City of Morgan Hill

Housing Element

Adopted February 18, 2015

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1.1 BACKGROUND AND INTRODUCTION

1.1.1 PURPOSE OF THE HOUSING ELEMENT

The Housing Element of the General Plan is Morgan Hill's comprehensive statement of its housing needs and goals. It identifies actions to meet the housing needs of the full spectrum of city residents at all income levels. The policies contained in this Element are a local expression of the statewide housing goal of "attaining decent housing and a suitable living environment for every California family." The Housing Element reflects the concerns of the community such as protecting the unique character of the city, discouraging developments outside the city's urban service area, and preserving a greenbelt legacy for future generations, all key objectives of the City's Residential Growth Control System ordinance (RDCS). The purpose of the Housing Element is to establish specific goals, policies, and objectives relative to the provision of housing for all income levels, and to adopt an action plan toward this end. In addition, the Element identifies and analyzes housing needs, as well as resources and constraints related to meeting those needs.

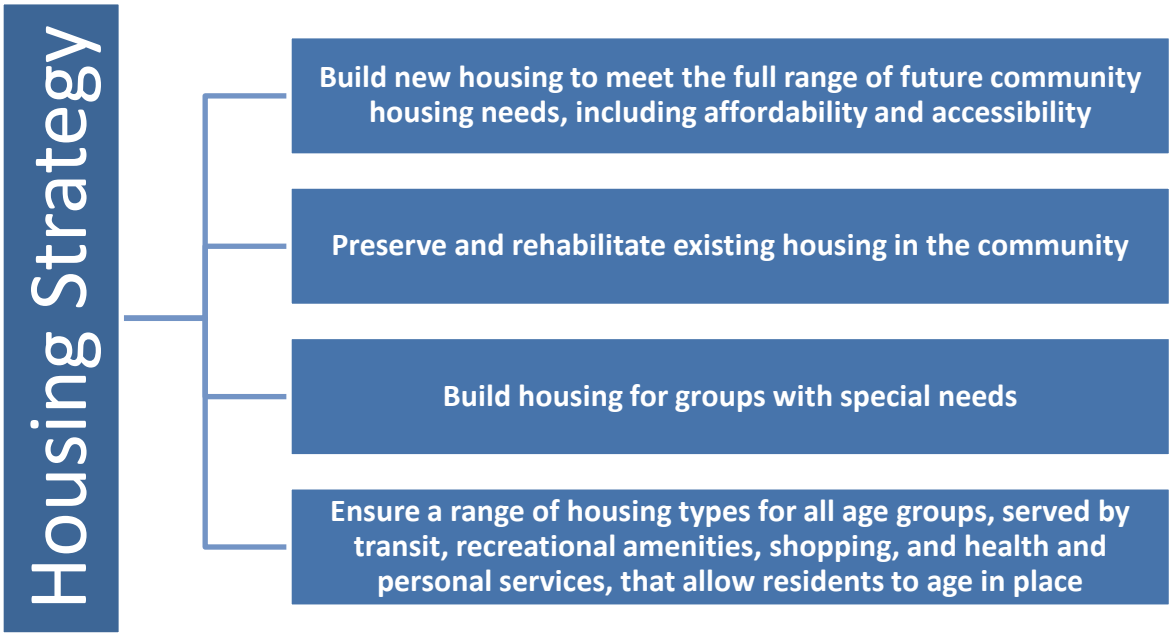
This Housing Element builds on the City's past Housing Element, which was certified by the State Department of Housing and Community Development in 2010. The current Housing Element, focused on the 2015-2023 planning period, meets the City's Regional Housing Needs Allocation (RHNA) determined by the Association of Bay Area Governments (ABAG). The element is based on three strategic goals: (1) provide an adequate supply of housing to meet future needs, (2) preserve the existing housing supply, and (3) provide adequate housing for groups with special needs.

In accordance with State law, the Housing Element must be consistent and compatible with other General Plan elements. Additionally, the Housing Element should provide clear policy and direction for making decisions pertaining to zoning and development standards, subdivision approvals, housing allocations under the RDCS, and capital improvements. The Housing Element must contain:

- An assessment of housing needs and an inventory of resources and constraints relevant to meeting those needs.
- A statement of the community's goals, quantified objectives, and policies relevant to the maintenance, improvement and development of housing.

- A housing action program that sets forth an eight-year schedule of actions that the local government is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the Housing Element. The structure of Morgan Hill's housing strategy involves policies and actions that facilitate the goals shown in Figure 1-1.

Figure 1-1 Structure of Morgan Hill's Housing Strategy



The housing action program must also identify adequate residential sites available for a variety of housing types for all income levels; assist in developing adequate housing to meet the needs of lower and moderate income households; address governmental constraints to housing maintenance, improvement, and development; conserve and improve the condition of the existing affordable housing stock; and promote housing opportunities for all persons.

Although the Housing Element must follow State law it is by nature a local policy document. The focus of the updated Housing Element is on the needs, desires, and vision of Morgan Hill residents.

1.1.2 PROCESS OF PREPARING THE HOUSING ELEMENT

The 2015 update of the Housing Element builds upon the 2010 update, which involved an extensive community process. During the 2010 update, the Morgan Hill City Council created a twelve-member Housing Element Update Task Force to provide guidance and technical assistance throughout the update

process. The Task Force met nine times in 2008 and 2009. The initial focus of Task Force meetings was an analysis of the current Housing Element and the identification and discussion of potential changes, followed by discussion of specific policy options. All of the Task Force meetings were noticed and open to the public.

The 2014 update is intended for Streamlined Review by the California Department of Housing and Community Development, which encourages targeted updates to the Housing Element rather than a wholesale revision. While this update has not necessitated the creation of an entirely new housing advisory Task Force, the City has solicited community feedback. The City is currently in the process of updating the entire General Plan at the same time as this Housing Element update, and has been able to take advantage of the community participation elements created for that process. Morgan Hill 2035 has provided a forum for community and policymaker input into this Housing Element Update.

These opportunities for community input have taken the form of:

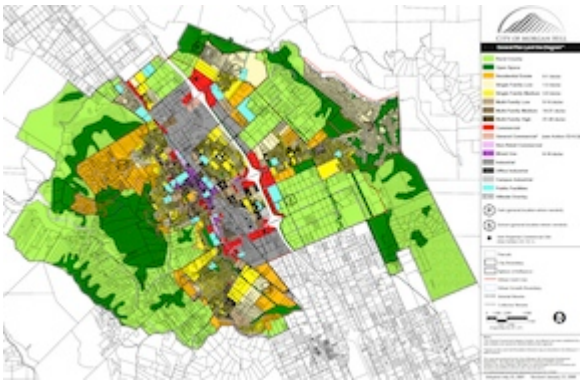
- Two series of stakeholder interview focus groups, soliciting ideas from local business leaders, retail brokers, property owners and developers, housing advocates and builders, government partners, residents, and non-profit partners. One interview series specifically addressed housing issues. For both interviews, the City emailed an invitation to a list of over 75 local housing advocates, developers, and interested residents, including the Housing Trust of Silicon Valley, the Housing Action Coalition, the Santa Clara County Housing Authority, Neighborhood Housing Services, South County Housing, Eden Housing, EAH Housing, Habitat for Humanity, ROEM, KB Homes, the Lewis Group, the Dahlin Group, Barry Swenson Builders, Summerhill Homes, DR Horton, and Signature Homes.
- A General Plan Advisory Committee (GPAC), which is appointed by the City Council and provides guidance on the General Plan Update process, including the Housing Element. The GPAC meetings are publicly noticed meetings, and are publicized throughout the community, so that stakeholders not appointed to the GPAC itself may participate and give input. In March 2014, the GPAC held a meeting specifically focused on changing demographics in Santa Clara County and resulting changes in housing needs for senior citizens and Millennials.
- A Spanish-language meeting held immediately after the Spanish-language Mass at St. Catherine's Parish at the Parish community room. A native Spanish speaker from City staff facilitated the meeting, which solicited input on a wide range of General Plan topics. Participants expressed concerns that there is not enough rental housing in Morgan Hill; that housing prices are unaffordable; and that there is not enough variety in the housing stock. They also noted that the list to receive housing assistance or be considered for a below-market-rate (BMR) unit is too long. A community workshop at which community members provided input into the vision and goals for the updated General Plan, including the Housing Element. Specifically, the community suggested that a new goal addressing housing needs for an aging population be added to the Housing Element.

- Joint Study Sessions involving the Planning Commission and City Council to consider vision statement components and growth scenarios that impact future housing development.

The context for housing in Morgan Hill has not significantly changed since the 2010 update. Accordingly, the community input resulted in minimal change to the Housing Element goals, other than clarifying and strengthening the impact of existing goals. The one additional goal the community suggested has been added to the Housing Goals, Policies, and Actions: supporting residents to age in place by providing services, facilities and transit for all age groups.

The concurrent General Plan Update also has repercussions for the Housing Element. The City has worked with the GPAC, Planning Commission, City Council, and community to prepare a set of alternative land use scenarios for the General Plan. The land uses selected as part of the General Plan will impact the location, type and quantity of housing that will be developed in Morgan Hill. This Housing Element's analysis of land available for housing, shown in Section 1.4 (Available Land Inventory), takes these alternative scenarios into account.

1.1.3 CONSISTENCY WITH THE MORGAN HILL GENERAL PLAN



The City of Morgan Hill is a General Law City and is subject to the requirements of State law. One of the State's planning law requirements is that all of the goals and policies of the City's General Plan elements must be internally consistent. Internal consistency of Morgan Hill's General Plan has been achieved by ensuring that all elements are mutually supportive. Further, consistency is provided by assuring that all elements of the General Plan meet State law requirements. The Housing Element addresses all State requirements, including relevant legislation enacted subsequent to adoption of the previous Element. It contains information on housing constraints and actions to deal with constraints; and reflects recent population, housing, land use, environmental, and employment data.

The Housing Element includes information on the number of units required to meet Morgan Hill's housing needs, and its share of the regional housing need (RHNA). Sites with development potential that align with

the City's housing needs are evaluated, consistent with the land use designations contained in the General Plan. The entire General Plan, including this revised Housing Element, reaffirms City goals by: (1) acting as a guide for municipal decisions which affect the quality and quantity of housing; and, (2) maintaining Morgan Hill's present quality of life by balancing the availability of housing with other considerations.

The Housing Element is also consistent with Morgan Hill's Downtown Specific Plan, which was adopted in November 2009.

1.2 KEY FINDINGS OF THE BACKGROUND ANALYSIS

1.2.1 DEMOGRAPHIC AND HOUSING TRENDS

Morgan Hill today is a suburban bedroom community that is located approximately 20 miles south of downtown San Jose and the major employment centers of Silicon Valley. Its housing stock is made up primarily of single-family homes and small-to-medium sized rental apartment complexes. Many growing families call it home, and it is not unusual to find many people who have lived in the community for decades.

Morgan Hill experienced dramatic growth in the late 1960s through the late 1970s, which caused its residents to enact a managed growth voter initiative to ensure that growth of population did not outpace growth in school, sewer, and other infrastructure capacities. Since that time Morgan Hill has grown at a more planned and sustainable pace. Based on current estimates, the City will continue to accommodate growth projections. Growth will likely be at a slower pace in the near-term due to the current economic and market conditions. Over time, Morgan Hill has developed vibrant employment centers and the General Plan calls for additional employment growth, with an overall goal of achieving a balance of jobs and housing so that it is less of a bedroom community.

In general, housing is slightly more affordable in Morgan Hill compared to many places in Santa Clara County, but it is still more expensive than state or national averages. While the city's housing stock is meeting the needs of many community members, there are still some areas that need attention. Needs of particular interest include seniors, special needs populations (such as people with disabilities), affordability, and sustainability. Key points are summarized below, with full details of the Housing Needs Assessment contained in Appendices A-E of this document.

1.2.1.1 DEMOGRAPHIC TRENDS AND CONDITIONS

- The City's population (as of 2013) is just over 40,000 people. The annual population growth rate was approximately 1.5 percent between 2000 and 2013. The growth rate has fallen since the average annual rate of 4 percent in the period between 1990 and 2000, but has remained steady in recent years.

- Morgan Hill is a city predominately comprised of families. Approximately 28 percent of the population is under the age of 18, and 79 percent of households are families, higher rates than Santa Clara County as a whole.
- The majority of Morgan Hill residents tend to be well-educated and work in white-collar fields. Approximately 70 percent have attended some college and more than half work in white collar or higher paying occupations. However, manufacturing accounted for the largest share of employment within the City itself, comprising 21 percent of all jobs in Morgan Hill. Consistent with trends throughout the county and state, educational and health services has become an increasingly significant employment sector in Morgan Hill over time, a trend that is likely to continue. The leisure and hospitality industry has represented a growing share of employment in Morgan Hill in recent years, suggesting that the City's recreational and visitor amenities are becoming increasingly significant local employers.
- Approximately 61 homeless individuals were counted in Morgan Hill in 2013, a decrease from 211 counted in 2009. See Appendix C-9 for more information.
- There are more jobs than housing units. Employment opportunity is increasing in Morgan Hill, as reflected by the ratio of jobs to employed residents. According to the Association of Bay Area Governments (ABAG Projections 2009), in 2000 the jobs/employed residents balance was 0.8. In 2035, ABAG projects it will be 0.98. (A jobs/employed residents balance of 1 means there is an equal ratio of employed residents to local jobs.) The largest employers (as of 2011) include Anritsu, Comcast, the Morgan Hill Unified School District, and Safeway.
- The city's senior population is expected to grow quickly in the coming years as the "baby boomer" generation ages and life expectancies increase. Between 2013 and 2018, the number of seniors 65+ in Morgan Hill's population is projected to increase from 10.8 percent of the population to 12.7 percent. Because income tends to decline with age, overpayment for housing is a concern for the majority of seniors.

