gilroy2040 GENERAL PLAN

# 2015-2023 HOUSING ELEMENT

HCD REVIEW DRAFT - August 2014

# 2015-2023 HOUSING ELEMENT
## POLICY DOCUMENT

### HCD Review Draft

*Prepared by:*
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August 2014

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# HOUSING ELEMENT

The Housing Element outlines the City of Gilroy's goals, policies, and implementation programs for the preservation, conservation, improvement, and production of housing for the 2015-2023 planning period. The Housing Element identifies the specific actions the City will take to address existing and future housing needs.

## A. Housing Goals and Policies

### HOUSING PRODUCTION

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|---|---|
| **GOAL H-1** | **HOUSING PRODUCTION**<br>Provide adequate residential sites to accommodate projected housing needs and encourage the production of a variety of housing types. *(Source: 2007-2014 Housing Element, Goal 1, reworded)* |

### Policies

**Policy H-1.1** The City shall strive to ensure adequate land is available at a range of densities to meet Gilroy's existing and projected housing needs. *(Source: 2007-2014 Housing Element, Policy 1-2, reworded)*

**Policy H-1.2** The City shall encourage the provision of a variety of housing options for Gilroy residents. *(Source: 2007-2014 Housing Element, Policy 1-1)*

**Policy H-1.3** The City shall encourage a mix of housing in new development areas to avoid the overconcentration of specific housing types in some areas of the city. *(Source: New Policy to reflect intent of Neighborhood District designation)*

**Policy H-1.4** The City shall support the development of workforce housing to enable the manufacturing workforce to live in the community. *(Source: New Policy from the Economic Development Strategic Plan)*

**Policy H-1.5** The City shall encourage the development of executive housing to encourage entrepreneurs to locate in Gilroy. *(Source: New Policy from the Economic Development Strategic Plan)*

**Policy H-1.6** The City shall continue to implement the Downtown Specific Plan and encourage and coordinate activities with the Downtown Business Association and Economic Development Corporation to encourage mixed-use development. *(Source: 2007-2014 Housing Element, Action 1-1.2)*

## Implementation Programs

### H-1.A. Publicize Residential Sites Inventory

The City shall make the residential sites inventory available to developers by publicizing it on the City website and providing copies of the sites to developers. The City shall update the list of sites annually, or as projects are approved on the sites. *(Source: New Program)*

**Potential Funding:** General Fund
**Who is Responsbile:** Community Development
**Timeframe:** Post on website within 6 months of adoption; update annually, or as needed

### H-1.B. Residential Development Ordinance

The City shall review and revise, as appropriate, the Residential Development Ordinance to ensure that it does not pose a constraint on the maintenance, improvement and development of housing; and provides capacity to meet the City's RHNA need. Furthermore, the City will encourage the development of housing that is affordable to a variety of income groups through the Residential Development Ordinance by comparing its features with the Neighborhood District Ordinance and making any changes to ensure the two policies are compatible. *(Source: 2007-2014 Housing Element, Action 4-2.6, modified)*

**Potential Funding:** General Fund
**Who is Responsible:** Community Development
**Timeframe:** Review of RDO following adoption of the New General Plan (estimated FY 2015/16)

### H-1.C. Variety of Housing in Neighborhood Districts

The City shall review and revise, as appropriate, the Neighborhood District Policy to ensure that it encourages the development of housing that is affordable to a variety of income groups by comparing its features with the Residential Development Ordinance and making any changes to ensure the two policies are compatible and designed to reach the same goals. *(Source: 2007-2014 Housing Element, Action 4-2.5)*

**Potential Funding:** General Fund
**Who is Responsible:** Community Development
**Timeframe:** Review of Neighborhood District Policy in conjunction with the New General Plan preparation (estimated FY 2015/16)

### H-1.D. Facilitate Infill Development

The City shall coordinate efforts with private and non-profit developers, and other housing related groups to encourage the construction of residential development through a menu of regulatory incentives (e.g., streamlined reviewand other methods that will effectively encourage infill development). The City shall monitor infill development on a biannual basis to ensure the effectiveness of programs to encourage housing development. If, based on its biannual review, the City finds that additional programs are need to facilitate infill development, the City shall revise programs as appropriate. *(Source: 2007-2014 Housing Element, Action 1-2.1)*

**Potential Funding:** General Fund/State funding
**Who is Responsible:** Community Development
**Timeframe:** Monitor biennially starting in 2016

### H-1.E. Monitor Permit Requirements, Processing Procedures and Land Use Controls

To ensure permit requirements and processing procedures do not constrain residential development, the City shall evaluate current requirements and procedures on a biannual basis. The City shall consult builders and other parties engaged in housing development activities to identify concerns. If permitting requirements, are determined to be a constraint to residential development, the City shall modify permitting requirements and/or procedures to address constraints, as feasible. *(Source: 2007-2014 Housing Element, Action 1-2.4 and Action 4-2.3, combined)*

**Potential Funding:** General Fund
**Who is Responsible:** Community Development
**Timeframe:** Biennial evaluation starting in 2016 and implement changes as appropriate

### H-1.F. Zoning to Encourage and Facilitate Single-Room Occupancy Units

The City shall revise the Zoning Code to establish explicit definitions for and regulatory standards addressing single-room occupancy units. *(Source: 2007-2014 Housing Element, Action 4-3.2)*

**Potential Funding:** General Fund
**Who is Responsible:** Community Development
**Timeframe:** Review and Amend Zoning Code following adoption of the New General Plan (estimated FY 2015/16

**H-1.G. Study Micro-Units**

The City shall conduct a study of the appropriateness of "micro-units" in Gilroy and the existing barriers in the Zoning Ordinance to the provision of micro-units. Based on the findings of the study, the City will make a determination of the appropriateness of micro-units in Gilroy and, if determined appropriate, identify methods for eliminating barriers, and establish appropriate development standards. *(Source: New Program based on public input)*

**Potential Funding:** General Fund
**Who is Responsible:** Community Development
**Timeframe:** FY 2017/18

## AFFORDABLE HOUSING

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|---|---|
| **GOAL H-2** | **AFFORDABLE HOUSING**<br>Encourage and support the provision of affordable housing in Gilroy. *(Source: New Goal)* |

### Policies

**Policy H-2.1** The City shall encourage the provision of new affordable housing. *(Source: 2007-2014 Housing Element, Policy 4-2)*

**Policy H-2.2** The City shall provide incentives for affordable housing, including but not limited to the density bonus ordinance, expedited project review, and Affordable Housing Exemption in the Residential Development Ordinance. *(Source: New Policy to reflect an existing City policy)*

**Policy H-2.3** The City shall support homeownership opportunities for low- and moderate-income households. *(Source: New Policy)*

**Policy H-2.4** The City shall encourage partnerships between non-profit and for-profit housing developers to encourage affordable housing production. *(Source: 2007-2014 Housing Element, Policy 5-1, reworded)*

**Policy H-2.5** The City shall continue to require 15 percent of new housing in the Neighborhood District to be affordable to very low-, low-, and moderate-income households. *(Source: New Policy to reflect existing Neighborhood District policy)*

**Policy H-2.6** The City shall consider the development of single-room occupancy units, studio apartments, and other similar unit types that are affordable to extremely low-income residents in higher-density areas of the city. *(Source: New Policy based on HAC input)*

**Policy H-2.7** The City shall continue to participate in programs that assist lower- and moderate-income households to secure affordable housing, such as the County's Mortgage Credit Certificate program, Section 8 rental voucher programs, and the Housing Trust Fund of Santa Clara County. *(Source: New Policy)*

## Implementation Programs

### H-2.A. Develop Affordable Housing Incentives

The City shall review and revise, as appropriate, current incentives and regulatory concessions available to developers for the development of affordable housing throughout the city, and especially within the Downtown Gilroy Specific Plan area and Neighborhood District. Incentives and regulatory concessions may include, but are not limited to: parking reductions, and reduced setbacks. The City shall also provide technical assistance, as feasible; information on State and Federal funding opportunities; and marketing to potential developers.

The City shall continue to monitor development within the City's Downtown area on a biannual basis to ensure the implementation of the Specific Plan's policy on encouraging the development of a mix of retail, office and higher density residential uses. The City shall encourage the development of uses within the area to closely follow the recommended land use assumptions contained in the Specific Plan. If, based on its biannual review, the City finds that the proportion of residential uses to non-residential uses are not being developed as assumed in the Specific Plan, the City shall investigate additional incentives, concessions or assistance and revise programs as appropriate. *(Source: 2007-2014 Housing Element, Action 1-1.4)*

**Potential Funding:** General Fund
**Who is Responsible:** Community Development
**Timeframe:** Review incentives within 1-year of Housing Element adoption; revise, as appropriate; Monitor effectiveness of incentives and regulatory concession biennially, staring in 2016; Ongoing monitoring of development within Downtown Specific Plan.

### H-2.B. Pursue Funding for Affordable Housing

The City shall pursue funding from State, Federal, and regional sources and support applications for funding to help increase the supply of affordable housing. Funding programs may include but are not limited to:

- One Bay Area Grants awarded by the Association of Bay Area Governments;
- HCD Local Housing Trust Fund Program;
- HUD Section 811 funding for supportive housing for extremely low-income residents;
- The state Infill Infrastructure Grant program, sponsored by the Department of Housing and Community Development (HCD); and
- The State Multifamily Housing Program (MHP), sponsored by HCD. *(Source: New Program)*

**Potential Funding:** Housing Trust Fund
**Who is Responsible:** Community Development
**Timeframe:** At least biennially, or as funding opportunities become available

### H-2.C. Community Development Block Grant Program

The City shall continue to administer the Community Development Block Grant Program for all eligible activities, including acquisition, rehabilitation, home buyer assistance, economic development, homeless assistance, public services, and public improvements. The City shall continue to inform non-profit organizations of funding availability through the City's website and informational packets at City Hall. *(Source: 2007-2014 Housing Element, Action 2-1.3)*

**Potential Funding:** CDBG
**Who is Responsible:** Community Development
**Timeframe:** Annually

### H-2.D. Housing Trust Fund

The City shall continue to administer the City's Housing Trust Fund for all eligible activities, including new construction, acquisition, rehabilitation, home buyer assistance, homeless assistance, public services related to housing, and preservation of affordable housing. The City shall continue to inform non-profit organizations of funding availability through the City's website and informational packets at City Hall. *(Source: 2007-2014 Housing Element, Action 2-1.4)*

**Potential Funding:** Housing Trust Fund
**Who is Responsible:** Community Development
**Timeframe:** Annually

### H-2.E. Funding Sources to Assist Homeownership

The City shall pursue potential sources of additional funding for homeownership assistance, including the availability of State HCD, CalHFA funds, HOME, and County funds. The City shall improve public outreach activities through the compilation of resources for down payment assistance, silent second mortgages, and other means of acquiring a home. *(Source: 2007-2014 Housing Element, Action 4-1.1)*

**Potential Funding:** Housing Trust Fund, State and County financing sources, and MCC Certificate Program
**Who is Responsible:** Community Development
**Timeframe:** Development of resources for public dissemination by December 2015; ongoing review of additional funding sources

### H-2.F. Section 8 Referrals

The City shall continue to provide Section 8 referral services and information to City residents. The City shall make information on the Section 8 voucher program available on the City website. *(Source: 2007-2014 Housing Element, Action 4-2.9)*

**Potential Funding:** HUD
**Who is Responsible:** Community Development/ Housing Authority of Santa Clara County
**Timeframe:** Post on website by January 2016; provide referral on an ongoing basis

### H-2.G. Development of Housing for Extremely Low-Income Households

The City shall review and incorporate appropriate regulatory incentives, financial incentives, and other policies that encourage the development of housing units for extremely low-income households. The City shall encourage and support the development of housing for extremely low-income households within future affordable housing projects through various strategies and programs that may include: assistance with entitlement processing; and modifying development standards and granting concessions and incentives for projects that provide housing for lower income families. *(Source: 2007-2014 Housing Element, Action 4-3.6)*

**Potential Funding:** State and Federal Funding for multifamily housing
**Who is Responsible:** Community Development
**Timeframe:** Review and amend Zoning Code, as appropriate, following adoption of the New General Plan (estimated FY 2015/16)

### H-2.H. Water and Sewer Service Priority

The City shall review and update every five years, as necessary, the Water and Sewer Service Priority Policy to ensure future affordable projects will receive service priority. *(Source: 2007-2014 Housing Element, Action 4-2.7)*

**Potential Funding:** General Fund
**Who is Responsible:** Community Development
**Timeframe:** Review every 5 years, starting December 2015

## HOUSING PRESERVATION AND REHABILITIATION

| GOAL H-3 | **HOUSING PRESERVATION AND REHABILITATION**<br>Maintain and conserve the existing housing stock in a sound, safe, and sanitary condition. *(Source: 2010 Housing Element, Goals 2 and 3, combined)* |
|---|---|

## Policies

**Policy H-3.1** The City shall promote the maintenance and rehabilitation of structures in poor condition and take action to prevent poorly maintained properties from further deterioration. *(Source: 2007-2014 Housing Element, Policy 2-1)*

**Policy H-3.2** The City shall strive to preserve the affordability of existing below market rate housing units. *(Source: 2007-2014 Housing Element, Policy 3-1, modified)*

**Policy H-3.3** The City shall encourage the retention and rehabilitation of older homes in and near the historic city center and ensure that rehabilitation activities are sensitive to the historic character of the building and/or site. *(Source: 2007-2014 Housing Element, Policy 3-2, modified based on Community Design and Development Element, Policy 5.03)*

## Implementation Programs

### H-3.A. Housing Rehabilitation

To enhance the quality of existing neighborhoods, the City shall continue to implement the City's Housing Rehabilitation Program. The City will continue using Community Development Block Grant (CDBG) funds to assist in the improvement of substandard housing. *(Source: 2007-2014 Housing Element, Action 2-1.1)*

**Potential Funding:** CDBG (HUD)/Gilroy Housing Trust Fund
**Who is Responsible:** Community Development
**Timeframe:** Ongoing

### H-3.B. Code Enforcement Program

To ensure continued maintenance of housing quality, condition, and use, the City shall continue to enforce building codes to address existing exterior and interior code violations. Within current staffing limits, the City shall contact owners of units identified as substandard, offering inspection services and providing information on the City's Rehabilitation Loan Program and landlord/tenant information and mediation services. *(Source: 2007-2014 Housing Element, Action 2-1.2)*

**Potential Funding:** General Fund/CDBG (HUD)/Gilroy Housing Trust Fund
**Who is Responsible:** Community Development
**Timeframe:** Ongoing

### H-3.C. Monitoring of Units At-Risk of Converting to Market Rate

The City shall provide for regular monitoring of deed-restricted units that have the potential of converting to market rate. In order to proactively address units at-risk of conversion, the City shall develop a program to partner with non-profit housing providers and develop a preservation strategy. This strategy will at least include biennial contact with property owners of affordable units, identification of funds to purchase and preserve affordable units, noticing of tenants and technical assistance with applications for funds. *(Source: 2007-2014 Housing Element, Action 3-1.1)*

**Potential Funding:** General Fund, Housing Trust Fund
**Who is Responsible:** Community Development
**Timeframe:** Implement strategy by December 2015

### H-3.D. Resale Control on Owner-Occupied Below Market Rate Units

The City shall continue to implement resale controls on owner-occupied Below Market Rate (BMR) units to ensure that affordable units provided through public assistance or public action are retained for 30 years or more as affordable housing stock. *(Source: 2007-2014 Housing Element, Action 3-1.2)*

**Potential Funding:** General Fund
**Who is Responsible:** Community Development
**Timeframe:** Ongoing

### H-3.E. Rent and Income Restrictions on Rental Below-Market Rate Units

The City shall continue to implement rent and income restrictions on rental Below Market Rate (BMR) units to ensure that affordable units provided through public assistance or public action are retained for 30 years or more as affordable housing stock. *(Source: 2007-2014 Housing Element, Action 3-1.3)*

**Potential Funding:** CDBG/ Housing Trust Fund
**Who is Responsible:** Community Development
**Timeframe:** Ongoing

## HOUSING OPPORTUNITY FOR RESIDENTIAL WITH SPECIAL NEEDS

| GOAL H-4 | **HOUSING OPPORTUNITY FOR RESIDENTS WITH SPECIAL NEEDS**<br>The City shall increase access to decent and suitable housing for Gilroy residents with special housing needs. *(Source: 2007-2014 Housing Element, Goal 4, modified to focus on special needs)* |
|---|---|

## Policies

**Policy H-4.1** The City shall encourage housing opportunities for special needs groups, including: seniors; persons with disabilities, including developmental disabilities; the homeless; large households; single female-headed households; and farmworkers. *(Source: 2007-2014 Housing Element, Policy 4-3, modified to identify special needs groups)*

**Policy H-4.2** The City shall encourage the development, rehabilitation, and preservation of affordable and market-rate housing for seniors, particularly in neighborhoods that are accessible to public transit, commercial services, and health and community facilities. *(Source: New Policy)*

**Policy H-4.3** The City shall support efforts to provide emergency shelter, transitional housing, and permanent supportive housing for homeless persons and those at risk of homelessness. *(Source: New Policy, based on stakeholder and HAC input)*

**Policy H-4.4** The City shall support the development of permanent and seasonal farmworker housing in appropriate areas of the city. *(Source: New Policy, based on stakeholder and HAC input)*

**Policy H-4.5** The City shall encourage affordable housing developments to include units that can accommodate large households of five or more. *(Source: New Policy)*

**Policy H-4.6** The City shall encourage the development and maintenance of housing accessible to people with disabilities, including developmental disabilities. *(Source: New Policy)*

**Policy H-4.7** The City shall continue to provide individuals with disabilities reasonable accommodation through flexibility in the application of land use or zoning, when necessary to eliminate barriers to housing opportunities. *(Source: New Policy)*

## Implementation Programs

### H-4.A. Housing for Large Families

The City shall review and revise the Zoning Code, as appropriate, to incorporate appropriate regulatory incentives, and other policies that encourage the development of rental housing units with three or more bedrooms to accommodate the needs of large families. The City shall encourage and support the development of rental housing for large families within future affordable housing projects through various strategies and programs that may include: assistance with site identification and entitlement processing; and modifying development standards and granting concessions and incentives. *(Source: 2007-2014 Housing Element, Action 4-3.3)*

**Potential Funding:** General Fund
**Who is Responsible:** Community Development
**Timeframe:** Review and amend Zoning Code, as appropriate, following adoption of the New General Plan (estimated FY 2015/16)

### H-4.B. Development of Housing for Seniors

The City shall consider areas for new senior housing development, including residential care facilities, that are convenient to public transit and within walking distance to shopping and restaurants, and incorporate appropriate regulatory incentives, financial incentives, and other policies that encourage the development of housing for seniors. The City shall continue to accept Senior only and Affordable Senior Housing projects through the RDO Exemption program to encourage the development of these projects. *(Source: 2007-2014 Housing Element, Action 4-3.5)*

**Potential Funding:** General Fund
**Who is Responsible:** Community Development
**Timeframe:** Review and amend Zoning Code, as appropriate, following adoption of the New General Plan (estimated FY 2015/16)

### H-4.C. Reduced Parking Standards for Senior Housing

The City shall conduct a study to determine if reduced parking standards for senior housing is appropriate in Gilroy. Based on the findings of the study, the City may revise the Zoning Code, as necessary, to reduce parking standards for senior housing. *(Source: New Program)*

**Potential Funding:** General Fund
**Who is Responsible:** Community Development
**Timeframe:** Conduct study and review Zoning Code (as appropriate) following adoption of the New General Plan (estimated FY 2015/16)

### H-4.D. Development and Conservation of Housing for Farmworkers

The City shall continue to partner with the Housing Authority of Santa Clara County and various non-profit organizations to explore and implement ways of providing affordable farmworker housing. The City shall assist with requests by developers for State and Federal funding for development of multi-family housing within city limits. *(Source: 2007-2014 Housing Element, Action 4-3.7)*

**Potential Funding:** General Fund
**Who is Responsible:** Community Development
**Timeframe:** Outreach to Santa Clara Housing Authority and non-profit organizations biennially starting in 2016, and identify and pursue development, as appropriate

### H-4.E. Consistency with the Employee Housing Act

The City shall update the Zoning Code to be consistent with the Employee Housing Act (Health and Safety Code 17021), which generally requires employee housing to be permitted by-right, without a CUP, in single-family zones for less than six persons, and in agricultural zones with no more than 12 units or 36 beds. *(Source: 2007-2014 Housing Element, Action 4-3.8)*

**Potential Funding:** General Fund
**Who is Responsible:** Community Development
**Timeframe:** Review and amend Zoning Code, as appropriate, following adoption of the New General Plan (estimated FY 2015/16)

### H-4.F. Support Homeless Service Providers

The City shall continue to support the efforts of agencies providing emergency shelter for homeless residents, including providing funding when feasible and appropriate. *(Source: New Program)*

**Potential Funding:** General Fund, Housing Trust Fund, CDBG
**Who is Responsible:** Community Development
**Timeframe:** Ongoing

### H-4.G. Home Access Grants

The City shall continue to administer Home Access Program to provide very low-income disabled residents with help in safely entering and exiting their homes and accessing essential areas within their homes. *(Source: New program to reflect existing housing program)*

**Potential Funding:** CDBG
**Who is Responsible:** Community Development
**Timeframe:** Ongoing

### H-4.H. Coordinate with the San Andreas Regional Center

The City shall work with the San Andreas Regional Center to implement an outreach program informing residents of the housing and services available for persons with developmental disabilities. The City shall make information available on the City website. *(Source: New Program)*

**Potential Funding:** General Fund
**Who is Responsible:** Community Development
**Timeframe:** Initiate coordinate by 2016

## FAIR HOUSING

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|---|---|
| **GOAL H-5** | **FAIR HOUSING**<br>To ensure equal housing opportunities for all Gilroy residents regardless race, color, religion, sex, sexual orientation, marital status, national origin, ancestry, familial status, disability, or source of income. *(Source: New Goal)* |

### Policies

**Policy H-5.1** The City shall promote fair housing standards. *(Source: 2007-2014 Housing Element, Policy 4-4)*

**Policy H-5.2** The City shall refer discrimination complaints to Project Sentinel or other organizations that address housing discrimination. *(Source: New Policy)*

### Implementation Programs

#### H-5.A. Fair Housing Counseling

The City shall continue to provide funds to and contract with a non-profit agency to provide fair housing assistance including landlord/tenant counseling, homebuyer assistance, and improvement or removal of identified impediments. *(Source: 2007-2014 Housing Element, Action 4-4.1)*

**Potential Funding:** Gilroy Housing Trust Fund/CDBG
**Who is Responsible:** Community Development
**Timeframe:** Ongoing

## EXPANDING OUTREACH

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|---|---|
| **GOAL H-6** | **EXPANDING OUTREACH**<br>Increase awareness of and participation in housing programs. *(Source: 2007-2014 Housing Element, Goal 5)* |

### Policies

**Policy H-6.1** The City shall consolidate and disseminate housing related resources to provide better access to information on available housing programs and affordable housing units. *(Source: 2007-2014 Housing Element, Policy 5-2, modified based on HAC and Stakeholder input)*

**Policy H-6.2** The City shall encourage the production of secondary units in single family districts through outreach and educational materials. *(Source: New Policy based on HAC input)*

**Policy H-6.3** The City shall provide information on resources available to assist residents facing foreclosure. *(Source: New Policy)*

## Implementation Programs

### H-6.A. Interagency Collaboration for Lower Cost Housing

The City shall continue participation in Countywide housing assistance programs, and collaborate with other public agencies and non-profit housing sponsors in the use of available programs to provide lower-cost housing in Gilroy. *(Source: 2007-2014 Housing Element, Action 5-1.1)*

**Potential Funding:** Gilroy Housing Trust Fund/CDBG
**Who is Responsible:** Community Development
**Timeframe:** Ongoing

### H-6.B. Collaboration with Development Community

The City shall continue to establish relationships with and provide technical assistance to both for-profit and non-profit development companies working in the area of affordable housing, facilitating innovative partnerships and collaborative approaches to affordable housing development. The City will especially utilize the Housing Advisory Committee to address housing issues and provide outreach to the development community. *(Source: 2007-2014 Housing Element, Action 5-1.2)*

**Potential Funding:** General Fund
**Who is Responsible:** Community Development
**Timeframe:** Ongoing

### H-6.C. Community Access to Housing Information

To ensure the Gilroy community is provided the highest level of access to information, the City shall evaluate the effectiveness of existing outreach and community education efforts and develop a comprehensive outreach strategy for the delivery of housing information. The outreach strategy will consider various methods of delivery, including print media, mailers, web-based information, and other methods that consider economic and cultural considerations unique to the City of Gilroy. *(Source: 2007-2014 Housing Element, Action 5-2.1)*

**Potential Funding:** General Fund
**Who is Responsible:** Community Development
**Timeframe:** Develop housing information strategy by June 2016

### H-6.D. Annual Review of Housing Element

Pursuant to HCD Requirements, the City shall conduct an annual implementation review of the Housing Element. The review will include the following information: a log of new residential development permits and completion reports; inventory of units built in the Extremely Low-, Very Low- and Low-Income categories, an update or inventory of approved projects; an annual estimate of population from the State Department of Finance; and available vacant land and zoning survey. *(Source: 2007-2014 Housing Element, Action 5-2.2)*

**Potential Funding:** General Fund
**Who is Responsible:** Community Development
**Timeframe:** Annually to HCD

## B. Quantified Objectives

The quantified objectives set a target goal for Gilroy to achieve based on needs, resources, and constraints. State law recognizes that the total housing needs identified by a community may exceed available resources and the community's ability to satisfy this need. Under these circumstances, the quantified objectives need not be, and are not intended to be, identical to the total housing needs.

The quantified objectives shown in Table H-1 represent targets. They are estimates based on past experience and anticipated housing market conditions. The quantified objectives are not designed to be minimum requirements. The quantified objectives are based largely upon implementation programs that have measurable outcomes. However, the Housing Element contains several policies and implementation programs that reduce barriers and create opportunities for affordable housing. These policies and programs are essential to meeting the City's housing needs, but are more qualitative and difficult to quantify.

**TABLE H-1**
**QUANTIFIED OBJECTIVE SUMMARY**
**2015-2023 Planning Period**

| Program Types | Extremely Low Income | Very Low Income | Low Income | Moderate Income | Above Moderate Income | Total |
|---|---|---|---|---|---|---|
| New Construction | 75 | 100 | 150 | 200 | 475 | 1,000 |
| Rehabilitation | 0 | 25 | 25 | 0 | 0 | 50 |
| Preservation | 0 | 124 | 124 | 0 | 0 | 248 |
| **Total** | 75 | 249 | 299 | 200 | 475 | 1,298 |

# 2015-2023 HOUSING ELEMENT
## BACKGROUND REPORT

### HCD Review Draft

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August 2014

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# Note to the Reader about HCD Streamlined Review

*To provide a streamlined approach, both in the preparation of the updated element as well as in review by the California Department of Housing and Community Development (HCD), jurisdictions that adopted a housing element in the fourth cycle that HCD found in substantial compliance with State law may opt to use the Streamlined Update template (provided by HCD) to show where changes were made to the previously adopted housing element. The City of Gilroy has opted to use the Streamlined Update template.*

*Use of the Streamlined Update does not relieve the jurisdiction of its obligation to address all statutory requirements of State housing element law, but rather provides a guide to updating the necessary portions of the housing element and facilitates State review of housing element submittals. For eligible jurisdictions, HCD review will rely upon the element in compliance in the prior planning period and will be limited to changes that have occurred since the prior planning period. HCD will not review areas that have not changed since their content continues to be sufficient to meet statutory requirements.*

*The Streamlined Update template option is applicable to the following areas only:*

*Sites Inventory and Analysis*

- *Analysis of Governmental and Non-Governmental Constraints*
- *Housing Needs Assessment, including special needs groups (excluding the quantification and analysis of homeless individuals and families)*
- *Units At-Risk of Conversion to Market Rate*
- *General Plan Consistency*
- *Coastal Zone Housing*

*The Streamlined Update is not available for the following areas:*

- *Review and Revise (i.e., evaluation of the 2009 Housing Element policies and programs)*
- *Public Participation*
- *Programs and Quantified Objectives*
- *Any new statutory requirements since the prior update*

*For jurisdictions using the Streamlined Update template, the housing element must indicate where changes have been made. The yellow highlighting throughout this Housing Element identifies new information and information that has been changed from the previous Housing Element. The highlighting is only used in sections of the Housing Element that are subject to streamlined review. The highlighting will be removed upon adoption of the Housing Element.*

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# 13 HOUSING ELEMENT

## Section 13.1 Introduction

The Housing Element identifies and analyzes existing and projected housing needs and conveys the City's policies for the preservation, conservation, improvement, and production of housing within the city of Gilroy. The Housing Element is made up of two parts: 1) the Background Report, which is contained in Chapter 13 of the General Plan Background Report, and 2) the Policy Document, which is published separate from the Background Report as an Element of the General Plan.

### Purpose and Content

The City of Gilroy Housing Element addresses housing opportunities for present and future residents through 2023 and provides the primary policy guidance for local decision making as it relates to housing. The Housing Element has a shorter planning period than the other General Plan elements and is the only General Plan element that requires review and certification by the State of California.

The Housing Element provides a detailed analysis of the city's demographic, economic, and housing characteristics as required by State Law. The Element also provides a comprehensive evaluation of the City's progress in implementing the past policies and programs related to housing production, preservation, and conservation. Based on the community's housing needs, available resources, constraints, and opportunities for housing production and preservation, and its past performance, the Housing Element identifies goals, policies, and programs that address the housing needs of present and future residents. The goals, policies, and programs are included in the Housing Element Policy Document, which is published separately from the Background Report.

## Housing Element Update Process

The housing goal for the State of California is for every Californian to have access to a decent home and suitable living environment. Recognizing the important role that local governments play in pursuit of this goal, the Legislature has mandated that all cities and counties prepare a Housing Element as part of their comprehensive General Plan (California Government Code Section 65302 (c)).

This Housing Element update covers the planning period from 2015-2023. State planning law mandates that jurisdictions within the Association of Bay Area Governments (ABAG) region update and adopt their Housing Element by January 31, 2015. It is intended that this Housing Element be reviewed annually and updated and modified not less than every eight years in order to remain relevant and useful and reflect the community's changing housing needs.

## State Law and Local Planning

### Consistency with State Law

The Housing Element is one of the required General Plan elements, as articulated in Sections 65580 to 65589.8 of the California Government Code. State Law requires that each jurisdiction's housing element consists of "an identification and analysis of existing and projected housing needs and a statement of goals, policies, quantified objectives, and programs for the preservation, improvement, and development of housing." The Housing Element plans for the provision of housing for all economic segments of the population.

As required by State Law (Government Code Section 65583 (a)) the assessment and inventory for this Element includes the following:

- Analysis of population and employment trends and projections, and a quantification of the City's existing and projected housing needs for all income levels. This analysis of existing and projected needs includes the City of Gilroy's share of the regional housing need.
- Analysis and documentation of household characteristics, including level of payment compared to ability to pay; housing characteristics, including overcrowding; and housing stock condition.
- An inventory of land suitable for residential development, including vacant sites and sites having potential for redevelopment; and an analysis of the relationship of zoning, public facilities, and services to these sites.
- Analysis of potential and actual governmental constraints upon the maintenance, improvement, or development of housing for all income levels and for persons with disabilities, including land use controls, building codes and their enforcement, site improvements, fees and other exactions required of developers, and local processing and permit procedures.
- Analysis of local efforts to remove governmental constraints.
- Analysis of potential and actual non-governmental constraints upon the maintenance, improvement, or development of housing for all income levels, including the availability of financing, the price of land, and the cost of construction.

- Analysis of any special housing needs for the elderly; persons with disabilities, including developmental disabilities; large families; farmworkers; families with female heads of households; and families and persons in need of emergency shelter.
- Analysis of opportunities for residential energy conservation.
- Analysis of "at-risk" assisted housing developments that are eligible to change from low-income housing uses during the next 10 years.

### General Plan Consistency

The California Government Code requires internal consistency among the various elements of the General Plan. Section 65300.5 of the Government Code states that the General Plan's various elements shall provide an integrated and internally consistent and compatible statement of policy. Upon adoption, this Housing Element will become part of the City's General Plan. The City is currently (2014) in the process of preparing a new General Plan. City staff has reviewed the other elements of the 2002 General Plan and has determined that this Housing Element provides consistency with the other elements of the 2002 General Plan. Adoption of the new General Plan may necessitate revisions to the Housing Element to maintain internal consistency. The City will maintain this consistency as future General Plan amendments are processed by evaluating proposed amendments for consistency with all elements of the General Plan.

### Relationship to Other Plans and Programs

The Housing Element identifies goals, objectives, policies, and programs for the next eight years that directly address the housing needs of the City of Gilroy. There are numerous City plans and programs that work to implement the goals and policies of the Housing Element. These include the City's Municipal Code and Specific Plans. Every five years, the City prepares a Consolidated Plan that identifies the City's overall housing and community development needs and market conditions, establishes priorities, and outlines a strategy to address these priorities. The City prepares Annual Action Plans each year to supplement the Consolidated Plan and prepares the Consolidated Annual Performance and Evaluation Report (CAPER) to report on the prior year's programs and projects. The Consolidated Plan and Annual Action Plans address many of the goals, policies, and programs of the General Plan Housing Element.

## Housing Element Organization

The City of Gilroy Housing Element is organized into the following sections:

- **Introduction.** Explains the purpose, process, and content of the Housing Element.
- **Housing Needs Analysis.** Describes the demographic, economic, and housing characteristics of Gilroy as well as the current and projected housing needs.
- **Resources Analysis.** Analyzes the various land, financial, and administrative resources available to the City for meeting its housing needs.
- **Constraints Analysis.** Analyzes the actual and potential governmental and non-governmental constraints to the maintenance, preservation, conservation, and development of housing.

- **Housing Policy Plan.** Details specific policies and programs the City of Gilroy will carry out over the planning period to address the City's housing goals (published separate from the Background Report).

Given the detail and lengthy analysis in developing the Housing Element, supporting background material is included in the following appendices:

- **Appendix A.** Review of 2007-2014 Housing Element Policies and Actions
- **Appendix B.** Community Outreach
- **Appendix C.** Local Amendments to the California Building Code
- **Appendix D.** Glossary of Terms

## Citizen Participation

As part of the Housing Element update process, the City implemented the State's public participation requirements in Housing Element Law, set forth in Government Code Section 65583(c)(7), that jurisdictions "…shall make a diligent effort to achieve participation of all economic segments of the community in the development of the housing element." The City of Gilroy values public input in the development of its community development goals and objectives, including the provision of decent and adequate housing. The following section summarizes public outreach conducted by the City of Gilroy. The input provided at the workshops and on the online Town Hall Forum helped shape the policies and programs included in the Housing Element.

### Housing Advisory Committee Meeting (January, April, and May 2014)

The City formed Housing Advisory Committee (HAC) representing nonprofit and for profit housing developers, renters, rental property owners, homeowners, and affordable housing advocates in 2006 to provide recommendations to staff and the City Council on the Housing Element update and on affordable housing programs and policies. This committee holds monthly meetings to discuss and make recommendations to the City Council on housing-related issues.

On January 8, 2014, the City of Gilroy held a Housing Advisory Committee (HAC) meeting at City Hall. At the meeting, City staff and the Housing Element Consultant presented a brief overview of the Housing Element Update and facilitated an interactive discussion to solicit ideas from HAC members about the most critical housing issues facing Gilroy residents and new ways the City and community might address these issues. Appendix B contains a summary of the comments gathered at the HAC meeting. The input provided at the meeting was used to shape the Housing Element policies and programs.The Housing Advisory Committee reviewed the Draft Housing Element at two subsequent meetings on April 9, 2014 and May 14, 2014 and provided feedback.

### Stakeholder Workshop (March 6, 2014)

On March 6, 2014, the City held a Stakeholder Workshop at the Public Library. To advertise the workshop, the City sent an email notice and made phone calls to over 60 local agencies, community organizations, and stakeholders in the city and broader region. The City also posted flyers around the city and advertised the workshop on the General Plan website. While the focus of the workshop was

getting input from housing stakeholders, the meeting was open to the public and members of the public were encouraged to attend. Approximately 20 people attended the Stakeholder Workshop.

At the workshop, City staff and the Housing Element consulting firm, Mintier Harnish, presented a brief overview of the Housing Element Update and facilitated an interactive discussion to solicit ideas from participants about the most critical housing issues facing Gilroy residents and new ways the City and community might address these issues. Appendix B contains a summary of the issues and ideas discussed at the workshop. The input provided at the workshop was used to shape the Housing Element policies and programs.

### Gilroy 2040 Town Hall Forum (March to June 2014)

The City of Gilroy posted a question about housing needs on the online Gilroy 2040 Town Hall Forum to solicit input from the community on the unmet housing needs in the city and what the City can do to help provide for those needs. Appendix B contains a summary of the comments gathered on the Town Hall Forum.

### General Plan Advisory Committee Meetings (May and June 2014)

The General Plan Advisory Committee (GPAC), a 25-person advisory committee made up of community representatives that was formed to oversee development of the General Plan, reviewed the Draft Housing Element at two meetings on May 28, 2014, and June 11, 2014. The public at-large was invited to attend and comment on the Draft Housing Element. The GPAC made a recommendation to the Planning Commission and City Council to approve the Housing Element.

### Planning Commission and City Council Study Sessions (June and August 2014)

The Planning Commission and City Council reviewed the Draft Housing Element in separate study sessions on June 26, 2014, and August 18, 2014. Both meetings included a public hearing, providing members of the public to comment on the Draft Housing Element. The Commission and Council authorized City staff to submit the Housing Element to HCD for the State-mandated review.

# Section 13.2 Housing Needs Analysis

## Introduction

When preparing the Housing Element, each jurisdiction must evaluate both existing and future housing needs for all economic segments of the population. This section analyzes demographic, economic, and housing characteristics that influence the demand for and availability of housing. The analyses form a foundation for policies and programs that seek to address identified housing needs. Housing needs are identified according to income, tenure, and special needs groups.

Primary data sources used in these analyses include the 2000 and 2010 U.S. Census, the 2012 American Community Survey, the California Department of Finance (DOF), and the Association of Bay Area Governments (ABAG). These data sources are the most reliable for assessing existing conditions, provide consistent comparison with historical data, and serve as the basis for forecasts.

# Community Profile

## Population Trends and Characteristics

Housing needs are generally influenced by population and employment trends. This section provides a summary of the changes to the population size and age and racial/ethnic composition of the city.

### Historical, Existing, and Forecast Growth

The City of Gilroy is one of 15 cities within Santa Clara County. The California Department of Finance (DOF) estimates Santa Clara County's population was 1,842,254 in 2013. Table 13-1 lists adjacent counties and their respective populations.

**TABLE 13-1**
**REGIONAL POPULATION TRENDS**
**Santa Clara County and Surrounding Counties**
**2000-2013**

| County | 2000 | 2010 | 2013 |
|---|---|---|---|
| **Santa Clara County** | 1,682,585 | 1,781,642 | 1,842,254 |
| Alameda County | 1,443,741 | 1,510,271 | 1,548,681 |
| San Mateo County | 707,161 | 718,451 | 735,678 |
| Stanislaus County | 446,997 | 514,453 | 524,124 |
| Santa Cruz County | 255,602 | 262,382 | 266,662 |
| Merced County | 210,554 | 255,793 | 262,478 |
| San Benito County | 53,234 | 55,269 | 56,669 |

*Source: U.S. Census 2000 SF1, P1, US Census 2010 SF 1, and the California Department of Finance, E5, 2013.*

According to the U.S. Census and the DOF, Gilroy experienced an average annual growth rate of 1.7 percent between 2000 and 2010, which was 183 percent greater than the county's average annual growth rate of 0.6 percent. Between 2010 and 2013, the city's average annual growth rate was 1.8 percent, which continued to be greater than the county's average annual growth rate (1.1 percent) by 63.6 percent.

Table 13-2 compares the average annual growth rates of the city and county from 2000 through 2013.

**TABLE 13-2**
**ANNUAL AVERAGE GROWTH**
**City of Gilroy and Santa Clara County**
**2000-2013**

| Jurisdiction | 2000 | 2010 | 2013 | 2000-2010 | | 2010-2013 | |
|---|---|---|---|---|---|---|---|
| | | | | Number | AAGR | Number | AAGR |
| Gilroy | 41,464 | 48,821 | 51,544 | 7,357 | 1.7% | 2,723 | 1.8% |
| Santa Clara County | 1,682,585 | 1,781,642 | 1,842,254 | 99,057 | 0.6% | 60,612 | 1.1% |

Note: AAGR stands for Average Annual Growth Rate.
*Source: U.S. Census 2000 SF1, P001, U.S. Census 2010 SF1, P1, California Department of Finance E5, 2013, and Mintier Harnish, 2014.*

### Age Composition

Between 2000 and 2010, Gilroy experienced growth in the percentages of the "retirement" (55-64 years) and "senior citizen" (65 years and older) populations, while the percentages of "preschool" (0-4 years), "school age" (5-17 years), "young adult" (18-24 years), and "prime working" (25-54 years) populations declined; however, the "prime working" (25-54 years) population remains the largest age group in the city, at 42.4 percent of the population.

Table 13-3 summarizes the population's age distribution in 2000 and 2010.

**TABLE 13-3**
**AGE DISTRIBUTION**
**City of Gilroy**
**2000 and 2010**

| Age Group | 2000 | | 2010 | |
|---|---|---|---|---|
| | Number | Percent of Population[1] | Number | Percent of Population[1] |
| Preschool (0-4 years) | 3,813 | 9.2% | 4,144 | 8.4% |
| School (5-17 years) | 9,750 | 23.4% | 10,839 | 22.2% |
| Young Adult (18-24 years) | 3,919 | 9.4% | 4,514 | 9.2% |
| Prime Working (25-54 years) | 18,737 | 45.0% | 20,717 | 42.4% |
| Retirement (55-64 years) | 2,559 | 6.2% | 4,509 | 9.2% |
| Senior Citizen (65+ years) | 2,809 | 6.8% | 4,098 | 8.4% |
| **Total** | **41,587[2]** | **100%** | **48,821** | **100%** |

Notes:
[1]Percentages may not add up to 100 percent due to rounding.
[2]Discrepancy in 2000 SF3 total population data due to sampling error.
*Source: U.S. Census 2000 SF3, P8, and U.S. Census 2010 SF1, QT-P2.*

### Race and Ethnicity

Table 13-4 summarizes the racial and ethnic composition of the population in 2000 and 2010.As of 2010 57.7 percent of Gilroy residents were of Hispanic origin and 42.3 percent were Non-Hispanic. Of the Non-Hispanic population, 31.4 percent were white and 6.9 percent were Asian or Pacific Islander. Between 2000 and 2010, the White Non-Hispanic population percentage declined by 6.5 percent, while the Asian or Pacific Islander population percentage increased by 2.7 percent, and the Hispanic population percentage increased by 4.2.

