



**Regular Meeting Agenda
Planning Commission**

MALISHA KUMAR - CHAIR

LIAM DOWNEY - PLANNING COMMISSIONER

WAYNE TANDA - PLANNING COMMISSIONER

JOSEPH MUELLER - PLANNING COMMISSIONER

MOHAMMAD HABIB - PLANNING COMMISSIONER

PAUL LAKE - PLANNING COMMISSIONER

Tuesday, May 10, 2022 7:00 PM

Virtual Meeting

VIRTUAL MEETING GUIDELINES AND PUBLIC COMMENT

In accordance with Executive Order N-25-20 and guidance from the California Department of Public Health on gatherings, remote public participation is allowed. Physical meetings will not be in the City Council Chamber until further notice.

Planning Commission meetings will be live streamed on Channel 17, on the City's website and on the City's Facebook page. Those members of the community that would like to participate in the meetings remotely may do so by join the virtual meeting at:

<https://bit.ly/PlanningCommissionMtg> or by calling in to: (669) 900-9128, then enter the webinar ID#: 862 0324 6251.

Public comment may be provided in the following ways:

- Join the virtual Planning Commission meeting via the link above, when public comment is opened, raise your virtual hand and be called upon to speak for up to 3 minutes
- Join the virtual meeting by calling in to the number above, dial *9 to raise your hand and *6 when called upon to speak for up to 3 minutes
- Send public comments in writing to the Minutes Clerk at pcpubliccomment@morganhill.ca.gov

* Please note that comments made on Facebook are not considered public comment.

CALL TO ORDER

ROLL CALL ATTENDANCE

DECLARATION OF POSTING

Pursuant to Government Code Section 54954.2

PLEDGE OF ALLEGIANCE

PUBLIC COMMENT

Members of the public are entitled to address the Planning Commission concerning any item within the Morgan Hill Planning Commission's subject matter jurisdiction. Public comments are limited to no more than three minutes. Except for certain specific exceptions, the Commission is prohibited from discussing or taking action on any item not appearing on the posted agenda. (See additional noticing at the end of this agenda)

ORDERS OF THE DAY

MINUTES APPROVAL

1. April 26, 2022 Meeting Minutes

Recommendation:

1. Approve Minutes

PUBLIC HEARINGS

None

OTHER BUSINESS

2. Housing Element Update - Constraints Analysis

Recommendation:

1. Review, discuss, and provide feedback on the Constraints Analysis presentation for the City of Morgan Hill Housing Element.

3. Selection of Planning Commission Chairperson and Vice Chair

Recommendation:

1. Planning Commission to select a Chairperson and Vice Chair

DIRECTOR'S REPORT/ANNOUNCEMENTS

ADJOURNMENT

NOTICE

Any documents produced by the City and distributed to the majority of the Planning Commission less than 72 hours prior to an open meeting, will be made available for public inspection at the front counter at City Hall located at 17575 Peak Avenue, Morgan Hill, CA, 95037 and at the Morgan Hill Public Library located at 660 West Main Avenue, Morgan Hill, California, 95037 during normal business hours. (Pursuant to Government Code 54957.5)

PUBLIC COMMENT

Members of the Public are entitled to directly address the Planning Commission concerning any item that is described in the notice of this meeting, before or during consideration of that item. If you wish to address the Planning Commission on any issue that is on this agenda, please complete a speaker request card located in the foyer of the Council Chambers and deliver it to the Minutes Clerk prior to discussion of the item. You are not required to give your name on the speaker card in order to speak to the Planning Commission, but it is very helpful. When you are called, proceed to the podium and the Chair will recognize you. If you wish to address the Planning Commission on any other item of interest to the public, you may do so during the public comment portion of the meeting following the same procedure described above. Please limit your comments to three (3) minutes or less.

Please submit written correspondence to the Minutes Clerk, who will distribute correspondence to the Planning Commission.

Persons interested in proposing an item for the Planning Commission agenda should contact a member of the Commission who may plan an item on the agenda for a future Commission meeting. Should your comments require Planning's action, your request may be placed on the next appropriate agenda. Planning Commission discussion or action may not be taken until your item appears on an agenda. This procedure is in compliance with the California Public Meeting Law (Brown Act) Government Code §54950.

City Council Policies and Procedures (CP 03-01) outlines the procedure for the conduct of public hearings. Notice is given, pursuant to Government Code Section 65009, that any challenge of Public Hearing Agenda items in court, may be limited to raising only those issues raised by you or on your behalf at the Public Hearing described in this notice, or in written correspondence delivered to the Commission at, or prior to the Public Hearing on these matters.

The time within which judicial review must be sought of the action by the Commission, which acted upon any matter appearing on this agenda is governed by the provisions of Section 1094.6 of the California Code of Civil Procedure.

For a copy of Commission Policies and Procedures CP 97-01, please contact the City Clerk's office (408) 779-7259, (408) 779-3117 (fax) or by email cityclerk@morganhill.ca.gov.

AMERICANS WITH DISABILITIES ACT (ADA)

In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a

May 10, 2022

disability-related modification or accommodation to participate in this meeting, please contact the City Clerk's Office at (408)779-7259, (408)779-3117 (fax) or by email cityclerk@morganhill.ca.gov. Requests must be made as early as possible and at least two-full business days before the start of the meeting.

DRAFT

**Meeting Minutes
Planning Commission**

*MALISHA KUMAR - CHAIR
LAURA GONZALEZ-ESCOTO - VICE-CHAIR
LIAM DOWNEY - PLANNING COMMISSIONER
WAYNE TANDA - PLANNING COMMISSIONER
JOSEPH MUELLER - PLANNING COMMISSIONER
MOHAMMAD HABIB - PLANNING COMMISSIONER
PAUL LAKE - PLANNING COMMISSIONER*

Tuesday, April 26, 2022 7:00 PM

Virtual Meeting

CALL TO ORDER

Chair Kumar called the meeting to order at 07:00 p.m.

ROLL CALL ATTENDANCE

Minutes Clerk Jenna Luna called the roll at 07:00 p.m.

PRESENT	Malisha Kumar, Laura Gonzalez-Escoto, Joseph Mueller, Liam Downey, Wayne Tanda, Mohammad Habib, Paul Lake
ABSTAIN	None
ABSENT	None
EXCUSED	None

DECLARATION OF POSTING

Minutes Clerk Luna declared the posting of the agenda at 07:00 p.m.

PLEDGE OF ALLEGIANCE

Planning Commissioner Habib led the Pledge of Allegiance at 7:01 p.m.

PUBLIC COMMENT

Chair Kumar opened the Public Comment Period at 7:01 p.m. The following people were called to speak:

- Joe Baranowski

There being no further requests to speak, public comment closed at 7:05 p.m.

ORDERS OF THE DAY

No changes were made.

MINUTES APPROVAL

1. April 12, 2022 Meeting Minutes

Recommendation:

1. Approve Minutes

MOTION:

Accept the April 12, 2022, Meeting Minutes.

RESULT:	Passed
MOVER:	Planning Commissioner Mueller
SECONDER:	Planning Commissioner Downey
AYES:	Kumar, Gonzalez-Escoto, Mueller, Tanda, Habib, Downey, Lake
NAYS:	None
ABSTAIN:	None
ABSENT:	None

PUBLIC HEARINGS

2. UP2022-0001: Third –Mohi Farms Inc.: Conditional Use Permit to allow for the on-site general sale of alcoholic beverages at a “bona fide eating place”. The property, identified by Assessor Parcel Number 726-13-058, is located on the southwest corner of East Third Street and Depot Street (90 E. Third Street).

