Milpitas City Council Meeting

Item #1:
2023-2031 Housing Element

June 7, 2022

City of Milpitas

455 E. Calaveras Blvd., Milpitas, CA 95035
www.ci.milpitas.ca.gov   408-586-3000

Meeting Objectives

- **Provide background on the Housing Element and process**
- **Share our community engagement strategy**
- **Review initial needs and constraints findings**
- **Review RHNA requirement and Sites Inventory methodology**
- **Briefly introduce the environmental justice analysis**
- **Get initial input on housing needs, constraints, and programs**

The City's 8-year plan for meeting the housing needs of everyone in the community

Provide a variety of housing types of all income groups

Assist in the development of lower and moderate-income housing

Remove constraints to housing

Conserve and improve existing housing

Promote fair housing

Housing Element Requirements

- **Required Element of the General Plan**
- **Plan for Regional Housing Needs Allocation (RHNA)**
- **Must be updated every 8 years and certified by HCD**
- **Currently planning for the 6th cycle (2023-2031)**
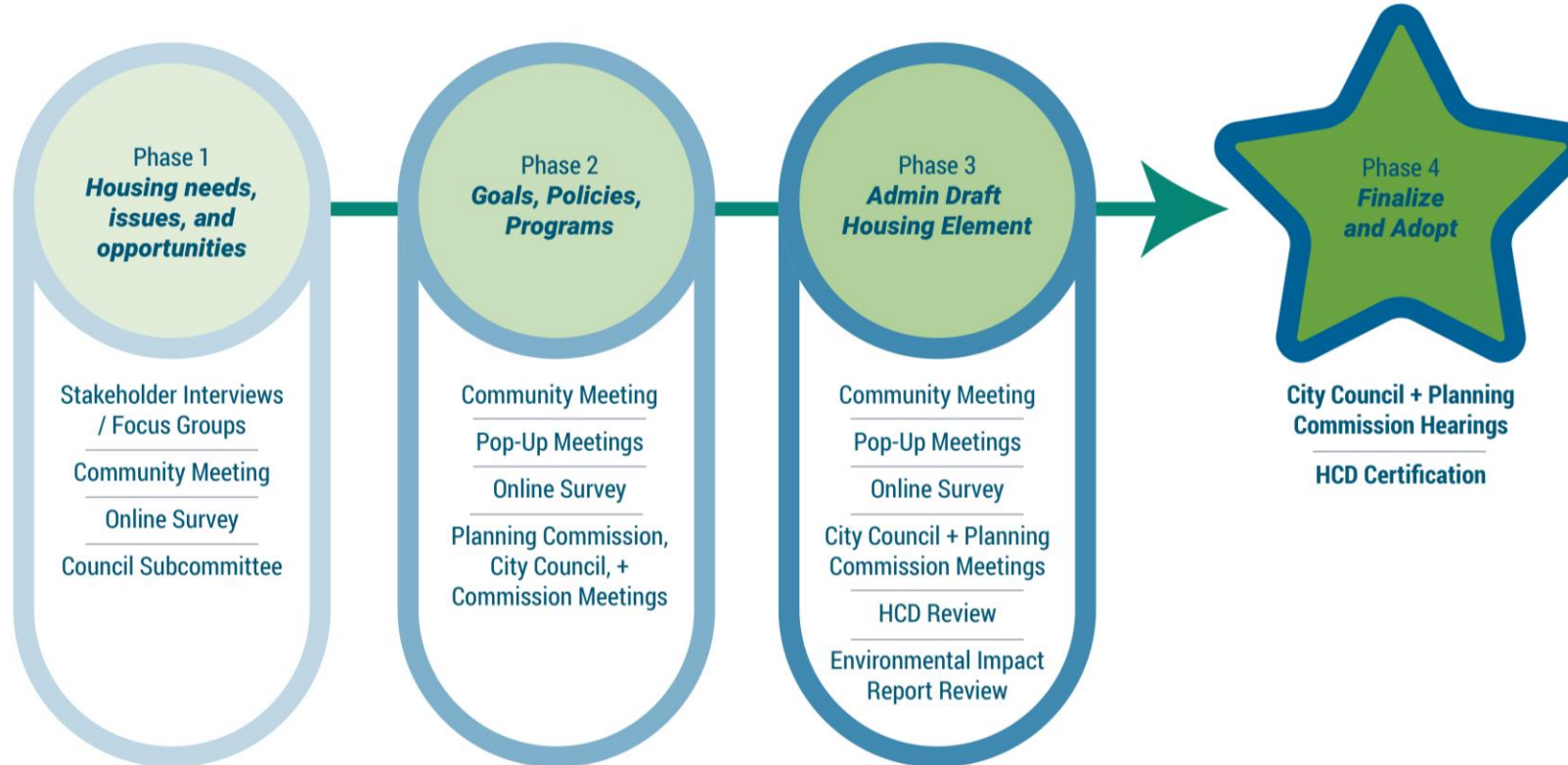- **Statutory deadline is January 31, 2023**

Building on Other Efforts

- **General Plan**
- **Affordable Housing Ordinance**
- **Metro Specific Plan**
- **Gateway-Main Street Specific Plan**
- **Assessment of Fair Housing**
- **Homelessness Task Force**
- **Santa Clara County Collaborative**
- **Council Goals and Priorities**

CITY OF MILPITAS
MILPITAS METRO SPECIFIC PLAN

Housing Element Update Process

Phase 1
Housing needs, issues, and opportunities

Stakeholder Interviews / Focus Groups

Community Meeting

Online Survey

Council Subcommittee

Phase 2
Goals, Policies, Programs

Community Meeting

Pop-Up Meetings

Online Survey

Planning Commission, City Council, + Commission Meetings

Phase 3
Admin Draft Housing Element

Community Meeting

Pop-Up Meetings

Online Survey

City Council + Planning Commission Meetings

HCD Review

Environmental Impact Report Review

Phase 4
Finalize and Adopt

City Council + Planning Commission Hearings

HCD Certification

Phase 1 Engagement
Purpose and Participation

- **Purpose:**
  - Website: provide project resources
  - Workshop: in-depth engagement and feedback
  - Survey: broader outreach and overview
  - Stakeholder Interviews: representatives of those who have not been historically included and involved in planning processes
- **Total participants: 118**
  - Workshop #1: 25
  - Survey #1: 62
  - Stakeholder Interviews: 31
  - Website: ~200 visitors

Phase 1 Engagement
Outreach Methods

- **City's social media channels:** NextDoor, Facebook, Twitter
- **City newsletters:** Milpitas Matters, Connected
- **Email listservs:** Milpitas Chamber of Commerce, Economic Development
- **Direct contact:** Key stakeholders and organizations, City Commissioners
- **Events:** Earth Day, Community Development Roundtable, ADU workshops
- **Flyers:** Library, Senior and Community Centers, 171 units at Sunnyhills Apartments, City Hall Permit Center

Phase 1 Engagement
Stakeholder Organizations

- Abode Services
- Bay Area BIA (Building Industry Association)
- Blach Construction Company
- Charities Housing
- City Council Housing Subcommittee
- Clear Peak Development
- Core Companies
- Destination: Home
- Homelessness Task Force
- Hope for the Unhoused

- Mayor of Milpitas
- MidPen Housing
- Milpitas Chamber of Commerce
- Milpitas Community Advisory Commission
- Milpitas Unified School District
- Project Sentinel
- Sullivan Land Development
- SV@Home
- Vice Mayor of Milpitas
- WeHOPE Dignity on Wheels

Phase 1 Engagement
Strengths and Successes

Affordability
- Projects with a high-level of affordability, such as Sango Court and Sunnyhills
- ADUs allow for affordable housing to be built citywide
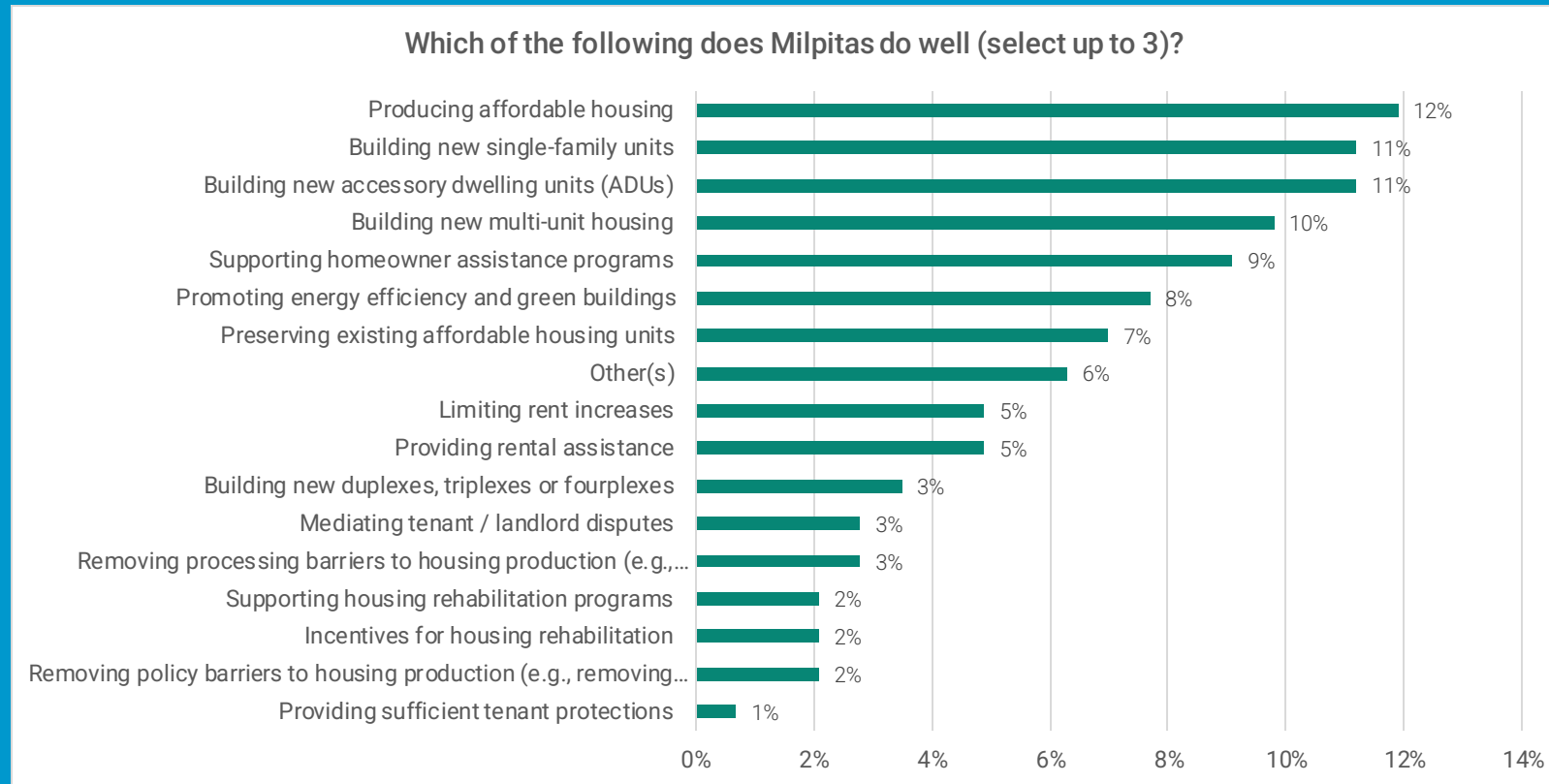
Rent and Homelessness Assistance
- Rent relief program and other funds are working well and have quick turnarounds
- Extended Stay America Conversion program