**TABLE 13-4**
**RACIAL AND ETHNIC COMPOSITION**
**City of Gilroy**
**2000 and 2010**

| Racial/Ethnic Group | 2000 | | 2010 | |
|---|---|---|---|---|
| | Number | Percent | Number | Percent |
| **Not Hispanic or Latino** | | | | |
| White | 15,767 | 37.9% | 15,335 | 31.4% |
| Black | 615 | 1.5% | 709 | 1.5% |
| American Indian & Alaska Native | 193 | 0.5% | 180 | 0.4% |
| Asian or Pacific Islander | 1,732 | 4.2% | 3,351 | 6.9% |
| Some other race alone | 58 | 0.1% | 58 | 0.1% |
| Two or more races[1] | 801 | 1.9% | 974 | 2.0% |
| *Sub-Total* | *19,166* | *46.1%* | *20,607* | *42.3%* |
| **Hispanic or Latino** | | | | |
| White | 8,659 | 20.8% | 13,339 | 27.3% |
| Black | 130 | 0.3% | 233 | 0.5% |
| American Indian & Alaska Native | 468 | 1.1% | 651 | 1.3% |
| Asian or Pacific Islander | 183 | 0.4% | 208 | 0.4% |
| Some other race alone | 11,441 | 27.5% | 12,264 | 25.1% |
| Two or more races | 1,417 | 3.4% | 1,519 | 3.11% |
| *Sub-Total* | *22,298* | *53.5%* | *28,214* | *57.7%* |
| **Total[1]** | **41,464** | **100%** | **48,821** | **100%** |

Note: [1]Percentages may not add up to 100 percent due to rounding.
*Source: U.S. Census 2000 SF1, P8 and U.S. Census 2010 SF1, DP-1.*

## Employment Trends

Housing needs are influenced by employment trends. Significant employment opportunities within the city can lead to growth in demand for housing in proximity to jobs. The quality and/or pay of available employment can determine the need for various housing types and prices.

As shown in Table 13-5, in 2012, 11.6 percent of residents living in the city of Gilroy were employed in manufacturing; 12.3 percent were employed in professional, scientific, management, administrative, and waste management services; 14.9 percent were employed in retail trade; and 16.0 percent were employed in educational, health, and social services.

**TABLE 13-5**
**EMPLOYMENT BY INDUSTRY**
**City of Gilroy and Santa Clara County**
**2012**

| Industry | Gilroy | | Santa Clara County | |
|---|---|---|---|---|
| | Employees | Percent | Employees | Percent |
| Agriculture, forestry, fishing and hunting, and mining | 1,004 | 4.6% | 4,428 | 0.5% |
| Construction | 1,841 | 8.5% | 43,822 | 5.1% |
| Manufacturing | 2,535 | 11.6% | 164,935 | 19.2% |
| Wholesale trade | 764 | 3.5% | 19,159 | 2.2% |
| Retail trade | 3,257 | 14.9% | 86,247 | 10.0% |
| Transportation and warehousing, and utilities | 790 | 3.6% | 23,509 | 2.7% |
| Information | 250 | 1.1% | 30,624 | 3.6% |
| Finance, insurance, real estate, and rental and leasing | 887 | 4.1% | 41,301 | 4.8% |
| Professional, scientific, management, administrative, and waste management services | 2,678 | 12.3% | 160,972 | 18.7% |
| Educational, health and social services | 3,477 | 16.0% | 160,719 | 18.7% |
| Arts, entertainment, recreation, accommodation and food services | 2,407 | 11.0% | 64,556 | 7.5% |
| Other services (except public administration) | 991 | 4.5% | 38,193 | 4.4% |
| Public Administration | 905 | 4.2% | 20,875 | 2.4% |
| **Total** | **21,786** | **100%** | **859,340** | **100%** |

*Source: 2012 ACS 2P03.*

As shown in Table 13-6, the Gilroy Unified School District is the largest single employer in Gilroy with over 1,000 employees. Other large employers in Gilroy include Christopher Ranch with 650 employees and Saint Louise Hospital with 550 employees.

**TABLE 13-6**
**MAJOR EMPLOYERS**
**City of Gilroy**
**2012**

| Company | Number of Employees |
|---|---|
| Gilroy Unified School District | 1,000 |
| Christopher Ranch | 650 |
| Saint Louise Hospital | 550 |
| Olam International | 500 |
| Walmart | 395 |
| City of Gilroy | 274 |
| Monterey Gourmet Foods | 270 |
| Costco | 220 |
| Gavilan College | 219 |
| International Paper | 180 |
| Headstart Nursery | 180 |
| Syngenta Seeds | 175 |
| Kaiser Permanente | 175 |
| Rebekah Children Services | 175 |
| Target Corp. | 130 |
| Safeway Foods | 130 |
| Angelica Linen | 120 |
| Gilroy Health Care and Rehab | 115 |
| Cintas Corporation | 106 |
| Mi Pueblo Grocery Store | 106 |
| Heinzen Manufacturing | 105 |
| Nob Hill Foods | 100 |
| South County Housing | 93 |
| Recology | 90 |
| Eagle Ridge | 85 |
| North Coast Medical | 80 |
| The G.B. Group | 75 |
| Container Consulting Service | 50 |
| Hilton Garden Inn | 45 |
| Germain's Seed Technology | 41 |
| Silva Sausage | 35 |

*Source: City of Gilroy Economic Development Corporation, 2012.*

As shown in Table 13-7, Gilroy's labor force increased from 19,300 in 2005 to 21,900 in 2012. According to the California Employment Development Department, the unemployment rate in Gilroy was 12.6 percent in 2012, which was lower than the peak unemployment rate of 16.3 percent in 2010, but still higher than pre-recession unemployment rates. The unemployment rate for Gilroy was higher than the County's unemployment rate of 8.4 percent in 2012.

**TABLE 13-7**
**LABOR FORCE TRENDS**
**City of Gilroy**
**2012**

| Year | Labor Force | Employment | Unemployment | Unemployment Rate |
|---|---|---|---|---|
| 2005 | 19,300 | 17,700 | 1,600 | 8.2% |
| 2006 | 19,300 | 18,000 | 1,300 | 6.9% |
| 2007 | 19,900 | 18,400 | 1,400 | 7.2% |
| 2008 | 20,600 | 18,700 | 1,900 | 9.1% |
| 2009 | 21,300 | 17,900 | 3,400 | 16.1% |
| 2010 | 21,500 | 18,000 | 3,500 | 16.3% |
| 2011 | 21,600 | 18,400 | 3,200 | 14.6% |
| 2012 | 21,900 | 19,100 | 2,800 | 12.6% |

*Source: State of California Employment Development Department (EDD), 2012.*

## Household Characteristics

This section describes Gilroy's household characteristics. The U.S. Census Bureau defines a household as all persons living in a single housing unit, whether or not they are related. One person living alone is considered a household, as is a group of unrelated people living in a single housing unit. The U.S. Census Bureau defines a family as related persons living within a single housing unit.

### Household Formation and Composition

As shown in Table 13-8, the number of households in Gilroy continues to grow at a faster pace than the county and the state. In 2010, the U.S. Census Bureau reported 14,175 households in Gilroy, a 19.2 percent increase from 2000. In comparison, total households in Santa Clara County increased by 6.8 percent between 2000 and 2010 and total households in California increased by 9.3 percent.

DOF reports 14,657 households in 2013, a 3.4 percent increase since 2010.

**TABLE 13-8**
**TOTAL HOUSEHOLDS**
**City of Gilroy, Santa Clara County, and California**
**2000-2013**

| Area | 2000 | 2010 | 2013[1] | Percent Increase 2000-2010 | Percent Increase 2010-2013 |
|---|---|---|---|---|---|
| Gilroy | 11,894 | 14,175 | 14,657 | 19.2% | 3.4% |
| Santa Clara County | 565,863 | 604,204 | 611,426 | 6.8% | 1.2% |
| California | 11,502,870 | 12,577,498 | 12,675,876 | 9.3% | 0.8% |

Note: [1]Occupied Housing Units reported by California Department of Finance
*Source: U.S. Census 2000 SF1, DP-1, U.S. Census 2010 SF1, DP-1, and Department of Finance Table E-5, 2013.*

The average number of persons per household in Gilroy was 3.4 in 2010, a 0.1 percent decrease since 2000. As shown in Table 13-9, the average number of persons per household in Gilroy continues to be higher than the state and county average.

**TABLE 13-9**
**AVERAGE PERSONS PER HOUSEHOLD**
**City of Gilroy and Santa Clara County**
**2000 and 2010**

| Jurisdiction | 2000 | 2010 |
|---|---|---|
| Gilroy | 3.5 | 3.4 |
| Santa Clara County | 2.9 | 2.9 |
| California | 2.9 | 2.9 |

*Source: U.S. Census 2000 SF1, DP-1 and U.S. Census 2010.*

As shown in Table 13-10, households of three to four persons made up the largest segments of both owner- and renter-occupied households in 2010. One-person households were the smallest segment of both owner- and renter-occupied households.

**TABLE 13-10**
**HOUSEHOLD SIZE DISTRIBUTION**
**City of Gilroy**
**2010**

| Household Size | Total Households | | Renter Households | | Owner Households | |
|---|---|---|---|---|---|---|
| | Number | Percent | Number | Percent | Number | Percent |
| 1 Person | 2,136 | 15.1% | 1,002 | 7.1% | 1,134 | 8.0% |
| 2 Persons | 3,520 | 24.8% | 956 | 6.7% | 2,564 | 18.1% |
| 3-4 Persons | 5,152 | 36.3% | 1,871 | 13.2% | 3,281 | 23.1% |
| 5+ Persons | 3,367 | 23.8% | 1,722 | 12.1% | 1,645 | 11.6% |
| **Total** | **14,175** | **100%** | **5,551** | **39.2%** | **8,624** | **60.8%** |

*Source: U.S. Census 2010 SF1, QT-H2.*

### Household Income

As indicated in Table 13-11, the median household income for the city of Gilroy in 2012 was $76,060, approximately $13,000 less than the median income for the county. Within the city, the median income for owner-occupied households ($100,911) was significantly higher than the median income for renter-occupied households ($40,659).

**TABLE 13-11**
**MEDIAN HOUSEHOLD INCOME BY TENURE**
**City of Gilroy and Santa Clara County**
**2012**

| Jurisdiction | 2012 Median Income |
|---|---|
| City of Gilroy | $76,060 |
| Owner-Occupied Households | $100,911 |
| Renter-Occupied Households | $40,659 |
| Santa Clara County | $89,445 |

*Source: 2012 ACS B25119.*

The Federal Department of Housing and Urban Development (HUD) calculates an annual median family income (MFI) for each area of the country for the purpose of determining program eligibility. The area median family income for Gilroy is based on the income for Santa Clara County. Because eligibility is based on the area median income, cities such as Gilroy that have a lower median income than the area median income will have more residents that qualify for housing programs. The State of California uses five income categories to determine eligibility for housing programs based on the MFI.

- Extremely Low-Income: 30 percent or less of the median family income;
- Very Low-Income: 31 percent to 50 percent of the median family income;
- Low-Income: 51 percent to 80 percent of the median family income;
- Moderate-Income: 81 percent to 120 percent of the median family income; and
- Above Moderate-Income: Greater than 120 percent of the median family income.

Table 13-12 shows the State-defined income ranges for each income category based on the area median income (AMI) of $105,500 for a household of four in Santa Clara County.

**TABLE 13-12**
**INCOME RANGE BY AFFORDABILITY CATEGORY BASED ON STATE AREA MEDIAN INCOME**
**Santa Clara County**
**2013**

| Affordability Category | Percent of County Median[1] | Income Range ($)[2] |
|---|---|---|
| Extremely Low Income | ≤30% | ≤$31,850 |
| Very Low Income | 31%-50% | $31,851-$53,050 |
| Low Income | 51%-80% | $53,051-$84,900 |
| Moderate Income | 81%-120% | $84,901-$126,600 |
| Above Moderate Income | >120% | >$126,600 |

Notes:
[1] Based on HUD income categories.
[2] Based on 2013 State AMI of $105,500 for Santa Clara County (household of four persons).
*Source: California Department of Housing and Community Development, 2013, http://www.hcd.ca.gov/hpd/hrc/rep/state/inc2k13.pdf.*

Based on the HUD 2006-2010 Comprehensive Housing Affordability Strategy shown in Table 13-13, 26.6 percent of owner-occupied households and 76.6 percent of renter-occupied households in Gilroy were within the extremely low-, very low-, and low-income categories. Approximately 18.9 percent of both types of households were within the extremely low-income category; 12.6 percent of the county's households were within the extremely low-income category. In Gilroy, the percentage of households within both the extremely low- and very-low income categories was 32.8 percent, while only 23.0 percent of the county's households were within the combined categories.

**TABLE 13-13**
**HOUSEHOLD INCOME BY TENURE**
**City of Gilroy**
**2012**

| Income Level | Renter-Occupied | | Owner-Occupied | | Total Occupied Housing Units | |
|---|---|---|---|---|---|---|
| **City of Gilroy** | **Number** | **Percent** | **Number** | **Percent** | **Number** | **Percent** |
| Extremely Low Income (<30% AMI) | 1,935 | 36.9% | 735 | 8.3% | 2,670 | 18.9% |
| Very Low Income (31-50% AMI) | 1,205 | 23.0% | 760 | 8.5% | 1,965 | 13.9% |
| Low Income (51-80% AMI) | 875 | 16.7% | 870 | 9.8% | 1,745 | 12.3% |
| Moderate Income and Above (>80% AMI) | 1,230 | 23.5% | 6,540 | 73.4% | 7,770 | 54.9% |
| **Total** | **5,245** | **100%** | **8,905** | **100%** | **14,150** | **100%** |
| **Santa Clara County** | **Number** | **Percent** | **Number** | **Percent** | **Number** | **Percent** |
| Extremely Low Income (<30% AMI) | 22,375 | 6.3% | 53,020 | 21.8% | 75,395 | 12.6% |
| Very Low Income (31-50% AMI) | 26,995 | 7.6% | 34,835 | 14.3% | 61,830 | 10.4% |
| Low Income (51-80% AMI) | 27,000 | 7.6% | 29,325 | 12.1% | 56,325 | 9.4% |
| Moderate Income and Above (>80% AMI) | 277,025 | 78.4% | 126,170 | 51.8% | 403,195 | 67.6% |
| **Total** | **353,400** | **100.0%** | **243,350** | **100.0%** | **596,745** | **100.0%** |

*Source: 2006-2010 HUD CHAS data.*

## Housing Inventory and Market Conditions

This section describes the housing stock and market conditions in the city of Gilroy. By analyzing past and current housing trends, future housing needs can be projected.

### Housing Stock Profile

Table 13-14 summarizes the number of housing units in the city and county from 2000 to 2013. In 2000, Gilroy had 12,152 housing units. By 2010, the number of housing units increased to 14,854, a 22 percent increase. In 2013, the DOF reported 15,358 housing units within the city. According to the DOF, currently 2.4 percent of housing units in the county are within Gilroy's boundaries.

**TABLE 13-14**
**NUMBER OF HOUSING UNITS**
**City of Gilroy and Santa Clara County**
**2000-2013**

| Year | Gilroy | Santa Clara County | Gilroy as Percent of Total Santa Clara County Units |
|---|---|---|---|
| 2000 | 12,167 | 579,329 | 2.1% |
| 2010 | 14,854 | 631,920 | 2.4% |
| 2013 | 15,358 | 639,446 | 2.4% |

*Source: U.S. Census 2000 SF3, H1, U.S. Census 2010 SF1, H1, and Department of Finance Table E-5, 2013.*

### Unit Size

Table 13-15 summarizes the distribution of unit size by tenure in 2012. The most common unit size for renter-occupied units was two-bedroom units (38.2 percent). The second largest group of renter-occupied units was three-bedroom units (27.3 percent). Owner-occupied units were larger, on average; 36 percent of owner-occupied units had three bedrooms and 42.3 percent had four bedrooms.

**TABLE 13-15**
**UNIT SIZE BY TENURE**
**City of Gilroy**
**2012**

| Unit Size | Owner-Occupied | | Renter-Occupied | | Total Occupied Housing Units | |
|---|---|---|---|---|---|---|
| | Units | Percent[1] | Units | Percent[1] | Units | Percent[1] |
| Studio/1 bedroom | 206 | 2.4% | 1,326 | 22.2% | 1,532 | 10.4% |
| 2 bedrooms | 813 | 9.3% | 2,276 | 38.2% | 3,089 | 21.0% |
| 3 bedrooms | 3,154 | 36.1% | 1,627 | 27.3% | 4,781 | 32.5% |
| 4 bedrooms | 3,690 | 42.3% | 587 | 9.8% | 4,277 | 29.1% |
| 5 or more bedrooms | 867 | 9.9% | 148 | 2.5% | 1,015 | 6.9% |
| **Total** | **8,730** | **100%** | **5,964** | **100%** | **14,694** | **100%** |

Note: [1]Percentages may not equal 100 percent due to rounding
*Source: 2012 ASC B25042.*

## Unit Type

Table 13-16 summarizes Gilroy's housing inventory by unit type from 2000 to 2013. The 2010 U.S. Census shows single family detached units were the largest housing types in Gilroy with 9,997 units, or 67.3 percent. Multifamily units made up 24.6 percent of the housing stock in 2010 with 3,653 units. From 2010 to 2012, the number of units for all housing types increased, except for single family attached units, which remained the same at 887 units. In 2013 single family detached housing continued to be the most prevalent housing type (10,451 units) in Gilroy comprising 68.1 percent of the housing inventory; 24.1 percent of the housing stock was composed of multifamily units (3,703). In Santa Clara County, single family detached housing made up 54.1 percent of the housing stock in 2013 with 346,145 units, and multifamily units made up 34 percent of the housing stock with 212,047 units.

**TABLE 13-16**
**HOUSING INVENTORY BY UNIT TYPE**
**City of Gilroy and Santa Clara County**
**2000-2013**

| Housing Type | 2000 | | 2010 | | 2013 | |
|---|---|---|---|---|---|---|
| | Number | Percent | Number | Percent | Number | Percent |
| **City of Gilroy** | | | | | | |
| Single family, detached | 7,768 | 63.8% | 9,997 | 67.3% | 10,451 | 68.1% |
| Single family, attached | 742 | 6.1% | 887 | 6.0% | 887 | 5.8% |
| Multifamily | 3,225 | 26.5% | 3,653 | 24.6% | 3,703 | 24.1% |
| Mobile homes | 432 | 3.6% | 317 | 2.1% | 317 | 2.1% |
| Other (Boats, RV, etc.) | 0 | 0% | 0 | 0% | 0 | 0% |
| **Total Housing Units** | **12,167**[1] | **100%** | **14,854** | **100%** | **15,358** | **100%** |
| **Santa Clara County** | | | | | | |
| Single family, detached | 323,923 | 55.9% | 344,586 | 55% | 346,145 | 54.1% |
| Single family, attached | 52,736 | 9.1% | 61,517 | 10% | 62,201 | 10% |
| Multifamily | 182,999 | 31.6% | 206,779 | 32.7% | 212,047 | 33.2% |
| Mobile homes | 19,102 | 3.3% | 19,038 | 3% | 19,053 | 3% |
| Other (Boats, RV, etc.) | 569 | 0.1% | 0 | 0% | 0 | 0% |
| **Total Housing Units** | **579,329**[1] | **100%** | **631,920** | **100%** | **639,446** | **100%** |

Note: [1]Discrepancy in 2000 SF3 total housing units data due to sampling error.
*Source: U.S. Census 2000 SF3, H30 and California Department of Finance Table E-5, 2010 and 2013.*

Table 13-17 shows occupied housing units by tenure in 2012. This excludes vacant housing units. As shown in Table 13-17, the majority of owner-occupied housing units were single family detached, comprising 90.1 percent of all owner-occupied units. Renter-occupied units were predominately multifamily with five or more units in the complex, with 34.9 percent of total renter-occupied units.

**TABLE 13-17**
**UNIT TYPE BY TENURE**
**City of Gilroy**
**2012**

| | Owner-Occupied | | Renter- Occupied | | Total Occupied Housing Units | |
|---|---|---|---|---|---|---|
| | Units | Percent[1] | Units | Percent[1] | Units | Percent[1] |
| Single family, detached | 7,865 | 90.1% | 1,503 | 25.2% | 9,368 | 63.8% |
| Single family, attached | 424 | 4.9% | 590 | 9.9% | 1,014 | 6.9% |
| Multi-family (2-4 units) | 136 | 1.6% | 1,723 | 28.9% | 1,859 | 12.7% |
| Multi-family (5+ units) | 67 | 0.8% | 2,079 | 34.9% | 2,146 | 14.6% |
| Mobile homes | 238 | 2.7% | 69 | 1.2% | 307 | 2.1% |
| Other (e.g., boats, RV, etc.) | 0 | 0% | 0 | 0% | 0 | 0% |
| **Total** | **8,730** | **100%** | **5,964** | **100%** | **14,694** | **100%** |

Note: [1]Percentages may not equal 100 percent due to rounding.
*Source: 2012 ACS B25032.*

## Tenure

Approximately 61 percent of Gilroy's housing units were owner-occupied and 39 percent of the units were renter-occupied in 2010. As shown in Table 13-18 the percentage of owner-occupied units in Gilroy was comparatively higher than Santa Clara County and California.

**TABLE 13-18**
**OCCUPIED UNITS BY TENURE**
**City of Gilroy, Santa Clara County, and California**
**2010**

| | Owner-Occupied | | Renter- Occupied | | Total | |
|---|---|---|---|---|---|---|
| | Number | Percent[1] | Number | Percent[1] | Number | Percent[1] |
| Gilroy | 8,624 | 60.8% | 5,551 | 39.1% | 14,175 | 100% |
| Santa Clara County | 348,298 | 57.6% | 255,906 | 42.4% | 604,204 | 100% |
| California | 7,035,371 | 56.0% | 5,542,127 | 44.1% | 12,577,498 | 100% |

Note: [1]Percent of Total in each geography
*Source: U.S. Census 2010 SF1, QT-H2.*

## Vacancy Rates

Vacancy rates are indicators of housing supply and demand. Low vacancy rates influence greater upward price pressures. Higher vacancy rates indicate downward price pressure. A four to five percent vacancy rate is considered "healthy." In 2000, the vacancy rate in Gilroy was 2.2 percent. The vacancy rate reported by DOF in 2013 increased to 4.6 percent.

Table 13-19 summarizes the number of occupied and vacant units in Gilroy from 2000 to 2013.

**TABLE 13-19**
**OCCUPANCY STATUS**
**City of Gilroy**
**2000 and 2013**

| Occupancy Status | 2000 | Percent | 2013 | Percent |
|---|---|---|---|---|
| Occupied Housing Units | 11,894 | 97.8% | 14,657 | 95.4% |
| Vacant Housing Units | 273 | 2.2% | 701 | 4.6% |
| **Total Housing Units** | **12,167**[1] | **100%** | **15,358** | **100%** |

Note: [1]Discrepancy in 2000 SF3 total housing units data due to sampling error.
*Source: U.S. Census 2000 SF3, H6 and California Department of Finance Table E-5, 2013.*

## Age of Housing Stock

The age of a housing unit is often an indicator of housing conditions. In general, housing that is 30 years or older may exhibit need for repairs based on the useful life of materials. Housing over 50 years old is considered aged and is more likely to exhibit a need for major repairs.

Table 13-20 provides a summary of age of housing stock by tenure in 2012. Approximately 40 percent of owner-occupied units in the city were built before 1980 (i.e., more than 30 years old) and 10.2 percent were built before 1960 (i.e., more than 50 years old). Of the renter-occupied units, 44.3 percent were built before 1980 and 13.2 percent were built before 1960.

**TABLE 13-20**
**TENURE BY AGE OF HOUSING STOCK (OCCUPIED UNITS)**
**City of Gilroy**
**2012**

| | Owner-Occupied | | Renter- Occupied | | Total Occupied Housing Units | |
|---|---|---|---|---|---|---|
| Year Built | Units | Percent[1] | Units | Percent[1] | Units | Percent[1] |
| 2010 or later[2] | 0 | 0% | 0 | 0% | 0 | 0% |
| 2000-2009 | 1,797 | 20.6% | 1,331 | 22.3% | 3,128 | 21.3% |
| 1990-1999 | 1,959 | 22.4% | 707 | 11.9% | 2,666 | 18.1% |
| 1980-1989 | 1,372 | 15.7% | 1,280 | 21.5% | 2,652 | 18.1% |
| 1970-1979 | 1,712 | 19.6% | 1,308 | 21.9% | 3,020 | 20.1% |
| 1960-1969 | 990 | 11.3% | 547 | 9.2% | 1,537 | 10.5% |
| 1950-1959 | 492 | 5.6% | 396 | 6.6% | 888 | 6.0% |
| 1940-1949 | 204 | 2.3% | 131 | 2.2% | 335 | 2.3% |
| 1939 or earlier | 204 | 2.3% | 264 | 4.4 | 468 | 3.2 |
| **Total** | **8,730** | **100%** | **5,964** | **100%** | **14,694** | **100%** |

Notes:
[1] Percentages may not equal 100 percent due to rounding
[2] According to the Department of Finance, 504 new housing units were built between 2010 and 2013. These units are not accounted for in the ACS data likely due to a sampling error.
*Source: 2012 ACS B25036.*

## Housing Conditions

Housing is considered substandard when conditions are found to be below the minimum standard of living defined in the California Health and Safety Code. Households living in substandard conditions are considered to be in need of housing assistance, even if they are not seeking alternative housing arrangements, due to threat to health and safety.

In addition to structural deficiencies and standards, the lack of infrastructure and utilities often serves as an indicator for substandard conditions. Table 13-21 summarizes the number of units lacking plumbing or complete kitchen facilities. According to the 2012 ACS three-year estimates, 28 occupied-units in Gilroy lacked complete plumbing facilities. All 28 of the units were owner-occupied. Sixty-one occupied units also lacked complete kitchen facilities. Of those lacking complete kitchen facilities, 13 were owner-occupied and 43 were renter-occupied. It should be noted that there might be some overlap in the number of substandard housing units, as some units may lack both complete plumbing and kitchen facilities.

**TABLE 13-21**
**UNITS LACKING PLUMBING OR COMPLETE KITCHEN FACILITIES**
**City of Gilroy**
**2012**

| Units | Owner Occupied | Renter Occupied | Total |
|---|---|---|---|
| Lacking complete plumbing facilities | 28 | 0 | 28 |
| Lacking complete kitchen facilities | 13 | 48 | 61 |

*Source: 2012 ACS B25049 and B25053.*

Code Enforcement activities in the city of Gilroy are conducted by two Code Enforcement officers. The officers respond to complaints about substandard housing conditions reported by residents. A large number of these complaints come from the city's Neighborhood Revitalization Strategy Area (NRSA) which is the area bordered by Highway 101 on the east, the intersection of Monterey Road and Highway 101 on the south, Las Animas Avenue on the north, and on the west side partially by several streets including Monterey Road, 1st Street, Rosanna Street and 7th Street, Eigleberry Street, and 10th Street. The NRSA has neighborhood associations that work with city staff, including the Police Department, to monitor the housing code and blight enforcement.

Neighborhood complaints received by Code Enforcement regarding sub-standard housing in October through December 2013 include:

- Someone is living in a detached garage and in a detached unit next to the pool;
- Occupants living without water and dwelling being uninhabitable;
- A two-garage style granny units at the rear of the property with people living in them, and have many cars parked and stored in the street;
- A young couple is living in a detached garage at the rear of the property;

- Persons living in a substandard unit; breaker is constantly tripping, plumbing leaking, bedrooms lack egress, and the electric stove shocks tenants intermittently;
- People living at the rear of a building without a certificate of occupancy.

In 2013, the City allocated $13,500 of CDBG funds for Code Enforcement Officers to respond to complaints regarding housing code violations. Gilroy's Housing Trust Fund budget for Program Year 2013 is estimated to be $72,172 for rehabilitation of low-income rental and owner-occupied properties, special needs and homeless capital projects, as well as for public services related to homelessness and special needs housing. The City allocated $85,000 for competitive awards for services related to homelessness, affordable housing, and special needs housing; another $95,000 will be available for services addressing fair housing, tenant-landlord information and referral, foreclosure counseling, and the Gilroy Streets Team. The City has dedicated up to $96,000 of CDBG funds for services provided within the Neighborhood Revitalization Strategy Area, which will be restricted to employment and youth and must be provided by a HUD recognized Community Based Development Organization (CBDO). CDBG funds of $17,000 will be made available for competitive awards for public service activities.

Many of the low-income multi-family developments in the city are owned by South County Housing, a non-profit developer located in Gilroy. This organization has a policy of providing high quality developments and takes pride in the maintenance and upkeep of their affordable properties. They have purchased older apartment complexes within the city in the past and applied to the City, State, and Federal government for funds to rehabilitate the complexes to current codes and rent them to low- and very low-income households. The City of Gilroy can make loans from the Housing Trust Fund for rehabilitation purposes to multi-family developments or individuals who own properties with two or more units that need funds for maintenance, repair, and upgrading. Clients must sign a rent restriction agreement assuring they will provide affordable rents for a specific number of years to their tenants.

## Housing Costs and Rents

This section evaluates housing cost trends in Gilroy.

### Affordability Gap Analysis

Table 22 shows the affordable housing cost guidelines established in Section 50052.5 and 50053 of the California Health and Safety Code. The guidelines are based on the median income calculated by the HCD income limits. The generally accepted definition of housing affordability is for a household to pay no more than 30 percent of its gross annual income on housing. It should be noted that moderate-income households and above typically spend greater than 30 percent on household expenses; therefore, the threshold for overpayment is higher at approximately 35 percent of their income.

**TABLE 13-22**
**HOUSING COST LIMITS BY AREA MEDIAN INCOME LEVEL**

| Income Level | Income Limit | For Sale | Rental |
|---|---|---|---|
| Extremely Low | 0-30% AMI | 30% of 30% of AMI | 30% of 30% of AMI |
| Very Low | 31-50% AMI | 30% of 50% of AMI | 30% of 50% of AMI |
| Low | 51-80% AMI | 30% of 70% of AMI | 30% of 60% of AMI |
| Moderate | 81-120% AMI | 35% of 110% of AMI | 35% of 110% of AMI |

Note: Affordability levels should be adjusted for household size.
*Source: HCD Income Limits.*

Table 13-23 summarizes 2013 HCD-defined household income limits for very low-, low-, and moderate-income households in Santa Clara County (including Gilroy) by the number of persons in the household, and shows maximum affordable monthly rents and maximum affordable purchase prices for homes. Households earning the 2013 area median income for a family of four in Gilroy ($105,500) could afford to spend up to $31,656 a year, or $2,638 per month, on housing without being considered "overpaying." For renters, this is a straightforward calculation, but home ownership costs are less transparent.

A household can typically qualify to purchase a home that is 2.5 to 3.0 times the annual income of that household, depending on the down payment, the level of other long-term obligations (such as a car loan), and interest rates. In practice, the interaction of these factors allows some households to qualify for homes priced at more than three times their annual income, while other households may be limited to purchasing homes no more than two times their annual incomes. These factors—interest rates, insurance, and taxes—are held constant in the table below in order to determine maximum affordable rent and purchase price for households of each income category. It is important to note that this table is used for illustrative purposes only; the City uses a different methodology to calculate affordability costs than HUD. The information provided in Table 13-23 realistically reflects the difficulty in affording rent and purchase prices in the city of Gilroy.

**TABLE 13-23**
**ABILITY TO PAY BASED ON HUD INCOME LIMITS**
**Santa Clara County**
**2013**

| | | | | | | |
|---|---|---|---|---|---|---|
| **Extremely Low-Income Households at 30% of 2013 Median Family Income (MFI)** | | | | | | |
| Number of Persons | 1 | 2 | 3 | 4 | 5 | 6 |
| Income Level | $22,150 | $25,300 | $28,500 | $31,650 | $34,200 | $36,700 |
| Max. Monthly Gross Rent (1) | $554 | $633 | $713 | $791 | $855 | $918 |
| Max. Purchase Price (2) | $89,470 | $102,193 | $115,119 | $127,842 | $138,143 | $148,241 |
| **Very Low-Income Households at 50% of 2013 MFI** | | | | | | |
| Number of Persons | 1 | 2 | 3 | 4 | 5 | 6 |
| Income Level | $36,950 | $42,200 | $47,500 | $52,750 | $56,950 | $61,200 |
| Max. Monthly Gross Rent (1) | $924 | $1,055 | $1,188 | $1,319 | $1,424 | $1,530 |
| Max. Purchase Price (2) | $149,251 | $170,457 | $191,865 | $213,071 | $230,036 | $247,203 |
| **Low-Income Households at 70% of MFI for For Sale and 60% of 2013 MFI for Rental** | | | | | | |
| Number of Persons | 1 | 2 | 3 | 4 | 5 | 6 |
| Income Level for For Sale (70% MFI) | $51,700 | $59,100 | $66,450 | $73,850 | $79,750 | $85,650 |
| Income Level for For Rental (60% MFI) | $44,300 | $50,650 | $56,950 | $63,300 | $68,350 | $73,450 |
| Max. Monthly Gross Rent (1) | $1,108 | $1,266 | $1,424 | $1,583 | $1,709 | $1,836 |
| Max. Purchase Price (2) | $208,830 | $238,720 | $268,409 | $298,299 | $322,131 | $345,962 |
| **Median-Income Households at 100% of 2013 MFI** | | | | | | |
| Number of Persons | 1 | 2 | 3 | 4 | 5 | 6 |
| Income Level | $73,850 | $84,400 | $94,950 | $105,500 | $113,950 | $122,400 |
| Max. Monthly Gross Rent (1) | $1,846 | $2,110 | $2,374 | $2,638 | $2,849 | $3,060 |
| Max. Purchase Price (2) | $298,299 | $340,913 | $383,527 | $426,142 | $460,273 | $494,405 |
| **Moderate-Income Households at 110% of 2013 MFI** | | | | | | |
| Number of Persons | 1 | 2 | 3 | 4 | 5 | 6 |
| Income Level | $81,250 | $92,850 | $104,450 | $116,050 | $125,350 | $134,600 |
| Max. Monthly Gross Rent/Payments (1) | $2,370 | $2,708 | $3,046 | $3,385 | $3,656 | $3,926 |
| Max. Purchase Price (2) | $382,888 | $437,553 | $492,217 | $546,882 | $590,708 | $634,298 |

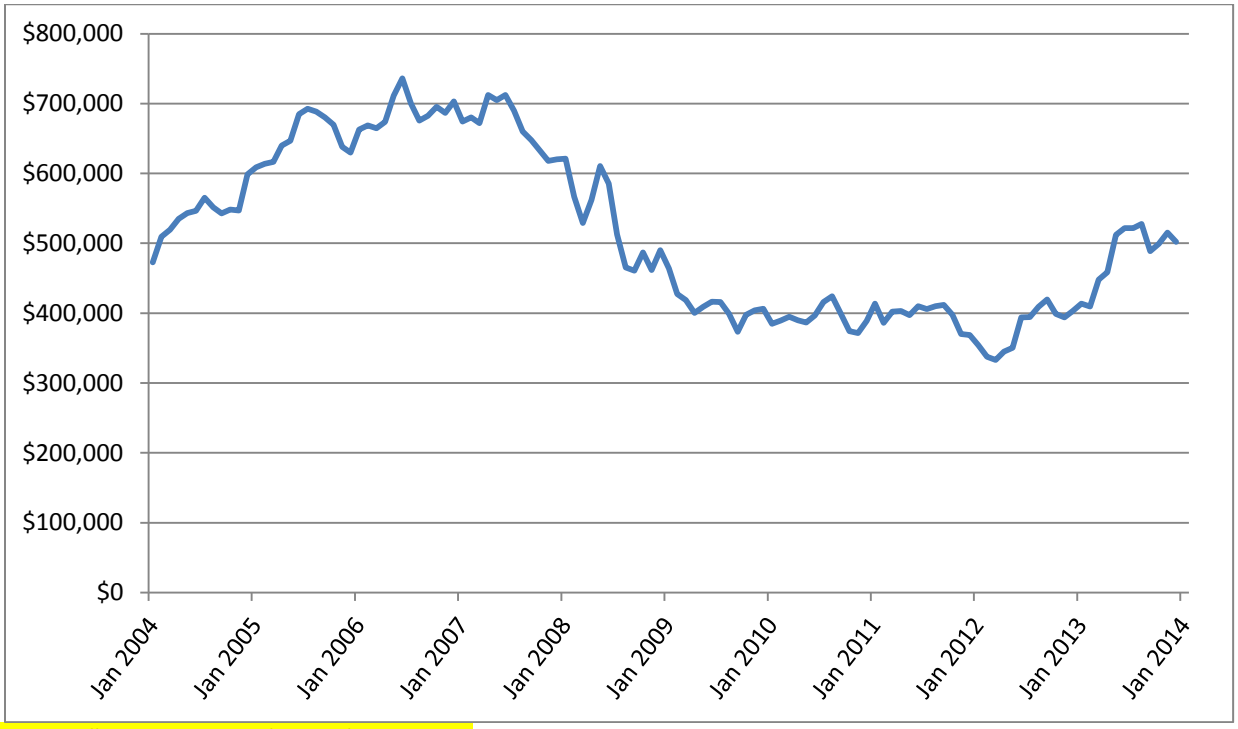
Notes:
[1]Assumes that 30 percent of income is available for either: monthly rent, including utilities; or mortgage payment, taxes, mortgage insurance, and homeowners insurance.
[2]Assumes 96.5 percent loan at 4.5 percent annual interest rate and 30-year term; assumes taxes, mortgage insurance, and homeowners' insurance account for 21 percent of total monthly payments.
[3]2013 State Area Median Income for Santa Clara County $105,500
*Source: California Department of Housing and Community Development, 2013, http://www.hcd.ca.gov/hpd/hrc/rep/state/inc2k13.pdf; Mintier Harnish, 2013.*

**Median Home Sales Price**

Figure 13-1 shows the historical home prices in Gilroy between January 2004 and December 2013. After 2007, the housing market slowdown affected home sale prices in Gilroy. Between mid-2007 and early 2012, the home sales prices decreased by approximately 50 percent, making housing more affordable. Since then, the median sales prices for new and resale homes in Gilroy have increased.

**FIGURE 13-1 HISTORICAL HOME PRICES IN GILROY**

**2004-2013**




*Source: zillow.com, accessed December 12, 2013.*

As shown in Table 13-24, the median sales price significantly increased by 25 percent between October 2012 and October 2013 from $420,000 to $499,000. In October 2013, the median sales price in Santa Clara County was $659,000, which represents a 20.4 percent increase since October 2012. In October 2013, the median sales price in Santa Clara County was 31.8 percent higher than the median sales price in Gilroy.

**TABLE 13-24**
**MEDIAN SALES PRICE**
**City of Gilroy, City of Campbell, City of Santa Clara, City of San Jose, City of Morgan Hill, and Santa Clara County**
**2012 and 2013**

| Jurisdiction | October 2012 | October 2013 | % Change |
|---|---|---|---|
| Gilroy | $461,000 | $500,000 | 8.5% |
| Campbell | $600,000 | $750,000 | 25.0% |
| Santa Clara | $565,000 | $678,000 | 20.0% |
| San Jose | $465,000 | $599,500 | 28.9% |
| Morgan Hill | $514,500 | $674,000 | 31.0% |
| Santa Clara County | $547,250 | $659,000 | 20.4% |

*Source: DataQuick, http://www.dqnews.com/Charts/Monthly-Charts/CA-City-Charts/ZIPCAR.aspx, accessed December 12, 2013.*

The maximum affordable purchase price for a median income four person household is $426,142, whereas the median sales price in Gilroy was $500,000 in October 2013, an affordability gap of $67,130. The median sales price in Gilroy was out of reach for lower-income families, but within reach for many moderate-income families in Santa Clara County. It is likely that housing prices will continue this upward trend during the Housing Element planning period.

### Rental Prices

Table 13-25 summarizes the average monthly rent by unit size in 2013. According to the RealFacts Annual Report for 2013, the average rental rate for a one-bedroom, one bath unit was $1,433; a two-bedroom, one bath unit was $1,584; a two-bedroom, two bath unit was $1,776; and a three-bedroom, two-bath unit was $1,877.

**TABLE 13-25**
**AVERAGE MONTHLY RENT BY UNIT SIZE**
**City of Gilroy**
**2013**

| Unit Size | Average Monthly Rent |
|---|---|
| Studio | N/A[1] |
| 1 bedroom, 1 bath | $1,433 |
| 2 bedrooms, 1 bath | $1,584 |
| 2 bedrooms, 2 baths | $1,776 |
| 3 bedrooms, 2 baths | $1,877 |

Note: [1]Rental rate for studio units not available in report.
*Source: RealFacts, Annual Trend, obtained December 13, 2013.*

Table 13-26 shows the number of households by percentage of household income spent on rent in 2012. According to the 2012 American Community Survey, 54 percent of renter households in Gilroy

spent 30 percent or more of their household income on rent in 2012. And 31.3 percent spent 50 percent or more on rent. Rental housing is generally affordable to moderate-income households within the city.

Extremely low- and very low- income groups would not be able to afford a market-rate apartment in Gilroy. The average rents for one-bedroom to three-bedroom units would be affordable to the low-, moderate-, and above moderate-income groups.

**TABLE 13-26**
**GROSS RENT AS A PERCENTAGE OF HOUSEHOLD INCOME**
**City of Gilroy**
**2012**

| Percent of Household Income | Number of Households | Percent of Households |
|---|---|---|
| Less than 10 percent | 131 | 2.2% |
| 10 to 14.9 percent | 358 | 6.0% |
| 15 to 19.9 percent | 483 | 8.1% |
| 20 to 24.9 percent | 806 | 13.5% |
| 25 to 29.9 percent | 872 | 14.6% |
| 30 to 34.9 percent | 533 | 8.9% |
| 35 to 39.9 percent | 367 | 6.2% |
| 40 to 49.9 percent | 452 | 7.6% |
| 50 percent or more | 1,864 | 31.3% |
| Not computed | 98 | 1.6% |
| **Total** | **5,964** | **100.0%** |

*Source: 2012 ACS B25070*

## Overpayment

Overpayment is defined as households paying more than 30 percent of their gross income on housing related expenses, including rent or mortgage payments and utilities. Severe overpayment occurs when households pay 50 percent or more of their gross income for housing. Higher costs for housing may contribute to households having a limited ability to cover other everyday living expenses.

The impact of housing costs is more apparent for extremely low-, very low-, and low-income households, especially renter households.

In 2010, 4,350 (48.8 percent) owner-occupied households and 2,960 (56.4 percent) of renter-occupied households experienced overpayment. Altogether, 7,310 households experienced overpayment, which represents 53.1 percent of households in Gilroy. In the county, 240,480 households experienced overpayment, which represents 40.3 percent of total households.

Table 13-27 summarizes housing cost as a percentage of household income for owner-occupied and renter-occupied households.

