City of Milpitas Draft Housing Element Update

2015 – 2023

December 12, 2014

Table of Contents

1. INTRODUCTION 1
   - Preparation of the Housing Element Update 1
   - SB 375 and Changes to Housing Element Law 2
   - Related Planning Efforts 3
   - Public Participation in the Housing Element Update 3
   - Housing Element Contents 4
2. ASSESSMENT OF PRIOR HOUSING ELEMENT 5
   - Progress in Implementation of 2010 Housing Element Programs 5
   - Progress in Achieving RHNA Goals 6
3. HOUSING NEEDS ASSESSMENT 7
   - Population & Household Trends 7
   - Employment Trends & Jobs/Housing Balance 13
   - Housing Stock Characteristics 17
   - Housing Market Conditions and Affordability 20
   - Affordability 26
   - Assisted Housing at Risk of Conversion 31
   - Special Housing Needs 38
4. SITES INVENTORY 51
   - Projected Housing Needs 51
   - Sites Inventory 51
   - Additional Considerations 59
   - Zoning for Special Housing Needs 61
   - Financing and Subsidy Sources 62
   - Opportunities for Energy Conservation 67
5. HOUSING CONSTRAINTS 69
   - Governmental Constraints 69
   - Infrastructure and Public Facility Constraints 85
   - Environmental Constraints 88
   - Housing for Persons with Disabilities 89
   - Potential Non-Governmental Constraints 90
6. HOUSING PLAN 93
   - Housing Goals, Policies, and Programs 93
   - Quantified Objectives 106

APPENDIX A: MILPITAS HOUSING ELEMENT ACCOMPLISHMENTS, 2007-2014 108

APPENDIX B: DETAILED SITE INVENTORY 114

APPENDIX C: OTHER REQUIREMENTS 123

APPENDIX D: SUMMARY OF WRITTEN COMMENTS RECIEVED 124

Table of Tables

Table 2.1: Progress toward RHNA Goals, Milpitas, 2007-2014 6
Table 3.1: Population and Household Trends, 2000-2013 9
Table 3.2: Age Distribution, 2000, 2010 and 2013 10
Table 3.3: Race and Ethnicity, 2000 and 2010 11
Table 3.4: Household Income Distribution, 2013 12
Table 3.5: Estimated Household Growth, Milpitas, Santa Clara County, and the Bay Area, 2010-2040 13
Table 3.6: Jobs by Sector, Q3 2010 and Q3 2012 (a) 14
Table 3.7: Jobs to Workers Ratio, 2011 15
Table 3.8: Estimated Job Growth, Milpitas, Santa Clara County, and the Bay Area, 2010 - 2040 17
Table 3.9: Housing Units by Year Built, 2011 18
Table 3.10: Housing Units by Type, 2013 18
Table 3.11: Number of Units Issued Building Permits, 2003-2012 19
Table 3.12: Overcrowded Households, 2011 20
Table 3.13: Housing Occupancy and Vacancy Status, 2010 21
Table 3.14: Sale Price Distribution of Single Family Residences and Condominiums by Number of Bedrooms, Milpitas, January-August 2013 23
Table 3.15: Household Income Limits, Santa Clara County, 2013 26
Table 3.16: Affordability of Market Rate For Sale Housing in Milpitas 29
Table 3.17: Affordability of Market-Rate Rental Housing in Milpitas, 2013 30
Table 3.18: Inventory of Affordable Rental Housing Units, Milpitas, 2014 33
Table 3.19: Estimated Costs to Preserve 149 Affordable Units at Sunnyhills Apartments 35
Table 3.20: Estimated Costs to Replace 149 Affordable Units at Sunnyhills Apartments 36
Table 3.21: Partial List of Qualified Entities for Santa Clara County, 2014 38
Table 3.22: Household Size by Tenure, 2011 39
Table 3.23: Existing Housing Stock by Number of Bedrooms, 2011 39
Table 3.24: Family Characteristics, 2011 40
Table 3.25: Poverty Status, 2011 41
Table 3.26: Housing Problems among Extremely Low-Income Households 42
Table 3.27: Senior Households, 2000 and 2010 43
Table 3.28: Household Income of Senior Households by Tenure, Milpitas 43
Table 3.29: Housing Cost Burden for Senior Households, Milpitas 44

Table 3.30: Housing Resources for Seniors, Milpitas 2013 45
Table 3.31: Persons with Disabilities by Disability Type, 2011 46
Table 3.32: Persons with Developmental Disabilities, 2014 47
Table 3.33: Community Care Facilities, Milpitas, 2013 48
Table 3.34: Farmworkers, Santa Clara County, 2007 48
Table 3.35: Homeless Individuals, 2013 49
Table 4.1: Milpitas Regional Housing Needs Allocation, 2015-2023 51
Table 4.2: Pending Residential Projects, Milpitas, 2014 53
Table 4.3: Summary of Potential Housing Sites, Milpitas, 2015-2023 57
Table 4.4: Residential Projects Receiving Assistance from the Milpitas RDA, 2009-2014 66
Table 5.1: General Plan Land Use Residential Designations 70
Table 5.2: Residential Zoning District Regulations 73
Table 5.3: Residential Zoning District Regulations as Modified by Overlay Districts 75
Table 5.4: Milpitas Density Bonus Ordinance 77
Table 5.5: Permit Processing Times 81
Table 5.6: Housing Types Permitted by Zoning District 82
Table 5.7: City of Milpitas Residential Development Fees, 2014 84
Table 5.8: City of Milpitas Residential Planning Fees, 2014 85
Table 6.1: Summary of Quantified Objectives, City of Milpitas, 2015-2023 107

Table of Figures

Figure 3.1: Unemployment, 2000-2013 16
Figure 3.2: Median Residential Sale Price, 2005-2013 22
Figure 3.3: Rental Rates and Vacancy, Second Quarter 2013 24
Figure 3.4: Rental Market Trends, Milpitas, 2005-2013 25
Figure 3.5: Foreclosures per 1,000 Households, Milpitas & Santa Clara County, Sept 2012--Sept 2013 25
Figure 3.6: Household Income Distribution by AMI Level for a Four-Person Household, Milpitas, 2013 27
Figure 3.7: Representative Households, Santa Clara County, 2013 27
Figure 3.8: Housing Cost Burden by Household Income Level, Milpitas 31
Figure 4.1: Pending Residential Projects, Milpitas, 2014 54
Figure 4.2: Housing Opportunity Sites, Milpitas, 2015-2023 58

1. INTRODUCTION

Located at the southern end of the San Francisco Bay, the City of Milpitas has become an integral part of high-tech Silicon Valley since becoming incorporated in 1954. The City is a strong employment center with a diverse population, quality schools, conveniently-located neighborhood parks, and a variety of retail options. Milpitas is often called the "Crossroads of Silicon Valley" with most of its 13.6 square miles of land situated between two major freeways (I-880 and I-680), State Route 237, and a County expressway. The City is served by Valley Transportation Authority (VTA) light rail and a planned BART extension is scheduled to begin service to Milpitas in 2018.

Milpitas has experienced a recent surge in residential building activity in recent years, with a considerable increase in residential permit applications, development entitlements, and new construction. In large part, these changes have been brought on by the adoption of two Specific Plans for areas adjacent to an existing VTA station and the City's planned BART station. The increased development potential that was made possible by these Specific Plans has prompted the conversion of areas once dominated by vacant and underutilized land and aging and obsolete industrial space into high-density transit-oriented development.

As Milpitas continues to usher in this transformation, providing a range of housing options at various price points will be an integral element of the City's future development. The 2015-2023 Housing Element will assist the City in continuing its strong record of planning for housing for all segments of the population.

Preparation of the Housing Element Update

The Housing Element is the chapter of the General Plan that local jurisdictions in California use to plan for current and future housing needs. California State Law requires that California cities have an adopted General Plan, which must contain a Housing Element. While many jurisdictions regularly revise and update various elements of the General Plan, the Housing Element is the only chapter that is mandated by State Law to be updated on regular basis and is the only chapter that requires approval from a State agency. State law dictates the issues that the Housing Element must address and requires the element to be reviewed by the California Department of Housing and Community Development (HCD) to assure that it meets the minimum requirements established by Government Code §65580-65589.8. This process is commonly referred to as "certifying" the Housing Element.

Each jurisdiction's projected housing need during the Housing Element planning period is determined through the Regional Housing Needs Allocation (RHNA) process, which is based on projected Statewide growth in households as determined by HCD. Through the RHNA process, HCD distributes the Statewide projected housing need among the regions in the State. In turn, each regional council of government allocates the projected regional growth to local jurisdictions within the region. The total housing need for each jurisdiction is distributed among income categories, requiring each jurisdiction to plan to meet the need for housing for households at all income levels. The agency responsible for distributing the

RHNA in the Bay Area is the Association of Bay Area Governments (ABAG), which works closely with the Metropolitan Transportation Commission (MTC), the regional transportation planning agency for the Bay Area.

Each city and county in California is then required to produce a Housing Element that demonstrates the jurisdiction's ability to accommodate the housing need identified in its RHNA during the Housing Element planning period. This Housing Element covers the 2015-2023 Housing Element planning period, which differs from previous update cycles as a result of recent changes in State Law, which are discussed in the following section.

The prior Milpitas Housing Element, certified by HCD in 2010, covered the period between 2007 and 2014 and is the basis for the current Housing Element update. However, all sections in the 2010 Housing Element have been reviewed and updated to reflect changes to State Law, City housing policies and programs, and local demographic and real estate market conditions.

SB 375 and Changes to Housing Element Law

In an effort to reduce greenhouse gas emissions associated with passenger cars, Senate Bill 375 (SB 375, 2008) calls for local jurisdictions and regional planning agencies to better coordinate land use plans with existing and planned transit investments and to plan for a greater proportion of residential and employment growth in areas accessible to transit. One outcome of the effort to coordinate housing and transit planning has been the eight-year planning period (2015-2023) for the upcoming Housing Element Update, rather than the five- to seven-year planning period that was used in previous Housing Element Update cycles, in order to coordinate the timing of the Housing Element Update with the Regional Transportation Plan.[1]

In response to SB 375, ABAG and MTC developed Plan Bay Area, a long-range integrated transportation and land use plan for the Bay Area that plans for the projected increase in housing and employment in the region through 2040. A key element of Plan Bay Area is the designation of Priority Development Areas (PDAs), locally-designated, transit-accessible areas that are ideal locations for an increase in residential and commercial development, throughout the region. By focusing growth in PDAs served by transit and working to make these PDAs more pedestrian- and bike-friendly, Plan Bay Area aims to reduce the need for automobiles and the associated greenhouse gas emissions in the region. ABAG and MTC have been supporting planning processes in PDAs in cities throughout the Bay Area, including Milpitas.

[1] There are some exceptions to the eight-year planning period, none of which apply to Milpitas during the current update cycle.

Related Planning Efforts

Milpitas recently adopted Specific Plans for two areas adjacent to the City's existing VTA station and planned BART station. The Midtown Specific Plan, adopted in 2002, anticipates development of approximately:

- 3,000 or more housing units,
- 720,000 square feet of office space,
- 326,000 square feet of general commercial uses, and
- 51,000 square feet of retail uses.

Development standards for the Midtown Specific Plan allow residential development up to 60 units per acre.

The Transit Area Specific Plan (TASP), adopted in 2008, covers a larger area than the Midtown Specific Plan and has more development potential. The TASP anticipates development of approximately:

- 6,440 to 9,360 new housing units,
- 496,922 square feet of new office space, and
- 281,000 to 357,000 square feet of new retail space.

Development standards for the TASP allow up to 75 units per acre, with a possible 25 percent density bonus.

Public Participation in the Housing Element Update

Milpitas conducted extensive public outreach to provide information and solicit input from the public on the Housing Element Update. The City held three public meetings in addition to City Council and Planning Commission meetings prior to submission of the Housing Element Update to HCD, all of which encouraged dialogue between residents, stakeholders, and City staff. The first, held February 25, 2014, provided the public with information on the update process and housing needs in Milpitas. The second, held on March 11, 2014, focused on the City's housing opportunity sites, policies, and programs. The third, held on October 30, 2014, provided a final opportunity for community input after the draft document was released to the public and before the document was submitted to HCD.

The Housing Element was also discussed during Planning Commission meetings on May 14, 2014 and September 10, 2014 and during the City Council meeting on September 16, 2014. Prior to the September 16 City Council meeting, the City offered a 30-day review period during which the draft document was available to the public for review at City Hall, the public library, on the City website, and to individuals as requested. The public had the opportunity to attend all Planning Commission and City Council meetings and provide comments. Notices for all meetings and to alert the public that the draft document was available were broadly distributed by mailing to 80 organizations, publishing notices in the Milpitas Post and on the City's website, and showing ads on cable television. Minutes and video from all City Council and Planning Commission meetings are available on the City's website for public review. In addition, a summary of written comments received is provided in Appendix D.

In addition to these meetings, information on the Housing Element Update was posted on the City's website, at City Hall, and at the public library as well as advertised on cable television, in the Milpitas Post newspaper, and on the marquee board in front of City Hall. Residents were encouraged to contact the Planning & Neighborhood Services Department with comments and questions.

Housing Element Contents

Following this introduction, the Housing Element includes the following major components:

- A review of the prior (2010) housing element, including an analysis of housing production in comparison to mandated housing goals.
- An analysis of the City's current and future housing needs.
- An inventory and analysis of housing resources.
- An analysis of governmental and non-governmental constraints to housing production.
- A housing plan setting forth goals, policies, programs, and quantified objectives to address the City's housing needs.

2. ASSESSMENT OF PRIOR HOUSING ELEMENT

This chapter reviews and evaluates the City's progress in implementing the 2010 Housing Element's programs and meeting the projected housing need (as defined by the RHNA numbers) between 2007 and 2014.

The City of Milpitas has demonstrated support for affordable housing and a strong commitment to facilitating a diversity of housing types. During the last housing element period, the City provided support to seven subsidized housing developments with a total of 863 units. In addition, the City provided funding to assist in the rehabilitation of 93 mobile homes in Milpitas. Furthermore, Milpitas continues to implement a range of policies and programs to aid in the production of affordable housing, including Zoning Ordinance provisions that encourage the inclusion of affordable units in market-rate developments and allow for high residential densities that support the development of affordable housing.

The following sections present information on the progress made by Milpitas in its implementation of the housing programs set forth in the 2010 Housing Element, as well as its progress in achieving its 2007-2014 RHNA goals.

Progress in Implementation of 2010 Housing Element Programs

The City of Milpitas has established a strong housing program, which allowed the City to make considerable progress toward achieving its housing goals between 2007 and 2014. The Midtown and Transit Area Specific Plans accommodate high-density residential and mixed-use development, with maximum densities ranging from 20 to 60 units per acre, or up to 75 units per acre in high-density residential zones in the Transit-Oriented Overlay Zone. Projects in the Transit-Oriented Overlay Zone also benefit from reduced parking requirements. Additionally, the EIRs that were prepared for the Specific Plans can be used as programmatic environmental documents for future residential development in the Specific Plan Areas, allowing for expedited environmental review of new projects. The City has further aided residential development in the Specific Plan Areas by helping to pay for needed infrastructure in the area. A detailed list of the programs included in the last Housing Element and the City's progress toward implementation of each program is provided in Appendix A.

Other achievements include successful implementation of the condominium and mobile home conversion ordinances, operation of programs that rehabilitate and retrofit housing units, and the provision of financial assistance for facilities and services that provide services to homeless families and individuals.

Finally, the City has adopted policies to encourage that twenty percent of all new housing units in market-rate developments are affordable to moderate-, low-, or very low-income households. To help

developers meet this goal, the City has provided funds for mortgage financing, impact fees, and loans to help projects comply with the affordable housing requirement.

Many of the policies and programs from the 2010 Housing Element Update will be carried forward to the 2015-2023 Housing Element Update. These are presented in Chapter 6 of this Housing Element Update.

Progress in Achieving RHNA Goals

During the 2007-2014 Housing Element Cycle, a total of 6,434 housing units were built or permitted in Milpitas, far exceeding the City's total RHNA for this period. Table 2.1 below shows the total number of housing units built or permitted in the City of Milpitas between 2007 and 2014 along with the City's RHNA numbers for the 2007-2014 Housing Element Update cycle. As shown, units built and permitted between 2007 and 2014 exceeded the City's RHNA for units targeted to households with above-moderate incomes, but did not meet the City's RHNA for units affordable to very low-, low-, and moderate-income households.

Table 2.1: Progress toward RHNA Goals, Milpitas, 2007-2014

Income Group	2007-2014 RHNA	Units Built or Permitted	Balance of RHNA	Percent of RHNA Achieved
Very Low	689	253	436	36.7%
Low	421	44	377	10.5%
Moderate	441	174	267	39.5%
Above Moderate	936	5,963	N/A	637.1%
Total (a)	**2,487**	**6,434**	**1,080**	**56.6%**

Note:
(a) Although the total number of units built or permitted in Milpitas between 2007-2014 exceeded the City's total RHNA goals, there was an unmet need for housing targeted to lower-income households totaling 880 units. This unmet need is reflected in the percent of RHNA achieved as reported in this table.
Sources: City of Milpitas, 2014; BAE, 2014.

3. 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.

To facilitate an understanding of demographic and housing trends in Milpitas, this Housing Needs Assessment presents data for Milpitas alongside comparable data for of Santa Clara County and, where appropriate, for the San Francisco Bay Area. This Needs Assessment incorporates data from numerous sources, including the United States Census, the Association of Bay Area Governments (ABAG), the State of California Departments of Finance (DOF) and Housing and Community Development (HCD), and private demographic and real estate data vendors. Data provided by the Census Bureau include 2000 and 2010 decennial Census data as well as data from the American Community Survey (ACS). The ACS publishes estimates of demographic conditions based on statistical sampling conducted continuously over one-year, three-year, and five-year periods, depending on the type of data and size of the geography being sampled.[2] While these data cannot represent conditions at a specific point in time, as in the previous decennial censuses, they are updated on an annual basis and do offer a valuable means to compare characteristics across geographies.

Population & Household Trends

Population

As presented in Table 3.1 below, Milpitas has experienced moderate population growth in recent years. The City's population increased from approximately 63,000 in 2000 to approximately 68,000 in 2013, an eight-percent increase. Population growth rates were comparable in Santa Clara County overall (nine percent) and the Bay Area as a whole (eight percent) between 2000 and 2013.

Households

The number of households in Milpitas grew considerably between 2000 and 2013, outpacing the growth rate in Santa Clara County and the Bay Area. A household is defined as a person or group of persons living in a housing unit, regardless of the residents' relationship. This is differentiated from persons living in group quarters, such as dormitories, convalescent homes, or prisons. As shown in Table 3.1, there were approximately 19,000 households in Milpitas in 2013, representing a 13-percent increase

[2] This data source replaces the information obtained in previous Censuses from the "long form" questionnaire. For more information on the ACS, see www.census.gov/acs/www/about_the_survey/american_community_survey/

from 2000. Meanwhile, the number of households increased by eight percent in Santa Clara County and seven percent in the Bay Area overall.

Average Household Size

Households in Milpitas tend to be relatively large, but have decreased slightly in recent years. On average, there were 3.41 persons per household in Milpitas in 2013, substantially higher than the average household size in the County (2.96 persons per household) and region (2.73 persons per household), but slightly lower than the average household size in Milpitas in 2000 (3.47 persons per household). The slight decrease in average household size is consistent with the recent substantial growth in households coupled with more moderate population growth.

Household Type

Milpitas households consist of a large number of family households. "Family households" are defined as those consisting of two or more related persons living together, whereas "non-family households" include persons who live alone or in groups of unrelated individuals. As shown in Table 3.1, 81 percent of households in Milpitas were family households in 2013. This is a significantly higher proportion than in Santa Clara County (71 percent) and the Bay Area (65 percent). Similar to the County and region, Milpitas experienced little change in the proportion of family households in the City between 2000 and 2013.

Household Tenure

Although the majority of housing units in Milpitas are owner occupied, the share of renter-occupied households has increased slightly over time. Two thirds (67 percent) of all occupied housing units in Milpitas were owner-occupied in 2013, compared to 57 percent in Santa Clara County and 56 percent in the Bay Area overall. These figures represent a gradual decline in the share of owner-occupied units since 2000, which decreased by two to three percentage points in the City, County, and region between 2000 and 2013.

Table 3.1: Population and Household Trends, 2000-2013

Milpitas	2000	2010	2013	Change 2000-2013	% Change 2000-2013
Population	**62,698**	**66,790**	**67,894**	**5,196**	**8.3%**
Households	**17,132**	**19,184**	**19,300**	**2,168**	**12.7%**
Average Household Size	**3.47**	**3.34**	**3.41**		
Household Type					
Families	81.7%	81.4%	80.7%		
Non-Families	18.3%	18.6%	19.3%		
Tenure					
Owner	69.8%	66.9%	66.7%		
Renter	30.2%	33.1%	33.3%		
Santa Clara County					
Population	**1,682,585**	**1,781,642**	**1,842,254**	**159,669**	**9.5%**
Households	**565,863**	**604,204**	**611,426**	**45,563**	**8.1%**
Average Household Size	**2.92**	**2.90**	**2.96**		
Household Type					
Families	69.9%	70.6%	70.8%		
Non-Families	30.1%	29.4%	29.2%		
Tenure					
Owner	59.8%	57.6%	57.4%		
Renter	40.2%	42.4%	42.6%		
Bay Area (a)					
Population	**6,783,760**	**7,150,739**	**7,327,626**	**543,866**	**8.0%**
Households	**2,466,019**	**2,606,288**	**2,628,762**	**162,743**	**6.6%**
Average Household Size	**2.69**	**2.69**	**2.73**		
Household Type					
Families	64.7%	64.6%	64.6%		
Non-Families	35.3%	35.4%	35.4%		
Tenure					
Owner	57.7%	56.2%	56.0%		
Renter	42.3%	43.8%	44.0%		
California					
Population	**33,871,648**	**37,253,956**	**37,966,471**	**4,094,823**	**12.1%**
Households	**11,502,870**	**12,568,167**	**12,675,876**	**1,173,006**	**10.2%**
Average Household Size	**2.87**	**2.90**	**2.93**		
Household Type					
Families	68.9%	68.7%	68.5%		
Non-Families	31.1%	31.3%	31.5%		
Tenure					
Owner	56.9%	55.9%	55.9%		
Renter	43.1%	44.1%	44.1%		

Notes:
(a) The Bay Area region consists of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma Counties.
Sources: US Census, 2000; California, Department of Finance, 2010, 2013; Nielsen, 2013; BAE 2013.

Age Distribution

The population in Milpitas has aged in recent years as baby boomers have begun to reach retirement age, consistent with national trends. The median age of the City's population was 33.4 in 2000 and by 2013 had reached 37.1, as shown in Table 3.2. The change in the median age during this period is reflected throughout the age distribution, which demonstrates a decrease in the share of the population

in all age cohorts under age 45 and a corresponding increase in the share of the population in all cohorts age 45 and older. While people between the age of 25 and 44 accounted for 38 percent of the City's population in 2000, by 2013 only 31 percent of the City's population was between the age of 25 and 44.

These Citywide trends mirrored Countywide trends, though the population of Milpitas aged at a slightly faster rate. The population in Milpitas was slightly younger than the population of Santa Clara County in 2000, with a larger proportion of residents between age of 25 and 44, a smaller proportion of residents age 55 and older, and a median age 0.6 years younger. However, by 2013 Milpitas was largely similar to the County with respect to the City's age distribution and median age.

Table 3.2: Age Distribution, 2000, 2010 and 2013

	Milpitas			Santa Clara County		
Age Cohort	**2000**	**2010**	**2013**	**2000**	**2010**	**2013**
Under 15	20.6%	19.2%	19.3%	20.9%	20.2%	20.3%
15 to 17	4.0%	3.7%	3.6%	3.9%	3.9%	3.9%
18 to 20	3.9%	3.8%	3.7%	3.9%	3.8%	3.7%
21 to 24	5.6%	5.0%	5.0%	5.4%	5.1%	5.1%
25 to 34	19.0%	16.3%	15.1%	17.8%	15.1%	14.0%
35 to 44	19.0%	16.3%	16.2%	17.6%	15.6%	15.3%
45 to 54	13.3%	15.2%	15.0%	13.0%	14.8%	14.8%
55 to 64	7.5%	10.9%	11.6%	8.0%	10.4%	11.3%
65 to 74	4.6%	5.7%	6.4%	5.2%	6.0%	6.6%
75 to 84	2.0%	3.0%	3.1%	3.3%	3.5%	3.5%
85 +	0.5%	0.8%	0.9%	1.1%	1.5%	1.6%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Median Age	**33.4**	**36.1**	**37.1**	**34.0**	**36.2**	**37.0**

Sources: US Census, 2000 and 2010; Nielsen 2013; BAE 2013.

Race and Ethnicity

The racial and ethnic composition of the population in Milpitas has grown increasingly diverse, with people of Asian descent representing the largest share of the City's population. In 2000, approximately half (51 percent) or the population in Milpitas was of Asian descent; by 2010, people of Asian descent comprised almost two thirds (62 percent) 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. During the same period, the City's White population decreased from 24 percent of the City's population to 15 percent of the population. The number of individuals of Hispanic or Latino origin increased at the same rate as population growth, keeping the share of the population of Hispanic or Latino origin stable at 17 percent. The share of the population in all other racial groups decreased slightly between 2000 and 2010.

Trends were similar in Santa Clara County and the Bay Area overall, with increases in the population of Asian descent and decreases in the White population. However, a much larger share of the population was of Asian descent in Milpitas (62 percent) compared to Santa Clara County (32 percent) and the Bay Area (23 percent) and a smaller share of the population was White. Additionally, the share of the

population of Hispanic or Latino origin was larger in the County (27 percent in 2010) and region (24 percent in 2010) and showed more significant increases between 2000 and 2010.

Table 3.3: Race and Ethnicity, 2000 and 2010

	Milpitas					
	2000		2010		Change 2000-2010	
Ethnicity	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**
Not Hispanic or Latino	**52,281**	**83.4%**	**55,550**	**83.2%**	**3,269**	**6.3%**
White	14,917	23.8%	9,751	14.6%	-5,166	-34.6%
Black or African American	2,187	3.5%	1,836	2.7%	-351	-16.0%
American Indian and Alaska Native	240	0.4%	137	0.2%	-103	-42.9%
Asian	32,281	51.5%	41,308	61.8%	9,027	28.0%
Native Hawaiian/Pacific Islander	347	0.6%	316	0.5%	-31	-8.9%
Some other race	131	0.2%	93	0.1%	-38	-29.0%
Two or more races	2,178	3.5%	2,109	3.2%	-69	-3.2%
Hispanic or Latino (of any race)	**10,417**	**16.6%**	**11,240**	**16.8%**	**823**	**7.9%**
Total	**62,698**	**100.00%**	**66,790**	**100.00%**	**4,092**	**6.5%**

	Santa Clara County					
	2000		2010		Change 2000-2010	
Ethnicity	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**
Not Hispanic or Latino	**1,279,184**	**76.0%**	**1,302,432**	**73.1%**	23,248	1.8%
White	744,282	44.2%	626,909	35.2%	-117,373	-15.8%
Black or African American	44,475	2.6%	42,331	2.4%	-2,144	-4.8%
American Indian and Alaska Native	5,270	0.3%	4,042	0.2%	-1,228	-23.3%
Asian	426,771	25.4%	565,466	31.7%	138,695	32.5%
Native Hawaiian/Pacific Islander	5,040	0.3%	6,252	0.4%	1,212	24.0%
Some other race	3,522	0.2%	3,877	0.2%	355	10.1%
Two or more races	49,824	3.0%	53,555	3.0%	3,731	7.5%
Hispanic or Latino (of any race)	**403,401**	**24.0%**	**479,210**	**26.9%**	**75,809**	**18.8%**
Total	**1,682,585**	**100.00%**	**1,781,642**	**100.00%**	**99,057**	**5.9%**

	Bay Area					
	2000		2010		Change 2000-2010	
Ethnicity	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**
Not Hispanic or Latino	**5,468,585**	**80.6%**	**5,468,939**	**76.5%**	354	0.0%
White	3,392,204	50.0%	3,032,903	42.4%	-359,301	-10.6%
Black or African American	497,205	7.3%	460,178	6.4%	-37,027	-7.4%
American Indian and Alaska Native	24,733	0.4%	20,691	0.3%	-4,042	-16.3%
Asian	1,278,515	18.8%	1,645,872	23.0%	367,357	28.7%
Native Hawaiian/Pacific Islander	33,640	0.5%	41,003	0.6%	7,363	21.9%
Some other race	18,451	0.3%	20,024	0.3%	1,573	8.5%
Two or more races	223,837	3.3%	248,268	3.5%	24,431	10.9%
Hispanic or Latino (of any race)	**1,315,175**	**19.4%**	**1,681,800**	**23.5%**	**366,625**	**27.9%**
Total	**6,783,760**	**100.00%**	**7,150,739**	**100.00%**	**366,979**	**5.4%**

Sources: US Census 2000 and 2010; BAE 2013

Household Income

Households in Milpitas tend to have relatively high incomes, with a median annual income of approximately $94,000 in 2013. This median is eight percent higher than the median for Santa Clara County (approximately $87,000) and 27 percent higher than the median for the Bay Area (approximately $74,000). The high median household income in Milpitas is reflected throughout most of the City's income distribution, which shows a smaller number of households with annual incomes below $50,000 than the income distribution for Santa Clara County or the region. However, Milpitas also has a smaller share of households earning more than $250,000 per year, which constitute six percent of households in

Milpitas, nine percent of households in Santa Clara County, and seven percent of households in the Bay Area.

Although household incomes in Milpitas tend to be somewhat high, the City's large average household size means that household incomes typically support a relatively large number of people. As a result, the higher median household income for Milpitas relative to the County and region may not reflect an ability to pay more for housing after accounting for other expenses associated with supporting a large household.

Table 3.4: Household Income Distribution, 2013

Household Income	Milpitas	Santa Clara County	Bay Area (a)
Less than $15,000	5.8%	7.4%	9.1%
$15,000 to $24,999	5.8%	6.7%	7.6%
$25,000 to $34,999	4.0%	6.0%	7.1%
$35,000 to $49,999	8.9%	9.8%	10.6%
$50,000 to $74,999	15.5%	14.1%	15.9%
$75,000 to $99,999	13.2%	12.3%	12.5%
$100,000 to $149,999	24.9%	19.3%	17.4%
$150,000 to $249,999	16.3%	15.2%	12.4%
$250,000 to $499,999	4.9%	6.5%	5.2%
$500,000 and over	0.9%	2.8%	2.2%
Total (b)	**100.0%**	**100.0%**	**100.0%**
Median Household Income	**$94,218**	**$87,343**	**$74,423**

Notes:
(a) Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma Counties.
(b) Total number of households here may differ from population and household estimates provided by CA Department of Finance.
Sources: Nielsen, 2013; BAE, 2013.

Household Growth Projections

According to ABAG projections, Milpitas is anticipated to experience significant household growth between 2010 and 2040. As shown in Table 3.5, Milpitas is expected to gain approximately 12,500 households between 2010 and 2040, a 65 percent increase, considerably outpacing the growth rate in Santa Clara County (35 percent) and the Bay Area (27 percent). The relatively large amount of projected household growth in Milpitas aligns with the recent surge in residential construction in the City, which demonstrates the City's ability to attract and approve residential projects that are carried through to completion. Household growth in Milpitas is expected to occur at a relatively even pace throughout this period, at an average rate of 417 households per year.

Table 3.5: Estimated Household Growth, Milpitas, Santa Clara County, and the Bay Area, 2010-2040

	2010	2015	2020	2025	2030	2035	2040	Total Change 2010-2040	% Change 2010-2040
Milpitas	19,184	21,230	23,330	25,340	27,490	29,560	31,680	12,496	65.1%
Santa Clara County	604,204	639,160	675,670	710,610	747,070	782,120	818,400	214,196	35.5%
Bay Area (a)	2,608,023	2,720,410	2,837,680	2,952,910	3,072,920	3,188,330	3,308,090	700,067	26.8%

Notes:
(a) Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma Counties.
Sources: ABAG, 2013; BAE, 2013.

Employment Trends & Jobs/Housing Balance

Similar to employment throughout much of Santa Clara County, employment in Milpitas is strongly impacted by the Silicon Valley technology sector. According to the City's 2013 Comprehensive Annual Financial Report, the top three employers in Milpitas are Cisco Systems, KLA-Tencor, and SanDisk, which together accounted for over 6,000 jobs in 2013. The following section provides additional information on employment trends and projections in Milpitas.

Jobs by Industry Sector

Milpitas has experienced strong employment growth in recent years, with an 11-percent increase in jobs located in the City between the third quarter of 2010 and the third quarter of 2012. Employment in Santa Clara County also increased during this period, but at a slightly slower rate (seven percent). Changes in employment varied at the industry level, with some industries experiencing growth and others with net job losses. The industries with the largest employment growth in Milpitas between the third quarter of 2010 and the third quarter of 2012 include manufacturing (1,550 net new jobs), administrative and waste services (612 net new jobs), and construction (435 net new jobs). The industry sector with the most significant decrease in employment during this period was professional, scientific, and technical services, which had a net loss of 302 jobs.

The industry data shown in Table 3.6 demonstrate that Milpitas has a strong manufacturing sector, which accounts for one third (33 percent) of all jobs in the City. Manufacturing is also the largest employment sector in Santa Clara County overall, but accounts for only 17 percent of jobs Countywide. However, these data do not necessarily indicate that a large amount of manufacturing is taking place in Milpitas or Santa Clara County. Technology companies, such as Cisco and KLA Tencor in Milpitas, are typically classified in the computer and electronics manufacturing industry. This means that all types of occupations within these companies, including management, product development, administrative, sales, and other occupations, are categorized as jobs in the manufacturing industry, despite that the production-related occupations associated with these companies are often located elsewhere.

Other significant employment industries in Milpitas include retail (12 percent of employment) and leisure and hospitality (12 percent of employment). These two industries, which together constitute approximately one quarter of all employment in Milpitas, tend to offer relatively low-wage jobs. This

suggests a need for a mix of housing types in Milpitas at various affordability levels in order to accommodate the housing need generated by the City's workforce.

