CITY OF MORGAN HILL

Regular Meeting Agenda

Planning Commission

John McKay - Chairman
Liam Downey - Vice Chairman
Joseph Mueller - Planning Commissioner
Wayne Tanda - Planning Commissioner
Yvonne Martinez Beltran - Planning Commissioner
Mohammad Habib - Planning Commissioner
Juan Miguel Munoz Morris - Planning Commissioner

Tuesday, May 8, 2018 7:00 pm

Council Chamber
17555 Peak Avenue, Morgan Hill, CA 95037

CALL TO ORDER

ROLL CALL ATTENDANCE

DECLARATION OF POSTING AGENDA

Pursuant to Government Code Section 54954.2

PLEDGE OF ALLEGIANCE

OPEN PUBLIC COMMENT PERIOD

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 Planning 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

PUBLIC HEARINGS

CONSENT AGENDA

1. APPROVE THE APRIL 24, 2018 MEETING MINUTES

Recommendation:

Approve Minutes.

OTHER BUSINESS

2. FINDING OF CONSISTENCY - FY 2018/19 THROUGH FY 2023/24 PROPOSED CAPITAL IMPROVEMENT PROGRAM (CIP)

Recommendation:

1. Receive report on proposed FY 2018/19 through FY 2023/24 Capital Improvement Program (CIP); and,
2. Adopt Resolution accepting CIP and make a Finding of Consistency with the General Plan.

3. PLANNING COMMISSION DISCUSSION: CALIFORNIA HOUSING ACCOUNTABILITY ACT AND THE RESIDENTIAL DEVELOPMENT CONTROL SYSTEM (RDCS)

Recommendation:

1. Planning Commission to discuss:
   a. RDCS Ordinance; and,
   b. Housing Accountability Act.
2. Planning Commission to establish a start time for the RDCS Competition Manual workshops to be held on May 29, 2018 and June 12, 2018.

ANNOUNCEMENTS

ADJOURNMENT

NOTICE

All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act that are distributed to a majority of the legislative body less than 72 hours prior to an open session, will be made available for public inspection at the Office of the City Clerk at Morgan Hill City Hall located at 17575 Peak Avenue, Morgan Hill, CA, 95037 at the same time that the public records are distributed or made available to the legislative body. (Pursuant to Government Code 54957.5)

PUBLIC COMMENT

Members of the Public are entitled to directly address the 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 Commission on any issue that is on this agenda, please complete a speaker request card located in the foyer of the Commission 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 Commission, but it is very helpful. When you are called, proceed to the podium and the Mayor will recognize you. If you wish to address the 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 Commission.

Persons interested in proposing an item for the 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 Commission action, your request may be placed on the next appropriate agenda. 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 michelle.wilson@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 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 michelle.wilson@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

CITY OF MORGAN HILL

Meeting Minutes
Planning Commission

John McKay	-	*Chairman*
Liam Downey	-	*Vice Chairman*
Joseph Mueller	-	*Planning Commissioner*
Wayne Tanda	-	*Planning Commissioner*
Yvonne Martinez Beltran	-	*Planning Commissioner*
Mohammad Habib	-	*Planning Commissioner*
Juan Miguel Munoz Morris	-	*Planning Commissioner*

Tuesday, April 24, 2018 7:00 pm

Council Chamber
17555 Peak Avenue, Morgan Hill, CA 95037

CALL TO ORDER

Chair Mckay called the meeting to order.

ROLL CALL ATTENDANCE

Minutes Clerk Luna called attendance.

Attendee Name	Title	Status	Arrived
John McKay	Chairman	Present	
Liam Downey	Vice Chairman	Present	
Joseph Mueller	Planning Commissioner	Present	
Wayne Tanda	Planning Commissioner	Present	
Yvonne Martinez Beltran	Planning Commissioner	Late	7:02 PM
Mohammad Habib	Planning Commissioner	Present	
Juan Miguel Munoz Morris	Planning Commissioner	Present	

DECLARATION OF POSTING AGENDA

Minutes Clerk Luna declared the posting of the agenda.

Minutes Acceptance: Minutes of Apr 24, 2018 7:00 PM (CONSENT AGENDA)

PLEDGE OF ALLEGIANCE

Commissioner Downey led the Pledge of Allegiance.

OPEN PUBLIC COMMENT PERIOD

Chair McKay opened the public comment period. Hearing no requests to speak, the comment period was closed.

ORDERS OF THE DAY

No changes made.

CONSENT AGENDA

MOTION

Items 1 and 2 were pulled for discussion.

1. APPROVE THE FEBRUARY 27, 2018 MEETING MINUTES

Recommendation:

Approve Minutes.

RESULT:	**PULLED**

2. APPROVE THE APRIL 10, 2018 MEETING MINUTES

Recommendation:

Approve Minutes.

RESULT:	**PULLED**

ITEMS PULLED FOR DISCUSSION

APPROVE THE FEBRUARY 27, 2018 MEETING MINUTES

Recommendation:

Approve Minutes.

Commissioner Tanda abstained due to his absents from this meeting.