Recommendation:

1. Open/close the public hearing; and,
2. Adopt the Resolution approving the Conditional Use Permit.

Community Development Director, Jennifer Carman, presented the Staff Report at 7:07 p.m.

Chair Kumar opened the Public Hearing at 7:17 p.m. The following individuals addressed the Planning Commission:

- Joe Baranowski
- Tiffany Morales

Hearing no further requests to speak, the Public Hearing was closed at 7:22 p.m.

OTHER BUSINESS

3. FY22/23-27/28 CAPITAL IMPROVEMENT PROGRAM GENERAL PLAN CONSISTENCY

Recommendation:

1. Receive report on proposed FY 2022/23 through FY 2027/28 Capital Improvement Program (CIP); and
2. Adopt Resolution accepting CIP and make a Finding of Consistency with the General Plan for FY 2022/23 and FY 2023/24.

Public Services Director, Chris Ghione, presented the staff report at 7:42 p.m.

Chair Kumar opened the Public Comment Period at 8:40 p.m. The following individuals addressed the Planning Commission:

- Joe Baranowski
- Doug Muirhead

Hearing no further requests to speak, the Public Hearing was closed at 8:52 p.m.

MOTION:

Adopt resolution recommending acceptance of the Capital Improvement Program for the Fiscal Years 2022/23 through 2027/28 and finding the program years 2022/23 and 2023/24 consistent with the General Plan.

RESULT:	Passed
MOVER:	Planning Commissioner Mueller
SECONDER:	Planning Commissioner Tanda
AYES:	Kumar, Gonzalez-Escoto, Mueller, Tanda, Habib, Downey, Lake
NAYS:	None
ABSTAIN:	None

ABSENT:	None
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4. **Housing Element Update - Affirmatively Furthering Fair Housing (AFFH)**

Recommendation:

1. Review, discuss, and provide feedback on the draft Affirmatively Furthering Fair Housing (AFFH) for the City of Morgan Hill

Principal Planner Adam Paszkowski gave a presentation at 9:12 p.m.

Chair Kumar opened the Public Comment Period at

- Joe Baranowski
- Doug Muirhead

Hearing no further requests to speak, the Public Comment Period was closed at 10:09 p.m.

No motion was taken. The Planning Commission reviewed, discussed and provided feedback on the draft Affirmatively Furthering Fair Housing.

DIRECTOR'S REPORT/ANNOUNCEMENTS

Community Development Director Jennifer Carman made an announcement at 11:13 p.m. and then turned it over to Planning Commissioner Gonzalez-Escoto who announced her resignation.

ADJOURNMENT

There being no further business to discuss, Chair Kumar adjourned the meeting at 11:18 p.m.

MINUTES PREPARED BY:

Jenna Luna, Minutes Clerk



Constraints Analysis 2023-2031 Housing Element Update



What are the Components of a Housing Element?



- **Housing Needs Assessment:** Examine demographic, employment and housing trends and conditions that affect the housing needs of the community.
- **Housing Sites Inventory:** Identify locations of available sites for housing development or redevelopment to ensure that there is adequate capacity to address the Regional Housing Needs Allocation.
- **Evaluation of Past Performance:** Review the prior Housing Element to measure progress in implementing policies and programs.
- **Policies and Programs:** Establish policies and programs to fulfill the identified housing needs.
- **Constraints Analysis:** Analyze and recommend remedies for existing and potential governmental and nongovernmental barriers to housing development.
- **Community Outreach and Engagement:** Implement a robust community outreach and engagement program, with a particular focus on outreach to traditionally underrepresented groups.

Highlights



- **Nongovernmental Constraints**
 - Availability of Financing
 - Development Costs (Land Costs + Hard Costs + Soft Costs)
 - Requests for Housing Developments at Reduced Densities
 - Length of time between project approval and Building Permit
- **Governmental Constraints**
 - Jurisdiction Fees (Development Impact Fees + Planning and Application Fees)
 - Permit Processing Times
 - Development Standards (Land Use Controls)
 - Analysis of Ordinances and State Laws
 - Infrastructure Requirements (On- and Off-Site Improvements)
 - Building Codes/Code Enforcement
 - Housing for Special Needs Groups

Nongovernmental Constraints: Development Costs



- Availability of Financing

Status of Home Purchase, Refinance, and Home Improvement Loans 2020

Loan Type	Morgan Hill Completed Loan Applications	Loans Approved		Loans Denied	
		Morgan Hill	Santa Clara County	Morgan Hill	Santa Clara County
Conventional Home Purchase Loans					
# of Applications	1,100	1,045	14,744	55	1,596
% Approval/Denial	-	95%	90%	5%	10%
Refinancing Loans					
# of Applications	3,432	3,041	65,758	391	7,658
% Approval/Denial	-	89%	90%	11%	10%
Home Improvement Loans					
# of Applications	151	99	2,724	52	1,639
% Approval/Denial	-	66%	62%	34%	38%

Nongovernmental Constraints:

Development Costs: Single-Family



- Total Development Cost: Single-Family

	2,600 square foot Single-Family		5,000 square foot Single-Family	
	Total	\$ / SF	Total	\$ / SF
Hard Costs	\$1,092,000	\$420	\$2,625,000	\$525
Soft Costs	\$365,000	\$133	\$775,000	\$147
Land Costs	\$1,320,000	\$508	\$1,320,000	\$264
Total Cost	\$2,777,000	\$1,060	\$4,720,000	\$936

Nongovernmental Constraints:

Development Costs: Multi-Family



- Total Development Cost: Multi-Family

	10 Unit Multi-Family			100 Unit Multi-Family		
	Total	\$ / SF	\$ / Unit	Total	\$ / SF	\$ / Unit
Hard Costs	\$5,215,000	\$522	\$521,500	\$48,450,000	\$517	\$484,500
Soft Costs	\$1,733,750	\$165	\$165,000	\$15,660,000	\$159	\$148,000
Land Costs	\$600,000	-	\$60,000	\$6,000,000	-	\$60,000
Total Cost	\$7,548,750	\$755	\$746,500	\$70,110,000	\$748	\$692,500

