



# Annual Progress Report

2017

March 7, 2018

City Council Resolution No. 18-021

## 1. Introduction

On July 27, 2016 the Morgan Hill 2035 General Plan was adopted by City Council [Resolution No. 16-128](#). The Morgan Hill 2035 General Plan is a comprehensive update of the City's 2001 General Plan.

The General Plan incorporates the City's Housing Element, which was adopted by City Council on February 18, 2015 and certified by the State Housing and Community Development Department (HCD) in April 2015.

With voter approval of Measure S, the City's Residential Development Control System (RDCS) on November 8, 2016, the RDCS Ordinance (Ordinance No. 2229 New Series) became effective. The RDCS Ordinance amended the General Plan text to be consistent with the provisions of Measure S.

On December 6, 2017 the City Council adopted [Resolution No. 17-098](#) approving General Plan Land Use and Text Amendments (File Nos. GPA2017-0001 and GPA2017-0002) to correct miscellaneous Land Use Map, figure, and text errors.

Government Code Section 65400 mandates that certain cities and all 58 counties submit an annual report on the status of the General Plan and progress on its implementation to their legislative bodies, the Governor's Office of Planning and Research (OPR) and the Department of Housing and Community Development (HCD) by April 1 of each year. Only charter cities are exempt from the requirement to prepare Annual Progress Reports (APRs) unless the charter stipulates otherwise.

APRs must be presented to the local legislative body for its review and acceptance, usually as a consent or discussion item on a regular agenda.

## 2. Implementation Highlights by General Plan Element

### CITY AND NEIGHBORHOOD FORM ELEMENT

#### Regional Coordination and Agricultural Preservation

- In support of ongoing regional coordination (Policy CNF-1.3) and inter-jurisdictional support for agriculture (Policy CNF-7.5), the City participated with Santa Clara County, Santa Clara Valley Open Space Authority, Santa Clara Valley Water District, City of Gilroy, City of San Jose, and Farming and Food Sector representatives in the development of the [Santa Clara Valley Agricultural Plan](#) (formerly Climate and Agricultural Preservation Plan).

*Policy CNF-1.3 and CNF-7.5*

#### Residential Development Control System (RDSCS)

- City of Morgan Hill voters approved Measure S in November 2016 (76.5%) extending the City's long-standing Residential Development Control System (RDSCS) to the year 2035, establishing a population ceiling (not a target) of 58,200 with a maximum number of annual residential allotments that would not be exceeded and can only be reduced.
- The Planning Commission held 20 public workshops between October 11, 2016 and April 25, 2017 to develop the [RDSCS Competition Manual](#), which was adopted at City Council hearings in May and June 2017.

*Policy CNF-3.1 through CNF-3.16*

### HOUSING ELEMENT

- See Attached House Element Annual Progress Report

### ECONOMIC DEVELOPMENT ELEMENT

- [Economic Blueprint](#) Adopted April 19, 2017. The Economic Blueprint establishes the City's current priorities for the implementation of the Economic Development Goals and Policies in the Morgan Hill 2035 General Plan.

### HEALTHY COMMUNITY ELEMENT

- [Bikeways, Trails, Parks and Recreation Master Plan](#) (Master Plan) Adopted July 20, 2017. The Master Plan puts into action the Morgan Hill 2035 General Plan's policy direction for usable, complete, well-maintained, safe, and high-quality activities and amenities that are accessible to all ages, functional abilities, and socio-economic groups. The Master Plan will help implement General Plan Goals and Policies by identifying specific strategies, improvements, and priority projects.

## TRANSPORTATION ELEMENT

### Hale Avenue/Santa Teresa Boulevard Corridor Completion

- [Hale Avenue Extension and Santa Teresa Corridor Widening and Realignment Project](#) Environmental Impact Report (EIR) Certified and Official Plan Line Adopted August 23, 2017. Hale Avenue/Santa Teresa Boulevard has been a planned arterial corridor in the City's General Plan since 1969. Once completed, the two-lane multi-modal arterial will provide a continuous direct north/south route for the west side of the City reducing through traffic on neighborhood streets and provide an alternative north/south road to relieve congestion on Monterey Road and Butterfield Boulevard.
- Since the adoption of the Official Plan Line for the Hale/Santa Teresa project, property acquisition for needed right-of-way has begun.

*Action TR-4.D and TR-4.F*

## NATURAL RESOURCES AND ENVIRONMENT ELEMENT

- The City is partnering with the Santa Clara Valley Open Space Authority on developing access to [El Toro Mountain](#).
- [Ordinance No. 2182n.s.](#) adopted January 20, 2016 authorizing the implementation of a Community Choice Aggregation (CCA) program by participating in the CCA program of the Silicon Valley Clean Energy Authority.

