

Milpitas City Council



2023-2031 Housing Element

August 31, 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 and what we heard
- Review Public Draft Housing Element, including:
 - Organization
 - Goals and Programs
 - Housing Sites Inventory
- Share upcoming community engagement activities, including how to comment on the Housing Element



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

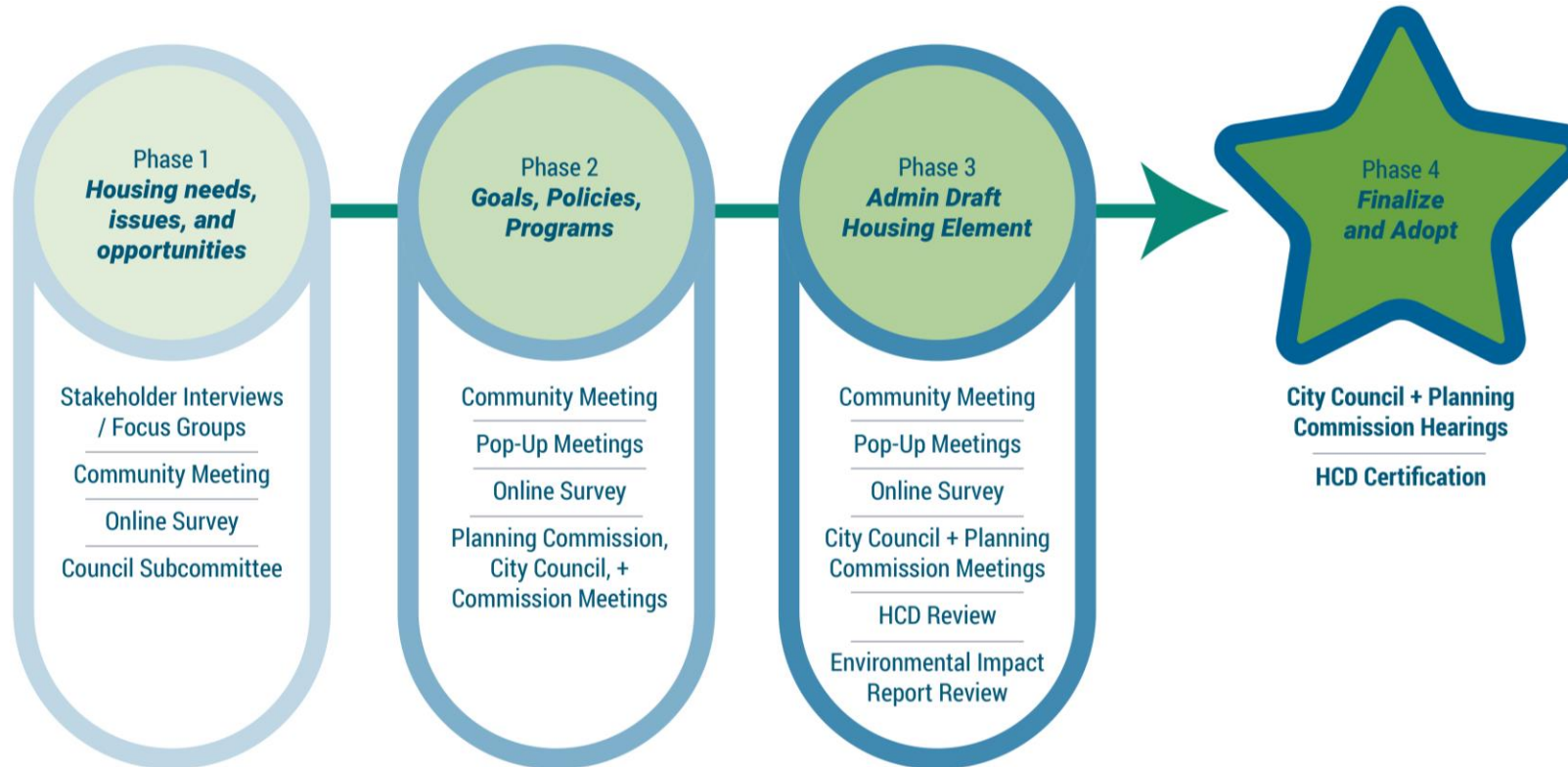
Promote fair housing

Housing Element Requirements

- Required Element of the General Plan
- 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)



Housing Element Update Process





Community Engagement

- Stakeholder meetings and roundtables
- Workshops
- Surveys
- Pop-up meetings
- City Council and Housing Sub-Committee meetings
- Project website

