



City of Gilroy

2020 General Plan Annual Report

March 15, 2020

Purpose of the General Plan Annual Report

The General Plan Annual Report fulfills the requirements of California Section 65400 of the California Government Code, which requires all jurisdictions to prepare an annual report addressing two primary topics:

- I. *2020 General Plan Implementation Activities* describes notable activities in 2020 that made progress towards implementing 2020 General Plan goals, policies and action items.
- II. *Annual Housing Element Progress Report* provides a summary of the City's progress towards meeting Gilroy's Regional Housing Needs Allocation (RHNA) and efforts to remove governmental constraints to the maintenance, improvement and development of housing.

The General Plan Annual report is to be presented to the Gilroy City Council, the Governor's Office of Planning and Research (OPR) and the State Department of Housing and Community Development (HCD) on or before April 1 of each year.

Background of the General Plan

Every city and county in California must have a general plan, which is the local government's long-term framework or "constitution" for future growth and development. The general plan represents the community's view of its future and expresses the community's development goals. The general plan consists of the policy text, containing goals, polices and implementation actions, and the land use diagram, displaying the planned future land uses and pattern of development. All land use decisions by the Planning Commission and City Council must be consistent with the adopted General Plan. Under California law, cities are required to address seven issue areas or "elements" in their general plans: land use, transportation, housing, safety, open space, conservation, and noise. The State allows considerable flexibility in how these elements are organized, and encourages the inclusion of additional "elements" to ensure that plans are truly comprehensive and effective in addressing local issues. Typically, a general plan is designed to address the issues facing the city for the next 15-20 years. State Planning Guidelines recommend updating the General Plan about every 10 years.

The Gilroy 2020 General Plan was adopted in June 2002. There have been multiple individual amendments to both the policy text and the land use diagram since that time. The Gilroy 2020 General Plan (which was current until November 2, 2020), incorporates the State-mandated elements, but organizes them into five major policy areas: Community Design and Development; Housing; Transportation and Circulation; Public Facilities and Services; and Community Resources and Potential Hazards. The General Plan also addresses a number of topics sometimes included in General Plans as "optional elements" to address key issue areas. These include Agriculture, Air Quality, Economic Development, Historic Preservation, Parks and Recreation, Schools and Water Supply and Quality.

I. 2020 General Plan Implementation Activities

The subsections below describe notable activities in 2020 that made progress towards implementing 2020 General Plan policies and action items. This is not a comprehensive list, as the majority of the 2020 General Plan policies and related action items have been implemented throughout the 18 years since its adoption in June 2002. Moreover, many of the implementation actions, such as design review of development applications (Action 1.J), code enforcement (Action 8.B), and building inspections (Action 25.C) are ongoing, and are not listed here. The previous implementation of other more specific General Plan policies and action items can be viewed in prior Annual General Plan Reports. A review of the Housing Element implementation status, and progress toward meeting the City's Regional Housing Needs Allocation, is provided in Section 2, beginning on page 13.

A. 2040 General Plan Adopted

Action 28.C of the 2020 General Plan provides for a comprehensive review and technical update of the General Plan once every 10 years to evaluate the General Plan's performance and consider possible modifications, in response to changed conditions and revised growth projections. In August 2013, 11 years after the adoption of the 2020 General Plan, the City initiated a comprehensive update. The 7-year process that began in 2013 endeavored two lengthy delays including the Measure H ballot initiative that passed in 2016, establishing an Urban Growth Boundary that restricts new development outside the boundary through 2040. The update focused on a number of important steps, including gathering information about existing conditions, establishing a vision and guiding principles, and evaluating land use alternatives. The process also included, preparing new General Plan goals, policies, and programs to address changing conditions and priorities, and new State laws.

Following City Council approval of the 2040 General Plan Land Use Alternative in late 2019, the General Plan Advisory Committee (GPAC) and the Planning Commission recommended approval of the Draft Policy Document text (January 23rd and February 6th 2020, respectively). Following the March 16, 2020 City Council approval of the Draft General Plan Policy text, an Environmental Impact Report (EIR) was prepared. The Draft EIR was made available for a 45-day review period from June 26, 2020 through August 10, 2020. The City received thirteen (13) comment letters from individuals, organizations, and agencies. Responses were provided to each individual who had commented on the Draft EIR and included in the Final EIR which was completed on September 23, 2020. On October 2, 2020, the Gilroy Planning Commission voted unanimously to recommend that the City Council certify that the EIR and adopt the new General Plan.