*Action NRE-2.D*

*Action NRE-16.A*

## SAFETY, SERVICES, AND INFRASTRUCTURE ELEMENT

- In partnership with Santa Clara County and local governments within the County, participated in the development of the 2017 [Santa Clara Operational Area Hazard Mitigation Plan](#) (Local Hazard Mitigation Plan). The Hazard Mitigation Plan is intended to reduce risks from natural disasters in the Santa Clara County Operational Area and to establish eligibility for funding under FEMA grant programs.

*Policy SSI-12.3*

- [Public Safety Master Plan](#) adopted February 22, 2017.

*Policy SSI-11.1*

- Infrastructure Master Plans ([Sewer](#) and [Water](#) approved October 18, 2017. Storm pending).

*Policy SSI-13.2 and SSI-15.2*

### 3. Pending General Plan Amendment Applications

#### GPA2018-0001: E DUNNE-ROSS

General Plan Land Use Map Amendment – Residential Estate to Residential Detached Low on an 8.34 gross acre parcel located at the northerly terminus of Sorrel Way and Saddleback Drive.

#### GPA2018-0002: MONTEREY-GLENROCK

General Plan Land Use Map Amendment – Residential Detached Low to Commercial Industrial on a 7.8 gross acre site located on the east side of Monterey Road approximately 750-feet northerly of East Middle Avenue.

#### GPA2018-0003: COCHRANE-LLAGAS LLC

General Plan Land Use Map Amendment – Commercial and Commercial/Industrial to Residential Attached Medium and Residential Downtown on an approximately 58 acre site on the east side of Highway 101 between Cochrane Road and Half Road.

**ANNUAL ELEMENT PROGRESS REPORT**  
***Housing Element Implementation***  
(CCR Title 25 §6202 )

**Jurisdiction** City of Morgan Hill 2017  
**Reporting Period** 1/1/2017 - 12/31/2017

**Table A**

**Annual Building Activity Report Summary - New Construction**  
**Very Low-, Low-, and Mixed-Income Multifamily Projects**

Housing Development Information								Housing with Financial Assistance and/or Deed Restrictions		Housing without Financial Assistance or Deed Restrictions	
1	2	3	4				5	5a	6	7	8
Project Identifier (may be APN No., project name or address)	Unit Category	Tenure R=Renter O=Owner	Affordability by Household Incomes				Total Units per Project	Est. # Infill Units*	Assistance Programs for Each Development	Deed Restricted Units	Note below the number of units determined to be affordable without financial or deed restrictions and attach an explanation how the jurisdiction determined the units were affordable. Refer to instructions.
			Very Low- Income	Low- Income	Moderate- Income	Above Moderate- Income			See Instructions	See Instructions	
Deed Restricted (45 Years) Low-Income Units:											
Lantana Wisteria: 1301 Red Bird Ln, 18661 Turtle Dove Dr, 1324 Rainbow Crow Ln				3			3				
Madison Gate: 17110 Saint Brendan Lp, 812 Saint Solange Lp				2			2				
Solera Ranch: 18107 Monterey Road, 18167 Old Monterey Road				2			2				
The Commons: 16751 Rohan Ln				1			1				
Valencia: 120 Vereda Del Turia, 240 Vereda Del Turia				2			2				
Young Property Gables: 15517 Monterey				1			1				
Esperanza: 1734 Caymen St				1			1				
Monterey Parque: 62 La Mancha Ln				1			1				
Solera Ranch: 143 Banano Ln				1			1				
Terra Mia: 1470 Avanita de Los Padres				1			1				

## ANNUAL ELEMENT PROGRESS REPORT

### Housing Element Implementation

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			Very Low- Income	Low- Income	Moderate- Income	Above Moderate- Income			See Instructions	See Instructions	
Deed Restricted (45 Years) Moderate-Income Units:											
Connemara Project: 15065 La Alameda					1		1				
Solera Ranch Project: 18083 Monterey Rd, 18143 Old Monterey Rd, 176 Peral Av					3		3				
Valencia Project: 17710 Calle Granada, 150 Vareda Deltoria					2		2				
362 Above Moderate Units						362	362				
(9) Total of <b>Moderate and Above Moderate</b> from Table A3			▶	▶	▶	▶	6	362	368		
(10) Total by income Table A/A3			▶	▶	0	15	6	362	383		
(11) Total <b>Extremely Low-Income</b> Units*											