New Development
- Transit-oriented
- Main Street densification and mixed-use
- Improved planning and approval

"It's been encouraging to see more developers move away from feeing out of building affordable units and actually building them. This is good because the fees do not always translate to those units being built later on."

Phase 1 Engagement
Strengths and Successes

Which of the following does Milpitas do well (select up to 3)?

Category	Percentage
Producing affordable housing	12%
Building new single-family units	11%
Building new accessory dwelling units (ADUs)	11%
Building new multi-unit housing	10%
Supporting homeowner assistance programs	9%
Promoting energy efficiency and green buildings	8%
Preserving existing affordable housing units	7%
Other(s)	6%
Limiting rent increases	5%
Providing rental assistance	5%
Building new duplexes, triplexes or fourplexes	3%
Mediating tenant / landlord disputes	3%
Removing processing barriers to housing production (e.g.,…	3%
Supporting housing rehabilitation programs	2%
Incentives for housing rehabilitation	2%
Removing policy barriers to housing production (e.g., removing…	2%
Providing sufficient tenant protections	1%

143 entries

Phase 1 Engagement
Weaknesses and Challenges

- **Housing Cost and Cost of Living**
  - High overall
  - Acute impact on low-income people, younger generation, people with fixed income
  - Homeownership is out of reach

- **Lack of Housing for Specific Groups**
  - Families with children, low-income households, young adults/professionals, persons with disabilities
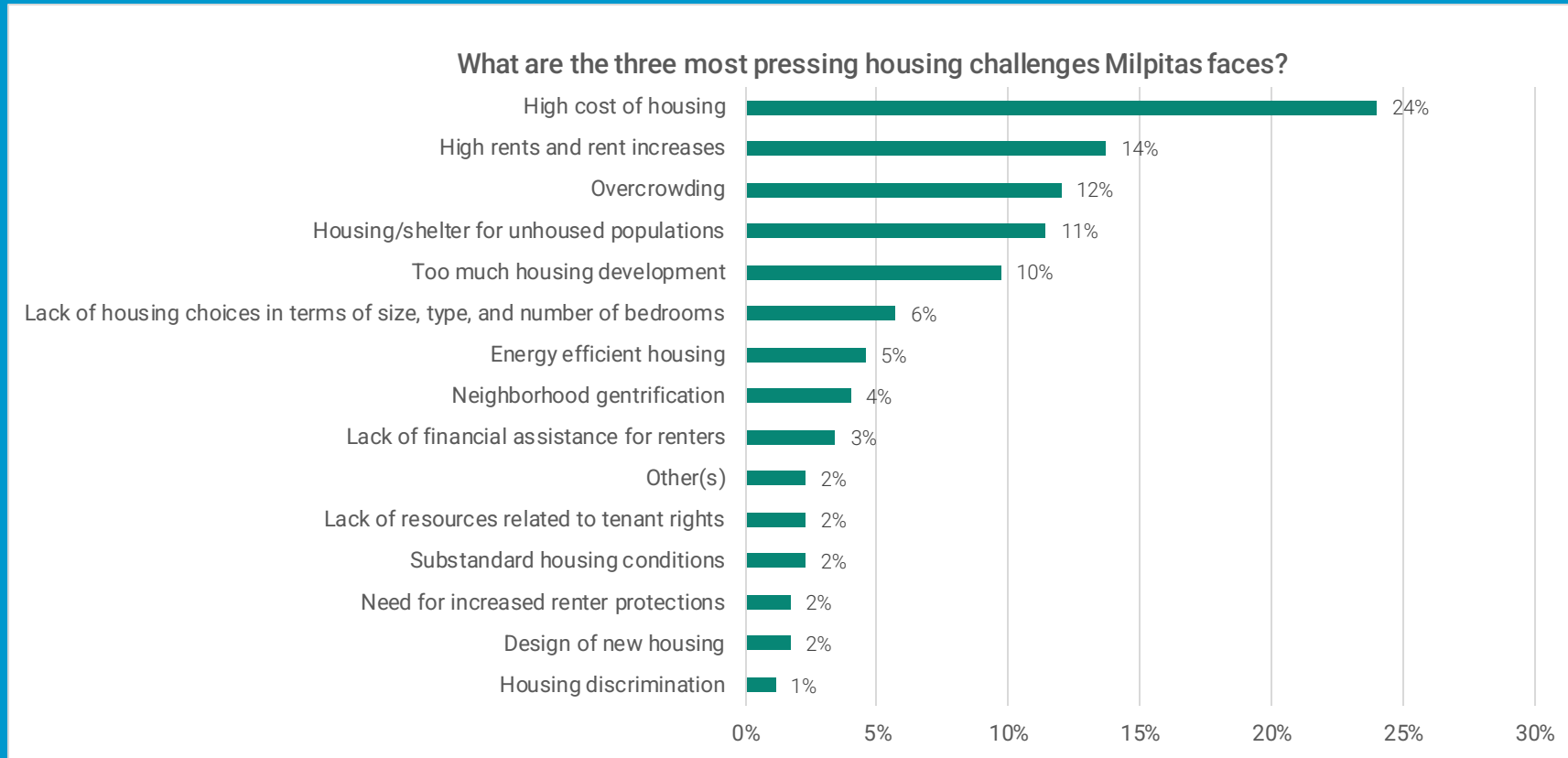
- **Low Supply**
  - Both for renting and for sale

- **Overdevelopment and Overcrowding**
  - Balanced approach distributed across the city
  - Impact on infrastructure

"My vision for housing in Milpitas is for every person that already lives here in Milpitas to be able to afford to live here. Everyone here wants to stay in this town, but many are feeling they can't afford it because all the homes to buy are over 1 million. Rent is $2,500 and up starting for a one-bedroom. Many of the people that live here help the city keep their businesses going but on little wage. Many are living paycheck-to-paycheck that middle income has become unrealistic for most here."

Phase 1 Engagement
Weaknesses and Challenges

What are the three most pressing housing challenges Milpitas faces?

- High cost of housing — 24%
- High rents and rent increases — 14%
- Overcrowding — 12%
- Housing/shelter for unhoused populations — 11%
- Too much housing development — 10%
- Lack of housing choices in terms of size, type, and number of bedrooms — 6%
- Energy efficient housing — 5%
- Neighborhood gentrification — 4%
- Lack of financial assistance for renters — 3%
- Other(s) — 2%
- Lack of resources related to tenant rights — 2%
- Substandard housing conditions — 2%
- Need for increased renter protections — 2%
- Design of new housing — 2%
- Housing discrimination — 1%

175 entries

Housing Needs, Constraints, and Opportunities

Milpitas Housing Element

Housing Need Considerations

- **Age Composition**: The large increase in the older age groups from 2010 to 2019 underline indicates a potential need for more smaller units, senior housing, and assisted living facilities end-underline in the future

- **Jobs**: Between 2002 and 2018, the number of jobs in Milpitas increased by 29%. Milpitas has more low-wage jobs than low-wage residents and more high-wage jobs than high-wage residents. This indicates that Milpitas needs to add a wide range of housing types to meet the needs of its workforce

- **Household Size**: The household size distribution in Milpitas indicates that a range of unit sizes are needed in the City to meet the needs of different household sizes.

Housing Need Considerations

- **Housing Stock**: Milpitas has a high percentage of single-family homes. The City should <u>continue to encourage and facilitate Accessory Dwelling Units</u> (like the Accessory Dwelling Unit (ADU) Incentive Program and the Safe ADU Legalization Program)

- **Rents** : <u>Fifteen percent of renters pay more than 50 percent of their household income toward rent</u>. High rates of cost burden in Milpitas and Santa Clara County are reflective of a housing shortage and high housing costs, <u>illustrating the need for additional housing units</u>, especially for lower-income households.

