



Item 21 2023-2031 Housing Element

September 20, 2022

City of Milpitas

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





- Review Public Draft Housing Element, including:
 - Organization
 - Goals and Programs
 - Housing Sites Inventory
- Review Fair Housing Assessment
- Share what we heard so far and how to comment on the Housing Element

Housing Element Requirements

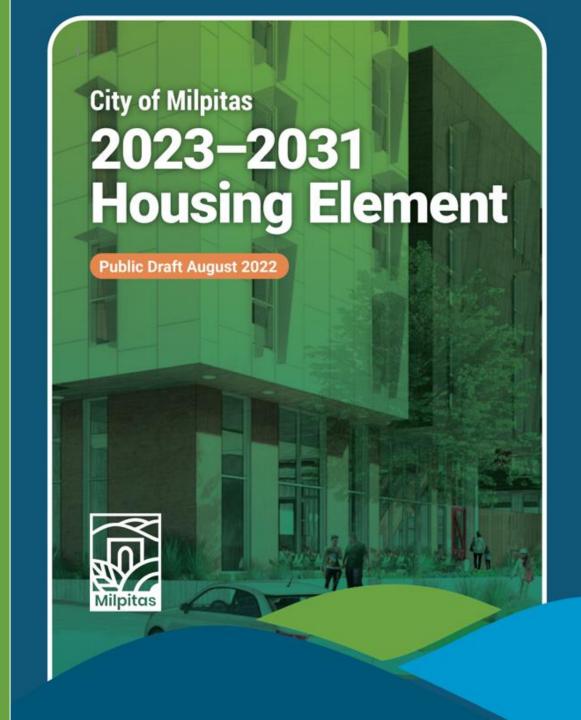


- Required Element of the General Plan
- Must be updated every 8 years and certified by HCD
- Currently planning for the 6th cycle (2023-2031)
- Statutory deadline is January 31, 2023
- Plan for Regional Housing Needs Allocation (RHNA)



Public Review Draft

Comment by September 30, 2022



Housing Element Organization



Objection 4. Over Diese

Chapter 1: Our Plan

Chapter 2: Our Conversation

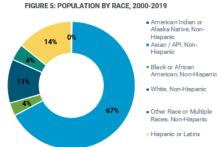
Chapter 3: Our Story

Chapter 4: Our Future Housing Needs

Chapter 5: Our Housing Plan

Milpitas has continued to become more racially diverse.

Since 2000, the percentage of residents in Milpitas identifying as White alone has decreased, while the percentage of residents of all other races and ethnicities has increased by 14%, with the 2019 population standing at 8,834. The Asian/Asian Pacific Islander (API), Non-Hispanic population increased the most while the White, Non-Hispanic population decreased the most



Source: U.S. Census Bureau, Census 2000, Table P004; U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B03002

Santa Clara County has experienced rapid growth in high-paying employment opportunities, especially in the technology industry, leading to an increased demand for housing in the region.

Employment trends in a region can have a significant impact on housing needs. Housing development, however, has not kept pace with population growth and demographic changes. Between 2002 and 2018, the number of jobs in Milpitas increased by 29% while as housing units increased by 25%.

+29% increase in jobs

Chapter 3: Our Story

Milipitas has more low-wage jobs than low-wage residents (where low-wage refers to jobs paying less than \$25,000). At the other end of the wage spectrum, the city has more high-wage jobs than high-wage residents (where high-wage refers to jobs paying more

the city has more high-wage jobs than high-wage residents (where high-wage refers to jobs paying more than \$75,000). This shows that Milpitas needs to add a wide range of housing types to meet the needs of its workforce.

