



**Special Meeting Agenda
City Council**

Rich Constantine - Mayor
Rene Spring - Mayor Pro Tem
Yvonne Martinez Beltran - Council Member
Larry Carr - Council Member
John McKay - Council Member

Wednesday, October 9, 2019 7:00 p.m.

**Council Chamber
17555 Peak Avenue, Morgan Hill, CA 95037**

SPECIAL MEETING

A Special Meeting of the City Council is called at 7:00 p.m. for the purpose of receiving an Update on Housing Legislation.

CALL TO ORDER

Mayor Constantine

ROLL CALL ATTENDANCE

Minutes Clerk Angie Gonzalez

DECLARATION OF POSTING OF AGENDA

Per Government Code 54954.2
Minutes Clerk Angie Gonzalez

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

PUBLIC COMMENT

Members of the public are entitled to address the City Council concerning any item within the Morgan Hill City Council's subject matter jurisdiction. Public comments are limited to no more than three minutes. Except for certain specific exceptions, the City Council 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)

ADOPTION OF AGENDA

OTHER BUSINESS

1. UPDATE REGARDING 2019 STATE HOUSING LEGISLATION/IMPACTS

Recommendation:

Receive information regarding 2019 State Housing Legislation and Impacts to Morgan Hill Housing Development Guidelines and Enforcement, Residential Development Control System, Development Processing and Work Program.

Estimated Time: 120 Minutes

FUTURE COUNCIL INITIATED AGENDA ITEMS

Note: in accordance with Government Code Section 54954.2(a), there shall be no discussion, debate and/or action taken on any request other than providing direction to staff to place the matter of business on a future agenda.

ADJOURNMENT

NOTICE

Any documents produced by the City and distributed to the majority of the City Council less than 72 hours prior to an open meeting, will be made available for public inspection at the City Clerk's 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 City Council 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 Council 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 Council, 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 City Council 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 City Council.

Persons interested in proposing an item for the City Council agenda should contact a member of the City Council who may plan an item on the agenda for a future City Council meeting. Should your comments require Council action, your request may be placed on the next appropriate agenda. Council 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 City Council at, or prior to the Public Hearing on these matters.

The time within which judicial review must be sought of the action by the City Council, 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 City Council 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 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.

SUSTAINABLE MORGAN HILL



VISION

To sustain a safe, inclusive, socially responsible, environmentally conscious, and economically sound community

Choose Morgan Hill

The City of Morgan Hill is the best community for people to live, work, visit, and operate their businesses.

City Council Ongoing Priorities

- Enhancing Public Safety
- Protecting the Environment
- Maintaining Fiscal Responsibility
- Supporting our Youth, Seniors, and Entire Community
- Fostering a Positive Organizational Culture
- Preserving and Cultivating Public Trust
- Preserving our Community History
- Enhancing Diversity and Inclusiveness
- Advancing Regional Initiatives

2019-2020 Strategic Priorities

- Agricultural Preservation
- Cannabis Policy
- Community Engagement and Messaging
- Economic Development
- Financial Stewardship
- High Speed Rail
- Homelessness
- Housing
- Infrastructure
- Telecommunications
- Traffic/Transportation





CITY COUNCIL STAFF REPORT

MEETING DATE: October 9, 2019

PREPARED BY: Leslie Little, Assistant City Manager for Community Development
 APPROVED BY: City Manager

UPDATE REGARDING 2019 STATE HOUSING LEGISLATION/IMPACTS

RECOMMENDATION(S)

Receive information regarding 2019 State Housing Legislation and Impacts to Morgan Hill Housing Development Guidelines and Enforcement, Residential Development Control System, Development Processing and Work Program.