RESULT:	**ACCEPTED [6 TO 0]**
MOVER:	Joseph Mueller, Planning Commissioner
SECONDER:	Juan Miguel Munoz Morris, Planning Commissioner
AYES:	McKay, Downey, Mueller, Martinez Beltran, Habib, Munoz Morris
ABSTAIN:	Tanda

Minutes Acceptance: Minutes of Apr 24, 2018 7:00 PM (CONSENT AGENDA)

APPROVE THE APRIL 10, 2018 MEETING MINUTES

Recommendation:

Approve Minutes.

Chair Mckay noted a correction needed to be made on Agenda Item 2 number 1 - 275 Tennant Avenue (Dan Ekins): The Planning Commission recommends changing the Zoning District to the General Commercial (CG) Zoning District.

RESULT:	**ACCEPTED [UNANIMOUS]**
MOVER:	Joseph Mueller, Planning Commissioner
SECONDER:	Juan Miguel Munoz Morris, Planning Commissioner
AYES:	McKay, Downey, Mueller, Tanda, Martinez Beltran, Habib, Munoz Morris

PUBLIC HEARINGS

3. UP2017-0015: CAPUTO-HUANG- CONDITIONAL USE PERMIT FOR A DRIVE-THROUGH, SELF-SERVICE, AUTOMATED CAR WASH WITH VACUUMS ON PROPERTY IDENTIFIED BY ASSESSOR PARCEL NUMBER 817-29-027 LOCATED ON THE SOUTHWEST CORNER OF CAPUTO DRIVE AND TENANT AVENUE.

Recommendation:

1. Adopt a Resolution adopting the Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program prepared for the project (EA2017-0013); and
2. Adopt a Resolution approving a Conditional Use Permit (UP2017-0015)

Contract Planner Emily Foley presented the staff report.

Chair McKay opened the public hearing at 7:22 p.m.

Kurt Wagenknecht was called to speak.
Paul Sagayaraj Amaldoss Henry was called to speak.
Douglas Logsdon was called to speak.
Greg Blunden was called to speak.

Hearing no further requests to speak, the public hearing was closed.

Chair McKay reopened the public hearing at 8:15 p.m.

Mrs. Blunden was called to speak.
Paul Sagayaraj Amaldoss Henry was called to speak.

Hearing no further requests to speak, the public hearing was closed.

MOTION
Motion to continue to a date uncertain. The Planning Commission requested staff to clarify noise impacts on the surrounding buildings, bring forth a traffic study, determine if there is a different orientation of the site layout that would better address the noise and traffic flow throughout the project, and determine the Ancillary Commercial Use Limitations.

Minutes Acceptance: Minutes of Apr 24, 2018 7:00 PM (CONSENT AGENDA)

RESULT:	**CONTINUED TO A DATE UNCERTAIN [6 TO 1]**
MOVER:	Joseph Mueller, Planning Commissioner
SECONDER:	Mohammad Habib, Planning Commissioner
AYES:	Downey, Mueller, Tanda, Martinez Beltran, Habib, Munoz Morris
NAYS:	McKay

CONTINUED PUBLIC HEARING

4. ZA2016-0006: ZONING CODE UPDATE AND ZONING MAP AMENDMENTS

Recommendation:

1. Discuss and Consider comments on the Zoning Code Update and Zoning Map Amendments; and

2. Adopt a Resolution recommending City Council consider the Addendum to the Morgan Hill 2035 Environmental Impact Report (EIR) in accordance with the California Environmental Quality Act (CEQA) and approval of ZA2016-0006: Zoning Code Update

Interim Principle Planner John Baty presented the staff report.

Chair McKay opened the public hearing at 9:23 p.m.
Ashis Roy was called to speak.
Asit Panwala was called to speak.
John Mauro was called to speak.
Hearing not requests to speak, the public hearing was closed.

The Planning Commission discussed and considered comments on the Zoning Code Update for the following items:

MOTION
Recommend retaining the existing Administrative Office (CO) Zoning District with the clarification that hotels and motels are not permitted uses in this Zoning District.
Ayes: McKay, Mueller, Tanda, Martinez Beltran, Habib, Munoz Morris
Nays: Downey

MOTION
Recommend Development Standards to clarify hotel heights in various districts
Ayes: Tanda, Martinez Beltran, Mueller, Habib
Naye: McKay, Downey, Munoz Morris

MOTION
Recommend retaining the existing Light Industrial Zoning District (IL)
Ayes: McKay, Downey, Mueller, Tanda, Yvonne Martinez Beltran, Habib, Munoz Morris
Nays: None

MOTION
Recommend adding a definition for the Traffic-Control Devices and reference to Chapter 10.16 of the City Morgan Hill Municipal Code in Chapter 18.88 - Signs.

MOTION
Recommend adding Planning Commission Authority to call up any decision made by the Director
Ayes: Mueller
Nays: McKay, Downey, Tanda, Martinez Beltran, Habib, Munoz Morris

Minutes Acceptance: Minutes of Apr 24, 2018 7:00 PM (CONSENT AGENDA)

MOTION
Recommend City Council approve the Zoning Ordinance as amended.
Ayes: McKay, Downey, Tanda, Martinez Beltran, Habib, Munoz Morris
Nays: Mueller

RESULT:	**APPROVED [6 TO 1]**
MOVER:	Juan Miguel Munoz Morris, Planning Commissioner
SECONDER:	Mohammad Habib, Planning Commissioner
AYES:	McKay, Downey, Tanda, Martinez Beltran, Habib, Munoz Morris
NAYS:	Mueller

ANNOUNCEMENTS

None.

