



CITY OF HAYWARD
AGENDA REPORT

AGENDA DATE 12/07/99
AGENDA ITEM 4
WORK SESSION ITEM _____

TO: Mayor and City Council
FROM: Director of Community and Economic Development
SUBJECT: Preliminary ABAG Regional Housing Needs Determinations

RECOMMENDATION:

It is recommended that the City Council review this report and provide direction to staff with regard to the preparation of comments to be forwarded to the Association of Bay Area Governments.

BACKGROUND:

The Association of Bay Area Governments (ABAG) has recently released the preliminary Regional Housing Needs Determinations for review and comment by local jurisdictions. The Housing Needs Determinations represent housing production goals by various income categories for the 1999-2006 period, which is the time frame that must be addressed in the next update of each local jurisdiction's Housing Element. The Regional Housing Needs Determinations for Hayward and other cities within Alameda County are presented in Exhibit A. The 90-day local review period for the Housing Needs Determinations will end on March 1, 2000.

Total Regional Housing Need

The total Regional Housing Need has been determined through negotiations between ABAG and the State Department of Housing and Community Development (HCD). It should be noted that the Housing Needs Determinations are goals and are not meant to match, and often exceed, anticipated growth in housing units. For example, ABAG's *Projections 2000* is forecasting an increase of approximately 177,000 households in the Bay Area over the next seven years, whereas HCD has established a regional housing need of over 230,000 housing units during the same time period. HCD's estimate of housing need is over 25% greater than ABAG's forecast of new households. This is because the HCD Regional Housing Need number is based on other factors in addition to the number of new households. These factors address the number of new housing units needed to accommodate projected employment, to achieve optimal vacancy rates, and to replace demolished or deteriorating dwelling units.

Allocation of Regional Housing Need

Allocation of the Regional Housing Need among local jurisdictions is based on the forecasts of population, households, and employment contained in ABAG's *Projections 2000*. Staff reviewed the draft projections for the Hayward area with the City Council on October 5, 1999. The final

projections were released by ABAG on December 3, 1999. According to the methodology adopted by ABAG, the projected growth in households and employment for each jurisdiction during the next seven years was compared to the projected growth for the region. The resulting percentages were then applied to the Regional Housing Need number to determine each jurisdiction's share of the housing need. As noted above, the total Regional Housing Need as determined by HCD is significantly greater than the number of new households forecast by ABAG. Consequently, all local jurisdictions have been assigned a housing need that is greater than the projected growth in new housing units. For example, whereas in Hayward approximately 1,500 new households are anticipated during the 1999-2006 period according to *Projections 2000*, the City's share of the Regional Housing Need has been determined to be 1,861 housing units.

Given the methodology adopted by ABAG, staff has no significant concerns with Hayward's allocation of the total Regional Housing Need. This allocation is consistent with recent housing construction trends as well as the level of development permissible under the existing General Plan. The total housing need of 1,861 units translates into a yearly housing need of 248 units. The average annual rate of new construction in Hayward since 1990 has been approximately 260 units. Based on adopted development policies and recently approved projects, staff estimates that new housing construction will continue at about the same rate over the short-term period.

Distribution of Housing Need by Income Category

In addition to allocating the total Regional Housing Need among local jurisdictions, ABAG is required by the state to identify each local jurisdiction's "fair share" of the need for affordable housing. Based on the methodology adopted by ABAG, the housing need is to be distributed among the following household income categories: very low (below 50% of the regional median income); low (between 50% and 80% of the regional median income); moderate (between 80% and 120% of the regional median income); and above moderate (over 120% of the regional median income). The resulting housing need numbers are targets that each jurisdiction must address in its own Housing Element (refer to Exhibit A).

The methodology adopted by ABAG to distribute the total housing need by income category reflects the goal of moving the existing distribution within each jurisdiction toward the existing regional distribution. The specific formula adopted by ABAG averages the jurisdiction's existing (1990) distribution by income category with the regional distribution by income category and then applies those percentages to the jurisdiction's total housing need. For example, while very low-income households comprise approximately 20% of the total households within the region, in Hayward these households represent about 24% of the total households. The average of these percentages is 22%, which is then applied to Hayward's total housing need. According to ABAG, the objective of this adjustment is to ensure that jurisdictions that have historically produced affordable housing will not be overburdened by being assigned a disproportionate share of low and very low-income housing units based on their existing distribution.