On November 2, 2020, the City Council certified the EIR, adopted the CEQA findings of fact and statement of overriding considerations, and adopted the Gilroy 2040 General Plan.

B. Public Safety

One of the primary Goals of the 2020 General Plan is to provide: *Public health and safety through (1) the provision of high quality police, fire, and emergency-response services that respond to community needs and issues; (2) education programs that raise community awareness about public safety issues; and (3) preventive programs that involve residents in deterring crime, reducing fire hazards, and addressing other threats to public health and safety.*

Although the 2020 General Plan never envisioned a global pandemic, Policy 18.05 (Emergency Response and Preparedness) directs the City to *continue to provide essential emergency public services during natural catastrophes. Promote emergency preparedness through staff training and planning in cooperation with other public agencies and appropriate public interest organizations.*

On March 16, 2020, by Order of the Health Officer of the County of Santa Clara, all individuals currently living within Santa Clara County (the "County") were ordered to shelter at their place of residence, due to the coronavirus (COVID-19) global pandemic. In response, the City of Gilroy shut its doors to the public and directed most if its employees to work from home, in order to slow the spread of COVID-19 to the maximum extent possible. The City of Gilroy's offices continue to remain closed to the public, while providing remote services and enabling essential services, such as public safety and building inspections, to continue. The timeline below includes a small sample of Gilroy's Fire Department response to the COVID-19 global pandemic:

- January 2020 - Enacted significant infection control practices in preparation for the coming COVID-19 pandemic.
- February 2020 – Required mandatory infection control reporting on all patients exhibiting COVID-19-like symptoms.
- March 2020 – Enacted infection control practices assuming all patients were COVID-19 positive.
- April 2020 – Replaced all N-95 masks to highest respiratory protection available for firefighters when responding any patient regardless of symptoms. Enacted workplace health screening and contact tracing for all fire employees.
- July 2020 – Enacted face-covering requirements for all firefighters within the station.
- August – Routine COVID-19 testing provided for all firefighters.
- December 2020 – Only one firefighter developed COVID-19 during the 2020 calendar year.

C. Public Facilities and Services

Infrastructure systems must meet residents' needs, conserve resources, protect the environment, and protect public health and safety. Per Policy 19.03 (Sewer, Treatment, and Disposal Capacities), the City shall *provide and maintain adequate sewers,*

wastewater treatment, and treated water disposal capacities to meet the needs of future growth (residential, industrial, and other).

The City's Fire Prevention and Pretreatment group completed the Sewer Local Limits Study and Evaluation, Sewer Use Ordinance update, and Sewer Enforcement Response Plan update in 2020, and submitted them to the State in January 2021.

D. Economic Development

Another primary Goal in the 2020 General Plan is economic development. This goal provides for a *mix of traditional and new businesses and industries that provide a vibrant local economy, a diversity of economic opportunities for all Gilroyans, and a stable tax base to support City services, with a vital city center in and around Gilroy's historic Downtown.*

With a strategic central location, talented workforce, and outstanding quality of life, Gilroy truly is "A Community with a Spice for Life"—and an ideal place to live, work, and build your business. The City of Gilroy proudly partners with the local business community to drive economic growth and development throughout the region. The City of Gilroy is business-friendly and offers a wide range of support services, including one-stop permit processing, permit expediting and financial incentive programs for high sales tax or job-creation businesses.

Even through the pandemic, the City of Gilroy continues to support its local businesses through incentives, new programs, and exceptional customer service. The following represents a small sampling of the economic development tools that the City is using to keep its existing businesses "in business" and drive new business opportunities to the City.

Permit Processing Improvements: The City of Gilroy provides a variety of services to fulfill the objectives of the General Plan and understands that efficient permit processing services is a key component of economic development. In 2020, the City awarded the contract for the purchase and implementation of a Land Management System to *Tyler Technologies* for the implementation of Energov to manage land development applications, business and professional licenses, special event permits, code enforcement cases, and fire prevention/pre-treatment/ hazardous materials management. The City and Tyler teams kicked off the project in September of 2020 with an anticipated "go-live" completion by the end of 2021. This project will modernize the City's application processes by allowing online application submittals, coordinated digital plan review, and automation of many steps in the process. Applicants will be able to check the status of their permit online and staff will have greater control over the workflow.