1.2.1.2 HOUSING TRENDS AND CONDITIONS

- Housing affordability decreased dramatically from 1998 to 2005. In 1998, the median household could afford the median priced home, but by 2005 housing prices were several hundred thousand dollars too expensive for households earning the median income. From 2008 to 2010, as a result of the "Great Recession" and subsequent housing market and lending crises, housing prices became more affordable due to foreclosures and short sales affecting available inventories. In January 2010, the median home price was approximately $485,000, which is nearly affordable to a median income buyer. However, by 2012 the median had risen to $500,000.

- Rental prices in Morgan Hill are relatively affordable and have not changed much in recent years when adjusted for inflation. Many moderate income households, and even some low income households, can afford market rate rents that are at or slightly below calculated moderate income affordable housing cost ranges.
- Approximately 72 percent of households own their homes. Vacancy rates for rental units tend to be low, ranging from less than one percent to just over four percent over the last ten years, as documented by the City's bi-annual rental vacancy surveys.
- Construction has begun again after slowing during the recession. In 2012, 431 housing permits were issued, more than had been issued for the preceding four years.
- Most houses in Morgan Hill are single-family detached, traditional suburban homes. In recent years, the number of single-family attached homes has grown quickly. Of the permits that were issued in 2012, 59 percent were for single-family units (both attached and detached), and 41 percent were for multifamily housing of five units or larger.

1.2.2 FUTURE HOUSING NEEDS

ABAG develops a Regional Housing Need Allocation (RHNA) to distribute the region's share of the statewide housing need to the cities and counties within the region, based on demographic projections, as shown in Table 1-1. The current RNHA is for the 2014-2022 time-period, and is broken into housing needs for various income levels.

With the adoption of Plan Bay Area in July of 2013, ABAG has given increased emphasis in its allocations of housing growth to areas along major transit corridors and to where there are a high number of existing jobs as well as anticipated employment growth. The method for distributing the latest regional housing needs is intended to allocate fewer units to more suburban outlying areas, in order to reduce development pressures on agricultural lands and areas further from major job centers. Benefits of this approach include reduced vehicle miles traveled and reduced greenhouse gas (GHG) emissions. This approach has resulted in a lower "fair share" Regional Housing Need Allocation for Morgan Hill than in previous cycles. This number is further reduced based on new permits issued in 2014. See Section 1.4 (Available Land Inventory), for more information. Lower income households (those making less than $84,900 for a family of four) represent 46 percent of the total RHNA for 2014-2022.

TABLE 1-1 ABAG DEMOGRAPHIC PROJECTIONS 2010-2035

Bay Area	2010	2015	2020	2025	2030	2035	2010-2035 Change
Population	7,150,739	7,461,400	7,786,800	8,134,000	8,496,800	8,889,000	1,738,261
Household Population	7,003,059	7,307,400	7,623,700	7,961,900	8,313,900	8,690,400	1,687,341
Households	2,608,023	2,720,410	2,837,680	2,952,910	3,072,920	3,188,330	580,307
Persons Per Household	2.69	2.69	2.69	2.70	2.70	2.73	0.04
Employed Residents	3,268,680	3,547,310	3,849,790	3,949,620	4,052,020	4,198,400	929,720

Santa Clara County	2010	2015	2020	2025	2030	2035	2010-2035 Change
Population	1,781,642	1,877,700	1,977,900	2,080,600	2,188,500	2,303,500	521,858
Household Population	1,751,292	1,845,800	1,944,800	2,045,800	2,152,100	2,263,900	512,608
Households	604,204	639,160	675,670	710,610	747,070	782,120	177,916
Persons Per Household	2.90	2.89	2.88	2.88	2.88	2.89	-0.01
Employed Residents	802,030	881,770	968,790	1,003,550	1,039,330	1,085,880	283,850

Morgan Hill	2010	2015	2020	2025	2030	2035	2010-2035 Change
Total Population (Jurisdictional Boundary)	37,882	39,900	41,900	43,900	46,100	48,400	10,518
Household Population (Jurisdictional Boundary)	37,496	39,400	41,400	43,400	45,600	47,900	10,404
Households	12,326	12,950	13,590	14,200	14,860	15,500	3,174
Persons Per Household	3.04	3.05	3.05	3.06	3.07	3.09	0.05
Employed Residents	16,870	18,510	20,270	20,940	21,650	22,580	5,710

Source: ABAG Projections 2013.

Bay Area	2010	2015	2020	2025	2030	2035	2010-2035 Change
Agriculture & Natural Resources	24,520	24,870	25,070	25,270	25,470	25,490	970
Construction	213,930	230,970	250,750	278,150	302,180	326,420	112,490
Manufacturing & Wholesale	550,640	588,110	633,360	670,830	716,270	759,610	208,970
Retail	347,400	370,880	399,950	453,870	491,310	529,530	182,130
Transportation & Utilities	166,540	175,570	185,650	190,340	197,690	207,920	41,380
Information	158,710	170,620	186,710	212,010	233,730	253,640	94,930
Financial & Leasing	272,580	289,540	310,840	341,980	368,640	398,190	125,610
Professional & Managerial Services	494,280	534,650	582,710	648,860	707,900	768,070	273,790
Health & Educational Services	638,110	695,010	757,260	804,250	880,850	956,750	318,640
Arts, Recreation & Other Services	482,590	521,110	565,390	598,830	649,080	702,990	220,400
Government	126,540	133,260	143,000	155,510	165,610	178,780	52,240
Total Jobs	**3,475,840**	**3,734,590**	**4,040,690**	**4,379,900**	**4,738,730**	**5,107,390**	**1,631,550**

Santa Clara County	2010	2015	2020	2025	2030	2035	2010-2035 Change
Agriculture & Natural Resources	4,500	4,500	4,500	4,500	4,500	4,500	0
Construction	45,090	49,800	55,070	63,450	71,140	78,170	33,080
Manufacturing & Wholesale	245,750	262,300	282,730	296,870	317,530	339,040	93,290
Retail	83,620	89,170	97,420	114,670	126,820	139,530	55,910
Transportation & Utilities	27,170	28,210	29,560	30,170	31,660	33,810	6,640
Information	42,990	47,300	52,540	60,230	66,520	73,080	30,090
Financial & Leasing	39,570	42,110	46,240	52,400	57,430	63,490	23,920
Professional & Managerial Services	125,790	138,450	154,200	177,640	198,500	219,430	93,640
Health & Educational Services	127,740	141,510	157,310	170,260	191,050	211,220	83,480
Arts, Recreation & Other Services	141,780	154,120	167,050	179,030	197,020	217,030	75,250
Government	22,270	23,760	25,360	28,300	30,320	33,320	11,050
Total Jobs	**906,270**	**981,230**	**1,071,980**	**1,177,520**	**1,292,490**	**1,412,620**	**506,350**

Morgan Hill	2010	2015	2020	2025	2030	2035	2010-2035 Change
Agriculture & Natural Resources	100	100	100	100	90	80	-20
Manufacturing & Wholesale	5,430	5,600	5,770	5,690	5,610	5,590	160
Retail	1,760	1,870	1,980	1,990	2,000	2,030	270
Financial & Professional Services	3,420	3,750	4,110	4,250	4,400	4,600	1,180
Health, Educational & Recreational Services	3,890	4,380	4,930	5,190	5,460	5,800	1,910
Other Jobs	2.970	3,120	3,280	3,320	3,360	3,420	450
Total Jobs	**17,570**	**18,820**	**20,170**	**20,540**	**20,920**	**21,520**	**3,950**

Source: ABAG Projections 2013

1.2.3 AFFORDABLE HOUSING DEFINITIONS

As shown in Table 1-2, approximately 46 percent of the RHNA is required to be affordable to lower income households. However, most of what the State calls affordable housing is better thought of as workforce housing. For example, a family household that the State labels as low income might have annual income over $80,000.

The State limits for the very low, low, and moderate income categories are derived from the income limits updated annually by the U.S. Department of Housing and Urban Development (HUD) and the California Department of Housing and Community Development (HCD). The income limits are based on the median income for the County and are adjusted for household size. Very low income means households earning less than 50 percent of the median income. Low income means households earning 50-80 percent of the median income. Moderate income means households earning 80-120 percent of the median income.

In the context of Housing Elements, affordable housing generally focuses on housing for very low, low and moderate income households, but may also address housing for above moderate income households. Generally, housing that costs no more than 30 percent of household income is considered affordable. This is especially true for lower income families.

So how much do extremely low, very low, low and moderate income households earn and who are they? Below are definitions. The current median income for a four-person household in Morgan Hill (and Santa Clara County) is $105,500.

- **Extremely low income households** earn less than 30 percent of the median household income – or less than $31,850 in 2013 for a four-person household.
- **Very low income households** earn less than 50 percent of the median household income – or less than $53,050 in 2013 for a four-person household.
- **Low (Lower) income households** earn less than 80 percent of the median household income – or less than $84,900 in 2013 for a four-person household.
- **Moderate income households** earn less than 120 percent of the median household income – or $126,600 in 2013 for a four-person household.

- **Above moderate income households** earn more than 120 percent of the median household income, or more than $126,600 in 2013 for a four-person household.

TABLE 1-2 MORGAN HILL REGIONAL HOUSING NEEDS ALLOCATIONS (2007-2014 AND 2014-2022)

	2007-2014		2014-2022	
Income Level	Units	Percent	Units	Percent
Extremely Low	159	12%	137	14.6%
Very Low	158	12%	136	14.4%
Low	249	19%	154	17%
Moderate	246	19%	185	20%
Above Moderate	500	38%	316	34%
Total	1,312	100%	928	100%

Source: Association of Bay Area Governments, 2013.

1.3 CURRENT HOUSING ELEMENT REVIEW AND ACCOMPLISHMENTS

1.3.1 ACCOMPLISHMENTS OF THE CURRENT HOUSING ELEMENT

This section highlights some of the key accomplishments during the previous Housing Element cycle, from 2007 to 2014. This Housing Element builds upon the success of the previous Housing Element since the City completed many of the implementing action programs set out in that document. While in some cases, limited resources, the dissolution of the Redevelopment Agency (RDA), and the economic recession hindered the accomplishment of some programs, most programs have been implemented. For a full review of the previous Housing Element, see Appendix A.

Overall, a significant number of housing units have been built, particularly for seniors. Morgan Hill achieved its quantified housing production objectives for total units and above moderate income units. The City did not accomplish its objectives for extremely low, very low and low income housing during the previous Housing Element cycle. Contributing to this was the dissolution of Morgan Hill's Redevelopment Agency, which had assisted in the production of over 750 affordable ownership and rental units from 1999 until its dissolution in 2011.

In the absence of the Redevelopment Agency, the City continues to encourage and support affordable housing. The City has responded to the difficulty of creating new rental housing complexes by establishing a separate set-aside in the City's Residential Development Control System (RDCS) selection process to allow apartment complexes to have their own competition, adjusting scoring criteria further to facilitate multi-family development, adopting the Downtown Specific Plan, and facilitating Measure A, which exempts 500 units from the RDCS restrictions. The City is also supporting Senate Bill 391, the California Homes and Job Act, which, if enacted, will provide funding for affordable housing statewide.

TABLE 1-3 QUANTIFIED OBJECTIVES (2007-2014) COMPARED TO ACTUAL ACCOMPLISHMENTS

	Extremely Low Comp/Obj	Very Low Comp/Obj	Low Comp/Obj	Moderate Comp/Obj	Above Moderate Comp/Obj	Total Comp/Obj
New Construction	9 / 66	89 / 158	100 / 249	36 /246	1,027 / 500	1,261 / 1,219
Rehabilitation	5 / 56	36 / 56	9 / 56	0 / 56	N/A	50 / 224
Conservation	0 / 176	59 / 213	35 / 51	N/A	N/A	94 / 440

Note: comp = completed; obj = objective.
Source: City of Morgan Hill, 2013.

Some of the particularly noteworthy accomplishments of the current Housing Element include the following:

1. **Met Moderate and Above-Moderate Housing Objectives.** Provided for the orderly creation of new housing, with 1,261 new housing units created since 2007. Approximately 16 percent of the units built have been affordable to very low and low income residents. In the previous housing cycle the City more than met its objectives in all income categories with the help of its active Redevelopment Agency. The affordable units that have been built during the most recent cycle are largely attributable to the City's work establishing affordable and special needs housing as a high priority in the City's RDCS.
2. **Maintained an Active Redevelopment Agency Until its Dissolution.** The Morgan Hill Redevelopment Agency provided housing set-aside funds and applied for funds from State programs to assure sufficient funding for affordable housing projects, helping finance over 750 units and allocating over $32 million for housing. Some of these include the Viale Teacher Housing development on the Northwest corner of Watsonville Road; Calle Sueno; Jasmine Square; Royal Court; Madrone Plaza Phase I, a 95-unit ownership project with 71 units affordable to low and moderate income households; The Crossings, a 24-unit rental apartment acquisition and rehabilitation project; and Horizons, a 49-unit senior apartment project. The Redevelopment Agency was dissolved in 2011. Its Successor Agency has transferred its remaining properties to the City.
3. **Annually Reviewed the Residential Development Control System (RDCS) to Ensure Its Effectiveness.** Recent changes include creating a multi-family rental competition to encourage a more diversified housing stock, incorporating green building/sustainable incentives, variable pricing for BMR units by housing types/zoning, and a senior housing competition.
4. **Provided Downpayment Assistance** to **Homebuyers.** Downpayment assistance was provided to 40 households through the City's Downpayment Assistance Program, although this program has now been defunded due to Redevelopment Agency dissolution.
5. **Provided Assistance to Acquire, Rehabilitate, or Preserve 144 Housing Units, Ensuring They Remain Affordable.** Since 2010, the City has assisted the Horizons, EAH Housing, and Crest

Avenue Rehabilitation projects, as well as the Crossings, a 24 unit acquisition and rehabilitation project. In Fiscal Year 2010-2011, there were five rehab loans totaling $155,780. Since that time, the Rehabilitation Loan Program has been disbanded because Redevelopment funding has ended.

1.3.2 HOUSING ELEMENT PROGRAM REVIEW

The goals, policies, and programs contained in the current Morgan Hill Housing Element remain current as the City moves forward during the next planning period (2015-2023). The overview below focuses primarily on those programs implemented by the Housing Division of the City of Morgan Hill and Santa Clara County to address housing problems in Morgan Hill.

