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DATE: September 16, 2008

TO: Mayor and City Council

FROM: Director of Community and Economic Development

SUBJECT: Authorize the City Manager to Negotiate and Execute a Contract with a Consultant for the Preparation of the Housing Element Update

RECOMMENDATION

That Council adopts the attached resolution authorizing the City Manager to negotiate and execute a contract with Veronica Tam and Associates.

BACKGROUND

State law requires every California city to adopt a general plan, which must include seven elements, including housing. Unlike other mandatory general plan elements, the housing element, which is required to be updated every five years, is subject to detailed statutory requirements, housing element law, and a mandatory review by the State Department of Housing and Community Development. The requirements in place reflect the State's recognition that the availability of housing is a matter of statewide importance. The current Housing Element was adopted by the Council on October 21, 2003.

Each housing element planning period begins with the State allocating each region its share of the statewide housing need. Housing element law requires the Association of Bay Area Governments (ABAG) to prepare a Regional Housing Needs Plan. This Plan details the number of housing units allocated to each city and county in the Bay Area and specifies the number of units that must be accommodated in each of four affordability categories. Hayward's previous and current Regional Housing Needs Allocation (RHNA), as well as the actual number of units constructed during the previous planning period are detailed below:

	Number of Housing Units				TOTALS
	Very Low	Low	Moderate	Above Moderate	
1999-2006 Allocation	625	344	834	1,032	2,835
Units constructed during '99 – '06	40	24	831	1,724	2,619
% of allocation constructed	6.4	6.9	99.6	167	92.4
2007-2014 Allocation	768	483	569	1,573	3,393

DISCUSSION

The purpose of the Housing Element is to identify local housing issues within the broader regional context, determine associated housing needs, and set forth a housing strategy which will address those needs, consistent with adopted goals and policies. The Housing Element is required to demonstrate that the City has sufficient and appropriately zoned land to accommodate the development of the housing units identified in Hayward's allocation, which is considered the City's fair share of regional housing needs.

The previous Housing Element was prepared by the City's Neighborhood and Economic Development staff. Given staff's workload, the short timeframe, and the complexities associated with the recent changes to Housing Element law, the decision was made to hire a consultant for the current planning period.

Staff issued a request for proposals and received five proposals from the following firms: Hogle-Ireland, Lisa Wise Consulting, PMC, RBF, and Veronica Tam & Associates. The two most expensive proposals (Lisa Wise Consulting and RBF) were from the two firms with the least amount of experience preparing housing element updates for cities similar to Hayward. On August 22, 2008, staff interviewed representatives from Hogle-Ireland, PMC, and Veronica Tam & Associates.

Each firm made a short presentation and answered questions from City staff. Based on a combination of the written proposals and the interviews, staff ranked Veronica Tam and Associates (VTA) first. Reasons for the selected firm's ranking include experience in developing housing elements during this planning period, familiarity with current law, established relationships with staff at the Department of Housing and Community Development, and price. VTA's proposal is the least expensive of the five received. Also, VTA is a specialty firm that only works on housing elements and related housing policy planning and comes with excellent references. The consultant's responsibilities will include review of current City ordinances and housing policies for consistency with State law, preparation of materials for public meetings, preparation of all drafts of the housing element, and to serve as the City's liaison with HCD. Staff recommends the Council authorize the City Manager to negotiate and execute a contract with VTA.

The State Attorney General's office is encouraging cities to address climate change in their housing elements. The City is in the process of preparing a Climate Action Plan (CAP) and is looking for

ways to reduce greenhouse gas (GHG) emissions. An important part of the CAP will be a focus on reducing dependence on automobiles by developing more homes, jobs and services near public transit. Staff expects the updated housing element to incorporate policies supporting more transit-oriented-development. Such policy is aligned with regional policies that were considered by ABAG in developing the RHNA numbers for jurisdictions in the Bay area.

Recent changes in State law will require several other new topics to be addressed in the updated housing element. The various bills affecting Housing Element law are listed in Exhibit A.

FISCAL IMPACT

The City's recently adopted budget includes \$100,000 for the housing element update. The Advanced Planning Division budget provides \$75,000 and \$25,000 has been allocated from Redevelopment Agency's low and moderate housing fund. With the consultant cost of \$71,830, \$28,170 will be available from these line items to cover material costs and a portion of the anticipated staff costs associated with the project.