>650

number of
webpage visits

7

number of
community
engagement
events

31

stakeholders
interviewed

48

meeting
participants

266

survey
participants

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 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 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

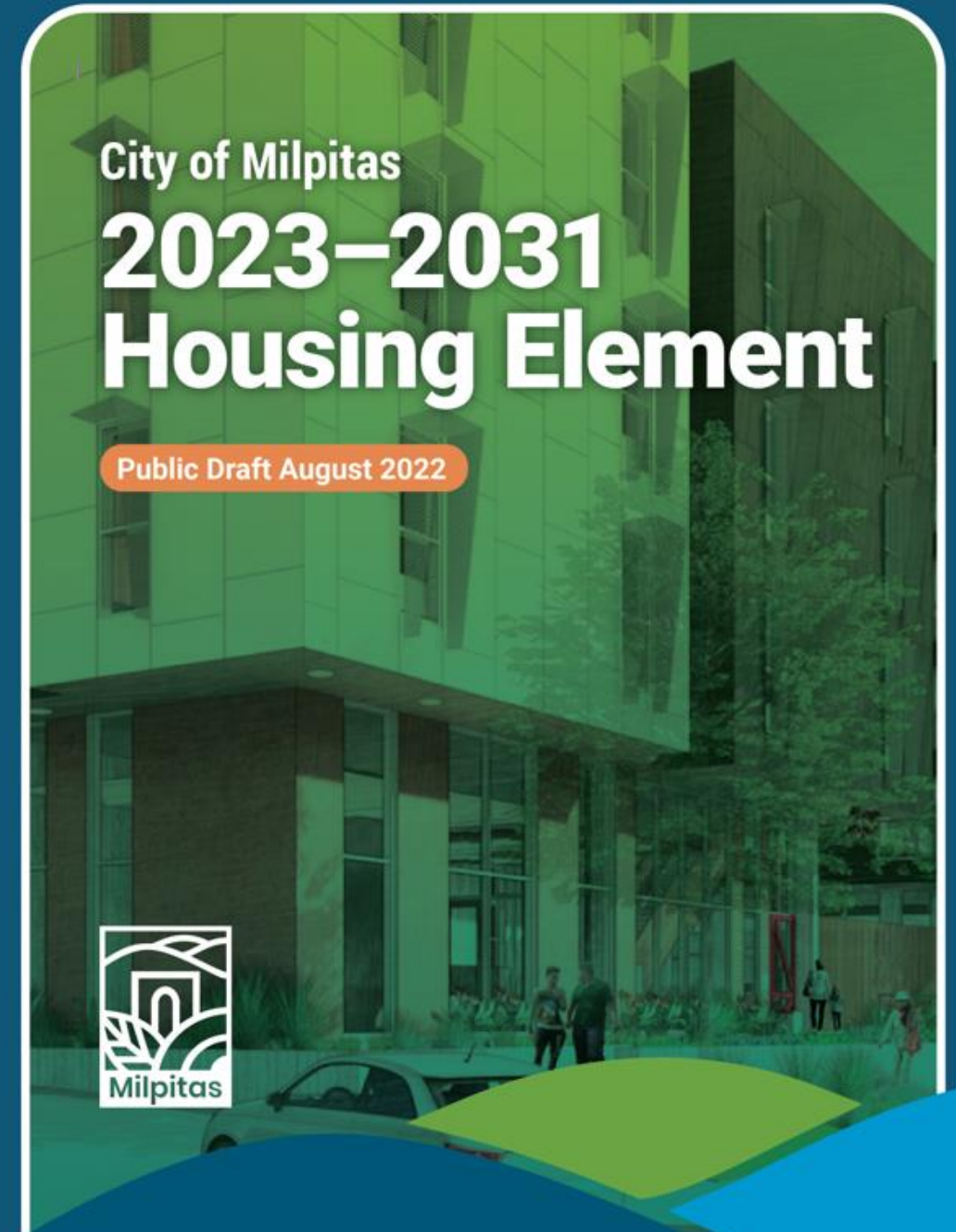
- Protect mobile homes
- Continue rent relief program
- Create rent registry / inventory

➤ Fair Housing

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

Public Review Draft

Comment by September 30, 2022



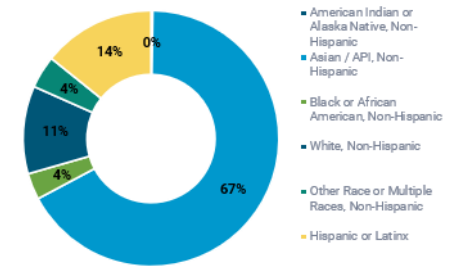
Housing Element Organization

- 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.

