



OFFICE OF THE CITY MANAGER

City of Milpitas

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October 17, 2022

California Department of Housing and Community Development
Attn: Gustavo Velasquez, Director
c/o Land Use and Planning Unit
2020 W. El Camino Ave, Suite 500
Sacramento, CA 95833

Subject: City of Milpitas 6th Cycle Draft Housing Element Submittal

Dear Mr. Velasquez:

On behalf of the City of Milpitas, I am pleased to submit the first draft of the 6th Cycle Housing Element for the years 2023-2031 for your review. Along with this cover letter, attached is the draft Housing Element, Housing Needs Assessment, Housing Constraints, Housing Resources, Review of Past Accomplishments, Future Housing Needs, Affirmatively Furthering Fair Housing, and Public Participation.

Pursuant to AB 215, the draft 2023-2031 Housing Element was made available for public comment for 30 days, from August 30, 2022, through September 30, 2022. The Housing Element public comment process also included an additional ten business days to consider and incorporate public comments. The City of Milpitas created and executed a Public Engagement Plan to ensure that community members and other stakeholders had diverse opportunities to share their opinions and participate at every stage of the Housing Element Update process. The Public Engagement Plan was utilized to ensure the City of Milpitas was proactively and broadly reaching and involving all segments of our community in developing the draft Housing Element.

We kindly request a meeting with your Department of Housing and Community Development (HCD) team to discuss any questions and preliminary comments during HCD's review. Please contact me at 408-586-3059 or Assistant City Manager Ashwini Kantak at 408-586-3053 if you have questions regarding the City of Milpitas' submittal.

Sincerely,

Steve G. McHarris
City Manager
City of Milpitas



Attachments:

- Draft 6th Cycle Housing Element
- Appendix A Housing Needs Assessment
- Appendix B Housing Constraints
- Appendix C Housing Resources
- Appendix D Review of Past Accomplishments
- Appendix E Future Housing Needs
- Appendix F Affirmatively Furthering Fair Housing
- Appendix G Public Participation



City of Milpitas

2023–2031 Housing Element

HCD Review Draft October 2022



City of Milpitas

2023-2031 Housing Element

HCD Review Draft October 2022



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We would like to thank all the businesses, organizations, and residents who were generous with their time and ideas.

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CHAPTER 1

Our Plan

Located in the Bay Area, the City of Milpitas recognizes the urgent need for increasing housing to support its diverse workforce and offer its residents of all income levels, age groups, and special needs sufficient housing opportunities and choices. The Housing Element ensures that local jurisdictions appropriately plan and provide opportunities for the private market to adequately address the housing needs of the city across diverse groups and income levels. The Housing Element also provides a coordinated strategy for producing needed housing and meets a variety of State and local community design, transportation, economic development, and sustainability values that are consistent with the recently adopted General Plan.

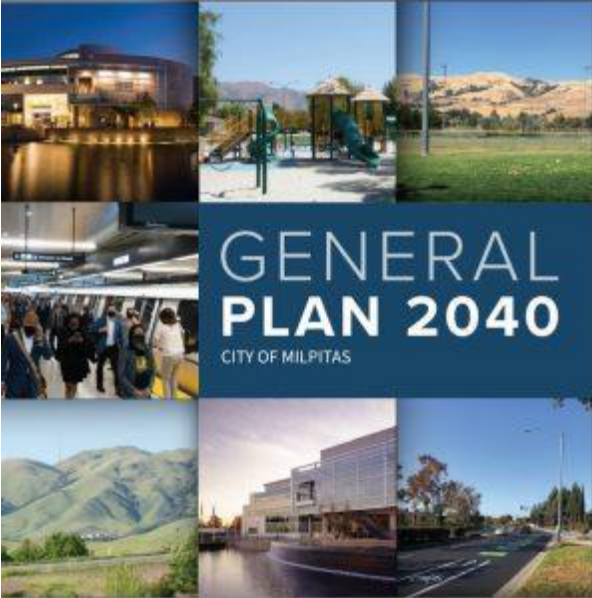
Introduction

The 6th Cycle Housing Element update comes at a critical time. The San Francisco Bay Area and Milpitas are experiencing a housing crisis. Home prices increased by 125%, and rental prices increased by over 60% during the last decade. This has placed a huge cost burden on households in Milpitas and across the region. To help meet this growing demand for housing, the City permitted more than 10,000 new housing units between 2007 and 2022, but only a relatively small percentage were permitted for lower- and moderate-income households. For this Housing Element cycle, the City must plan for over 6,700 units of new housing in the next eight years to meet future housing needs and address existing unmet needs.

“My vision for housing in Milpitas is for every person that already lives here in Milpitas to be able to afford to live here. Everyone here wants to stay in this town, but many are feeling they can’t afford it because all the homes to buy are over 1 million. Rent is \$2,500 and up starting for a one-bedroom. Many of the people that live here help the city keep their businesses going but on little wage. Many are living paycheck-to-paycheck that middle income has become unrealistic for most here.” -Survey Respondent

This Housing Element analyzes the City’s housing needs, assesses past accomplishments and fair housing practices, shows opportunities for future residential development, and addresses potential constraints to the development of housing in the city. It aims to promote and preserve housing, while furthering other goals described in the General Plan, including building vibrant and walkable neighborhoods and maintaining an equitable balance of land uses.

General Plan Integration



The City of Milpitas adopted a comprehensive update to the General Plan in March 2021. The General Plan articulates the community’s vision for future growth and is reflective of the community’s priorities and values to achieve the quality of life desired by the city’s residents and businesses.

California requires all General Plans to address eight mandatory elements: land use, transportation, conservation, noise, open space, safety, environmental justice, and housing (Gov. Code 65302). The Housing Element must be updated every eight years and must be reviewed for compliance with State law by the California Department of Housing and Community Development (HCD). The City of Milpitas’s last Housing Element was adopted in 2015 and covers the 2015-2023 housing cycle. This Housing Element covers the planning period 2023-2031.

General Plan Vision

Through an extensive community process, the General Plan established a shared vision for the future.

In 2040, Milpitas is a safe, diverse, and equitable city with ample opportunities for all residents to live, work and play. The city offers a full range of diverse attainable housing, transportation and employment opportunities. The city celebrates its cultural diversity and is a healthy community with a thriving business environment, well maintained infrastructure, excellent schools and amenities connected by a network of transit options, trails and paths. The community is prosperous and fiscally sound and offers a balanced mix of land uses that offer high quality shopping and entertainment opportunities that serve neighborhoods, and also capitalizes on high wage employment growth opportunities in the Silicon Valley.

Through its policies and program, the Housing Element aims to support and further that vision for attainable housing to maintain a diverse and equitable city.

Relationship to Other General Plan Elements

The Housing Element is one of the eight mandatory elements of the City's General Plan. The City's recently adopted General Plan includes the following eleven elements:

1. Land Use
2. Circulation
3. Community Design
4. Economic Development
5. Conservation & Sustainability
6. Utilities & Community Services
7. Safety
8. Noise
9. Parks, Recreation & Open Space
10. Community Health & Wellness
11. Implementation

This Housing Element builds upon the existing General Plan and is consistent with its goals and policies. The sites identified towards meeting the future housing needs of the city are generally consistent with the areas of housing growth identified in the General Plan and the Land Use element. In the event an element of the General Plan is amended, the City will consider the impacts of the amendment on the other elements to maintain consistency across all documents.



Housing Element Organization

The following describes the City of Milpitas 2023-2031 Housing Element organization.

Chapter 1: Our Plan describes the relationship between the Housing Element and the General Plan and the Housing Element organization, including the technical appendices.

Chapter 2: Our Conversation illustrates the variety of community engagement activities that include virtual workshops, online surveys, pop-up events, stakeholder and focus group meetings, and City Council and Planning Commission meetings.

Chapter 3: Our Story highlights our past accomplishments, profiles the demographic and socio-economic characteristics of the

community, and describes existing constraints to housing in the city.

Chapter 4: Our Future Housing Needs details the Regional Housing Needs Allocation (RHNA) and shows the adequate sites to meet the RHNA.

Chapter 5: Our Housing Plan provides the goals, policies, and programs to meet current and future housing needs, support various housing types for all income groups, remove constraints to housing, conserve and improve existing housing, and promote fair housing opportunities.

KEY TERMS

- **Affirmatively Furthering Fair Housing.** Meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics.
- **Affirmative Marketing.** Affirmative marketing consists of actions to provide information and otherwise attract eligible persons in the housing market area to the available housing without regard to race, color, national origin, sex, religion, familial status, or disability.
- **Constraints.** Barriers to building housing.
 - **Governmental constraints** are barriers to building housing that the City can exercise some control over.
 - **Nongovernmental constraints** are barriers to building housing that the City has less control over but can sometimes influence.
- **Housing Cost Burden.** Housing is considered affordable if the cost is no more than 30% of a household's income. Thirty percent is considered a reasonable threshold for households to be able to afford other expenses, such as transportation, healthcare, groceries, and utilities.
- **Reasonable Accommodation.** A "reasonable accommodation" is a change to a rule, policy, practice, or service that may be necessary for a person with a disability to have an equal opportunity to use and enjoy a dwelling, including public and common use spaces
- **Regional Housing Needs Allocation.** A projection of the total amount of housing units needed over time to accommodate households at different income levels within a city, county, or region.
- **Site Inventory.** An inventory of land suitable for residential development, including vacant sites and sites having the potential for redevelopment, and an analysis of the relationship of zoning and public facilities and services to these sites.

Appendices

All the data analyses and technical research that supported Housing Element preparation are included as appendices.

APPENDIX A: HOUSING NEEDS ASSESSMENT

This chapter reviews the existing and projected housing needs of the community and provides an overview of socio-demographic information, such as population characteristics, household information, housing stock, tenure, and housing affordability. The assessment also considers special housing needs for seniors, farmworkers, homeless, large households, and female-headed households.

APPENDIX B: HOUSING CONSTRAINTS

Housing Constraints analyzes governmental and non-governmental impediments to housing production across all income levels. It is foundational to policies and programs included in the Housing Plan to overcome some of these identified barriers.

APPENDIX C: HOUSING RESOURCES

Housing Resources analyzes the infrastructural, financial, and administrative resources available to the city to realize the housing programs.

APPENDIX D: REVIEW OF PAST ACCOMPLISHMENTS

This chapter reviews the results and progress of past housing programs adopted in the previous

5th Cycle Housing Element. It compares the stated outcomes with actual results and informs the programs in the current Housing Plan.

APPENDIX E: FUTURE HOUSING NEEDS

Future Housing Needs supplies the detailed inventory of sites shown in the city that are suitable for residential development within the 6th Cycle planning period. It defines the assumptions and the methods used to meet the RHNA.

APPENDIX F: AFFIRMATIVELY FURTHERING FAIR HOUSING

This chapter analyzes the sites identified in the Future Housing Needs inventory through the lens of fair housing, including integration and segregation, racially or ethnically concentrated areas of poverty, disparities in access to opportunity, and disproportionate housing needs.

APPENDIX G: PUBLIC ENGAGEMENT AND INPUT

The Public Engagement and Input chapter summarizes the community engagement process and the results of engagement activities that informed the Housing Element.

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The background of the page is a blue-tinted architectural rendering of a modern urban environment. It features a multi-story building with a glass facade on the left and a more solid, dark-colored building on the right. In the foreground, there is a landscaped area with various plants and a paved walkway. Several people are depicted: a man and a woman walking, a person pushing a stroller, a child on a scooter, and a person riding a bicycle. A white car is partially visible in the bottom left corner. The overall scene suggests a vibrant, walkable community.

CHAPTER 2

Our Conversation

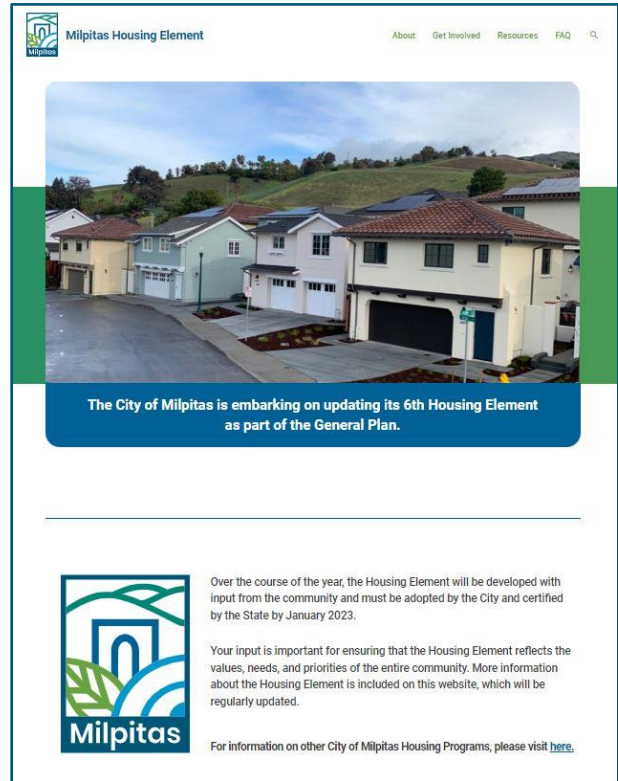
The City of Milpitas understands how crucial community input is in understanding and addressing housing needs through its Housing Element Update process. Community members—residents, businesses, visitors, and others alike—offer unique knowledge, perspectives, and experiences navigating housing in the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

This chapter describes the community engagement activities and the key themes heard during the process. For a more detailed summary of the outreach process and how it guided the development of the goals, programs, and the selection of sites contained in the 6th Cycle Housing Element, see Appendix G: Public Engagement and Input.

Community Engagement Activities

The community engagement strategy included a multifaceted approach to ensure participation of a wide range of stakeholders and community groups. Community engagement opportunities included virtual community workshops, in-person pop-up events, online surveys, stakeholder meetings and focus groups, presentations to various community groups, and public meetings with the Housing Subcommittee, City Council, and Planning Commission.

The Housing Element Update process builds on the thorough community engagement process that the City of Milpitas undertook in its multi-year General Plan Update. Additionally, the City has been engaging the community in recent planning process like the updates to the two specific plans and the Housing Opportunity Zone (HOZ) where conversations related to housing in the city served as a guide to inform the Housing Element Update process and outcomes.



>1,400
webpage visits

15
community engagement
events

31
stakeholders interviewed

96
meeting participants

268
survey participants

COUNTYWIDE OUTREACH EFFORTS

The City participated in the Santa Clara County Planning Collaborative (Collaborative) meetings through the Housing Element update process to discuss and address the region's housing challenges. The meetings provided guidance on HCD requirements, timeline for the 6th Cycle Housing Element update, and how to engage with representatives in each jurisdiction. The Collaborative collected data from all jurisdictions in the County and shared resources that helped gauge Milpitas' performance and showcase best practices from other cities. The Collaborative was especially useful to acknowledge the developmental constraints faced by the region as whole such as high construction costs and shortage of labor and resources.

PROJECT WEBSITE

The City created a dedicated project website (milpitashousingelement.com) to disseminate information regarding the Housing Element update process. The website included an overview of the project, timeline, frequently asked questions, links to related planning resources, contact information for the project team, and a sign-up link for the project mailing list. The website was regularly updated throughout the update process to include announcements of upcoming events and publish results and summaries of past events. The website also enabled language translation and space to provide direct feedback. Between March 6, 2022, and July 10, 2022, the website had received a total of 651 visits and 405 unique visitors.

STAKEHOLDER MEETINGS

The City held a series of virtual interviews with a broad range of stakeholders to obtain input on the Housing Element Update. The stakeholder interviews included a brief overview of the Housing Element process, followed by a guided discussion focused on encouraging stakeholders to provide thoughts on housing needs and priorities in Milpitas. The stakeholder

groups included youth groups, market-rate housing developers, non-profit developers, local business owners, council members, and members of community organizations. In total, the consultant team and city staff conducted 12 interviews with 31 attendees. The team also conducted a series of interviews with environmental justice and fair housing groups specifically geared toward Affirmatively Furthering Fair Housing.

ONLINE SURVEYS

Three web-based surveys were distributed to solicit information from the community at various stages of the housing element update process. The first survey included questions related to housing issues and priorities, the second survey asked preferred housing locations and housing programs, and the third coincided with the release of the plan. The survey was available in English, Mandarin, Spanish, and Vietnamese. The City received over 250 responses to the two surveys.

COMMUNITY WORKSHOPS

The team hosted three virtual community workshops at different stages of the Housing Element Update process. Each workshop included a brief presentation of the Housing Element work update followed by small-group discussions in breakout rooms to hear from the community members. The workshops featured live translation services in Mandarin, Spanish, and Vietnamese. The sessions were recorded and uploaded to the website for those who could not attend.

The workshops were attended by about 100 members of the community along with several City staff members and members of the consultant team.

As part of the Milpitas Gateway-Main Street Specific Plan Update, the City also hosted three virtual Community Conversations about the revitalization of Main Street, and the session held on May 27, 2021, was specifically about housing. There were 86 registrants for the online

meeting, and the video recording received 48 views on Facebook Live and 14 views on YouTube.

POP-UP EVENTS

The team held four pop-up events, including at the Great Mall and Main Library, to distribute flyers, talk to residents about the Housing Element Update process and collect input on housing needs, locations, and programs. The pop-up event venues were selected to engage community members that might not otherwise participate in the community workshops. The pop-up events also provided the unique opportunity to engage with residents in-person, as all the workshops had to be held virtually due to the COVID-19 Pandemic.

COMMUNITY DEVELOPMENT ROUNDTABLE

The City of Milpitas hosts a Community Development Roundtable every month to connect with key developers to provide relevant local and regional legislative updates, exchange process improvement ideas, and share information on specific activities and steps the City is taking to improve their service delivery. The Housing Element team participated in three of the Community Roundtable discussions, in March, June and September, to share updates and gather feedback on constraints, the sites inventory, and housing goals and programs.

HOUSING SUBCOMMITTEE, PLANNING COMMISSION, AND CITY COUNCIL

The Milpitas City Council and Housing Subcommittee addressed the Housing Element Update during meetings held on June 6, August 22, and September 20, 2022, and the Planning Commission on August 31, 2022. During the City Council meetings, City staff and the consultant team provided information to the City Council and the general public on the Housing Element Update process and requirements. City staff and the consultant team responded to questions and received feedback and direction from the Council. The City Council meetings provided an opportunity for appointed and elected officials and for the general public to comment on the Housing Element Update. City Council meetings were held in a hybrid format due to COVID-19 restrictions. The September 20 meeting included Vietnamese interpretation.

FLYERS AND SOCIAL MEDIA

The City used its social media channels (Nextdoor, Facebook, Twitter) and newsletters to disseminate information throughout the duration of the housing element update process. This included, for example, notice of upcoming meetings, invitations to participate in the survey, and links to recordings of virtual meetings. The City also handed out flyers in-person to certain communities and at pop-up and other events hosted by the City.

Summary of Community Engagement

The following section summarizes highlights from each phase of the community engagement process. The Housing Programs include details about additional programs added and/or modified based on community conversation.

Outreach Process and Results

To ensure that there was overall representation throughout the Housing Element Update process, the team developed a comprehensive outreach strategy, which is explained in more detail in Appendix G. In terms of direct community engagement, the toolkit included:

- Project website
- Social media channels
- Electronic and printed newsletters
- Email listservs
- Community meetings/workshops
- Pop-up events at different locations across the city
- Stakeholder interviews

While we did not get a representative sample of the Milpitas community in each event, these different engagement activities combined allowed the City to gain a fuller representation of the Milpitas community. Particularly, the following activities helped the City reach community members, or representatives of specific groups, who have not traditionally been represented in planning processes, and achieve more inclusive and representative results.

SURVEYS

The first survey was offered in three different languages in addition to English: Vietnamese, Chinese simplified, and Spanish. Surveys can be successful in reaching diverse populations because they provide convenient access to information that people can complete on their own time. To ensure inclusivity, the team also printed out surveys to complete in person and distributed them at the library, community and senior centers, and pop-up events.

For both surveys #1 and 2, more than half of respondents self-identified as Asian or Asian American. For Survey #3, it was about a third. For survey #1, about 20% of respondents considered themselves to be a person with a disability (e.g., hearing, sight, physical, mental).

STAKEHOLDER INTERVIEWS

Stakeholder interviews provide a unique opportunity to listen more in depth and intently to stakeholders who represent and/or advocate for groups that have not traditionally been included and elevated in the planning process, such as the unhoused, low-income households, youth and families, and in the case of Milpitas's non-white demographic groups, the Hispanic/Latinx and Asian/Asian American populations. A

full list of these organizations can be found in Appendix G. The City also received and incorporated comments from Housing Choices, an organization that helps people with developmental and other disabilities secure a home, in the Housing Programs.

POP-UP EVENTS

The City hosted four pop-up events at different locations across the city to meet people where they were. The team selected locations, such as the Main Library and Great Mall Farmers' Market, which attract a diversity of groups, especially the elderly, families with children, and young people. The team interacted and heard directly from these diverse groups during the pop-up events and reflected their input in this Draft.

Phase 1: Housing Assets, Issues, and Opportunities

In this phase, the City aimed to identify and better understand the City's main housing assets, issues, and opportunities by directly hearing from a diversity of community members, ranging from advocates to developers to business owners. Through a combination of surveys, workshops, stakeholder meetings, and other forms of outreach, community members expressed several key housing successes, weaknesses, and opportunities that are summarized by themes below.

HIGH COST OF HOUSING

Across the board, we heard that the cost of housing is too high and is becoming increasingly unaffordable to many people, including young families who are looking to move into their first place and instead encounter a limited supply of suitable affordable housing for both renting and buying. Wages, on the other hand, are unable to keep up with the fast rise of housing cost.

People expressed the following:

"Rent is too expensive (more than 50% of my paycheck) and buying real estate is unattainable for average working people because cost/demand is so high, and supply is so low."

