



MILPITAS HOUSING ELEMENT UPDATE 2014-2022

bae urban economics

May 14, 2014 Planning Commission Meeting

What is a Housing Element?

- **California State Law requires that each city & county create a plan to meet projected housing needs**
 - CA HCD identifies the total projected housing need for each region - called Regional Housing Need Allocation (RHNA)
 - In the Bay Area, ABAG and MTC work with local jurisdictions to distribute the RHNA total between cities and counties
 - RHNA figures account for projected need among households at all income levels
 - Each city and county must update its Housing Element to plan for projected need by income level

Income Group	% of AMI	Maximum Income for a 4-Person Household
Very low income	0-50%	\$31,850
Low income	51-80%	\$53,050
Moderate income	81-120%	\$84,900
Above moderate income	over 120%	\$126,600
Median Income	100%	\$105,500

Prior City Accomplishments

- **During the 2007-2014 Housing Element Update cycle, the number of units built or permitted in Milpitas exceeded the City's RHNA in terms of the total number of housing units**
 - ▣ Most of these units are priced for households with above moderate incomes
 - ▣ Units built or permitted did not meet RHNA affordability goals for very low-, low-, or moderate-income households

Income Group	2007-2014 RHNA	Units Built or Permitted	Balance of RHNA	% of RHNA Achieved
Very Low	689	303	386	44.0%
Low	421	194	227	46.1%
Moderate	441	174	267	39.5%
Above Moderate	<u>936</u>	<u>6,423</u>	<u>N/A</u>	<u>686.2%</u>
Total	2,487	7,094	880	64.6%

Prior City Accomplishments

- **Milpitas took many actions to facilitate the development of market-rate and affordable housing between 2007 and 2014, including:**
 - Implemented high-density zoning standards provided in the Midtown and Transit Area Specific Plans
 - Provided funding to support the development of over 700 affordable units
 - Dedicated land valued at \$12 million for a 389-unit senior housing project
 - Provided first-time homebuyer assistance to buyers at a range of income levels
 - Provided funding to Project Sentinel, an agency that monitors housing discrimination and provides information and referrals
 - Worked with the Housing Authority of Santa Clara County to maintain the affordability of units at Sunnyhills Apartments
 - Purchased additional wastewater capacity to accommodate infrastructure necessary for new residential development
 - Amended the Zoning Ordinance to accommodate emergency shelters and supportive and transitional housing

5th Cycle Housing Element Update

- **The 5th Cycle of the Housing Element Update covers the 2015-2023 period**
- **Due to SB 375, which seeks to reduce greenhouse gas emissions autos, the RHNA for the 5th Cycle has an increased emphasis on infill development, particularly near transit**
- **The RHNA for Milpitas = 3,290 units with the following affordability breakdown:**

Income Category	Projected Need	% of Total
Very Low (0-50% of AMI)	1,004	30.5%
Low (51-80% AMI)	570	17.3%
Moderate (81-120% of AMI)	565	17.2%
Above Moderate (over 120% of AMI)	<u>1,151</u>	<u>35.0%</u>
Total Units	3,290	100.0%

Streamlined Update

- **A new feature of this Housing Element cycle is the offer by HCD to review it using a “streamlined” process**
 - ▣ The Streamlined Update uses the previous (2007-2014) Housing Element as a base for the updated (2015-2023) Housing Element, revisions are made as necessary
- **Eligibility requirements for Streamlined Update:**

Requirement	Status
Housing Element in compliance in previous cycle	Done
Completion of any rezones planned in previous HE	N/A
Compliance with SB 2 (emergency, transitional, and supportive housing)	Done
Policies, ordinances or procedures established to allow reasonable accommodation for persons with disabilities	Done
Density bonus adopted	Done

Progress to Date



2013

July: Engaged BAE Consultant Team

Nov: Amended City's zoning code to comply with SB 2 (transitional housing)

2014

Jan: Initiated update to the City's Safety Element per AB 162 (flood risk)