1.3.2.1 CITY OF MORGAN HILL PROGRAMS

Although the goals, policies, and programs remain current, accounting for the updating of dates and quantified objectives, the viability of funding for Morgan Hill's housing programs is uncertain. During the first part of the previous housing cycle, the Morgan Hill Redevelopment Agency provided housing set-aside funds for affordable housing projects, including housing rehabilitation loans, senior housing and mobile home repair grants, below market rate housing, and new development/major rehabilitation/special programs. In 2011, Redevelopment Agencies were dissolved at the State level, and as a result, many of these programs are now unfunded and have been placed on hold. The City is seeking other funding sources. In the meantime, there is $4 million in housing funds remaining from the former Redevelopment Agency, and another $6 million in Supplemental/Educational Revenue Augmentation Funds (SERAF/ERAF) funds will come back to the city from the former agency.

The following descriptions discuss both programs that are currently in operation and those that are currently unfunded and on hold while the City searches for sources of funding to replace the funding eliminated with the dissolution of the Redevelopment Agency. In addition to the remaining $10 million mentioned above, one hope for a continuing source of funding is Senate Bill 391, the California Homes and Jobs Act, which would provide statewide funding for affordable housing.

1.3.2.2 ONGOING PROGRAMS

The *Below Market Rate Housing (BMR) Homeownership Program* helps qualifying buyers obtain affordably priced homes. The homes are typically provided by developers based on Development Agreement commitments

they make as part of the annual building allotment competitions, resulting from the City's Residential Development Control System approved by voter initiative in November 1977 and subsequently extended and amended in 1990, 2004, 2006 and 2009. Between 1990 and 1997, 185 new BMR housing units were produced in Morgan Hill, of which 93 were lower income, 86 were median income, and six were moderate income units. Since 1998, 67 units were constructed under the BMR program including 61 lower income units and six median income units. A total of 252 units have been constructed under this program since 1990. The City currently has over 500 first time homeowners in the program.

Participating homebuyers must be income eligible and be pre-approved to be able to financially qualify for a fixed-rate, fixed-term mortgage, and must have a minimum 3 percent down payment from their own funds in order to purchase a home. Eligible applicants are placed on a waiting list until the opportunity to purchase a unit becomes available either through new construction or resale of an existing unit. Priority on the waiting list is provided for buyers who live or work within the city limits. This program helps low and moderate income households purchase homes that are affordable and adequate to their needs. It also prevents affordable homes from being sold to persons with little or no income obstacles, maintaining a larger base of affordable homes in the area. Home prices range from $264,000 for a low income, two-bedroom home to $439,000 for a moderate income, four-bedroom home. At the time of sale, properties will have a resale/owner occupancy/option to purchase restriction recorded on the title in order to preserve the long term affordability of the unit.

Without a funding source to potentially preserve BMR units via acquisition, as was the practice when there were funds available from the Redevelopment Agency, more units with affordability covenants will be lost from the program. The City currently receives approximately $300,000 annually in loan repayments, which can serve to fund new loans and help fund loan administration with the City's remaining funds.

In addition to the BMR Homeownership Program, the City offers the *Below Market Rate Housing (BMR) Rental Program,* which provides rental assistance to lower income households. The BMR Rental Program currently has 45 units, in addition to over 1,300 affordable rental units created through RDCS competitions. Like the City's BMR Ownership program, the BMR rental units result from developments that have obtained allocations from the RDCS competitions. BMR Rental Program applicants must be income eligible and be a resident of Santa Clara County or employed in Morgan Hill. Eligible participants are placed on a waiting list and referred to rental complexes when a BMR rental unit becomes available. Eligible participants must also meet the individual leasing requirements of the participating apartment complexes to receive housing. These requirements may include a credit check, a criminal background check, a security deposit (first and last months' rent), references, etc. to assure the owner/property manager that a potential tenant is responsible.

Referred tenants must be re-certified annually. Current BMR rental rates range from $625-$818 for a one-bedroom unit rented to a very low income household, to $1,475 to $1,519 for a four-bedroom unit rented to a lower income household. Most rents include utilities.

As with the BMR Homeownership Program, the City is required to administer the program. The City is searching for other funding sources to sustainably fund the costs of administration.

To replace the *Blight Busters* program that was defunded due to the dissolution of the Redevelopment Agency, the City is starting a *Below Market Rate Rehabilitation Program*, expected to be operational in Spring of 2014. This program will provide assistance to BMR homeowners and seniors who need help with repairs.

1.3.2.3 PROGRAMS WITH UNCERTAIN FUNDING

The City has historically offered a *Housing Rehabilitation Loan Program* in order to maintain and improve housing conditions and Morgan Hill's stock of affordable housing. This program provided loans to lower income owner-occupants of single-family dwellings and owners of rental housing with income-qualified renters. The loans were available to qualifying homeowners and owners of rental properties in which at least 51 percent of the rental units were occupied by lower income tenants. Loans could be used for accessibility upgrades, emergency repairs, plumbing and heating, electrical and lighting work, earthquake retrofitting, fire prevention, security and safety items, roofing, handicapped accessibility, termite and dry rot repair, and other improvements approved by the City. Loans typically ranged up to $40,000 without separate City Council approval of individual projects, depending on the work needed and the type of unit being repaired. Interest rates typically ranged from 3.0 percent to 7.0 percent. The maximum loan term was typically 55 years, and could be amortized or deferred.

Before and After Examples of Rehabilitation Projects

	Jasmine Square	Villa Ciolino	Royal Court
Before			
After			

Rehabilitation loans were financed through Redevelopment Agency 20 Percent Set-Aside Funds and CDBG monies. Five loans were granted in the amount of $155,780 during Fiscal Year 2010/2011, the last year that the program was in operation. The housing rehabilitation loan program has been effectively eliminated due to the dissolution of the Redevelopment Agency.

The *Minor Home Repair Grant Program* was broken into two subprograms: the *Senior/Special Needs Housing Repair Program* and the *Mobile Home Repair Program*. The Business Assistance and Housing Services Department administered both programs. Although eligibility requirements differ slightly, both programs allowed eligible applicants to receive a home repair grant of up to $7,500. Eligible persons were required to meet homeownership, age, disability, and income requirements for the Senior/Special Needs Housing Repair Program or mobile home ownership and income limits for the Mobile Home Repair Program. Eligible repair work included: accessibility upgrades, emergency repairs, plumbing and heating, electrical and lighting work, earthquake retrofitting, fire prevention, security and safety items, roofing, termite and dry rot repair, and other improvements approved by the City.

The Redevelopment Agency's Affordable Housing Set-Aside Funds funded approximately 828 grants for mobile home and senior home repair, and clean-up/paint. This program has been defunded due to dissolution of the Redevelopment Agency.

1.3.2.4 SANTA CLARA COUNTY HOUSING PROGRAMS

The Housing Authority of Santa Clara County administers the Section 8 Housing Assistance Payments Program (Section 8). This program links landlords with tenants eligible for rental assistance. Section 8 guarantees landlords fair market rent while providing subsidies for tenants in rental properties. Section 8 tenants are those elderly, handicapped, or very low or extremely low income families needing help to secure decent housing. Morgan Hill is participating in this program to encourage landlords to accept Section 8 vouchers, and will be on the list of cities in the rent subsidy program. The County has four Federal grant programs to assist eligible persons seeking permanent, transitional, or emergency housing-related services. Currently, 272 Morgan Hill households use Section 8 housing choice vouchers. There are 252 households on the waiting list for vouchers from Morgan Hill. However, this number underestimates need because the waiting list was last opened in 2005 for one week.

Community Development Block Grants (CDBG)

Morgan Hill participates in the **Santa Clara County CDBG Urban County Program** that provides funding to urban county cities and nonprofit agencies to enable them to offer housing and housing-related services to eligible lower income persons including seniors, persons with disabilities, the homeless, and battered spouses. The program provides approximately $130,000 annually in funding for each participating city for the acquisition, construction, or rehabilitation of affordable housing, public facilities, and services for lower income persons. Each of the Urban County cities develops its own local funding priorities based on the overall community needs and goals documented in the County's Consolidated Plan. In previous years, the CDBG loan program has been used to assist with home improvements for applicants who meet the income guidelines.

HOME Program (Home Investment Partnership Act)

The federal **HOME Program** is administered by the County Office of Affordable Housing and provides loans and grants to nonprofit organizations to assist with financing to develop permanently affordable housing through acquisition, construction, or rehabilitation.

Shelter Plus Care

Shelter Plus Care (S+C) is another Housing Authority program that provides a five-year rent subsidy to homeless/disabled individuals and their families to assist them in securing permanent affordable rental housing. Applicants must be currently homeless and must be diagnosed with one of the following disabilities: mental illness, HIV/AIDS, or a drug and/or alcohol dependency. In addition to rent subsidy, the program also arranges for various treatment services and case management. S+C clients are required to pay 30 percent of their monthly income towards rent; S+C pays the balance.

1.4 AVAILABLE LAND INVENTORY

1.4.1 OVERVIEW

This Housing Element ensures there is adequate available land to meet future needs for all income levels. Because the City has nearly 300 vacant and unconstrained acres zoned for residential development and a Downtown Specific Plan that encourages dense housing in the City's core, this is easily accomplished. A full list of all undeveloped and underdeveloped parcels can be found in Appendix F.

1.4.2 DEVELOPMENT UNDER THE DOWNTOWN SPECIFIC PLAN

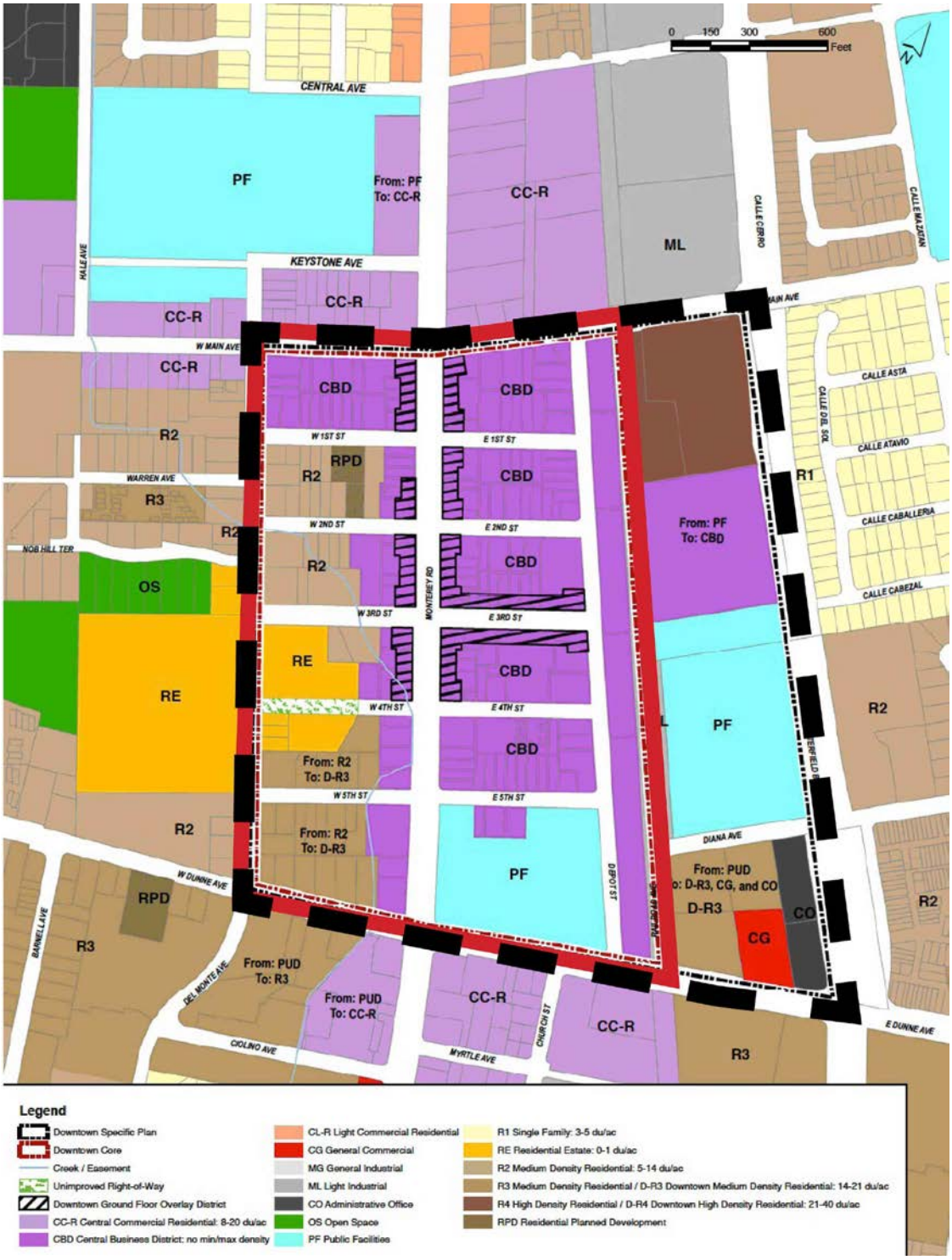
The Downtown Specific Plan, adopted in 2009, amended the City of Morgan Hill General Plan and Zoning Ordinance for the downtown area and modified the relevant plans, policies, and design guidelines that guide and regulate development in the area. The Downtown Specific Plan includes existing and planned land uses, circulation, parking, urban design guidelines, signage guidelines, infrastructure, and an implementation plan.

The Downtown Specific Plan, which covers 115 acres and 18 blocks, is based around the following vision statement: "Strengthening downtown as the gathering place, a connecting force, the social and activity heart of Morgan Hill, is the overriding aspiration of this Plan — a place where residents from all segments of the community can live, work, meet, shop, dine and participate in public celebrations, and share in the richness of Morgan Hill's community life. It will be a place like nowhere else — a place with its own scale, character and uses."