CARES Act Funding: The federal Coronavirus Aid, Relief, and Economic Security (CARES) Act program has provided \$5 billion in CDBG coronavirus related funds to help prevent, prepare for and respond to the coronavirus outbreak. The City of Gilroy received

\$275,486 in CARES Act Funding, which was coupled with \$344,229 in unused CDBG funds for a total of \$619,715. A portion of these funds were used to support the City's Small Business Grant Program. The City of Gilroy continues to partner with local agency providers to support their programming with these funds.

Small Business Relief Program: In the face of COVID-19, City leaders know that many local small businesses are struggling. A strong business community fosters strong employees and strong communities. In an effort to help support our local small businesses and our community, the City of Gilroy established a grant program to support small businesses in these trying times. Businesses operating within the city limits of Gilroy were able to apply for a one-time business relief grant using CARES Act funding in 2020.

A total of \$469,715 in CARES Act funds were designated to small business grants. Since summer of 2020, \$310,000 was distributed to 46 local business in the amounts of \$5,000 or \$10,000 for operational expenses such as the purchasing of merchandise, payroll and rent relief. In February 2021, the City of Gilroy entered into an agreement with the Gilroy Chamber of Commerce for the facilitation of the remaining \$125,000 for the continuation of the CARES ACT Small Business Grant program. This program will continue into 2021.

Outdoor Dining: Under the current COVID-19 restrictions for indoor operations, outdoor spaces are becoming vital to our community, which is why Gilroy developed a program to assist our local businesses and the community, while at a safe distance from others. The Gilroy Al Fresco Program, which began in 2020, continues to be an opportunity for restaurants and other businesses, such as fitness facilities, to remain open by utilizing outdoor space for dining, displaying merchandise, exercising, and providing services to their clients. The City has made it fast, easy, and free to sign up for the program, asking businesses to complete a brief registration form.

Downtown Revitalization: The Vision and Guiding Principles of the 2020 General Plan place a high priority on Downtown, stating that *Downtown will be the pride of Gilroy's residents and the focal point of activity in the city...* It envisions an active, attractive, and economically vibrant Downtown of *restored historic buildings, attractive new buildings, a bustling transit center, new housing, pedestrian-oriented public spaces and amenities, and a new town Gilroy's Old City Hall is located in the heart of the historic Downtown district, plaza or pedestrian mall.* While Downtown has experienced a period of decline, it remains a valued community resource and an important small business center, with restaurants, antique stores, and other specialty shops and service operations. Recent steps towards revitalization have produced valuable results, but many more challenges remain.

Downtown Improvement Incentive Program: Policy 3.30 (Historic Preservation, Restoration and Re-use in the Downtown Area) *encourages restorative maintenance to deteriorated buildings in the Downtown and restrict the demolition of historically and/or architecturally significant buildings to accommodate new development. Encourage adaptive re-use of historic structures to maintain their historic character while supporting economic development.*

Gilroy’s downtown businesses are an important part of our community and provide services and experiences that make our community unique. From July 1, 2019 to June 30, 2020 the City of Gilroy offered two limited-time incentives to help downtown businesses by assisting with efforts to revive and refresh their buildings. The two Downtown Improvement Incentive Program pilots were: (1) the Downtown Commercial Corridor Development Incentive Pilot, which temporarily reduced building and planning fees by 75%; and (2) the Downtown Façade Improvement Pilot, which offered \$5,000 matching grants for façade improvements. A summary of results are presented below:

<u>Downtown Improvement Incentive Program</u>	
The Downtown Commercial Corridor Development Incentive Pilot	<p>34 planning and/or building permit applications qualified</p> <p>\$64,738 in combined savings for all applicants</p> <p>\$3,753,594 estimated new assessed valuation in building improvements</p> <p>Feedback revealed the pilot was viewed favorably by local business owners and that there is interest to renew</p>
The Downtown Façade Improvement Pilot	<p>12 total applicants with an average project budget of \$14,035 and average planned reimbursement of \$4,166</p> <p>\$50,000 in total funds reserved for projects, representing 100% utilization</p> <p>\$168,424 combined planned investment in downtown building improvements, including the City’s portion. This is a 337% increase over the City’s portion of \$50,000</p> <p>Feedback revealed the pilot was viewed favorably by local business owners and that there is interest to renew</p> <p>Participating businesses are host to a combined 44 local jobs</p>

