

CITY OF MONTE SERENO

2015-2023 HOUSING ELEMENT

COVERING THE PERIOD JANUARY 31, 2015- JANUARY 31, 2023



MAY 2015 FINAL

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SECTION 1: INTRODUCTION

A. Purpose of the Housing Element

This 2015-2023 Housing Element represents the City of Monte Sereno's intent to plan for the housing needs of the Monte Sereno community while meeting the State's housing goals as set forth in Article 10.6 of the California Government Code. The California State Legislature has identified the attainment of a decent home and a suitable living environment for every Californian as the State's major housing goal.

The Monte Sereno Housing Element represents a sincere and creative effort to meet local and regional housing needs within the constraints of a fully established built-out community, limited land availability and extraordinarily high costs of land and housing.

Pursuant to State law, the Housing Element must be updated periodically according to statutory deadlines. This Housing Element covers the planning period of January 31, 2015 through January 31, 2023.

The Element must include the following components:

- Analysis of the City's population, household, and employment base, and housing stock characteristics.
- Summary of the present and projected housing needs of the City's households.
- Review of potential constraints to meeting the City's identified housing needs.
- Review and evaluation of the City's previous Housing Element (2009-2014).
- Evaluation of opportunities that will further the development of new housing.
- Description of the Housing Plan to address the identified housing needs.

The 2015-2023 Housing Element replaces the City's 2009-2014 Housing Element. The 2009-2014 Housing Element was adopted by the City in 2010 and was later in that same year found to be in compliance with State Housing Element Law by the California Department of Housing and Community Development.

B. Relationship to the General Plan

The City of Monte Sereno General Plan was adopted in 2009 and is comprised of the following elements: 1) Land Use; 2) Housing Element; 3) Circulation; 4) Open Space and Conservation; 5) Public Services and Facilities; and 6) Health and Safety.

The City's Housing Element is being updated at this time in conformance with the 2014-2022 update cycle for jurisdictions in the Association of Bay Area Governments (ABAG) region. The Housing Element builds upon the other General Plan elements and contains policies to ensure that it is consistent with other elements of the General Plan. As portions of the General Plan are amended in the future, the Plan (including the Housing Element) will be reviewed to ensure that internal consistency is maintained.

SECTION 2. COMMUNITY OUTREACH AND PUBLIC PARTICIPATION

A. Community Meeting

A community meeting was held in the City's Council Chambers on May 20, 2014. Public notice of this meeting was sent on May 5, 2014 to members of the City's Site and Architecture Commission, City Council members, affordable housing organizations and legal advocacy groups, County of Santa Clara Planning Department and Housing Authority as well as everyone listed in the City's email notification group, in a diligent effort to achieve public participation of all economic segments of the community. A list of the advocacy groups invited to the meetings is attached as Appendix E. An article on the proposed meeting was also included in the May 16, 2014 edition of the "Town News" (Los Gatos/Saratoga/Monte Sereno edition). The meeting date and location, a description of the Housing Element Update process, a list of "Frequently Asked Questions" and other relevant information was also posted on the City's web site prior to the meeting.

B. Information Distribution

The City distributed information and updates on the City's website throughout the development of this Housing Element Update. The website can be located at:

<http://www.montesereno.org/clientuploads/Online%20Documents/Planning/Housing%20Element%20Update/Housing%20Element%20Update%20Information.pdf>

C. Review of Draft and Final Housing Element

The 2015-2023 draft Housing Element was released for public review on September 5, 2014. An electronic copy of the draft document was published on the City's website and a hard copy was available at City Hall for public review. The draft Housing Element was reviewed by the City Council at their October 7, 2014 meeting. Public notice of the October 7, 2014 meeting was posted on the City's website on September 5, 2014 and notice was provided to individuals on the City's email list as well as appropriate organizations/agencies. Please see Appendix E for a list of organizations/agencies that received public notice. In addition, public notice of the meeting was printed in the "Town News" (Los Gatos/Saratoga/Monte Sereno edition). At their October 7, 2014 meeting, the City Council took public comments on the draft Element and unanimously voted to submit the draft Element to the Department of Housing and Community Development (HCD). On October 10, 2014, the City submitted the draft Housing Element to HCD and requested a streamlined review of the document.

On December 12, 2014, HCD sent a letter to the City, which contained comments on the draft Housing Element. In addition, HCD forwarded one letter dated December 11, 2014 from Wendel, Rosen, Black and Dean LLP on behalf of Hacienda Realty. Other than the December 11, 2014 letter, the City received no other comments on the draft Housing Element.

The draft Housing Element was revised to respond to the comments and the Final Housing Element document was released for public review on February 9, 2015 and a Public Hearing was scheduled for February 17, 2015. On February 9, 2015, the document was available at City Hall and on the City's web site. Notice of the document availability and the February 17, 2015 Public Hearing was sent to the list of organizations contained in Appendix E of this document as well as anyone who had submitted comments either written or orally on the document. Further, notice of the document availability and Public Hearing was also sent to everyone on the City's email notification list. The date and location of the February 17, 2015 meeting was also published in the February 6 and 13, 2015 edition of the "Town News" (Los Gatos/Saratoga/Monte Sereno edition).

The 2015-2023 final Housing Element was sent to HCD on February 23, 2015 and, following HCD's review, the 2015-2023 Housing Element was adopted by the City Council on _____.

Please see Appendix G of this document for a more detailed description of the public participation process.



SECTION 3. COMMUNITY PROFILE

Community Profile

Monte Sereno is a quiet residential community of approximately 1.56 square miles nestled in the southwestern portion of Santa Clara County at the base of the Santa Cruz Mountains between the City of Saratoga and the Town of Los Gatos. It is an all residential community of approximately 3,500 residents and the area is known for its rural character and wooded hillsides. The City of Monte Sereno is approximately 50 miles southeast of San Francisco and just minutes from the heart of Silicon Valley and has easy access to Highways 17 and 85. It was incorporated as a City on May 14, 1957. A few of the City points of interest are the home in which American author John Steinbeck wrote the Grapes of Wrath and the site of the Billy Jones Rail Road.

(Please note: all data cited in this section is from the ABAG 2014 Housing Element Data workbooks unless otherwise noted.)

A. Population Characteristics

Current Population

The California Department of Finance estimates that the population of Monte Sereno is 3,450 persons as of January 1, 2014. Monte Sereno is the smallest community in Santa Clara County, which had an estimated total population of 1,868,558 in 2014.

Table HE-1 Santa Clara County Population Estimate, 2014

Campbell	41,993
Cupertino	59,946
Gilroy	52,413
Los Altos	29,969
Los Altos Hills	8,354
Los Gatos	30,532
Milpitas	70,092
Monte Sereno	3,450
Morgan Hill	41,197
Mountain View	76,781
Palo Alto	66,861
San Jose	1,000,536
Santa Clara	121,229
Saratoga	30,887
Sunnyvale	147,055
Unincorporated County	87,263
Total	1,868,558

Source: California Department of Finance Estimates, January 1, 2014

Age Composition

Table HE-2 shows the 1990, 2000 and 2010 age distributions for the population in Monte Sereno. As shown in this table, the number of people age 65 or older increased by 28 percent from 2000 (505 people) to 2010 (647 people). This change is consistent with the region-wide trend of an aging population. The percentage of seniors living in Monte Sereno, however, is greater than the percentage of seniors living elsewhere in Santa Clara County. In 2010, 19% percent of the population in Monte Sereno was 60 or over, while in Santa Clara County, 16 percent of the population was 60 or over.

The number of seniors in Monte Sereno is expected to increase in the future due to the aging of the baby boom generation. Detailed future age distribution projections for Monte Sereno are not available. However, as Table HE-2 below demonstrates, the percentage of people 65+ years has steadily increased in Monte Sereno from 1990-2010 and this trend is expected to continue.

Table HE-2: Population by Age, Monte Sereno 1990, 2000, 2010

Age Group	Population 1990	Percent 1990	Population 2000	Percent 2000	Population 2010	Percent 2010
<i>65+ years</i>	364	11.1%	505	14.5%	647	19%
<i>45- 64 years</i>	1,065	32.4 %	1,121	32.2 %	1235	37%
<i>20-44 years</i>	1,066	32.4%	846	24.3 %	587	18%
<i>0-19 years</i>	792	24.1 %	1,011	29 %	872	26%

Source: U.S. Census, ABAG Housing Element Data (2014)

Employment

Monte Sereno has a very small employment base that is made up of City employees, school district personnel and people involved in miscellaneous home occupations. The City does not have commercial, industrial or institutional centers; the majority of Monte Sereno residents who are in the workforce commute elsewhere to their jobs. According to ABAG, the number of employed adults 16 years of age and older in the City has remained relatively static since 2000. ABAG's 2014 Housing Element Data indicate that there were 1,501 employed adults in the City in 2000 and that number increased only slightly to 1,523 adults in the 2007-2011 period. The primary industries in which these residents were employed included manufacturing, professional services and education.

ABAG's 'Projections 2013' found only 450 total jobs in the City in 2010, projected to increase to 580 in 2040. Since Monte Sereno has more than three employed residents for each job in the City, it serves as a bedroom community for nearby job-rich communities such as Los Gatos.

B. Household Characteristics

Household Size and Growth

Monte Sereno households are slightly smaller than the average Santa Clara County household. In 2000, Monte Sereno's average household size was 2.88 persons per household as compared to the county average of 2.92 persons per household. Average household size in 2007-2011 was 2.85 persons per household in Monte Sereno and 2.89 persons per household in Santa Clara County.

The number of households in the City has remained at approximately 1200 households from 2000-2010. ABAG has predicted that the City will have a 3.2% growth rate in the decade between 2010-2020, resulting in a net increase of approximately 38 households.

Housing Tenure

Monte Sereno has a very high rate of home ownership. In 2010, approximately 90 percent of housing units in Monte Sereno were owner occupied. This figure decreased slightly from 1990, when approximately 92 percent of housing units were owner-occupied. In Santa Clara County, approximately 58 percent of housing units were owner-occupied in 2010.

Household Income Levels

Monte Sereno is a relatively affluent community. The median household income in Monte Sereno was \$181,719 in 2011. In Santa Clara County, the median household income was \$89,064. From 2000 to 2011, household income decreased in both Monte Sereno and Santa Clara County. In 2000, the median household income was \$208,262 (in 2011 dollars) in Monte Sereno and \$100,352 in Santa Clara County. This decrease can probably be attributed to the recessionary period, which began in 2008.

For planning purposes, the State Department of Housing and Community Development categorizes Monte Sereno households into five income groups based on the Santa Clara County Median Family Income (MFI). In 2014 the MFI in Santa Clara County was \$105,500. Income levels for four-person households are defined as follows:

- ◆ **Extremely Low Income:** Households with incomes less than 30% of MFI (under \$31,650)
- ◆ **Very Low Income:** Households with incomes between 31 percent and 50 percent of MFI (\$31,651 to \$53,050)
- ◆ **Low Income:** Households with incomes between 51 percent and 80 percent of MFI (\$53,051 to \$84,900)
- ◆ **Moderate Income:** Households with incomes between 81 percent and 120 percent of MFI (\$84,901 to \$126,600)
- ◆ **Above Moderate Income:** Households with incomes greater than 120 percent of MFI (over \$126,001)

In 2007-2011, approximately 16% of all City households or 190 households total were lower income households (extremely low, very low and low income). This is a slight increase from 2000 when 13% of the City's households were lower income. This 3% increase could indicate that additional housing units in the City are providing housing for lower income households. Moderate income households

accounted for 13.5% of all households in 2007-2011 and the remaining 70.5% of households in the City are considered above moderate income households.

Extremely Low Income:	60 households
Very Low Income	60 households
Low Income	70 households
Moderate Income	165 households
Above Moderate Income	<u>865</u> households
TOTAL CITY HOUSEHOLDS	1220 households

Race and Ethnicity

In 2010, 77 percent of the population in Monte Sereno was White, 14 percent was Asian, 5% was Hispanic and the remaining percent was other. In Santa Clara County, roughly equal percentages of the population were white and Asian (35 and 32 percent, respectively) and 27 percent was Hispanic.

C. Housing Stock Characteristics

Vacancy Rates

The vacancy rate in Monte Sereno in 2010 was 1.6% (21 units) for units available for rent or sale. An additional 55 units were vacant but were either seasonal units or vacant for other reasons.

Housing Types

In 2014, there were 1,293 dwelling units in Monte Sereno. Approximately 97 percent of housing units in Monte Sereno are single-family detached homes and 2% are single-family attached units.

These single-family homes are supplemented by a growing supply of secondary dwelling units or "Second Units." The City estimates that there are 87 Second Units in Monte Sereno in 2014. As discussed further in Section 6 of this Element, Second Units are the primary form of affordable housing in Monte Sereno.

Age and Condition of Housing Stock

Monte Sereno's housing stock includes a wide variety of units built throughout the past century. Listed below are the percentages of units built by age:

Built in 1940s or earlier	19%
Built in 1950s	18%
Built in 1960s	21%
Built in 1970s	25%
Built in 1980s	3%
Built in 1990s	6%
Built in 2000 or recently	8%

In 2014, ABAG data indicates that there are no units lacking complete plumbing or kitchen facilities in Monte Sereno. In 2014, based on observations by the City's inspectors responsible for code enforcement, while some units need deferred maintenance repairs, there are no or few units in need

of substantial rehabilitation. Most code enforcement complaints to the City involve relatively minor repairs.

In addition to age of unit, overcrowding is another factor that can affect housing condition. Overcrowding is defined as households that have more than 1 person per room. In Monte Sereno, there were no overcrowded owner units and 10 overcrowded renter units. None of the 10 renter units were identified as severely overcrowded (more than 1.5 person per room).

D. Housing Costs

Units for Sale

Home prices in Monte Sereno are among the most expensive in the Bay Area. The Santa Clara County Association of Realtors reports that, as of December 2013, the average sales price of a home in Monte Sereno was \$2,220,216 and the median sales price was \$1,980,000.

Rental Units

It is difficult to determine an estimate of the average rental costs in Monte Sereno due to the limited number of housing units, especially rental units. Table HE-3 below includes average rental costs for three communities in proximity to Monte Sereno. Of the three communities, Saratoga and Los Gatos are more similar to Monte Sereno in terms of type of housing stock and size of units. It is estimated that rental costs in Monte Sereno are similar to those in Saratoga and Los Gatos.

Table HE-3: Rental Cost Per Month in Neighboring Communities (2014)

	Studio/One Bedroom	Two Bedroom	Three Bedroom	Four or More Bedrooms
Campbell	\$1768	\$2333	\$2750	\$3100+
Los Gatos	\$2049	\$2538	\$3750	\$4125+
Saratoga	\$2104	\$3550	\$4150	\$5000+

Source: Craigslist.com, and local newspapers (2014).

E. Housing Affordability

Housing costs are very high in Monte Sereno. As stated above, the median sales price was \$1,980,000 at the end of 2013 – a price affordable only to a certain percentage of above moderate income households. Rental costs are also estimated to be high. Assuming that Monte Sereno's rents are similar to Saratoga, a one bedroom rent is \$2104 and a two bedroom unit rents for \$3550. The chart below illustrates how "unaffordable" those rents are to typical lower income households.

Table HE- 4: Rental Affordability (2014)

	1 bedroom unit	2 bedroom unit
Estimated Market Rent	\$2104	\$3550
Maximum “affordable” to a very low income household	\$1061	\$1194
Maximum “affordable” to a low income household	\$1266	\$1424

“Affordable” amount calculated using City affordability formula as specified in Second Unit Program guidelines. (See Section B in Appendix)

Overpayment

Households spending more than 30 percent of household income on housing costs are generally considered to be overpaying for housing. Households who spend more than 50% of their income for housing are considered to be “severely” overpaying.

In Monte Sereno, it is estimated that 319 households are paying between 30-50% of their income for housing costs. Of those 319 households, 289 are owner occupants and the majority of those owners (264) have incomes that are considered above moderate income. Of the 30 renter households who are overpaying, there are no lower income households and all 20 renter households have incomes of above moderate income.

In the category of “severely” overpaying (paying more than 50% of income for housing costs), there are a total of 325 households, of which 290 are owner occupants. These 290 households are divided among extremely low (30 households), very low (40 households), low income (60 households), moderate (90 households) and above moderate (70 households). The remaining 35 renter households with severe overpayment conditions include 10 extremely low income households, 10 very low income households and 15 moderate income households. The 644 total households overpaying for housing represent approximately 53% of all Monte Sereno households. This is not considered unusual given the fact that Monte Sereno’s housing costs are among the highest in the Bay Area and California.

At-Risk Units

The Housing Element is required to identify and develop a program for the preservation of affordable multifamily units assisted under various federal, State and local programs. The City is required to provide an inventory of assisted, affordable units that are eligible to convert to a market rate within ten years. In 2014 there are no assisted units within Monte Sereno’s boundaries that are subject to conversion to market rate within 10 years.

F. Special Needs Housing

To provide adequate housing for all people, a community must consider the housing needs of those with specific limitations or challenges. Special need populations include seniors, persons with disabilities, female headed households, large households, farm workers and persons in need of emergency shelter.

Seniors

Seniors face many housing challenges as they age, including the likelihood of a fixed budget, higher medical costs and greater likelihood of disabilities. In addition, seniors' income tends to decline as they age. Young seniors often have some retirement savings or employment income that can supplement Social Security. Older seniors are more likely to use up their savings and therefore are more likely to have more limited incomes.

In 2010 approximately 19% of the City's population was 60-74 years and another 9% of the population was 75 + years. This is an increase from 2000 data when 15% of the population was 60-74 years and an additional 5% was 75+ years. In total, 28% of the population (975 persons) were 60 years or older in 2010. It is expected that the overall number of elderly residents will continue to grow as members of the baby boomer generation age.

The 2009-2013 American Community Survey reported that 40% of the households in Monte Sereno had one or more people 65 years and older. Of those households, 25% were 1-person households. There were no senior households in Monte Sereno with incomes below the poverty level. Following are the percentage distribution of incomes for senior households over the age of 65 years in Monte Sereno

<u>Household Income</u>	<u>% of all Senior Households</u>
Under \$30,000	10%
\$30,001- 49,999	19%
\$50,000 - 74,999	16%
\$75,000 – 99,999	10%
\$100,000 or more	45%

The overwhelming majority of seniors in Monte Sereno own their homes. In the age group of 65-74 years, 96% of senior households own their homes. In the age group of 75-84 years, 98% of households are owners. And, in the age group of 85+ years, 89% of the senior households own their homes.

In regards to housing needs, seniors need housing that is accessible and affordable. Existing senior households living in Monte Sereno will probably require accessibility modifications to their homes in order to continue to "age in place" comfortably. They may also require caregivers, a situation where a Second Dwelling Unit could be very helpful in providing affordable living quarters for the caregiver as well as 24 hour assistance for the senior. Other in-home care opportunities are available in the area for seniors who wish to remain at home. The Home Instead Senior Care office in Campbell and the Visiting Angels Senior Homecare office in San Jose are local options that connect seniors with caregivers.