- **Ownership**: The largest proportion of homes had a value in the range of $750k-$1M in 2019. <u>Home prices increased by 125.4% from 2010 to 2020 emphasizing the need for affordable housing alternatives</u>.

Housing Need Considerations

> **Special Needs**

- Milpitas has 125 unsheltered individuals and no sheltered individuals, lower than other parts of the region.

- In Milpitas, 7.2% of residents have a disability of any kind and may require accessible housing

- 15.1% of Milpitas households are larger households with five or more people, who likely need larger housing units with three bedrooms or more

Housing Constraint and Opportunity Considerations

- **Land Use Controls**
  - **General Plan / Zoning:** No significant housing constraints. Town Center (TC) and Neighborhood Commercial Mixed Use (NCMU) designations more likely to evolve as commercial sites with limited housing
  - **Parking Requirements:** The parking requirements are high outside the specific plan areas and overlay zones.
- **Provision for a Variety of Housing Types**
  - No significant housing constraints, allows for a variety of housing types
  - New programs needed to address Supportive Housing, Emergency Shelters, Farmworker/Employee housing, and Residential Care Facilities

Housing Constraint and Opportunity Considerations

- **Inclusionary Housing**
  - The City of Milpitas' Affordable Housing Ordinance (AHO) came into effect in July 2018 and requires all new residential projects with ten or more units to develop 15% of the total number of units as affordable units

- **Development Processes and Procedures**
  - Review and approval timelines are similar to average times taken by other jurisdictions in Santa Clara County
  - Compared to other cities in Santa Clara County, Milpitas has higher fees per unit for single and multi-family developments

Regional Housing Constraint and Opportunity Considerations

- **Cost and Availability of Land:** High land values and limited availability of land. Few property owners willing to sell or redevelop

- **Timing:** Delay in processing of applications or changes occurring during the processing phase of a project

- **Construction Costs:** High costs of construction including labor and materials. Supply chain and labor shortages also make it challenging

- **Mortgage and Financing:** High home prices and high down payments can pose a constraint to home buyers. High interest rate on loans can also deter home buyers and affect the housing market

- **Hazards**: City at risk to geologic and seismic hazards, wildfire, flood, and sea level rise
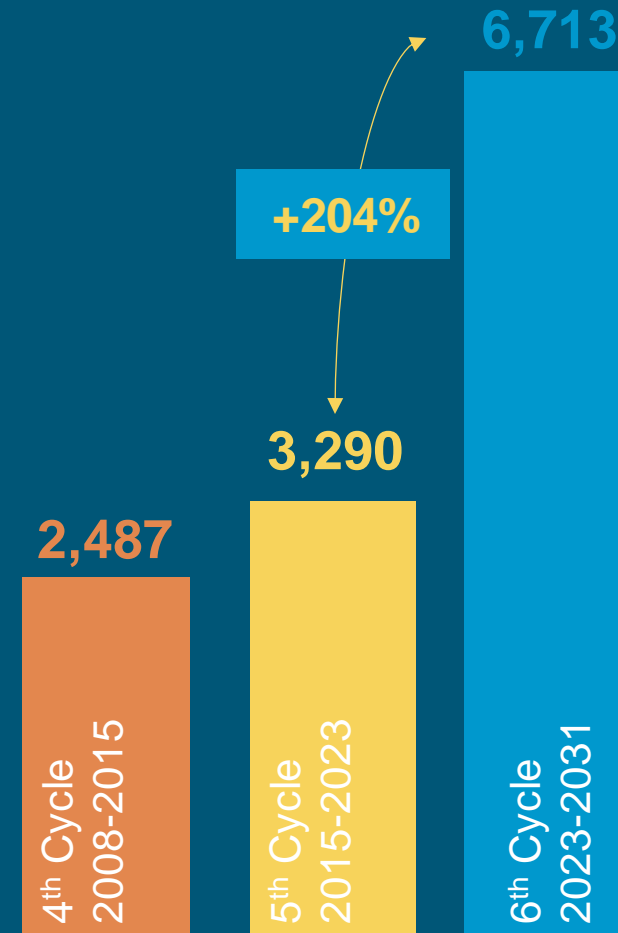
RHNA Requirement and Preliminary Sites Inventory

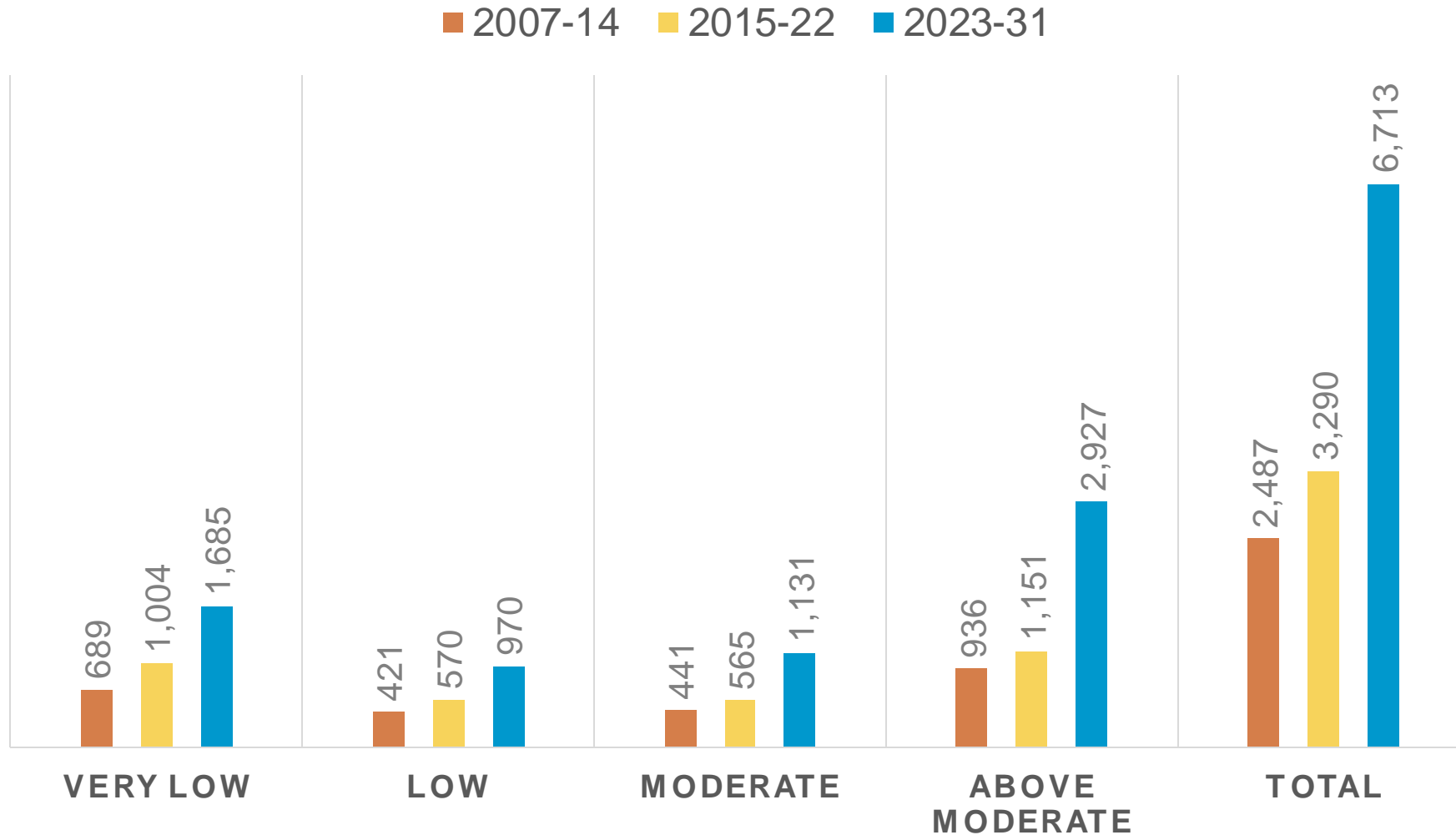# Regional Housing Needs Allocation
4th, 5th, and 6th cycles