**TABLE 13-27**
**HOUSING COST AS A PERCENTAGE OF HOUSEHOLD INCOME**
**City of Gilroy and Santa Clara County**
**2010**

| Housing Income Range | Households | | Percentage of Income Spent on Housing | | | |
|---|---|---|---|---|---|---|
| | Number | Percent | Overpayment (>30% income on housing) | | Severe Overpayment (>50% income on housing) | |
| | | | Number | Percent | Number | Percent |
| **City of Gilroy** | | | | | | |
| **Owner Households** | | | | | | |
| Extremely Low Income (<30% AMI) | 735 | 8.3% | 470 | 63.9% | 365 | 49.7% |
| Very Low Income (31-50% AMI) | 760 | 8.5% | 370 | 48.7% | 295 | 38.8% |
| Low Income (51-80% AMI) | 870 | 9.8% | 655 | 75.3% | 510 | 58.6% |
| Moderate Income and above (>80% AMI) | 6,540 | 73.4% | 2,855 | 43.7% | 730 | 11.2% |
| **Total** | **8,905** | **100.0%** | **4,350** | **48.8%** | **5,200** | **58.4%** |
| **Renter Households** | | | | | | |
| Extremely Low Income (<30% AMI) | 1,935 | 36.9% | 1,675 | 86.6% | 1,160 | 59.9% |
| Very Low Income (31-50% AMI) | 1,205 | 23.0% | 795 | 66.0% | 400 | 33.2% |
| Low Income (51-80% AMI) | 875 | 16.7% | 375 | 42.9% | 115 | 13.1% |
| Moderate Income and above (>80% AMI) | 1,230 | 23.5% | 115 | 9.3% | 0 | 0.0% |
| **Total** | **5,245** | **100.0%** | **2,960** | **56.4%** | **1,675** | **31.9%** |
| **Santa Clara County** | | | | | | |
| **Owner Households** | | | | | | |
| Extremely Low Income (<30% AMI) | 22,375 | 6.3% | 15,855 | 70.9% | 13,495 | 60.3% |
| Very Low Income (31-50% AMI) | 26,995 | 7.6% | 16,030 | 59.4% | 12,015 | 44.5% |
| Low Income (51-80% AMI) | 27,000 | 7.6% | 15,865 | 58.8% | 9,730 | 36.0% |
| Moderate Income and above (>80% AMI) | 277,025 | 78.4% | 90,450 | 32.7% | 22,750 | 8.2% |
| **Total** | **353,400** | **100.0%** | **138,200** | **39.1%** | **57,990** | **16.4%** |
| **Renter Households** | | | | | | |
| Extremely Low Income (<30% AMI) | 53,020 | 21.8% | 41,865 | 79.0% | 35,400 | 66.8% |
| Very Low Income (31-50% AMI) | 34,835 | 14.3% | 29,020 | 83.3% | 12,485 | 35.8% |
| Low Income (51-80% AMI) | 29,325 | 12.1% | 16,595 | 56.6% | 3,035 | 10.3% |
| Moderate Income and above (>80% AMI) | 126,170 | 51.8% | 14,800 | 11.7% | 1,035 | 0.8% |
| **Total** | **243,350** | **100.0%** | **102,280** | **42.0%** | **51,955** | **21.3%** |

*Source: 2006-2010 HUD CHAS data.*

## Overcrowding

An overcrowded housing unit is defined by the U.S. Census Bureau as a housing unit occupied by more than one person per room (excluding bathrooms, kitchen, hallway, and closet space). Overcrowding can affect public facilities and services, reduce the quality of the physical environment, and create conditions that contribute to deterioration of the housing stock.

Table 13-28 summarizes overcrowding in Gilroy in 2012. Approximately 10 percent of Gilroy's households were overcrowded. Instances of overcrowding vary by tenure. Approximately four percent of owner households and 19 percent of renter households were overcrowded.

**TABLE 13-28**
**OVERCROWDED HOUSEHOLDS**
**City of Gilroy**
**2012**

| | Owners | | Renters | | Total | |
|---|---|---|---|---|---|---|
| **Persons per Room** | **Overcrowded Households** | **Percent of Total** | **Overcrowded Households** | **Percent of Total** | **Overcrowded Households** | **Percent of Total** |
| ≤1.00 | 8,399 | 96.2% | 4,835 | 81.1% | 13,234 | 88.4% |
| 1.01 to 1.50 | 142 | 1.6% | 883 | 14.8% | 1,025 | 7.0% |
| >1.50 | 189 | 2.2% | 246 | 4.1% | 435 | 3.0% |
| **Total Overcrowded** | **331** | **3.8%** | **1,129** | **18.9%** | **1,460** | **10.0%** |

Note: Total owner-occupied: 8,730; total renter-occupied: 5,964; total all households: 14,694.
*Source: 2012 ACS B25014.*

## Special Needs Groups

Certain segments of the population may have more difficulty finding decent, affordable housing due to special needs. This section identifies the housing needs for elderly persons, large households, female-headed households, persons with disabilities (including developmental disabilities), homeless persons, and farmworkers.

In addition to the data from the 2012 American Community Survey, this section also uses data from the 2006-2010 Comprehensive Housing Affordability Strategy (CHAS) published by HUD. The CHAS provides information related to households with housing problems, including overpayment, overcrowding, and/or without complete kitchen facilities and plumbing systems. The CHAS data is based on the 2006-2010 ACS data files, but differs from the standard files by including a variety of housing need variables split by HUD-defined income limits and HUD-specified household types.

### Elderly Persons

Elderly persons are considered a special needs group because they are more likely to have fixed incomes. Elderly persons are generally defined as people age 65 years and older. Elderly persons often have special needs related to housing location and construction. Because of limited mobility, elderly persons typically need access to services and amenities (e.g., medical and shopping) and public transit. In terms of housing construction, elderly persons may need ramps, handrails, elevators, lower cabinets and counters, and special security devices to allow for greater self-protection.

According to the 2012 ACS three-year estimates, 9.6 percent of Gilroy's residents were elderly, while 11.4 percent of the county's residents were elderly. As shown in Table 13-29, 19.3 percent of Gilroy's households had an elderly householder in 2012, which is similar to the percent of elderly householders in the county (18.5 percent).

**TABLE 13-29**
**HOUSEHOLDERS BY TENURE AND AGE**
**City of Gilroy and Santa Clara County**
**2012**

| | Gilroy | | Santa Clara County | |
|---|---|---|---|---|
| **Householder Age** | **Households** | **Percent** | **Households** | **Percent** |
| 15-24 years | 461 | 3.1% | 14,725 | 2.4% |
| 25-34 years | 2,466 | 16.8% | 101,924 | 16.8% |
| 35-64 years | 8,937 | 60.8% | 378,297 | 62.3% |
| 65-74 years | 1,936 | 13.2% | 59,436 | 9.8% |
| 75 plus years | 894 | 6.1% | 52,835 | 8.7% |
| **Total** | **14,694** | **100%** | **607,217** | **100%** |

*Source: 2012 ACS B25007.*

As indicated in Table 13-30, the 2012 median household income for households with a householder age 65 and older was $50,455 in Gilroy and $51,255 in Santa Clara County. This is compared to the citywide median income of $76,060 and countywide median income of $89,445. The population of householders age 65 and older generally falls in the very-low income category based on the county median income.

**TABLE 13-30**
**ELDERLY MEDIAN HOUSEHOLD INCOME**
**City of Gilroy and Santa Clara County**
**2012**

| Householder Age | City of Gilroy Median Income | Santa Clara County Median Income |
|---|---|---|
| 65 years and older | $50,455 | $51,255 |
| All Households | $76,060 | $89,445 |

*Source: 2012 ACS B19049.*

Based on HUD's 2006-2010 data CHAS data shown in Table 13-31, 54.3 percent of elderly households were within the extremely low- and very low-income categories. Santa Clara County had a smaller percentage of elderly households within the extremely low- and very low-income categories (38.5 percent). 37.5 percent of Gilroy's elderly population and 50 percent of Santa Clara County's elderly population fell within the moderate income and above category.

**TABLE 13-31**
**ELDERLY HOUSEHOLD INCOME DISTRIBUTION**
**City of Gilroy and Santa Clara County**
**2012**

| | Gilroy | | Santa Clara County | |
|---|---|---|---|---|
| **Income** | **Number** | **Percent** | **Number** | **Percent** |
| Extremely Low Income (<30% AMI) | 1,090 | 41.4% | 25,195 | 22.1% |
| Very Low Income (31-50% AMI) | 340 | 12.9% | 18,640 | 16.4% |
| Low Income (51-80% AMI) | 215 | 8.2% | 13,420 | 11.8% |
| Moderate Income and Above (>80% AMI) | 985 | 37.5% | 56,695 | 50.0% |
| **Total** | **2,630** | **100.0%** | **113,950** | **100.0%** |

*Source: 2006-2010 HUD CHAS data.*

The U.S. Census Bureau provides information on the number of persons with disabilities of varying types and degrees. The types of disabilities included in the Census are:

- Sensory: Blindness, deafness, or a severe vision or hearing impairment.
- Physical: A condition that substantially limits one or more basic physical activities, such as walking, climbing stairs, reaching, lifting, or carrying.
- Mental: A condition lasting six months or more that made it difficult to perform certain activities including learning, remembering, or concentrating.
- Self-care: A condition lasting six months or more that made it difficult to perform certain activities including dressing, bathing, or getting around inside the home.
- Go-outside-home: Only asked for population 16 and older of a condition lasting six months or more that made it difficult to perform certain activities including going outside the home alone to shop or visit a doctor's office.
- Employment: Only asked for the population 16 and older of a condition lasting six months or more that made it difficult to perform certain activities including working at a job or business.

As shown in Table 13-32, 15 percent of Gilroy's elderly population had one type of disability in 2012, and 24 percent had two or more types of disability. The disability status in Gilroy and Santa Clara County are similar; 13.9 percent of the county's elderly population had one type of disability, while 19.7 percent had two or more types of disability.

**TABLE 13-32**
**ELDERLY WITH DISABILITIES LIMITING INDEPENDENT LIVING**
**City of Gilroy and Santa Clara County**
**2012**

| | Gilroy | | Santa Clara County | |
|---|---|---|---|---|
| **Disability Status** | **Total** | **Percent of People Age 65+[1]** | **Total** | **Percent of People Age 65+[1]** |
| With one type of disability | 685 | 14.8% | 27,955 | 13.9% |
| With two or more types of disability | 1,104 | 23.8% | 39,611 | 19.7% |
| **Total with a Disability** | **1,789** | **38.5%** | **67,566** | **33.5%** |

Note: Total number of people 65+in Gilroy: 4,641; total number of people 65+ in Santa Clara County: 201,454
*Source: 2012 ACS C18108.*

Table 13-33 provides a summary of housing problems experienced by elderly households in Gilroy. According to the 2006-2010 CHAS data, 28.6 percent of elderly renter-occupied households and 18.6 percent of elderly owner-occupied households experience overpayment. The increasing number of elderly persons in the population is creating a demand for more affordable housing. The City will address the needs of the elderly population through policies and programs that address affordability and special design guidelines for the elderly.

**TABLE 13-33**
**ELDERLY HOUSEHOLDS – HOUSING PROBLEMS**
**City of Gilroy**
**2006-2010**

| | Renters | Owners |
|---|---|---|
| **Elderly Households – Household Income ≤ 30% MFI** | **525** | **465** |
| Percent with any Housing Problem[1] | 25.3% | 55.9% |
| Percent Cost Burden[2] 30% – ≤ 50% | 31.4% | 19.4% |
| Percent Cost Burden[2] > 50% | 40.0% | 36.6% |
| **Elderly Households – Household Income > 30% to ≤ 50% MFI** | **110** | **230** |
| Percent with any Housing Problem[1] | 50.0% | 15.2% |
| Percent Cost Burden[2] 30% – ≤ 50% | 36.4% | 23.9% |
| Percent Cost Burden[2] > 50% | 54.6% | 17.4% |
| **Elderly Households – Household Income > 50% to ≤ 80% MFI** | **40** | **175** |
| Percent with any Housing Problem[1] | 62.5% | 20.0% |
| Percent Cost Burden[2] 30% – ≤ 50% | 25.0% | 25.7% |
| Percent Cost Burden[2] > 50% | 25.0% | 25.7% |
| **Elderly Households – Households Income > 80% MFI** | **130** | **855** |
| Percent with any Housing Problem[1] | 11.5% | 18.1% |
| Percent Cost Burden[2] 30% – ≤ 50% | 11.5% | 15.2% |
| Percent Cost Burden[2] > 50% | 0.0% | 2.2% |
| **Total Elderly Households** | **805** | **1,725** |
| Percent with any Housing Problem[1] | 28.3% | 28.1% |
| Percent Cost Burden[2] 30% – ≤ 50% | 28.6% | 18.6% |
| Percent Cost Burden[2] > 50% | 34.8% | 15.9% |

Notes:
[1]"Housing Problem" defined as any occupied housing units lacking a complete kitchen, lacking complete plumbing, having more than 1.01 persons per room (overcrowded), or costing more than 30 percent of the occupant household's income.
[2]Percentage of household income spent on housing cost.
*Source: 2006-2010 HUD CHAS data.*

## Large Households

State housing law defines large households as households with five or more members. Large households are considered a special needs group because they often require additional bedrooms. As shown in Table 13-34, in 2012, there were 3,266 households in Gilroy with at least five persons, representing 22.2 percent of the total households in the city. Of the large households, 61.7 percent were renter-occupied and 38.3 percent were owner-occupied. Santa Clara County exhibited a much smaller percentage of large households, with only 13.2 percent of total households with five or more persons. Unlike Gilroy, the majority of large households were owner-occupied, 54 percent, while only 46 percent of large households were renter-occupied.

**TABLE 13-34**
**LARGE HOUSEHOLDS BY TENURE**
**City of Gilroy and Santa Clara County**
**2012**

| | Gilroy | | | Santa Clara County | | |
|---|---|---|---|---|---|---|
| **Number of Persons in Unit** | **Owner Occupied** | **Renter Occupied** | **Total** | **Owner Occupied** | **Renter Occupied** | **Total** |
| Five | 641 | 1,340 | 1,981 | 25,560 | 20,802 | 46,362 |
| Six | 457 | 413 | 870 | 9,761 | 8,136 | 17,897 |
| Seven or more | 153 | 262 | 415 | 7,856 | 8,043 | 15,899 |
| **Total Large Household** | **1,251** | **2,015** | **3,266** | **43,177** | **36,981** | **80,158** |
| Total Households | 8,730 | 5,964 | 14,694 | 345,332 | 261,885 | 607,217 |
| Percent of Total Households[1] | 14.3% | 33.8% | 22.2% | 12.5% | 14.1% | 13.2% |

*Source: 2012 ACS B25009.*

Table 13-35 provides a summary of housing problems experienced by large households in the city of Gilroy. According to the 2006-2010 CHAS data, 47.2 percent of large renter-occupied households and 33 percent of large owner-occupied households experience overpayment. Currently, less than 10 percent of the City's rental housing stock has four or more bedrooms (refer to Table 13-15) resulting in a high percentage of large family households that are forced to live in overcrowded situations. To address this need, the Housing Element will include policies that will establish incentives and programs to encourage the development of housing for large families.

**TABLE 13-35**
**LARGE HOUSEHOLDS – HOUSING PROBLEMS**
**City of Gilroy**
**2006-2010**

| | Renters | Owners |
|---|---|---|
| **Large Households – Household Income ≤ 30% MFI** | **355** | **4** |
| Percent with any Housing Problem[1] | 2.8% | 0.0% |
| Percent Cost Burden[2] 30% – ≤ 50% | 16.9% | 0.0% |
| Percent Cost Burden[2] > 50% | 80.28% | 100.0% |
| **Large Households – Household Income > 30% to ≤ 50% MFI** | **220** | **100** |
| Percent with any Housing Problem[1] | 52.3% | 70.0% |
| Percent Cost Burden[2] 30% – ≤ 50% | 20.5% | 4.0% |
| Percent Cost Burden[2] > 50% | 27.3% | 65.0% |
| **Large Households – Household Income > 50% to ≤ 80% MFI** | **220** | **285** |
| Percent with any Housing Problem[1] | 56.8% | 75.4% |
| Percent Cost Burden[2] 30% – ≤ 50% | 6.8% | 12.3% |
| Percent Cost Burden[2] > 50% | 0.0% | 1.7% |
| **Large Households – Households Income > 80% MFI** | **210** | **1120** |
| Percent with any Housing Problem[1] | 47.6% | 59.4% |
| Percent Cost Burden[2] 30% – ≤ 50% | 4.8% | 11.6% |
| Percent Cost Burden[2] > 50% | 0.0% | 8.5% |
| **Total Large Households** | **1,005** | **1,509** |
| Percent with any Housing Problem[1] | 34.8% | 53.0% |
| Percent Cost Burden[2] 30% – ≤ 50% | 12.9% | 11.2% |
| Percent Cost Burden[2] >50% | 34.3% | 21.8% |

Notes:
[1]"Housing Problem" defined as any occupied housing units lacking a complete kitchen, lacking complete plumbing, having more than 1.01 persons per room (overcrowded), or costing more than 30 percent of the occupant household's income.
[2]Percentage of household income spent on housing cost.
*Source: 2006-2010 HUD CHAS data.*

## Female-Headed Households

Female-headed households are a special needs group due to comparatively low rates of homeownership, lower incomes, and high poverty rates experienced by this group. Table 13-36 shows the number of female-headed households by tenure in 2012. According to the 2012 American Community Survey data, 13.8 percent of Gilroy's total households were female-headed compared to 10.7 percent in Santa Clara County. There were 1,144 female-headed households with children and 884 female-headed households without children in Gilroy. Of the total female-headed households in Gilroy, 58 percent were renter-occupied and 42 percent were owner-occupied.

**TABLE 13-36**
**TENURE OF FEMALE-HEADED HOUSEHOLDS**
**City of Gilroy**
**2012**

| Household Type | Number Owner Occupied | Percent of Owner Occupied | Number Renter Occupied | Percent of Renter Occupied | Total | Percent of Total Households[1] |
|---|---|---|---|---|---|---|
| Female householder, no husband present, with own children under 18 | 205 | 24.1% | 939 | 79.8% | 1,144 | 7.8% |
| Female householder, no husband present, without own children | 647 | 75.9% | 237 | 20.2% | 884 | 6.0% |
| **Total** | **852** | **100%** | **1,176** | **100%** | **2,028** | **13.8%** |

Note: Total number of households in Gilroy in 2012: 14,694
*Source: 2012 ACS B25115.*

In 2012, the overall poverty rate in Gilroy was 11.1 percent. As shown in Table 13-37, in 2012, 592 or 29.2 percent of the female-headed households in Gilroy were below poverty level. Of those below poverty level, 39.6 percent had children under age 18.

**TABLE 13-37**
**POVERTY IN FEMALE-HEADED HOUSEHOLDS**
**City of Gilroy**
**2012**

| Household Type | Number Below Poverty Level | Percent Below Poverty Level | Number Above Poverty Level | Percent Above Poverty Level | Total[1] |
|---|---|---|---|---|---|
| Female householder, no husband present, with own children under 18 | 510 | 39.6% | 777 | 60.4% | 1,287 |
| Female householder, no husband present, without own children | 82 | 11.1% | 659 | 88.9% | 741 |
| **Total** | **592** | **29.2%** | **1,436** | **70.8%** | **2,028** |

*Note: [1]Totals do not match totals in Table 13-36 due to sampling error in the ACS.*
*Source: 2012 ACS B17010.*

## Persons with Disabilities

Affordability of appropriate housing and access, both within the home and to/from the home site, are the primary challenges for persons with disabilities. Access often requires specially designed dwelling units. Additionally, housing locations near public facilities and public transit are important for this special needs group.

The U.S. Census Bureau provides information on the number of persons with disabilities of varying types and degrees. Table 13-38 shows the number of Gilroy residents over the age of five in 2012 with disabilities. According to the American Community Survey, 4.9 percent of Gilroy residents reported having one type of disability and 4.3 percent had two or more types of disability in 2012. Similarly, 4.2 of county residents reported having one type of disability and 4.1 had two or more types of disability.

**TABLE 13-38**
**PERSONS REPORTING DISABILITIES**
**City of Gilroy**
**2012**

| Age Group | With one type of disability | Percent of Age Group[1] | With two or more types of disability | Percent of Age Group[1] | Total with Disabilities | Percent of Age Group[1] |
|---|---|---|---|---|---|---|
| 5-17 years | 332 | 3.0% | 95 | 0.9% | 427 | 3.9% |
| 18-34 years | 169 | 1.5% | 117 | 1.1% | 286 | 2.6% |
| 35-64 years | 1,066 | 5.7% | 664 | 3.5% | 1,730 | 9.2% |
| 65-74 years | 371 | 12.1% | 528 | 17.2% | 899 | 29.3% |
| 75 and older | 314 | 19.9 | 576 | 36.6 | 890 | 56.5 |
| **Total 5+ yrs.** | **2,252** | **42.8%** | **1,980** | **59.3%** | **4,232** | **100%** |

Note: [1]Total 5-17 year olds: 11,024; 18-34 year olds: 11,133; 35-64 year olds: 18,770; 65-74 year olds: 3,066; 75+ year olds: 1,575
*Source: 2012 ACS B18108.*

### Persons with Developmental Disabilities

SB 812, which took effect January 2011, amended State housing element law to require an evaluation of the special housing needs of persons with developmental disabilities. A "developmental disability" is defined as a disability that originates before an individual becomes 18 years old, continues or can be expected to continue indefinitely, and constitutes a substantial disability for that individual. This includes Mental Retardation, Cerebral Palsy, Epilepsy, and Autism.

According to the California Department of Developmental Services, as of November 2013 the San Andreas Regional Center served 3,793 residents with developmental disabilities in the region and 368 residents in Gilroy. Of the total, 32.8 percent of disabled persons are under the age of 14, 18.2 percent are ages 15-22, 42.1 percent are ages 23-54, 5.2 percent are ages 55-64, and 1.6 percent are 65 or older. Most developmentally-disabled residents in Gilroy have an intellectual disability (50.3 percent) and many are autistic (16.1 percent) (Table 13-39).

Few developmentally-disabled Gilroy residents receiving services from the San Andreas Regional Center lived in a group home facility (25 percent of adults). Most developmentally-disabled individuals lived at home (68.2 percent). Many developmentally-disabled persons are able to live and work independently.

However, more severely disabled individuals require a group living environment with supervision, or an institutional environment with medical attention and physical therapy. Because developmental disabilities exist before adulthood, the first housing issue for the developmentally disabled is the transition from living with a parent/guardian as a child to an appropriate level of independence as an adult.

**TABLE 13-39**
**DEVELOPMENTAL DISABILITY BY TYPE SERVED BY SAN ANDREAS REGIONAL CENTER**
**City of Gilroy[1]**
**2013**

| Disability Type | Number[2] | Percent |
|---|---|---|
| Autism | 82 | 16.1% |
| Epilepsy | 62 | 12.2% |
| Cerebral Palsy | 63 | 12.4% |
| Intellectual Disability | 256 | 50.3% |
| Other Diagnosis | 46 | 9.0% |
| **Total** | **509** | **100%** |

Notes:
[1]Includes the following zip codes: 95020 and 95021.
[2]Numbers do not add up to the total because some clients have more than one disability.
*Source: California Department of Developmental Service, December 12, 2013.*

## Homeless Population

In 2013, the County of Santa Clara, in conjunction with Applied Survey Research (ASR), conducted the 2013 Santa Clara County Homeless Count. Two strategies were used to collect the data for the study: a point-in-time count and a comprehensive qualitative survey administered to individuals experiencing homelessness after the completion of the 2013 Point-in-Time Count. The homeless survey showed that the typical homeless person was living in Santa Clara County at the time they became homeless, and 56 percent had been homeless for one year or more. Of this number, 74 percent were unsheltered, 26 percent were in shelters, and 14 percent of people on the street were in families.

The point-in-time street and shelter census identified 7,631 homeless people in Santa Clara County. Forty percent of survey respondents reported that the primary cause of their homelessness was due to a loss of job, and 17 percent of all homeless respondents cited that the primary cause of their homelessness was due to alcohol and drug abuse.

Table 13-40 summarizes sheltered and unsheltered homeless person in the city of Gilroy according to the 2013 Santa Clara County Homeless Census and Survey. According to the 2013 study, there were 379 homeless persons in Gilroy, a significant decrease from 2011 (520 homeless persons). Of the total, 254 were sheltered and 125 were unsheltered. Counting existing emergency shelter beds within the city of Gilroy (refer to Table 13-41), there are nearly enough individual shelter beds based on the count (368 best).

However, service providers to the homeless population in Gilroy expressed that they are experiencing an increase in homelessness rather than a decrease. They felt the 2013 Census produced an undercount, which may be attributed to a methodology more appropriate for dense, urban areas. The Census also

does not account for people sleeping in garages and backyard sheds, in motels, or in vehicles parked out of sight on private property.

**TABLE 13-40**
**HOMELESS POPULATION**
**City of Gilroy**
**2013**

| Homeless Population | Sheltered | Unsheltered | Total |
|---|---|---|---|
| Homeless Individuals | 254 | 125 | 379 |

*Source: 2013 Santa Clara County Homeless Census and Survey.*

Table 13-41 provides a summary of emergency shelters and transitional housing in Gilroy. The countywide services and shelter provider, Emergency Housing Consortium LifeBuilders (EHC), provides cold weather shelter at the Gilroy National Guard Armory from November through March each year. Community Solutions provides services and shelter targeted to victims of domestic violence and to youth who are homeless or at risk of homelessness.

**TABLE 13-41**
**HOMELESS FACILITIES IN GILROY**
**City of Gilroy and Santa Clara County**
**2013**

| Facility Name | Type of Facility | Target Population | Number of Shelter Beds |
|---|---|---|---|
| National Guard Winter Homeless Shelter | Cold Weather Shelter | Individuals and families | 100[1] |
| La Isla Pacifica | Emergency Shelter/ Domestic violence | Women and children (under 12 years old) | 14 |
| Sobrato Apartments | Transitional/Emergency Shelter | Families | 225 |
| Sobrato Apartments | Permanent Supportive Housing | Chronically Homeless | 26 |
| Community Solutions | Transitional Shelter | Single Individuals | 20 |
| St. Joseph's Family Center | Transitional Shelter | Youth (some with children) | 9 |
| **Total** | | | **393** |

Note: Limit can be exceeded in freezing conditions.

*Source: City of Gilroy, County of Santa Clara.*

In addition to the National Guard Winter Homeless Shelter and La Isla Pacifica, the City of Gilroy provides annual funds to the EHC San Martin Family Living Center in the neighboring unincorporated town of San Martin. EHC currently receives $10,000 (each year for two fiscal years) for 36 homeless residents with 5,000 nights of affordable housing and emergency shelter per fiscal year. The facility provides 26 family units and eight emergency units for homeless families from December to March, and to migrant families from May to November. St. Joseph's Family Center has a homeless prevention

service and currently receives $15,000 (each year for two fiscal years) for their housing program. The program serves 300 low-income families to avoid homelessness. Funding also provides emergency rental assistance to maintain tenure.

The Sobrato Gilroy Homeless Center was a construction project that South County Housing Corporation (SCHC) planned to develop and construct on Monterey Road to provide 35 single occupancy studio units for homeless individuals with incomes below 30 percent of the area median income. SCHC also planned to set aside 17 of the units for individuals that are homeless or at risk of becoming homeless due to mental illness. The City of Gilroy approved this site as a 140-bed emergency homeless shelter in 2003. Since that time, acquiring funds to operate shelters has been nearly impossible to obtain and the shelter was not built. In 2013 SCHC built the 26-studio Gilroy Sobrato Apartments on this site. The apartments provide permanent housing for chronically homeless individuals. This development closely aligns with the Federal Housing First concept.

For eight months out of the year, there is no emergency shelter available in South County. The Gilroy National Guard Armory is only open from late November through March, and typically does not fill to its capacity. According to conversations with service providers, if the weather is manageable, homeless individuals express a strong reluctance to use the service, as service times are strict and do not allow for a flexible schedule. Furthermore, the Armory is not wheelchair-accessible and does not provide separation for men, women, and families. It also does not provide any support services. The Armory is primarily used by chronically homeless individuals.

The service providers stress the need for a permanent emergency shelter as well as shelter or housing for single adults who do not exhibit mental illness or substance abuse disorders. According to the providers, Gilroy needs more permanent housing for people with extremely low incomes, including seniors, and physically and mentally disabled adults.

### Farmworkers

Farmworkers are defined as persons whose primary incomes are earned through seasonal agricultural work. The demographics on farm laborers in all California markets are collected and reported on a regional or countywide basis. The data collected includes income, household status, and length of time the laborers work in each area. There are generally three classifications: 1) migrant workers move from place to place, planting and harvesting; 2) annual workers generally work in the same agricultural area year after year for nine or ten months and spend the rest of the year in their home country; and 3) permanent workers are employed most of the year in one location and then collect unemployment for a month or two.

Traditionally, Gilroy has been home to many agricultural businesses and industries. However, the increase in the retail and service trade and the expansion of the city as a “bedroom community” for northern Silicon Valley jobs, has reduced the prominent role of agriculture in recent years. ABAG projects a drop in agricultural jobs in the county through 2020, with the number of agricultural jobs in Gilroy projected to drop by approximately 25 percent during that period. In 2012, 4.6 percent of Gilroy’s workforce was employed in the agriculture industry.

To provide a better estimate of the number of farmworkers in the city, staff contacted local farms. Table 13-42 lists these local farms and the number of year-round and seasonal employees.

**TABLE 13-42**
**ESTIMATED NUMBER OF FARMWORKERS**
**City of Gilroy**
**2009**

| Farm Name | Address | Number of Year-Round Employees | Number of Seasonal Employees |
|---|---|---|---|
| Fiorio Farm | 6330 Thomas Road | 4 | 200 for a 2-week period |
| G & K Farm | 720 Las Animas Ave. | 2 | 8-12 for a 6-month period |
| Bonfante Gardens | 3675 Hecker Pass Hwy. | 7 | 9 subcontracted |
| Goldsmith Seeds | 2280 Hecker Pass Rd. | 45 | Average 3 per day |
| Mibau Wong Nursery | 2825 Leavesley Rd. | 1 | 0 |
| T & C Supplies | 4860 Monterey Hwy. | 0 | 20 in winter; 120 during seed season |
| **Total** | | **59** | |

*Source: City of Gilroy Phone Survey, 2009.*

The U.S. Department of Agriculture conducts a Census of Agriculture every five years. Table 13-43 summarizes the 2007 Census results for farm labor in Santa Clara County. The 2007 data is the most recent data available, as the release of the 2012 Census data has been delayed. There were a total of 5,589 farmworkers in the county in 2007.

Census of Agriculture data from 1992, 1997, 2002, and 2007 shows a decline in the number of hired farmworkers countywide. Industry Employment Projections from the California Employment Development Department project that there will be 5,900 farmworkers in the San Jose-Sunnyvale-Santa Clara Metropolitan Statistical Area (Santa Clara and San Benito Counties) by 2018, representing an estimated 3.3 percent decline in farmworker employment estimates from 2008.

**TABLE 13-43**
**NUMBER OF FARMWORKERS AND FARMS**
**Santa Clara County**
**2007**

| | Farmworkers | Farms |
|---|---|---|
| Farms with less than 10 employees | 809 | 287 |
| Farms with more than 10 employees | 4,780 | 87 |
| Workers working 150 days or more | 2,848 | -- |
| Workers working less than 150 days | 2,747 | -- |
| **Total Farms** | **5,589** | **374** |

*Source: 2007 Census of Agriculture, Table 7.*

Due to the seasonal nature of agricultural work and relatively low wages, farmworker households often have a difficult time securing safe, habitable, and affordable housing. To provide for the existing farmworkers, the Santa Clara County Housing Authority operates the Ochoa Migrant Center in the Gilroy area. The center contains 100 family units and functions as a migrant camp for an eight-month period each year. Housing at the Ochoa Migrant Center is available on a seasonal basis for a maximum of 100

families whose primary income is derived from agricultural-related work. South County Property Management also operates four housing developments for farmworkers: The Trees, which has 14 units available for farmworkers and families; Aspen Grove, which has 24 apartments; Maple Gardens, which has 18 units; and Monterra, which has 28 out of 34 units for farmworkers. The Rodriguez Migrant Labor Camp, which houses 37 seasonal farmworkers, is privately owned and is located outside of the city limits. It has a potential to house more workers but is limited due to a potable water supply problem that has to be resolved before this can occur.

Recognizing the need for farm labor in the community, the City of Gilroy has made farmworker housing a priority as part of the City's Balanced Planned Growth and Agricultural Viability Policy. The Santa Clara Housing Authority, the City of Gilroy, and various non-profit organizations, such as the Gilroy Unified School District Migrant Education Program, are working together to continue to explore and implement ways of providing affordable farmworker housing, while conserving the city's current agricultural resources.

The Gilroy Zoning Code makes available zoning to accommodate various housing types to address the needs of farmworkers. Manufactured and modular homes are permitted by-right in all residential zoning districts; boarding and rooming houses are allowed in all residential zoning districts with a CUP; and multi-family units are allowed in the R-3 and R-4 residential zoning districts as a matter of right. Currently, the City's Zoning Code is not consistent with the Employee Housing Act; therefore, as part of this Housing Element update, the City will include a program to revise the Zoning Code.

### Extremely Low-Income Households

Extremely low-income households are defined as households with income less than 30 percent of the MFI. The provisions of Government Code Section 65583 (a)(1) require quantification and analysis of existing and projected housing needs of extremely low-Income households. In 2012, 18.9 percent of Gilroy households were within the extremely low-income category (refer to Table 13-13).

Table 13-44 provides a summary of housing problems experienced by extremely low-Income households in the city of Gilroy. Extremely low-income renter-occupied households experience both overpayment and overcrowding. According to data from the 2006-2010 CHAS provided by HUD, 80.1 percent of extremely low-income households experience at least one type of housing problem.

**TABLE 13-44**
**EXTREMELY LOW-INCOME HOUSEHOLDS – HOUSING PROBLEMS**
**City of Gilroy**
**2012**

| | Renters | Owners | Total Households |
|---|---|---|---|
| **Household Income ≤ 30% MFI** | **1,935** | **735** | **2,670** |
| Percent with any Housing Problem[1] | 62.7% | 17.4% | 80.1% |
| Percent Cost Burden[2] > 30% | 62.8% | 17.6% | 80.5% |
| Percent Cost Burden[2] > 50% | 43.5% | 13.7% | 57.2% |

Notes:
[1]"Housing Problem" defined as any occupied housing units lacking a complete kitchen, lacking complete plumbing, having more than 1.01 persons per room (overcrowded), or costing more than 30 percent of the occupant household's income.
[2]Percentage of household income spent on housing cost
*Source: 2006-2010 HUD CHAS data.*

The needs of extremely low-income households include housing units designed for transient/homeless populations, multi-family rental housing, factory-built housing, mobile homes, housing for agricultural employees, supportive housing, single-room occupancy units, and workforce housing.

## Summary of Existing Housing Needs

- In 2012 45.1 percent of Gilroy households fell within the lower-income categories (i.e., extremely low-, very low-, and low-income). In that same year the median income in Gilroy was $76,060, while the county median income was $89,445, indicating a higher percentage of low-income residents in Gilroy as compared to the county.
- The unemployment rate has decreased significantly since 2009, from 3,400 (16.1 percent) unemployed individuals to 2,800 individuals (12.6 percent) in 2012; however, Gilroy's unemployment rate was higher than the unemployment rate in California (10.4 percent).
- According to the 2010 CHAS, 4,350 (48.8 percent) of owner-occupied households and 2,960 (56.4 percent) of renter-occupied households experienced overpayment. Altogether, 7,310 households, or 53.1 percent, experienced overpayment. Only 40.3 percent of total households experienced overpayment in the county. There is an undeniable need for affordable housing in Gilroy, as more than half of the city's residents are paying more than 30 percent of their income on housing.
- In 2012 5,964, or 40.6 percent, of households (14,694) were renter-occupied. Of the renter-occupied households, 2,015, or 33.8 percent, are large households, while only 14.1 percent of renter-occupied households in Santa Clara County are large households. In Gilroy, there are 587

rental units with 4 bedrooms and only 148 with five or more bedrooms, indicating a need for larger units.

- The lack of larger units can lead to overcrowding; in Gilroy, 14.8 percent of renter households are overcrowded and 4.1 percent are severely overcrowded.
- According to the 2013 Santa Clara County Homeless Census and Survey, there were 379 homeless persons in Gilroy; 254 homeless, or 67.0 percent, were sheltered while 125 (33.0 percent) were unsheltered. The number of shelter beds within the city of Gilroy is just short of 379, at 368 beds. There is no permanent emergency shelter in Gilroy.

## Preservation of Assisted Units At-Risk of Conversion

Jurisdictions are required by State Housing Element Law to analyze government-assisted housing that is eligible to convert from low-income to market rate housing over the next 10 years. State law identifies housing assistance as a rental subsidy, mortgage subsidy, or mortgage insurance to an assisted housing development. Government assisted housing might convert to market rate housing for a number of reasons including expiring subsidies, mortgage repayments, or expiration of affordability restrictions.

This section includes:

- An inventory of assisted housing units that are at-risk of converting to market rate housing,
- An analysis of the costs of preserving and/or replacing these units,
- Resources that could be used to preserve at-risk units,
- Program efforts for preservation of at-risk housing units, and
- Quantified objectives for the number of at-risk units to be preserved during the Housing Element planning period.

### Qualified Entities

Under Government Code Section 65863.11, owners of Federally-assisted projects must provide a Notice of Opportunity to Submit an Offer to Purchase to Qualified entities, non-profit or for-profit organizations that agree to preserve the long-term affordability if they should acquire at-risk projects, at least one year before the sale or expiration of use restrictions. Qualified entities have first right of refusal for acquiring at-risk units. Qualified entities are non-profit or for-profit organizations with the legal and managerial capacity to acquire and manage at-risk properties that agree to maintain the long-term affordability of projects. The following is a list of qualified entities for Santa Clara County that could potentially acquire and manage properties if any were to be at risk of converting to market rate in the future, from HCD.

- Affordable Housing Foundation
- Cambrian Center, Inc.
- Charities Housing Development Corp.
- Christian Church Homes of Northern California, Inc.
- Community Home Builders and Associates
- Eden Housing, Inc.
- Mid-Peninsula Housing Coalition
- Palo Alto Housing Corp
- Palo Alto Senior Housing Project, Inc.
- ROEM Development Corporation

- Community Housing Developers, Inc.
- Community Housing Improvement Systems & Planning Assoc. Inc.
- Satellite Housing Inc.
- South County Housing, Inc

### Inventory of At-Risk Units

There are approximately 940 assisted housing units in Gilroy. As shown in Table 13-45, of the total assisted housing units, 248 are "at-risk" of losing their affordability within the next 10 years from the Housing Element due date (i.e., 2025).

Of the 940 assisted housing units, 219 are HUD properties; and 721 properties (were subsidized by the Low-Income Housing Tax Credit (LIHTC). LIHTC properties were funded with tax credits in the 1990s and were required by Federal law to remain affordable for 30 years. Many states are now requiring longer affordability terms of up to 55 years. There are two LIHTC properties in Gilroy that are at-risk of being converted to market-rate. However, the risk of conversion is minimal because the property is owned by a non-profit organization.

**TABLE 13-45**
**UNITS "AT-RISK" OF CONVERSION BY 2025**
**City of Gilroy**
**2013**

| Project | Address | Type of Units | Program | Length of Affordability | Earliest Conversion Date | Total Units | Assisted Units | Assessment of Risk |
|---|---|---|---|---|---|---|---|---|
| The Redwoods | 9005 Kern Avenue | Large Family | LIHTC, Rental Housing Construction Program | 30 years | 05/31/2022 | 24 | 24 (2 BR-6 3 BR-12 4 BR-6) | Low-Risk (Owned by Non-Profit) |
| Wheeler Manor | 651 W. 6th Street | Senior | LIHTC | 30 years | 04/01/2023 | 109 | 109 (1 BR-109) | Low-Risk (Owned by Non-Profit) |
| Parkview Apartments | 181 Pierce Street | Family | HAP Section 8 Preservation | N/A | 03/31/2018 | 54 | 45 (1 BR-8 2 BR-17 3 BR-20) | High Risk (Owned by Profit-Motivated) |
| Plum Tree West | 1055 Montebello Drive | Senior | HAP Section 8 NC | N/A | 07/31/2014 | 70 | 70 (1 BR-69 2 BR-1) | Very Low Risk (Owned by Non-Profit)[1] |
| **Total** | | | | | | | **248** | |

*Preservation Partners, a development group specializing in the acquisition, rehabilitation, and preservation of assisted affordable housing developments, took ownership of Plum Tree West in 2000 and has been managing it since 2006. Since the mission of Preservation Partners is to preserve assisted affordable housing developments, it is unlikely that Plum Tree West will convert to market rate.*
*Source: California Housing Partnership, obtained January 21,2013.*

## Cost of Preservation versus Replacement

### Preservation Strategies

There are many options to preserving units including providing financial incentives to project owners to extend low-income use restrictions, purchasing affordable housing units by a non-profit or public agency, or providing local subsidies to offset the difference between the affordable and market rate. Scenarios for preservation will depend on the type of project at risk.

### Local Rental Subsidy

Tenant-based subsidies could be used to preserve the affordability of housing. The Housing Authority of Santa Clara and local non-profit agencies provide Section 8 Housing Choice Vouchers to lower income households. The City could provide funding to the agencies for obtaining and securing vouchers for residents if additional sources of revenue to the Housing Trust Fund were available. The level of subsidy required to preserve at-risk affordable housing through rent subsidies is estimated to equal the Fair Market Rent for a unit minus the housing cost affordable by a lower-income household. Table 13-46 estimates the rent subsidies required to preserve the housing affordability for a theoretical project with equal numbers of three different prototypical units. Based on the estimates and assumptions shown in the table, approximately $817,224 annually would be required to preserve the current at-risk inventory of 248 units. The subsidy for 10 years would be about $8.2 million, while a subsidy for 30 years would be about $24.5 million.

**TABLE 13-46**
**POTENTIAL RENT SUBSIDIES**
**City of Gilroy**
**2014**

| | | 1 BR (1 person) | 2 BR (3 person) | 3 BR (4 person) | 4 BR (6 person) | Total |
|---|---|---|---|---|---|---|
| **Per Unit Affordable Rent** | | | | | | |
| A | Low Income (80% AMI) | $1,485 | $1,910 | $2,123 | $2,631 | |
| B | Very Low Income (50% AMI) | $929 | $1,194 | $1,326 | $1,539 | |
| C | Average (A & B) | $1,207 | $1,552 | $1,725 | $2,085 | |
| D | Per Unit Voucher Payment (110% Fair Market Rent) | $1,388 | $1,771 | $2,497 | $2,831 | |
| E | Monthly Per Unit Subsidy (D–C) | $181 | $219 | $772 | $746 | |
| F | Annual Subsidy/Unit (E * 12) | $2,172 | $2,628 | $9,264 | $8,952 | |
| | **Total "At Risk" Units** | **186** | **24** | **32** | **6** | **248** |
| | **Total Annual Subsidy** | **$403,992** | **$63,072** | **$296,448** | **$53,712** | **$817,224** |

*Source: Mintier Harnish, 2014.*

### Replacement Cost

Gilroy can also consider the cost of replacing the units with new construction. Construction cost estimates include all hard and soft costs associated with construction in addition to per unit land costs. The analysis assumes the replacement units are garden style apartments with parking provided on-site. Square footage estimates are based on the average unit size in the region. Land costs have been determined on a per unit basis.

Table 13-47 summarizes the estimated replacement costs per unit. It is estimated that it will cost about $47 million dollars to replace all 248 units.

**TABLE 13-47**
**REPLACEMENT COSTS BY UNIT TYPE**
**City of Gilroy**

| Unit Size | Construction Cost per Square Foot | Average Square Foot/ Unit[2] | Replacement Cost per Unit[3] | Number of At-Risk Units | Total Replacement Cost[1] |
|---|---|---|---|---|---|
| 1 bedroom | $200 | 732 | $171,400 | 186 | $31,880,400 |
| 2 bedroom | $200 | 952 | $215,400 | 24 | $5,169,600 |
| 3 bedroom | $200 | 1,170 | $259,000 | 32 | $8,288,000 |
| 4 bedroom[4] | $200 | 1,228 | $270,600 | 6 | $1,623,600 |
| **Total** | -- | -- | -- | **248** | **$46,961,600** |

Notes:
[1] Based on prevailing market conditions. Units assumed as garden apartments with on-site parking.
[2] Based on average square footage reported by RealFacts, Second Quarter 2007.
[3] Includes fees, financing, and land acquisition costs of $25,000 per unit.
[4] Data from Rent.com
*Source: RBF Consulting, 2008, Rent.com; Mintier Harnish, 2014.*

### Resources for Preservation

A variety of programs exist to assist cities to acquire, replace, or subsidize at-risk affordable housing units. The following summarizes financial resources available to the City of Gilroy.