The charitable foundation Health Trust provides services to Santa Clara County residents. The local Meals on Wheels program is one of the programs operated under Health Trust that serves Santa

Clara County residents who are physically limited and homebound, including seniors and persons with disabilities. Health Trust programs offer access to high quality, affordable health services for seniors through their Healthy Aging Initiative.

Persons with Disabilities

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

People with disabilities face many challenges when looking for housing. There is a limited supply of handicap accessible, affordable housing generally. Additionally, because some people with disabilities, particularly developmental disabilities, live with their parents they often do not have rental or credit history. This makes it harder to compete for the limited housing that is available. Second Units are often a valuable resource for families with members who are disabled and need care but want to live independently.

In 2000, there were 354 people five years old or older living in Monte Sereno with a disability. Of these, 68 percent were active members of the workforce and approximately 19 percent were senior citizens. The 2014 ABAG Housing Element data does not include disability estimates for communities under 5,000 in population. However, the U.S. Census American Community Survey estimates that there were 232 individuals in Monte Sereno with a disability in the 2008-2012 survey period. Of these 232 individuals or 79% of the total were 65 years and over.

People with Developmental Disabilities

SB 812 signed into law in 2010, requires Housing Elements to include an analysis of the special housing needs of people with developmental disabilities. Additionally, SB 812 requires that individuals with disabilities receive public services in the least restrictive, most integrated setting appropriate to their needs.

California defines developmentally disabled as a “severe and chronic disability that is attributable to a mental or physical impairment. The disability must begin before the person’s 18th birthday, be expected to continue indefinitely, and present a substantial disability.” Some development disabilities cause mental retardation and some do not. Common developmental disabilities include Down’s syndrome, autism, epilepsy and cerebral palsy.

The San Andreas Regional Center (SARC) is a community based non-profit which serves the needs of the developmentally disabled in Santa Clara County. The center reports that there were 10,019 developmentally disabled individuals in the County in 2013. Of this total, 8,357 live at home and 1,590 live in care-giving facilities. SARC provides additional data on the type of developmental disability as follows: 49% due to mental retardation, 10% due to autism, 11% due to cerebral palsy, 16% due to epilepsy and 14% due to other causes. SARC reports that, in 2014, there were 66 developmentally disabled clients in Monte Sereno.

In addition to the San Andreas Regional Center, the Silicon Valley Independent Living Center (SVILC) serves Santa Clara County residents who have disabilities. The nonprofit organization provides services related to information, referrals, peer support, independent living skills training, housing and assistive technology.

Many physically and developmentally disabled individuals are able to lead productive lives outside of institutional settings. The lack of suitable supportive housing at an affordable cost is a persistent barrier to their quest for independence. In 2011, the City revised the Municipal Code to include provisions for “Reasonable Accommodations” for persons with a disability. Further, in 2012 the City also included provisions for transitional and supportive housing in residential districts. In addition, as noted above, the City’s Second Unit program can be an important resource for families with members who have a disability and want access to their families but in an independent housing unit.

Female-Headed Household

Female-headed households may require special needs resulting from a combination of income and housing stock limitations. At the time of the 2000 Census, there were 49 female-headed households in Monte Sereno (4 percent of total households). Of these, 22 households included children under the age of 18. Six of these families were renters, and none were reported as living in poverty. In 2010, there were 59 female-headed households or 5.9% of all households. Of those female-headed families, 25 households had children less than 18 years. As in 2000, none of the female-headed families in 2010 were below the poverty level.

Large Households and Overcrowding

Large households are typically defined as those having 5 or more persons. Large households are considered a special needs group because they require homes with more bedrooms and, typically, these larger homes are more expensive. In 2010, there were 123 large households in Monte Sereno, approximately 10% of all households. Of these 123 households, 110 were owner occupants and the remainder was renters.

TABLE HE -5 LARGE HOUSEHOLDS BY TENURE AND INCOME

	Median Income	Owner	Renter	TOTAL
5 Persons	\$222,500	85	8	93
6 Persons	\$144,712	19	4	23
7 Persons	\$250,001	6	1	7
Total Large Households		110	13	123

Overcrowding is not a significant problem for most households due to the substantial supply of large housing units in Monte Sereno. Approximately 57% of Monte Sereno’s housing stock is 4 or more bedrooms. Another 33% of the housing stock has 3 bedrooms. An “Overcrowded” unit is one occupied by 1.01 persons or more per room and a “Severely Overcrowded” Unit is one occupied by more than 1.5 persons per room. The ABAG Housing Element Data indicates that there are no overcrowded owner units in Monte Sereno and 10 overcrowded renter units. There are no severely overcrowded owner or renter units.

Farm workers

There are no identified farm workers residing in Monte Sereno and no commercial agricultural operations. However, in Santa Clara County there are 4,425 persons who work in agriculture, forestry, fishing, and mining. They primarily reside in San Jose, Gilroy, and the unincorporated County. Farmworkers typically have relatively low incomes and generally face higher rates of overcrowding and other substandard housing conditions. To the extent that agricultural workers may desire to live in Monte Sereno, their need for affordable housing would be similar to that of other lower income persons, and affordable housing in the City would serve farmworkers as well as others employed in low-wage jobs. Provisions required by State law regarding employee housing may also assist farmworkers.

Persons in Need of Emergency Shelter

The 2013 Santa Clara County biennial count of homeless persons did not find any homeless persons in Monte Sereno. However, Monte Sereno is part of the larger Santa Clara County community where homelessness is present. The 2013 count found 7,631 homeless persons in the County, 5,674 of whom 74% were unsheltered. Key causes of homelessness include alcohol or drug use and economic factors such as job loss, unemployment and the inability to pay the rent or mortgage.

There is no data presently available documenting the increased level of demand for shelter in Santa Clara County during particular times of the year. Due to the relatively mild climate, the only time of year when increased demand appears to be a factor is during the winter months (November to March). The biennial homeless count always takes place in the last week of January, a period when demand for shelter typically is at its highest. Since the year-round need described above is based on that annual count, the need for emergency shelter either year-round or seasonally is not likely to be greater than that found during the biennial homeless count.

Santa Clara County has approximately 23 emergency shelters, providing close to 800 beds year-round, with an additional 300 beds available during the winter months (November through March). There are also over 1,100 transitional housing beds throughout the County that offer a combination of stable housing and intensive, targeted support services for the mentally ill, those with chronic substance abuse, developmental disabilities, and other factors that prevent the homeless from returning to permanent housing situations. Transitional housing includes both single site and "scattered site" programs. Table HE-6 provides a summary of emergency shelters and transitional housing near the City of Monte Sereno.

Table HE -6: Homeless Facilities Near Monte Sereno

Facility	Beds	Target Population	Location
Emergency Shelters			
Asian Americans for Community Involvement	12	Women with Children	San Jose
City Team Rescue Mission	52	Single men	San Jose
Hospitality House, Salvation Army	24	Single men	San Jose
Our House Youth Services HomeFirst	10	Homeless and run away youth	San Jose
San Jose Family Shelter	143	Families	San Jose
Support Network for Battered Women	18	Domestic violence shelter- women and children	San Jose
Emergency Shelter/Transitional Housing			
InnVision	178	Working men, women & children, mentally ill men & women	San Jose
James Boccardo reception Center	370	Families and single adults	San Jose
Transitional Housing			
Next Door- Women with Children	19	Domestic Violence Shelter -Women and children -	San Jose
St. Josephs Cathedral	45	Worker housing- men, women and children	San Jose
YWCA- Villa Nueva	126	Women and children	San Jose

Source: Santa Clara County Consolidated Plan, 2010-2015

In Monte Sereno, Emergency Shelters are now allowed as a use “by right” in areas zoned as “public” according to Municipal Code Section 10.05.045. Emergency shelters are those that meet the definition as contained in California Health and Safety Code 50801(e). There are three areas in the City with a zoning designation of “Public,” two parcels on Daves Avenue and the City Hall parcel.

Extremely Low Income Households (ELI)

Extremely Low Income Households are defined as households earning 30 percent or less of the Area Median Family Income. In Santa Clara County, this amounts to an annual income of less than \$31,600 for a family of four persons in 2014. Many ELI households live in rental housing and most likely encounter overpayment for housing, overcrowding or substandard housing conditions. Housing types available and suitable for ELI households include affordable rentals, Second Units, supportive and transitional housing.

There are 60 ELI households in Monte Sereno according to 2010 CHAS data. Of those 60 households, 45 are owners and 15 are renters. ABAG projects that Monte Sereno's households will grow by 6.5% between 2010 and 2030. Assuming the same percentage increase to the ELI households, it is estimated that there will be a total of 64 ELI households in 2030.

SECTION 4: REVIEW OF THE 2009-2014 HOUSING ELEMENT

A. Overview

The City of Monte Sereno is unique compared to other cities in California. Since its inception, the City has grown utilizing primarily one zoning classification, single-family residential (in addition to public and open space categories). Until only recently when a new multi-family residential zoning classification was established, the City has developed through the construction of single-family homes. The review of the 2009-2014 Housing Element below was completed within the backdrop of an already established and built out, small community seeking to refine existing regulations and programs so that housing goals can be better achieved. The purpose of the review is to evaluate past programs and actions and determine whether they should be retained, modified or other programs/policies added for the 2015-2023 Housing Element.

B. Significant Actions Accomplished in 2009-2014

During the time period of 2009-2014, the City of Monte Sereno has revised their Municipal Code to include the following housing related changes:

Reasonable Accommodations (March 2011): This section of the Municipal Code (MC 10.23) was added to provide a process for persons with disabilities for making a request for reasonable accommodations. In specific, this section applies to any person who requires reasonable accommodation in the application of a zoning law, which may be acting as a barrier to fair housing opportunities.

Transitional and Supportive Housing (May 2012): Municipal Code Section 10.05 was revised to allow residential care homes, supportive housing and transitional housing as a use “by right” in all single-family residential districts.

Emergency Shelters (June 2012): Emergency Shelters are now allowed as a use “by right” in areas zoned as “public” according to Municipal Code Section 10.05.045. Emergency shelters are those that meet the definition as contained in California Health and Safety Code 50801(e).

Density Bonus (June 2012): Chapter 10.24 was added to the Municipal Code to allow for density bonuses under certain conditions. The density bonus program described in this chapter was developed pursuant to State Government Code, commencing with Section 65915 of Division 1 of Title 7.

Establishment of New Zoning Designation (2013): The City was required to amend the Municipal Code to permit the development of a variety of housing types, in particular, multifamily housing. The Municipal Code was amended (MC 10.05.043) to include a new zoning classification, RM- Multi-Family Residential District, which permits multifamily housing. A detailed discussion of this zoning district is included in Section 5 of this document.

Revisions to Second Unit Program (2009-2014): The City has systematically introduced changes and improvements to its existing Second Unit Program. These include:

- allowing Second Units of up to 1,200 square feet,
- eliminating covered parking requirement,

- waiving fees for rent restricted units,
- improving data collection system,
- increasing public awareness and knowledge of the program, and
- establishing an amnesty program.

C. Summary of Housing Production (RHNA)

The Association of Bay Area Governments (ABAG) establishes specific housing production objectives for communities within their jurisdiction, which includes the City of Monte Sereno. These objectives are known as the Regional Housing Needs Allocation or RHNA and are further broken down by income classification. The City's overall 2007-2014 RHNA was to plan for 41 units for the 4th RHNA cycle. This 41-unit objective by units affordable to specific income category is as follows:

13 very low income (extremely low and very low income combined) units
 9 low income units
 11 moderate income units
 8 above moderate income units
41 TOTAL UNITS

The City's 2009-2014 Housing Element included these RHNA objectives. Table HE-12 in the 2009-2014 Housing Element (page 55) includes the 41 unit total RHNA objective and also includes estimates of units built during the period up to the completion of the Housing Element (June 30, 2008). Table HE-12 in that document shows a total of 9 single family and second units under construction or approved in the period ending June 30, 2008. From July 1, 2008 until December 31, 2013, an additional 21 units were built. The total number of units built during the 2007-2014 planning period was 30 units.

Table HE- 7: Housing Production and RHNA 2007-2014

	Very Low Income (includes extremely low income)	Low Income	Moderate Income	Above Moderate Income	TOTAL
2007-2014 RHNA	13	9	11	8	41
Second Units Built or Approved *	6	11	3		20
Single Family Homes Built or Approved				10	10
Total Units Built or Approved	6	11	3	10	30
% of RHNA Achieved	46%	122%*	27%*	125%	73%

* Units from lower income categories can be used in higher income categories to meet RHNA. For example, there is an excess of 2 units in the low income category. These 2 units can be added to the moderate income category for a revised total of 5 units instead of 3 units, thereby achieving a revised rate of 45%.

The data in Table HE-7 above indicate several important facts. First, 2/3 of the units produced in the 2007-2014 planning period were Second Units. Second, the City achieved 73% of its total RHNA goals, which is significant. This data is confirmed in ABAG's January 2015 report on "Bay Area Progress in Meeting 2007-2014 Regional Housing Need Allocation." ABAG reports the same unit production as noted in the table above for Monte Sereno and indicates that Monte Sereno's 73% achievement rate exceeds the average for Santa Clara County communities, which was 64%.

The City's 2009-2014 Housing Element directed that the City's RHNA obligations to provide 22 lower income units and 11 moderate income units would be addressed through the provision of second units. The 2009-2014 document was very specific that the RHNA needs for lower and moderate income would be addressed through the Second Unit program and the remaining above moderate income need through new housing within the existing City limits. The City modified and provided additional incentives to the Second Unit Program in order to encourage Second Unit production, resulting in 2/3 of the units produced during 2007-2014 being Second Units. See Appendix A in this document for a complete review of program implementation actions for 2009-2014.

D. Progress in Implementation and Continued Appropriateness

Appendix A of this document includes a detailed review and evaluation of each of the programs from the 2009-2014 Housing Element. Following is an evaluation of the progress in implementing the housing goals from 2009-2014 and recommendations on whether to continue existing policies and programs.

Production of New Units (Goals H-1 and H-3):

Quantified Objectives

The 2009-2014 Housing Element (Table HE-13, Page 56) identified an objective of 18 new single-family units and 30 second units, or 48 units total. During the 2007-2014 time period, 10 single family homes and 20 second units were produced, or 30 units total. The 30 units represent 64% of the total 48-unit objective. It should be noted that the 48-unit goal was an ambitious goal and exceeded the RHNA objective of 41 units. The 48 units represent 7 more units than required by the RHNA and Housing Element regulations. At the time that the 48-unit goal was developed, construction activity in Monte Sereno was at an all time high and it was projected that the trend would continue. However, the recessionary period that followed suppressed housing construction activity.

During the 2009-2014 time period, the City undertook a series of actions to provide adequate sites and reduce governmental constraints towards the production of new units. The City revised its second unit program to encourage the development of more second units. Included in these changes were increasing the maximum square footage to 1200 square feet, eliminating covered parking requirements, creating an amnesty program, waiving fees for rent-restricted units, and increasing public awareness and knowledge of the program.

In order to encourage a variety of housing types, the City established a new multi-family zoning designation. The City managed a multi-year project to prepare a multifamily residential zoning district and conducted an analysis (including preparation of an environmental impact report) for an approximate 4.45 acre site (APN 510-08-018 and -019) in the City's sphere of influence. As a result of that analysis, the City pre-zoned the site with a newly established zoning category of multi-family, RM district that would allow the development of 13 multifamily units. The owner of that property,

however, has not proceeded with initiating annexation at the time that this 2015-2023 Housing Element is prepared.

Because the owner of the prezoned property has not filed an annexation application, the City has determined to provide opportunities for multifamily housing within the City limits by modifying the development regulations applicable to the P (Public) zone to allow multifamily development on a designated site. Additionally, the City desires to increase the production of Second Units by making additional revisions to its Second Unit ordinance.

Please see Section 6 (“Housing Needs and Resources”) and Section 7 (“Housing Program Strategy”) for a detailed description of the actions that are proposed to address these two issue areas.

Maintenance of Existing Housing and Energy Conservation **(Goals H-2 and H-6):**

Quantified Objectives:

The 2009-2014 Housing Element identified an objective of 10 rehabilitated units. This included 5 moderate and 5 above moderate income units. There were no specific objectives for energy conservation opportunities. There were approximately 450 permits issued by the City for remodeling activities during the 2009-2014 time period. The income levels of households who remodeled are not available but it is assumed that the City’s quantified objectives were definitely achieved for both moderate and above moderate income units when compared to the number of permits issued.

It is recommended that the 2014-2023 Housing Element include continued support for the maintenance of existing housing units through code compliance efforts and continue to comply with all State guidelines for energy conservation practices and include incentives for energy or other green building activities.

Housing for Special Needs Population (Goal H-4):

Quantified Objectives:

The 2009-2014 Housing Element did not include any quantified objectives for special needs population groups.

During 2011-2012 the City revised its Municipal Code in order to address specific needs of certain types of households. Transitional and Supportive housing is now allowed as a use “by right” in all R-1 neighborhoods. Emergency shelters are also allowed in areas zoned P. Procedures for Reasonable Accommodations were adopted for persons with a disability who require reasonable accommodation in the application of a zoning law, which may be acting as a barrier to fair housing opportunities. These actions specifically address the goals of Programs H-4.2, H-4.3 and 4.4 of the 2009-2014 Element.

The 2015-2023 Housing Element should continue to include policies and programs that will support housing for all population groups, including special needs. Because demographic trends indicate an aging of the Monte Sereno population base, special emphasis should be placed on housing opportunities for 60+ year population groups.

Equal Housing Opportunities (Goal H-5):

Quantified Objectives:

The 2009-2014 Housing Element did not include any quantified objectives for providing equal housing opportunities.

The City implemented Programs H-5.1, H-5.2 and H-5.3 during the 2009-2014 time period and should continue those efforts in the policies and programs for the 2015-2023 Housing Element.

SECTION 5: HOUSING CONSTRAINTS

State law requires that Housing Elements include an analysis of governmental and nongovernmental constraints upon the maintenance, improvement, or development of housing for all income levels. Governmental constraints include land use controls, building codes and their enforcement, fees and exactions, and permitting procedures. Nongovernmental constraints are primarily market-driven and include land costs, construction costs and the availability of financing.

A, Governmental Constraints

General Plan and Land Use

The Monte Sereno General Plan is the City's primary land use control policy document. The General Plan Land Use Element identifies permitted land uses and development intensities for all land within city boundaries. Permitted uses in Monte Sereno include residential, public and open space. The General Plan does not designate any areas in Monte Sereno as commercial or mixed-use. Table HE-8 identifies the residential land use designations and their maximum permitted densities.