\* Note: These fields are voluntary

**ANNUAL ELEMENT PROGRESS REPORT**  
***Housing Element Implementation***  
(CCR Title 25 §6202 )

**Jurisdiction** City of Morgan Hill 2017  
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**Table A2**  
**Annual Building Activity Report Summary - Units Rehabilitated, Preserved and Acquired pursuant to GC Section 65583.1(c)(1)**

Please note: Units may only be credited to the table below when a jurisdiction has included a program in its housing element to rehabilitate, preserve or acquire units to accommodate a portion of its RHNA which meet the specific criteria as outlined in GC Section 65583.1(c)(1)

Activity Type	Affordability by Household Incomes				(4) The Description should adequately document how each unit complies with subsection (c)(7) of Government Code Section 65583.1
	Extremely Low-Income*	Very Low-Income	Low-Income	TOTAL UNITS	
(1) Rehabilitation Activity	10	79	23	112	In June 2017, the City conducted a loan closing to facilitate the major rehabilitation of the 1970's Village Avante, now known as Park Place development, a 112-unit multifamily development that is home to 420 people, Note: It was expected to close in 2016 but closed in 2017.
(2) Preservation of Units At-Risk					
(3) Acquisition of Units					
(5) Total Units by Income					

\* Note: This field is voluntary

**Table A3**  
**Annual building Activity Report Summary for Above Moderate-Income Units (not including those units reported on Table A)**

	1. Single Family	2. 2 - 4 Units	3. 5+ Units	4. Second Unit	5. Mobile Homes	6. Total	7. Number of infill units*
No. of Units Permitted for <b>Moderate (deed restricted BMR ownership)</b>	6					6	
No. of Units Permitted for <b>Above Moderate</b>	362					362	

\* Note: This field is voluntary



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**Table B**

**Regional Housing Needs Allocation Progress Planning Period 2015-2023**

**Permitted Units Issued by Affordability**

Enter Calendar Year starting with the first year of the RHNA allocation period. See Example.												Total Units to Date (all years)	Total Remaining RHNA by Income Level
Income Level	RHNA Allocation by Income Level	Year 2015 1	Year 2016 2	Year 2017 3	Year 2018 4	Year 2019 5	Year 2020 6	Year 2021 7	Year 2022 8	Year 2023 9			
Very Low	Deed Restricted	273	11	29	0							40	233
	Non-deed restricted		0	0									
Low	Deed Restricted	154	113	30	15							158	-5
	Non-deed restricted		1	0								1	
Moderate	Deed Restricted	185		5	6							11	169
	Non-deed restricted		5	0								5	
Above Moderate		316	333	201	362							896	-580
Total RHNA by COG. Enter allocation number:		928											
Total Units ▶ ▶ ▶			463	265	383							1,111	-183
Remaining Need for RHNA Period ▶ ▶ ▶ ▶ ▶													

Note: units serving extremely low-income households are included in the very low-income permitted units totals.

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***Housing Element Implementation***  
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**Jurisdiction** City of Morgan Hill 2017  
**Reporting Period** 1/1/2017 - 12/31/2017

**Table C**

**Program Implementation Status**

Program Description (By Housing Element Program Names)	<b>Housing Programs Progress Report - Government Code Section 65583.</b> Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement, and development of housing as identified in the housing element.		
<b>Name of Program</b>	<b>Objective</b>	<b>Timeframe in H.E.</b>	<b>2017 Status of Program Implementation</b>
City of Morgan Hill Below Market Rate(BMR) Program	Facilitate the construction of BMRs for low to mod income eligible households, recorded 45 year affordability deed restrictions on 11 low income ownership BMR units, and 5 moderate income ownership units	2015-2023	16 BMRs constructed in 2017. To date Morgan Hill's portfolio consist of 516 BMRs as a result of the City's 1977 voter initiative, Residential Development Growth Control System (RDCS).
City of Morgan Hill Housing Rehab Loan Program, Minor Home Repair	Facilitate the rehabilitation of affordable housing units	2015-2023	The City rehabbed 31 homes in the calendar year of 2017, low income mobile home units through a grant program administered by Rebuilding Together, repairs are funded by City funds and Community Development Block Grant funds.
Urban County CDBG and HOME Federal Grant Program, Morgan Hill participates with the County and 6 other Cities to receive some CDBG HOME benefits	CDBG/HOME funds provide funding for capital improvement projects in low income Census Tracts to benefit low income persons, as well as fund development of new units	2015-2023	\$700,000 (CDBG & HOME) funds awarded to EAH new development/40 new units/ affordable housing Homeless Family & Transitional Age Youth project, project is nearing completion. The City of Morgan Hill also funded this project \$4.5 Million. Lease up will occur in 2018. City of Morgan Hill recieved \$132,649 in CDBG funds for the rehabilitation of Galvan park.
Rehabilitation and Preservation of existing affordable units	Preserve existing affordable housing stock	2015-2013	EAH Park Place Village Avante is currently undergoing a major rehab to preserve 112 units, 30-60% AMI, older large project from 1970, 412 residents. Project is located at 16480 Del Monte Avenue.

