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Staff Report for the City of San Leandro Housing Element Annual Progress Report for the 2018 Calendar Year

SUMMARY AND RECOMMENDATIONS

Staff recommends that the City Council review and accept the 2018 Annual Progress Report (APR) 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 (HCD) 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 public funding programs offered by the California Department of Housing and Community Development among other State programs that incentivize submittal of the APR. The State's 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 2018 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; and
- 5) The total number of new housing units completed to date (i.e. in the case of the 2018 APR, construction completions from 2015-2018 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.

In San Leandro, there have been no building permits issued for very low-, low- and moderate-income regulated affordable housing in calendar year 2018. However, since 2015, there have been 109 very low- and 88 low-income units permitted/constructed. The number of building permits issued for above moderate-income housing units in this planning period continues to be slow as reflected in Attachment A, Table 2. There were only 7 building permits issued in 2018. Since 2015, there have been a total number of 23 above moderate-income housing units issued building permits.

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. In 2018, these thresholds increased to 50% of the RHNA goal. In other words, SB 35 requires that between 2015 and 2018 the City of San Leandro issue building permits for 387 Very Low and Low Income housing

units and 756 building permits at the end of this Housing Element APR for moderate- and above moderate-income housing.

For affordable housing development, the City of San Leandro will not meet the SB 35 goals even with the nonprofit Eden Housing development at Parrot Street and San Leandro Blvd that has secured all the financing that it needs to proceed with construction.

For housing moderate- and above moderate-income households, see Attachment B, Table A on page 2. This is the summary of all housing development applications that have been received and that are in the process of or have received planning entitlements. This table shows the current pipeline for new housing developments in the City of San Leandro which illustrates that the City is making notable progress to meet the SB 35 goals. Below are highlights of those housing development proposals:

- 915 Antonio Street-New development of 687 rental housing units (entitlements approved by Board of Zoning Adjustments in early 2019);
- 1188 East 14th Street-New development of 197 rental housing units plus ground floor retail (including a specialty grocery store hopefully);
- 268 Parrott Street-New development of 22 townhome/condominiums (entitlements approved by BZA in June 2019);

Throughout the City, there are 15 Accessory Dwelling Units that have either received or 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 housing developments subject to the City's Inclusionary Zoning Ordinance (IZ). 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 in the coming year, 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 2020.

Some of the City's key goals and accomplishments in 2018 include:

GOAL 53: AFFORDABLE HOUSING DEVELOPMENT

- La Vereda (aka Marea Alta Phase 2 or San Leandro Senior housing) construction of 85 units of affordable rental senior housing was well on the way to being completed. In March 2018 the lottery was conducted and there were 2,236 lottery applicants for the 22 of the 85 available units. The other units were filled from the Housing Authority of Alameda County Section 8 wait list.
- In 2018 City of San Leandro Housing Division staff worked with Eden Housing to pursue Greenhouse Gas Reduction Fund, Affordable Housing and Sustainable Communities grant and loan funding for an affordable housing development near the San Leandro BART station in 2018.

The application was unsuccessful in securing funds. Eden Housing worked independently to apply for other housing development subsidies in 2018.

GOAL 56: AFFORDABLE HOUSING CONSERVATION

- In 2018 City Housing Division staff actively worked with Rebuilding Together Oakland/East Bay to establish their program for City residents. In 2018 there were 15 home rehabilitation grants awarded and completed under the CDBG program. Additionally, under the Trailer Haven program there were 7 rehab grants approved with 4 of those grants completed and closed in 2018.
- In July 2018 the City Council began deliberations to consider a Mobilehome Rent Stabilization Ordinance.

GOAL 58: HOUSING FOR THOSE WITH SPECIAL NEEDS

- 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 29 Fair Housing complaints of housing discrimination.

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

- Conduct an analysis and prepare a multi-year report (2016-2019) 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;
- Make progress towards a Mobilehome Rent Stabilization Ordinance
- Begin the process to amend the Inclusionary Zoning Ordinance to consider enhanced housing in lieu fee options; and
- Establish a more streamlined monitoring system for Below Market Rate/Inclusionary Rental Housing Units.

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.

On September 4, 2018, Housing Services staff presented the findings of the 2017 Annual Progress Report submitted to the California Department of Housing and Community Development.

ATTACHMENT

Attachments to Staff Report

- Attachment A: 2018 Housing Element Residential Housing Production Summaries
- Attachment B: 2018 Housing Element Annual Progress Report for the City of San Leandro

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