Table HE-8: Residential Land Use Designations

Designation	Maximum Density
Low Density Residential (R-1-44)	0 - 1 dwelling unit per acre
Medium Density Residential (R-1-20)	1 - 2 dwelling units per acre
Higher Density Residential (R-1-8)	3 - 5 dwelling units per acre
Multi-Family Residential (RM)	3 dwelling units per acre

Zoning Code

The Monte Sereno Zoning Code (Monte Sereno Municipal Code Title 10 - Planning and Zoning) implements the General Plan by establishing standards and regulations for all development in Monte Sereno. To this end, the Zoning Code establishes four residential zoning districts: R-1-8, R-1-20, R-1-44 and RM. Development standards that apply to these districts are summarized in Table HE-10. In all districts single-family homes are permitted uses. In the RM zone multi-family housing is also a permitted use. The Municipal Code also includes a "Public" zone category. As described later in this document, one of the proposed program actions (Program H-2.5) for the 2015-2023 Housing Element planning period is to modify the Public zoning standards on a designated site to allow residential uses. This modification will facilitate additional opportunities for multi-family housing in the City.

Structural Coverage

The City's structural coverage limits of 20 to 40%, with higher coverage allowed on smaller lots, are not a constraint on the maintenance, improvement, and development of housing. Applying the structural coverage limit to the various zoning districts throughout the City would result in allowable structural footprints of at least 3,200 sq. ft. on the smallest single-family lots permitted in the City. In

the RM multifamily zone, at least 5,800 sq. ft. of structure coverage is allowed on the minimum sized lot.

Lot and Unit Size

Originally, Monte Sereno developed as a large lot, residential community with minimum lot sizes of one acre and one-half acre. Typically, requirements for lots of this size may potentially act as a constraint to housing. But, because a majority of the City has been subdivided and already built at this density, a higher density cannot be achieved without drastic alterations to the City character and existing street and utility systems, both of which were designed for lower volumes.

However, in the eastern part of the City, residential districts were designated with smaller minimum lot sizes, with 3-5 units per acre and 8,000 sq. ft. lots permitted. The R-1-8 zone also allows for clustering which can reduce the minimum lot size even further depending on slope calculations and street improvements. To facilitate multifamily development, Program H-2.5 in Section 7 of this document proposes to revise the "Public" zoning category to allow multifamily units. Design and development standards are intended to be similar to those of the R-1-8 district, parking requirements are expected to be similar to those required in the RM zone and there will be provisions for the clustering of units.

Allowable house size in Monte Sereno ranges from a maximum of 3,000 sq. ft. to 6,600 sq. ft. (including 400 square feet of parking) depending on the lot size and zoning district, as shown in Table HE-10. There are no minimum floor area requirements.

In regard to lots for Second Units, there are 1,222 parcels in Monte Sereno in 2014 (based on 2014 law enforcement parcel tax assessment). Allowing for the 87 Second Units that currently exist on parcels (based on secondary dwelling unit use permits), it is estimated that there are a remaining 1,135 residential parcels (City GIS data). It is further estimated that 71% of these parcels are of sufficient size to accommodate a second unit. Therefore, the net number of parcels on which a Second Unit could be built is 806, for a total capacity for 806 Second Units

Clustering of Units

Section 10.05.050 of the City's Municipal Code allows special residential development exception to the minimum development standards generally required in the R-1-8 and RM districts by allowing the clustering of homes on smaller sites. This provision can assist in providing a variety of housing types and affordability levels.

Analysis of Potential Constraints on Housing Types

Second Units

Second units are allowed in the four residential districts if the units comply with all applicable development standards. The approval process for Second Units is accomplished with an Administrative Use Permit and permits are issued by the City Planner if the unit meets specified standards. For any structure over 120 square feet, the City requires a Site Development Permit. This permit approval process has been identified as a possible constraint to the development of Second Units. Program H-2.1 in Section 7 of this document contains a program action to revise the approval process so that it is ministerial rather than requiring discretionary approval.

Although the City adopted substantial changes to its Second Unit ordinance during the last planning period to encourage Second Units, staff and the public have identified additional constraints. In all R-1 zones, reducing setback requirements would facilitate more Second Units. And, in the R-1-8 zone,

more Second Units would be allowed if the City eliminated its existing policy of deducting Second Unit square footage from the allowable maximum size of the principal dwelling on lots smaller than 12,000 square feet. Both of these constraints have been addressed in Program H-2.1 in Section 7 of this document.

Although not a constraint, the City has identified improved tracking of Second Units as a goal in the 2015-2023 planning period. In particular, the City will collect information on affordability of Second Units and use of the units after construction is completed. The City intends to survey owners of Second Units at least twice during the planning period with a survey form to gather information on affordability and use of the unit. The first survey will be conducted concurrent with the evaluation of progress towards RHNA goals as described in Program H-2.3 in Section 7 of this document.

Multi-Family Units

During the 2009-2014 planning period, the City established a new multi-family zoning designation, described further in this section, to provide all housing types in the City and rezoned an adjacent parcel to the RM zone. At the time the 2015-2023 Housing Element was prepared, the owner of the property had decided not to proceed with annexation. As a result, the City has determined to provide opportunities for multifamily housing within the City limits by allowing residential uses on a designated site in the “Public” zoning category, as described in Program H-2.5 in Section 7 of this document.

Transitional and Supportive Housing

Municipal Code Section 10.05 allows residential care homes, supportive housing and transitional housing as a use “by right” in all single-family residential districts. However, these uses were inadvertently omitted including in the RM zone. Program H-2.6 in Section 7 of this document includes actions to correct this.

Emergency Shelters

As described in Section 3 of this document (“Special Needs”), the 2013 Santa Clara County biennial count of homeless persons did not find any homeless persons in Monte Sereno.

If there is a future need for homeless assistance in Monte Sereno, Emergency Shelters are allowed as a use “by right” in Public Zones (“P”) in the City. There are 3 parcels in the City with a Public Zone designation, comprising approximately 12 acres. Since the only other zoning categories in the City are residential, the Public Zoning category is the most appropriate if an Emergency Shelter was to be considered.

Sites zoned P include City Hall; First Baptist Church; and the Daves Avenue Elementary School. Both the City Hall and Church sites contain available land area that would be suitable for a homeless shelter as permitted by the City's Municipal Code. The City Hall site is 26,171 square feet, has no development constraints, and could accommodate a small emergency shelter in an accessory building. The First Baptist Church site is 3.48 acres and is partially developed with an existing church. A shelter could be located either within the existing church building, especially if it was a rotating shelter in conjunction with other churches or shelter facilities, or on the undeveloped portion of the site (discussed in the site inventory). As noted, there are no retail businesses in Monte Sereno, nor any frequent bus service. However, these sites, which are associated with public-serving institutions and located on a state highway (City Hall), are the most suitable sites in the City for an emergency shelter.

Employee Housing

Generally, employee housing is privately owned housing, which houses five or more employees and meets one of the following:

- Living quarters provided in connection with any work, whether or not rent is involved.
- Housing in a rural area which is:
 1. Provided by someone who is not an agricultural employer, and
 2. Provided for agricultural workers employed by any agricultural employer.

Program H-2.6 in Section 7 of this document includes an action item for the City to amend the Municipal Code to allow employee housing serving 6 or fewer employees in any residentially zoned area.

Single Room Occupancy (SRO)

Single Room Occupancy residences consist primarily of very small studio units with minimal kitchen facilities that serve single persons. These facilities would be considered multi-family housing. They are permitted in the RM zone and will be permitted on the site of the First Baptist Church following implementation of Program H-2.5

Additionally, the City's Municipal Code (Chapter 10.05) specifies that "renting of rooms and/or the providing of table board to not more than two (2) persons so long as no kitchen facilities, other than those of the single kitchen of the main dwelling are installed or used" is an allowable use in single family residential districts. Program H-2.6 includes an action to include this section of the Municipal Code as applicable in the RM zone also.

Table HE-9 Residential Development Standards

Zoning	Minimum Lot Area (SqFt)	Setbacks			Maximum Height	Maximum Building Size (SqFt)	Maximum Structural Lot Coverage	Maximum Units/Acre
		Front	Side	Rear				
R-1-8	8,000*	25' First & 30' Second-story	6' First & 10' Second-story	30' First & 30' Second-story	Single-story bldg.	21'	40%	5
					Two-story bldg.	30'		
					Accessory bldg.	12'		
R-1-20	21,780	30' First & 40' Second-story	15' First & 20' Second-story	30' First & 40' Second-story	Single-story bldg.	21'	30%	2
					Two-story bldg.	30'		
					Accessory bldg.	21'		
R-1-44	43,560	30' First & 45' Second-story	30' First & 40' Second-story	30' First & 40' Second-story	Single-story bldg.	21'	20%	1
					Two-story bldg.	30'		
					Accessory bldg.	21'		
RM	14,520 per lot	25' First & 30' Second-story	6' First & 10' Second-story	30' First & 30' Second-story	Single-story bldg.	21'	40%	3
					Two-story bldg.	30'		
					Accessory bldg.	12'		

*Reduction in minimum lot sizes resulting from clustering of units is allowed in the R-1-8 and RM zone districts.

Permitting Fees

Housing development is subject to permit processing and impact fees. These fees help to compensate the public for any impact associated with the new development. These fees are collected by the City as well as other agencies providing public services in Monte Sereno. An estimate of fees associated with the development of single family home with a building permit valuation of approximately \$1,000,000 (the average building permit valuation from 2013-2014 in Monte Sereno) is identified in Table HE-10.

Permit Processing Procedures

The construction of new single-family homes, major remodels of existing homes, and new multi-family uses in the RM zone require a Site Development Permit and a public hearing before the City Site and Architecture Commission. Typical permit processing times are one to two months for a remodel and two to three months for a new home, including a 10 day public notice period. Additional processing time would be required if the project is not exempt from the California Environmental Quality Act.

Permit processing procedures for single family dwelling units require a design review approval. The design review does not pose a significant cost impact because the cost of application ranges from \$360 for a basic remodel to \$2,750 for a complex hillside home construction project. Compared with other construction costs such as the cost of materials, this application fee is nominal.

Permit approval requires the Commission to find the application consistent with site and building design requirements and to find that the proposed design retains the character of the neighborhood, mitigates significant visual impacts, meets City design guidelines, and meets other standards regarding landscaping, grading, tree removal, and drainage.

The Site Development Permit process does not place a significant cost on the applicant, but more often requires minor architectural alterations and/or landscaping to minimize unreasonable impacts on surrounding properties. The majority of design review applications are approved within one month from the date of submittal. Consequently, permit processing procedures and fees do not appear to be a constraint to housing development.

Building Codes and Code Enforcement

Monte Sereno has adopted the 2013 editions of the California Building, Fire, Plumbing, Mechanical, Electric and Health and Safety Codes. The City has not adopted any amendments to these codes that significantly increase housing costs; the amendments recognize the City's location in a high fire hazard area near the San Andreas Fault and require fire-resistant roofs in the Wildland-Urban Interface Fire Area, additional bracing in certain situations, and fire sprinklers. The City Building Official regularly inspects development projects to ensure compliance with all applicable codes. . Inspections and approvals are completed promptly and do not add unnecessary delays in the construction of new housing. Code enforcement is pursued as a result of Building Official inspections and resident complaints and typically involves minor deferred maintenance. Building Codes and Code Enforcement are not considered a constraint to development.

On/Off-Site Improvement Standards

Due to the low-density and semi-rural character of Monte Sereno, the City typically requires only minimal on- and off-site improvements as a condition of approval for new residential development, particularly compared to the requirements of neighboring communities. Most new housing development occurs on existing lots that are already served by necessary infrastructure. Fees associated with the provision of infrastructure to serve new development are identified in Table HE-10

along with other planning and development fees. The estimate below is for a home with a construction valuation of \$1,000,000, which was the average building permit valuation in Monte Sereno for 2013-2014.

Table HE-10: Monte Sereno Development and Planning Fees (2014)

Item	Cost
Building	\$11,895
Plumbing	\$383
Electrical	\$408
Mechanical	\$378
Grading and Drainage	\$1,449
Storm Drain	\$1,704
Construction Tax	\$2,996
School Fees (\$3.20/sq. foot)*	\$6,400
Sewer Connection	\$510
Water Connection*	\$7,300
Road Impact Fee	\$5,165
Microfilm, Copies and Miscellaneous Other Fees	\$290
Total	\$38,878

*Indicates a fee paid to another entity

As a comparison, listed below are estimated fees from three neighboring communities for a typical detached single-family unit.

City of Cupertino	\$52,851
City of Campbell	\$35,978
City of Saratoga	\$33,900 (does not include school impact fees or building fees)

Total fees in Monte Sereno constitute only four percent of the building valuation on a typical home, and fees charged by the City itself constitute only 2.5 percent of building permit valuation. This fee structure appears reasonable and comparable to other surrounding communities and, as such, is not considered a constraint to development.

Parking Requirements

Parking requirements are as follows according to zoning designation.

<i>Zoning Designation</i>	<i>Lot with on street parking</i>	<i>Lot without on street parking</i>
R-1-8	2 covered/2 uncovered	2 covered/3 uncovered
R-1-20	2 covered/2 uncovered	2 covered/4 uncovered
R-1-44	2 covered/2 uncovered	2 covered/5 uncovered
RM	1 covered/1 uncovered	1 covered/1 uncovered

For single-family homes located on streets with on-street parking, the parking requirement can be met by a typical two-car garage and two parking spaces on the driveway apron. The additional requirement for uncovered driveway parking for lots without on-street parking is designed to ensure that fire access is not impaired. The requirement applies only to above moderate-income housing.

The reduced parking requirement in the RM zoning designation is important to note and is designed to ensure that parking does not serve as a constraint to multi-family development. Consequently, parking requirements appear reasonable and are not considered a constraint.

Environmental Constraints

Environmental hazards affecting housing units include geologic and seismic conditions, flooding, fire hazards, toxic and hazardous wastes, and noise. The following hazards may impact future development of residential units in the City. Most of the identified sites in Appendix F: Underdeveloped Land Inventory, do not contain environmental constraints to the development of housing. Where environmental constraints exist, the City of Monte Sereno has identified measures for mitigation.

Seismic Hazards

Monte Sereno is located within the seismically active San Francisco Bay region, one of the most seismically active zones in the United States. The faults in the San Francisco Bay region are capable of generating earthquakes of at least 8.0 in magnitude on the Richter Scale, producing very strong ground shaking in Monte Sereno.

The closest major fault is the San Andreas Fault, which passes through Monte Sereno's SOI southwest of Lyndon Canyon. A portion of Monte Sereno also is near the potentially active Shannon Fault, just north of Monte Sereno in Los Gatos.

To address these seismic hazards the City requires new construction to be built using the most recent building codes to minimize potential damage to structures as a result of an earthquake. Development or substantial renovations in Monte Sereno must comply with the Uniform Building Code (UBC), which outlines standards for seismic design, foundations and drainage and requires that geotechnical engineering studies be undertaken for all major new buildings or earth works.

As required by the State of California, the Monte Sereno General Plan contains policies regarding land instability and seismic hazards within the Health and Safety Element (updated in 2009). In addition, the General Plan identifies the general location of the areas of potential seismic hazards, as

well as potentially active faults, 100-year flood areas, and hazardous fire areas in the Health and Safety Element.

Landslides

The hillside region of the City contains some rock formations conducive to landslides. The landslide zone is also present within the Sphere of Influence. Landslides and unstable slopes may occur in this area, and can create hazards within the City limits as the slide debris and rock move down the incline toward the City's valley floor.

Landslides and slope instability are the major non-seismic geologic hazards in Monte Sereno. According to the County of Santa Clara, approximately 75 percent of Monte Sereno is located in an area with a high potential for earthquake induced landslides. As noted above, the General Plan includes specific policies to protect residents from injuries and minimize property damage resulting from land stability, geologic and seismic hazards. Moreover, the Zoning Ordinance includes specific regulations for residential development in the hillsides designed to protect human life and property.

Soil Creep and Expansive Soils

Soil creep and expansive soils are most prevalent in the hillside regions of the City. Soil creep is the slow, down slope movement of near surface materials. The rate of soil creep is a function of slope angle and soil thickness and texture. It can be regarded as a continuous process, and may cause retaining walls, foundations, and paved roads to fail over a period of time. Expansive soils contain high proportions of clay and alternatively absorb and release large amounts of water during wet and dry cycles.

Structures built on expansive soils can experience rising foundations during the wet season, resulting in cracked foundations, distorted frameworks, and warped windows and doors. To address adverse effects associated with soil creep and expansive soils, the City requires geotechnical investigations and soil reports in areas where soil creep and expansive soils exist. The presence of soil creep should not have a prohibitive effect on land use, but should alert the City to require appropriate geotechnical investigations to evaluate conditions and to impose engineering solutions to mitigate problems.

Flooding

Large-scale flooding is not a significant hazard in Monte Sereno. Most of the properties in Monte Sereno are built above the base flood elevation. However, both surface and subsurface local drainage problems do exist in some parts of Monte Sereno.

Monte Sereno participates in the National Flood Insurance Program (NFIP). The City adopts and enforces certain floodplain management ordinances and, in return, residents can purchase Federally-backed flood insurance. In addition, the City has a review procedure in conjunction with the Santa Clara Valley Water District, which addresses flooding potential and the impact on development.

Toxic and Hazardous Wastes

Hazardous material usage and hazardous waste are primarily associated with residential uses in Monte Sereno. Household hazardous materials including pesticides, fertilizers and oil are the most commonly occurring hazardous material in the City.

Department of Toxic Substances Control (DTSC) is authorized by the Environmental Protection Agency to enforce and implement federal hazardous materials laws and regulations, including disposal and transportation of hazardous materials.

Santa Clara County operates a Household Hazardous Waste disposal program for incorporated and unincorporated residents and small businesses. Household hazardous waste includes flammable, corrosive, toxic and oxidizer material and can be dropped off at facilities located in Sunnyvale, San Jose and San Martin.

As stated in section 8.02.020 of the Monte Sereno Municipal Code, accumulation of hazardous material is prohibited. As contained in the document, "No owner, agent, lessee or other person occupying or having charge or control of any building, lot or premises within the City of Monte Sereno shall permit weeds, dirt, rubbish, rank growths and other hazardous material to remain upon said premises, or public sidewalks, or streets, or alleys between said premises and the centerline of any public street or alley."

Fire Hazards

Central Fire District of Santa Clara County serves the City of Monte Sereno. All area fire departments cooperate in mutual aid agreements, which loosen the strict adherence to district boundaries when adjacent communities are in need.

Hazardous fire areas within the City are located within the hillside area and extend to flatter areas of the City that back up to open space. Special building regulations exist for the hazardous fire areas, including the requirement for fire retardant roofs.