Table 3.6: Jobs by Sector, Q3 2010 and Q3 2012 (a)

	Milpitas					Santa Clara County				
	Q3 2010		Q3 2012		% Change	Q3 2010		Q3 2012		% Change
Industry Sector (a)	#	%	#	%	2010-2012	#	%	#	%	2010-2012
Agriculture, Forestry, Hunting, Mining	12	0.0%	12	0.0%	0.0%	4,267	0.5%	4,100	0.5%	-3.9%
Construction	1,559	4.2%	1,994	4.9%	27.9%	32,433	3.9%	35,433	3.9%	9.2%
Manufacturing	12,016	32.5%	13,566	33.2%	12.9%	152,367	18.1%	156,900	17.5%	3.0%
Wholesale Trade	2,206	6.0%	2,547	6.2%	15.5%	34,933	4.1%	35,100	3.9%	0.5%
Retail Trade	4,965	13.4%	4,938	12.1%	-0.6%	76,167	9.0%	81,133	9.0%	6.5%
Transportation/Warehousing/Utilities (b)	N/A	N/A	N/A	N/A	N/A	11,900	1.4%	12,900	1.4%	8.4%
Information	663	1.8%	1,008	2.5%	52.1%	44,967	5.3%	50,167	5.6%	11.6%
Finance/Insurance	510	1.4%	442	1.1%	-13.3%	18,233	2.2%	20,200	2.3%	10.8%
Real Estate	259	0.7%	317	0.8%	22.2%	12,433	1.5%	13,533	1.5%	8.8%
Professional/Scientific/Technical Srvcs	3,216	8.7%	2,914	7.1%	-9.4%	105,500	12.5%	119,500	13.3%	13.3%
Management of Companies/Enterprises	152	0.4%	206	0.5%	35.5%	9,800	1.2%	10,633	1.2%	8.5%
Administrative/Waste Services	1,342	3.6%	1,953	4.8%	45.6%	47,567	5.6%	52,600	5.9%	10.6%
Educational Services	369	1.0%	530	1.3%	43.5%	33,233	3.9%	35,600	4.0%	7.1%
Health Care/Social Assistance	1,805	4.9%	1,924	4.7%	6.6%	76,767	9.1%	79,833	8.9%	4.0%
Leisure & Hospitality	4,417	11.9%	4,839	11.8%	9.6%	75,133	8.9%	83,133	9.3%	10.6%
Other Services, excl. Public Admin	1,769	4.8%	1,748	4.3%	-1.2%	23,400	2.8%	24,633	2.7%	5.3%
Unclassified (b)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Government (b) (c)	N/A	N/A	1,283	3.1%	N/A	83,267	9.9%	82,233	9.2%	-1.2%
Total	**36,967**	**100%**	**40,876**	**100%**	**11%**	**842,367**	**100%**	**897,633**	**100%**	**7%**

Notes:
(a) Includes all wage and salary employment covered by unemployment insurance.
(b) Local employment for Transportation, Warehousing, and Utilities, Unclassified, and Government in Milpitas was suppressed by EDD due to the small number of firms in Milpitas reporting in this category. Total employment includes jobs in these categories.
(c) Government employment includes workers in all local, state and Federal sectors, not just public administration. For example, all public school staff are in the Government category.
Sources: California Employment Development Department, 2013; BAE, 2013.

Jobs to Workers Ratio

As shown in Table 3.7, Milpitas has a considerable net inflow of workers to the City, with 1.7 jobs for every employed person in Milpitas in 2011. There is also a net inflow of workers to Santa Clara County overall, but the ratio of jobs to employed residents is lower than in Milpitas, at 1.1 jobs for every employed worker. These figures suggest a potential need for additional housing for people employed in Milpitas that currently commute from other areas. This need will likely be addressed in part by the ongoing residential construction activity in Milpitas.

Table 3.7: Jobs to Workers Ratio, 2011

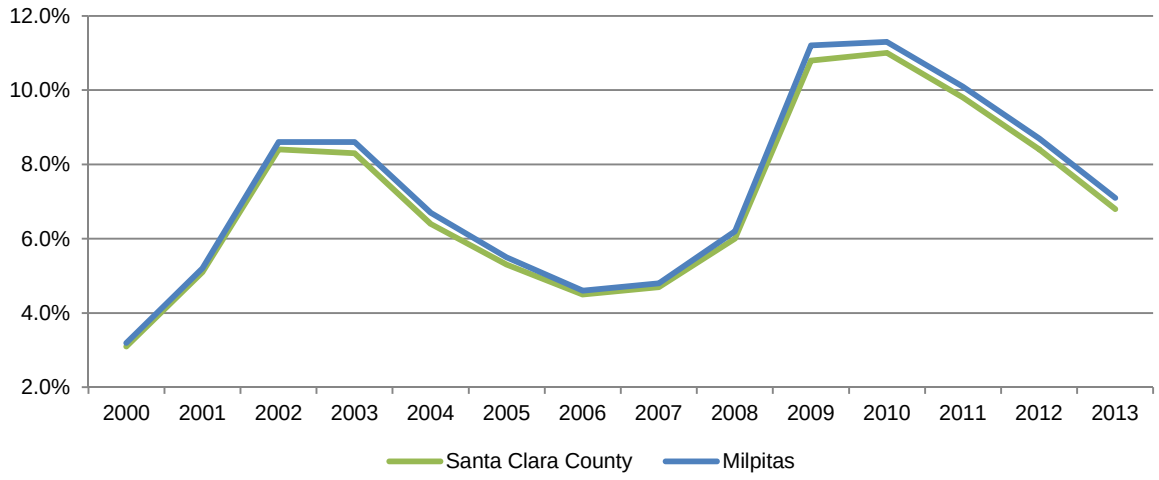
	Milpitas	Santa Clara County
Total Jobs (a) (b)	42,698	938,013
Employed Residents (a)	25,537	835,675
Jobs/Employed Residents	1.7	1.1

Notes:
The American Community Survey (ACS) publishes demographic estimates based on statistical sampling conducted continuously in 2011.
(a) The universe consists of members of the Armed Forces and civilian workers age 16 and older who were at work the week prior to the survey.
(b) Total number of jobs here may differ from estimates provided by the CA Employment Development Department.
Sources: American Community Survey, 2011; California Employment Development Department, 2013; BAE 2013.

Employment Trends

Similar to much of the rest of Silicon Valley and the Bay Area, Milpitas experienced an increase in unemployment beginning in 2007, followed by a gradual decrease in the unemployment rate in more recent years. As shown in Figure 3.1, the unemployment rate in Milpitas has mirrored trends in Santa Clara County since 2000, remaining just slightly higher (0.1 to 0.4 percentage points) than the unemployment rate for the County between 2000 and 2013. The unemployment rate in both the City and County was below five percent in 2006, but began to increase slightly at the start of the recession in 2007. At the peak in 2010, the unemployment rate reached 11.3 percent in Milpitas and 11.0 percent in Santa Clara County, more than twice the unemployment rate in 2006. The unemployment rate decreased in subsequent years, averaging approximately seven percent in the City and County in 2013, which suggests an ongoing economic recovery in the City and County and an associated increase in the employment rate.

Figure 3.1: Unemployment, 2000-2013



Notes:
Data are not seasonally adjusted.
Sources: CA EDD; BAE, 2014.

Employment Projections

According to ABAG projections, Milpitas is expected to experience moderate employment growth between 2010 and 2040. As shown in Table 3.8, ABAG estimates that there will be a 28-percent increase in the number of jobs in Milpitas between 2010 and 2040. During the same period, employment is expected to increase by 33 percent in Santa Clara County and the Bay Area overall, outpacing employment growth in Milpitas. The moderate employment growth rate in Milpitas relative to other areas and the substantial rate of household growth in Milpitas shown in Table 3.5 suggest that the City is poised to provide additional housing units that will help to reduce the disparity between jobs and employed residents identified Table 3.7, potentially offering additional housing opportunities for people employed in Milpitas.

Employment growth is expected to occur at a faster rate during the first ten years of the projection period (2010-2020) than in the subsequent twenty years. Milpitas is expected to gain 7,330 jobs between 2010 and 2020, at an average rate of over 733 jobs per year, and 2,010 jobs between 2020 and 2030, at an average rate of 201 jobs per year. Job growth is then projected to increase slightly between 2030 and 2040, with an average rate of 328 jobs per year.

Santa Clara County and the Bay Area are expected to have a similar growth pattern, with large employment increases between 2010 and 2020 and more moderate employment increases between 2020 and 2030, followed by a slight increase in the rate of employment growth between 2030 and 2040.

Table 3.8: Estimated Job Growth, Milpitas, Santa Clara County, and the Bay Area, 2010 - 2040

	2010	2015	2020	2025	2030	2035	2040	Total Change 2010-2040	% Change 2010-2040
Milpitas	45,190	48,660	52,520	53,480	54,530	56,120	57,810	12,620	27.9%
Santa Clara County	926,270	1,003,780	1,091,270	1,118,320	1,147,020	1,187,010	1,229,520	303,250	32.7%
Bay Area (a)	2,571,920	2,788,160	3,027,840	3,105,650	3,187,040	3,301,510	3,421,890	849,970	33.0%

Notes:
(a) Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma Counties.
Sources: ABAG, 2013; BAE, 2013.

Housing Stock Characteristics

The following section provides information on the existing housing stock and recent building trends in Milpitas along with comparative data for Santa Clara County. This information helps to identify existing and anticipated future housing needs in Milpitas, which can inform the development of housing programs.

Housing Stock Conditions

Milpitas has a relatively large number of new units in the housing stock, as shown in Table 3.9. According to ACS data collected in 2011, the median year built for housing units in Milpitas was 1977, five years newer than the median year built for Santa Clara County overall. Moreover, 73 percent of housing units in Milpitas were built in 1970 or later, compared to 61 percent of housing units in Santa Clara County.

Since housing units typically deteriorate with age, often requiring extensive maintenance or rehabilitation, the relatively new housing stock in Milpitas is likely an indication that a comparatively large number of units in Milpitas are in a state of good repair. Nonetheless, the owners of the limited number of older residential units in Milpitas may be in need of resources to be able to afford necessary maintenance. Milpitas Code Enforcement and Building Department staff estimates that approximately 37 percent of Milpitas homes built prior to 1970 (2,063 units, or 10 percent of the City's total housing stock) are in need of rehabilitation or major repairs.

Table 3.9: Housing Units by Year Built, 2011

	Milpitas		Santa Clara County	
Year Built (a)	**Number**	**Percentage**	**Number**	**Percentage**
2005 or later	1,593	7.8%	28,286	4.9%
2000 to 2004	383	1.9%	38,141	6.6%
1990 to 1999	2,767	13.5%	63,534	11.0%
1980 to 1989	3,135	15.4%	76,970	13.4%
1970 to 1979	6,966	34.1%	142,825	24.8%
1960 to 1969	3,831	18.8%	123,376	21.4%
1959 or earlier	1,747	8.6%	103,300	17.9%
Total	**20,422**	**100.0%**	**576,432**	**100.0%**
Median Year Built	**1977**		**1972**	

Note:
(a) The American Community Survey (ACS) publishes demographic estimates based or statistical sampling conducted continuously in 2011.
Sources: American Community Survey, 2011; BAE, 2013.

Structure Type

The majority of housing units in Milpitas are single-family detached homes, as shown in Table 3.10. According to estimates from the California Department of Finance, 76 percent of all homes in Milpitas are single-family homes (59 percent detached single-family and 17 percent attached single-family). This is a slighter higher proportion than in Santa Clara County (64 percent) and the Bay Area (63 percent), due mainly to the high proportion of attached single-family homes in Milpitas. Accordingly, Milpitas has a smaller share of units in multifamily structures (22 percent) than the County (33 percent) and region (35 percent). Mobile homes represent comparable proportions of units in the City (two percent), County (three percent), and region (two percent).

Table 3.10: Housing Units by Type, 2013

	Milpitas		Santa Clara County		Bay Area	
Milpitas	**Number of Units**	**Percent of Total**	**Number of Units**	**Percent of Total**	**Number of Units**	**Percent of Total**
Single Family Detached	11,703	58.7%	346,145	54.1%	1,505,153	53.6%
Single Family Attached	3,363	16.9%	62,201	9.7%	258,633	9.2%
Multifamily 2 to 4 Units	1,384	6.9%	48,923	7.7%	278,450	9.9%
Multifamily 5+Units	3,057	15.3%	163,124	25.5%	705,899	25.1%
Mobile Home	418	2.1%	19,053	3.0%	59,673	2.1%
Total	**19,925**	**100.0%**	**639,446**	**100.0%**	**2,807,808**	**100%**

Sources: CA Department of Finance, E-5 2013; BAE, 2013.

Residential Building Permit Trends

Residential building permit activity in Milpitas over the past ten years reflects regional and nationwide trends, with large amounts of activity prior to 2007 followed by a marked decrease in activity during the recent recession. However, building permit issuances in Milpitas also reveal the surge in residential construction that the City has experienced over the past few years. Prior to 2013, the peak of building permit activity in Milpitas during the past decade occurred in 2006, during which the City issued permits for 744 units, most (638) of which were in multifamily structures with five units or more. Building

permit activity decreased in 2007, with a total of 174 units permitted, and further decreased in 2008, with only 14 units permitted. Building permit activity in Milpitas has resumed in more recent years, totaling 373 units in 2011 and 131 units in 2012. In 2013, Milpitas issued permits for 842 new units, surpassing totals from any other year in the prior decade.

In contrast to the City's existing housing stock, the housing units recently permitted in Milpitas consist largely of multifamily units. Between 2003 and 2012, 77 percent of all units permitted in Milpitas were in structures with five or more units, and 20 percent were single-family homes. Although trends were similar Countywide, 64 percent of all units permitted in Santa Clara County between 2003 and 2012 were in structures with five or more units, representing a smaller share of building permit activity than in Milpitas. These trends suggest a shift over time toward increasingly high proportions of multifamily residential construction throughout the County and in Milpitas in particular.

Table 3.11: Number of Units Issued Building Permits, 2003-2012

	Units Permitted											Total	Percent
Milpitas	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2003-2013**	**2003-2013**
Single Family	1	5	26	103	79	5	57	6	7	65	212	566	20%
2 Units	0	0	0	0	0	0	0	0	0	0	0	0	0%
3 & 4 Units	0	12	0	3	0	0	0	0	0	7	42	64	2%
5 or More Units	0	201	72	638	95	9	72	56	366	59	588	2,156	77%
Total	**1**	**218**	**98**	**744**	**174**	**14**	**129**	**62**	**373**	**131**	**842**	**2,786**	**100%**
Santa Clara County													
Single Family	2,468	2,675	2,333	2,121	1,923	939	602	814	970	1,460	1,729	18,034	34%
2 Units	62	82	28	10	46	50	28	4	2	28	30	370	1%
3 & 4 Units	88	126	202	90	40	49	7	23	50	62	104	841	2%
5 or More Units	4,388	2,497	3,050	3,899	2,153	2,433	417	3,291	2,043	3,941	5,758	33,870	64%
Total	**7,006**	**5,380**	**5,613**	**6,120**	**4,162**	**3,471**	**1,054**	**4,132**	**3,065**	**5,491**	**7,621**	**53,115**	**100%**

Sources: U.S. Census, 2013; BAE, 2013.

Overcrowding

Although the City has some overcrowded households, overcrowding is not a particularly common problem in Milpitas. A housing unit is typically defined as overcrowded if it houses more than one more person per room (including bedrooms, kitchens, and dining rooms, but not bathrooms or porches) and severely overcrowded if it houses more than 1.5 persons per room.

As shown in Table 3.12, approximately eight percent of Milpitas households were overcrowded in 2011 and approximately three percent were severely overcrowded. Overcrowding is more prevalent among renter households, 13 percent of which were overcrowded, than among owner households, six percent of which were overcrowded. Rates of overcrowding were similar in Santa Clara County, but with a slightly higher rate of overcrowding among renter-occupied households (14 percent) and a lower rate of overcrowding among owner-occupied households (three percent).

Table 3.12: Overcrowded Households, 2011

	Owner Households		Renter Households		All Households	
Milpitas	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**
Overcrowded (a)	708	5.6%	876	13.0%	1,584	8.2%
Severely Overcrowded (b)	212	1.7%	311	4.6%	523	2.7%
Not Overcrowded	11,932	94.4%	5,876	87.0%	17,808	91.8%
Total	**12,640**	**100.0%**	**6,752**	**100.0%**	**19,392**	**100.0%**
Santa Clara County						
Overcrowded (a)	10,764	3.1%	36,097	13.7%	46,861	7.7%
Severely Overcrowded (b)	3,054	0.9%	15,477	5.9%	18,531	3.1%
Not Overcrowded	332,978	96.9%	226,620	86.3%	559,598	92.3%
Total	**343,742**	**100.0%**	**262,717**	**100.0%**	**606,459**	**100.0%**

Notes:
(a) The U.S. Census defines an overcrowded unit as one occupied by more than 1 person per room (excluding bathrooms and kitchens).
(a) The U.S. Census defines a severely overcrowded unit as one occupied by more than 1.5 persons per room (excluding bathrooms and kitchens).
Sources: American Community Survey, 2011; BAE, 2013.

Housing Market Conditions and Affordability

This section provides information on current housing market conditions in Milpitas, including costs and vacancy rates, and assesses the extent to which the housing market is providing for the needs of various economic segments of the local population. Although there are many ways to assess affordability, housing is typically defined as affordable for a given household if housing costs do not exceed 30 percent of household income. Households with housing costs that exceed this affordability threshold often have less money available to available to spend on other essential goods and services, such as food, healthcare, and transportation, or may have difficulty making rent or mortgage payments. Information on housing market conditions and local demographics helps to identify those segments of the population that face difficulties in securing affordable housing in Milpitas.

Vacancy Trends

Milpitas has low vacancy rates among both rental and for-sale housing units. According to 2010 US Census data, three percent of rental units and one percent of for-sale units in Milpitas was vacant. Vacancy rates were slightly higher in Santa Clara County overall, where four percent of rental units and one percent of for-sale units were vacant, and the Bay Area overall, where six percent of rental units and two percent of for-sale units were vacant. These data indicate a tight residential market in Milpitas for rental and for-sale housing, which often leads to high housing costs and limited housing choices for existing and prospective residents.

Table 3.13: Housing Occupancy and Vacancy Status, 2010

	Milpitas		Santa Clara County		California	
Occupancy Status	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**
Occupied Housing Units	**19,184**	**96.9%**	**604,204**	**48.9%**	**12,577,498**	**47.9%**
Renter	6,359	32.1%	255,906	20.7%	5,542,127	21.1%
Owner	12,825	64.8%	348,298	28.2%	7,035,371	26.8%
Vacant Housing Units	**622**	**3.1%**	**27,716**	**2.2%**	**1,102,583**	**4.2%**
For rent	206	1.0%	11,519	0.9%	374,610	1.4%
For sale only	152	0.8%	5,067	0.4%	154,775	0.6%
Rented or sold, not occupied	107	0.5%	2,222	0.2%	54,635	0.2%
For seasonal, recreational or occasional use	50	0.3%	3,000	0.2%	302,815	1.2%
For migrant workers	4	0.0%	50	0.0%	2,100	0.0%
Other vacant	103	0.5%	5,858	0.5%	213,648	0.8%
Total	**19,806**	**100.0%**	**1,236,124**	**100%**	**26,257,579**	**100%**
Rental Vacancy Rate		**3.1%**		**4.3%**		**6.3%**
For Sale Vacancy Rate		**1.2%**		**1.4%**		**2.2%**

Sources: US Census, 2010; BAE, 2013.

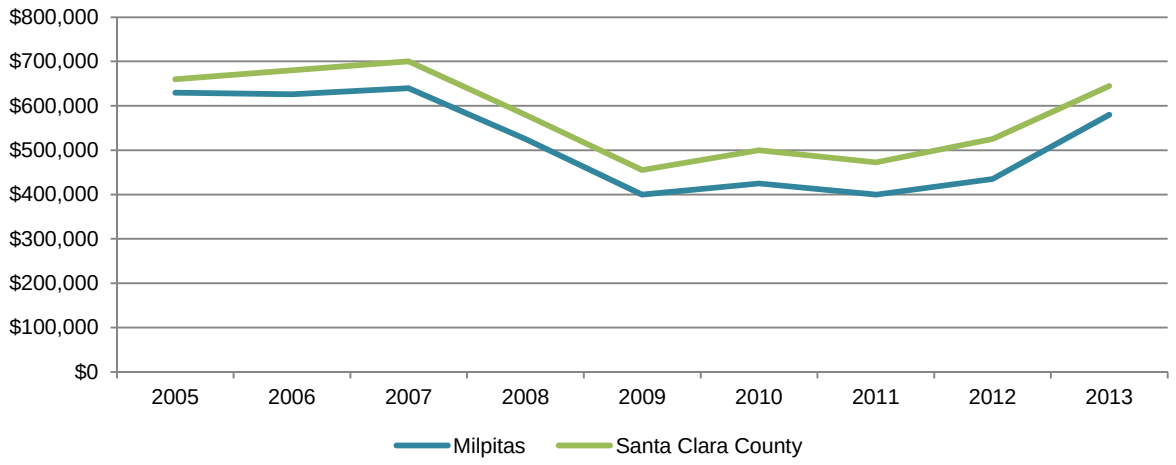
Residential Sale Price Trends

Housing prices in Milpitas fell substantially during the recent recession, but have begun to recover in recent years and are now approaching pre-recession levels. As shown in Figure 3.2, the median residential sale price in Milpitas peaked in 2007 at $640,000. The median decreased by 38 percent in over the next two years, with a low of $400,000 in 2009. The median residential sale price did not change significantly between 2009 and 2012, remaining between $400,000 and $435,000 in each year. However, the median sale price increased to $580,000 in 2013, coming close to the median during the years prior to the recession.

Median sale price trends in Milpitas mirrored trends in Santa Clara County overall between 2005 and 2013. However, the median sale price in Milpitas was slightly lower than the Countywide median each year between 2005 and 2013, with a price difference ranging from $30,000 to $90,000.

The slightly lower median sale price for homes in Milpitas relative to Santa Clara County, coupled with the City's high median income, could suggest that households in Milpitas do not have difficulty affording homes in Milpitas. However, the City's large household size (3.41 people per household; see Table 3.1) means that household incomes in Milpitas tend to support a large number of people, and therefore many households still face difficulties affording housing along with other household expenses, as shown in Figure 3.8 below.

Figure 3.2: Median Residential Sale Price, 2005-2013



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

Data on recent home sales in Milpitas demonstrate variation in price between single-family homes and condominiums, though the median sale price for both types of homes is relatively high. Among homes sold in Milpitas between January and August 2013, the median sale price was $630,000, as shown in Table 3.14. Single family homes sold during this period tended to be relatively large; half had four or more bedrooms. The median sale price for condominiums sold during this period was $402,000, approximately two thirds of the median among single-family homes. However, these units also tended to be much smaller; 55 percent were two-bedroom units.

Table 3.14: Sale Price Distribution of Single Family Residences and Condominiums by Number of Bedrooms, Milpitas, January-August 2013

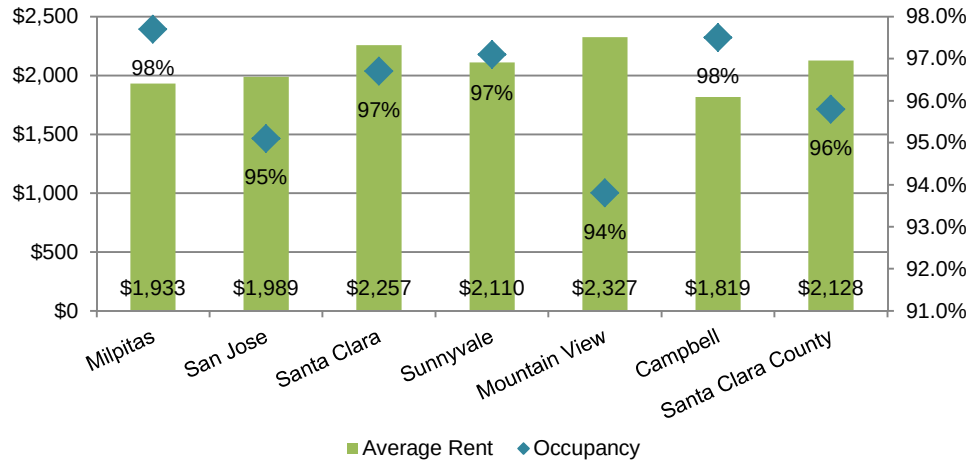
	Number of Units Sold (a)					
Sale Price Range	**1 BRs**	**2 BRs**	**3 BRs**	**4+ BRs**	**Total**	**% Total**
Single-Family Residences						
Less than $400,000	0	1	18	13	32	**14.8%**
$400,000-$599,999	0	4	40	19	63	**29.2%**
$600,000-$799,999	0	3	35	33	71	**32.9%**
$800,000-$999,999	0	0	6	31	37	**17.1%**
$1,000,000 or more	0	1	0	12	13	**6.0%**
Total	**0**	**9**	**99**	**108**	**216**	**100.0%**
% Total	**0.0%**	**4.2%**	**45.8%**	**50.0%**	**100.0%**	
Median Sale Price	**N/A**	**$580,000**	**$555,500**	**$746,250**	**$630,000**	
Average Sale Price	**N/A**	**$712,444**	**$546,226**	**$721,593**	**$640,836**	
Average Size (sf)	**N/A**	**1,618**	**1,352**	**1,863**	**1,618**	
Average Price/sf	**N/A**	**$440**	**$404**	**$387**	**$396**	
Condominiums						
Less than $200,000	1	2	2	0	5	**4.5%**
$200,000-$299,999	1	14	3	0	18	**16.2%**
$300,000-$399,999	4	14	12	0	30	**27.0%**
$400,000-$499,999	0	22	6	0	28	**25.2%**
$500,000 or more	0	9	20	1	30	**27.0%**
Total	**6**	**61**	**43**	**1**	**111**	**100.0%**
% Total	**5.4%**	**55.0%**	**38.7%**	**0.9%**	**100.0%**	
Median Sale Price	**$332,500**	**$400,000**	**$490,000**	**$672,000**	**$402,000**	
Average Sale Price	**$303,500**	**$380,357**	**$468,395**	**$672,000**	**$412,935**	
Average Size (sf)	**821**	**1,100**	**1,326**	**1,764**	**1,178**	
Average Price/sf	**$370**	**$346**	**$353**	**$381**	**$350**	

Note:
(a) Consists of all full and verified sales of single-family residences and condominiums in the 95035 ZIP code between 1/1/2013 and 8/15/2013.
Sources: DataQuick; BAE, 2013.

Rental Market Trends

In general, residential rental properties in Milpitas have high occupancy rates paired with rental rates that are slightly lower than most other Santa Clara County jurisdictions. Data on occupancy and rental rates in Milpitas and other Santa Clara County jurisdictions were provided by RealFacts, which collects data on rental properties with 50 units or more. As shown in Figure 3.3, in the second quarter of 2013 the average rental rate in Milpitas was slightly lower than the average for Santa Clara County at $1,933 per month. However, at 97.7 percent, the occupancy rate for properties in Milpitas was higher than the occupancy rate in most other Santa Clara County jurisdictions. Occupancy rates higher than 95 percent are conventionally thought to indicate a tight rental market, suggesting a potential need for additional rental units to allow for housing choice among existing and prospective tenants.

Figure 3.3: Rental Rates and Vacancy, Second Quarter 2013

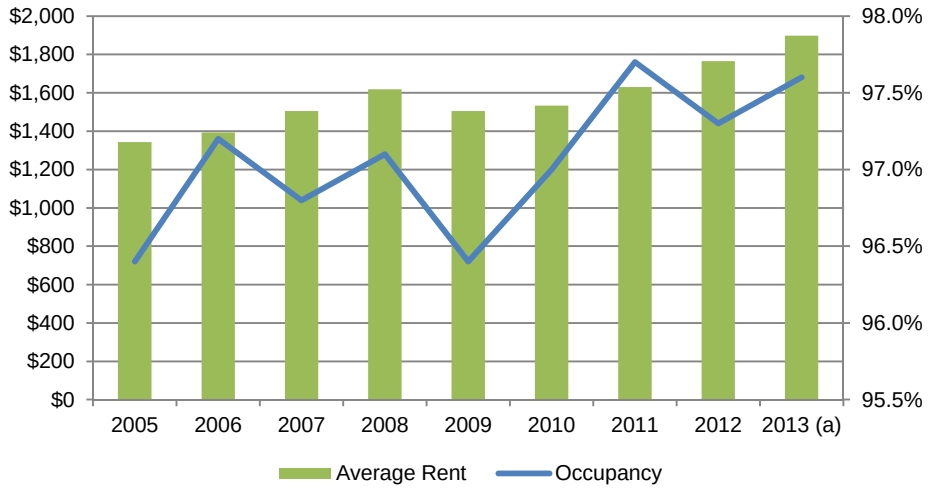


Note:
Data are for rental properties with 50 units or more.
Sources: RealFacts, 2013; BAE, 2014.

Rental and occupancy trends in Milpitas demonstrate fluctuations in the market during the past several years, but overall trends indicate increasingly strong occupancy and high rental rates over time. As shown in Figure 3.4, data from RealFacts indicate that the average rental rate in Milpitas increased steadily between 2005 and 2008, followed by a decrease in 2009. However, by 2011 the average rental rate in the City exceeded the 2008 average, and has increased in each subsequent year. The average rental rate during the first half of 2013 was $1,898 per month, 41 percent higher than the 2005 average.

The occupancy rate in Milpitas has also varied in recent years, but suggests an increasingly tight rental market in the City over time. Between 2005 and 2013, the occupancy rate reported by RealFacts varied from 96.4 percent to 97.7 percent, remaining higher than the 95 percent occupancy rate that is typically thought to indicate a healthy balance between supply and demand. During the first six months of 2013, the average occupancy rate in Milpitas was 97.6 percent, 1.2 percentage points higher than in 2005.

Figure 3.4: Rental Market Trends, Milpitas, 2005-2013

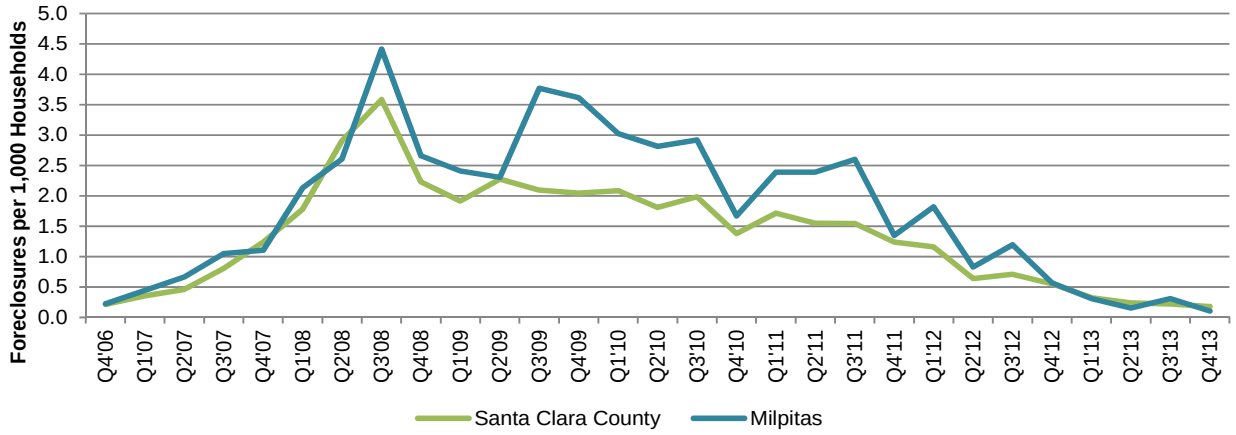


Notes:
Data are for rental properties with 50 units or more.
(a) Data for 2013 are for the first and second quarter of 2013 only.
Sources: RealFacts, 2013; BAE, 2014.

Foreclosures

Similar to many Bay Area jurisdictions, Milpitas had a spike in foreclosures at the start of the recession in 2007 and 2008, but has demonstrated a gradual recovery, particularly in recent months. As shown in Figure 3.5, the rate reached 4.4 foreclosures per 1,000 households in the 3rd quarter of 2008, approximately 20 times higher than the rate in the 4th quarter of 2006. The foreclosure rate began to decrease gradually in the 4th quarter of 2008, but continued to fluctuate well above pre-recession levels through the 3rd quarter of 2012. However, the foreclosure rates during all four quarters of 2013 were comparable to the City's foreclosure rate in the fourth quarter of 2006, suggesting a recovery in the City's housing market. Compared to the County as a whole, Milpitas had a higher foreclosure rate during the recession and much of the subsequent recovery, but a comparable rate throughout 2013.

Figure 3.5: Foreclosures per 1,000 Households, Milpitas & Santa Clara County, Sept 2012--Sept 2013



Source: ForeclosureRadar.com, 2013; BAE, 2013.

Affordability

As discussed above, housing is typically considered affordable if total housing costs do not exceed 30 percent of a household's gross income. For renter households, housing costs include rent plus any utilities paid by the household. For owner households, housing costs include mortgage payments, mortgage interest payments, taxes, insurance, utilities, and any homeowner association fees that apply to the property. Many lower-income households have housing costs that exceed this affordability threshold and therefore have difficulty paying for housing costs along with food, medical care, transportation, and other essential goods and services.

Income Limits

In order to determine eligibility for various housing programs and to evaluate the affordability of housing to households at various income levels, households are often categorized based on the relationship between household income and the Area Median Income (AMI). The California Department of Housing and Community Development (HCD) establishes the AMI for each County in California annually, adjusted by household size, and the upper "income limit" of for extremely low-, very low-, low-, and moderate-income households. Table 3.15 shows the percent of AMI and the 2013 income limits for a four-person household in Santa Clara County that correspond to each income category. As shown, the median income for a four-person household in Santa Clara County was $105,500 in 2013 and the income limit for a low-income household was $84,900.

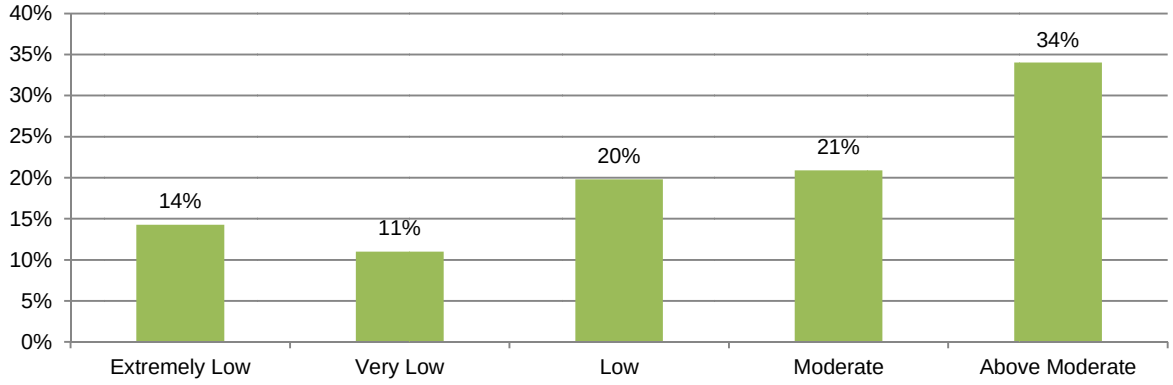
Table 3.15: Household Income Limits, Santa Clara County, 2013

Income Category	% of Area Median Income	Top of Income Range (a)
Extremely Low Income	0% to 30%	$31,850
Very Low Income	31% to 50%	$53,050
Low Income	51% to 80%	$84,900
Moderate	80% to 120%	$126,600
Santa Clara County Median	*100%*	*$105,500*

Notes:
(a) Based on HCD 2013 Household Income Limits for a household of four in Santa Clara County.
Sources: California Department of Housing and Community Development 2013; BAE, 2013.

Figure 3.6 shows the 2013 Milpitas household income distribution by AMI level for a four-person household in Santa Clara County. As shown, approximately 34 percent of Milpitas households have above-moderate incomes, 21 percent have moderate incomes, and 45 percent have low, very low, or extremely low incomes.

Figure 3.6: Household Income Distribution by AMI Level for a Four-Person Household, Milpitas, 2013



Note:
Income distribution shown here reflects the estimated distribution of existing households in Milpitas based on the HCD income limits for a four-person household, and represents an approximation of the distribution of households by income level as though all households are four-person households.
Sources: Nielsen, 2013; HCD, 2013; BAE, 2014.

To put these figures in context, Figure 3.7 shows households of various sizes and at different income levels, along with occupations that could support a household at each income level.

Figure 3.7: Representative Households, Santa Clara County, 2013

Moderate Income Household (80% - 120% of AMI)

Estimated Annual Income: $115,000
One parent is computer programmer, the other is a part time child care worker; they have two children.

Low Income Household (50% - 80% AMI)

Estimated Annual Income: $60,265
One parent is a receptionist, the other is a groundskeeper. They have two children.

Very Low Income Household (50% - 80% AMI)

Estimated Annual Income: $44,900
Single parent is a bookkeeper, and has two children.