FIGURE 5: POPULATION BY RACE, 2000-2019



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
from 2002 to 2018

Milpitas 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 than \$75,000). This shows that Milpitas needs to add a wide range of housing types to meet the needs of its workforce.

7 Technical Appendices

APPENDIX A

Housing Needs Assessment

The purpose of the Housing Needs Assessment is to describe demographic, housing, and economic conditions in Milpitas, assess the demand for housing for households at all income levels, and document the demand for housing to serve various special-needs populations. The Needs Assessment also provides an analysis of assisted housing projects that are at risk of converting to market rate. The information provided in the Housing Needs Assessment is intended to assist Milpitas in developing housing goals and formulating policies and programs that address local housing needs.

APPENDIX B

Housing Constraints

The City of Milpitas continues to take steps to reduce constraints to the production of housing. Examples of City action taken since the 5th Cycle Housing Element include:

- Completing a comprehensive update to the City's General Plan and Land Use Element and creating new mixed use zones;
- Updating the Metro Specific Plan and Gateway-Main Street Specific Plan to support higher residential densities and building heights in locations adjacent to high quality transit;

APPENDIX C

Housing Resources

This section analyzes the resources available for the development, rehabilitation, and preservation of housing in Milpitas. This includes an evaluation of the City's ability to satisfy its share of the region's future housing needs, the financial resources available to support housing activities, and the administrative resources available to assist in implementing the City's housing programs. It also describes programs to improve the quality and efficiency of housing.

APPENDIX D

Review of Past Accomplishments

Pursuant to Government Code Section 65589(a), each jurisdiction must evaluate the effectiveness of the previous housing element goals, policies, and programs and their appropriateness in contributing to the attainment of the State's housing goals. The City's progress in implementing the housing element programs is also documented in this section, including recommendations on program continuance, modification, or

APPENDIX E

Future Housing Needs

California housing element law requires that each city and county develop local housing programs to meet its "fair share" of existing and future housing needs for all income groups, as determined by the jurisdiction's council of governments. The Regional Housing Needs Allocation (RHNA) is the share of housing assigned to each jurisdiction by the Association of Bay Area Governments (ABAG) in the Bay Area for the eight-year planning period (January 31, 2023 to January 31, 2031). This "fair share" allocation concept seeks to ensure that each jurisdiction accepts responsibility for the housing needs of not only its resident population, but also for its share of projected regional housing growth across all income categories and demonstrates capacity to accommodate its housing share.

The RHNA represents the minimum number of housing units each community is required to provide "adequate sites" for through zoning and is one of the primary threshold criteria necessary to achieve State certification of the Housing Element.

APPENDIX F

Affirmatively Furthering Fair Housing

Assembly Bill 686 (AB 686, 2017) requires the inclusion in the Housing Element an analysis of barriers that restrict access to opportunity and a commitment to specific meaningful actions to affirmatively further fair housing. AB 686 mandates that local governments identify meaningful goals to address the impacts of systemic issues such as residential segregation, housing cost burden, and unequal educational or employment opportunities to the extent these issues create and/or perpetuate discrimination against protected classes.

This section of the Housing Element provides a summary of fair housing issues and an analysis of segregation patterns and disparities in access to opportunities, and an assessment of contributing factors. Fair housing goals, policies, and implementation programs are found in the Housing Element.