The City also requires anti-fire buffer areas and sufficient clearance around each house in the Wildland Urban Interface Zone. Finally, the City has a Weed Abatement Ordinance that requires property owners to remove weeds and other combustible materials that become a fire menace, or the City through partnership with Santa Clara County will abate the nuisance at the expense of the property owner.

Noise

Traffic is the primary source of noise in Monte Sereno. The City's Planning Department currently considers noise in the project review process and works with the applicant to use site planning and other design strategies to reduce noise impacts.

Infrastructure Constraints

The following presents the analysis of existing and future water and sewer capacity in Monte Sereno. The City has found that based on population projections and housing growth needs, there is adequate water and sewer capacity.

Water

The City of Monte Sereno receives its water supply from the San Jose Water Company. San Jose Water Company obtains water from three major sources: groundwater, imported surface water, and local mountain surface water. Groundwater is pumped from over 100 wells that draw water from the Santa Clara Groundwater Basin. Groundwater accounts for approximately 40 percent of supply. Imported surface water is provided by Santa Clara Valley Water District (SCVWD), the wholesale supplier. Surface water imported from the Sacramento-San Joaquin Delta and purchased from the Santa Clara Valley Water district accounts for approximately 50 percent of supply. A majority of this water originates as Sierra snowmelt, and travels through the State and Federal water projects before treatment at SCVWD's three water treatment plants. A smaller portion is impounded in local

reservoirs in Santa Clara County. Local mountain surface water is collected in the Santa Cruz Mountains, and treated at San Jose Water Company's two water treatment plants. Local surface water accounts for approximately 10 percent of supply. These sources are often blended together in the distribution system. Consequently, different sources are dispersed to Monte Sereno from day to day as customer usage changes.

The Water Company's 2010 Urban Water Management Plan (adopted April 2011) found that the Water Company has more than adequate supplies in a normal year. However, in a four- to six-year drought, mandatory water conservation measures may be required. The Water Company has been ordered to achieve a 20 percent reduction in water use under emergency regulations adopted by the State Water Quality Control Board.

There is adequate water availability and distribution to serve the 71 units projected for the 2015-2023 time frame as presented in Table HE-15 of this document.

Sewer

The City of Monte Sereno is served by West Valley Sanitation District. The West Valley Sanitation District covers over 30 square miles, serving a population of over 120,000 people. The District facilities include over 400 miles of sewer mains and over 250 miles of sewer laterals. The District has a fixed capacity allocation of 13.05 million gallons per day. Based on population growth projections for 2030, the District would not exceed the current fixed capacity allocation.

There is adequate sewer availability and distribution to serve the 71 units projected for the 2015-2023 time frame as presented in Table HE-15 of this document.

As required by Section 65589.7, the City will provide copies of its Housing Element to the San Jose Water Company and West Valley Sanitation District after adoption.

Energy Conservation Opportunities

Energy conservation remains a major priority in Monte Sereno. The City requires compliance with Title 24 of the California Code of Regulations on the use of energy efficient appliances and insulation. Through compliance with Title 24, new residential development has reduced energy demand.

The City requires the submittal of a Cal Green checklist for new construction and remodeling. The Cal Green checklist is based on standards produced by the California Building Standards Commission. Checklists for both new construction and remodeling as well as instructions for completing the forms are available on the City's website.

The City also provides incentives for the installation of solar panels. Streamlining of permit applications as well as permit fee waivers are provided for solar panel installations in residential units.

Pacific Gas and Electric Company (PG&E), which provides service in Monte Sereno, offers public information and technical assistance to homeowners regarding energy conservation. PG&E also provides numerous incentives for energy efficiency in new construction and home remodeling. Remodeling rebates exist for projects installing three or more upgrades from a flexible menu of options that earn points towards incentives and rebates. This program's incentives range between \$1,000- \$4,500.

One of the more recent strategies in building energy-efficient homes is following the U.S. Green Building Council's guidelines for LEED Certification. The LEED for Homes program includes standards for new single-family and multi-family home construction.

The following presents a variety of ways that Monte Sereno can promote energy conservation and are included in Program H-3.3 in Section 7.

*Continue to offer streamlining and fee waivers for solar panel installations,
Continue the "Build It Green" program and checklists,
Provide information regarding rebate programs and energy audits available through PG&E, and
Provide resource materials regarding green building and conservation programs.*

Constraints on Housing for Persons with Disabilities

State law requires the Housing Element to include an analysis of governmental constraints upon the maintenance, improvement or development of housing for persons with disabilities. Housing Elements also must include programs to remove these constraints to the extent possible and to provide reasonable accommodations for housing designed for and occupied by persons with disabilities.

Chapter 10.23 of the Monte Sereno Municipal Code provides reasonable accommodation to people with disabilities, and complies with the Fair Housing Amendments Act of 1988 and the California Fair Employment and Housing Act in the application of the City's zoning, land use laws, regulations, rules, standards, policies, procedures, and practices.

A request for reasonable accommodation may include a request for modification or exception to the land use rules for the siting, development and use of housing or housing-related facilities that would eliminate regulatory barriers and provide a person with a disability equal opportunity to housing of that person's choice.

Chapter 10.05 of the Monte Sereno Municipal Code allows residential care homes, supportive housing and transitional housing as uses "by right" in single family residential districts. The City does not have siting, separation, or separate parking requirements for residential care homes, supportive housing, or transitional housing. Allowing residential care homes, supportive housing and transitional housing was inadvertently omitted when the RM zoning regulations were drafted. Program H-2.6 in Section 7 of this document includes a program action to amend the Municipal Code to allow these uses in the RM zone.

The City's definition of 'family' does not limit the number of unrelated persons who reside in a residence.

Summary of Governmental Constraints

Given the City's already developed land use pattern, the governmental regulations identified above are a responsible and thoughtful effort to maintain the character of already developed areas while providing opportunities for additional types of housing that can be more affordable. The clustering provision for R-1-8 and RM properties, which allows smaller lot sizes, is especially important in reducing constraints to the development of all housing types. Reduced parking requirements for RM lots also make housing more affordable.

Those constraints that were identified have been addressed with specific program actions. In order to encourage more multi-family opportunities, Program H-2.5 will provide modifications to the "Public" zoning category that will allow multi-family residential uses with reduced lot sizes and modified parking requirements on a designated site, thereby ensuring that all housing types are permitted in the City. Further, the City intends to reduce identified constraints to the development of Second Units, using the actions outlined in Programs H-2.1 and H-2.3. And, in order to continue to facilitate a variety of housing types, Program H-2.6 includes specific amendments to the Municipal Code.

B. Non-Governmental Constraints

Land and Construction Costs

Land is expensive in Monte Sereno due to the limited availability of buildable sites, as well as the scenic setting and the area's existing upscale character. The current market price for unimproved land is over \$1,000,000 per acre. Similarly, high construction costs in the Bay Area also contribute to the high cost of housing in Monte Sereno. Based upon City building permit data, construction costs for new single-family homes typically range from \$1,000,000 to \$2,000,000. Land and construction costs in Monte Sereno represent the primary barrier to affordable housing in the community. The difficulty of building in Monte Sereno virtually guarantees that, even in the absence of governmental constraints, housing in Monte Sereno will be very expensive. Except for Second Units, it is extremely unlikely that housing affordable to low and moderate income households can be constructed in Monte Sereno under any circumstances without considerable subsidy, public or private.

Availability of Financing

As a stable and affluent community, private housing mortgage financing is readily available in Monte Sereno. There are no mortgage-deficient areas in the City and no identifiable underserved groups in need of financing assistance. At the time this Housing Element was drafted, interest rates for homebuyers were very low historically, in the approximate range of 3.5-4% for a fixed rate, 30 year mortgage.

SECTION 6: HOUSING NEEDS AND RESOURCES

A. Future Housing Needs

As identified earlier in this document, significant housing issues facing Monte Sereno in the 2015-2023 time frame are expected to be:

- Growing senior population,
- Limited amount of vacant, developable land,
- Expensive housing costs, and
- Restricted City financial resources for addressing housing issues.

As specified in State Housing Element law, regional councils of governments identify specific housing objectives (known as the Regional Housing Needs Allocation, or RHNA) for individual communities for a specified planning period. ABAG, the Association of Bay Area Governments, has identified the following RHNA objectives for Monte Sereno for the period from January 1, 2014 to October 31, 2022. These objectives are the minimum number of housing units necessary to accommodate the City's regional share of population growth for all household income levels. The City's obligation is to provide zoning and adequate land at sufficient densities to allow the following units to be built.

Table HE-11: Regional Housing Needs Allocation: January 2014 - October 2022

<i>Household Income</i>	<i>Number of Units</i>
Extremely Low Income	11 units
Very Low Income	12 units
Low Income	13 units
Moderate Income	13 units
Above moderate Income	<u>12 units</u>
TOTAL UNITS	61 units

Housing Produced January 1, 2014 to December 31, 2014

As shown in Table HE-12 on the following page, building permits were issued for five units during 2014. One unit is a single-family unit and assumed to be affordable to an above moderate income household. The four remaining units are Second Units, one is affordable to a low income household and the other three are assumed to be affordable to an above moderate income household, in two cases because their affordability level cannot yet be determined. The City's methodology and process for determining household affordability levels for Second Units is described in more detail in Section B of the Appendix to this document.

Table HE-12: Revised Regional Housing Need Allocation 2014-October 2022

<u>Household Income</u>	<u>Number of Units</u>	<u>Units Built Jan. 1-Dec. 31, 2014</u>	<u>Remaining RHNA</u>
Extremely Low Income	11 units	0	11 units
Very Low Income	12 units	0	12 units
Low Income	13 units	1	12 units
Moderate Income	13 units	0	13 units
Above moderate Income	12 units	4	8 units
TOTAL UNITS	61 units	5	56 units

The remaining RHNA total for Monte Sereno for the 2014-2023 period equals 56 units. As discussed below, Monte Sereno can accommodate this housing need with existing underdeveloped parcels in the City as well as the City's Second Unit Program.

B. Site Inventory (Underdeveloped Land)

There are 5 parcels of underdeveloped land identified within the City limits.

Table HE-13 Underdeveloped Parcels, City of Monte Sereno 2014

<u>APN</u>	<u>Zoning</u>	<u>Acres</u>	<u>Density</u>	<u>Realistic Unit Capacity</u>
409-40-006	R-1-44	10	1 unit/acre	4 Units
410-20-022	R 1-8	1.9	3-5 units/acre	8 units
510-22-012/13	R-1-44	8.24	1 unit/acre	5 Units
410-02-012	R-1-20	1	2 units/acre	1 Units
410-08-036	Public	3.48	3-5 units/acre*	15 Units
Total Potential Units				33 Units

**Proposed zoning modification as described below and in Program H-2.5 in Section 7 of this document.*

The properties identified in the table above are described in more detail in the Appendix (Appendix F: Underdeveloped Land Inventory). Four of the five properties have residential single family zoning designations. However, the fifth property is a site that currently has a "Public" zoning category and is more fully described below.

The fifth site is an underdeveloped property located at 17765 Daves Avenue (APN # 410-08-036). The site is approximately 3.48 acres and is the location of the First Baptist Church. The church related buildings and surface parking are located on 2.30 acres of the property and the remaining 1.18 acres are open space areas. The site is zoned for "Public" use. Program H-2.5 in the Housing Program Strategy section of this document describes modifying the Public zoning category to allow multifamily residential uses by right on this site as long as design and development standards are met. The development standards would contain incentives similar to the existing provisions in the R-1-8 and RM Districts and would allow clustering of units and reduction of lot sizes. It is estimated that the site could accommodate 15 residential units on the 1.18 acres that is currently open space area. This would achieve a net residential density on the site of approximately 15 units. This site with the accompanying zoning modifications as described below will ensure that the City's site inventory can accommodate all housing types, including multifamily housing.

Proposed Guidelines for Public/Residential Multi Family Zone (First Baptist Church Site):

Under Program H-2.5, the City intends to adopt design guidelines so that a proposed residential development conforming to the guidelines may be approved 'by right' without the need for a discretionary PD-type or other approval, unless a subdivision map is requested.

Developable Area:

The total square footage of the First Baptist Church site is 3.48 acres. It is estimated that the area proposed for development would be the approximate 1.2 acres of currently open space area and possibly some of the existing parking area. Depending on the actual configuration of any proposed project, the existing parking area could be re-designed to possibly allow more square footage for the project while providing a revised and more efficient parking design.

Density:

The entire site would be designated with a gross density of 3-5 units per acre. However, clustering of units would be allowed so that a maximum of 15 units could be developed in the 1.2 + acres of open space and possibly some of the existing parking area – resulting in a net density of approximately 15 units per acre.

Type of Development:

It is assumed that the development would consist of townhomes, apartments, SROs or condominium units. Given the church and the neighboring public school, the site is particularly suitable for employee housing serving school employees or senior housing in studio or 1-bedroom unit. Senior housing could also complement the existing after school care program on the Church site. Seniors could help to volunteer with the after school care program in a mutually supportive inter-generational setting.

Building Height

Maximum height limitations

Single story: 21' Height

Two stories: 30' Height

Setbacks:

The required setbacks will be similar to the R-1-8 development standards. Reduced setbacks will be considered with a cluster design.

Parking:

1 space per unit

Visitor parking could be accommodated in conjunction with the existing parking lot. The Church parking lot is an ideal spot for shared parking as it is only used infrequently during the week.

Easement

The First Baptist Church parcel map shows an easement running along the back portion of the site between the paved parking area and the open space area. The Santa Clara Valley Water District owns title to the easement. Any potential development project would need to identify the current use of the easement, if any, and, as appropriate, either seek to have the easement abandoned, relocate any utilities, or design to avoid encroaching into the easement. Because of its location, residences can be designed to avoid the easement, and so it does not pose a significant constraint to development.

Other Issues:

In addition to finalizing standards and amending the General Plan to include a Public/Residential Multi Family Zone, the City's existing "Cluster Housing" regulations would need to be amended. Certain provisions of the Ordinance, such as minimum site area of 4 acres and other provisions, would need to be amended to be consistent with the standards of the new Public/Residential Multi Family zone district.

With flexible guidelines as identified above, it is not anticipated that a Planned Development Permit will be required for any proposed project.

Land Inventory (continued) In 2013 the City rezoned a 4.45 acre site in the City's Sphere of Influence. The site is the location of the La Hacienda restaurant and is located at 18840 Saratoga Los Gatos Road. The site was rezoned RM-Multi Family Residential, which allows up to 3 units per lot, and the City completed an EIR on the rezoning so that environmental review of any future project could be streamlined. The minimum net lot size for a site containing multi-family housing is 14,520 square feet per unit or the minimum as required by the City's Slope Density formula; however, the units themselves may be clustered on the site. The total number of units that could be built is 12-13 units. Because the property owner has indicated that he does not intend to annex the property with this pre-zoning designation, the parcel is not included in the City's site inventory. Should the property be annexed in the future, this parcel could potentially provide additional multifamily housing.

C. Second Unit Program

Second Units are independent homes located on the same lot as a primary, larger dwelling unit. Generally, Second Units are typically more affordable than other rental units.

The City's Second Unit programs allows for either attached or detached units. The unit must have its own kitchen and must meet all current building codes. Either the primary residence or the Second Unit must be the principal residence of a legal owner of the property.

Incentives for Increased Second Unit Production

The City has administered a Second Unit Program for over 15 years. During that time, the program has been evaluated on a periodic basis and revised as necessary to ensure its effectiveness. For example, in 2013-2014, the City refined its survey method and replaced mail questionnaires with person-to-person interviews to gather rent and occupancy information on newly approved Second Units. In the last planning period, the City also revised the program with the following changes:

- **1. Increasing allowable square footage to 1200 square feet**

A very important change to the program in the last planning period was the increased allowance of up to a maximum of 1200 square feet for Second Units. This change increases the probability that a Second Unit can provide housing for families and larger

households. Depending on the R-1 zone and whether attached or detached, Second Units can be of a size that accommodates a range of household types and sizes.

Attached Secondary Dwelling Unit Maximum Size		Detached Secondary Dwelling Unit Maximum Size	
R-1-8	600 sq. ft.	R-1-8	900 sq. ft.

R-1-20	700 sq. ft.	R-1-20	1,000 sq. ft.
R-1-44	800 sq. ft.	R-1-44	1,200 sq. ft.

2. Eliminating Covered Parking Requirements

Another significant revision was the elimination of requirements to provide covered parking for Second Units. This change can provide measurable cost savings in the construction of Second Units and is another incentive to produce Second Units.

3. Waiving fees for rent restricted units

As an incentive to provide units with rent restrictions, the City will waive all planning and building department fees.

4. Increasing public awareness of the Second Unit Program

In recent years, the City has provided additional outreach and written information about the Second Unit Program at City Hall as well as on the City's website and City newsletters.

5. Established an Amnesty Program

Starting July 1, 2013 the City began an amnesty program allowing units constructed legally and converted illegally to be recognized by the City as legal Secondary Dwelling units. For units to be considered for amnesty they must meet the following requirements:

- Receive a successful health and safety inspection from an outside inspector that the unit meets all State habitability requirements.
- Must be a separate dwelling unit that provides complete and independent living facilities for one or more people with its own kitchen (including, but not limited to stove, microwave oven or equivalent).
- Either the primary or secondary unit must be the principal residence of a legal owner of the property. The other unit may be rented.
- The lot or parcel must be served by the sanitary sewer system.

In August 2014 the City Council voted to extend the amnesty program unit through December 31, 2015. The City has approved 6 units under the amnesty program and continues to conduct outreach to interested parties.

6. Improved Tracking of Second Units

The City began conducting real time surveys in 2013, either in person or over the phone, of secondary dwelling unit permit holders during the permitting process. This was done to specifically document the affordability and occupancy of the unit at that time.

The City conducts an interview with homeowners during the building process. In the interview questions are asked about the intended use of the unit and the estimated rent that will be charged. The planning department has also been adding a note, when conducting preliminary plan check that attached units must be used as secondary dwelling units and are not to be used to expand the livable area in the main house.

In addition to this initial survey at the time of construction, the City intends to survey owners of already-built Second Units at least twice during the 2015-2023 Planning Period. As described in Section 7, Housing Program 2.1 of this document, the City will

collect information through the survey about affordability and use of the unit. The first survey will be conducted in conjunction with the evaluation by the end of 2017 on the progress being made towards achieving the City's RHNA objectives.

The City is considering including additional incentives to the Second Unit Program. As described in Section 7 of this document, Housing Program H-2.1, the City will review ordinance amendments to remove constraints to Second Unit development, such as reducing setback requirements for Second Units in all R-1 zones and eliminating the existing policy that deducts Second Unit square footage from the allowable maximum size of the principal dwelling on lots of less than 12,000 square feet in the R-1-8 zone. In addition, the City will revise the Second Unit approval process to be ministerial, rather than discretionary.