COUNCIL PRIORITIES, GOALS & STRATEGIES

Ongoing Priorities

Maintaining Fiscal Responsibility
 Preserving and Cultivating Public Trust

2019 Strategic Priorities

Community Engagement and Messaging
 Housing

REPORT NARRATIVE:

This item is intended to transmit a PowerPoint presentation which will discuss pending State legislative changes and the impacts the new legislation will have upon Morgan Hill. Each of the bills highlighted have been approved by the full Legislature and are on the Governor's desk for signature. The Governor has indicated he will sign Senate Bill (SB) 330 – Housing Crisis Act of 2019, Assembly Bill (AB) 1482 – Tenant Protection Act of 2019, and Senate Bill (SB) 329 Discrimination: housing: source of income. The 2019 State Housing Legislation will require numerous changes to Morgan Hill permitting and processing of all residential development projects, including accessory dwelling units. The effective date of any new rule change is January 1, 2020.

Much of the presentation is dedicated to SB 330 (Skinner) “The Housing Crisis Act of 2019” which significantly amends the California Housing Accountability Act. Other bills to be discussed include AB 1763 (Chiu) amending density bonus law, SB 13 (Wieckowski), AB 881 (Bloom), AB 670 (Friedman), and AB 68 (Ting), related to Accessory Dwelling Units (ADU's), AB 1487 (Chiu) creating authority for a 9 county regional agency to raise funds for and provide tools for housing protection, preservation and production, and AB 1482 (Chiu et al) anti-rent gouging and “just cause” eviction law. The Governor has 30 days from the passage of legislation to sign or veto a bill. By October 13, the state should know the status of all legislation passed this session.

The presentation will also include a discussion regarding the upcoming Development Services work program for the balance of the calendar year.

A PowerPoint presentation is attached to this report.

COMMUNITY ENGAGEMENT:

This presentation is intended to inform the City Council and Community. Once legislation is signed, presentations will be made to the Realtors Association, Rotary, Kiwanis, AAUW, and potentially other groups.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

A legislative update presentation was also held at the Planning Commission on September 24, 2019.

FISCAL AND RESOURCE IMPACT:

There is no significant fiscal impact to receiving this report. Tracking legislation and updating the Council and the Community on such legislation is part of the City staff's annual workplan.

CEQA (California Environmental Quality Act):

Not a project, as this is an administrative activity of government that will not result in direct or indirect physical changes in the environment.

LINKS/ATTACHMENTS:

1. Housing Update Presentation



2019 Housing Legislation Update



Attachment: Housing Update Presentation (2493 : 2019 Housing Legislation/Impacts)

Housing Crisis



- Housing growth not keeping up with population growth
- Current shortage of 2,000,000 units in CA increasing to 3,500,000 units by 2025
- Strategies suggest building on vacant urban land, intensifying housing around transit, adding density to multifamily development, increasing supply of affordable housing through various methods



Housing Accountability Act

The Housing Accountability Act, among other requirements, prohibits a local agency from **disapproving, or conditioning approval** in a manner that renders infeasible, a housing development project for **very low, low, or moderate-income households** or an emergency shelter

Sets policy for all cities having a “fair share” of housing development obligations

City RHNA Accomplishments



Current 5th Cycle (2015 - 2023) Summary with Pledged Affordable Units

Morgan Hill	RHNA	Units Permitted	Units Pledged	Remaining / (Surplus)	% Complete
VLI (very low income)	273	80	78	115	29%
LI (low income)	154	178	14	(38)	116%
Mod (Moderate Income)	185	385	320	(520)	208%
Above Mod (Above Moderate Income)	316	1,251	TBD	(935)	396%
TOTAL	928	1,894	412	(1,378)	204%

Attachment: Housing Update Presentation (2493 : 2019 Housing Legislation/Impacts)



New Compliance Pending

- SB 166 No net loss zoning density – 180 days
- No net loss development unit accountability
- AB 1397 Site Inventory changes
- Replacement housing
- Housing Element – new minimum density for sites
- SB 828 Identification of 125% of RHNA need
- New RHNA rules & numbers: + 47% - + 300%

SB 330 – Housing Crisis Act of 2019



Suspended for 5 years:

1. Imposed growth caps
2. Limitations on annual permits or allocations
3. Referendum and initiative
4. Moratorium unless approved for all land use and reviewed by HCD