Projected Future Housing Needs

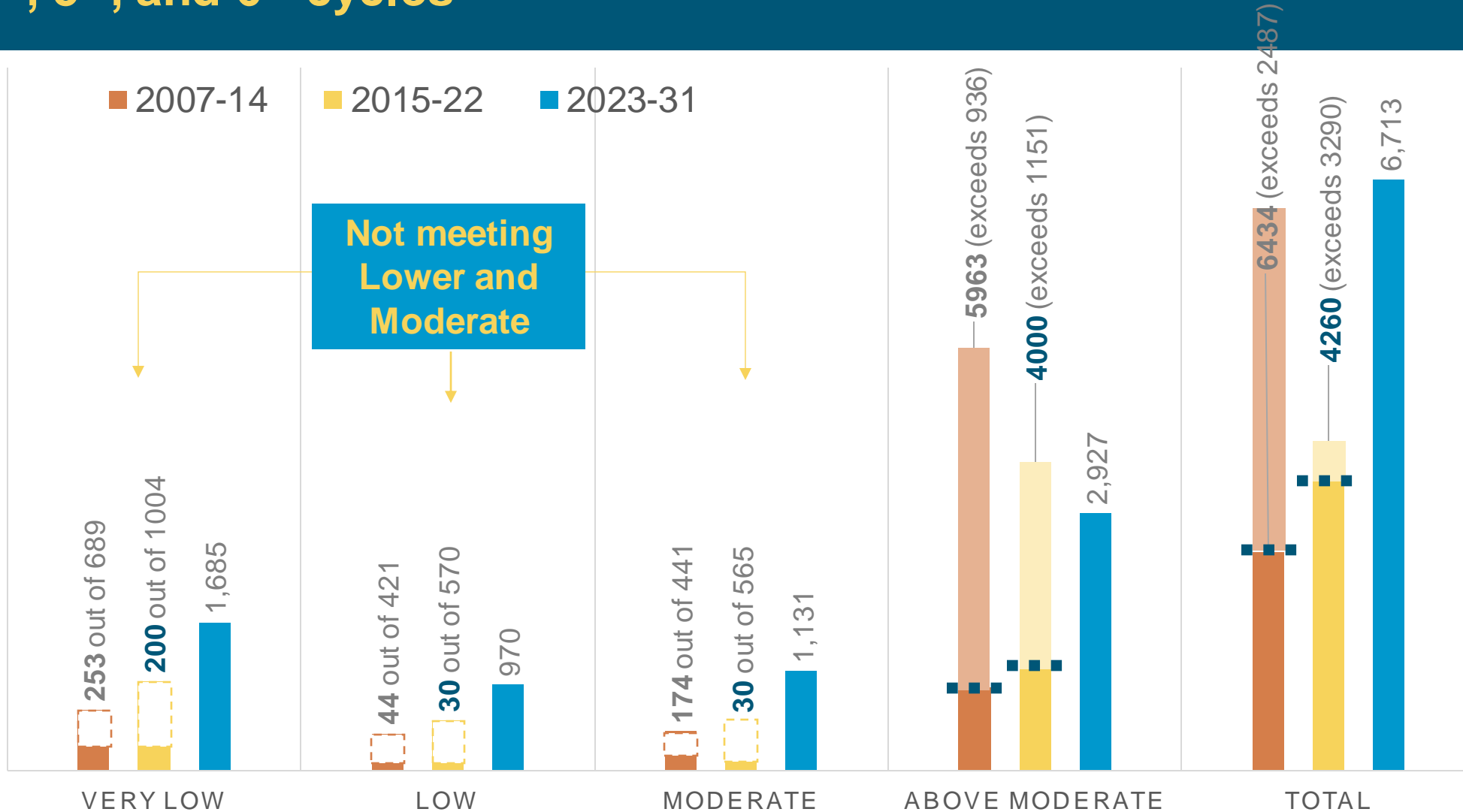**+ Unmet Existing Housing Needs**

= Higher Allocation

2,487
4th Cycle 2008-2015

3,290
5th Cycle 2015-2023

+204%

6,713
6th Cycle 2023-2031

Regional Housing Needs Allocation
4th, 5th, and 6th cycles

Milpitas

■ 2007-14 ■ 2015-22 ■ 2023-31

	2007-14	2015-22	2023-31
VERY LOW	689	1,004	1,685
LOW	421	570	970
MODERATE	441	565	1,131
ABOVE MODERATE	936	1,151	2,927
TOTAL	2,487	3,290	6,713

Regional Housing Needs Allocation
4th, 5th, and 6th cycles

Legend: ■ 2007-14 ■ 2015-22 ■ 2023-31

Not meeting Lower and Moderate

VERY LOW: 253 out of 689 | 200 out of 1004 | 1,685

LOW: 44 out of 421 | 30 out of 570 | 970

MODERATE: 174 out of 441 | 30 out of 565 | 1,131

ABOVE MODERATE: 5963 (exceeds 936) | 4000 (exceeds 1151) | 2,927

TOTAL: 6434 (exceeds 2487) | 4260 (exceeds 3290) | 6,713

VERY LOW   LOW   MODERATE   ABOVE MODERATE   TOTAL

Sites Inventory Buffer for Lower Income Housing

Milpitas

Sites Inventory
(Buffer 15-30%)

Milpitas's
Regional
Housing Needs
Allocation =
6,713 units
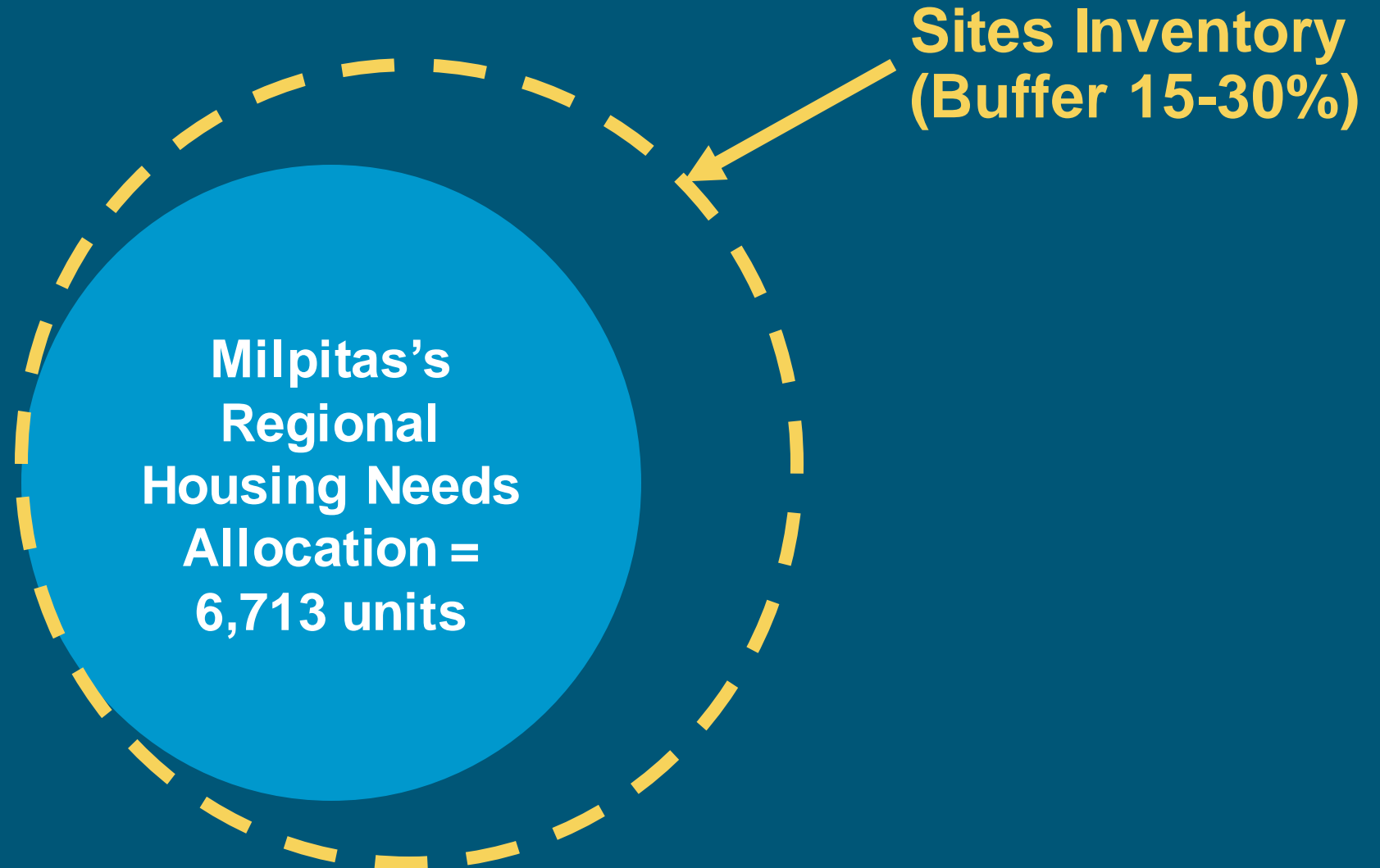
Sites Inventory for RHNA

The purpose of the Housing Element sites inventory is to identify adequate sites to accommodate the RHNA

- City is not required to *build* or *finance* the housing, but must *plan for and accommodate* it
- Does not automatically authorize the construction of residential developments
- Private Property - No obligation by property owner or tenant to take action
- Reliant on the development industry (market rate & affordable) to construct housing units