ADJOURNMENT

There being no further business, Chair McKay adjourned the meeting at 12:10 a.m.

MINUTES PREPARED BY:

Jenna Luna, Minutes Clerk

Minutes Acceptance: Minutes of Apr 24, 2018 7:00 PM (CONSENT AGENDA)

CITY OF MORGAN HILL

PLANNING COMMISSION STAFF REPORT
MEETING DATE: May 8, 2018

PREPARED BY: Scott Creer, Deputy Director of Engineering
APPROVED BY: Jennifer Carman, Community Development Director

FINDING OF CONSISTENCY - FY 2018/19 THROUGH FY 2023/24 PROPOSED CAPITAL IMPROVEMENT PROGRAM (CIP)

RECOMMENDATION(S)

1. Receive report on proposed FY 2018/19 through FY 2023/24 Capital Improvement Program (CIP); and,
2. Adopt Resolution accepting CIP and make a Finding of Consistency with the General Plan.

PROJECT SUMMARY:

Engineering is preparing to submit the final draft of the Fiscal Years 2018/19 through Fiscal Years 2023/24 Capital Improvement Program (CIP) to the City Council for adoption in the Fiscal Years 2018/19 and 2019/20 budget (Attachment 2). The Planning Commission's role in the CIP development process is to review the proposed 6-year program and determine whether it is consistent with the General Plan. The engineering team has prepared a detailed list of the CIP projects and the corresponding General Plan goal/policy (Attachment 3).

In determining projects for the proposed CIP, the following factors are considered:

- Projects must be consistent with the goals of the General Plan
- Projects included in an adopted Master Plan
- City Council priority
- Addressing a maintenance or deficiency issue
- Available revenues to pay for project
- Long term maintenance is considered

The engineering team will present the proposed 6-year CIP to the Planning Commission at the May 8, Planning Commission meeting. Comments received from the Planning Commission will be forwarded to the City Council as they consider the entire budget for adoption.

It is recommended that the Planning Commission adopt the attached Resolution accepting the Fiscal Years 2018/19 through 2023/24 CIP and make a finding that the proposed Fiscal Years 2018/19 and 2019/20 CIP is consistent with the General Plan.

LINKS/ATTACHMENTS:

1. 2018/19 thru 2023/24 Recommended CIP
2. PC Resolution FY 18-20 GP Consistency
3. FY 18-20 CIP GP Consistency Table

RESOLUTION NO.

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF MORGAN HILL RECOMMENDING ACCEPTANCE OF THE CITY'S CAPITAL IMPROVEMENT PROGRAM FOR FISCAL YEARS 2018/19 THROUGH 2023/24 AND FINDING THE PROGRAM YEARS 2018/19 AND 2019/20 CONSISTENT WITH THE GENERAL PLAN

WHEREAS, such request was considered by the Planning Commission at their regular meeting on May 8, 2018 at which time the Planning Commission recommended acceptance of the Capital Improvement Program for Fiscal Years 2018/19 through 2023/24 after finding the Program Fiscal Years 2018/19 and 2019/20 consistent with the General Plan;

NOW, THEREFORE, THE MORGAN HILL PLANNING COMMISSION DOES RESOLVE AS FOLLOWS:

SECTION 1: The proposed Fiscal Years 2018/19 and 2019/20 Capital Improvement Program is consistent with the General Plan, in that the infrastructure improvements shown in the Program will support the goals, policies and programs of the General Plan, enabling orderly development of the City.

SECTION 2: The proposed Capital Improvement Program is found to be Exempt from the California Environmental Quality Act pursuant to Section 15262 of the CEQA Guidelines.

SECTION 3: The Planning Commission hereby recommends acceptance of the proposed Capital Improvement Program for Fiscal Years 2018/19 through 2023/24.

PASSED AND ADOPTED THIS 8th DAY OF MAY, 2018, AT A REGULAR MEETING OF THE MORGAN HILL PLANNING COMMISSION BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST: **APPROVED:**

Attachment: PC Resolution FY 18-20 GP Consistency (1761 : CIP)

_____ _____

JENNA LUNA, Deputy City Clerk **JOHN MCKAY,** Chair

Attachment: PC Resolution FY 18-20 GP Consistency (1761 : CIP)