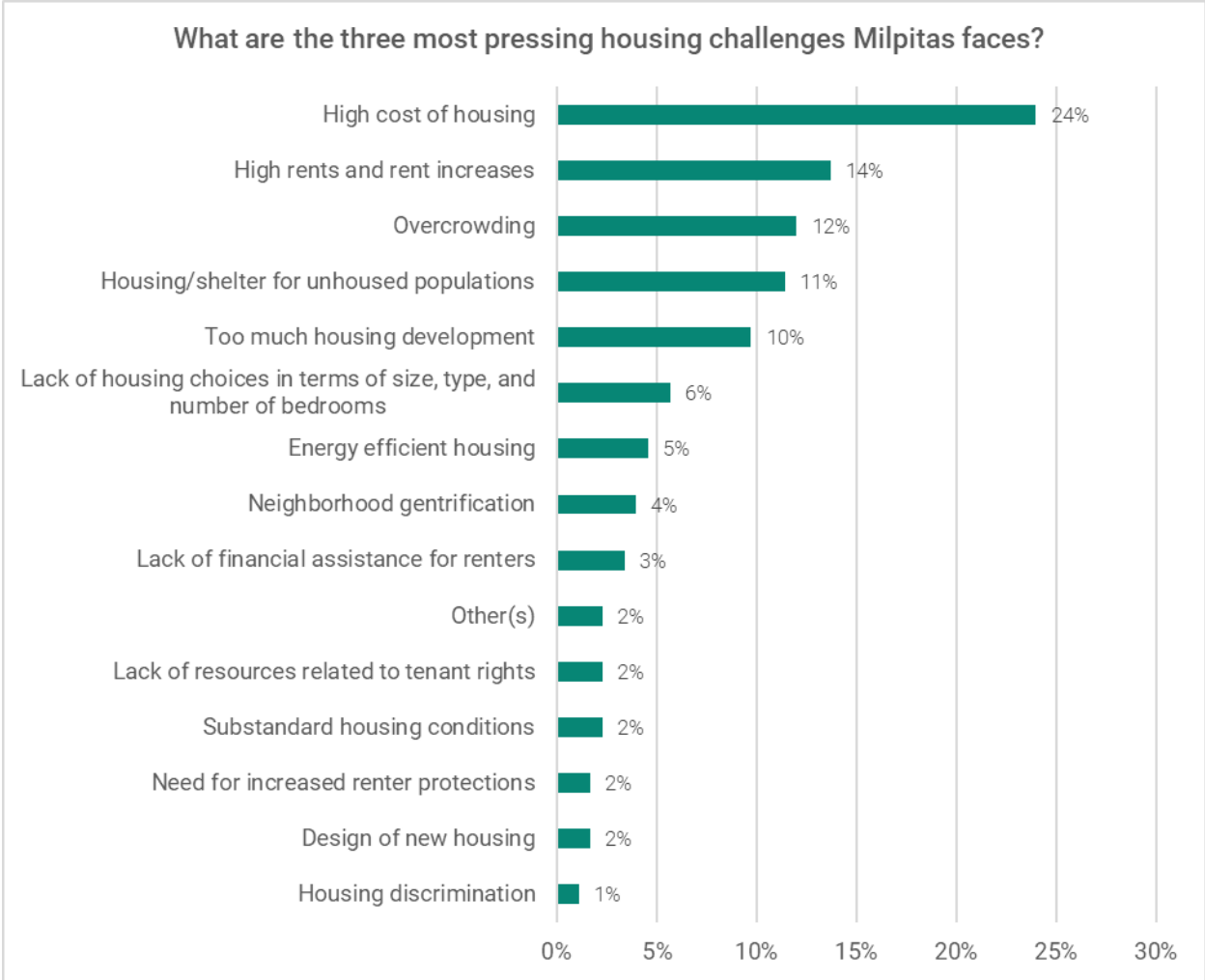
"The lack of single-family housing has brought up the price of everything making it unaffordable for the younger generation to live in the Bay Area."

"My child decided not to relocate back to Milpitas but to buy elsewhere as it so expensive here."

"Three different people or families with different incomes will all live in the same house to be able to afford it. If one of these people or families slips, they can be in a serious problem."

In Survey #1, respondents identified both high cost of housing and high rents as the top housing challenges facing the city (Figure 2.1).

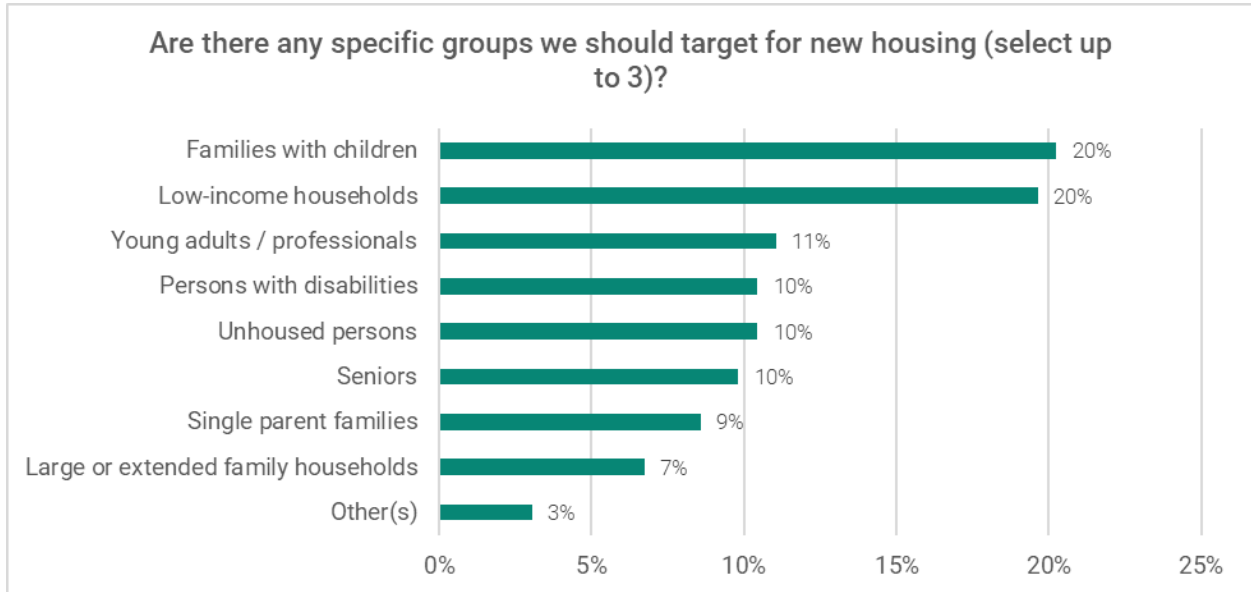
FIGURE 1: SURVEY #1 QUESTION: “WHAT ARE THE THREE MOST PRESSING HOUSING CHALLENGES MILPITAS FACES?”



SPECIAL NEEDS HOUSING

Community members shared the need for more supportive housing that is affordable and accessible specifically to essential workers, such as teachers, and to people with fixed income and specific needs, such as families with children, the elderly, extremely low-income households, and people with disabilities. Figure 2.2 summarizes respondents’ answers to Survey #1’s question: “Are there any specific groups we should target for new housing?”

FIGURE 2: SURVEY #1 QUESTION: “ARE THERE ANY SPECIFIC GROUPS WE SHOULD TARGET FOR NEW HOUSING (SELECT UP TO 3)?”



The following quotes from community members encompass the resounding sentiment for more affordable and accessible housing for groups with special needs.

“Rent is going in the sky, [I] cannot afford [a] separate room for special need kid. Waiting for Milpitas city housing for 10 years but no support.”

“Rent costs have increased and made Milpitas a city that is not affordable to live in for teachers.”

“[I hope] that people with disabilities and low income will be able to afford housing that is safe and comfortable for them to have long term security.”

AFFORDABLE HOUSING

Affordable housing was top of mind for a diversity of community members. Across the board, community members want more affordable housing of all types. They also noted that it is equally as important to preserve affordable housing as it is to build new one.

People also highlighted its connection to the homelessness issue. They called for this issue to be addressed more holistically by collaborating regionally, providing financial assistance for housing and related costs, and having a shelter and soup kitchen in the city.

The following quote speaks to people’s frustration with rents that are not truly affordable for a growing number of households.

“[We need] low-income housing and not \$3,000-\$5,000 per month but rent on a sliding scale 1/3 of applicant’s income.”

MIXED-USE DEVELOPMENT

In interviews and workshops, there was an overwhelming interest in integrating compatible land uses by situating housing above shops in commercial areas such as Town Center and along Main Street.

As this quote points out, Milpitas already has successful examples, and it could learn from them to promote more mixed-use development across the City.

“The Trader Joe’s parking garage is a good example of this type of development [...] Encourage more of this type of development. Supermarkets are a great place for redevelopment in a mixed-use way.”

BALANCE GROWTH

As Milpitas continues to grow and develop new housing, community members signaled for a balance in growth. The City should balance this growth with other needs, such as preserving neighborhood character and beauty, including views of the hills, and improving and expanding crucial infrastructure.

“Our city infrastructure cannot keep up with the ramp up in housing that decreases quality of life.”

“I lived in different neighborhoods and housing communities in Milpitas over the last eight years, but my biggest concern is not having enough safe community facilities like parks and play areas for kids.”

SUCSESSES

Despite the housing challenges facing Milpitas, community members also highlighted housing successes in the City. They spoke about successes relating to legislative and other city measures that improve the development process for new housing production and that address the homelessness issue head on. They also highlighted that, despite the acute need for affordable housing, the City has taken measures to preserve and expand affordable housing, such as in Sunnyhills and near transit-connected areas.

In their own words, community members shared:

“Milpitas has done a good job tapping into county bonds, including for Sango Courts, and utilizing land opportunities to tap into the County’s Measure A.”

“The City’s homeless prevention emergency rental assistance program helped it process requests.”

“ADU policy is allowing for more affordable housing to be built citywide.”

“It’s been encouraging to see more developers move away from feeing out of building affordable units and actually building them. This is good because the fees do not always translate to those units being built later on.”

Phase 2: Housing Locations and Programs

The purpose of Phase 2 was to share information and receive feedback about the City’s proposed housing locations, existing programs, and proposed new housing programs and policy ideas. Like Phase 1, the City used a range of engagement and outreach activities, including surveys, workshops, and pop-up events, to hear directly from a diversity of community members. Below is a summary of the main housing location and program ideas that community members shared.

HOUSING LOCATIONS

During Workshop #2, participants were asked to complete the two following prompts:

- 1) New housing should be near...
- 2) New housing should be kept away from...

For the first prompt, most people recommended that housing should be near transportation and commercial areas with shops and grocery stores. More generally, community members also mentioned the following across distinct types of engagement activities:

- Walkable and safe neighborhoods
- Amenities such as parks, medical facilities, community centers, and city services

For the second prompt, participants said that new housing locations should be kept away from hillsides, landfills, and the freeway as well as other busy/noisy intersections.

PRELIMINARY SITES INVENTORY MAP

In response to the preliminary Sites Inventory map, community members noted that it was good that new proposed housing locations would be near transit and main roads. But they cautioned that some of the areas where these new housing developments are being proposed are already overcrowded, and that housing should be more equally distributed across the city.

On this last point, community members shared the following comments:

“Housing should be distributed across communities, especially those that are high opportunity areas with access to amenities, rather than concentrated in a few select areas of the City.”

“Consider high resource areas that don’t have high-density housing built or proposed to be built yet.”

HOUSING PROGRAMS

Community members shared their thoughts and reactions to existing housing programs and also proposed new ones within the following categories:

DIVERSE HOUSING PRODUCTION

- Senate Bill 9 (lot consolidation) implementation:

“Consider switching single-family housing to more dense housing if homeowners are interested.”

“Consolidating lots can help distribute new housing development in residential areas.”

- Zoning changes:
 - Adjust to allow for higher density unit development
 - Create an affordable housing overlay zone that exceeds the state density bonuses
- Housing types:
 - Infill housing
 - Mid-size housing development
 - Small houses
 - Housing with integrated EV charging station

HOUSING AFFORDABILITY

- Affordable Housing Ordinance:
 - Update to not allow in lieu fees
- Consider measures such as:
 - Other housing models, e.g., community land trusts, public housing or cooperatives
 - Expanding first-time homebuyers’ program
 - An ordinance for rent-to-own homes
 - Rent registry to track increasing rents

SPECIAL NEEDS HOUSING

- Rent reduction for 24-hour caregivers
- Temporary housing for unhoused residents

FAIR HOUSING

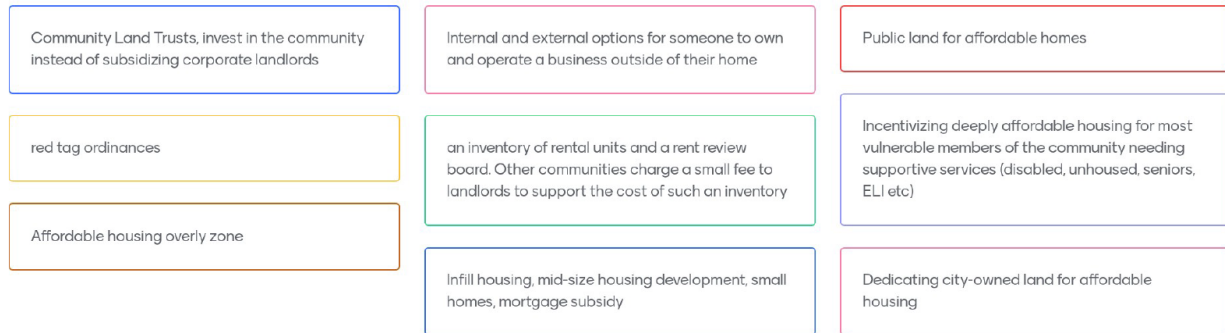
- Educational programs and outreach on wage discrimination, reasonable accommodation, and affirmative marketing to organizations serving people with disability

HOUSING PRESERVATION

- Educational and counseling programs for tenants
- State programs

FIGURE 3: SAMPLE OF RESPONSES TO THE QUESTION “WHAT ARE OTHER IDEAS FOR HOUSING POLICIES OR PROGRAMS THAT THE CITY SHOULD EXPLORE IN ITS HOUSING ELEMENT?” FROM WORKSHOP #2

What are other ideas for housing policies or programs that the City should explore in its Housing Element? Mentimeter



Phase 3: Draft Housing Element Review

The third and final phase of community engagement for the 6th Cycle Housing Element was the Draft Housing Element Review. The purpose of this phase was to provide the public with ample time to review and provide feedback on the draft, particularly on Housing Programs and how best to prioritize them. The draft was the first opportunity for community members to see all of their input to date integrated with the technical and policy analysis. The team actively listened to community members and ensured that the draft of the Housing Element was reflective of their voices before submitting the document for HCD review.

Below is a summary of the main community feedback provided on the prioritization of housing programs by theme.

HOUSING PROGRAMS BY THEME

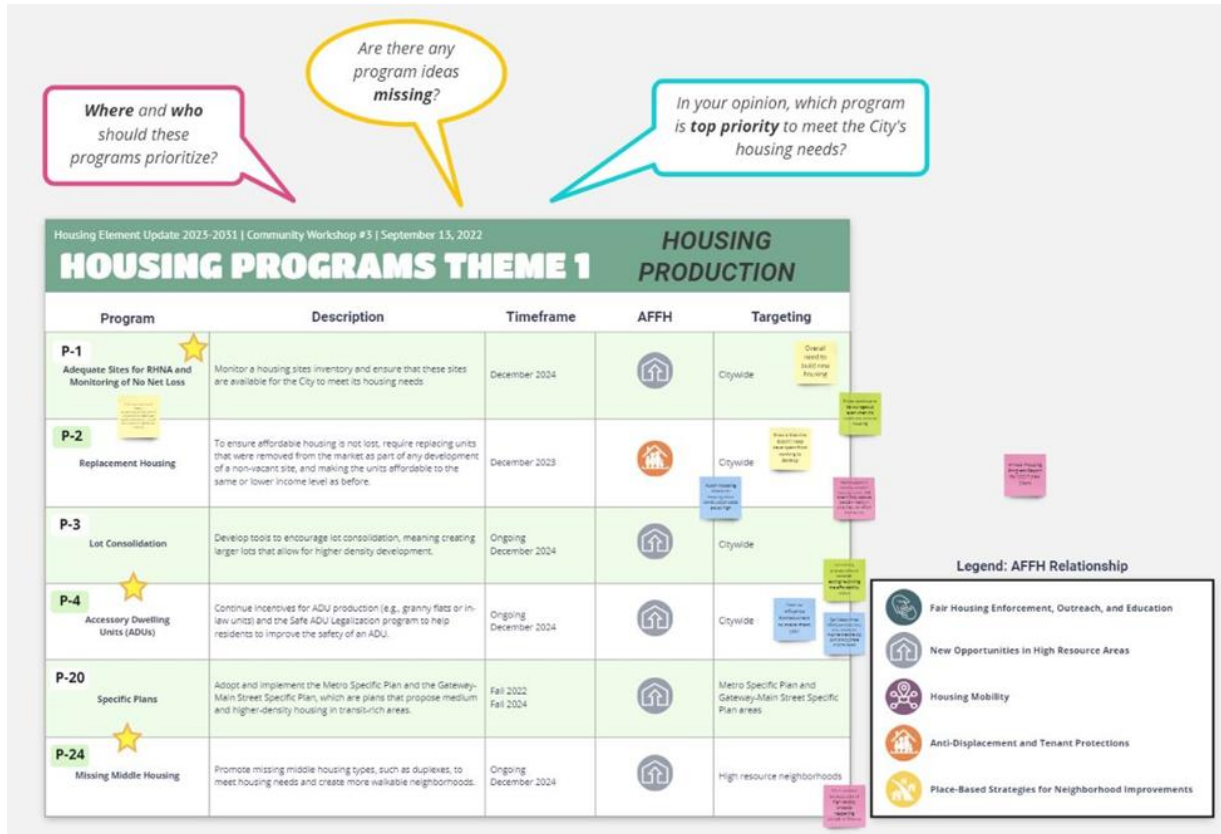
HOUSING PRODUCTION

- The City of Milpitas needs new housing of all types and for all income levels, but community members felt that it should focus particularly on families, young adults, low-income households, and people with disabilities. In terms of location for this new housing:

“The City should prioritize fair housing and teacher housing particularly in City- and County owned land (such as parking lots).”

- Construction costs continue to go up, and so continue to be a major constraint for new housing development.

FIGURE 4: EXAMPLE OF BOARD RESPONSES FOR THE HOUSING PRODUCTION THEME FROM WORKSHOP #3



HOUSING PRESERVATION

- Rehabilitation and remodeling are opportunities for seniors to age in place, and for upgrading multifamily units, especially for low-income households and persons with disabilities, which need more energy efficient housing that is resistant to climate change.
- A key way to ensure these improvements happen is through code enforcement. Through an open-ended question on a survey, a community members suggested that:

“Using code enforcement as a stick to force housing providers to make improvements in habitable conditions would also be a good idea.”

HOUSING DIVERSITY & AFFORDABILITY

- The entire City should be prioritized for housing programs under this theme. The City should ensure that these diverse housing opportunities are affordable in particular to families with children, low-income households, and young adults.

“Overall, the City needs to build new housing of all types. Prices continue to be outrageous even when it’s moderate-income housing.”

- Program 19 (Below Market Rate Housing):

"It helps assist very low-, low-, and moderate-income earners to become homeowners in this wonderful city."

FAIR HOUSING

- Similar to the Housing Diversity and Affordability theme, community members shared that the City should focus on implementing Fair Housing programs citywide and prioritize low-income households and families with children.
- Related to displacement:

"It helps assist very low-, low-, and moderate-income earners to become homeowners in this wonderful city."

- In regard to the Rent Review Ordinance, some community members raised the following issue in a workshop:

"The Rent Review Ordinance is missing teeth; it is only voluntary follow-through."

HOUSING FOR SPECIAL NEEDS POPULATION

- For this program theme, community members also expressed that it should be applied citywide, and that it should focus particularly on low-income households, families with children, and single parent families."

"The City needs to prioritize large units specifically for families."

- During a workshop open discussion, several community members raised opportunities for the City to collaborate with other parties.

"[The City] could collaborate with the Office of Supportive Housing to find funding sources beyond Measure A, and with San Andreas Regional Center, to provide more housing opportunities for people with disabilities."

Our Story

Over the past eight years, the City took significant steps to meet our housing needs through the implementation of housing programs to support the unhoused population, provision of housing to benefit special needs populations, adoption of an Affordable Housing Ordinance, and reduction of housing constraints. As the community continues to grow, Milpitas's housing needs continue to evolve as do the conditions and barriers to housing.

This section summarizes our past accomplishments since the 5th Cycle Housing Element, describes our evolving housing needs, and highlights current constraints to housing production to be addressed in this Housing Element. More detail analysis for each of these topics, including housing resources, can be found in Technical Appendices A-D.



Our Past Accomplishments

During the past eight-years, Milpitas has implemented numerous programs and initiatives to incentivize housing production, assist residents in paying their rent during the COVID-19 Pandemic, facilitate production of supportive and transitional housing, and assist the unhoused population. This section describes our housing program accomplishments from the 5th Cycle Housing Element. A detailed assessment of the past accomplishments is included in Appendix D and links the 5th Cycle programs to the proposed 6th Cycle programs.



5th Cycle Housing Goals

The City of Milpitas adopted its 5th Cycle Housing Element for the 2015-2023 period in April 2015 to assist the City in planning for housing for all diverse groups. The 2015-2023 Housing Element policies and programs are grouped under six major goals:

- **Goal A: Provide Adequate Sites.** Maintain adequate sites to accommodate the City's share of the regional housing need, including sites that are appropriate for the development of housing affordable to very low-, low-, moderate- and above moderate-income households.
- **Goal B: Maintain and Preserve Housing Resources.** Maintain high-quality residential neighborhoods and preserve existing housing resources, including units affordable to extremely low-, very low-, low-, and moderate-income households and market rate units.
- **Goal C: Facilitate New Housing Production.** Promote new housing development and remove public infrastructure constraints to new housing development.
- **Goal D: Support Housing Diversity and Affordability.** Support the development of a diverse range of housing types, including rental and ownership units, housing affordable to all economic segments of the community, and housing for individuals with special housing needs.
- **Goal E: Eliminate Housing Discrimination.** Ensure equal housing opportunity for all households and equal access to the City's housing resources.
- **Goal F: Promote Energy Conservation.** Promote energy efficiency in residential development in Milpitas, including reduction of energy use through better design and construction in individual homes and energy-efficient urban design.