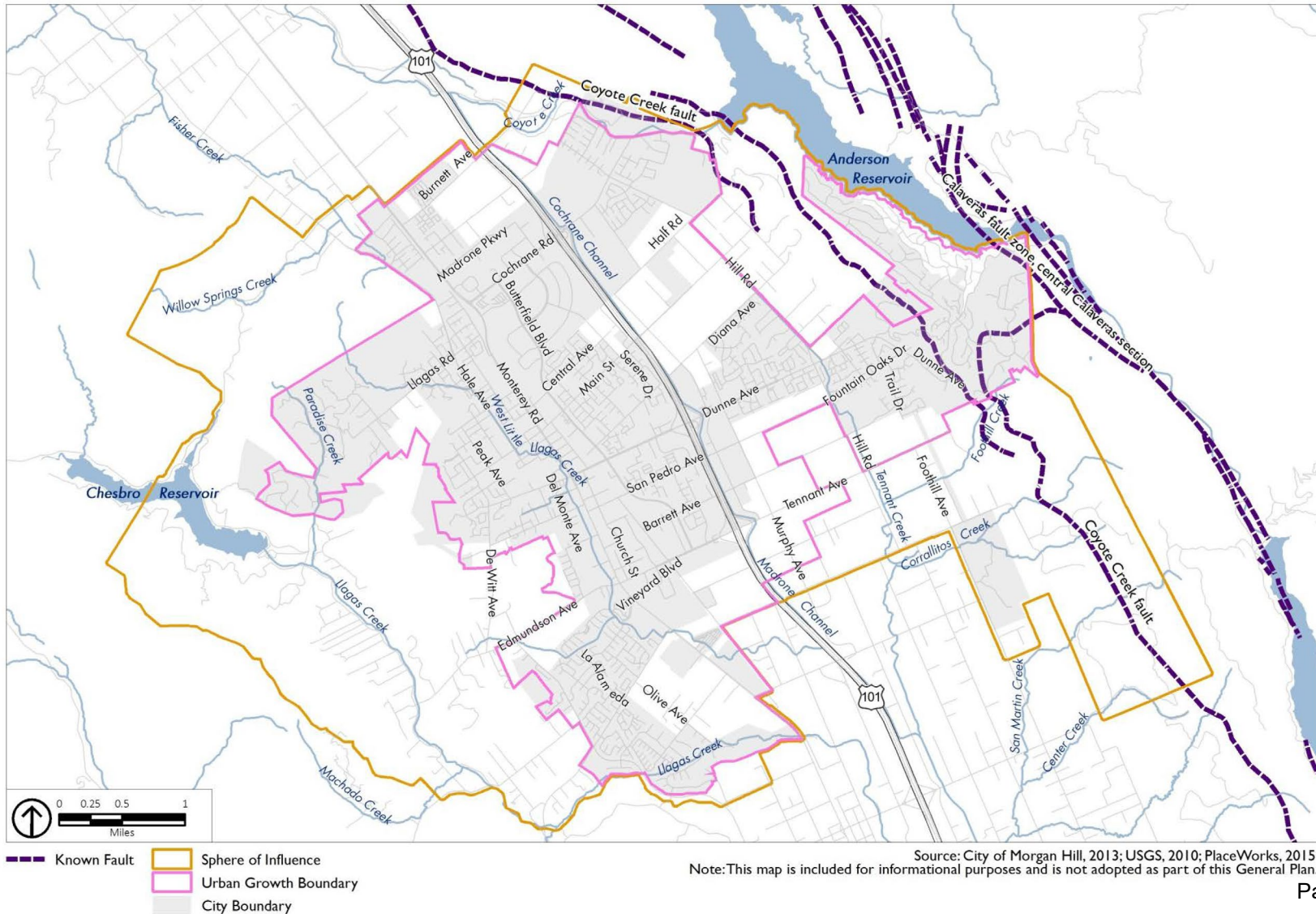
Nongovernmental Constraints

- Requests for Housing Developments at Reduced Densities
- Length of time between project approval and applications for building permit

TABLE CNF-2 SUMMARY OF LAND USE DESIGNATIONS		
Designation	Primary Uses	Net Density Range
Residential Estate	Detached homes	Up to 1 unit/acre
Residential Detached Low	Detached homes	Up to 4 units/acre
Residential Detached Medium	Detached homes	Up to 7 units/acre
Residential Detached High	Detached homes	6-12 units/acre
Residential Attached Low	Detached & attached homes	6-16 units/acre
Residential Attached Medium	Attached homes	16-24 units/acre
Residential Downtown	Attached homes	24-46 units/acre
Mixed Use	Attached homes mixed with retail, office, services	Per adopted DTSP
Mixed Use Flex	Attached homes mixed with retail, office, services	7-24 units/acre

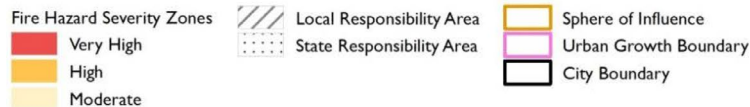
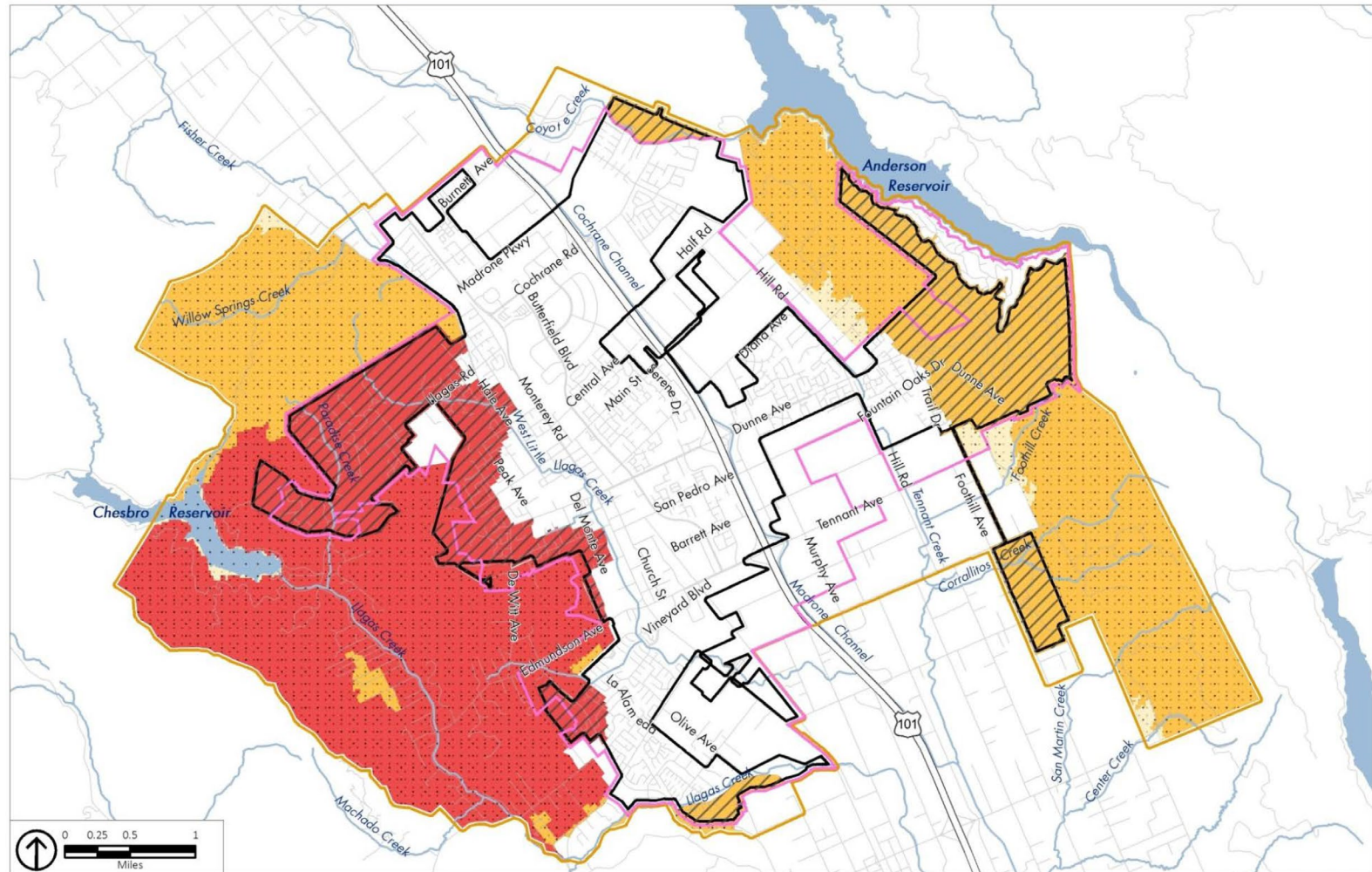
Nongovernmental Constraints: Environmental Constraints: Seismic Hazards