CITY OF MORGAN HILL
CAPITAL IMPROVEMENT PROGRAM - FYs 18/19 - 19/20
CONSISTENCY WITH GENERAL PLAN

PARKS & RECREATION

Project Title	Consistent with:
Borello School/Park	2017 Bikeways, Trails, Parks & Recreation Master Plan Parks Master Plan, GP Goal HC-3, Policies 3.1, 3.2, 3.22 and 3.23
Parks Land Purchase and Development	2017 Bikeways, Trails, Parks & Recreation Master Plan Parks Master Plan, GP Goal HC-3, Policies 3.1, 3.2 and 3.24
West Little Llagas Creek Trail	2017 Bikeways, Trails, Parks & Recreation Master Plan Parks Master Plan, GP Goal HC-3, Policies 3.1, 3.2, 3.12, 3.14, 3.15 and 3.25
Madrone Channel Trail Improvements	2017 Bikeways, Trails, Parks & Recreation Master Plan Parks Master Plan, GP Goal HC-3, Policies 3.1, 3.2, 3.12, 3.14 and 3.25
El Toro Trail	2017 Bikeways, Trails, Parks & Recreation Master Plan Parks Master Plan, GP Goal HC-3, Policies 3.1, 3.2, 3.25, Action 3.n
Inclusive Playground	2017 Bikeways, Trails, Parks & Recreation Master Plan Parks Master Plan, GP Goal HC-3, Policies 3.1, 3.4, 3.10, 3.17, 3.19, 3.22, 3.25 and 3.28
Centennial Recreation Center Expansion	2017 Bikeways, Trails, Parks & Recreation Master Plan Parks Master Plan, GP Goal HC-3, Policies 3.4, 3.10, 3.25 and 3.26, Action 3.J
Agricultural Preservation	2016 General Plan, Goal CNF-7, Policies 7.1 and 7.5
Community Garden	2017 Bikeways, Trails, Parks & Recreation Master Plan Parks Master Plan, GP Goal HC-6, Policy 6.1
Tree Planting/Urban Forestry Mgmt. Plan	2016 General Plan, Goal NRE-15, Policy 15.9
Villa Mira Monte Improvements	2017 Bikeways, Trails, Parks & Recreation Master Plan Parks Master Plan, GP Goal HC-3, Policy 3.25, GP Goal HC-4, Policy 4.7, GP Goal HC-8, Policy 8.2
Butterfield Blvd Connector Path Project	2017 Bikeways, Trails, Parks & Recreation Master Plan Parks Master Plan, GP Goal HC-3, Policies 3.1, 3.2, 3.12, 3.14 and 3.25
Sports Facility Development	2017 Bikeways, Trails, Parks & Recreation Master Plan Parks Master Plan, GP Goal ED-4, Policies 4.1, 4.3 GP Goal HC-3, Policy 3.17
Park Enhancements	2017 Bikeways, Trails, Parks & Recreation Master Plan Parks Master Plan, GP Goal HC-3, Policies 3.1 and 3.4

PUBLIC FACILITIES

Project Title	Consistent with:
New Fire Stations	2016 General Plan, Goal SSI-11, Policy 11.1

Attachment: FY 18-20 CIP GP Consistency Table (1761 : CIP)

Library Expansion	2016 General Plan, Goal HC-5, Policy 5.1
Corporation Yard Long Term Plan	2016 General Plan, Goal CNF-6, Policies 6.2, 6.3 and 6.4
Citywide Fiber Network Infrastructure	2016 General Plan, Goal CNF-6, Policy 6.4, Goal ED-9, Policy 9.1

STORM DRAINAGE

Project Title	Consistent with:
Storm Pipe Installation	2016 General Plan, Goal SSI-6, Policies 6.1, 6.4 and 6.8
Llagas Flood Control	2016 General Plan, Goal SSI-6, Policies 6.1, 6.4, 6.5 and 6.8

STREETS AND ROADS

Project Title	Consistent with:
Intersection Improvements	2016 General Plan, Goal TR-2, Policy 2.1, Goal TR-3, Policy 3.10
Pavement Rehabilitation Program	2016 General Plan, Goal TR-1, Policies 1.1 and 1.3
Downtown Safety Improvements	2016 General Plan Goal CNF 14, Policy 14.7
Citywide Pedestrian Improvements	2016 General Plan Goal TR-1, Policy 1.3
Hale Avenue Extension	2016 General Plan Goal ED-9, Policies 9.2 and 9.3
RDCS School Safety Improvements	2016 General Plan Goal TR-3, Policy 3.11, Goal TR-4, Policy 4.5
Assessment District – Streets	2016 General Plan Goal TR-1, Policies 1.1 and 1.3
Parking Lot Maintenance & Rehabilitation	2016 General Plan Goal TR-1, Policy 1.3
Sidewalk Repairs	2016 General Plan Goal CNF-8, Policy 8.15, Goal TR-9, Policy 9.c
Cochrane Green Bike Lane Striping	2016 General Plan Goal TR-8, Policies 8.1, 8.2 and 8.3
Main Avenue Bike Lanes & Sidewalk Project	2016 General Plan Goal TR-8, Policies 8.1, 8.2, 8.3 and 8.10

SEWER

Project Title	Consistent with:
Sewer System Repair and Replacements	2017 Sewer Master Plan
Vault Lining Project	2017 Sewer Master Plan
Trouble Spot Evaluation and Repair	2017 Sewer Master Plan
East Dunne Ave & Tennant Ave Sewer Mains	2017 Sewer Master Plan
	2017 Sewer Master Plan
Sewer Plant Expansion (SCRWA)	2017 Sewer Master Plan, GP Goal SSI-15, Policy 15.2
Sewer Plant Improvements	2017 Sewer Master Plan, GP Goal SSI-15, Policy 15.2
Lift Station Improvements	2017 Sewer Master Plan

Attachment: FY 18-20 CIP GP Consistency Table (1761 : CIP)