While supportive of ABAG's efforts to recognize local jurisdictions that have historically produced affordable housing and to rectify existing inequities in the distribution of lower-income households, staff remains concerned that these efforts do not go far enough. During the process of developing ABAG's methodology, alternative formulas were proposed, and ultimately rejected, that would

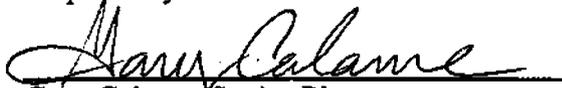
have accelerated the movement of each jurisdiction's income distribution toward the regional income distribution. One would have simply applied the existing regional percentages to each jurisdiction's total housing need. Another alternative represented a more aggressive approach in that the local jurisdiction's share of the need was adjusted by the difference between its percentage and the regional percentage for a given income category. Under any of the various alternatives, it appears that jurisdictions with high concentrations of lower-income households, unless relieved of all responsibility, would continue to carry a disproportionate share of the burden of providing new housing affordable to those households, until such time as equity is achieved throughout the region.

Impact on 70% Owner-Occupied Housing Goal

According to the Regional Housing Needs Determinations, approximately one-third of the housing units built in Hayward over the next seven years should be affordable to low and very low-income households. Most low and very low-income households cannot afford to become homeowners. Consequently, meeting the need for housing affordable to low and very low-income households as determined by ABAG may not allow the City to maintain the current pace toward reaching its goal of 70% owner-occupied housing. The City has seen considerable progress toward this goal over the past decade. Most of the new housing constructed in Hayward since 1990 has been for-sale units, whether single-family detached homes, townhouses or condominiums. Also, housing programs have been developed by the City to provide assistance to moderate-income households in buying their own homes. As a result, the percentage of owner-occupied housing units has increased from 51.1% in 1990 (20,919 units) to 52.4% at the beginning of 1999 (22,625 units).

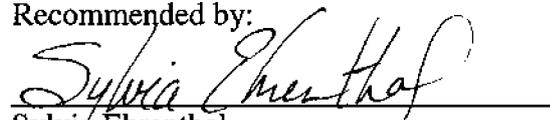
Accommodating the need for more housing affordable to low and very low-income households, while at the same time providing increased opportunities for homeownership, is one of the major housing issues that will need to be addressed during the update of the Housing Element. Work on updating the City's Housing Element is anticipated to begin in mid-2000. Pursuant to state law, Bay Area jurisdictions must complete updates of their housing elements by July 1, 2001.

Prepared by:



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Recommended by:



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Approved by:



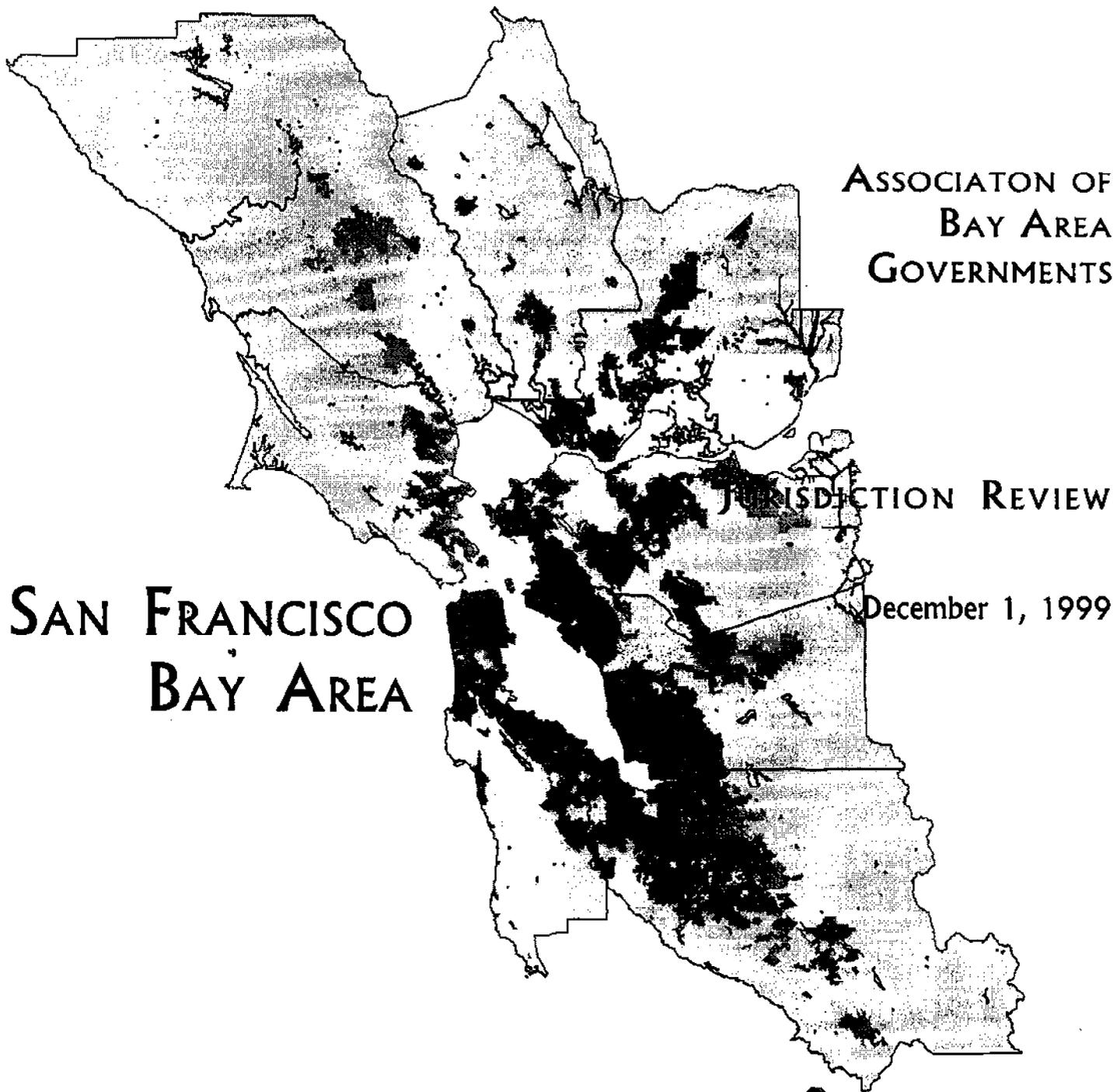
Jesús Armas, City Manager

Attachments: Exhibit A – Preliminary Regional Housing Needs Determinations

11.19.99

REGIONAL HOUSING NEEDS DETERMINATIONS

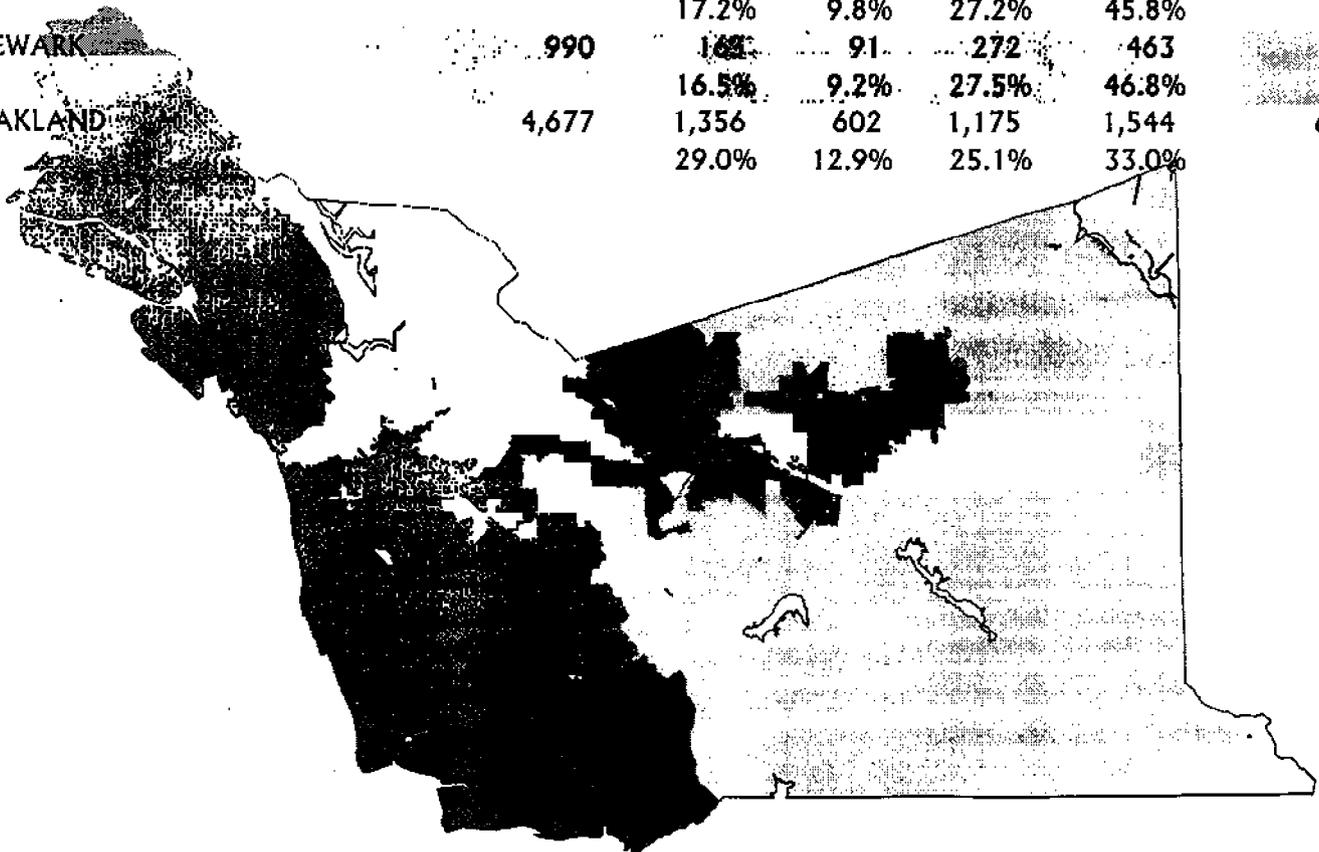
1999-2006 Housing Element Period



ABAG Regional Housing Needs Determination
 Construction Need Distributed By Income Category
 1999-2006 Housing Element Period
 Alameda County

HCD Regional Housing Need
 230,743

Jurisdiction	Regional Allocation of HCD Units	Very Low	Low	Moderate	Above Moderate	Average Yearly Need
ALAMEDA	1,559	321 20.6%	196 12.6%	437 28.0%	605 38.8%	208
ALBANY	132	31 23.2%	16 12.2%	36 27.6%	49 37.0%	18
BERKELEY	721	201 27.9%	88 12.2%	175 24.2%	257 35.6%	96
DUBLIN	4,891	720 14.7%	495 10.1%	1,285 26.3%	2,391 48.9%	652
EMERYVILLE	677	156 23.0%	85 12.5%	195 28.8%	241 35.6%	90
FREMONT	6,612	1,067 16.1%	649 9.8%	1,774 26.8%	3,122 47.2%	882
HAYWARD	1,861	441 22.0%	232 12.5%	544 29.2%	674 36.2%	248
