



MILPITAS HOUSING ELEMENT UPDATE 2014-2022

Overview

- **About Housing Elements**
- **Housing Needs Assessment for Milpitas**
- **Adequate Housing Sites in Milpitas**
- **Implementation Policies and Programs**
- **Next Steps**



What is a Housing Element?

- **California State Law requires that each city & county create a plan to meet projected housing needs**
 - California 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
 - Very low income = 0-50% of AMI
 - Low income = 51-80% of AMI
 - Moderate income = 81-120% of AMI
 - Above moderate = over 120% of AMI

5th Cycle Housing Element Update

- **The 5th Cycle of the Housing Element Update covers the 2014-2022 period**
- **Due to SB 375, which seeks to reduce greenhouse gas emissions from cars and light trucks, 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	Percent 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 (2014-2022) 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



□ **Progress on the Housing Element Update to date includes:**

- **November 5, 2013:** Adoption of an ordinance to amend the City's zoning code for compliance with SB 2
 - Zones identified where emergency shelters are allowed by right
 - Transitional and supportive housing treated as a residential use, subject to the same restrictions that apply to other residential uses of the same type in the same zone
- **January 2014:** Initiation of update to the City's Safety Element for compliance with AB 162
 - Requires consideration of flood risk in land use planning
- **January 2014:** Initiation of update to existing conditions and needs assessment portion of Housing Element
- **February 10, 2014:** Meeting and tour of Milpitas with HCD Staff that will be responsible for review and certification of the Housing Element

Public Process

- **Public participation is a key feature of the Housing Element Update process**
- **In addition to Planning Commission and City Council meetings, the City of Milpitas is holding public meetings to solicit community input**
 - Tonight's meeting is the first of three
- **Notices for the first two public meetings have been distributed through:**
 - Mailings to 80 different agencies, organizations, service groups, and members of the development community
 - Printed notices in the Milpitas Post – notices were printed on Feb 14 and 21; notices for the March 11 meeting will be printed again on Feb 28 and March 7
 - The City website
 - Advertisements on cable television
 - Notices on the City Hall marquee

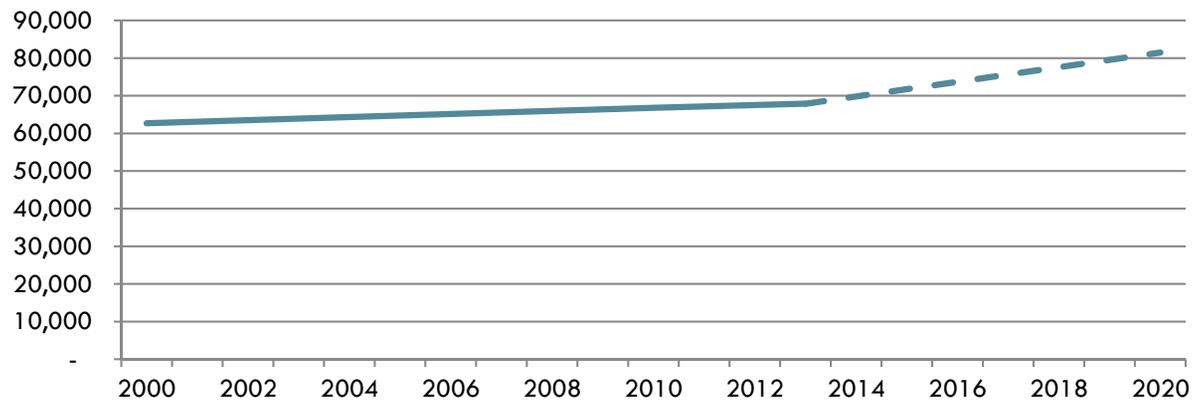
Housing Needs: Demographic Trends

- **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

Housing Needs: Demographic Trends

- **Units in approved projects in Milpitas could result in a 20 percent increase in population by 2020**

