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Staff Report for the City of San Leandro Housing Element Annual Progress Report for the 2020 Calendar Year

SUMMARY AND RECOMMENDATIONS

Staff recommends that the City Council review and accept the 2020 Annual Progress Report (APR), which was submitted to the California Department of Housing and Community Development and the Governor's Office of Planning and Research. Pursuant to Govt. Code §65400(a)(2)(B) the City of San Leandro is obligated to present the APR in a public meeting and allow the public to provide oral testimony and written comments.

BACKGROUND

The Housing Element is one of the seven required elements of the San Leandro General Plan. The City's current Housing Element covers 2015-2023 and was adopted in January 2015. The California Department of Housing and Community Development certified the City's 2015-2023 Housing Element Update in February 2015.

Pursuant to Government Code §65400(a)(2), the City must submit an Annual Progress Report by April 1 of every year. Staff has already submitted the 2020 APR online to meet the April 1 statutory deadline, and is presenting the APR to Council and the public tonight as allowed by the State because this is an administrative report. Additionally, there are funding programs offered by the California Department of Housing and Community Development among other State programs that incentivize submittal of the APR. The Greenhouse Gas Reduction Fund and some transportation funding programs now require submittal of the APR as a threshold for funding eligibility. As required by the State, all Housing Element APRs are posted on the City's website for the public to read.

Analysis

The purpose of the Housing Element APR is to track and monitor the City's progress in addressing the City's housing needs and goals.

To that end, there were a number of amendments to California law that became effective in 2020 that affected the City's ability to meet its housing needs and goals. As of January 1, 2020 the creation of Accessory Dwelling Units (ADU's) became much easier. Effective January 1, 2018, the attached report is in compliance with AB 879 that amended Government Code §65400(a)(2) to augment the reporting requirements on how cities are achieving their Regional Housing Needs Allocation (RHNA) goals. The RHNA is an effort to quantify what each city and county should construct as part of its "fair share" of housing to accommodate demographic growth projections for all income levels. The following was included in the APR for 2020 that was submitted to the California Department of Housing and Community Development (CA HCD):

- 1) Status updates on the implementation of the following policy goals/objectives identified in the Housing Element;
 - a. New housing opportunities
 - b. Affordable housing development
 - c. Administration of housing programs
 - d. Home ownership
 - e. Affordable housing conservation
 - f. Green and sustainable neighborhoods
 - g. Special needs populations
 - h. Elimination of housing constraints
 - i. Fair housing
- 2) Progress during the calendar year in meeting San Leandro's Regional Housing Needs Allocation (RHNA) for housing units completed (including regulated affordable housing-itemizing by affordability level);
- 3) The number of housing development applications received in the calendar year;
- 4) The number of housing units included in all development applications in the calendar year; and
- 5) The total number of new housing units completed to date (i.e. in the case of the 2020 APR, construction completions from 2015-2020 are summed).

The City's Housing Division activities continue to be curtailed by the elimination in 2012 of Redevelopment Agency tax-increment financing dedicated to affordable housing development and preservation. The City's ability to achieve several of its Housing Element goals and objectives cannot be accomplished without enhanced and additional affordable housing funding sources locally, regionally, State-wide and federally.

For example, the First Time Homebuyer (FTHB) Loan Program and the Owner-Occupied Housing Rehabilitation Loan Programs have been eliminated or severely reduced since 2012. The elimination of the FTHB Loan program mainly impacts moderate income households. The Housing Rehabilitation Loan Program now relies on federal Community Development Block Grant Program funds, which have been declining or fluctuating for decades. Another funding source for the City's Housing programs include the local Affordable Housing Trust Fund that consists mainly of repayments of older FTHB and Rehabilitation Loans in addition to some in-lieu payments for ownership housing developments subject to the City's Inclusionary Zoning Ordinance. Deposits of funds from the latter program are dependent on a more active housing market and a need to amend the Inclusionary Zoning Ordinance to consider a housing in lieu fee for rental housing which currently does not exist.

Some of the City's key goals and accomplishments in 2020 include:

GOAL 53: AFFORDABLE HOUSING DEVELOPMENT

- Nonprofit developer Eden Housing began construction of the Parrot Street Apartments. This 100% affordable rental development will include 62 housing units and is located on the corner of Parrott Street and San Leandro Blvd. The City awarded a total of \$5 million in early 2018: \$1 million in City Housing Successor Agency revenues plus \$4 million from the City of San Leandro's allocation of the A-1 Alameda County Housing Bond approved by voters in 2016.