31

7 Technical Appendices





Draft Housing Goals



- ▶ HE-1: Adequate Sites and Housing Production
- ▶ HE-2: Existing Housing Resources
- ▶ HE-3: Barriers to New Housing Production
- HE-4: Housing Diversity and Affordability
- HE-5: Fair Housing
- HE-6: Conservation and Sustainability
- HE-7: Special Needs Populations
- HE-8: Unhoused Population
- HE-9: Mobility
- HE-10: Implementation Capacity



#	Program Name	Description	Status	Goal Relationship
1	Adequate Sites for RHNA and Monitoring of No Net Loss	Monitors sites inventory and ensure an adequate inventory is available to the City	New	HE-1, HE-2, HE-4
2	Replacement Housing	Requires the replacement of units affordable to the same or lower income level as a condition of any development on a nonvacant site	New	HE-2
3	Lot Consolidation	Develops tools to encourage lot consolidation	Expand	HE-1, HE-3
4	Accessory Dwelling Units	Continues incentives for ADU production and Safe ADU program	Continue	HE-4
5	Neighborhood Preservation and Code Enforcement	Enhance neighborhood conditions by enforcing existing codes through its Code Enforcement Program	Continue	HE-2



#	Program Name	Description	Status	Goal Relationship
6	Housing Rehabilitation	Provide safety, accessibility, and mobility repairs to mobile and single-family homes owned by very low- and low-income households	Continue	HE-2
7	Tenant Assistance and Fair Housing Services	Utilize the services of Project Sentinel (or similar) to provide fair housing outreach and assistance	Expand	HE-5, HE-8
8	Fair Housing Enforcement	Use proactive fair housing enforcement, outreach and education to reduce the prevalence of housing discrimination	Expand	HE-2, HE-5
9	Anti-Displacement	Supplements California Tenant Protection Act with additional local anti-displacement measures	Expand	HE-1, HE-2, HE- 5, HE-9
10	Place-Based Strategies for Neighborhood Improvements Miloitas Housing Element	Focus resources to rehabilitate and/or replace infrastructure in older or under resourced neighborhoods	New	HE-2



#	Program Name	Description	Status	Goal Relationship
11	Preservation of At-Risk Housing	Preserve affordable housing units	Continue	HE-2
12	Short-Term Rentals (STRs)	Expand monitoring and enforcement efforts on STRs	Expand	HE-3
13	Mobile Home Rent Control	Implement Rent Control Ordinance to preserve the affordability of the mobile homes	Continue	HE-2
14	Rent Review Ordinance	Help resolve rent increase disputes, prohibit discrimination based on a tenant's source of income, and prohibit landlord retaliation	Continue	HE-4, HE-5
15	Housing Opportunity Zones	Adopt the HOZ to incentivize affordable housing beyond the requirements of the City's Affordable Housing Ordinance	New	HE-1, HE-3, HE-4



#	Program Name	Description	Status	Goal Relationship
16	Affordable Housing Development	Facilitate the development of affordable housing through incentive programs	Continue	HE-1, HE-4
17	Affordable Housing Ordinance	Review and amend the AHO requirements to ensure the AHO remains effective and reflect market conditions	Continue	HE-4
18	Non-Residential Affordable Housing Impact Fee	Update the non-residential affordable housing impact fee every five years to reflect the cost of development	Continue	HE-4
19	Below Market Rate (BMR) Housing	Assist very-low, low- and moderate-income households in becoming homeowners	Expand	HE-4
20	Specific Plans	Adopt and implement the Metro Specific Plan and the Gateway-Main Street Specific Plan	Continue	HE-1, HE-4, HE-6



#	Program Name	Description	Status	Goal Relationship
21	Zoning Code Amendments	Amend the Zoning Code to comply with the latest state laws and reduce regulatory barriers to residential development	New	HE-1, HE-3, HE-4
22	Supportive Housing for Persons with Disabilities	Collaborate with the County to identify sites and resources for supportive housing	New	HE-1, HE-3, HE- 4, HE-7, HE-8
23	Large Units for Families with Children in Multifamily Housing	Identify possible zoning incentives for multifamily developments that include units with three or more bedrooms	New	HE-3, HE-4, HE-7
24	Missing Middle Housing	Facilitate smaller-scale multi-unit housing and workforce housing in lower density residential neighborhoods	New	HE-3, HE-1