Extremely Low Income Household (Up to 30% AMI)

Estimated Annual Income: $19,300
Parent works in a coffee shop at the counter; has one child

Sources: California Department of Housing and Community Development, 2013; California EDD, Labor Market Info, 2013; BAE, 2014.

Ability to Purchase or Rent Homes

Home sale prices and rental rates in Milpitas typically exceed the affordability threshold for lower-income households. As shown in Table 3.16, a household earning the median income for a four-person household in Santa Clara County can afford a single-family home with a sale price up to approximately $476,000, three quarters of the median price of single-family homes recently sold in Milpitas. Just one quarter of single-family homes recently sold in Milpitas sold for $476,000 or less. A smaller percentage of single-family homes were affordable to households earning less than the median income; only 14 percent were affordable to low-income households.

Condominiums provide a more affordable homeownership option for some households. As shown, a household earning the median income for a four-person household in Santa Clara County can afford a condominium sale price up to approximately $408,000,[3] slightly more than the median sale price among condominiums recently sold in Milpitas. Households earning 80 percent of AMI for a four-person household in Santa Clara County can afford 25 percent of condominiums recently sold in Milpitas, provided that these households are able to afford a down payment.

[3] The maximum affordable condominium sale price is lower than the maximum affordable single family home sale price to account for payment of monthly homeowner association fees for condominium properties.

Table 3.16: Affordability of Market Rate For Sale Housing in Milpitas

Single-Family Residences

Income Level	Income Limit (a)	Max. Affordable Sale Price (b)	Percent of SFRs Recently Sold Within Price Range (c)
Extremely Low-Income (Up to 30% AMI)	$31,850	$143,697	1.9%
Very Low-Income (Up to 50% AMI)	$53,050	$239,345	6.9%
Low-Income (Up to 80% AMI)	$84,900	$383,042	13.9%
Median-Income (Up to 100% AMI)	$105,500	$475,983	24.5%
Moderate-Income (Up to 120% AMI)	$126,600	$571,180	39.8%
Median Sale Price			$630,000
Number of Units Sold			216

Condominiums

Income Level	Income Limit (a)	Max. Affordable Sale Price (b)	Percent of Condos on Market Within Price Range (d)
Extremely Low-Income (Up to 30% AMI)	$31,850	$89,980	0.0%
Very Low-Income (Up to 50% AMI)	$53,050	$181,647	4.5%
Low-Income (Up to 80% AMI)	$84,900	$319,363	25.2%
Median-Income (Up to 100% AMI)	$105,500	$408,435	53.2%
Moderate-Income (Up to 120% AMI)	$126,600	$499,669	73.0%
Median Sale Price			$402,000
Number of Units Sold			111

Notes:
(a) Income limits published by California Department of Housing and Community Development for four-person household in Santa Clara County, 2013.
(b) Mortgage terms:

Annual Interest Rate (fixed)	5.23%
Term of mortgage (years)	30
Percent of sale price as down payment	20%
Initial property tax (annual)	1.148%
Mortgage Insurance as percent of loan amount	0.0%
Annual homeowner's insurance rate as percent of sale price	0.2%
Homeowners Association Fee (monthly, condominiums only)	$276
Percent of household income available for housing costs	30%

(c) Consists of all full and verified sales of single-family residences in the 95035 between 1/1/2013 and 8/15/2013
(d) Consists of all full and verified sales of condominiums in the 95035 between 1/1/2013 and 8/15/2013
Sources: California Department of Housing and Community Development, 2013; Freddie Mac, 2013; Santa Clara County Assessor's Office, 2013; CA Dept. of Insurance, 2013; condo.com, 2013; BAE, 2014.

Rental housing in Milpitas is typically affordable to moderate-income households, but average rental rates exceed the affordability threshold for low-, very low-, and extremely low-income households. As shown in Table 3.17, a household earning the median income for a four-person household in Santa Clara County can afford to pay $2,450 in monthly rent. This is slightly more than the average rental rate for a two bedroom/two bathroom unit in Milpitas ($1,986 per month) and slightly less than the average rental rate for a three bedroom/two bathroom unit in Milpitas ($2,641 per month). Households earning 120 percent of AMI for a four-person household in Santa Clara County can afford to pay $2,977 per month for rent and can therefore afford the average rent for a three bedroom/two bathroom unit in Milpitas.

However, the maximum affordable rent for households earning 80 percent of AMI for a four-person household in Santa Clara County is $1,935 per month, slightly less than the average rent for a two bedroom/two bathroom unit in Milpitas, which suggests that low-income households often face difficulties finding adequate affordable units. Households with extremely low and very low incomes have lower affordability thresholds, and therefore many of these households are likely to have housing costs that exceed 30 percent of household income. In most Bay Area cities, rental subsidies or affordability restrictions are often necessary to produce housing affordable to very low- and extremely low-income households.

Table 3.17: Affordability of Market-Rate Rental Housing in Milpitas, 2013

Income Level	Income Limit (a)	Maximum Affordable Rent (b)
Extremely Low-Income (Up to 30% AMI)	$31,850	$608
Very Low-Income (Up to 50% AMI)	$53,050	$1,138
Low-Income (Up to 80% AMI)	$84,900	$1,935
Median-Income (Up to 100% AMI)	$105,500	$2,450
Moderate-Income (Up to 120% AMI)	$126,600	$2,977
	2 Br/ 2 Ba Unit	**3 Br/2 Ba Unit**
Average Rent in Milpitas (c)	$1,986	$2,641

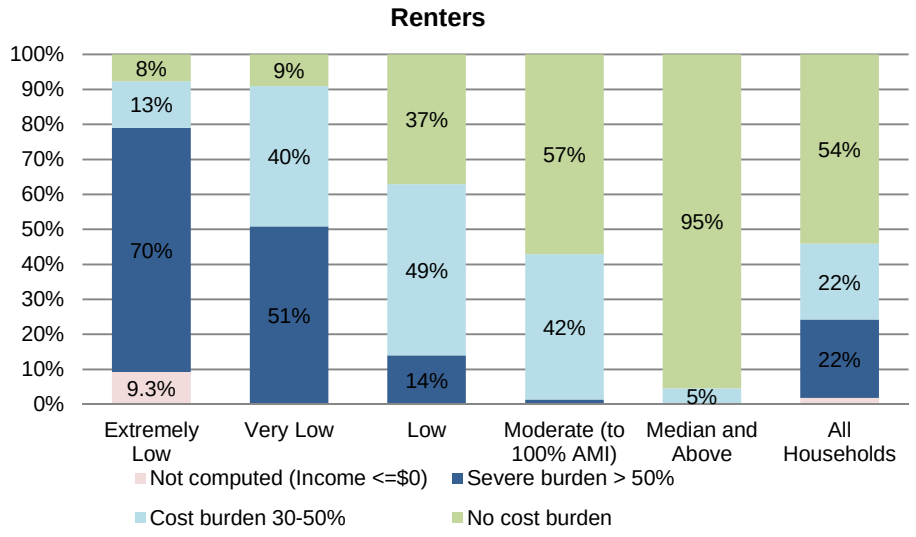
Notes:
(a) Income limits published by CA Department of Housing and Community Development for four-person household in Santa Clara County, 2013.
(b) Assumes 30 percent of household income spent on rent and utilities, based on Santa Clara County Housing Authority utility allowance.
(c) Rental rates provided by RealFacts, Q1 2013.
Sources: CA HCD, 2013; Contra Costa County Housing Authority, 2013; RealFacts, 2012; BAE, 2014.

Cost Burden

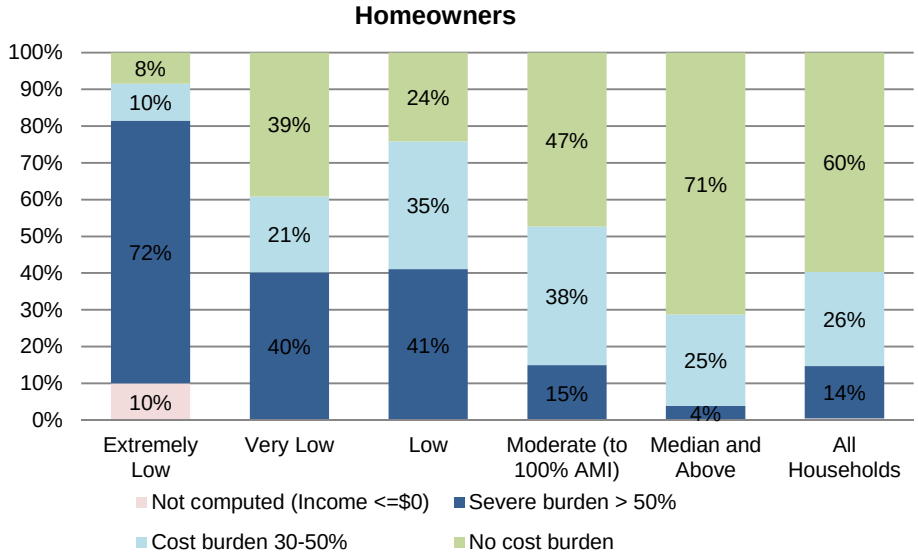
A large portion of Milpitas households have housing costs that exceed the affordability threshold, and therefore experience housing cost burden. Households are considered cost burdened if housing costs exceed 30 percent of household income and are considered severely cost burdened if housing costs exceed 50 percent of household income.

Housing cost burden is most prevalent among renters and lower-income households, as shown in Figure 3.8. According to ACS data collected between 2006 and 2010 (the most recent period for which these data are available), 44 percent of renter households and 38 percent of owner households had housing costs that exceed the affordability threshold. Among extremely low-income households, only eight percent of owners and renters had housing costs that did not exceed the affordability threshold. These findings are consistent with the affordability analysis presented above, which revealed a significant gap between housing costs and the amount that lower-income households can afford to pay for housing.

Figure 3.8: Housing Cost Burden by Household Income Level, Milpitas



Sources: HUD, Comprehensive Housing Affordability Strategy (CHAS) special tabulations from the American Community Survey, 2006-2010; BAE, 2013.



Sources: HUD, Comprehensive Housing Affordability Strategy (CHAS) special tabulations from the American Community Survey, 2006-2010; BAE, 2013.

Assisted Housing at Risk of Conversion

State Law requires local Housing Elements to include an inventory of affordable housing developments that could be at risk of conversion to market rate during the 10-year period that follows the adoption of the Element. For those units found to be at risk of conversion, the Housing Element must estimate the cost to preserve or replace the at-risk units, to identify the resources available to help in the

preservation or replacement of those units, and to identify those organizations that could assist in these efforts.

Inventory of Existing Affordable Units

Milpitas has a total of 1,233 existing units with affordability restrictions and 15 additional units with affordability restrictions currently under construction. Projects that consist entirely of affordable units account for 456 of affordable units in the City, while 777 existing affordable units and the 15 affordable units that are under construction are in mixed-income projects. The City's large affordable housing stock in mixed-income projects is the result of City policies that encourage developers of market-rate residential projects to add affordability restrictions to a portion of units in each project. Table 3.18 shows the inventory of affordable housing units in Milpitas and the earliest dates of termination of affordability restrictions for each project.

Table 3.18: Inventory of Affordable Rental Housing Units, Milpitas, 2014

Affordable Developments	Affordable Units	Year Built	Tenure	Senior/ Family	Target Affordability	Expiration Date
Terrace Gardens 186 Beresford Court	148	1989	Rental	Senior	148 L (Section 8)	None (a)
Summerfield Homes Great Mall Parkway & S. Abel Street	22	1999	Ownership	Family	22 L	2029
Parc West 950 South Main Street	68	2005	Rental	Family	35 L, 33 M	2045
Senior Housing Solutions 751 Vasona	5	2007	Rental	Family	5 ELI Individuals	None (a)
Devries Place Senior Housing 163 N. Main Street	103	2008	Rental	Senior	102 VL, 1 M	None (a)
Scattered Sites on Edsel Court (1129 and 1143) and Shirley Drive (1116 and 1124)	4	2008	Rental	Family	4 VL	2063
Aspen Family Apartments 60 Mihalakis Drive	101	2009	Rental	Family	100 VL, 1M	None (a)
Senior Housing Solutions 1170 N. Park Victoria	5	2011	Rental	Senior	5 ELI Individuals	None (a)
TOTAL	**456**					
Mixed-Income Projects						
Sunnyhills Apartments 1724 Sunnyhills Drive	149	1971	Rental	Family	Section 8	2018
Montevista Apartments 1001 S. Main Street	153	2001	Rental	Family	77 VL, 76L	2040
Crossing at Montague 775 E. Capitol	94	2003	Rental	Family	94 VL	None (a)
Parc Metro S. Main Street and E. Curtis Avenue	28	2005	Ownership	Family	10 L, 18 M	None (a)
Parc Place E. Curtis Avenue and Hammond Way	58	2006	Ownership	Family	18 VL, 6 L, 34 M	2051
Luna at Terra Serena E. and W. Sides of Abel Street, N. of Curtis Avenue	25	2007	Ownership	Family	25 M	2052
Paragon 1696 S. Main Street	29	2007	Ownership	Family	9 VL, 20M	2044
Terra Serena E. and W. Sides of Abel Street, N. of Curtis Avenue	63	2007	Ownership	Family	63 M	2062
Centria East Great Mall Parkway and Main Street	26	2008	Ownership	Family	9 VL, 7 L, 10M	2053
Town Center Villas 300 Shaughnessy Drive	16	2008	Ownership	Family	16 M	2054
Cerano Apartments Murphy Ranch Road	88	2011	Rental	Family	20 VL, 30 L 38 M	2064
South Main Street Senior Lifestyles 1600 S. Main	48	Under Construction	Rental	Family	48 VL	2069
Shea Properties S. Main and S. Abel	8	Under Construction	Rental	Family	8 VL	None (a)
Coyote Creek Murphy Ranch Road	7	Under Construction	Ownership	Family	7 L	2059
TOTAL	**792**					
GRAND TOTAL	**1,248**					

Note:
(a) Affordable units with no expiration date must remain affordable in perpetuity.
Sources: City of Milpitas, 2014; BAE, 2014.

As shown, most of the City's affordable units are subject to affordability restrictions that extend significantly beyond the ten-year period that follows adoption of the Housing Element Update. The exception is Sunnyhills, which provides 149 Section 8 units.

Originally financed under the Section 236 and Section 8 programs in 1981, the owner of Sunnyhills attempted to prepay their mortgage in 1990 under Sections 220 and 221 of the Low Income Housing Preservation and Resident Homeownership Act of 1990 (LIHPRHA). Originally a total of 104 units were supported through HUD project-based Section 8 vouchers. Through the efforts of the City and HUD, project sponsors entered into a revised Plan of Action in December 1991 in which project affordability restrictions were retained in exchange for a modest increase in rental payments and funding of an additional 45 project-based Section 8 units, for a total of 149 affordable units. Under this revised 20-year agreement between HUD and the JMK Sunnyhills Investors II, affordability restrictions were in place until October 1, 2011. The property owner renewed the contract with HUD in 2011 to continue affordability restrictions until 2014 and in 2014 again renewed the contract to continue affordability restrictions until 2018. Although the property owner has demonstrated an interest in maintaining the property as affordable by renewing the contract with HUD multiple times rather than taking opportunities to convert, Sunnyhills does have the potential to convert to market rate during the ten-year timeframe following Housing Element adoption.

Cost of Replacement vs. Preservation

In addition to quantifying the number of assisted units at risk of conversion, jurisdictions must estimate the costs associated with preserving the affordability of the at-risk units as well as the cost to replace the at-risk units with new affordable units. Although costs vary considerably between projects, Table 3.19 provides an estimated range of the cost to preserve or replace at-risk housing units.

In Project-Based Section 8 properties, such as Sunnyhills Apartments, the owner of the building receives rent from each unit equal to the HUD established Fair Market Rent (FMR) for the area. Where the FMR is less than actual market rents, the owner realizes less income from the property than he or she would without affordability restrictions. Hence, in order to incentivize a property owner to continue to contract out his or her buildings as a Project-Based Section 8 property once mortgage restrictions expire, an ongoing subsidy is required to make up for the gap between FMR and actual market rent. Table 3.19 shows the gap between FMR and actual market rents in Milpitas for various unit sizes. As shown, the monthly gap for Sunnyhills totals approximately $43,000. If the property owner were willing to enter into a rental subsidy agreement with the City or some other entity that would subsidize the rents on behalf of the lower-income renters, this would require an ongoing annual payment of approximately $514,000. Based on a 30-year mortgage term at six percent interest, it would take an initial investment of approximately $7.1 million to reduce the monthly debt service by $43,000 per month.

Alternatively, the City could attempt to preserve affordability at Sunnyhills by working with a nonprofit housing provider to negotiate the purchase of the building. Nonprofit housing providers that acquire buildings that are at risk of conversion to market rate often renovate or rehabilitate the property to bring the property up to current standards and become eligible for financing. As a result, the cost to

acquire a property in order to preserve affordability can be similar to the cost of new construction, after accounting for renovation or rehabilitation costs.

Table 3.19: Estimated Costs to Preserve 149 Affordable Units at Sunnyhills Apartments

Unit Type	# Units	FMR (a)	Market Rents (b)	Per Unit Gap (c)	Total Gap (d)
Studio	24	$1,105	$1,710	$605	$14,520
1 BR	39	$1,293	$1,690	$397	$15,483
2 BR	50	$1,649	$1,923	$274	$13,700
3 BR	31	$2,325	$2,295	-$30	-$930
4 BR	5	$2,636	$2,641	$5	$25
Total	149				$42,798
Yearly Cost to Preserve 149 Units (e)					**$513,576**
Total Cost to Preserve Units (f)					**$7,138,348**

Notes:
(a) 2014 Fair Market Rents for Santa Clara County as established by HUD.
(b) Prevailing market rents in the City of Milpitas, as reported by RealFacts.
(c) Represents the difference between Fair Market Rents and prevailing market rents.
(d) The total difference between rents received by project sponsors and the potential rental income the project could receive if all units were rented at prevailing market rates.
(e) Represents the yearly cost to preserve current affordability levels in current 2014 dollars.
(f) Represents the net present value of the yearly rent subsidy based on a 30 year mortgage period and an interest rate of six percent.
Sources: RealFacts 2013; HUDUSER 2014; BAE 2014.

As shown Table 3.20, the estimated cost to replace the 149 affordable units at Sunnyhills are substantially higher than the preservation cost estimates shown in Table 3.19, ranging from $30 million to $73 million. Construction costs for replacement units were estimated based on construction costs for recently-constructed multifamily projects in the Bay Area and per-square foot costs estimated in RS Means, a standard source used to estimate construction costs. Land acquisition costs were assumed to range from zero (assuming a land donation from the City or another entity) to $90 per square foot. The high end of this range was based on estimated land costs in Milpitas, as discussed in further detail in Chapter 5. Per-unit land costs are estimated using an assumed project density, with lower-density projects having a higher per-unit land cost. While this suggests that preservation is the more economical options, other factors,

Table 3.20: Estimated Costs to Replace 149 Affordable Units at Sunnyhills Apartments

	Cost per Unit	
Replacement	**Low Estimate**	**High Estimate**
Total Cost per Unit	**$201,000**	**$490,000**
Land Acquisition	$0	$196,000
Construction	$175,000	$230,000
Financing/Other	$26,000	$64,000
Total Cost - All Units	**$29,949,000**	**$73,010,000**
Assumptions		
Land Acuisition Costs (per sq. ft.) (a)	$0	$90
Residential Construction Costs (per sq. ft.) (b)	$175	$230
Units per Acre	60	20
Average Sq. Ft/Unit (incl. common areas)	1,000	1,000
At-Risk Units	149	

Notes:
(a) Low estimate of land acquisition cost assumes no land cost due to land donation or use of City-owned property. High cost of land acquisition is based on current residential land prices in Milpitas, as discussed in Chapter 5.
(b) Residential construction costs are based on RS Means and information on recent multifamily projects in the Bay Area.
Sources: LoopNet, 2014; RS Means, 2013, BAE, 2014.

However, as noted above, the owner of Sunnyhills has preserved affordability at the property multiple times when affordability restrictions were set to expire, and may renew the HUD contract for the property again when it expires in 2018 without requiring subsidies from the City.

The City has access to funding sources that can be used to partially fund preservation or replacement costs to prevent the potential loss of affordable units when the HUD contract with Sunnyhills expires. The City could provide some financing from its CDBG Entitlement Funds or funding from the Milpitas Housing Authority. However, the City's available funds are limited, particularly with the loss of the City's Redevelopment Agency, and use of City funds must be prioritized to meet a wide range of affordable housing and community development needs.

Nonprofit developers also have access to a range of additional funding sources that can be used for the acquisition, rehabilitation, or development of affordable housing. These sources include:

- Mortgage Revenue Bonds
- State Grant Programs, such as MHP
- HOME Program
- Federal Grant Programs
- Low Income Housing Tax Credits
- Housing Trust Fund of Santa Clara County

Qualified Entities

Once the City becomes aware of an impending conversion, it will be necessary for to begin exploring the availability of funding from various sources at that particular time. In many cases, the City will find it advantageous to collaborate with private affordable housing developers or managers to develop and implement a viable plan to preserve affordable housing units. Private developers can often bring additional expertise and access to funding, such as tax credits.

HCD maintains a listing of affordable housing developers and property managers who have expressed an interest in working with local communities on preservation of affordable housing projects. This database lists organizations that are interested in working in any county within the State of California, including such well-known affordable housing providers as Mercy Housing, Inc., and EAH, Inc. The database also lists numerous organizations that have expressed interest in working on preservation projects in Santa Clara County in particular. This list includes such organizations as the Mid-Peninsula Housing Coalition and Eden Housing. A partial listing of these organizations is shown in Table 3.21. The organizations listed here represent some of the entities that the City of Milpitas might consider as potential partners in the event that it becomes necessary to assemble a team to preserve affordability at Sunnyhills if conversion to market rate housing is imminent.

Table 3.21: Partial List of Qualified Entities for Santa Clara County, 2014

Qualified Entity	City	Phone Number
A. F. Evans Development, Inc.	Oakland	(510) 891-9400
Affordable Housing Foundation	San Francisco	(415) 387-7834
BRIDGE Housing Corporation	San Francisco	(415) 989-1111
California Community Reinvestment Corp.	Glendale	(818) 550-9800
California Housing Finance Agency	Sacramento	(916) 326-8801
California Housing Partnership Corporation	San Francisco	(415) 433-6804
Cambrian Center, Inc.	San Jose	(408) 559-0330
Charities Housing Development Corp.	San Jose	(408) 282-1125
Christian Church Homes of Northern California, Inc.	Oakland	(510) 632-6714
Community Development & Preservation, LLC	Los Angeles	(310) 208-1888
Community Home Builders and Associates	San Jose	(408) 977-1726
Community Housing Assistance Program, Inc.	Orange	(714) 744-6252
Community Housing Developers, Inc.	San Jose	408) 279-7677
Community Housing Improvement Systems & Planning Assoc. Inc.	Salinas	(831) 757-6251
EAH, Inc.	San Rafael	(415) 258-1800
Eden Housing, Inc.	Hayward	(510) 582-1460
KDF Communities, LLC	Newport Beach	(949) 622-1888 x 207
Linc Housing Corporation	Long Beach	(562) 684-1100
Maximus Properties, LLC	Calabasas	(818)449-4004
Mercy Housing California	San Francisco	415-355-7160
Mid-Peninsula Housing Coalition	Foster City	(650) 356-2900
National Affordable Housing Trust	Columbus	(614) 451-9929
National Church Residences	Columbus	(614) 451-2151
National Housing Development Corporation	Rancho Cucamonga	(909) 291-1400
National Housing Trust	Walnut Creek	(925) 945-1774
Palo Alto Housing Corp	Palo Alto	(650) 321-9709
Palo Alto Senior Housing Project, Inc.	Palo Alto	(650) 494-1944
Related Companies of California	Irvine	(949)660-7272
Resources for Community Development	Berkeley	(510). 841.4410
ROEM Development Corporation	Santa Clara	(408) 984-5600
Satellite Housing Inc.	Berkeley	(510) 647-0700
South County Housing, Inc	Gilroy	(408) 842-9181
The John Stewert Company	San Francisco	(415) 345-4400
The Trinity Housing Foundation	Lafayette	(925) 385-0754

Sources: CA HCD, 2014; BAE, 2014.

Special Housing Needs

In addition to planning for the total projected housing need in the City, the Housing Element must plan for housing needs among certain groups that tend to have particular challenges with respect to securing appropriate affordable housing. These groups are defined as groups with special housing needs and include large families, female-headed households, extremely low income households, persons with disabilities, senior households, farm workers, and homeless persons and families. This section profiles the populations with special housing needs in Milpitas to assist in identifying programs that might be needed to accommodate special needs populations.

Large Households

Milpitas has a slightly larger proportion of large households than Santa Clara County, consistent with the City's large household size. As shown in Table 3.22, 2011 ACS data indicate that 16 percent of all households in Milpitas were large households (defined as households with five or more persons),

compared to 13 percent in Santa Clara County overall. Large households were particularly common among renters; 21 percent of renter households and 13 percent of owner households had five or more persons in 2011.

Table 3.22: Household Size by Tenure, 2011

	Owner		Renter		Total	
Milpitas	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**
1-4 persons	11,032	87.3%	5,360	79.4%	16,392	84.5%
5+ persons	1,608	12.7%	1,392	20.6%	3,000	15.5%
Total	**12,640**	**100.0%**	**6,752**	**100.0%**	**19,392**	**100.0%**
Santa Clara County						
1-4 persons	302,751	88.1%	226,788	86.3%	529,539	87.3%
5+ persons	40,991	11.9%	35,929	13.7%	76,920	12.7%
Total	**343,742**	**100.0%**	**262,717**	**100.0%**	**606,459**	**100.0%**

Sources: American Community Survey, 2011; BAE, 2013.

As suggested by the data on recent home sales shown in Table 3.14, Milpitas has a large number of homes with three or more bedrooms. As of 2011, 75 percent of units in Milpitas had three or more bedrooms, compared to 58 percent of units in Santa Clara County, as shown in Table 3.23. Large homes were more prevalent among owner-occupied homes, 88 percent of which had three or more bedrooms. Approximately half (51 percent) of renter-occupied homes had three or more bedrooms.

Table 3.23: Existing Housing Stock by Number of Bedrooms, 2011

	Owner Households		Renter Households		Total	
Milpitas	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**
No bedroom	116	0.9%	0	0.0%	116	0.6%
1 bedroom	207	1.6%	990	14.7%	1,197	6.2%
2 bedrooms	1,253	9.9%	2,286	33.9%	3,539	18.2%
3 bedrooms	5,861	46.4%	2,385	35.3%	8,246	42.5%
4 bedrooms	4,805	38.0%	786	11.6%	5,591	28.8%
5 or more bedrooms	398	3.1%	305	4.5%	703	3.6%
Total	**12,640**	**100.0%**	**6,752**	**100.0%**	**19,392**	**100.0%**
Santa Clara County						
No bedroom	1,705	0.5%	18,866	7.2%	20,571	3.4%
1 bedroom	7,105	2.1%	80,235	30.5%	87,340	14.4%
2 bedrooms	51,346	14.9%	97,254	37.0%	148,600	24.5%
3 bedrooms	144,497	42.0%	46,608	17.7%	191,105	31.5%
4 bedrooms	108,093	31.4%	16,051	6.1%	124,144	20.5%
5 or more bedrooms	30,996	9.0%	3,703	1.4%	34,699	5.7%
Total	**343,742**	**100.0%**	**262,717**	**100.0%**	**606,459**	**100.0%**

Sources: American Community Survey, 2011; BAE, 2013.

Female-Headed Households

Single-parent households often face difficulties affording housing because households with a single income typically have lower incomes than two-earner households, and may have additional childcare expenses that further reduce disposable income. Female-headed households are more likely than other households to have incomes below the poverty line and therefore often struggle to find suitable housing

that is affordable. Although affordability is often a primary consideration with respect to housing for female-headed households, proximity to low-cost childcare or other services is also essential for some families.

Milpitas has a relatively large proportion of female-headed families and female-headed families with children. According to ACS data, 15 percent of all households in Milpitas in 2011 were female-headed households and 11 percent were female-headed households with children under 18. In Santa Clara County overall, 11 percent of all households were female-headed families and six percent were female-headed families with children under 18. Moreover, 14 percent of all family households in Milpitas are female-headed families with children, compared to nine percent of family households in Santa Clara County.

Table 3.24: Family Characteristics, 2011

	Milpitas		Santa Clara County	
Household Type	**Number**	**Percent**	**Number**	**Percent**
2 or more person household:	**16,861**	**86.9%**	**472,879**	**78.0%**
Family households:	15,927	82.1%	429,293	70.8%
Married-couple family:	11,919	61.5%	332,402	54.8%
With own children under 18 years	6,011	31.0%	179,771	29.6%
Other family:	4,008	20.7%	96,891	16.0%
Male householder, no wife present:	1,122	5.8%	31,298	5.2%
With own children under 18 years	265	1.4%	16,592	2.7%
Female householder, no husband present:	2,886	14.9%	65,593	10.8%
With own children under 18 years	2,175	11.2%	38,200	6.3%
Nonfamily households:	934	4.8%	43,586	7.2%
Male householder	859	4.4%	26,928	4.4%
Female householder	75	0.4%	16,658	2.7%
One-person household:	**2,531**	**13.1%**	**133,580**	22.0%
Total Households	**19,392**	**100.0%**	**606,459**	**100.0%**

Note:
The American Community Survey (ACS) publishes demographic estimates based on statistical sampling conducted continuously in 2011.
Sources: American Community Survey, 2011; BAE, 2013.

Although Milpitas has a small share of families with incomes below the poverty line, female-headed families are disproportionately impacted by poverty. As shown in Table 3.25, four percent of all families in Milpitas had incomes below the poverty line in 2011, compared to seven percent of families in Santa Clara County. However, the rate of poverty was significantly higher for female-headed families in Milpitas, 17 percent of which had incomes below the poverty line in 2011. The share of female-headed families with incomes below the poverty line was similarly high in Santa Clara County at 19 percent.

Table 3.25: Poverty Status, 2011

Milpitas	Total	Total Below Poverty Level	Percent Below Poverty Level
Maried-couple Family	11,919	212	1.8%
Other Family			
Male Householder, no Wife Present	1,122	0	0.0%
Female Householder, no Husband Present	2,886	475	16.5%
Total Families Below Poverty Line	**15,927**	**687**	**4.3%**
Santa Clara County			
Maried-couple Family	332,402	14,420	4.3%
Other Family			
Male Householder, no Wife Present	31,298	2,897	9.3%
Female Householder, no Husband Present	65,593	12,590	19.2%
Total Families Below Poverty Line	**429,293**	**29,907**	**7.0%**

Sources: American Community Survey, 2011; BAE, 2013.

Extremely Low-Income Households

Extremely low-income households are defined as households earning less than 30 percent of area median income. Because of these households have highly limited incomes, deep income targeting is needed to provide housing affordable to extremely low-income households. Some extremely low-income households may benefit from specific housing solutions such as housing with supportive services or single-room occupancy units.

Approximately 1,900 Milpitas households have incomes below 30 percent of AMI, accounting for approximately ten percent of all households in the City. Extremely low-income households account for a relatively large share of renter households in Milpitas (20 percent) and a relatively small share of owner households (five percent). Although figures for Santa Clara County are similar to Milpitas, the County has a slightly larger proportion of extremely low-income households overall (13 percent), among renter households (22 percent) and among owner households (six percent). As shown in Figure 3.8, the vast majority of extremely low-income households in Milpitas experience housing cost burden.

Table 3.26: Housing Problems among Extremely Low-Income Households

	Milpitas			Santa Clara County		
	Renters	Owners	Total	Renters	Owners	Total
Total Number of ELI Households (a)	1,240	645	1,885	53,020	22,375	75,395
Percent with Any Housing Problems (b)	83.9%	81.4%	83.0%	80.6%	71.4%	77.9%
Percent with Cost Burden (c)	83.1%	82.2%	82.8%	79.0%	70.9%	76.6%
Percent with Severe Cost Burden (d)	69.8%	72.1%	70.6%	66.8%	60.3%	64.9%
Total Number of Households (d)	6,350	12,335	18,685	243,350	353,400	596,745
Percent ELI Households	19.5%	5.2%	10.1%	21.8%	6.3%	12.6%

Notes:
(a) Extremely low income (ELI) households are those who earn less than 30 percent of area median income.
(b) Housing problems refers to housing units that lack complete kitchen or plumbing facilities, that are overcrowded, or contain households that are cost burdened. Does not include households for which cost burden data was unavailble.
(c) Includes all households that pay greater than 30 percent of household income towards housing costs. Does not include households for which cost burden data was unavailble.
(d) Includes all households that pay greater than 50 percent of household income towards housing costs. Does not include households for which cost burden data was unavailble.
Sources: HUD, Comprehensive Housing Affordability Strategy (CHAS) special tabulations from the American Community Survey, 2006-2010; BAE, 2013.

Seniors

Senior households often have special housing needs due to mobility limitations and other physical limitations, restricted incomes, high healthcare costs, or a combination of these factors. Many seniors are able to live independently in standard housing units, particularly with installation of accessibility features such as ramps and grab bars. Some seniors that are able to live independently may choose to move to smaller housing units that require minimal maintenance or to homes with enhanced access to transit, health care, or other services. Other seniors will need housing that provides additional services on site, such as meals, housekeeping, or medical care. Regardless of the type of housing or additional services needed, housing affordability is a key issue for a large share of senior households, many of which have limited incomes.

Although Milpitas has a slightly smaller population age 65 or older than the County as a whole, the senior population in the City has grown substantially over the past decade. As shown in Table 3.27, people age 65 and older accounted for ten percent of the population of Milpitas in 2010, which represents a 44-percent increase in the senior population in Milpitas between 2000 and 2010. Countywide, the population age 65 and older accounted for 11 percent of the population in 2010, a 23 percent increase since 2000. These data suggest a potential need for additional senior housing units in Milpitas during coming years as the population continues to age and a portion of aging baby boomers begin to need or want special housing accommodations.

Table 3.27: Senior Households, 2000 and 2010

	2000		2010		% Change
Milpitas	**Number**	**Percent**	**Number**	**Percent**	**2000-2010**
Under 65	58,287	93.0%	60,451	90.5%	3.7%
65 and older	4,411	7.0%	6,339	9.5%	43.7%
65 to 74	2,877	4.6%	3,775	5.7%	31.2%
75 to 84	1,241	2.0%	2,031	3.0%	63.7%
85 +	293	0.5%	533	0.8%	81.9%
Total	**62,698**	**100.0%**	**66,790**	**100.0%**	**6.5%**
Santa Clara County					
Under 65	1,522,058	90.5%	1,584,698	88.9%	4.1%
65 and older	160,527	9.5%	196,944	11.1%	22.7%
65 to 74	87,193	5.2%	106,521	6.0%	22.2%
75 to 84	55,347	3.3%	62,948	3.5%	13.7%
85 +	17,987	1.1%	27,475	1.5%	52.7%
Total	**1,682,585**	**100.0%**	**1,781,642**	**100.0%**	**5.9%**

Sources: US Census, 2000 and 2010; BAE 2014.

A large share of senior households, particularly senior renter households, has low incomes. As shown in Table 3.28, 87 percent of senior renter households and 49 percent of senior owner households have incomes below 80 percent of AMI. Moreover, 60 percent of senior renter households and 12 percent of senior owner households have incomes equal to or less than 30 percent of AMI. This underscores the importance of affordability for senior housing units in Milpitas.