Affordability of Second Units

The City calculates the affordability of Second Units based on the rent and the size of the units. The rents are then compared to household income limits defined by the State for very low, low and moderate income households. These income limits are revised on an annual basis by the State and the City then updates their rent affordability levels accordingly. For example, in 2014, the City would identify a Second Unit studio as a very low income unit if the rent charged did not exceed \$928 per month. A Second Unit of 1 bedroom would be classified as a low income unit if the maximum rent was \$1266 or less. A detailed discussion of the City's methodology for determining affordability is included in Appendix B.

Table #HE-14: Production of Second Units By Affordability Levels, 2007-2014

Income Level	2007-2008*	2009	2010	2011	2012	2013	2014**	Total
Very Low	1	0	0	0	1	4	0	6
Low	4	0	1	2	2	2	1	12
Moderate	1	2	0	0	0	0	0	3
Above Moderate	0	0	0	0	0	0	3	3
Totals	6	2	1	2	3	6	4	24

* As reported in Annual Progress Reports to State of California Department of Housing and Community Development

** The 3 second units in 2014 classified as "above moderate" income include two units that were issued building permits at the end of calendar year 2014 but income levels had not been determined when this Housing Element was completed in February 2015. Once those income determinations have been completed, these two units could possibly be reclassified from "above moderate" to lower income categories.

Of all the Second Units produced between 2007-2014 (24 units total), following is the percentage breakdown by income level:

Very Low Income	25% (6 units)
Low Income	50% (12 units)
Moderate Income	12.5% (3 units)
Above Moderate	12.5% (3 units)

These percentages are similar to results of a study conducted in 2014 by the San Mateo County “21 Elements” task force¹. This study looked at recent research on Second Units in the San Mateo County area (which borders Santa Clara County) and, in particular, the community of Hillsborough (which is similar in demographics and housing costs to Monte Sereno). That study concluded “overall secondary units are a more affordable option for lower income households” and determined that:

- approximately 25-60% of secondary units are affordable to extremely low income households,
- another approximately 10-25% of secondary units are affordable to very low income households,
- another approximately 15-20% of secondary units are affordable to low income households,
- approximately 10-20% more of secondary units are affordable to moderate income households,
- and approximately 5% of secondary units are affordable to above moderate income households.

The study varied its percentages depending on the income characteristics of a community—in particular, citing that wealthier communities are more likely to make secondary units available at no rent to household members or domestic help and the units are therefore affordable to extremely low income households.

As shown above, Second Units can be a critical component in the production of more affordable housing units in a community. However, Second Units can also play other roles in a community, such as making more efficient use of land by increasing density on already developed parcels. Please see Section 8: Appendix (Part C) for more information regarding why Second Units are a vital part of Monte Sereno's housing strategy.

Second Unit Capacity

Second Units are built on already developed or newly developed residential parcels. They can be either attached or detached from the main structures.

Based on 2014 assessor's parcel data, there are 1,222 parcels in Monte Sereno in 2014. Allowing for the 87 Second Units that currently exist on parcels (based on secondary dwelling unit use permits), it is estimated that there are a remaining 1,135 residential parcels (City GIS data) that could theoretically accommodate Second Units. It is further estimated that 71% of these parcels are of sufficient size to accommodate a Second Unit. Therefore, the net number of parcels on which a Second Unit could be built is 806, for a total capacity for 806 units

How the Second Unit Program Will Address the City's Need for Lower Income Housing

The City estimates that an average of six Second Units will be built annually during the 8 year time frame of this Housing Element, resulting in 46 new Second Units. Based on the affordability data described previously, 75 percent of these units, or 35 units, will be affordable to lower income households. This number matches the City's remaining lower income RHNA of 35 units (23 very low and 12 low income).

¹ “Affordability of Secondary Dwelling Units,” County of San Mateo, 21 Elements Working Group, April 9, 2014

The City is confident that the Second Unit Program will address the City's need for lower income housing for the following reasons:

1. Current and historical demand for Second Units

In the last two years (2013 and 2014) there were 10 Second Units approved for an average of 5 annually. This was an increase from the prior years and can be attributed to the changes that the City made to the Second Unit Program (e.g. increasing maximum square footage of Second Units to 1200 square feet, eliminating covered parking requirements, etc.) as well as the housing market recovery from the "Great Recession." Residential construction has resumed, and this is reflected in the increased number of Second Units beginning in 2013.

It is anticipated that this upward trend will continue. Beginning in January 2015, two additional Second Unit applications have been approved and it is anticipated that building permits will be issued for these units in 2015. One additional Second Unit application has been submitted for Site Development Permit review as of February 2015. The City has also received three building permit applications for Second Units that were previously approved. Assuming building permits are issued for these six units and the units are constructed, the City will have already met the City's goal of 6 units for all of 2015.

Historically, Second Units in Monte Sereno have either been newly constructed or owners have remodeled existing square footage or structures into suitable Second Units. When the City inspects Second Units, the unit must meet minimum standards for a habitable unit as a dwelling unit and adds to the City's housing supply as would any other dwelling unit.

2. Additional modifications to Second Unit Program will facilitate more Second Units

As proposed in Section 7 of this document, the City will review modifications to the Second Unit Program to reduce setback requirements for Second Units in R-1 zoned properties and eliminate the existing policy in R-1-8 zones that deducts Second Unit square footage from the allowable maximum size of the principal dwelling on lots of less than 12,000 square feet. There are several property owners who "check in" on a regular basis with the Planning Department to find out when these proposed changes will be made because they want to build a Second Unit on their property but cannot without these revisions. Consequently, the City is confident that these types of modifications and others, as the City continually improves the program, will increase the average annual number of Second Units to at least 6 per year.

3. Demand for Second Units

The percentage of people 65+ years has steadily increased in Monte Sereno from 1990-2010 and this trend is expected to continue in the future as "baby boomers" age. With more senior households who desire to stay in their homes and "age in place," Second Units provide a convenient and affordable housing option for caregivers and personal assistants. In addition to seniors, other special need households such as disabled family members could benefit from the independent living opportunity that Second Units can provide.

Further, Second Units are a perfect solution for families that desire multi-generational housing opportunities. Households who want to have their elderly parents live with them have traditionally created a demand for Second Units. But, with continually increasing housing costs in California, young adult children are returning to live with their parents and also create a demand for Second Units. With allowable square footages of up to 1200 square feet, Second Units in Monte Sereno can easily accommodate a range of multi-generational housing options.

4. Monte Sereno is the ideal community for a Second Unit Program
Monte Sereno's stock of large homes and large lots is the perfect environment for creating Second Units. Unlike other communities with small lot sizes and traffic/parking issues, Monte Sereno can easily accommodate Second Units without engendering some of the neighborhood issues that other communities encounter with Second Unit programs. Further, by adding small rental units to neighborhoods of large homeowner-occupied units, the Second Unit strategy leads to more ecological (and fiscal) sustainability by relying on existing infrastructure in a community otherwise unlikely to redevelop.
5. Second Units have consistently been affordable units
From 2007-2014, approximately 75% of the Second Units built in the City have been affordable to very low and low income households. This historical data, and the experience of other cities, confirms that Second Units developed in the 2015-2023 time frame will be affordable. Applying the 75% figure to the 46 unit objective of the Second Unit Program, it is estimated that 35 of those units will be affordable to very low and low income households, matching the RHNA for very low and low income units.

In summary, all of the factors noted above demonstrate that the City can achieve its goal of at least 46 Second Units, if not more, by 2023. The City is committed to monitoring the Second Unit program and its effectiveness on a regular basis in order to achieve this goal. Program H-2.3 as described in the following section of this document, outlines a plan of action whereby the City in 2017 will evaluate the progress in meeting the RHNA lower income goals and take immediate steps if certain milestones are not met. This action reflects the City's commitment to provide and facilitate opportunities for affordable housing in the Monte Sereno community.

SECTION 7: HOUSING PROGRAM STRATEGY

A. Goals, Objectives, Policies and Programs

Following are the goals, policies, programs and quantified objectives for the City's 2015-2023 housing strategy.

Goals determine what should be done, and where. **Policies and programs** establish who will carry out the goals, how and when. **Quantified objectives** are required by Government Code to "establish the maximum number of housing units by income category that can be constructed, rehabilitated, and conserved over a five year time period." Quantified objectives are noted for those programs where goals/objectives are specific and can be measured. Not all programs will have quantified objectives.

The Goals, Policies and Programs adopted in the 2009-2014 Monte Sereno Housing Element have basically been retained. However, based on the City's experience and success since then, some have been removed, others have been added, and text wording has been revised in some instances. (See Section 8: Appendix of this document for the full text of the 2009-2014 goals, policies and programs.)

GOAL H-1: PROVIDE HOUSING CONSISTENT WITH THE CHARACTER OF THE COMMUNITY.

Policy H-1.1 Ensure that new residential development is compatible with the existing neighborhood character.

Policy H-1.2 Require that residential development is well-integrated into the natural environment and physical landscape of the site.

Policy H-1.3 Ensure that new residential development preserves valued scenic qualities such as hills, ridgelines and views and mitigates adverse visual impacts to the extent possible.

Program H-1.1 Continue to require Site Development Permit approval for all new homes and to require project consistency with the City Design Guidelines.

Responsibility: City Staff and Council

Time Frame: Annually, ongoing through the 2015-2023 planning period

Quantified Objective: 10 above moderate income units

**GOAL H-2: CONSTRUCT ADDITIONAL HOUSING TO MEET THE IDENTIFIED NEEDS OF
ALL INCOME GROUPS IN MONTE SERENO.**

- Policy H-2.1 Encourage the construction of new Second Units through incentives, regulatory relief and increased public outreach to meet the need for lower income housing in the City.
- Policy H-2.2 Remove constraints to the production and availability of housing, consistent with other General Plan policies.
- Policy H-2.3 Expedite the review process, where appropriate, for special needs housing and affordable housing for extremely low, very low, low- and moderate-income households.
- Policy H-2.4 Ensure that sites are provided as needed for a variety of housing types for all income levels.

- Program H-2.1** The City will continue to administer and improve the Second Unit Program in order to encourage the construction of additional Second Units affordable to lower income households. Specific tasks that the City will undertake include:
- Continue to survey affordability and use of Second Units at time of construction as well as conduct a survey of existing Second Units at least twice during the Planning Period to determine affordability and use of the unit. The first survey and results of that survey shall be completed by the end of 2017.
 - Revise the approval process for Second Units so that it is ministerial, rather than discretionary,
 - publicize incentives for construction of new Second Units with a systematic approach utilizing all forms of media and outreach, such as City's website and email notification system, articles in printed media as well as social media platforms, written information available at City Hall and Planning Department counter, outreach to building contractors/architects, etc.,
 - continue the Second Unit amnesty program,
 - review and revise Second Unit Program to remove constraints to Second Unit development, such as reducing setback requirements for Second Units in all R-1 zones and eliminating the existing policy in the R-1-8 zone that deducts Second Unit square footage from the allowable maximum size of the principal dwelling on lots of less than 12,000 square feet;
 - explore other innovative uses of Second Units such as providing housing for multi-generational uses (small families, aging in place, etc.) and develop programs as feasible, and
 - further amend the Second Unit Program, such as by permitting junior second units, if necessary to achieve RHNA production goals.

Responsibility: City Staff and Council

Time Frame:
2015-2016:

Approve Program amendments to remove identified constraints to Second Unit production, especially reducing setback requirement in all R-1 zones and eliminating square footage deduction in R-1-8 zoned properties.

Revise approval process for Second Units so that it is ministerial, rather than discretionary.

2016-2017:.

Conduct a survey of existing Second Units in order to determine affordability and use of units. Have survey results completed by the end of 2017 and utilize information in conjunction with actions in Program H-2.3 below to evaluate progress towards achieving RHNA.

Annually, ongoing through the 2015-2023 planning period for other program actions and tasks

Quantified Objective: 46 Total New Second Units, as follows:

11 Extremely Low Income Units
12 Very Low Income Units
12 Low Income Units
11 Moderate Income Units
46 TOTAL

Program H-2.2

The City will explore and implement if appropriate other options to provide additional affordable housing opportunities within its existing housing stock. For example, shared housing or renting rooms would be most appropriate for a community such as Monte Sereno that has many large housing units capable of housing more people. Shared Housing programs match persons needing housing with homeowners and others who have space to rent. At a minimum, the City will contact shared housing agencies and publicize opportunities to share housing.

Responsibility: City Staff and Council

Time Frame: Annually, ongoing through the 2015-2023 planning period

Quantified Objective:

5 Extremely Low and 5 Very Low Income Persons

Program H-2.3

By the end of 2017, the City will evaluate progress towards meeting its RHNA, in particular new construction objectives for extremely low, very low, low and moderate income households. If the City determines that fewer than 12 Second Units are constructed every two years, the City will evaluate and implement revisions to the Second Unit program to meet the City's objectives. As part of this analysis, the City will consider revising its multi-family zoning and density standards. If changes are required that are inconsistent with the Housing Element, the City will amend the Housing Element as necessary.

Responsibility: City Staff and Council

Time Frame: 2015-2017; and every two years thereafter.

Quantified Objective: If at least 12 affordable Second Units (25% of total 46 unit objective for the planning period) are not approved by the end of 2017, the City will evaluate and implement additional changes to the Second Unit ordinance as well as implement site development revisions to provide more affordable units. Of the 12 Second Units, at least 75% (9 units) shall be affordable to lower income households, reflecting the lower income proportions of the RHNA. If revisions required are inconsistent with the Housing Element, the City will amend the Housing Element as necessary.

Program H-2.4

The City will work with nearby communities to explore countywide housing needs and solutions. On an annual basis, the City Manager will provide a summary report of activities in cooperation with other jurisdictions/agencies to further increase the supply of affordable housing in the County of Santa Clara. Also, included in this report will be a description of the City's efforts to meet its RHNA goals. This information will also be included in the City's annual Housing Element update to HCD.

Responsibility: City Staff and Council

Time Frame: Annually, ongoing through the 2015-2023 planning period

Program H-2.5

The City will revise the Municipal Code (Section 10.05.045) Public ("P") zoning district by December 2016 to allow multifamily residential uses by right on the First Baptist Church site (17765 Daves Avenue). Revisions will include development standards that include those described in Section 6 of this document (Site Inventory: "Proposed Guidelines for Public/Residential Multi Family Zone First Baptist Church Site)." The City will also complete any amendments to the General Plan that may be necessary to allow multifamily uses in the Public ("P") zoning district by December 2016. If the necessary amendments are not adopted by December 2016 and not successful in encouraging multi-family development, the City will provide alternate multi-family residential opportunities and will amend the Housing Element as necessary to correct any inconsistencies.

Further, in conjunction with Program H-4.1, the City will make specific outreach with developers of housing affordable to lower income and special need households, including incentives such as density bonuses, fee waivers or other incentives. The City will also assist with identifying and/or applying for project funding from other sources including, but not limited to, CDBG and HOME funds, at the request of the developer.

Responsibility: City Staff and Council

Time Frame to Amend Ordinance and Complete Necessary General Plan Amendments: 2015 – December 2016

Time Frame for Developer Assistance: Annually and Ongoing, as appropriate, throughout the 2015-2023 time frame.

Quantified Objectives for Planning Period:

7 Moderate Income Units
8 Above Moderate Income Units

Program H-2.6

The City will revise the Municipal Code to 1) allow employee housing that provides housing for 6 or fewer employees in all residential zoned areas , 2) include residential care homes, supportive housing and transitional housing as a “use by right” in RM zones and 3) include Municipal Code Section 10.05 regarding SRO use as allowable in RM zones..

Responsibility: City Staff and Council

Time Frame to Amend Ordinance: 2015-2016

GOAL H-3: MAINTAIN AND IMPROVE EXISTING HOUSING STOCK

Policy H-3.1 Support the efforts of property owners to maintain and improve homes in Monte Sereno.

Policy H-3.2 Ensure adequate investments in public services and facilities to maintain a high-quality living environment in older residential neighborhoods.

Policy H-3.3 Encourage energy conserving practices in the maintenance of existing dwellings and in new residential development .

Program H-3.1 The City will continue to pursue code enforcement on homes that are not maintained in compliance with City codes.

Responsibility: City Staff and Council

Time Frame: Annually, ongoing through the 2015-2023 planning period

Program H-3.2 The City will review and revise on a biannual basis the Capital Improvement Program (CIP) to identify public infrastructure priorities that will maintain the community's older residential neighborhoods.

Responsibility: City Staff and Council

Time Frame: Biannually, ongoing through the 2015-2023 time frame

Program H-3.3 The City will encourage energy conservation practices for new and existing residential dwelling units by enforcing State and local regulations and encouraging incentives for energy conservation "best practices." Suggested actions include:

- continue to offer streamlining and fee waivers for solar panel installations,
- continue the "Build It Green" program and checklists,
- provide information regarding rebate programs and energy audits available through PG&E, and
- provide resource materials regarding green building and conservation programs.

Responsibility: City Staff and Council

Time Frame: Annually, ongoing through the 2015-2023 planning period

GOAL H-4: SUPPORT A CONTINUUM OF HOUSING OPPORTUNITIES FOR MEMBERS OF THE MONTE SERENO COMMUNITY IN ALL STAGES OF LIFE, INCLUDING THOSE WITH OR WITHOUT SPECIAL NEEDS.

Policy H-4.1 Support special need population groups gaining access to decent housing.

Policy H-4.2 Assist seniors as a growing proportion of the Monte Sereno Community in identifying and developing suitable living situations.

Program H-4.1 The City will support special need households (including physically and developmentally disabled) in securing affordable and appropriate housing. The City will:

- promote the use of Second Units as an opportunity to provide affordable housing for special needs individuals, such as seniors (and their caregivers) and disabled family members,
- continue to allow transitional housing, supportive housing and residential care facilities, including group homes for six or less persons, as a use by right in all R-1 neighborhoods,
- annually contact nonprofit housing sponsors to coordinate and implement a strategy for developing or making housing available for lower and moderate income households, including special needs households, and
- as specified in Program H-2.6, the City will amend the Municipal Code to allow supportive housing, transitional housing and residential care facilities in the RM zone

Responsibility: City Staff and Council

Time Frame: Annually, ongoing through the 2015-2023 planning period

Program H-4.2 Working with other local organizations and agencies, the City will work to develop a plan to meet the changing needs of seniors. As Monte Sereno's population ages, issues such as "aging in place" and better utilization of existing housing become paramount. The City can take a lead role in thoughtfully addressing these important issues while developing some potentially innovative housing

Responsibility: City Staff and Council

Time Frame: Annually, ongoing through the 2015-2023 planning period

Program H-4.3 The City will review existing procedures and identify revisions to the City's procedures in order to expedite the development review process, especially for special needs housing and affordable housing for lower and moderate income households.