5th Cycle Housing Program Implementation

Each goal had a set of supporting policies and corresponding implementation programs. The City has made significant progress in implementing the programs identified in the 2015-2023 Housing Element. Some of Milpitas' major housing accomplishments during the 2015-2023 period include:

PROVIDE ADEQUATE SITES AND FACILITE NEW HOUSING PRODUCTION

- The City identified areas for redesignation for either greater residential densities or mixed uses that allow residential in the 2021 General Plan Update.
- As of 2022, the City is in the process of updating the Metro (TASP) and Gateway-Main Street (Midtown) Specific Plans with new design guidelines, densities, and land use designations. The Metro Plan is expected to be completed and adopted by winter 2022, and the adoption of the Gateway-Main Street Specific Plan is expected in late 2023.
- The City is also preparing Objective Design Standards for residential and mixed-use developments to establish clear and implementable design criteria to facilitate housing production. The City expects to adopt the Objective Design Standards before the end of 2022.
- City adopted a local ordinance in early 2022 to address Senate Bill 9 and published resources on the [website](#) to support property owners.

MAINTAIN AND PRESERVE HOUSING RESOURCES

- The City continues to assist very low- and low-income owner households through the Housing Rehabilitation Program with support from Rebuilding Together Silicon Valley and CDBG funds.
- In 2022, the owner indicated its intention to renew the HUD Section 8 contract for the 149 units at-risk of conversion to market rate at Sunnyhills Apartments for an additional five years.
- The City created a Zoning Administrative Hearing process to streamline review and approval of minor developmental projects, including the renovation and enlargement of single-family homes.
- The City established the Milpitas Rent Relief Program in 2019 to provide short-term assistance and prevent displacement of residents. To date, the program has assisted over 100 households and 300 Milpitas residents.
- The City's Public Works Utility Engineering Division completed new master plans for water, sewer, and stormwater along with an all-utility financial master plan in January 2021. These master plans will inform the City's financial master plan. The City began drafting the financial master plan in January 2022.

SUPPORT HOUSING DIVERSITY AND AFFORDABILITY

- In 2018, the City of Milpitas passed Ordinance 297, establishing a 15% inclusionary housing requirement on any new development project of 10 units or more to build. Development projects must provide at least 15% of the total units as affordable or pay a fee in lieu of building the units at the discretion of the City Council. In 2022, the City amended administrative guidelines to assist with implementation and is exploring additional ways to encourage on-site compliance rather than in-lieu fees. Based on pipeline development projects, the City anticipates the construction of approximately 300 new affordable units over the next few years. These will be built as stand-alone affordable housing and as mixed-income housing in compliance with the City's on-site inclusionary ordinance.

Highlight: Accessory Dwelling Unit Program

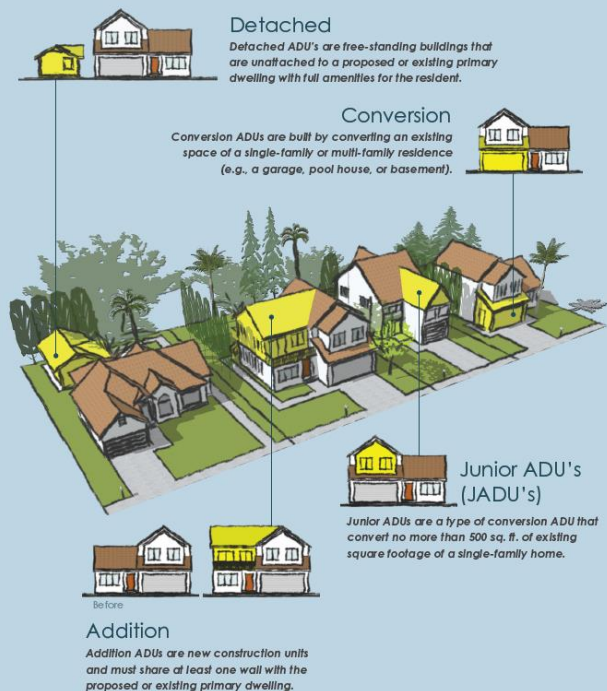
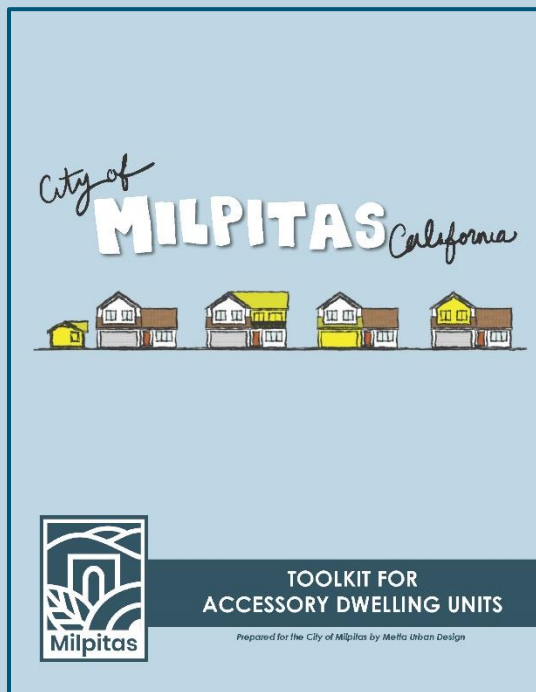
Milpitas launched an Accessory Dwelling Unit (ADU) Incentive Program to encourage residents to obtain ADU permits to ensure that new ADUs and existing but unpermitted ADUs are compliant with building codes and meet health and safety standards. ADU Incentive Program provides funds to cover permit costs which average \$5,000 per ADU, helping to provide more housing, foster economic growth through increased construction activity, and enhance property values.

The Milpitas Planning Department has also implemented the following online tools to streamline the ADU permitting process by providing detailed information to residents:

The [Development Review Handbook](#) provides a step-by-step explanation of the City's permitting process, the roles and responsibilities of all participants, and an introduction to planning and zoning. The Handbook will be used as a manual to train staff and educate decision-makers, applicants, developers, and residents about how cities review development projects.

The [ADU Toolkit](#) guides and inspires homeowners through a full-service review to facilitate ADU production. The Toolkit relies on illustrations and user-friendly guides to untangle the ADU permitting requirements and process to help homeowners navigate the complex changes to ADU regulations in recent years.

[Symbium Build](#) is a web based, ADU visualization tool that allows homeowners to determine where an ADU can be located on their property based on the City's requirements. The City partnered with Symbium, a leader in tech-law software, to implement their program. This tool allows homeowners to design their own ADUs and produce reports with a summary of regulations and development constraints.



Highlight: Safe ADU Legalization Program

Milpitas launched a Safe ADU Legalization Program to encourage and help residents to legalize and improve the safety of an accessory dwelling unit (ADU) or junior accessory dwelling unit (JADU) by converting a garage, other rooms or existing structures, or building a new ADU structure without obtaining permits.



City of Milpitas Safe ADU Legalization Program ROADMAP TO A SAFE ADU

STEP ONE



Safe ADU Checklist

Fill out the checklist to find answers to most questions that will help you to assess if the program will work for you. Please note that prior to engaging with the City and committing to legalization of your unit, you should consult with qualified reliable sources in determining the costs of necessary improvements to legalize the unit.

STEP TWO



Consultation with the Program Coordinator.

To help assist the coordinator to give you the best possible answers to your questions, please have the checklist completed before contacting the coordinator. You will not be asked for name or address until you are ready to proceed with Step 3, scheduling the required initial courtesy inspection by the Building Safety department. If you agree to proceed to Step 3 and schedule an inspection, then the coordinator will request that you forward a copy of your checklist.

STEP THREE



Initial Courtesy Inspection (no fee)

This inspection will include examination of the conversion or addition, photographic documentation, and write-up of a detailed report that includes any discrepancies. This report will be made available to you.

STEP FOUR



Hire a Design Professional.

This person will prepare your construction plans for a building permit application. The plans should be prepared following instructions in Legalization of Unpermitted Converted Accessory Dwelling Units (ADU).

STEP FIVE



Obtain Permit, Start Work, Request Inspections.

Once you have received your permit, you can proceed with the work as given under the permit.



SUPPORT HOUSING DIVERSITY AND AFFORDABILITY CONTINUED

- The City of Milpitas has been working closely with developers and the County of Santa Clara to secure Measure A funds to help build affordable housing. One such project, 355 Sango Court, a 100% affordable housing project was entitled in 2018 and will lead to the construction of 101 deeply affordable rental units. Another project, 308 Sango Court is a 100% affordable housing project in the city currently under construction. In addition, the City facilitated the conversion of 1380-1400 South Main Street from market-rate housing to 100 percent affordable housing.
- In 2020, the City endorsed the County's 2020-2025 Community Plan to End Homelessness and two Councilmembers served on the County's Unhoused Task Force. The City implemented mobile shower and laundry service in Milpitas (through WeHOPE), and homeless street outreach, assessment, and case management services in partnership with the County's Office of Supportive Housing Homeless Engagement and Assessment Team (HEAT).
- The City created a Homelessness Task Force which convened in 2021 to explore longer-term solutions to address homelessness. The Task Force held multiple meetings that culminated with a report to the City Council in 2022 on recommendations to transition unhoused individuals and households from homelessness to stable housing and self-sufficiency. The City Council directed staff to evaluate the feasibility of establishing a low barrier navigation center in the City, specifically a "tiny home village," patterned after similar facilities in the region.
- The City is undergoing a Zoning Code Update (Housing Element Program 21, expected to be complete by 2024) to reflect 2021 General Plan Land Use designations changes and 6th Cycle Housing Element programs, including changes to State Density Bonus Law, AB 2162 (Supportive Housing), AB 139 (Emergency Shelters), and AB 101 (Low Barrier Navigation Centers), and more.

ELIMINATE HOUSING DISCRIMINATION

- In 2019, the City awarded Project Sentinel a \$50,000 contract to administer the Milpitas Rent Review Ordinance. The program helps tenants and landlords resolve rent increase disputes, prohibits discrimination based on a tenant's source of income, and prohibits landlord retaliation. The City also extended support for COVID-19 related rent relief/reduction services through negotiations with tenants, property owner, mortgage holder, and mediators.
- The City used CDBG funding allocated through the CARES Act funding to provide rent relief to prevent homelessness and to prevent further spread of COVID-19 among vulnerable populations. Milpitas received federal dollars due to the higher risk of eviction in this area.

PROMOTE ENERGY CONSERVATION

- The City of Milpitas implemented its first Milpitas Assistance Program (MAP) which provides low-income residents subsidy for Recreation and Community Services programs, water utilities bill discounts, and reduction of building permit fees from Building Safety and Housing for replacement of a water heater, furnace, or air conditioner. MAP has served approximately 700 households since its launched in November 2019. On average, about 350 households are active in the program at any given time. The City also implemented a Residential Building Incentive Program (RBIP) that provides discounts on building permit fees for installation of solar photovoltaic, thermal systems, and energy-efficient water heaters. In 2019-2020, 444 permits were issued to households under this program.

Progress Towards Meeting the Regional Housing Needs Allocation

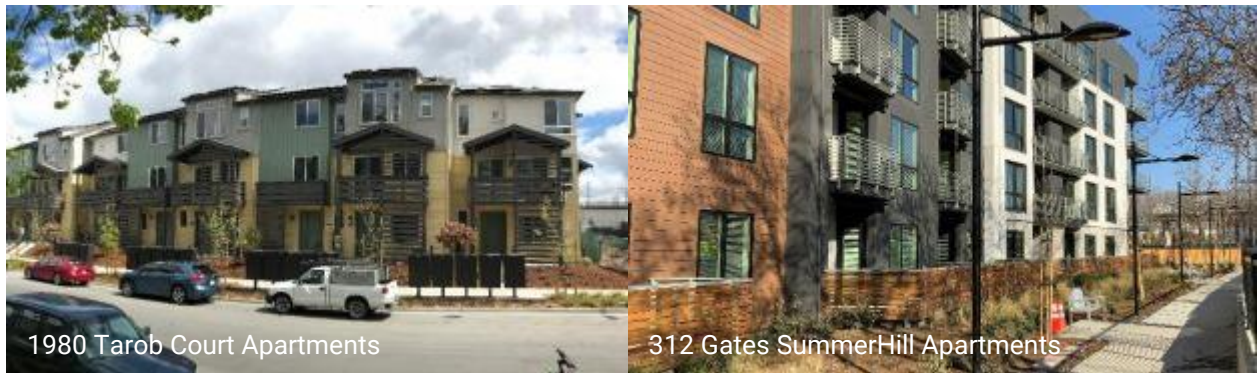
Since the start of the 5th Housing Element Cycle through the end of 2021, 2,758 housing units were constructed in Milpitas. While the City has permitted double the number of units needed to meet the above moderate-income RHNA, it has not issued sufficient permits to meet the goal in the moderate- and lower-income categories. These numbers reflect the challenges faced in building housing for low- and moderate-income categories with limited financial resources and higher dependence on market forces.

TABLE 1: HOUSING UNIT CONSTRUCTION COMPARED TO RHNA DURING THE 5TH CYCLE

	Very Low-Income Units	Low Income Units	Moderate Income Units	Above Mod Income Units	Total Units
RHNA (2025-2023)	1,004	570	565	1,151	3,290
City Accomplishment: Total Units to Date (2021)	243	20	13	2,758	3,034
Percentage of RHNA	24.2%	3.5%	2.3%	239.6%	

Source: 2022 Annual Progress Report

To overcome these challenges and respond to the demand for creating more affordable housing, the City adopted the Affordable Housing Ordinance in 2018. Along with other incentives detailed in this Housing Element, the City is expecting to see an increase in number of affordable units in upcoming development applications during the 6th Cycle period.



Our Community Needs

Demographic characteristics and trends influence housing demand and housing needs. This section provides a summary of the housing needs in the City of Milpitas. A detailed assessment of housing needs is included in Appendix A.

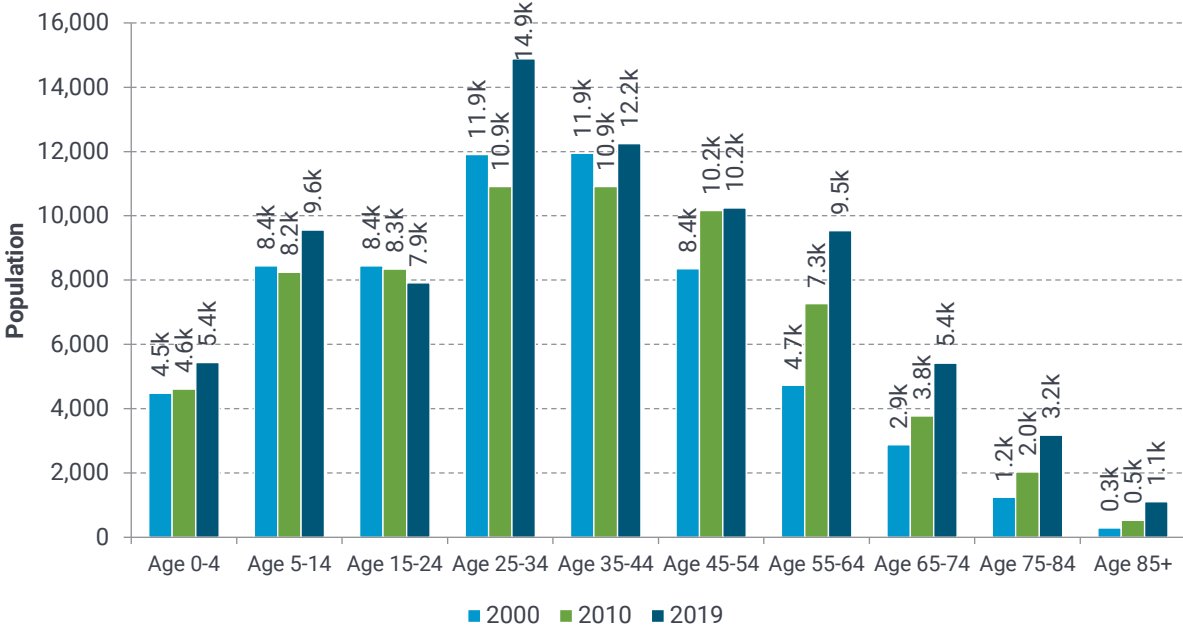
Milpitas has seen steady growth over the last several decades.

The City added over 11,000 new people between 2010 and 2020. Milpitas experienced a faster growth rate of 17% compared to the County’s growth rate of 9% and the Bay Area’s growth rate of 9% percent. Even during the COVID-19 Pandemic, when much of the Bay Area and Santa Clara County lost population, the city continued to grow, reaching a population of nearly 81,000 people in 2022. The General Plan anticipates that the city will house approximately 113,000 people in 2040.

The share of population 65 and older increased by almost 50 percent between 2010 and 2020.

In Milpitas, the median age in 2000 was 32.6; by 2019, this figure had increased, to around 36 years. In 2019, Milpitas’s youth population under the age of 18 was 17,171 and senior population 65 and older was 9,700. These age groups represent 22% and 12%, respectively, of Milpitas’s population. The large increase in the older age groups from 2010 to 2019 indicates a potential need for more smaller units, senior housing, and assisted living facilities in the future.

FIGURE 5: POPULATION BY AGE, 2000-2019

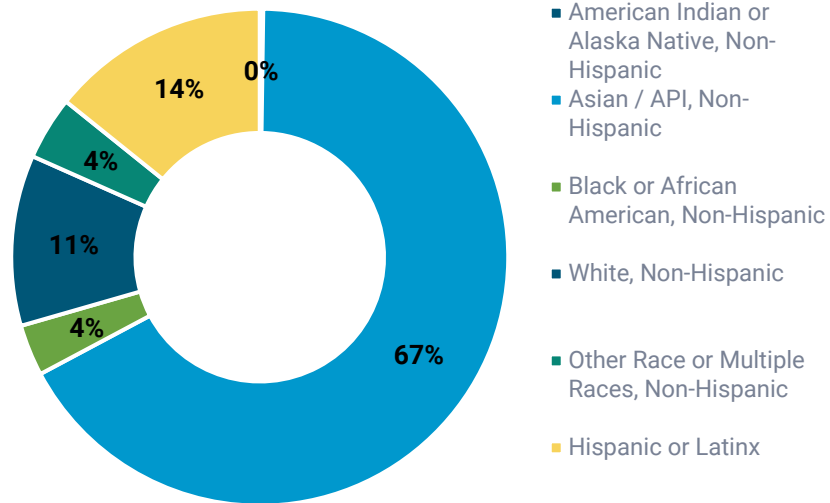


Source: U.S. Census Bureau, Census 2000 SF1, Table P12; U.S. Census Bureau, Census 2010 SF1, Table P12; U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B01001

Milpitas has continued to become more racially diverse.

Since 2000, the percentage of residents in Milpitas identifying as White alone has decreased, while the percentage of residents of all other races and ethnicities has increased by 14%, with the 2019 population standing at 8,834. The Asian/Asian Pacific Islander (API), Non-Hispanic population increased the most while the White, Non-Hispanic population decreased the most.

FIGURE 6: POPULATION BY RACE, 2000-2019



Source: U.S. Census Bureau, Census 2000, Table P004; U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B03002

Santa Clara County has experienced rapid growth in high-paying employment opportunities, especially in the technology industry, leading to an increased demand for housing in the region.

Employment trends in a region can have a significant impact on housing needs. Housing development, however, has not kept pace with population growth and demographic changes. Between 2002 and 2018, the number of jobs in Milpitas increased by 29%, while housing units increased by 25%.

+29%
increase in jobs
from 2002 to 2018

Milpitas has more low-wage jobs than low-wage residents (where low-wage refers to jobs paying less than \$25,000). At the other end of the wage spectrum, the city has more high-wage jobs than high-wage residents (where high-wage refers to jobs paying more than \$75,000). This shows that Milpitas needs to add a wide range of housing types to meet the needs of its workforce.

The number of households in Milpitas has been increasing since 2000, up to 23,595 households in 2019.

The number of households from 2010 to 2019 increased by 19%—almost double the rate from 2010. Household size helps indicate the type of units needed in a jurisdiction. The larger the household size, the larger the unit needed to comfortably live without risk of overcrowding. In 2019, the average household

size in Milpitas was 3.3 persons, slightly larger than the County and state average of 3.0 persons per household. Milpitas has a slightly lower number of two-person households than Santa Clara County, which stands at 31%. It also has slightly lower proportions of one-person households. The household size distribution in Milpitas indicates that a range of unit sizes are needed in the city to meet the needs of different household sizes.

23,595

households in 2019

+19%

increase in households from
2010 to 2019

3.3

persons per household

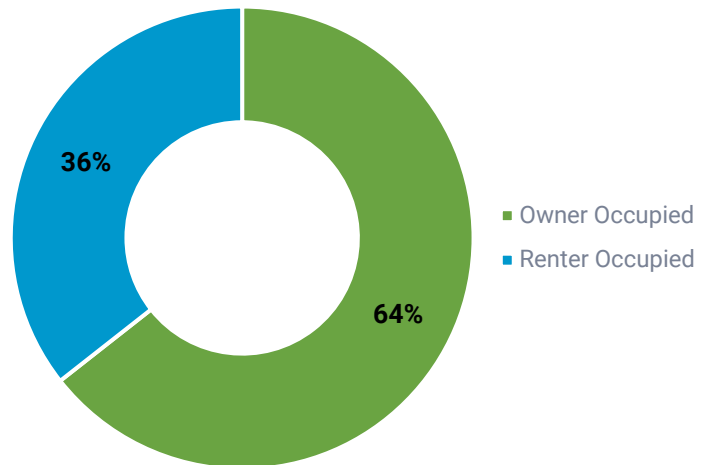
Source: US Census 2000, 2010. ACS 5-Year Estimates Data, 2019

Of the 23,595 estimated households in Milpitas, 64% are owner occupied and 36% are renter occupied.

This is a significantly higher proportion of owner-occupied than the rate in the County, in which 47% of the units are owner occupied and 43% of units are renter occupied. The number of residents who own their homes compared to those who rent their homes can help identify the level of housing insecurity (the ability for individuals to stay in their homes) in a city and region. Generally, renters may experience higher risk of displacement due to market pressures.

Just under 59% of households in Milpitas are above the median income in the area, compared to only 58% of households in Santa Clara County.

FIGURE 7: HOUSING TENURE, 2019



Source: U.S. Census Bureau, Census 2000, Table P004; U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B03002

As of 2022, Milpitas had 25,183 housing units, an increase of 27%, from 2010.