Feb: Toured HCD review staff throughout Milpitas

Feb: Convened Public Meeting #1

March: Convened Public Meeting #2

April: Completed partial draft of updated Housing Element document

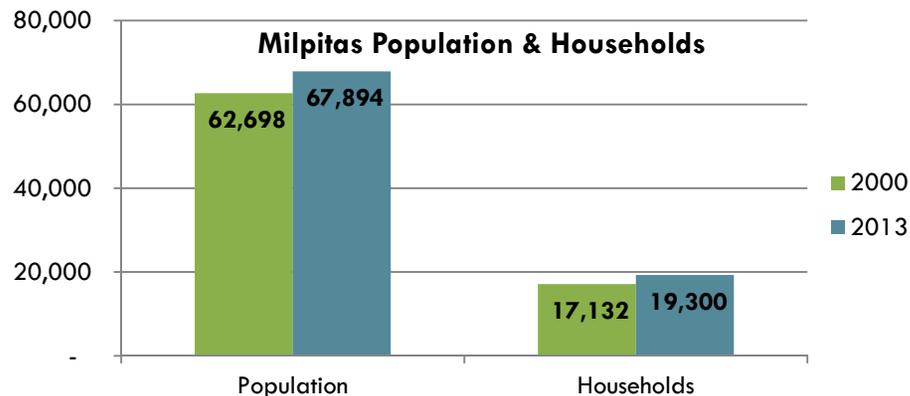
July: Full draft of Housing Element to be completed

Public Process

- **Public participation for the Housing Element Update process**
 - ▣ Three public meetings
 - February 25th: Discussion of housing needs in Milpitas
 - March 11th: Discussion of adequate sites, policies and programs
 - Third meeting will follow Planning Commission and City Council meetings
 - ▣ Planning Commission and City Council meetings
- **Notices for meetings are being distributed broadly through mailings to 80 organizations, in the Milpitas Post, on the City's website, and ads on cable TV station**

Milpitas Housing Needs

- **Milpitas has approximately 67,900 residents and 19,300 households**
- **Between 2000 and 2013:**
 - ▣ Milpitas population increased 8% (compared to 9% for Santa Clara County)
 - ▣ Milpitas households increased 13% (compared to 8% for County)

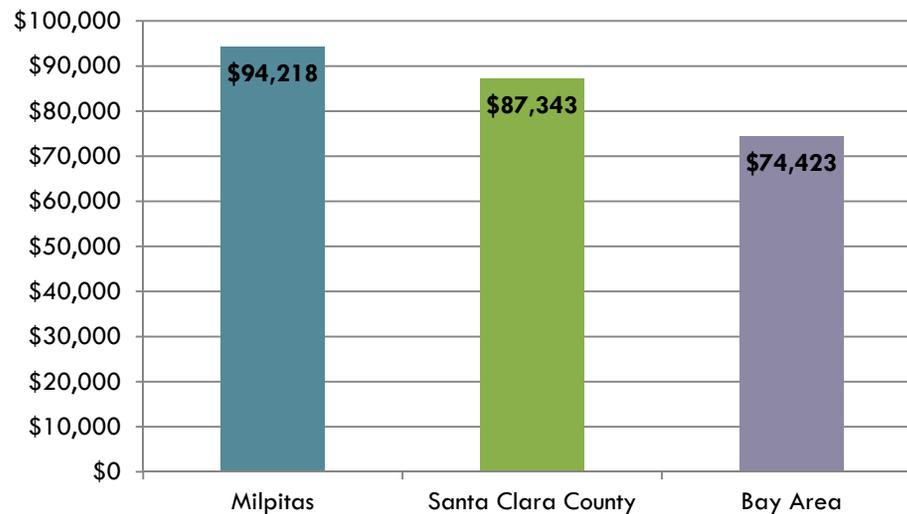


- ▣ This resulted in a slight decrease in the average household size from 3.47 people per household in 2000 to 3.41 people per household in 2013
 - 2013 County average – 2.96 people per household
 - 2013 Bay Area average - 2.73 people per household

Milpitas Housing Needs

- **Many Milpitas households have relatively high incomes**
 - ▣ Median household income is roughly \$94,000 in Milpitas compared to \$87,000 Countywide, and \$74,000 in the Bay Area
 - ▣ However, the City's large household size means household incomes tend to support more people