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<p>Measure A Housing Bond, County of Santa Clara</p>	<p>Create new units at the ELI and VLI level.</p>	<p>2015-2023</p>	<p>In November of 2016 Santa Clara County voters approved a \$950 million bond (Measure A) which will fund the development of 4,800 extremely low-income (ELI) housing units throughout the County serving the homeless. It is expected that the 4,800-unit goal will generate 10,000 new construction, affordable housing units countywide, by leveraging resources. Additionally, \$150 million of the Measure A funds will be set aside for workforce housing and down payment assistance. The County's goal is to create 4,800 affordable ELI units Countywide, of which 92 units have been designated as the Measure A affordable housing goal for the City of Morgan Hill, over a ten-year period. 39 ELI/VLI UHC units will begin construction in September of 2018. The remaining balance is planned to be distributed throughout the County in the other cities equivalently, based on Regional Housing Needs Allocation (RHNA) methodology. The Housing team has actively participated in discussions regarding implementation of the bond program and provided program recommendations. Urban Housing Communities applied for and was awarded \$5.5 Million for a 39 unit ELI and VLI project located at Monterey and Biseglia in Morgan Hill. The City has committed \$750,000 and the applicant will compete for tax credits March 16, 2017.</p>
<p>City and County Partnership: July 1, 2017 two part-time homeless outreach workers began assessing Homeless individuals.</p>			<p>City and County Partnership: July 1, 2017 two part-time homeless outreach workers began conducting interviews and assessments with homeless individuals in South County. This is a critical first step as the City is beginning to see homeless individuals assessed through a coordinated effort with the goal of connecting them to the appropriate case manager, program, service and housing opportunities. The City contributed \$50,000 to the larger countywide "outreach" effort for two years. Outreach workers are tasked with the goal of connecting the homeless to case managers and programs.</p>
<p>Homeless Prevention</p>			<p>A City and County Partnership: August 1, 2017 was the launch of a Homeless Prevention and Rapid Rehousing (rental assistance) Program for families, targeting families with children in the school district at risk of homelessness. The City contributed \$25,000 to this larger countywide effort for two years.</p>

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**Jurisdiction**

City of Morgan Hill 2017

**Reporting Period**

1/1/2017 - 12/31/2017

Homeless Safe Parking Program			Partnered with the Police Department, County Planning Department, and the faith based community to create an eight space, pet welcome, Safe Parking Program. It was launched on July 8, 2017 at a local church for eight homeless families living in their cars where they are receiving coordinated assessment, services, meals, and support with the goal of providing some stability and getting them into permanent housing. The Program began serving eight families, 25 people and 8 children.

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**Jurisdiction**                      City of Morgan Hill 2017  
**Reporting Period**                1/1/2017 - 12/31/2017

**General Comments:**

### Past RHNA Housing Accomplishments for the 2007-2014 Housing Element Cycle

Income Level	RHNA unit Goal	Permits Issued	% of RHNA Met	Units + or -
Very Low (0-50% AMI) includes 30% AMI for reporting purposes	317	98	31%	-219 units
Low (50-80% AMI)	249	100	40%	-149 units
Moderate (80-120% AMI)	246	43	17%	-203 units
Above Moderate (120% +AMI)	500	1,286	257%	+786 units
<b>TOTAL RHNA</b>	<b>1,312</b>	<b>1,527</b>	<b>116%</b>	<b>+215</b>

### Current 2015 – 2022 Regional Housing Needs Allocation (RHNA) Goals

Income Level	RHNA unit Goal	Permits Issued to date (not including 2018)	% of RHNA Met	Units + or -
Very Low (0-50% AMI) includes 30% AMI for reporting purposes	273	40	14.65%	- 233
Low (50-80% AMI)	154	159	103.25%	+5
Moderate (80-120% AMI)	185	16	8.65%	- 169
Above Moderate (120% +AMI)	316	896	283.54%	+ 580
<b>TOTAL RHNA</b>	<b>928</b>	<b>1,111</b>	<b>119.72%</b>	<b>+183</b>