In 2022, a considerable proportion of the housing stock in Milpitas is single-family homes (70%). This is a little higher than the County rate of 61%. Twenty-eight percent of the housing stock in Milpitas is multifamily, compared to 36% of Santa Clara County housing stock. Between 2010 and 2022, the number of multi-family units, however, increased slightly more than single-family units in the city.

+5,296

increase in total housing units
from 2010 to 2022

+2,647

increase in single family
attached and detached housing
units from 2010 to 2022

+2,655

increase in multi-family housing
units from 2010 to 2022

Source: State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties and the State – January 1, 2021-2022. Sacramento, California, May 2022.

In the Bay Area, the costs of housing have long been among the highest in the nation and have risen rapidly in the last decade.

The average home value in Milpitas was estimated at \$1,129,180 by December of 2020. The largest proportion of homes were valued between \$750,000 and \$1,000,000. By comparison, the typical home value is \$1,290,970 in Santa Clara County and \$1,077,230 the Bay Area.

Median sales prices across California increased rapidly during 2021, partially due to effects from the COVID-19 Pandemic. As of December 2021, the median home sale price in Milpitas was \$1,352,271. Milpitas experienced an 18% increase in median sales price from December 2020 to December 2021.

Households spending more than 30 percent of their income, including utilities, are generally considered to be overpaying or “cost burdened.” Severe overpaying occurs when households pay 50 percent or more of their gross income for housing. Renters are often more cost-burdened than owners. While the housing market has resulted in home prices increasing dramatically, homeowners often have mortgages with fixed rates, whereas renters are more likely to be impacted by market increases. In Milpitas, nearly two times the percentage of renters are cost burdened as compared to homeowners.

+125%

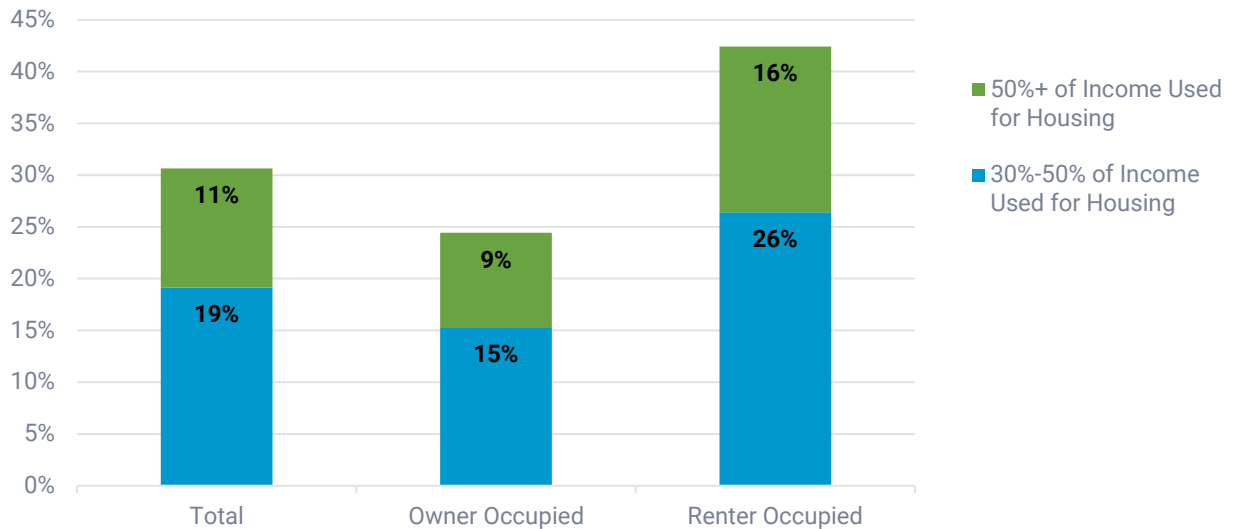
increase in home prices
from 2010 to 2020

+62%

increase in rental prices
from 2009 to 2019

Source: Zillow

FIGURE 8: COST BURDEN BY TENURE, 2019



Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B25070, B25091

More than 5,000 people in Milpitas have a disability, and more than 100 people were experiencing homelessness in 2019.

Some populations have special needs when it comes to housing, including accessibility requirements, size, and proximity to employment. Identifying the prevalence of these populations within the city, and their special needs, guides the creation of programs and types of housing development. People often belong to more than one of these groups.

5,546

people with disabilities in 2019, 7% of the population

125

people experiencing homelessness in 2019, <1% of the population

101

farmworkers in 2019, <1% of the population

1,328

single householders over age 65, 6% of the households

3,557

large households in 2019, 15% of the households

2,447

female-headed households in 2019, 10% of the households

2,579

extremely low-income households in 2019, 10% of the households

Sources: 2014-2018 HUD CHAS data, ACS 5-Year Data Estimates, 2019

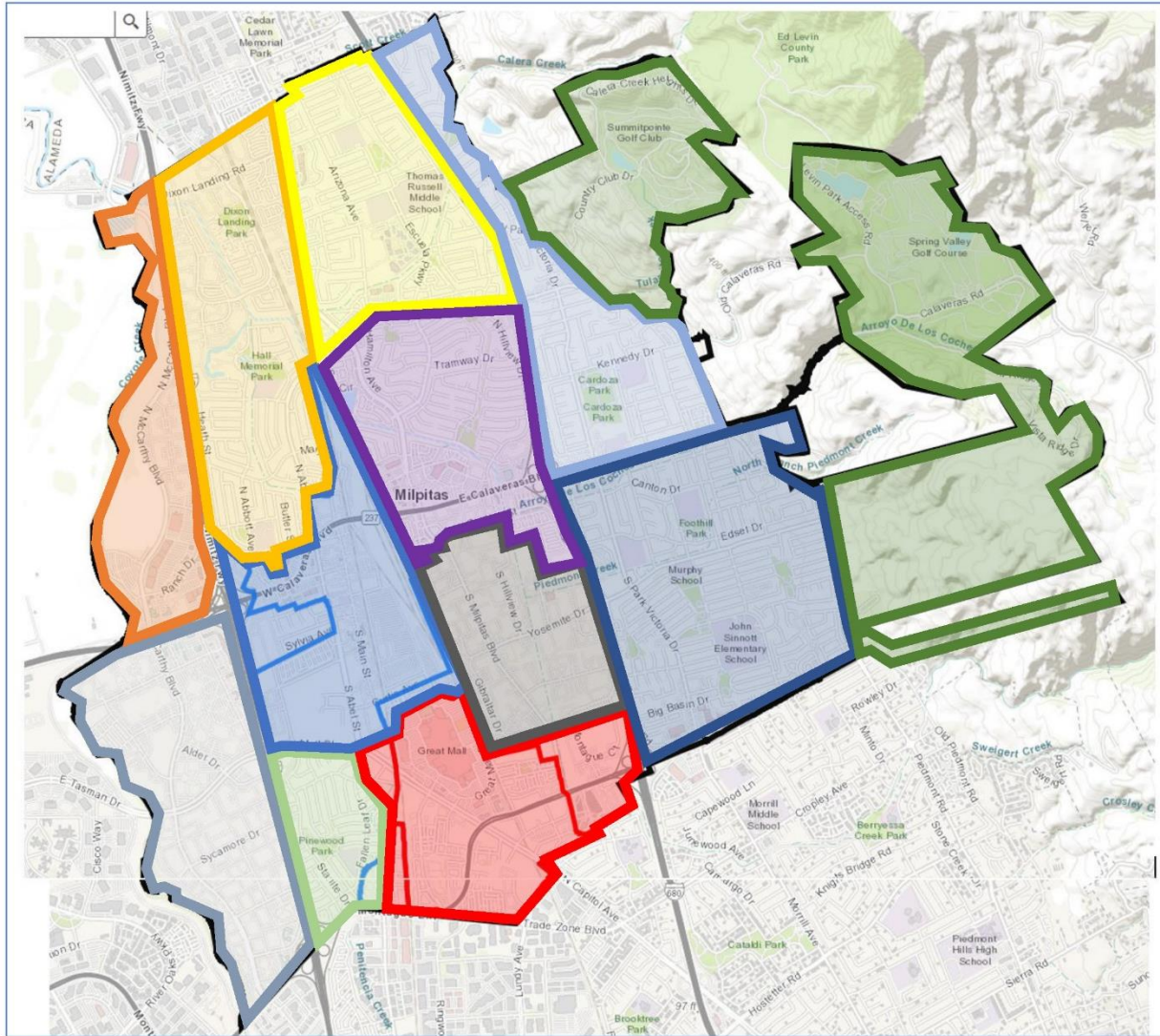
Our Neighborhoods













Milpitas contains a series of neighborhoods with unique qualities and characteristics as shown in Figure 9. The following generally describes the neighborhoods which are referenced later in the Housing Plan.

- **McCarthy Ranch.** Major commercial center with retail, restaurants, and entertainment uses; office parks and large industrial buildings, including three Amazon distribution centers. Does not include any housing units.
- **Southwest Employment Area.** Office parks, commercial strip centers, hotels; two high-density multi-family developments (one existing- Cerano and one approved- 600 Barber Lane).
- **North Abbot Avenue.** Mature residential area; commercial/light industrial uses around California Circle; mix of established single-family home and medium density apartments, townhomes, condominiums.
- **Milpitas Gateway-Main Street Specific Plan Area.** Major commercial corridors and historic Main Street with smaller retail; mix of medium and higher density residential; institutional (County jail).
- **The Pines.** Mature residential neighborhood with mix of single-family homes and duplexes.
- **Milpitas Metro Specific Plan Area.** Mix of medium and higher-density residential and commercial uses; Transit rich neighborhood with VTA light-rail and BART access; emerging mixed-use; Great Mall; future employment area.
- **Sunnyhills.** Historic, integrated neighborhood first developed in conjunction with the Ford factory; mature single-family residential neighborhoods; small-scale retail strip centers.
- **Town Center.** Civic Center, major retail centers on Calaveras; mix of mature single-family neighborhoods and newer medium-density homes and townhomes.
- **South Milpitas Boulevard. Industrial Area.** The City's last remaining area zoned for heavy industrial uses; includes a mix of technology/light industrial/ and commercial uses; no residential units.
- **North Park Victoria-Kennedy.** Well-established mature single-family neighborhoods; some medium-density apartments on Calaveras.
- **South Park Victoria-Yosemite.** Well-established mature single-family neighborhoods; some medium-density apartments on Calaveras; commercial on Landess Ave.
- **Hillside Area.** Pockets of luxury homes on golf courses, scattered single-family homes on large lots. Strict development restrictions per local voter initiative (Measure K) in 2016.



FIGURE 9: MILPITAS NEIGHBORHOODS MAP



- | | |
|---|---|
|  McCarthy Ranch |  Sunnyhills |
|  Southwest Employment Area |  Town Center |
|  North Abbott Ave |  M2 Industrial Area |
|  Calaveras Gateway- Main St. |  North Park Victoria – Kennedy Dr. |
|  The Pines |  South Park Victoria – Yosemite Dr |
|  Milpitas Metro Area |  Hillside Area |

Housing Constraints

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

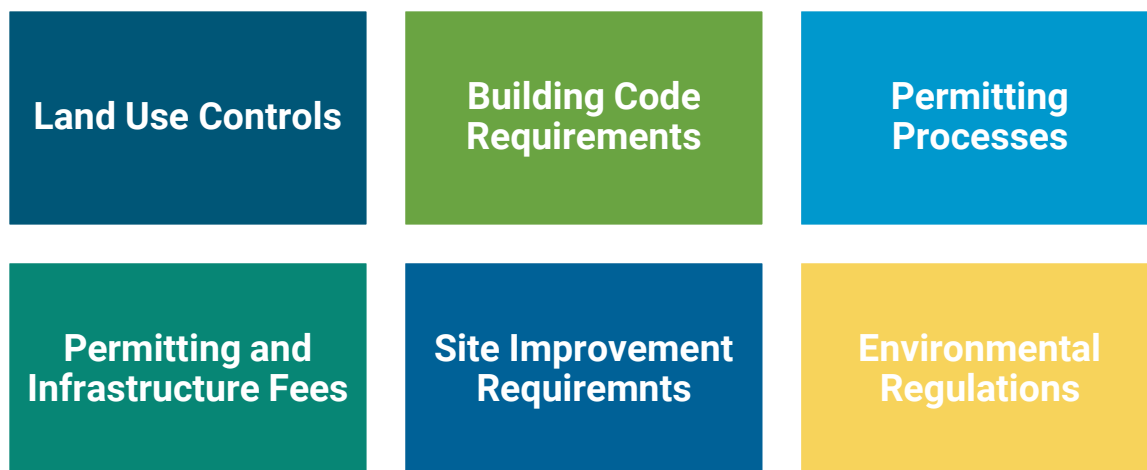
- Completing a comprehensive update to the City’s General Plan and Land Use Element and creating new mixed-use zones.
- Updating the Milpitas Metro Specific Plan and Milpitas Gateway-Main Street Specific Plan to support higher residential densities and building heights in locations adjacent to high quality transit.
- Adopting an inclusionary housing ordinance (Affordable Housing Ordinance); and amending it to encourage more on-site construction of affordable units.
- Adopting Zoning Ordinance amendments to address changes in State Law related to Accessory Dwelling Units, Two-Unit Developments (SB9), and Objective Design Standards (SB330).

Nonetheless, constraints on the production of housing continue to exist. The City continues to identify and develop solutions to those issues. A detailed assessment of housing constraints is included in Appendix B. The following section briefly highlights some of those constraints and their connection to specific 6th Cycle Housing Element programs.

Governmental Constraints

Governmental constraints are impediments to producing housing that the City can exert some control over through regulatory changes and process improvements.

FIGURE 10: EXAMPLES OF GOVERNMENTAL CONSTRAINTS TO HOUSING PRODUCTION



LAND USE CONTROLS

Examples of governmental constraints identified in Milpitas include the following:

- **General Plan Land Use Designations.** Overall, these designations do not pose a significant constraint to residential development in Milpitas, but the Town Center (TWC) and Neighborhood Commercial Mixed Use (NCMU) designations may be revised to better support housing production. The TWC and NCMU districts aim to create vibrant mixed-use places and require a minimum amount of commercial development with residential uses. The commercial requirement may impede redevelopment of parcels in these zones with housing uses. Housing Element Program 15, an on-going program, analyzes these issues and anticipates making recommendations and Zoning Ordinance amendments in 2023.
- **Zoning Ordinance.** The Zoning Ordinance has not been comprehensively updated to ensure consistency with the 2021 General Plan. The City will undertake a comprehensive Zoning Ordinance update starting in 2023 which is expected to be completed and adopted by 2024. Housing Element Program 21 calls for reviewing and amending the Zoning Ordinance to address the following:
 - Constraint to residential development for the Town Center (TC) and Neighborhood Commercial Mixed Use (NCMU) Zoning Districts being addressed in Program 15.
 - In terms of parking, the parking standards in the overlay zones and the Metro Plan area do not act as a constraint to housing or affordable production. Most of the new housing development is expected to occur in these areas of the city. Outside of these areas, however, minimum parking standards are comparatively higher and may act as a constraint to housing. The City will adopt updated parking standards as part of the Zoning Ordinance update, including removing parking minimums consistent with AB 2097.
 - The City of Milpitas' Density Bonus Ordinance (DBO) was adopted in 2008 and needs to be updated to comply with the State Density Bonus law (SDBL). Currently, in case of inconsistencies, the DBO defers to the SDBL.
 - The City's zoning ordinance does not currently comply with State laws such as AB 2162 (Supportive Housing); AB 139 (Emergency Shelters), and AB 101 (Low Barrier Navigation Centers).
 - The City is finalizing Objective Design Standards for multi-family and mixed-use residential development. It is anticipated that these will be adopted in late 2022.

DEVELOPMENT PROCESSING PROCEDURES AND TIMING

Standardized and transparent project review and streamlined permit processing are critical steps to assist the development of housing projects in the city. Recognizing that delays due to permitting can lead to increased project costs which can serve as a constraint to housing production and affordability, in 2019, the City completed a study to evaluate the development review and permitting process, implementing a number of actions to improve internal processes.

In Milpitas, provided the project is consistent with the City's General Plan, Zoning Ordinance, or any applicable specific plan, simple projects' planning application permit reviews are estimated to take about one month. For complex projects, without CEQA requirements, the planning permit review process can take up to six months and with CEQA can take more than twelve months. Milpitas's review and approval timelines are similar to average times taken by other jurisdictions in Santa Clara County and do not pose a significant constraint.

Many factors outside of the local jurisdiction's control can constrain the timing between project approval and when the developer requests building permits. Potential reasons for a delay between these milestones include inability to secure financing for construction or availability of design professionals to

complete construction documents or make corrections. The average time between project entitlement and building permit issuance is about six months.

Nonetheless, streamlining the permitting and approval processes further can assist developers and property owners interested in developing housing in Milpitas. Through Housing Element Program 21 and other programs, the City will continue to identify way to improve the project review and permitting process, including for consistency with State laws such as AB 2234.

DEVELOPMENT FEES

Local governments collect fees from new developments to cover administrative costs and to provide improved infrastructure to serve the residents of that development. These payments are required upfront during the plan review period. The City does provide fee deferrals for projects that provide on-site affordable housing units. Housing Programs 16 and 20 include actions to explore fee deferrals and waivers for affordable housing production.

Compared to other cities in Santa Clara County, Milpitas has higher fees per unit for single- and multi-family developments. Milpitas has the highest Entitlement Fees in the County for single-family developments and high impact fees for multi-family developments located within the Metro Specific Plan area. The average impact fee per unit for a multi-family project in the Metro Plan area is \$48,500. This includes the Transit Area Development Impact fee (TADIF) which applies to a limited area for new infrastructure and public amenities, such as streets, sidewalks, bridges, public utilities, public trails, and parkland (and is inclusive of the Park-in Lieu Fee) – amenities needed to support the vision for a vibrant neighborhood. The typical impact fee per unit in other parts of the city would be \$29,064 for traffic impacts and parks. The Park-in Lieu Fee makes up 99% of impact fees outside of the Metro Plan area.

Non-Governmental Constraints

COST AND AVAILABILITY OF LAND

The cost of land is a significant contributor to the overall cost of housing. Land values fluctuate with market conditions and have generally been increasing since the Great Recession. Santa Clara County averages \$508 per square foot for a small single-family unit and \$264 per square ft for a large single-family unit. As for multi-family developments, the average for Santa Clara County is about \$60,000 per unit.¹

In addition to zoning land at densities that help to reduce housing costs, Milpitas has facilitated residential development by providing City-owned land to residential developers at no cost. In 2013, Milpitas gave 5.94 acres to the developer of a senior housing project on Main Street, which is planned for 389 units, 48 of which will be affordable to lower-income households. Phase 2 of Senior Lifestyles is slated to develop 190 senior units, with 38 affordable senior units. Depending largely on the outcome of the Redevelopment Successor Agency's disposition agreement with the State, Milpitas may be able to

¹ Raetz, H., Forscher, T., Kneebone, E., & Reid, C. (2020). (rep.). *The Hard Costs of Construction: Recent Trends in Labor and Materials Costs for Apartment Buildings in California*. Berkeley, CA: University of California.

provide affordable housing developers with additional sites that were formerly controlled by the City's Redevelopment Agency to at low or no cost in the future.

CONSTRUCTION COSTS

The cost of construction, including labor and materials, has a significant impact on the overall cost of new housing units and can be a significant constraint to development. According to a report by the Turner Center for Housing Innovation construction costs for apartment buildings in the Bay Area are the highest in the State and have increased more dramatically than costs statewide. According to the Report, construction costs for apartment buildings in the Bay Area averaged \$380 per square foot in 2018, compared to about \$225 per square foot statewide. Higher wages for construction related jobs in the Bay Area, along with a lack of construction workers that can afford to live in the region due to the high cost of living, may contribute to higher costs in the region.²

Construction costs vary substantially depending on product type, building design, and the quality of finishes, and construction costs are often considerably higher for custom or luxury-quality housing units. On a per-square-foot basis, construction costs for multifamily residential units tend to be slightly higher than construction costs for single-family homes. In 2021, average construction costs ranged from approximately \$260 per square foot for a mid-rise, seven-story multifamily project to approximately \$300 for a twelve-story, high-rise multifamily residential project in Milpitas. Assuming an average unit size of 1,200 square feet (including common areas), these estimates result in construction costs ranging from approximately \$312,000 to \$360,000 per unit in Milpitas. In addition to the cost of unit construction, parking adds substantial additional costs to multifamily construction, which vary considerably based on the type of parking provided. Structured parking can average \$30,000 or more per space, while underground parking can cost \$40,000 per space or substantially more.³

The high land and development costs in Milpitas mean that, without subsidies, new rental units affordable to very low and low-income households are difficult to provide at a feasible rate of return to a developer or investor. This also tends to hold true for for-sale housing at the moderate-income level. The City has attempted to address this issue by working with the developers of two innovative townhome projects that include separate ADUs on the ground floor –one approved and one under review. Both are located within half-mile of the Milpitas Transit Center and include two bicycle parking spaces (under the stairs) for each ADU rather than a vehicle parking space.

MORTGAGE AND REHABILITATION FINANCING

The City of Milpitas does not vary greatly from other communities regarding the availability of home financing. In 2020, 69% of conventional purchase loan applications were approved, and 10 percent were denied. The denial rate was highest for home improvement loans at 33%.

In a housing market such as Milpitas, the down payment requirement may be a greater obstacle to homeownership for many households. As of March 2022, Redfin estimate, average home price in Milpitas was \$1,450,000 in Milpitas, a household would need to save \$145,000 to provide a 10% down payment.

² Raetz, H., Forscher, T., Kneebone, E., & Reid, C. (2020). (rep.). *The Hard Costs of Construction: Recent Trends in Labor and Materials Costs for Apartment Buildings in California*. Berkeley, CA: University of California.

³ Economic & Planning Systems, Inc. (2021). *Fiscal Benefits of Employments Lands Study Phase*, Milpitas

Current home mortgage interest rates for home loans are steadily increasing for a 30-year fixed-rate mortgage. This means that prospective homebuyers will be less likely to qualify for home loans under the more stringent current lending standards.