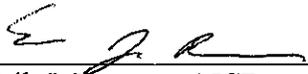
PUBLIC CONTACT

Three community meetings are planned, the first of which is to occur in November or December of this year. In addition, the public will have an opportunity to comment on the document at work sessions with the Planning Commission and City Council, and at least two public hearings before both the Planning Commission and City Council. The consultant cost cited above includes the two optional tasks outlined in the proposal. One optional task is to conduct focus group meetings that will reach out to service providers, housing professionals, developers, and community groups. The other optional task is to solicit input from the community via a web-based and written survey that can be distributed at community meetings and neighborhood locations.

SCHEDULE

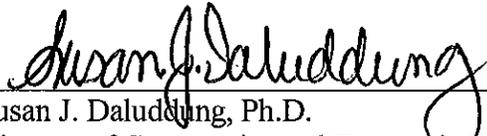
As indicated in the attached timeline (Exhibit B), a work session with the Council is planned for either November or December to gather comments on the strategies intended to be used to address the various State requirements, as well as to receive any general comments regarding items that should be addressed in the document. The adopted housing element is required to be submitted to the State by June 30, 2009.

Prepared by:



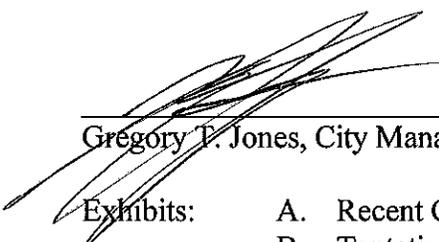
Erik J. Pearson, AICP
Senior Planner

Recommended by:



Susan J. Daludding, Ph.D.
Director of Community and Economic Development

Approved by:



Gregory T. Jones, City Manager

Exhibits: A. Recent Changes to Housing Element Law
 B. Tentative Project Timeline

Resolution

9/5/2008

Recent Changes to Housing Element Law

- **SB 2 (Cedillo, 2007):** Requires local jurisdictions to strengthen provisions for addressing the housing needs of the homeless, including the identification of a zone or zones where emergency shelters are allowed as a permitted use without a conditional use permit and allowing transitional and supportive housing types as residential uses. This legislation took effect January 1, 2008, and will apply to jurisdictions with housing elements due June 30, 2008, and after.
- **AB 2348 (Mullin, 2004):** Requires a more detailed inventory of sites to accommodate projected housing needs and provide greater development certainty.
- **AB 1233 (Jones, 2005):** If the prior Element failed to identify or implement adequate sites, the local government must zone or rezone to address this need within one year of update. This is in addition to the new projected need.
- **AB 2634 (Lieber, 2006):** Requires quantification and analysis of existing and projected housing needs of extremely low-income households. Elements must also identify zoning to encourage and facilitate supportive housing and single room occupancy units.
- **AB 2511 (Jones, 2006):** Anti-NIMBY protections and no net loss requirement. Added potential penalties for non-reporting of annual General Plan progress report.
- **SB 1087 (Florez, 2005):** Requires local governments to immediately forward adopted Housing Element to water and sewer providers.
- **SB 575 (Torlakson, 2005):** Strengthens prohibitions against arbitrary denials of affordable housing projects. Amends finding allowing project denial if inconsistent with zoning and General Plan. This finding may no longer be made if the project identified in Element is suitable to meet low- or moderate-income need or if Housing Element did not identify adequate sites.
- **SB 2292 (Dutra):** Requires that local governments retain the residential zoning densities that they refer to in their approved housing elements.
- **SB 375 (Steinberg) (not yet adopted):** Reduction of vehicle miles traveled. This bill would change the process for planning for GHG reductions from cars and light trucks on a regional basis and could result in a change in the RHNA planning process to align with the regional transportation planning process to create an eight year planning period.

Proposed Schedule for Housing Element Update

2008	
Obtain city council authorization to execute contract	September 16
Execute contract with selected consultant by:	September 30
Consultant and city staff kick-off meeting	October 7
First Community Meeting and Planning Commission and City Council Work Sessions	Nov - early December
2009	
First draft of Housing Element Update (HEU), by:	January 30
Second Community Meeting	February
First Draft of HEU to Planning Commission	February
First Draft of HEU to City Council	February
First Draft of HEU submitted to State Department of Housing and Community Development (HCD) by:	March 6
Release of draft Initial Study/Mitigated Negative Declaration (IS/(MND)	May 8
Comments re First Draft of HEU received from HCD	May 8
Second draft of HEU update prepared by: (assumes 30 days to respond to HCD comments)	June 5
Third Community Meeting	Early June
Final Draft of HEU and CEQA Document to Planning Commission	Mid June
Final Draft of HEU and CEQA Document to City Council for adoption	Late June
ADOPTED HOUSING ELEMENT DUE TO STATE HCD BY:	June 30
Hayward Housing Element Certified by HCD by:	September 30