Downtown Morgan Hill is unique in that it has a commuter rail station within easy walking distance of a variety of retail, office, and residential uses, as well as special uses such as the Morgan Hill Community and Cultural Center. The Downtown Specific Plan encourages housing in this transit-rich, walkable core by:

- Adding a Mixed Use land use designation and Central Business District (CBD) zoning designation. Parcels with these designations make up the majority of the area along Monterey Road and between Monterey Road and the railroad tracks, and allow for unlimited residential density.

Figure 1-2 Downtown Specific Plan Zoning Map[1]



[1] See the Downtown Specific Plan for detailed zoning and other recommendations.

- Proposing a variety of residential densities for a majority of the area west of Monterey Road and in the northeast and southeast corners.
- Removing the requirements for residential units to provide guest parking.

The City has taken steps to create a positive, pro-active development environment to ensure that the development goals of the Downtown Specific Plan are realized. Morgan Hill is reducing developers' predevelopment risk and costs and providing more certainty as to project time-to-market by:

- Implementing flexible zoning.
- Streamlining permitting for projects within the Specific Plan's parameters to only a Design Permit and Building Permit once site control has been secured.
- Providing environmental clearance via a companion Master Environmental Impact Report.
- Providing Sewer Impact Fee credits.
- Investing $25 million in Downtown public improvements, including development of a new 275-space parking structure, two new parks, a hilltop trail, and streetscape improvements.
- Exempting 600 units in the Downtown from the Residential Development Control System (RDCS) competition.

For projects within the Plan's parameters, only a Design Permit and Building Permit would be required, once site control has been secured. Developers should therefore anticipate reduced predevelopment risk and costs, as well as more certainty as to project time-to-market.

Prior to its dissolution, the Redevelopment Agency held 17 properties downtown. Three of these properties have been transferred to the City of Morgan Hill for redevelopment, while the remaining 14 are intended, according to the November 2013 Long-Range Property Management Plan, to be sold for private development to further the goals of the Downtown Specific Plan. These goals include enhancing Morgan Hill's economic vitality by increasing the number of housing units in the downtown core.

Housing types envisioned include for-sale condominiums (from two-bedroom, two-bath to four-bedroom, three-bath, and sized from 900 to 1,500 square feet); for-rent apartments (there is a range of studios and one-to three-bedroom units, sized from 400 to 1,300 square feet). To make development more likely, units will not be required to provide guest parking, but will still need to meet on-site parking requirements in accordance with the Specific Plan.

As part of the Downtown Specific Plan process, Morgan Hill conducted a block by block analysis of redevelopment potential. In the downtown area it found potential for a net gain of 1,190 new units (1,393

gross), 93,490 square feet of retail and 85,591 square feet of office/service. Approximately 850 of those units are expected by 2015. The sites selected for the 2015 Development Projection generally have residential allotments through the Residential Development Control System (RDCS) and have property owners or developers who are actively evaluating and preparing development plans.

The 2015 residential development projections assume 255 units within blocks 1-20 (allocations awarded March 2006), an additional 100 residential units provided by Measure F (November 2006 ballot measure), and 495 additional units provided by Measure A (May 2009 ballot measure) for a total of 850 residential units. The City has recently released a Request for Proposals (due December 18, 2014) to developers selected from an RFQ process for four downtown sites based on these assumptions and expects that responses to this RFP will likely result in around 200 new units in the Downtown.

For the purposes of this Housing Element, it is estimated that 850 units will be constructed, which is based on a block by block analysis of current uses, ownership, market potential, etc. A number of these lots are far along the entitlement process and are expected to break ground soon. Details for the 209 units that have started the entitlement process are below, by block. Blocks are shown in Figure 1-3.

TABLE 1-4 DOWNTOWN DEVELOPMENT BY BLOCK

Block Number	Anticipated Units	Zoning	Notes
1	13	CBD Mixed Use	Likely to redevelop because part of the lot is currently vacant and the remainder is underutilized as a parking lot.
2	59	CBD Mixed Use	Agency owned. RFQ released and responses received. The Agency has selected a development partner.
3	115	CBD Mixed Use	The projected redevelopment occurs primarily along Third Street and includes ground-floor retail uses with offices or condominiums/apartments on the upper floor(s). The Agency has an option to purchase the property at the northwest corner of Depot and Third Street.
4	232	CBD Mixed Use	This is a high priority for development. Most of the block is vacant, and has been awarded RDCS allocations (and based on Measure A is now exempt from RDCS.) City has provided significant investment for redeveloping Third Street including replacing infrastructure and making streetscape improvements, making this area ripe for new housing.
7	46	Mixed Use	Owner has the vacant parcel available for sale as a residential development. The parcel has an allocation of units based on the density prior to the adoption of the Specific Plan. The Granary project, on a portion of block 7 is entitled with 30 condo units; scheduled to begin construction December 2014.
13	14	Multi-family medium, and CBD Mixed Use	The increase in density and units being exempt from RDCS should encourage the redevelopment of the underutilized site and older structures.

Block Number	Anticipated Units	Zoning	Notes
14	35	Multi-family medium, and CBD Mixed Use	Developer has expressed interest in developing the predominantly vacant properties. The Agency is installing major road street improvements along the frontage and has agreed to not require the Developer to reimburse the Agency for the improvements if the property is developed in a timely manner.
15	134	Multi- family High/R4	Phase I of a new 134-unit housing development, Huntington Square, is in construction. Price points are between $350,000 and $475,000. City is providing down payment assistance for low and moderate income buyers.
18	80	Commercial, Office Industrial, and Multi-family Medium (R3)	EAH (nonprofit housing corporation) owned vacant site. 80 allocations (40 for very low seniors and 40 market rate town houses). The market rate units will be developed by a for-profit developer. $3.2 million in RDA acquisition and pre-development financial assistance. Project sponsors are applying for tax credits and other subsidies.
20	90	Mixed Use and Multi-family medium	The projected redevelopment offers the potential for mixed use development east of the creek easement and medium density residential units west of the creek easement, to total approximately 90 dwelling units and 17,000 square feet of ground-floor retail uses on the block.
Total	850		

Note: 32 units were not assigned to a specific block.
Source: City of Morgan Hill, 2014.

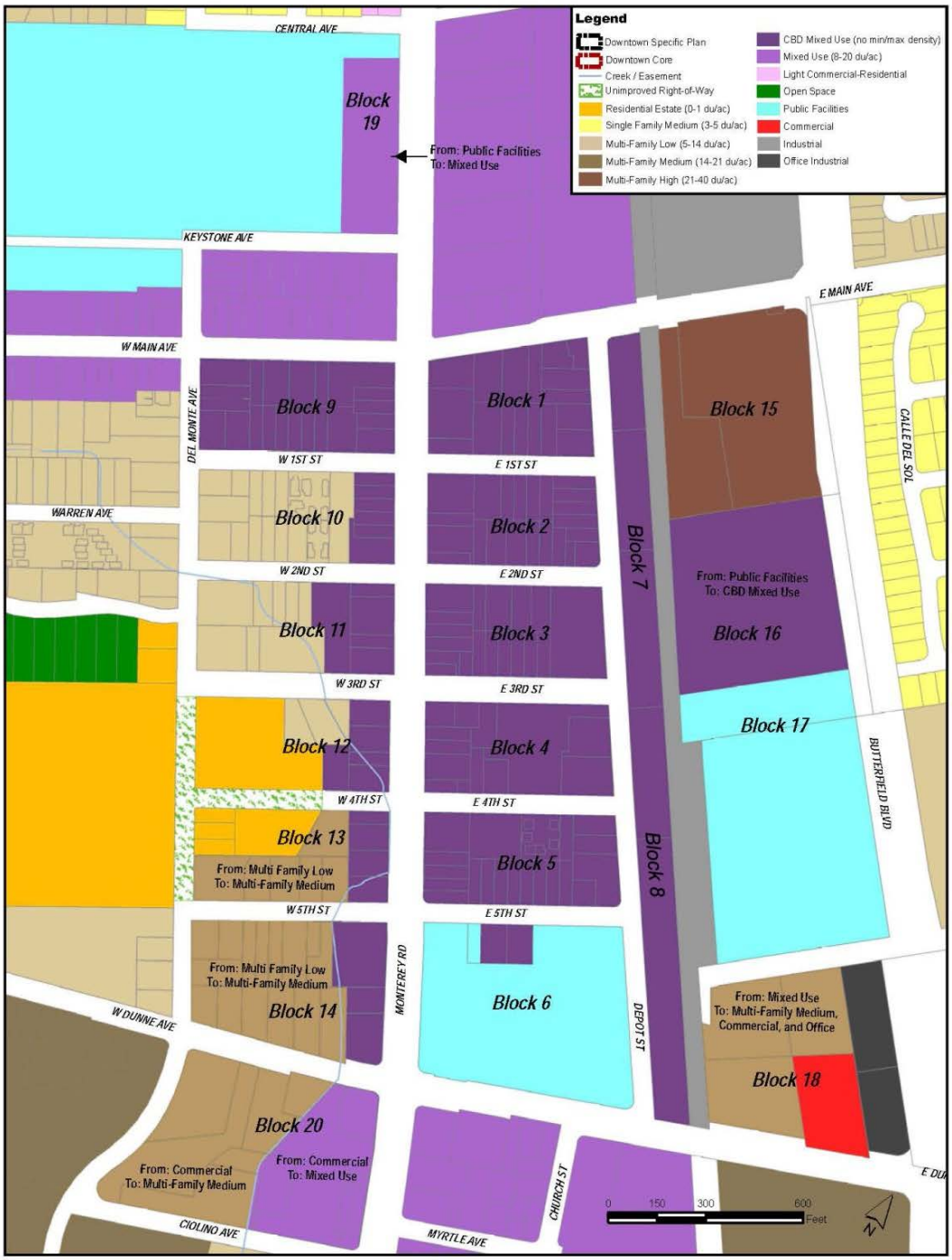
There are a number of other potential projects in the early stages of development. Based on conversations with developers and others, as well as material submitted through the RDCS, estimated sales and rental prices and affordability levels are summarized below. Note: Because the City is making down payment assistance available for downtown, these units will be more affordable than implied by the calculations below.

TABLE 1-5 APPROVED DOWNTOWN DEVELOPMENTS WITH AFFORDABILITY

Name of Development	Price for 2 brdms	Price for 3 bdrms	Affordability	Low	Mod	Above Mod	Total
Church-Alcini/ Rancho Del Pueblo (04-15)		$400K (mid)	Moderate		14		14
E. Main-Ahlin (MC-05-06) Huntington Square	$300k (mid)	$300k (mid)	Moderate		99		99
E. Third-Glenrock (MC-05-11)	$650,000	$600,000-$750,000	Above moderate			57	57
Monterey-Sherman House (MF-07-01)	$238,500	$264,000	Low	23			23
TOTAL				23	113	57	193

Note: Rental affordability is based on 30 percent of income. Owner affordability based on calculations at Mortgageloan.com assuming 5.2 percent interest, 30 year, 20 percent down payment, one percent taxes, 0.5 percent insurance, and no other costs, and a family of four. The maximum price for a lower income unit is $348,000, and a moderate unit is $500,000.
Source: City of Morgan Hill, 2014.

Figure 1-3 Downtown Blocks



Proposed General Plan Land Use Designations

Figure 4

1.4.3 RESIDENTIAL DEVELOPMENT CONTROL SYSTEM

The voters of Morgan Hill first passed the City's Residential Development Control System (RDCS) in 1977. That initiative, Measure E, has been updated and extended a number of times. Parts of the initiative have been codified in the City's General Plan while other parts have been included in the City Zoning Ordinance. The provisions of the initiative can only be changed by the affirmative vote of the City electorate. The initiative applies to all residential development except for secondary dwelling units and one-dwelling-unit developments that are not part of larger projects.

The RDCS gives the City flexibility to ensure that new housing meets the needs of residents. The existing RDCS awards points to projects that best satisfy and accomplish goals of the General Plan, and specifically the Housing Element, as well as related City goals as they evolve to meet changing community needs. The criteria are reviewed annually and adjusted accordingly. For example, because in recent years there was concern that rental units were not able to compete effectively in the RDCS, the City created a multi-family rental category. This resulted in the first applications for rental housing in over a decade. The City has also used the RDCS competition to promote sustainable housing, and has created competition categories for senior housing and for the Central Commercial Residential (CC-R) and Light Commercial/Residential (CL-R) zoning districts that are located along transportation corridors near downtown.

The RDCS is not an obstacle to the production of housing or affordable housing. On the contrary, the system has resulted in the orderly production of thousands of housing units, many at prices affordable to all income levels. RDCS allocations, which average approximately 200 to 250 per year, are more than necessary to meet the current RHNA of 918 units (1,800 to 2,000 allocations are expected in this housing element cycle, as shown in Table 1-6). In fact, the RDCS promotes housing by counteracting potential NIMBY concerns. Pre-RDCS, when growth rates were over ten percent per year, there was considerable opposition to new projects. With the RDCS, there is more widespread support for orderly growth.

The RDCS is the City's primary tool for encouraging the development of affordable housing. Among other objectives, Morgan Hill has used and modified the RDCS to provide sufficient housing for local workers, foster the development of a balanced community, and ensure compliance with State housing laws.

Affordable housing has been given its own competition category, in which 20 percent of total allotments have generally been set aside for affordable housing units. Any kind of development producing more than 75 percent affordable housing in a single development can compete in this category. Other developments not meeting the affordability threshold compete for the remaining 80 percent of allotments in "Open Market" competitions. The Open Market pool has been further subdivided into competition categories such as "Small" or "Vertical Mixed-Use." At least 33 percent of allotments must go toward single-family unit development. Affordable housing developers are encouraged to submit their proposals for any competitions that they choose (open market, small, etc.) and there is no percentage limit on the number of allocations that can be affordable.

TABLE 1-6 RANGE OF ANTICIPATED ALLOCATIONS UNDER RDCS, 2015-2023

Estimate	Allocations per year	Total Allocations Over 8 Years
Below Current Average	175	1,400
Current Average	225	1,800
Above Current Average	250	2,000

Source: City of Morgan Hill, 2013.