#### Federal Programs

**Community Development Block Grant (CDBG)** – CDBG funds are awarded to cities on a formula basis for housing activities. The primary objective of the CDBG program is the development of viable communities through the provision of decent housing, a suitable living environment and economic opportunity for principally low- and moderate-income persons. Funds can be used for housing acquisition, rehabilitation, economic development, and public services.

**HOME Investment Partnership** – HOME is a flexible grant program and funds are awarded on a formula basis for housing activities. HOME takes into account local market conditions, inadequate housing, poverty and housing production costs. HOME funding is provided to jurisdictions to assist rental housing or home ownership through acquisition, construction, reconstruction and/or rehabilitation of affordable housing.

**Section 8 Rental Assistance Program** – The Section 8 Rental Assistance Program provides rental assistance payments to owners of private, market rate units on behalf of very low-income tenants.

**Section 811/202 Program** – Non-profit and consumer cooperatives can receive no interest capital advances from HUD under the Section 202 program for the construction of very low-income rental housing for seniors and persons with disabilities. These funds can be used in conjunction with Section 811, which can be used to develop group homes, independent living facilities and immediate care facilities. Eligible activities include acquisition, rehabilitation, new construction, and rental assistance.

### State Programs

**California Housing Finance Agency (CalHFA) Multifamily Programs** – CalHFA's Multifamily Programs provide permanent financing for the acquisition, rehabilitation, and preservation or new construction of rental housing that includes affordable rents for low and Moderate-Income families and individuals. One of the programs is the Preservation Acquisition Finance Program that is designed to facilitate the acquisition of at-risk affordable housing developments and provide low-cost funding to preserve affordability.

**Low-Income Housing Tax Credit (LIHTC)** – This program provides tax credits to individuals and corporations that invest in Low-Income rental housing. The LIHTC program creates affordable housing opportunities when the developer of a project "sells" the tax credits to an investor or investors who contribute equity to the development in exchange for an ownership position in the project.

**California Community Reinvestment Corporation (CCRC)** – The California Community Reinvestment Corporation is a multifamily affordable housing lender whose mission is to increase the availability of affordable housing for Low-Income families, seniors and residents with special needs by facilitating private capital flow from its investors for debt and equity to developers of affordable housing. Eligible activities include new construction, rehabilitation and acquisition of properties.

### Program Efforts to Preserve At-Risk Units

Through the Community Development Department, the City continually monitors the eligibility of affordable housing to convert to market rate housing. Constant monitoring allows the City to anticipate the timeframe by which affordability covenants would expire, allowing the City to implement various resources to ensure the continued affordability of the housing units. Through the Consolidated Annual Performance and Evaluation Report the City annually checks with the regional Housing and Urban Development division on the status of rental multi-family housing units that are funded with federal subsidies. To monitor for sale affordable units, the City annually sends a "Below Market-Rate" pamphlet in English and Spanish to all property owners under a resale restriction program. The pamphlet reminds the owners that their home is currently in the program and directs them to contact City staff when they plan to sell, refinance or transfer ownership of their property.

### Quantified Objectives

Housing Element law requires that cities establish the maximum number of units that can be preserved over the planning period. Four assisted projects with a total of 248 units are at-risk of converting to market-rate housing within the planning period. The City of Gilroy will explore appropriate funding opportunities to assist in preserving all 248 affordable units.

## Future Growth Needs

ABAG is responsible for allocating housing needs to each jurisdiction in its region, including Gilroy. A local jurisdiction's "fair share" of regional housing need is the number of additional housing units needed to accommodate the forecasted household growth, replace the loss of existing housing units, and to achieve vacancy rates that contribute to a stable and healthy housing market. Housing unit allocations are divided into the four income categories: very low, low, moderate, and above moderate.

Based on the requirements of Assembly Bill 2634 (Statutes of 2006), each jurisdiction must also address the projected need of extremely low-income (ELI) households, which is defined as households earning

less than 30 percent of the median income. The projected extremely low-income need can be assumed as 50 percent of the total need for the very low-income households. Table 13-48 shows the Regional Housing Needs Allocation (RHNA) for the City of Gilroy.

**TABLE 13-48**
**ABAG REGIONAL HOUSING NEEDS ALLOCATION**
**City of Gilroy**
**2014-2022**

| | Extremely Low-Income[1] | Very Low-Income | Low-Income | Moderate-Income | Above Moderate-Income | Total Need |
|---|---|---|---|---|---|---|
| Number of Housing Units | 118 | 118 | 160 | 217 | 475 | 1,088 |
| Percent of Total | 10.8% | 10.8% | 14.7% | 19.9% | 43.7% | 100% |

Notes:
[1] Regional share of extremely low-income units is assumed to be 50 percent of the very low- income units.
[2]Percentages may not add up to 100 percent due to rounding.
*Source: Regional Housing Needs Allocation, ABAG 2014-2022.*

# Section 13.3 Resources

## Community Development Block Grant Program

The City of Gilroy receives an annual allocation of U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) funds. The CDBG program allows the City to use Federal funds to address specific local housing and community development needs. To be eligible for CDBG funds, organizations must be nonprofit or governmental, serve lower-income Gilroy residents, and submit projects for funding that assist lower-income Gilroy residents in one or more CDBG priority areas. Community Development Block Grant (CDBG) funds are one of the largest sources of Federal funding for housing and housing-related activities in the city of Gilroy. Table 13-49 lists the CDBG funded activities for the 2013 Program Year.

**TABLE 13-49**
**CDBG ACTIVITY ALLOCATIONS**
**City of Gilroy**
**2013-2014**

| Activity | Allocation |
|---|---|
| Public Service Grants | $53,000 |
| Neighborhood Revitalization Strategy | $109,500 |
| Rehabilitation Loans | $105,000 |
| Affordable Housing Capital Project | $122,788 |
| Administrative | $70,832 |
| **Total** | **$461,120** |

*Source: City of Gilroy, 2013 Action Plan.*

## Housing Trust Fund

The City's Housing Trust Fund is a local source of affordable housing funds that is funded by equity shares from resale of below market rate units, repayments of rehabilitations and homebuyer loans, and interest on the fund balance. The fund can be used for rehabilitation of low-income rental and owner-occupied properties, special needs and homeless capital projects, as well as for public services related to homelessness and special needs housing. Table 13-50 summarizes the City's Housing Trust Fund allocations.

**TABLE 13-50**
**CITY HOUSING TRUST FUND ALLOCATIONS**
**City of Gilroy**
**2014**

| Activity | Allocation |
|---|---|
| Grants to Nonprofits for housing related services | $89,500 |
| Fair Housing & Tenant/Landlord Services | $51,000 |
| First time Homebuyer Down Payment Assistance | $0 |
| Rehabilitation Loans | $10,000 |
| Preservation of At-risk Units | $0 |
| Special Needs Capital Projects | $0 |
| Staffing | 1.1 FTE |

*Source: City of Gilroy, 2014.*

## State Funds for New Development

The City has not applied for State funds to assist new housing projects and is therefore not expecting to receive any state loans or grants this year.

## Energy Conservation

State Law requires housing elements to address the issue of energy conservation within all residential development. Energy efficiency is directly related to affordability of housing especially for those of low-income, as money spent on utilities can substantially reduce the amount that can be spent on food, shelter, and other basic needs. It is important for the City to provide energy conservation opportunities to help absorb the shock of cost increases for low-income households.

Energy conservation remains a major priority in the City of Gilroy. The City continues to require compliance with Title 24, Part 6, of the California Code or Regulations (Building Energy Efficiency Standards for Residential and Nonresidential Buildings) on the use of energy efficient appliances and insulation.

There is a new section within the California Building Code that now includes green building regulations, referred to as CALGreen. This is the nation's first mandatory state-wide green building code, intended to encourage more sustainable and environmentally friendly building practices, require low pollution emitting substances that can cause harm to the environment, conserve natural resources, and promote the use of energy efficient materials and equipment.

CALGreen Requirements for new buildings include:

- Reduce water consumption by 20 percent;
- Divert 50 percent of construction waste from landfills;
- Install low pollutant-emitting materials;
- Separate water meters for nonresidential buildings' indoor and outdoor water use;
- Moisture-sensing irrigation systems for larger landscape projects; and
- Mandatory inspections of energy systems (e.g., heat furnace, air conditioner and mechanical equipment) for nonresidential buildings over 10,000 square feet to ensure that all are working at their maximum capacity and according to their design efficiencies.

These regulations respond to California's energy crisis and need to reduce energy bills, increase energy delivery system reliability, and contribute to an improved economic condition for the state. They were established in 1978 and most recently updated in 2013 (effective date of January 1, 2014). Through the building permit process, local governments enforce energy efficiency requirements. All new construction must comply with the standards in effect on the date a building-permit application is made. The City of Gilroy has adopted the 2013 California Building Code, which went into effect on January 1, 2014.

Pacific Gas and Electric Company (PG&E), which provides electricity service in the city of Gilroy, offers public information and technical assistance to homeowners regarding energy conservation. PG&E also provides numerous incentives for energy-efficient new construction and home remodeling. Remodeling rebates include cool roofs, insulation, and water heaters. Residents are granted between $100-$200 per 1,000 square feet for installed cool roofs and up to $500 for attic and wall insulation. Installing new energy-efficient water heaters qualifies residents for a $30 rebate.

PG&E also offers energy-efficiency tax credits under the Energy Policy Act of 2005 for both homeowners and builders. Existing homeowners are eligible for tax credits up to a maximum of $500 for energy - efficient improvements. An additional tax credit is available for solar energy systems. Builders of energy-efficient new homes are eligible for tax credits up to a maximum of $2,000.

PG&E provides a variety of energy conservation services for residents as well as offers a wealth of financial and energy-related assistance programs for low income customers:

- **The Balanced Payment Plan (BPP).** Designed to eliminate big swings in a customer's monthly payments by averaging energy costs over the year. On enrollment, PG&E averages the amount of energy used by the household in the past year to derive the monthly BPP amount. PG&E checks the household's account every four months to make sure that its estimated average is on target. If the household's energy use has increased or decreased dramatically, PG&E will change the amount of monthly payment so that the household does not overpay or underpay too much over the course of a year.
- **CARE (California Alternate Rates for Energy).** PG&E offers this rate reduction program for low- to middle-income households. PG&E determines qualified households by a sliding income scale

based on the number of household members. The CARE program provides a 20 percent discount on monthly energy bills.

- **Energy Efficiency for Multifamily Properties.** The Energy Efficiency for Multifamily Properties program is available to owners and managers of existing multifamily residential dwellings containing two or more units. The program encourages energy efficiency by providing rebates for the installation of certain energy-saving products such as high-efficiency appliances, compact fluorescent light bulbs, attic and wall insulation, and efficient heating and cooling systems.
- **Energy Savings Assistance Program.** PG&E's Energy Savings Assistance program offers free weatherization measures and energy-efficient appliances to qualified low- to moderate-income households. PG&E determines qualified households through the same sliding income scale used for CARE. The program includes measures such as attic insulation, weather stripping, caulking, and minor home repairs. Some customers qualify for replacement of appliances including refrigerators, air conditioners, and evaporative coolers.
- **Energy Works Program/Energy Partners Program** - The Energy Works Program provides qualified low-income tenants free weatherization measures and energy-efficient appliances to reduce gas and electricity usage. In order to qualify for the program, a household's total annual gross income cannot exceed the income as set in the income guidelines (*http://www.hacsc.org/energy_works_program.htm*); households must receive gas and/or electricity from PG&E; and the residence cannot have participated in the Energy Partners Program in the past 10 years.
- **The Family Electric Rate Assistance (FERA) Program** - PG&E's rate reduction program for large households of three or more people with low- to middle-income. It enables low income large households to receive a Tier 3 (131 percent to 200 percent of baseline) electric rate reduction on their PG&E bill every month.
- **The Low-Income Home Energy Assistance Program (LIHEAP) Block Grant** Funded by the Federal Department of Health and Human Services, it provides two basic types of services. Eligible low-income persons, via local governmental and nonprofit organizations, can receive financial assistance to offset the costs of heating and/or cooling dwellings and/or to have their dwellings weatherized to make them more energy efficient. This is accomplished through these three program components:
    - The Weatherization Program provides free weatherization services to improve the energy efficiency of homes, including attic insulation, weather-stripping, minor home repairs, and related energy conservation measures.
    - The Home Energy Assistance Program (HEAP) provides financial assistance to eligible households to offset the costs of heating and/or cooling dwellings.
    - The Energy Crisis Intervention Program (ECIP) provides payments for weather-related or energy-related emergencies.
- **Medical Baseline Allowance Program.** The Medical Baseline Allowance program is available to households where a California-licensed physician has certified that a full-time resident is either dependent on life-support equipment while at home; a paraplegic, hemiplegic, quadriplegic, or multiple sclerosis patient with special heating and/or cooling needs; a scleroderma patient with

special heating needs; or suffering from a life-threatening illness or compromised immune system with special heating and/or cooling requirements to sustain the patient's life or prevent deterioration of the patient's medical condition. The program allows customers to get additional quantities of energy at the lowest or baseline price for residential customers.

- **PG&E's SmartAC™ program** - This program offers a simple and convenient way to help prevent power interruptions. When customers sign up, PG&E installs a free SmartAC device that slightly reduces the energy the air conditioner uses automatically in case of a state or local energy supply emergency. PG&E customers receive $50 for signing up for the SmartAC™ program.
- **REACH (Relief for Energy Assistance through Community Help).** The REACH program is sponsored by PG&E and administered through the Salvation Army. PG&E customers can enroll to give monthly donations to the REACH program. Through the REACH program, qualified low-income customers who have experienced uncontrollable or unforeseen hardships that prohibit them from paying their utility bills may receive an energy credit up to $200. REACH assistance is available once per 18-month period, with exceptions for seniors and mentally- and physically-disabled persons. The Salvation Army determines eligibility by a sliding income scale based on the number of household members. To qualify for the program, the applicant's income cannot exceed 200 percent of the Federal poverty guidelines.

The City of Gilroy uses the U.S. Green Building Council's guidelines for LEED Certification in building energy-efficient homes. LEED-certified buildings achieve energy and water savings, reduced maintenance costs, and improved occupant satisfaction. The LEED for New Construction program has been applied to numerous multi-family residential projects nationwide. The LEED for Homes pilot program was launched in 2005 and includes standards for new single-family and multi-family home construction. The LEED certification standards are one piece of a coordinated green building program. One of the primary goals behind establishing a green building program is to create a holistic, integrated design approach to green building. The purpose for this is because while most local building standards already consider energy and stormwater issues, and many jurisdictions have programs related to energy, recycling, water conservation, stormwater management, land use, and public health, these programs are often overlapping and uncoordinated.

A green building program considers a broad range of issues including community design, energy efficiency, water conservation, resource-efficient material selection, indoor environmental quality, construction management, and building maintenance. This comprehensive approach to building energy-efficient homes will result in buildings that use fewer resources, are healthier for peoples, and reduce harm to the environment.

On February 2, 2009, the City of Gilroy passed a green building ordinance consistent with other cities in Santa Clara County. Pursuant to the ordinance, the City of Gilroy will:

- Require all construction and renovation projects of municipal buildings larger than 5,000 square feet to meet LEED Silver standards, if doing so is deemed financially feasible by the City Council. A completed feasibility study must also confirm that the Silver LEED standard can be achieved.
- Use the U.S. Green Building Council's LEED Rating system and Build It Green's GreenPoint Rating system as the official green building standards for commercial and residential development within the City, respectively. A common set of standards relieves cities of the task of developing their own standards, and provides consistency to builders who work in many jurisdictions.

- Require the completion of a Green Checklist as part of the planning application for commercial and residential buildings. The applicant is not required to adopt green building practices but the checklist educates applicants about green building and enables the city to benchmark green building practices.

The City also outlines energy conservation strategies in its Interim Climate Action Plan as it continues to move towards a sustainable energy future. The primary goal of the plan is to reduce Gilroy's greenhouse gas (GHG) emissions to 15 percent below 2005 levels by the year 2020. The plan outlines measures to reduce municipal GHG emissions, as well as measures the community can take to reduce their emissions. Planned actions include:

- Weatherize homes, particularly for low-income residents.
- Update the Residential/Commercial Energy Conservation Ordinance (RECO/CECO) on a regular basis to ensure buildings become more energy efficient over time.
- Partner with PG&E and hold promotional energy efficiency lighting (e.g., compact fluorescent light bulbs, LED holiday lights) giveaway days to encourage community members to save energy.
- Offer a property-based energy-financing program (such as Property Assessed Clean Energy) and associated outreach for energy efficiency and renewable energy improvements to residential and commercial property owners.
- Increase tree cover throughout the community with special emphasis on shading east, south, and west walls of structures through revised development standards, an urban forestry program, or a carbon sequestration program.
- Conduct a citywide renewable energy assessment to estimate the total renewable energy potential as well as costs and benefits of developing the potential within City bounds.
- Develop and adopt a Green Building Ordinance that mandates or provides incentives for CALGreen Tier 1 voluntary residential and non-residential measures. Incentives can include expedited building permit plan check, provision of a plaque for building mounting, and listing of the building on the City's website.
- Reduce regulatory barriers to solar system installation (>25 percent of $/kW is permit related).

The City is also a part of a climate action plan through which it will be adopting additional policies and program aimed at reducing community greenhouse gas emissions.

## Adequate Sites Analysis

### Regional Housing Needs Assessment

State law requires each jurisdiction in California to demonstrate the availability of adequate sites through appropriate zoning and development standards and the availability of public services and facilities. These available sites must provide the necessary policy and regulatory guidance to accommodate a variety of housing types at a variety of income levels. The City must demonstrate that the estimated capacity of adequate sites will be able to accommodate the projected housing need for the 2014-2022 Regional Housing Needs Assessment (RHNA).

The State Department of Finance (DOF) is responsible for projecting the total statewide housing demand, with the State Department of Housing and Community Development (HCD) apportioning this demand to each of the state's regional governing bodies. This demand represents the number of additional units needed to accommodate the anticipated growth in the number of households, to replace expected demolitions and conversions of housing units to non-housing uses, and to achieve a future vacancy rate that allows for healthy functioning of the housing market.

The Association of Bay Area Governments (ABAG) is responsible for allocating the region's projected new housing demand to municipalities within the ABAG region. Through the RHNA, regional level housing growth needs are allocated to individual cities and counties. The allocation takes into account factors such as market demand for housing, employment opportunities, the availability of suitable sites and public facilities, commuting patterns, type, and tenure of housing need, and other factors. In determining a jurisdiction's share of new housing needs by income category, the allocation is adjusted to avoid an over concentration of lower-income households in any one jurisdiction. The allocation of projected housing demand is divided into four income categories:

- Very Low Income – up to 50 percent of the median income;
- Low Income – 51 to 80 percent of the median income;
- Moderate Income – 81 to 120 percent of the median income; and
- Above Moderate Income – more than 120 percent of the median income.

Based on the requirements of AB 2634 (Statutes of 2006), each jurisdiction must also address the projected need of extremely low-income (ELI) households, defined as households earning less than 30 percent of the median income. The projected extremely low-income need can be assumed as 50 percent of the total need for the very low-income households.

To enable the City of Gilroy to meet RHNA goals, the City must evaluate its capacity to provide available sites to meet projected future housing needs. The ABAG Regional Housing Needs Plan assigns 236 very low-income, 160 low-income, 217 moderate-income, and 475 above moderate-income housing units to the City of Gilroy for the 2014-2022 planning period (see Table 13-48 in Section 13.2). The City must demonstrate it has or will make available adequate sites with appropriate zoning and development standards and with services and facilities to accommodate the RHNA. The following section shows how the City will meet this requirement through developments under construction, planned, and approved projects, specific plan areas, and vacant and underutilized sites.

## Inventory of Units Planned, Approved, and Under Construction

Since the Housing Element planning period begins January 1, 2014, Gilroy's RHNA can be reduced by the number of new units under construction, approved, or planned as of January 1, 2014. City staff compiled an inventory of all residential projects with a housing component that are (as of January 1, 2014) under construction, approved, or planned and anticipated to be built by the end of the current Housing Element planning period. For under construction, approved, and planned projects, deed-restricted affordable units are inventoried as lower-income. Market-rate, high-density residential projects zoned R-4, R-3, Cannary District, Expansion, District, Historic District, or Gateway District are inventoried as moderate income based on expected rents/sale prices.

### Developments Under Construction

The City of Gilroy has a number of projects for which building permits have been issued and construction is underway. These projects, totaling 387 units, include Oak Creek, Harvest Park I, and Monterey Manor. Oak Creek includes 19 deed-restricted lower-income units, and 16 deed-restricted moderate-income units. All 60 units of the Monterey Manor project are moderate-income based on expected rents/sale prices in the Gateway District (which allows up to 30 units per acre). The remaining units in Oak Creek and all the units in Harvest Park I are expected to be above moderate-income. These projects are summarized in Table 13-51 and shown in Figure 13-2. The Map ID column in Table 13-51 corresponds with the map labels in Figure 13-2.

### Approved Projects

Approved projects are either fully entitled or have been approved by the City and will soon be entitled. Entitled units are units considered approved due to a Development Agreement, Housing Agreement/Density Bonus Agreement, or other zoning action (e.g., subdivision, conditional use permit, variance). There are 19 approved projects in the city of Gilroy totaling 504 units. These projects include seven townhomes, one accessory dwelling unit, and two duplex units inventoried as moderate-income units; and 494 single-family units inventoried as above moderate-income units. Approved projects are summarized in Table 13-51 and shown in Figure 13-2. The Map ID column in Table 13-51 corresponds with the map labels in Figure 13-2.

### Planned (Pending) Projects

Planned projects are projects that have submitted applications, but have yet to receive final project approval. There are four planned projects, totaling 391 units, in the city of Gilroy that will be counted towards the 2014-2022 RHNA. These projects include 265 lower-income units at San Ysidro—a proposed affordable housing project downtown; 273 higher-density, small-lot townhomes and single-family homes inventoried as moderate-income units; and 95 low-density single-family homes inventoried as above moderate-income units. The planned projects are summarized in Table 13-51 and shown in Figure 13-2. The Map ID column in Table 13-51 corresponds with the map labels in Figure 13-2.

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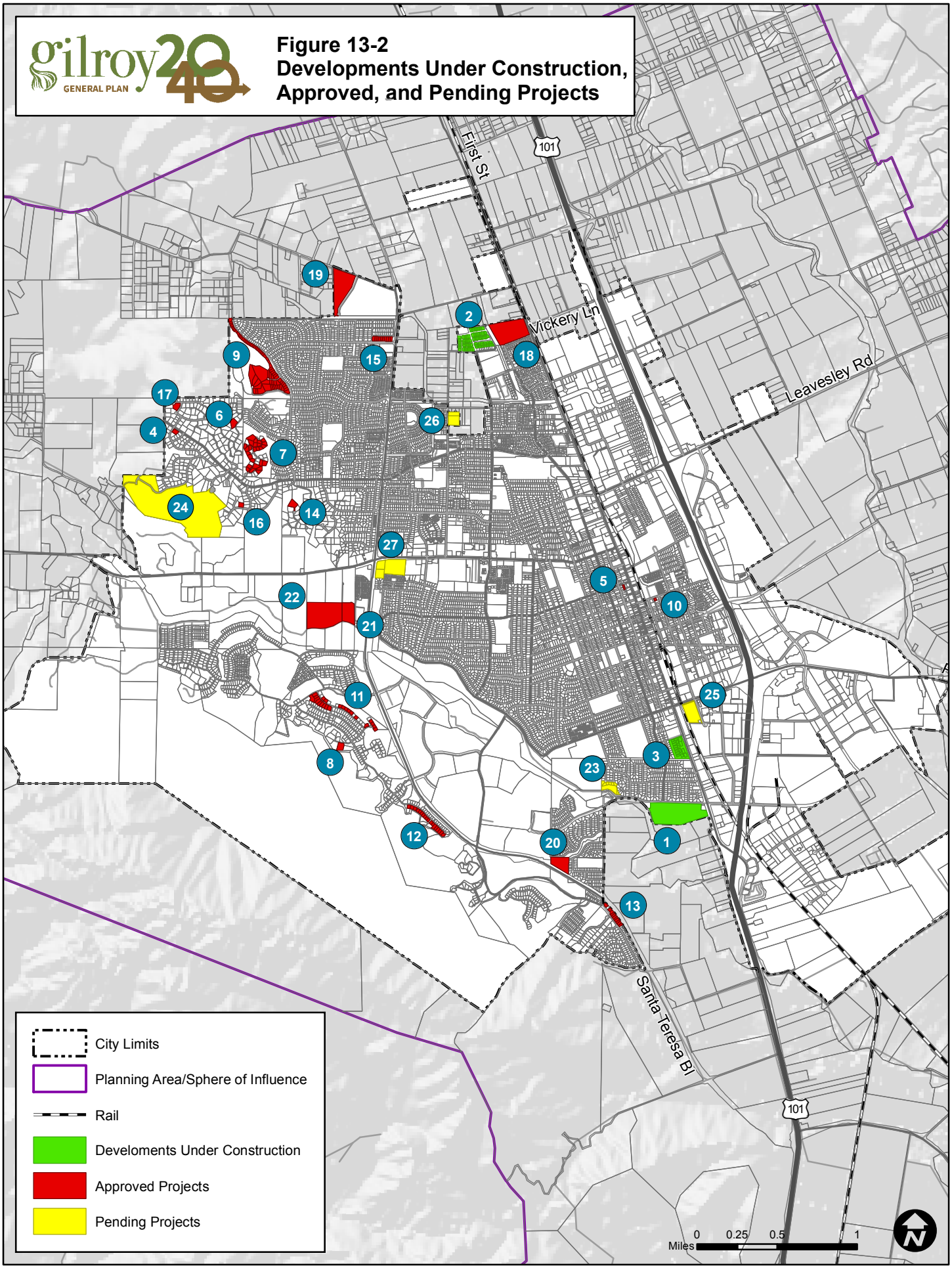


Source: City of Gilroy (2014)
Map Date: 2/4/2014

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**TABLE 13-51**
**DEVELOPMENTS UNDER CONSTRUCTION, APPROVED PROJECTS, AND PLANNED PROJECTS**
**City of Gilroy**
**January 2014**

| Map ID | Project Name/ Address | Zoning | Total Units | Lower Income Units (Very Low + Low-Income) | Moderate Income Units | Above Moderate Income Units | Status | Notes |
|---|---|---|---|---|---|---|---|---|
| **Developments Under Construction** | | | | | | | | |
| 1 | Oak Creek (Monterey and Luchessa) | ND | 236 | 19 | 16 | 201 | Construction began in January 2014 | This project represents full buildout of the Oak Creek Master Plan, approved as of July 2013. |
| 2 | Harvest Park I (Vickery and Wren) | ND | 91 | 0 | 0 | 91 | Construction began in August 2013 | Single Family Homes |
| 3 | Monterey Manor (Monterey St and 11th) | Gateway District | 60 | 0 | 60 | 0 | Construction began in January 2014 | High Density Residential Apartment Complex |
| *Developments Under Construction Subtotal* | | | *387* | *19* | *76* | *292* | | |
| **Approved Projects** | | | | | | | | |
| 4 | 2355 Stonecress | RH | 1 | 0 | 0 | 1 | Approved | Single Family Home |
| 5 | 66 Third Street | Expansion District | 7 | 0 | 7 | 0 | Approved | Townhouse Units |
| 6 | 9115 Tea Tree Way | RH | 1 | 0 | 0 | 1 | Building Permit Issued in June 2013 | Single Family Home |
| 7 | Carriage Hills III (North of Mantelli, west of Rancho Hills) | RH | 25 | 0 | 0 | 25 | Approved | 39 single family home project, 14 of which are built and occupied. |
| 8 | 2021 Portmarnock Ct | RH | 1 | 0 | 0 | 1 | Received final time extension in August 2013 | Single Family Home |
| 9 | Denova (West of Rancho Hills Drive) | RH | 68 | 0 | 0 | 68 | 9 building permits issued as of November 2013 | Single Family Homes |
| 10 | 170 Lewis Street | Downtown Cannery | 2 | 0 | 2 | 0 | Approved | Residential Duplex |

**TABLE 13-51**
**DEVELOPMENTS UNDER CONSTRUCTION, APPROVED PROJECTS, AND PLANNED PROJECTS**
**City of Gilroy**
**January 2014**

| Map ID | Project Name/ Address | Zoning | Total Units | Lower Income Units (Very Low + Low-Income) | Moderate Income Units | Above Moderate Income Units | Status | Notes |
|---|---|---|---|---|---|---|---|---|
| | | District | | | | | | |
| 11 | Eagle Ridge: BMC Eagle Ridge | RH | 23 | 0 | 0 | 23 | All permits are issued | Single Family Homes |
| 12 | Eagle Ridge: Bellavista | RH | 18 | 0 | 0 | 18 | Approved | Single Family Homes |
| 13 | Mesa Road, South of Thomas Road | R-1 | 8 | 0 | 0 | 8 | Approved | 9 home project, 1 of which is built and occupied |
| 14 | 8361 Wintergreen Ct | RH | 1 | 0 | 0 | 1 | Approved | Single Family Home |
| 15 | Sunrise and Santa Teresa | R1-PUD | 10 | 0 | 0 | 10 | Approved | Single Family Homes |
| 16 | 2135 Hollyhock | RH | 1 | 0 | 0 | 1 | Approved | Single Family Home |
| 17 | 2400 Olea Ct | RH | 1 | 0 | 1 | 0 | Approved | Accessory Dwelling Unit |
| 18 | Harvest Park II (Cohansey and Monterey Rd) | ND | 57 | 0 | 0 | 57 | Tentative Map December 2013 | Single Family Homes |
| 19 | Silveira Subdivision (Day Rd and Cougar Way) | R-1 | 56 | 0 | 0 | 56 | Entitled January 2014 | Single Family Homes |
| 20 | Masoni III Subdivision (930 Babbs Creek) | A-1 | 23 | 0 | 0 | 23 | Entitled January 2014 | Single Family Homes |

**TABLE 13-51**
**DEVELOPMENTS UNDER CONSTRUCTION, APPROVED PROJECTS, AND PLANNED PROJECTS**
**City of Gilroy**
**January 2014**

| Map ID | Project Name/ Address | Zoning | Total Units | Lower Income Units (Very Low + Low-Income) | Moderate Income Units | Above Moderate Income Units | Status | Notes |
|---|---|---|---|---|---|---|---|---|
| 21 | Hecker Pass/SVCC (Hecker Pass and Third Street) | Hecker Pass Specific Plan | 15 | 0 | 0 | 15 | Entitled May 2011 | Within the residential cluster east of the Hecker Pass Specific Plan |
| 22 | Hecker Pass East Cluster (2060 Hecker Pass) | Hecker Pass Specific Plan | 186 | 0 | 0 | 186 | Entitled October 2013 | Within the residential cluster east of the Hecker Pass Specific Plan |
| *Planned and Approved Projects Subtotal* | | | *504* | *0* | *10* | *494* | | |
| **Planned Projects** | | | | | | | | |
| 23 | Royal Way (South of Royal Way) | R-3 | 25 | 0 | 25 | 0 | In Review | Single Family Homes |
| 24 | Country Estates Phase IV (South of Sunflower Circle) | RH | 95 | 0 | 0 | 95 | In Review | Hillside Single Family Home Community |
| 25 | San Ysidro Project (200 East 10th Street) | DED | 265 | 265 | 0 | 0 | In Review | The proposed development is described as multifamily affordable housing project configured in a five story building fronting East 10th and Alexander St |
| 26 | 9070 Kern Ave | R-3 | 31 | 0 | 31 | 0 | In Review | Residential PUD |
| 27 | 1st and Santa Teresa | R-4 | 217 | 0 | 217 | 0 | In Review | Townhomes |
| *Pending Projects Subtotal* | | | *633* | *265* | *273* | *95* | | |
| **Total** | | | **1,524** | **265** | **359** | **881** | | |

*Source: City of Gilroy, 2014*

## Residential Sites Inventory

In accordance with the requirements of Government Code Section 65583.2, the City conducted an assessment of the vacant and underutilized sites suitable for residential development within the city of Gilroy. The data was compiled by City staff and the Consultants and mapped using a Geographic Information System (GIS). All parcels (or portions of parcels) in the residential sites inventory were reviewed by City staff and the Consultants to confirm vacancy status, ownership, adequacy of public utilities and services, possible environmental constraints such as flood zones and steep slopes, and other possible constraints to development feasibility.

The following assumptions were made in the inventory:

- **Type of sites.** All of the sites in the inventory are vacant or underutilized sites zoned for residential use and meet the classification in State law (Government Code Section 65583.2(a)) as "land suitable for residential development."
- **Relation of density to income categories.** The following assumptions were used to determine the income categories according to the allowed densities for each site:
    - Sites that are zoned R-4 have a density range of 20-30 dwelling units per net acre, and were inventoried as available for low- and very low-income residential development in accordance with the "default density standard" set forth in Government Code Section 65583.2(c)(3)[1].
    - Sites that are zoned R-3 have a density range of 8-16 dwelling units per net acre, and were inventoried as available for moderate-income residential development. The City's zoning ordinance states that the R-3 zone is intended to provide areas within the city for living environments that include primarily multifamily units, such as garden apartments and condominiums.
    - Sites that are zoned Neighborhood District (ND) have a variety of density standards that are intended to produce a more integrative, comprehensive, and creative neighborhood. The zoning district requires that at least 15 percent of all units be "affordable," as defined in the RDO Affordable Housing Exemption Procedure. This inventory used either the development agreement or the adopted specific plan/master plan buildout statistics to inventory expected units by income category on sites that are zoned ND.
    - All other sites, which were zoned R-2 or R-1, were inventoried as above moderate-income units.

### Specific Plan and Master Plan Areas

Gilroy has three major Specific Plan areas. Capacity within these areas is largely based on assumptions in the Specific Plans.

[1] Default density standard is the density "deemed appropriate" in State law to accommodate housing for lower-income households given the type of the jurisdiction. Gilroy is considered a "suburban jurisdiction" with a default density standard of 20 units per acre. HCD is required to accept sites that allow for zoning at this density as appropriate for accommodating Gilroy's share of the regional housing need for lower-income households.

## Glen Loma Ranch Specific Plan

The Glen Loma Ranch Specific Plan area is located in the southwestern part of the city of Gilroy. It is bounded by Uvas Creek to the north, Santa Teresa Boulevard to the west and south, and existing development to the east. The specific plan area allows for a wide range of densities and residential product types. The specific plan area is divided into 19 neighborhoods, each with its own zoning district. The diversity of sizes and unit ranges represent a deliberate attempt to break away from homogenous development patterns and move towards smaller, individual neighborhoods with a mix of densities. This mixture of sizes and unit densities is consistent with the intent of the Neighborhood District.

The Glen Loma Ranch Specific Plan was awarded 1,443 market rate RDO allocations and 250 "Special Exemption Units," for a total project allocation of 1,693 units in the original Development Agreement dated November 21, 2005. Due to market conditions, there has been no development as of January 2014. However, with the market recovery and the zoning in place, the City anticipates the Specific Plan to begin to develop early in the 2015-2023 planning period.

The Specific Plan forecasts unit counts for each of the neighborhoods based on each zoning district's allowable densities. Based on allowable densities, the R-1 and R-2 zoned neighborhoods are counted in the Housing Element sites inventory as above moderate-income, R-3 zoned neighborhoods are counted as moderate-income, and R-4 zoned neighborhoods are counted as lower-income units.

Under the City's Neighborhood District Policy, the Glen Loma Ranch Specific Plan area is required to allocate at least 15 percent of its total units for affordable housing. The Development Agreement for the Glen Loma Specific Plan area includes 256 affordable units. Rather than counting these required affordable units toward the RHNA, the Housing Element inventories the capacity on R-4 zoned land, which meets the default density standard of 20 units per acre. The Specific Plan includes two neighborhoods with R-4 zoning, totaling 17.1 acres. Using the low end of the density ranges allowed in the R-4 zone (i.e. 20 units per acre), the Specific Plan assumes 322 units in these areas. Table 13-52 summarizes the neighborhoods within the Glen Loma Ranch Specific Plan area. The neighborhood names correspond with the neighborhoods shown in Figure 13-3.

**TABLE 13-52**
**CAPACITY IN GLEN LOMA SPECIFIC PLAN NEIGHBORHOODS**
**City of Gilroy**

| Neighborhood Name[1] | Acres | Zoning | Density Range (units/acre) | Expected Units[2] | Income Category (Based on Allowed Density) |
|---|---|---|---|---|---|
| Town Center Multi-Family R4 | 9.3 | R-4 PUD | 20-30 | 172 | Very Low/Low-Income |
| Town Center Senior Housing | 7.8 | R-4 PUD | 20-30 | 150 | Very Low/Low-Income |
| Olive Grove | 13.7 | R-3 PUD | 8-16 | 192 | Moderate-Income |
| Montonico | 5 | R-3 PUD | 8-16 | 80 | Moderate-Income |
| Luchessa | 4 | R-3 PUD | 8-16 | 54 | Moderate-Income |
| Wild Chestnut | 11 | R-1 PUD | 3-7.25 | 72 | Above Moderate-Income |
| Nebbiolo | 19.4 | R-1 PUD | 3-7.25 | 97 | Above Moderate-Income |
| Malvasia | 19.6 | R-1 PUD | 3-7.25 | 169 | Above Moderate-Income |
| Canyon Creek | 7.7 | R-1 PUD | 3-7.25 | 47 | Above Moderate-Income |
| Cabernet | 10 | R-1 PUD | 3-7.25 | 53 | Above Moderate-Income |
| Mataro | 8.6 | R-1 PUD | 3-7.25 | 81 | Above Moderate-Income |
| The Grove | 12.8 | R-1 PUD | 3-7.25 | 78 | Above Moderate-Income |
| Vista Bella | 26.5 | R-1 PUD | 3-7.25 | 162 | Above Moderate-Income |
| McCutchin Creek | 4.4 | R-2 PUD | 3-9 | 38 | Above Moderate-Income |
| Palomino | 6.6 | R-2 PUD | 3-9 | 57 | Above Moderate-Income |
| Home Ranch | 7.6 | R-2 PUD | 3-9 | 62 | Above Moderate-Income |
| The Glen | 3.1 | R-2 PUD | 3-9 | 27 | Above Moderate-Income |
| Rocky Knoll | 4.1 | R-2 PUD | 3-9 | 33 | Above Moderate-Income |
| Petite Sirah | 13 | R-2 PUD | 3-9 | 69 | Above Moderate-Income |
| ***Total*** | ***194.2*** | | | ***1,693*** | |

Notes:
[1] Neighborhood Names correspond with the neighborhood names shown in the site plan (Figure 13-4). Neighborhoods may include multiple parcels as determined through the subdivision process.
[2]Units in R-1, R-2, and R-3 based on forecasted mid-point calculations in Glen Loma Ranch Specific Plan. The 322 Very Low/Low income units in the Town Center Multi-Family and Town Center Senior Housing neighborhoods assume the low end of density ranges for the R-4 zone.

*Source: Glen Loma Ranch Specific Plan and Development Agreement, November 21, 2005.*

**Figure 13-3**
**Glen Loma**
**Specific Plan**

Source: City of Gilroy (2013), Glen Loma Specific Plan (2005)
Map Date: 12/4/2013

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## Hecker Pass Specific Plan

The Hecker Pass Specific Plan area is a 423-acre site at the western gateway to the city Gilroy. The Specific Plan area is expected to develop 521 dwelling units affordable to above moderate-income households within the 2014-2022 planning period. The Specific Plan designates three "clusters" for residential development: North Cluster (57 units), West Cluster (205 units), and East Cluster (244 units). The Specific Plan aims to provide for a variety of housing types in each cluster, but provides some flexibility for how that variety is achieved. Each cluster targets a different proportional breakdown of three lot size ranges (i.e., 2,500-3,500 square foot lots, 3,500-6,000 square foot lots, and larger than 6,000 square foot lots). Ultimately if each cluster adheres to its target percentage of each lot size, North Cluster will have a density of 2.7 dwelling units per acre, West Cluster will have a density of 6.6 dwelling units per acre, and East Cluster will have a density of 6.2 dwelling units per acre. Even though the Specific Plan allows for multifamily and mixed-use development, due to the flexible density requirements in the three residential clusters, all units are counted as above moderate-income units.

The Hecker Pass Specific Plan area is starting to buildout; 201 of the East Cluster units are already approved and are counted as approved projects in Table 13-51. Table 13-53 below summarizes the remaining capacity in the Hecker Pass Specific Plan area after these approved units have been subtracted. The Specific Plan designations correspond with the neighborhoods shown in Figure 13-4.

**TABLE 13-53**
**REMAINING CAPACITY IN THE HECKER PASS SPECIFIC PLAN AREA**
**City of Gilroy**

| APN | Zoning/Specific Plan Designation[1] | Total Acres | Projected Number of Units[2] | Income Category |
|---|---|---|---|---|
| 78304023 | Hecker Pass Special District/Residential Cluster North | 20.33 | 57 | Above Moderate-Income |
| 81020015, 81020007, 81020008, 81020009, 81020020 (partial) | Hecker Pass Special District/Residential Cluster East | 127.75 | 58[3] | Above Moderate-Income |
| 81020020 (partial), 81021001, 81021009 81021003, 81021008 | Hecker Pass Special District/Residential Cluster West | 41.01 | 205 | Above Moderate-Income |
| **Total** | | **189.9** | **320** | |

Notes:
[1]Specific Plan Designations correspond with the Residential Cluster Locations found in Figure 13-4 entitled Hecker Pass Specific Plan
[2]Projected number of units derived from Hecker Pass Specific Plan build-out calculations. See Figure 13-4 for estimated buildout by typical lot size configurations.
[3]Hecker Pass Specific Plan calls for 259 units in this residential cluster. This table reflects the remaining units after approved projects have been subtracted.
*Source: City of Gilroy, Hecker Pass Specific Plan, 2005.*

## Downtown Gilroy Specific Plan

The Downtown Gilroy Specific Plan covers over 160 acres in the central portion of the city of Gilroy. In contrast to the single-use zoning based on land use type, the Downtown Gilroy Specific Plan is based on geographic areas called planning districts. The Gilroy Zoning Ordinance is consistent with the requirements of the planning districts in the Downtown Specific Plan. Allowed densities within the Cannery, Expansion, and Historic Districts were amended as a part of the City's rezone program in 2013 to meet the default density standard for lower-income units. Therefore, all units that have not yet been built in these districts are inventoried for lower-income units (see Table 13-54).

The Downtown Gilroy Specific Plan, approved in 2005, projects that there will be 1,576 new residential units constructed between 2005-2025 within the Specific Plan area. This assumes that 60 percent of undeveloped property will buildout and 10 percent of developed property will be redeveloped. This build-out number is a flexible allocation and does not dictate a yearly allocation of units within the 20-year build out period. Based on the rate of approvals, the City anticipates that the Downtown Specific Plan area will not reach buildout prior to 2023. However, the flexible nature of the Specific Plan's residential buildout does not prevent residential development from occurring during the Housing Element planning period.