Sites Inventory Methodology
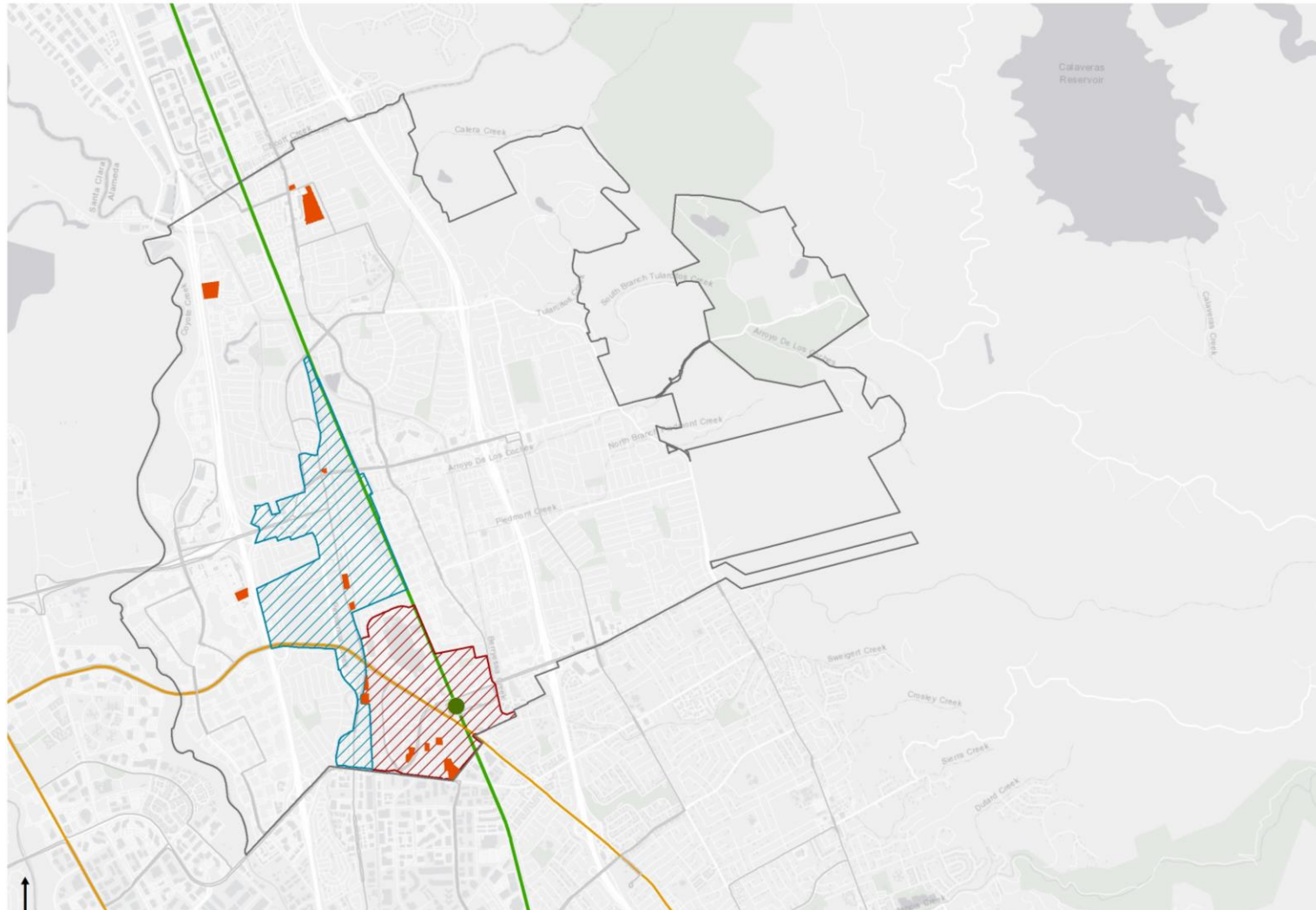
STEP 1. Identify Likely Sites

STEP 2. Calculate "Deficit" (Remaining RHNA)

STEP 3. Identify Potential Opportunity Sites

STEP 4. Evaluate and Analyze

STEP 5. Calculate Buildout

1. Identify Likely Sites

- **Accessory Dwelling Unit** (ADU): Annual ave. of 2018-2020 x 8 years *(not shown on map)*

- **Pipeline Projects:** proposed or entitled between 2018 and present

Legend:
- Pipeline Projects
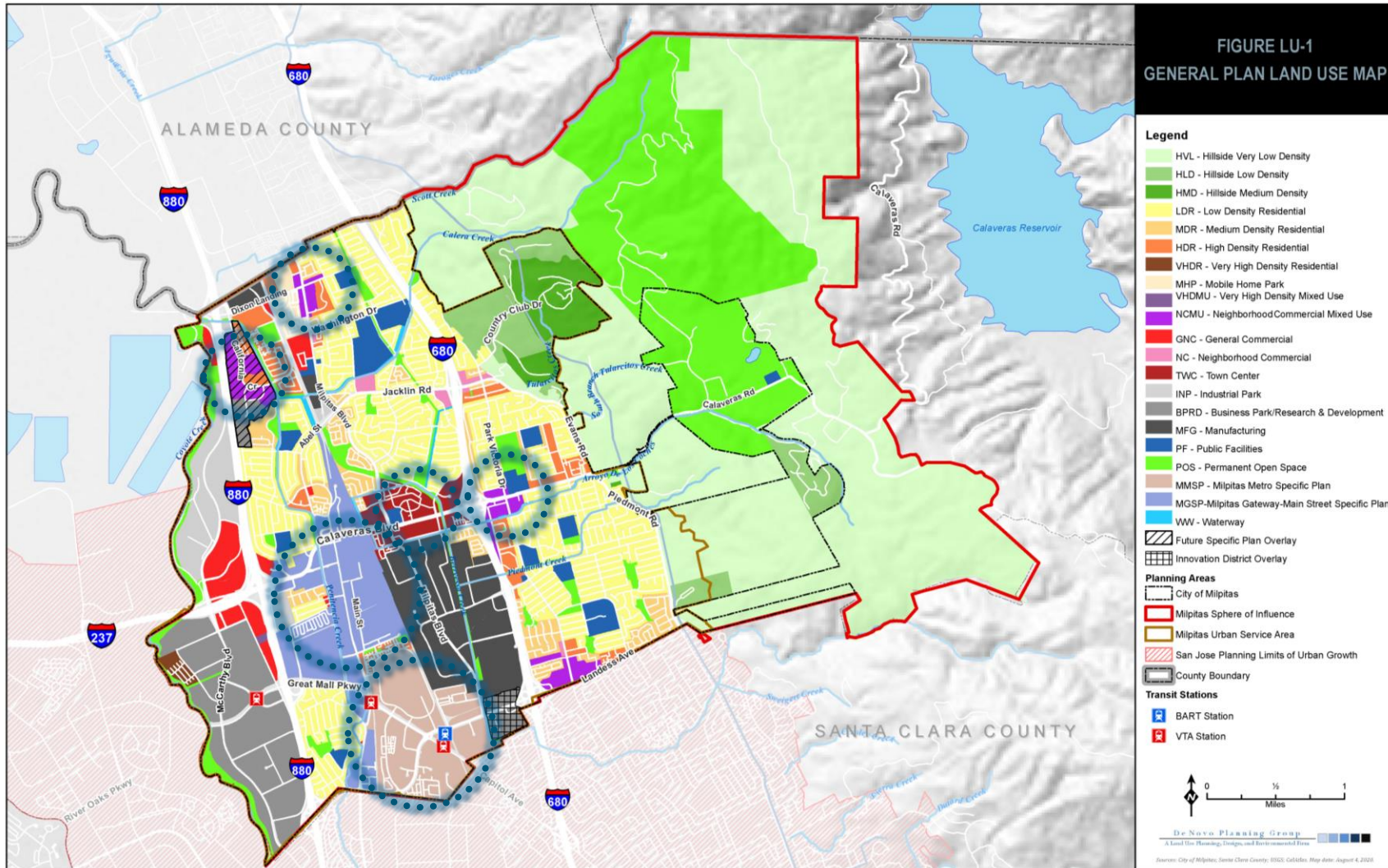- Metro Specific Plan (TASP)
- Gateway-Main Street Specific Plan

2. Calculate Deficit (Remaining RHNA)

Likely Sites	Very Low <50% AMI	Low 50-80% AMI	Moderate 80-120% AMI	Above Mod >120% AMI	Total
RHNA	1,685	970	1,131	2,927	6,713
ADUs	67	67	67	22	224
Pipeline Projects	123	254	95	943	1,415
Total	190	321	162	965	1,639
Remaining RHNA	**1,495**	**649**	**969**	**1,962**	**5,074**

FIGURE LU-1
GENERAL PLAN LAND USE MAP

Legend

- HVL - Hillside Very Low Density
- HLD - Hillside Low Density
- HMD - Hillside Medium Density
- LDR - Low Density Residential
- MDR - Medium Density Residential
- HDR - High Density Residential
- VHDR - Very High Density Residential
- MHP - Mobile Home Park
- VHDMU - Very High Density Mixed Use
- NCMU - Neighborhood Commercial Mixed Use
- GNC - General Commercial
- NC - Neighborhood Commercial
- TWC - Town Center
- INP - Industrial Park
- BPRD - Business Park/Research & Development
- MFG - Manufacturing
- PF - Public Facilities
- POS - Permanent Open Space
- MMSP - Milpitas Metro Specific Plan
- MGSP-Milpitas Gateway-Main Street Specific Plan
- WW - Waterway
- Future Specific Plan Overlay
- Innovation District Overlay

Planning Areas
- City of Milpitas
- Milpitas Sphere of Influence
- Milpitas Urban Service Area
- San Jose Planning Limits of Urban Growth
- County Boundary

Transit Stations
- BART Station
- VTA Station

3. Identify Potential Opportunity Sites

Milpitas

> **Include**
> - Vacant
> - Large enough for development (ideally greater than 0.5 acres)
> - Underutilized (significantly below maximum density)
> - Old structures

> **Exclude**
> - Condos
> - Large apartment buildings
> - Historic buildings
> - Most supermarkets

4. Evaluate and Analyze

- Review aerial photos and conduct field visits
- Review with City staff
- Public review and discussion about sites
- Remove inappropriate/unlikely sites
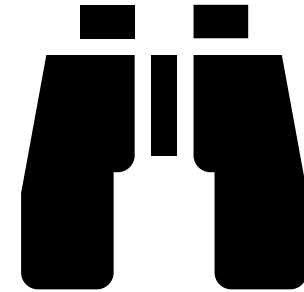
Affirmatively Furthering Fair Housing Analysis of Sites:

- Transit Access
- TCAC Opportunity Zones
- Environmental Risk (Flood Risk, Sea-level rise)
- Racially & Ethnically Concentrated Areas of Poverty (R/ECAP)

5. Calculate Buildout

"Heatmap" showing potential opportunity sites with capacity

Low capacity

High capacity

Metro Specific Plan (TASP)