Environmental Constraints

GEOLOGIC AND SEISMIC HAZARDS

Like much of the Bay Area, Milpitas is located in a seismically active area, with the Hayward Fault Zone crossing the central portion of the City of Milpitas. The Calaveras Fault is located approximately 1.3 miles east of the Milpitas Sphere of Influence and is projected to produce earthquakes of high magnitudes. In Milpitas and throughout the Bay Area, housing must meet building code standards which reflect the area's earthquake and liquefaction hazards. Although some development on the hillsides is possible, the area has significant seismic and landslide risks, and residents in the area are subject to ongoing geologic and wildfire risks. Because of the City's various environmental and geographic constraints, future housing development in the city will consist largely of infill projects and redevelopment of existing uses as outlined in the General Plan and the Metro and Gateway-Main Street Specific Plans.

FIRE HAZARDS

Milpitas is not categorized as a "Very High" Fire Hazard Severity Zone by CalFire. East of Interstate 680, however, include a prevalence of "high" and "very high" fire threat and fall under State Responsibility Areas. The instances of wildfires, however, have risen significantly with climate change. With multifold increase in wildfire risk to residential properties across Santa Clara County, Milpitas may experience local impacts from increased wildfires in hillside areas and other impacts from surrounding areas, including impacts to local air quality.

FLOOD HAZARDS

The potential for flooding is an environmental consideration that could limit housing production in Milpitas. Approximately half of the city, including some of the city's housing sites, is located within the 100-year floodplain, including almost all the land west of the Southern Pacific Railroad (and associated levee). Although flood depths would be very shallow, a combination of on-site and off-site improvements may be required before building in areas that could experience flooding. Milpitas is implementing the City's Storm Drain Master Plan, which was updated in 2013 to reduce the impacts of flooding.

SEA-LEVEL RISE

Climate models show that California will see substantial sea level rise (SLR) during this century with changes in atmospheric and oceanic temperatures, glacier and icesheet melting, and thermal expansion. Local impacts of SLR include temporary flooding (especially in combination with storm surge) and permanent inundation. Modelling projects approximately 3 feet of sea level rise by 2100, with the potential for accelerating SLR depending on the rate of ice sheet melting. This mostly affects land near Dixon Landing west of Interstate 880. Additional areas near Dixon Landing east and west of Interstate 880, areas along Berryessa Creek near the center of Milpitas, and much of the lands to the west of interstate 880 north of State Route (SR) 237, and portions of land east of 880 north of SR 237 would be considered at risk with more SLR.

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Our Future Housing Needs

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

The RHNA represents the minimum number of housing units each community is required to provide “adequate sites” for through zoning and is one of the primary threshold criteria necessary.

This chapter outlines the future housing needs, sites inventory, and assumptions made during the analysis. For more details, see Appendix E: Future Housing Needs for more additional information.



Regional Housing Needs Allocation and Affordability Levels

The State of California determines the number of housing units that are needed for the Bay Area. ABAG then distributes a share to each local government in the nine Bay Area counties. Each jurisdiction is assigned a portion of the regional need at various income levels based on factors such as future population, access to jobs, and other factors. This assignment is known as the RHNA.

In December 2021, ABAG approved the Final RHNA Plan. Milpitas must plan for a RHNA of 6,713 units, a substantial increase from the last cycle, accommodating not only future needs but also factoring in the unmet demand of the previous cycles. Milpitas’s RHNA is categorized by household income level (i.e., very low, low, moderate, and above moderate) as shown in Table 2. Fifty-six percent of the total RHNA is allocated to the very low-, low- or moderate-income category in the 6th cycle.

TABLE 2: 6TH CYCLE REGIONAL HOUSING NEEDS ALLOCATION FOR MILPITAS

	Units by Income Group				Total
	Extremely Low ¹ / Very Low	Low	Moderate	Above-Mod	
City RHNA	1,685	970	1,131	2,927	6,713
	25%	14%	17%	44%	100%

¹The RHNA does not include the extremely low category. It is estimated to be ½ of the very low-income need, per Government Code §65583.a.1. The total very low income RHNA is 1685 units; therefore, 842 units are designated as extremely low income and 842 units are designated as very-low-income. However, for the sites inventory purposes, no separate accounting is required for the extremely low-income category.

Source: Final Regional Housing Needs Allocation Plan: San Francisco Bay Area, 2023-2031, ABAG

Housing is considered ‘affordable’ if it does not exceed 30% of a household’s monthly income (including rent, utilities, and mortgage). Affordable housing is targeted primarily at households earning less than 80% of the Area Median Income (AMI), with some programs extending to households with incomes up to 120% AMI. For example, the AMI for a family of four in Milpitas is \$168,500.

TABLE 3: AFFORDABILITY LEVELS BY HOUSEHOLD SIZE

Income Level	Income Limits By Household Size							
	1	2	3	4	5	6	7	8
Extremely Low Income (ELI) <30% AMI	\$35,400	\$40,450	\$45,500	\$50,550	\$54,600	\$58,650	\$62,700	\$66,750
Very Low Income (VLI) 30-50% AMI	\$59,000	\$67,400	\$75,850	\$84,250	\$91,000	\$97,750	\$104,500	\$111,250
Low Income (LI) 50-80% AMI	\$92,250	\$105,400	\$118,600	\$131,750	\$142,300	\$152,850	\$163,400	\$173,950
Median 100% AMI	\$117,950	\$134,800	\$151,650	\$168,500	\$182,000	\$195,450	\$208,950	\$222,400
Moderate 120% AMI	\$141,550	\$161,750	\$182,000	\$202,200	\$218,400	\$234,550	\$250,750	\$266,900

Source: HCD, 2022. Income Limits by Household for Santa Clara County.

Adequate Sites

RHNA allocations are determined every eight years and each jurisdiction must then ensure there is enough land within the jurisdiction's limits and appropriate zoning to accommodate its RHNA allocation in its Housing Element. Jurisdictions show if they have enough land zoned for housing to meet the future need (as determined through the RHNA process) in the Inventory of Adequate Sites, or "Sites Inventory."

The Sites Inventory is a parcel-specific identification demonstrating that current General Plan Land Use Designation and associated Zoning District are in place to allow residential development to meet not only the 6,713 units over the next eight years but also in each of the required income categories as identified in Table 2. As part of the requirement to ensure that there is enough land with appropriate zoning to accommodate its RHNA allocation, HCD recommends including a 15-30% buffer of very low- and low-income units. Milpitas includes a 20% buffer.

Table 4 and Figure 11 summarize the Sites Inventory. After accounting for potential ADUs and pipeline projects, the total additional capacity is 7,028 units from opportunity and rezone sites, which exceeds the remaining RHNA target of 4,272 units. Additional sites are included in the sites inventory to provide the buffer required by HCD to account for "No Net Loss" requirements for affordable housing capacity and in recognition of the fact that many affordable units are developed as a result of the City's AHO that market rate developments include at least 15% affordable units. Consistent with its focus on preparing a conservative Sites Inventory that identifies adequate capacity for feasible future housing development, the Sites Inventory includes a 20% buffer over the remaining RHNA number in the very low- and low-income categories.

TABLE 4: SUMMARY OF HOUSING SITES INVENTORY

	Units by Income Group				Total
	Very Low	Low	Moderate	Above-Mod	
RHNA	1,685	970	1,131	2,927	6,713
Credits	197	274	169	1,800	2,441
Potential ADUs	74	74	74	25	248
Pipeline Projects	123	200	95	1,775	2,193
Remaining RHNA	1,488	696	962	1,127	4,272
Opportunity Sites	1,090	1,090	1,576	2,027	5,783
Vacant Sites	164	164	92	250	669
Parking Lots	549	549	1,154	1,181	3,432
Underutilized sites	378	378	330	596	1,682
Rezone Sites	224	224	319	478	1,245
Vacant Sites	48	48	-	79	174
Parking Lots	52	52	-	-	103
Underutilized sites	125	125	319	399	968
Total Capacity	1,511	1,588	2,064	4,305	9,469
Surplus (+) / Deficit (-) (Opportunity Sites vs. Remaining RHNA)	445		933	1,378	2,756
Buffer (Remaining RHNA)	20%		97%	122%	65%

Credits Toward RHNA

ACCESSORY DWELLING UNITS (ADUS)



ADUs can count toward the RHNA for the Sites Inventory if the projected number of ADU units aligns with an established local trend using the annual average of ADU permit approvals between 2019 and 2021. ABAG issued guidance on the affordability distribution of ADUs in the region: 30% very low income; 30% low income; 30% moderate income; and 10% above moderate income. Based on local trends, Milpitas can count 31 ADUs per year for a total of 248 over the eight-year cycle and spread across the income categories outlined above.

APPROVED OR PIPELINE PROJECTS

Pipeline Projects are sites where housing has already been approved or where applications have been submitted. Pipeline projects for the 6th Cycle can include residential projects that are in the planning process, have been approved, or those that are under construction but are not expected to receive a Certificate of Occupancy until after July 1, 2022. Table E-5 of Appendix E includes site designations for the inventory with addresses, and more specific information for each project site including the acreage, total number of units, and a breakdown of units by affordability levels. The City's current list of pipeline projects count towards 2,193 units with 123 in the very low-income category, 200 in the low-income category, 95 in the moderate-income category, and 1,775 in the above-moderate income category.



TABLE 5: RHNA CREDITS AND REMAINING NEED

Credits	Units by Income Group				Total
	Very Low	Low	Moderate	Above-Mod	
Total Credits	197	274	169	1,800	2,441
Potential ADUs	74	74	74	25	248
Pipeline Projects	123	200	95	1,775	2,193
Total Credits	197	274	169	1,800	2,441
Remaining RHNA	1,488	696	962	1,127	4,272

Source: City of Milpitas

With the anticipated ADUs and approved projects, the city can accommodate 2,441 units. The city must accommodate the remaining RHNA of 4,272 units with vacant and non-vacant sites that are appropriately zoned and have near-term development potential as well as sites that can be rezoned to allow residential uses or greater residential densities.

Additional Opportunity Sites

Based on the current General Plan and objective criteria and local knowledge used to identify available sites with near-term development potential pursuant to State adequate sites standards, combined with credits and pending projects, the City's sites inventory offers capacity for 7,028 units (2,628 lower income, 1,895 moderate income, and 2,505 above moderate income). This capacity can fully accommodate the City's remaining RHNA of 4,272 units for the 6th Cycle along with an additional buffer for low- and moderate-income units.

The 6th Cycle Sites Inventory is made up of two types of sites:

- **Opportunity Sites.** Vacant or underutilized sites, currently zoned for residential or mixed-use, and likely to redevelop during this eight-year planning period based on City staff knowledge of expression of interest by the property owner or potential developer. The sites that do not have any known owner or property developer interest are included if they have characteristics that increase the likelihood of redevelopment, e.g., including older properties, lot size, underutilized land, and the value of improvements on the site. It includes the Great Mall anticipated to develop at 25% of full capacity assumed under the Metro Specific Plan's RRMU land use designation (up to 85 du/ac).
- **Rezone Sites.** Sites currently zoned 'C2 General Commercial', located within the Gateway-Main Street Specific Plan planning area, or designated NCMU in the General Plan. An update of this policy document is currently underway and will be completed in late 2023. Based on the updated Specific Plan, sites will be rezoned to MXD Mixed Use (up to 30 du/ac) or MXD2 High-Density Mixed-Use (up to 40 du/ac).

Combined, the City estimates up to 7,028 units in these two categories, creating a total buffer of 2,756 units (65%) and lower-income buffer of 445 units (20%).

TABLE 6: OPPORTUNITY AND REZONE SITES

	Units by Income Group				Total
	Very Low	Low	Moderate	Above-Mod	
Remaining RHNA	1,488	696	962	1,127	4,272
Opportunity Sites	1,090	1,090	1,576	2,027	5,783
Rezone Sites	224	224	319	478	1,245
Total Capacity	1,314	1,314	1,895	2,505	7,028
Surplus (+)/Deficit (-) (Opportunity Sites vs. Remaining RHNA)	(174)	618	933	1,378	2,756
Buffer (Remaining RHNA)	20%		97%	122%	65%

The full list of Opportunity Sites is identified in Table E-12 and E-13 in Appendix E: Future Housing Needs. The table includes addresses, and more specific information for each project site including the acreage, total number of units, and a breakdown of units by affordability levels.

Methodology and Assumptions

To identify the additional capacity for residential development, the consultant team first mapped the City's vacant and underutilized sites zoned for housing using GIS and information from the County

Assessor's database. Based on city-specific trends for existing developments and projects in the pipeline, the following objective criteria were used to evaluate potential sites for more detailed screening:

- **Environmental Constraints.** Including the removal of undeveloped sites in the floodplain and on the outskirts of the city
- **Infrastructure Availability.** With a priority for sites near transit stations in the Metro Specific Plan and in the Gateway-Main Street Specific Plan areas.
- **Site Status and Capacity.** Sites that were community-serving uses, recently improved/ developed, condominiums and large apartments were excluded from the Sites Inventory. Sites were considered if the site met (any/at least two of) the following criteria:
 - Vacant or
 - Non-vacant that meet any of the following criteria
 - Application for housing development or demonstrated interest
 - Underutilized shopping centers with large parking lots
 - Floor Area Ratio (FAR) lower than 0.35
 - Buildings older than 40 years
 - Improvement-to-land assessed value ratio (ILR) less than or equal to 1
 - Sites with non-conforming uses
 - Parcels with common owners that can be consolidated

For a detailed analysis of density assumptions and affordability criteria used to distribute units, refer to Appendix E: Future Housing Needs.

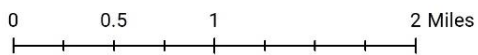
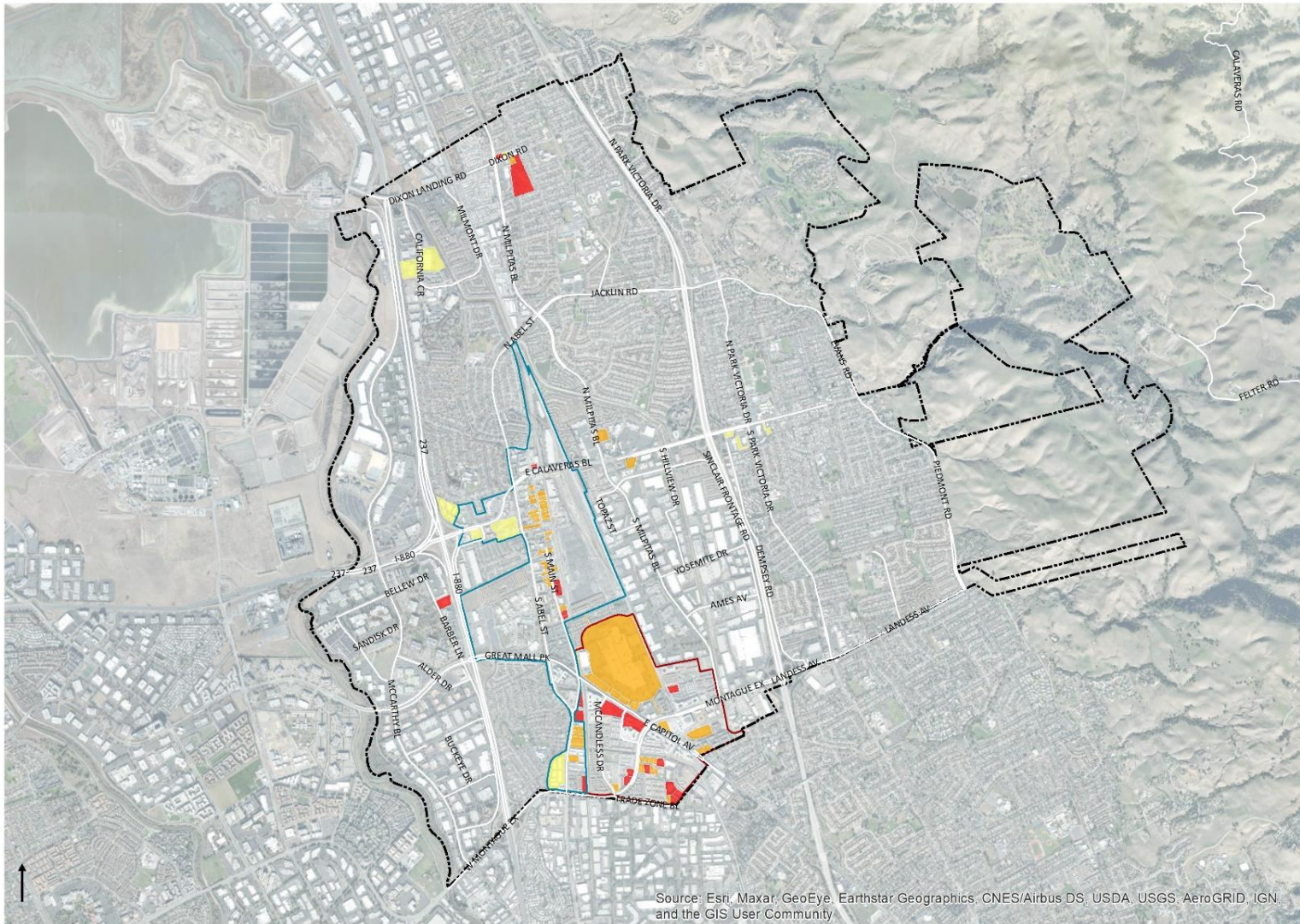
Sites Inventory

As shown in Table 4 and Figure 11, Milpitas has adequate sites to meet the RHNA and low-income buffer through a combination of ADUs, pipeline projects, opportunity sites, and rezone sites. Consistent with the vision defined through the 2021 General Plan process, a significant proportion of these sites, including the low-income sites, are located within the Metro Plan and Gateway-Main Street Specific Plan areas. These specific plan areas are envisioned as a higher-density, transit-oriented neighborhoods with a mix of uses, and the City, through the specific plans and overlays, has established development standards and incentives to facilitate housing production. These areas are also considered moderate resource (Metro) and higher resource (Gateway-Main Street) per the AFFH analysis. Housing Element Program 20 focuses on ensuring the adoption and implementation of these plans.

The City also recognizes the need to provide additional opportunities for housing across the city. Three housing programs included in this Housing Element specifically target increasing opportunities outside of the specific plan areas:

- 1) **Program 4.** An ongoing effort to facilitate implementation of the City's ADU programs.
- 2) **Program 15.** An ongoing effort to adopt a Housing Overlay Zone to incentivize affordable housing beyond the requirements of the City's Affordable Housing Ordinance, particularly in the TC and NCMU designations, to be completed in 2023.
- 3) **Program 24.** A new program to facilitate smaller-scale multi-unit and workforce housing to encourage and promote a mix of dwelling types and sizes in lower-density, high-resource residential neighborhoods.

FIGURE 11: MILPITAS HOUSING SITES INVENTORY MAP



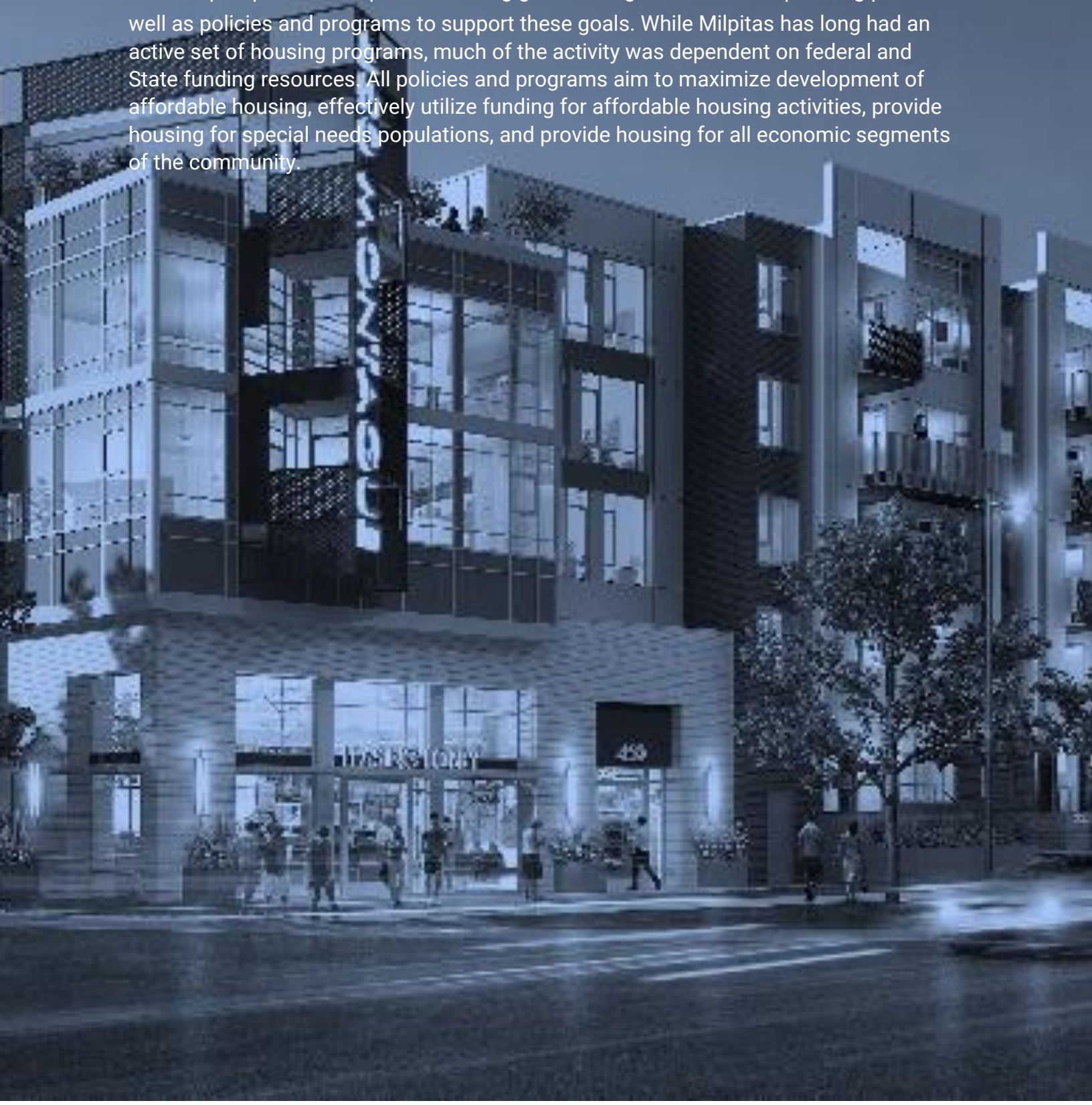
- Gateway-Main St Specific Plan
- Pipeline Sites
- Opportunity Sites
- Rezone Sites
- Metro Specific Plan

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CHAPTER 5

Our Housing Plan

This chapter presents Milpitas's housing goals during the 2023-2031 planning period as well as policies and programs to support these goals. While Milpitas has long had an active set of housing programs, much of the activity was dependent on federal and State funding resources. All policies and programs aim to maximize development of affordable housing, effectively utilize funding for affordable housing activities, provide housing for special needs populations, and provide housing for all economic segments of the community.