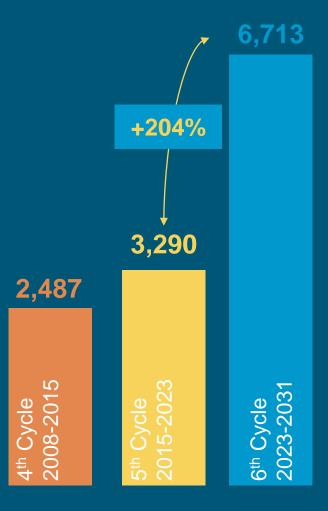
Regional Housing Needs Allocation

4th, 5th, and 6th cycles



Projected Future Housing Needs

- + Unmet Existing Housing Needs
- = Higher Allocation



Sites Inventory





Gateway-Main St Specific Plan Metro Specific Plan

Pipeline Sites

Opportunity Sites

Rezone Sites

Pipeline Sites:

Projects that have been approved, applications submitted, or those that are under construction but are not expected to receive a Certificate of Occupancy until after July 1, 2022

Opportunity Sites:

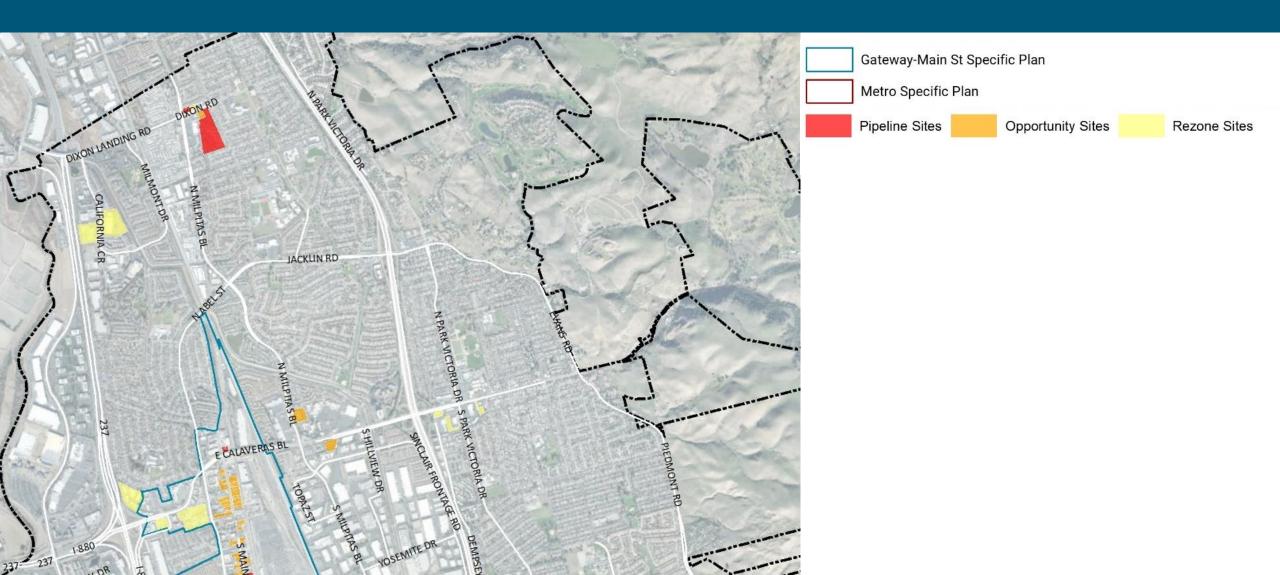
Vacant or underutilized sites, currently zoned for residential or mixed-use, and likely to redevelop during this eight-year planning period

Rezone Sites:

Sites that are potential candidates for redevelopment but would require to be rezoned to allow residential use ('NCMU' GP designation or 'C2' Commercial zone)