Table 3.28: Household Income of Senior Households by Tenure, Milpitas

Senior Renter Households	**Number**	**Percent**
<=30% MFI	490	59.8%
>30% to <=50% MFI	145	17.7%
>50% to <=80% MFI	75	9.1%
>=80% MFI	110	13.4%
Total	**820**	**100.0%**
Senior Owner Households	**Number**	**Percent**
<=30% MFI	215	12.3%
>30% to <=50% MFI	390	22.3%
>50% to <=80% MFI	250	14.3%
>=80% MFI	895	51.1%
Total	**1,750**	**100%**

Sources: HUD, Comprehensive Housing Affordability Strategy (CHAS) special tabulations from the American Community Survey, 2006-2010; BAE, 2013.

Because senior households tend to have low incomes, they often spend a large portion of their income on housing costs. As shown in Table 3.29, a significant share of senior households, particularly those that rent their homes, have housing costs that exceed the affordability threshold. Among senior renter households in Milpitas, 73 percent of all households have housing costs that exceed 30 percent of household income and 48 percent have housing costs that 50 percent of household income. The

prevalence of housing cost burden is highest for lower-income senior households in Milpitas; 87 percent of extremely low-income senior renter households and 72 percent of very low-income senior renter households have housing costs that exceed the affordability threshold.

A significantly smaller share of senior owner households in Milpitas has a housing cost burden. As shown, 34 percent of all senior owner households in Milpitas pay more than 30 percent of the household income on housing costs and 15 percent pay more than 50 percent of the household income on housing costs. Similar to extremely low-income senior renter households, 79 percent of extremely low-income senior owner households pay more than 30 percent of household income on housing costs. However, the prevalence of cost burden is significantly lower for very low-income owner households, 37 percent of which experience housing cost burden. Many lower-income senior owner households that do not have excessive housing costs are households that have owned the same home for many years and now own the home free and clear, and therefore no longer need to make mortgage payments.

Table 3.29: Housing Cost Burden for Senior Households, Milpitas

	Extr. Low <30% AMI	Very Low <50% AMI	Low <80% AMI	Moderate >80% AMI	All Senior Households
Elderly Renter Households	**490**	**145**	**75**	**110**	**820**
% with any housing problems (a)	85.7%	72.4%	66.7%	13.6%	72.0%
% Cost Burden >30% (b)	86.7%	72.4%	66.7%	13.6%	72.6%
% Cost Burden >50% (c)	62.2%	51.7%	20.0%	0.0%	48.2%
Elderly Owner Households	**215**	**390**	**250**	**895**	**1,750**
% with any housing problems (a)	81.4%	37.2%	46.0%	18.4%	34.3%
% Cost Burden >30% (b)	79.1%	37.2%	46.0%	18.4%	34.0%
% Cost Burden >50% (c)	51.2%	16.7%	28.0%	1.1%	14.6%

Notes:
(a) Housing problems refers to housing units that lack complete kitchen or plumbing facilities, that are overcrowded, or contain households that are cost burdened.
(b) Includes all households who pay greater than 30 percent of household income towards housing costs. For renters, housing costs include rent paid by the tenant plus utilities. For owners, housing costs includes mortgage payments, taxes, insurance, and utilities.
(c) Includes all households who pay greater than 50 percent of household income towards housing costs. For renters,
Sources: HUD, Comprehensive Housing Affordability Strategy (CHAS) special tabulations from the American Community Survey, 2006-2010; BAE, 2013.

Milpitas offers a number of housing resources for seniors. As shown in Table 3.30, there are seven residential care facilities, one skilled nursing facility, and three subsidized independent living housing developments in Milpitas for seniors. Residential care facilities for the elderly, also known as “assisted living” or “board and care” facilities, provide assistance with some activities of daily living while still allowing residents to be more independent than in most nursing homes. Skilled nursing facilities, also known as nursing homes, offer a higher level of care, with registered nurses on staff 24 hours a day.

In addition, Milpitas recently approved a 389-unit senior independent living development with 48 units affordable to very low-income households. The City of Milpitas donated the land for this project, which is valued at $12.4 million. The development is approved but not yet constructed.

Table 3.30: Housing Resources for Seniors, Milpitas 2013

Residential Care Facilities for the Elderly	Location	Capacity
Carmont Home	1636 Edsel Drive	6
Fla Care Homes	79 Heath Street	6
Hamilton Residential Care Home	998 Hamilton Avenue	6
Jennison Care	878 Nieves Street	6
Soriano Residential Care Home	227 West Capitol Avenue	6
Sunny Care Senior Home	239 S. Temple Drive	6
Sweet Dreams Care Home	1187 Park Grove Drive	6
Total		**42**
Skilled Nursing Facilities		
Milpitas Care Center	120 Corning Avenue	35
Total		**35**
Subsidized Independent Senior Rental Housing		
Devries Place Senior Apartments	163 N. Main Street	103
Terrace Gardens	186 Beresford Court	148
Senior Housing Solutions (a)	1170 N. Park Victoria Drive	10
South Main Senior Lifestyles (approved; not yet constructed)	1600 S Main St	48
Total		**309**

Note:
(a) Senior Housing Solutions consists of two single family homes, each occupied by five senior residents.
Source: California Department of Social Services, 2013; California Healthcare Foundation, 2013; City of Milpitas, 2014; BAE, 2014.

Persons with Disabilities

A disability is a physical or mental impairment that limits one or more major life activities. People with disabilities vary substantially in the manner and degree to which they are affected by the disability, and housing needs for persons with disabilities vary accordingly. Persons with disabilities may require units equipped with wheelchair accessibility or other special features that accommodate physical or sensory limitations. Depending on the severity of the disability, people may live independently with some assistance in their own homes, need car-free access to transportation and other services, or require assisted living and supportive services in special care facilities. Many persons with disabilities face barriers to finding employment and have limited incomes and are therefore unable to afford market-rate housing. In general, affordability, accessibility, and service provision are key considerations in providing housing for this special needs group.

Milpitas has a slightly smaller proportion of individuals with disabilities than Santa Clara County overall. According to ACS data, seven percent of Milpitas residents and eight percent of Santa Clara County residents reported having one or more disabilities in 2011, as shown in Table 3.31. Ambulatory difficulties were the most common type of disability reported; three percent of Milpitas residents and four percent of Santa Clara County residents reported having an ambulatory difficulty. Disabilities were most common among residents age 65 and older; 32 percent of Milpitas residents 65 and older and 34 percent of Santa Clara County residents age 65 and older reported having one or more disabilities.

Table 3.31: Persons with Disabilities by Disability Type, 2011

	Milpitas		Santa Clara County	
Age Cohort (a)	**With a Disability**	**% of Age Cohort**	**Number**	**% of Total Disabilities**
Under 5 Years with a Disability	**0**	**0.0%**	**939**	**0.8%**
Ages 5-17 with a Disability	**294**	**2.8%**	**10,026**	**3.3%**
Hearing difficulty	0	0.0%	1,277	0.4%
Vision Difficulty	0	0.0%	2,248	0.7%
Cognitive disability	160	1.5%	6,876	2.2%
Ambulatory disability	188	1.8%	2,446	0.8%
Self-care disability	23	0.2%	3,078	1.0%
Ages 18-64 With a Disability	**2,007**	**4.6%**	**61,342**	**5.3%**
Hearing difficulty	350	0.8%	11,593	1.0%
Vision Difficulty	443	1.0%	8,613	0.7%
Cognitive disability	902	2.1%	26,149	2.2%
Ambulatory disability	770	1.8%	27,161	2.3%
Self-care disability	453	1.0%	10,878	0.9%
Independent living disability	861	2.0%	24,673	2.1%
Ages 65+ With a Disability	**2,089**	**31.9%**	**67,165**	**33.5%**
Hearing difficulty	478	7.3%	27,392	13.6%
Vision Difficulty	363	5.5%	12,449	6.2%
Cognitive disability	431	6.6%	18,081	9.0%
Ambulatory disability	1,173	17.9%	40,740	20.3%
Self-care disability	434	6.6%	17,090	8.5%
Independent living disability	895	13.7%	33,384	16.6%
Total Population With a Disability	**4,390**	**6.7%**	**139,472**	**7.8%**
Hearing difficulty	828	1.3%	40,262	2.2%
Vision Difficulty	806	1.2%	23,310	1.3%
Cognitive disability	1,493	2.3%	51,106	2.8%
Ambulatory disability	2,131	3.3%	70,347	3.9%
Self-care disability	910	1.4%	31,046	1.7%
Independent living disability	1,756	2.7%	58,057	3.2%

Note:
The American Community Survey (ACS) data used in this table are estimates based on statistical sampling conducted continuously in 2011.
(a) Total population includes all noninstitutionalized civilians. Subtotals may not add to total due to persons reporting more than one type of difficulty.
Sources: American Community Survey, 2011; BAE 2013.

California Housing Element law was amended in 2011 to require that Housing Elements include an evaluation of special housing needs for persons with developmental disabilities. A developmental disability is defined as a disability that originates before an individual attains age 18 years, can be expected to continue indefinitely, and constitutes a substantial disability for that individual. Developmental disabilities include mental retardation, cerebral palsy, epilepsy, and autism, but do not include disabilities that are solely physical in nature.

The State Department of Developmental Services (DDS) provides community-based services to approximately 235,000 persons with developmental disabilities and their families. Services are delivered primarily through 21 regional centers, which are nonprofit agencies that contract with local businesses to provide services to individuals with developmental disabilities.

The San Andreas Regional Center provides these services in Santa Clara, Monterey, San Benito, and Santa Cruz Counties. According to information provided by the San Andreas Regional Center, there are 629 individuals with developmental disabilities currently living in Milpitas, approximately three percent of the population with developmental disabilities Countywide.

Table 3.32: Persons with Developmental Disabilities, 2014

Age Cohort	Milpitas	Santa Clara County
Under 3	189	4,943
3 to 17	339	12,808
18 to 59	82	1,957
60+	19	1,198
Total	**629**	**20,906**

Sources: San Andreas Regional Center, 2014; BAE, 2014.

There are a number of different housing types that are appropriate for individuals with developmental disabilities, which reflect the range of housing needs among this group. Many individuals with developmental disabilities are able to live and work independently within a conventional housing environment and do not require housing that differs from the housing available to the population at large. Individuals with more severe developmental disabilities require a group living environment where services are provided. The most severely affected individuals may require an institutional environment where medical attention and physical therapy are provided.

Because developmental disabilities exist before adulthood, a key factor in supportive housing for persons with developmental disabilities is the transition from the person's living situation as a child to an appropriate level of independence as an adult. Additional considerations include housing accessibility modifications, proximity to services and transit, and the availability of group living opportunities. Incorporating 'barrier-free' design in all newly constructed multifamily housing (as required by California and Federal Fair Housing laws) is especially important to provide the widest range of choices for disabled residents. Similar to individuals with other types of disabilities, individuals with developmental disabilities often have limited employment options, so special consideration should be given to the affordability of housing for individuals with developmental disabilities.

As shown in Table 3.33 below, Milpitas has ten adult residential facilities with a combined capacity of 55 and two group homes with a combined capacity of ten. Adult residential facilities offer 24-hour non-medical care for adults that are unable to provide for their daily needs due to physical or mental disabilities. Group homes, small residential facilities that serve children or adults with chronic disabilities, provide 24 hour care by trained professionals.

Table 3.33: Community Care Facilities, Milpitas, 2013

Adult Residential Facilities	Location	Capacity
Capri Home II	324 San Andreas Court	3
Easter Home	400 Easter Avenue	6
Glacier Villa	1257 Glacier Drive	6
Helping Hands Residential Care Home 2	349 Spring Valley Lane	4
JD-Len Care Home	1250 Lassen Avenue	6
La Crosse Home	256 La Crosse Drive	6
Our Lady of Manaoag Care Home	222 Autrey Street	6
Santos Care Home	1706 Mr. Ranier Avenue	6
Sunrise House	1221 Sunrise Way	6
Victoria House	539 N. Park Victoria Road	6
Total		**55**
Group Homes		
Angel Group Home 1	275 Rodrigues Avenue	4
Angel Group home 2	145 N. Gadsden Drive	6
Total		**10**

Source: California Department of Social Services, 2013; BAE, 2013.

Farmworkers

Agricultural workers often have difficulty securing decent affordable housing. In part, this difficulty is due to the low wages typically offered to farmworkers. Furthermore, a considerable amount of agricultural work is seasonal with jobs filled by migrant workers that need temporary accommodations. These workers often face complications with finding adequate affordable housing on a temporary basis. Because of these issues, farmworkers often live in overcrowded housing units, many of which are in poor condition. Communities with a strong agricultural sector typically have a need for programs to ensure the availability of decent and affordable farmworker housing.

Farmworkers constitute a small share of workers in Milpitas and Santa Clara County. As shown in Table 3.34, the USDA Census of Agriculture reported that there were approximately 5,600 farmworkers in Santa Clara County in 2007, the most recent year for which these data are available. Although the Census of Agriculture does not provide data specific to Milpitas, Table 3.6 indicates that there were only 12 jobs in the Agriculture, Forestry, Hunting, and Mining sector in the third quarter of 2012. Together, the data in Table 3.6 and Table 3.34 suggest that Milpitas has few farmworkers and that the need for farmworker housing in the City will be minimal during the 2015-2023 Housing Element Update cycle.

Table 3.34: Farmworkers, Santa Clara County, 2007

	Number	Percent of Total
Permanent Workers (employed for more than 150 days)	2,842	50.8%
Seasonal Workers (employed less than 150 days)	2,747	49.2%
Total	**5,589**	**100.0%**

Note:
Workers consist of hired farm labor (workers on payroll).
Source: USDA Census of Agriculture, Table 7, 2007; BAE, 2013.

Homeless Families and Individuals

The causes of homelessness are complex and vary widely from one individual or family to the next. While difficulty affording housing is a primary cause of homelessness, other factors such as health conditions, trauma, a lack of social support systems, mental health issues, and problems with substance abuse can increase the likelihood that an individual or family will become homeless. Some families and individuals are homeless for a temporary period and experience one or a few episodes of homelessness during their lifetime, while others experience chronic homelessness, which lasts for a year or more or occurs several times within a few years.

Every two years, Santa Clara County conducts a comprehensive count and survey of the County's homeless population to better understand the nature and extent of homelessness in the County and determine how to best target resources to serve the homeless population. The most recent Homeless Census and Survey was conducted in 2013 and provides detailed data on the homeless population in Santa Clara County. According to the survey results, there were 7,067 individuals experiencing homelessness in the County at the time of the survey. An estimated 19,063 people in Santa Clara County experienced homelessness at some point during 2013. The survey found that the primary cause of homeless was job loss for 46 percent of homeless individuals, alcohol and drug use for 17 percent of homeless individuals, and eviction for 12 percent of homeless individuals. The County's homeless population included 2,518 chronically homeless individuals, 718 veterans, and 203 unaccompanied children under 18 years old.

The 2013 Santa Clara County Homeless Census and Survey found that there were 95 homeless individuals in Milpitas, a decrease of 44 people from the 2011 survey. However, due to the highly unstable nature of homelessness and the difficulties associated with counting the homeless population in a particular jurisdiction, these figures should not be assumed to broadly represent trends over time. All 95 homeless individuals in Milpitas were unsheltered, which includes individuals living on the street or in abandoned buildings, cars, vans, RVs, or encampment areas.

Table 3.35: Homeless Individuals, 2013

Milpitas	2011	2013	% Change 2011-2013
Sheltered	0	0	N/A
Unsheltered	139	95	-31.7%
Total	**139**	**95**	**-31.7%**
Santa Clara County			
Sheltered	1,898	1,957	3.1%
Unsheltered	5,169	5,674	9.8%
Total	**7,067**	**7,631**	**12.9%**

Sources: Santa Clara County Homeless Census and Survey, 2013; BAE, 2014.

Milpitas provides CDBG funding to nearby service providers to aid in addressing the need for shelters and support services for homeless individuals and families. EHC Lifebuilders (EHC) is a primary provider of shelter and support services for the Milpitas homeless population, operating these services out of a

central location in San Jose. The City of Milpitas provides EHC with CDBG funding to cover the cost of 4,500 Person Shelter Days (PSD) for 55 unduplicated Milpitas residents at EHC's Reception Center on Little Orchard Street in San Jose, the closest overnight shelter that serves Milpitas' homeless population. The City also provides CDBG funding to the YMCA Domestic Violence Department Support Network Program and Next Door Solutions to Domestic Violence, both of which address domestic violence issues by providing supportive services and emergency shelters in Santa Clara County. The City of Milpitas also operates a "cooling and warming" shelter for the homeless in the City's Sports Center, but does not provide overnight housing there. In addition, the City provides daytime warming centers at the City's Community and Senior Centers during the winter.

Milpitas also collaborates with other jurisdictions in Santa Clara County to address the homeless problem regionally, due to the shifting nature of homelessness in Santa Clara County and the tendency of people to move between cities to find work or housing. This collaboration includes supporting regional efforts to build additional transitional and permanent housing with supportive services.

As of January 2014, Santa Clara County provided the following resources:

- 587 year-round shelter beds (192 for families, 375 for adult individuals, 20 for children only);
- 321 seasonal shelter beds;
- 1,214 transitional housing beds (755 for families, 459 for individuals), and
- 3,338 permanent supportive housing beds (1,429 for families, 1,909 for individuals).

The Santa Clara County Housing Authority implements a range of programs to help lower-income individuals afford rental units, many of which can help people who are homeless or at risk of homelessness. These include Section 8 Housing Choice Vouchers, the Veterans Affairs Supportive Housing Program, and the Shelter Plus Care Program. The Veterans Affairs and Shelter Plus Care programs provide supportive services in addition to housing payment assistance. However, the resources for all of these programs are limited, and individuals in need of these services are therefore not always able to access them.

4. SITES INVENTORY

This chapter of the Housing Element details the projected housing need in Milpitas between 2015 and 2023 according to the City's RHNA and assesses the City's capacity to accommodate the projected need during the planning period. The Housing Element Update process calls on each jurisdiction to demonstrate that there are enough residentially-zoned sites in the jurisdiction to accommodate the RHNA, as well as demonstrate that there are enough sites that are zoned to densities adequate to facilitate affordable housing. As this chapter will demonstrate, Milpitas has adequate sites zoned to sufficient densities to accommodate the City's RHNA during the 2015 to 2023 Housing Element Update period.

Projected Housing Needs

The RHNA for Milpitas during the 2015-2023 Housing Element Update Cycle totals 3,290 units, as shown in Table 4.1. Of this total, approximately 31 percent is comprised of units affordable to very low-income households, 17 percent is comprised of units affordable to low-income households, 17 percent is comprised of units affordable to moderate-income households, and 35 percent is comprised of units affordable to above moderate-income households. The total allocation is equivalent to an annual average need of approximately 411 housing units for the eight-year time period.

Table 4.1: Milpitas Regional Housing Needs Allocation, 2015-2023

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)	1,151	35.0%
Total Units	**3,290**	**100.0%**

Sources: ABAG, 2013; BAE, 2013.

Milpitas's 2015-2023 RHNA allocation represents approximately six percent of the total Santa Clara County RHNA figure of 58,836 housing units. It is noteworthy that Milpitas's share of the RHNA for the County is higher than the City's current share of the County's total households (three percent).

Sites Inventory

The Housing Element Update is required to include an inventory of land suitable for residential development, including vacant sites and sites having the potential for redevelopment,[4] to demonstrate

[4] Sites refer to locations for potential housing development. In some instances, these sites are comprised of several parcels (identified by APN's).

that the City has sufficient land to accommodate its fair share of the region's housing needs during the upcoming Housing Element Cycle (2015-2023). The Housing Element is also required to analyze zoning and infrastructure serving these sites to ensure that residential development is feasible during the planning period. This section provides an overview of the City's inventory of potential residential sites. A detailed list of the sites is provided in Appendix B.

Milpitas has the capacity to accommodate at least 8,920 new residential units during the current Housing Element planning period, significantly exceeding the City's RHNA goals. The City's potential residential sites for the 2015-2023 Housing Element Update cycle include:

- Sites with planned or proposed residential projects in the development pipeline (6,146 units);
- Vacant or underutilized sites zoned for high-density residential development (1,729 units); and
- Vacant or underutilized sites zoned for mixed-use development with high-density residential development potential (1,011 units);
- Vacant or underutilized sites zoned for low-density residential development (34 units).

In addition to identifying adequate sites to meet the RHNA, Milpitas must also show that the available sites are capable of supporting housing demand from all economic segments of the community as specified by the City's RHNA. HCD develops default densities that are presumed to support the development of housing for lower-income households, and jurisdictions can reference these default densities to demonstrate that sites are capable of accommodating the City's RHNA goals for units affordable to lower-income households. The default density for Milpitas is 20 units per acre.[5] Although housing developed at a density of 20 units per acre often consists of market-rate units that are not affordable to lower-income households, the default densities provide a metric to demonstrate that it is possible to develop affordable housing on sites in the City's inventory, particularly if programs are in place to further facilitate affordable housing development.

Projects in the Development Pipeline

Milpitas has experienced a considerable amount of residential development activity in recent years; this momentum is continuing at present, with a large number of units in the City's development pipeline. As shown in Appendix B, there are 19 residential projects that are proposed, planned, or under construction in Milpitas, with a total of 6,146 units. The location of each pending project is shown in Figure 4.1. While most of these are market-rate units, 56 units will be subject to affordability restrictions that will make units affordable to very low-income households and 7 will be subject to affordability restrictions that will make units affordable to low-income households. All affordable units in the City's pipeline will be subject to affordability restrictions for 55 years.

Table 4.2 shows a summary of the projects in the City's development pipeline along with the RHNA numbers assigned to the City of Milpitas for the 2015-2023 planning period. As shown, Milpitas has

[5] The default density is 20 units per acre for all cities in Santa Clara County with a population of fewer than 100,000 people (http://www.hcd.ca.gov/hpd/housing_element2/SIA_zoning.php).

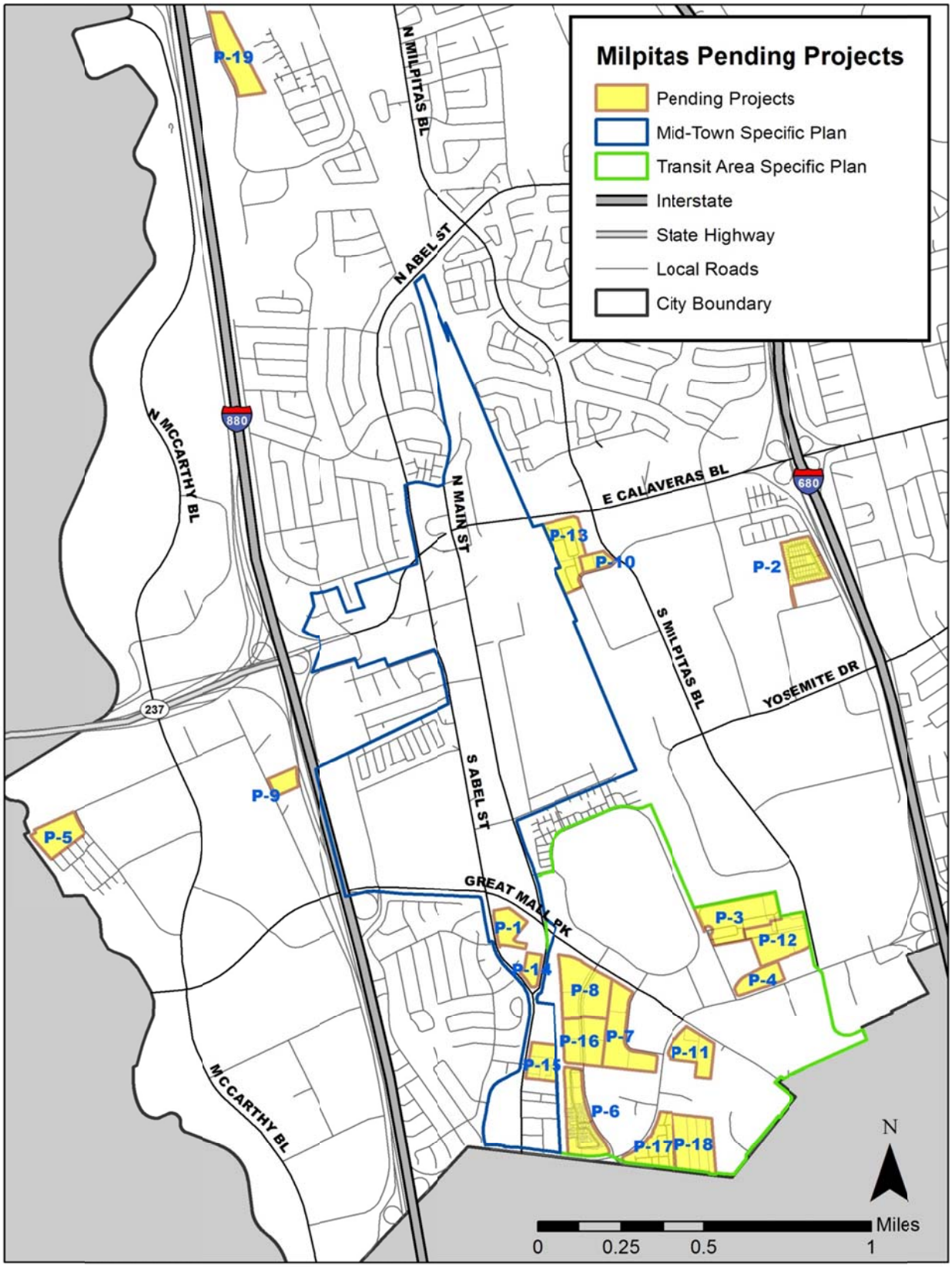
enough units in the pipeline to greatly exceed the City's RHNA for units affordable to households with above-moderate incomes, but does not have enough units in the pipeline to meet the City's RHNA for units affordable to very low-, low-, and moderate-income households. If all units in the pipeline are built, there will be a remaining need for 948 units affordable to very low-income households, 563 units affordable to low-income households, and 565 units affordable to moderate-income households during this Element's planning period. The following sections in this chapter will address the City's capacity to meet this remaining need on sites that are zoned for residential or mixed-use development and that are not subject to pending development applications or currently under construction.

Table 4.2: Pending Residential Projects, Milpitas, 2014

	Income Group Served				Total
	Very Low	Low	Moderate	Above Moderate	Units
Pending Projects (a)	56	7	0	5,807	5,870
2015-2023 RHNA	1,004	570	565	1,151	3,290
Remaining Need	**948**	**563**	**565**	**N/A**	**2,076**

Note:
(a) Pending projects include residential all projects planned, proposed or under construction in Milpitas.
Source: City of Milpitas, 2014; BAE, 2014.

Figure 4.1: Pending Residential Projects, Milpitas, 2014



Potential Housing Sites

In addition to the substantial pipeline, Milpitas has sufficient sites zoned and available to accommodate at least 2,774 additional new residential units between 2015 and 2023. Based on the default densities for Milpitas, these sites can accommodate at least 2,740 units affordable to very low-, low-, or moderate income households, exceeding the remaining RHNA need identified in Table 4.2. In addition, the City's available sites can accommodate 34 new units at a density lower than the City's default density, which would likely be affordable to households with above-moderate incomes. The inventory of potential sites that are not currently subject to development applications was developed from two sources:

- First, the City reviewed the list of available sites that were presented in the 2010 Housing Element. The 2010 Housing Element included information on 14 potential housing sites, many of which were comprised of more than one Assessor's Parcel Number (APN). To the extent that these sites are still available for residential development (i.e. have not been recently developed and are not subject to pending or approved development applications), the 2015-2023 Housing Element includes the sites in the inventory of housing opportunity sites.

- Additional sites in the Midtown Specific Plan and TASP areas that are zoned for residential or mixed-use development and are currently vacant or occupied by marginal commercial uses were added to the sites inventory. These sites have a high probability of being redeveloped within the Housing Element planning period, based on current market and development trends in Milpitas. The extension of BART service adjacent to these areas will further stimulate redevelopment of vacant or obsolete uses in the City's two Specific Plan areas.

All of the housing opportunity sites that have been identified as potential sites for meeting the City's RHNA for very low-, low-, and moderate-income households are located within the City's two Specific Plan Areas and are zoned at densities that meet or exceed the default density for Milpitas (20 units per acre). Opportunity sites in the Specific Plan areas have minimum densities ranging from 21 to 41 units per acre and maximum densities ranging from 40 to 94 units per acre. Opportunity sites vary in size from 0.7 acres to 9.5 acres, and all but one site measure one acre or more. Of the 20 sites identified in the Specific Plan Areas, 14 measure at least two acres.

Although some of the opportunity sites in the Specific Plan Areas are currently occupied by commercial uses, the City has re-zoned these parcels to allow for high-density residential uses in order to stimulate redevelopment in these areas. The rezoning has already led a number of developers to redevelop properties that were previously occupied by marginal commercial uses in both Specific Plan Areas, resulting in thousands of residential units that have recently been completed or are in the City's development pipeline in the two Plan Areas. As a result, the identified housing opportunity sites, including sites that are not currently vacant, are poised for redevelopment to residential uses during the 2015-2023 Housing Element planning period.

The inventory of potential high-density residential and mixed-use sites presumes that the opportunity sites will be developed at the lowest end of the allowable density range. This is a conservative assumption, as many pending and completed projects in Milpitas's Specific Plan areas have been developed or have pending applications at densities well above the minimum densities, and some have provided affordable units to become eligible for density bonuses that allow for densities in excess of the maximum that would otherwise apply. If each of the high-density sites are instead assumed to be developed at the midpoint of the allowable density range, the high-density residential sites can accommodate 2,419 units, exceeding the total remaining need identified in Table 4.2, and the mixed-use sites can accommodate 1,426 units.

In addition, the site inventory reduces the acreage by nine percent on mixed-use sites (MXD) to account for the potential development of non-residential uses. This adjustment is based on recent mixed-use developments in the Midtown and TASP Plan Areas that have been redeveloped with residential and commercial uses and is consistent with the methodology from the City's 2010 Housing Element. While it is possible for MXD sites to be developed entirely with non-residential uses, the recent trend within Milpitas is for parcels in these areas to be developed primarily with residential uses.

Although most of the sites identified in the site inventory are located within one of the City's Specific Plan areas, Table 4.3 and Appendix B include a 4.9-acre vacant parcel on North Park Victoria Drive that is zoned for single-family residential uses. The site is located along the west side of North Park Victoria Drive across from the intersection with Country Club Road, inside the Urban Growth Boundary. The location and size of this parcel suggest that it is most suitable for housing that is affordable to households with above-moderate incomes. This site could yield approximately 34 units under current zoning (R1-6 at seven units to the acre).

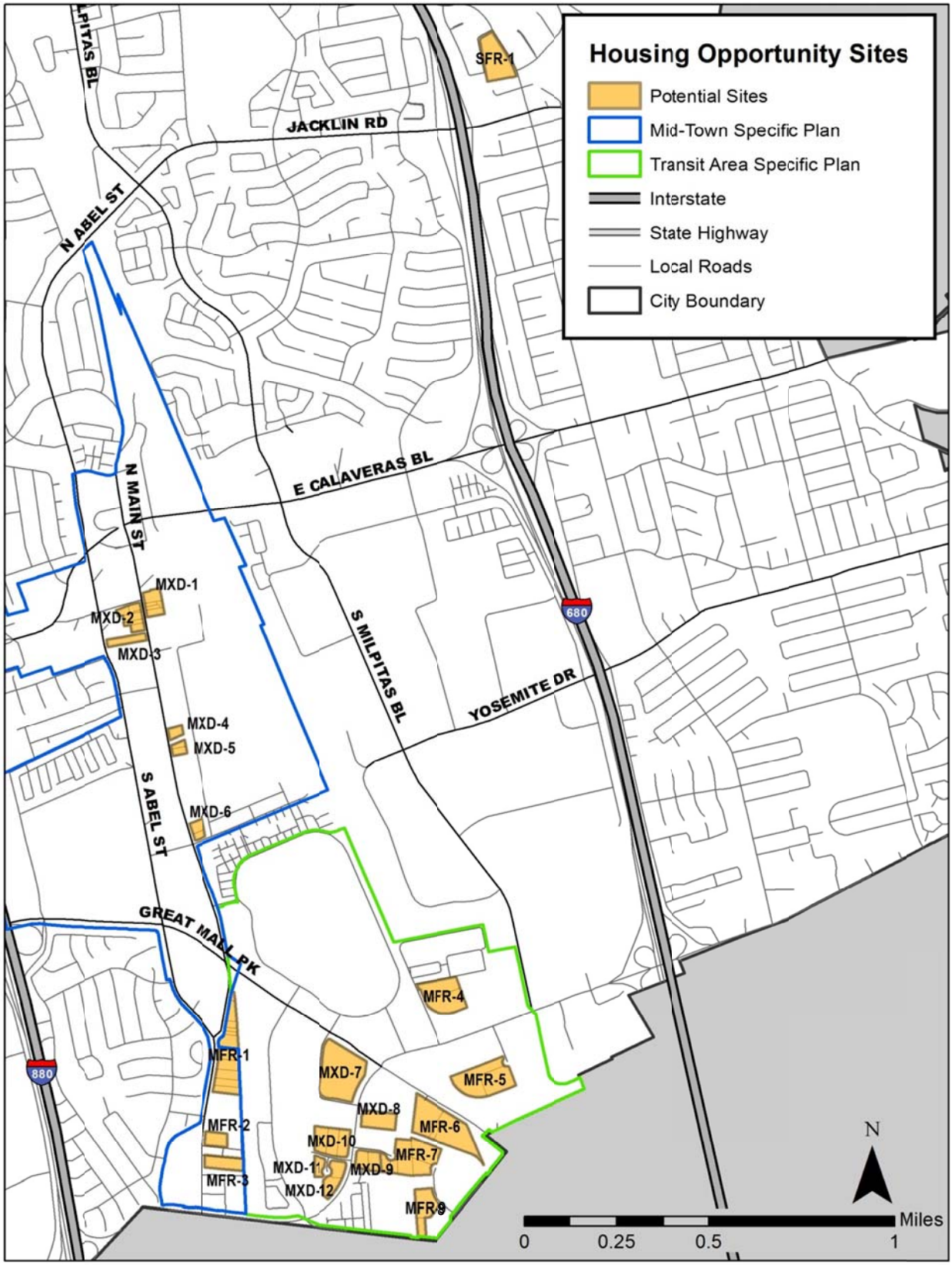
Table 4.3 provides a summary of the development potential on the City's residential opportunity sites, Figure 4.2 shows the location of each site, and detailed information on the sites is provided in Appendix B.

Table 4.3: Summary of Potential Housing Sites, Milpitas, 2015-2023

Site Number	Total Parcels	Acreage	Yield at Midpoint Density	Estimated Yield (a)
High-Density Residential/Potential Affordable Housing Sites (b)				
MFR-1	10	7.6	383	311
MFR-2	1	1.4	51	44
MRF-3	1	2.2	78	68
MFR-4	2	5.9	300	244
MFR-5	2	7.4	499	304
MFR-6	2	9.4	632	385
MFR-7	6	7.4	376	305
MFR-8	2	3.2	99	68
Total	**26**	**44.6**	**2,419**	**1,729**
Mixed-Use/Potential Affordable Housing Sites (c)				
MXD-1	5	2.1	48	40
MXD-2	5	1.9	44	37
MRF-3	1	1.3	31	25
MXD-4	1	0.7	16	13
MXD-5	2	2.8	65	54
MXD-6	2	1.1	25	21
MXD-7	1	9.5	580	353
MXD-8	1	2.5	155	95
MXD-9	2	2.1	98	80
MXD-10	3	4.5	209	170
MXD-11	1	1.0	47	38
MXD-12	2	2.3	106	86
Total	**26**	**31.9**	**1,426**	**1,011**
Total Potential Affordable Housing Sites				
	52	**76.6**	**3,844**	**2,740**
Low-Density Residential/Above-Moderate Income (d)				
SFR-1	1	4.9	N/A	34

Notes:
(a) The estimated yield for high-density residential and mixed-use sites uses the minimum density allowed by the zoning ordinance to provide a conservative estimate of the number of units that can be accommodated on eac of the opportunity sites.
(b) High-density residential sites are defined as sites zoned for residential use at densities equal to or higher than the "default densities" for Milpitas (20 units/acre) and are therefore capable of accommodating housing affordable to very low-, low-, and moderate-income households.
(c) All mixed-use sites shown are zoned at densities equal to or higher than the "default densities" for Milpitas (20 units/acre) and are therefore capable of accommodating housing affordable to very low-, low-, and moderate-income households.
(d) Low-density residential sites are defined as sites zoned for residential use at densities lower than the "default densities" for Milpitas (20 units/acre) and are therefore presumed to be sites for units serving above moderate-income households.
Source: BAE, 2014.