Gateway-Main Street Specific Plan

5. Calculate Buildout and Buffer

Likely Sites	Very Low <50% AMI	Low 50-80% AMI	Moderate 80-120% AMI	Above Mod >120% AMI	Total
RHNA	1,685	970	1,131	2,927	6,713
ADUs	67	67	67	22	224
Pipeline Projects	123	254	95	943	1,415
Total	190	321	162	965	1,639
Remaining RHNA	1,495	649	969	1,962	5,074
Potential Opportunity Sites	1,280	1,280	1,604	2,312	6,476
Surplus /Deficit	(215)	631	635	350	1,402
Surplus /Deficit of Very-Low and Low	416				
Buffer	19%		66%	18%	28%

Environmental Justice

Environmental Justice Element

- **The Environmental Justice Element is a new General Plan element to comply with recent state law (the Planning for Healthy Communities Act)**

- Requires identification of "disadvantaged communities" (DACs), which are low-income areas with high pollution and health burden

- Must minimally address five topic areas (see list to the right)

- Requires goals, policies, and actions that address health, equity, and environmental justice priorities in DACs

- Requires outreach and engagement with identified DAC's

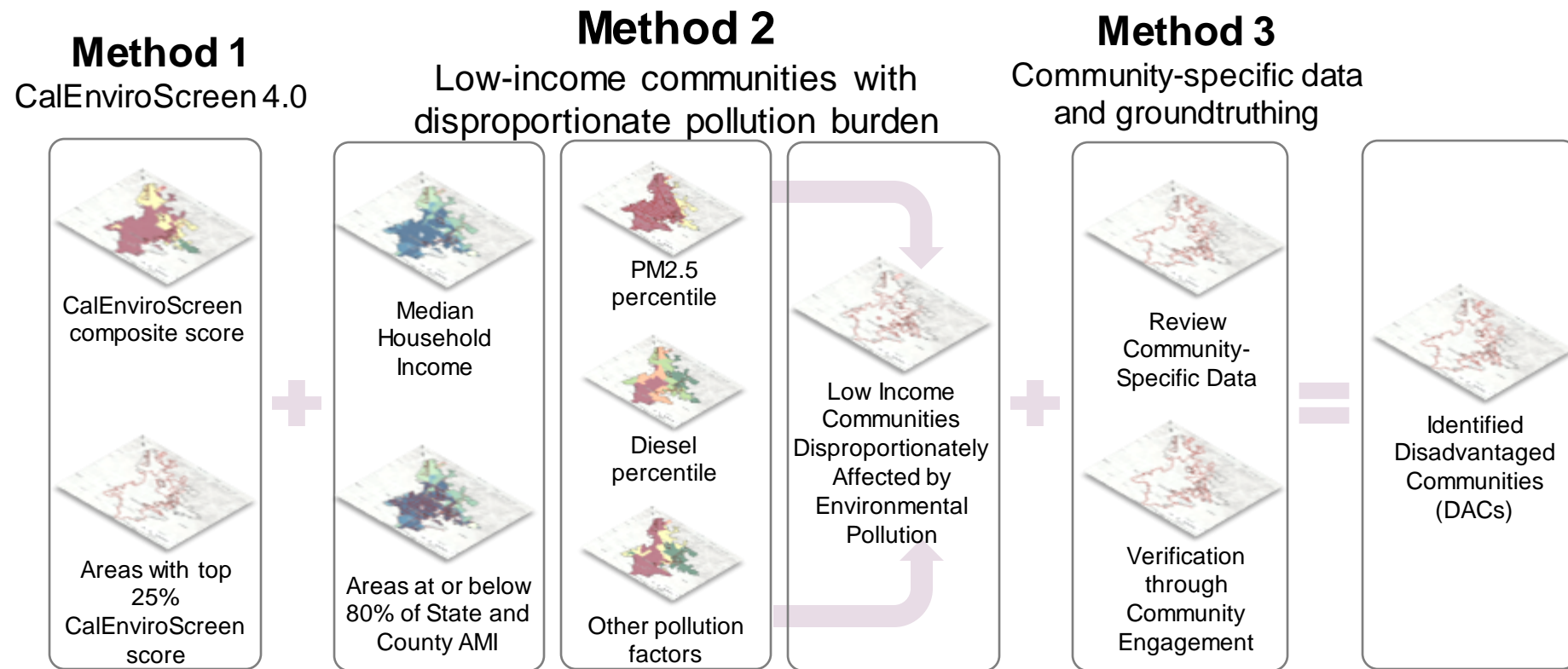**Reduce Pollution Exposure:** air quality, water quality, soil quality, and land use compatibility

Promote Food Access: grocery stores, farmers' markets, community gardens, etc.

Promote Physical Activity: walkable and bikeable communities, access to transit, safety

Promote Public Facilities: parks, schools, health facilities, etc.

Promote Safe and Sanitary Homes: housing location, quality, and affordability

EJ Screening Analysis

Method 1
CalEnviroScreen 4.0

CalEnviroScreen composite score

Areas with top 25% CalEnviroScreen score

Method 2
Low-income communities with disproportionate pollution burden

Median Household Income

Areas at or below 80% of State and County AMI

PM2.5 percentile

Diesel percentile

Other pollution factors

Low Income Communities Disproportionately Affected by Environmental Pollution

Method 3
Community-specific data and groundtruthing

Review Community-Specific Data

Verification through Community Engagement

Identified Disadvantaged Communities (DACs)

Preliminary Analysis

> Areas where Diesel PM, traffic, and/or lead exposure intersect with lower median household incomes
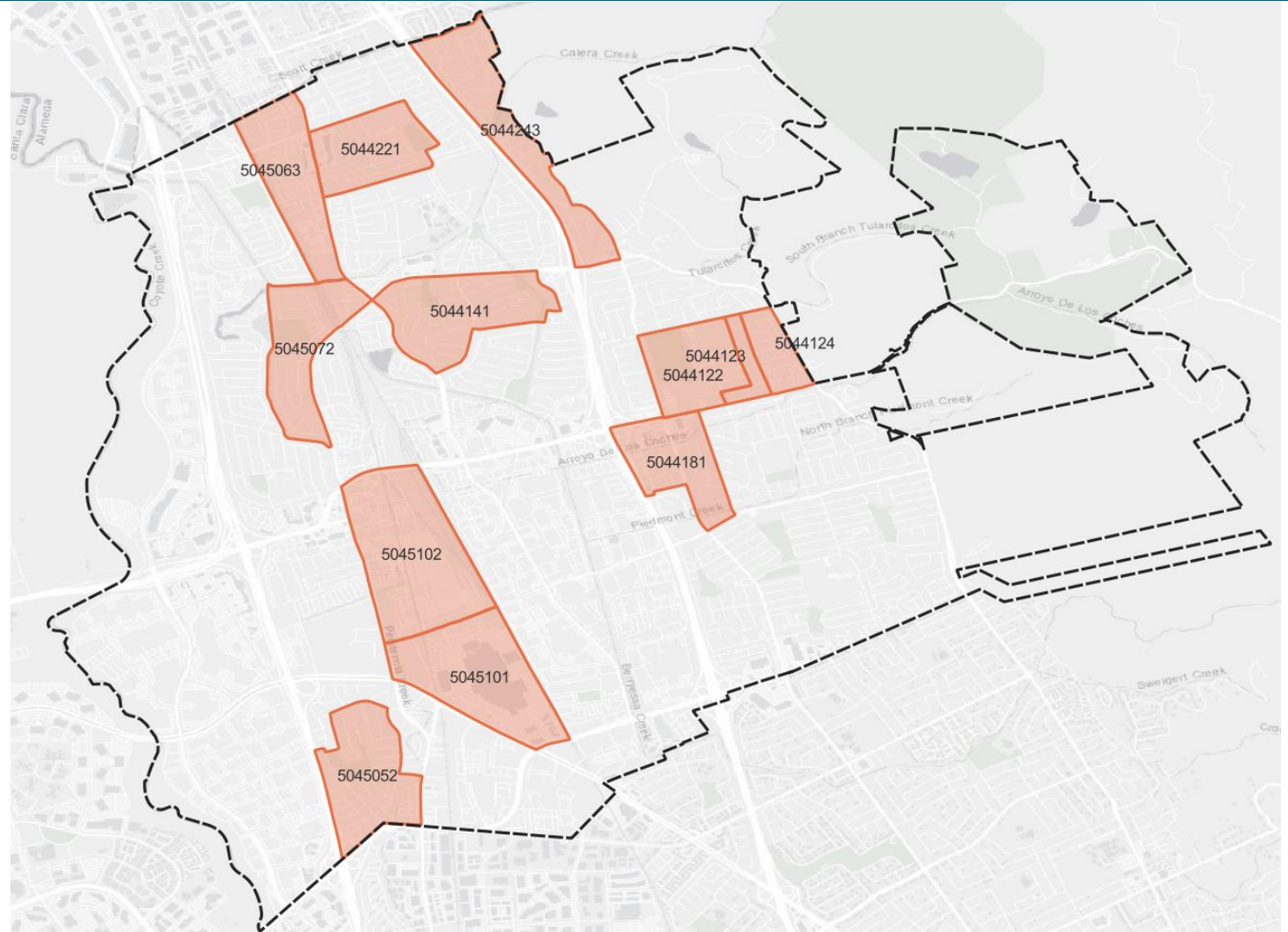
Additional Policy Development

- **Build on 2040 General Plan's Community Health and Wellness Element**
  - Currently included SB1000-required topic areas (food access, public facilities, inclusive engagement); more are needed
  - Needs EJ reframing and additional policies/actions explicitly referring to EJ or disadvantaged communities
- **Community engagement with DACs through the HE process**