New Trunk Line	2017 Sewer Master Plan
Sewer Capacity Improvement Projects	2017 Sewer Master Plan
Wastewater Planning	2017 Sewer Master Plan, GP Goal SSI-13, Policy 13.2

WATER

Project Title	**Consistent with:**
Water Storage System – Glen Ayre Tank	2017Water Master Plan
Water Storage System – Woodland Tank	2017 Water Master Plan
New Water Mains	2017 Water Master Plan
Water Pipeline Repair and Replacement	2017 Water Master Plan
Holiday Lake Improvement	2017 Water Master Plan
Water Supply Facility Improvements	2017 Water Master Plan
Reservoir Recoating	2017 Water Master Plan
Holiday Tank Repair #2	2017 Water Master Plan
Water Planning	2017 Water Master Plan, GP Goal SSI, Policy 13.2
Well Demolition and Abandonment	2017 Water Master Plan

Attachment: FY 18-20 CIP GP Consistency Table (1761 : CIP)

CITY OF MORGAN HILL

PLANNING COMMISSION STAFF REPORT
MEETING DATE: May 8, 2018

PREPARED BY: Gina Paolini, Interim Principal Planner
APPROVED BY: Jennifer Carman, Community Development Director

PLANNING COMMISSION DISCUSSION: CALIFORNIA HOUSING ACCOUNTABILITY ACT AND THE RESIDENTIAL DEVELOPMENT CONTROL SYSTEM (RDCS)

RECOMMENDATION(S)

1. Planning Commission to discuss:
   a. RDCS Ordinance; and,
   b. Housing Accountability Act.
2. Planning Commission to establish a start time for the RDCS Competition Manual workshops to be held on May 29, 2018 and June 12, 2018.

BACKGROUND

The Planning Commission is expected to award the 2017 RDCS allotments on May 22, 2018. Prior to those awards, the Planning Commission requested a discussion item regarding the criteria and standards for distributing allotments.

At the meeting immediately after the award of allotments, the Planning Commission will begin work on considering revisions to the Residential Development Control System (RDCS) manual. The Planning Commission requested information about SB 35 and its potential impacts to RDCS. On May 2, 2018, the City Council received a report from Keyser Marston Associates, Inc. (KMA) which provided a "Strategy for Increasing the Supply of Affordable Housing" within the City and the City Council provided input on a variety of options to address the issue.

ANALYSIS

1. <u>Residential Development Control System (RDCS)</u>

The Planning Commission is expected to award the 2017 RDCS allotments on May 22, 2018. Prior to those awards, the Planning Commission requested a discussion item regarding the criteria and standards for distributing allotments.

a. **Does the highest scoring RDCS project automatically receive all the allotments requested?**

Resolution No. 17-066 (Attachment 1), approved by the City Council on July 26, 2017, established the distribution for the building allotments for Fiscal Year 2019/20. This

resolution specified:

> "B. The Planning Commission shall award allotments based on scoring of projects using the criteria established in the RDCS Competition Manual and as deemed necessary to respond to changes in the housing market such as changes in the build-out rate for existing projects, lack of applications in competition categories, and increased demand for particular housing types, etc."

Section 18.78.080.C of the Morgan Hill Municipal Code states:

> "C. Award of Allotments. The Planning Commission shall award allotments based on a scoring of projects using criteria established by the City Council pursuant to Section 18.78.100 (Competition Manual). The Planning Commission may award a project fewer than the total number of allotments requested by the applicant. In such a case, the Planning Commission may award the surplus allotments to the next highest scoring projects if doing so would help create a more balanced and equitable distribution of allotments and help to achieve the goals of the General Plan."

Section 18.78.120.H of the Morgan Hill Municipal Code states:

> "H. Planning Commission Hearings - Award of Allotments. The Planning Commission shall hold a public hearing to consider the award of allotment recommendation and to award allotments based on the project scoring. The Planning Commission may award fewer than the total number of allotments requested for a project and may award allotments to lower-scoring projects if doing so would create a more balanced and equitable distribution of allotments and help to achieve the goals of the General Plan."

First a project must qualify to receive allotments and must receive a minimum score of 160 points (80 percent of total available points). When considering awards, the Planning Commission can take into account the quality of the project, housing needs within the community, and the City General Plan goals. General Plan goals to consider include:

Morgan Hill 2035 General Plan Goals

CNF-8 A visually attractive urban environment.

CNF-9 Appropriate transitions between urban land uses and surrounding undeveloped areas.

CNF-10 A variety of housing types and densities available to all residents.

CNF-11 High quality, aesthetically pleasing, livable, sustainable, well-planned

residential neighborhoods, well-connected to neighborhood services.

HE-1 Adequate new housing to meet the full range of future community housing needs, including affordability and accessibility.

TR-3 A coordinated, continuous network of streets and roads.

The Planning Commission has flexibility when determining an award; and is not required to award all allotments to the highest scoring project and may award fewer allotments than requested.

b. **How does the award distribution differ from the previous RDCS?**

The previous RDCS contained explicit language which stated that the highest scoring projects within an assigned category where a numerical allotment limit had been established, the award was to be provided to that highest scoring project. However, like the current provision, fewer allotments could be awarded if it would create a more balanced and equitable distribution of allotments.