SB 330 - Limitations

Prohibits City from imposing any condition which would cause project to be developed at lower density unless:

1. Specific adverse impact upon public health and safety
2. No satisfactory way to mitigate adverse impact
 - Use of Density Bonus not valid basis to find a project inconsistent or not in compliance
 - Limits public meetings/hearings to 5 per project

SB 330 – Development



- Allows all housing (affordable & market rate) development to proceed even if zoning inconsistent with General Plan:
 - No Zoning Amendment requirement
 - Mixed-Use Flex – no Block Level Master Plan, or PD unless Developer requested

SB 330 – Fees Fixed



- At time prelim application deemed complete, plus:
 1. Annual COLA
 2. Costs necessary to mitigate under CEQA
- Term: 2 ½ years



SB 330 – Processing - 2025

- Requires objective criteria, no subjective judgements
- Within 30 days of submission of pre-application, agency determines whether complete (60 days > 150 units)
- If not complete, provide exhaustive list of required submittals per Gov. Code Section 65941.1(a)
- After that, agency not allowed subsequent request of any item NOT on list.

SB 330 – Project Review



Approve or Disapprove

1. 60-180 days from certification of EIR
2. 60 days of Negative Declaration
3. 60 days if 49% of units are affordable to very low and low, restricted for 30 years, and tax credit project
4. 60 days from exempt project determination
 - Residential project
 - Mixed use if 50% residential – “Neighborhood Commercial”



SB 330 - Tenant Protections for redevelopment of sites

- No net loss of units at lower income
- New project must increase density
- Relocation
- Long term notice (6 months)
- Right of first refusal
 - Agricultural Land and Historic protected from conversion

SB 330 - Enforcement



- Applicant
- A person eligible to reside in dwelling or emergency shelter
- A housing organization
- Court ordered Judgement to compel within 60 days
- Award attorney fees to petitioner
- Fine up to \$10,000 per unit - from General Fund
- x5 if bad faith actions apply

SB 330 – Policies/Standards

Does not prohibit adoption of new policies/standards which:

- Allow greater density
- Facilitate development of housing
- Reduce costs of housing development
- Imposes/implements CEQA mitigation measures



Rent/Tenant Protections

- Single family units exempt
- 15 years old and younger - exempt
- 2 units or more
- 10-year term
- 5% + CPI (inflation)
- No discrimination regarding source of income (section 8 vouchers) (SB 329)





ADU's

- City must update local ADU Ordinance
- No lot size/FAR requirement; 4 ft side/rear yard
- 2 ADU's per single family lot occupied with a home and multifamily
- Must permit up to 1,200 sq. ft (attached if 2,400 sq. ft)
- 16' height permitted



ADU's - (continued)

- No replacement parking for converted garage or carport or new unit within ½ mile of transit
- No owner-occupancy requirement
- 60-day ministerial review on SF & MF sites
- Ministerial review of multiple ADU's inside multifamily structure
- No impact fees <750 sq. ft; 25% >750 sq. ft.
- HOA's restricted from permitting (signed); design only

AB 1763 - Density Bonus



- Defines affordable projects as 100% affordable with 20% affordable to lower income
- 100% affordable receives 80% density bonus; 4 incentives/concessions
- Within a ½ mile transit stop or transit corridor, unlimited density and 3 additional stories or 33 feet height increases

AB 1763 – Density Bonus & Parking



- Shall not impose any new more restrictive parking requirements
- New parking requirement near transit as follows:
- $\frac{1}{4}$ mile of rail/bus corridor - 0 per unit
- $\frac{1}{2}$ mile of rail/bus corridor - .5 per unit

AB 1487 – SF Bay Area: Housing Development Financing Agency



- Leadership: Executive Board MTC/ABAG
- Direct allocations to Big 3 cities and any city without 30% of total county housing allocation
- No sales tax
- Commercial linkage, business tax etc. - 50% to County of origin

Questions?



CITY OF MORGAN HILL