Responsibility: City Staff and Council

Time Frame: Annually, ongoing through the 2015-2023 planning

GOAL H-5: ENSURE EQUAL HOUSING OPPORTUNITIES

Policy H-5.1 Work to ensure that individuals and families seeking housing in Monte Sereno are not discriminated against on the basis of age, sex, family structure, national origin, or other arbitrary factors.

Program H-5.1 The City will continue to implement its “Reasonable Accommodations” procedures as contained in the Municipal Code.

Responsibility: City Staff and Council

Time Frame: Annually, ongoing through the 2015-2023 planning period

Program H-5.2 The City will provide written information on fair housing laws and resources at the Planning Department counter as well as on the City’s website. Further, the City will promote the use of Project Sentinel, a HUD approved housing counseling agency in Santa Clara County as a resource for fair housing information and advisory services. The City will work with other organizations to promptly address complaint of discrimination in the sale, rent and development of housing in Monte Sereno.

Responsibility: City Staff and Council

Time Frame: Annually, ongoing through the 2015-2023 planning period

Table HE-15: Summary of Sites Suitable to Meet RHNA, 2015-2023

Program	Extremely Low Income	Very Low Income	Low Income	Moderate Income	Above Moderate Income	TOTAL
Second Units: H-2.1: The City will continue to manage and improve the Second Unit Program in order to encourage the construction of additional Second Units.	11	12	12	11	0	46
New Construction H-1.1: Continue to require site development permit approval for all new homes and to require project consistency with the City Design Guidelines. H-2.5: The City will revise the Municipal Code to allow residential uses in "Public" zone	0	0	0	0	10	10
				7	8	15
TOTAL	11	12	12	18	18	71
RHNA Objectives	11	12	12	13	8	56

Table HE-15A Quantified Objectives 2015-2023

Category	<i>Extremely Low Income</i>	<i>Very Low Income</i>	<i>Low Income</i>	<i>Moderate Income</i>	<i>Above Moderate Income</i>	<i>TOTAL</i>
<u>Maintenance and Improvement</u>	2	2	2	0	0	6
New Construction	11	12	12	13	8	56
<u>Preservation*</u>	<u>2</u>	<u>2</u>	<u>2</u>			<u>6</u>

*The City has no deed-restricted affordable units at risk of loss during the next 10 years. However, through its second unit surveys and amnesty program, the City will seek to keep second units affordable.

Table HE-16-: Summary of Housing Programs

NEW CONSTRUCTION	
Program H-1.1	Continue to require Site Development Permit approval for all new homes and to require project consistency with the City Design Guidelines.
Program H-2.1	Continue to administer and improve the Second Unit Program in order to encourage the construction of additional Second Units affordable to lower income households
Program H-2.5	The City will revise the Municipal Code (Section 10.05.045) Public ("P") zoning district by December 2016 to allow multifamily residential uses by right on the First Baptist Church site (17765 Daves Avenue)..
CONSERVATION OF EXISTING UNITS	
Program H-3.1	The City will continue to pursue code enforcement on homes that are not maintained in compliance with City codes.
Program H-3.3	The City will encourage energy conservation practices for new and existing residential dwelling units by enforcing State and local regulations and encouraging incentives for energy conservation "best practices."
PRESERVATION*/DEVELOPMENT OF AFFORDABLE HOUSING	
Program H-2.2	The City will explore and implement other options to provide additional affordable housing opportunities within its existing housing stock, such as shared housing
Program H-2.3	By the end of 2017, the City will evaluate progress towards meeting its RHNA, in particular new construction objectives for extremely low, very low, low and moderate income households.
Program H-2.4	The City will work with nearby communities to explore countywide housing needs and solutions.
Program H-4.1	The City will support special need households (including physically and developmentally disabled) in securing affordable and appropriate housing
Program H-4.3	The City will review existing procedures and identify revisions to the City's procedures in order to expedite the development review process, especially for special needs housing and affordable housing for lower and moderate income households.

- There are no "at risk" affordable units in Monte Sereno.

SECTION 8: APPENDICES

Appendix A. Review of 2009-2014 Housing Element Goals and Policies

Following are the programs from the 2009-2014 Housing Element. Comments are provided as to the status and actions taken during 2009-2014. The fourth column of the chart provides recommendation as to the program's continuing status in the 2015-2023 time frame.

Program Implementation Status			
Program Number	Program	Status and Effectiveness	Recommendation
H-1.1	Continue to require Site Development Permit approval for all new homes and to require project consistency with the City Design Guidelines.	During the 2009-2014 Planning Period the City approved approximately 160 Site Development Permits.	Continue program in 2015-2023 planning period (Program H-1.1)
H-2.1	The City will continue to monitor residential neighborhoods for housing in need of rehabilitation.	During routine site visits throughout the City, Planning Department staff observes housing conditions to identify if there is a need for rehabilitation.	Monitoring and response to code complaints—no substantial rehabilitation needs anticipated
H-2.2	The City will continue to participate with Santa Clara County in the Federal Community Development Block Grant Program to provide housing rehabilitation loans and weatherization services for extremely low, very low, low and moderate-income households. As part of the Urban County the City commits that by 2011 it will develop a local plan and process for citizen participation in review of any City project proposals. The City will detail proposed project activities, detail the Urban County's need that the project is addressing and detail a project implementation timeline. The City will prepare quarterly progress reports during the program year activities are being carried out. The City also will provide any additional information necessary for the completion of the Urban County's Consolidation Plan, including a detailed description of the City's commitment to provide housing assistance to extremely low, very low, low and moderate-	The City is currently participating in the Santa Clara County Community Development Block Grant Program by attending meetings and reviewing projects submitted to the region. The City did not have any City project proposals during the Planning Period. However, the City continues to look for opportunities for projects proposals within the City.	Continue to look for opportunities for project proposals and explore countywide solutions through Program H-2.4 in 2015-2023 planning period.

	income persons.		
H-2.3	The City will continue to monitor the availability of additional State and federal funds to assist in the rehabilitation of the housing in Monte Sereno. The City will also apply for and assist with the application process for funds.	The City monitored the availability of State and federal funds for housing rehabilitation. Although the City participated in the Santa Clara County CDBG program, it received no inquiries or applications regarding the need for funds for housing rehabilitation. During routine site visits throughout the City, Planning Department staff observes housing conditions to identify if there is a need for rehabilitation, but only minor rehabilitation needs were identified.	The City does not anticipate any applications for rehabilitation assistance or actions in the 2015-2023 period.
H-2.4	The City will continue to pursue code enforcement on homes that are not maintained in compliance with City codes.	During routine site visits throughout the City, Planning and Building Department staff observes housing conditions to identify if there is a need for rehabilitation or code violations. Any issues identified are then referred to the Code Enforcement Officer. The City also investigates code violation complaints received from neighbors.	Continue program in 2015-2023 planning period (Program H-3.1)
H-2.5	The City will review on a biannual basis the Capital Improvement Program (CIP) to identify public infrastructure priorities that will maintain the community's older residential neighborhoods.	Annually the Capital Improvement Program (CIP) and priorities are set and approved by the City Council during the budget setting process. The City Council also conducts mid-year budget review to make adjustments as needed to the CIP.	Continue program in 2015-2023 planning period (Program H-3.2)

H-3.1	Amend the zoning code to increase the maximum permitted size of second units to 1,200 square feet and to exclude covered parking from the second unit building size calculation.	On October 16, 2012 the City Council adopted an ordinance (NS-184) to increase the maximum allowed size of secondary dwelling unit to 1,200 square feet and to exclude covered parking requirements. This program allows for more variety in the size of secondary dwelling units and provides a regulatory concession by elimination of parking requirement	Action completed in 2009-2014 time frame. Additional incentives for Second Unit development are proposed for the 2015-2023 planning period.
H-3.2	In order to encourage the development of secondary dwelling units and single room occupancies affordable to extremely low income households the City will adopt new incentives that may include such things as waiving planning fees of secondary dwelling units and single room occupancies and/or regulation concessions.	The City Council adopted regulatory concessions to encourage the development of secondary dwelling units. These concessions include increasing the maximum allowed size of secondary dwelling unit to 1,200 square feet and to exclude covered parking requirements. Single room occupancies are permitted in multi-family zones, and room rentals are permitted.	Action completed in 2009-2014 time frame. Additional incentives for Second Unit development are proposed for the 2015-2023 planning period (Program H-2.1)
H-3.3	The City will continue to track and monitor the construction and affordability levels of new second units through building permits and an affordability questionnaire. The affordability questionnaire will be updated and distributed by 2011.	In May 2012 the City sent out a survey to all secondary dwelling unit owners to better gauge the affordability of the existing secondary dwelling units within the City. Starting in 2013 the City began conducting real time, person to person surveys, for units during the permitting process to gather information about affordability. The affordability levels described in the survey correlate with the income affordability levels published annually by the State.	Action completed in 2009-2014 time frame. Continued tracking and monitoring are proposed for the 2015-2023 planning period (Program H-2.1)

H-3.4	Initiate an intensive public outreach campaign to publicize incentives for the construction of new second units and the amnesty program for existing un-permitted second units. By 2011 the City will initiate a secondary unit public outreach program. Information will be provided on the City's web site, through e-mailings, and the City's quarterly newsletter.	The City adopted an amnesty program in October 2012 that ran from July 2013 to July 2014. Due to the success of the program the City extended the amnesty program in October 2014, through December 2015. As part of the public outreach the City published an article in the City's quarterly newsletter (Fall 2012), posted information on the City's website, and provided information at the front counter.	Action completed in 2009-2014 time frame. Increased and continued public outreach are proposed for the 2015-2023 planning period (Program H-2.1)
H-3.5	The City will monitor the second unit ordinance to ensure that standards and regulations are not prohibiting the construction of new second units needed to meet the City's share of the region's housing needs. The City will amend the second unit ordinance if needed to facilitate the construction of second units for very-low, low and moderate income households.	A Secondary Dwelling Unit Survey was completed in May 2012 for all existing secondary dwelling units. The survey results were aggregated to show trends and patterns of affordability depending on the size and number of bedrooms of the secondary dwelling unit. Real time surveys are now completed for new units during the permitting process. On October 16, 2012 the City Council adopted an ordinance (NS-184) amending the second dwelling unit ordinance was amended to increase the allowing size of second dwelling units and eliminate the covered parking requirements.	Action completed in 2009-2014 time frame. Programs H-2.1 and H.2-3 will continue efforts in 2015-2023 time frame.

H-3.6	<p>The City will continue to track and monitor the construction and affordability levels of new second units. On an annual basis, the City will compare the results of the tracking system with its regional housing needs allocation (RHNA) for extremely low, very low, low, and moderate-income families. If the RHNA is not being met, the City will develop alternate strategies for addressing the housing needs for extremely low, of very low, lower, and moderate-income families. When the City receives an application for assistance to develop affordable housing, the City will apply for funds within three months of receiving an application.</p>	<p>As part of the Annual Progress Report submitted to HCD, the City tracks the construction and affordability of all permitted units.</p> <p>At the end of the 2009-2014 Planning Permit the City has met 75% of its RHNA. Based on the report published by ABAG, titled Bay Area Progress in Meeting 2007-2014 Regional Housing Need Allocation (RHNA), Santa Clara County cities combined to achieve 64% of the RHNA allocation.</p> <p>The City received no application for assistance in developing affordable housing.</p>	<p>Action completed in 2009-2014 time frame. Programs H-2.1 and H.2-3 will continue efforts in 2015-2023 time frame.</p>
H-3.7	<p>The City will continue to evaluate existing development review procedures and identify ways to reduce the time and associated development costs for extremely low, very low, low, and moderate-income housing.</p>	<p>The City continues to streamline the development review process. Periodically the Site and Architectural Commission reviews the submittal requirements and regulations for development. On June 20, 2013 the City held a homeowner building seminar to educate homeowners on the construction process. The seminar was publicized in the City's Spring 2013 newsletter.</p>	<p>Continue effort in 2015-2023 planning period</p>
H-3.8	<p>The City will continue to participate in efforts to provide affordable housing for all income groups in Santa Clara County. These efforts include programs administered by the Housing Trust of Santa Clara County, the Housing Authority of Santa Clara County and the Santa Clara County Office of Affordable Housing by 2010.</p>	<p>The City currently participates with the Housing Trust of Santa Clara County, the Housing Authority of Santa Clara County and the Santa Clara County Office of Affordable Housing</p>	<p>Continue to look for opportunities for project proposals and explore countywide solutions through Program H-2.4 in 2015-2023 planning period</p>

H-3.9	The City will continue to monitor the availability of State and federal funds to assist in the development of affordable housing in Monte Sereno. The City will also apply for and assist with the application process for funds.	The City did not receive any applications for the development of affordable housing during the 2009-2014 Planning Period, and so did not assist with the application process.	Continue to look for opportunities for project proposals and explore countywide solutions through Program H-2.4 in 2015-2023 planning period
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<p>H-3.10</p>	<p>Evaluate the fiscal impacts of annexing parcels suitable for a variety of residential development in the sphere of influence. This evaluation should be confined to areas that are surrounded by urban development and have access to services. The City has approximately 11 acres in its sphere of influence suitable for evaluation. Given the current zoning of one to four units per acre on these parcels, the additional dwelling unit capacity is 20 units. However, in addition, the City will consider higher density multifamily uses on annexed parcels to facilitate the development of a variety of housing types including housing for extremely low, low and moderate-income households. In evaluating a variety of housing types the City will prepare guidance for development standards such as building height, setbacks, grading quantities, and lot coverage to encourage and facilitate higher density multifamily housing such as 15-20 units per acre. The City will target financial resources (see Program H-3.9) to promote extremely low income housing where multifamily opportunities are being explored. Evaluate annexation of parcels in the sphere of influence for annexation and initiate annexation by July 2011. The process to evaluate annexation will include community outreach to provide information, answer questions and gather input from the public. The City will also conduct at least two public hearings with formal notification to property owners within the annexation areas. The City will evaluate progress of this program by July 2012 and if zoning and sites are not made available for multifamily developments, the City will immediately amend the Housing Element to identify and establish other sites and zoning to encourage and facilitate multifamily development. Zoning to allow multifamily development will be established by December 2012.</p>	<p>The City's 2007-2014 Housing Element included this program to provide a range of different housing types within the City. The City's obligation to provide adequate sites for lower income housing was met through the City's Second Unit program, which was entirely implemented. The City undertook a multi-year planning program to evaluate sites within the sphere of influence and within the City that were possibly suitable for multi-family zoning. The evaluation included fiscal impacts, community outreach, formal notification to property owners within the annexation area, and numerous public hearings. Adoption was delayed by the necessity to complete an Environmental Impact Report to explore the impacts of multi-family zoning. A range of densities were considered, up to 20 units per acre.</p> <p>Completed in August 2013. The City Council adopted Ordinance NS-187 allowing multi-family residential and Ordinance NS-188 pre-zoning 18840 Saratoga Los Gatos Road to allow 12-13 multi-family units. The City also amended the City Design Guidelines to include guidance for multi-family development. These modified development standards reduced parking requirements, allowed cluster development, and contained height and setback requirements adequate to permit development of the planned multifamily units.</p> <p>At this time the property owner has not pursued annexation.</p>	<p>The City completed the action identified by rezoning land to multi-family residential. In the 2015-2023 planning period, the City will revise the Municipal Code so that residential uses that can accommodate multi-family housing are allowed on a specified site zoned "Public." (Program H-2.5)</p>
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H-3.11	The Planning Director (PD) will prepare an annual report to the City Council which describes the amount and type of housing produced and the extent to which this housing meets the identified need of all income groups in Monte Sereno.	Starting in March 2011, staff has prepared an annual report describing the amount and type of housing produced during the previous year. This report is presented to the City Council at a public meeting.	Continue effort in 2015-2023 planning period with Program H-2.4.
H-3.12	The City will adopt an ordinance that complies with State density bonus law (Government Code Section 65915) to facilitate the economic feasibility of affordable housing development.	The City adopted an ordinance (NS-182) that complies with State density bonus law on July 17, 2012.	Action Completed
H-4.1	The City will continue to annually review the Zoning Ordinance and Building Code to identify and remove constraints on the production and availability of housing for special needs populations.	The Zoning Code and Building Code are review periodically by staff, Site and Architectural Commission, and City Council. Uniform Building Codes were adopted by Monte Sereno most recently in December 2013. The City implemented Programs H-4.2, 4.3, and 4.4 to accommodate special needs populations.	Continue effort in 2015-2023 planning period.
H-4.2	The City will develop and adopt a reasonable accommodation ordinance within two years of the adoption of this Housing Element. This ordinance will establish procedures and guidelines for the City to respond to requests for adjustments to standards and regulations to enable persons with disabilities to access and occupy housing in Monte Sereno.	<p>The City developed and adopted an ordinance (NS-175) to allow for reasonable accommodation on April 5, 2011 that included procedures and guidelines.</p> <p>The City has granted requests for reasonable accommodations for two properties.</p>	Action Completed
H-4.3	The City will amend the Zoning Code to allow transitional housing, supportive housing and residential care homes, both group homes for six or less and seven or more, as-of-right in a single-family home in the R-1-8 zoning district within all residential zones within the City.	The City adopted an ordinance (NS-181) that amends the Zoning Code to allow for transitional housing, supportive housing and residential care homes, both group homes for six or less and seven or more, as-of-right within all residential zones within the City. This was completed on June 19, 2012.	Action Completed. City will continue effort by implementing Program H-2.6 in 2015-2023 planning period.

H-4.4	The City will allow emergency shelters on all parcels zoned Public within Monte Sereno. The parcels currently zoned Public contains uses that are compatible with emergency shelters. These parcels are also larger and in locations that are easily accessible. Existing relationships are in place with current property owners to allow the properties to be used for emergency response.	The City rezoned (NS-183) three parcels "Public" on July 17, 2012. The public zoning designation allows for emergency shelters as a matter of right.	Action Completed
H-4.5	In order to purpose the development of emergency shelters the City's Emergency Manager will work with the American Red Cross and the Santa Clara County Office of Emergency Services to develop an inventory of existing shelter and a needs assessment for additional space. The City will also continue to participate in the annual County wide homeless count to determine shelter need by locality.	The City participated in the annual countywide homeless count in Fall 2014.	Continue to participate in countywide homeless count .
H-5.1	Work to ensure that individuals and families seeking housing in Monte Sereno are not discriminated against on the basis of age, sex, family structure, national origin, or other arbitrary factors.	The City did not receive any reports of discrimination during the Planning Period.	Continue in 2015-2023 planning period. (Program H-5.2)
H-5.2	Continue to cooperate with and support efforts of organizations dedicated to the elimination of discrimination in housing.	The City did not receive any reports of discrimination during the Planning Period. However, the City continues to support efforts of organizations dedicated to eliminating discrimination, especially Project Sentinel,.	Continue in 2015-2023 planning period (Program H-5.2)
H-5.3	The City will promptly address complaints of discrimination in the sale, rent, and development of housing in Monte Sereno.	The City did not receive any reports of discrimination during the Planning Period.	Continue in 2015-2023 planning period(Program H-5.2)
H-6.1	Enforce the State's Energy Conservation Standards for new residential construction and additions to existing structures.	In December 2013 the City adopted the Green Building Standard Code 2013.	Continue to promote and enforce energy conservation in 2015-2023 planning period (Program H-3.3).