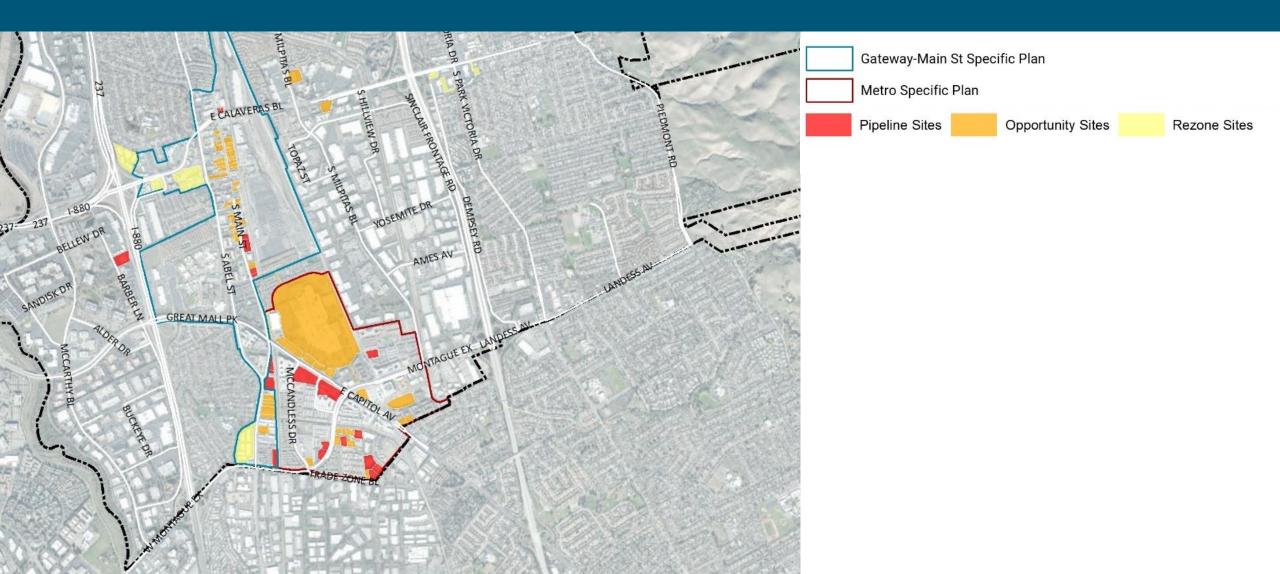
Sites Inventory – North





Sites Inventory – South





Sites Inventory



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
Credits	197	274	169	1,800	2,441
Potential ADUs	74	74	74	25	248
Pipeline Projects	123	200	95	1,775	2,193
Remaining RHNA	1,488	696	962	1,127	4,272
Opportunity Sites	1,091	1,091	1,576	2,027	5,785
Rezone Sites	225	225	319	478	1,247
Total Capacity (Opportunity + Rezone)	1,316	1,316	1,895	2,505	7,032
Surplus (%)	449	(21%)	993 (97%)	1,378 (122%)	2,760 (65%)



Fair Housing

History and Context

Why does the Housing Element include an "Assessment of Fair Housing" and How Did We Get Here?





Fair Housing Act's duty to "affirmatively further fair housing" (AFFH)



1995

U.S. Department of Housing & Urban Development (HUD) creates the Analysis of Impediments to Fair Housing Choice (AI) requirement



2018

Trump Administration suspension of the Assessment of Fair Housing process



2020

Trump Administration repeals 2015 AFFH regulation

Housing & Community
Development Act
certification requirement

1974

Assessment of Fair Housing requirement replaces Al

2015

State of California enacts A.B. 686

2018

Biden Administration restores definitions from 2015 regulation and announces intent to promulgate a new regulation

2021

Milpitas Housing Element

Fair Housing What topics does the Assessment of Fair Housing address?