Figure SSI-1 Earthquake Faults



Nongovernmental Constraints: Environmental Constraints: Fire Hazards

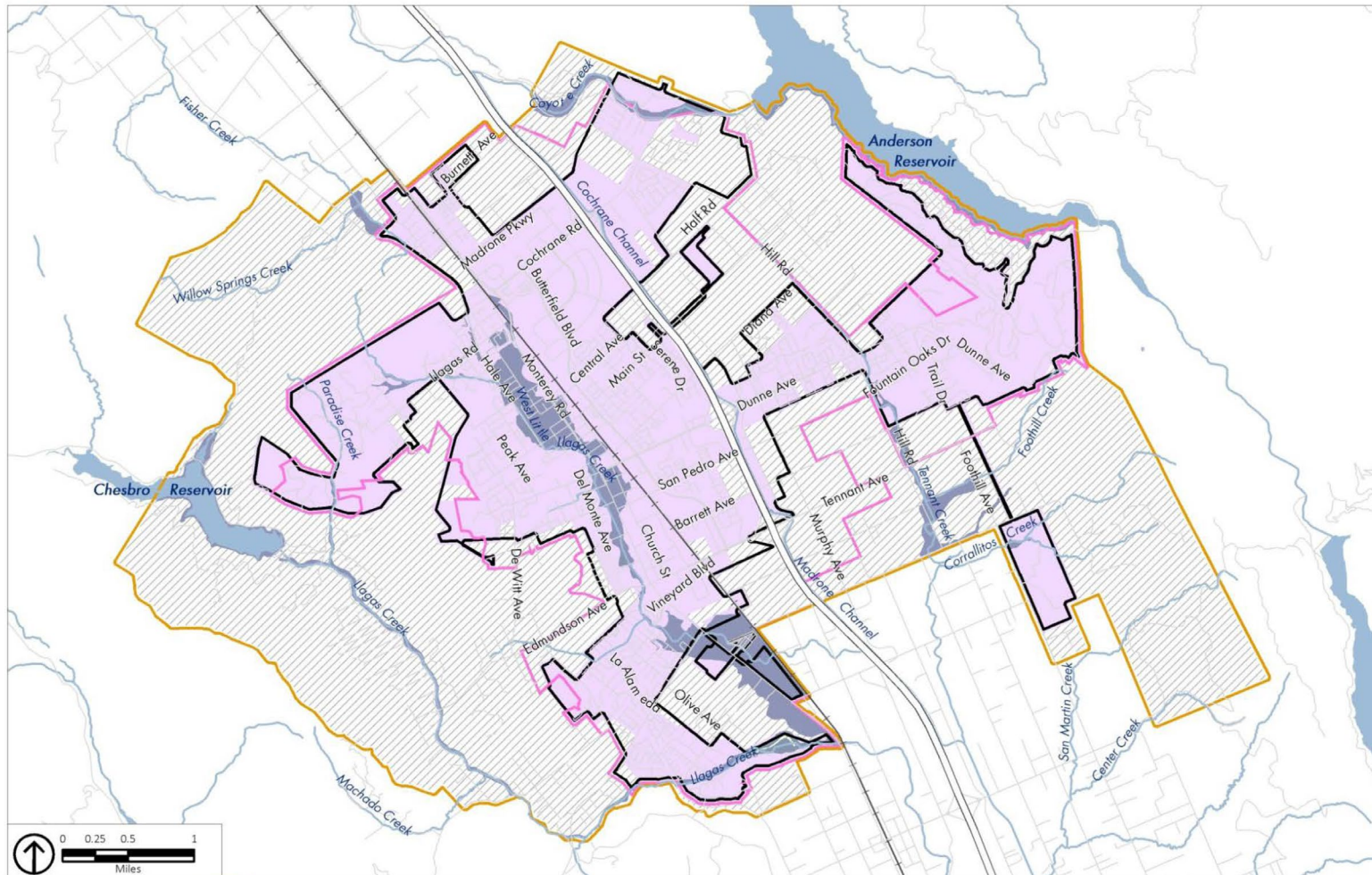
Figure SSI-2 Fire Hazard Severity Zones



Source: City of Morgan Hill, 2013; CAL FIRE, 2007; PlaceWorks, 2014.

Nongovernmental Constraints: Environmental Constraints: Flood Hazards

Figure SSI-4 FEMA Flood Zones



- Flood Hazard Area
- 500-Year Flood Zone
- 100-Year Flood Zone
- Unstudied Area
- Sphere of Influence
- Urban Growth Boundary
- City Boundary

Source: City of Morgan Hill, 2013 and Federal Emergency Management Agency, 2009.

Note: The 2009 FEMA flood data does not reflect the Llagas Creek Flood Protection Project.

Governmental Constraints



- Jurisdiction Fees (total fees = entitlement + building permit + impact fees; per unit)

Jurisdiction	Single Family	Small Multi-Family	Large Multi-Family
Campbell	\$72,556	\$20,599	\$18,541
Cupertino	\$136,596	\$77,770	\$73,959
Gilroy	\$69,219	\$40,195	\$39,135
Los Altos Hills	\$146,631	N/A	N/A
Los Gatos	\$32,458	\$5,764	\$3,269
Milpitas	\$77,198	\$74,326	\$59,740
Monte Sereno	\$33,445	\$4,815	\$4,156
Morgan Hill	\$55,903	\$41,374	\$36,396
Mountain View	\$90,423	\$69,497	\$82,591
San Jose	\$9,919	\$23,410	\$23,410
Santa Clara	\$14,653	\$6,733	\$2,156
Saratoga	\$64,272	\$17,063	\$15,391
Sunnyvale	\$133,389	\$126,673	\$98,292
Unincorporated County	\$25,166	N/A	N/A

Governmental Constraints



- Permit Processing Times (in months)