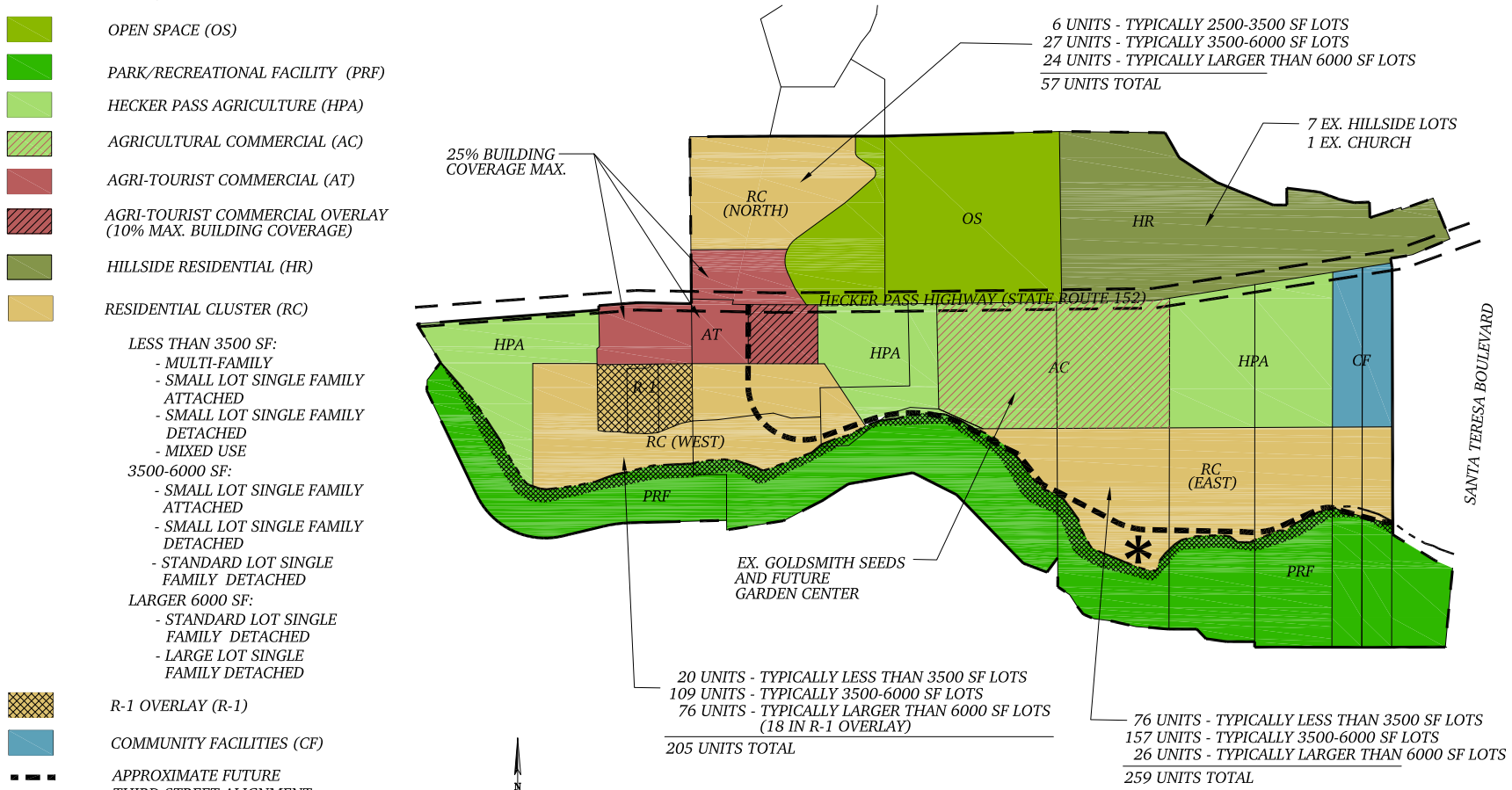
Each planning district is projected to develop a particular number of units. Residential buildout for each planning district within the Downtown Specific Plan area also took into account the potential for non-residential uses. The area's projected residential buildout did not assume residential-only development of all sites. The Specific Plan anticipates that an additional 900,000 square feet of non-residential uses will accompany the projected 1,576 residential units in the Downtown Specific Plan. Downtown Gilroy Specific Plan units are exempt from the City's RDO Allocation application, thus the City Council can permit special exception to the assigned build-out schedule or to the numerical limits for a calendar year provided that the exception does not adversely affect the City's ability to provide services. The City Council can provide this special exception if it finds and determines that the Specific Plan necessitates additional dwelling unit allocations in a specified year to accomplish the goals and vision of the General Plan. Figure 13-5 shows the Specific Plan districts and are counted in Table 13-54.

The 2007-2014 Housing Element identified 787 units that were already constructed or still in the review process within the Downtown Specific Plan area. These units have all been built and are subtracted from the original 2005 buildout calculations found in the Specific Plan. In addition, there are four new projects within the Downtown Specific Plan area since the last Housing Element, totaling 334 units. These projects are counted towards the 2014-2022 RHNA as under construction, approved, or planned projects:

- Monterey Manor, in the Gateway District, 60 units are under construction;
- San Ysidro Courts, in the Expansion district, 265 units are planned;
- 66 Third Street Project, in the Expansion District, 7 units are approved; and
- 170 Lewis Street Project, in the Cannary District, 2 units are approved.

These projects are also subtracted from the original 2005 buildout calculations found in the Specific Plan. Table 13-54 summarizes the districts and remaining capacity in the Downtown Specific Plan Area. After all units have been subtracted, the Specific Plan area has a remaining capacity of 456 lower-income units.

# Figure 13-4
# Hecker Pass Specific Plan




NOTES: LAND USE AREA BOUNDARIES DEPICTED ON THE LAND USE DIAGRAM ARE APPROXIMATE AND MAY BE SUBJECT TO MODIFICATION ACCORDING TO THE PROVISIONS WITHIN THE HECKER PASS SPECIFIC PLAN AND/OR CITY OF GILROY REQUIREMENTS (SEE POLICY 3-17).

LOT SIZES WITHIN EACH CATEGORY MAY VARY PER AN APPROVED PLANNED UNIT DEVELOPMENT APPLICATION AND THE PROVISIONS OF THE SPECIFIC PLAN (SEE POLICY 3-18)

THE NUMBER OF UNITES PER CLUSTER MAY VARY PER THE PROVISIONS OF THE SPECIFIC PLAN (SEE POLICY 3-19).

Source: City of Gilroy (2013), Hecker Pass Specific Plan (2005) Map Date: 12/4/2013

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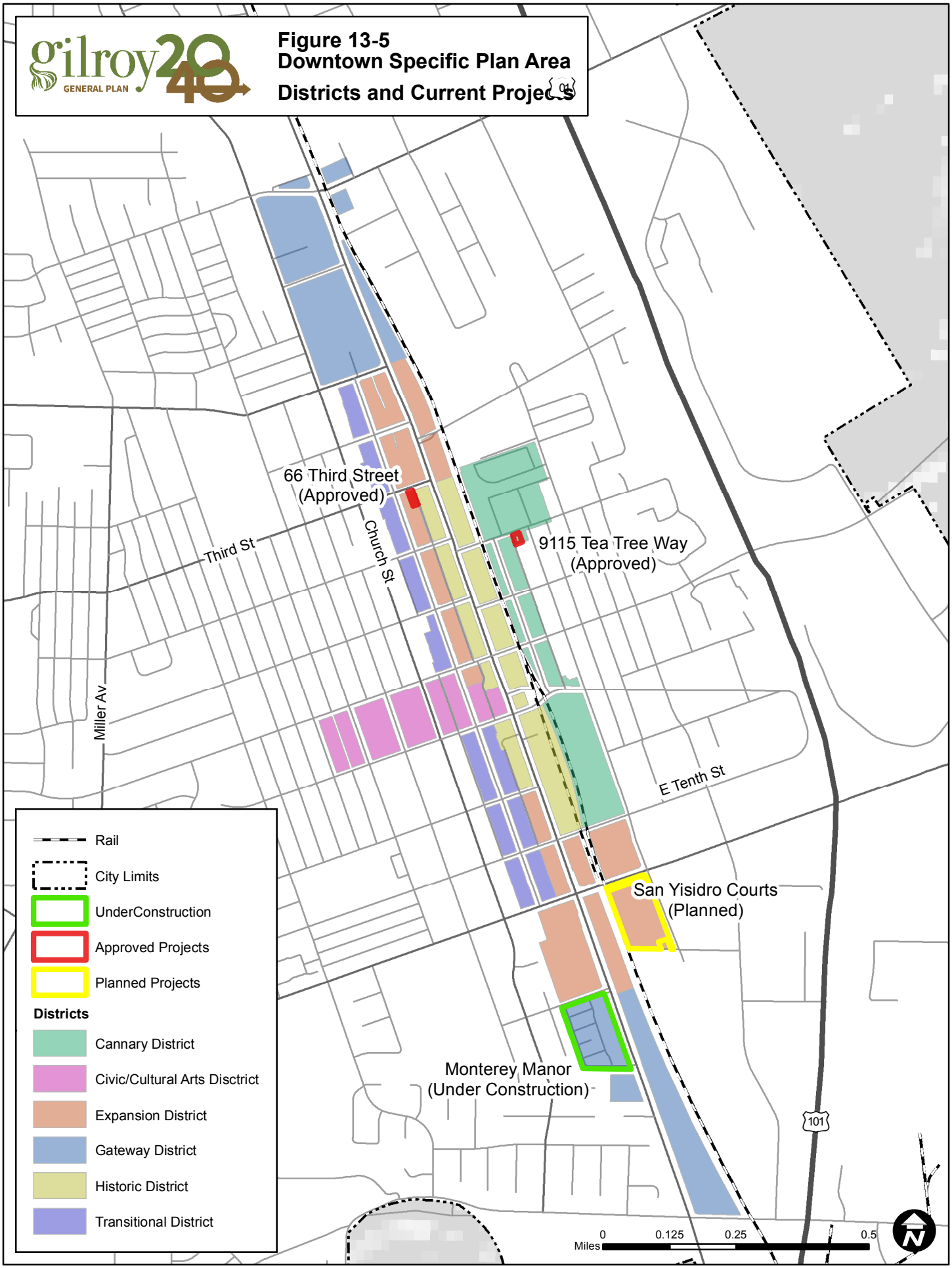


Source: City of Gilroy (2013)
Map Date: 2/6/2014

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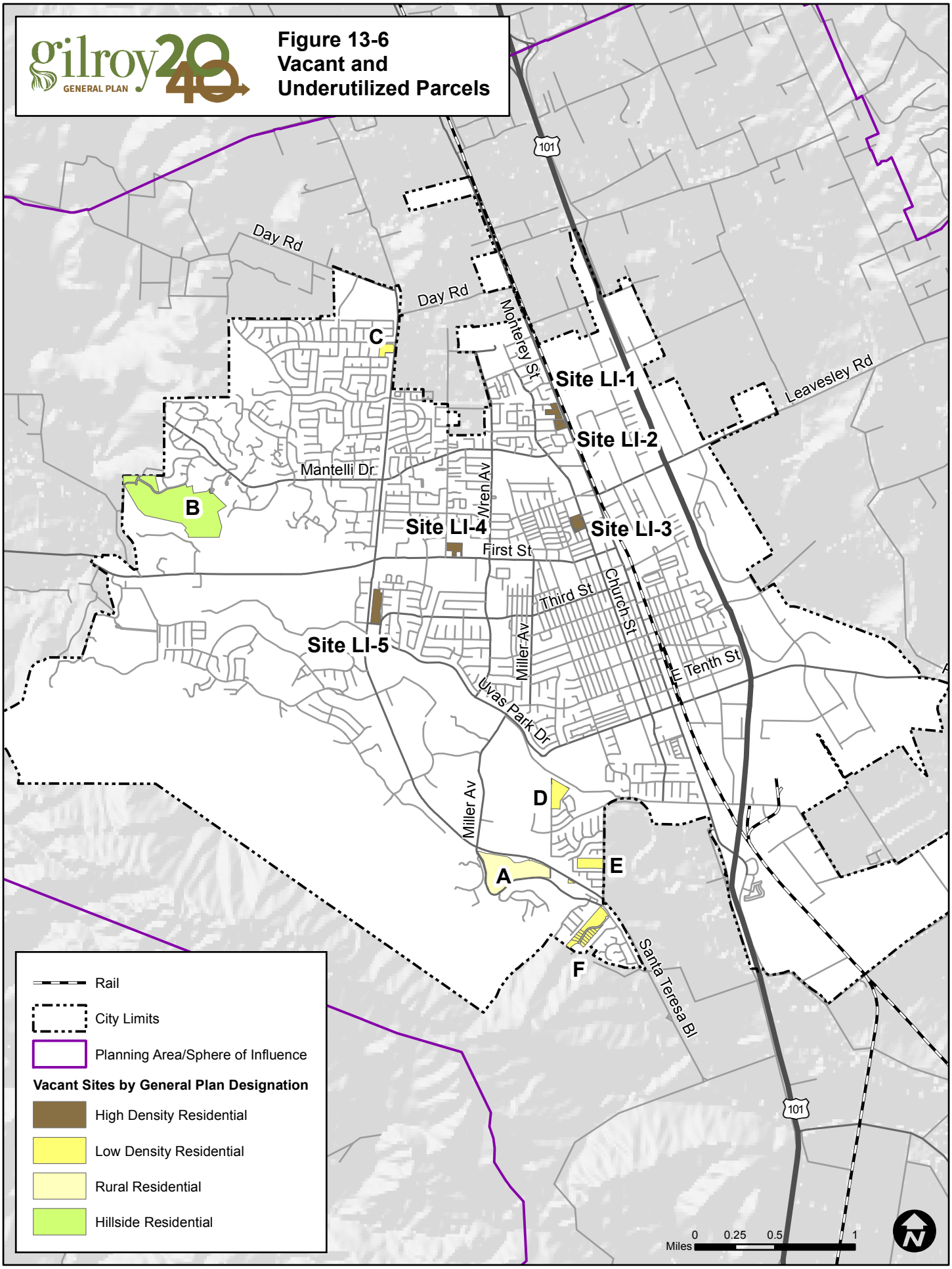
**TABLE 13-54**
**SUMMARY OF REMAINING CAPACITY IN DOWNTOWN SPECIFIC PLAN**
**City of Gilroy**

| District | Allowable Density (du/acre) | Gross Acres | Existing Development (Acres) | Net Acres[1] | Projected Number of Units[2] | Number of Units Developed or Planned from 2007-2014 Housing Element[3] | Number of Units Under Construction, Approved, or Planned in 2014-2023 Housing Element | Remaining Unit Capacity | Income Category |
|---|---|---|---|---|---|---|---|---|---|
| Cannery | Min of 20[4] | 31.40 | 6.46 | 24.94 | 760 | 234 | 2 | 524 | Lower-Income |
| Civic/ Cultural | Max FAR of 1.5[5] | 16.80 | 0.98 | 15.82 | 14 | 0 | 0 | 14 | Lower-Income |
| Expansion | Min of 20[4] | 40.20 | 12.10 | 28.10 | 448 | 382 | 272 | -206 | Lower-Income |
| Historic | Min of 20[4] | 25.60 | 10.55 | 15.05 | 116 | 68 | 0 | 48 | Lower-Income |
| Gateway | Max of 30 | 54.40 | 4.57 | 49.83 | 159 | 94 | 60 | 5 | Lower-Income |
| Transitional | Max of 20 | 20.70 | 5.96 | 14.74 | 79 | 9 | 0 | 70 | Lower-Income |
| **Total** | | | | | **1,576** | **787** | **334** | **455** | |

Notes:
[1]Net acres calculated by subtracting existing development from gross acres.
[2]Projected number of units derived from Downtown Gilroy Specific Plan buildout calculations. Unit capacity projections assume lot assemblage based upon ownership, project proposals and incentives (such as reduced fees, expedited application processing, and mixed-use allowances).
[3]From 2007-2014 Housing Element. Includes all projects constructed between 2005 and 2012 and all projects planned or in review in 2012.
[4]For residential portion of mixed-use projects. Stand alone residential projects must develop at a density ranging from 20-40 units per acre
[5]For mixed use projects from Monterey to Church Street. Mixed-use projects from Church Street to Dowdy Street have a maximum FAR of 1.0.
*Source: City of Gilroy, Downtown Gilroy Specific Plan, 2005.*

### Other Vacant and Underutilized Land

Table 13-55 summarizes the vacant and underutilized land in the City currently (2014) zoned for residential development. Based on allowed densities, this land has an estimated capacity of 110 above moderate-income units and 423 lower-income units. The capacity for 423 lower-income units is on 12 (9 of which are still vacant) parcels that the City rezoned to R-4 in October 2012 in order to attain certification for its 2007-2014 Housing Element. None of the sites have been developed since they were rezoned and the lower-income units assume the lower end of allowable densities in the R-4 zone (i.e. 20 units per acre). These sites are shown in Figure 13-6.




Source: City of Gilroy (2013), Santa Clara County GIS (2013)
Map Date: 12/4/2013

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**TABLE 13-55**
**VACANT AND UNDERUTILIZED PARCELS 2014-2022 PLANNING PERIOD**
**City of Gilroy**
**2014**

| Map ID | APN | Acres | General Plan Designation | Zoning | Permitted Density | Projected Units | Income Category | Notes |
|---|---|---|---|---|---|---|---|---|
| A | 81023005 | 37.5 | Rural Residential | A-1 | 1 du per lot | 1 | Above Moderate | |
| B | 78347003 | 88.0 | Hillside Residential | RH | 0.5-1 du/ac | 40 | Above Moderate | |
| C | 78320048<br>78320049 | 3.9 | Low Density Residential | R-1 | 3-7.25 du/ac | 11 | Above Moderate | Potential for lot consolidation |
| D | 80820008 | 8.6 | Low Density Residential | R-1 | 3-7.25 du/ac | 25 | Above Moderate | |
| E | 80839066 | 6.4 | Low Density residential | R-1 | 3-7.25 du/ac | 18 | Above Moderate | |
| F | 81023001 | 0.3 | Low Density Residential | R-1 | 3-7.25 du/ac | 2 | Above Moderate | |
| | 81028025 | 0.3 | | | | 1 | | |
| | 81028026 | 0.4 | | | | 1 | | |
| | 81028027 | 0.4 | | | | 1 | | |
| | 81028028 | 0.5 | | | | 1 | | |
| | 81028029 | 0.6 | | | | 1 | | |
| | 81028030 | 1.2 | | | | 1 | | |
| | 81028031 | 0.4 | | | | 1 | | |
| | 81028032 | 0.5 | | | | 1 | | |
| | 81028033 | 0.5 | | | | 1 | | |
| | 81028034 | 0.5 | | | | 1 | | |
| | 81028035 | 0.6 | | | | 1 | | |
| | 81028036 | 0.6 | | | | 1 | | |
| | 81028037 | 0.5 | | | | 1 | | |
| | ***Subtotal*** | ***7.3*** | | | | ***15*** | | |
| LI-1 | 79014025 | 2.1 | High Density Residential | R-4 | 20-30 du/ac | 36 | Very Low/Low | Underutilized site rezoned in 2012 to implement 2007-2014 Housing Element. Old building remodeled; Majority of lot used for storage of granite slabs; Owner has expressed interest in redevelopment |

**TABLE 13-55**
**VACANT AND UNDERUTILIZED PARCELS 2014-2022 PLANNING PERIOD**
**City of Gilroy**
**2014**

| Map ID | APN | Acres | General Plan Designation | Zoning | Permitted Density | Projected Units | Income Category | Notes |
|---|---|---|---|---|---|---|---|---|
| | 79014075 | 0.7 | High Density Residential | R-4 | 20-30 du/ac | 14 | Very Low/Low | Underutilized site rezoned in 2012 to implement 2007-2014 Housing Element. Used car lot with old, small buildings as office; Existing use anticipated to discontinue and redevelop to residential uses; Adjacent to single-family units to the west and an old motel site to the south |
| | 79014091 | 0.8 | High Density Residential | R-4 | 20-30 du/ac | 13 | Very Low/Low | Underutilized site rezoned in 2012 to implement 2007-2014 Housing Element. Lollipop Land Preschool not anticipated to redevelop, but vacant space around building has potential for redevelopment to residential uses; Single-family units |
| | ***Subtotal*** | ***3.5*** | | | | ***63*** | | |
| LI-2 | 79015036 | 1.3 | High Density Residential | R-4 | 20-30 du/ac | 23 | Very Low/Low | Vacant site rezoned in 2012 to implement Housing Element. |
| | 79015041 | 1.1 | High Density Residential | R-4 | 20-30 du/ac | 22 | Very Low/Low | Underutilized site rezoned in 2012 to implement 2007-2014 Housing Element. Motel in old building in poor condition; Existing use anticipated to discontinue and redevelop to residential uses. |
| | ***Subtotal*** | ***2.3*** | | | | ***55*** | | |
| LI-3 | 79036002 | 1.1 | High Density Residential | R-4 | 20-30 du/ac | 19 | Very Low/Low | Vacant site rezoned in 2012 to implement Housing Element. |
| | 79035001 | 3.3 | High Density Residential | R-4 | 20-30 du/ac | 68 | Very Low/Low | Vacant site rezoned in 2012 to implement Housing Element. |
| | ***Subtotal*** | ***4.4*** | | | | ***87*** | | |
| LI-4 | 79021041 | 3.9 | High Density Residential | R-4 | 20-30 du/ac | 78 | Very Low/Low | Vacant site rezoned in 2012 to implement Housing Element. |
| LI-5 | 80801016 | 7.2 | High Density Residential | R-4 | 20-30 du/ac | 140 | Very Low/Low | Vacant site rezoned in 2012 to implement Housing Element. |
| | ***Total*** | | | | | ***533*** | ***423 Lower-Income, 110 Above Moderate-Income*** | |

*Source: City of Gilroy, 2014*

## Summary of Residential Capacity

Table 13-56 summarizes the City of Gilroy's capacity to meet the RHNA for the 2014-2022 planning period. After accounting for capacity from developments under construction, approved projects, planned projects, vacant and underutilized sites, the Glen Loma Ranch Specific Plan, remaining capacity in the Hecker Pass Specific Plan, and remaining capacity in the Downtown Specific Plan, the City of Gilroy has a surplus of 1,088 lower-income units, 637 moderate-income units, and 1,713 above moderate-income units.

**TABLE 13-56**
**SITES SUMMARY 2014-2022 PLANNING PERIOD**
**City of Gilroy**
**2014**

| | Very Low-Income | Low-Income | Moderate-Income | Above Moderate-Income | Total |
|---|---|---|---|---|---|
| **2014-2022 RHNA** | **236** | **160** | **217** | **475** | **1,088** |
| Developments Under Construction | 19 | | 76 | 292 | **387** |
| Approved Projects | 0 | | 10 | 494 | **504** |
| Planned Projects | 265 | | 273 | 95 | **633** |
| Vacant and Underutilized Sites | 423 | | 0 | 110 | **533** |
| Glen Loma Ranch Specific Plan | 322 | | 495 | 876 | **1,693** |
| Remaining Capacity from Hecker Pass Specific Plan | 0 | | 0 | 320 | **320** |
| Remaining Capacity from Downtown Specific Plan | 455 | | 0 | 0 | **455** |
| **Total Capacity** | **1,484** | | **854** | **2,187** | **4,525** |
| Adjusted RHNA Need 2014-2023 | Surplus of 1,088 | | Surplus of 637 | Surplus of 1,713 | Surplus of 3,451 |

*Source: City of Gilroy, 2014*

# Section 13.4 Constraints

## Governmental Constraints

Governmental constraints are policies, standards, requirements, and actions imposed by the government that may have a negative impact on the development and provision of housing for a variety of income levels. These constraints may include building codes, land use controls, growth management measures, development fees, processing and permit procedures, and site improvement costs. State and Federal agencies play a role in the imposition of governmental constraints; however, these agencies are beyond the influence of local government and are therefore not addressed in this analysis.

The City of Gilroy regularly communicates with the local development community via phone and in-person meetings to hear concerns about potential development constraints including processing procedures, fees, development standards, and other City policies and requirements. Potential constraints and opportunities for improvements are identified on an on-going basis through consultation with the development community and internal staff review and recommended changes are presented to the City Council for consideration.

### Land Use Controls

Land use controls include General Plan policies, zoning regulations and standards, permit processing requirements, and development fees.

#### General Plan

The General Plan constitutes the highest-level policy document for the City of Gilroy. The Land Use Element of the General Plan identifies the location, distribution, and density/intensity of the land use within the city. Residential densities are measured in dwelling units per acre (du/ac). The 2002 Gilroy General Plan identifies six residential land use designations. Table 13-57 summarizes Gilroy's residential land use designations by total acres and permitted density ranges.

**TABLE 13-57**
**RESIDENTIAL LAND USE DESIGNATIONS**
**City of Gilroy**
**2002**

| Designation | Description | Permitted Density |
|---|---|---|
| Rural Residential (RR) | Applied to areas designated for part-time farming and the keeping of livestock. Only very low density residential development is considered appropriate, and is generally considered to be ancillary to agricultural use of the site. | 0.4 du/ac |
| Residential Hillside (RH) | Applied to developable hillside areas with slopes of 10 percent or greater (but less than 30 percent). Development in these areas must follow special design and setting guidelines criteria to preserve hillside environment. | 0.5 to 4.0 du/ac (Actual allowed density on a site-specific basis according to the formula set forth in the Residential Hillside Zoning District requirements) |
| Low Density Residential (R1/R2) | Applied to existing areas of predominantly single-family detached homes. | 3.0 to 7.25 du/ac |
| Medium Density Residential (R3) | This area is intended primarily for multi-family structures, but can also contain single-family detached homes, with or without secondary units. Buildings are typically two stories tall, and are usually located in transition areas between lower density neighborhoods and higher density developments or commercial areas. | 8.0 to 16.0 du/ac |
| High Density Residential (R4) | This area is intended primarily for multi-family structures, such as apartments or condominiums, with buildings typically two or more stories. | 16.0 to 30.0 du/ac |
| Neighborhood District (ND) | This area is intended to create new neighborhoods that reflect a similar mix of housing throughout the city, avoiding concentrations of specific housing types in some areas. These new neighborhoods will be predominantly single-family in character, with duplexes, town homes, condominiums, and apartments interspersed. | 3.0 – 30.0 du/ac (average density of 6 – 12.5 du/ac) |

*Source: City of Gilroy General Plan, 2002.*

The City's General Plan allows for a range of densities and housing types to meet the needs of all income levels. Assembly Bill 2348 established "default" density standards. If a local government has adopted density standards consistent with the established population criteria, sites with those density standards are accepted as appropriate for accommodating the jurisdiction's share of regional housing need for lower-income households. Pursuant to AB 2348, Gilroy is considered a "suburban" jurisdiction with a "default" density of 20 dwelling units per acre. Densities of at least 20 units per acre are allowed in the High Density Residential, and Neighborhood District. Densities of 20 units per acre are also allowed in the Downtown Specific Plan Designations, described below.

**Glen Loma Ranch Specific Plan**

The Glen Loma Ranch Specific Plan has a series of residential neighborhoods throughout the Specific Plan area. Each neighborhood has an established range of residential units as well as potential types of residential products. The neighborhoods are predominantly single family in character, but integrate different types and prices of housing to meet the full range of housing needs. While the overall acreage of the Specific Plan is approximately 359 acres, the developable residential acreage of the Specific Plan area is approximately 192 acres. Based on the forecasted unit count of each neighborhood, the Glen Loma Ranch Specific Plan will establish the following mix of housing units:

- R-1 Residential Uses at 63 percent or 120.6 acres: 759 units
- R-2 Residential Uses at 17 percent or 33.5 acres: 286 units
- R-3 Residential Uses at 12 percent or 22.7 acres: 326 units
- R-4 Residential Uses at 8 percent or 15.3 acres: 322 units

The housing mix would produce a total of 1,693 market rate/exempt units. The City of Gilroy has allocated a total of 1,443 market rate Residential Development Ordinance (RDO) allocations to the Glen Loma Ranch. The remaining 250 units are affordable units exempt from the RDO allocation process.

**Hecker Pass Specific Plan**

The Hecker Pass Specific Plan is the mechanism designated by the City of Gilroy's General Plan for implementing the goals and policies for the Hecker Pass Area. The Hecker Pass Specific Plan projects the development of 521 housing units. The Specific Plan designates three "clusters" for residential development: North Cluster (57 units), West Cluster (205 units), and East Cluster (244 units). The Specific Plan aims to provide for a variety of housing types in each cluster, but provides some flexibility for how that variety is achieved. The Hecker Pass Area will develop in a manner consistent with the units allocated to the Specific Plan area by the RDO process.

**Downtown Gilroy Specific Plan**

The Downtown Gilroy Specific Plan covers over 160 acres in the central portion of the city of Gilroy. The area extends from Leavesley Road/Welburn Avenue on the north to Luchessa Avenue to the south. The Specific Plan divides the Downtown into six districts. The six districts are as follows:

- Downtown Historic District: minimum 20 units per acre
- Downtown Expansion District: minimum 20 units per acre
- Civic/Cultural Arts District: maximum FAR 1.5 (from Monterey Street to Church Street); maximum FAR 1.0 (from Church Street to Dowdy Street)

- Transitional District: maximum 20 units per acre
- Cannery District: minimum 20 units per acres
- Gateway District: maximum 30 units per acre

In contrast to the single-use zoning based on land use type, the Downtown Gilroy Specific Plan is based on geographic areas called planning districts. In this approach, each district has a unique vision and a tailored range of uses and development standards that support the desired future condition. The housing mix in the Downtown Gilroy Specific Plan area is projected to produce 1,576 residential units over a 20-year period. The Specific Plan expects 60 percent of undeveloped property to buildout and 10 percent of developed properties to redevelop. Downtown Gilroy Specific Plan units are exempt from the City's RDO Allocation application, thus the City Council can permit special exception to the assigned numerical limits for a calendar year provided that the exception does not adversely affect the City's ability to provide services.

### Zoning Ordinance

The Zoning Ordinance (Chapter 30 of the Gilroy City Code) is the primary tool for implementing the General Plan. It is designed to protect and promote public health, safety, and welfare, as well as to promote quality design and quality of life. The City of Gilroy's residential zoning designations control both the use and development standards of each residential parcel, thereby influencing the development of housing. The City has found that the maximum development limits established by the Zoning Ordinance do not pose a constraint to the development of housing.

Table 13-58 summarizes permitted uses in residential districts. Single-family residential zoning includes three districts: A1, RR, and R1. Single-family units are permitted as a matter of right in all single-family residential districts. Accessory dwelling units are allowed in single-family zoning districts under Section 30.11.10(c) of the City's Zoning Ordinance.

Multi-family residential zoning includes R2, R3, R4, and RH districts. Condominiums are permitted as a matter of right in R3, R4, and RH districts. Duplexes are permitted as a matter of right in R2, R3, and R4 districts. Townhouses are permitted as a matter of right in the R3, R4, and RH districts. Multiple family buildings are permitted as a matter of right in R3 and R4 districts. Single-family dwellings are permitted as a matter of right in all multi-family residential districts.

The City of Gilroy has also established a Neighborhood District (ND) zone. Land in the ND district may be used as specified by a Master Plan or Specific Plan adopted for each Neighborhood District area. Each area is required to provide a mixture of low-, medium-, and high-density residential units, and other compatible uses such as parks, schools, and neighborhood-serving commercial facilities.

Residential development is permitted in some commercial districts to enable development of mixed-use projects. A single residential dwelling unit in conjunction with a commercial use is allowed as a matter of right in the Neighborhood Commercial (C1) and Shopping Center Commercial (C3) districts; and in the Professional Office (PO) district with a Conditional Use Permit. Multifamily residential units are allowed in these districts in conjunction with nonresidential uses under Conditional Use Permit approval. All residential unit developments within these commercial districts are required to comply with the following guidelines:

- The number of residential units shall not compromise the quality or character of any existing or proposed business located on the same property;
- The number of residential dwellings shall be limited by the availability and provision of off-street parking stalls;
- All bedrooms proposed for residential units shall meet minimum square footage requirements; and
- Open space shall be provided, when feasible.

Residential dwelling units are also permitted as a matter of right in all Downtown Specific Plan districts. In the Downtown Historic District (DHD) and the Downtown Expansion District (DED), residential units are unconditionally permitted on the second story or above. Anytime residential uses are proposed for the first floor, a Conditional Use Permit is required. In the Civic/Cultural Arts District, residential units may be allowed on the ground floor if they are located between Eigleberry Street and Church Street behind a business. Residential units in all six Downtown Specific Plan districts must also comply with the same guidelines set forth within commercial districts. Table 13-59 summarizes the development standards for residential, commercial, and Specific Plan zoning designations.

The Zoning Code allows for buildings up to three stories in height in the R3 zone and six stories in the R4 zone. The Downtown allows for three to four stories depending on location. There is no maximum lot coverage requirement. The maximum building footprint is dictated by the minimum setback requirements. The combined setback and building height requirements work together to allow development to achieve the maximum density allowed in the zone. Based on residential units approved and constructed complying with these standards, the City has determined that maximum building height and setback standards do not unreasonably impact the cost and supply of housing nor the ability of projects to achieve maximum densities. The densities generally match the General Plan land use designations; and setback and height requirements relate well to the densities permitted.

The following projects were approved under the City's current multi-family development standards:

- Garlic Festival Building: 24 condos on 0.46 acres that was approved in 2006 and completed in 2007-2008 (net density of 52 units/acre) (Downtown SP zone);
- 4$^{th}$ Street Commons: 16 condos on 0.32 acres that was approved in 2005 and completed in 2009 (net density of 50 units/acre) (Downtown SP zone); and
- South County Housing Development: 26-unit single-room occupancy development approved in 2010 (net density of 16 units/acre) (R-4 PUD zone).

As the City continues to approve new housing projects, it demonstrates its commitment to accommodating the regional housing needs allocations. Any perceived constraint on development is minimal and does not impede construction of affordable housing for all income levels.

**TABLE 13-58**
**HOUSING TYPES PERMITTED BY ZONE**
**City of Gilroy Zoning Ordinance**
**2014**

| Housing Types Permitted | A1 | RR | R1 | R2 | R3 | R4 | RH | ND | PO | C1 | C3 | HC | CM | CI | M1 | M2 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Accessory Dwelling Unit | -- | P | P | P | -- | -- | P | * | -- | -- | -- | -- | -- | -- | -- | -- |
| Condominiums | -- | -- | -- | -- | P | P | P | * | -- | -- | -- | -- | -- | -- | -- | -- |
| Duplex | -- | -- | P | P | P | P | -- | * | -- | -- | -- | -- | -- | -- | -- | -- |
| Mobile Home Park | -- | -- | C | C | P | P | -- | * | -- | -- | -- | -- | -- | -- | -- | -- |
| Multi-Family Building | -- | -- | -- | -- | P | P | -- | * | -- | -- | -- | -- | -- | -- | -- | -- |
| Residential Care Homes (> 6 Residents) | -- | C | C | C | C | C | C | * | -- | -- | -- | -- | -- | -- | -- | -- |
| Residential Care homes (< 6 residents) | -- | P | P | P | P | P | P | * | -- | -- | -- | -- | -- | -- | -- | -- |
| Residential Unit | -- | -- | -- | -- | -- | -- | -- | -- | C | P[1] | P[1] | -- | -- | -- | -- | -- |
| Single-Family Dwelling or Modular Home | -- | P | P | P | P | P | P | * | -- | -- | -- | -- | -- | -- | -- | -- |
| Townhouse | -- | -- | -- | -- | P | P | P | * | -- | -- | -- | -- | -- | -- | -- | -- |
| Emergency Shelters | C | C | C | C | C | C | C | C | C | C | C | C | P | C | C | C |

Notes:
P = Permitted by Right without Discretionary Review; C = Conditional Use Permit Required; * = Refer to master plan or specific plan adopted for the neighborhood district area in which the property is located.
[1]Residential units may be allowed in conjunction with an existing business. Residential Units in the C3 zones may be allowed when located on the second or third floor of building. More than one residential unit may be allowed upon approval of a conditional use permit pursuant to section 30.50.30. All residential unit projects within commercial zones shall comply with the following guidelines.
*Source: City of Gilroy Zoning Ordinance, Section 11. 10.*

**TABLE 13-59**
**SUMMARY OF RESIDENTIAL ZONING REQUIREMENTS**
**City of Gilroy**
**2014**

| Standard | A1 | RR | R1 | R2 | R3 | ND |
|---|---|---|---|---|---|---|
| Minimum Lot Size (Lots created prior to February 2006) | 20 ac. | 2.5 ac. | 6,000 sq. ft. | 8,000 sq. ft. | 8,000 sq. ft. | * |
| Minimum Lot Size (Lots created after February 2006)[1] | 20 ac. | 2.5 ac | 6,600 sq. ft. | 8,880 sq. ft. | 8,880 sq. ft. | * |
| Maximum Building Height | 35 ft. | 30 | 35 ft. | 35 ft. | 45 ft. | * |
| Minimum Front Yard | 22 ft. | 26 | 26 ft. | 26 ft. | 26 ft. | * |
| Minimum Front Yard Cul-de-Sac Lots | 22 ft. | 22 | 22 ft. | 22 ft. | 22 ft. | * |
| Minimum Street Side Yard | 21 ft. | 21 | 21 ft. | 21 ft. | 21 ft. | * |
| Minimum Side Yard | 12 ft. | 12 | 6 ft. | 6 ft. | 12 ft. | * |
| Minimum Rear Yard | 15 ft. | 15 | 15 ft. | 15 ft. | 15 ft. | * |

Notes:
* Refer to the Master Plan or Specific Plan adopted for the Neighborhood District area in which the property is located.
Garage setbacks must be a minimum of 20 feet from the front property line for lots created prior to February 2006. For lots created after February 2006, garage setbacks must be a minimum of 34 feet from the front property line (the face of curb).
[1]Usable lot area did not increase. Lots created after February 2006 include sidewalk and parkway, which were previously publicly owned.
*Source: City of Gilroy Zoning Ordinance, Section 11.20, 201*

**TABLE 13-60**
**SUMMARY OF COMMERCIAL AND DOWNTOWN SPECIFIC PLAN ZONING REQUIREMENTS**
**City of Gilroy**
**2014**

| Standard | PO | C1 | C3 | DHD | DED | CCA | TD | CD | GD |
|---|---|---|---|---|---|---|---|---|---|
| Minimum Lot Size (Lots created prior to February 2006) | 8,000 sq. ft. (prior to September 2005) | None | None | -- | -- | -- | -- | -- | -- |
| Minimum Lot Size (Lots created after February 2006) | 8,880 sq. ft. (after September 2005) | None | None | -- | -- | -- | -- | -- | -- |
| Maximum Building Height (ft.) | 35 ft. | 35 ft. | 75 ft. | 50 ft. | 50 ft. | 50 ft. | 40 ft. | 50 ft. | 40 ft. |
| Minimum Front Yard (ft.) | 31 ft. | 31 ft. | 41 ft. | 0 (min)/ 15 (max) | 0 (min)/ 15 (max) | 0 (min)/ None (max) | 0 (min)/ 15 (max) | 0 (min)/ 15 (max) | 15 ft. |
| Minimum Street Side Yard (ft.) | 21 ft. | 21 ft. | 21 ft. | 0 | 0 | 0 | 10 | 10 ft. | 15 ft. |
| Minimum Side Yard (ft.) | 6 ft. | * | 0 ft. | 0 | 0 | 0 | 0 | 0 ft. | 10 ft. |
| Minimum Rear Yard (ft.) | * | * | 0 ft. | 0 | 0 | 0 | 0 | 0 ft. | 10 ft. |
| Floor Area Ratio | -- | -- | -- | 2.5 | 2.5 | 1.5 (Monterey St. to Church St.) 1.0 (Church St. to Dowdy St.) | 1.5 (20 du/ ac)[1] | 2.0 (40 du/ac)[1] | 0.75 (30 du/ac)[1] |

Notes:
[*] Setback from rear or side property line shall match the setback required along the same property line for the most restrictive adjacent property. (There is no setback required if the adjacent property is in the same zoning district).
[1] Use either floor area ratio or stand alone residential density to determine project size.
*Source: City of Gilroy Zoning Ordinance, Section 19.20, 2014.*

### Parking Requirements

Table 13-61 summarizes the residential parking requirements in Gilroy. Parking requirements do not constrain the development of housing directly. However, parking requirements may reduce the amount of available lot area for residential development. The City requires that one parking space per dwelling be in a carport or garage, allowing greater flexibility in site design and building configuration.

**TABLE 13-61**
**RESIDENTIAL PARKING REQUIREMENTS**
**City of Gilroy**
**2014**

| Type of Residential Development | Required Parking Spaces (off street) |
|---|---|
| Single- and Two-family dwellings | Two stalls per dwelling units, one of which shall be a covered carport or garage (each space must be at least 10 feet by 20 feet) |
| Multiple family dwellings | One and one-half stalls per one bedroom or two bedroom dwelling unit and two stalls for each unit having three or more bedrooms or rooms that could be used as bedrooms.<br><br>One stall for every four units for guests.<br><br>One stall for each unit shall be covered with a garage or carport. |
| Accessory dwelling units (detached) | One stall per unit |
| **Downtown Specific Plan Residential Parking Requirements** | |
| Residential units < or equal to 800 sq. ft. | One space per unit plus one guest space per six units |
| Residential units > 800 sq. ft. | 1.5 spaces per unit plus one guest space per four units |

*Source: City of Gilroy Zoning Ordinance, Section 31.21.*

### Planned Unit Development Combining District

The City uses the Planned Unit Development (PUD) Combining District designation to allow more flexibility in site and building requirements, including yard, building height, lot coverage, and landscaping. The PUD Combining District is an optional alternative to the underlying zoning district that is used at the request of the project applicant. Applicants typically request use of the PUD instead of the underlying zoning district in order to have more flexible development standards, allowing for more creative and often more cost-effective development. The intent of the PUD Combining District is to allow diversification in the relationships of buildings, structures, and open space in building groups; and the allowable heights of buildings and structures. The PUD also ensures adequate standards related to the public health, safety, and general welfare of the community.

The establishment of a PUD Combining District may be in combination with any residential, commercial, or industrial zoning district. A minimum of 75 percent of the land area of parcels designated as being in a PUD Combining District are for uses permitted by the base zoning district. Other land uses to a maximum of 25 percent may be permitted in accordance with a Planned Unit Development Approval. This allows the City's review authorities to provide flexibility for the development of constrained lots

and development incentives for projects proposing public benefits, such as the provision of affordable or special needs housing.

All site and building requirements, including yard, building height, lot coverage, and landscaping are specified in the Planned Unit Development Approval outlined in Section 50.50 of the Zoning Ordinance. If a parcel is located in a PUD Combining District, a building permit shall not be issued for any development until the Planning Commission and City Council have approved the development.

The City defines a planned unit development as:

- Land that is planned and developed as a whole.
- A single development operation or a definitely programmed series of development operations, including all lands and buildings.
- Including principal and accessory structures and uses substantially related to the character of the surrounding district.
- A program of comprehensive and detailed plans, which will include all site and architectural design plans.
- A program that should include the operation and maintenance of such areas and facilities that will be for common use and benefit by some or all of the occupants of the development, but in most cases not be provided, operated, or maintained at the general expense of the City of Gilroy.