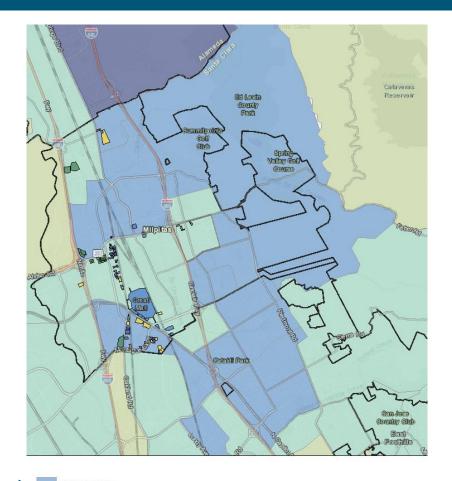
- Segregation and integration
- Racially and ethnically concentrated areas of poverty
- Displacement
- Disproportionate housing needs
- Disparities in access to opportunity
- Fair housing enforcement and patterns of discrimination
- Issues specific to persons with to persons with disabilities and residents of subsidized housing

Fair Housing

Milpitas

What data and information informed the Assessment?

- Data and geographic information systems (GIS) maps from HUD and the State of California
- Data regarding City programs
- Community input
- Review of policies and practices



Low Resource

Fair Housing: Takeaways and Programs What did our analysis of all of this information tell us?



- Although there is segregation on the basis of race and ethnicity in the broader region, Milpitas within its own boundaries is not highly segregated. Most neighborhoods have similar compositions. All are majority Asian American and Pacific Islander.
- One portion of the city, including the southern portion of the North Park Victoria Kennedy Dr. neighborhood and the northern portion of the South Park Victoria Yosemite Dr. Neighborhood, has slightly higher Latino/a/x population than other neighborhoods and slightly lower income levels.
- Housing costs in the city and the region are extremely high, and Latino/a/x households, Vietnamese households, Black households, and persons with disabilities have experienced the brunt of that impact. Displacement continues to be a frequent result of rising costs.

Community Engagement As of September 19



- Stakeholder meetings and roundtables
- Workshops
- Surveys
- Pop-up meetings (Earth Day, Great Mall, Main Library, Great Mall Farmers' Market)
- Oity Council and Housing Sub-Committee meetings
- Project website
- Outreach:
 - Locations: main library, senior and community centers, 171 units at Sunnyhills Apartments, City Hall Permit Center, ADU workshops
 - Promotion: City newsletters (Milpitas Matters, Connected), Economic Development's Constant Contact, Milpitas Chamber of Commerce's Hot Topics

>1,400

number of webpage visits

9 umber

number of community engagement events

31 stakeholders

interviewed

96

meeting participants

261

survey participants



Translation & Interpretation Services

Engagement Type	Translation/Interpretation Provided
Project Website	 Embedded translation to 6 languages (Vietnamese, Mandarin, Cantonese, Spanish, Korean, Filipino)
Phase 1	 Outreach and full survey (printed and digital) translated to 3 languages (Vietnamese, Chinese simplified, Spanish) Outreach translated to 3 languages (Vietnamese, Chinese simplified, Spanish) Meeting interpreted and recorded in 3 languages (Vietnamese, Mandarin, Spanish)
Phases 2 and 3	 Outreach and full survey in English Outreach translated to 3 languages (Vietnamese, Chinese simplified, Spanish) Meeting interpreted and recorded in 3 languages (Vietnamese, Mandarin, Spanish)

HE Release Engagement Comment Period Ends on September 30



- 8/22 Housing Sub-Committee
- 8/31 Planning Commission
- 8/31 Community Survey #3 & Interactive Housing Element Launched
- 9/13 Workshop #3
- 9/16 Community Development Roundtable
- 9/18 Farmers' Market Pop-Up at the Great Mall
- 9/29 Santa Clara County Housing Collaborative Meeting

8/22 Housing Subcommittee Discussion Topics



- Supportive housing locations
- Community outreach
- Rezone Sites density and capacity
- Accessory Dwelling Units
 - Incentives to increase ADUs
 - Subsidies
 - Pre-approved plans and pre-fab
- Anti-displacement measures
- Preservation of at-risk housing
- Missing Middle Housing