Population Trends and Potential Growth, Milpitas, 2000 - 2020

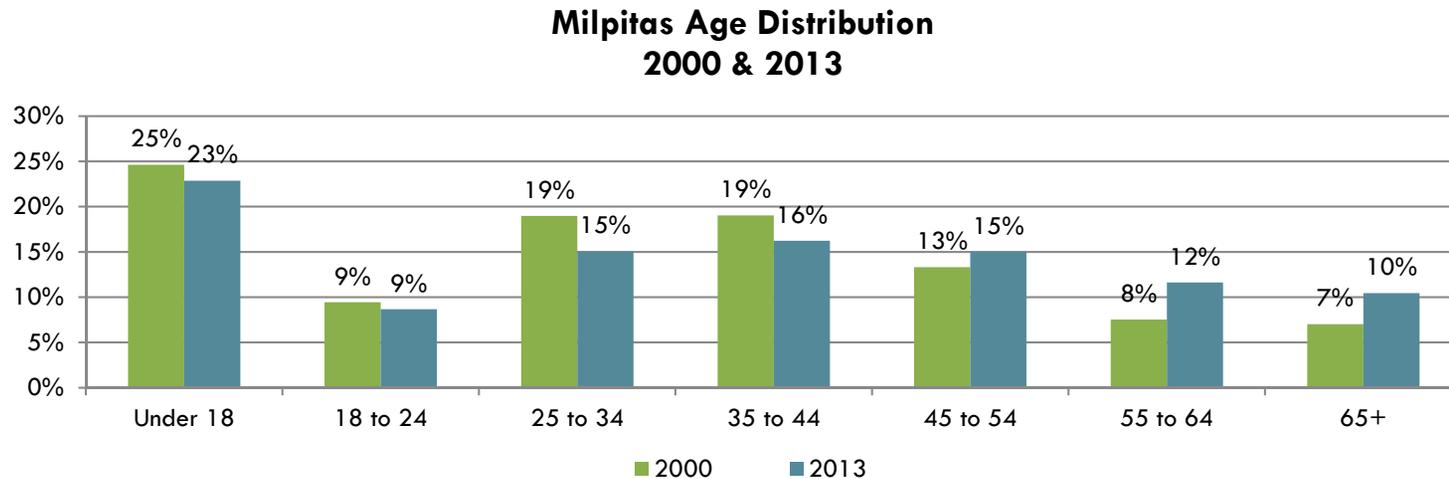


Note: Dashed line indicates projected growth based on build out of all units approved or under construction in Milpitas

Sources: City of Milpitas, 2014; Census, 2000 & 2010; CA Department of Finance, 2013; BAE, 2014.

Housing Needs: Demographic Trends

- **Milpitas' population has aged in recent years, with significant growth in the population age 45 +**



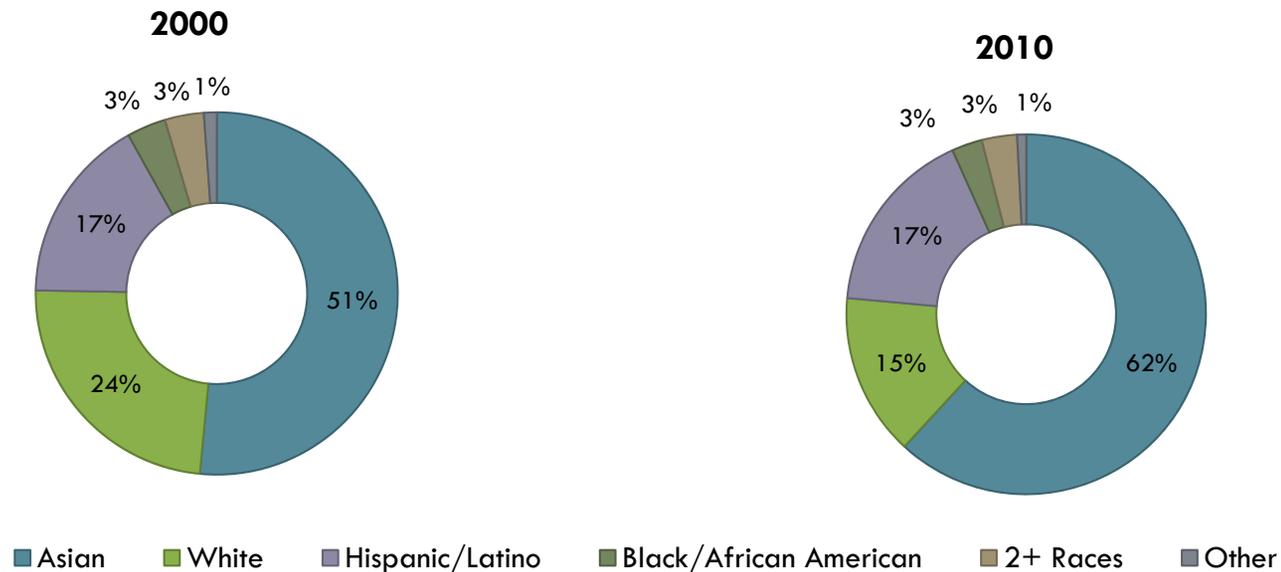
Sources: US Census, 2000; Nielsen, 2013; BAE, 2014.