Of the 1,258 units approved in the 2006 to 2013 competitions, approximately 5 percent were designated for extremely low or very low income residents, 27 percent to low income residents and 6 percent to moderate income residents. (In reality, the moderate income number is higher because some open market units are affordable to moderate income residents.)

Morgan Hill builds more housing than its RHNA requirement and more than many other communities. While the RDCS slowed growth from the extremes of the 1970s, Morgan Hill is growing faster than the county as a whole. From 2000 to 2013, the number of households in Morgan Hill grew 16.9 percent, while households in the county grew seven percent. Furthermore, there are over 1,000 units from previous competitions that are eligible to be built at any time.

Exemptions to the RDCS for downtown (and for second units) also contribute to affordability and provide even more flexibility for development. Downtown has the highest densities and is the most likely place for developers to build housing that is affordable. In total, 600 units have been exempted for downtown housing development, more than equal to the very low and low income targets for RHNA.

RDCS competitions are held annually or biannually, through a competitive process involving all projects proposed for development for a given year. That process utilizes an objective point system to evaluate such

aspects of development as design, diversity of housing types, the provision of affordable housing, and the potential impact on public facilities, traffic, infrastructure, and public services. The affordable housing factor grants additional points to projects that commit 5 to 10 percent of the total number of project units to be deed-restricted affordable to persons/families of low or moderate income. The greater the percentage of affordable units (up to 10 percent) and the greater level of affordability provided, the greater the number of points awarded. To qualify for points, for-sale projects must incorporate units that are affordable to persons/families of low or moderate income and rental projects must incorporate units that are affordable to persons/families of very low or low income.

The City's RDCS has been amended to make it easier for higher density residential and vertical mixed use downtown projects to compete for residential building allocations against the detached single-family residential projects. In 2005, the City held a competition for projects in the area in and around downtown, resulting in 363 residential building allocations awarded in fiscal year 2009/2010. Of the 363 units, 255 were located within the 18-block boundary of the Downtown Specific Plan.

1.4.4 OVERVIEW OF AVAILABLE LAND FOR HOUSING BY 2014

Morgan Hill has approximately 230 acres of vacant, unentitled land that is unconstrained by environmental or other factors and available for residential development, in addition to underutilized land that could become available for development in the future. This vacant land has the potential for nearly 1,400 housing units.

Table 1-7 shows the number of acres of residentially zoned land available and suitable for development, as well as the number of units that could potentially be developed on them given their density. The details of the methods used to calculate the number of potential housing units, as well as detailed information about each parcel, are available in Appendix F. HCD considers parcels zoned for 20 dwelling units per acre to be suitable for housing affordable with to residents with low and very low incomes. The City's Regional Housing Needs Allocation (RHNA) is also shown in Table 1-7, as well as the surplus of units that could be produced over and above the allocation.

1.4.4.1 VACANT LAND

TABLE 1-7 VACANT LAND INVENTORY

Income Level	Acres	Potential Units	RHNA	Surplus
Low and Very Low Income	29	468	427	41
Moderate Income or Above	229	910	501	409
Total	**258**	**1,378**	**928**	**450**

Source: City of Morgan Hill, 2013.

Because the Morgan Hill 2035 General Plan is being developed concurrently with and slightly behind the schedule of the Housing Element, the alternatives being evaluated in that process were taken into consideration in calculating the number of potential units. Some downtown parcels are opportunity sites undergoing consideration as of February 2014 as alternatives in the Morgan Hill 2035 General Plan. For these sites, the allowed density that was the lowest of the three alternatives was used to calculate the number of potential units.

Downtown will be a significant source of new development in future years. Since the last Housing Element update, Morgan Hill has added new zoning categories that will facilitate dense residential development:

- CBD Central Business District (mixed-use, no minimum or maximum density)
- D-R3 Downtown Medium-Density Residential (14-21 du/ac)
- D-R4 Downtown High-Density Residential (21-40 du/ac)

The majority of Morgan Hill's capacity for developing new housing is in the Central Business District (CBD) mixed use zone, which has no maximum density and is expected to develop at more than 20 units per acre. The *minimum* density for affordable housing, 20 dwelling units per acre, was used to calculate the number of potential units on CBD/Mixed Use parcels, shown in Table 1-8. This was done to provide a conservative estimate of the units that could potentially be built during this housing cycle. Because these zones have the capacity for unlimited density, parcels in these areas of the downtown actually have higher capacity for housing than indicated in Table 1-8. Table 1-8 summarizes by zoning type the vacant, residentially-zoned land that is available for development in Morgan Hill, as well as the housing units that could potentially be built on that land.

TABLE 1-8 VACANT AVAILABLE LAND AND UNITS BY LAND USE DESIGNATION

Land Use Designation[a]	Allowed Density[b] (Units per Acre)	Total Acres	Potential Units
R3	21	12	195
PUD	20	5	75
CBD	20	11	182
MU	20	1	16
R2 3,000	15	2	28
R2 3,500	12	28	266
SFH	10	22	177
CL-R	10	5	43
R1 7,000	6	15	70
SFM	6	5	22
R1 9,000	5	44	176
R1 12,000	4	12	37
RPD	3	3	8
SFL	3	5	12
RE 40,000	1	70	56
RE 100,000	1	18	14
Total		258	1,378

a. Land Use designations shown are either current zoning designations or potential General Plan designations for those sites under consideration as part of the General Plan alternatives.
b. CBD and MU designations have no maximum allowed density. 20 dwelling units per acre is used here as a conservative estimate.
Source: City of Morgan Hill, 2013.

1.4.4.2 ADDITIONAL SOURCES OF RESIDENTIAL UNITS

Second Units

In addition to vacant land, second units (guest houses, in-law suites, granny apartments, etc.) are a source of potential new housing. Second units provide an important source of flexibility and affordability in the housing stock. They often are desirable housing choices for young adults, seniors and other special needs populations. The rental income can often help the primary home owner afford their mortgage.

Currently in Morgan Hill, second units are encouraged through the RDCS. Specifically, if 15 percent of units in a development have second units, the development is awarded two points in the housing needs category. Recent residential developments in Morgan Hill that utilized this option include Cochrane Borello, City Ventures, Sherimar Ranch, and Mission Ranch.

Produced and Expected Units

Units that have been produced or are expected to be produced between January 1, 2014 and January 31, 2015 will reduce the RHNA by that number of units. Table 1-9 summarizes the units that have been produced already or are expected to be produced during this time period. These include 14 affordable for-sale units being built as Phase II of Madrone Plaza. These units are restricted by covenant to prices affordable to a household earning up to 80 percent of AMI. Given this information, the RHNA is expected to be reduced by 14 low-income units and 54 above-moderate-income units.

TABLE 1-9 PRODUCED AND EXPECTED UNITS WITH SPECIFIC AFFORDABILITY INFORMATION

	Ext. Low	Very Low Income	Low Income	Moderate Income	Above Moderate	Total Units
Madrone Plaza Phase II	–	–	14	–	–	14
Additional Building Permits Issued	–	–	–	–	54	54
Total			14		54	68

Source: City of Morgan Hill, 2014.

1.5 HOUSING GOALS, POLICIES, AND ACTIONS

Goal HE-1 **Adequate new housing to meet the full range of future community housing needs, including affordability and accessibility.**

Policy HE-1a: ***Adequate Land for New Development.*** *Ensure that an adequate amount of land is available for new residential development, zoned for a range of residential densities.*

Action HE-1a-1: **Evaluate Land Availability Annually.** Evaluate annually the amount of land available for development and the projected eight-year need, and adjust the General Plan and zoning as necessary to accommodate the City's regional housing allocation.

Policy HE-1b: ***Capital Improvement Programming.*** *Give high priority in the annual Capital Improvement Program to providing adequate public facilities for residentially zoned land needed to accommodate the City's ABAG projected regional housing needs allocation (RHNA).*

Policy HE-1c: ***RDCS Allocations.*** *Encourage the allocation of the maximum possible number of housing units under RDCS allocations.*

Action HE-1c-1: **Annual RDCS Objectives.** Establish annual objectives under the RDCS allocation process for affordable housing based on past production and future needs.

Action HE-1c-2: **Annually Evaluate RDCS Allocations.** Annually evaluate the outcome of the allocation process to determine if further adjustments to the system are advisable to ensure that the annual allocations are maximized for both market rate and affordable housing. Points to consider include the RDCS's impacts on cost, supply and affordability of housing, as well as the timing of the process. Ensure that there are sufficient allocations to meet the Regional Housing Need Allocation (RHNA). Include results in the annual progress report submitted to HCD.

Policy HE-1d: ***Variety of Housing.*** *Encourage a variety of housing types and densities within the community.*

Policy HE-1e: ***New Housing (30 Percent Multi-Family).*** *Continue to ensure that an average of at least 30 percent of all new housing allocations are designated for multi-family units.*

Policy HE-1f: ***New Multi-Family Housing (30 Percent Rentals).*** *Ensure that a minimum of 30 percent of new multi-family units are rentals. Any of the 600 units in the Downtown Area exempted from the RDCS under Measures A and F that are developed as rentals may be counted toward this requirement. Continue to include a separate rental set-aside in future RDCS competitions, as appropriate.*

Policy HE-1g: ***Minimum Densities.*** *Require development of property designated as multi-family to occur at a density no less than the minimum density prescribed by the General Plan.*

Policy HE-1h: ***Affordable Housing Strategy Implementation.*** *Encourage the creation of rental housing, including housing for extremely low income households, through available funds, banked land and community partnerships.*

Action HE-1h-1: **RDCS Refinement.** Continue to develop and implement varied RDCS standards for different types of developments. For example, consider if senior or multi-family developments should have different scoring criteria than single-family developments.

Action HE-1h-2: **Review Height Limits.** Review the Zoning Ordinance to ensure that height limits allow for a desirable design at the intended density.

Action HE-1h-3: **Review Design Standards.** Review design guidelines and standards to ensure that housing developments, particularly in higher density designations, provide adequate privacy, open space and other amenities.

Policy HE-1i: ***Flexible Housing.*** *Allow flexibility to encourage alternative housing solutions that support affordable and intergenerational housing, including attached or detached accessory dwelling suites, home sharing and cohousing.*

Policy HE-1j: ***New Market Rate Developments.*** *Promote and encourage provision of housing within new market rate development that is affordable to extremely low, very low, low, median, and moderate income households.*

Action HE-1j-1: **Monitor and Implement RDCS in New Projects.** Continue to monitor and ensure that an appropriate percentage of all new market rate housing be affordable to lower, median, and moderate income households. The

Planning Commission and City Council shall annually review proposed RDCS allocation procedures to ensure that developers will maximize points in the RDCS by providing sufficient affordable units.

Policy HE-1k: ***Density Bonuses and Other Incentives.*** *Continue to provide density bonuses and other incentives consistent with State law and Chapter 18.47 of the Zoning Code for those projects committing to provide appropriate amounts of below market rate units, including extremely low income units. Other incentives may include: (a) exceptions to design and development standards on a case by case basis that reduce the cost of producing housing units without sacrificing the objectives for which these standards were adopted; (b) payment of fees from former Redevelopment Agency tax increment housing set-aside funds and other appropriate funding sources; (c) priority permit processing to ensure that project funding is not jeopardized; and, (d) assistance in accessing funding by applying to, or supporting applications to, State, federal, and private agencies.*

Policy HE-1l: ***Incentives for Affordable Developments.*** *Provide incentives through the RDCS for Below Market Rate (BMR) and other affordable projects that provide a high percentage of affordable units.*

Action HE-1l-1: RDCS Points for BMR Housing. On an annual basis, when the City Council updates RDCS scoring criteria, ensure that provisions are retained within the RDCS that award points for developments that voluntarily reserve a percentage of the proposed housing for below market rate units.

Policy HE-1m: ***Housing Fees.*** *Allow small projects (fewer than 16 units) to voluntarily pay a housing fee when it is not feasible to provide affordable housing on site.*

Policy HE-1n: ***Local Needs.*** *Provide local residents and local employees preferential access to housing programs, as permitted by relevant law.*

Policy HE-1o: ***75 Percent Affordable Projects.*** *Reserve a portion of the annual RDCS housing allocations for projects with 75 percent affordable housing.*

Policy HE-1p: ***RDCS Reservation of Building Allotments.*** *Continue to reserve a minimum of 20 percent of the annual RDCS building allotments for projects that are 75 percent affordable or a level established by City Council policy. Ensure that these developments meet the full spectrum of needs associated with all income groups.*

Policy HE-1q: ***Affordable Housing.*** *Encourage the production and preservation of affordable housing units.*

Action HE-1q-1: **New Funding Sources.** Monitor and consider new sources of funding for affordable housing development and rehabilitation; continue to regularly apply for grant funding such as CalHOME.

Policy HE-1r: ***Funds for Affordable Units.*** *When available, continue to make housing funds available to finance affordable projects, including housing for extremely low income households. Consider assistance to below market rate ownership housing where a financing gap can be demonstrated.*

Action HE-1r-1: **Partnership for Tax Credits.** Continue to support applications for Low-Income Housing Tax Credits either by acting as co-applicant with the developer or providing them with matching funds.