Housing Goals and Policies

Ten housing goals are supported by a series of policies and implemented through a number of housing programs and actions. Each program implements multiple goals and policies.

ADEQUATE SITES AND HOUSING PRODUCTION

Goal HE-1

Maintain adequate sites to accommodate the City's share of the regional housing need, including sites that are appropriate for the development of housing affordable to extremely low, very low-, low-, moderate-, and above moderate-income households through appropriate land use and zoning.

POLICIES

- **HE 1.1:** Monitor residential development projects to ensure there is an adequate level of remaining development capacity through the housing sites inventory.
- **HE 1.2:** Prioritize development projects near the Milpitas transit center through incentives consistent with the specific plans.
- **HE 1.3:** Require new residential development projects and mixed-use development projects with a residential component to meet or exceed minimum residential densities to ensure efficient use of remaining land available.
- **HE 1.4:** Continue to facilitate housing production through implementation of specific plans and overlay zones, including the Milpitas Metro Specific Plan (TASP Update) and Gateway-Main Street Specific Plan (Milpitas Midtown Update).
- **HE 1.5:** Facilitate the development of housing through the adoption of new zoning districts consistent with the General Plan, zoning incentives or waivers, development process streamlining, and CEQA findings of consistency, especially affordable housing in high resource areas.
- **HE 1.6:** Continue to work with property owners to facilitate land acquisition and site assembly.
- **HE 1.7:** Work with the school district and other public agencies to study the potential of developing housing and supportive community services on surplus school and public sites for the lowest income families. Where feasible, explore options for land swaps, land transfers, or land banking to create housing sites.
- **HE 1.8:** Regularly review the land use designations and zoning districts to encourage a variety of housing types to be developed at a range of densities to equitably serve households at all economic levels, and to meet the needs of large family households, the elderly, and people with disabilities.
- **HE 1.9:** Support introducing housing and mixed-use development in older commercial centers (located in C-2, TC, and HS zoning districts) while balancing the importance of preserving convenient neighborhood and community-serving retail uses.

For related policies and implementation actions on housing production, see Land Use Goals LU-1, LU-2, and LU-3.

EXISTING HOUSING RESOURCES

Goal HE-2

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

POLICIES

- **HE 2.1:** Proactively enforce housing codes and regulations while coordinating enforcement efforts with rehabilitation programs. Maintain programs to minimize the displacement of residents due to code enforcement.
- **HE 2.2:** Provide assistance for the maintenance and repair of housing units and mobile homes occupied by renters, seniors, and lower-income households.
- **HE 2.3:** Upgrade and replace infrastructure as needed to encourage reinvestment in neighborhoods; place priority on improvements in lower and moderate resource neighborhoods.
- **HE 2.4:** Collaborate with public and private entities to ensure that no lower-income residents are adversely impacted by the conversion of affordable housing projects to market rate rents.
- **HE 2.5:** Preserve publicly assisted low-income rental housing units that are at risk of converting to market-rate housing.
- **HE 2.6:** Maintain the existing stock of housing affordable to lower- and moderate-income households that is provided through the private market and provide tenant protections for apartment units at risk of condominium conversion.
- **HE 2.7:** Ensure that sites being redeveloped for housing do not result in a net reduction in housing units, consistent with Government Code Section 66300(d).
- **HE 2.8:** Preserve Milpitas's mobile home parks as an affordable housing option.

BARRIERS TO NEW HOUSING PRODUCTION

Goal HE-3

Continually assess the barriers to new housing production and proactively mitigate the governmental constraints to new housing development.

POLICIES

- **HE 3.1:** Monitor and update department project processing procedures and fees related to the maintenance, repair, and construction of housing units to reduce the impact on housing cost.
- **HE 3.2:** Track changes to State housing legislation and regularly update the City's Zoning Ordinance to reduce barriers to housing production.
- **HE 3.3:** Implement recommendations in the Housing Opportunity Zone (HOZ) study to reduce barriers to new housing production while balancing the need for convenient neighborhood-serving retail stores and services for existing and future residents.
- **HE 3.4:** Maintain and implement the City's Objective Design Standards for residential projects to streamline the development review process and increase predictability of review outcomes.
- **HE 3.5:** Prioritize investment in transportation, infrastructure, and utility improvements to reduce development barriers and costs for producing affordable housing.

- **HE 3.6:** Respond to changing market conditions and diverse housing needs, such as recognizing the need for limited term rentals (least than six months) for temporary employees and independent contractors or gig workers.
- **HE 3.7:** Support the adaptive reuse, renovation, or redevelopment of economically-underutilized properties or buildings for residential or mixed-use development.

HOUSING DIVERSITY AND AFFORDABILITY

Goal HE-4

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

POLICIES

- **HE 4.1:** Encourage mixed-income development projects citywide and especially in high opportunity, resource-rich, and transit accessible areas.
- **HE 4.2:** Continue to proactively promote ADUs citywide and especially in high opportunity resource-rich areas through the ADU Toolkit, Safe Legalization Program, and ADU Incentive Program.
- **HE 4.3:** Promote medium-density and missing middle housing options such as duplex, triplex, or fourplex units, including those resulting from the SB 9 provisions.
- **HE 4.4:** Pursue funding and support financing for the development and preservation of housing for lower- and moderate-income households, the Milpitas workforce such as teachers, and individuals with special housing needs.
- **HE 4.5:** Prioritize and facilitate the development of new housing units affordable to extremely low, very low, low, and moderate-income households.
- **HE 4.6:** Continue to implement the City's Affordable Housing Ordinance and State Density Bonus to encourage development of housing affordable to very low-, low- and moderate-income households.
- **HE 4.7:** Promote homeownership opportunities for low- and moderate-income households through continued access to first-time homebuyer's loans.
- **HE 4.8:** Support alternative housing types, such as micro-units, intergenerational housing, co-housing, live/work units, units for individuals with a live-in aide, and manufactured or modular housing.
- **HE 4.9:** Support alternative models of homeownership, such as community land trusts, shared equity programs, and collective ownership models.
- **HE 4.10:** Continue to work with non-profit developers to build affordable housing and supportive housing for people with special needs
- **HE 4.11:** Work with the development community to encourage innovative housing solutions and models for constructing and preserving ownership and rental housing.
- **HE 4.12:** Explore the use of CDBG funds for pre-development costs, including acquisition and site clearance, reducing the cost for affordable housing.

FAIR HOUSING

Goal HE-5

Ensure equal housing opportunity for all households and equal access to housing resources.

POLICIES

- **HE 5.1:** Comply with federal, state, and local fair housing and anti-discrimination laws, and affirmatively further fair housing for all, ensuring equal access to housing regardless of their special circumstances as protected by fair housing laws.
- **HE 5.2:** Promote housing mobility by expanding housing choices and increasing housing opportunities in high resource areas.
- **HE 5.3:** Protect tenants from discriminatory housing practices and mitigate economic displacement, particularly for lower-income households, people of color, and persons with disabilities.
- **HE 5.4:** Improve access to opportunities in moderate resource areas through investment in public facilities, transportation improvements, and community services, and through promotion of employment and economic opportunities.
- **HE 5.5:** Work with landlords, property managers, homeowners, and the housing authority to prevent involuntary displacement, particularly displacement of people of color and other vulnerable populations, such as lower-income households, the elderly, people with disabilities, and large family households.
- **HE 5.6:** Provide emergency rental assistance for residents in greatest need as a strategy for preventing evictions and homelessness.

CONSERVATION AND SUSTAINABILITY

Goal HE-6

Ensure a sustainable future for the City in existing homes and new residential development projects through efficient site design, green building, and utility efficiency and conservation programs.

POLICIES

- **HE 6.1:** Prioritize higher density, transit-oriented, and mixed-use development and an interconnected network of trails and pedestrian bridges near the Milpitas Transit Center and along transit corridors to reduce reliance on private automobiles and increase transit ridership.
- **HE 6.2:** Ensure all development projects comply with the mandatory energy efficiency requirements of the California Energy Code and the City's Reach Code.
- **HE 6.3:** Support innovative green building best management practices including, but not limited to, LEED certification, and encourage project applicants to exceed the most current "green" development standards in the California Code of Regulations (CCR), Title 24, as feasible.
- **HE 6.4:** Encourage energy efficiency and conservation through public awareness and educational opportunities.
- **HE 6.5:** Promote incentives from local, State, and federal agencies and utility companies for improving energy efficiency and expanding renewable energy installations.

- **HE 6.6:** Support projects and programs such as appliance upgrades and the use of electric appliances, and energy storage options that reduce the use of and reliance on natural gas.
- **HE 6.7:** Engage with Community Choice Aggregators such as Silicon Valley Clean Energy (SVCE) and Peninsula Clean Energy (PCE) in the development and deployment of Reach Codes.
- **HE 6.8:** Encourage building design and site planning that maximizes passive solar heating for energy conservation.
- **HE 6.9:** Require installation of reclaimed water infrastructure for landscape irrigation, where available.

For related policies and implementation actions on sustainable design and climate action, see Community Design Goal CD-11 and Conservation and Sustainability Goal CON-1 and CON-5 in the Milpitas General Plan.

SPECIAL NEEDS POPULATIONS

Goal HE-7

Support programs aimed at housing for special needs populations.

POLICIES

- **HE 7.1:** Coordinate with County agencies (e.g., Office of Supportive Housing), the San Andreas Regional Center (SARC), and non-profit partners to provide services to special needs populations.
- **HE 7.2:** Facilitate housing for seniors, large families, and special needs groups, including the developmentally disabled, at-risk youths, and nontraditional family groups by allowing a diverse range of housing configurations.
- **HE 7.3:** Simplify the process to retrofit homes for age-friendly design and special accommodations so people can stay in their homes safely and comfortably.
- **HE 7.4:** Support affordable housing opportunities for older adults, persons with disabilities, and their caregivers.
- **HE 7.5:** Support the inclusion of space for childcare facilities in new residential and mixed-use developments.
- **HE 7.6:** Support resources that connect and match special needs groups to available dwelling units.
- **HE 7.7:** Provide development incentives (e.g., an extra density bonus) and prioritize funding and processing of affordable housing projects that set aside units for special needs populations and for extremely low-income households.

UNHOUSED POPULATION

Goal HE-8

Collaborate with regional agencies and organizations to support the unhoused population in Milpitas through the provision of services and supportive housing.

POLICIES

- **HE 8.1:** Prioritize providing permanent and transitional supportive housing for the unhoused population to offer a stable living environment and improve their quality of life.
- **HE 8.2:** Maintain and improve crisis response beds including during periods of cold/warm weather.
- **HE 8.3:** Provide or refer individuals to temporary housing with support programs to transition the unhoused population from homelessness to permanent housing.
- **HE 8.4:** Pursue funding for programs and facilities that assist the unhoused populations and households at risk of homelessness.
- **HE 8.5:** Continue to outreach and respond to the immediate needs of the unhoused and at-risk populations through a collaborative effort between City and County staff and social service providers.
- **HE 8.6:** Conduct a feasibility study to establish a low barrier navigation center (e.g., as a “tiny home village”) to provide temporary housing and case management services for the unhoused population.

MOBILITY

Goal HE-9

Prioritize expanding affordable mobility options for lower income households and people with special needs.

POLICIES:

- **HE 9.1:** Pursue and support stable funding for shuttles, transit, and first/last mile service, such as the VTA-funded Milpitas SMART pilot project to the Milpitas Transit Center and community facilities.
- **HE 9.2:** Prioritize transportation investments to serve lower resource neighborhoods to improve access to employment, schools, shopping, and community services.
- **HE 9.3:** Promote investment in bicycle, transit, and pedestrian facilities to improve mobility choice and safety and to reduce auto-dependency.
- **HE 9.4:** Coordinate accessibility improvements to coincide with projects that will provide housing units for older adults and people with special needs.

For related policies and implementation actions on mobility, see CIR -1, CIR-2, CIR-3, and CIR-4 in the Milpitas General Plan.

IMPLEMENTATION CAPACITY

Goal HE-10

Allocate adequate City resources to implement programs in the Housing Element.

POLICIES

- **HE 10.1:** Implement the Housing Element and other programs to qualify the City for the Prohousing Program, administered by the California Department of Housing and Community Development (HCD), to receive preference in scoring for competitive housing, community development, and infrastructure programs.
- **HE 10.2:** Commit sufficient staffing and resources to implement programs in a timely manner to meet the target dates in the Housing Element and to monitor progress and prepare annual reports to HCD.
- **HE 10.3:** Monitor and apply for county, state, federal, and other organizational grants to fund existing, expanded, and new Housing Element programs and actions.
- **HE 10.4:** Employ a grants person, contract with a grant writer, or partner with other entities to prepare and submit grant applications.
- **HE 10.5:** Explore creating an Enhanced Infrastructure Financing District (EIFD) to assist with producing new affordable housing, rehabilitating and conserving existing affordable housing, and constructing supporting infrastructure and facilities.

Programs and Actions

Milpitas is committed to addressing the constraints identified in Chapter 3, meeting our future housing needs identified in Chapter 4, and implementing the goals and policies in Chapter 5 through the housing programs listed in this section. The following programs have been developed through a community engagement process and in concert with staff to specify programs that would realistically facilitate implementation of the City's goals. Many of the housing programs are funded and/or staffed. Community input is reflected for the housing programs that were identified as top priority by community members who participated in the engagement process (including workshops, stakeholder interviews, surveys, and comment letters).

PROGRAM 1: ADEQUATE SITES FOR RHNA AND MONITORING OF NO NET LOSS

The City of Milpitas has been allocated 6,713 units (1,685 very-low-income, 970 low-income, 1,131 moderate-income, and 2,927 above-moderate-income units). Based on projected ADUs and entitled projects, the City has met 2,193 of its RHNA (including 197 very-low-income, 274 low-income, 169 moderate income, and 1,775 above-moderate-income units). The City has a remaining RHNA of 4,272 units (1,488 very-low-income, 696 low-income, 962 moderate-income, and 1,127 above-moderate-income units). Using factors such as existing uses, existing zoning, and development standards, the City has identified an inventory of sites with potential for 7,032 additional units over the eight-year planning period. This inventory can accommodate 1,091 very-low-income, 1,091 low-income, 1,576 moderate-income, and 2,027 above-moderate-income units, not adequate to fully accommodate the City's remaining very low-income RHNA obligations. To address this shortfall in capacity, the City must rezone additional sites to provide additional development capacity for at least 397 very low and low-income units. Appendix E: Future Housing Needs identifies the detailed sites inventory based on existing zoning and proposed rezoning.

TABLE 7: RHNA STRATEGY

	Units by Income Group				Total
	Very Low	Low	Moderate	Above-Mod	
RHNA	1,685	970	1,131	2,927	6,713
Credits	197	274	169	1,800	2,441
Potential ADUs	74	74	74	25	248
Pipeline Projects	123	200	95	1,775	2,193
Remaining RHNA	1,488	696	962	1,127	4,272
Existing Opportunity / Adequate Sites	1,090	1,090	1,576	2,027	5,783
RHNA Shortfall	397				
Rezone Sites	224	224	319	478	1,245
Surplus (+) / Deficit (-) (Opportunity Sites vs. Remaining RHNA)	445		933	1,378	2,756

To ensure that the City complies with SB 166 (No Net Loss), the City will monitor the consumption of residential and mixed-use acreage to ensure an adequate inventory is available to meet the City's RHNA obligations. To ensure sufficient residential capacity is maintained to accommodate the RHNA, the City will develop and implement a formal ongoing (project-by-project) evaluation procedure pursuant to

Government Code Section 65863. Should an approval of development result in a reduction in capacity below the residential capacity needed to accommodate the remaining need for lower and moderate-income households, the City will identify and if necessary, rezone sufficient sites to accommodate the shortfall and ensure “no net loss” in capacity to accommodate the RHNA.

Responsible Departments	Planning, Building Safety and Housing
Funding Sources	Department Budget for Staff, Development Fees
Actions and Timeframe	<p>Starting in 2023, maintain an up-to-date inventory of the available sites for residential development and provide it to prospective residential developers and other interested parties. Update the sites inventory at least annually.</p> <p>By the end of 2023, amend the Zoning Code to provide by-right approval of housing proposed on sites previously identified in the 5th cycle Housing Element to accommodate lower income RHNA units and are being reused for this 6th cycle update, if the project includes 20 percent of the units as lower income in the 6th cycle.</p> <p>By the end of 2023, implement a formal evaluation procedure pursuant to Government Code Section 65863 to monitor the development of vacant and nonvacant sites in the sites inventory and ensure that adequate sites are available to meet the remaining RHNA by income category.</p> <p>By the end of 2024, rezone properties as outlined in Appendix E to provide adequate sites to accommodate the RHNA shortfall. The rezoned sites will meet the requirements of Government Code 65583.2, including but not limited to a minimum density of 20 units per acre (as the low end of the density range for each zoning district), minimum site size to permit at least 16 units on site, and zoned to allow ownership and rental housing by right in which at least 20 percent of the units are affordable to lower income households.</p>
Relevant Policies	HE 1.1, HE 1.2, HE 1.3, HE 1.6, HE 2.7, HE 4.1

PROGRAM 2: REPLACEMENT HOUSING

Development on non-vacant sites with existing residential units is subject to a replacement requirement. Specifically, AB 1397 requires the replacement of units affordable to the same or lower income level as a condition of any development on a nonvacant site. Replacement requirements per AB 1397 are consistent with those outlined in the State Density Bonus Law.

To further mitigate any impacts relating to displacement, the City will consider requiring the first right of refusal for the displaced tenants.

Responsible Departments	Building Safety & Housing, Planning
Funding Sources	Department Budget for Staff, Developer Obligation

Actions and Timeframe	By the end of 2023, adopt City regulations to address the replacement requirements. As part of these regulations consider requiring the first right-of-refusal and relocation assistance for displaced tenants.
Relevant Policies	HE 2.6, HE 2.7

PROGRAM 3: LOT CONSOLIDATION

The City will continue to facilitate the consolidation of small lots for residential and mixed-use development. The City will develop tools to encourage lot consolidation. Depending on the tools developed, these will be incorporated into the Zoning Ordinance and Building Code update (Program 21).

Responsible Department	Planning
Funding Sources	Department Budget for Staff
Actions and Timeframe	<p>By the end of 2024, develop tools to facilitate and incentivize lot consolidation, which may include:</p> <ul style="list-style-type: none"> • Additional density bonus • Flexible development standards (such as setbacks, parking) • Streamlined ministerial or administrative processing unless application is in conjunction with other actions that require discretionary reviews <p>Beginning in 2025, promote lot consolidation incentives to developers via City website.</p>
Relevant Policies	HE 1.6, HE 3.1

PROGRAM 4: ACCESSORY DWELLING UNITS (ADUS)

ADUs represent a potential source of affordable housing in the city, and the City will continue to encourage ADU construction and legalization through the following:

- **ADU Construction.** The City created a Development Handbook and ADU Toolkit to clarify the City’s development review process and ADU regulations. The City has also implemented a web based, ADU tool to allow homeowners to visualize where an ADU can be located on their property and design their own ADUs by selecting or customizing pre-approved designs. These efforts have improved customer service, reduced permit processing times, and streamlined ADU production. The City has approved one innovative new townhome project that includes ADUs and is currently reviewing two similar projects. The City will continue to encourage the inclusion of ADUs in all types of new residential developments.
- **ADU Legalization.** The City’s Safe ADU Legalization program is offered to encourage and help residents to legalize and improve the safety of as ADU or junior Accessory Dwelling Unit (JADU) by converting a garage, other rooms or existing structures, or building a new ADU structure without obtaining permits.
- **ADU Financing.** The City has also allocated a portion of the American Rescue Plan Act (ARPA) funds to cover permit fees for ADUs, averaging \$5,000 per new or legalizing unit. The City will continue to look for new opportunities in the future.

Responsible Department	Building Safety & Housing, Planning
Funding Sources	ARPA Funds, General Fund (upon depletion of ARPA); State Grants
Actions and Timeframe	<p><i>Build and approve 248 ADUs/JADUs over the next eight years. Legalize 8 to 10 ADUs/JADUs over the next year (metric).</i></p> <p>Continue to provide permit fee assistance to homeowners constructing ADUs (ongoing).</p> <p>Continue to promote the Safe ADU Legalization program via City website and technical assistance by staff (ongoing).</p> <p>Continue to promote the availability of the Development Handbook and ADU Toolkit (ongoing).</p> <p>Continue to promote and update the web based, ADU tool as needed (ongoing).</p> <p>Continue to offer the ADU Monday program to provide inter-departmental feedback and advice to homeowners who want to build ADUs and need assistance in getting started (ongoing).</p> <p>Continue to monitor the production, affordability, and location of ADUs for Housing Element annual reporting, and adjust projections as needed (ongoing).</p> <p>Beginning in 2024 and annually thereafter, pursue funding available from the State to continue and expand incentives for facilitating the production of ADUs, particularly for lower-income households and persons with disabilities and their caregivers.</p> <p>By the end of 2024, pre-approve building permit plans of prototype ADU units and evaluate prefab ADUs to simplify and streamline the permitting process for homeowners.</p>
Relevant Policies	HE 4.2, HE 4.8
Community Input	A majority of community members pointed to the success of the ADU program, including ADU Monday and the ADU toolkit, for promoting affordable housing production through incentives and legalization. The City extended this program reflecting this community priority. Through community input, the City modified the program to incentivize ADUs specifically for lower-income households and persons with disabilities and their caregivers, and to streamline the process by pre-approving prototypical plans.

PROGRAM 5: NEIGHBORHOOD PRESERVATION AND CODE ENFORCEMENT

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

As needed, the City will assist any households displaced by code enforcement activities to relocate to other suitable housing, affordable to the displaced households, through the Replacement/Relocation Program.