LIVERMORE	3,888	669 17.2%	381 9.8%	1,059 27.2%	1,780 45.8%	518
NEWARK	990	163 16.5%	91 9.2%	272 27.5%	463 46.8%	132
OAKLAND	4,677	1,356 29.0%	602 12.9%	1,175 25.1%	1,544 33.0%	624



Regional Housing Needs Jurisdictional Review Numbers

ABAG Regional Housing Needs Determination
 Construction Need Distributed By Income Category
 1999-2006 Housing Element Period
 Alameda County (Continued)

HCD Regional Housing Need
 230,743

Jurisdiction	Regional Allocation of HCD Units	Very Low	Low	Moderate	Above Moderate	Average Yearly Need
PIEDMONT	30	4	2	6	17	4
		13.6%	8.1%	19.8%	58.4%	
PLEASANTON	4,537	656	424	1,101	2,356	605
		14.5%	9.3%	24.3%	51.9%	
SAN LEANDRO	1,024	259	129	293	371	136
		22.5%	12.6%	28.6%	36.2%	
UNION CITY	2,626	457	263	747	1,159	350
		17.4%	10.0%	28.5%	44.1%	
Unincorporated	11,763	3,962	1,739	3,064	2,998	1,568
		33.7%	14.8%	26.0%	25.5%	
Total Incorporated	34,225	6,441	3,654	9,100	15,030	4,563
Alameda County Total	45,988	10,403	5,394	12,164	18,028	6,132