APPENDIX G

Public Engagement and Input

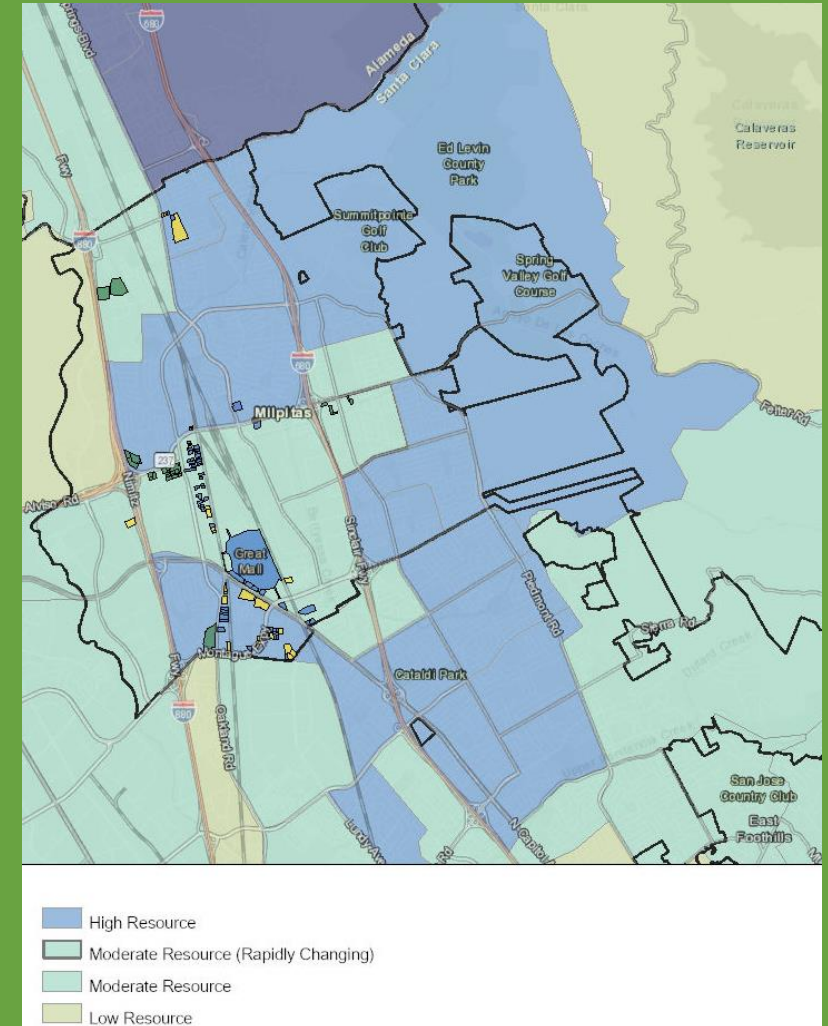
The City of Milpitas understands how crucial community input is in identifying and addressing housing needs through its Housing Element Update process. Community members—residents, businesses, visitors, and others alike—offer unique knowledge, perspectives, and experiences navigating housing in the city. Their local knowledge and lived experience are necessary for informing and guiding the production, location, and preservation of housing in the city. The City created and executed a public participation plan to ensure that community members and other stakeholders had a diversity of opportunities to share their opinions and participate at every stage of the Housing Element Update process.

This Appendix provides a detailed overview of the Public Participation plan, process, and outcomes of the 6th Cycle of the Housing Element for the City of Milpitas. The findings from each engagement activity informed and shared the development of the Housing Element Update.

Affirmatively Furthering Fair Housing

- Fair Housing Outreach and Education
- Housing Mobility
 - A Variety of Housing Choices
 - Ability to Age in the Community
 - Access to Services and Amenities
- New Opportunities in High Resource Areas
- Place-Based Strategies for Neighborhood Improvements
- Tenant Protection and Anti-Displacement
 - Replacement of Demolished Units

SITES INVENTORY AND TCAC OPPORTUNITY
AREA COMPOSITE SCORE BY TRACT (2021)





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



Draft 6th Cycle Housing Programs

#	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



Draft 6th Cycle Housing Programs

#	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	Focus resources to rehabilitate and/or replace infrastructure in older or under resourced neighborhoods	New	HE-2