2. Housing Accountability Act (HAA)

On May 2, 2018, the City Council receive a report from Keyser Marston Associates, Inc. (KMA) which provided a "Strategy for Increasing the Supply of Affordable Housing" within the City. The City Council was requested to consider the following:

1a. Should the City place increased priority upon the production of affordable housing units at assigned income levels by increasing affordability goals within the existing Residential Development Control System (RDCS) process, and by making modifications to the current RDCS process?

1b. Should the City eliminate RDCS multi-year allotment award consideration until housing affordability can be better aligned to meet State targets and the City can develop a comprehensive approach to satisfying the Housing Accountability Act (HAA).

2. Should the City consider adopting an Inclusionary Housing Ordinance?

3. Should the City consider eliminating/reducing impact fee requirements on Accessory Dwelling Units (ADUs)?

4a. Should the City consider locking impact fees for 100% affordable projects at RDCS application, at time application is deemed complete or at construction permit application, as well as exempting all affordable rental housing projects, not just 80% and below, from sub-metering requirements?

4b. Should the City develop housing product criteria within the proposed Block

level masterplans and the Mixed-Use Flex specific plan/form-based code areas along Monterey Road to assist with construction of Moderate Income workforce housing units and above moderate (120%-150% AMI) units to serve the "missing middle"?

5. Should the City consider adopting a commercial linkage fee on new industrial/commercial projects?

The May 2, 2018 City Council staff report (Attachment 2) is being provided to the Planning Commission to inform the Commission about the City's current housing efforts and potential future impacts. Staff has developed an initial menu of considerations which could potentially increase production and has sought direction from the City Council. Once a direction is confirmed, a strategic framework to move forward will be developed.

A significant change related to housing for the Planning Commission to understand is Senate Bill (SB) 35, which entitles developments with 50 percent affordable units (10 percent in cities not performing) to streamline permitting if the jurisdiction is failing to meet their affordability numbers in any affordability category. HCD audits annually and while it is unlikely that Morgan Hill projects with 10 percent affordable units could become eligible for streamlined permitting under current law, given the trend in legislation, it is important that the City establish policies to improve housing production.

In the past a city could, and many times would, reject a project because it did not fit the feel or character of the community or felt too dense, especially after considering neighborhood input. Today, a developer could have cause to go to court and compel a City to grant a permit if it meets zoning and objective development standards in the code. In addition, HCD has been given a greater auditing and reporting role in measuring local cities affordable production success and can report non-performing communities to the Attorney General for compliance actions.

At this time, it is unclear how SB 35 would impact the City's RDCS ordinance. A proposed project must meet certain requirements, specified in the Meyers Nave SB No. 35 Eligibility Checklist (Attachment 3), and the City is allowed to enforce objective standard criteria. It is likely that a project would have to meet the minimum RDCS point score, which is based on objective criteria. To be eligible for streamlining, at least 50 percent of the proposed residential units must be dedicated as affordable to households at 80 percent of the area median income for both rental and ownership projects; the proposed project must be zoned for residential use and not be located within a flood plain; and all workers on the proposed project must be paid prevailing wages. It is not clear if the City will be able to restrict the timing and number of allotments issued to a 50 percent affordable project that meets the minimum RDCS score.

3. <u>RDCS Competition Manual</u>

This is the first year with the new RDCS Competition Manual and the RDCS team has been pleased with the results of the competition. The preliminary RDCS process was

very successful and provided applicants with the necessary feedback to have higher scoring projects in the final RDCS process. The RDCS team has identified some minor changes that they will be recommending for Planning Commission consideration. To address the HAA, it is anticipated that changes to the Affordable Housing Section of the RDCS Competition Manual will also be necessary. Because there will be limited time to correct the RDCS Competition Manual and prepare for the next RDCS competition; the team will start work on the recommended modifications in the next month. The following is the proposed schedule:

Date	Meeting Type	Subject
Tuesday, May 29, 2018	Workshop	Changes to RDCS Competition Manual
Tuesday, June 12, 2018	Workshop	Changes to RDCS Competition Manual
Tuesday, June 26, 2018	Regular Meeting	Changes to RDCS Competition Manual Available Allotments 2020/21

Recognizing that each Planning Commissioners time is valuable and limited, we request that the Planning Commission be prepared to set a time for the designated workshops at the May 8, 2018 Planning Commission meeting.

The City Council will consider changes to the RDCS Competition Manual and the available allotments for the 2020/21 RDCS on July 18, 2018.