Figure 4.2: Housing Opportunity Sites, Milpitas, 2015-2023



Additional Considerations

Additional Sites Not Quantified

Milpitas has a number of potential housing sites in addition to the sites listed in Table 4.3 and Appendix B that have not been quantified in this Housing Element Update. Sites that were not quantified include sites that would require zoning changes to allow residential development, sites on which residential development potential is limited, and sites that require a use permit for residential uses. While not needed to meet the City's RHNA goals, these sites are described here for informational purposes, because they do offer additional residential development potential beyond the figures shown in Table 4.3 and Appendix B, and could be used for residential development during the 2015-2023 planning period.

Sites that could accommodate housing after zoning changes include a set of City-owned parcels in the northern portion of the Midtown Specific Plan area that total 2.23 acres. The site is bound by North Main Street to the west and north, a Southern Pacific Railroad line to the east, and Weller Lane to the south. The site is currently vacant and is zoned for parks and open space, but the City has considered rezoning the site for residential uses. Existing residential uses abut the northwestern edge of the site. Because the site is City-owned, it would provide an opportunity for Milpitas to facilitate affordable housing development by providing low- or no-cost land to an affordable housing developer.

Additional sites that were not quantified in this Housing Element Update include the hillside areas, which allow for a limited amount of residential development. Due to the high cost associated with development on the hillside and extending services to this area, sites in the hillside areas would be suitable for high-end units that serve households with above-moderate incomes. While these sites continue to provide residential development opportunities within the City, significant development in the hillside areas is unlikely during the 2015-2023 planning period as a result of the high cost of hillside development, geologic hazards, and low-density zoning designations in the hillside areas. Because the units in the City's development pipeline greatly exceed the City's RHNA for above-moderate income households, the additional potential for high-end residential development that is offered in the hillside areas was not quantified in this Housing Element.

Finally, the Milpitas Zoning Ordinance allows for residential development subject to approval of a use permit in the Town Center (TC) zoning designation, which is intended primarily for commercial uses. With use permit approval, live-work units and residential uses are permitted in the TC zone at densities up to 40 units per acre. Two approved projects in the City's residential development pipeline are located on sites with the TC zoning designation, as shown in Appendix B. Additional residential development in these areas may be possible throughout the 2015-2023 planning period, but are not quantified in this Element.

Adequacy of Infrastructure and Services

The housing sites identified in this Chapter are largely infill sites served by existing infrastructure and services. However, the majority of the City's housing sites are located within the TASP and Midtown

Specific Plan Areas, and residential development on these sites would therefore involve the conversion of older industrial and commercial sites to residential and mixed land uses. In some cases, this transition requires infrastructure investments to provide service to new residential development.

Since the majority of the City's potential housing sites are located in the TASP and Midtown Specific Plan Areas, there is a considerable amount of existing and planned transportation infrastructure to serve the sites. The potential housing sites are generally located in close proximity to two major freeways, two light rail stations, and a future BART Station. However, traffic congestion can be problematic in Milpitas under current conditions, and future growth is expected to add to the existing traffic problems. The City has implemented a fee for new development in the TASP area to generate funding to address potential impacts resulting from development in the area. Furthermore, traffic impacts are expected to be mitigated somewhat because the Specific Plan areas have easy access to transit, allowing many residents to commute without the use of a car.

Aside from these potential transportation issues, remaining infrastructure, such as water, sewers, and storm drains, are adequate to support the planned growth in Milpitas. Chapter 5 of this Housing Element provides more detailed information on the adequacy of roads, water, wastewater, storm drainage, and solid waste removal to serve new residential development in Milpitas.

In addition to physical infrastructure needs, new development will require fire and emergency medical assistance services, which are provided throughout Milpitas by the Milpitas Fire Department (MFD). The TASP EIR identified a need to address potential limitations to the MFD's capacity to provide these services to new development, resulting in the creation of two community facilities districts (CFDs) in the TASP. Additional property taxes are assessed on properties in the CFDs, funds from which are used to support additional police, fire, and recreation services.

Environmental Constraints

Potential environmental constraints to developing the housing sites identified in this Housing Element include potential earthquakes, flooding, and hillside erosion. Similar to the rest of the Bay Area, Milpitas is subject seismic hazards due to proximity to active fault lines. However, none of the City's housing opportunity sites are located on landfill, reducing the potential extent of earthquake damage somewhat. All structures built in Milpitas are required to meet building code requirements for earthquake safety. Some of the City's housing sites in the Transit Area are located within the 100-year floodplain. Although flood depths would be very shallow, a combination of on-site and off-site improvements may still be required before building in areas that could experience potential flooding.

In addition, since many of the potential sites are located in a transitional area changing from older industrial and heavy commercial uses to a mixed-use community, it is possible that there are hazardous materials on some of the potential sites. While there are no known contamination issues on any of the potential opportunity sites, further study will be required before redevelopment of some sites, and some may require environmental remediation before development can take place.

A final environmental issue relates to vibration levels that may affect future development inside and outside the TASP area related to the UPRR and BART right-of-way. To make sure that vibration levels do not exceed acceptable levels, the TASP includes mitigation measures to address potential issues related to vibration, and development in the TASP is potentially subject to siting or construction features that to reduce the impacts of ground vibration. Housing Element sites outside the TASP but within 300 feet of an active UPRR and/or BART alignment are also subject to an analysis of vibration impacts and are required to provide for vibration reduction consistent with the direction of TASP policies.

Zoning for Special Housing Needs

As discussed in Chapter 3, individuals and households with special housing needs often have difficulty securing housing that is adequate to meet those needs. In addition to identifying adequate sites to meet the City's RHNA, the Housing Element is required to ensure that there are sites that have the ability serve groups with special housing needs. As discussed below, Milpitas has taken key steps to facilitate the production of housing for individuals and households with special housing needs, including farmworker housing, manufactured housing, single-room occupancy developments, emergency shelters, and transitional and supportive housing.

Farmworker Housing

Although the need for farmworker housing is expected to be minimal in Milpitas during the 2015-2023 Housing Element planning period, the City facilitates a variety of housing types that can serve farmworkers and their families. During the previous (2007-2014) Housing Element Update period, Milpitas updated the City's Zoning Ordinance to allow farmworker housing by right in all agricultural zones. Additionally, many farmworker households can meet their housing needs through standard residential units, provided that units are affordable. As a result, zoning regulations and other programs that facilitate affordable housing production in Milpitas in general help to serve any potential need for farmworker housing in the City. In some cases, this housing need may be met by single-room occupancy units, which are discussed below.

Manufactured Housing

Although manufactured housing does not serve any special needs group in particular, it is generally less expensive to construct than other housing and therefore can provide a more affordable option for some households with special housing needs. During the previous (2007-2014) Housing Element planning period, Milpitas amended the City's Zoning Ordinance to allow manufactured housing in all single-family (R-1) zoning districts. Program D.5.3 states that the Milpitas will modify the City's zoning ordinance during the upcoming planning period to allow manufactured housing in all zoning districts where residential development is allowed, subject to the same architectural and development standards as other dwellings in the same zone.

SRO Housing

Single room occupancy (SRO) units typically serve extremely low-income households that are unable to afford market-rate housing or affordable housing targeted to households earning more than 30 percent

of AMI. SROs provide small units that may have shared kitchen and bathroom facilities or may provide a small bathroom or kitchenette in each unit. During the 2007-2014 Housing Element planning period, the City of Milpitas updated the City's Zoning Ordinance to allow SROs in all multifamily zoning districts, subject to approval of a conditional use permit.

Emergency Shelters

California Senate Bill 2 (SB 2) required that all jurisdictions designate at least one zoning district where emergency shelters are allowed by right. During the 2007-2014 Housing Element Update period, Milpitas amended the City's Zoning Ordinance to allow emergency shelters by right in the highway services (HS) Zoning District. According to the City's Land Use Plan, there are 271 acres of land designated as HS, of which 44 acres are undeveloped. Parcel sizes range from less than one-half acre to 23 acres. The median parcel size is 1.3 acres, and the average parcel size is about three acres. Fifteen parcels are below one acre in size. Thus, the HS zone has parcels that would be of an appropriate size for a homeless shelter. In addition, some properties in the HS zone have vacant commercial and other properties that could be converted to an emergency shelter, which is often more feasible than building an emergency shelter on vacant land.

The following locations include HS zoned parcels:

- West of I-880 and south of Calaveras Boulevard
- West of I-880, North of Montague Expressway
- Jacklin Road near I-680
- Along North Milpitas Boulevard near Minnis Circle

Transitional and Permanent Supportive Housing

In addition to requiring that jurisdictions zone for emergency shelters, SB 2 required that all jurisdictions explicitly identify transitional and supportive housing as an allowed use in all residential zoning districts, subject only to the restrictions that apply to other residential uses in the same zone. In 2013, Milpitas amended the City's Zoning Ordinance to identify transitional and supportive housing by right in all single-family and multifamily residential zones in compliance with SB 2. However, the Zoning Ordinance was not amended to explicitly allow transitional and supportive housing in mixed-use zoning districts. Chapter 6 of this Housing Element includes a program to amend the City's Zoning Ordinance to allow transitional and supportive housing in all zoning districts that allow residential uses (see Program D.4.3).

Financing and Subsidy Sources

Along with a sufficient number of residential sites zoned to appropriate densities, affordable housing production in Bay Area jurisdictions requires local, State, and Federal financing sources to bridge the gap between affordable rent and sale prices and the prices needed to support new construction. Almost all affordable housing developments in the Bay Area rely on a combination of financing from several public and private sources in order to become financially feasible.

Federal Programs

CDBG Program: Through the CDBG program, the federal Department of Housing and Urban Development (HUD) provides funds to local governments for funding a wide range of housing and community development activities for low- and moderate-income individuals and households. Cities with at least 50,000 residents, including Milpitas, are designated CDBG entitlement communities and receive annual allocations directly from HUD.

Based on previous allocations, Milpitas expects to receive an annual allocation of approximately $400,000 and an additional $50,000 in Program Income from the Single Family Housing Rehabilitation Program for a total of $450,000 per year (a substantial decline of approximately $200,00 per year compared to the previous Housing Element cycle). Milpitas typically uses CDBG funds for site acquisition, rehabilitation, first-time homebuyer assistance, development of emergency and transitional shelters and fair housing/housing counseling activities. Additional activities in support of the new construction of affordable housing include site clearance and the financing of related infrastructure and public facility improvements.

HOME Program: The HOME Investment Partnership Program (HOME) provides grants to support a broad range of housing activities. Eligible activities include home purchase or rehabilitation financing for eligible homeowners and first-time buyers, site acquisition, and construction or rehabilitation of affordable housing. Milpitas does not receive HOME funds directly from HUD; however the City can compete for funds that are allocated by the State of California and can work with affordable housing developers to support applications for these funds.

Section 8 Assistance: The Section 8 program is a federal program that provides rental assistance to very-low income persons in need of affordable housing. Tenant-based Section 8 Assistance allows households to find housing in the private market, provided that the housing meets the program requirements. The program provides a rent voucher that pays the difference between the current fair market rent and what the household can afford to pay (defined as 30 percent of household income). At present, 627 Milpitas households receive Section 8 Vouchers. The Santa Clara County Housing Authority administers the Section 8 program for households in Milpitas.

In addition to tenant-based Section 8, HUD offers project-based Section 8 assistance to housing developments that provide units to low-income households. Similar to tenant-based Section 8, project-based Section 8 Assistance provides the difference between fair market rent and the rent that households can afford to pay.

State Programs

California Housing Finance Agency (CalHFA): The California Housing Finance Agency operates several programs that help to create affordable rental and ownership housing opportunities for low- and

moderate-income households. These programs, funded by the sale of tax-exempt bonds, provide permanent financing of affordable housing developments, as well as financing for homebuyers.

Low Income Housing Tax Credit Program: Created by the 1986 Tax Reform Act, the Low Income Housing Tax Credit (LIHTC) Program is one of the primary sources of financing for affordable housing. Although enabling legislation for LIHTC was passed at the federal level, allocations of the tax credits are made by the State of California.

Affordable housing developers utilize this program in combination with City and additional funding sources to encourage the construction and rehabilitation of rental housing for lower- income households. The program allows investors an annual tax credit over a ten-year period, provided that the housing meets affordable income requirements. The tax credit is typically sold to large investors at a syndication value.

To be eligible for a tax credit, 20 percent of the units in a housing development must rent to very-low-income households earning less than 50 percent of area median income, or 40 percent of the units must rent for incomes under 60 percent of the median. California law also requires that developments retain these levels of affordability for at least 55 years.

Mortgage Credit Certificate (MCC) Program: The Mortgage Credit Certificate Program (MCC), authorized by Congress in 1984, provides financial assistance in the form of a tax credit to first-time homebuyers. Similar to the LIHTC Program, the MCC Program was authorized by the federal government, but is administered by the State. The MCC reduces the amount of federal income taxes otherwise due to the federal government; however, the mortgage tax credit cannot be claimed as a refund. The MCC program enables program participants to reduce their federal income tax withholdings, creating additional net spendable household income.

Santa Clara County administers the MCC Program on behalf of all participating cities located in the County. Program eligibility requirements determine the maximum sale price of homes purchased through the MCC program and the maximum income for households that receive tax credits through the program. In 2014, the maximum sale price for homes purchased through the MCC program in Santa Clara County was $673,616.[6] The maximum income for a household participating in the MCC program in Santa Clara County was $81,040 per year for one- or two-person households and $101,300 for households with three or more people.

[6] The maximum eligible sale price is higher in specified "targeted areas". However, the only Census tract in Santa Clara County that is designated a targeted area is located in San Jose, and therefore the targeted area maximum sale price does not apply to any areas in Milpitas.

Local Programs

Redevelopment Housing Set-aside Funds: In 2011, the California legislature mandated the dissolution of all redevelopment agencies (RDAs) throughout the State. Prior to 2011, RDAs in California jurisdictions, including Milpitas, set aside 20 percent of all tax increment revenues generated from redevelopment project areas to fund housing projects that increased, improved, or preserved the supply of affordable housing. Housing developed with these set-aside funds were required to remain affordable to low- and moderate-income households for at least 55 years for rentals and 45 years for ownership housing. Prior to the dissolution of the RDA, Milpitas used these set-aside funds to facilitate the development of a significant number of affordable units in the City. Between 1999 and 2014, the City provided $42.8 million in RDA-funded grants, loans, and land dedication to residential projects in Milpitas, assisting in the development of 874 units affordable to lower-income households (see Table 4.4 for a detailed list). Similar to many jurisdictions throughout the State, Milpitas will now face challenges with identifying funding sources to facilitate affordable housing production due to the loss of the City's RDA.

Milpitas Housing Authority: Following the dissolution of RDAs, jurisdictions have been able to retain the housing set-aside funds generated through redevelopment activity. Milpitas currently has approximately $7 million of remaining set-aside funds that can be used to support affordable housing programs in the City. In addition, the City receives approximately $200,000 to $250,000 per year from repayments on loans previously issued through the use of RDA housing set-aside funds, which the city can use to support housing programs. However, these repayments amount to only a fraction of the funds previously generated on an annual basis from the RDA housing set-aside.

Housing Trust of Silicon Valley: The Housing Trust of Silicon Valley provides housing assistance throughout Santa Clara County through three core program areas: first-time homebuyer loans, multifamily loans, and the Finally Home Grant program. The multifamily loan program supports nonprofit developers constructing or rehabilitating affordable multifamily rental housing. The Finally Home Grant program provides grants for security deposits to assist families or individuals moving from homelessness or unsuitable housing into permanent housing. Between 2007 and 2014, the City of Milpitas contributed $1.1 million to the Housing Trust of Silicon Valley.

Table 4.4: Residential Projects Receiving Assistance from the Milpitas RDA, 2009-2014

	Total	Total City	Type of Funding			Affordability Level				Tenure	
Project Name	**Units**	**Funding**	**Loans**	**Grants**	**Land**	**Above Mod**	**Mod**	**Low**	**Very Low**	**Owner**	**Renter**
2009-2006											
DeVries Place Senior Housing	103	$9,600,000	$9,600,000			0	1	0	102	0	103
Aspen Family Apartments	101	$2,300,000	$2,300,000			0	1	0	100	0	101
Centria East	137	$770,000	$770,000			111	10	7	9	137	0
Crossing at Montague Apartments	470	$1,190,000	$1,190,000			376	0	0	94	0	470
Montevista Apartments	306	$3,000,000	$3,000,000			0	153	76	77	0	306
Parc Metro	382	$1,500,000	$1,500,000			354	18	10	0	382	0
Senior Group Home (Senior Housing Solutions)	1	$800,000	$800,000			0	0	0	1	0	1
Parc Place	258	$1,974,000	$1,974,000			200	34	6	18	258	0
1999-2007 Total	**1,758**	**$21,134,000**	**$21,134,000**	**$0**	**$0**	**1,041**	**217**	**99**	**401**	**777**	**981**
2007-2014											
Paragon	147	$1,199,997	$1,199,997			118	20	0	9	147	0
Terra Serena	94	$6,500,000	$1,800,000	$4,700,000		31	63	0	0	94	0
Town Center Villas	65	$800,000	$800,000			49	16	0	0	65	0
Senior Group Home (Senior Housing Solutions)	1	$750,000	$750,000			0	0	0	1	0	1
South Main Senior Lifestyles	389	$12,400,000			$12,400,000	341	0	0	48	0	389
2007-2014 Total	**696**	**$21,649,997**	**$4,549,997**	**$4,700,000**	**$12,400,000**	**539**	**99**	**0**	**58**	**306**	**390**
1999-2014 TOTAL	**2,454**	**$42,783,997**	**$25,683,997**	**$4,700,000**	**$12,400,000**	**1,580**	**316**	**99**	**459**	**1,083**	**1,371**

Sources: City of Milpitas, 2014; BAE, 2014.

Opportunities for Energy Conservation

HCD requires that the Housing Element provide an assessment of opportunities for energy conservation in residential development and document City policies and programs that assist in curbing residential energy use. In addition to aiding in the attainment of environmental goals, reducing energy consumption often leads to lower gas and electricity bills, thereby reducing housing costs.

The City of Milpitas facilitates energy conservation through its residential development and zoning policies by encouraging high-density residential development near transit amenities. Through implementation of the Midtown and Transit Area Specific Plans, Milpitas has supported a significant amount of ongoing multifamily residential development in areas within walking distance to the City's future BART Station, scheduled to begin passenger service in 2018, and an existing VTA light rail station. As a result, the Specific Plans encourage transit use among occupants of new developments in the City, thereby reducing car trips and the associated energy usage.

Additionally, the City's Transit Area Specific Plan (TASP) promotes walking and biking for short internal trips. For example, the TASP requires new development to install sidewalks, and the City intends to provide pedestrian bridges over major streets, such as Great Mall Parkway, Capitol Avenue, and Montague Expressway, which will constructed using funding generated by the TASP impact fees.

Milpitas promotes energy conservation in new construction through enforcement of Title 24, Part 6 of the California Code of Regulations (Energy Efficiency Standards for Residential and Nonresidential Buildings). These regulations were adopted in 1978 and most recently updated in 2013 (with changes going into effect July 1, 2014). All new construction must comply with the standards in effect on the date a building permit application is made.

Milpitas further promotes energy conservation in new construction through implementation of the City's Green Building Ordinance (adopted in 2008 and updated in January 2014), which applies to both residential and nonresidential construction. The City also implements additional green building policies, including:

- The U.S. Green Building Council's LEED rating system for non-residential buildings and Build It Green's GreenPoint Rated system for residential buildings have been adopted as the official green building standards for the City of Milpitas.
- Planning applications for new buildings must include a completed LEED or GreenPoint Rated checklist for informational purposes.
- New city buildings and renovation projects over 5,000 square feet are required to be evaluated for feasibility to achieve at least a LEED Silver certification.

In addition, the City provides outreach on an ongoing basis to inform residents about the Pacific Gas and Electric Energy Savings Assistance Program. This program provides income-qualified customers with

services to help reduce energy use and decrease energy costs, including minor home improvements, replacement of old appliances, and information on energy conservation.

5. HOUSING CONSTRAINTS

In addition to identifying adequate sites for housing, the Housing Element is required to analyze potential governmental and non-governmental constraints to housing production and present programs to mitigate these constraints to the extent necessary and possible (Government Code, Section 65583(a)). Governmental constraints typically consist of regulations that limit opportunities to develop housing, impose requirements that unnecessarily increase the cost to develop housing, or make the development process so arduous as to discourage housing development. Non-governmental constraints are often related to land prices, construction costs, the availability of financing, infrastructure capacity constraints, and environmental features. Although local governments have little control over non-governmental constraints, identification of these constraints can be helpful to Milpitas in formulating housing programs.

Governmental Constraints

Government regulations can affect housing costs through local land use policies, zoning regulations and development standards, subdivision regulations, urban limit lines, and development fees. Lengthy approval and processing times may also constrain development.

Recent development trends in Milpitas indicate that the City's regulations and policies support residential development, particularly development of high-density housing near transit and other transportation corridors. The City's development pipeline, which consists of over 5,000 residential units, demonstrates the success of City policies in facilitating residential development. Recent housing construction in Milpitas has consisted primarily of multifamily developments built at significantly higher densities than the City's older housing stock, as intended by adoption of the Midtown and Transit Area Specific Plans.

General Plan

In 2014, the Milpitas City Council authorized funding for a comprehensive update to the City's General Plan, which will occur over the next two to three years. The last comprehensive update to the Milpitas General Plan occurred in 1994. In 2002 and 2008, the General Plan was amended to incorporate the land use designations, design guidelines, and other policies defined by the Midtown Specific Area Plan and the Transit Area Specific Plan (TASP), respectively. The General Plan was updated again in 2010 to integrate the City's Park and Recreation Master Plan and Bikeway Master Plan into the document and to provide updates to exhibits, tables, and figures. Concurrent with this Housing Element Update, the City is updating the Safety Element of the General Plan to address flooding hazards.

The General Plan distinguishes between land use designations on the Valley Floor and designations in the Hillside areas. On the Valley Floor, there are eight residential land use designations along with three mixed-use designations and one commercial designation that allow for residential development. The residential designations range in density from Single Family Low (three to five units per acre) to Very High Density Transit-Oriented Residential (41 to 75 units per acre, or up to 90 units per acre with a use permit).

The mixed-use zones that allow for residential development range in density from the Mixed-Use (Residential) designation, which allows 21 to 30 units per acre, to the Boulevard Very High Density Mixed-Use designation, which allows 41 to 75 units per acre. The Town Center designation, which allows for densities up to 40 units per acre provided that certain findings are made, is the only commercial designation that allows for residential development.

The three land use designations in the Hillside area are intended to provide for only a limited amount of residential development and therefore allow for only low-density residential development. The Very Low Density land use designation applies mostly to land outside of the City's Urban Service Area and Urban Growth Boundaries, and allows for one unit per ten acres. The Low and Medium Density designations allow for up to one and three units per acre, respectively.

The land use designations that allow for residential development are shown in Table 5.1 along with the residential density allowed in each.

Table 5.1: General Plan Land Use Residential Designations

Land Use Designation	Residential Density (units/acre)
Valley Floor	
Residential	
Single Family Low	3 to 5
Single Family Moderate	6 to 15
Multifamily Medium (a)	7 to 11
Multifamily High	12 to 20; up to 40 with PUD approval
Multifamily Very High	31 to 40; 41 to 60 with TOD Overlay (b)
Urban Residential	41 to 75; up to 25% additional with CUP approval
Mobile Home Park	6 to 7
Mixed Use	
Mixed Use (Residential)	21 to 30; 31-40 with TOD Overlay (b)
Residential-Retail High Density Mixed Use	31 to 50; Up to 60 with a Use Permit
Boulevard Very High Density Mixed Use	41 to 75
Commercial	
Town Center	Up to 40 (b)
Hillside	
Very Low Density	Up to 0.1
Low Density	Up to 1
Medium Density	Up to 3

Notes:
(a) TOD Overlay does not change the standards for density and development intensity for the underlying land use designation.
(b) TOD Overlay is provided through the zoning ordinance rather than the General Plan.
(c) Findings are necessary to build residential in land with the Town Center designation.
Sources: City of Milpitas, 2010; BAE, 2014.

Zoning Ordinance

The City's Zoning Ordinance facilitates residential development through implementation of high-density residential zoning designations. Milpitas has adopted two Specific Plans with many sites zoned for high-density residential development and created a TOD Overlay District that further augments allowable residential densities, reduces setbacks and parking requirements, and increases height limits in areas

near transit. Builders have responded to these changes by proposing and building many housing units in the City's Specific Plan Areas. While a large share of these have been market rate units and are therefore unaffordable to lower-income households, the City's affordable housing policies have also resulted in the development of affordable units in both Specific Plan Areas. The Zoning Ordinance, other development standards, and the permitting process do not constitute barriers to residential development in Milpitas.

The City's Zoning Ordinance has five basic residential zoning districts and three mixed-use zoning districts that allow residential development. Within the single family (R-1) zoning designation, there are eight subcategories to specify differences in minimum lot sizes. In addition, the City has overlay districts that modify the underlying zoning for the areas covered by the overlays, including a Mobile Home Park (MHP) Overlay, a High Rise (HR) Overlay, and a Transit Oriented Development (TOD) Overlay.

The City of Milpitas also enforces minimum site development standards for new residential developments through the City's Zoning Ordinance. These standards include lot width, setbacks, lot coverage, and maximum building height, along with other development standards. As with other stipulations of the Zoning Ordinance, some of the site development standards that apply to the base zoning districts are modified in areas located within the City's Overlay Districts.

Table 5.2 summarizes the allowable densities, development types, site development standards, and other requirements that apply to residential and mixed-use zoning districts and Table 5.3 shows the manner in which these standards and requirements are modified by various overlay districts.

Base Zoning Densities and Permitted Land Uses: Table 5.2 provides a summary of the base zoning regulations for the five residential and three mixed-use categories that allow residential development in Milpitas, before accounting for any modifications to the base zoning from overlay districts. As shown, the allowable densities range from very low densities ranging from 80 acres per dwelling unit in certain hillside areas to 60 units per acre in the R5 or MXD3 zone. Second units are permitted without a conditional use permit in all single family zoning districts, and all residential zones allow transitional and supportive housing, subject to the same requirements as other projects in the zoning district. Although transitional and supportive housing are not explicitly identified as permitted uses in mixed-use zoning districts, Program D.4.3 states that the City will amend the Zoning Ordinance to identify transitional and supportive housing as permitted uses in all mixed-use zoning districts that allow residential uses, subject to the same requirements that apply to other residential uses in each zone.

Base Zoning Height Limits: Consistent with the density ranges shown in Table 5.2, the development standards put forth in the Zoning Ordinance provide a range of residential height limits that vary substantially between zoning districts. Height limits range from 17 feet under certain conditions in the hillside (R1-H) zone to 150 feet in MXD3 zone. Most single-family zoning districts (R1 and R2) allow heights up to 30 feet, while multifamily and mixed-use zoning districts have height limits ranging from 35 feet to 150 feet.

Base Zoning Setbacks: Setback requirements for residential uses are somewhat similar between zoning districts, with the exception of the Hillside (R1-H) District. However, the setbacks in the R4, R5, and Mixed Use districts are slightly smaller in general than the setbacks in the R1 and R2 Districts to permit efficient utilization of sites. Setbacks in the R1-H District are larger than the setbacks in other residential districts, in keeping with the low-density designations for the City's hillside areas.

Base Zoning Parking Requirements: Table 5.2 also provides information on the parking requirements specified in the Zoning Ordinance. For the R1 and R2 residential districts, two spaces per unit are required for units with three or fewer bedrooms. Units with four or more bedrooms require three spaces per unit plus one additional space for each additional bedroom. Parking requirements for R3, R4, R5, and the MXD zones are as follows:

- Studios: one covered parking space/unit.
- One-bedroom units: 1.5 covered parking space/unit.
- Two- and three-bedroom units: two covered parking spaces/unit.
- Four-bedroom units: three parking spaces/unit, of which at least two must be covered.
- Five-bedroom units: four parking spaces/unit, of which at least two must be covered.
- Guest parking requirements: projects with structured parking must provide 15 percent additional parking spaces over the required number of spaces. All of these spaces may be uncovered. For projects with private garages, 20 percent additional parking spaces are required. All of these spaces may be uncovered.

Table 5.2: Residential Zoning District Regulations

Zoning District	Density (units/acre)	Minimum Lot Size (SF)	Height	Front Setback	Side Setback	Rear Setback	Residential Types Permitted (w/o CUP) (a)	Parking Requirements
R1-H	0.002 to 0.1, depending on the average slope of the parcel (max)	435,600	W side of crestline: 17'/1 story E side of crestline: 27'/2 stories	25' (b)	40'	40'	Single family & 2nd Unit	3 bedrooms or fewer: 2 spaces per unit 4 + bedrooms: 3 per unit, plus 1 per each additional bedroom
R1-10	4 (max)	10,000	30'	25'	8' one side; Total 20'	30' or 35' (c)		
R1-8	5 (max)	8,000	30'	25'	7' one side; Total 17'	25' or 30' (c)		
R1-6	7 (max)	6,000	30'	20'	Adjacent to garage 6' Total 13'	25'		
R1-5	9 (max)	5,000	30'	20'	Adjacent to garage 6' Total 10'	20'		
R1-4	11 (max)	4,000	30'	20'	6' one side	15' for single-story units; 20' for units with 2+ stories		
R1-3	15 (max)	3,000	30'	20'	5' one side			
R1-2.5	17 (max)	2,500	30'	20'	5' one side			
R2	7 (min) to 11 (max)	6,000 (single family); 8,000 (duplex)	30' (2.5 stories)	20'	Single family, 1 story: 4' one side; total 12' Single family, 2 story: 6' one side; total 15' Duplex, 1 story: 7' one side; total 12' Duplex, 2 story: 8' one side; total 20'	Single family: 25' Duplex: 25' or 30' (c)	Single family & Duplex	
R3	12 (min) to 20 (max)	2,000/dwelling unit	35' (3.5 stories)	20'	1 story: 5' one side; total 12' 2-2.5 story: 10' one side; total 25' 3-3.5 story: 12' one side; total 30'	1 story: 30' 2-2.5 story: 35' 3-3.5 story: 40'	Multifamily	Studio: 1 covered per unit 1 bedroom: 1.5 covered per unit 2-3 bedrooms: 2 covered per unit 4 + bedrooms: 3 per unit, plus 1 additional space for each additional bedroom (at least two covered) Guest Parking: projects with structured parking: 15% of the total required, may be uncovered; projects with private garages: 20% of the total required, may be uncovered.
R4	31 (min) to 40 (max)	None	60' (4 stories)	8' (min) to 15' (max)	10'	10'		
R5	41 (min) to 60 (max)		75' (6 stories)	12'(min) to 20' (max)	15'; or 20' for buildings over 3 stories that abut residential uses	15' or 20' for buildings over 3 stories that abut residential uses		
MXD	21 (min) to 30 (max)	Size must be large enough to accommodate all space requirements.	45' (3 stories)	8' (min) to 15' (max)	0' (min) to 10' (max)	10'		
MXD2	31 (min) to 40 (max)		75' (6 stories)			10' or 15' when abutting residential use. 20' for buildings over 60' or 4 stories.		
MXD3	41 (min) to 60 (max)		150' (12 stories, or 20 with CUP approval)	12' (min) to 20' (max)	15' or 20' when abutting residential use. 30' for buildings over 60' or 4 stories.	15' or 20' when abutting residential use. 30' for buildings over 60' or 4 stories.		

Note:
(a) Transitional and supportive housing is a permitted use in all residential zones.
(b) This assumes that slope is less than 16 percent.
(c) First number applies to single story units. Second number applies to units with 2 or more stories.

Overlay Districts: As discussed above, Milpitas has a TOD Overlay, HR Overlay, and MHP Overlay that modify the underlying zoning for the areas covered by the overlay districts to allow additional residential density or flexibility in development standards or residential uses permitted. Table 5.3 shows the zoning district regulations as modified by each of these overlay districts. Only those zoning districts that are affected by each overlay district are shown in the table.

The TOD Overlay allows for considerable increases in density and building heights and reductions in parking requirements. Because the TOD Overlay is applied in areas near transit, the increased density provided by the Overlay helps to support transit use, potentially leading to a reduced need for car trips, which makes reductions in parking requirements feasible.

The HR Overlay is intended to allow for high-density residential development in the areas where it is applied, allowing up to 150 dwelling units per acre.

The main purpose of the MHP Overlay District is to promote the expansion and diversification of the available housing opportunities within the City of Milpitas by establishing standards for the creation of planned mobile home parks.[7] The MHP Overlay District establishes a zoning designation that permits and establishes regulations related to parking requirements, minimum mobile home park size, and maximum densities.

[7] Paragraph A of Section XI-10-12.04 of the Zoning Code.

Table 5.3: Residential Zoning District Regulations as Modified by Overlay Districts

Zoning District	Density (units/acre)	Minimum Lot Size (SF)	Unit Types Permitted (w/o CUP)	Parking Requirements	Height	Front Setback	Side Setback	Rear Setback
Transit Oriented Development Overlay								
R3 (TOD)	21 minimum 40 maximum	No change	No change	Reduce by 20%. Guest parking is the same.	60' (4 stories)	8' (min) to 15' (max)	8' (min) to 15' (max)	No change
R4 (TOD)	41 minimum 60 maximum				75' (6 stories)	12' (min) to 20' (max)	No change	No change
R5 (TOD)	41 minimum 75 maximum				No change	No change	No change	No change
MXD2 (TOD)	31 minimum 50 maximum				No change	No change	No change	No change
MXD3 (TOD)	41 minimum 75 maximum				Up to 24 stories possible with Planning Commission review	No change	No change	No change
High Rise Overlay								
MXD3	60 minimum 150 maximum	No change	No change	No change	No change	No change	No change	No change
Mobile Home Park Overlay								
Highway Services (HS)	7 mobile homes. Can be increased to 8 homes/acre with findings by Planning Commission.	25 acres per park	Mobile Home Parks for single family dwelling uses and residential quarters for employees.	2.5 spaces per home-one of which must be contiguous to mobile home.	No change	35' from a public street	25' if abutting a residential district. Otherwise 15'.	25' if abutting a residential district. Otherwise 15'.

Note:
Only those zoning districts for which development standards are modified by the overlay districts are listed.
No change = No change due to overlay district.
Sources: City of Milpitas, 2014: BAE, 2014.

Standards for Second Units

Second units are allowed by right in all single-family (R1) zoning districts in Milpitas, subject to the standards specified in the City's Zoning Ordinance. Among other standards, the City's Zoning Ordinance requires that second units have a maximum of one bedroom, are no more than 15 feet in height (17 feet in Hillside areas), and that second units adhere to size and setback requirements. The original home must be owner-occupied at the time an application for a second unit is submitted. One parking space is required for second units, which can be uncovered and tandem. Overall, the City's regulations pertaining to second units are fairly flexible and do not pose a constraint to second unit production.