Responsible Department	Building Safety & Housing
Funding Sources	General Fund
Actions and Timeframe	Continue to implement the Code Enforcement Program (ongoing). Continue to refer income-eligible households to the City’s Housing Rehabilitation Program for assistance with code corrections (ongoing). Continue to offer replacement/relocation assistance to income-qualified households when displaced by code enforcement activities (ongoing).
Relevant Policies	HE 2.1

PROGRAM 6: HOUSING REHABILITATION

The City will continue to utilize the services of Rebuilding Together Silicon Valley (or other qualified non-profit organizations) and the Milpitas Assistance Program to provide safety, accessibility, and mobility repairs to mobile and single-family homes owned by very low- and low-income households, including allowing seniors to “age in place”. Through this Housing Rehabilitation Program, the City will continue to assist very low- and low-income owner households to undertake repairs to their homes to bring them up to standard condition and prolong the useful life of the local housing stock. The City will give priority for participation in this program to very low-, and low-income homeowners who are subject to code enforcement actions that could otherwise lead to displacement of residents. The City will conduct targeted outreach to disability service providers and membership organizations of persons with disabilities to ensure that people who need accessibility modifications have meaningful access to housing rehabilitation funds. The City will pursue additional funding to expand the scope of housing rehabilitation assistance, including for multi-family home improvements.

Responsible Department	Building Safety & Housing
Funding Sources	CDBG
Actions and Timeframe	<i>Promote housing rehabilitation with the objective to assist 250 households over eight years with the goal to ensure that at least 1/3 of grants and/or loans funds work that includes accessibility modifications for the Housing Rehabilitation Program (metric).</i> Continue to facilitate reasonable accommodations for homeowners seeking to install accessibility modifications to serve disabled residents. Include contractual language requiring targeted outreach and setting benchmarks for the number of accessibility modifications completed into agreements with qualified non-profit partners (ongoing). Continue to publicize available resources to homeowners, landlords, and developers for repairs and improvements, including posting information on City’s website. Disseminate marketing materials to service providers and membership organizations. Target resources and assistance to

	<p>projects located in lower resource neighborhoods or projects with affordable housing or rent-restricted units (ongoing).</p> <p>Continue to implement the Milpitas Assistance Program (MAP) which provides low-income residents subsidy for Recreation and Community Services programs, water utilities bill discounts, and reduction of building permit fees from Building Safety and Housing for replacement of a water heater, furnace, or air conditioner (ongoing).</p> <p>Continue to implement the Residential Building Incentive Program (RBIP) that provides discounts on building permit fees for installation of solar photovoltaic or thermal systems (ongoing).</p> <p>Beginning in 2023 and annually thereafter, seek grants/funds to expand the scope of residential rehabilitation assistance for single-family homes and to extend assistance to multi-family housing for lower income households. Leverage State, regional, and other funding sources related to building efficiency, conservation, and electrification.</p>
Relevant Policies	HE 2.2
Community Input	Identified as a top priority by community members, this program was modified to expand rehabilitation assistance to also consider multi-family units, which was identified as a gap in the program during the third community workshop. Leveraging new State and regional funding sources for climate protection was recommended.

PROGRAM 7: TENANT ASSISTANCE AND FAIR HOUSING SERVICES

The City will continue to utilize the services of Project Sentinel (or other qualified nonprofits) to provide fair housing outreach and assistance, landlord-tenant mediation services, mortgage default counseling, and referrals to other support services to Milpitas residents, landlords, and housing professionals.

Responsible Department	Building Safety and Housing
Funding Sources	CDBG, City Housing Authority, ARPA
Actions and Timeframe	<p><i>Promote rental assistance with the objective to assist 300 Milpitas residents, landlords, and housing professionals over the next eight years with rental assistance (metric, ongoing).</i></p> <p><i>Continue to promote housing services with the objective to support approximately 320 persons each year through Project Sentinel’s outreach and informational workshops, phone call assistance, fair housing, and other support (metric, ongoing).</i></p> <p>Continue to facilitate and ensure compliance with the California Tenant Protection Act of 2019 (AB 1482) that regulates just cause evictions and maximum annual rent increases (ongoing).</p> <p>Continue to offer programs that supplement housing costs and reduce overall living expenses for lower- and moderate-income households such as the ongoing Milpitas Assistance Program (MAP) and the ARPA</p>

	<p>Childcare Subsidy Program, which was launched in 2022 and offers assistance of up to \$250 per month for families (ongoing).</p> <p>Continue to coordinate with the San Andreas Regional Center (SARC) for services, outreach, and referrals for tenants with disabilities (ongoing).</p>
Relevant Policies	HE 2.6, HE 5.1, HE 5.2, HE 5.3, HE 8.1, HE 8.4
Community Input	Community input highlighted the importance of collaboration with SARC to better support and ensure fair housing for people with developmental disabilities. Community members noted that SARC can help provide funding for on-site supportive services for affordable housing with accessible units.

PROGRAM 8: FAIR HOUSING ENFORCEMENT, OUTREACH, AND EDUCATION

Discrimination remains a barrier to decent, safe, affordable housing as well as to broader access to opportunity many individuals and families with protected characteristics. The City will continue to promote proactive fair housing enforcement, outreach, and education to reduce the prevalence of housing discrimination by creating awareness that certain common practices violate fair housing laws and by deterring violations by showing that wrongdoing has consequences. Fair housing outreach will be targeted to the North Park Victoria - Kennedy Drive and the South Park Victoria - Yosemite Drive neighborhoods where there are disproportionate housing needs, and to parents of students at Robert Randall Elementary School.

Responsible Department	Building Safety & Housing
Funding Sources	ARPA Funds, CDBG Funds, General Fund
Actions and Timeframe	<p>Continue to educate landlords on fair housing, tenant screening, rent increase, eviction, property management, and other tenant/landlord issues (ongoing).</p> <p>By the end of 2023, update the City website to provide a range of fair housing resources, including Project Sentinel, State Department of Fair Employment and Housing (DFEH), HUD Fair Housing and Equal Opportunity (FHEO) Office, and the State Tenant Protection Act of 2019, including maximum rent increases and just cause evictions. Update website annually to provide relevant and updated information and resources.</p> <p>By the end of 2023, work with Project Sentinel (and other qualified nonprofits) to expand methods of information dissemination, including print, website, and other social media outlets. Specifically, work with qualified nonprofits to develop materials on the State’s source of income protection and distribute them as part of the ADU permit and SB 9 application packages.</p> <p>By the end of 2025, increase funding level for fair housing services. Modify NOFA for fair housing services to increase total available funding, prioritize fair housing “testing,” address the need for legal services for victims of housing discrimination, and to envision multiple grantees in case the primary fair housing services providers is not able to represent clients in litigation. Identify funding for legal</p>

	representation of victims of housing discrimination in addition to currently provided services.
Relevant Policies	HE 5.2, HE 5.3, HE 8.5
Community Input	The program places emphasis on the North Park Victoria - Kennedy Drive and the South Park Victoria - Yosemite Drive neighborhoods, which community members identified as neighborhood areas to prioritize. In response to community input, the program expands and focuses resources to these neighborhoods and ensures that there is meaningful engagement through collaboration with Project Sentinel and other nonprofits.

PROGRAM 9: ANTI-DISPLACEMENT

As recognized by the California Legislature in passing Assembly Bill 686, displacement is a major fair housing issue in the state. In Milpitas, significant demographic change has already occurred in the Transit Area over recent decades, and the experience of Sunnyhills Apartments illustrates the risk of the loss of badly needed deeply affordable housing. Although Milpitas does not have any geographic concentrations of low-income residents, the City will work to supplement the California Tenant Protection Act to support the thousands of low-income families in the city against the rising housing costs that pose a significant risk to those families.

Responsible Department	Planning, Building Safety & Housing
Funding Sources	ARPA Funds, CDBG Funds, General Fund
Actions and Timeframe	<p>By the end of 2025, complete a targeted survey to assess the need and impact of the City’s rental assistance program. Evaluate conducting the survey on a 4-year cycle to capture changes in the renter population.</p> <p>By the end of 2028, supplement the California Tenant Protection Act of 2019 by evaluating and enacting certain anti-displacement measures. Example measures for exploration include:</p> <ul style="list-style-type: none"> • Targeting assistance to lower resource neighborhoods through Project Sentinel or similar service providers. • Increasing fair housing awareness and proactively monitor and enforce fair housing compliance, particularly for lower-income households, disabled tenants, and people of color. • Developing and adopting relocation assistance program. • Expanding tenant protections, such as anti-eviction measures. • Expanding the City’s existing Rent Relief and Mortgage Protection Program. • Supporting a tenant resource center, including expanding legal services and other assistance for lower-income households. • Implementing right to counsel in residential eviction proceedings. • Creating a rental inspection program for apartment buildings. • Other measures as appropriate.
Relevant Policies	HE 2.1, HE 5.5, HE 5.6
Community Input	The program expands the Rent Relief and Mortgage Protection Program, as community members had recommended that its funds be preserved and replenished due to its success in preventing

	displacement. The program also establishes a process to evaluate best practice to combat displacement.
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PROGRAM 10: PLACE-BASED STRATEGIES FOR NEIGHBORHOOD IMPROVEMENTS

When updating its Capital Improvement Program and associated budget, the City will allocate resources to rehabilitate and/or replace infrastructure in older or under resourced neighborhoods whose infrastructure is approaching obsolescence. The City will develop incentives to encourage the inclusion of project- or neighborhood-serving amenities for housing projects of at least 50 units, especially for housing projects in the North Park Victoria - Kennedy Drive and the South Park Victoria - Yosemite Drive neighborhoods where there are disproportionate housing needs, and to parents of students at Robert Randall Elementary School. Amenities may include parks and recreation facilities, childcare facilities, and community meeting rooms, etc. There are three housing sites located in these two neighborhoods with 71 units counting towards above moderate-income RHNA.

Responsible Department	Engineering, Public Works
Funding Sources	Department Budget, Capital Improvement Program
Actions and Timeframe	<p>The following public improvements are planned during the next eight years (2023-2031) to benefit lower resource neighborhoods (southern portion of the North Park Victoria - Kennedy Drive and the northern portion of the South Park Victoria).</p> <p><u>Traffic related Projects:</u></p> <ul style="list-style-type: none"> • Street Resurfacing Project 2023 will provide pavement rehabilitation and ADA curb ramp upgrades on Dempsey Road from S. Park Victoria to Yosemite Drive. Project design is currently underway, and construction is scheduled for 2023. • With \$1 million of FY2022 state budget allocation for Milpitas bike facilities improvements, prioritize bike facility improvements for 2023-2025 per adopted trail, bike, and pedestrian master plan. <p>Located near the lower resource neighborhoods, Milpitas Unified School District (MUSD) broke ground on August 11, 2022, for the construction of a new Innovation Campus for 500 high school students in 2023/24; public improvements will include a traffic signal, sidewalk, and other roadway improvements.</p> <p><u>Capital Improvement Program (CIP) - identified projects</u></p> <ul style="list-style-type: none"> • North Park Victoria - Kennedy Drive Neighborhood <ul style="list-style-type: none"> ○ Dempsey Road Resurfacing project ○ Dempsey Road Water Line project ○ Cardoza Park Softball Field Improvements • South Park Victoria - Yosemite Drive Neighborhood <ul style="list-style-type: none"> ○ Fire Station No. 2 Replacement ○ Alviso Adobe Media and Exhibits <p><u>ARPA Park Improvements:</u></p>

	<p>Design work has started to improve parks in critical and poor condition using federal ARPA funding, which include parks in the lower resource neighborhoods (e.g., Ben Rodgers, Foothill, Murphy, Robert Brown, and Sinnott Parks). Construction is scheduled to begin in 2024-2025.</p> <p><u><i>Parks & Recreation Master Plan:</i></u> The recently approved Plan recommends various park improvements over the next 20 years. Some improvements are already programed into the 2023-2027 CIP, but each year additional projects will be added. Parks in lower resource neighborhoods include:</p> <ul style="list-style-type: none"> • North Park Victoria - Kennedy Drive Neighborhood <ul style="list-style-type: none"> ○ Calle Oriente Mini Park ○ Cardoza Park • South Park Victoria - Yosemite Drive Neighborhood <ul style="list-style-type: none"> ○ Selwyn Park ○ Foothill Park ○ Murphy Park ○ Robert E. Brown Park ○ Sinnott Park
Relevant Policies	HE 1.9, HE 2.3, HE 3.5, HE 5.4, HE 9.1, HE 9.2, HE 9.3, HE 9.4

PROGRAM 11: PRESERVATION OF AT-RISK HOUSING

Most of the City’s affordable units are subject to affordability restrictions that extend significantly beyond the ten-year period that follows adoption of the Housing Element Update. The City will continue to work to preserve at-risk housing, including but not limited to Sunnyhills, which provides 149 Section 8 units that require renewal of the subsidy contract with HUD periodically. Sunnyhills’ current contract expires in 2023. However, the owner of Sunnyhills has indicated its intention to renew the contract for another five years. In addition, there is a plan to add 44 new units on site, with seven units being affordable to extremely low-income seniors. Site preparation for construction has already begun as of July 2022.

Responsible Department	Building Safety and Housing
Funding Sources	Department Budget
Actions and Timeframe	<p><i>Preserve 149 units at Sunnyhills Apartments (metric).</i></p> <p>Continue to monitor annually the status of Sunnyhills (ongoing). If a Notice of Intent (NOI) is filed to opt out of low-income use, ensure property owner adheres to the noticing requirements (three-year, one-year, and six-month). If necessary:</p> <ul style="list-style-type: none"> • Establish contact with public and non-profit organizations, such as Mid- Peninsula Housing Coalition, BRIDGE Housing, and other non-profit housing providers working in the Santa Clara area to inform them of the potential conversion status of Sunnyhills Apartments and to determine interest in purchasing and/or managing units at-risk.

	<ul style="list-style-type: none"> • Provide technical assistance and support to these organizations with respect to financing to acquire or replace these units. • Work with tenants of at-risk units and provide them with education regarding tenant rights and conversion procedures, Section 8 vouchers available through the Santa Clara Housing Authority, and other housing opportunities in the City for lower-income households. • Assist tenants to obtain priority status on the Section 8 Waiting List. <p>Continue funding and administering a City Rent and Mortgage Relief Program for households and individuals at risk of eviction, homelessness, or foreclosure, and seek available funding to supplement or expand the program (ongoing).</p> <p>By the end of 2026, evaluate and identify more permanent funding options for the Sunnyhills apartments to ensure long-term housing stability and affordability.</p>
Relevant Policies	HE 2.4, HE 2.5
Community Input	Advocates and residents of Sunnyhills Apartments expressed concerns regarding the HUD contract renewal and losing the affordability status. In response to these concerns, the program was modified to look into ways to secure long-term affordability for Sunnyhills.

PROGRAM 12: SHORT-TERM RENTALS (STRS)

The City will continue to monitor and enforce the Short-Term Rental Ordinance which went into effect in March of 2022. The ordinance limits the housing unit types that can be rented as STRs, including single-family units and individual units in a multi-family building for less than 31 consecutive nights. It also further requires STRs to be hosted while in operation. This core requirement is intended to preserve long-term housing availability/opportunities and preserve neighborhood character. In addition, the ordinance prohibits the use of Single-Room-Occupancy (SRO) or dormitory, Below-Market-Rate (BMR) or public housing units, ADUs, and JADUs.

Registration with the City of Milpitas Planning Department is conducted entirely online through the City’s web-based portal and allows for a streamlined review process by staff for new operators. Since the ordinance went into effect, only a few units have registered, and a dedicated staff member continues to work with an outside vendor to identify those in violation of the City’s regulations. The Planning Department is actively enforcing the code and issuing Notices to Abate and subsequent Citations with fines to those individual operators.

Responsible Department	Planning
Funding Sources	Department Budget
Actions and Timeframe	Beginning in 2023, expand monitoring and enforcement efforts on STRs to minimize impacts on the availability of permanent housing.
Relevant Policies	HE 3.6

PROGRAM 13: MOBILE HOME RENT CONTROL

The City will continue to maintain and enforce its Mobile Park Home Rent Control Ordinance which regulates rental rates and the rights and responsibilities of tenants and property owners for the three mobile home parks in Milpitas. The City will continue to utilize the services of Project Sentinel (or a similar organization) to administer the rent mediation process.

Responsible Department	Building Safety & Housing, City Clerk
Funding Sources	Department Budget
Actions and Timeframe	Continue the implementation of Rent Control Ordinance (Title 3, Chapter 30 of the Municipal Code) to preserve the affordability of the three mobile home park spaces (ongoing). Maintain the rent mediation hearing process and non-rent dispute processes.
Relevant Policies	HE 2.2, HE 2.8

PROGRAM 14: RENT REVIEW ORDINANCE

The City will continue to utilize the services of Project Sentinel (or similar organization) to administer the Review Ordinance and program that was established in 2019. The program is intended to help tenants and landlords resolve rent increase disputes, prohibits discrimination based on a tenant’s source of income, and prohibits landlord retaliation. Given the 2020 statewide rent cap (AB 1482), the City’s local Rent Review Program has not been used. AB 1482, however, is scheduled to sunset in 2030, at which point the City’s local Rent Review Program would be critical in maintaining the affordability of rental housing in the community.

Responsible Department	Building Safety & Housing
Funding Sources	Department Budget
Actions and Timeframe	Continue the implementation of the ordinance with expanded outreach to the following neighborhoods (ongoing): <ul style="list-style-type: none"> • North Park Victoria - Kennedy Drive • South Park Victoria - Yosemite Drive • Tract 5045.04 (where it has the highest concentration of rental housing in the City)
Relevant Policies	HE 4.11, HE 5.6

PROGRAM 15: HOUSING OPPORTUNITY ZONES

The City will implement a Housing Opportunity Zones (HOZ) program to utilize incentive-based zoning in multi-family and mixed-use zoning districts. The program, which is currently under development, will provide incentives (permit streamlining, CEQA streamlining, relaxed development standards, and financial incentives) for affordable developers and mixed-income housing.

Responsible Department:	Planning
Funding Sources:	Department Budget

<p>Actions and Timeframe:</p>	<p>Continue conducting consultation with the development community regarding the provisions of HOZ (ongoing).</p> <p>By end of 2023, adopt the HOZ to incentivize affordable housing beyond the requirements of the City’s Affordable Housing Ordinance through:</p> <ul style="list-style-type: none"> • Supplemental density bonus beyond State Density Bonus Law, such as additional incentives for producing housing units for extremely low, very low, and low-income households and units for persons with disabilities. • Relaxed development standards (such as maximum height, minimum parking ratio, minimum open space requirement, etc.) • Financial incentives (such as reduced impact fees, etc.) • Streamlined permitting process (ministerial approval) • By-right approval beyond properties subject to AB 1397 if projects meet certain objective criteria • Encouragement of special needs housing, including senior living, housing for persons with disabilities, and workforce housing • Promotion of affordable housing in higher resource neighborhoods to further fair housing and equity goals.
<p>Relevant Policies:</p>	<p>HE 1.5, HE 1.10, HE 3.3, HE 4.1, HE 4.8, HE 6.1</p>

PROGRAM 16: AFFORDABLE HOUSING DEVELOPMENT

The City will facilitate the development of affordable housing, including for extremely-low- and lower-income households, and those with special needs. Specifically, the City will offer:

- Density bonus with waivers and concessions
- Financial assistance for site acquisition and pre-development
- Deferred/reduced/waived fees
- Objective Design Standards for project review to provide certainty in outcome
- Expedited review of projects that include an affordable housing component that exceeds 20 percent of units being set-aside for lower income households

The City will also explore alternative models of homeownership and affordability, such as community land trusts, shared equity programs, and collective ownership models.

<p>Responsible Department</p>	<p>Planning, Building Safety and Housing</p>
<p>Funding Sources</p>	<p>City Housing Authority, Housing Trust Fund of Silicon Valley, County, and state funds</p>
<p>Actions and Timeframe</p>	<p><i>Facilitate affordable housing development with the objective to produce 2,600 affordable units over eight years for extremely low-, very low- and low-income households (metric).</i></p> <p>Continue to annually pursue funding available at the local, county, state, and federal levels, such as County Measure A and HCD Permanent Local Housing Allocation (PLHA) funds (ongoing).</p>

	<p>By the end of 2024, develop incentives to facilitate the development of large rental units (with three or more bedrooms), Program 23, and rental units for extremely low-income households and persons with disabilities,</p> <p>By the end of 2024, update the City’s Density Bonus Ordinance to conform with recent State amendments, as needed, and clarify application of waivers and concessions.</p> <p>By the end of 2025, evaluate an affordable housing bond or EIFD to increase local revenue for affordable housing, prioritizing the creation of units with three or more bedrooms consistent with Program 23 and for units for special needs populations consistent with Program 22.</p>
Relevant Policies	HE 1.7, HE 4.4, HE 4.5, HE 4.10, HE 4.11, HE 7.7
Community Input	The program specifies facilitating the production of specific rental units, given that community members consistently identified large families, low-income households, and persons with disabilities and their caregivers as special needs groups to prioritize in new housing development.

PROGRAM 17: AFFORDABLE HOUSING ORDINANCE (INCLUSIONARY HOUSING)

The City will continue to facilitate the production of affordable housing through the Affordable Housing Ordinance (AHO), which came into effect in July 2018 and was amended in February 2022. The AHO requires all new residential projects with ten or more units to develop 15% of the total number of units as affordable units.

Responsible Department	Building Safety & Housing
Funding Sources	Department Budget
Actions and Timeframe	<p><i>Facilitate the development of 2,600 affordable units through the AHO and other affordable housing activities (e.g., Program 16: Affordable Housing Development) over eight years (metric).</i></p> <p>Continue to update the in-lieu fee every year to reflect the cost of development (ongoing).</p> <p>Continue to offer a preference program for affordable housing units to McKinney-Vento households with children, current and former Milpitas residents, and workers employed in Milpitas (ongoing).</p> <p>By the end of 2025, amend the AHO to define the percentage of required very low-, low-, and moderate-income units, and to incentivize the production of affordable units beyond the minimum requirement, including extra credit or points for extremely low-income units.</p> <p>By the end of 2027, review the AHO requirements to ensure the AHO remains effective and reflect market conditions.</p>
Relevant Policies	HE 4.5, HE 4.6, HE 4.10, HE 4.11

PROGRAM 18: NON-RESIDENTIAL AFFORDABLE HOUSING IMPACT FEE

The City will continue to ensure non-residential development contributes to affordable housing production through the City’s non-residential affordable housing impact fee. Any non-residential development in the city is subject to payment of a non-residential affordable housing impact fee calculated on a per square foot basis for net new gross floor area. Some non-residential uses, such as day care, nursery, school facilities, hospitals are exempt from this impact fee. Other uses not listed in the ordinance may be exempt if the City Council determines that the development will have a minimal impact upon the demand for affordable housing.