Policy HE-1s: ***Rental Housing Incentives.*** *Continue to assist market rate and nonprofit developers in developing affordable rental housing.*

Policy HE-1t: ***Acquisition of Existing Housing by Nonprofits.*** *Continue to work with nonprofit housing agencies to acquire older, substandard market-rate rental units for conversion to a mix of market-rate and affordable units.*

Policy HE-1u: ***Housing for Larger Households.*** *Encourage the production of multi-family units appropriate for larger households.*

Policy HE-1v: ***Provision of Larger Rental Units.*** *Ensure that new affordable BMR rental units assisted with City housing funds provide a specified percentage of three- and four-bedroom units.*

Policy HE-1w: ***Provision of Larger Ownership Units.*** *Ensure that new BMR ownership units continue to offer an appropriate percentage of three- and four-bedroom units in consideration of the proportion of large, low income families in relation to the population as a whole.*

Policy HE-1x: ***Mobile Homes and Manufactured Housing.*** *Allow mobile homes and manufactured housing where appropriate.*

Policy HE-1y: ***Allowances for Manufactured Housing.*** *Retain provisions in the Zoning Ordinance that permit manufactured housing on single-family lots by right in residential zoning districts so long as the manufactured homes are placed on permanent foundations and meet all other City requirements.*

Policy HE-1z: ***Mobile Home Parks and Subdivisions.*** *Continue to allow mobile home parks as conditional uses in the R-2 zone and manufactured home subdivisions within single-family residential zones as permitted uses.*

Policy HE-1aa: ***Environmental Sustainability.*** *Promote environmental sustainability in new construction.*

Policy HE-1bb: ***Evaluate Street Requirements.*** *Continue to evaluate street requirements and look for opportunities to conform to green streets and complete streets guidelines (e.g., alternate ways of handling storm water or making streets more walkable).*

Action HE-1bb-1: **Solar Energy Assessment District.** Study the possibility of forming a voluntary (opt-in) solar energy assessment district to provide loans to offset the initial cost of installing solar panels or other efficiency improvements. Loans would be paid for by a municipal bond and paid back by an increase in the participating household's property taxes for the life of the loan.

Policy HE-1cc: ***Secondary Units.*** *Encourage development of secondary dwelling units.*

Action HE-1cc-1: **R-2 Zoning.** Modify the R-2 zoning standards (Chapter 18.55 of the Zoning Code) to explicitly state that second units are an allowed use.

Action HE-1cc-2: **Secondary Unit Information.** Develop resources to help educate homeowners, architects, and builders about secondary dwelling units. Potential actions include producing handouts and fact sheets and hosting "How To" workshops.

Policy HE-1dd: ***Ministerial Approval of Second Units.*** *Continue to allow staff to approve secondary dwelling units ministerially when appropriate.*

Action HE-1dd-1: **Secondary Unit Fees.** Reduce per-unit impact fees for secondary dwelling units to reflect smaller household sizes and lesser impacts.

Policy HE-1ee: ***RDCS Incentives for Second Units.*** *Continue to incentivize secondary dwelling units in the RDCS scoring criteria.*

Action HE-1ee-1: **Secondary Unit Ordinance.** Study and revise the secondary dwelling unit ordinance to ensure it follows standard best practices. Points to consider include:

- Clarify the ordinance to ensure properties are not subdivided and second units sold as separate units.
- Utilize window design techniques to reduce impact on adjacent property for two-story second units.

- Increase the maximum permitted second unit size to 50 percent of primary dwelling or 750 square feet, whichever is smaller.
- Reduce parking requirements to one space for a two-bedroom second unit, or allow tandem parking for the two spaces.
- Reduce or eliminate the minimum lot size for second units.
- Have second units governed by the same land use controls as other buildings (setbacks, lot coverage, etc.).
- Review and revise the zoning ordinance to allow second units in additional zoning districts, including certain multi-family and mixed use districts such as CC-R and CL-R, where some existing lots developed with single-family uses could accommodate greater density in a second unit configuration.

Policy HE-1ff: ***Programs Providing Very Low and Low Income Housing.*** *Participate in programs that assist very low and low income households to secure adequate housing.*

Policy HE-1gg: ***Santa Clara Housing Programs.*** *Continue participating in and publicizing programs such as the County's Mortgage Credit Certificate program, Housing Trust Fund of Santa Clara County, CalHFA, etc.*

Policy HE-1hh: ***Relocation Assistance.*** *Require relocation assistance when privately funded redevelopment displaces extremely low, very low, low, or moderate income residents.*

Policy HE-1ii: ***Rental Assistance Programs.*** *Encourage landlords to utilize rental assistance programs, such as housing vouchers and Section 8 vouchers administered by the Housing Authority of Santa Clara County.*

Action HE-1ii-1: **Rental Assistance Programs.** Undertake the following: (1) Refer rental property owners to the Santa Clara County's Housing Authority's waiting list; (2) When in contact with rental property owners, inform them of the Housing Authority's vouchers program; and, (3) Promote the availability of vouchers for use in the rental rehabilitation program.

Policy HE-1jj: ***Leverage Funding.*** *Leverage housing assistance funds wherever possible by combining them with funds from State, federal, and other sources.*

Policy HE-1kk: ***Use of Local Housing Funds.*** *Use local housing funds to leverage the maximum amount of additional financing for affordable housing projects.*

Policy HE-1ll: ***Work with Local Legislators.*** *Continue to work with local legislators and provide input to the State Legislature to ensure that State programs and legislation meet local housing needs and support local housing programs.*

Action HE-1ll-1: Update Funding Information. Update, as needed, directories of State and federal housing and community development programs that provide financial assistance. Annually identify State and federal programs that are most applicable to Morgan Hill and have the greatest potential for funding affordable housing in the city.

Policy HE-1mm: ***Housing Assistance Funds.*** *Provide housing assistance funds in the form of loans wherever possible so that the funds will eventually return to the City for future use.*

Policy HE-1nn: ***Home Improvement Loans.*** *Continue to provide home improvement loans through the City's Housing Rehabilitation programs to very low, low, median, and moderate income homeowners.*

Action HE-1nn-1: Housing Rehabilitation of Rental Properties. Provide financial assistance for substantial housing rehabilitation to rental property owners with extremely low, very low or low income tenants in exchange for long term affordability (as required by the funding source).

Action HE-1nn-2: First-Time Homebuyer Program. Provide a first-time homebuyer downpayment assistance program targeted to low and moderate income residents and employees.

Action HE-1nn-3: Promote Extremely Low Income Housing. Provide priority funding consideration for extremely low income housing developments.

Policy HE-1oo: ***Annual Monitoring.*** *Monitor housing development and housing needs annually to ensure that goals and quantified objectives are being met.*

Action HE-1oo-1: Update City's Affordable Housing Strategy. Continue to update the City's Affordable Housing Strategy with the most current Census data. Identify methods to create housing affordable to extremely low income households.

Action HE-1oo-2: Review Housing Objectives Annually. Review housing objectives annually and recommend program modifications if annual housing objectives are not being met.

Policy HE-1pp: ***Review Potential Governmental Constraints to Housing.*** *Continue to review potential governmental constraints, such as public works standards (including Chapter 12 of Morgan Hill's Municipal Code and standards for private streets), to ensure that they do not pose an undue impediment to the provision of new housing or the rehabilitation of existing housing.*

Policy HE-1qq: ***Sales Prices and Rental Rates.*** *Continue to have developers report initial sales price and rents of new units prior to occupancy approval.*

Policy HE-1rr: ***Below Market Rate (BMR) Housing.*** *Continue the BMR program as a source of affordable housing.*

Policy HE-1ss: ***BMR Occupancy.*** *Require all BMR units to be restricted to use as affordable housing as required by funding source.*

Policy HE-1tt: ***BMR Deed Restrictions.*** *Continue to require the recordation of deed restrictions for all affordable units except as secondary dwelling units.*

Action HE-1tt-1: **Term of BMR Units.** Review the term of affordability for ownership housing units.

Action HE-1tt-2: **BMR Equity.** Develop opportunities for owners of BMR units to build equity/wealth, while protecting the public investment of resources.

Policy HE-1uu: ***Preserve At-Risk Units.*** *Preserve as many at-risk below market rate ownership and rental units as possible.*

Policy HE-1vv: ***Affordability Controls.*** *Continue to extend the affordability restrictions as part of the next sale to eligible purchasers and, if necessary, exercise the City's right of first refusal to purchase BMR units to ensure they remain affordable.*

Action HE-1vv-1: **Annual Monitoring of Potential At-Risk Units.** Annually monitor the status of at-risk assisted rental housing units. Contact current property owners of at-risk projects to determine their financial objectives and appropriate financial assistance needed to meet those objectives (rehabilitation assistance, operating subsidies, additional Section 8 vouchers, etc.).

Policy HE-1ww: ***Assist Nonprofits in Acquisition of At-Risk Units.*** *Assist nonprofit housing organizations in acquiring and/or rehabilitating existing affordable rental housing through the provision of financial assistance in exchange for extending the affordability period as required by the applicable funding source.*

Policy HE-1xx: ***Condominium Conversions.*** *Regulate the amount and timing of condominium conversions.*

Policy HE-1yy: ***Condominium Conversion Restrictions.*** *Continue the City's program to restrict conversion of rental units to condominiums if the rental vacancy rate is less than five percent, and to restrict the conversion of projects that have received allotments under the "Rental" category.*

Action HE-1yy-1: **Semi-Annual Survey of Rental Vacancies.** Conduct a semi-annual survey of rental housing vacancies to determine the applicable vacancy rate for implementing the condominium conversion ordinance.

Policy HE-1zz: ***Housing Discrimination.*** *Work to eliminate discrimination in housing based on race, color, religion, sex, age, family size, marital status, or national origin.*

Action HE-1zz-1: **Housing Discrimination.** Refer discrimination complaints to Project Sentinel or other organizations that combat housing discrimination.

Policy HE-1aaa: ***Support for Fair Housing Programs.*** *Continue to contract with organizations that provide Fair Housing services or support programs and have a demonstrated track record of effectiveness, as available funds allow.*

Policy HE-1bbb: ***Equitable Buyer Selection Procedures.*** *Maintain an equitable buyer selection procedure through a waiting list process for low, median, and moderate income units.*

Policy HE-1ccc: ***Publicity for City Programs.*** *Continue to publicize and broaden understanding and acceptance of City housing programs, including the discrimination complaints procedure, through public presentations, publications, news items, advertisements in newspapers such as the Morgan Hill Times and Gilroy Dispatch, public service announcements on the City's local access television channel, and by posting flyers at City Hall, City parks, and at various local houses of worship on a continuing bases. Make special outreach efforts to the non-English speaking community and underserved/underrepresented populations.*

Policy HE-1ddd: ***Integration of Affordable and Market Rate Housing.*** *Integrate below market rate and other affordable "set aside" units into existing or proposed developments.*

Policy HE-1eee: ***RDCS and Neighborhood Context.*** *Retain provisions within the RDCS that give higher ratings to projects that create neighborhoods and residential developments of ethnic and economic diversity.*

Policy HE-1fff: ***Creative Approaches to Mixing Housing Types.*** *Continue allowing developers the flexibility to develop creative approaches for mixing various housing types and affordability levels*

within the boundaries of an entire development in order to achieve their voluntary BMR set-aside commitments.

Policy HE-1ggg: ***RDCS Flexibility.*** *Provide flexibility in the RDCS system where possible.*

Policy HE-1hhh: ***Modifications to Approved Projects.*** *Allow developers to propose changes to their approved but not built projects, assuming that the modifications do not cause a net loss of RDCS points, promote affordability, and are in the best interest of the City.*

Goal HE-2 Preservation and rehabilitation of the existing housing supply.

Policy HE-2a: ***City Housing Stock.*** *Maintain and conserve the city's existing housing stock.*

Policy HE-2b: ***Rehabilitation Loan Program.*** *As funds allow, continue the Housing Rehabilitation Loan Program, which provides home improvement and rehabilitation assistance using CDBG or other housing funds.*

Policy HE-2c: ***Code Enforcement.*** *Continue City's code enforcement programs with emphasis on rental units, assistance in maintaining affordability, and non-displacement of existing tenants.*

Policy HE-2d: ***Renovations under the Downtown Specific Plan.*** *Encourage the renovation of buildings consistent with the Downtown Specific Plan.*

Policy HE-2e: ***Home Repairs.*** *When funds are available, continue to provide funding for mobile home repair, senior home repair programs, neighborhood clean-up and paint, and rental lighting and security grant programs.*

Action HE-2e-1: **Resale and Rental Inspection.** Research and evaluate creating a resale and rental inspection program to maintain and improve the quality of the housing stock.

Policy HE-2f: ***Preserve Existing Residential Neighborhoods.*** *Promote and encourage the preservation of existing residential neighborhoods.*

Policy HE-2g: ***Capital Improvement Program.*** *Coordinate the planning and funding of neighborhood infrastructure improvements by integrating the Capital Improvement Program with the goals and policies of the Housing Element and Affordable Housing Strategy, which is updated annually.*

Policy HE-2h: ***Loans for Improvements Related to Code Enforcement.*** *Support neighborhood code enforcement programs with technical assistance to homeowners and low-cost loans when funds are available. (See Policy 2a regarding City programs for housing rehabilitation, code enforcement, and neighborhood improvement).*

Policy HE-2i: ***Public Information on Rehabilitation Loans.*** *When Rehabilitation Loan funding is available, continue public information efforts to encourage property owners in target neighborhoods to participate in the rehabilitation loan program.*

Policy HE-2j: ***Overcrowding.*** *Continue to permit the addition of bedrooms and other expansions as an eligible rehabilitation activity to alleviate overcrowding.*

Policy HE-2k: ***Nonprofit Acquisition of Substandard Housing.*** *Continue to work with nonprofit housing organizations to identify and acquire dilapidated or substantially substandard housing units for the purpose of rehabilitating or replacing these housing units. The City shall monitor progress, coordinate with the nonprofits as they complete these projects, and report to the State Housing and Community Development Department on the financing and construction in compliance with State Government Code Section 65583.1(c)(4).*

Policy HE-2l: ***Mobile Home Parks.*** *Preserve and protect existing mobile home parks.*

Policy HE-2m: ***Rent Stabilization Ordinance.*** *Maintain the City's rent stabilization ordinance for mobile home parks.*

Action HE-2m-1: Work with Mobile Home Interest Groups. Work with mobile home residents and nonprofit groups, as opportunities and interests arise, to explore the purchase of existing mobile home parks to preserve or enhance their affordability. Options include providing funding for feasibility studies, assisting in accessing state and federal programs (such as the California Mobilehome Park Resident Ownership Program), and using available local affordable housing funds as gap funding.

Policy HE-2n: ***Environmental Sustainability.*** *Promote environmental sustainability in the existing housing stock.*

Action HE-2n-1: **Energy Audits/Weatherization.** Partner with local organizations for energy audits/weatherization programs. Typical projects include energy audits, energy efficiency rebate applications, weatherization (reducing air leakage, etc.), window replacement, appliance swaps, etc.