Urban Growth Boundary

Milpitas voters approved an Urban Growth Boundary (UGB) in 1998 that substantially limits development in the hillside areas on the eastern side of the City by limiting the extension of City services to areas outside of the UGB. The primary goals of the UGB are to preserve the existing character of the hillside, protect the views of the hillside from the valley floor, and reduce the cost of extending public service and infrastructure to new development. The UGB is intended to remain in place through 2018 and can only be amended through a majority vote of the electorate.

The ordinance that enacted the City's UGB stipulates that the City will begin a comprehensive review of the UGB beginning in 2015, in preparation for the expiration of the UGB in 2018. Following this review, City Council will have the authority to determine whether to allow the UGB to expire, renew the UGB, or place a measure on a ballot to let Milpitas voters decide if the UGB will be renewed. However, the zoning that is in place would not be impacted as a result of the expiration of the UGB. Therefore, no changes in allowable density or other development standards in the hillside areas would result if the UGB is allowed to expire.

The Urban Growth Boundary primarily impacts the above moderate-income housing market and has had little or no impact on the feasibility of producing housing for low- and moderate-income households. Residential development in the hillside area would be unlikely to be affordable to lower-income households due to the high cost of hillside construction, the prestige associated with a view or hillside home, and the high cost of extending utility and road extensions to hillside areas. Additionally, developing high-density housing in the hillside area would require large-scale grading, cuts, and fills, and would have substantial adverse environmental impacts. A limited amount of residential development is permitted beyond the Growth Boundary, subject to a slope density formula that dictates minimum lot sizes, as reflected in the City's General Plan and Zoning Ordinance, discussed above.

The City has mitigated impacts from the growth boundary on the supply of housing by significantly increasing the residential development potential of land within the existing urbanized area. The increase in the City's residential development potential resulting from the rezoning of several hundred acres of former commercial and industrial sites within the Specific Plan Areas to very high residential densities and mixed use development greatly exceeds the loss of development potential outside the Urban Growth Boundary. Moreover, the viability of affordable housing in the Specific Plan Areas is far greater than it would be on sites in the hillsides, given the increased feasibility of high-density development on the valley floor and the areas' proximity to mass transit and urban services. Additionally, the UGB is in keeping with Plan Bay Area, which aims to focus new development within the existing urban footprint and in areas served by transit.

Density Bonus Ordinance

Milpitas adopted a Density Bonus Ordinance (Section XI-10-54-15 of the Zoning Code) in 2005 that provides increases in allowable densities for projects that provide a minimum proportion of affordable units. A number of recent projects in Milpitas, including Shea Properties, Edsel Court, and Summerfield Homes, have provided affordable units and received incentives in accordance with the City's Density Bonus Ordinance. The Density Bonus applies to all zoning districts that allow residential development and all projects with at least five dwelling units. In addition to providing higher densities, the Ordinance also allows reduced parking standards. Table 5.4 provides a summary of the key features of this Ordinance.

Table 5.4: Milpitas Density Bonus Ordinance

Attribute	Milpitas Housing Density Bonus (a)
Percent of Units Required to be Affordable	5% of units to be affordable to very low-income, or 10% of units to be affordable to lower-income households, or a senior housing development (no affordability restrictions), or 10% of units to be affordable to moderate-income households, if the development is a condominium.
Resale/Rent Restrictions	For very low- and low-income housing, a 30-year restriction applies, if required by other funding programs or if the City provides at least one incentive in addition to the Density Bonus. Otherwise, there is a minimum 10-year restriction.
Maximum Amount of Density Bonus	Sliding scale. Very low (percentage of very low-income units ranges from 5% to 11% and accompanying density bonus ranges from 20% to 35%); Low (percentage of low-income units ranges from 10% to 20% and accompanying density bonus ranges from 20% to 35%), and Moderate (percentage of moderate-income units ranges from 10% to 40% and accompanying density bonus ranges from 5% to 35%). For senior housing, since 100% of units in a development must be targeted to seniors, a uniform density bonus of 20% applies.
Rounding of Density Bonus Units	All fractions are rounded up to provide for more density.
Number of Incentives Provided (b)	Under the minimum required percentage of units for very low-, low- and moderate-income households, one incentive is provided. If a project doubles the percentage of affordable units, e.g., 10% of units for very low-income; 20% of units for lower-income, or 20% of units for moderate, then two incentives are provided. If a project triples the percentage of affordable units, e.g., 15% of units for very low-income; 30% of units for lower-income, or 30% of units for moderate, then three incentives are provided.
Reduced Parking Incentive	There are three ways that the reduction in the number of parking spaces provides a cost benefit to developers. First, for developments outside the TOD Overlay District, the number of required spaces for each unit size is lower (except for four-bedroom units). Secondly, parking spaces do not need to be covered, and thirdly, there is no requirement for guest parking.

Notes:
(a) Excludes density bonuses related to provision of child care facilities in residential developments.
(b) The actual incentives are not defined. Incentives must result in more affordable housing costs.
Sources: City of Milpitas Zoning Ordinance, XI-10-54.15.

Affordable Housing Goals

Although the City of Milpitas does not have an Inclusionary Zoning Ordinance, the City's Zoning Ordinance includes an Affordable Housing Goal (Section XI-10-6.03) that stipulates that at least 20 percent of units in new residential developments should be affordable. To achieve this goal, the City negotiates with residential developers on a project-by-project basis for the inclusion of units affordable to lower-income households. As a result of these negotiations, market-rate developers have agreed to further the City's affordable housing goals by providing on-site inclusionary units, in-lieu fees, land dedication, and off-site development. The ordinance provides the City with flexibility to waive the requirement for a particular project if compliance would render a project financially infeasible.

The City offers a range of incentives to developers that agree to provide affordable units, including loans, grants, and fee reductions or waivers. In addition to financial assistance, the City may allow for modifications to development standards that intensify land utilization, thereby lowering per-unit land costs. Modifications to development standards may include reduced parking requirements, increased height limits, density bonuses, or reduced setbacks. The City provided these incentives to several recent residential projects, including Parc Place, Paragon, Aspen Apartments, DeVries Place, Shea Properties, Edsel Court, and Summerfield Homes, assisting in the provision of over 300 affordable units.

The Milpitas Zoning Ordinance does not specify the income group targeting for affordable units, allowing the City to negotiate with developers based on project specifics and prevailing market conditions. During the height of the recent recession (2008-09), the price for market-rate condominiums approached the price of deed-restricted units targeted to moderate-income households. Because prices were similar and deed-restricted units are subject to resale restrictions, the City and developers encountered problems in marketing deed-restricted moderate-income units. To respond to this challenge, the City devoted a portion of its redevelopment housing set-aside funds to offer second mortgages, making the deed-restricted units affordable to low-income buyers.[8]

Since the City's affordable housing goals do not provide specific affordability targets and some projects are exempted from providing affordable units, the program is flexible enough to mitigate any potential negative impacts on housing production. While compliance with the City's affordable housing target could result in a decrease in the profitability of residential development or an increase in the cost of market rate housing in the City, the flexibility in the City's policy has allowed Milpitas to continue to support market-rate residential development while providing affordable units, as evidenced by the City's considerable ongoing residential construction activity.[9]

The City's affordable housing goal has resulted in 967 affordable units in mixed-income developments built, under construction, or approved in Milpitas in addition to units provided in developments that are 100 percent affordable. A significant share of affordable units in mixed-income developments were produced during the previous Housing Element cycle with financial assistance from the City, with much of the City's financial assistance originating from the RDA, as shown in Table 4.4. Due to the dissolution of the RDA, Milpitas will need to rely more heavily on alternate mechanisms to incentivize the inclusion of affordable units in market-rate developments in the upcoming years. Incentives are likely to include fee waivers or reductions and modifications to development standards, which the City has a history of providing to developments with affordable units. Additionally, Chapter 6 of the Housing Element Update includes programs to generate additional funding for affordable housing production, which can

[8] Since much of the new residential development is located in a former redevelopment project area, the City was able use its housing set-aside funds to support the affordable housing required under the City's Zoning Ordinance and California Redevelopment Law.

[9] Much of this boom can be attributed to higher densities and other development incentives provided under the City's two specific plans as well as to an increase in demand due to job growth in Silicon Valley.

be used to provide financial assistance to projects that provide affordable residential units (see Policy D.1).

Building Codes and Enforcement

The City of Milpitas has adopted the California Building Code (CBC), the California Electrical Code, the California Mechanical and Plumbing Code, and the California Fire Code. It also enforces California Energy Commission's Title 24 standards for energy efficiency. City codes are updated regularly to reflect changes made in state and national codes and standards.

The City has not adopted any special requirements beyond those in the CBC. Class B (or better) roofing is required in new residential construction on the Valley Floor. Structures on the hillsides are subject to special engineering criteria for high wind, fire-retardant roofing standards, and sprinkler requirements, representing an added cost for the small number of homes that may be built in these areas. The City allows the use of the more flexible State Historic Building Code for historic structures, although the number of eligible structures is small.

While the CBC contains no prohibitions on exterior building materials, the Midtown and Transit Area Specific Plans disallow certain materials, including vinyl, aluminum, and T-111 siding, and horizontal sliding or plastic snap-in windows. These prohibitions are not likely to affect housing affordability or the level of housing production. Affordable housing projects in the City have been constructed with stucco or wood exteriors, allowing them to better blend with the surrounding community and convey an image of quality and durability.

Site Improvement Requirements

Residential developers are responsible for constructing road, water, sewer, and storm drainage improvements to extend services to new housing sites when needed. Developers are also often responsible for offsetting the any off-site impacts from a project such as increased run-off or added congestion at a nearby intersection.

The City's Subdivision Ordinance establishes the requirements for new subdivisions, including local street rights-of-way and curb-to-curb widths, sanitary sewer and storm drainage lines, and easements. These requirements do not restrict market rate housing development and while there are no special provisions or exceptions for affordable units, the City Council has the discretion to consider such exceptions in order to enhance the feasibility of a project. The City allows narrower streets within new subdivisions if these streets are privately owned and maintained, and if safety and emergency access concerns are adequately addressed.

Design Review

The City of Milpitas requires design review for projects within the "S" overlay zoning district only, which generally applies in commercial, industrial, multifamily residential, and hillside areas. Since most single family homes are outside the S district, alterations to individual homes (such as remodels and additions)

are not usually subject to design review. New multifamily projects are typically evaluated through a site plan review process, which includes an evaluation of design attributes by the Planning Commission. The City does not have a design review process that is separate from Planning Commission review.

The City has not adopted citywide residential design guidelines, but has adopted guidelines for the Midtown and Transit Specific Plan Areas.[10] These Guidelines cover site planning and building design, including massing, windows, materials, color, roof design, landscaping, signage, and lighting. In addition, there are specific guidelines by building type, covering mixed-use and multifamily residential. These guidelines do not pose a constraint, and are intended to ameliorate concerns that could arise when new residential projects are proposed that have higher densities than most of the City's existing housing stock.

It has been the City's experience that these guidelines do not have a significant impact on development costs. Moreover, developers have reported that the guidelines are straightforward and help to provide certainty on the type of projects that can be approved in various locations in Milpitas.

Permit Processing

Lengthy permit processing times can serve as a constraint to housing production and affordability by adding to financing costs. However, permit processing times in Milpitas are reasonable and do not constitute a development constraint. Projects that are consistent with the City's Zoning Ordinance, General Plan, and any applicable specific plans typically receive planning entitlements (if needed) within six to eight months, provided that extensive environmental analysis is not necessary. Building permits are issued within 30 working days after the City receives a complete application.

Processing Time for Planning Approvals. Residential projects that are consistent with the General Plan and Zoning Ordinance typically receive planning approval within six to eight months from the date that a complete application is submitted, provided that an Environmental Impact report is not required. Projects for which an Environmental Impact Report is required under the California Environmental Quality Act may require a year before planning approvals are processed. Projects requiring a General Plan Amendment or a major rezoning may also require longer processing times.

Milpitas has taken steps to help to reduce processing times for new residential projects in the City's Specific Plan Areas by preparing plan-level Environmental Impact Reports (EIRs) for each of the City's Specific Plans prior to adoption. These plan-level EIRs enable new projects that are developed in either of the Specific Plan Areas to rely heavily on those documents to assess broad-based and cumulative impacts (such as geologic hazards and air quality), rather than preparing entirely new EIRs. Projects in the Midtown Specific Plan and TASP Areas only require additional environmental review if

[10] The Appendix to the Transit Area Specific Plan provides detailed design guideline information for new residential construction in both Specific Plan Areas.

the project has the potential for impacts not already considered in the plan-level EIR, shortening the processing time associated with environmental review.

Table 5.5 identifies the typical processing time for various planning entitlements. Few projects will require all of the entitlements shown in the table (for example, small-scale projects consistent with General Plan and zoning designations do not generally require EIRs, General Plan Amendments, Rezones, or Variances), and some review and approval procedures may run concurrently, so processing times shown in the table are not additive. The City encourages the joint processing of related applications for a single project (for example, a rezone petition may be reviewed in conjunction with the required site plan**,** a tentative tract map, and any necessary variances for the same project). These procedures save time, money, and effort for both the public and private sector and often decrease the costs for the developer.

Table 5.5: Permit Processing Times

Type of Approval or Permit	Typical Processing	Approval Body
Minor Conditional Use Permi	1-2 weeks	City Staff
Site Plan Review (Building Permit)	1 - 6 weeks	City Staff
Minor Site Development Permit	4 – 6 weeks	Planning Commission Subcommittee
Site Development Permit	8 – 12 weeks	Planning Commission
Conditional Use Permit	8 -12 weeks	Planning Commission
Variance	8 - 12 weeks	Planning Commission
Zone Change	12 - 24 weeks	City Council
General Plan Amendment	12 - 24 weeks	City Council
Final Subdivision Map	6 weeks	Community Development Director
Tract Subdivision Maps	14 -16 weeks	City Council
Parcel Subdivision Maps	8 -12 weeks	Planning Commission
Negative Declaration	4 - 6 weeks (a)	Planning Commission
Environmental Impact Report	4 - 6 months (a)	Planning Commission or City Council (b)

Notes:
(a) After project is deemed complete.
(b) Depending on entitlement.
Sources: City of Milpitas, 2014; BAE, 2014.

Processing Time for Building Permits. Once zoning approval is obtained, building permit processing times are relatively short. The City is in compliance with the Permit Streamlining Act and typically issues building permits within 30 working days after complete applications are received. To expedite the process, an applicant may request an outside Plan Checker from the City's approved list. Milpitas encourages developers to participate in pre-development conferences and meetings with staff before applications are submitted in order to address concerns early and avoid subsequent delays.

The Zoning Code stipulates the residential types permitted, conditionally permitted, or prohibited in each zone that allows residential uses. Permitted uses are those uses allowed without discretionary review, as long as the project complies with all development standards. Most conditionally permitted

uses require Planning Commission approval of a conditional use permit (CUP).[11] However, a Minor CUP can be approved at the staff level, which is usually completed within two weeks or less. While Minor CUPs do not apply to most residential uses, live-work spaces can be approved with a Minor CUP in some cases. Typical findings necessary to approve a CUP include that the project is consistent with the General Plan and that the use is compatible with surrounding uses. Table 5.6 shows which housing types are permitted, not permitted, or conditional uses in each residential zone.

Table 5.6: Housing Types Permitted by Zoning District

	Residential Zones					Mixed Use Zones			
Use	**R1**	**R2**	**R3**	**R4**	**R5**	**MXD**	**MXD 2 (ground)**	**MXD2 (upper)**	**MXD3**
Condominiums & Condo Conversions	NP	SFR: C Duplex: C	C	C	C	C	C	C	C
Duplex (Two Dwellings)	NP	P	NP	NP	NP	NP	NP	NP	NP
Group Dwelling	NP	NP	NP	C	C	NP	NP	NP	NP
Guest House	C	NP	NP	NP	NP	NP	NP	NP	NP
Manufactured Home	P	NP (b)	NP (b)	NP (b)	NP (b)	NP (b)	NP (b)	NP (b)	NP (b)
Multifamily Dwellings (3+ Units)	NP	NP	P	P	P	P	NP	P	P
Planned Unit Development	P	P	P	P	P	P	P	P	P
Second Units	P	SFR: P Duplex: NP	NP	NP	NP	NP	NP	NP	NP
Single Family Dwellings	P	P	NP	NP	NP	NP	NP	NP	NP
Single-room Occupancy Residences	NP	NP	C	C	C	NP	NP	NP	NP
Transitional and Supportive Housing	P	P	P	P	P	(a)	NP	(a)	(a)

Notes:
C - Conditional Use Permit
P - Permitted
NP - Not Permitted
(a) Transitional and supportive housing are not identified as permitted uses in MXD districts. Program D.4.3 states that the City will amend the Zoning Ordinance to allow transitional and supportive housing in all mixed-use zoning districts that allow residential uses.
(b) Manufactured homes are permitted in the R1 zoning district but not in other zoning districts that allow residential development. Program D.5.3 states that the City will amend the Zoning Ordinance to allow manufactured homes in all zoning districts that allow residential uses.
Sources: City of Milpitas, 2014; BAE, 2014.

Projects proposed outside of the City's Site and Architectural and Hillside Overlay Districts that are consistent with the General Plan and zoning require only a building permit. Most single-family zoning districts in Milpitas are located outside of the Site and Architectural and Hillside Overlay Districts.

Processing Times in the Site and Architectural and Hillside Overlay Districts. Additional planning entitlements are required for projects proposed within the City's Site and Architectural and Hillside Overlay Districts. The City works closely with developers to expedite approval procedures to the extent possible in order to facilitate the development process.

[11] Parties wishing to appeal a Planning Commission decision can file an appeal with the City Council.

In most cases, the additional planning entitlements and review process that apply in the Site and Architectural Overlay District do not substantially impact housing affordability. Milpitas works to expedite the review process by maintaining a close working relationship between City staff, developers, and decision-making bodies. Furthermore, the Site and Architectural Overlay District overlaps substantially with the City's two Specific Plan Areas, which facilitate residential development through streamlined environmental review, high-density zoning designations, and other provisions, counterbalancing any potential impacts of enhanced review requirements. The substantial recent residential development activity in these areas demonstrates that these additional review processes do not pose a substantial constraint to development.

Although the additional review required for projects in the Hillside Overlay area may extend processing times somewhat, the Hillside zoning districts are intended to allow only a limited amount of development and do not constitute significant opportunities for residential projects. Moreover, geographical features generally make the development of affordable housing in these areas infeasible, regardless of the entitlements required.

Development Fees

Like cities throughout California, the City of Milpitas collects development fees to recover the capital costs of providing community services and the administrative costs associated with processing applications. New housing typically requires payment of impact fees for schools, parks, and traffic, connection fees for sewer, storm drainage, and water, and building permit fees, wastewater treatment plant fees, and a variety of service charges. In addition, developers of larger projects may incur costs in complying with the City's Affordable Housing Policy, either by building affordable units or by providing land or capital to affordable housing developers.

Table 5.7 shows total fees for two residential prototypes in Milpitas.

- The first prototype is a three-bedroom, two-story single family home measuring 2,000 square feet on a 5,000 square foot lot outside of the Hillside Combining District and the two Specific Plan Areas.

- The second prototype is a 150-unit multifamily development that is wood-frame construction on 4.5 acres (density is 34 units per acre). Each unit has two bedrooms and is 1,200 SF in size with 200 SF of parking space per unit. Fees for this prototype were calculated both outside the two Specific Plan Areas and within the TASP.

According to the estimates presented in Table 5.7, development fees for a single family home total approximately $43,800 in development fees. Development fees for a multifamily project outside the TASP average approximately $29,200 per unit, while development fees for a multifamily project inside the TASP average approximately $42,800 per unit. These figures underestimate actual fees because they do not include the City's traffic impact fee, which varies by location and is difficult to model.

Table 5.7: City of Milpitas Residential Development Fees, 2014

	Outside TASP		Inside TASP
Fee Type	**Single Family (a)**	**Multifamily (b)**	**Multifamily (b)**
Sewer Connection	$1,908	$1,406	$1,406
Water Connection	$1,910	$1,164	$1,164
Storm Drainage Connection Fee	$1,100	$503	$503
Treatment Plant Fee	$880	$690	$0
Fire Fees	$1,476	$377	$377
School Impact	$6,520	$3,912	$3,912
Park In-Lieu Fee	$22,370	$18,427	$0
Total Building Department Fees (c)	$7,315	$2,463	$2,463
Approvals Process Review (d)	$286	$214	$214
Transit Area Impact Fee	$0	$0	$32,781
Total (e)	**$43,765**	**$29,156**	**$42,820**

Notes:
(a) Single family fees based on a three-bedroom, two-story, 2,000 SF home situated on a 5,000 SF lot.
(b) Multifamily fees based on a wood-construction building with 150 units on 4.5 acres (34 units per acre) with 200 SF of parking per unit. Each unit is 1,200 SF in size.
(c) Includes building permit and plan check fees. Assumes there are no additional fees for a grading permit, Zoning or General Plan changes.
(d) Includes review by Planning, Engineering, Building Inspection and Fire Departments. Estimates are based on total staff review costs for a recent project.
(e) The City of Milpitas assesses traffic impact fees that vary greatly by street location. Since there is no uniform way to calculate these fees, they are not included in this table.
Sources: City of Milpitas, 2014; BAE, 2014.

In addition to development fees, the City charges planning fees to processs planning applications as needed, as shown in Table 5.8. The majority of these fees would apply to subdivisions or multifamily housing, but some, such as a conditional use permit or variance, could also apply to single family housing. These fees are necessary to cover the staff time that is required to process applications associated with proposed developments.

Table 5.8: City of Milpitas Residential Planning Fees, 2014

Fee Category	Amount
Variance	Single-Family: $375 Multifamily: $3,000 initial deposit
Conditional Use Permit	Single-Family: $375 Multifamily: $3,000 initial deposit
General Plan Amendment	$20,000 initial deposit
Zoning Change	$5,000 initial deposit
Site Development Permit	Minor: $750 initial deposit New Buildings: $20,000 initial deposit
Planned Unit Development	$20,000 initial deposit
Specific Plan	$20,000 initial deposit
Development Agreement	$20,000 initial deposit
Tentative Tract Map	$10,000 initial deposit
Tentative Parcel Map	$5,000 initial deposit

Sources: City of Milpitas, 2014; BAE, 2014.

City staff report that the City's fees for projects outside of the TASP are generally comparable with other jurisdictions in Silicon Valley. The TASP impact fee brings fees for projects in the TASP slightly higher than average, but the fee is necessary to cover the cost of infrastructure improvements needed to serve new development.

Development fees have increased in Milpitas since the prior Housing Element Update, but have not constrained residential development. Due to high demand for housing in Silicon Valley, land use policies in Milpitas that facilitate high-density residential development, and the City's access to existing transportation amenities and a future BART station, Milpitas has maintained strong residential construction activity with the current fee rates. The City also has a history of working to provide fee reductions for developments that provide affordable units in order to mitigate potential constraints to the development of affordable housing.

Infrastructure and Public Facility Constraints

Most of the housing sites shown in Chapter 4 are in developed areas that are fully served by infrastructure, primarily within the Midtown and Transit Area Specific Plan Areas. Although the conversion of older industrial and heavy commercial sites to residential and mixed land uses in the Specific Plan Areas requires that additional infrastructure investment be undertaken to serve new development, the EIRs that were prepared for these Specific Plans addressed the adequacy of infrastructure in both areas and established mitigation measures where necessary and possible. Because the EIR for the TASP was completed after the EIR for the Midtown Specific Plan, and therefore accounted for any potential infrastructure constraints arising from implementation of both Specific

Plans, the findings of the TASP EIR can be used to evaluate infrastructure constraints that would impact the development of the housing sites identified in Chapter 4.

Roads: Even in the absence of new development in the Transit Area, traffic congestion is often a problem in Milpitas during peak hours. The Environmental Impact Report for the Transit Area Specific Plan discusses impacts of planned growth in the area on the roads and highways in Milpitas. The EIR concludes that there will be significant, unavoidable environmental impacts on the transportation system, including the following:

- Freeway speeds and delays on I-680, I-880, and SR-237/Calaveras Blvd segments will be below the Congestion Management Program LOS Standards.
- There will be substandard roadway segment operation during peak hours along numerous roads.
- Growth in the Transit Area will contribute to substandard intersection operations during peak hours along 15 key intersections. However, impacts at two intersections are more easily mitigated than are impacts at other affected intersections.

In the detailed listing of impacts, 13 intersections are identified that could operate at unacceptable levels of service when the area is built out. These intersections are divided into two groups. The first group consists of roads that are not programmed for improvements and includes the following intersections:

1. Tasman/Alder Drive
2. McCarthy Boulevard/Alder Drive
3. Tasman Drive/N. First St.
4. Montague Expressway/Milpitas Boulevard
5. Montague Expressway/First Street

The second group consists of intersections that can be improved once funds are generated through the Transit Area Impact Fee:

1. Tasman Drive/I-880 SB Ramps
2. Great Mall Parkway/I-880 NB Ramps
3. Montague Expressway/McCarthy Boulevard-O'Toole Avenue
4. N. Capitol Avenue/Trade Zone Boulevard-Cropley Avenue
5. Great Mall Parkway-E. Capitol Avenue/Montague Expressway
6. Montague Expressway/Zanker Road
7. Montague Expressway/S. Main Street-Oakland Road
8. Montague Expressway/McCandless Drive-Trade Zone

Freeway congestion is a regional issue, and therefore requires a regional solution. In the long run, it is hoped that more development located near transit will reduce some of the auto trips throughout the Bay Area, including new trips associated with new development in the Transit Area. It is anticipated that

the light rail system and future BART extension to Milpitas will help to manage future congestion in the City, as will the improvement of bicycle and pedestrian facilities planned for the Specific Plan Areas.

Water: The City's current Urban Water Management Plan was adopted in June 2011. As described in the Plan, the City of Milpitas receives potable water from the San Francisco Public Utilities Commission (SFPUC) and the Santa Clara Valley Water District (SCVWD) and has one existing and one future groundwater well that can provide emergency water supply when necessary. In addition, the City operates and maintains a recycled water system owned by the City of San Jose South Bay Water Recycling Program (SBWR). During normal rainfall periods, the City has sufficient water supply to meet water demands through 2035. However, the City could be impacted by shortages in drought periods, during which the two water wholesalers may not have sufficient supplies to meet demand. If a shortage occurs, it may be necessary to reduce water deliveries through drought rationing options, such as calls for voluntary water conservation or mandatory reductions.

The Transit Area Development Impact Fee will fund the design and construction of a second SCVWD water connection to improve the City's water supply. The fee will also provide partial funding toward an additional water supply tank and pump station. These potable water supply improvements are anticipated to occur in five to ten years. The fee will also cover costs to extend the City's recycled water system, which provides water that can be used for irrigation and industrial processes. Some residential projects in the TASP (Harmony, Pace, and Milpitas Station) have already planned or constructed extensions.

In addition, new development is required to install water saving devices required by the Uniform Plumbing Code as adopted by the City of Milpitas. These devices reduce water consumption and reduce wastewater. New irrigation systems for landscaping must meet Statewide conservation requirements and shall be served by recycled water wherever possible.

Wastewater: Wastewater from Milpitas is directed to the San Jose/Santa Clara Water Pollution Control Plan (WPCP) for treatment. Improvements needed within the Transit Area to existing sewer mains are identified in the 2004 Sewer Master Plan Revisions and 2009 Sewer Master Plan Update. The Transit Area Development Impact Fee provides partial funds to construct the improvements necessary to transport wastewater from developing portions of the Transit Area to the City's sewage treatment trunk lines connecting the City to the treatment plant.

The additional capacity required to accommodate cumulative growth in the city, including buildout of the TASP, can be accommodated by the City's contracted capacity at the WPCP. The City has contractual rights to 14.25 mgd, but could need to acquire an additional 0.75 mgd of biochemical oxygen demand treatment capacity at the WPCP. The City will monitor the increase in demand generated by growth throughout the City, including the net increase attributable to the TASP, to determine when additional capacity will be needed.

Storm Drainage: Much of Milpitas, including portions of both Specific Plan Areas and some of the City's housing opportunity sites, is located within the lower floodplain areas of local watersheds and is subject to flood hazards. As a result, area-wide planning is required and special construction methods must be applied to development within much of the TASP and in some other areas in the City. Milpitas updated the City's Storm Drain Master Plan in 2013 to mitigate flooding risk in the City, including the two Specific Plan Areas. In addition, the Santa Clara Valley Transportation Authority has constructed several storm drain improvements that were needed for the planned BART extension to Milpitas.

In addition to area-wide improvements, storm drainage studies for new development projects are performed on a case-by-case basis, with mitigation measures determined for each project. These measures may include on-site improvements, such as raising development sites with fill or adding a storm water retention pond, and off-site improvements, such as the widening of channels or culverts downstream. These improvements are typically financed by the developer as a condition of approval.

Most of the large residential projects built during the last few years, including affordable projects, have been subject to storm drainage improvement requirements. While the storm drainage improvements add to development costs, they have not been a constraint to development, as evidenced by the recent construction of housing projects in the floodplain, and are necessary public safety measures.

Solid Waste: The City of Milpitas sends its recycling to the Republic Waste Services (Republic) Recyclery for processing and sends its garbage to the Newby Island Sanitary Landfill (NISL) for disposal. The City's collection and disposal contracts with Republic (and affiliate companies) end September 5, 2017. Recent studies estimate that the NISL may remain open until approximately 2025, dependent upon the facility obtaining an extension of its State permit. The City offers residential and commercial recycling programs and maintains outreach programs promoting source reduction and waste prevention.

Although residential and commercial development in the Transit Area will increase recycling and garbage generation, the Transit Area EIR states that development in the Transit Area will not cause an appreciable change in the filling rate of the NISL, due primarily to effective diversion rates (recycling program participation).

Environmental Constraints

Both commercial and residential development in Milpitas are constrained by steep hillsides to the east, wetlands to the west, and City boundaries on the north and south. Although some development on the hillsides is possible, the area has significant seismic and landslide risks, and residents in the area are subject to ongoing geologic and wildfire risks. Additionally, hillside homes are expensive to construct and often have significant environmental impacts. Because of the City's various environmental constraints, future housing development in the City will consist largely of infill projects and redevelopment of existing uses. In most cases, properties that are redeveloped are expected to consist

of obsolete industrial buildings that will be redeveloped to accommodate high-density residential uses in the two Specific Plan Areas.

Like much of the Bay Area, the City of Milpitas is located in a seismically active area, with the Hayward Fault Zone located two miles to the east of the TASP area. In Milpitas and throughout the Bay Area, housing must meet building code standards which reflect the area's earthquake and liquefaction hazards.

The potential for flooding constitutes an additional environmental constraint that could limit housing production in Milpitas. Approximately 50 percent of the City, including some of the City's housing sites, is located within the 100-year floodplain. Although flood depths would be very shallow, a combination of on-site and off-site improvements may still be required before building in areas that could experience flooding. Milpitas is in the process of implementing the City's Storm Drain Master Plan, which was updated in 2013 to reduce the impacts of flooding in Milpitas. Concurrent with this Housing Element Update, the City is also updating the Safety Element of the General Plan to address current flooding hazards and establish goals, policies, and objectives to protect the community from the risk of flooding. The Santa Clara Valley Water District has scheduled additional projects that will further reduce the risk of flooding in Milpitas.

Although some environmental constraints might impact the cost of new housing, these constraints are relatively common in the Bay Area, and the City is limited in its ability to reduce their impact on housing costs without endangering public safety.

Housing for Persons with Disabilities

Although many persons with physical disabilities do not require special housing, a proportion of the City's disabled population requires housing that is specially adapted to accommodate their disabilities. Housing can be made available to those individuals that require accessibility features by making modifications to existing housing units to make these units accessible and by ensuring that new housing units incorporate accessibility features. Some individuals with disabilities also benefit from living near transit and supportive services, and some may require housing with supportive services on site.

The City ensures that new housing developments comply with California building standards (Title 24 of the California Building Code), which have more rigorous accessibility requirements than the ADA, and provides applicants with a check list to assist them in developing plans that are compliant with Title 24 and ADA before they are submitted. Building Department staff is well versed in accessibility requirements and able to assist applicants when needed. In addition to requiring that residential buildings meet accessibility requirements, the City requires ADA-compliant parking, accessible entries, accessible paths of travel through areas being altered, and accessible restrooms, drinking fountains and public phones.

Pursuant to State law, Milpitas does not require discretionary review of small group homes (six or fewer residents) for persons with disabilities. The City allows small group homes in all residential zones and allows large group residential facilities in the R3 and R4 zones. Milpitas does not have any zoning, design review, or building code provisions that conflict with the goal of providing a barrier-free environment and does not impose zoning, building code, or permitting procedures to housing serving individuals with disabilities other than those allowed by State law. There are no City-mandated constraints on housing for persons with disabilities and no spacing requirements for group homes in Milpitas.

The City encourages residential retrofitting to make existing homes more accessible for persons with disabilities and provides funding for retrofits. During the last Housing Element planning period, Milpitas assisted 63 households with funding for home retrofits to accommodate accessibility features at a total cost of $185,000. The City also works with applicants who need special accommodations in their homes to ensure that building code requirements do not create a constraint.

The City of Milpitas adopted Zoning Ordinance amendments in 2013 to establish a procedure for requesting reasonable accommodations for persons with disabilities and for City review of reasonable accommodation requests. In addition to these amendments, the Zoning Ordinance [Section 10-54.08(B)(9)] allows accessibility ramps and associated railings in any front, side or rear setback, provided that these features are no closer than three feet from the property line.

Potential Non-Governmental Constraints

Apart from governmental constraints, there are often non-governmental constraints that limit the production of both market-rate and affordable housing. Non-governmental constraints to housing production often consist of market-related conditions, such as the cost of land and construction and the availability of financing, which can significantly constrain housing production for low- and moderate-income households in particular.

Land Costs

The cost of land has a considerable impact on development costs, and high land prices impact the feasibility of residential development throughout the Bay Area, including Milpitas. A study completed in July 2013 reported that recent land sales in Milpitas varied from approximately $41 to $78 per square foot, and data on recent land sales and currently selling properties indicate that current prices for land zoned for high-density residential development in Milpitas typically range from approximately $70 to $90 per square foot. However, the actual sale price of land in Milpitas could vary substantially from these figures based on a number of factors.

Jurisdictions can influence the impact of land prices on development costs by increasing the number of units that can be built on a given piece of land. Although land zoned at higher densities often costs more per acre than land zoned at low densities, higher-density zoning typically reduces the cost of land

on a per-unit basis. The densities allowed in the Midtown and Transit Area Specific Plan areas, as well as the increased densities allowed in the Transit Oriented Development Overlay District demonstrate that Milpitas has implemented higher densities to decrease housing development costs on a per-unit basis in key areas of the City.

In addition to zoning land at densities that help to reduce housing costs, Milpitas has facilitated residential development by providing City-owned land to residential developers at no cost. In 2013, Milpitas gave 5.94 acres to the developer of a senior housing project on Main Street, which is planned for 389 units, 48 of which will be affordable to lower-income households. Depending largely on the outcome of the Redevelopment Successor Agency's disposition agreement with the State, Milpitas may be able to provide affordable housing developers with additional sites that were formerly controlled by the City's Redevelopment Agency to at low or no cost in the future.

Construction Costs

According to RS Means, a standard source used to estimate construction costs, construction costs for an average-quality 1,600-square foot single-family home in Milpitas average approximately $190,000 to $265,000 per unit, or approximately $120 to $165 per square foot. However, construction costs vary substantially depending on product type, building design, and the quality of finishes, and construction costs are often considerably higher for custom or luxury-quality housing units. In addition, soft costs such as financing, permit fees, and marketing add to the total development costs for a project.

