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Staff Report for the City of San Leandro Housing Element Annual Progress Report for the 2017 Calendar Year

## SUMMARY AND RECOMMENDATIONS

Staff recommends that the City Council review and accept the 2017 Annual Progress Report (APR) submitted to the California Department of Housing and Community Development and the Governor's Office of Planning and Research by the April deadline. 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. 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 public review.

## Analysis

The purpose of the Housing Element APR is to track and monitor the status of and progress in addressing the City's housing needs and goals. In the Fall of 2017, AB 879 (effective January 1, 2018) 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 a part of its "fair share" of housing to accommodate demographic growth projections for all income levels. The following was included in the APR for 2017 submitted to the California Department of Housing and Community Development (CA HCD):

- 1) Status of the implementation of 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,
- 5) The total number of new housing units completed to date (i.e. in the case of the 2017 APR, construction completions from 2015-2017 are summed).

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. The breakdown of these accomplishments to date are detailed in Attachment A, Table 1.

For the period of 2015-2023 San Leandro has issued building permits for 197 (25% of total required RHNA units) very low- and low-income regulated affordable housing units. There are only building permits issued for 16 (1% of total required RHNA units) above moderate rate housing units. The breakdown of these accomplishments to date are detailed in Attachment A, Table 2.

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 2. There were only 16 building permits issued that are affordable to moderate- and above moderate-income households since 2015. The implications for this is significant given the passage of SB 35 (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 2 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 compliant with the 2017 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. By 2018, these thresholds increase to 50% of the RHNA goal. In other words, SB 35 requires that between 2015 and 2018 the City of San Leandro shall issue building permits for 387 Very Low and Low Income housing units; for Moderate and Above Moderate-Income housing, there must be 756 housing units issued a building permit by the end of the next Housing Element APR reporting period, which is December 31, 2018.

For affordable housing development, the City of San Leandro will not meet this goal since the nonprofit Eden Housing development at Parrot Street and San Leandro Blvd with 62 multi-family affordable rental housing units has not yet secured all the financing that it needs to proceed with construction.

For housing Moderate- and Above Moderate-Income households, as of the beginning of August 2018, the pipeline for housing unit entitlements 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 in the pipeline for Fall/Winter 2018 or early 2019.

- 915 Antonio Street-New development of 687 rental housing units ;
- 1388 Bancroft Avenue-New development of 45 rental housing units ;
- 311 MacArthur Blvd-New development of 20 townhome/condominiums;
- 1188 East 14<sup>th</sup> Street-New development of 197 rental housing units plus groundfloor retail (including a specialty grocery store hopefully);
- 268 Parrott Street-New development of 26 townhome/condominiums;
- Throughout the City, there are 9 Accessory Dwelling Units that are currently in the entitlement process.

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 primarily on federal CDBG Program funds, which have been declining 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. The City anticipates a more active housing construction market based on the new housing projects in the entitlement pipeline described above. Regarding the option for a rental housing in lieu fee, the City is projecting to amend the IZ Ordinance by early 2019.

Some of the City's key goals and accomplishments in 2017 include:

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

- The nonprofit BRIDGE Housing Corporation's Marea Alta, a 115-unit affordable housing development, completed construction and lease-up of its housing units. There were more than 10,000 applications accepted during the lease-up period.

- La Vereda (aka Marea Alta Phase 2 or San Leandro Senior housing) started construction of 85 units of affordable rental senior housing.
- Nonprofit developer Eden Housing was 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. This 100% affordable rental development will include 62 housing units and will be located on the corner of Parrott Street and San Leandro Blvd.

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

- Policy 56.07 addresses Landlord-Tenant Relations, Action 56.07C focuses efforts on the monitoring and reduction of displacement. In 2017, the City Council adopted the Tenant Relocation Assistance Ordinance that requires landlords to pay relocation assistance to tenants in good standing who must move because their rent increases are greater than 12% or if their tenancy is terminated for no justifiable or exempted reason under the Ordinance.

#### **GOAL 58: HOUSING FOR THOSE WITH SPECIAL NEEDS**

- City Council allocated \$10,000 in CDBG funding to the nonprofit Housing Consortium of the East Bay (HCEB) to make ADA accessibility upgrades to its group home in the City for persons with developmental disabilities.
- 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 59: REMOVING CONSTRAINTS TO NEW HOUSING DEVELOPMENT**

- The City amended its Accessory Dwelling Unit Zoning Code in compliance with State mandated streamlining requirements to foster ADU construction.
- The City Council adopted a Downtown Parking Management Plan that evaluated the parking inventory, utilization and turnover of parking spaces.

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

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

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

- Conduct an analysis and multi-year report (2016-2017) on the Affordable Housing Trust Fund. The report summarizes revenues and how the Housing Division distributes those funds to support the construction of new or the preservation of existing affordable housing. Sources of funding include interest on existing balances, repayments of outstanding housing loans, condominium conversion fees, and income from for sale in-lieu fees collected;
- Begin the process to amend the Inclusionary Zoning Ordinance to consider enhanced housing in lieu fee options;
- Establish a more streamlined monitoring system for Below Market Rate/Inclusionary Rental Housing Units;
- Assist the nonprofit Eden Housing as needed on applications to affordable housing financing sources for its proposed Parrott Street Apartments.

#### **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.

On February 21, 2017, Housing Services staff presented the findings of the 2014 & 2015 Annual Progress Reports submitted to the California Department of Housing and Community Development.

On June 19, 2017, Housing Services staff presented the findings of the 2016 Annual Progress Report submitted to the California Department of Housing and Community Development.

## **ATTACHMENT(S)**

### **Attachment(s) to Staff Report**

- Attachment A: Summary of San Leandro's Accomplishments in meeting Regional Housing Needs Allocation (RHNA) Goals
- 2017 Housing Element Annual Progress Report for the City of San Leandro

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