Policy HE-2o: ***Rehabilitation and Sustainability.*** *Ensure that all housing units rehabilitated with City assistance are environmentally friendly and energy-efficient. The City has adopted the latest version of Title 24 and can include funding for required updates as part of the assistance package. Typical projects include replacing traditional water heaters with tankless models, new windows, etc.*

Goal HE-3 Adequate housing for groups with special needs.

Policy HE-3a: ***RDCS Incentives for Large Families.*** *Provide incentives through the RDCS for the production of affordable housing for large families.*

Policy HE-3b: ***RDCS Incentives for Large Families.*** *Continue to implement RDCS criteria that provide additional points for the production of housing for large families in the "Housing Needs" and "Housing Types" sections of the criteria.*

Policy HE-3c: ***Homeless.*** *Meet the needs of residents who are homeless or at risk for homelessness.*

Policy HE-3d: ***Housing First.*** *Adopt a Housing First model that recognizes the unique characteristics of Morgan Hill as a small suburban city. Study how to best implement the policy to meet the needs of Morgan Hill residents. Through the Housing First policy, Morgan Hill will emphasize permanent affordable housing. When appropriate and feasible, Morgan Hill will try to make support services accessible.*

Policy HE-3e: ***Support of Homeless Shelter and Services Agencies.*** *Continue to support the effort of agencies providing emergency shelter for homeless Morgan Hill residents. When appropriate and possible, provide funding.*

Policy HE-3f: ***Work with Santa Clara County Agencies.*** *Continue engagement with other Santa Clara County agencies and nonprofits to address homelessness and other housing or community service related issues.*

Policy HE-3g: ***Religious Institutions Shelters.*** *Allow religious institutions to operate small emergency shelters and transitional facilities as an ancillary part of their regular operations with no additional local permitting requirements.*

Policy HE-3h: ***Housing for Persons with Disabilities.*** *Promote housing that is appropriate for and accessible to persons living with disabilities.*

Policy HE-3i: ***State and Federal Accessibility Requirements.*** *Continue to enforce State and federal requirements for accessibility to the disabled in new multi-family units.*

Action HE-3i-1: **Low Interest Loans for Accessibility.** When funds are available, provide low interest rehabilitation loans to make existing residences accessible to the disabled.

Action HE-3i-2: **Housing for Mentally Impaired Homeless Adults.** Work with nonprofit organizations (Community Solutions and South County Housing are two examples of nonprofits with which the City has relationships) to evaluate the need for additional units in Morgan Hill for mentally impaired homeless adults.

Action HE-3i-3: **Housing for Developmentally Disabled Adults.** Coordinate with North Bay Regional Center to integrate their clients into affordable housing. Consult with North Bay Regional Center on new affordable development projects to ensure that new units are built that support adults with developmental disabilities to live lives integrated with the rest of the community.

Policy HE-3j: ***Housing for Seniors.*** *Assist in providing housing for seniors.*

Action HE-3j-1: **Locations for Senior Housing.** Identify criteria and locations within the city that are appropriate for senior housing developments and assist developers as appropriate.

Policy HE-3k: ***RDCS Allocation for Senior Housing.*** *Continue exempting specified types of senior housing from the RDCS.*

Policy HE-3l: ***Smaller Senior Units on Single-family Lots.*** *Allow small senior units on single-family lots.*

Action HE-3l-1: **Reduced Impact Fees for Senior Housing.** Reduce per-unit impact fees for small senior housing units to reflect smaller household sizes and lesser impacts.

Policy HE-3m: ***Services for Special Needs Populations.*** *Assist in providing housing related services to groups with special needs.*

Policy HE-3n: ***Work with Other Agencies.*** *Continue to work with outside agencies and organizations to maximize housing opportunities for the full spectrum of housing needs.*

Policy HE-3o: ***Use CDBG and Other Funding.*** *Continue to use CDBG and other available funds to support the provision of housing related services for groups with special needs such as the elderly, single parents with children, and battered women.*

Policy HE-3p: ***Domestic Violence Facilities.*** *Continue to fund upgrades at facilities for people leaving domestic violence as appropriate.*

Policy HE-3q: ***Preferential Handling of Special Needs Populations.*** *Include preferential handling of special needs populations, such as domestic violence cases, youth aging out of foster care, the developmentally disabled, single parents, etc., in the management plans and regulatory agreements of funded projects.*

Action HE-3q-1: **Emergency Voucher Program.** Consider implementing a one-time emergency voucher program to assist residents displaced by criminal activity, natural disasters or other emergencies. Coordinate with social service providers.

Goal HE-4 **A range of housing types for all age groups, served by transit, recreational amenities, shopping, and health and personal services, that allow residents to age in place.**

Policy HE-4a: ***Downtown Development.*** *Provide for a vibrant mix of residential and commercial development downtown.*

Policy HE-4b: ***Implement Downtown Specific Plan****. Continue implementing provisions of the Downtown Specific Plan, and encourage development in the nearby Central Commercial Residential (CC-R) zoning district. Examples of incentives include City payment of sewer connection fees, RDCS exemptions, down payment assistance, etc. Monitor and track new housing developments, paying particular attention to affordability, adjusting strategy where appropriate.*

Action HE-4b-1: **Impact Fees for Downtown Housing.** Reduce per-unit impact fees for small downtown housing units, to reflect smaller household sizes and lesser impacts.

Policy HE-4c: ***Impact Fee Credits for Previous Uses.*** *Continue to allow projects being developed on previously developed parcels to receive a credit of impact fees, based on the previous uses, to be applied toward any impact fees owed.*

Policy HE-4d: ***Parking Flexibility in the Downtown.*** *Consider reducing parking minimum standards for smaller housing units in the Downtown Area, and allow flexibility for developers to purchase parking in other areas of the Downtown instead of providing it on site.*

Policy HE-4e: ***Adequate Land for Multi-Family Housing.*** *Provide an adequate supply of land for multi-family housing located convenient to shopping, services, and transportation routes.*

Policy HE-4f: ***Adequate Higher Density Multi-Family Zoned Sites.*** *Maintain an adequate supply of land zoned land for multi-family use to accommodate the City's ABAG assigned regional housing allocation for lower income households. This will be reviewed annually as part of the RDCS process.*

Policy HE-4g: ***Site Multi-Family Zones Near Services.*** *When rezoning sites for multi-family housing, locate sites near amenities to increase affordable housing projects' eligibility for tax credit financing.*

Policy HE-4h: ***Land Acquisition for Affordable Housing.*** *Continue to pursue opportunities for land acquisition for future affordable housing development in areas zoned for multi-family or commercial that permit mixed projects, either through acquisition of suitable sites by the City or by assisting a nonprofit housing developer to acquire land for future development. The City accomplishes this by maintaining close relationships with for profit and nonprofit developers, monitoring local real estate conditions, etc.*

Policy HE-4i: ***Transit Corridors Development.*** *Continue to promote smart growth development along identified transit corridors. Downtown is the primary transit corridor; see the Downtown Specific Plan for implementation information.*

Policy HE-4j: ***Facilitate Land Assembly.*** *Facilitate assembling smaller parcels to develop residential projects large enough to yield multi-family and affordable units by making the Available Land Inventory available to developers.*

Policy HE-4k: ***Variety of Single-family Homes.*** *Provide for a variety of single-family lot sizes.*

Policy HE-4l: ***Single-family High Zoning.*** *Maintain the Single-family High category; R-1-4,500 zoning district, with the goal of accommodating market rate affordable homes. Infill sites seeking a change to the Single-family High land use designation should be a minimum of 30,000 square feet and result in development that is compatible with existing surrounding development. This land use designation is meant to serve as a transition between single-family and multi-family land use. Ensure that the homes are an appropriate size and scale for the lot.*

Policy HE-4m: ***New Residential Development Locations.*** *Encourage new residential development in appropriate residential and commercial areas.*

Policy HE-4n: ***Mixed Use Development.*** *Continue to maintain the mixed residential and commercial uses classification on sites designated mixed-use.*

Policy HE-4o: ***Work with Affordable Housing Developers to Identify Sites.*** *Continue to work with for-profit and nonprofit affordable housing developers to identify appropriate sites through regular contacts with such organizations and maintenance of a site inventory for the benefit of nonprofits.*

Policy HE-4p: ***Work with Affordable Housing Developers to Encourage Universal Design.*** *Encourage universal design and maximize visitability, building on Title 24.*

Action HE-4p-1: Increased Awareness of Universal Design Principles. Increase awareness of universal design principles. Educate the Planning Commission about universal design. Make information available at Development Services Center.

Action HE-4p-2: Universal Design Ordinance. Study and, if appropriate, adopt a universal design ordinance or policies to encourage the inclusion of universal design features in new construction. Options include identifying minimum, cost-effective amenities for all new construction and offering points in the RDCS for homes that provide a more extensive selection of universal design features.

Policy HE-4q: ***Aging In Place. Assist seniors to stay in their homes and neighborhoods***

Policy HE-4r: ***Rehabilitation Loans for Seniors.*** *Continue to fund the Home Rehabilitation Program, when possible. Maintain priority for eligible improvements related to health, safety or other essential repairs.*

Policy HE-4s: ***Senior-Friendly Design.*** *Encourage new housing to be senior friendly where possible (for example, have a bedroom and bathroom on the ground floor, or have the entire unit contained within a single floor), particularly in Single-family High and all Multi-Family land use designations.*

Policy HE-4t: ***Complete Intergenerational Neighborhoods.*** *Design for complete neighborhoods for all ages*

Policy HE-4u: ***Mix of Housing Near Services****. Encourage a mix of housing types in each neighborhood located convenient to shopping, services, recreation, and transit routes.*

Policy HE-4v: ***Housing Coordinated with Transportation.*** *Coordinate new housing development with improvements to pedestrian and bicycle routes and amenities.*

1.6 IMPLEMENTATION TIMEFRAME

1.6.1 OVERVIEW

The Morgan Hill Housing Element is built around preserving and enhancing residential neighborhoods, sustaining the community's character and environmental resources, and efficiently planning for the future use of remaining undeveloped or redeveloping properties so that they fulfill unmet needs. The implementing actions in the Housing Element and associated programs, as described in the previous section, are intended to address these concerns.

In reviewing the list of actions, it is important to recognize two other concerns: (1) there are limited staff and budget resources to undertake all of the programs listed immediately; and (2) some actions require other funding or actions to occur first.

The Morgan Hill Redevelopment Agency previously provided housing set-aside funds and applied for funds from State programs to assure sufficient funding for affordable housing projects. With the dissolution of Redevelopment throughout California, many of Morgan Hill's implementing programs have been reduced or eliminated. Additional revenue sources are still being pursued, along with the City Council's vote in May 2013 to support Senate Bill 391 (the California Jobs and Homes Act), which would add additional opportunities to the City for affordable housing funding if it is passed. The bill was heard in Assembly Committee in August 2013. While passed by the State Senate, the bill will remain on the Assembly Appropriations Committee's calendar while work is done to strengthen the bill and move it forward early in 2014.

Although implementation of the Housing Element is supported by its policies and those of the Downtown Specific Plan, its success will be influenced by the ability of the city to fund its programs, which will depend significantly on whether Senate Bill 391 or a similar financing mechanism is funded statewide. Fortunately, the City will still have approximately $10 million to invest in limited programs and potentially at least two to three new affordable housing developments. These funds are sourced from in-lieu fees, existing funding, sales of City-owned BMRs, and Supplemental/Educational Revenue Augmentation Funds (SERAF/ERAF) repayments over the next five years.

This section covers all of the implementing actions described in the Housing Element, conservatively accounting for the lack of Redevelopment funds while representing the City's commitment to take an active leadership role in assuring the implementation of the programs described. It is the City's intent to: (1) encourage public review and effective participation in all aspects of the planning process; and (2) assure annual review of the Housing Element in order to periodically revise and update this Action Plan as necessary to keep it effective.

1.6.2 IMPLEMENTATION SUMMARY TABLES

Table 1-10 Summary of Actions

Morgan Hill Housing Element Action	Time Frame	Dept	Source of Funding
Goal 1 Adequate New Housing to Meet Future Community Housing Needs			
1a-2: Evaluate Land Availability Annually	Annually	Planning	General Plan Update Fee
1b-1: Annual RDCS Objectives	As part of annual review of RDCS criteria, usually spring-summer	Planning	Community Development Fund
1b-2: Annually Evaluate RDCS Allocations	Annually	Planning	Community Development Fund
1c-6: RDCS Refinement	As part of annual review of RDCS criteria, usually spring-summer	Multiple	Multiple
1c-7: Review Height Limits	As part of the Morgan Hill 2035 Zoning Code Update scheduled to be completed in 2016	Planning	Community Development Fund
1c-8: Review Design Standards	As part of the Morgan Hill 2035 Zoning Code Update scheduled to be completed in 2016	Planning	Community Development Fund
1d-1: Monitor and Implement RDCS in New Projects	As part of annual review of RDCS criteria, usually spring-summer	Planning	Community Development Fund
1e-1: RDCS Points for BMR Housing	As part of annual review of RDCS criteria, usually spring-summer	Planning/Housing	Community Development Fund,
1g-1: New Funding Sources	Ongoing	Multiple	Community Development Fund

Table 1-10 Summary of Actions

Morgan Hill Housing Element Action	Time Frame	Dept	Source of Funding
1r-1: Partnerships for Tax Credits			
1j-2: Solar Energy Assessment District	Currently being studied (Nov. 2014)	Public Works, Enviro	TBD
1k-1: R-2 Zoning	As part of the Morgan Hill 2035 Zoning Code Update scheduled to be completed in 2016	Planning	General Plan Update Fee
1k-2: Secondary Unit Information	Ongoing	Housing	Housing Fee
1k-4: Secondary Unit Fees	Ongoing	Planning	Community Development Fund
1k:6: Secondary Unit Ordinance	As part of the Morgan Hill 2035 Zoning Code Update scheduled to be completed in 2016	Planning	Community Development Fund
1l-3: Rental Assistance programs	Ongoing	Housing	Successor Agency Housing Funds, In lieu fees and loan repayments.
1m-3: Update Funding Information	Not less than annually, at beginning of fiscal year	Housing	Successor Agency Housing Funds, In lieu fees and loan repayments.
1n-2: Housing Rehabilitation of Rental Properties	Ongoing	Housing	Successor Agency Housing Funds, In lieu fees and loan repayments.
1n-3: First-Time Homebuyer Program	Ongoing	Housing	Successor Agency Housing Funds, In lieu fees and loan repayments.
1n-4: Promote Extremely Low Housing	Ongoing	Housing	Successor Agency Housing Funds, In lieu fees and loan repayments.
1o-1: Update City's Affordable Housing Strategy	May 2014	Housing	Successor Agency Housing Funds, In lieu fees and loan repayments.
1o-2: Review Housing Objectives Annually	Each spring as part of annual report to City Council	Housing/Planning	Multiple
1p-3: Term of BMR Units	Prior to approval of each BMR project	Housing	Successor Agency Housing Funds, In lieu fees and loan repayments.
1p-4: BMR Equity	Ongoing	Housing	Successor Agency Housing Funds, In lieu fees and loan repayments.
1q-2: Annual Monitoring of Potential At-Risk Units	Annually, beginning no later than December 2015	Housing	Successor Agency Housing Funds, In lieu fees and loan repayments.

