRIDGE Housing’s 115-unit multi-family rental housing development (includes two manager’s units) that is nearing completion.

<b><u>UNIT INCOME LEVELS</u></b>	<b><u>2015-23 RHNA ALLOCATION</u></b>	<b><u>HOUSING UNITS</u></b>
Very Low-Income	504	82
Low-Income	270	31
Moderate-Income	352	0
Above Moderate-Income	1,161	5
<b>TOTALS</b>	<b>2,287</b>	<b>118</b>

The unit income levels are as follows:

- *Very Low-Income* are households earning less than 50% of Area Median Income

- *Low-Income* are households earning between 50% and 80% of Area Median Income
- *Moderate-Income* are households earning between 80% and 120% Area Median Income
- *Above Moderate-Income* are households earning more than 120% of Area Median Income

For San Leandro, the number of residential permits issued for above-moderate-income units continues to be slow as reflected in the five residential permits issued in 2014 and 2015.

Furthermore, the State elimination of redevelopment agencies, has severely hampered the City's ability to achieve several of its Housing Element goals and objectives. Without Redevelopment Housing Set-Aside funds, the City had to eliminate its First Time Homebuyer Loan Program and its Housing Rehabilitation Loan Program. The City now relies primarily on federal HOME Program funds, which have drastically declined since 2008, and local Affordable Housing Trust Fund monies, which are derived from the City's Inclusionary Zoning Ordinance and dependent on a more active housing market, to produce affordable housing.

Some of the City's key goals and accomplishments in 2014 and 2015 include:

#### **GOAL 53: AFFORDABLE HOUSING DEVELOPMENT**

- BRIDGE Housing's Cornerstone project, now called Marea Alta, obtained its building permits in December 2014 and began construction of Phase 1 (115 units affordable rental housing) which will be fully occupied and operational in February 2017. BRIDGE anticipates starting construction on Phase 2 (85 units of affordable senior rental housing) in Spring/Summer 2017.

#### **GOAL 55: HOME OWNERSHIP**

- Due to the State's elimination of the City's Redevelopment Agency, the City of San Leandro cancelled its First-Time Homebuyer Loan program in 2012. While no First-Time Homebuyer loans were provided in 2014 and 2015, the City offered two first-time homebuyers' seminars in 2014 and another seminar in 2015.
- In 2014, two homebuyers received Mortgage Credit Certificate (MCC) assistance to purchase a home in San Leandro. In 2015, six homebuyers received MCC assistance.

#### **GOAL 56: AFFORDABLE HOUSING CONSERVATION**

- In 2014, eight homeowners were approved to be assisted with Minor Home Repair grants while three mobile home owners also were approved for Mobile Home Repair grants under the City's Owner-Occupied Housing Rehabilitation Program. In 2015, seven homeowners and two mobile home owners also were approved to be assisted with housing rehabilitation grants.
- The owners of Tan Apartments at 825 San Leandro Blvd. and the Warren Manor at 111 Preda Street declined to extend the affordability restrictions for the 18 Below Market Rate units in both properties after their affordability agreements expired in August 2014.

#### **GOAL 60: FAIR HOUSING**

- In 2014, ECHO Housing provided information, counseling, and/or investigation into 17 fair housing complaints or allegations of housing discrimination involving 30 clients. They also addressed seven fair housing complaints involving 13 clients in 2015.

Future key actions under the Housing Element Update for the City to assess and implement include:

- Consider adjustments to long-term affordability requirements to preserve affordable rental

stock;

- Develop strategies to preserve affordable housing units “at risk” of expiring;
- Consider amending the Inclusionary Zoning Ordinance to ensure greater effectiveness and efficiency; and,
- Explore TOD planning opportunities at Bayfair Mall.

The submission of the City’s 2014 and 2015 Annual Progress Reports to State HCD is important in order for the City to be eligible for the State’s Housing-Related Parks Program. The City has used grant funds from this program in the past to finance renovations at Siempre Verde Park and the interactive art from the Exploratorium in downtown. The City intends to submit an application to the HRP Program for Program Year 2016 for \$250,000 for the renovation of a qualifying park. The application deadline is February 23, 2017.

### **Previous Actions**

The City Council adopted the current Housing Element Update in April 2010 and State HCD certified the Housing Element Update in 2011.

The City Council adopted the 2015 Housing Element in January 2015, and the State HCD certified the 2015 Housing Element Update in February 2015.

### **Attachments to Resolution**

- ***Annual Progress Report 2014***
- ***Annual Progress Report 2015***

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