- **Milpitas's median age increased from 33.4 years in 2000 to 37.1 years in 2013**
- **City's median age and distribution were similar to the County's**

Housing Needs: Demographic Trends

- **Ethnicity in Milpitas has grown increasingly diverse, with people of Asian descent representing the largest share of the City's population**
 - ▣ The City's population of Asian descent includes people with Chinese, Filipino, Indian, and Vietnamese ancestry, along with other ethnic groups

Race and Ethnicity, Milpitas, 2000 and 2010

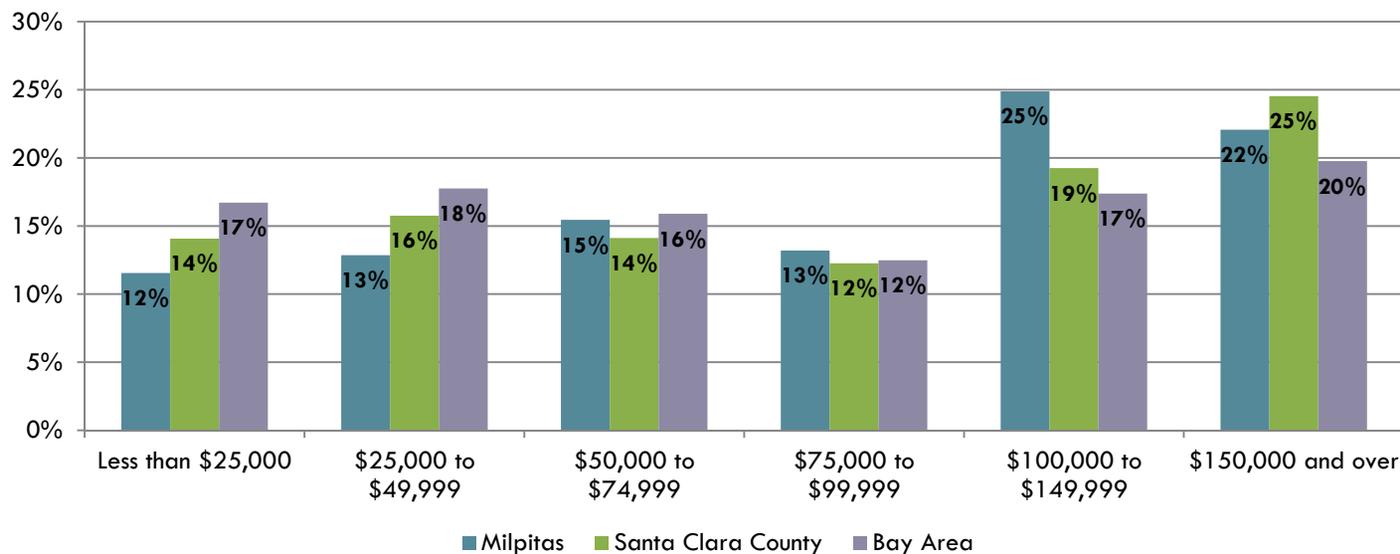


Demographic Trends

□ 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