Jurisdiction	ADU process	Ministerial By-Right	Discretionary By-Right	Discretionary (Hearing Officer)	Discretionary (Planning Commission)	Discretionary (City Council)
Campbell	1	1	3	NA	5	8
Cupertino	1 – 3	1 – 6	2 – 4	2 – 4	3 – 6	6 – 12
Gilroy	1 – 2	1 – 2	2 – 4	NA	4 – 5	5 – 6
Los Altos Hills	1 – 2	0.5 – 2	2 – 3	3 – 4	4 – 6	5 – 8
Los Gatos	No data	3 – 6	1 – 2	2 – 4	4 – 6	6 – 12
Milpitas	3 – 5	4 – 6	2 – 3	6 – 18	NA	12 – 24
Monte Sereno	0.75	0.75	1	1 – 2	1 – 2	1 – 2
Morgan Hill	1 – 2	1 – 3	2 – 3	2 – 3	4 – 6	4 – 6
Mountain View	3 – 5	4 – 6	2 – 3	6 – 18	NA	12 – 24
San Jose	2	1 – 3	7	7	7 – 11	5 – 12
Santa Clara	0 – 1	0 – 1	0 – 3	4 – 9	6 – 9	6 – 12
Saratoga	1	1 – 2	2 – 3	NA	4 – 6	6 – 12
Sunnyvale	1 – 3	1 – 3	3 – 6	6 – 9	9 – 18	9 – 18
Unincorporated County	4 – 6	6 – 8	9 – 12	12 – 15	15 – 18	15 – 18

Governmental Constraints



- **Development Standards**

- Evaluate Zoning Code (i.e., parking, lot coverage, heights, RDCS, conformance with SB330, Downtown Specific Plan)

- **Analysis of locally-adopted Ordinances**

- Analyze locally-adopted Ordinances that directly impact the cost and supply of housing (i.e., Inclusionary Housing Ordinance, RDCS)

- **Analysis of state law**

- Discuss recent state law that directly impacts the cost and supply of housing (i.e., SB35, SB330, etc)

Governmental Constraints



- **Infrastructure Requirements**
 - On- and Off-site Improvements (i.e., street widths, curbing requirements)
- **Building Codes/Code Enforcement**
- **Housing Special Needs Groups**
 - Persons with Disabilities, Residential and Family Care Facilities, Definition of Family, Reasonable Accommodation Ordinance, Emergency Homeless Shelters

What's Next?



- **Next Steps**

- Draft Housing Element 30-Day Public Review Period (**June**)
- Planning Commission Recommend Draft Housing Element to City Council (**July 12th**)
- City Council Workshop and Initial Housing Element Adoption (**August 3rd and 17th**)

- **Contact Us**

- Adam.Paszkowski@morganhill.ca.gov
- <http://morgan-hill.ca.gov/2063/Housing-Element-Update>
- <https://www.letstalkhousingscc.org/>

Questions?





Exhibit 1: Total Development Cost: Single-family

Baird and Driskell

Total Development Costs - San Mateo and Santa Clara Counties

Large numbers rounded to nearest \$'000 or nearest \$'0,000

	Single Family Small		Single Family Large	
	Total	\$ / SF	Total	\$ / SF
Prototype Elements				
1) Gross Residential Square Feet	2,600		5,000	
Hard Costs				
1) Residential Hard Costs	\$1,040,000	\$400	\$2,500,000	\$500
2) Site improvements and utilities				
3) Grading and erosion control				
4) Parking Hard Costs				
5) Contingency 5%	\$52,000	\$20	\$125,000	\$25
Total Hard Costs	\$1,092,000	\$420	\$2,625,000	\$525
Soft Costs				
1) Soft Costs 25.0%	\$270,000	\$104	\$660,000	\$132
2) City Fees	\$75,000	\$29	\$75,000	\$15
3) Soft Cost Contingency 5%	\$20,000	\$8	\$40,000	\$8
Total Soft Costs	\$365,000	\$133	\$775,000	\$147
% of hard costs	33%		30%	
Land Costs	Total	Per SF Bldg	Total	Per SF Bldg
1) Land Costs - San Mateo	\$1,030,000	\$396	\$1,030,000	\$206
2) Land Costs - Santa Clara	\$1,320,000	\$508	\$1,320,000	\$264
Single Family Land Cost Range				
SFH Land - Lower Price Tier	\$210,000	\$81	\$210,000	\$42
SFH Land - Middle Price Tier	\$730,000	\$281	\$730,000	\$146
SFH Land - Higher Price Tier	\$2,510,000	\$965	\$2,510,000	\$502
Total Development Cost - San Mateo	\$2,487,000	\$949	\$4,430,000	\$878
Total Development Cost - Santa Clara	\$2,777,000	\$1,060	\$4,720,000	\$936
Total Development Cost by Range of Land Cost				
Single Family - Lower Land Price Tier	\$1,667,000	\$633	\$3,610,000	\$714
Single Family - Middle Land Price Tier	\$2,187,000	\$833	\$4,130,000	\$818
Single Family - Higher Land Price Tier	\$3,967,000	\$1,518	\$5,910,000	\$1,174



Exhibit 1: Total Development Cost: Multi-family

Baird and Driskell

Total Development Costs - San Mateo and Santa Clara Counties

Large numbers rounded to nearest \$'000 or nearest \$'0,000

	Multi-Family Small			Multi-Family Large		
	Total	\$ / SF	\$ / Unit	Total	\$ / SF	\$ / Unit
Prototype Elements						
1) Gross Residential Square Feet	10,000			93,750		
2) Parking Square Footage	3,750			40,000		
3) Parking Type	Surface Lot			Standalone above grade		
4) Units	10			100		
5) Avg Net SF / Unit	850			750		
6) Efficiency	85%			80%		
Hard Costs						
1) Residential Hard Costs	\$4,150,000	\$415	\$420,000	\$39,840,000	\$425	\$400,000
2) Site improvements and utilities	\$605,000			\$1,165,000		
3) Grading and erosion control	\$110,000			\$335,000		
4) Parking Hard Costs	\$100,000	\$28		\$4,800,000	\$120	
5) Contingency 5%	\$250,000	\$21	\$21,000	\$2,310,000	\$21	\$20,000
Total Hard Costs	\$5,215,000	\$522	\$521,500	\$48,450,000	\$517	\$484,500
Soft Costs						
1) Soft Costs 25.0%	\$1,303,750	\$130	\$130,000	\$12,110,000	\$129	\$120,000
2) City Fees	\$350,000	\$35	\$35,000	\$2,800,000	\$30	\$28,000
3) Soft Cost Contingency 5%	\$80,000	\$8	\$8,000	\$750,000	\$8	\$7,500
Total Soft Costs	\$1,733,750	\$165	\$165,000	\$15,660,000	\$159	\$148,000
% of hard costs	33%			32%		
Land Costs	Total		Per Unit			Per Unit
1) Land Costs - San Mateo	\$1,000,000		\$100,000	\$10,000,000		\$100,000
2) Land Costs - Santa Clara	\$600,000		\$60,000	\$6,000,000		\$60,000
Range of Land Costs						
Apts/Condo- Lower Price Tier	\$400,000		\$40,000	\$4,000,000		\$40,000
Apts/Condo- Middle Price Tier	\$800,000		\$80,000	\$8,000,000		\$80,000
Apts/Condo- Higher Cost Tier	\$1,600,000		\$160,000	\$16,000,000		\$160,000
Total Development Cost - San Mateo	\$7,948,750	\$795	\$786,500	\$74,110,000	\$791	\$732,500
Total Development Cost - Santa Clara	\$7,548,750	\$755	\$746,500	\$70,110,000	\$748	\$692,500
Total Development Cost by Range of Land Cost						
Apts/Condo- Lower Land Price Tier	\$7,348,750		\$726,500	\$68,110,000		\$672,500
Apts/Condo- Middle Land Price Tier	\$7,748,750		\$766,500	\$72,110,000		\$712,500
Apts/Condo- Higher Land Price Tier	\$8,548,750		\$846,500	\$80,110,000		\$792,500

Appendix H2

Site Inventory

City of Morgan Hill Housing Element 2023-2031

DRAFT

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City of Morgan Hill Housing Element

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APPENDIX H-2 | Site Inventory

2.1 Introduction

California law (Government Code Sections 65583 (a)(3)) requires that the Housing Element contain an inventory of land suitable for residential development, that can be developed for housing within the planning period and nonvacant (i.e., underutilized) sites having potential for redevelopment. State law also requires an analysis of the relationship of zoning and public facilities and services to these sites.