H-6.2	Continue to encourage innovative designs to maximize passive energy efficiencies through the Site Development Permit approval process	In order for a project to receive a Site Development Permit, the City's Site and Architecture Commission must make findings that the project preserves solar access and also follows the City's Design Guidelines. The City Design Guidelines encourage designs that maximize passive energy efficiencies.	Continue to promote and enforce energy conservation in 2015-2023 planning period (Program H-3.3)
H-6.3	The City will continue to cooperate with and support efforts of organizations dedicated to working toward elimination of discrimination in housing.	The City did not receive any reports of discrimination during the Planning Period. However, if a complaint is received the City will work with the City Attorney and Project Sentinel to investigate the complaint.	Continue effort in 2015-2023 planning period (Program H-5.2)
H-6.4	Adopt new incentives, including but not limited to waiving fees for installing solar panels and other green building permits, to encourage the use of green building practices.	<p>The City does not charge a building permit fee for the insulation of solar panels and requires applicants to complete the Build it Green checklist.</p> <p>In December 2013 the City adopted the Green Building Standard Code 2013 that requires green building methods to be utilized during construction.</p>	Action completed. Continue to encourage green building practices in 2015-2023 planning period (Program H-3.3)

Appendix B. 2014 Household Income Limits and Second Unit Affordable Rents

Household Income Limits 2014 (State Income Limits, 2014)

Household Income Category	1 Person	2 Person	3 Person	4 Person
Extremely Low	\$22,300	\$25,500	\$28,650	\$32,850
Very Low	\$37,150	\$42,450	\$47,750	\$53,050
Low	\$59,400	\$67,900	\$76,400	\$84,900
Moderate	\$88,600	\$101,300	\$113,950	\$126,600

Second Unit Affordable Rents 2014

<u>Income Category</u>	<u>Maximum Rent</u>		
	Studio	1-Bedroom	2-Bedroom
Extremely Low	\$553	\$633	\$712
Very Low	\$923	\$1061	\$1194
Low	\$1107	\$1266	\$1424
Moderate	\$2030	\$2321	\$2611

Description of Second Unit Verification Process:

The City began conducting real time surveys in 2013, either in person or over the phone, of secondary dwelling unit permit holders during the permitting process. This was done to specifically document the affordability and occupancy of the unit at that time.

Affordability limits used in the survey correlate with the affordability limits published annually by the State. Affordability limits are based on the number of bedrooms in the unit and median income levels in Santa Clara County. Based on these limits and the number of the bedrooms in the secondary dwelling unit the City uses the survey to determine which income category the unit best fits within.

In 2012 the City conducted a secondary dwelling unit survey of all secondary dwelling unit holders. The results from this survey provided the City with aggregate data. The data showed that over two-thirds of occupied one-bedroom units qualify as very low or low income units; while 60 percent of two-bedroom units qualify as very low or low income units. These survey results were a one time survey and should be considered in light of the overall data from 2007-2014, which shows that 75% of Second Units were affordable to lower income households.

As with all dwelling units constructed, the City cannot require homes to be rented or occupied on a permanent basis. This rule applies to second units, single-family homes, and multifamily housing. The City is required to adopt planning and zoning standards permitting enough dwelling units to meet its Regional Housing Needs Allocation.

Process for calculation of Second Unit Rents:

1. Use State Median incomes for Santa Clara County from HCD Memo, *State Income Limits for 2014* (California Code of Regulations, Title 25, § 6932). See Table on previous page for specific limits by household size.
2. Assume household size of 1 person for studio unit; 2 persons for 1-bedroom unit; 3 persons for 2-bedroom unit.
3. Calculate maximum rents based on Health & Safety Code Section 50053(b), as follows:

Extremely low income maximum rent = 30% of 30% of median income for assumed household size, divided by 12.

Very low income maximum rent = 30% of 50% of median income for assumed household size, divided by 12.

Low income maximum rent = 30% of 60% of median income for assumed household size, divided by 12.

Moderate income maximum rent = 30% of 110% of median income for assumed household size.

Appendix C. Why are Second Units a Vital and Necessary Component of Monte Sereno's Housing Program?

Second Units, defined as a self-contained dwelling unit, complete with its own kitchen and at least one bathroom, is located on the same property as a single-family house, and is significantly smaller than the main dwelling unit. The Second Unit can be either attached to the main unit or detached.

In communities such as Monte Sereno, Second Units can be an effective and vital component of the City's housing strategy. Monte Sereno is a well-established community with scarce land availability, very high housing costs and limited public funding for housing programs. However, the existing land patterns and housing types are very conducive to a successful Second Unit program. Minimum lot sizes are larger than average in Monte Sereno thereby providing more opportunities for the construction of Second Units.

Several recent articles and papers have established the importance and effectiveness of Second Units in communities such as Monte Sereno and in the San Francisco Bay area. The first article, published in the Journal of Urbanism: International Research on Placemaking and Urban Sustainability ("Hidden density in single-family neighborhoods: backyard cottages as an equitable smart growth strategy," February 2014), provides data research on Second Units in the San Francisco Bay area. One of the conclusions of the article is

Secondary units, or apartments added to low-density residential properties via either micro-infill or the partitioning of existing structures can potentially add as much or more density, at a fraction of the cost, as large scale development. Because secondary unit development is readily implementable in higher-income neighborhoods, the strategy contributes to neighborhood diversity and helps meet fair housing goals. By adding small rental units to neighborhoods dominated by large homeowner-occupied units, the strategy provides flexibility. For instance, more families are able to age in place. This in turn leads to more ecological (and fiscal) sustainability by relying on existing infrastructure in places otherwise unlikely to redevelop (Page 308).

The article further concludes that

Backyard cottages (Second Units), then, could yield infill housing production levels exceeding the results of an aggressive conventional infill scenario that would take decades to realize. What is more, unlike market rate multi family development, backyard cottage projects require comparatively small injections of capital (frequently under US \$100,000, as compared with millions of dollars for even a small five-unit project), and can be easily completed within a year. By contrast, multifamily projects take several years from conception to planning (Page 316).

In addition to addressing the effectiveness of Second Units in land utilization, the article also provides insight into the affordability of Second Units.

Secondary units appear to be considerably likelier to bolster income diversity through addition to the stock of modestly priced rental apartments in high-opportunity neighborhoods than are other types of unsubsidized rental housing. In addition, and unlike absentee-owned rental housing, secondary units have the potential to provide an income stream to existing homeowners. Thus, in addition to facilitating the entry of non-affluent residents into otherwise

unattainable neighborhoods, secondary units can further contribute to income diversity by helping existing homeowners age in place even amidst transformative life events such as job loss, retirement, and health setbacks (Page 320).

Another recent research paper also validates the importance of Second Units in providing affordable housing opportunities. A task force of communities (“21 Elements”) in the County of San Mateo produced a research paper titled “Affordability of Secondary Dwelling Units” (April, 2014). Their study assessed the affordability of secondary dwelling units throughout San Mateo County (located adjacent to Santa Clara County) and, in particular secondary dwelling units in the Town of Hillsborough. Hillsborough is very similar to Monte Sereno in terms of household income levels, type of housing stock and housing costs. The study found very high levels of affordability for existing second units, such as:

- Approximately 60% of secondary units are affordable to Extremely Low Income households,
- An additional approximately 10% of secondary units are affordable to Very Low Income households,
- Another approximately 15% of secondary units are affordable to Low Income households, and
- Approximately 10% more of secondary units are affordable to Moderate Income households.

The report also concluded that the results noted above are “most applicable to wealthier communities where secondary units are more likely to be available to domestic help or family members at free or heavily subsidized rates.”

Both of the studies referenced above support the City of Monte Sereno’s decision to utilize Second Units as its primary strategy to produce lower income housing. Because of the lack of commercial services and limited public transportation in Monte Sereno, sites in the City will compete poorly for tax credits, the chief source of financing for affordable multifamily housing. Unsubsidized multifamily construction will not be affordable to lower income households. Second Units have been demonstrated to not only **succeed in efficient utilization of available land and infrastructure but can also add much needed housing units at a faster rate and a more affordable price than conventional multi-family housing units.**

Appendix D: Abbreviations

ABAG: Association of Bay Area Governments, the Bay Area's COG

AMI: Area Median (Household) Income

BMR: Below-market-rate dwelling unit

CEQA: California Environmental Quality Act

CHFA: California Housing Finance Agency

CIP: Capital Improvements Program

COG: Council of Governments

EIR: Environmental Impact Report

FAR: Floor Area Ratio

FY: Fiscal Year

GMI: Gross Monthly Income

HCD: Housing and Community Development Department of the State of California

HUD: U.S. Dept. of Housing and Urban Development

NA: Not Applicable

PUD: Planned Unit Development

PMSA: Primary Metropolitan Statistical Area

RHNA: Regional Housing Needs Allocation

SOI: Sphere of Influence

SRO: Single Room Occupancy

Appendix E: Organizations/Agencies Notified of Public Meetings

Neighborhood Housing Services Silicon Valley

Housing Trust of Silicon Valley

Project Sentinel

Council on Aging Silicon Valley

Catholic Charities of Santa Clara County

Hispanic Foundation of Silicon Valley

County of Santa Clara Planning Department

Public Interest Law Firm, San Jose

Appendix F. Underdeveloped Land Inventory

Monte Sereno is an established community with limited development opportunities. The only lands available to accommodate the City's share of the Regional Housing Need are underdeveloped parcels. Market conditions such as high land and construction costs, combined with a limited supply of available and developable land and a high demand for housing in the community suggest conditions are favorable for redevelopment of existing underutilized land. "Teardowns" are relatively common in the community, and, where the location of an existing home poses a constraint to the development of additional lots, the market value of the additional lots would likely compensate for the need to rebuild the home.

The City has identified five sites that are underutilized and available for redevelopment. Although these sites are developed with existing residential or institutional uses, the existing uses are not considered to be a constraint to new residential development due to their age, their poor or fair condition, room for additional development on the site, and/or the developer interest that has been expressed in redeveloping the sites.

The five sites include:

UNDERDEVELOPED PARCELS, CITY OF MONTE SERENO 2014

<i>APN</i>	<i>Zoning</i>	<i>Acres</i>	<i>Density</i>	<i>Realistic Unit Capacity</i>
409-40-006	R-1-44	10	1 unit/acre	4 Units
410-20-022	R-1-8	1.9	3-5 units/acre	8 Units
510-22-012/13	R-1-44	8.24	1 unit/acre	5 Units
410-02-012	R-1-20	1	2 units/acre	1 Units
410-08-036	Public	3.48	3-5 units/acre*	15 Units
Total Potential Units				33 Units

**Proposed zoning modification as described in Program H-2.5 in Section 7 of this document.*

The first four sites are all zoned for R-1 use and all currently have an existing residential unit on the parcel. The table above identifies the number of additional units that could be accommodated on the parcels after approval of subdivisions.

The fifth site is an underdeveloped property located at 17765 Daves Avenue (APN # 410-08-036). The site is flat and is approximately 3.48 acres in size. The First Baptist Church is located on the site. The church and related buildings and surface parking are located on 2.30 acres of the property and the remaining 1.18 acres are open space areas. The site is zoned for "Public" use. Program H-2.5 in the Housing Program Strategy section of this document describes modifying the Public zoning category to allow multifamily residential uses by right on this site as long as design and development standards are met. The development standards would contain incentives similar to the existing provisions in the R-1-8 and RM Districts and would allow clustering of units in one portion of the site. It is also anticipated that the parking standards would be similar to the existing RM parking standards. It is estimated that the site could accommodate 15 residential units on the 1.18 acres that is currently open space area. This would achieve a net residential density on the developed portion of the site of approximately 15 units/acre.

Realistic Capacity Assumptions

In determining the realistic unit capacity of the five sites, the City reviewed existing uses on the site, the location of the existing structures, whether those structures were recently constructed, the slope of the property, subdivision requirements, and the allowable density based on the zoning district. The unit calculations were based on the maximum density allowed taking into consideration the City's development standards for the appropriate zone (e.g. setbacks, square footage allowances, street and parking requirements, etc.).

Monte Sereno is a very desirable residential community; consequently, market demand was not considered to be a constraint for additional units on the underdeveloped parcels. However, other non-governmental constraints such as the high cost of land and construction could influence the further development of these parcels.

For the purposes of this land inventory, the potential units that could be achieved through a density bonus were not included in the realistic unit capacity. Site #5 (APN #410-08-03) is the only site that is likely to request a density bonus. At the time that this Land Inventory was prepared, there have been no specific plans submitted for this property and so it is unrealistic to consider a density bonus calculation on the site at this time.

Listed on the following pages are more detailed descriptions of each of the five sites.

SITE 1

Characteristics:

Address: 15191 Karl Avenue
APN: 409-40-006
Lot Size: 10 acres

Land Use Considerations:

General Plan: Residential
Zoning: R-1-44 (1 du/ac)
Overlay(s): None
Existing Use: Main dwelling unit, secondary dwelling unit, and accessory structures
Pending Development: Building underway for main dwelling unit
Development Potential: Additional 4 main dwelling units, plus 4 secondary units

Existing and Planned Infrastructure Capacity:

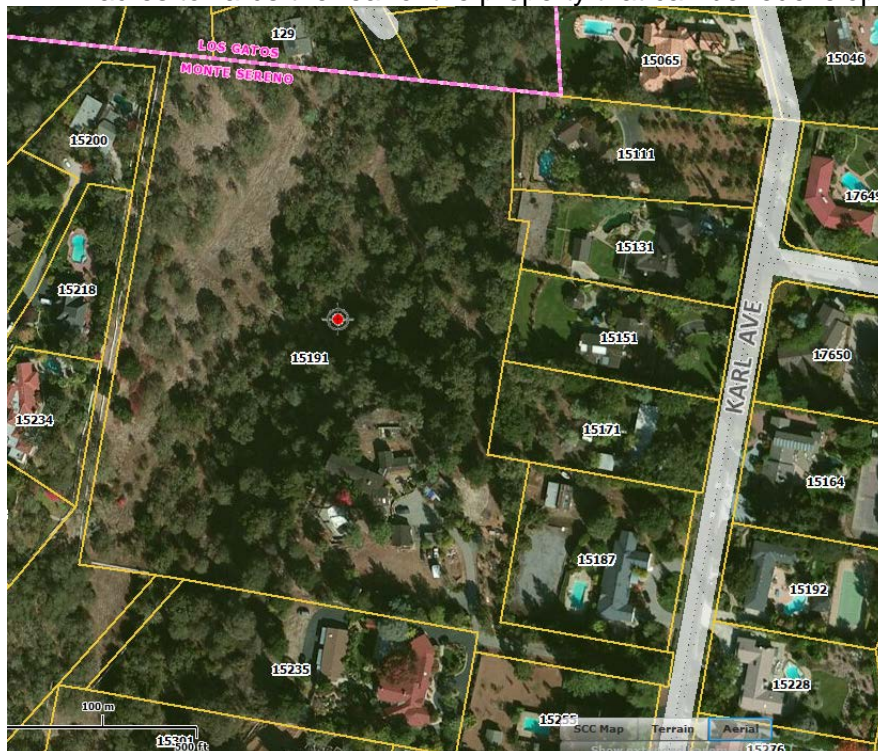
Public sewer and water available.

Environmental Constraints:

Areas of slope, setbacks from existing creek and a trace fault running through the property.

Development Potential

Based on the existing home on the property, the lot size, and the estimated slope it is estimated that the development potential of the site is 4 additional lots. The existing home on the property is located towards the front of the property. This leaves approximately 8 acres towards the rear of the property that can be redeveloped.



SITE 2

Characteristics:

Address: 16121 Rose Avenue

APN: 410-20-022

Lot Size: 1.9 acres

Land Use Considerations:

General Plan: Residential

Zoning: R-1-8 (3-5 du/acre)

Overlay(s): none

Existing Use: Single family dwelling unit

Pending Development: none

Development Potential:

Additional 8 main dwelling units and 8 secondary dwelling units

Existing and Planned Infrastructure Capacity:

Public sewer and water available.

Environmental Constraints:

None anticipated

Development Potential:

Site 2 is a flat site that contains an older home located in the front portion of the property. The site is surrounded by 8,000 square foot lots, and access could be provided to create eight additional lots on the site. There are no physical constraints to development of the property..



SITE 3

Characteristics:

Address: 16180 Greenwood Lane
APN: 510-22-012/13
Lot Size: 8.24 acres

Land Use Considerations:

General Plan: Residential
Zoning: R-1-44 (1 du/ac)
Overlay(s): none
Existing Use: Main dwelling unit and accessory structures
Pending Development: None.
Development Potential:
Additional 5 main dwelling units and 5 secondary dwelling units

Existing and Planned Infrastructure Capacity:

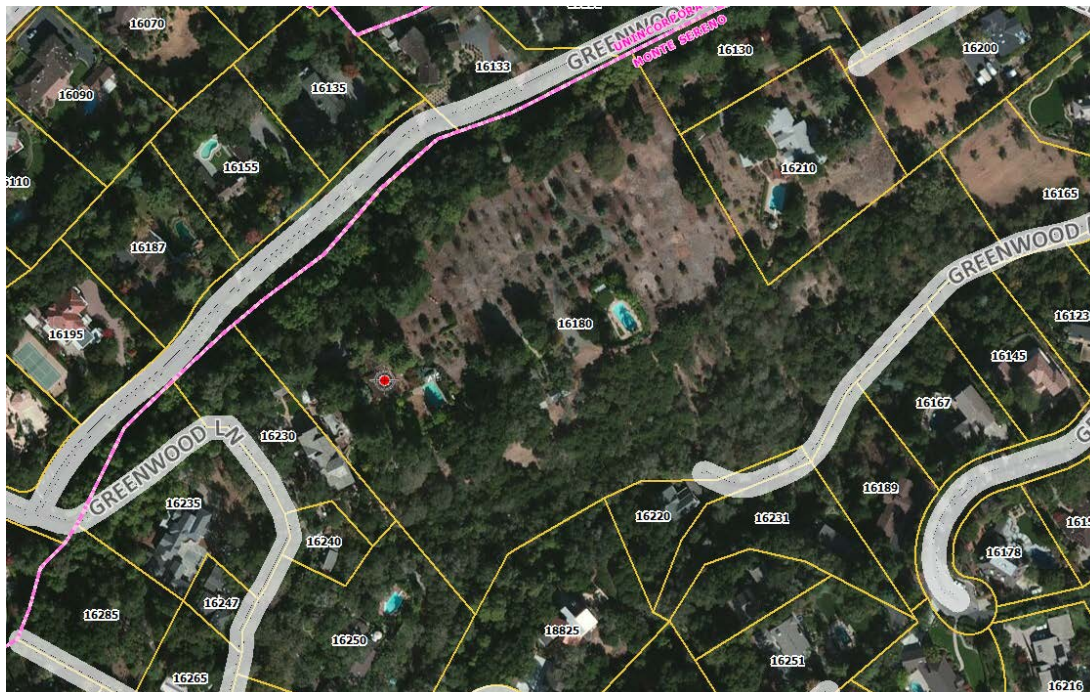
Public sewer and water available.