Median Income, 2013

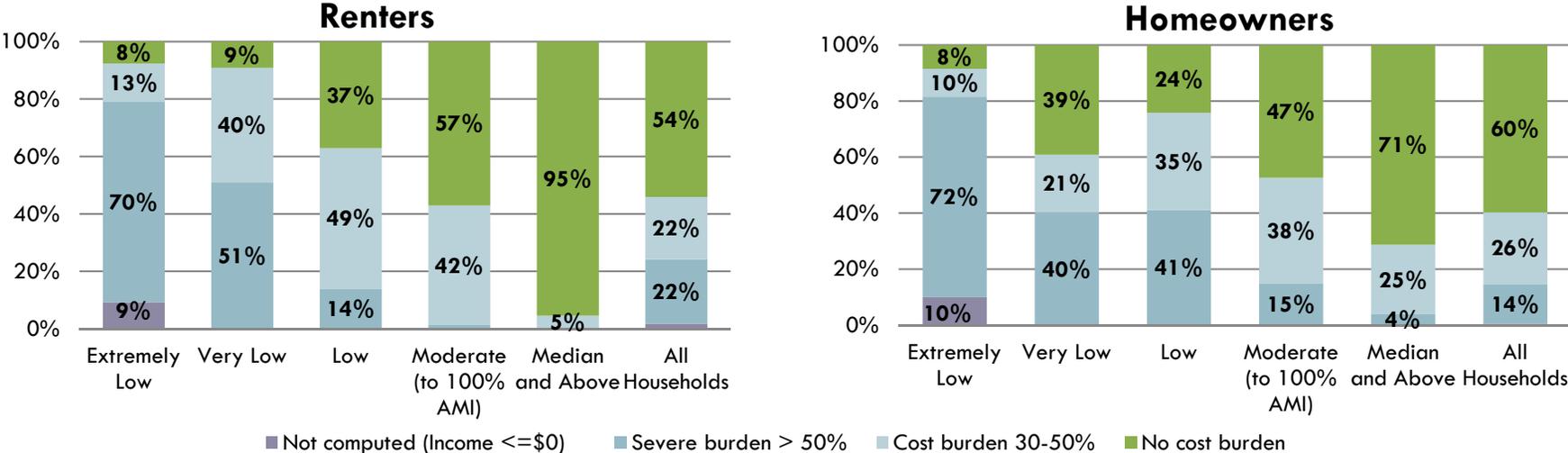


Sources: Nielsen, 2013; BAE, 2014.

Milpitas Housing Needs

- **A large portion of Milpitas households experience housing cost burdens**
 - ▣ Cost-burdened households spend more than 30% of household income on housing costs
 - ▣ Cost burden is more prevalent among renter households and lower-income households