This appendix presents an inventory of sites within Morgan Hill city limits that are suitable for residential development during the planning period of this Housing Element, January 31, 2023 to January 31, 2031. The analysis presented in this appendix chapter demonstrates there is an adequate supply of residential projects in the “Pipeline” to accommodate the City’s housing allocation of 1,037 units, including housing at all income levels. The analysis also demonstrates that a limited number of residential projects in the “Pipeline” allowing for higher density development are located within existing communities considered “low resource”. There are 1,183 acres of low resource area within the City boundary, which is approximately 14 percent of the City. Consequently, there are no areas within the City of Morgan Hill which are classified as “high resource”.

The appendix starts with a description of the City’s housing target for the 2023-2031 planning period, called the Regional Housing Needs Allocation (RHNA). It then describes the number of residential units in the “Pipeline”, consisting of both planned and entitled projects. The appendix then provides information on the availability of infrastructure to support development of housing.

2.2 Regional Housing Needs Allocation

RHNA is the California State-required process that seeks to ensure cities and counties are planning for enough housing to accommodate all economic segments of the community. The process is split into the following three steps:

1. **Regional Determination:** The California Department of Housing and Community Development (HCD) provides each region a Regional Determination of housing need, which includes a total number of units split into four income categories. The City of Morgan Hill is within the region covered by the Association of Bay Area Governments (ABAG). HCD provided ABAG a Regional Determination of 441,176 units for the 6th Cycle RHNA (2023-2031). This is the total number of units that the cities and counties in the ABAG region must collectively plan to accommodate.
2. **RHNA Methodology:** Councils of Governments (COG), including ABAG, are responsible for developing a RHNA Methodology for allocating the Regional Determination to each city and county in the COG’s region. This methodology must further specific state objectives, including but not limited to: promoting infill, equity, and environmental protection; ensuring jobs-housing balance; and affirmatively furthering fair housing.
3. **Housing Element Updates:** Each city and county must then adopt a housing element that demonstrates how the jurisdiction can accommodate its assigned RHNA through its zoning. HCD reviews each jurisdiction’s housing element for compliance with state law.

The City of Morgan Hill’s share of the regional housing need was determined by a methodology prepared by ABAG as part of the Regional Housing Needs Plan, adopted in December 2021. For the low- and very low-income allocations, the methodology used three adjustments: access

to high opportunity areas, job proximity by automobile, and job proximity by transit. For the moderate and above moderate allocations, the methodology used two adjustments: access to high opportunity areas, and job proximity by automobile. Lastly, the methodology applied an equity adjustment that identified 49 jurisdictions that exhibited higher racial segregation and high median incomes than regional averages. As a result, Morgan Hill's RHNA was reduced by 10 units due to the equity adjustment.

In accordance with ABAG's Regional Housing Needs Plan, the City must plan to accommodate a total of 1,037 housing units between January 31, 2023, and January 31, 2031. This is equal to a yearly average of 130 housing units. Table H 2-1 below shows the City's RHNA by income category. Of the 1,037 total units, the City must plan to accommodate 262 units for very low-income households, 151 units for low-income households, 174 units for moderate-income households, and 450 units for above moderate-income households.

Income Category	Units	Percent of Total
Very Low-Income	262	25.3%
Low-Income	151	14.6%
Moderate-Income	174	16.8%
Above Moderate-Income	450	43.4%
TOTAL	1,037	100.0%

Source: Association of Bay Area Governments, Regional Housing Needs Plan, 2023-2031. Adopted December 2021.

State law also requires the City to identify the projected need for extremely low-income housing. The City assumes that 50 percent of the very low-income housing need is equal to the extremely low-income housing need. As such, there is a projected need for 131 extremely low-income housing units.

2.3 Planned and Entitled Projects

2.3.1 Overview

Morgan Hill has a significant pipeline of development projects that are seeking entitlements or are entitled and actively pursuing construction. Table H 2-2 summarizes the current inventory of residential and mixed-use projects with submitted or active entitlements. As of March 1, 2022, there were an estimated 1,823 housing units in the pipeline that are counted toward meeting the RHNA, which include single-family dwellings, deed-restricted affordable units, market rate condominiums and multi-unit development, and individual affordable housing developments. These projects range in size from smaller infill projects with fewer than 100 units, to larger developments with hundreds of units.

There are 545 units in the pipeline that will provide affordable housing for lower-income households. The inventory includes several individual affordable housing developments in the pipeline, including a 249-unit affordable development at 18960 Monterey Road; a 66-unit affordable development at 17965 Monterey Road; a 73-unit affordable development at 15440 Monterey Road; and an 82-unit affordable development at 16685 Church Street.

2.3.2 Summary of Pipeline Residential Development

In total, there are 1,823 units in planned and entitled projects that are counted toward meeting the RHNA. Based on affordability restrictions, the projects listed in Table H 2-2 are anticipated to provide 545 affordable lower-income units consisting of 158 extremely low-income units, 149 very low-income units, and 238 low-income units. In addition to the affordable lower-income units, there are 445 moderate-income units in the pipeline and 833 above moderate-income units.

Project Name	Above Mod. Income Units	Moderate Income Units	Low-Income Units	Very Low-Income Units	Extremely Low-Income Units	Total Units
SR2020-0017 Monterey-Lucky Shing Manzanita Park (APN 725-010-18) ²	57	10	-	-	-	67
SR2018-0020 E. Dunne- Young (Andalusia) (APNs 726-020-51 & 726-020-52) ³	42	1	3	-	-	46
SR2021-0003 Dakota-Dunne (APN 726-090-24) ²	3	3	-	-	-	6
SR2019-0003 Depot-Latala (Hale Lumber) (APN 726-130-49) ³	49	-	-	-	-	49
SR2019-0026 Monterey-City Ventures (APN 726-250-06) ³	86	15	-	-	-	101
SR2019-0015 Jarvis-MH Apartments (Braddock & Logan) (APN 726-250-95) ³	-	311	-	78	-	389
SR2020-0027 Monterey-Minor (Jemcor) (APN 726-360-59) ³	-	3	196	25	25	249
SR2021-0014 Monterey-Kerley (DeNova Homes) (APNs 726-420-01 through 726-420-03) ¹	79	14	-	-	-	93
SR2020-0010 Half-Dividend (Crosswinds) (APNs 728-300-01 through 728-300-04) ¹	229	40	-	-	-	269
SR2021-0011 Cochrane-Toll Brothers (APNs 728-340-32 & 728-340-33) ³	114	25	-	-	-	139
SR2018-0009 Tilton-Lee Schmidt (APN 764-090-04) ²	1	1	-	-	-	2
SR2021-0005 Monterey-First Community Housing (Magnolias) (APN 764-120-06) ²	-	1	14	9	42	66
SD2021-0002 Campoli-Squires (APN 764-240-05) ²	1	-	-	-	-	1