Milpitas Household Income Distribution, 2013

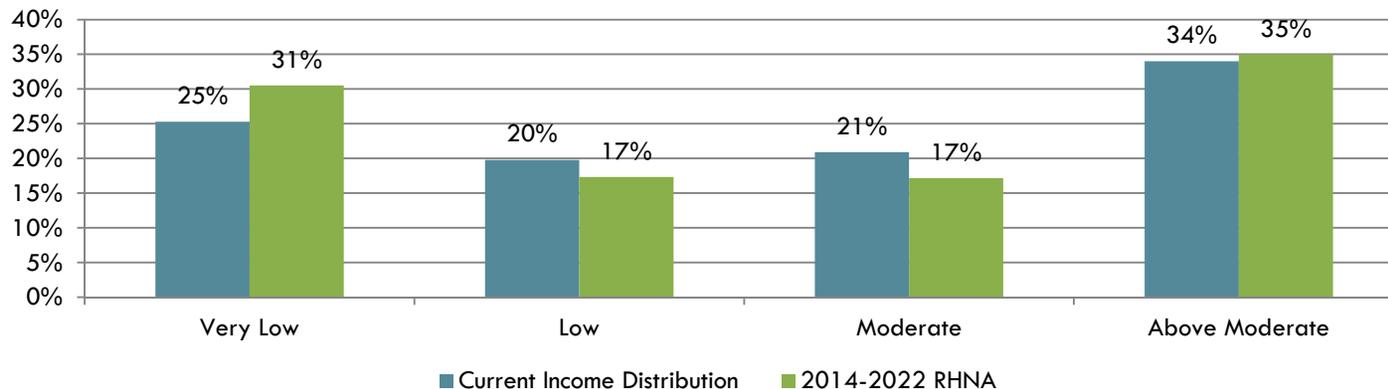


Sources: Nielsen, 2013; BAE, 2014.

Demographic Trends

- **Milpitas' 2014-2022 RHNA has a slightly larger share of very low-income and above moderate-income households than City's current income distribution (estimated)**

**Milpitas Estimated Household Income Distribution by AMI Level
Compared to 2014-2022 RHNA**

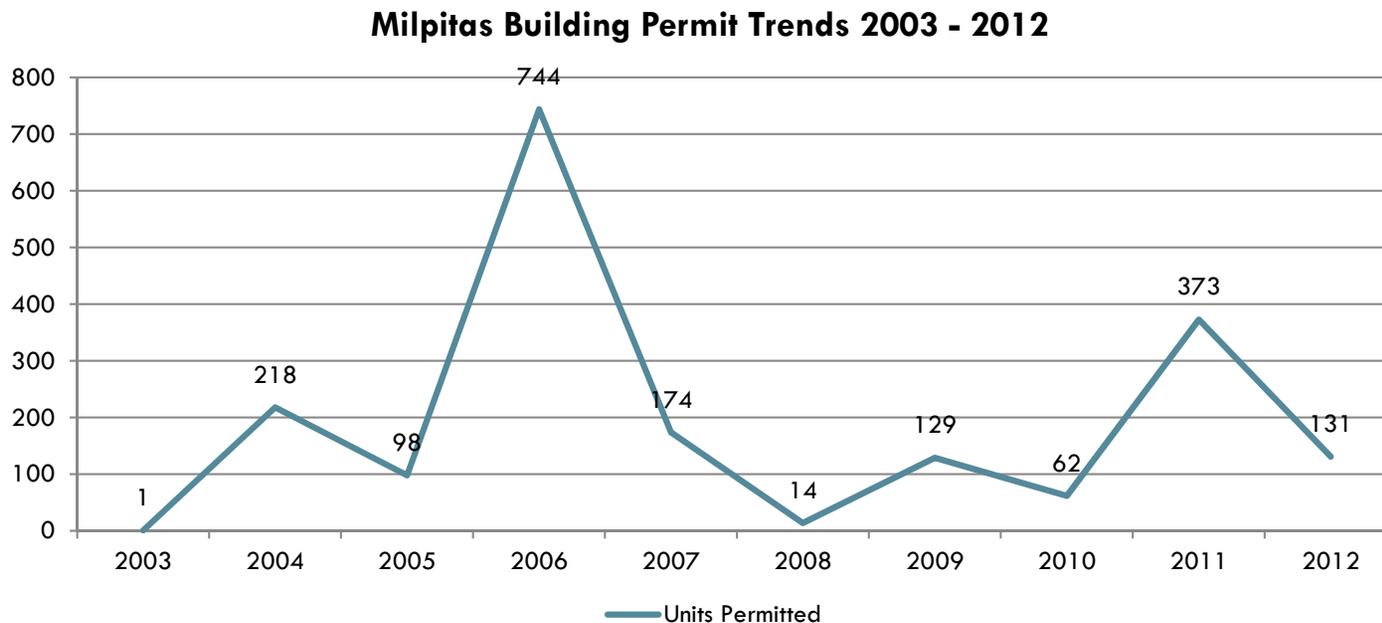


Note: Current income distribution segmented by HCD income limits is estimated based on AMI for a four-person household in Santa Clara County

Sources: Nielsen, 2013; HCD, 2013; BAE, 2014.