Next Steps

- **Launching Phase 2 Engagement in June**
  - Workshop #2 – **June 28th! 6pm**
  - Survey #2
  - Pop-up Event x2
- **Initiating Phase 2 Technical and Policy Work**
  - Finalize Sites Inventory
  - Housing Goals and Actions
  - Affirmatively Furthering Fair Housing Analysis
  - Environmental Impact Report
  - Environmental Justice Policy Integration
- **Preparing the Public Review Draft Housing Element for release in Q3**

Discussion Questions

- **What do you think are the most important housing needs to be addressed in the Housing Element?**

- **What constraints to housing are you aware of? What opportunities do you see for the City to address those constraints?**

- **Do you have any comments on the preliminary sites inventory?**

- **Are there any specific programmatic ideas you are familiar with that the City should consider for the Housing Element?**

- **Anything else you would like us to know?**
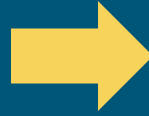
City of Milpitas

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🖥 www.ci.milpitas.ca.gov 📞 408-586-3000

Housing Element Components + Process

- **Housing needs assessment**, including for
  - Existing and at-risk units
  - Special needs
  - Projected needs
- **Sites inventory and analysis**
- **Constraints and opportunities analysis**
  - Governmental and non-governmental constraints
  - Residential development, funding, and partnership opportunities

- **Housing Plan: programs and implementation**
  - Goals, objectives, and policies
  - Quantified objectives
  - Constraints removal
  - Housing production (income level, special needs)
  - Providing adequate sites
  - Improve existing housing and preserve at risk units

Council Goals and Priorities

Milpitas

- ❯ **Affordable Housing Production/Development and Preservation**
  - Evaluate potential programs to increase moderate income housing; assess risks, benefits, short-term and long-term financial impact to the City
  - For 2021-2022: new project proposals and 1380 South Main Street
  - For the Sunnyhills Apartments, coordinated with Santa Clara County Housing Authority, HUD, and owner

- ❯ **Housing Element Cycle 6 Plan (2023-2031) and Assessment of Fair Housing**
  - Align with planning efforts including the General Plan, Metro Specific Plan, and Gateway-Main Street Specific Plan
  - Write a HE plan for new housing growth that responds to the City's unique context and to maintain compliance with State Housing Element laws

Housing-Related Policies and Actions in Other General Plan Elements

Land Use

- Coordinated land use and mobility planning to reduce emissions
- Future residential location and type
- Minimum and maximum densities
- Policy for existing and new residential areas

Circulation

- Transit-oriented development
- Transportation Demand Management and parking

Conservation and Sustainability

- Energy conservation and energy efficiency programs
- Green building

Milpitas

What We Heard So Far

Phase 1 Engagement Summary

Phase 1 Engagement
Workshop and Survey Participants

- **Majority (~70%) live in Milpitas**

- **About 60-70% are homeowners**
  - vs. 64% per 2020 Census data

- **Self-identified race/ethnicity**
  - Asian or Asian American: 55%
    - vs. 68% per 2020 Census data
  - Hispanic or Latinx: 6%
    - vs. 14% per 2020 Census data
  - White: 26%
    - vs. 15% per 2020 Census data

Phase 1 Engagement
Strengths and Successes

"Milpitas has done a good job tapping into county bonds, including for Sango Courts, and utilizing land opportunities to tap into the County's Measure A."

"The city's homeless prevention emergency rental assistance program helped it process requests."

"It's been encouraging to see more developers move away from feeing out of building affordable units and actually building them. This is good because the fees do not always translate to those units being built later on."

Phase 1 Engagement
Weaknesses and Challenges

"My vision for housing in Milpitas is for every person that already lives here in Milpitas to be able to afford to live here. Everyone here wants to stay in this town, but many are feeling they can't afford it because all the homes to buy are over 1 million. Rent is $2,500 and up starting for a one-bedroom. Many of the people that live here help the city keep their businesses going but on little wage. Many are living paycheck-to-paycheck that middle income has become unrealistic for most here."

"My adult child decided not to relocate back to Milpitas but to buy elsewhere as it is so expensive here."

"Three different people or families with different incomes will all live in the same house to be able to afford it. If one of these people or families slips, they can be in a serious problem."
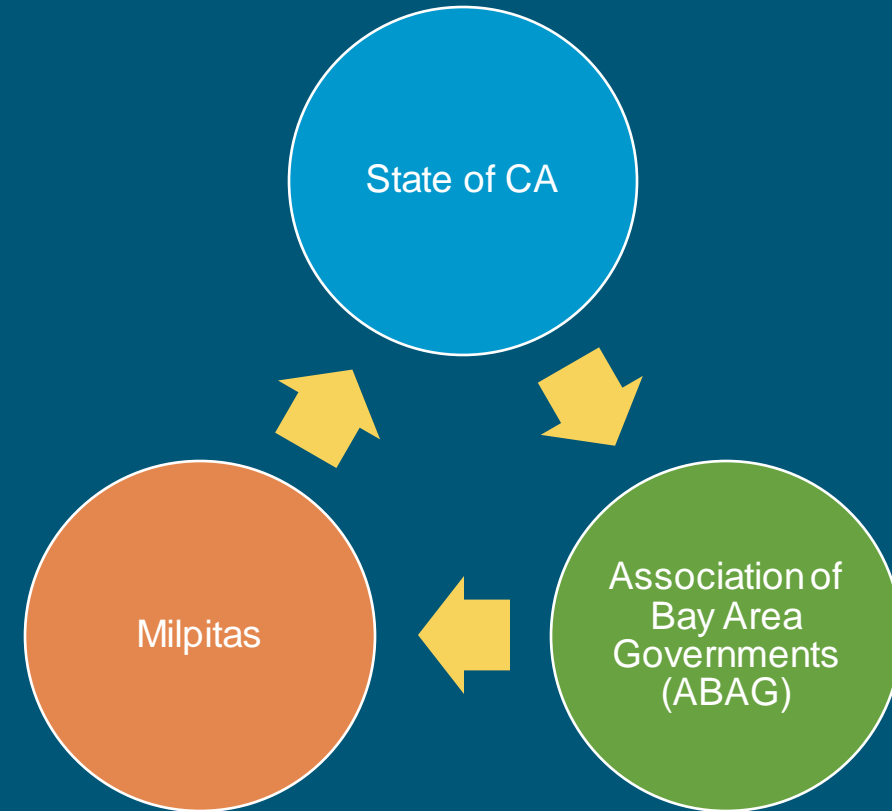
Regional Housing Needs Allocation

For each region, the State analyzes:

- **Jobs to homes ratio**
- **Proximity to jobs and education centers**
- **Expected job and population growth**
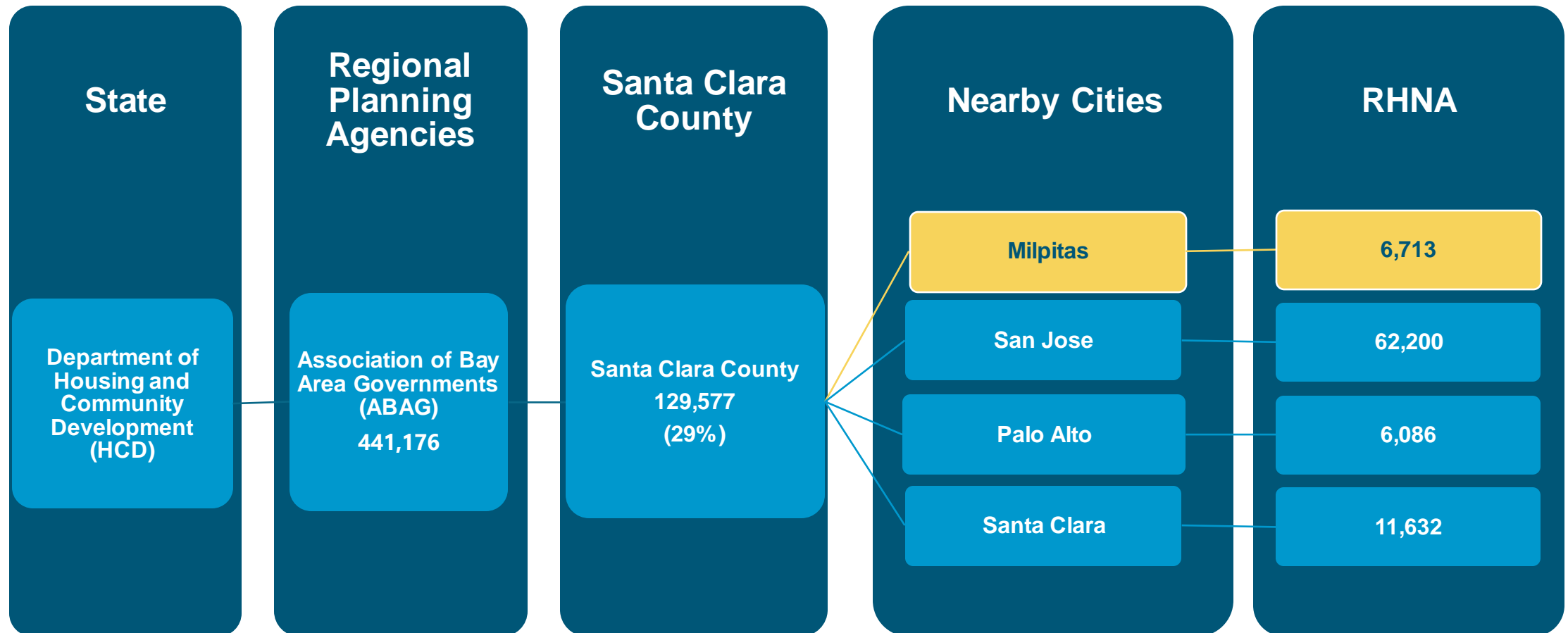- **Demographic trends that affect housing demand**