On a per-square-foot basis, construction costs for multifamily residential units tend to be slightly higher than construction costs for single-family homes. RS Means estimates that average construction costs range from approximately $175 to $230 per square foot for a one- to three-story multifamily project and approximately $200 to $230 for a four- to seven-story multifamily residential project in Milpitas. Assuming an average unit size of 1,200 square feet (including common areas), these estimates result in construction costs ranging from approximately $210,000 to $280,000 per unit in Milpitas. In addition to the cost of unit construction, parking adds substantial additional costs to multifamily construction, which vary considerably based on the type of parking provided. Structured parking can average $30,000 or more per space, while underground parking can cost $40,000 per space or substantially more.

The high land and development costs in Milpitas mean that, without subsidies, new rental units affordable to very low and low-income households are difficult to provide at a feasible rate of return to a developer or investor. This also tends to hold true for for-sale housing at the moderate income level.

Financing

Although the constrained availability of construction and permanent financing for new development projects has hindered housing production nationwide during the past several years, financing has become somewhat more accessible as the housing market recovers. Residential developers reported that lenders substantially restricted the availability of financing for new residential construction

following the 2007 mortgage crisis. While private lenders often offered loans equal to 70 to 90 percent of the building value prior to the crisis, many began limiting loans to 50 percent of the building value after 2007. Furthermore, lenders instituted strict standards to determine whether developers would qualify for loans, even at the reduced loan-to-value ratios. These lending standards significantly lowered the pace of new housing development throughout the Bay Area and nationally.

The availability of mortgages for homebuyers was also severely restricted following the 2007 subprime mortgage crisis, but lenders have begun to make financing more accessible as the housing market has shown signs of recovery. Prior to 2007, prospective homebuyers were often able to purchase homes with little or no down payment. However, in response to the 2007 mortgage crisis, lenders instituted strict lending standards, typically requiring a 20 percent down payment and high credit scores. One outcome of these stricter standards was reduced access to homeownership for low- and moderate-income households unable to afford the large down payment required to purchase a home.

As the housing market and economic conditions in general have improved, lenders have begun to relax some of the lending restrictions that were instituted after 2007. Although lending standards continue to be less flexible than they were prior to the mortgage crisis, and may remain so indefinitely, loans have become more accessible for developers and individual homebuyers in recent years than in the years immediately following the height of the housing crisis.

Current home mortgage interest rates for home loans are at historically low levels, averaging 3.98 percent in 2013 for a 30-year fixed-rate mortgage. This means that prospective homebuyers that are able to qualify for home loans under the more stringent current lending standards are often able to benefit from low interest rates, reducing ownership costs.

6. HOUSING PLAN

This chapter presents Milpitas's housing goals during the 2015-2023 planning period as well as policies and programs to support these goals. While Milpitas has long had an active set of housing programs, much of the activity was dependent on federal, state, and Redevelopment Agency funding resources. Given the limitations imposed by current budget constraints and reductions in available funding, this Housing Element adds policies and programs balanced with these limitations. All policies and programs have been reviewed to maximize development of affordable housing, effectively utilize funding for affordable housing activities, provide housing for special needs populations, and provide housing for all economic segments of the community. It should be noted that certain prior programs have been modified or deleted to reflect current market and fiscal conditions, as well as accomplishments during the previous Housing Element period.

Housing Goals, Policies, and Programs

Housing policies and programs are grouped under six major goals:

Goal A: **Provide Adequate Sites.** Maintain adequate sites to accommodate the City's share of the regional housing need, including sites that are appropriate for the development of housing affordable to very low-, low-, moderate- and above moderate-income households.

Goal B: **Maintain and Preserve Housing Resources.** Maintain high-quality residential neighborhoods and preserve existing housing resources, including units affordable to extremely low-, very low-, low-, and moderate-income households and market rate units.

Goal C: **Facilitate New Housing Production.** Promote new housing development and remove public infrastructure constraints to new housing development.

Goal D: **Support Housing Diversity and Affordability.** Support the development of a diverse range of housing types, including rental and ownership units, housing affordable to all economic segments of the community, and housing for individuals with special housing needs.

Goal E: **Eliminate Housing Discrimination.** Ensure equal housing opportunity for all households and equal access to the City's housing resources.

Goal F: **Promote Energy Conservation.** Promote energy efficiency in residential development in Milpitas, including reduction of energy use through better design and construction in individual homes and energy-efficient urban design.

Goal A: Provide Adequate Sites

Ensure provision of adequate sites to accommodate the City's share of the regional housing need, including sites that are appropriate for the development of housing affordable to very low-, low-, moderate- and above moderate-income households.

Policy A.1: **Facilitate land acquisition and site assembly.**

Program A.1.1: The City will continue to work with local property owners to assemble small sites for future developments.

Responsible Department:	Planning & Neighborhood Services
Funding Source:	Department Budget for Staff
Time Frame:	Ongoing

Policy A.2: **Consider land use re-designations as needed**

Program A.2.1: Although the City is able to accommodate its share of the regional housing need without rezoning during the current Housing Element period, the City will consider land use re-designations as needed in order to accommodate specific residential projects.

Responsible Department:	Planning & Neighborhood Services
Funding Source:	Department Budget
Time Frame:	Ongoing

Goal B: Maintain and Preserve Housing Resources

Maintain high-quality residential neighborhoods and preserve existing housing resources, including units affordable to extremely low-, very low-, low-, and moderate-income households and market rate units.

Policy B.1: **Enforce housing codes and regulations to correct code violations while minimizing the displacement of residents.**

Program B.1.1: The City will continue to enforce its existing codes through its Code Enforcement Program. This program has been strengthened through the passage of the Neighborhood Beautification Ordinance (NBO), which establishes guidelines for the overall maintenance and preservation of neighborhoods citywide.

Responsible Department:	Planning & Neighborhood Services
Funding Source:	General Fund
Time Frame:	Ongoing

Program B.1.2: Through its Replacement/Relocation Program, the City will assist any households displaced through code enforcement activities to relocate to other suitable housing that is affordable to the households that are displaced.

Responsible Department: Planning & Neighborhood Services
Funding Source: City Housing Authority
Time Frame: Ongoing

Policy B.2: **Provide assistance for the rehabilitation of housing units occupied by very low-income and low-income households.**

Program B.2.1: Through the Housing Rehabilitation Program, the City will provide funds to assist very low- and low-income owner households to undertake repairs to their homes to bring them up to standard condition and prolong the useful life of the local housing stock. The City will give priority for participation in this program to very low-, and low-income homeowners who are subject to code enforcement actions that could otherwise lead to displacement of residents. Assuming adequate CDBG funding, the City will continue assisting between 16 and 24 low-income homeowners over the course of the planning period.

Responsible Department: Planning & Neighborhood Services
Funding Source: CDBG, City Housing Authority
Time Frame: Ongoing

Program B.2.2: The City will continue to provide CDBG funds to Rebuilding Together to provide safety, accessibility, and mobility repairs to mobile and single family homes owned by very low- and low-income households.

Responsible Department: Planning & Neighborhood Services
Funding Source: CDBG
Time Frame: Ongoing

Program B.2.3: The City will continue to support Project Sentinel, which provides fair housing assistance, landlord-tenant mediation services, and mortgage default counseling to Milpitas residents.

Responsible Department: Planning & Neighborhood Services
Funding Source: CDBG, City Housing Authority
Time Frame: Ongoing

Policy B.3: **Monitor the need to replace infrastructure as needed to conserve older neighborhoods.**

Program B.3.1: When updating its Capital Improvement Program and associated budget, the City will allocate resources to rehabilitate and/or replace infrastructure in older neighborhoods whose infrastructure is approaching obsolescence.

Responsible Department: Engineering
Funding Source: Department Budget (CIP)
Time Frame: Ongoing

Policy B.4: **Collaborate with other public and private entities to ensure that no extremely low-, very low-, or low-income residents are adversely impacted by the conversion of existing affordable housing projects to market rate rents.**

Program B.4.1: The City will continue to monitor the status of the 149 units at risk of conversion to market rates at Sunnyhills Apartments. The City will work with the Santa Clara County Housing Authority, U.S. Department of Housing and Urban Development, and the property owner to ensure the continuation of subsidies to the 149 low-income renters. If notice is received that the owner will convert the property to market rate use, the City will implement the following actions:

- Establish contact with public and non-profit organizations, such as Mid-Peninsula Housing Coalition, BRIDGE Housing, and other non-profit housing providers working in the Santa Clara area to inform them of the potential conversion status of Sunnyhills Apartments and to determine interest in purchasing and/or managing units at-risk.
- Provide technical assistance and support to these organizations with respect to financing to acquire or replace these units.
- Work with tenants of at-risk units and provide them with education regarding tenant rights and conversion procedures, Section 8 vouchers available through the Santa Clara Housing Authority, and other housing opportunities in the City for low-income households.
- Assist tenants to obtain priority status on the Section 8 Waiting List.

Responsible Department: Planning & Neighborhood Services
Funding Source: Department Budget
Time Frame: Beginning in 2017, in anticipation of the expiration of the current contract between HUD and the property owner

Policy B.5: **Maintain the existing stock of housing affordable to extremely low-, very low-, low-, and moderate-income households that is provided through the private market and provide tenant protections for apartment units at risk of condominium conversion.**

Program B.5.1: The City will continue to administer its condominium conversion ordinance to minimize the negative impacts of conversions on the rental market.

Responsible Department: Planning & Neighborhood Services
Funding Source: Department Budget
Time Frame: Ongoing

Program B.5.2: The City will continue to administer its mobile home rent control ordinance, which regulates rental rates and the rights and responsibilities of tenants and property owners for the three mobile home parks in Milpitas.

Responsible Department: Planning & Neighborhood Services
Funding Source: N/A
Time Frame: Ongoing

Goal C: Facilitate New Housing Production.

Promote new housing development and remove public infrastructure constraints to new housing development.

Policy C.1: **Continue to facilitate housing production through implementation of the TASP and Midtown Specific Plan.**

Program C.1.1: Continue to expedite environmental review in the TASP area by utilizing the Specific Plan EIR for projects that are consistent with the TASP.

Responsible Department: Planning & Neighborhood Services
Funding Source: N/A
Time Frame: Ongoing

Program C.1.2: The City will continue to implement the planning and design guidelines specified in the Midtown and Transit Area Specific Plans, including minimum densities, intensive land utilization, and mixed-use zoning.

Responsible Department: Planning & Neighborhood Services
Funding Source: Department Budget, TASP Impact Fee
Time Frame: Ongoing

Policy C.2: **Address public infrastructure constraints to housing production where feasible.**

Program C.2.1: The City will continue to coordinate sanitary and storm sewer improvements with the Cities of San Jose and Santa Clara and other relevant agencies if needed to acquire sufficient wastewater capacity to serve residential development. Measures to be explored include the reduction of wastewater flows (through water conservation programs) and the purchase of surplus capacity from other agencies using the regional water pollution control plant.

Responsible Department: Planning & Neighborhood Services, Engineering
Funding Source: Department Budgets
Time Frame: Ongoing

Program C.2.2: The City will continue to work with the Santa Clara Valley Water District to reduce the extent of the flood plain on the housing sites identified in the Midtown Specific Plan in accordance with the Safety Element Update currently in progress.

Responsible Department: Planning & Neighborhood Services, Engineering
Funding Source: Department Budgets
Time Frame: Ongoing

Program C.2.3: On an ongoing basis, the City will explore alternatives to the on-site retention of stormwater on each housing site, including the development of an area-wide retention pond or allowances for porous pavement and other surfaces that can absorb runoff.

Responsible Department: Planning & Neighborhood Services, Engineering
Funding Source: Department Budgets
Time Frame: Ongoing

Program C.2.4: The City will continue to pursue State and federal grants and other financing to reduce the cost of off-site traffic improvements for housing developers in the City.

Responsible Department: Planning & Neighborhood Services, Engineering
Funding Source: Department Budgets, TASP Impact Fee
Time Frame: Ongoing

Program C.2.5: The City will continue to monitor additional infrastructure improvements needed for access to the Union Pacific Site.

Responsible Department: Planning & Neighborhood Services, Engineering
Funding Source: Department Budgets
Time Frame: Ongoing

Policy C.3: **Facilitate development of executive-luxury style housing to support the City's economic development strategy.**

Program C.3.1: The City will continue to work with builders developing high-rise buildings and with custom homebuilders to assist in the creation of additional executive-luxury style housing within the City.

Responsible Department: Planning & Neighborhood Services
Funding Source: Department Budget
Time Frame: Ongoing

Goal D: Support Housing Diversity and Affordability

Support the development of a diverse range of housing types, including rental and ownership units, housing affordable to all economic segments of the community, and housing for individuals with special housing needs.

Policy D.1: **Seek out new funding sources to support the development and preservation of housing that is affordable to extremely low-, very low-, low-, and moderate-income households and housing for individuals with special housing needs.**

Program D.1.1: Advocate for policies and legislation at the State and Federal level that increase the funding available to support the development and preservation of housing that is affordable to extremely low-, very low-, low-, and moderate-income households.

Responsible Department: Planning & Neighborhood Services
Funding Source: N/A
Time Frame: Ongoing

Program D.1.2: The City will continue to monitor federal, State, and other public and private funding sources that support the development and preservation of housing that is affordable to extremely low-, very low-, low-, and moderate-income households and submit applications for funding as appropriate.

Responsible Department: Planning & Neighborhood Services
Funding Source: N/A
Time Frame: Ongoing

Policy D.2: **Facilitate the development of at least 565 new housing units affordable to moderate-income households, 570 units affordable to low-income households and 1,004 new housing units affordable to very low-income households.**

Program D.2.1: The City will continue to operate its Below-Market Rate Financing Program for new construction.

Responsible Department: Planning & Neighborhood Services
Funding Source: City Housing Authority, developer contributions
Time Frame: Ongoing

Program D.2.2: The City will continue to promote affordable units in residential projects. In conformance with Section XI-10-6.03 of the City's Zoning Ordinance, affordable housing requirements are negotiated on a project-by-project basis, aiming for a minimum percentage (20 percent) of units in all housing developments to be affordable to extremely low-, very low-, low-, and/or moderate-income households.

Responsible Department: Planning & Neighborhood Services
Funding Source: N/A
Time Frame: Ongoing

Program D.2.3: The City will continue to provide density bonuses in accordance to the City's Density Bonus Ordinance.

Responsible Department: Planning & Neighborhood Services
Funding Source: Department Budget, City Housing Authority
Time Frame: Ongoing

Program D.2.4: When possible, the City will continue to provide fee reductions, waivers, or financial assistance to cover the cost of fees for housing developments that provide units that are affordable to extremely low-, very low-, low-, or moderate-income households.

Responsible Department: Planning & Neighborhood Services
Funding Source: Department Budget, City Housing Authority
Time Frame: Ongoing

Program D.2.5: When possible, the City will allow for deviations from development standards or provide other incentives to developers that agree to provide community benefits such as housing that is affordable extremely low-, very low-, low-, and/or moderate-income households.

Responsible Department: Planning & Neighborhood Services
Funding Source: City Housing Authority
Time Frame: Ongoing

Policy D.3: **Promote homeownership opportunities for low- and moderate-income households.**

Program D.3.1: The City will continue to provide assistance to first-time homebuyers to purchase below market rate units.

Responsible Department: Planning & Neighborhood Services
Funding Source: City Housing Authority
Time Frame: Ongoing

Policy D.4: **Support the development of housing for individuals and households with special housing needs.**

Program D.4.1: The City will encourage affordable housing developers to include units for extremely low-income households in future developments and will provide its housing trust funds to help subsidize development costs to achieve affordability targeting to extremely low-households.

Responsible Department: Planning & Neighborhood Services
Funding Source: City Housing Authority, Housing Trust of Silicon Valley
Time Frame: Ongoing

Program D.4.2: The City will continue to facilitate the development of emergency and transitional housing through financial and/or other incentives.

Responsible Department: Planning & Neighborhood Services
Funding Source: CDBG
Time Frame: Ongoing

Program D.4.3: The City will modify its Zoning Ordinance to allow transitional and supportive housing in all mixed-use zoning districts that allow residential uses, subject to the same requirements as other residential uses in the same zones.

Responsible Department: Planning & Neighborhood Services
Funding Source: Department Budget
Time Frame: 2015

Program D.4.4: The City will continue to support emergency services and housing resources consistent with the City's ongoing commitment to and participation in the Santa Clara County Continuum of Care Plan.

Responsible Department: Planning & Neighborhood Services
Funding Source: CDBG
Time Frame: Ongoing

Program D.4.5: Milpitas will continue to provide funds (through CDBG and other programs) to local non-profits such as Rebuilding Together to assist residents with home retrofits.

Responsible Department: Planning & Neighborhood Services, Building
Funding Source: CDBG & Department Budgets
Time Frame: Ongoing

Program D.4.6: Milpitas will require units that are accessible to individuals with disabilities in new housing developments.

Responsible Department: Planning & Neighborhood Services, Building
Funding Source: CDBG & Department Budgets
Time Frame: Ongoing

Program D.4.7: Milpitas will continue to enforce Title 24 of the California Building Code and the Americans with Disabilities Act (ADA) when reviewing proposed development plans.

Responsible Department: Planning & Neighborhood Services, Building
Funding Source: CDBG & Department Budgets
Time Frame: Ongoing

Program D.4.8: The City will provide information on housing resources and suitable housing opportunities in Milpitas to individuals with disabilities.

Responsible Department: Planning & Neighborhood Services, Building
Funding Source: CDBG & Department Budgets
Time Frame: Ongoing

Program D.4.9: Working with the San Andreas Regional Center, Milpitas will implement an outreach program that informs residents on housing and services available for persons with developmental disabilities. The program could include the development of an informational brochure, updating the City's housing assistance resource web page to provide additional information on services, and providing housing-related training for individuals and families through workshops.

Responsible Department: Planning & Neighborhood Services
Funding Source: Department Budgets, City Housing Authority
Time Frame: 2015

Program D.4.10: During project review, City staff shall encourage the inclusion of studio and four-bedroom units in new projects as feasible and provide financial and regulatory incentives when possible.

Responsible Department: Planning & Neighborhood Services
Funding Source: N/A
Time Frame: Ongoing

Policy D.5: **Support alternative housing types such as live/work lofts and manufactured housing.**

Program D.5.1: Consistent with the Midtown Specific Plan, the City will favorably consider applications for live-work units in zoning districts where live-work units are a permitted or conditionally-permitted use.

Responsible Department: Planning & Neighborhood Services
Funding Source: N/A
Time Frame: Ongoing

Program D.5.2: The City will continue to permit manufactured housing in R1 zones subject to the same architectural requirements and development standards as other dwellings in the same zone.

Responsible Department: Planning & Neighborhood Services
Funding Source: N/A
Time Frame: Ongoing

Program D.5.3: The City will modify the zoning ordinance to allow manufactured housing in all zoning districts where residential development is allowed, subject to the same

architectural requirements and development standards as other dwellings in the same zone.

Responsible Department:	Planning & Neighborhood Services
Funding Source:	Department Budget
Time Frame:	2015

Policy D.6: **Support the inclusion of space for childcare facilities in new residential developments.**

Program D.6.1: The City will continue to encourage new residential developers to provide space for childcare facilities to promote the integration of this needed service in residential areas as they are developed.

Responsible Department:	Planning & Neighborhood Services, Child Care Coordinator
Funding Source:	Department Budget
Time Frame:	Ongoing

Goal E: Eliminate Housing Discrimination

Ensure equal housing opportunity and equal access to the City's housing resources for all households.

Policy E.1: **Work to eliminate all unlawful discrimination in housing with respect to age, race, gender, sexual orientation, marital or familial status, ethnic background, medical condition, or other arbitrary factors, so that all residents can obtain decent housing throughout the City.**

Program E.1.1: The City will work with appropriate local, State, and federal agencies to ensure that fair housing laws are enforced.

Responsible Department:	Planning & Neighborhood Services
Funding Source:	CDBG, Department Budget
Time Frame:	Ongoing

Program E.1.2: The City will continue to implement its ordinances and policies prohibiting discrimination in housing practices.

Responsible Department:	Planning & Neighborhood Services
Funding Source:	CDBG, Department Budget
Time Frame:	Ongoing

Program E.1.3: The City will carry out necessary actions to address any impediments to fair housing choice identified in the City's HUD-mandated Analysis of Impediments to Fair Housing (AI).

Responsible Department:	Planning & Neighborhood Services
Funding Source:	CDBG, Department Budget
Time Frame:	Through 2017 for impediments identified in the most recent (2012-2017) AI; 2017-2022 for impediments identified in the upcoming AI (to be completed prior to 2017).

Program E.1.4: The City will continue to distribute information on fair housing laws through flyers, brochures, public service announcements, and other means.

Responsible Department:	Planning & Neighborhood Services
Funding Source:	CDBG, Department Budget
Time Frame:	Ongoing

Program E.1.5: The City will continue to fund an appropriate agency, such as Project Sentinel, to advocate for Milpitas households that may have experienced unfair or illegal housing practices.

Responsible Department:	Planning & Neighborhood Services
Funding Source:	CDBG, Department Budget
Time Frame:	Ongoing

Goal F: Promote Energy Conservation

Promote energy efficiency in residential development in Milpitas, including reduction of energy use through better design and construction in individual homes and energy-efficient urban design.

Policy F.1: **Promote energy efficiency in new and existing residential development.**

Program F.1.1: The City will continue to partner with local utility providers to promote participation of Milpitas' low-income residents in available energy efficiency programs, such as PG&E's Energy Partners Program.

Responsible Department:	Planning & Neighborhood Services, Building
Funding Source:	Department Budgets
Time Frame:	Ongoing

Program F.1.2: The City will continue to promote use of passive solar devices and promote energy audits of existing homes.

Responsible Department: Planning & Neighborhood Services, Building
Funding Source: Department Budgets
Time Frame: Ongoing

Program F.1.3: Milpitas will continue to implement the City's Green Building Ordinance.

Responsible Department: Planning & Neighborhood Services, Building
Funding Source: Department Budgets
Time Frame: Ongoing

Program F.1.4: The City will continue to encourage the incorporation of energy- and water-saving principles in the design and planning of new residential developments, including features such as solar orientation and the use of recycled water.

Responsible Department: Planning & Neighborhood Services, Building
Funding Source: Department Budgets
Time Frame: Ongoing

Program F.1.5: The City will continue to encourage mixed-use and transit-oriented development at transit nodes.

Responsible Department: Planning & Neighborhood Services, Building
Funding Source: Department Budgets
Time Frame: Ongoing

Program F.1.6: In accordance with the Green Building Policy Resolution adopted in February 2008, the City will continue to require that planning applications for new buildings include a completed LEED checklist.

Responsible Department: Planning & Neighborhood Services, Building
Funding Source: Department Budgets
Time Frame: Ongoing

Quantified Objectives

The following table summarizes the quantified objectives for the construction, rehabilitation, and conservation of housing in the City of Milpitas for the 2015-2023 Housing Element period.

Table 6.1: Summary of Quantified Objectives, City of Milpitas, 2015-2023

	Construction (a)	Rehabilitation	Conservation/ Preservation (b)
Total Units	**3,290**	**60**	**149**
Extremely Low Income (c)	502	0	149
Very Low-Income	502	25	0
Low Income	570	35	0
Moderate Income	565	0	0
Above Moderate Income	1,151	0	0

(a) Construction goal reflects housing need defined by the RHNA numbers. As of 2014, a significant number of new units are already under construction, approved or are in the planning process.
(b) This figure does not include mobile home units rented to seniors on fixed incomes.
(c) The quantified objective for extremely low-income housing units is assumed to be one-half the total of the very low-income units required.
Sources: City of Milpitas, 2014; BAE, 2014.

The figures shown in Table 6.1 are based the following:

- New construction goals reflect the RHNA figures for Milpitas for the 2015-2023 planning period.
- Rehabilitation goals are based on the current funding provided by the City's CDBG Rehabilitation Program.
- The conservation goal is based on the need to preserve or replace the 149 affordable units at-risk to market conversion at Sunnyhills Apartments. In addition, there are 544 mobile home units in the City's three mobile home parks. The City administers a Mobile Home Rent Control Ordinance to maintain affordability for those units occupied by low-income seniors, which are estimated to comprise approximately 65 percent of mobile home residents in Milpitas.

APPENDIX A: MILPITAS HOUSING ELEMENT ACCOMPLISHMENTS, 2007-2014

Table B-1: Evaluation of Programs in the 2007-2014 Housing Element

2007-2014 Housing Element Program	2007-2014 Achievements	Appropriateness for 2015-2023 Housing Element
A. Identification of Adequate Sites **Goal A-1: Provide Adequate Sites for Housing Development in the City of Milpitas**		
Policy A-1: Facilitate land acquisition and assembly		
Facilitate land acquisition and site assembly	Milpitas facilitated the land acquisition and site assembly as needed throughout the planning period.	Ongoing Program 2014-2022
Policy A-2: Modify land use designation as necessary		
Study land use redesignation as needed	Due to the adoption of the Transit Area and Midtown Specific Plans, the City had sufficient sites to accommodate residential development throughout the planning period. As a result, no redesignations were necessary.	Ongoing Program 2014-2022
B. Housing and Neighborhood Conservation **Goal B-1: Maintain High Quality Residential Environments** **Goal B-2: Preserve Housing Resources**		
Policy B-1: Continue to enforce housing codes and regulations		
Operate Code Enforcement Program	Code Enforcement Staff continue to implement citywide Neighborhood Beautification Ordinance to address code violations.	On-Going Program 2014-2022
Operate Replacement/Relocation Program to assist any households displaced through code enforcement activities	Code enforcement activities did not displace any households during the planning period and therefore no replacement or relocation assistance was needed.	Continue to monitor any replacement/relocation of households and provide funding as needed.
Policy B-2: Provide assistance for rehabilitation to lower-income households		
Continue to operate the CDBG Rehabilitation Program	Milpitas provided $1.3 million through the CDBG Rehabilitation Program during the planning period, providing assistance to 21 low-income households.	On-Going Program 2014-2022
Operate a Lift Program where needed	Milpitas was unable to implement this program during the planning period due to limited property owner interest.	Program will not be continued during the 2014-2022 Housing Element period.
Continue to support Rebuilding Together to preserve affordable housing	Milpitas provided $355,000 to Rebuilding Together to assist in the preservation of affordable housing units during the planning period.	On-Going Program 2014-2022
Continue to support Project Sentinel	Continued to support Fair Housing Services	On-Going Program 2014-2022
Policy B-3: Replace infrastructure as needed		
Provide priority in Capital Improvement Program to rehabilitate/replace infrastructure in older neighborhoods	Milpitas Capital Improvement Program and Housing Authority has provided funding to address needs of older neighborhoods	On-Going Program 2014-2022
Policy B-4: Preserve or replace affordable housing that converts to market rate		
Continue to monitor at-risk Sunnyhills Apartments. If notice to convert is received, the City will: 1) Contact public and non-profit agencies to inform them of potential conversion; 2) Provide technical assistance and support to agencies; 3) Help at-risk tenants.	Milpitas has worked with the Housing Authority of Santa Clara County to renew the Section 8 Vouchers for tenants of Sunnyhills Apartments to maintain long-term affordability and prevent units from being at-risk. Milpitas continues to monitor the project.	On-Going monitoring 2014-2022

Table B-1: Evaluation of Programs in the 2007-2014 Housing Element

2007-2014 Housing Element Program	2007-2014 Achievements	Appropriateness for 2015-2023 Housing Element
Policy B-5: Preserve affordable housing provided by the market		
Continue to administer the Condominium Conversion Ordinance	No condominium conversions were proposed during the 2007-2014 Housing Element Update cycle.	On-Going monitoring 2014-2022
Continue to administer the Mobile Home Rent Control Ordinance	Milpitas continued to administer the ordinance throughout the planning period.	On-Going Program 2014-2022
C. New Housing Production **Goal C-1: Facilitate New Housing Production**		
Policy C-1: Continue to use planning tools to facilitate housing production		
Use Transit Area Specific Plan EIR to expedite environmental review for projects located in the area	The TASP EIR was used to expedite environmental review of all projects approved within the TASP area during the 2007-2014 Housing Element Update cycle.	On-Going 2014-2022
Continue to implement planning and design guidelines in the Midtown and Transit Area Specific Plans	The Mid-Town and TASP design guidelines were implemented during project review throughout the planning period.	On-Going 2014-2022
Policy C-2: Address Infrastructure constraints to housing production where feasible		
Continue to coordinate sanitary and storm sewer improvements with the Cities of San Jose and Santa Clara	Developers of projects in the TASP area provided upgrades to the sanitary and storm sewer systems to serve the new developments. No additional improvements were needed during the planning period.	On-Going 2014-2022
Continue to work with the Santa Clara Valley Water District to reduce flood plain issues on specific sites	Milpitas has worked with Santa Clara Valley Water District to identify any flood plain issues and has updated Master Flood Plain Map and documents to address potential flood issues in the future	On-Going 2014-2022
Explore alternatives to on-site retention of storm water	On an going basis, Milpitas will continue to explore alternatives to on-site retention of storm water on each housing site including the development of an area wide retention pond or allowances for porous pavement and other pervious surfaces which can absorb runoff. Storm water retention strategies have been explored. However, the residential development community does not require the need at this time. The City will continue to monitor any future needs.	On-Going 2014-2022
Pursue grants to reduce cost of off-site traffic improvements.	Milpitas pursued and received Federal, State and Regional grants and used part of the revenue generated by the TASP impact fee to address traffic improvements.	On-Going 2014-2022
Continue to monitor additional infrastructure improvements needed for access to the Pacific Union site	Milpitas did not approve any developments that necessitated infrastructure improvements to the Pacific Union site during the 2007-2014 Housing Element Update period.	On-Going 2014-2022
Policy C-3: Facilitate the development of executive-luxury style housing to support economic development strategy		
Continue to work with builders developing high-rise buildings and with custom homebuilders to assist in the creation of executive-luxury style housing within the City	Milpitas approved several developments in the TASP and Midtown Specific Plan Areas that include executive-luxury style units between 2007 and 2014.	

Table B-1: Evaluation of Programs in the 2007-2014 Housing Element

2007-2014 Housing Element Program	2007-2014 Achievements	Appropriateness for 2015-2023 Housing Element
D. Housing Diversity and Affordability **Goal D-1: Promote Housing Affordability for Renters and Homeowners** **Goal D-2: Support Housing to Meet Special Needs** **Goal D-3: Support Housing Diversity and Creativity in Residential Development**		
Policy D-1: Facilitate the development of at least 441 new housing units affordable to moderate-income households, 421 units affordable to low income households and 689 new housing units affordable to very low income households		
Continue to operate the Below-Market Rate Financing Program for new construction	Milpitas provided grants and loans totaling $21,649,997 to support the development of 99 units affordable to moderate-income households and 62 units affordable to very low income households between 2007 and 2014.	On-Going seeking other funds sources, 2014-2022
Policy D-2: Continue to target the provision of 20 percent affordable units within new multifamily projects		
Continue to promote affordable units in new residential projects	Milpitas approved 13 projects with a total of 791 units affordable to lower-income households (351 very low-income, 194 low-income, and 174 moderate-income units) between 2007 and 2014.	On-Going seeking other funds sources, 2014-2022
Policy D-3: Provide incentives for affordable units		
Continue to provide density bonuses to new residential development	Two projects in Milpitas received density bonuses between 2007 and 2014: Shea Properties, which includes 8 units affordable to very low-income households, and S. Main St Senior Housing, with includes 48 units affordable to 48-income households.	On-Going 2014-2022
Continue to assist developers in paying development fees for low-income and special needs units included in new residential projects	Milpitas provided $5.3 million in development fee reductions and waivers to assist in the development of 308 units affordable to very low-, low-, or moderate-income households between 2007 and 2014.	On-Going seeking other funds sources 2014-2022
Policy D-4: Promote homeownership for lower- and moderate-income households		
Continue to provide assistance to first-time homebuyers	Between 2007 and 2014, Milpitas assisted 227 first-time homebuyer households in the purchase of homes through the City's first-time homebuyer program.	On-Going seeking other funds sources 2014-2022
Policy D-5: Expand housing opportunities for extremely low-income households		
Encourage affordable housing developers to include units for extremely low-income households in future developments. Provide additional financial support for these units.	Milpitas has provided previous Redevelopment 20% Low-Income Housing Set-Aside funds and Community Development Block Grant (CDBG) funds for purchase two (2) single-family homes (& rehabilitation) for 10 extremely low-income Milpitas Seniors. A total of 5 ELI Seniors live in each home. Approximately $1.4 million was used to purchase these units. The City also has provided CDBG funding ($40,000) to Emergency Housing Consortium to provide shelter and services to 78 Milpitas residents to prevent homelessness.	On-Going seeking other funding sources 2014-2022
Policy D-6: Support housing for the homeless		
Continue to facilitate development of emergency and transitional housing through financial and other incentives	Milpitas adopted Zoning Ordinance Amendments (Fall 2013) to facilitate the development of emergency and transitional housing.	On-Going seeking other funding sources 2014-2022

Table B-1: Evaluation of Programs in the 2007-2014 Housing Element

2007-2014 Housing Element Program	2007-2014 Achievements	Appropriateness for 2015-2023 Housing Element
Continue to support emergency services and housing resources through ongoing commitment to and participation in the Santa Clara County Continuum of Care Plan	Milpitas provides a financial contribution every two years to support the Countywide homeless census and survey, which is used by the County to apply for Emergency Shelter Grant funds. Milpitas also ensures that the City's five-year Consolidated Plan remains consistent with County Continuum of Care plan.	On Going 2014-2022
Policy D-7: Promote housing for persons with disabilities		
Provide funds to local non-profits to assist residents with home retrofits	Milpitas provided $185,000 in CDBG funding to provide 63 households with funding to assist residents with home retrofits.	On-Going 2014-2022
Include accessible units within new residential developments	All residential developments constructed in Milpitas between 2007 and 2014 included accessible units in accordance with the City's Building Code.	On-Going 2014-2022
Enforce Title 24 of the Building Code and the ADA when reviewing proposed development plans	The Milpitas Building Department continues to enforce Title 24 of the Building Code and the ADA through the plan approval process. Developers are able to access information about accessibility requirements on the City website and at City Hall.	On-Going 2014-2022
Provide information on housing resources to disabled residents	The City provides information on housing resources for residents with disabilities at City Hall and on the City's website. Milpitas also provides information on housing resources for residents with disabilities in pamphlets distributed to service providers.	On-Going 2014-2022
Modify Zoning Ordinance to include a statement specifying reasonable accommodation for persons with disabilities	Milpitas adopted Zoning Ordinance Amendments (Fall 2013) to address reasonable accommodations.	Not needed. Program was completed with adoption of ordinance.
Policy D-8: Continue to encourage developers to provide new units meeting the needs of both very small and large households		
Encourage developers to include studio and four-bedroom units in new projects as feasible through incentives	Projects approved or built in Milpitas between 2007 and 2014 included 16 studio units and 24 four-bedroom units.	On-Going 2014-2022
Policy D-9: Provide outreach to encourage community acceptance of affordable housing		
Consider establishing a public education campaign that provides positive examples of affordable housing	By encouraging the inclusion of affordable units in high-quality developments in the City, Milpitas has facilitated in providing positive examples of affordable housing in the community. However, public education campaign was not established.	Remove
Policy D-10: Support housing alternatives, such as live/work lofts and manufactured housing		
The City will favorably review applications for live work lofts in R4 and R5 districts	16 live/work units were approved in Milpitas between 2007 and 2014. The City continues to review applications for live work units favorably.	On-Going 2014-2022
The City will modify the Zoning Ordinance to permit manufactured housing in R1 zones	Milpitas Zoning Ordinance was amended to permit manufactured housing in R-1 zones	Program was completed through amendment to the Zoning Ordinance. Milpitas will continue to allow for manufactured housing through continued implementation of the Zoning Ordinance.
Policy D-11: Support the inclusion of space for child care facilities in new residential communities		
The City will explore the feasibility of encouraging developers of large residential projects to include space on-site for child care facilities	Two residential projects with on-site child care facilities were constructed in Milpitas between 2007 and 2014 (Terra Serena and Aspen Family Apts).	On-Going 2014-2022

Table B-1: Evaluation of Programs in the 2007-2014 Housing Element

2007-2014 Housing Element Program	2007-2014 Achievements	Appropriateness for 2015-2023 Housing Element
E. Fair Housing **Goal E-1: Eliminate Housing Discrimination**		
Policy E-1: Work to eliminate all forms of unlawful discrimination so that residents can obtain decent housing through the City		
Ensure that fair housing laws are enforced	Milpitas continues to work with Project Sentinel to enforce fair housing laws.	On-Going 2014-2022
Continue to implement City ordinances and policies that prohibit discrimination in housing	Milpitas continues to review and implement ordinances and policies to address housing discrimination	On-Going 2014-2022
In the event that the Analysis of Impediments identifies ay impediments, the City will take appropriate actions to address them	Milpitas has monitored and addressed all impediments identified in the most recent AI Report.	On-Going review 2014-2022
Continue to distribute information on fair housing laws	The City distributes information on fair housing laws through the City website, cable television, and at City Hall.	On-Going 2014-2022
Continue to fund Project Sentinel to assist Milpitas households that experience discrimination in the housing market	Milpitas provided $165,000 to Project Sentinel between 2007 and 2014 to assist households that experience discrimination in the housing market.	On-Going 2014-2022
F. Energy Conservation **Promote Energy Conservation in Residential Development**		
Policy F-1: Continue to work to achieve energy efficiency in residential developments		
Promote PG&E's Energy Partners Program	Milpitas continues to promote PG&E's Energy Partners Program through information provided on cable television and the City's website.	On-Going 2014-2022
Promote use of passive solar devices and energy audits of existing homes	Milpitas adopted a green building ordinance in 2008 that promotes green building practices in new construction and renovations in accordance with the ordinance.	On-Going 2014-2022
Adopt a Green Building Ordinance	Milpitas adopted a Green Building Ordinance in 2008 and updated the ordinance in Jan. 2014.	Program was completed through adoption of the Ordinance.
Encourage the adoption of energy-saving design in new residential developments, including solar orientation	Milpitas has adopted policies to encourage energy-saving design	On-Going review 2014-2022
Encourage mixed-use and development at transit nodes	Milpitas adopted the Midtown Specific Plan in 2002 and the TASP in 2008, both of which encourage mixed use development at transit nodes and have facilitated the development of a number of projects between 2007 and 2014.	On-Going through continued implementation of the TASP and Midtown Specific Plan.
Require the inclusion of a completed LEED checklist in planning applications for new buildings	Milpitas adopted a LEED checklist for planning applications during the planning period.	Program completed. Use of the LEED checklist will continue in the 2014-2022 Housing Element cycle.
G. Remove Government Constraints **Goal G-1: Continue to Promote Land Use Policies and Development Standards to Facilitate Housing Production** **Goal G-2: Remove Government Constraints on the Production of Special Needs Housing**		
Policy G-1: Continue to enforce policies and standards that facilitate affordable housing production		
Continue to enforce development standards that encourage multifamily housing. These include minimum residential densities, higher densities near transit, and mixed-use zoning.	Milpitas adopted the Midtown Specific Plan in 2002 and the TASP in 2008, both of which encourage multifamily housing through minimum residential densities, higher densities near transit, and mixed-use zoning.	Ongoing through continued implementation of the TASP and Midtown Specific Plan.