The following single family residential projects were approved under the City's current development standards and are within the R-1 PUD zoning district:

- Rancho Hill Phase 2: 71-lot, single-family subdivision that was approved in 2006;
- Rancho Hill Phase 3: 107- lot, single-family subdivision that was approved in 2007;
- Rancho Meadows Phase 4: 41-lot, single-family subdivision that was approved in 2011; and
- K Hovnanian: 10-home, single-family subdivision that was approved in 2012.

### Historic Site and Neighborhood Combining Districts

The intent of the Historic Site and Neighborhood Combining Districts is:

- To preserve historic sites and neighborhoods that represent important elements of Gilroy's past or contribute to the community's identity or educational resources;
- To enhance the visual character of Gilroy by encouraging and regulating the compatibility of architectural styles within historic sites and neighborhoods;
- To identify and designate areas that have a significant concentration or continuity of sites, buildings, or objects unified by past events or physical development; and
- To encourage restoration of historic buildings and neighborhoods throughout the city.

Permitted uses in both Historic Site and Neighborhood Combining Districts include all uses that are permitted in the base district. Any use that is listed as a conditional use for the base district may be

allowed to locate within a Historic Site or Neighborhood Combining District subject to the Planning Commission making all of the following findings:

- The proposed conditional use is compatible with the historic nature of the property and would require minimal alteration to the building or site;
- All proposed and/or required alterations would not alter the historic significance of the building or site; and
- The site is adequate to accommodate any required parking, landscaping, or other amenities required as a condition of approval of the conditional use permit.

Applications to construct new structures, or alter, change, modify, remove, or significantly alter the exterior of any structure within a Historic Site or Neighborhood Combining District require architectural and site approval according to Section 50.40 of the Zoning Ordinance.

The Historic Heritage Committee reviews and makes recommendations to the Planning Commission on applications for architectural and site approval that involve significant changes. The Planning Director reviews and may issue architectural and site approval for changes in Historic and Neighborhood Combining Districts that are not considered significant. All decision-making bodies are bound by uniform standards adopted by the City Council or Planning Commission relating to the intent, scope, or review of requirements of architectural and site approval.

## Density Bonus Ordinance

Government Code sections 65915 through 65918, known as the density bonus law, were enacted to encourage developers to build affordable housing by requiring local governments to provide meaningful incentives in exchange for those affordable units. The required incentives include both a density bonus and exceptions from City development standards. In order to qualify for these incentives a developer must commit to make available at least five percent of the units in a project to persons of very low income or ten percent of the units to persons of low income. In exchange, the City must grant a density bonus of 20 percent to the project. Projects restricted to seniors must be provided a 20 percent density bonus.

A developer who commits to make available at least 10 percent of the units in a project to persons of moderate income must be granted a density bonus of five percent. Commitments by a developer in excess of the affordability minimums listed above increase the required density bonus up to a maximum of 35 percent. In addition, exceptions from one or more of the City's development standards may be requested based on the percentage of affordable units provided.

The City addresses the density bonus requirement through the implementation of Section 30.46.40 of the Gilroy City Code. The City amended its Density Bonus Ordinance in April 2014 to comply with State law.

## Residential Care Facilities

The City's Municipal Code defines a "residential care facility" as a resident-occupied dwelling, licensed by the State/County in where children and/or adults are cared for on a full-time, live-in basis. Residential care facilities for less than six people are permitted in all residential districts except the Agriculture District (A-1). Residential care facilities for more than six people are permitted in all residential districts

except the A-1 district with a Conditional Use Permit. Residential care facilities can also be located in the ND district, but are subject to a Master Plan or Specific Plan adopted for the area.

## Emergency Shelters, Transitional Housing, and Single Room Occupancy Units

### Emergency Shelters

State Housing Law requires that cities identify sites that are adequately zoned for emergency shelters (i.e., homeless shelters). Government Code Section 65583 (Senate Bill 2) was enacted to support the needs of the homeless by removing barriers to and increasing opportunities for development and/or operation of emergency shelters and transitional and supportive housing facilities in California. To fulfill the requirements of Senate Bill 2 the City amended the Zoning Ordinance in April 2014 to allow emergency shelters as a matter of right in the Commercial Industrial (CM) zoning district and in all other zoning districts with a conditional use permit. Emergency shelters are subject to performance standards listed in Section 30.41.32 of the City code, including a limit of 50 beds per room, requirements for management plans and floor plans, guidance for waiting and intake areas, and regulations for parking and lighting. These performance standards comply with State law.

The Commercial Industrial (CM) zoning district allows for commercial uses and low intensity manufacturing and industrial uses. It is located with convenient access to the City's transportation corridors and is adjacent to existing retail and service establishments.

Table 13-62 summarizes the zoning district's total land and development standards. There are a total of 188.34 acres of land within the CM zoning district and approximately 6.11 acres of vacant land. There are opportunities for redevelopment or adaptive reuse of sites within the CM district.

**TABLE 13-62**
**TOTAL LAND AND DEVELOPMENT STANDARDS IN CM ZONING DISTRICT AND DOWNTOWN GILROY CANNERY DISTRICT**
**City of Gilroy**
**2014**

| Zoning District | Total Acres | Minimum Lot Area | Front Yard Setback | Side Yard Setback (Adjacent to street) | Side (All other side yards) | Rear Yard | Maximum Building Height |
|---|---|---|---|---|---|---|---|
| CM | 188.34 | None | Min. 26 feet | Min. 26 feet | Match setback required along the same property line for the most restrictive property | Match setback required along the same property line for the most restrictive property | Max. 35 feet |

*Source: City of Gilroy, Municipal Code, 2014.*

### Transitional Housing

Transitional housing is a type of housing used to facilitate the movement of homeless individuals and families to permanent housing. Residents of transitional housing are usually connected to supportive services designed to assist the homeless in achieving greater economic independence and a permanent, stable living situation. Transitional housing can take several forms, including group quarters with beds, single family homes, and multifamily apartments, and typically offers case management and support services to help return people to independent living (often six months to two years). Under State law, transitional housing must be considered a residential use and can only be subject to those restrictions that apply to other residential uses of the same type in the same zone. The City amended its Zoning Ordinance in April 2014 to comply with State law and allows transitional housing in all residential zoning districts.

### Supportive Housing

The State define "supportive housing" as housing with no limit on length of stay, that is occupied by the target population and that is linked to onsite or offsite services that assist the supportive housing resident in retaining the housing, improving his or her health status, and maximizing his or her ability to live, and when possible, work in a community.

Senate Bill 2 requires that transitional and supportive housing must be considered a residential use and permitted wherever residential uses are allowed. The City amended its Zoning Ordinance in April 2014 to comply with State law. Supportive housing is allowed in all residential zoning districts.

### Single Room Occupancy Units

Single Room Occupancy (SRO) residences are small, one-room units occupied by a single individual, and may either have a shared or private kitchen and bathroom facilities. SROs are rented on a monthly basis typically without a rental deposit, and can provide an entry point into the housing market for extremely low-income individuals, formerly homeless, and disabled persons.

Single-room occupancy units are currently (2014) not specifically defined or included in the City's Zoning Ordinance. However it should be noted that the City approved a 26-unit SRO project in 2010.

## Accessory Dwelling Units

Accessory dwelling units provide additional opportunities to provide housing for people of all ages and economic levels, while preserving the integrity and character of single-family residential neighborhoods. The City of Gilroy permits accessory dwelling units in the RR, R1, R2 and RH districts, provided certain requirements are met. The City does not require RDO allocations for accessory dwelling units.

Requirements for accessory dwelling units include:

- The unit is not for sale and may be rented.
- The lot contains one existing single-family unit.
- The existing single-family unit must have at least two parking spaces, one of which must be covered. One additional parking space consisting of a minimum 200 square feet is required for the accessory dwelling unit. The additional parking space may be uncovered and/or located in

the driveway, provided that the parking requirement for the single-family dwelling unit has been met.

- The accessory dwelling unit shall be limited to a one-bedroom unit with the overall floor area not to exceed 600 square feet in size, not including garage areas. All accessory dwelling units shall be limited to a single story, unless a conditional use permit is approved.
- Any construction shall conform to height, setback, lot coverage, architectural review, site plan review, fees, charges, and other zoning requirements generally applicable to residential construction in the zone in which the property is located.
- The accessory dwelling unit shall contain water, sewer, and gas and/or electric utility connections that are in working condition upon its occupancy and can be serviced by the primary residence or with separate utility meters.

## Housing for Persons with Disabilities

The U.S. Census Bureau defines persons with disabilities as those with a long-lasting physical, mental, or emotional condition. This condition can make it difficult for a person to do activities such as walking, climbing stairs, dressing, bathing, learning, or remembering. This condition can also impede a person from being able to go outside the home alone or to work at a job or business.

### Reasonable Accommodation Procedures

The provisions of SB 520 require municipalities to analyze potential and actual constraints upon the development, maintenance, and improvement of housing for persons with disabilities, and demonstrate local efforts to remove governmental constraints that hinder the locality from meeting the need for housing for persons with disabilities. Cities are required to include programs that remove constraints and provide reasonable accommodations for housing designed for persons with disabilities.

Section 50.23 of the Zoning Ordinance addresses Reasonable Accommodation Procedures in the City of Gilroy. Applications are provided and reviewed by the City's Community Development Director. The City amended its Zoning Ordinance in April 2014 to provide more clarity and certainty for applicants.

### Zoning and Other Land Use Regulations:

The City has not identified any zoning or other land use regulatory practices that could discriminate against persons with disabilities and impede the availability of such housing for these individuals.

Examples of the ways in which the City facilitates housing for persons with disabilities through its regulatory and permitting procedures are:

- The City of Gilroy allows, as a matter of right, residential care facilities for six or fewer persons in any residential district except the A-1 district. Group care facilities for more than six persons are permitted subject to a conditional use permit in residential districts except the A-1 district.
- Residential care facilities can also be located in the ND district, but are subject to a Master Plan or Specific Plan adopted for the area.
- The City of Gilroy defines a "family" as one or more persons, occupying premises and living together as a single housekeeping unit, as distinguished from a group occupying a hotel, club,

fraternity, or sorority. This definition is consistent with State law, and does not pose a constraint on the development of housing for persons with disabilities.

- Parking requirements for residential care facilities are not specified in the City's Municipal Code, however the City allows for some variation from the application of its parking standards. Section 31.34 of the Municipal Code states, "The parking ratio shall be determined by the Planning Director for uses that are not specifically included, and that are not closely related to other uses included in the parking space requirement schedule."
- Resources provided by the City for reasonable accommodations and fair housing for people with disabilities include retrofit grants for the homes of very low income disabled residents with funding coming from the Federal Community Development Block Grant (CDBG) and Gilroy's local Housing Trust Fund. The trust fund also provides funding to nonprofits that investigate fair housing complaints, perform accessibility audits on new construction, provide community education on fair housing for disabled people, and provide referrals to accessible units and in-home assistance.

## Building Codes and Enforcement

The City of Gilroy's building and safety codes are adopted to preserve public health and safety, and ensure the construction of safe and decent housing. These codes and standards also have the potential to increase the cost of housing construction or maintenance.

### Building Codes

The City of Gilroy has adopted the 2013 California Building Code, which is based on the 2012 International Building Code and establishes construction standards for all residential buildings. The latest edition of the California Building Code shall be submitted to the Council from time to time together with changes or modifications as are reasonable and necessary because of local climatic, geological, or topographical conditions, or as otherwise permitted by State law. The regulations set forth are designed to ensure the safety and welfare of Gilroy's residents. Local amendments to the California Building Code can be found in Appendix B. The amendments do not create constraints to additional housing and are necessarily included to accommodate for various conditions specific to Gilroy.

### Americans with Disabilities Act

The Federal Fair Housing Act of 1988 (FHA) and the Americans with Disabilities Act (ADA) are Federal laws intended to assist in providing safe and accessible housing. ADA provisions include requirements for a minimum percentage of units in new developments to be fully accessible for persons with physical disabilities. Compliance with these regulations may increase the cost of housing construction as well as the cost of rehabilitating older units, which may be required to comply with current codes. However, the enforcement of ADA requirements is not at the discretion of the City, but is mandated under Federal law.

## Development and Permit Fees

Various development and permit fees are charged by the City and other agencies to cover administrative processing costs associated with development. These fees ensure quality development and the provision of adequate services.

### Development Impact Fees

Development impact fees add to the cost of residential development. However, they are seen as a more cost effective mechanism for financing the new infrastructure required to support new development. The fees allow for the consolidation of infrastructure projects when it is more cost-effective to do so and, by law, must be linked to the actual impact of the specific project. The City believes that the system of planning infrastructure and financing it with development fees serves both the developer and the community by promoting orderly development and by fairly distributing the cost to all new development.

Table 13-63 lists the typical development fees for single family and multifamily developments. The typical development impact fees for a single family unit within a subdivision are $49,278, and typical fees for a multifamily unit in a planned unit development are $33,181. Fees for traffic, sewer, water, and public facilities are deferred until a building permit is granted. The majority of fees are impact fees, which are necessary to provide infrastructure, facilities, and services that support new housing units.

In their simplest form, impact fees raise the money necessary to pay the cost to build infrastructure needed to serve new residents and businesses. Impact fees were developed as a funding mechanism to ensure that the existing residents of a community are not burdened with the expense of building new infrastructure to serve new growth. Due to the subprime mortgage crisis in 2008, however, the fiscal environment of all levels of government was dramatically altered. Overtime, the City has reduced its impact fees; based on the effects of the recession on material costs, property values, and labor rates. The City's development impact fees are roughly 20 percent lower than the fees identified in the previous (2007-2014) Housing Element. As shown in Table 13-66 and 13-67, development impact fees can total over $49,278 for a single-family unit, which is approximately 14 percent of total development costs, and over $33,181 per unit for multifamily development projects, which is approximately 16 percent of total development costs.

**TABLE 13-63**
**ESTIMATED DEVELOPMENT FEES**
**City of Gilroy**
**2013**

| Fees | 50-unit Residential Subdivision[1,3] | 50-unit Apartment Complex[2,4] |
|---|---|---|
| Residential Development Allocation | $10,085 | $10,085 |
| Tract Map | $13,835 | -- |
| Architectural Site Review | $5,450 | $3,325 |
| Final Map | -- | -- |
| Building Permit[5] | $238,801 | $50,802 |
| **Public Works Fees Due at Time of Submittal** | | |
| Public Works Service | $6,210 | $3,270 |
| Plan Check and Inspection | $86,000 | $86,000 |
| Storm Drain | $5,640 | $8,860 |
| **Fees Deferred Until Building Permit** | | |
| Traffic Impact | $498,650 | $404,200 |
| Sewer | $534,300 | $289,100 |
| Water | $214,700 | $86,850 |
| Public Facility | $842,400 | $708,750 |
| Construction Water | $7,827 | $7,827 |
| **Total** | **$2,463,898** | **$1,659,069** |
| **Per Unit** | **$49,278** | **$33,181** |

Notes:
[1]10 acres, 2,000 square foot homes on 6,000 square foot lots
[2]800 square foot 2-bedroom, 1-bath units
[3]10 acres; 2,000 Linear feet of front frontage; $1,000,000 Cost Estimate of Improvements; low density
[4]10 acres; 2,000 Linear feet of front frontage; $1,000,000 Cost Estimate of Improvements; high density
[5]Assumes a 5 percent increase in fees from current fees schedule
*Source: City of Gilroy, 2013*

## Local Processing and Permit Procedures

The City has a Technical Advisory Committee (TAC) that meets every week to review preliminary plans for compliance with City ordinances and standards, identify on-site or off-site improvements, and determine the adequacy of the application. This provides the applicant an opportunity to evaluate his compliance with the development process early in the process, in order to minimize the need for later revisions to the application.

Table 13-64 illustrates the typical development timelines for various applications and permits.

**TABLE 13-64**
**APPROXIMATE DEVELOPMENT TIMELINES**
**City of Gilroy**

| Type of Approval or Permit | Typical Processing Time | Approval Body |
|---|---|---|
| Conditional Use Permit | 3-4 months | Planning Commission |
| Variance | 3-4 months | Planning Commission |
| Zone Change/Zoning Amendment | 6-12 months | City Council |
| General Plan Amendment | 6-12 months | City Council |
| Architecture and Site Review | 3-6 months | Planning Manager |
| Planned Unit Development | 6-9 months | City Council |
| Tentative Tract Map | 6-9 months | City Council |
| Negative Declaration[1] | 6-9 months | Same as project approval body |
| Environmental Impact Report[1] | 9-12 months | Same as project approval body |
| Final Subdivision Map | 2-4 months | Engineering |
| Parcel Map | 1-2 months | Engineering |

Note: The Negative Declaration and Environmental Impact Report comes out of an Initial Study and is processed with the application that is being submitted at that time.
*Source: City of Gilroy.*

Both single-family and multi-family projects are required to request allocations through the RDO process. The application process happens once every 10 years; the last RDO cycle was from 2004 to 2013. However, as of November 1, 2012, the City has deferred the competition for the 2014-2023 RDO cycle and has instead implemented an RDO interim exemption for projects making application during the 2013 and 2014 calendar years. Subsequent to receipt of allocations, single family projects are required to file applications for Tentative Subdivision Maps and Architectural and Site Reviews. These applications can be filed and processed concurrently. The review and approval process typically takes up to one year to complete. After approval of these applications, Final Subdivision Maps must be submitted and approved. This process typically requires two to four months to complete. Once Final Maps are recorded, Building Permit Applications may be filed, which typically takes 3 to 4 months for approval. Multi-family projects are required to file and receive approval for Architectural and Site Review Applications and Building Permit application, but are not required to submit Tentative and Final Subdivision Maps. The review and approval of multi-family projects typically takes 4 to 6 months to complete, and application for Building Permits takes 3 to 4 months.

Residential projects involving two or more units must receive Architectural and Site Review approval prior to construction. If a project does not require a subdivision map or PUD zoning, the Architectural and Site Review application is approved at the staff level. If a project requires subdivision or PUD zoning, the Architectural and Site Review application is reviewed by the Planning Commission and approved by the City Council as part of the review of those other applications. Applications are reviewed to ensure that the development addresses and adequately meets the requirements; the development requirements can be found in Appendix D of this document.

## On-and Off Site Improvements

The City requires on- and off-site improvements for new developments, which are intended to meet health and safety requirements of the community. Residential developers are responsible for constructing road, water, sewer, and storm drainage improvements on new housing sites. Standards for the City, recently updated in August 2014, include local street rights-of-way and curb-to-curb widths, sanitary sewer and storm drainage lines, street lighting, erosion control, landscaping, and easements. Notably, all streets must be designed in accordance with accepted engineering principles and conform to the design standards, the standard details, and the complete streets resolution approved by City Council. All exceptions to the general guidelines must be approved by the City Engineer prior to the approval of the tentative map. These requirements are similar to those of other jurisdictions and are not considered a constraint on development.

## Residential Development Ordinance

In terms of housing production, the most significant procedure is the allocation of building permits through the Residential Development Ordinance (RDO). The RDO was first established in 1979 to monitor the amount of residential growth in the City. In past years, the City Council has reviewed and revised the RDO limits to reflect market changes and the city's vision.

The City recognizes that subjecting affordable housing projects to the overall RDO may serve as a constraint to provide the total number of allocations needed to meet Gilroy's RHNA. However, there is a consensus in the community that the RDO plays a very important role in managing growth and protecting the community's quality of life. Furthermore, on the current and most recent Housing Element cycles, the RDO was not a constraint. The City's 2002 General Plan update focused on updating the RDO to address the concerns expressed by the members of the General Plan Update Committee. There was strong consensus that the RDO serves the City well as a growth management tool, although many expressed the need to revise its procedures, allocation numbers, and/or the evaluation criteria used to judge competing projects. Rather than remove the overall cap of the RDO by exempting affordable units, the General Plan update focused on a number of strategies to reconfigure the RDO and the development environment in general in a manner that supports affordable housing goals and achieves other important community goals. These strategies include:

- Establish the General Plan as the guiding document on which the RDO is based;
- Continue to prioritize affordable housing projects;
- Ensure a mix of housing types in areas of new residential development;
- Take a more proactive and aggressive role in supporting affordable housing;
- Create a specific geographic exemption area;
- Establish a more aggressive "accessory dwelling unit" program;
- Provide an exemption for mixed-use and live-work units; and
- Promote the construction of assisted living units.

The RDO only applies to residential development. This application of the RDO is to ensure that residential growth is metered so that the City can provide and fund adequate services to support residents. These services include, but are not limited to, schools, parks, fire services, and police services.

In comparison, commercial and industrial developments do not require these services to the extent that residential developments need them. In addition, commercial and industrial developments support themselves by providing a tax base to fund services that serve both businesses and residents in the city. Commercial and industrial developments provide an important source of revenue for the City's economic development.

### Exemptions

The Residential Development Ordinance applies to all residential development projects constructed within the city of Gilroy, except for those listed as exempt. The following types of residential projects are exempted from the provisions of the RDO:

- A Small Project Exemption may be granted to projects proposing 12 or fewer dwelling units. All projects submitted under this Small Project Exemption category shall require City Council review and approval. Tentative maps submitted with an application for this exemption must be accompanied by an architectural and site approval application, except projects proposing to create single-family lots for homes to be custom designed and built. Projects proposing more than 12 dwelling units submitted for a Small Project Exemption, may be considered by the City Council and granted exemption if the City Council determines that the project has all the following special circumstances:
    - The project meets the intent of the RDO Small Project Exemption;
    - The project needs only a few more than 12 units to completely build-out; and
    - The project will not create any remainder lots.
- Replacement dwellings are exempt provided that the number of exempted new dwelling units do not exceed more than four units, the number of dwelling units removed for such replacement on any parcel. Relocation of dwelling units existing within Gilroy to another site shall be exempt.
- A residential development project sponsored by a non-profit organization funded by Federal, state, or local government is exempt, so long as such organization is one of the following:
    - An organization that receives annual operating grants in excess of $100,000 from government sources; or
    - An organization that qualifies as a Community Housing Development Organization (CHDO)

Development projects receiving this exemption must be no more than 75 units and must be specifically approved for the exemption by the City Council. All requests under this exemption shall be processed through an RDO affordable housing exemption application. Public hearings before the Planning Commission and City Council will be held to consider this application.

- A project that meets the standards established by the "RDO Affordable Housing Exemption Procedure" is exempt if the project consists of 75 units or less and is specifically approved for exemption by the City Council.
- Large residential projects, which have received an approved residential development allocation of at least 100 units, may receive an allocation credit when specific portions of their project have been sold to a secondary builder or contractor.

- An infill exemption may be granted to projects proposing four or fewer dwelling units that meet the following criteria:
    - All street improvements must be in place, including water, sewer, and storm drains;
    - The project must be surrounded by developed property, except that the project may be adjacent to an undeveloped or underdeveloped property which itself would otherwise qualify under this exemption; and
    - The project shall not be located on the edge of a developed area of the city, so that it, if built, would create or extend development in any way into a previously undeveloped area of the city.
- A project proposing a single dwelling unit may qualify for a Non-discretionary Single Unit Exemption if it meets the following criteria:
    - When no discretionary approval from the City is required;
    - The project is located in either R1 or A1 zoning district; and
    - No other dwelling units exist on the property.
- A project proposing a single dwelling unit may qualify for a Discretionary Single Unit Exemption if it meets the following criteria:
    - A discretionary approval from the City is required; and
    - No infrastructure is required as a prerequisite to the development of the property.
- Transitional housing units that meet the standards established by the City's adopted Transitional Housing Policy are exempt if specifically approved for exemption by the City Council.

Projects located within the City's Downtown Commercial area as defined in the General Plan are specifically approved for exemption by the City Council.

### RDO Affordable Housing Exemption Procedures

In order to meet the current and future housing needs of all income segments of the community, the City of Gilroy provides exemption from the Residential Development Ordinance annual allocations for affordable housing projects. The City requires that 100 percent of the housing units granted under this exemption must be sold and/or rented at prices that are affordable to very low-, low-, or moderate-income households. The procedure for this exemption is as follows:

- The applicant applies for an RDO Affordable Housing Exemption, and submits all required fees at the time of application. Consideration for the approval of this application is made in accordance with the criteria for exempt categories as described above.
- The applicant must specify the number of units to be constructed and identify the number of units that will be affordable to households with very low-, low-, and moderate-incomes.
- Rental and/or sale prices of all units shall be reviewed and approved by the City.

- The applicant must receive approval of the RDO exemption prior to Tentative Map Approval. In situations where a Tentative Map is not required, the applicant must receive approval of the RDO exemption prior to Architectural and Site Review approval.
- After approval of the application, and prior to receiving Tentative Map approval (or Architectural and Site approval in situations where Tentative Maps are not required), the applicant must enter into a contract with the City agreeing to provide affordable housing as delineated in the RDO Affordable Housing Exemption policy.
- The applicant will advertise the existence and terms of the agreed upon policy to the general public and accept applications from prospective purchasers and tenants.

### Annual Numerical Limits

The City Council, after considering economic, public service, environmental, housing, and other information deemed relevant to the residential development program of the City, determines the maximum total number of dwelling units which should be built during a subsequent 10-year goal period. Each year of a 10-year goal period, the City Council holds a public hearing, which can be continued from time to time. Then the Council adopts a resolution reaffirming, readjusting, and resetting the numerical limits for each subsequent calendar year remaining in the 10-year goal period.

The numerical limit for a given calendar year is expressed as the total number of dwelling units, for projects not exempt from the RDO, for which building permits may be issued in that calendar year. The numerical limit for one year may not exceed 130 percent of the average of the numerical limits for the remaining years in the 10-year goal period, or 13 percent of the 10-year goal, whichever is less. There is no set formula for determining the number of exempt units. Historically, the City Council has reserved one quarter to one third of all units for exempt projects.

Table 13-65 summarizes Gilroy's maximum allotted RDO growth numbers from 2004 to 2013. The total RDO allocation, including market rate units, exempt units, and Downtown Gilroy Specific Plan units, within the planning period exceeds the City's unmet RHNA need. There is currently a backlog of approximately 1,500 units from the 2004 to 2013 cycle which have not been constructed. As of November 1, 2012, the City has deferred the competition for the 2014-2023 RDO cycle to allow itself an opportunity to review and potentially modify the Residential Developmental Ordinance, and allow for the unbuilt units from the current cycle to be completed. To ensure the RDO continues to provide capacity to meet the City's RHNA, the Housing Element will include a program to monitor the RDO.

**TABLE 13-65**
**RDO GROWTH NUMBERS**
**City of Gilroy**
**2004-2013**

| Years | Market Rate Units | Exempt (Counted) Housing |
|---|---|---|
| 2004 | 294 | 970 |
| 2005 | 398 | |
| 2006 | 289 | |
| 2007 | 166 | |
| 2008 | 202 | |
| 2009 | 252 | |
| 2010 | 236 | |
| 2011 | 236 | |
| 2012 | 244 | |
| 2013 | 163 | |
| **Total** | **2,480** | **970** |

*Source: City of Gilroy.*

### Interim Exemption Ordinance

On February 3, 2013 the City amended its Zoning Ordinance to include an RDO Interim Exemption Ordinance for projects on properties with previously awarded allocations as well as projects on properties without previously awarded allocations. The RDO Interim Exemption Ordinance allows the development of new or modified residential projects in the interim period between now and the time the City Council completes modifications to the Residential Development Ordinance (through the completion of the General Plan).

For projects on properties with previously awarded allocations, no RDO allocation is required for a project that meets all the following criteria:

- The project must be located within city limits by the effective date of the ordinance codified in this chapter.
- All necessary discretionary planning applications for the project, including a request for performance agreement approval must be submitted and deemed complete for processing no later than April 3, 2014.
- All discretionary planning approvals for the project, including performance agreement approval, must be obtained within one year of the determination that the project is complete for

processing. This deadline may be extended at the discretion of the city council upon written request by the project applicant prior to the deadline and upon a finding by the city council that the failure to obtain planning approvals was due to circumstances beyond the applicant's control.

- The performance agreement shall be on a form provided by the City and shall include, but not be limited to, the following:
    - For project requiring a final map—that the project receive final map approval within six months of the last discretionary planning approval and that building permits be received for all units in the project within six months of approval of the final map.
    - For a project that does not require a final map—that building permits be received for all units in the project within six months of approval of the last discretionary planning application. These performance agreement requirements must also be conditions of the discretionary project approvals.
- An applicant must make separate application to the city council for an RDO interim exemption. Approval of the exemption by the city council shall be required prior to a determination that the project is complete for processing.
- The proposed project must be of a quality that is equivalent to or greater than the project for which the current allocation was approved. For the purpose of this criterion, quality is defined to include site design, building design, and project amenities.
- All discretionary approvals for the project must be reviewed by the planning commission and approved by the city council. Public hearings are required pursuant to section 30.51.30.

For projects on properties without previously awarded allocations, no RDO allocation is required for a project that meets all the following criteria:

- The project must be located within city limits and zoned for resident use by the effective date of the ordinance codified in this chapter.
- Properties that have a residential zoning other than R4 high density residential must meet the criteria enumerated for properties with previously awarded allocations, above.
- Properties that have a residential zoning of R4 high density residential must meet the following criteria:
    - All discretionary approvals for the project must be reviewed by the planning commission and approved by the city council. Public hearings are required pursuant to section 30.51.30.

### Application Procedures

All applications for Residential Development Review Projects are submitted to the City of Gilroy Community Development Department. The Planning Commission then holds a public hearing and assigns a point score to each residential development project for which the application has been deemed complete in accordance with the City's Project Rating Scale. The Planning Commission competitively evaluates each residential development project and establishes a ranking for each based upon its assigned point score.

The Planning Commission recommends to the City Council a build-out schedule only for those projects for which building permits can be issued within the applicable numerical limits. If the Planning Commission finds that, due to environmental or other reasons, a given project is detrimental to the public health, safety, and general welfare, the Commission may recommend to the City Council that the project not be granted a build-out schedule regardless of its score on the Project Rating Scale or whether or not the applicable numerical limits are fully allocated.

The City Council holds a public hearing and reviews the point scores, rankings, and build-out schedules and may affirm or modify the recommendation of the Planning Commission. The allocation process happens every 10 years and takes approximately one year to complete. Each project is assigned a three to five year window in which units are to be built. If allocated units are not constructed within a three to five year period, then the City Council may provide an extension, reallocate them, add them to the next RDO allocation, or eliminate them. More often than not, the City Council has granted an extension. To date, fewer than five projects have expired and all of the units have been reallocated in the current RDO cycle. To address the possible elimination of unused allocations, the previous Housing Element includes a policy program action to review the RDO and revise the policy as appropriate. The City of Gilroy allows concurrent submittal of remaining entitlements (e.g., subdivision maps and site and architectural review) with the RDO allocation process. The following describes the RDO application procedures:

- All applications for Residential Development Review of projects are submitted to the City of Gilroy Community Development Department.
- Each request for Residential Development Review contains information and fees requested on the residential development review application forms. Only applications deemed complete by the Community Development Director are considered.

The following describes the competitive evaluation procedures and assignment of build-out schedules:

- The Planning Commission holds a public hearing and assigns a point score in accordance with the Project Rating Scale to each residential development project for which the application has been deemed complete by the Community Development Director.
- The Planning Commission competitively evaluates each residential development project and establishes a ranking for each residential project based upon its assigned point score.
- The Planning Commission recommends to the City Council a build-out schedule only for those projects which the Planning Commission determines that building permits can be issued within the applicable numerical limits. If the Planning Commission finds that, due to environmental or other reasons, a given project is detrimental to the public health, safety, and general welfare, the Commission may recommend to the City Council that the project not be granted a build-out schedule regardless of its score on the Project Rating Scale or whether or not the applicable numerical limits are fully allocated.
- The City Council holds a public hearing and reviews the point scores, rankings and build-out schedules recommended by the Planning Commission and may affirm or modify the recommendation. In making its decision, the Council shall give priority to accommodating subsequent phasing and build-out of previously approved projects for which substantial public infrastructure improvements have been constructed to serve such future phases.

- The maximum numerical limit for any year does not have to be fully allocated. (Although the City Council has the authority to not fully allocate the available units, to date, it has not happened and is unlikely to happen in the future.)
- No individual project shall be assigned more than 25 percent of the 10-year housing goal, or 50 percent of the numerical limit for any year of the build-out schedule as established at the time the build-out schedule is assigned. The City Council may, however, grant an exception from this limitation to an approved Specific Plan or Master Plan development.)
- Build-out schedules may extend up to five years beyond the expiration of the 10-year goal period, provided that no single residential development project may be given a build-out schedule extending more than 10 years.
- No building permits may be issued for a residential development project pursuant to a build-out schedule granted under the Residential Development Ordinance unless the project is to be built on the same physical site as was originally evaluated. Build out schedules are not transferable independently of the project for which they are assigned.
- When a building permit is requested for any residential development assigned a build-out schedule, the Community Development Director reviews the project for conformance with the project as it was proposed when assigned a build-out schedule.

### RDO Point System

The Planning Commission uses an established project rating scale to evaluate and rank projects. There are 200 possible points for each project under review. The following lists criteria used to evaluate projects for RDO Allocation:

- Locational factors
    - City Boundaries (0-16 points)
    - Public Facilities and Utilities (0-16 points)
    - Infilling (0-20 points)
    - Downtown Core (0-18 points)
- Housing Mix
    - Housing Type Variety (0-10 points)
    - Density Type Variety (0-6 points)
    - Housing Cost and Price Reduction (0-4 points)
    - Apartments, provides new rental units (0-14 points)
- Design
    - Preserving Site Features (0-4 points)
    - Circulation (0-10 points)
    - Resource Conservation (0-6 points)

- Site Design Coordination (0-8 points) Transit-Oriented Design (0-14 points)
- Master Plan or Specific Plan (0-18 points)
- Project Open Space (0-12 points)

- Community Benefit Factors*
  - Cultural and Recreational Benefits (0-2 points)
  - Capital Improvement Benefits (0-8 points)
  - Preservation and Dedication, Open Space (0-2 points)
  - Fire/EMS Features/Mitigation (0-12 points)

*Community Benefit Factors typically exceed standard requirements outlined in the City's Municipal Code. Examples of benefits include the following:

- Cultural and Recreational: trail dedication, additional parkland, public art
- Capital Improvements: infrastructure installed prior to demand, infrastructure that exceeds the projects "fair share"
- Open Space: dedication or preservation of undevelopable lands or sensitive habitats
- Fire/EMS: donation of fire apparatus

The City reviewed the most recent projects approved under the RDO process and found that out of the 13 market-rate RDO projects that were or are approved, only three that received allocations had community benefit factors that are completed or are to be completed. None of the 50+ exempt projects that were approved under the RDO exemptions provided any community benefit type features. This indicates that the point criteria do not impact the ability of applicants to receive RDO allocations.

### Downtown Specific Plan RDO Process

Under the City's adopted Downtown Specific Plan, 1,576 residential units are projected to be constructed within a 20-year period. These units are counted separately from the RDO's market rate and exempt units. A request for RDO allocation must be reviewed and approved for each individual project planned for the downtown. All residential and mixed-use projects within the City's Downtown Specific Plan require RDO allocation when requesting new units above the historical numbers. The City uses a Downtown Specific Plan Exemption (DSPE) application to review these requests. The application is first reviewed by the Planning Commission and then forwarded to the City Council for approval. This process gives the City Council the ability to monitor the total number of units allocated under the Downtown Specific Plan, as well as controlling the actual number of units for any specific project.

## Neighborhood District Policy

The purpose of the Neighborhood Districts is to create neighborhoods that are attractive, safe, diverse, and healthy, containing housing that is affordable to a variety of income groups. Developments within the City's Neighborhood District are required to set aside 15 percent of its units to be affordable to very low-, low-, and moderate-income households. All affordable units must be developed on-site and a payment of an in-lieu fee of development of units off-site is not allowed. To promote compliance with this requirement, a policy is included in the Housing Element to review current incentives and regulatory concessions to encourage the development of low- and moderate-income housing. With the exception

of a handful of infill sites, all vacant residential areas are included within Neighborhood Districts. Through the Neighborhood District General Plan designation, the City hopes to promote a more integrative, comprehensive, and creative approach to neighborhood planning. The minimum densities for residential land use in the Neighborhood District shall be at least:

- 5 percent at a density of 7.25 to 9 units/acre (R2);
- 10 percent at a density of 9 to 16 units/acre (R3); and
- 3 percent at a density of 16 to 30 units/acre (R4).

A maximum of 82 percent of each Neighborhood District may be constructed at a density of 7.25 units per acre or less. The target densities for residential land uses in the Neighborhood District (excluding land required for streets, schools, parks, resource protection, neighborhood commercial, or other infrastructure and/or amenities) shall provide for at least:

- 10 percent at a density of 7.25 to 9 units/acre (R2);
- 15 percent at a density of 9 to 16 units/acre (R3); and
- 5 percent at a density of 16 to 30 units/acre (R4).

The City has found that the Neighborhood District Policy does not unduly constrain the cost and supply of housing and offers multiple incentives to developers that meet the policy's target densities. These incentives include:

- Receiving full build-out;
- Receiving additional points in the RDO competition;
- Receiving earlier RDO build-out assignments and shorter build-out periods; and
- Specific Plan and Master Plan projects may receive Residential Development allocations outside of the RDO competition process

## Environmental and Infrastructure Constraints

### Environmental Constraints

Environmental hazards affecting housing units include geologic and seismic conditions, which provide the greatest threat to the built environment. The following hazards may impact future development of residential units in the city.

#### Seismic Hazards

The topography of Santa Clara County consists of three principal geologic features: the Santa Clara Valley, the Santa Cruz Mountains, and the Diablo Range. The area is dominated by a complex system of faults associated with motion between the Pacific and North American plates. The most significant fault is the San Andreas Fault. The area is seismically active and includes other major, active strike-slip faults, including the Calaveras fault, as well as active folding and thrust faulting. The Sargent fault, also located northeast of the City of Gilroy, has significant potential to cause seismic shaking.

As required by the State of California, the Gilroy General Plan contains policies regarding geologic and seismic hazards within the Public Safety and Seismic Safety section of the Natural Environment Chapter.

The goal of the City of Gilroy General Plan Geologic and Seismic policies is to reduce the risk of damage and injury from natural hazards to an acceptable level and to conserve natural resources, open space, and agricultural land. Specifically, the policies regulate and/or prohibit development in hazardous areas, and attempt to reduce potential seismic, geologic, and flooding hazards to life and property to an acceptable level of risk.

### Soils

The soils in the Gilroy area consist of gravels, silts, and clays that are often poorly drained with flooding and deposition occurring along the major streams. Because these soils exhibit site-specific properties, site-specific studies should be completed at the project design stage to characterize the suitability and behavior of soil for specific development applications.

The Gilroy General Plan contains policies regarding erosion, sedimentation, and expansive soils within the Public Safety and Seismic Safety section of the Natural Environment Chapter. These policies are:

- Require all application for new development to submit soil reports.
- Restrict development on steep slopes and slopes susceptible to landslides and soil creep.
- Require appropriate erosion and deposition control through site development, construction, and use.

Restrict urban development and expansion in areas subject to major flooding, drainage problems and saturated soil conditions unless measures to reduce these hazards to an acceptable level are provided.

### Flooding

The city of Gilroy area lies within two major watersheds: the Uvas Creek watershed and the Llagas Creek watershed. Several major flood control projects have been completed since 1982 that have significantly affected drainage in the City. The City of Gilroy Flood Plain Management Ordinance was adopted to promote public health, safety, and general welfare and to minimize public and private losses due to flood conditions in specific areas. It includes provisions designed to:

- Protect human life and health;
- Protect lands adjacent to the flood plain, as well as both upstream and downstream areas, from increases in flooding;
- Reduce costs to the City of Gilroy that would result from flooding and development in flood hazard areas;
- Control development that will contribute to a demand for public investment in flood control works,
- Control development that will contribute to flood losses if public streets, sewers, water, and other utilities must be expanded to serve the development; and
- Assure that eligibility is maintained for property owners in the community to purchase flood insurance in the Federal Flood Insurance Program.

### Toxic and Hazardous Wastes

Hazardous waste management in Gilroy includes three areas: control of production, control of disposal, and control of transportation of hazardous waste. Programs of regular inspections and monitoring to

ensure compliance with local, State, and Federal regulations are implemented in order to reduce the risks associated with the use and handling of hazardous materials and waste.

A very limited number of hazardous materials are produced in the city. Among those produced by point sources are waste oil, antifreeze, solvents, x-ray solutions, and materials associated with graphic design. Hazardous wastes associated with non-point sources include waste oil, antifreeze, and other pollutants associated with motorized vehicles. The City of Gilroy's Hazardous Materials Specialists and Pretreatment Inspectors and the County Health Department regularly inspect activities that store and/or use hazardous materials.

### Fire Hazards

The City of Gilroy receives fire protection from the Gilroy Fire Department. The areas outside the city are under the jurisdiction of the South Santa Clara County Fire Protection District (SSCCFPD). The two jurisdictions have a mutual aid agreement that allows aid to be provided on an as-needed basis between the two during major emergencies.

High Fire Hazard (or "Mutual Threat Zones") areas are designated by the SSCCFPD. These include much of the hillsides on the western boundary of the city. The City of Gilroy Fire Department has in place a hazard (weed) abatement program. The program is an annual inspection and weed removal program that manages high hazard parcels. Engine companies survey all areas of the city once a year and manage undeveloped, unmanaged parcels that have overgrown weeds. The City's Hillside Development Guidelines contain policies relating to fire hazards.

### Noise

One of the primary noise sources in the Gilroy area is traffic on local roadways, primarily the result of tire noise on the road surface and the Union Pacific Railway line. Other noise sources typical in Gilroy as in all urban areas include construction, barking dogs, children playing, industry, and recreational activities. Over flying aircraft are also occasionally audible in the Gilroy area. These sources are not significant compared to the noise produced by the dominant transportation sources.

The City is responsible for evaluation noise impacts as part of the review process for approval of new project proposals, remodel projects, or request for use permits. Conditions of project approval may include conditions to mitigate noise levels for project occupants and nearby neighbors. There is no noise impact fee. The cost of construction, as well as maintenance of noise mitigation measures, is borne by the developer. The City of Gilroy aims to separate residential areas from sources of noise pollution by open land wherever possible.

### Vegetation and Wildlife Habitat

Vegetation and wildlife habitat within the Gilroy area include both developed and natural areas. Developed areas include urban and agricultural land. Habitats associated with developed areas are predominant in the city. Natural communities include annual grassland, coastal oak woodland, and valley foothill riparian habitat.

The 2002 General Plan includes policies aimed at protecting creeks and waterways from urban encroachment and degradation. The General Plan also designates natural resource areas for preservation as open space areas and encourages clustering of new housing development in open

grasslands and on gentler slopes rather than in areas such as wooded canyons, bluff faces, riparian zones, and steep hillsides.

### Rare and Endangered Species

There are 29 Significant Natural areas in Santa Clara County. Only one, called Farman Canyon, is located within Gilroy. Farman Canyon Pond is a known breeding ground for the California tiger salamander, a Federal candidate species for listing as threatened or endangered and included on the California Department of Fish and Game Natural Diversity Database as a species of special concern. California tiger salamanders inhabit the southern portion of the Eagle Ridge property, located south of Uvas Creek and west of Santa Teresa Boulevard. In 1996, a report describing a plan to mitigate the impacts to the California tiger salamander was prepared. This plan called for mitigation measures that aimed to preserve grassland adjacent to Farman Canyon Pond.