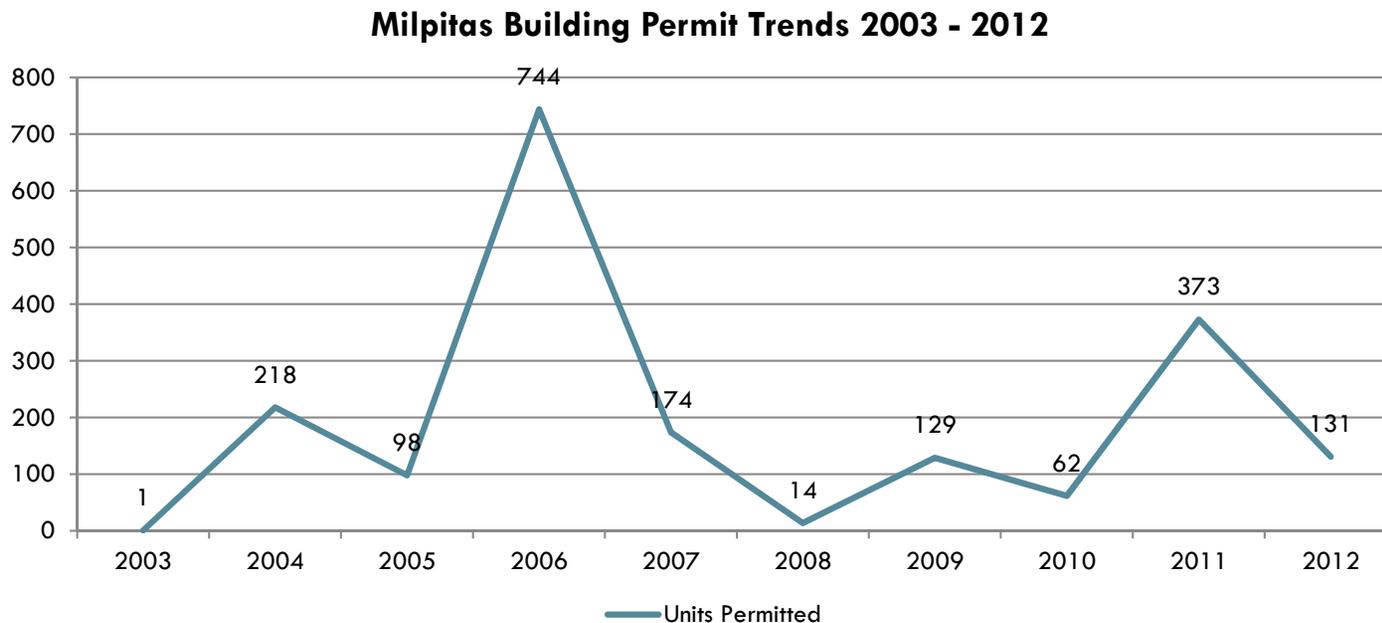
Cost Burden for Milpitas Households



Sources: HUD Comprehensive Housing Affordability Strategy special tabulations from the American Community Survey, 2006-2010; BAE, 2014.

Milpitas Housing Needs

- **Milpitas issued an average of 194 residential units per year between 2000 and 2012**
 - ▣ Units permitted in individual years ranged from one in 2003 to 744 in 2006
- **If RHNA were met for the next 8 year cycle, it would mean an average of 410+ housing units per year**



Milpitas Housing Needs



However...

- **Milpitas has experienced a recent surge in residential building permit activity, which will bring a large number of new units to the City**
 - ▣ The development pipeline in Milpitas has approximately 5,700 residential units approved, many of these are currently under construction
 - ▣ If all units that are approved are built, the City's housing stock will increase by approximately 25 percent
 - ▣ If this construction pace continues, Milpitas will exceed the RHNA goals in terms of total numbers of housing units to be built during the period

Do We Have Adequate Sites?

- **The answer is “YES”**
- **Transit Area Specific Plan:**
 - ▣ 4,000+ units already entitled
 - ▣ Will create 6,500 units at build out
- **Midtown Specific Plan:**
 - ▣ 1,330 units already entitled
 - ▣ Will create 3,543 units at build out
- **Among entitled units, approximately 260 will be affordable units per prior agreements**
- **Thus, while overall RHNA goals will likely be met, the known number of affordable units to meet RHNA affordability goals is not yet achieved**
- **This makes local affordable housing policies and programs increasingly important**

Do We Have Sufficient Density on These Sites?

- **HCD wants to see certain minimum zoning densities to facilitate affordable housing**
 - ▣ In Milpitas, sites used to demonstrate an ability to accommodate affordable housing must be zoned to allow **at least 20 units per acre**
- **City's two Specific Plan areas significantly exceed this density requirement on most sites**
 - ▣ **Transit Area Specific Plan:** up to 75 units per acre, with a possible 25% density bonus with a Conditional Use Permit
 - ▣ **Midtown Specific Plan:** up to 60 units per acre

What Does Density Look Like?



22 units per acre



49 units per acre



57 units per acre

Policies & Programs

□ **Current Policies and Programs**

- **Specific Plan Areas:** Milpitas has already created policies that facilitate housing development by allowing for significant residential development on sites in the City's two Specific Plan areas
- **Promote Affordable Units in Residential Projects:** Milpitas negotiates with developers of for-sale and rental properties to promote the incorporation of units at various income levels
- **Fee Reductions or Waivers for Affordable Units**
- **Density Bonus for Developments with Affordable Units**
- **Off-Site Improvement Assistance for Developments with Affordable Units**
- **Offer Land and Financial Resources:** Milpitas has a history of providing land and financial resources for affordable housing and will continue to provide these resources as available
- **First-Time Homebuyer Program:** Downpayment assistance for first-time homebuyers

Policies & Programs



- **One of the key challenges to encouraging more affordable housing production is funding; the loss of redevelopment means loss of local affordable housing set-aside dollars**

- **New funding programs could include:**
 - ▣ Housing Impact Fees
 - ▣ Commercial Linkage Fees

- **Additional production programs could include:**
 - ▣ Modifications to encourage 2nd units on single-family lots

Next Steps



2014

- July:** Complete Draft Housing Element Update
- Aug:** Convene public meeting to obtain input on Draft
- Sept/Oct:** Planning Commission / City Council approval of Draft
- Oct/Nov:** Review and comment by HCD
- December :** Revise Draft Housing Element as needed

2015

- January:** Council to approve changes and adopt
- January:** HCD to certify Housing Element Update