Table H 2-2 Pipeline Residential Projects (cont.)						
Project Name	Above Mod. Income Units	Moderate Income Units	Low-Income Units	Very Low-Income Units	Extremely Low-Income Units	Total Units
SD2020-0001 Sanchez-Brewer (APN 764-240-76) ²	1	-	-	-	-	1
AAE2021-0002 Old Monterey-Appletree (Kelly Vo) (APN 764-240-61) ²	5	2	-	-	-	7
SR2020-0028 Spring-Ginacola (APN 767-110-30) ³	19	3	-	-	-	22
SR2022-0001 Edes-Alcini (TTLC Morgan Hill) (APN 767-180-46) ¹	18	3	-	-	-	21
SR2018-0025 Llagas-Strolata Properties (Silvas) (APN 773-320-13) ²	4	-	-	-	-	4
SR2020-0023 Watsonville-Hordness (Crossings at Monterey/Royal Oaks Village) (APN 779-040-75) ³	-	1	-	24	48	73
SR2020-0005 Monterey-Morgan Hill Senior Housing (APN 817-020-67) ²	-	1	25	13	43	82
SR2020-0014 Tennant-Osito Holdings (APN 817-040-59) ²	14	2	-	-	-	16
SR2022-0002 (Lillian Commons/Rosewood) (APN 817-090-41) ¹	111	9	-	-	-	120
Subtotal	833	445	238	149	158	1,823

Source: City of Morgan Hill Development Services Department, May 1, 2022.

Notes: ¹ Pending project based on the affordability and unit count within the proposed project expected to be built within the 2023-2031 planning period.

² Entitled project based on the affordability and unit count of the approved development expected to be built within the 2023-2031 planning period.

³ Affordability and unit count of the approved development based on Building Permits submitted to City of Morgan Hill and expected to be built within the 2023-2031 planning period.

The City of Morgan Hill received Building Permit applications for several of the projects identified in Table H 2-2 totaling 1,068 units. These projects include: 1. SR2018-0020 E. Dunne-Young (Andalusia) (APNs 726-020-51 & 726-020-52); 2. SR2019-0003 Depot-Latala (Hale Lumber) (APN 726-130-49); 3. SR2019-0026 Monterey-City Ventures (APN 726-250-06); 4. SR2019-0015 Jarvis-MH Apartments (Braddock & Logan) (APN 726-250-95); 5. SR2020-0027 Monterey-Minor (Jemcor) (APN 726-360-59); 6. SR2021-0011 Cochrane-Toll Brothers (APNs 728-340-32 & 728-340-33); 7. SR2020-0028 Spring-Ginacola (APN 767-110-30); and 8) SR2020-0023 Watsonville-Hordness (Crossings at Monterey/Royal Oaks Village) (APN 779-040-75).

To estimate the number of proposed pipeline development projects that are expected to reach completion during the 6th cycle, the City examined completion rates of pipeline development projects during the 5th cycle (2015 through 2022). For discretionary entitlements, completion rates were found by drawing upon all planning entitlement applications and approvals and finding the percentage of those projects which have obtained a building permit and therefore reached completion. This analysis found that entitlement applications had a completion rate of 88.7%, while approved entitlements had a completion rate of 91.7%. For building permit applications and

approved permits, completion rates were established based on evaluating all residential building permits issued for new residential units, as well as all issued building permits that have been finalized/received a certificate of occupancy, from January 1, 2015, through December 31, 2020. The report found that building permits have a 99.2% completion rate for issued permits. Those completion rates were then applied to the current pipeline to determine the number that would be expected to be completed within the next eight years.

Table H 2-3 Summary of Expected Pipeline Residential Projects			
Project Type by Income Category	Proposed Units Added	% Units Expected to be Completed	Units Expected to be Completed
Active Planning Entitlements			
Lower Income	-	-	-
Moderate Income	66	88.7%	59
Above Moderate Income	437	88.7%	388
Total Units	503	88.7%	447
Approved Planning Entitlements with No Building Permit			
Lower Income	146	91.7%	134
Moderate Income	20	91.7%	18
Above Moderate Income	86	91.7%	79
Total Units	252	91.7%	231
Building Permit Applications			
Lower Income	399	99.2%	396
Moderate Income	359	99.2%	356
Above Moderate Income	310	99.2%	308
Total Units	1,068	99.2%	1,060

Table H 2-4 shows the expected breakdown of this pipeline development potential, by expected income category. The income categories for individual development projects are based on the actual proposed affordability level requested or approved as part of the entitlement request.

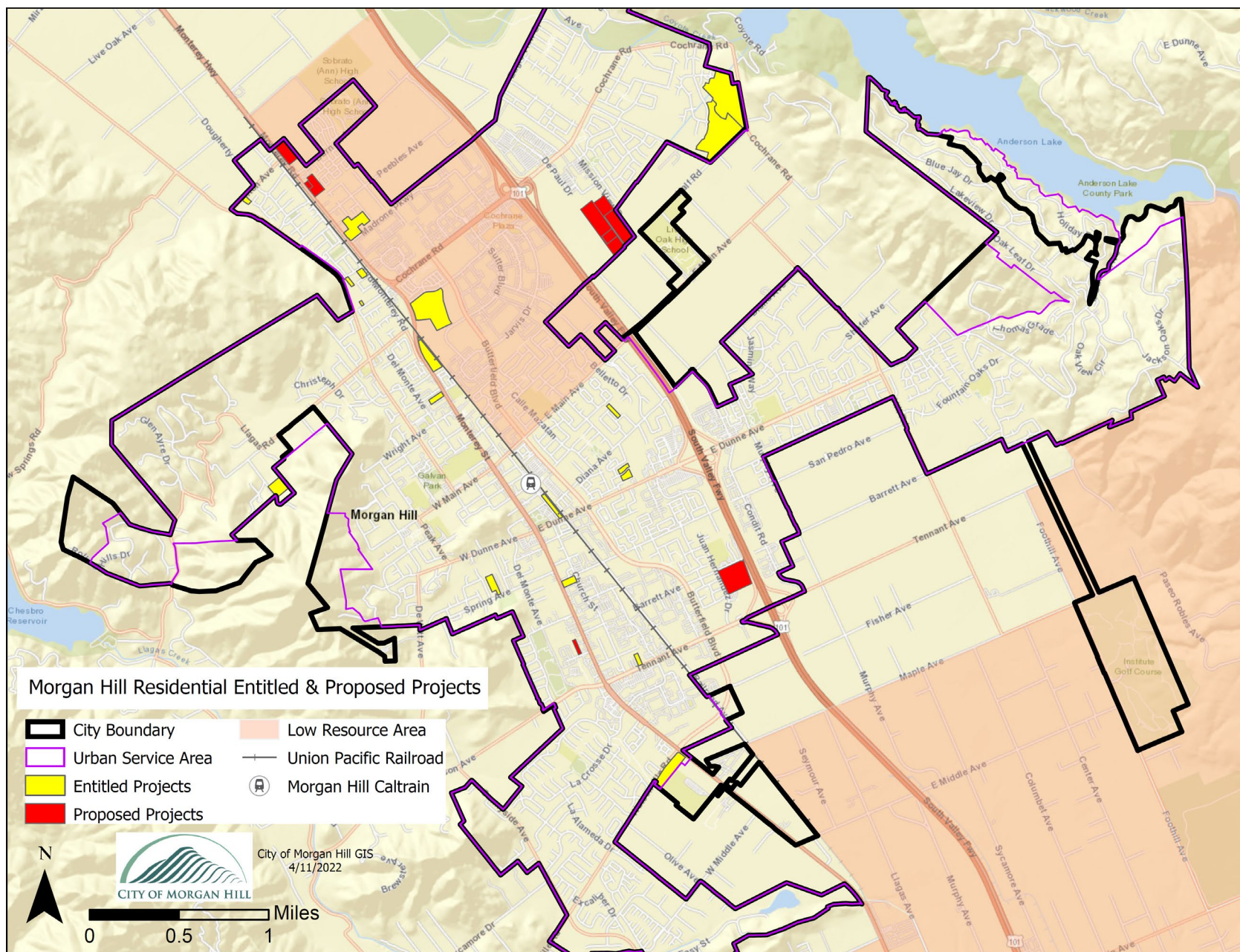
Table H 2-4 Total Pipeline Development Potential, by Income Category						
	Above Mod. Income Units	Moderate Income Units	Low-Income Units	Very Low-Income Units	Extremely Low-Income Units	Total Development Potential
Active Planning Entitlements	388	59	-	-	-	447
Approved Planning Entitlements with No Building Permit	79	18	36	20	78	231
Building Permit Applications	308	356	197	126	73	1,060
Total Pipeline Development Projects	775	433	233	146	151	1,738