### Agricultural Lands

The main components of the City of Gilroy's Agricultural Mitigation Policy are:

- Policy Application and Requirements:
    - The policy requires mitigation for the conversion of agricultural lands to urban uses at a 1:1 replacement ratio. There are three methods of mitigation established when mitigation is necessary. The policy establishes the criteria for determining when mitigation would be required, what lands are acceptable for preservation, how in-lieu fees would be determined, and requires the in-lieu fees to be used for the establishment of permanent agricultural conservation easements on prime farmlands around the Gilroy area. In-lieu fees for agricultural conservation easements in the City are estimated to be $5,000-$10,000 per acre based on comparable open space easements. The in-lieu fee is site specific and is determined by appraisal of the subject property. The City's Agricultural Mitigation Policy closely follows the recommendations set forth by the Santa Clara County Local Agency Formation Commission's policies related to the preservation of agricultural lands and open space. The three methods of mitigation are:
        - Mitigation 1: Purchase an equal amount of land (1:1 ratio) of agricultural land within the "Preferred Areas" and the transfer of the ownership of this land to the Open Space Authority or other City-approved agency.
        - Mitigation 2: Purchase of development rights to a 1:1 ratio on agricultural land within the "Preferred Areas" and the transfer of ownership of these rights to the Open Space Authority or other City-approved agency. The purchase value of this agricultural easement will be based upon the appraisal of purchasing development rights and not fee-title rights.
        - Mitigation 3: Payment of an in-lieu fee will be based upon the lowest appraisal of purchasing development rights in the "Preferred Areas." The in-lieu fees will include all normal and customary administrative and transactional fees charged on a cost recovery basis. The in-lieu fees will be maintained by the City in an escrow account and adjusted no more than every two years based on appraisals for the "Preferred Areas."
- Farmland Preservation Areas ("Preferred Areas"):

- The policy establishes a preferred area for the preservation of agricultural lands. This area is located within the City's Sphere of Influence and outside the General Plan 20-year boundary, east of Highway 101 and south of Masten Avenue. This area contains the greatest concentration of "Prime" and "Statewide Important" farmland remaining in the south county area. Lands preserved can be located outside of the preferred preservation area when mitigation occurs in conjunction with a specific plan process or when approved by the City Council.

- "Right-to-Farm" Disclosures:
  - The policy requires the disclosure of nearby agricultural activities in deeds for any lands subdivided and developed within 1,000 feet of the preferred preservation area. Overall, this would apply to only a few areas in the city. However, it establishes agriculture as a priority in the community and gives forewarning to those areas where it could apply.

- Agricultural Buffer:

  The policy requires new developments to establish a minimum of 150 feet for an agricultural buffer adjacent to permanent agricultural and open space areas. This applies only to a few areas in the city, and would aim to reduce potential conflicts between agricultural and non-agricultural uses.

- Possible Exemptions:
  - The policy allows for certain exemption from the 1:1 mitigation ratio as follows:
    - Up to 100 feet in width of a permanent agricultural buffer area;
    - Public facilities established in the City's General Plan or Parks Master Plan; and
    - Lands dedicated for public right-of-ways that service the overall community, not just the specific development

The City has found that the Agricultural Mitigation Policy does not unduly constrain the cost and supply of housing. The California Environmental Quality Act (CEQA) requires all feasible mitigation for significant unavoidable impacts. Upon certification of the City's General Plan EIR, the City Council established the Agricultural Mitigation Policy to implement the mitigation measures identified in the General Plan EIR for loss of agricultural lands. Therefore, significant impacts as determined under CEQA would be subject to the City's Agricultural Mitigation Policy.

### Infrastructure Constraints

#### Water

The Llagas Groundwater Sub-basin serves as Gilroy's potable water source for most residential, municipal, industrial, and agricultural land uses. The City is a large user of the sub-basin, but private wells also draw upon its groundwater resources. The sub-basin is about 15 miles long, three miles wide at its northern boundary, and six miles wide at its southern boundary. It covers 74 square miles, and has a storage capacity of 150,000-160,000 acre-feet. It is estimated that the long-term average groundwater yield for the sub-basin is 44,300 af/yr maximum, (which is not all usable storage), and the operational yield is 150,000 af/yr. The Llagas Sub-basin is supplied by aquifers and has a good storage capacity that

is naturally and artificially recharged. Artificial recharge occurs from several area reservoirs, off-stream pond facilities, and natural streams.

The City depends solely on local groundwater from wells for its water supply. Currently, there are nine active wells and 10 storage reservoirs that serve three water pressure zones. The City's water supply system relies on well pumping from disperse sources to supply system pressures in areas of lower elevation during peak demand conditions.

The South County Regional Wastewater Authority implements the Gilroy/Morgan Hill Recycling Project. Preliminary construction was completed in 1994 to comply with Title 22 requirements. Up to nine million gallons per day of wastewater is treated for use in landscape and agricultural crop irrigation and some industrial processes.

According to the 2002 General Plan, projected water demand for the Llagas Sub-basin is 73,000 af/yr at the intermediate action level (corresponding to the year 2020 demand level), with an upper bound demand of 80,000 af/yr. These levels assume that the water conservation measures from the Integrated Water Resource Plan are implemented in full. Also, these demands are not equivalent to the groundwater pumping amounts, because some of this demand will be met with recycled water. Gilroy will continue to meet its future demands through its integrated Water Resource Plan.

**Sewer**

The City sewer collection system consists of approximately 110 miles of six-inch through 33-inch diameter sewers. The "backbone" of the system consists of trunk sewers that convey the collected wastewater flows to the Wastewater Treatment Plant (WWTP). The WWTP, operated by the South County Regional Wastewater Authority (SCRWA), treats the collected wastewater from the City.

During dry weather conditions, the average and peak wastewater hour flows from the City are 3.6 and 7.9 mgd (million gallons per day), respectively. At build out conditions of the 2002 General Plan, the average and peak hour dry weather flows are anticipated to approach 7.6 and 16.6 mgd, respectively. Wet weather flows are based on infiltration and inflow entering the sewer system. The hydraulic model used in the evaluation projects average and peak hour flows of 5.8 mgd and 14.5 mgd. Applying the same storm event during the build out conditions of the 2002 General Plan, the modeled system experienced average and peak hour flows of 9.8 mgd and 20.4 mgd.

According to the City's Sewer System Master Plan, the existing system was well planned to meet the needs of existing customers. In anticipation of future growth, the City has planned and constructed sewer facilities in conjunction with new street construction. Some project improvements in the master plan will mitigate flows caused by infiltration and inflows that occur during significant storm events.

## Non-Governmental Constraints

### Land Prices

Land costs have a demonstrable influence on the cost and availability of affordable housing. Land prices are determined by numerous factors, most important of which are land availability and permitted development densities. As land becomes less available, the price of land increases.

In Gilroy, proximity to the employment centers of Silicon Valley and the scarcity of adequate housing opportunities in northern Santa Clara County have influenced upward pressure on housing costs. According to online listings from Zillow.com, in February 2014, 24 vacant residential parcels were listed for sale in the city. These vacant parcels ranged in price from $175,000 to $1,100,000. The prices of land vary depending on a number of factors, including size, location, the number of units allowed on the property, and access to utilities. The asking price for land available ranged from $1.09 to $14.58 per square foot, with an average price of $5.20 per square foot (or $243,000 per acre).

Developed residential, commercial, and industrial properties that are zoned for residential uses can also be redeveloped with new housing developments. The cost to clear an acre of land for redevelopment significantly increases the cost of development, as do the local, State, and Federal policies relating to relocation and replacement of low-income housing. Depending on the existing improvements that must be removed to redevelop a site, the total cost to acquire a parcel, relocate occupants, and possibly mitigate hazardous materials can be quite expensive. This can pose a problem for development if Gilroy rents or sales prices cannot support the higher cost development.

## Construction Costs

Construction costs vary widely according to the type of development, with multi-family housing being somewhat less expensive to construct than single-family homes, on a per square foot basis. They are also influenced by market demands and market-based changes in the cost of materials.

In 2014, RS Means (a reliable published source for construction industry costs) estimated that the hard construction costs in the San Jose area were $168 per square foot for a typical one- to three-story multi-family residential construction with wood siding and frames and a floor area of 22,500. Based on the International Code Council Building Valuation Data, a one- and two-family residential construction would cost approximately $118 per square foot. This equals a rough estimate of $160,000 for a 1,000 square foot apartment and $236,000 for a 2,000 square foot single-family home.

A reduction in amenities and the quality of building materials can result in lower construction costs and lower purchase prices. Per-unit costs also decline with the size of the project, as developers benefit from economies of scale and are able to produce housing at a lower per-unit cost. However, high quality design and sufficient tenant amenities are generally required by City policies and standards to maintain minimum health and safety standards, and to achieve a minimum standard of design quality.

## Total Development Costs

Table 13-66 shows a rough estimate of the total development cost for a 50-unit single family development with 2,000 square foot single family homes on 6,000 square foot lots in the City of Gilroy. Based on the assumptions described below, a unit would cost an estimated $346,478 to build, including land costs, construction costs, site improvements, and impact fees.

**TABLE 13-66**
**ESTIMATED SINGLE FAMILY HOUSING DEVELOPMENT COSTS[1]**
**City of Gilroy**
**2014**

| Type of Cost | Estimated Cost per Unit |
|---|---|
| Land Costs[2] | $31,200 |
| Site Improvement Costs | $30,000 |
| Construction Costs[3] | $236,000 |
| Development Impact Fees (Table 13-63) | $49,278 |
| **Total Development Costs** | **$346,478** |

[1] Assumes 50 unit single family development on 10 acres, with 2,000 square foot single-family homes built on 6,000 square foot lots
[2] Assumes an average land cost of $5.20 per square foot, $243,000 per acre
[3] Assumes $118 per square foot construction costs

Table 13-67 shows a rough estimate of the total development cost for a 50-unit apartment complex with 800 square foot multifamily units in the City of Gilroy. Based on the assumptions described below, a multifamily unit would cost an estimated $199,731 to build, including land and construction costs, site improvements, and impact fees.

**TABLE 13-67**
**ESTIMATED MULTIFAMILY HOUSING DEVELOPMENT COSTS[1]**
**City of Gilroy**
**2014**

| Type of Cost | Estimated Cost per Unit |
|---|---|
| Land Costs[2] | $12,150 |
| Site Improvement Costs | $20,000 |
| Construction Costs[3] | $134,400 |
| Development Impact Fees (Table 13-63) | **$33,181** |
| **Total Development Costs** | **$199,731** |

[1] Assumes a 50-unit multifamily building with average unit size of 800 square feet (2.5 acres)
[2] Assumes an average cost of $5.20 per square foot ′ $243,000 per acre
[3] Assumes construction costs are $168 per square foot

## Financing

Mortgage interest rates have a large influence over the affordability of housing. Higher interest rates increase a homebuyer's monthly payment and decrease the range of housing that a household can afford. Lower interest rates result in a lower cost and lower monthly payments for the homebuyer.

When interest rates rise, the market typically compensates by decreasing housing prices. Similarly, when interest rates decrease, housing prices begin to rise. There is often a lag in the market, causing housing prices to remain high when interest rates rise until the market catches up. Lower-income households often find it most difficult to purchase a home during this time period.

As shown in Table 13-68, the number of loan applications increases as income increases. The percentage of persons denied for a home loan in the San Jose-Sunnyvale-Santa Clara Metropolitan Area is highest for the very low-income (less than 50 percent of the MFI) category with 25.8 percent.

**TABLE 13-68**
**MORTGAGE LENDING RATES**
**City of San Jose, City of Sunnyvale, and City of Santa Clara MSA**
**2012**

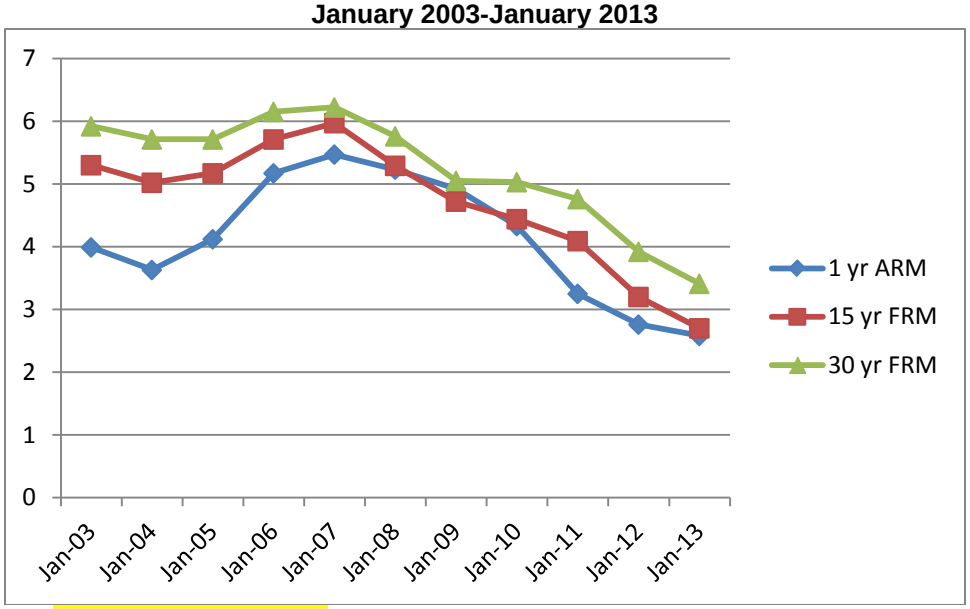
| Income Group | Total Applications | Loans Originated | Applications Denied | Percentage Denied |
|---|---|---|---|---|
| <50% MFI | 1,132 | 601 | 292 | 25.8% |
| 50-79% MFI | 2,622 | 1,695 | 419 | 16.0% |
| 80-99% MFI | 2,048 | 1,422 | 238 | 11.6% |
| 110-119% MFI | 2,292 | 1,651 | 230 | 10.0% |
| >120% MFI | 11,092 | 8,376 | 956 | 8.6% |
| **Total** | **19,186** | **13,745** | **2,135** | **11.1%** |

*Source: Federal Financial Institutions Examination Council, HMDA Data, 2012.*

As shown in Figure 13-7, mortgage rates decreased from 2007, hitting a historic low in 2013 at 3.41 percent for the 30-year fixed-rate mortgage. In 2013 interest rates started to increase, but remain historically low as of 2014. The mortgage banking crisis that began in 2008 affected the availability of construction financing and mortgage loans. Lenders that had once offered mortgage loans more freely became much more restrictive after 2008. Lenders required downpayments of 20 percent and credit scores higher than 680 to receive competitive interest rates. These restrictions placed homeownership out of reach for many, though in 2013 lenders have begun to ease the qualifications required for a competitive mortgage rate. As the economy continues its slow recovery, lenders may continue to make mortgage loans more accessible, although they may never be as easy to obtain as they were prior to 2008.

**FIGURE 13-7 MORTGAGE RATES**

**January 2003-January 2013**




Notes: Mortgage Rates:
ARM-Adjustable Rate Mortgage
FRM- Fixed Rate Mortgage

*Source: Freddie Mac Primary Mortgage Market Survey, January 2014.*

Interest rates are determined by national policies and economic conditions and there is little that a local government can do to affect these rates. However, in order to extend home buying opportunities to lower-income households, jurisdictions can offer interest rate write-downs. Additionally, government insured loan programs may be available to reduce mortgage down payment requirements.

While there is more scrutiny of developer's credentials and banks are requiring a higher loan-to-value ratio, the cost of construction financing is historically low, with prime rates below 5 percent in 2013. Faced with a lagging housing market, the Federal Reserve has been cutting interest rates since late 2007, enabling many projects to pencil out that would not otherwise. Where financing is available, construction capital seems to be directed at the best transactions – those with large, established, and well-capitalized sponsors. Given recent trends, the availability of financing is likely to be less of a constraint on new housing construction during this Housing Element planning period than it has been in the recent past. The City is already noticing an increase in new projects and an increase in stalled projects restarting.

# Appendix A: Review of 2007-2014 Housing Element Policies and Actions

**TABLE A-1**
**REVIEW OF 2007-2014 HOUSING ELEMENT POLICIES AND PROGRAMS**
**CITY OF GILROY**
**2009-2014**

| Housing Actions | Status | Achievement | Recommendation |
|---|---|---|---|
| **GOAL 1:** Provide for a housing stock of sufficient quantity composed of a variety and range of types and costs. | | | |
| **Housing Production** | | | |
| **Policy 1-1:** Encourage provision of a variety of housing options for Gilroy residents. | | | |
| **Action 1-1.1: Accessory Unit Development**<br>To ensure the City's existing policies and procedures for accessory dwelling units are effective in providing additional affordable housing opportunities, the City shall review and identify revisions, as appropriate, to further encourage the development of accessory dwelling units.<br>Objective: Review/revise existing policies and procedures for accessory dwelling units<br>Responsible Agency: Community Development<br>Funding Source: General Fund<br>Implementation Timeline: Review by June 2012 | Completed | In 2007, the City adopted the Accessory Dwelling Unit Ordinance to streamline applications and simplify permit processes for owners. The City encourages the development of these units in existing neighborhoods. In 2010, four permits were issued for accessory units. In 2012, the City eliminated the requirement of an architectural and site review for secondary units on the second story of a home (new and existing homes). | No additional changes are needed to regulations. Replace with a program to disseminate information about accessory units. |
| **Action 1-1.2: Encourage Mixed-Use Development**<br>The City will continue to implement the Downtown Specific Plan and encourage and coordinate activities with the Downtown Business Association and Economic Development Corporation to encourage mixed-use development.<br>Objective: Promote mixed-use development<br>Responsible Agency: Community Development<br>Funding Source: General Fund/private business funding<br>Implementation Timeline: Ongoing | Ongoing | The City adopted the Neighborhood Districts policy in 2005 as well as the Downtown Specific Plan in 2006. Since 2005, the downtown districts have seen almost 800 units approved for development, many with commercial and retail uses on the first floor and residential uses on the remaining floors. As of 2012, the City has been working with downtown Business Associates to promote mixed-use development in the core areas downtown. | Retain program. |
| **Action 1-1.3: Mobile Home Development**<br>The City will continue to conserve existing affordable mobile home opportunities in Gilroy, encouraging appropriate maintenance and management of existing mobile home developments.<br>Objective: Conserve existing mobile home development<br>Responsible Agency: Community Development<br>Funding Source: General Fund<br>Implementation Timeline: Ongoing | Ongoing | The Mobile Home Rent Stabilization Ordinance was designed to curb unreasonable rent increases on park tenants and establish a process for rental increase disputes between park owners and tenants. The mobile home ordinance regarding development is still in effect to facilitate the development of mobile homes. The City encourages developers to consider sites in proximity to transportation and other services within the urban boundary for new projects. | Retain as a policy. |

**TABLE A-1**
**REVIEW OF 2007-2014 HOUSING ELEMENT POLICIES AND PROGRAMS**
**CITY OF GILROY**
**2009-2014**

| Housing Actions | Status | Achievement | Recommendation |
|---|---|---|---|
| **Action 1-1.4: Encourage Affordable Housing Development**<br>The City will review and revise, as appropriate, current incentives and regulatory concessions available to developers for the development of affordable housing throughout the City, and especially within the Downtown Gilroy Specific Plan area and Neighborhood District. Incentives and regulatory concessions may include, but are not limited to; fee waivers, parking reductions, expedited permit processing, and reduced setbacks. The City can also provide technical assistance, information on state and federal funding opportunities, and marketing to potential developers.<br><br>The City will continue to monitor development within the City's Downtown area on an annual basis to ensure the implementation of the Specific Plan's policy on encouraging the development of a mix of retail, office and higher density residential uses. The City will encourage the development of uses within the area to closely follow the recommended land use assumptions contained in the Specific Plan. If, based on its annual review, the City finds that the proportion of residential uses to non-residential uses are not being developed as assumed in the Specific Plan, the City will investigate additional incentives, concessions or assistance and revise programs as appropriate.<br>Objective: Encourage affordable housing development<br>Responsible Agency: Community Development<br>Funding Source: General Fund<br>Implementation Timeline: Review incentives and regulatory concessions within one year of Housing Element adoption; revise as appropriate; monitor the effectiveness of incentives and regulatory concession annually, thereafter ongoing monitoring of development within the Downtown Gilroy Specific Plan. | Ongoing | The City's Affordable Housing Exemption was designed to encourage private developers to construct affordable units by granting an exemption from the City's Residential Development Ordinance. Since 2005, 350 exemptions have been allocated to developers of high density projects. | Retain program. |
| **Policy 1-2:** Ensure adequate land is available to meet all Gilroy's housing needs. | | | |
| **Action 1-2.1: Facilitate Infill Development**<br>The City shall coordinate efforts with the Planning Department, private and non-profit developers, and other housing related groups to encourage the construction of residential development through a menu of regulatory incentives (i.e. streamlined review, reduced development standards, fee waivers, and other methods that will effectively encourage infill development).<br><br>The City will monitor infill development on an annual basis to ensure the effectiveness of programs to encourage housing development. If, based on its annual review, the City finds that additional programs are needed to facilitate infill development, the City will investigate additional incentives, concessions or assistance and revise programs as appropriate.<br>Objective: Encourage and facilitate infill development<br>Responsible Agency: Community Development<br>Funding Source: General Fund/State funding<br>Implementation Timeline: By June 2012; monitor infill development and effectiveness of incentives annually | Ongoing | In 2009, the City reviewed regulatory incentives to encourage infill development. Fee waivers were made available through the Downtown Specific Plan for new and rehabilitation developments from 2006-2013. In 2010, the City granted an extension of the unreinforced masonry (URM) building retrofit requirements for property owners in order to encourage development downtown. Through the Special Criteria for Housing Infill Opportunities Sites Program a Shovel-ready Ordinance was put in place in 2010, allowing for the completion of infill projects within three years from the approval timeframe. Three projects were approved to start construction in 2010. | Retain program. |

**TABLE A-1**
**REVIEW OF 2007-2014 HOUSING ELEMENT POLICIES AND PROGRAMS**
**CITY OF GILROY**
**2009-2014**

| Housing Actions | Status | Achievement | Recommendation |
|---|---|---|---|
| **Action 1-2.2: Provision of Adequate Sites**<br>The City shall revise the General Plan and Zoning Code to ensure the availability of adequate sites to accommodate projected future construction needs by income category. The City will establish and codify land use designations that will meet the projected need for the 2007-2014 planning period, and the identified shortfall from the 1999-2006 planning period. To accommodate development of affordable units, a minimum standard of 20 du/acre, in compliance with the provisions set forth in AB 2348, shall be implemented.<br><br>The City will select from the identified candidate sites listed on Table B-14 for rezoning to meet at least 50 percent of the remaining RHNA need on sites zoned exclusively for residential uses. The selected sites will permit owner-occupied and rental multi-family uses as a matter of right, without a conditional use permit or other discretionary action. For candidate sites selected that currently are identified with capacity of less than 16 units, the City will implement lot consolidation through Action 1-2.3 of this Housing Element to ensure these sites meet the minimum 16 unit/site standard.<br><br>Prior to selecting the specific sites for rezoning, the City will undertake a public participation program to notify property owners, identify additional opportunity sites, and solicit input on the sites from the community. Based on the City's evaluation of the candidate sites, revisions to the Zoning Code will be drafted. The draft Zoning Code revisions will be analyzed under CEQA requirements. The Zoning Code revision process will culminate in a public review period and adoption by the City Council.<br>Objective: Identification of adequate sites; rezone a minimum of 52.5 acres to require a minimum density of 20 du/acre; ensure at least 26.25 acres (to accommodate 525 lower-income units) are exclusively for residential use<br>Responsible Agency: Community Development<br>Funding Source: General Fund<br>Implementation Timeline: Public participation program starting in September 2011; draft revisions to Zoning Code by May 2012. | Completed | An environmental report was completed in 2012, and the council adopted the rezoned sites in 2013. On January 10, 2013, the Planning Commission voted 5-0 (one Commissioner absent and one vacant Commission seat) to recommend adoption of the Mitigated Negative Declaration and approval of the text amendments to the Zoning Ordinance and Downtown Specific Plan to establish a minimum density of 20 units per acre in the R-4 High Density Residential zoning district and for the residential component of mixed use projects in the Historic, Expansion, and Cannery Districts.<br><br>The Commission also voted 5-0 to recommend the City council redesignate Areas two, 3.3, four, and five and rezone Areas one, two, three, four, and five. The Areas the Planning Commission did not recommend for redesignation and rezoning include 3.1, 3.2, and six. | Program completed. Delete program. |
| **Action 1-2.3: Encourage Lot Consolidation**<br>The City will encourage and facilitate the consolidation of vacant and underutilized lots for residential development, especially those identified in the Adequate Site Program, through a variety of incentives, including but not limited to: incentives such as assistance with on- or off-site infrastructure costs, and other pre-development costs associated with the assemblage of multiple parcels. Consolidation will provide the opportunity to develop vacant and underutilized lots to their fullest potential. The City will evaluate the appropriateness of a variety of incentives and provide this information to the developers, owners, and other interested parties through the City's website and/or print material at City Hall.<br>Objective: Encourage and facilitate lot consolidation<br>Responsible Agency: Community Development<br>Funding Source: General Fund/State funding<br>Implementation Timeline: Investigate and develop incentive program ,as appropriate, by June 2012 | | The City Council rezoned four areas to the R-4 zoning district to implement the Adequate Sites Program in the previous Housing Element. Three of the four areas consist of multiple parcels. There is one area with two parcels that are under the same ownership. In another area, three lots have been consolidated and an application is currently being processed. In the third area, the owners of two of five parcels are marketing their properties together.<br><br>This program is no longer needed since several of the small parcels identified as potential sites in the Adequate Sites program were not included in the rezoned sites. All of the sites identified in the inventory for lower-income housing in the 2015-2023 Housing Element are large enough sites that consolidation will not be required in order to make a project feasible. | Delete program. |

**TABLE A-1**
**REVIEW OF 2007-2014 HOUSING ELEMENT POLICIES AND PROGRAMS**
**CITY OF GILROY**
**2009-2014**

| Housing Actions | Status | Achievement | Recommendation |
|---|---|---|---|
| **Action 1-2.4: Monitor Permit Requirements, Processing Procedures and Land Use Controls**<br>Permit requirements, processing procedures and land use controls may impact the cost, supply, timing and affordability of residential development. To ensure permit requirements and processing procedures do not constrain residential development, the City shall evaluate current requirements and procedures on an annual basis. The City will consult builders and other parties engaged in housing development activities to identify concerns. If permitting requirements including fees and processing timelines, are determined to be a constraint to residential development, the City shall modify permitting requirements and/or procedures to address constraints.<br>Objectives: Monitor permit requirements, processing procedures and land use controls, and modify as appropriate<br>Responsible Agency: Community Development<br>Funding Source: General Fund<br>Implementation Timeline: Annual evaluation and implement changes as appropriate | Ongoing | The City has been reviewing permitting processes and RDO policies and programs on an ongoing basis in order to identify constraints to the maintenance, improvement, and development of affordable housing for all income levels and person with disabilities. In 2012, the Engineering Department reduced public facilities development fees in order to relieve constraints on the development of residential projects. | Retain program. |
| **Policy 1-3.1:** Encourage resource conservation in residential development. | | | |
| **Action 1-3.1: Efficient Use of Energy Resources in Residential Development**<br>The City shall support energy conservation by adopting the Green Building Policies developed by the Santa Clara County Cities Association Green Building Collaborative. The City has adopted the Collaborative's three goals and utilizes a checklist as part of the residential and commercial application process to track voluntary implementation of green building.<br>Objective: Increased energy efficiency<br>Responsible Agency: Community Development<br>Funding Source: General Fund<br>Implementation Timeline: Ongoing | | The City did not adopt policies; the City Council felt that the additional financial burden of policies was unwarranted in the downturn of the economy. | |
| **GOAL 2:** Maintain and conserve a housing stock that is in a sound, safe and sanitary condition. | | | |
| **Housing Rehabilitation** | | | |
| **Policy 2-1:** Promote maintenance and rehabilitation of structures in poor condition and take action to prevent poorly maintained properties from further deterioration. | | | |
| **Action 2-1.1: Housing Rehabilitation**<br>To enhance the quality of existing neighborhoods, the City shall continue to implement the City's Housing Rehabilitation Loan Program. The City will continue utilizing Community Development Block Grant (CDBG) funds and the Gilroy Housing Trust fund to assist in the improvement of substandard housing.<br>Objective: Rehabilitate sixteen lower-income housing units<br>Responsible Agency: Community Development<br>Funding Source: CDBG (HUD)/Gilroy Housing Trust Fund<br>Implementation Timeline: Ongoing | Ongoing | The Notice of Funding Availability (NOFA) is published on an annual basis for rehabilitation of multi-family properties in the Neighborhood Revitalization Strategy Area (NRSA). The City uses CDBG funds and Gilroy's Housing Trust Fund to assist in improvement of substandard housing. Between the fiscal years of 2008 to 2014, 26 rehabilitation loans were issued using CDBG funds. The City also works with Code compliance staff to identify properties that may be eligible for financial assistance for code enforcement as well as those properties that can be created or maintained as affordable housing units. | Retain program. |
| **Action 2-1.2: Code Enforcement Program**<br>To ensure continued maintenance of housing quality, condition, and use, the City shall continue to enforce the City's building codes to address, existing exterior and interior code violations. Within current staffing limits, the City will contact owners of units identified as substandard, offering inspection services and providing information on the City's Rehabilitation Loan Program and landlord/tenant information and mediation services.<br>Objective: Housing code enforcement<br>Responsible Agency: Community Development<br>Funding Source: General Fund/CDBG (HUD)/Gilroy Housing Trust Fund<br>Implementation Timeline: Ongoing | Ongoing | In 2012, the Community Development Block Grant (CDBG) supplemented the City's General Funds to pay for a portion of code officer staffing to support code enforcement in Gilroy's NRSA. From 2008-2014, 119 housing cases were resolved. The Gilroy Housing Trust Fund (HTF) provided a grant to the Project Sentinel for tenant landlord mediation services, which were frequently used in tandem with code enforcement efforts. HTF funds of $10,000 were set aside to be used for emergency code abatement, but were not needed. | Retain program. |

**TABLE A-1**
**REVIEW OF 2007-2014 HOUSING ELEMENT POLICIES AND PROGRAMS**
**CITY OF GILROY**
**2009-2014**

| Housing Actions | Status | Achievement | Recommendation |
|---|---|---|---|
| **Action 2-1.3: Community Development Block Grant Program**<br>The City will continue to administer the City's Community Development Block Grant Program for all eligible activities, including acquisition, rehabilitation, home buyer assistance, economic development, homeless assistance, public services, and public improvements. The City will continue to inform non-profit organizations of funding availability through the City's website and informational packets at City Hall.<br>Objective: Implement Community Development Block Grant Program<br>Responsible Agency: Community Development<br>Funding Source: CDBG (HUD)<br>Implementation Timeline: Annually | Ongoing | The City continues to administer its CDBG funds. In addition to the accessibility retrofit work and code enforcement described above, CDBG funds provided employment services, programs for low income youth and frail elderly, as well as public improvements in the NRSA. Between 2008 and 2014, CDBG funds provided Senior Daycare services to 464 individuals. | Retain program. |
| **Action 2-1.4: Housing Trust Fund**<br>The City will continue to administer the City's Housing Trust Fund for all eligible activities, including new construction, acquisition, rehabilitation, home buyer assistance, homeless assistance, public services related to housing, and preservation of affordable housing. The City will continue to inform non-profit organizations of funding availability through the City's website and informational packets at City Hall.<br>Objective: Implement Housing Trust Fund<br>Responsible Agency: Programs<br>Funding Source: Housing Trust Fund<br>Implementation Timeline: Annually | Ongoing | The City continues to administer the HTF. The City has provided funds for 27 units of permanent supportive housing (Sobrato Apartments) and homebuyer assistance (through a grant to the Housing Trust of Santa Clara County). Regarding homebuyer assistance, the City originated 42 downpayment assistance loans directly through the City's Housing Trust Fund from 2008 to 2012. This program has been suspended, however, due to the lack of income funds to the Housing Trust in the past couple of years. The City funded nonprofits to provide services related to homelessness, domestic violence, fair housing, foreclosure prevention, emergency rental assistance, transitional housing, and services for persons with disabilities.<br><br>From 2008-2014, the City's HTF was used to provide services to 4,731 individuals. | Retain program. |
| **Action 2-1.5: Acquisition and Rehabilitation of Units with Non-profit Entities**<br>The City will seek opportunities for acquisition and rehabilitation of existing substandard single-family or multi-family units, particularly in conjunction with a non-profit entity. The City shall investigate the most effective means for outreach to the non-profit organizations to maximize participation.<br>Objective: Partnership opportunities<br>Responsible Agency: Community Development<br>Funding Source: Housing Trust Fund/CDBG (HUD)<br>Implementation Implement outreach strategy by June 2011 | Ongoing | In 2012, the South County Collaborative, an organization of nonprofit agencies and City representatives, agreed to set up a task force to meet in 2013 to explore opportunities for housing for extremely low-income people, as these are the clients that most of these agencies serve. Members of the South County Homeless Outreach Task Force were also involved. | Retain program. |
| **GOAL 3:** Retain the existing housing stock. | | | |
| **Preservation and Conservation of Existing Housing Stock** | | | |
| **Policy 3-1:** Ensure long-term affordability of existing below-market rate housing units. | | | |

**TABLE A-1**
**REVIEW OF 2007-2014 HOUSING ELEMENT POLICIES AND PROGRAMS**
**CITY OF GILROY**
**2009-2014**

| Housing Actions | Status | Achievement | Recommendation |
|---|---|---|---|
| **Action 3-1.1: Monitoring of Units At-Risk of Converting to Market Rate**<br>The City shall provide for regular monitoring of deed-restricted units that have the potential of converting to market rate. In order to proactively address units at-risk of conversion, the City shall develop a program to partner with non-profit housing providers and develop a preservation strategy. This strategy will at least include annual contact with property owners of affordable units, identification of funds to purchase and preserve affordable units, noticing of tenants and technical assistance with applications for funds.<br>Objective: Develop proactive preservation strategy<br>Responsible Agency: Community Development/HUD<br>Funding Source: General Fund<br>Implementation Timeline: Implement strategy by June 2011 | Ongoing | The City provides for regular monitoring of deed-restricted units and works with HUD and the local county Housing Authority on programs to maintain at-risk units. In 2012, HUD reported on the status of HUD subsidized properties, and none were found to be at risk of converting to market rates. Three properties that had received City funding for rehabilitation were monitored and also found to be not at risk. Reduced CDBG and Housing Trust Fund revenues restricted the amount of funds set aside for a preservation strategy, but fortunately this funding was not required in 2012. | Retain program. |
| **Action 3-1.2: Resale Control on Owner-Occupied Below Market Rate Units**<br>The City will continue to implement resale controls on owner-occupied Below Market Rate (BMR) units to ensure that affordable units provided through public assistance or public action are retained for 30 years or more as affordable housing stock.<br>Objective: Conserving owner-occupied affordable units<br>Responsible Agency: Community Development<br>Funding Source: General Fund<br>Implementation Timeline: Ongoing | Ongoing | In 2008, the City finalized a resale restriction agreement for 30 years that is to be used for for-sale affordable housing units produced in the City. In 2012, annual contact was made through a mailpiece to all BMR owner-occupied units. | Retain program. |
| **Action 3-1.3: Rent and Income Restrictions on Rental Below-Market Rate Units**<br>The City will continue to implement rent and income restrictions on rental Below Market Rate (BMR) units to ensure that affordable units provided through public assistance or public action are retained for 30 years or more as affordable housing stock.<br>Objective: Conserving rental affordable units<br>Responsible Agency: Community Development<br>Funding Source: CDBG/Housing Trust Fund<br>Implementation Timeline: Ongoing | Ongoing | Affordable multi-family rental projects provide a 55-year affordability agreement with the City. | Retain program |
| **Policy 3-2:** Preserve historic residential resources. | | | |
| **Action 3-2.1: Review of Existing Regulations and Policies**<br>The City will continue to consult with the Historic Heritage Committee, and review the appropriateness and applicability of existing regulations and policies that further encourage the preservation and enhancement of historic resources in the City.<br>Objective: Preservation of historic residential resources<br>Responsible Agency: Community Development<br>Funding Source: General Fund<br>Implementation Timeline: Ongoing | Ongoing | The Historic Heritage Committee meets as needed to review permits and applications for structures in the downtown area and reviews regulations and policies to encourage preservation of historic resources in the City. The City continues to partake in ongoing dialogue with the Historic Heritage Committee. | Retain program. |
| **GOAL 4:** Increase access to decent and suitable housing for all Gilroy residents. | | | |
| **Increasing Access to Housing Opportunity** | | | |
| **Policy 4-1:** Promote homeownership opportunities. | | | |

**TABLE A-1**
**REVIEW OF 2007-2014 HOUSING ELEMENT POLICIES AND PROGRAMS**
**CITY OF GILROY**
**2009-2014**

| Housing Actions | Status | Achievement | Recommendation |
|---|---|---|---|
| **Action 4-1.1: Funding Sources to Assist in Homeownership**<br>The City will pursue potential sources of additional funding for homeownership assistance, including the availability of State HCD, CalHFA funds, and County funds. The City will improve public outreach activities through the compilation of resources for down payment assistance, silent second mortgages and other means of acquiring a home.<br>Objective: Access to funds for homeownership assistance<br>Responsible Agency: Community Development<br>Funding Source: Housing Trust Fund, State and County financing sources, and MCC Certificate Program through Santa Clara County<br>Implementation Timeline: Development of resources for public dissemination by June 2011;<br>Ongoing review of additional funding sources | Ongoing | In 2005, the City created a Housing Trust Fund to provide down payment assistance to home buyers. In 2012, applications were made for CalHome down payment assistance for low-income households. As well, the City requested an extension for BEGIN down payment assistance funds for a new housing development that was scheduled to expire in 2013. The City received a one-year extension for funds to 2014.<br><br>Between 2008 and 2014, 31 households received BEGIN downpayment assistance in homeownership, two received HT Silicon Valley assistance, and 42 households received assistance from the Gilroy Housing Trust Fund. | Retain program. |
| **Policy 4-2:** Encourage the provision of new affordable housing. | | | |
| **Action 4-2.1: Funding Sources for the City of Gilroy Housing Trust Fund**<br>The City will continue to use the Housing Trust Fund to support affordable housing opportunities, seeking funds from public and private sources to implement or supplement the City's housing programs, in accordance with administrative guidelines.<br>Objective: Additional funds for the Gilroy Housing Trust Fund<br>Responsible Agency: Community Development<br>Funding Source: Housing Trust Fund<br>Implementation Timeline: Ongoing | Ongoing | The City continues to identify additional funds for the City's Housing Trust Fund. | Retain program. |
| **Action 4-2.2: Expedited Project Review of Affordable Housing Developments**<br>The City shall review development standards, processes and requirements and revise project review, processing and building plan check, as appropriate, to ensure project reviews are not constraints to the development of affordable housing.<br>Objective: Establish expedited processing standards<br>Responsible Agency: Community Development<br>Funding Source: General Fund<br>Implementation Timeline: Review and adopt changes by June 2012 | Completed | The expedited review process was made available in 2012. | Delete program. |
| **Action 4-2.3: Review and Revise Development Fees**<br>The City will review required development fees including in-lieu fees, development impact fees and processing fees and revise, as appropriate, with the aim of reducing constraints for the development of residential projects.<br>Objective: Review of Development Fees<br>Responsible Agency: Community Development<br>Funding Source: General Fund<br>Implementation Timeline: Review by June 2012 | Completed | In 2012, the public facilities impact fees were reduced by the Engineering department. Since the 2007-2014 Housing Element was prepared, the City has reduced fees by roughly 20 percent. | Delete program. |
| **Action 4-2.4: Amend Density Bonus Ordinance**<br>To further the effectiveness of the Density Bonus Ordinance and to be in compliance with the requirements of SB 1818, AB 2280 and Federal and State Fair Housing Law, the City shall review and revise the existing Density Bonus Ordinance, as appropriate.<br>Objective: Amend Density Bonus Ordinance<br>Responsible Agency: Community Development<br>Funding Source: General Fund<br>Implementation Timeline: Review and revise by June 2011 | In process | The City amended the Density Bonus Ordinance in April 2014 to comply with State Law. | Delete program. |

**TABLE A-1**
**REVIEW OF 2007-2014 HOUSING ELEMENT POLICIES AND PROGRAMS**
**CITY OF GILROY**
**2009-2014**

| Housing Actions | Status | Achievement | Recommendation |
|---|---|---|---|
| **Action 4.2.5: Affordable Housing through Neighborhood Districts**<br>The City will review and revise, as appropriate, the Neighborhood District Policy to ensure that it encourages the development of housing that is affordable to a variety of income groups by comparing its features with the Residential Development Ordinance and making any changes to ensure the two policies are compatible and designed to reach the same goals.<br>Objective: Encourage a diversity of housing types<br>Responsible Agency: Community Development<br>Funding Source: General Fund<br>Implementation Timeline: Initial review of Neighborhood District Policy by June 2012 | On Hold. | The City adopted the Neighborhood District policy in June 2005. The ND Policy requires 15 percent of all new housing be affordable to lower-income and moderate-income households. Affordable housing is to be disbursed throughout the overall community. Since the City adopted the ND Policy, one project has submitted a specific plan for city review and approval in 2010. The City Council has deferred review of the neighborhood district and RDO until completion of the General Plan in order to utilize the policy direction from that document. | Retain program. |
| **Action 4-2.6: Residential Development Ordinance**<br>The City will review and revise, as appropriate, the Residential Development Ordinance to ensure that it does not pose a constraint on the maintenance, improvement and development of housing; and provides capacity to meet the City's RHNA need. Furthermore, the City will encourage the development of housing that is affordable to a variety of income groups through the Residential Development Ordinance by comparing its features with the Neighborhood District Ordinance and making any changes to ensure the two policies are compatible.<br><br>To date, unused RDO allocations have not been eliminated. The City will review the RDO's potential to eliminate unused allocations to ensure accommodation of projected housing needs. Before any unused allocations are eliminated, the City will review the remaining RDO allocations to ensure it meets the remaining RHNA need for the current planning period.<br>Objective: Ensure the Residential Development Ordinance does not impede residential development<br>Responsible Agency: Community Development<br>Funding Source: General Fund<br>Implementation Timeline: Initial review of RDO policy by June 2012 and revise as appropriate | Incomplete. On hold until completion of the General Plan. Interim exemption is in place until that time. | In 2012, the City began work on the RDO Interim Exemption Ordinance that facilitated infill development. The proposed new exemption would allow developers to construct residential projects in the interim period between now and the time the City Council completes modifications to the Residential Development Ordinance or the RDO Interim Exemption sunsets, whichever occurs first. This exemption would not affect the affordable housing required in Neighborhood District Areas, as developments in those areas would still be regulated by the Neighborhood District Policy. | Retain program. Identify time frame as after General Plan completion. |
| **Action 4-2.7: Water and Sewer Service Priority**<br>The City's Water and Sewer Service Priority Policy will be reviewed every five years starting in 2011 to ensure future affordable projects will receive service priority.<br>Objective: Water and sewer service priority to lower-income households<br>Responsible Agency: Community Development<br>Funding Source: General Fund<br>Implementation Timeline: Review every 5 years, starting June 2011 | Completed | During 2011-2012, the treatment plan capacity increased providing ample water service. | Delete program. |
| **Action 4-2.8: Consider Adoption of Inclusionary Zoning Ordinance**<br>The City will consider adoption and implementation of an inclusionary zoning ordinance, which proposes a 20 percent affordable housing requirement for all new residential developments of 10 or more units.<br>Objective: Review and potentially adopt and implement Inclusionary Zoning<br>Responsible Agency: Community Development<br>Funding Source: General Fund/Housing Trust fund<br>Implementation Timeline: June 2013 | On hold | This policy is currently on hold per the City Council. | Delete program. |