LINKS/ATTACHMENTS:

1. Reso. 17-066
2. California Housing Accountability Act Requirements - City Council Staff Report- May 2 2018
3. Meyers Nave SB-35-Checklist_revised-2.6.18

RESOLUTION NO. 17-066

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING COMPETITION CATEGORIES FOR THE 2017 RESIDENTIAL DEVELOPMENT CONTROL SYSTEM (RDCS) COMPETITION

WHEREAS, on April 19, 2017, per Section 18.78.110 of the RDCS Ordinance, the City Council approved 195 Fiscal Year 2019/20 residential allotments for the 2017 RDCS Competition; and

WHEREAS, Section 18.78.090 of the RDCS Ordinance provides guidance regarding the establishment of RDCS Competition Categories and identification of the number of available allotments within each Category, including ensuring that an adequate number of allotments are available for affordable housing projects; and

WHEREAS, on May 24, 2017, the City Council supported Planning Commission's April 25, 2017 recommendation to set-aside 59 allotments for On-going Measure C transitional projects and supported a 20 percent set-aside (39 allotments) for affordable housing projects; and

WHEREAS, 97 allotments remain available for other types of residential projects and competition will be encouraged by leaving these allocations unassigned; and

WHEREAS, Measure S (Morgan Hill Municipal Code section 18.78.090) provides that projects within a competition category will compete for allotments only with other projects in the same competition category; and

WHEREAS, the City Council has reviewed recommendations contained in the June 13 and 27, 2017 Staff Reports and the recommendations of the Planning Commission, all as submitted to the City Council for consideration in connection with the adoption of this Resolution, together with any and all testimony and other evidence submitted to the City Council through the public hearing conducted by the Council on July 26, 2017 for this item, and has determined that the recommended distribution of building allotments contained herein is consistent with the General Plan and the City's Municipal Code requirements under Chapter 18.78 of the Morgan Hill Municipal Code; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MORGAN HILL THAT:

SECTION 1. The City Council does hereby find, determine and resolve that all of the foregoing recitals are true and correct.

SECTION 2. Pursuant to Section 18.78.090 of the Municipal Code, the City Council hereby approves:

Attachment: Reso. 17-066 (1748 : Housing Policies/RDCS Allotments)

A. A portion of the residential allotments shall be reserved for affordable, unassigned, and on-going competition categories as outlined in Exhibit "A" attached hereto and incorporated herein by this reference.

B. The Planning Commission shall award allotments based on scoring of projects using the criteria established in the RDCS Competition Manual and as deemed necessary to respond to changes in the housing market such as changes in the build-out rate for existing projects, lack of applications in competition categories, and increased demand for particular housing types, etc.

C. The RDCS Competition Manual, Section IV.E. Competition Categories and Ongoing Projects, shall be modified to reflect the competition categories and distribution of building allotments as set forth in Exhibit "A".

PASSED, APPROVED AND ADOPTED by the City Council of the City of Morgan Hill at a regular meeting held on the 26th day of July, 2017.

AYES:	**COUNCIL MEMBERS:**	**Larry Carr, Rich Constantine, Rene Spring, Caitlin Robinett Jachimowicz, Steve Tate**
NOES:	**COUNCIL MEMBERS:**	**None**
ABSTAIN:	**COUNCIL MEMBERS:**	**None**
ABSENT:	**COUNCIL MEMBERS:**	**None**

APPROVED:

STEVE TATE, Mayor

ATTEST:

IRMA TORREZ, City Clerk

CERTIFICATION

I, Irma Torrez, City Clerk of the City of Morgan Hill, California, do hereby certify that the foregoing is a true and correct copy of Resolution No. 17-066, adopted by the City Council at a regular meeting held on July 26, 2017.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE: 7/31/2017

IRMA TORREZ, City Clerk

Attachment: Reso. 17-066 (1748 : Housing Policies/RDCS Allotments)

EXHIBIT A
Fiscal Year 2019/20

Competition Category	Allotments
Affordable Housing	39
Micro	0
Small	0
Multi-family Rental	0
Open/Market	0
Senior Housing	0
Monterey Corridor	0
Custom Lots	0
On-going Projects	59
Unassigned	97
Total	**195**

Attachment: Reso. 17-066 (1748 : Housing Policies/RDCS Allotments)

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Senate Bill No. 35 Eligibility Checklist

(Revised by Meyers Nave on February 6, 2018)

If the answers to all of the 11 questions in the checklist below are "yes," then a project is eligible for the new approval process under Government Code section 65913.4. (See *process notes* on page two.) If any of the answers to the 11 questions is "no," then the project is not eligible for the new streamlined, ministerial review. This checklist provides an overview of SB 35's requirements. Please contact legal counsel for additional information and assistance.