Building Permit Trends

- **On average, Milpitas issued building permits for 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

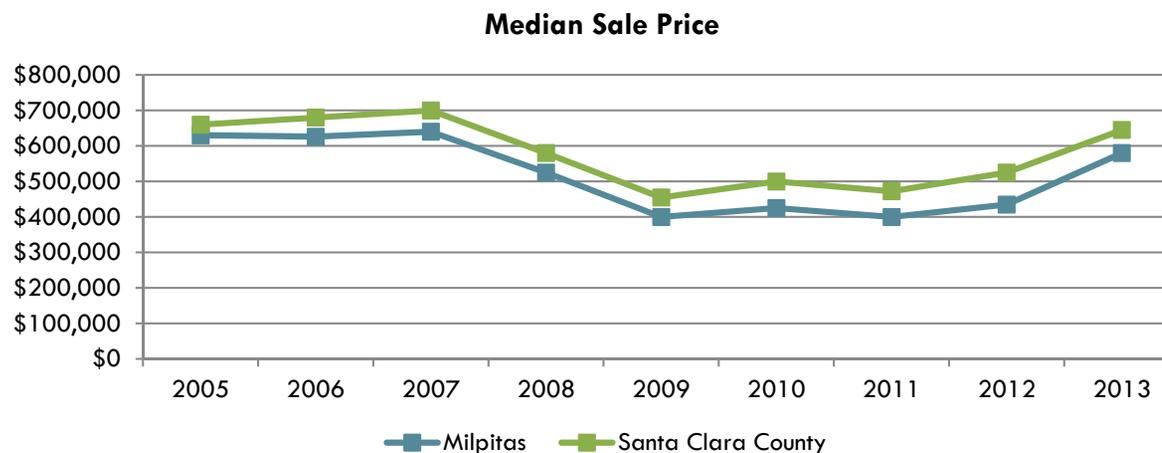


Building Permit Trends

- **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 almost 5,400 approved residential units, approximately 1,500 of which are currently under construction
 - ▣ Once completed, the units currently under construction will increase the number of housing units in the City by eight percent
 - ▣ 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

Housing Trends: Ownership Housing

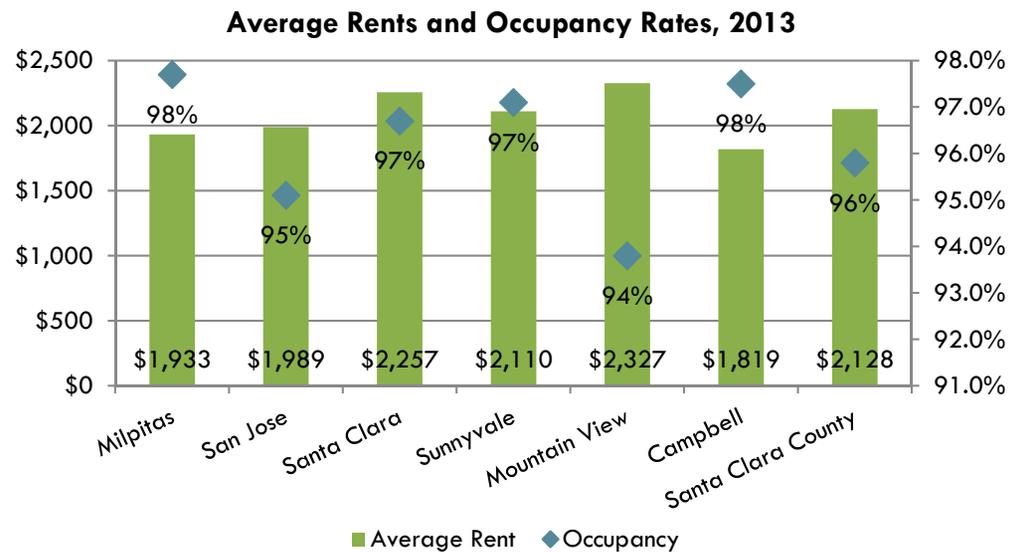
- **67% of Milpitas's households own their homes**
 - ▣ Slight drop in ownership between 2000 (70%) and 2013 (67%)
 - ▣ Current Milpitas rate is higher than County (57% in 2013)
- **Milpitas home sale prices dropped during the recession**
 - ▣ The median sale price was \$640,000 in 2007, but fell to \$400,000 in 2009
 - ▣ Milpitas median was slightly lower than the County median during this period
 - ▣ Median sale price for Milpitas was \$580,000 in 2013



Sources: DQ News, 2006-2013; BAE, 2014.