Draft 6th Cycle Housing Programs

#	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



Draft 6th Cycle Housing Programs

#	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



Draft 6th Cycle Housing Programs

#	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



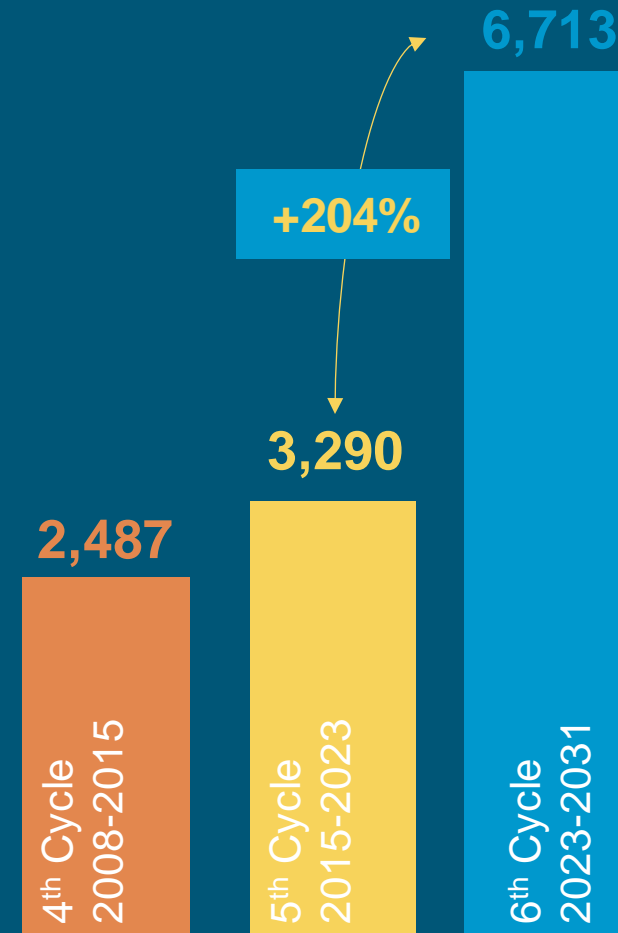
RHNA and Sites Inventory

Regional Housing Needs Allocation

4th, 5th, and 6th cycles

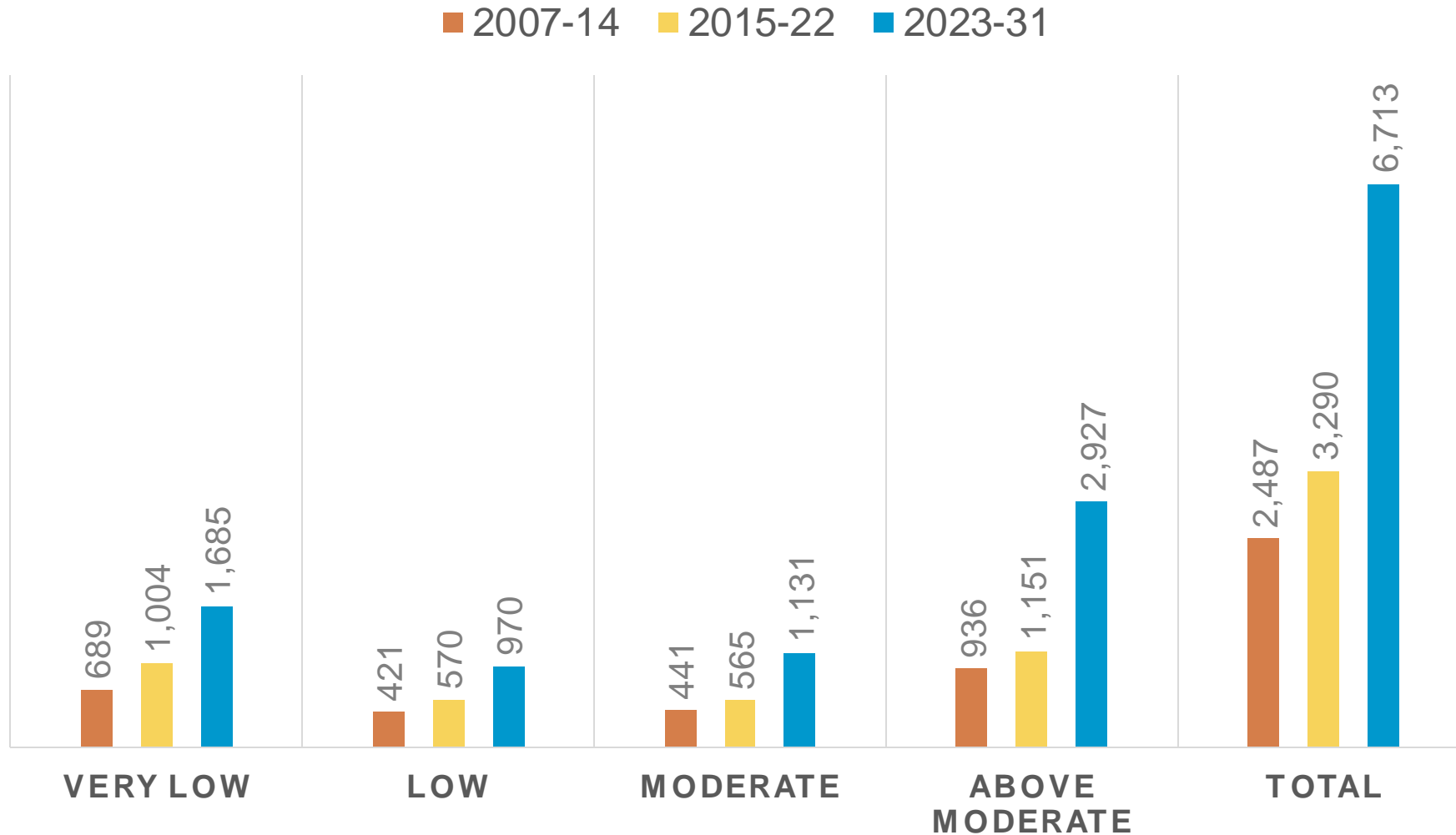
**Projected Future Housing Needs
+ Unmet Existing Housing Needs**