Responsible Department	Building Safety and Housing
Funding Sources	Department Budget
Actions and Timeframe	Continue to annually review and update as needed the non-residential affordable housing impact fee to reflect the cost of development per Zoning Code XII-1-5.01, Ordinance 301 (ongoing).
Relevant Policies	HE 4.4, HE 4.5, HE 4.6

PROGRAM 19: BELOW MARKET RATE (BMR) HOUSING PROGRAM

The City will continue to implement its Below Market Rate (BMR) Program, which is designed to assist low- and moderate-income households in becoming homeowners. To be eligible for a BMR home, the applicant must be a first-time homebuyer (who has not owned a home during the three-year period prior to date of the application) and can provide at least 10% required down payment.

While every applicant must meet the City’s basic eligibility requirements, the City of Milpitas gives some households a lottery preference that increase the chance that they will be offered an affordable unit. These preferences include Milpitas residents, individuals who work in Milpitas, former Milpitas residents who have been displaced, and families with children enrolled in the McKinney Vento Program at the Milpitas Unified School District (MUSD). While program participants may not apply for BMR financial assistance, the training program for first-time homeowners is a beneficial service provided by the program.

Responsible Department	Building Safety & Housing
Funding Sources	City Housing Authority
Actions and Timeframe	<p><i>Facilitate 20 low- and moderate-income households to become first-time homeowners consisting of either financial assistance or completion of training program (metric).</i></p> <p>By the end of 2023, review eligibility requirements to ensure that they do not disproportionately exclude members of protected classes, particularly with respect to criminal and credit history.</p> <p>By the end of 2023, incorporate requirements for inclusive tenant screening into any agreements with entities administering BMR rental units.</p>

	<p>By the end of 2024, conduct affirmative marketing of the program to Black and Latino/Latina residents, both groups that have disproportionately low homeownership rates in the region.</p> <p>By the end of 2024, engage in affirmative marketing to Black and Latino/Latina households that are eligible for the City’s live-work preference to ensure equitable participation in the BMR program.</p>
Relevant Policies	HE 4.7

PROGRAM 20: SPECIFIC PLANS

The City will continue to use specific plans (Metro Specific Plan and Gateway-Main Street Specific Plan) to define policy direction and development standards to provide greater certainty in the review and approval of residential and mixed-use projects. Projects can also tier off of the Specific Plan EIR. By providing clearer land use guidance and focusing CEQA review, development processing and CEQA clearance of projects can be streamlined. Shortening development processing time can positively affect financial feasibility. Specific plans can also reduce development constraints and expand by-right approvals for residential and mixed-use development. Likewise, each plan will consider reducing parking, promoting shared or district parking, and/or unbundling parking to lower the cost of parking for residential and mixed-use developments located in transit centers and corridors.

Responsible Department	Planning
Funding Sources	Department Budget, Policy Planning/Specific Plan Fees
Actions and Timeframe	<p>Adopt the Metro Specific Plan by 2023. Related zoning map amendments to conform with the Specific Plan will be adopted by Spring 2024, as needed. Specific housing strategies include:</p> <ul style="list-style-type: none"> • Rezone the 100-acre Great Mall site from C2 General Commercial to mixed use (RRMU Metro Plan Designation) • Collaborate with the Valley Transportation Authority (VTA) to develop affordable housing on available VTA sites. • Facilitate residential or mixed-use development on other identified sites. • Incentivize inclusion of services to serve residents, such as retail uses, commercial services, community facilities, and childcare. • Establish minimum zoning densities and maximum parking standards. Address shared parking and unbundled parking. • Explore adopting FAR-based development standards and fees to create incentives for creating additional units (e.g., smaller affordable units.). • Explore fee deferrals, reductions, or waivers for 100% affordable housing projects in the Specific Plan areas. • Promote an inclusive community by incentivizing housing for populations that will benefit from proximity to transit, such as lower-income households, the elderly, and persons with disabilities. • Monitor progress with respect to the sites identified in the Specific Plan areas to meet RHNA goals.

	By the end of 2024, adopt and implement the Gateway-Main Street Specific Plan to increase opportunities for diverse residential and mixed-use development with zoning incentives for lot consolidation since small parcels are a recognized development constraint.
Relevant Policies	HE 1.2, HE 1.4, HE 1.6, HE 4.1, HE 4.3, HE 4.8, HE 6.1, HE 6.10
Community Input	Community members noted that Specific Plans ensure more new housing production because they allow for higher density and mixed-use development and were supportive of their implementation. Given the location of some of the Specific Plans, community members asked that transit-dependent populations, such as lower-income households, older adults, and persons with disabilities, were prioritized in these plans.

PROGRAM 21: ZONING ORDINANCE AND BUILDING CODE AMENDMENTS

In recent years, there have been numerous changes to State laws relating to the provision of housing. In addition, as part of this Housing Element update, the City has reviewed its development regulations and has identified a number of potential changes to facilitate housing development. The City will amend its Zoning Ordinance to comply with the latest state laws and reduce regulatory barriers to residential development, including the following actions:

- **Objective Design Standards.** Adopt standards to facilitate the ministerial review and approval of by-right residential and other qualifying projects, including defining standards for mixed-use development on commercial sites.
- **Neighborhood Commercial Mixed Use (NCMU).** This designation provides for multi-family housing at a rate of 1 unit per 1,500 square feet of new or rehabilitated neighborhood-serving retail and commercial services. Reevaluate this ratio to continue to preserve retail and commercial services while not constraining the incorporation of housing units or transition to a mixed used development.
- **Mobile Homes.** Currently the City's three major mobile home parks are zoned "Highway Services." During the zoning code update, establish a mobile home park zoning or overlay district to protect mobile home parks.
- **Tiny Homes.** Update the zoning or building code to accommodate Tiny Homes, prefabricated or modular housing units, and rapid rehousing projects based on the City Council's directed feasibility study. Study to be completed by 2023.
- **State Density Bonus.** The State has updated the Density Bonus law multiple times in recent years. Update the City's density bonus provisions to be consistent with the current requirements.
- **Emergency Shelters.** AB 139 limits parking for emergency shelters based on staffing level only, not on shelter capacity. The City also requires a separation between two emergency shelters of at least 300 feet. AB 139 allows a maximum separation of 300 feet. Update the zoning standards for emergency shelters.
- **Low Barrier Navigation Centers (LBNC).** AB 101 (2019) defines "low barrier navigation centers"⁴ and requires local jurisdictions to permit them by right in zones that allow mixed-use

⁴ Per AB 101, a low barrier navigation center is "a Housing First, low-barrier, service enriched shelter focused on moving people into permanent housing that provides temporary living facilities while case managers connect individuals experiencing homelessness to income, public benefits, health services, shelter, and housing."

development and nonresidential zones that permit multifamily uses, provided the facility meets certain standards. Update the Zoning Ordinance to contain provisions for LBNC.

- **Employee Housing.** The Employee Housing Act (Health and Safety Code Section 17021.5) requires local jurisdictions to consider employee housing providing accommodations for six or fewer employees as a single-family structure with a residential land use designation. Update the Zoning Code to include provisions related to employee housing.
- **Farmworker Housing.** The City’s recently adopted 2021 General Plan does not include a land use designation for agricultural uses; however, section XI-10-40 of the Zoning Ordinances maintains standards for agricultural zones and three parcels in the city continue to be zoned A agricultural use. The City’s Zoning Ordinance does not identify farmworker housing separately as a permitted use. Pursuant to the State Employee Housing Act, farmworker housing up to 36 beds or 12 units is considered an agricultural use to be similarly permitted as other agricultural uses in the same zones. Resolve the zoning for agriculturally zoned parcels.
- **Residential Care Facilities.** The Zoning Ordinance does not explicitly define or state any provisions for residential care facilities. Amend the Zoning Ordinance to permit residential care facilities for six or fewer persons as a residential use, pursuant to the Lanterman Disability Services Act. For residential care facilities for seven or more persons are residential uses that will be permitted, conditionally permitted, or prohibited as similar uses in the same zones. Conditions for approval will be clear and objective and provide certainty in outcomes.
- **Reasonable Accommodation Procedures.** The City will work to develop a formal Reasonable Accommodation procedure to provide flexibility in the implementation of the City’s land use and zoning policies to address housing for persons with disabilities.
- **Development Standards and Processing.** Continue to evaluate and implement the recommendations in the City’s Service Delivery Fee Study (2019) and subsequent assessments to improve the delivery of development review services by the Planning, Building and Housing, Engineering, and Fire Prevention departments. As part of the Zoning Ordinance update, continue to reevaluate permit fees and development standards (e.g., parking, open space, and site standards), and explore methods to streamline planning and building permit processes for new, expanded, or renovated single-family, multi-family, and mixed-use projects. Evaluate the post-entitlement permitting process and update for compliance with AB 2234.

Responsible Department	Planning
Funding Sources	Departmental Budget
Actions and Timeframe	Amend the Zoning Ordinance according to the following schedule: <ul style="list-style-type: none"> • By the end of 2022, adopt the Objective Design Standards. • By early 2023, complete Tiny Homes study. • By the end of 2024, complete the Zoning Ordinance revisions as outlined above.
Relevant Policies	HE 1.5, HE 1.8, HE 1.10, HE 3.2, HE 3.4, HE 4.8

PROGRAM 22: SUPPORTIVE HOUSING FOR PERSONS WITH DISABILITIES

The City will work with the Santa Clara County Office of Supportive Housing (OSH), through its administration of Measure A funds, and the Santa Clara County Housing Authority (SCCHA), through its ability to invest project-based vouchers (PBV) in developments, to increase the availability of permanent supportive housing. Lack of housing that is affordable to persons with disabilities who are at the highest

risk of unnecessary institutionalization is one of the primary barriers to meaningful community integration. Many individuals with disabilities rely on Supplemental Security Income (SSI) as their sole source of income, but the federal SSI benefit is so low that many affordable housing units are out of reach. Instead, permanent supportive housing units should either be affordable to extremely low-income households or have income-based rents such as those available with Project-Based Voucher (PBV) units.

Responsible Department	Building Safety & Housing, Planning
Funding Sources	ARPA Funds, CDBG Funds, Grant Funds from Other Agencies
Actions and Timeframe	<p>By the end of 2023, meet with OSH, SCCHA, and the San Andreas Regional Center (SARC) to explore avenues for collaboration.</p> <p>By the end of 2024, through Program 21: Zoning Code Amendments, identify and implement possible zoning incentives, such as expedited processing and density bonuses, along with fee waivers or reductions, and other financial support for projects that provide supportive housing or dedicated housing units for persons with disabilities.</p> <p>By the end of 2025, identify the use of CDBG funds for predevelopment costs for permanent supportive housing developments as a priority in the Annual Action Plan.</p> <p>By the end of 2025, analyze suitability of sites identified in the Sites Inventory for permanent supportive housing development and conduct community engagement about those sites.</p> <p>By the end of 2026, commit available City resources to permanent supportive housing developments in partnership with OSH and/or SCCHA.</p>
Relevant Policies	HE 1.7, HE 3.6, HE 4.10, HE 7.1, HE 7.2, HE 7.3, HE 7.4, HE 7.6, HE 8.1
Community Input	Throughout the community engagement process, supportive housing was consistently a top priority for community members. Specifically, they recommended more intentional collaboration between OSH and SARC and dedicating funds specifically for supportive housing development.

PROGRAM 23: LARGE UNITS FOR FAMILIES WITH CHILDREN IN MULTIFAMILY HOUSING

The City will explore opportunities to support large families with children who face disproportionately high rates of housing cost burden and overcrowding through implementation of this program. While single-family homes often have a sufficient number of bedrooms to accommodate large families, their cost is typically out of reach for low- and moderate-income families. By contrast, while multifamily housing, whether in dedicated affordable developments or in developments that include inclusionary units, is more apt to be a source of housing that low-income households can access, most new multifamily development does not include units with three or more units. This is a critical gap because families with five or more members experience housing problems at significantly higher rates. The City will prioritize available City and County funds for affordable housing developments that include units with three or more bedrooms and space for support services, recreation, childcare, and social activities.

Responsible Department	Building Safety & Housing, Planning
Funding Sources	Department Budget, CDBG Funds, Grant Funds from Other Agencies

Actions and Timeframe	<p>By the end of 2024, through Program 21: Zoning Ordinance and Building Code Amendments, identify and implement possible zoning incentives, such as expedited processing or density bonuses, for multifamily developments that include units with three or more bedrooms. Study the feasibility of zoning requirements for units with three or more bedrooms.</p> <p>By the end of 2024, implement zoning incentives for the development of units with three or more bedrooms.</p>
Relevant Policies	HE 3.6, HE 4.10, HE 7.1, HE 7.2, HE 7.6
Community Input	The program specifies facilitating the production of specific rental units, given that community members consistently identified large families as special needs groups to prioritize in new housing development.

PROGRAM 24: MISSING MIDDLE HOUSING

The City will facilitate smaller-scale multi-unit and workforce housing to encourage and promote a mix of dwelling types and sizes in lower-density, high-resource residential neighborhoods. These building types, such as duplexes, fourplexes, and courtyard buildings, support diverse housing opportunities. Smaller homes cost less to rent or purchase, and these neighborhoods provide services and amenities within walking distance.

The City adopted zoning amendments and established a SB 9 toolkit, which took effect on January 1, 2022. The zoning amendments provide an opportunity to incorporate missing middle housing into traditional single-family and high resource neighborhoods.

Responsible Department	Planning
Funding Sources	Department Budget
Actions and Timeframe	<p>Continue to work with the school district to explore opportunities to provide workforce housing, particularly for local school district and community college district teachers and employees (ongoing).</p> <p>By the end of 2023, integrate SB 9 Toolkit trainings in the ADU Monday program.</p> <p>By the end of 2024, through Program 21: Zoning Ordinance and Building Code Amendments, identify and implement possible zoning ordinance changes to further promote a mix of dwelling unit types and sizes, particularly in high resource neighborhoods.</p> <p>By the end of 2024, update and promote opportunities to create duplexes and urban lot splits with the City’s SB 9 Toolkit.</p> <p>By the end of 2024, participate in State financing programs for middle-income workforce housing developments that meet the City’s adopted Goals and Performance Measures for these projects.</p> <p>By the end of 2025, evaluate a reduced affordable housing fee and expedited development review for missing middle housing projects.</p>
Relevant Policies	HE 4.3, HE 1.5, HE 1.8

Community Input	A key stakeholder and decisionmaker recommended that the City add a new program on Missing Middle Housing that legalizes these housing types. In pop-ups and workshops, community members also highlighted the importance of medium-density housing to balance higher density projects in the specific plan areas.
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AFFH Action Menu

The following table summarizes the various housing programs and actions that have direct or indirect impacts in affirmatively furthering fair housing in the city. This is a summary of those programs describing the targeting and quantified metrics associated with each. Additional details, including responsibilities, timelines for specific actions, and funding sources, are found in the Housing Programs section.

TABLE 8: AFFH ACTION SUMMARY

Program	Action	Targeting	Metric
Housing Mobility			
Program 6: Housing Rehabilitation	Continue to facilitate reasonable accommodations for homeowners seeking to install accessibility modifications to serve disabled residents, targeting resources and assistance to projects located in lower resource neighborhoods or projects with affordable housing or rent-restricted units.	Targeted outreach in lower resource neighborhoods	Assist 250 households by 2031
Program 19: Below Market Rate (BMR) Housing Program	Facilitate low- and moderate-income households to become first-time homeowners consisting of either financial assistance or completion of training program.	Citywide	Assist 20 households by 2031
	Conduct affirmative marketing to ensure equitable participation in the BMR program.	Black and Latino residents	
Program 21: Zoning Ordinance and Building Code Amendments	Review and adopt new zoning provisions to align land use standards with State law requirements for special needs housing.	Citywide	Create 325 new housing units for special needs groups and large families by 2031
Program 22: Supportive Housing for Persons with Disabilities	Collaborate with the County for supportive housing.	Citywide	
Program 23: Large Units for Families with Children in Multifamily Housing	Identify and implement possible zoning incentives, such as expedited processing or density bonuses, for multifamily developments that include units with three or more bedrooms.	Citywide	

Program	Action	Targeting	Metric
New Opportunities in High Resource Areas			
Program 1: Adequate Sites for RHNA and Monitoring of No Net Loss	Rezone properties as outlined in Appendix E to provide adequate sites to accommodate the RHNA shortfall zoned to allow housing units at the low-income affordability levels.	Citywide	Increase new housing opportunities in higher resource areas by 2,000 units by 2031
	Amend the Zoning Code to provide by-right approval of housing proposed on sites previously identified in the 5th cycle Housing Element to accommodate lower income RHNA units and are being reused for this 6 th cycle update, if the project includes 20 percent of the units as lower income in the 6th cycle.	Citywide	
Program 4: Accessory Dwelling Units	Continue to facilitate ADU construction and legalization.	Citywide	Construct 31 ADUs or JADUs annually Legalize 8 ADUs or JADUs annually
Program 15: Housing Opportunity Zones	Adopt the HOZ to incentivize affordable housing beyond the requirements of the City's Affordable Housing Ordinance	TWC and NCMU GP designations	Adopt HOZ by end of 2023
Program 16: Affordable Housing Development	Facilitate the development of 2,600 affordable units over eight years.	Citywide	Facilitate 2,600 units by 2031
Program 20: Specific Plans	Facilitate residential or mixed-use development on identified sites.	Metro Specific Plan and Gateway-Main Street Specific Plan areas	Adopt Metro Specific Plan by 2023 and Gateway Main Street by 2024
Program 24: Missing Middle Housing	Facilitate smaller-scale multi-unit and workforce housing in lower density residential neighborhoods	High resource neighborhoods	NA
Fair Housing Enforcement, Outreach, and Education			
Program 7: Tenant Assistance and Fair Housing Services	Support persons through Project Sentinel's outreach and informational workshops, phone call assistance, fair housing, and other support.	Citywide	Support 320 persons annually

Program	Action	Targeting	Metric
Program 8: Fair Housing Enforcement, Outreach, and Education	Continue to outreach to residents regarding fair housing rights.	Citywide	Update website by 2023
Anti-Displacement and Tenant Protections			
Program 2: Replacement Housing	Adopt City regulations to address the replacement requirements including the first right-of-refusal and relocation assistance for displaced tenants.	Citywide	No net loss of existing affordable housing
Program 5: Neighborhood Preservation and Code Enforcement	Continue to offer replacement/relocation assistance to income-qualified households when displaced by code enforcement activities.	Citywide	NA
Program 7: Tenant Assistance and Fair Housing Services	Assist residents, landlords, and housing professionals over the next eight years with rental assistance.	Citywide	Assist 300 Milpitas residents by 2031
Program 9: Anti-Displacement	Supplement the California Tenant Protection Act of 2019 by evaluating and enacting certain anti-displacement measures.	Citywide	NA
Program 11: Preservation of At-Risk Housing	Monitor status of the at-risk projects.	Sunnyhills Apartments	Preserve 149 affordable units 2028
Program 13: Mobile Home Rent Control	Continue the implementation of Rent Control Ordinance to preserve the affordability of the mobile home parks.	3 mobile home parks	NA
Program 14: Rent Review Ordinance	Continue the implementation of the ordinance with expanded outreach to the specific neighborhoods.	North Park Victoria - Kennedy Drive South Park Victoria - Yosemite Drive Tract 5045.04 (where it has the highest concentration of rental housing in the City)	NA
Place-Based Strategies for Neighborhood Improvements			
Program 5: Neighborhood Preservation and Code Enforcement	Continue to refer income-eligible households to the City's Housing Rehabilitation Program for assistance with code corrections	Citywide	NA

Program	Action	Targeting	Metric
Program 10: Place-Based Strategies for Neighborhood Improvements	<u>Traffic related Projects:</u> <ul style="list-style-type: none"> Street Resurfacing Project 2023 will provide pavement rehabilitation and ADA curb ramp upgrades. With \$1 million of FY2022 state budget allocation for Milpitas bike facilities improvements, prioritize bike facility improvements for 2023-2025 per adopted trail, bike, and pedestrian master plan 	<ul style="list-style-type: none"> Dempsey Road from S. Park Victoria to Yosemite Drive Citywide 	CIP implementation by 2023
	Implement <u>Capital Improvement Program</u> (CIP) identified projects	North Park Victoria - Kennedy Drive Neighborhood and South Park Victoria - Yosemite Drive Neighborhood	CIP implementation by 2031
	<u>ARPA Park Improvements:</u> Design work has started to improve parks in critical and poor condition using federal ARPA funding.	North Park Victoria - Kennedy Drive Neighborhood	CIP implementation by 2025
	<u>Parks & Recreation Master Plan:</u> The recently approved Plan recommends various park improvements over the next 20 years. Parks in lower resource neighborhoods include:	North Park Victoria - Kennedy Drive Neighborhood <ul style="list-style-type: none"> Calle Oriente Mini Park Cardoza Park South Park Victoria - Yosemite Drive Neighborhood <ul style="list-style-type: none"> Selwyn Park Foothill Park Murphy Park Robert E. Brown Park Sinnott Park 	CIP implementation by 2027

Summary of Quantified Objectives

State law requires that the Housing Element contain quantified objectives for the maintenance, preservation, improvement, and development of housing. The quantified objectives are separate from the City's Sites Inventory capacity detailed in Chapter 4: Future Housing Needs. The following table summarizes the City's quantified objectives for the housing programs outlined above.

TABLE 9: SUMMARY OF QUANTIFIED OBJECTIVES (2023-2031)

	Extremely Low	Very Low	Low	Moderate	Above Moderate	Total
New Construction ¹	843 ²	843	970	1,131	2,927	6,713
Rehabilitation ³		125	125			250
Preservation ⁴	149					149
Notes:						
<ol style="list-style-type: none"> 1. The quantified objective for new construction is based on the City's RHNA. 2. State law requires projecting the needs of extremely low-income households. One allowable methodology is to assume that 50% of the very low-income housing needs are extremely low income. 3. The quantified objective for rehabilitation is estimated based on implementation of Program 6. 4. The quantified objective for preservation is estimated based on implementation of Program 11 and the need to preserve the affordable housing units at Sunnyhills Apartments. 						