GOAL 58: HOUSING FOR THOSE WITH SPECIAL NEEDS

- In 2020, the City was awarded \$1,163,178 in federal stimulus funds (CDBG-CV) which City Council allocated for the creation of the Emergency Rental Assistance Program (ERAP). ERAP provided rental assistance payments for up to six months on behalf of qualifying San Leandro renters who had lost income due to COVID-19 and met federal low-income requirements. This is the largest rent relief program the City has ever created.
- The City annually allocates General Fund monies to assist with the operation of Building Futures' San Leandro Shelter. The City also annually allocates CDBG public service dollars to the Davis Street Family Resource Center's Basic Needs Program, SOS/Meals on Wheels, and CALICO child abuse intervention services.

GOAL 60: FAIR HOUSING

- ECHO Housing provided information, counseling, and/or investigation into 23 Fair Housing complaints of housing discrimination involving 45 clients.

Regional Housing Needs Assessment (RHNA) Progress Update

San Leandro's RHNA consists of a total of 2,287 housing units for the 2015 to 2023 period. This is an increase of 40% from the allocation for the period of 2007 to 2014 which was 1,630 housing units. During the 2007-2014 planning period there were 232 new housing units that had building permits issued. Overall, this was about 14% of the City's total RHNA goal of 1,630 for that period.

For the period of 2015-2023 San Leandro has issued building permits for 258 (50% of total required RHNA units) of very low- and low-income regulated affordable housing units. There are only building permits issued for 83 (5% of total required RHNA units) moderate and above moderate rate housing units. The breakdown of these accomplishments to date are detailed in Attachment A, Table B, page 7.

For San Leandro, the number of residential permits issued for moderate and above moderate-income housing units in this planning period continues to be slow as reflected in Attachment A, Table B, page 7. There were only 83 building permits issued that are affordable to moderate- and above moderate-income households since 2015. There are significant implications for local jurisdictions who do not meet their RHNA goals given the passage of SB 35's (Wiener) Streamline Approval Process adopted in the Fall 2017 California legislative session. This law requires a streamlined approval process, under specified conditions, for housing construction in cities that have not met incremental RHNA goals as determined by the Association of Bay Area Governments. Attachment A, Table B, page 7 illustrates where the City of San Leandro is with regard to meeting the SB 35 RHNA thresholds that would allow or disallow this streamlining. Note that all proposed developments that are allowed permission to proceed under this new law are required to have 10% regulated affordable housing units included in the development.

According to the California Department of Housing and Community Development, the City of San Leandro is currently compliant with the SB 35 streamlining thresholds for the Very Low- and Low-Income category, but the City is not in compliance with the thresholds for the Above Moderate-Income category.

As of the end of 2018, the SB 35 thresholds increased to 50% of the RHNA goal. In other words, SB 35 requires that between 2015 and 2018 the City of San Leandro should have issued building permits for 258 Very Low and Low Income housing units; for Moderate and Above Moderate-Income housing, there must have been 715 housing units issued a building permit by the end of the 2018 Housing Element APR reporting period, which ended December 31, 2018.

For affordable housing development, the nonprofit Eden Housing's Parrott Street Apartments is under construction across from San Leandro BART station and includes (see Table A-2, pages 3-6 "1604 San Leandro Blvd") 62 multi-family affordable rental housing units.

For housing Moderate- and Above Moderate-Income households, as of the beginning of 2021, the pipeline listed below for housing units shows that the City is making notable progress to meet this goal. Below are highlights of the Moderate and Above Moderate-Income housing development proposals. (Units noted below with an asterisk (*) indicate that they were reporting in the 2019 Housing Element Annual Progress Report.)

- 915 Antonio Street - New development of 687 rental housing units; currently under building permit review *;
- 903 Manor Blvd - "Maple Lane" includes 39 ownership townhome housing units with 6 homes that will be affordable to low- and moderate-income households*;
- 110 East 14th Street - secured their entitlements under SB 35 Streamlining Act that will have 11 very low-, 166 low- and 44 moderate income rental housing that will total 221 apartment units;
- 1388 Bancroft Avenue - New development of 45 rental housing units; Council approved entitlements in September 2020 but required the developer to present parking management plan to City Council in Summer 2021;
- 311 MacArthur Blvd - New development of 20 townhome/condominiums; entitlements approved in 2019;
- 1188 East 14th Street - New development of 197 rental housing units plus ground-floor retail (including a specialty grocery store); on the May 6, 2021 Planning Commission/Board of Zoning Adjustments agenda for entitlement approval;
- 268 Parrott Street - New development of 26 townhome/condominiums; entitlements approved in 2019; and
- 701 Parrot Street (San Leandro Tech Campus) - New development of 197 market rate apartment units' entitlements approved in 2017 at the south end of the campus. No affordable units could be required because the Palmer case had shelved municipal inclusionary rental requirements state-wide, and this was not lifted until 2018 by SB 35.

Previous Actions

The City Council adopted the 2015-2023 Housing Element in January 2015, and the California Department of Housing and Community Development certified the 2015 Housing Element Update in February 2015.

ATTACHMENT

Attachment to Staff Report

- Attachment A: 2020 Housing Element Annual Progress Report for the City of San Leandro

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