Environmental Constraints:

Areas of slope

Development Potential:

Site 3 is currently underdeveloped and can accommodate five additional lots. The site has access from two streets and the current structures are clustered towards the top of the property, leaving a large vacant area that could be subdivided.



SITE 4

Characteristics:

Address: 15541 Palos Verde Drive
APN: 410-02-012
Lot Size: 1 acre

Land Use Considerations:

General Plan: Residential

Zoning: R-1-20 (2 du/ac)

Overlay(s): none

Existing Use: single family dwelling unit and secondary dwelling unit.

Pending Development: None, but there has been recent inquiries about the potential of splitting the lot.

Development Potential: Additional 1 main dwelling unit and 2 secondary dwelling units

Existing and Planned Infrastructure Capacity:

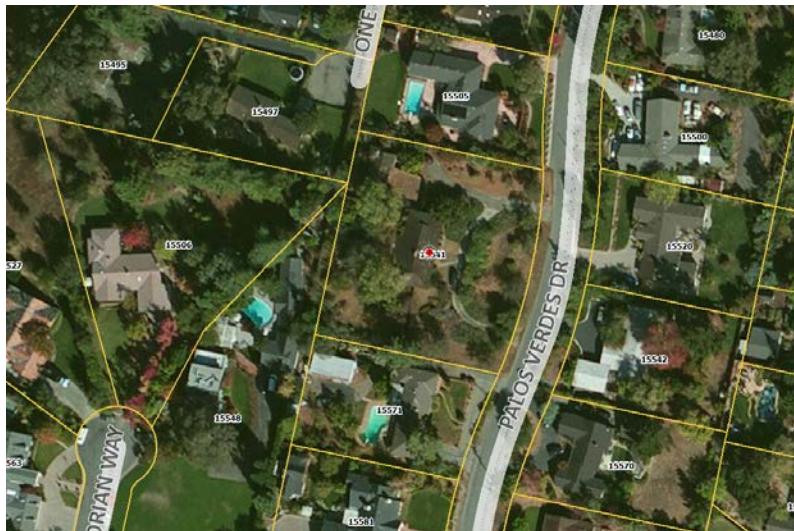
Public sewer and water available

Environmental Constraints:

None anticipated

Development Potential:

Site 4 is considered underdeveloped and could accommodate two lots. The City has been approached about the possibilities of development and splitting the lot. The current home needs updating and it is not uncommon in Monte Sereno for homeowners to demolish existing homes and build new ones.



SITE 5

Characteristics:

Address: 17765 Daves Avenue

APN: 410-08-036

Lot Size: 3.48 acres

Land Use Considerations:

General Plan: Public

Zoning: Public

Overlay(s): none

Existing Use: Church, open space, and parking lot

Pending Development: None

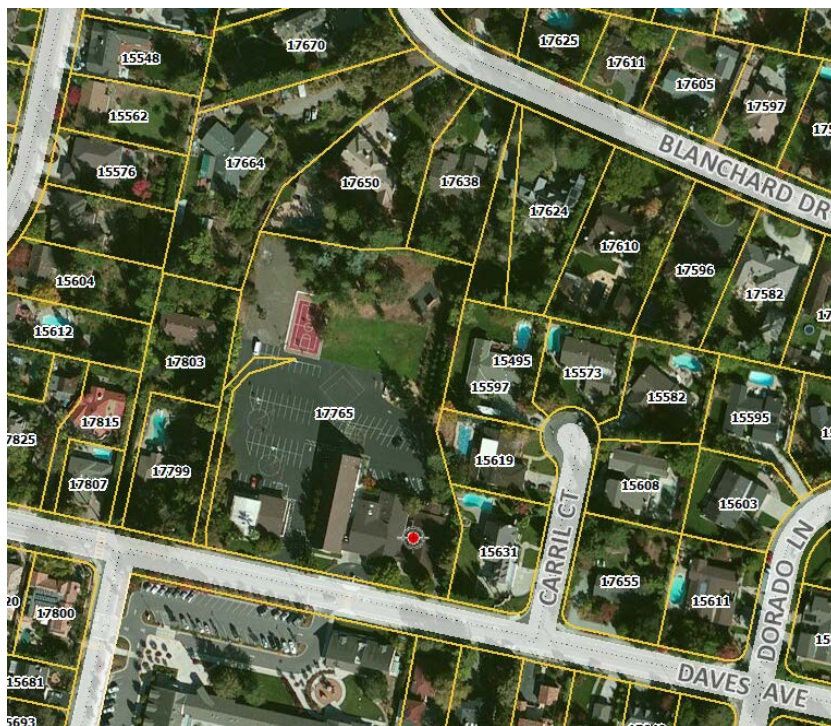
Development Potential: 15 dwelling units

Existing and Planned Infrastructure Capacity:

Public sewer and water available

Environmental Constraints:

None anticipated



Section 6B of the Housing Element contains a detailed description of the site constraints and proposed design guidelines applicable to the site.

Adequate Sites Inventory Summary

Site	APN	GP/ Zone	Allowable Density (Du/Ac)	Acres	Realistic Unit Capacity	Existing Use	Infrastructure Capacity	Environ- mental Constraints
1	40940006	SFR	1	10	4	SFR	Yes	Possible
2	41020022	SFR	5-8	1.9	8	SFR	Yes	None anticipated
3	51022012 51022013	SFR	1	8.24	5	SFR	Yes	Possible
4	41002012	SFR	2	1	1	SFR	Yes	None anticipated
5	41008036	P	5	3.48	15	Church	Yes	None anticipated
	Total		•		33 Units			

Appendix G: Public Participation Process

As described in Section 2 of this document, there were significant efforts made to engage the community and encourage public participation in the Housing Element review process. Information was posted on the City's website, written and email notifications were sent out, specific affordable housing organizations and agencies were notified of public meetings and public notices were posted in the local newspaper.

The following describes the community meeting and public hearings in more detail.

Community Meeting and Public Hearings

1. Community Meeting - May 20, 2014

Presentation and Public Comments

Members of the City Council and staff were present at the May 20, 2014 meeting as well as several residents and members of the public. A PowerPoint presentation was delivered which included:

- Overview of Housing Element Update process
- Brief Summary of Housing Element Components
- Current Housing Element Programs and Accomplishments
- Possible Strategies for 2015-2023
- Next Steps

As part of the PowerPoint presentation, the following observations were noted:

- Monte Sereno's population is older than most of the County and the proportion of 60+ yrs. persons will probably continue to increase.
- Approximately 48% of Monte Sereno households are families without children.
- Monte Sereno is generally a wealthy community, but approximately 16% of households are lower income. This is an increase from the year 2000 when 13% of all households were lower income.
- Housing values and costs are high and will probably continue to increase.

Following the presentation, members of the audience were invited to provide comments. A flip chart was used to record comments. The following was recorded on the flip chart:

1. Providing "offsets" as a mechanism to provide affordable housing
2. Encouraging more multi-generational housing
3. Providing affordable housing is difficult when market conditions (housing and land costs) are prohibitive
4. Affordable housing is a regional responsibility
5. Second Unit Program needs to be evaluated and possibly modified

These comments were considered during the preparation of the Draft Housing Element Update (August, 2014). The response to each of the comments is as follows:

1. Providing "offsets" as a mechanism to provide affordable housing

This comment was basically a question as to whether affordable housing could be produced using an "offset." The example given was how water districts in California were allowing additional development if the developer could provide proof of "offsets" such as replacing

lawn/turf area, water saving toilets, etc. With affordable housing, this type of process becomes more problematic. The closest example might be Inclusionary Housing Programs, where developers can either pay a fee into an affordable housing fund or actually develop affordable housing units. This type of program really only works where there is a possibility for substantial amounts of potential residential development. In a fully established and built out community such as Monte Sereno, most of the estimated new construction projects are very small in scale and limited in number.

2. Encouraging more multi-generational housing

A commenter noted that the East Coast of the U.S. had housing units that encouraged multi-generational housing and that might be a good example for Monte Sereno. Indeed, multi-generational housing is becoming more popular, especially as the aging population and “boomerang” children are becoming more a part of family households. As a response to this comment, the Draft Housing Element Update includes both the Second Unit Program (Program H-2.1) and the Shared Housing Program (Program H.2-2). Both of these programs encourage the provision of housing units/rooms to additional household members, such as aging parents, boomerang “kids” or children and grandchildren.

3. Providing affordable housing is difficult when market conditions (housing and land costs) are prohibitive

The Draft Housing Element acknowledges that housing and land costs are expensive in Monte Sereno. Home sales prices are in the median range of \$2 million dollars. When rentals are available in Monte Sereno, rental costs are estimated to be unaffordable. Vacant/underdeveloped land is also expensive. Unfortunately, there is little to nothing that a local government can do in regards to changing market conditions.

4. Affordable housing is a regional responsibility

One commenter noted that the responsibility for providing affordable housing is a regional responsibility. The Draft Housing Element acknowledges this in two ways. First, the Draft utilizes the Regional Housing Needs Allocation (RHNA) developed by the Association of Bay Area Governments (ABAG). The RHNA uses goals for statewide housing production and distributes those goals on a regional level to local communities. Second, the Draft also includes Program # H-2.4 which requires the City Manager to provide a summary report annually of activities in cooperation with other jurisdictions to further increase the supply of affordable housing in Santa Clara County.

5. Second Unit Program needs to be evaluated and possibly modified

A member of the audience made several comments in regards to the existing Second Unit Program. The comments included a concern that the existing program did not accurately collect/analyze data regarding affordability or production.

These comments were considered as part of the Update process. General policies of the existing Second Unit Program were reviewed. Section 4 of the Draft Housing Element includes a review and evaluation of programs during the 2009-2014 period, including the Second Unit Program. This Section of the Housing Element Draft notes that several substantive changes were made to the Second Unit Program during the 2009-2014 time period including:

- increasing the maximum size of a second unit to 1200 square feet,
- eliminating the covered parking requirement,
- providing incentives to the Second Unit Program, such as fee reductions and fast tracking,
- revising the method in which information is collected, and
- initiating an amnesty program.

Further, the Appendix to the Housing Element Update includes Section B, which contains the procedures by which affordable rents and household incomes are calculated for the Second Unit Program.

Generally, the primary discussion item was the City's existing Second Unit program. In addition, recent revisions to the City's multi-family land use and zoning were discussed. Comments were noted and considered during the update process of this Housing Element.

2. Public Hearing (Draft Housing Element) - October 7, 2014

A Public Hearing was held on October 7, 2014 to review and receive comments on the draft Element. The only oral comment was made by representatives of Hacienda Realty, LLC and note was made of the letter sent on that same day from Wendel, Rosen, Black & Dean LLP on behalf of Russel Stanley and Hacienda Realty, LLC. There were no other written comments.

The City reviewed the letter after receiving it and following is the City's response to those comments

1. Public Participation

The 2015-2023 Draft Housing Element was released for public review on September 5, 2014. An electronic copy of the draft document was posted on the City's website at that time and a hard copy was available at City Hall for public review. The September 5 release provided a 32 day period for the public to review the document before the October 7, 2014 City Council meeting. The City also provided notice of the draft Housing Element and October 7, 2014 meeting to individuals on the City's email list as well the following organizations/agencies:

Neighborhood Housing Services Silicon Valley
Housing Trust of Silicon Valley
Project Sentinel
Council on Aging Silicon Valley
Catholic Charities of Santa Clara County
Hispanic Foundation of Silicon Valley
County of Santa Clara Planning Department
Public Interest Law Firm, San Jose

These agencies were also sent notice of the May 20, 2014 community meeting. The City has received no comments from them.

Regarding Footnote # 1, the draft Housing Element was originally scheduled to be reviewed at the City Council's September 2, 2014 meeting but was re-scheduled for October 7, 2014. This information has since been corrected in the draft Housing Element.

2. Streamline Review

The City of Monte Sereno has requested that HCD conduct a streamline review of the 2015-2023 Draft Housing Element. The City has acted to meet all of the requirements for a streamlined review, including the following:

- revised Municipal Code to provide for "reasonable accommodation" procedures for persons with disabilities (March 2011),
- revised Municipal Code to allow residential care homes, supportive housing and transitional housing as a use "by right" in residential districts (May 2012),

- adopted a Density Bonus Program, which was developed pursuant to State Government Code (June 2012), and
- revised Municipal Code to allow Emergency Shelters as a use “by right” in areas zoned as public (June 2012).

In reference to rezoning, the HCD streamlining template asks “If a local government’s previous housing element included a rezone program pursuant to GC Sections 65583(c), 65583.2 and 65584.09 to address a shortfall of adequate sites, has the program(s) to rezone been completed?” Monte Sereno’s 2009-2014 Housing Element did not identify a shortfall of adequate sites. In fact, the adequate sites analysis on pages 51-55 of the 2009-2014 Draft Housing Element demonstrates adequate sites for the City’s RHNA and an additional “surplus” of 12 more units. Therefore, specific programs to rezone land are not an issue and Monte Sereno is eligible to submit a request for a streamlined review.

In regard to achieving quantified objectives, Section 4 of the 2015-2023 Draft Housing Element, beginning on page 15, contains a thorough review and analysis of the quantified objectives as identified in the 2009-2014 Housing Element.

3. Multi Family Housing Program

Program H-3.10 in the 2009-2014 Housing Element describes the process whereby the City will evaluate parcels in the sphere of influence and by a certain date establish “zoning to allow multi family development.” In 2013, the City adopted a new multi-family zoning designation, RM-Multi Family Residential District. This zoning designation is described on page 19 of the 2015-2023 Draft Housing Element and in Section 5 of the Final Housing Element.

As required by State Housing Element Law, the 2015-2023 Draft Housing Element includes a review and evaluation of the 2009-2014 Housing Element programs and goals (Section 4, beginning on page 15). This review indicates that the City achieved 73% of its RHNA goals for the 2009-2014 period. The majority of units produced during this time period were Second Units. The City revised the Second Unit Program several times during 2009-2014 in order to encourage the production of Second Units. The review of the Second Unit Program in Section 4 concludes that the Second Unit Program has been effective in producing new units at affordable levels and should continue to be implemented in the 2015-2023 time frame. In fact, the 2015-2023 Draft Housing Element also includes reference materials in the Appendix describing the importance of the Second Units as a vital and necessary component of Monte Sereno’s Housing Program. The review and evaluation of the 2009-2014 Housing Element was conducted as directed on page 2 of HCD’s January 22, 2014 letter.

As further assurance that the City is addressing its RHNA objectives, Program H-2.3 in the 2015-2023 Draft Housing Element commits the City in 2017 to review its progress towards meeting the RHNA.

4. Multi Family Zoning Within the City

Government Code Section 65583 (c) refers to Housing Element requirements to include an implementation plan with specific objectives, time frames and programs. The 2015-2023 Draft Housing Element includes such an implementation plan, which is described fully in Section 7, “Housing Program Strategy.”

5. Rezone Sites to Meet Affordable Housing Obligation

The statement that the 2015-2023 Draft Housing Element “double counts” units in the RHNA analysis is not correct. The methodology used to determine RHNA production from 2009-2014 (Table HE-5 on page 17) and RHNA objectives for 2014-2023 (Table HE-11 on page 29) was reviewed and approved in September 2014 by staff at HCD. However, in the Final Element, units built in 2014 will only be used in evaluating 2014-2023 RHNA production.

In regards to the reference to Government Code 65584.09 (AB 1233), this section of the Code applies to communities that:

- failed to adopt a Housing Element in the prior planning period, or
- adopted a Housing Element found out of compliance by HCD due to failure to substantially comply with the adequate sites requirement, or
- failed to implement the adequate sites programs identified in the Housing Element within the planning period, or
- failed to identify or make available adequate sites to accommodate the RHNA.

None of these scenarios apply to Monte Sereno. Monte Sereno’s current Housing Element (2009-2014) was adopted by the City and found to be in compliance with State Housing Element law by HCD. The 2009-2014 Housing Element identified adequate sites for the RHNA (pages 51-55). The adequate sites analysis included the Second Unit Program and land availability for single-family units. Table HE-12 on page 55 of the 2009-2014 Housing Element provides quantified objectives by household income levels towards meeting and, in fact, exceeding the RHNA.

6. Second Unit Program

Pages 31-33 of the 2015-2023 Draft Housing Element includes a thorough evaluation of the City’s Second Unit Program and also includes summaries of other documents which evaluate Second Unit Programs (i.e. County of San Mateo “21 Elements” and Journal of Urbanism, February 2014 article in the document’s Appendix). This additional documentation reflects Monte Sereno’s understanding of Second Unit programs and their ability to create affordable dwelling units. Hence, the City has committed to continuing its Second Unit Program as a critical component of its overall Housing Program Strategy.

In regards to comments regarding the documentation of affordability of second units, Appendix B of the 2015-2023 Draft Housing Element identifies household income limits, second unit affordable rents and formulas used for calculation of affordable rents. The City has continued to revise and improve its recordkeeping system and maintains documentation of initial rents for all Second Units as they are approved in Monte Sereno.

7. Governmental Constraints

The 2015-2023 Draft Housing Element includes a discussion of the EIR and pre-zoning of the Hacienda site on pages 21-22 in the Governmental Constraints section. The Final Housing Element includes an expanded discussion of governmental constraints.

3. Public Hearing (Final Draft Housing Element) February 17, 2015

A public hearing on the Final Draft Housing Element was held before the Monte Sereno City Council on February 17, 2015. Notice of the public hearing was released to the public on February 6, 2015 and a copy of the Final Draft Housing Element was available on the City’s web site on February 9, 2015. Written copies of the Final Draft Housing Element were also available at City Hall on February 9, 2015. Notices of the public hearing were also sent to all of those on the City’s email

server list as well as the housing organizations listed in Appendix E of this document. Further, there was written public notice in the local newspaper on February 6 and 13, 2015.

At the February 17, 2015 public hearing, several people presented oral testimony regarding the draft Element and there were 3 written letters submitted. The majority of written and oral comments concerned the proposed modification of the Municipal Code to allow residential multi-family use on the First Baptist Church property on Daves Avenue. After closing the public hearing, Council members discussed the concerns noted during public testimony. After their discussion, the City Council then voted to approve the Final Draft Element as presented and to send it to HCD for their review.