- Affordable Housing Development
 - Expand toolbox to acquire land: Surplus lands or land donation, land trusts
 - Low interest loans
 - Collaborate with county for funding sources
- Specific Plans
 - Establish parking minimums
 - Fee waivers or reductions
- Tiny Homes
- Prohousing Designation
- EIFDs

8/22 Housing Subcommittee Discussion Program Additions Already Integrated into Public Draft



Discussion Topic	Program Additions
Anti-Displacement Policies	Program 9: Focused potential actions to study on provision of resources and monitoring
At-Risk, Affordable Housing Preservation	Program 11: Added action to explore sustainable sources of funding to preserve affordable housing
Alternative Homeownership Models	Program 18: Added action to explore alternative models of homeownership and affordability, such as community land trusts, shared equity programs
Fee Deferrals/Waivers	Program 20: Added action to explore fee deferrals for 100% affordable housing projects
Tiny Homes	Program 21: Added Tiny Homes study as an action step
Supportive Housing Engagement	Program 22: Added engagement action step about sites
Missing Middle Housing	Program 24: Added new program





Commission Comments

- Location of sites in the Hillside (if any)
 - Density not conducive for low-income units. No sites identified.
- Methodology to calculate site capacity
- Supported lot consolidation

Public Comments

- Housing Choices for Persons with Developmental Disabilities
 - Integration in typical affordable housing
 - Coordination of housing with onsite supportive services
 - A mix of unit sizes
 - Location near public transit
 - Deeply affordable housing

Community Conversation Discussion



- Monitor and track progress of RHNA units and programs
- Address fair housing through the Sites Inventory
- Preserve affordability of Sunnyhills and Mobile Home parks
- Occiliation County, regional and local organizations for additional funding, land, and other resources
- Provide incentives for affordable housing and ADUs to reduce costs
- Expand funding sources

Priority Programs

- Adequate Sites to meet RHNA
- Missing Middle Housing
- Accessory Dwelling Units
- Preservation of At-Risk Housing
- Affordable Housing
- Supportive Housing
- Housing Rehabilitation





- Submit revised draft to HCD for 90-day review
- Compete CEQA analysis
- Return to Planning Commission in early 2023 for recommendation to City Council

To Provide Feedback on the Housing Element, Learn More, and Stay Involved



- Visit the Milpitas Housing Element website at https://milpitashousingelement.com/
- Comment directly on the Housing Element using Konveio at https://milpitashousingelement.com/engagement-tool/
- ▼ Take the online survey at https://bit.ly/MilpitasHESurvey3
- Milpitas Housing Element team at housingelement@ci.milpitas.ca.gov







- Receive a presentation on the Draft Housing Element;
- Receive public comments; and
- Provide comments to be reflected in a revised Draft Housing Element to be submitted to the California Department of Housing and Community Development (HCD) for its review.



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RHNA and Sites Inventory



What We Have Heard So Far





Housing Needs, Constraints, and Opportunities







- Age Composition: The large increase in the older age groups from 2010 to 2019 indicates a potential need for more smaller units, senior housing, and assisted living facilities 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 Stock: Milpitas has a high percentage of single-family homes. The City should continue to encourage and facilitate Accessory Dwelling Units (like the Accessory Dwelling Unit (ADU) Incentive Program and the Safe ADU Legalization Program)
- Pents: Fifteen percent of renters pay more than 50 percent of their household income toward rent. High rates of cost burden in Milpitas and Santa Clara County are reflective of a housing shortage and high housing costs, illustrating the need for additional housing units, especially for lower-income households.
- Ownership: The largest proportion of homes had a value in the range of \$750k-\$1M in 2019. Home prices increased by 125.4% from 2010 to 2020 emphasizing the need for affordable housing alternatives.