2.4 Summary of Capacity/Potential to Accommodate the RHNA

State law requires each jurisdiction to demonstrate that sufficient land is zoned to provide housing capacity that is adequate to meet the RHNA for each income level. Table H 2-5 below provides a summary of total residential development capacity and potential included in the site inventory compared to the City's 6th Cycle RHNA. As shown in the table, the City has a total residential development pipeline capacity for 1,823 units. After incorporating the success criteria percentages identified in Table H 2-3 above, the City has a total residential development pipeline potential of 1,738 units, which is sufficient capacity to accommodate the RHNA of 1,037 units. The site inventory includes capacity for 413 lower-income units (i.e., extremely low-, very low-, and low-income units), 174 moderate income units, and 450 above moderate-income units.

Table H 2-5 Summary of Residential Capacity/Potential Compared to 6th Cycle RHNA by Income, City of Morgan Hill, January 31, 2023 to January 31, 2031						
	Extremely Low-Income Units	Very Low-Income Units	Low-Income Units	Moderate-Income Units	Above Moderate-Income Units	Total Units
RHNA	131	131	151	174	450	1,037
Pipeline Residential Capacity	158	149	238	445	833	1,823
Pipeline Residential Potential	151	146	233	433	775	1,738
Total Capacity	151	146	233	433	775	1,738
Surplus(+)/Deficit(-)	+20	+15	+82	+259	+325	+701

Figure H 2-1: Morgan Hill Residential Entitled & Proposed Projects



2.5 Infrastructure Availability

This section addresses the availability of infrastructure to accommodate planned residential growth throughout the Housing Element planning period (2023-2031). The Housing Element includes programs to help support infrastructure improvements in areas targeted for development to ensure that there is enough water, sewer, and dry utility capacity to meet housing units projected in the RHNA.

As development occurs throughout the city, upgrades to water and wastewater conveyance facilities may be required. The precise location and connection would need to be determined at the time development is proposed. Any future line size modifications or connections would be designed in accordance with applicable provisions of the Morgan Hill Municipal Code and to the satisfaction of the City Engineer. Increased development density has the potential to impact the capacities of local utilities infrastructure, which may require the expansion or construction of new facilities. However, all new development is subject to its own CEQA process where project-specific impacts associated with water supply and wastewater would be analyzed.

The availability of adequate public facilities and services in relation to the pending pipeline residential projects identified in Table H 2-2 has been evaluated, and the City has determined there are no public facilities or service constraints that would impede development of housing units to meet Morgan Hill's allocation. Existing water delivery and wastewater collection infrastructure is available to all properties located in the City's Urban Service Area, which includes all the pipeline residential projects identified in Table H 2-2, and the City has adequate water and wastewater capacity to accommodate the RHNA of 1,037 units. All of the pipeline residential projects are adjacent to existing public roadways and are serviceable by the City's police and fire departments, as well as private companies that provide telephone, cable, gas, and electric service.

Senate Bill (SB) 1087, effective January 2006, requires water and sewer providers to grant priority for service allocations to proposed developments that include units affordable to lower income households. Pursuant to these statutes, upon adoption of its Housing Element, the City of Morgan Hill will immediately deliver the Housing Element to local water and sewer providers, along with a summary of its RHNA.



Memorandum

Date: May 10, 2022
To: Chair and Planning Commission
From: Gina Paolini, Principal Planner
Subject: Selection of Planning Commission Chairperson and Vice Chair

Pursuant to City Council Policy CP-96-02, the Planning Commission must select a Chairperson and Vice Chair to serve one-year terms. City Council Policy CP-18-04 allows for the term of the Chairperson and Vice Chair to be extended for one year if there is a need to extend the term due to special circumstances. The term of service for these offices shall be one year, beginning at the first meeting in July of each year. No Planning Commissioner shall serve more than two consecutive full terms as Chairperson.

City Council Policy CP-96-02 provides that the member serving the longest on the Commission without having previously served as Chairperson within the prior 4 years will serve as the Chairperson. The member second in seniority who has not yet served during the previous four years as Chairperson will serve as Vice Chair. The policy further states that if the member serving as Vice Chair is on the Commission at the time the next Chairperson is selected, he or she will become Chairperson the following year. Prior to serving as Chairperson, a member must have been on the Commission at least one year.

Commission Member	Date of Appointment
Joseph Mueller	January 28, 1989
Wayne Tanda	April 25, 2007
Liam Downey	August 5, 2015
Mohammad Habib	May 3, 2017
Malisha Kumar	April 17, 2019
Paul Lake	March 2, 2022

Planning Commission Chair (prior 4 years)	
2018/19	Liam Downey
2019/20	Juan Miguel Munoz-Morris
2020/21	Mohammad Habib
2021/22	Malisha Kumar

Commissioner will be eligible to serve another term as Chairperson and Vice Chair provided at least four years have transpired since having previously served as Chairperson or Vice Chair. The period may be reduced by one-year increments if no other Commissioner is eligible or declines the position.

Selection of Planning Commission Chair and Vice Chair
May 10, 2022

With Commissioner Gonzalez-Escoto's resignation, the Commission no longer has a Vice Chair, and based upon City Council Policy, the 2022/2023 Chairperson is also undetermined. Although the new Chairperson will not assume the role until July 2022, because the Planning Commission needs a Vice Chair, the selection of the positions is being discussed early.

Based on City Council policy, unless the Commission chooses to extend the term of Commissioner Kumar, Commissioner Mueller should be selected to serve as Chairperson being the most senior member of the Commission not having served in the prior years. Commissioner Tanda would serve as Vice Chair. The Chairperson and Vice Chair terms are for one-year, until July 1, 2023. In the interim, until July 1, 2022, Commissioner Mueller would serve as Vice Chair until the appointment of Chairperson.