Table B-1: Evaluation of Programs in the 2007-2014 Housing Element

2007-2014 Housing Element Program	2007-2014 Achievements	Appropriateness for 2015-2023 Housing Element
Policy G-2: Modify Zoning Ordinance to ensure there are opportunities for special needs housing in multifamily developments.		
Modify Zoning Ordinance to allow homeless shelters as a use “by right” in the Highway Services Zone. Adopt development standards that subject shelters to the same standards that apply to other allowed uses within this Zone.	The City adopted an ordinance in November 2013 to allow emergency shelters by right in the Highway Services zone.	Zoning Ordinance amendment was completed during the 2007-2014 Housing Element cycle. Emergency shelters will continue to be allowed through implementation of the City's Zoning Ordinance.
Modify Zoning Ordinance to allow transitional housing as a use “by right” in residential zones. Adopt development standards that subject transitional housing to the same restrictions that apply to other residential uses of the same type in this zone.	The City adopted an ordinance in November 2013 to allow transitional housing by right in residential zones, subject to the same restrictions that apply to other residential uses of the same type in each zone.	Zoning Ordinance amendment was completed during the 2007-2014 Housing Element cycle. Transitional housing will continue to be allowed through implementation of the City's Zoning Ordinance.
Modify Zoning Ordinance to allow permanent supportive housing as a use “by right” in residential zones. Adopt development standards that subject permanent supportive housing to the same restrictions that apply to other residential uses of the same type in this zone.	The City adopted an ordinance in November 2013 to allow permanent supportive housing by right in residential zones, subject to the same restrictions that apply to other residential uses of the same type in each zone.	Zoning Ordinance amendment was completed during the 2007-2014 Housing Element cycle to allow transitional and supportive housing in all residential zones. The 2015-2023 Housing Element includes a program to amend the Zoning Ordinance to allow transitional and supportive housing in all mixed-use zoning districts that allow residential uses.
Modify Zoning Ordinance to identify zones for farmworker housing as a use “by right.”	Farmworker housing is allowed by right on agricultural land.	Farmworker housing is allowed by right on land zoned for agricultural use.
Modify Zoning Ordinance to identify zones for SRO units as a use “by right.”	The Zoning Ordinance was modified to allow SRO units in all multifamily zoning districts, subject to approval of a conditional use permit.	Zoning Ordinance amendment was completed during the 2007-2014 Housing Element cycle. SRO units will continue to be allowed through implementation of the City's Zoning Ordinance.

Source: City of Milpitas, 2014; BAE, 2014.

APPENDIX B: DETAILED SITE INVENTORY

Table B-1: Pending Residential Projects, Milpitas, August 2014

Site ID	APN	Plan Area	Address	Zoning	Overlay	Acres	Planned Units	Income Mix				Comments
								Very Low	Low	Mod.	Above Mod.	
P-1	8612021	Midtown	S Abel St & Great Mall Pwy	R4	TOD	**5.24**	366	0	0	0	366	Apex
P-2	8670001	N/A	Sinclair Frontage Rd & Los Coches St	R1-3		**7.27**	80	0	0	0	80	Belcourt
	through											
	8670082											
P-3	8632037	TASP	Piper Drive & Montague Expy	R3	TOD	**15.52**	732	0	0	0	732	Citation
P-4	8632029	TASP	Montague Expy & Piper Dr	MXD3	TOD	**4.94**	381	0	0	0	381	Citation II
P-5	8601041	N/A	Murphy Ranch Road	R4		**7.59**	285	0	7	0	278	Coyote Creek
P-6	(a)	TASP	McCandless Dr & Montague Expy	R3		**12.34**	276	0	0	0	276	Harmony
P-7	8633086	TASP	Centre Pointe Dr	MXD2	TOD	3.13	342	0	0	0	342	Integral Centre Pointe
	8633087	TASP		MXD2	TOD	2.66						
	8633088	TASP		R3	TOD	4.19						
	8633089	TASP		MXD3	TOD	2.93						
						12.91						
P-8	8633092	TASP	McCandless Dr & Great Mall Pwy	MXD2	TOD	4.96	954	0	0	0	954	Integral Properties
	8633101	TASP		MXD2	TOD	5.77						
	8633093	TASP		MXD2	TOD	2.57						
						13.30						
P-9	8601034	N/A	Baber Ln (Old Chev.Site)	MXD3	HR	3.00	375	0	0	0	375	Landmark Tower
P-10	8639001	N/A	S. Milpitas Bl. & Los Coches St	TC		1.48	32	0	0	0	32	Live Work
	8639002	N/A		TC		1.17						
						2.65						
P-11	8637021	TASP	Montague Expy & Capitol Ave	R5	TOD	3.48	451	0	0	0	451	Lyon Montague
	8637004	TASP		MXD3	TOD	0.90						
	8637020	TASP		MXD3	TOD	3.69						
						8.07						
P-12	8632040	TASP	Piper Dr & Montague Expy	R3	TOD	0.56	303	0	0	0	303	Milpitas Station
	8632038	TASP		R3	TOD	2.34						
	8632033	TASP		R3	TOD	2.86						
	8632041	TASP		R4	TOD	4.96						
	8632039	TASP		R3	TOD	1.97						
						12.69						
P-13	8628041	N/A	S Main St & Los Coches St	TC		7.62	80	0	0	0	80	Orchid Residential
	8639003			TC		3.92						
						11.54						
P-14	8616100	Midtown	S Main St and S. Abel St	R4	TOD	2.68	200	8	0	0	192	Shea Properties

Table B-1: Pending Residential Projects, Milpitas, August 2014

Site ID	APN	Plan Area	Address	Zoning	Overlay	Acres	Planned Units	Income Mix				Comments
								Very Low	Low	Mod.	Above Mod.	
P-15	8622027	Midtown	1600 S Main St	R4	TOD	1.17	389	48	0	0	341	South Main Sr Lifestyles
	8622042	Midtown		R4	TOD	0.98						
	8622041	Midtown		R4	TOD	0.83						
	8622034	Midtown		R4	TOD	0.52						
	8622033	Midtown		R4	TOD	0.39						
	8622028	Midtown		R4	TOD	2.05						
						5.94						
P-16	8633095	TASP	McCandless Dr	R3	TOD	2.24	200	0	0	0	200	Taylor Morrison
	8633098	TASP		R3	TOD	2.72						
	8633099	TASP		R3	TOD	2.77						
	8633094	TASP		R3	TOD	1.94						
						9.67						
P-17	8636043	TASP	Montague Expy & Trade Zone Blvd	R3		9.31	134	0	0	0	134	Trumark
P-18	8636005	TASP	Montague Expy & Trade Zone Blvd	R3	TOD	2.95	206	0	0	0	206	Traverse
	8636003	TASP		R3	TOD	2.02						
	8636006	TASP		R3	TOD	4.48						
	8636004	TASP		R3	TOD	2.93						
						12.37						
P-19	2237012	N/A	California Cir & Dixon Landing Rd	R1-2.5		5.27	84	0	0	0	84	Waterstone
	2237011	N/A		R1-2.5		5.42						
						10.69						
TOTAL							**6,146**	**56**	**7**	**0**	**6,083**	

Note:

(a) Prior to approval, the Harmony site consisted of APNs 8641019, 8641020, 8641021, and 8641022. The site has subsequently been subdivided into over 100 parcels.

Source: City of Milpitas, 2014; BAE, 2014.

Table B-2: High-Density Residential Opportunity Sites, Milpitas

Site ID	APN	Plan Area	Address	Existing Use	Zoning	Overlay	Acres	Minimum Density (du/acre)	Maximum Density (du/acre)	Midpoint Density (du/acre)	Yield at Midpoint Density (du)	Estimated Density (du/acre) (a)	Estimated Yield (du)	Comments
MFR-1	8622029	Midtown	1474 S Main St	Commercial	R4	TOD	0.85	41	60	50.5	383	41	311	Nine of these parcels contain commercial uses, including several auto-related uses, an old restaurant and commercial services, and a sixth is vacant. Commercial structures on some of the sites appear to vacant and/or in disrepair. They are adjacent to the new Great Mall Light Rail station and new residential developments and have strong potential for reuse. Six of these parcels comprised Site # 7 in the 2007-2014 Housing Element.
	8622030	Midtown	1452 S Main St	Commercial	R4	TOD	0.87	41	60	50.5		41		
	8622031	Midtown	1440 S Main St	Commercial	R4	TOD	0.99	41	60	50.5		41		
	8623004	TASP	1362 S Main St	Commercial	R4	TOD	0.22	41	60	50.5		41		
	8623006	TASP	1312 S Main St	Commercial	R4	TOD	0.37	41	60	50.5		41		
	8623011	TASP	1380 S Main St	Commercial	R4	TOD	1.10	41	60	50.5		41		
	8623013	TASP	1300 S Main St	Commercial	R4	TOD	0.94	41	60	50.5		41		
	8623014	Midtown	1430 S Main St	Commercial	R4	TOD	1.00	41	60	50.5		41		
	8623015	Midtown	1400 S Main St	Commercial	R4	TOD	1.04	41	60	50.5		41		
	8623016	TASP	1338 S Main St	Vacant	R4	TOD	0.21	41	60	50.5		41		
							7.59							
MFR-2	8622024	Midtown	1640 S Main St	Commercial	R4		**1.43**	31	40	35.5	51	31	44	Multi-tenant commercial space occupied primarily by auto-oriented uses. Adjacent to planned and completed new residential developments.
MFR-3	8634009	Midtown	1680 S Main St	Commercial	R4		**2.21**	31	40	35.5	78	31	68	Self-storage facility adjacent to new residential development.
MFR-4	8632042	TASP	1300 Piper Dr	Commercial	R4	TOD	3.21	41	60	50.5	300	41	244	Single-story, low-density office and light industrial space. Close to light rail station and planned BART station.
	8632043	TASP	1250 Piper Dr	Commercial	R4	TOD	2.73	41	60	50.5		41		
							5.95							
MFR-5	9208002	TASP	1523 Gladding Ct	Vacant	R5	TOD	4.25	41	94 (b)	67.4	499	41	304	Manufacturing and distribution operations and vacant land.
	9208003	TASP	1535 Gladding Ct	Commercial	R5	TOD	3.16	41	94 (b)	67.4		41		
							7.41							
MFR-6	8637015	TASP	W Capitol Ave	Vacant	R5	TOD	0.33	41	94 (b)	67.4	632	41	385	Sites have two warehouse structures surrounded by a large amount of vacant land. In close proximity to the light rail station and planned BART station. Parcels 8637015 and 8637027 comprised Site #11 in the 2007-2014 Housing Element.
	8637026	TASP	730 E Capitol Ave	Commercial	R5	TOD	3.96	41	94 (b)	67.4		41		
	8637027	TASP	750 E Capitol Ave	Commercial	R5	TOD	5.10	41	94 (b)	67.4		41		
							9.39							

Table B-2: High-Density Residential Opportunity Sites, Milpitas

Site ID	APN	Plan Area	Address	Existing Use	Zoning	Overlay	Acres	Minimum Density (du/acre)	Maximum Density (du/acre)	Midpoint Density (du/acre)	Yield at Midpoint Density (du)	Estimated Density (du/acre) (a)	Estimated Yield (du)	Comments
MFR-7	8636011	TASP	Sango Ct	Commercial	R4	TOD	0.44	41	60	50.5	376	41	305	Low-density warehouse and light
	8636012	TASP	1700 Sango Ct	Commercial	R4	TOD	1.31	41	60	50.5		41		industrial properties with
	8636013	TASP	355 Sango Ct	Commercial	R4	TOD	1.27	41	60	50.5		41		manufacturing, auto service, and
	8636030	TASP	1841 Tarob Ct	Commercial	R3	TOD	2.52	41	60	50.5		41		car rental uses. Could be
	8636037	TASP	328 Sango Ct	Commercial	R4	TOD	0.72	41	60	50.5		41		combined with Site MXD-9 to create
	8636041	TASP	1905 Tarob Ct	Commercial	R4	TOD	1.17	41	60	50.5		41		a larger site.
							7.44							
MFR-8	8636033	TASP	1951 Tarob Ct	Commercial	R3	TOD	2.55	21	40	30.5	99	21	68	Site consists of one parcel with low-
	8636046	TASP	635 Trade Zone Blvd	Commercial	R3	TOD	0.70	21	40	30.5		21		density manufacturing use and one
							3.25							with auto services.
TOTAL							**44.65**				**2,419**		**1,729**	

Notes:

(a) This analysis estimates that the density on each site will be equal to the minimum density required in order to provide a conservative approach to estimating total yield on each site. However, the actual density of projects built on these sites is likely to be higher than the minimum required density, as demonstrated by recent projects in Milpitas.

(b) Maximum density is 75 units/acre by right, or up to 25 percent additional density with a use permit.

Sources: City of Milpitas, 2014; BAE, 2014.

Table B-3: Mixed-Use Opportunity Sites, Milpitas

Site ID	APN	Plan Area	Address	Existing Use	Zoning	Overlay	Acres	Effective Acreage (a)	Minimum Density (du/acre)	Maximum Density (du/acre)	Midpoint Density (du/acre)	Yield at Midpoint Density (du)	Estimated Density (du/acre) (a)	Est. Yield (du)	Comments
MXD-1	8627019	Midtown	174 S Main St	Commercial	MXD		0.23	**1.90**	21	30	25.5	48	21	40	This site is located at the heart of Old Town Milpitas and includes several adjacent parcels under separate ownership. This was Site #2 in the 2007-2014 Housing Element.
	8627037	Midtown	154 S Main St	Commercial	MXD		0.96		21	30	25.5		21		
	8627039	Midtown	166 S Main St	Commercial	MXD		0.19		21	30	25.5		21		
	8627041	Midtown	S Main St	Commercial	MXD		0.15		21	30	25.5		21		
	8627040	Midtown	196 S Main St	Commercial	MXD		0.56		21	30	25.5		21		
							2.09								
MXD-2	8608023	Midtown	209 S Main St	Commercial	MXD		0.33	**1.74**	21	30	25.5	44	21	37	This site is located at the heart of Old Town Milpitas and includes several adjacent parcels under separate ownership. Affordable housing would be most likely if the parcels are assembled to form a larger development site. This was Site #3 in the 2007-2014 Housing Element.
	8608024	Midtown	227 S Main St	Commercial	MXD		0.46		21	30	25.5		21		
	8608048	Midtown	187 S Main St	Commercial	MXD		0.06		21	30	25.5		21		
	8608030	Midtown	195 S Main St	Commercial	MXD		0.64		21	30	25.5		21		
	8608045	Midtown	Serra Way	Vacant	MXD		0.42		21	30	25.5		21		
							1.91								
MXD-3	8608012	Midtown	Main St	Vacant	MXD		**1.32**	**1.20**	21	30	25.5	31	21	25	This is a flat, unconstrained lot with excellent transportation access and frontage along both Abel Street and South Main Street. This was Site #4 in the 2007-2014 Housing Element.
MXD-4	8625011	Midtown	526 S Main St	Vacant	MXD		**0.68**	**0.62**	21	30	25.5	16	21	13	Vacant, unconstrained site separated from MXD-5 by a 0.37-acre park. This constituted a portion of Site #5 in the 2007-2014 Housing Element.
MXD-5	8625013	Midtown	542 S Main St	Commercial	MXD		0.34	**2.55**	21	30	25.5	65	21	54	Uses on these sites consist of a car wash and a business that offers boat repair, parts, and accessories. The site is separate from Site #4 by a 0.37-acre park. This site constituted a portion of Site #4 from the 2007-2014 Housing Element.
	8625012	Midtown	554 S Main St	Commercial	MXD		0.46		21	30			21		
							2.81								
MXD-6	8625020	Midtown	850 Main St	Vacant	MXD		0.41	**0.99**	21	30	25.5	25	21	21	This site consists of a contractor's storage yard with an adjoining vacant lot under separate ownership. It is adjacent to new multifamily housing. This was Site #6 in the 2007-2014 Housing Element.
	8625021	Midtown	808 Main St	Commercial	MXD		0.68		21	30			21		
							1.08								

Table B-3: Mixed-Use Opportunity Sites, Milpitas

Site ID	APN	Plan Area	Address	Existing Use	Zoning	Overlay	Acres	Effective Acreage (a)	Minimum Density (du/acre)	Maximum Density (du/acre)	Midpoint Density (du/acre)	Yield at Midpoint Density (du)	Estimated Density (du/acre) (a)	Est. Yield (du)	Comments
MXD-7	8633102	TASP	1646 Centre Point Dr	Commercial	MXD3	TOD	**9.47**	**8.61**	41	94 (c)	67.4	580	41	353	Single-story commercial property with a mix of retail, office, commercial service, and other uses. Adjacent to planned residential projects, some of which are under construction, and in close proximity to the light rail station and the planned BART station.
MXD-8	8637019	TASP	400 E Montague Expy	Commercial	MXD3	TOD	**2.53**	**2.31**	41	94 (c)	67.4	155	41	95	Site occupied by an industrial use and is adjacent to the Light Rail Station and planned BART station. This site was a portion of Site #10 in the 2007-2014 Housing Element.
MXD-9	8636044 8636036	TASP TASP	368 Montague Expy 308 Sango Ct	Commercial Commercial	MXD3 MXD3		1.02 1.11 **2.14**	**1.94**	41 41	60 60	50.5	98	41 41	80	Sites are occupied by low-density office and warehouse structures occupied by a commercial services company and a religious organization. Site could be combined with Site MFR-7 to create a larger project. Site is adjacent to residential projects that are currently under construction and in close proximity to the light rail and planned BART stations.
MXD-10	8641034 8641033 8641032	TASP TASP TASP	231 Houret Dr 247 Houret Dr 271 Houret Dr	Commercial Commercial Commercial	MXD3 MXD3 MXD3		1.71 1.45 1.39 **4.55**	**4.14**	41 41 41	60 60 60	50.5	209	41 41 41	170	Partially-occupied warehouse and manufacturing buildings. There is some potential for sites MXD-10, MXD-11, and MXD-12 to be combined to create a larger site.
MXD-11	8641009	TASP	1757 Houret Ct	Commercial	MXD3		**1.03**	**0.94**	41	60	50.5	47	41	38	Partially-occupied warehouse and manufacturing buildings. There is some potential for sites MXD-10, MXD-11, and MXD-12 to be combined to create a larger site.

Table B-3: Mixed-Use Opportunity Sites, Milpitas

Site ID	APN	Plan Area	Address	Existing Use	Zoning	Overlay	Acres	Effective Acreage (a)	Minimum Density (du/acre)	Maximum Density (du/acre)	Midpoint Density (du/acre)	Yield at Midpoint Density (du)	Estimated Density (du/acre) (a)	Est. Yield (du)	Comments
MXD-12	8641010	TASP	1752 Houret Ct	Commercial	MXD3		1.05	**2.09**	41	60	50.5	106	41	86	Partially-occupied warehouse and manufacturing buildings with a mix of auto services and other uses. There is some potential for sites MXD-10, MXD-11, and MXD-12 to be combined to create a larger site.
	8641011	TASP	1810 Houret Ct		MXD3		1.25		41	60			41		
							2.30								
TOTAL							**31.91**	**29.04**				**1,426**		**1,011**	

Notes:

(a) Effective acreage for mixed-use sites reduces the acreage of each site by nine percent to account for the potential development of non-residential uses.

(b) This analysis estimates that the density on each site will be equal to the minimum density required in order to provide a conservative approach to estimating total yield on each site. However, the actual density of projects built on these sites is likely to be higher than the minimum required density, as demonstrated by recent projects in Milpitas.

(c) Maximum density is 75 units/acre by right, or up to 25 percent additional density with a use permit.

Table B-4: Low-Density Residential Opportunity Sites, Milpitas

Site ID	APN	Plan Area	Address	Existing Use	Zoning	Overlay	Acres	Min. Density (units/acre)	Max. Density (units/acre)	Est. Density (units/acre) (a)	Estimated Yield (units)	Comments
SFR-01	2904040	N/A	1005 N Park Victoria Dr	Vacant	R1-6	N/A	**4.90**	N/A	7	7	**34**	This is the largest vacant single-family housing site in Milpitas. It is in a desirable location, adjacent to existing single-family neighborhoods. This would be a site for marekt-rate housing, given current zoning.

APPENDIX C: OTHER REQUIREMENTS

Consistency with the General Plan

A comprehensive update of the City's General Plan was conducted in 1994 and several amendments have occurred subsequently. Changes were made to the General Plan to incorporate the Midtown and Transit Area Specific Plans, which encompass most of the City's housing opportunity sites, including revisions to the General Plan land use map and text for consistency among these planning documents. The 2015-2023 Housing Element is consistent with the General Plan.

In 2014, the Milpitas City Council allocated funding to initiate a comprehensive update to the City's General Plan. In the event that the forthcoming update to General Plan or future changes to the Zoning Ordinance or other regulations governing the City of Milpitas result in any inconsistencies between the Housing Element policies and the General Plan, the City will determine the most appropriate means to achieve overall General Plan consistency.

Notification to Water and Sewer Providers

Upon adoption and certification of this Housing Element, the City of Milpitas will provide a copy of the Housing Element to the San Francisco Public Utilities Commission, the Santa Clara Valley Water District, and the Milpitas Department of Engineering in the City of Milpitas, pursuant to Government Code Section 65589.7. The purpose of this notification is to ensure that these providers of water and sewer services place a priority for proposed housing developments for lower-income households in their current and future resource or service allocations.

Review of Conservation and Safety Elements Pursuant to AB 162

Assembly Bill 162 requires that the City of Milpitas review and, if necessary, identify new information for its Conservation Element at the time the Housing Element is revised. The purpose of this review is to identify rivers, creeks, streams, flood corridors, riparian habitat, and land that may accommodate floodwater for purposes of groundwater recharge and stormwater management. In addition, Milpitas is undertaking an update to the City's Safety Element concurrent with the Housing Element Update to identify information regarding flood hazards in the City.

APPENDIX D: SUMMARY OF WRITTEN COMMENTS RECIEVED

Table D-1: Summary of Written Comments Received

#	Comment	Response
1	City should do more to encourage public participation.	City engaged in an extensive public participation process, including three community meetings, two Planning Commission meetings, and one City Council meeting. Notice of all meetings was distributed to over 80 organizations, agencies, and special interest groups as well as the general public. All six public meetings were advertised in the Milpitas Post, the City's website, and City Cable television. Copies of documents were available for public review and comment on the City's website, at Milpitas City Hall, and at the Milpitas Public Library. Copies were also forwarded to interested parties as requested. The public participation process is discussed in more detail in the public participation section of the Housing Element document.
2	City should provide a better analysis of the progress and outcomes from the prior Housing Element & analyze the reasons for the not meeting housing unit production goals during the previous planning period.	Due to the considerable difficulties associated with developing affordable housing, most cities are unable to meet RHNA production goals. Milpitas' zoning standards and other programs and policies led to production of a large number of market-rate and affordable units during the previous planning period relative to other jurisdictions. The progress and outcomes from the prior Housing Element are analyzed in Chapter 2 and Appendix A.
3	City should include policies to connect households with special housing needs to resources that meet these needs (e.g. large units, housing adjacent to services).	Programs C.1.1, C.1.2, and D.6.1 facilitate the production of housing in mixed-use areas and adjacent to transit and other amenities. Programs D.4.1, D.4.2, D.4.3, D.4.6, D.4.7, D.4.10, and D.6.1 facilitate the production of housing that serves households with special housing needs. Programs D.4.8 and D.4.9 ensure the City will provide information about housing resources to individuals with disabilities.
4	Housing Element should include a deeper analysis of economic displacement and include policies that will prevent displacement of low-income residents.	Because the City's most feasible residential and non-residential development sites do not have existing residential uses, and there is little risk of conversion of existing affordable units to market rate, direct displacement of existing residents is not a likely result of new development in Milpitas. However, the increase in housing costs in Milpitas and throughout the region and associated decrease in affordability are documented in the Housing Element on pages 20-30. Programs listed under Goal B aim to mitigate displacement and programs listed under Goals C and D aim to facilitate production of new affordable units, which could serve any households that are displaced due to increases in housing costs.
5	Housing Element should further analyze community resistance as a constraint to the development of affordable housing.	City staff has not found community resistance to affordable housing to be a constraint in Milpitas.
6	The Housing Element should analyze the City's decision to not set aside boomerang funds as a constraint to the development of affordable housing and include a program to commit a portion of the yearly tax increment funds received towards affordable housing.	While the high costs of development are identified as a constraint, the City is not expected to identify the use of specific funding streams for uses other than affordable housing as a constraint. Boomerang funds and any funds that will revert to the City rather than the RDA have been committed to other City functions.
7	Inventory of at-risk units should include the type of subsidy attached to each property and ensure that properties shown to have no expiration date for affordability do not have restrictions that will expire.	Inventory has been edited to clarify that affordable units with no expiration date are affordable in perpetuity.
8	Add a program to conduct a nexus study for a housing impact fee.	City Council considered and declined to include a program in the Housing Element that will consider adoption of a Housing Impact Fee during September 16, 2014 meeting.

Table D-1: Summary of Written Comments Received

#	Comment	Response
9	Add a program to conduct a nexus study for a commercial linkage fee.	City Council considered and declined to include a program in the Housing Element that will consider adoption of a Commercial Linkage Fee during September 16, 2014 meeting.
10	Adopt source of income protections for Section 8 voucher holders.	Because the requirements of the Section 8 program can present operational challenges that would be overly burdensome to some property owners, this is not a program that the City wishes consider at this time.
11	Enact a rent stabilization ordinance.	Milpitas has adopted rent control for its mobile home parks, which provide long-term affordable housing to mobile home residents. There are also over 1,200 rental units in Milpitas with long-term affordability restrictions (as shown in Table 3.18 in the document). Units with long-term affordability restrictions are means-tested, allowing these units to serve extremely low-, very low-, low-, and moderate-income households more effectively than rent control in many cases. The City does not intend to expand rent control to other market-rate units at this time.
12	Enact a just cause eviction ordinance.	Milpitas currently provides CDBG funding and Housing Authority funds to Project Sentinel, which provides fair housing assistance and landlord-tenant mediation services, including services to tenants that may have experienced an unlawful eviction. Programs B.2.3 and E.1.5 state that Milpitas will continue to provide funding to Project Sentinel or another appropriate agency throughout the planning period.
13	Include a program to track employment growth by income for the same period used to track population growth.	Milpitas monitors the City's jobs/housing ratio on an annual basis to assess its employment, types of jobs created, and housing needs.
14	Adopt a program to monitor jobs housing fit in the City for renters and homeowners.	Milpitas monitors the City's jobs/housing ratio on an annual basis to assess its employment, types of jobs created, and housing needs.
15	Adopt a program to improve low wage jobs and affordable housing fit.	The gap between low-wage jobs and housing affordable to lower-income households is addressed through programs that facilitate the production of housing affordable to extremely low-, very low-, and low-income households, particularly policies and programs listed under Goal C.
16	Adopt program to complete a yearly annual progress report and public meeting to discuss progress prior to submitting report to HCD.	Milpitas completes its annual progress report to HCD and makes information from the report available on the City's website along with other housing documents for public review. Housing staff reports to the City Council on housing programs every two years in a public meeting.
17	Adopt program to prioritize housing for very low- and low-income workers, especially in key transportation corridors.	Milpitas' housing goals aim to provide housing for all economic segments of the community, including very low- and low-income workers, and support housing near transit and along key transportation corridors. By negotiating with developers for the inclusion of units affordable to extremely low-, very low-, low-, and moderate-income households in all market-rate developments (see Program D.2.2) and other programs that encourage mixed-income housing (Programs D.2.1, D.2.3, D.2.4, and D.2.5), Milpitas seeks to ensure that units affordable to very low- and low-income workers are included among the priorities for all new housing development in the City.

Table D-1: Summary of Written Comments Received

#	Comment	Response
18	Identify additional housing opportunity sites that are located within priority development areas, near key transportation corridors, and near key services to maximize LIHTC viability.	Due to the competitive nature of the LIHTC program, there are few sites in Milpitas that will maximize LIHTC viability. To the extent that sites adjacent to the City's VTA light rail station and future BART station are not already developed with or planned for residential uses and are reasonably likely to be developed with residential uses during the planning period, these parcels have been identified as housing opportunity sites. Almost all opportunity sites identified in the Housing Element are located within the two Specific Plan areas, which puts the sites in areas that are adjacent to transit and other services. Programs listed under Policy D.1 aim to expand the funding sources available for affordable housing, which would help to decrease developers' dependence on the LIHTC program to produce affordable housing in Milpitas.
19	Include a program to conduct further research and a public meeting on a potential housing overlay zone, community benefits policy, or other creative land use and zoning solutions.	During the September 16, 2014 meeting, Milpitas City Council considered and declined to include a program in the Housing Element that would call for the City to explore creative land use and zoning solutions.
20	Include a program to identify all publicly owned parcels and brownfield sites.	All publicly-owned parcels have been identified in previous Redevelopment Agency and Milpitas Housing Authority documents, which are available to the public. There are no brownfield sites in Milpitas.
21	Include a program to develop a policy to prioritize, require, or incentivize housing affordable to those making 80% of AMI or less on public land.	In the past, Milpitas has donated land, provided financial assistance for land acquisition, and provided fee reductions or waivers to developers building affordable housing. The City has also worked with developers to assist in obtaining tax credits and provided a range of incentives to assist in the development of housing affordable to extremely low-, very low-, low-, and moderate-income households. As City-owned land becomes available, Milpitas will continue to consider use of these properties to support affordable housing projects as financially feasible, but will need to balance the need for affordable housing with other City priorities.
22	The Housing Element should identify the low-density zoning designation in the hillside areas as a constraint.	The Housing Element provides an analysis of the City's low-density zoning designation in the hillside areas and the Urban Growth Boundary on page 75 and 76. As discussed in the text, these regulations are unlikely to have an impact on housing that serves any income group other than above moderate-income households due to the high cost of developing in hillside areas and other factors.
23	The Housing Element should identify the use of development agreements to achieve 20% affordable housing in all market-rate developments should be identified as a potential government constraint.	It is not appropriate to identify this use of development agreements as a constraint because the City is not able to require that developers include affordable units in new developments due to recent State court decisions that invalidated the use of mandatory inclusionary ordinances.
24	The Housing Element should provide additional information on funding available for the preservation of at-risk units at Sunnyhills and actions that the City will take to engage with entities willing to preserve these units.	As discussed on page 34, the owner of Sunnyhills has demonstrated an interest in maintaining the property as affordable by renewing contracts with HUD multiple times rather than taking opportunities to convert to market rate. Therefore, the existing affordability agreement is likely to be extended to fund the preservation of affordability and the risk of conversion of these units is relatively low. Program B.4.1 provides specific actions that the City will take to preserve affordability at Sunnyhills if the property owner does allow the existing contract to expire at the end of the term.

Table D-1: Summary of Written Comments Received

#	Comment	Response
25	The Housing Element should provide additional information on the development potential of non-vacant housing opportunity sites.	The Housing Element has been revised to provide additional information on market trends (page 55) that have supported the redevelopment of a large number of non-vacant sites to high-density residential uses. These trends are expected to continue to result in the redevelopment of the housing opportunity sites.
26	The site inventory assumes that every single unit developed on higher density parcels will be affordable to low- and very-low income households, which is not realistic.	The City's RHNA calls for 1,574 units affordable to very low- or low-income households, and the estimated yield from the sites inventory is 2,740 units on higher-density parcels, considerably more than the RHNA for very low- or low-income households. Moreover, the estimated yield is based on the minimum density for each site, and therefore likely underestimates the actual yield from each site.
27	The site inventory includes many very small parcels that are less than an acre and therefore may not realistically support the development of affordable housing.	While many individual parcels measure less than one acre, parcels are aggregated to form larger housing opportunity sites. As shown in Table 4.3 and Appendix C, the City's housing opportunity sites range from 0.7 acres to 9.5 acres, with only one site measuring less than one acre. Sites measuring 0.7 acres or more are more than adequate to develop high-density multifamily housing.