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





HE-1 Adequate Sites and Housing Production	HE-2 Existing Housing Resources	HE-3 Barriers to New Housing Production	HE-4 Housing Diversity and Affordability	HE-5 Fair Housing	HE-7 and HE-8 Special Needs Populations
P-1 Adequate Sites for RHNA and Monitoring of No Net Loss	P-5 Neighborhood Preservation and Code Enforcement	P-4 Accessory Dwelling Units	P-15 Housing Opportunity Zones	P-7 Tenant Assistance and Fair Housing Services	P-21 Zoning and Building Code Amendments
P-2 Replacement Housing	P-6 Housing Rehabilitation	P-21 Zoning and Building Code Amendments	P-16 Affordable Housing Development	P-8 Fair Housing Enforcement	P-22 Supportive Housing for Persons with Disabilities
P-3 Lot Consolidation	P-10 Place-Based Strategies for Neighborhood Improvements		P-17 Affordable Housing Ordinance	P-9 Anti-Displacement	P-23 Large Units for Families with Children in Multifamily Housing
P-20 Specific Plans	P-11 Preservation of At- Risk Housing		P-18 Non-Residential Affordable Housing Impact Fee	P-13 Mobile Home Rent Control	
P-24 Missing Middle Housing	P-12 Short-Term Rentals		P-19 Below Market Rate (BMR) Housing	P-14 Rent Review Ordinance	

Examples: Technical Analysis to Program Development





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 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 onebedroom. 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 2 Engagement Policy and Program Ideas



Housing Production and Sites

- Finalize Metro Plan and Gateway-Main Street Specific Plan
- Adopt Housing Opportunity Zone
- Implement SB 9

Diverse, Affordable Housing

- Continue ADU programs
- Expand first-time homebuyers program
- Update Affordable Housing Ordinance to not allow in lieu fees
- Consider vacancy tax, transfer tax or similar
- Consider other housing models, e.g., community land trust, co-housing, public housing

Phase 2 Engagement Policy and Program Ideas



Housing for Special Needs Groups

- Provide incentives for housing for people with disabilities
- Support higher quality senior housing
- Partner with supportive services providers

Housing Preservation

- Protect mobile homes
- Continue rent relief program
- Create rent registry / inventory

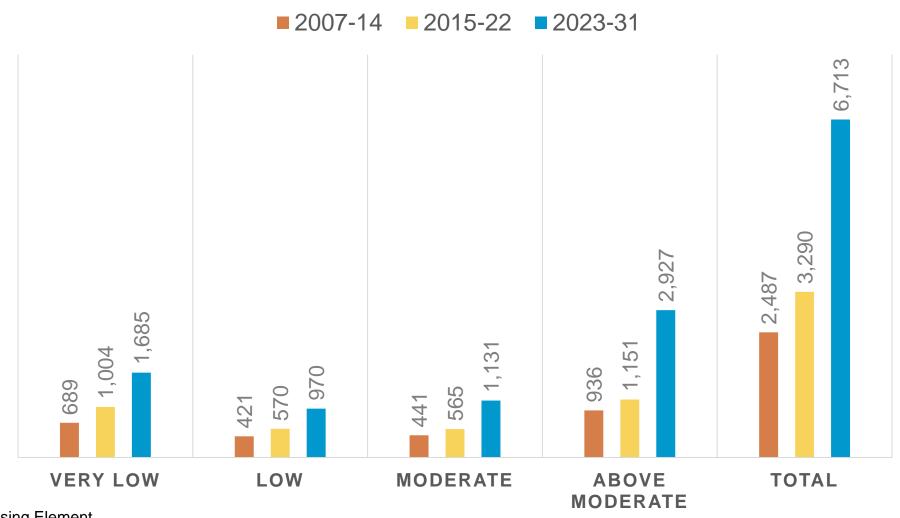
Fair Housing

- Expand education and outreach around reasonable accommodation and affirmative marketing
- Increase renter protections

Regional Housing Needs Allocation



4th, 5th, and 6th cycles



Sites Inventory Methodology



STEP 1. Identify Likely Sites or Credits

STEP 2. Calculate "Deficit" (Remaining RHNA)

STEP 3. Identify Potential Opportunity Sites

STEP 4. Calculate Buildout