= # of units to plan for in each region, by income level

= Regional Housing Needs Allocation, or RHNA

State of CA

Association of Bay Area Governments (ABAG)

Milpitas

Regional Housing Needs Allocation
6th cycle

Milpitas

State	Regional Planning Agencies	Santa Clara County	Nearby Cities	RHNA
Department of Housing and Community Development (HCD)	Association of Bay Area Governments (ABAG) 441,176	Santa Clara County 129,577 (29%)	Milpitas	6,713
			San Jose	62,200
			Palo Alto	6,086
			Santa Clara	11,632

Source: Final Regional Housing Needs Allocation Plan: San Francisco Bay Area, 2023-2031

5. Calculate Buildout
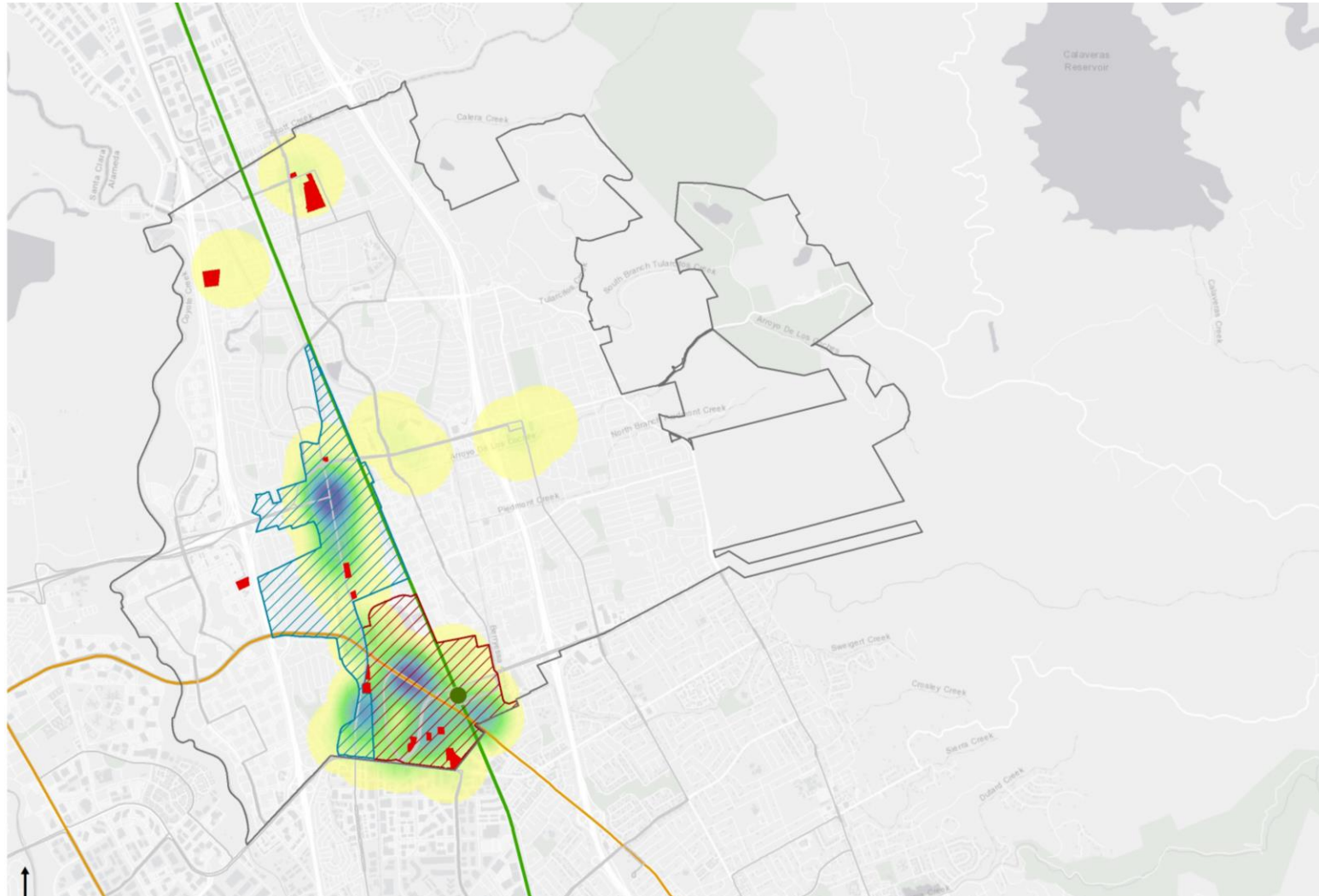
ADU Trends: annual avg. of 2018-2020 x 8 years
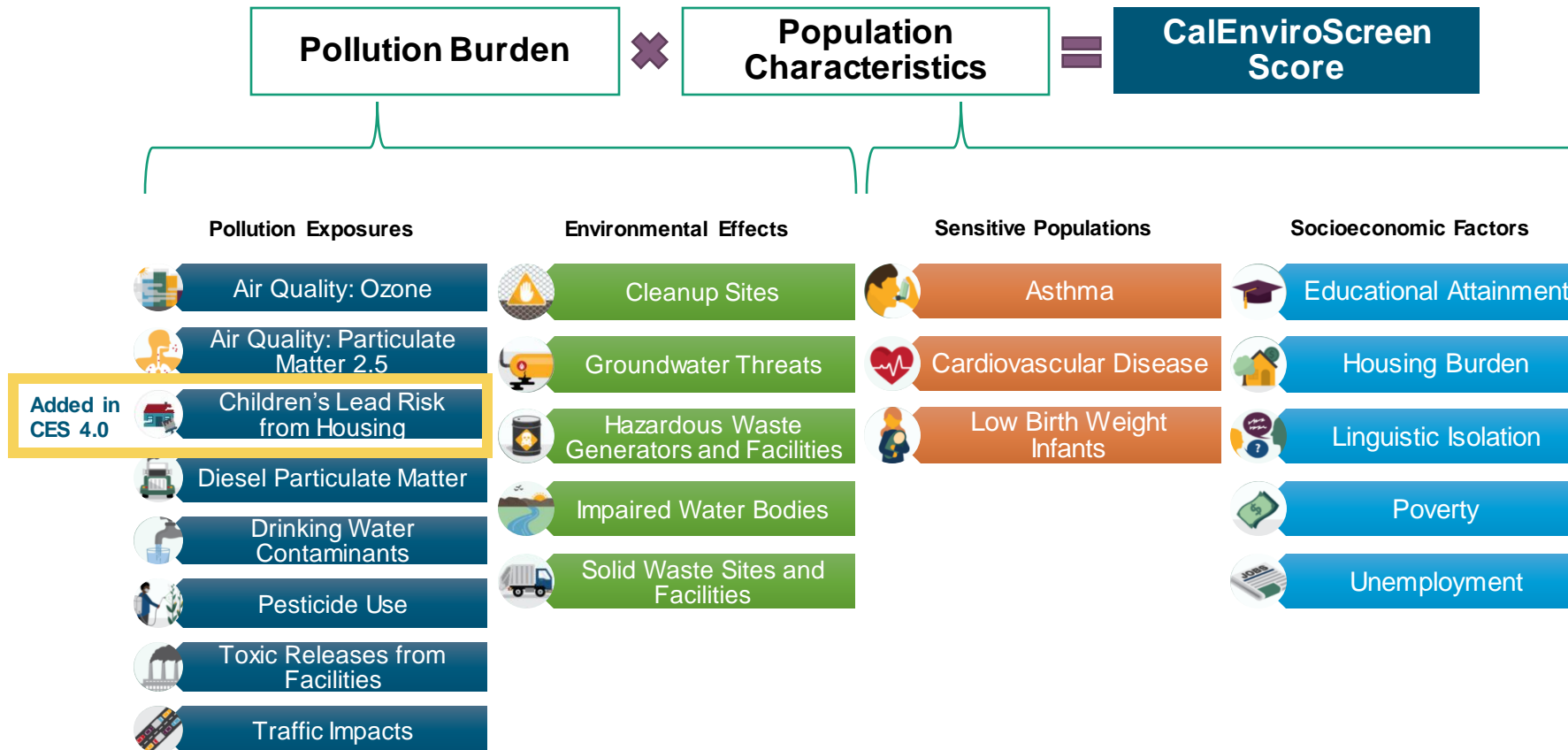*(not shown on map)*

+

Pipeline Projects:
proposed or entitled between 2018 and present

+

Potential Opportunity Sites

Low capacity

High capacity

Pipeline Projects

Metro Specific Plan (TASP)

Gateway-Main Street Specific Plan

CalEnviroscreen 4.0

Pollution Burden ✖ **Population Characteristics** = **CalEnviroScreen Score**

Pollution Exposures

- Air Quality: Ozone
- Air Quality: Particulate Matter 2.5
- **Added in CES 4.0** — Children's Lead Risk from Housing
- Diesel Particulate Matter
- Drinking Water Contaminants
- Pesticide Use
- Toxic Releases from Facilities
- Traffic Impacts

Environmental Effects

- Cleanup Sites
- Groundwater Threats
- Hazardous Waste Generators and Facilities
- Impaired Water Bodies
- Solid Waste Sites and Facilities

Sensitive Populations

- Asthma
- Cardiovascular Disease
- Low Birth Weight Infants

Socioeconomic Factors

- Educational Attainment
- Housing Burden
- Linguistic Isolation
- Poverty
- Unemployment

Percentiles from CES 4.0 use more recent data than CES 3.0 percentiles

Sources: Raimi + Associates. Graphic Elements adapted from California Office of Environmental Health Hazard Assessment CalEnviroScreen 4.0 Webpage and Report.