Housing Trends: Rental Rates

- **Milpitas has relatively low residential rents compared to many neighboring cities, but high occupancy rates showing strong demand**
 - ▣ Market-rate units now under construction are likely to rent for significantly more than current average rental rates

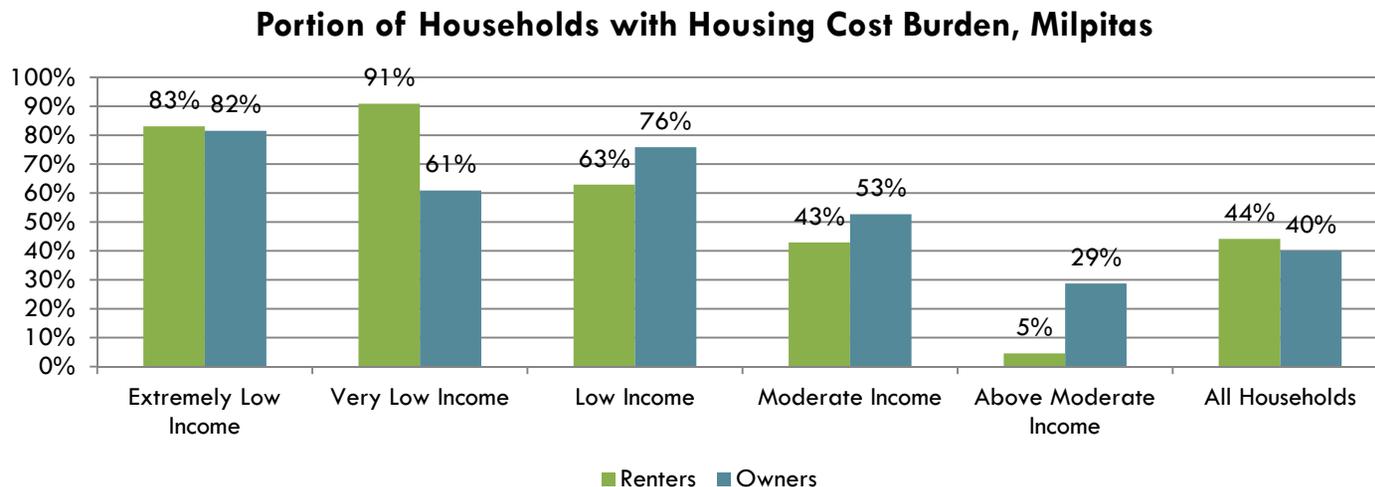


Note: Data are for rental properties with 50 units or more

Sources: RealFacts, 2013; BAE, 2014.

Housing Trends: Cost Burden

- **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



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

Potential for Residential Growth

- **The City has two Specific Plan areas with numerous sites available for housing development**
 - ▣ Mid-Town Specific Plan (2002) – approximately 1,470 new units
 - ▣ Transit Area Specific Plan (2008) – approximately 6,440 to 9,350 new units
 - ▣ Both are adjacent to the future site of the Milpitas BART Station
- **These two Specific Plan areas are anticipated to have enough potential capacity to accommodate the City's RHNA for the 2007-2014 Housing Element Update period**
 - ▣ Both plan areas have units under construction and in the development pipeline

Policies and Programs

- **The recent loss of redevelopment agencies in California presents new challenges for meeting low- and very low-income housing goals during this Housing Element Update cycle**
 - ▣ Milpitas will be exploring new policies and programs to address this need as part of the Housing Element Update process
 - ▣ Policies and programs will be the focus of the next public meeting (March 11th)



Next Steps

- **February/March 2014**
 - ▣ Convene public meetings to obtain input on housing issues (today and March 11)
 - ▣ Complete Draft Housing Element Update
- **April/May 2014**
 - ▣ Present draft Housing Element Update to Council study session
 - ▣ Convene public meeting to obtain input on Draft Housing Element update
- **June 2014**
 - ▣ Council to approve Draft Housing Element for submittal to HCD
- **August 2014**
 - ▣ Review and comment by HCD
- **September/October 2014**
 - ▣ Revise Draft Housing Element as needed
- **November 2014**
 - ▣ Council to approve changes and adopt
- **January 2015 or sooner**
 - ▣ HCD to certify Housing Element Update