= Higher Allocation



Regional Housing Needs Allocation

4th, 5th, and 6th cycles



Sites Inventory Methodology

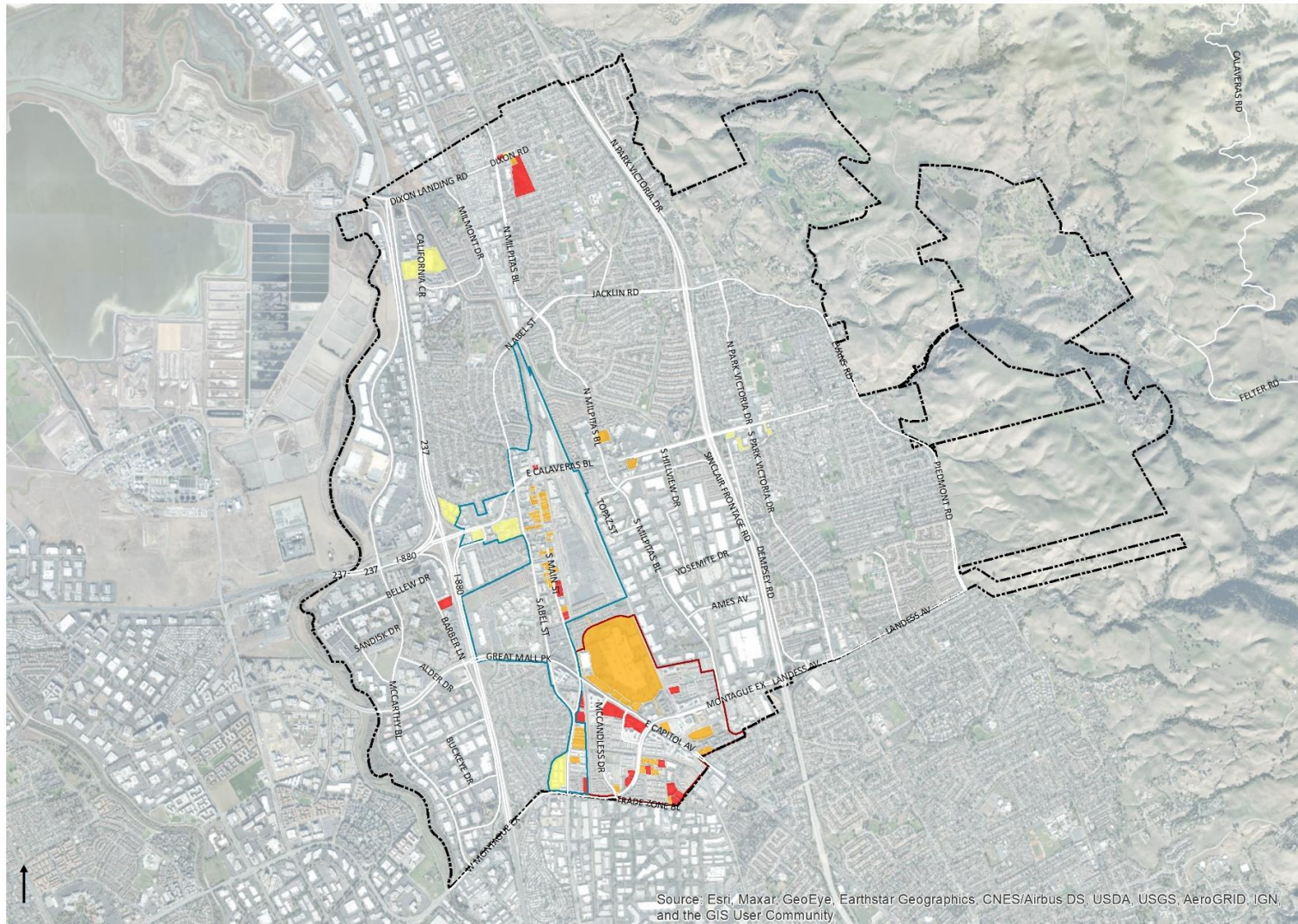
STEP 1. Identify Likely Sites or Credits

STEP 2. Calculate “Deficit” (Remaining RHNA)