**TABLE A-1**
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**CITY OF GILROY**
**2009-2014**

| Housing Actions | Status | Achievement | Recommendation |
|---|---|---|---|
| **Action 4-2.9: Section 8 Referrals**<br>The City will continue to provide referral services and information to City residents.<br>Objective: Provide Section 8 referrals<br>Responsible Agency: Community Development/Housing Authority of Santa Clara County<br>Funding Source: HUD<br>Implementation Timeline: Ongoing | Ongoing | The City continues to provide referral services and information to residents about the Section 8 program. Staff provides the phone number to the Housing Authority to residents inquiring about voucher availability. The residents are advised that they will most likely be put on the waiting list to obtain a voucher. Staff does not currently have a system in place to track every resident who requests the phone number of the Housing Authority. The Housing Authority does provide HCD staff annual data that includes the number and family type and ethnicity or race of the wait list participants and program participants. | Retain program. |
| **Policy 4-3:** Provide housing opportunities for Special Needs groups. | | | |
| **Action 4-3.1: Compliance with SB-2**<br>In compliance with SB 2, the City will analyze and revise the existing Zoning Ordinance to allow for emergency shelters, transitional housing and supportive services to homeless individuals and families. The City will comply with the requirements of the State in the following manner:<br>▪ Provide at least one zoning category in which emergency shelters can be located without discretionary approvals. The subject zoning category(ies) shall include sites with sufficient capacity to meet the local need for emergency shelters. The City is considering the Commercial Industrial (CM) zoning district and the Cannery District within Downtown Gilroy to allow emergency shelters without discretionary approvals if they meet the requirements in the City's Homeless Shelter Guidelines, which will be revised pursuant to Government Code Section 65583(a)(4).<br>▪ Ensure the provisions of the Housing Accountability Act are enforced and prohibit the denial of emergency shelter/transitional/supportive housing facility via discretionary approvals if it is consistent with adopted regulatory standards.<br>▪ Evaluate development standards and regulatory provisions to ensure that standards encourage rather than discourage development.<br>▪ Amend Zoning Code to allow transitional/supportive housing as a residential use, subject only to those requirements of other residential uses in the same zone.<br>Objective: Compliance with SB-2<br>Responsible Agency: Community Development<br>Funding Source: General Fund<br>Implementation Timeline: Within 6-months of Housing Element adoption | In process | The City amended the Zoning Ordinance in April 2014 to comply with State laws regarding emergency shelters and transitional and supportive housing.<br><br>The City also approved emergency shelters and transitional housing under previous zoning. A specific location was identified and approved in 2004-2005 for a new emergency shelter facility; however, no funding was available for a non-profit to build the shelter. Late in 2009, an application was submitted for the redesign of the emergency shelter site into permanent housing for the chronically homeless.<br><br>In 2010 the City Council approved the Architectural and Site Plan and a Residential Development Ordinance (RDO) Affordable Housing Exemption for a 26-unit apartment project, in lieu of a homeless shelter, to be developed by South County Housing. The project is scheduled for completion in December 2013 and the permanent loan will be executed at that time with a 55-year term. | |
| **Action 4-3.2: Zoning to Encourage and Facilitate Single-Room Occupancy Units**<br>The City shall revise the Zoning Code to establish explicit definitions for and regulatory standards addressing single-room occupancy units.<br>Objective: Amend Zoning Code to include SROs<br>Responsible Agency: Community Development<br>Funding Source: General Fund<br>Implementation Timeline: Review and amend Zoning Code by June 2011 | Incomplete | No action was taken on this program. | Retain program. |

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| **Action 4-3.3: Housing for Large Families**<br>The City shall review and revise the Zoning Code, as appropriate, to incorporate appropriate regulatory incentives, financial incentives and other policies that encourage the development of rental housing units with three or more bedrooms to accommodate the needs of large families. The City shall encourage and support the development of rental and for-sale housing for large families within future affordable housing projects through various strategies and programs that may include: assistance with site identification and entitlement processing; and modifying development standards and granting concessions and incentives.<br>Objectives: Encourage large family housing<br>Responsible Agency: Community Development<br>Funding Source: General Fund<br>Implementation Timeline: Review Zoning Code by June 2012 and revise as appropriate | Ongoing | The Affordable Housing Exemption Program encourages developers to include rental housing units with bedrooms of three or more in 20 percent of the units. | Retain program. |
| **Action 4-3.4: Housing for Persons with Disabilities**<br>The City will continue to comply with Federal and State housing laws through the implementation of its reasonable accommodation procedures. Additionally, the City will periodically review its regulations and procedures to determine any constraints on housing for persons with disabilities.<br>Objectives: Remove constraints on the development of housing for persons with disabilities<br>Responsible Agency: Community Development<br>Funding Source: General Fund<br>Implementation Timeline: Periodically review Zoning Code and reasonable accommodation procedures | Ongoing | The City continues to fund local agencies that provide services to disabled persons as well as periodically reviews the regulations and procedures to determine any constraints on housing for persons with disabilities. In 2012, the Zoning Code was reviewed, a Certified Access Specialist Program (CASP) inspection was in place, and accessible grants were provided with CDBG funds. The City amended its reasonable accommodation ordinance to provide more clarity in April 2014. | Retain program. |
| **Action 4-3.5: Development of Housing for Seniors**<br>The City will encourage senior housing, including residential care facilities, to locate in or near residential neighborhoods that are convenient to public transit and within walking distance of shopping and restaurants. The City will consider areas for new senior housing development, and incorporate appropriate regulatory incentives, financial incentives, and other policies that encourage the development of housing for seniors. The City will continue to accept Senior only and Affordable Senior Housing projects through the RDO Exemption program to encourage the development of these projects.<br>Objectives: Development of housing for seniors<br>Responsible Agency: Community Development<br>Funding Source: General Fund<br>Implementation Timeline: Review Zoning Code by June 2012 and revise as appropriate | Ongoing | The City encourages new residential facilities for seniors, especially those that are close to services and existing senior facilities. In 2012, the City reduced public impact fees. | Retain program. |
| **Action 4-3.6: Development of Housing for Extremely Low-Income Households**<br>The City shall review and incorporate appropriate regulatory incentives, financial incentives and other policies that encourage the development of housing units for households earning 30 percent or less of the median family income for Santa Clara County. The City shall encourage and support the development of housing for extremely low-income households within future affordable housing projects through various strategies and programs that may include: assistance with entitlement processing; fee deferrals; and modifying development standards and granting concessions and incentives for projects that provide housing for lower income families.<br>Objectives: Development of household units for extremely low-income households<br>Responsible Agency: Community Development<br>Funding Source: State and Federal funding for multi-family housing<br>Implementation Timeline: Review Zoning Code by June 2012 and revise as appropriate | Ongoing | In 2012, the Extremely Low Income (ELI) Housing Task Force of the South County Collaborative was created and began meeting regularly in 2013. The Task Force identifies monthly rentals for $300-4000 in the city as well as funding for case management for the households. In 2012, 26 extremely low-income units were constructed in Gilroy. | Retain program. |

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| **Action 4-3.7: Development and Conservation of Housing for Farm Workers**<br>The City of Gilroy will continue to partner with the Santa Clara County Housing Authority and various non-profit organizations to explore and implement ways of providing affordable farm worker housing. City will assist with requests by developers for State and Federal funding (USDA) for development of multi-family housing within city limits<br>Objectives: Housing for farm workers<br>Responsible Agency: Community Development<br>Funding Source: General Fund<br>Implementation Timeline: Outreach to Santa Clara Housing Authority and non-profit organizations annually and identify and pursue development, as appropriate | Not completed | There was no activity or requests from developers related to this program. | Retain program. |
| **Action 4-3.8: Consistency with the Employee Housing Act**<br>The City will update the Zoning Code to be consistent with the Employee Housing Act (Health and Safety Code 17021), which generally requires employee housing to be permitted by-right, without a CUP, in single-family zones for less than six persons, and in agricultural zones with no more than 12 units or 36 beds.<br>Objectives: Consistency with Employee Housing Act<br>Responsible Agency: Community Development<br>Funding Source: General Fund<br>Implementation Timeline: Revise Zoning Code by June 2011 | Incomplete | No action was taken. | Retain program. |
| **Action 4-3.9: Review Reasonable Accommodation Procedures**<br>The City will review the Reasonable Accommodation Procedures, specifically requirements of "Potential Benefit" and "Potential Impact," and revise, as appropriate, with the aim of reducing constraints on the development of housing for persons with disabilities.<br>Objective: Review of Reasonable Accommodation Procedures<br>Responsible Agency: Community Development<br>Funding Source: General Fund<br>Implementation Timeline: Revise Zoning Code by June 2012 | In process | Section 50.23 of the Zoning Ordinance addresses Reasonable Accommodation Procedures in the City of Gilroy. Applications are provided and reviewed by the City's Community Development Director. The City amended the Reasonable Accommodation Procedures in April 2014 to provide more clarity and certainty for applicants. | Delete program. |
| **Policy 4-4:** Promote fair housing standards. | | | |
| **Action 4-4.1: Fair Housing Counseling**<br>The City will continue to provide funds to and contract with Project Sentinel or a comparable agency to provide fair housing assistance including landlord/tenant counseling, homebuyer assistance, and amelioration or removal of identified impediments.<br>Objective: Fair housing counseling<br>Responsible Agency: Community Development<br>Funding Source: Gilroy Housing Trust Fund/CDBG<br>Implementation Timeline: Ongoing | Ongoing | In 2010, the City provided funds to non-profit agencies to provide 25 cases of fair housing counseling assistance and disseminate fair housing information to tenants and landlords every year. Currently, the City has an ongoing contract with non-profits to provide counseling, assistance, and removal of identified impediments. | Retain program. |
| **GOAL 5:** Increase awareness of and participation in housing programs. | | | |
| **Increasing Access to Housing Opportunity** | | | |
| **Policy 5-1:** Promote partnerships in the production of various housing types. | | | |

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| **Action 5-1.1: Interagency Collaboration for Lower Cost Housing**<br>The City will continue participation in Countywide housing assistance programs, and collaborate with other public agencies and non-profit housing sponsors in the use of available programs to provide lower-cost housing in Gilroy.<br>Objective: Interagency collaboration<br>Responsible Agency: Community Development<br>Funding Source: Housing Trust Fund/CDBG<br>Implementation Timeline: Ongoing | Ongoing | In 2009, the City applied and received financial assistance for for-sale housing construction loans and down payment assistance. The City also applied for tax credits for multi-family housing projects, including, at the time, current developments as well as those that were proposed.<br><br>The City meets quarterly with other regional City staff in order to compare best practices for BMR housing and Down Payment Assistance Programs (DAP) as well as to update City policies. In 2012, the City participated in ongoing county-wide collaboration and outreach in this program.. | Retain program. |
| **Action 5-1.2: Collaboration with Development Community**<br>The City will continue to establish relationships with and provide technical assistance to both for-profit and non-profit development companies working in the area of affordable housing, facilitating innovative partnerships and collaborative approaches to affordable housing development. The City will especially utilize the Housing Advisory Committee to address housing issues and provide outreach to the development community.<br>Objective: Collaboration with Development Community<br>Responsible Agency: Community Development<br>Funding Source: General Fund<br>Implementation Timeline: Ongoing | Ongoing | This is an ongoing program. | Retain program. |
| **Policy 5-2:** Consolidate and disseminate housing related information. | | | |
| **Action 5-2.1: Community Access to Housing Information**<br>To ensure the Gilroy community is provided the highest level of access to information, the City shall evaluate the effectiveness of existing outreach and community education efforts and develop a comprehensive outreach strategy. The outreach strategy will consider various methods of delivery, including print media, mailers, web-based information, and other methods that consider economic and cultural considerations unique to the City of Gilroy.<br>Objective: Comprehensive housing resources<br>Responsible Agency: Community Development<br>Funding Source: General Fund<br>Implementation Timeline: Develop housing information strategy by June 2011 | Ongoing | In 2012, the City used web-based media outreach to advertise community meetings, homebuyer education classes, and new BMR development outreach. Mediums included the City's Facebook page, the City's website, and various community links. | Retain program. |
| **Action 5-2.2: Annual Review of Housing Element**<br>Pursuant to HCD Requirements, the City will conduct an annual implementation review of the Housing Element. The review will include the following information: a log of new residential development permits and completion reports; inventory of units built in the Extremely Low-, Very Low- and Low-Income categories, an update or inventory of approved projects; an annual estimate of population from the State Department of Finance; and available vacant land and zoning survey.<br>Objective: Annual Housing Element review<br>Responsible Agency: Community Development<br>Funding Source: General Fund<br>Implementation Timeline: Annually to HCD | Ongoing | The 2012 report was submitted in June 2013. The City is in the process of preparing the 2013 report. | Retain program. |

# Appendix B: Community Outreach

## Housing Advisory Committee Meeting Summary

Staff and the Housing Element Consultants held a meeting on January 8, 2014 to inform the Housing Advisory Committee (HAC) of the 2015-2023 Housing Element Update. At the meeting, the consultants presented preliminary findings from the Housing Element Background Report, and sought input from the HAC on the major housing issues facing Gilroy residents and potential policy solutions to address the issues.

### Major Housing Issues and Barriers to Affordable Housing

- There's a need for permanent supportive housing for special needs people (homeless, seniors, extremely low-income households) with disabilities (physical and mental).
- Need housing for extremely low-income families where one or more parents has a disability.
- Need more extremely low-income units or a deeper subsidy.
- The extremely low-income population will be huge in the future.
- There's not enough housing for young singles (college student); many work part time for minimum wage. These individuals may be living with their families, couch surfing, or living in their cars (i.e., homeless). There aren't enough rooms for rent.
- Need to help population of single adults without documentable sources of income.
- There is a long waiting list for affordable senior housing (no turnover).
- City's regulations on granny units are a source of affordable housing (there was a question about the City's regulations).
- Parking requirements are a barrier for granny units (one parking space per granny unit but can use the driveway).
- Need more education about granny units.
- Need better information about availability of affordable housing—need to find a more sound mechanism of quantifying available units.
- The waiting lists for affordable housing are very long—need affordable housing in every category.
- Need more HUD money/more Section 8 vouchers. The waiting list is too long (about 20,000 people). Section 8 is not designed to be temporary, so it's hard to get the voucher and people aren't willing to give them up.
- Rezoned parcels are too small for affordable housing (for for-profit developers).
- Biggest barrier is the cost of land (lease land for cheap to non-profit developers).

- Be willing to do a pocket project of higher density in lower-density areas (not zoned for high density).
- Housing for sex offenders is a problem.
- Need housing for veterans.
- Need more incentives from the State.
- Need more studio apartments downtown behind businesses (zoning currently allows for a maximum building height of up to four stories).
- County was willing to commit 20 percent of future "Boomerang" Redevelopment Agency funding, but now they are looking at what the cities will do. Need to have more regional conversations about housing.
- Code enforcement issues—need incentives for landlords to bring units up to code.
- Gilroy could use more services (mental health triage center).
- Need housing available at $300/month price point; this is where the subsidy is most needed.
- Other housing authorities transition people out of Section 8.
- More State funding is needed (State transaction fee).

### Opportunities and Potential Solutions for Providing Housing

- Develop a task force for development plans for housing.
- Day laborers can call the Compassion Center and Maria Day Worker Center in Mountain View to get more information.
- More money for affordable housing; partner with the County and City for housing money.
- San Francisco is seeing micro units (small units with a bedroom and the roof-top garden is the "family room"). This type of housing could work in Gilroy's climate. The City could do a study of micro units and revise the zoning code to allow them.
- High density housing in the downtown area has been well-received by the community because it supports businesses downtown.
- At the County, CDBG money is used for grants for housing rehabilitations (about 10 homes/year); the Planning Department reaches out to owners with code issues.
- Gilroy has a home access program and $10,000 of CDBG for compliance issues.

## Stakeholder Workshop Summary

On March 6, 2014, the City held a Stakeholder Workshop at the Public Library. Approximately 20 local agencies, community organizations, stakeholders, and residents attended the workshop. At the workshop, City staff and the Housing Element consulting firm, Mintier Harnish, presented a brief overview of the Housing Element Update and facilitated an interactive discussion to solicit ideas from participants about the most critical housing issues facing Gilroy residents and new ways the City and community might address these issues.

### Major Housing Issues and Barriers to Affordable Housing

The discussion of housing in Gilroy focused on the significant need for affordable housing and the lack of resources to address that problem. Stakeholders said Gilroy's low-income residents were facing rising rents, landlords unwilling to accept rental subsidies, substandard housing, and wages that do not cover housing costs. Stakeholders pointed out that Gilroy's disabled residents have difficulties finding accessible housing, and building new accessible housing is expensive. Many representatives from nonprofit service providers mentioned that public funding for housing programs have been drying up in the last few years and it is difficult to serve everyone who needs help. A City housing planner position was cut, further reducing the resources local government can offer to address housing problems.

*Meeting notes:*

- Landlords will not accept subsidies
- Developers want to build high-income housing
- Need transitional housing for recently incarcerated.
- School sites
- Rent increases
- Poor housing quality.
- Need smoke-free new housing
- Parking standards
- Council review
- There are many large households in low-income areas.
- Need more employers and jobs.
- Staff resources at City.
- Need new, affordable housing for the disabled that is wheelchair accessible.
- Landlords won't accept Section 8 vouchers now; rates are stable and rent increases.
- Universal design costs.
- Affordable unit costs.
- Less parking near transit.
- There are 1,417 homeless individuals
- Minimum wage equals no housing.
- Takes six to nine months to find affordable housing.
- Not replacing affordable housing once used.

### Opportunities and Potential Solutions for Providing Housing

Stakeholders felt incentives and subsidies were necessary to provide more affordable housing in Gilroy. Local and state governments could provide incentives to housing developers to encourage the production of more affordable housing. Renters need subsidies to fill the gap between what they can afford and the cost of safe, suitable housing. Stakeholders acknowledged that government funds may not be able to fund all the needed incentives and subsidies, and believe it may be worthwhile to look to private industry, particularly the technology sector, for funding. Stakeholders also felt that Gilroy did not offer enough housing options and offered several suggestions for unit types that could solve some housing problems, including: more transitional housing, micro-units, single room occupancy housing, boarding houses, and more accessible units.

*Meeting notes:*

- Greater foreclosure and eviction assistance.
- Greater mixed-income housing—housing above retail.
- Greater transitional housing.
- Rental subsidies
- Greater incentives to build low-income housing such as impact fees.
- Microunits
- Renters ombudsperson
- Funds to bring units up to code; do not raise the rent in lieu of raising funds.
- Need more SROs
- Boarding houses
- Smoke free Ordinance
- Make it more attractive for for-profit developers to build affordable housing.
- Require developers to build affordable phase first
- Inclusionary housing.
- Universal design
- Shared parking
- Local Section 8 with CDBG
- Flip Foreclosures
- Gilroy Foundation Partnership
- Tech Philanthropy
- Land Banking

## Town Hall Forum Responses

**QUESTION: What are the unmet housing needs in the city? What can the City do to help provide for those needs?**

1. **No apartments and no permits**

No building permits given out until every foreclosure is bought. Every building permit must have the TRUE IMPACT cost factored into it. The last time they built a stack of homes, the rest of us (except those who live in apartments) got hit with a new tax to build a new school.

- Comment: Is it possible to force foreclosures to be sold BMV?

2. **Encourage "granny" units by reducing fees, streamline permit**

Small, affordable homes can increase the housing opportunities for seniors, singles or couples, our fastest growing population groups. "Granny" units (small studios or 1 BR units built in back of single family homes) could offer homeowners the chance to have a rental they can easily keep an eye on and gain some income. It also gives those looking for a small place to have a choice other than an apartment. Right now the City charges $20,000+ for a permit. The result has been few legal units and numerous illegal, substandard units. If that was reduced to less than $5,000 and was streamlined, more people would build or upgrade their current units. An easy way to increase affordable housing in Gilroy.

- Comment: I disagree. I believe that if I needed to take care of my parents someday I would allow them to live in my home. I agree that the impacts are larger than they seem. I see many houses with "granny units" in my neighborhood that have become investment properties to make some easy money on section 8 renters.
- Comment: Adding these, or any, dwellings, impacts the roads (traffic), schools, and other infrastructure. $20k is not enough. The impact fee should be $50k for every ROOM.

3. **Affordable housing. Support the Compassion Center**

Gilroy needs more affordable housing. They also need more affordable senior housing. The City should support the Compassion Center, St. Joe's and the Lord's Table. Find a way to keep the Armory open more so that the homeless population doesn't have such limited hours & season. Offer more services for seniors.

- Comment: "Affordable housing" = FUTURE SLUM

4. **Solar for every new home**

Install solar panels on every new home.

- Comment: I like it - as long as the cost is passed on to the buyer (i.e. not paid for through taxes).

5. **More options for low income residents**

More options for low income residents

**6. More Condos**

Build upmarket town homes/condos in infill sites

- Comment: As long as they aren't apartments. Condos at least pay their fair share of property taxes.

**7. Electric vehicle charging stations at every new home (220V)**

Install electric vehicle charging stations at every new home in Gilroy.

- Comment: Not a bad idea, but better would be to simply charge the appropriate impact fee so that everyone else doesn't foot the bill for the next new school.

**8. Homeowner workshops**

Education! Education! Education, Many people don't even know where to start in the home owning process. We need to invest in our community. When people own their homes as opposed to renting, it truly gives them sense of community. Individuals that feel like they are part of a community are more likely to contribute to improve our community.

# Appendix C: Local Amendments to the California Building Code

Local amendments to the California Building Code include:

- Section 109.2 amended to read, “On buildings, structures, electrical, gas, mechanical and plumbing systems or alternations requiring a permit, a fee for each permit shall be paid as required in accordance with the Comprehensive Fee Schedule as adopted.”
- Section 109.4 amended to read, “Whenever any work for which a permit is required by this code has been commenced without first obtaining said permit, the fee for necessary permits shall be double the fee established by the current City of Gilroy Comprehensive Fee Schedule or as otherwise determined by the building official.”
- Section 111.2 amended to read, “After the building official inspects the building or structure and finds no violations of the provisions of this code, City of Gilroy conditions and ordinances, or other laws that are enforced by the building and safety division, the building official shall issue a certificate of occupancy ( C of O). For residential single family dwelling, the project permit card issued by the City of Gilroy shall serve as the certificate of occupancy when properly signed.”
- Section 112. 1 amended to read, “No person shall make a connection from a source of electrical energy or fuel gas to any electric wiring system, gas piping system, device, appliance or equipment for the installation of which a permit is required, unless such wiring system, gas piping system, devices, appliance or equipment has first been inspected by the building official and found to comply with all applicable codes and ordinances of the city.”
- Section 402.5, 403.3, 404.3 exceptions deleted.
- Section 406.3.4 amended to change requirements for separation of residence and garage.
- Section 406.3.6 amended to read, “In enclosed private garages attached to R occupancies, provide 1 square foot of ventilation area located at the lower 12" of garage wall. Said ventilation areas shall be directly communicated with the exterior, but shall not be installed where protection of openings is required.”
- Section 903.2 is amended to read in its entirety, “Where required, approved automatic sprinkler system in new buildings and structures shall be provided in the locations as set forth in the Gilroy Fire Code and the California Fire Code.”
- Appendix C – Agricultural buildings to be adopted.
- Appendix F – Rodent proofing to be adopted.
- Appendix G – Flood resistant construction to be adopted.
- Appendix I – Patio covers to be adopted.
- Appendix J – Grading to be adopted.
- Section J110.3 added for erosion control.

- Section J110.4 added for dust and mud control measures.
- Section J110.5 added for archeological discovery.
- Section J110.6 added for work stoppage, right of entry, notification of violation, abatement of violation, penalties, enforcement, and appeals.
- Section 1705.3 Exception 1 amended to read, “Isolated spread concrete footings of buildings three stories or less in height above the grade plane that are fully supported on earth or rock, no greater than 2,500 pounds per square inch.
- Section 1807.2 amended to read, “Retaining walls shall be constructed of concrete or masonry and be designed by a California State licensed engineer.
- Section 609.3 amended to read, “Water piping shall not be installed in or under a concrete floor slab within a building without prior approval of the Building Official”
- Section 609.4 amended for pipe testing.
- Section 701.1.2.a amended to read, “ABS and PVC installations are limited to not more than two stories in areas of residential accommodation in a three story building.”
- Section 719 amended for clean outs.
- Section 1201.3.8.1 amended for wall thickness.

# Appendix D: Development Requirements

Applications are reviewed to ensure that the development addresses and adequately meets the requirements for the following:

- Traffic safety and efficiency:
  - Traffic volume and conditions on abutting or access streets.
  - Street improvements, including lighting.
  - Circulation patterns within the development, including the locations and dimensions of vehicular and pedestrian entrances, exits, drives, walkways, buildings, and other related facilities.
  - Adequacy of off-street parking.
  - Surfacing, lighting, and landscaping of off-street parking facilities.
  - Location, quantity, height of materials, and shape of landscaped areas.
  - Adequacy, location, arrangement, and dimensions of truck loading and unloading facilities.
- Outdoor advertising and signs:
  - Potential traffic hazards.
  - Appearance.
  - Harmony with adjacent development. (This requirement is limited compliance with development standards and design guidelines in the City's Zoning Ordinance related to outdoor advertising and signs, Section 37, in order to ensure applicant certainty.).
  - Favorable image of the City.
  - Number, area, bulk, shape, height, location, separation, clearance, projection, illumination, color, and landscaping of such signs.
- Site development:
  - Physical characteristics of the site.
  - Existing and proposed easements.
  - Appearance and harmony of buildings with adjacent development, the character of the neighborhood, and existing and projected public improvements (This requirement is limited to compliance with development standards and design guidelines in the City's Zoning Ordinance related to site development, Section 32, in order to ensure applicant certainty.).
  - Location, appearance, and orientation of structures, open spaces, and activities.
  - Determination of boundaries, building setbacks, and uses intended.
- Landscaping:

- Harmony with adjacent development. (This requirement is limited to compliance with development standards and design guidelines in the City's Zoning Ordinance related to landscaping, Section 38, in order to ensure applicant certainty.).
- Concealment of storage areas, utility installations, or other unsightly development.
- Quantity, location, height, and materials of walls and fences, hedges, screen planting, and landscaped areas.
- Planting of ground cover or other surfacing to prevent erosion and reduce dust.
- Unnecessary destruction of healthy trees.
- Facilities and methods of insuring continued maintenance of landscaping.

- Drainage and flood control and health standards:
  - Effect on flood control and storm and surface water drainage facilities.
  - Additional flood control and drainage improvements required.
  - Minimum health standards.
  - Consistency with the City's adopted Flood Plain Management Ordinance 50-9
- Fire protection:
  - Additional fire protection improvements required.
  - Location, number, and type of such improvements. Adequacy of the water supply for fire protection purposes.
- Environmental impacts:
  - Consistency with the City's adopted Environmental Review Procedures and Process.
  - Consistency with the California Environmental Quality Act (CEQA).

The following conditions are standard on all architectural and site approvals:

- Landscaping: Landscaping plans including specification for an irrigation system shall be approved by the Planning Director in accordance with the adopted Consolidated Landscaping Policy, prior to issuance of a building permit.
- Trash Enclosures: All trash enclosures shall consist of visually solid fences and gates, six feet in height, in accordance with the adopted City of Gilroy standard trash enclosure design plan, or a similar design approved by the Planning Director. All trash enclosures shall be located in accordance with the approved site plan and the Uniform Fire Code.
- Exterior Lighting: No unobstructed beam of exterior lighting shall be directed outward from the site toward any residential use of public right-of-way.
- Mechanical Appurtenances: Mechanical equipment to be located on the roof of a building shall be screened by an architectural feature of the building such that it cannot be seen from ground level at the far side of the adjacent public right-of-way, whenever possible.

Outdoor Storage: All outdoor storage and loading areas must be screened from public view with a combination of landscaping, solid fencing, and building design and orientation.

# Appendix E: Glossary of Terms

**Above Moderate-Income Household**. A household with an annual income usually greater than 120% of the area median family income adjusted by household size, as determined by a survey of incomes conducted by a city of a county, or in the absence of such a survey, based on the latest available eligibility limits established by the U.S. Department of Housing and Urban Development (HUD) for the housing program.

**Apartment**. An apartment is one (1) or more rooms in an apartment house or dwelling occupied or intended or designated for occupancy by one (1) family for sleeping or living purposes and containing one (1) kitchen.

**Assisted Housing**. Generally multi-family rental housing, but sometimes single-family ownership units, whose construction, financing, sales prices, or rents have been subsidized by federal, state, or local housing programs including, but not limited to Federal state, or local housing programs including, but not limited to Federal §8 (new construction, substantial rehabilitation, and loan management set-asides), Federal §s 213, 236, and 202, Federal §221 (d) (3) (below-market interest rate program), Federal §101 (rent supplement assistance), CDBG, FmHA §515, multi-family mortgage revenue bond programs, local redevelopment and in lieu fee programs, and units developed pursuant to local inclusionary housing and density bonus programs.

**Below-market-rate (BMR)**. Any housing unit specifically priced to be sold or rented to low- or moderate-income households for an amount less than the fair-market value of the unit. Both the State of California and the U.S. Department of Housing and Urban Development set standards for determining which households qualify as “low income” or “moderate income.” (2) The financing of housing at less than prevailing interest rates.

**Build-out**. That level of urban development characterized by full occupancy of all developable sites in accordance with the General Plan; the maximum level of development envisioned by the General Plan. Build-out does not assume that each parcel is developed to include all floor area or housing units possible under zoning regulations.

**Community Development Block Grant (CDBG)**. A grant program administered by the U.S. Department of Housing and Urban Development (HUD) on a formula basis for entitlement communities and by the State Department of Housing and Community Development (HCD) for non-entitled jurisdictions. This grant allots money to cities and counties for housing rehabilitation and community development, including public facilities and economic development

**Condominium**. A structure of two or more units, the interior spaces of which are individually owned; the balance of the property (both land and building) is owned in common by the owners of the individual units. (See “Townhouse.”)

**Covenants, Conditions, and Restrictions (CC&Rs)**. A term used to describe restrictive limitations that may be placed on property and its use, and which usually are made a condition of holding title or lease.

**Deed**. A legal document which affects the transfer of ownership of real estate from the seller to the buyer.

**Density Bonus**. The allocation of development rights that allow a parcel to accommodate additional square footage or additional residential units beyond the maximum for which the parcel is zoned, usually in exchange for the provision or preservation of an amenity at the same site or at another location.

**Density, Residential**. The number of permanent residential dwelling units per acre of land. Densities specified in the General Plan may be expressed in units per gross acre or per net developable acre.

**Developable Land**. Land that is suitable as a location for structures and that can be developed free of hazards to, and without disruption of, or significant impact on, natural resource areas.

**Down Payment**. Money paid by a buyer from his own funds, as opposed to that portion of the purchase price which is financed.

**Duplex**. A detached building under single ownership that is designed for occupation as the residence of two families living independently of each other.

**Dwelling Unit (du)**. A building or portion of a building containing one or more rooms, designed for or used by one family for living or sleeping purposes, and having a separate bathroom and only one kitchen or kitchenette. See Housing Unit.

**Elderly Housing**. Typically one- and two-bedroom apartments or condominiums designed to meet the needs of persons 62 years of age and older or, if more than 150 units, persons 55 years of age and older, and restricted to occupancy by them.

**Emergency Shelter**. A facility that provides immediate and short-term housing and supplemental services for the homeless. Shelters come in many sizes, but an optimum size is considered to be 20 to 40 beds. Supplemental services may include food, counseling, and access to other social programs. (See "Homeless" and "Transitional Housing.")

**Extremely Low-Income Household.** A household with an annual income equal to or less than 30% of the area median family income adjusted by household size, as determined by a survey of incomes conducted by a city or a county, or in the absence of such a survey, based on the latest available eligibility limits established by the U.S. Department of Housing and Urban Development (HUD) for the Section 8 housing program.

**Fair Market Rent**. The rent, including utility allowances, determined by the United States Department of Housing and Urban Development for purposed of administering the Section 8 Existing Housing Program.

**Family**. (1) Two or more persons related by birth, marriage, or adoption [U.S. Bureau of the Census]. (2) An Individual or a group of persons living together who constitute a bona fide single-family housekeeping unit in a dwelling unit, not including a fraternity, sorority, club, or other group of persons occupying a hotel, lodging house or institution of any kind [California].

**General Plan**. A comprehensive, long-term plan mandated by State Planning Law for the physical development of a city or county and any land outside its boundaries which, in its judgment, bears relation to its planning. The plan shall consist of seven required elements: land use, circulation, open space, conservation, housing, safety, and noise. The plan must include a statement of development policies and a diagram or diagrams illustrating the policies.

**Goal**. A general, overall, and ultimate purpose, aim, or end toward which the City will direct effort.

**Green Building.** Green or sustainable building is the practice of creating healthier and more resource-efficient models of construction, renovation, operation, maintenance, and demolition. (US Environmental Protection Agency)

**Historic Preservation**. The preservation of historically significant structures and neighborhoods until such time as, and in order to facilitate, restoration and rehabilitation of the building(s) to a former condition.

**Historic Property.** A historic property is a structure or site that has significant historic, architectural, or cultural value.

**Household**. All those persons—related or unrelated—who occupy a single housing unit. (See "Family.")

**Housing and Community Development Department (HCD)**. The State agency that has principal responsibility for assessing, planning for, and assisting communities to meet the needs of low-and moderate-income households.

**Housing Element**. One of the seven State-mandated elements of a local general plan, it assesses the existing and projected housing needs of all economic segments of the community, identifies potential sites adequate to provide the amount and kind of housing needed, and contains adopted goals, policies, and implementation programs for the preservation, improvement, and development of housing. Under State law, Housing Elements must be updated every five years.

**Housing Payment**. For ownership housing, this is defined as the mortgage payment, property taxes, insurance and utilities. For rental housing this is defined as rent and utilities.

**Housing Ratio**. The ratio of the monthly housing payment to total gross monthly income. Also Called Payment-to-Income Ratio or Front-End Ratio.

**Housing Unit**. The place of permanent or customary abode of a person or family. A housing unit may be a single-family dwelling, a multi-family dwelling, a condominium, a modular home, a mobile home, a cooperative, or any other residential unit considered real property under State law.

**Housing and Urban Development, U.S. Department of (HUD)**. A cabinet-level department of the federal government that administers housing and community development programs.
**Implementing Policies**. The City's statements of its commitments to consistent actions.

**Implementation**. Actions, procedures, programs, or techniques that carry out policies.

**Infill Development**. The development of new housing or other buildings on scattered vacant lots in a built-up area or on new building parcels created by permitted lot splits.
**Jobs-Housing Balance**. A ratio used to describe the adequacy of the housing supply within a defined area to meet the needs of persons working within the same area. The General Plan uses ABAG's definition which is a job total equal to 1.2 times the number of housing units within the area under consideration.

**Land Use Classification**. A system for classifying and designating the appropriate use of properties.

**Live-Work Units**. Buildings or spaces within buildings that are used jointly for commercial and residential purposes where the residential use of the space is secondary or accessory to the primary use as a place of work.

**Low-Income Household**. A household with an annual income usually no greater than 51%-80% of the area median family income adjusted by household size, as determined by a survey of incomes conducted by a city or a county, or in the absence of such a survey, based on the latest available eligibility limits established by the U.S. Department of Housing and Urban Development (HUD) for the §8 housing program.

**Low-income Housing Tax Credits**. Tax reductions provided by the federal and State governments for investors in housing for low-income households.

**Manufactured Housing**. Residential structures that are constructed entirely in the factory, and which since June 15, 1976, have been regulated by the federal Manufactured Home Construction and Safety Standards Act of 1974 under the administration of the U. S. Department of Housing and Urban Development (HUD). (See "Mobile Home" and "Modular Unit.")

**Mixed-use**. Properties on which various uses, such as office, commercial, institutional, and residential, are combined in a single building or on a single site in an integrated development project with significant functional interrelationships and a coherent physical design. A "single site" may include contiguous properties.

**Moderate-income Household**. A household with an annual income usually no greater than 81%-120% of the area median family income adjusted by household size, as determined by a survey of incomes conducted by a city or a county, or in the absence of such a survey, based on the latest available eligibility limits established by the U.S. Department of Housing and Urban Development (HUD) for the Section 8 housing program.

**Monthly Housing Expense**. Total principal, interest, taxes, and insurance paid by the borrower on a monthly basis. Used with gross income to determine affordability.

**Multiple Family Building**. A detached building designed and used exclusively as a dwelling by three or more families occupying separate suites.

**Ordinance**. A law or regulation set forth and adopted by a governmental authority, usually a city or county.

**Overcrowding Housing Unit**. A housing unit in which the members of the household or group are prevented from the enjoyment of privacy because of small room size and housing size. The U.S. Bureau of Census defines an overcrowded housing unit as one which is occupied by more than one person per room.

**Parcel**. A lot or tract of land.

**Planned Unit Development (PUD)** A self-contained development, often with a mixture of housing types and densities, in which subdivision and zoning controls are applied to the project as a whole rather than to individual lots, as in most subdivisions. Densities and lot sizes are calculated for the entire development, usually permitting a trade-off between the clustering of houses and provision of common open space or other amenities.

**Planning Area**. The area directly addressed by the general plan. A city's planning area typically encompasses the city limits and potentially annexable land within its sphere of influence.

**Policy**. A specific statement of principle or of guiding actions that implies clear commitment but is not mandatory. A general direction that a governmental agency sets to follow, in order to meet its objectives before undertaking an action program. (See "Program.")

**Poverty Level**. As used by the U.S. Census, families and unrelated individuals are classified as being above or below the poverty level based on a poverty index that provides a range of income cutoffs or "poverty thresholds" varying by size of family, number of children, and age of householder. The income cutoffs are updated each year to reflect the change in the Consumer Price Index.

**Program**. An action, activity, or strategy carried out in response to adopted policy to achieve a specific goal or objective. Policies and programs establish the "who," "how" and "when" for carrying out the "what" and "where" of goals and objectives.

**Redevelop**. To demolish existing buildings; or to increase the overall floor area existing on a property; or both; irrespective of whether a change occurs in land use.

**Regional**. Pertaining to activities or economies at a scale greater than that of a single jurisdiction, and affecting a broad geographic area.

**Regional Housing Needs Assessment**. (RHNA) A quantification by ABAG of existing and projected housing need, by household income group, for all localities within a region.

**Rehabilitation**. The repair, preservation, and/or improvement of substandard housing.

**Residential**. Land designated in the General Plan and zoning ordinance for building consisting of dwelling units. May be improved, vacant, or unimproved. (See "Dwelling Unit.")
**Residential Care Facility**. A facility that provides 24-hour care and supervision to its residents.

**Residential Development Ordinance** (RDO) A policy of Gilroy to encourage a rate of growth which will not exceed the City's ability to provide adequate and efficient public services or the ability of the school district to provide adequate schools or the ability of the local economy to support such growth.

**Residential, Multiple Family**. Usually three or more dwelling units on a single site, which may be in the same or separate buildings.

**Residential, Single-Family**. A single dwelling unit on a building site.

**Retrofit**. To add materials and/or devices to an existing building or system to improve its operation, safety, or efficiency. Buildings have been retrofitted to use solar energy and to strengthen their ability to withstand earthquakes, for example.

**Rezoning**. An amendment to the map to effect a change in the nature, density, or intensity of uses allowed in a zoning district and/or on a designated parcel or land area.

**Second Unit**. A self-contained living unit, either attached to or detached from, and in addition to, the primary residential unit on a single lot. "Granny Flat" is one type of second unit.

**Section 8 Rental Assistance Program.** A federal (HUD) rent-subsidy program that is one of the main sources of federal housing assistance for low-income households. The program operates by providing "housing assistance payments" to owners, developers, and public housing agencies to make up the difference between the "Fair Market Rent" of a unit (set by HUD) and the household's contribution toward the rent, which is calculated at 30% of the household's adjusted gross monthly income (GMI). "Section 8" includes programs for new construction, existing housing, and substantial or moderate housing rehabilitation.

**Shared Living.** The occupancy of a dwelling unit by persons of more than one family in order to reduce housing expenses and provide social contact, mutual support, and assistance. Shared living facilities serving six or fewer persons are permitted in all residential districts by §1566.3 of the California Health and Safety Code.

**Single-family Dwelling, Attached.** A dwelling unit occupied or intended for occupancy by only one household that is structurally connected with at least one other such dwelling unit. (See "Townhouse.")

**Single-family Dwelling, Detached.** A dwelling unit occupied or intended for occupancy by only one household that is structurally independent from any other such dwelling unit or structure intended for residential or other use. (See "Family.")

**Single Room Occupancy (SRO).** A single room, typically 80-250 square feet, with a sink and closet, but which requires the occupant to share a communal bathroom, shower, and kitchen.

**Subsidize.** To assist by payment of a sum of money or by the granting to terms or favors that reduces the need for monetary expenditures. Housing subsidies may take the forms of mortgage interest deductions or tax credits from federal and/or state income taxes, sale or lease at less than market value of land to be used for the construction of housing, payments to supplement a minimum affordable rent, and the like.

**Substandard Housing.** Residential dwellings that, because of their physical condition, do not provide safe and sanitary housing.

**Supportive Housing.** Housing with no limit on length of stay, that is occupied by the target population as defined in California Health and Safety Code Section 53260(d), and that is linked to onsite or offsite services that assist the supportive housing resident in retaining the housing, improving his or her health status, and maximizing his or her ability to live and, when possible, work in the community. "Target population" means adults with low incomes having one or more disabilities, including mental illness, HIV or AIDS, substance abuse, or other chronic health conditions, or individuals eligible for services provided under the Lanterman Developmental Disabilities Services Act and may, among other populations, include families with children, elderly persons, young adults aging out of the foster care system, individuals exiting from institutional settings, veterans, or homeless people. [California Health and Safety Code Sections 50675.14(b) and 53260(d)]

**Target Areas**. Specifically designated sections of the community where loans and grants are made to bring about a specific outcome, such as the rehabilitation of housing affordable by very-low and low-income households.

**Tax Increment**. Additional tax revenues that result from increases in property values within a redevelopment area. State law permits the tax increment to be earmarked for redevelopment purposes but requires at least 20% to be used to increase and improve the community's supply of very low and low income housing.

**Tenure**. A housing unit is "owned" if the owner or co-owner lives in the unit, even if it is "owned only if it is mortgaged or not fully paid for. A cooperative or condominium unit is "owned only if the owner or co-owner lives in it. All other occupied units are classified as "rented," including units rented for cash rent and those occupied without payment of cash rent.

**Townhouse**. A townhouse is a dwelling unit located in a group of three (3) or more attached dwelling units with no dwelling unit located above or below another and with each dwelling unit having its own exterior entrance.

**Transitional Housing**. Shelter provided to the homeless for an extended period, often as long as 18 months, and generally integrated with other social services and counseling programs to assist in the transition to self-sufficiency through the acquisition of a stable income and permanent housing. (See "homeless" and "Emergency Shelter.")

**Undevelopable.** Specific areas where topographic, geologic, and/or superficial soil conditions indicate a significant danger to future occupants and a liability to the City are designated as "undevelopable" by the City.