Eligibility Requirements	Yes?	No?
1. Has HCD has determined that the local agency is subject to SB 35 (subd. (a)(4)(A))?	☐	☐
–HCD determination is based on whether the agency has issued fewer building permits than its share of the regional housing needs, by income category, for the reporting period. HCD's January 31, 2018 eligibility determination can be found here. –The "reporting period" is either the first half or the second half of the regional housing needs assessment period. (subd. (h)(7).) –The determination remains in effect until HCD's determination for the next reporting period.		
2. Is the project a multifamily housing development (2 or more units) (subd. (a)(1))?	☐	☐
3. Has the applicant dedicated the applicable minimum percentage of units in the project to households making below 80% of the area median income (subd. (a)(4)(B))?	☐	☐
10%: If the project contains more than 10 units and the agency's latest "production report" (first due April 1, 2018) reflects that the agency *approved* fewer *above moderate-income* units "than were required by the regional housing needs assessment cycle for that reporting period." (subd. (a)(4)(B)(i).) **50%**: If the agency's latest "production report" reflects that the agency *issued building permits* for fewer *below moderate-income* units "than were required by the regional housing needs assessment cycle for that reporting period." (subd. (a)(4)(B)(ii).) **10% or 50% at applicant's option**: If the agency has not submitted its latest production report by deadline or if the agency's latest production report reflects that the agency *issued building permits* for fewer units of either category of households "than were required by the regional housing needs assessment cycle for that reporting period." (subd. (a)(4)(B)(iii).) –HCD issued a determination for each eligible jurisdiction under subdivision (a)(4)(B). The "production reports" on which the above determinations are based do not yet exist. (subd. (g)(5) [defining "production report" to mean a requirement added to Government Code section 65400 in 2017 and therefore not due until April 1, 2018].) Thus, we believe that HCD made such determinations prematurely.		
4. If the site is in a city, is a portion of the city designated by the Census as either an "urbanized area" or "urban cluster," or, if the site is in an unincorporated area, is the parcel entirely within the boundaries of "urbanized area" or "urban cluster" (subd. (a)(2)(A))?	☐	☐
5. Does at least 75% of the perimeter of the site adjoin parcels currently or formerly developed with "urban uses" (subds. (a)(2)(B), (h)(8))?	☐	☐
6. Does the site have ***either*** zoning or a general plan designation that allows for residential use or residential mixed-use development (subd. (a)(2)(C))?	☐	☐
For property designated for mixed use, the designation must require at least "two-thirds of the square footage of the development" to be residential.		
7. Does the project not involve a subdivision of land (subd. (a)(9))?	☐	☐
Projects can involve subdivisions if (a) they are financed with low-income housing tax credits and the applicant certifies that prevailing wages will be paid or (b) if the development is subject to a requirement that prevailing wages will be paid and a skilled and trained workforce will be used.		

Attachment: Meyers Nave SB-35-Checklist_revised-2.6.18 (1748 : Housing Policies/RDCS Allotments)

Eligibility Requirements	Yes?	No?
8. Does the project meets density requirements, "objective zoning standards," and "objective design review standards" (subd. (a)(5))?	☐	☐
–Objective standards are those that are "involve no personal or subjective judgment by a public official and are uniformly verifiable by reference to an external and uniform benchmark or criterion available and knowable by both the development applicant or proponent and the public official prior to submittal." –A project is deemed to meet housing density standards if the project density, excluding any density bonuses, is within the *maximum* density allowed within the general plan land use designation. –Any local policies that limit maximum unit allocations must be ignored. –Offsite **parking standards** cannot be more than 1 space per unit; and, in certain cases, the local agency may not impose parking standards at all. (subd. (d).)		
9. Is the project ***outside of*** each of the following areas (subds. (a)(6)–(a)(7))?	☐	☐
–Coastal zone –Prime farmland or farmland of statewide importance –Wetlands as defined under federal law –Earthquake fault zones –High or very high fire hazard severity zones –Hazardous waste site –FEMA designated flood plain or floodway –Protected species habitat –Lands under a conservation easement –Lands designated for conservation in a habitat conservation plan –A site that would require demolition of (a) housing subject to recorded rent restrictions, (b) housing subject to rent control, (c) housing occupied by tenants within past 10 years, or (d) an historic structure placed on a local, state, or federal register –A site that previously contained housing occupied by tenants within past 10 years –A parcel of land governed by the Mobilehome Residency Law, the Recreational Vehicle Park Occupancy Law, the Mobilehome Parks Act, or the Special Occupancy Parks Act.		
10. Has the project proponent certified that either that the entire development is a "public work" for purposes of the prevailing wage law or that the construction workers will be paid at least the prevailing wage (subd. (a)(8)(A))?	☐	☐
This requirement is not applicable to projects of 10 units or less and that are not a "public work for purposes of the prevailing wage law.		
11. Has the project proponent certified that "a skilled and trained workforce" will be used to complete the development, if the requirement is applicable (subd. (a)(8)(B))?	☐	☐
–The requirement applies to Bay and Coastal counties of more than 225,000 in population (excludes Del Norte, Humboldt, Mendocino, and Napa) and to jurisdictions of less than 550,000 in population that are not in Bay and Coastal Counties. –In Bay and Coastal counties, the requirement only applies to projects of 75 or more until 2022; and projects of 50 or more thereafter. –In applicable non-Bay and Coastal jurisdictions, the requirement only applies to projects of 75 or more until 2020; 50 or more units until 2022; and 25 or more thereafter.		

***Process Notes*:**

- If a local ordinance requires more units to be affordable households making below 80% of the area median income, the local ordinance's requirement applies.
- Because the section 65913.4 process is ministerial, eligible projects are exempt from CEQA.
- A local agency has 60 days from project submittal to determine if the project conflicts with any "objective planning standards" (90 days if project is more than 150 units). If the agency fails to respond within the timeframes, the project is deemed to satisfy the standards. (subd. (b).)
- A local agency has 90 days from project submittal to complete any "design review or public oversight" (180 days if the project is more than 150 units). The review or oversight "shall be objective and be strictly focused on assessing compliance with criteria required for streamlined projects, as well as any reasonable objective design standards." (subd. (c).)

Contact: John Bakker, Chair, Municipal and Special District Law Practice, Meyers Nave, 510-808-2000, meyersnave.com

Attachment: Meyers Nave SB-35-Checklist_revised-2.6.18 (1748 : Housing Policies/RDCS Allotments)