STEP 3. Identify Potential Opportunity Sites

STEP 4. Calculate Buildout

Sites Inventory



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

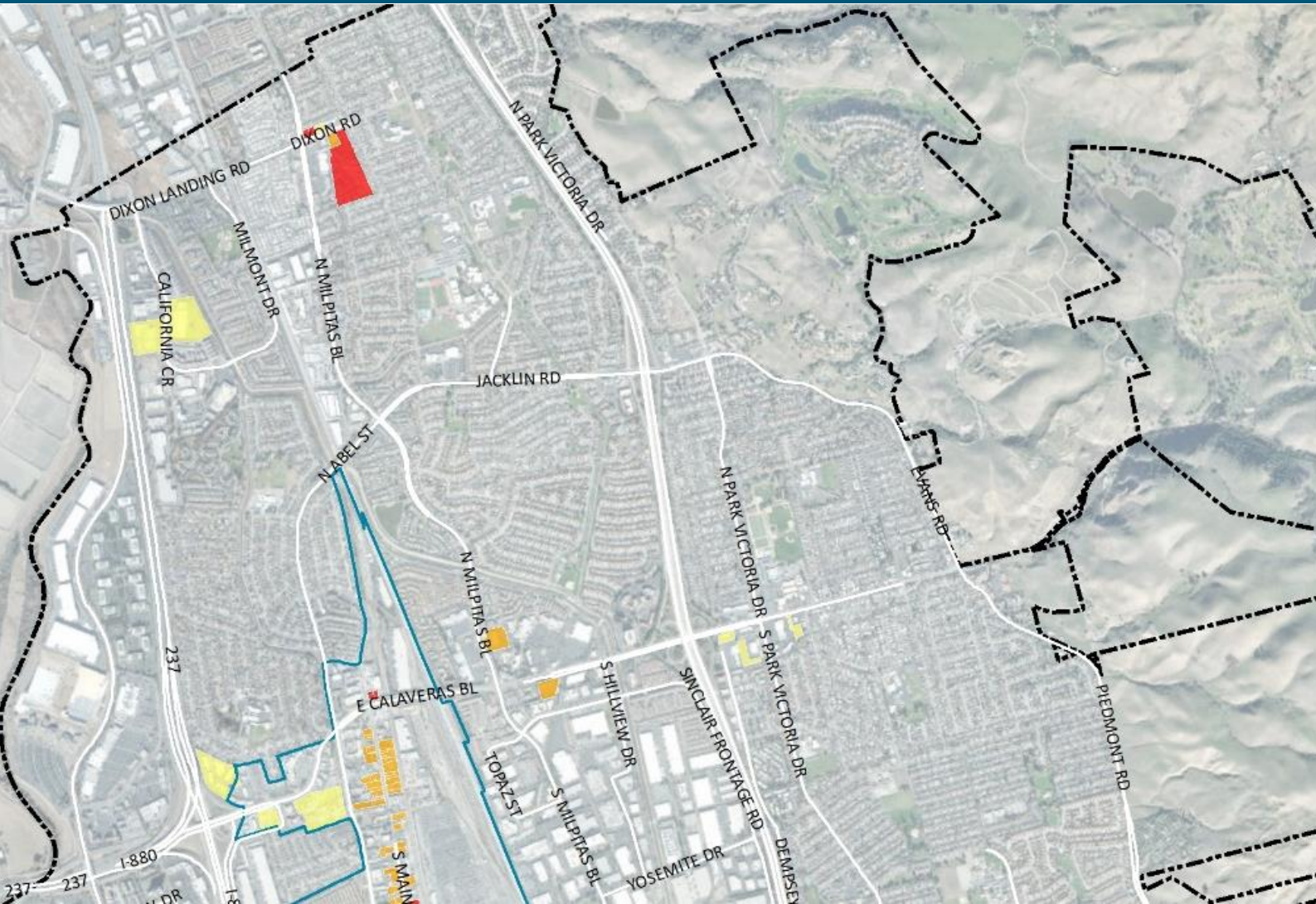
Opportunity Sites:

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

Rezone Sites:

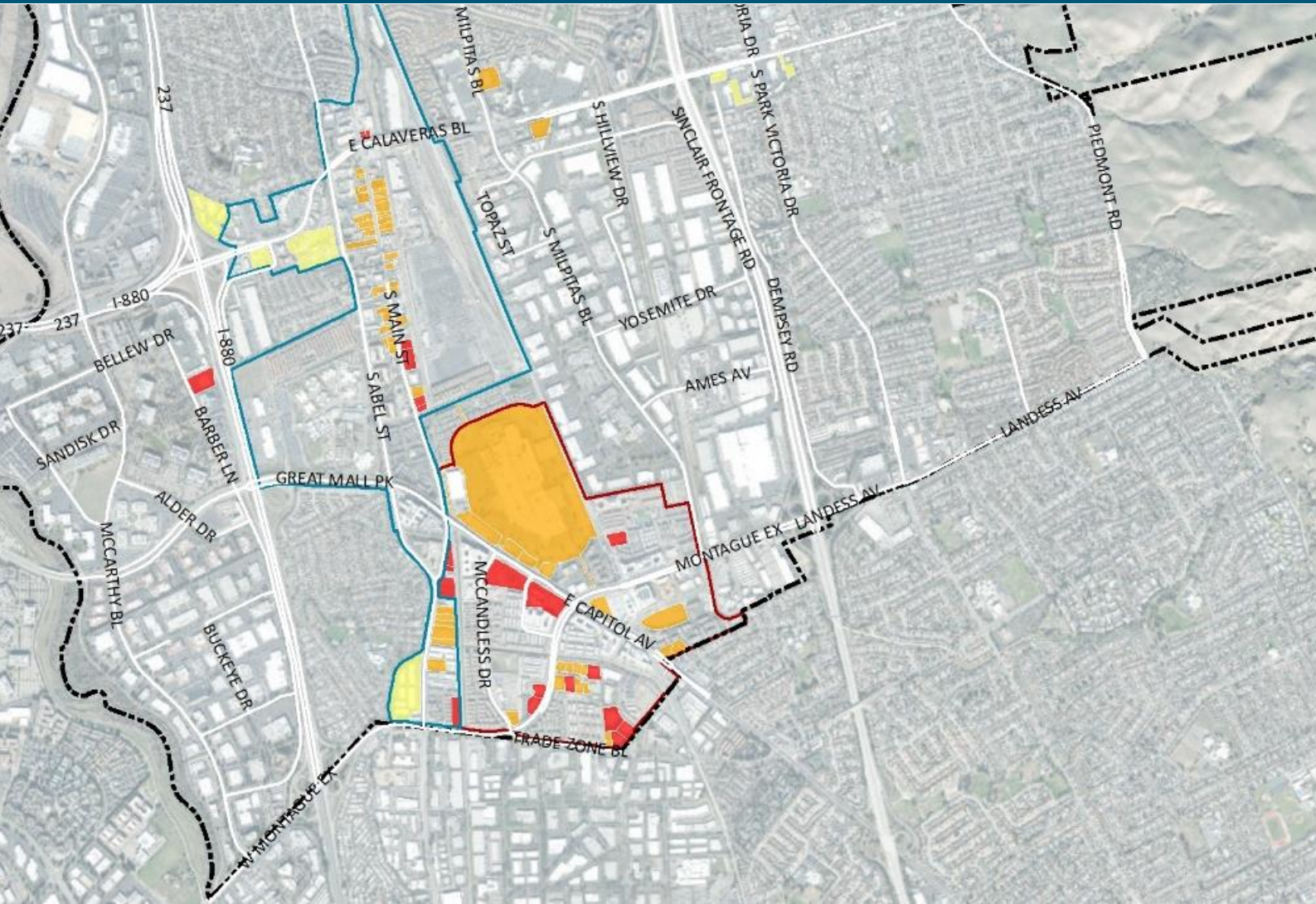
Sites that are potential candidates for redevelopment but would require to be rezoned to allow residential use ('NCMU' GP designation or 'C2' Commercial zone)

Sites Inventory – North



-  Gateway-Main St Specific Plan
-  Metro Specific Plan
-  Pipeline Sites
-  Opportunity Sites
-  Rezone Sites

Sites Inventory – South



-  Gateway-Main St Specific Plan
-  Metro Specific Plan
-  Pipeline Sites
-  Opportunity Sites
-  Rezone Sites

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%)

Upcoming Engagement

- **Public Draft Engagement – Comment Period Ends on September 30**
 - Community Survey #3 – Open August 31 – September 30
 - Workshop #3 – September 13
 - Community Development Roundtable – September 16
 - Farmers’ Market Pop-Up at the Great Mall – September 18
 - City Council – September 20

- **Next Steps after the Comment Period**
 - Submit revised draft to HCD for 90-day review
 - Complete 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



Recommendation

Receive staff update on the Draft 2023-2031 Housing Element and provide feedback on the Draft Housing Element, including the sites inventory and draft goals, policies, and programs



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Housing Needs, Constraints, and Opportunities





Housing Need Considerations

- **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 Need Considerations

- **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)
- **Rents :** 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.

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



Draft 6th Cycle Housing Programs

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