Table 1-10 Summary of Actions

Morgan Hill Housing Element Action	Time Frame	Dept	Source of Funding
1r-2: Semi-Annual Survey of Rental Vacancies	Semi-annually in March and October	Planning/Housing	Multiple
1s-1: Housing Discrimination	Ongoing	Housing	Successor Agency Housing Funds, In lieu fees and loan repayments. CDBG
Goal 2 Preservation of the Existing Housing Supply			
2a-5: Resale and Rental Inspection	By December 2016	Building	Building
2c-2: Work with Mobile Home Interest Groups	Ongoing	Housing	Successor Agency Housing Funds, In lieu fees and loan repayments.
2d-1: Energy Audits/Weatherization	Ongoing	Housing/Env. Programs	Multiple
Goal 3 Adequate Housing for Groups with Special Needs			
3c-2: Low Interest Loans for Accessibility	Ongoing	Housing	Successor Agency Housing Funds, In lieu fees and loan repayments.
3c-3: Housing for Mentally Impaired Homeless Adults	Ongoing	Housing/Planning	Multiple
3d-1: Locations for Senior Housing	By December 2015	Housing/Planning	Multiple
3i-3: Housing for Developmentally Disabled Adults			
3e-5: Emergency Voucher Program	By December 2015	Housing	Successor Agency Housing Funds, In lieu fees and loan repayments.
Goal 4 Range of Housing Types for All Age Groups			
4a-2: Impact Fees for Downtown Housing	Ongoing	Multiple	Multiple
4e-1: Increased Awareness of Universal Design Principles	Ongoing	Planning	Community Development Fund
4e-2: Universal Design Ordinance	Ongoing	Planning	Community Development Fund

1.7 QUANTIFIED OBJECTIVES

1.7.1 PURPOSE OF ESTABLISHING QUANTIFIED OBJECTIVES

State law requires the Housing Element to include quantified objectives for the maximum number of units that can be constructed, rehabilitated or conserved. Policies and programs establish the strategies to achieve these objectives. The City's quantified objectives represent the City's best effort in implementing each of the programs. Assumptions are based on past program performance and funding availability, construction trends, land availability, and future programs that will enhance program effectiveness and achieve full implementation of the City's objectives. The tables below summarize the City's quantified program objectives for housing during the 2015-2023 planning period.

1.7.2 QUANTIFIED OBJECTIVES SUMMARY TABLE

The following is a summary of quantified objectives for the 2015-2023 Housing Element cycle based on current market trends. Morgan Hill has objectives in three categories: new construction, rehabilitation and conservation/preservation (of affordability). The objectives are based on the City's best effort given available resources. The assumptions in each category are explained following Table 1-11.

TABLE 1-11 MORGAN HILL QUANTIFIED OBJECTIVES SUMMARY 2015-2023

	New Construction	Rehabilitation	Conservation/ Preservation
Extremely Low Income	75	16	–
Very Low Income	75	80	–
Low Income	70	–	–
Moderate Income	170	–	–
Above Moderate Income	2,510	–	–
Total	2,900	96	–

The new construction targets are based on actual and anticipated RDCS allocations from Fiscal Year 2013/2014 through Fiscal Year 2022/2023. 2013 is chosen as the start year because these units are likely to receive their building permits in 2014. (Being awarded allocations means that the applicant has a right to submit a project for discretionary project and CEQA review, and then to obtain building permits.) When calculating units produced between 2015 and 2023, the City will use the calendar year, as prescribed by State law. These numbers are also based on the City's current growth cap, and do not reflect the reality that the RDCS numbers will likely be raised in 2016, resulting in increased allocations across all income categories.

The City is committed to providing housing for residents of all income levels and has a strong history of producing lower income housing. As with most jurisdictions, the City is operating in an environment of limited resources and must prioritize limited funding. Extremely low income units require approximately $200,000 in funding per unit, or over $27 million to meet the entire City RHNA allotment. This is many times the City's entire housing budget. While the City is committed to meeting the needs of extremely low income households, it believes that the money is better spent on the full spectrum of lower income housing. The City will aggressively pursue additional resources for extremely low income housing and will increase its target if these resources become available. The City estimates that given its existing funds, it will be able to fund three 50-unit projects serving low, very low and extremely low-income residents.

Due to Measure A, passed by voters in May 2009, up to 500 units in the downtown are also exempt from the RDCS process. As of late 2014, almost 100 units have taken advantage of this exemption, including the Weston Miles and Lyon projects. Downtown units will *not* have affordability controls on them, but because they will be modest in size, they will be naturally affordable. Specifically, they will range from 900 to 1,500 square feet for condominiums and 400 to 1,300 square feet for rental units. Based on current data, we expect sales prices to range from $300,000 to $500,000 and rental prices to be similar to the rest of the city on a square foot basis ($1,200-$1,600). Based on the proposals it has been receiving, the City expects 200 units of RDCS-exempt moderate income housing to be built during this housing cycle in the downtown.

All developers, but particularly those competing in the affordable housing RDCS competition, are encouraged to submit proposals that meet the full spectrum of need. The RDCS competition (set-aside) for affordable housing covers all lower income housing units, including extremely low and very low income. The City will work with developers to help them identify the resources and subsidies to extend housing opportunities for all income groups.

TABLE 1-12 NEW CONSTRUCTION TRENDS BASED ON EXPECTED MARKET

	Extremely Low Income	Very Low Income	Low Income	Moderate Income	Above Moderate Income	Total
RDCS Allocations 2014-2016	–	–	20	20	710	750
Anticipated Allocations 2016-2023	75	75	50	50	1,800	2,050
Downtown Units (RDCS Exempt)	–	–	–	100	–	100
Total	75	75	70	170	2,510	2,900
RHNA	–	273	154	185	316	928

Rehabilitation objectives in Table 1-11 are based on historic patterns for home improvement grants and loans, as well as the Cochrane Village project, expected in 2014. The conservation and preservation projects in the previous Housing Element cycle were funded through the Redevelopment Agency. Following the dissolution of the Redevelopment Agency, no conservation or preservation projects are currently planned.

Glossary

Above Moderate Income Households: Defined as households earning over 120 percent of the median household income. As of April 2013, a family of four earning more than $126,600 per year was considered above moderate income.

Accessible Housing: Units accessible and adaptable to the needs of the physically disabled.

Affordable Housing: Housing that a lower income household can buy or rent without spending more than 30 percent of their income. The generally accepted measure for determining whether a person can afford housing means spending no more than 30 percent of one's gross household income on housing costs, including utilities, principal and interest. For example, a school teacher earning $50,000 per year can afford $1,250 per month for housing. A police officer or fire fighter earning $60,000 can afford up to $1,500 per month.

Association of Bay Area Governments (ABAG): The Association of Bay Area Governments is the regional planning agency for the nine counties and 101 cities and towns of the San Francisco Bay region. ABAG runs a number of programs designed to foster cooperation, save jurisdictions' resources and address regional issues. It is responsible for developing the Regional Housing Need Allocation.

Conservation (of Affordable Housing): In term of the Housing Element, conservation generally means programs to ensure that affordable housing remains affordable. Conservation in other contexts can mean reducing the energy use associated with a home.

Below Market Rate (BMR) Unit: Housing that has affordability controls that limit the sales or rent price. In Morgan Hill, BMR housing is often created through the RDCS.

Emergency Shelter: Emergency or homeless shelter means housing with minimal supportive services for homeless persons that is limited to occupancy of six months or less by a homeless person. No individual or household may be denied emergency shelter because of an inability to pay.

Extremely Low Income Households: Extremely low income is a subset of the very low-income regional housing need and is defined as households earning less than 30 percent of the median household income, which for family of four corresponds to less than $31,850 per year, as of April 2013.

Fair Housing: Refers to housing programs that fight housing discrimination.

Housing and Community Development (Department of) (HCD): The State Department that writes guidelines for and certifies Housing Elements.

Housing Density: The number of dwelling units per acre of land. Gross density includes all the land within the boundaries of a particular area and excludes nothing. Net density excludes certain areas such as streets, open spaces, easements, water areas, etc.

Housing Element: The chapter of a General Plan (long-term comprehensive plan for a city) that deals with housing issues. Housing Elements must be certified by the State Department of Housing and Community Development.

Housing First: Housing First or Rapid Re-housing is a method of addressing homeless that emphasizes permanent housing with support services as needed. Developed in the late 1980s/early 1990s, it emphasizes finding permanent housing as quickly as feasible for people who are homeless or at risk for homelessness. It is an alternative to the "Continuum of Care" model, which emphasizes getting people "ready" before providing permanent housing. When possible, Housing First programs provide services that help people stay in their homes, such as counseling, job training, etc. Santa Clara County has embraced a Housing First model.

(Affordable) Housing Fund: See Redevelopment Agency Set Aside Funds. A replacement source of funding for affordable housing after the dissolution of Redevelopment has not been identified as of 2014.

Housing Unit: A home, including traditional detached single-family houses, apartments or condominiums.

Jobs/Housing Balance: The relationship of the number and types of jobs in a community with the amount and affordability of housing. An appropriate balance is commonly thought to be around 1.3 to 1.5 jobs for every housing unit or approximately one job for every resident in the work force.

Low Income Households: Low income household according to the State definition are households earning 50-80 percent of the median household income, adjusted for family size, with some adjustment for areas with unusually high or low incomes relative to housing costs. As of 2013, a family of four earning between $53,050 and $84,900 per year was considered low income.

Lower Income Households: Lower income households refer to low, very low, or extremely low income households. In other words, for a family of four in Santa Clara County in 2013, they would have to make less than $84,900 to be considered lower income.

Median Household Income: The middle point at which half of the City's households earn more and half earn less. In 2013, the Department of Housing and Urban Development median household income for a family of four in Santa Clara County was $105,500.

Moderate Income Households: Households earning 80-120 percent of the median household income. As of 2013, a family of four earning between $84,900 and $126,600 per year was considered moderate income.

Persons per Household: Average number of persons in each household.

Redevelopment Agency (RDA): A local agency created to redevelop blighted areas. Redevelopment Agencies were dissolved statewide in 2011.

Redevelopment Agency 20 Percent Set Aside Fund: Redevelopment Agencies were required to spend 20 percent of the tax revenue they received (called the tax increment) to create, preserve, protect, rehabilitate or develop affordable housing.

Rehabilitation: In the context of the Housing Element, this refers to houses that are substantially renovated and meet certain conditions as defined by State law.

Regional Housing Need Allocation (RHNA): The number of new homes that a city must plan for in a Housing Element. It is determined by the Association of Bay Area Governments based on State population projections and local conditions. Morgan Hill's RHNA for 2007-2014 was 1,312, lower than the allocation for 1996-1006, which was 2,484. The RHNA is divided by income level (above moderate income, moderate income, low income, very low income).

Residential Development Control System (RDCS): A growth control ordinance passed by voters in 1977 and updated multiple times since then. The RDCS encourages developers to provide housing that meets the needs of Morgan Hill residents, and limits the number of housing units that can be built in a given year

Secondary (Second) Unit: A small home that is on the same lot as the main house. Second units are sometimes referred to as Granny Suites or Inlaw Apartments.

Senior Housing: Defined by California Housing Element law as projects developed for, and put to use as, housing for senior citizens. Senior citizens are defined as persons at least 62 years of age.

Supportive Housing: Supportive housing is permanent rental housing linked to a range of support services designed to enable residents to maintain stable housing and lead fuller lives. This type of housing has no limit on length of stay, is occupied by the target population (such as low-income persons with disabilities

and certain other disabled persons) and is linked to onsite or offsite services that assist the supportive housing resident in retaining the housing, improving his or her health status, and maximizing his or her ability to live and, when possible, work in the community.

Transitional Housing: Transitional housing and transitional housing development mean rental housing operated under program requirements that call for the termination of assistance and recirculation of the assisted unit to another eligible program recipient at some predetermined future point in time, which shall be no less than six months. Transitional housing is used to facilitate the movement of homeless individuals and families to permanent housing. A homeless person may live in a transitional apartment for up to two years, but usually less, while receiving supportive services that enable independent living.

Universal Design: Universal design refers to a set of principles that call for the built environment to be useable by all people, to the greatest extent possible, without special accommodations or alternative arrangements. For example, door knobs can be hard for seniors and people with disabilities to use because they require a tight grip, but door levers can be used by all. Good universal design construction benefits everyone, but is particularly important to those with disabilities, and saves costs because renovations are less likely to be needed.

Very Low Income Households: Households earning less than 50 percent of the median household income. As of April 2013, a family of four earning less than $53,050 per year was considered very low income.

Workforce Affordable Housing: Housing that is affordable to the workforce in the community.