URM Buildings: Action 25.D (Unreinforced Masonry [URM] Buildings) directs the city to *implement actions to address safety issues related to Unreinforced Masonry Buildings*. For a very long time, URM buildings remained vacant in the City of Gilroy, due to a lack of structural retrofit construction, required under state law. With the help of a city-property owner URM Task Force, agreements were reached with property owners resulting in significant progress. During 2020, a total of 14 of 17 remaining URM buildings were found to be compliant with the Voluntary Retrofit Standards (VRS) or the Mandatory Retrofit Standards (MRS), and can be occupied once tenant improvement are completed. This effort is resulting in a major reduction in vacant storefronts and the opportunity for new businesses to locate downtown. The 14 properties are listed below.

1. 7373 Monterey St (VRS)
2. 7401 Monterey St (VRS)
3. 7451, 7451-1/2, 7452 Monterey St (VRS)

4. 7455 Monterey St (MRS)
5. 7477 Monterey St (VRS)
6. 7511 Monterey St (MRS)
7. 7529, 7531 Monterey St (VRS)
8. 7574 Monterey St (exempted by city)
9. 7568 Monterey St (exempted by city)
10. 7320, 7330, 7340 Monterey St (VRS)
11. 7517, 7525 Monterey St (VRS)
12. 7533, 7539 Monterey St, 7530 Gourmet Alley (MRS)
13. 7541, 7443 Monterey St, 7440 Gourmet Alley (MRS)
14. 7515 Monterey St (VRS)

E. Historic Preservation

Goal #5 of the General Plan is a *strong sense of connection to Gilroy's past through historical, archeological, and paleontological resources that are preserved, protected, enhanced, and commemorated for the benefit of current and future generations.*

Historic Resource Inventory and Context Statement: Policy 5.01 (Historic Preservation) encourages *public and private efforts for the preservation of historic and architecturally significant buildings, archeological sites, and other landmarks that give residents a tie with the past* and Action 5.E (Survey of Historic Structures) directs the City to periodically update the City's Survey of Historic Structures.

In 2018, the City hired a consultant to update the City's 1986 Historic Resource Inventory (HRI), develop a Historic Context Statement, and create a Property Owner's Guide to Historic Preservation in Gilroy. The consultant conducted a reconnaissance-level survey of all properties over 45 years of age within the city, surveying 3,374 properties. The consultant documented each property with notes and photographs, and made recommendations on properties to remain on the list, to be removed from the list, and to be added to the eligibility list. On June 17th and July 9, 2020 respectively, the Historic Heritage Committee and Planning Commission reviewed the documents prepared by the consultant and recommend that the City Council accept the HRI update and corresponding documents as guidance for evaluating historic or potentially historic structures. On August 17, 2020 the City Council accepted the Historic Resource Inventory Update and Context Statement as a guiding document for preservation of historic resources in the City of Gilroy. In 2021, the City will begin the process of considering the recommended additions and deletions of properties to be listed on the HRI.

Mills Act Agreements. Action 5.G (Mills Act Agreements) supports the use of Mills Act contracts to reduce property taxes on historic properties and thereby provide a monetary incentive for their acquisition, maintenance, and restoration.

The City of Gilroy adopted the *Mills Act Agreement Policy* in 1997 to foster and encourage the preservation, maintenance, rehabilitation, and restoration of historic properties. Owner-occupied family residences and income-producing commercial properties may qualify for the Mills Act program. If granted, the Mills Act agreement(s) can provide a property owner tax relief in exchange for a commitment to restore and retain the architectural integrity of the historic property. The tax benefit runs with the property and could potentially be indefinite since the Mills Act agreement auto-renews each year until a non-renewal notice is filed. Mills Act properties must be on a local, state, or national register of historic places.

On November 2, 2020, the City Council approved two Mills Act program requests and authorized the City Administrator to execute Mills Act Agreements for a commercial Neo-Classical style building located at 7363 Monterey Road (the Neon Exchange) and a Tudor Revival style residential home located at 7511 Carmel Street.

F. Community Development

CDBG. Action 10.L (Community Development Block Grant Program [CDBG]) supports agencies that provide services to Gilroy households, especially to households with special needs, through the Community Development Block Grant Program.

The health and economic impact of the COVID-19 pandemic has been felt around the world, but the virus has had a more devastating effect on our most vulnerable communities. Data from Santa Clara County indicates that communities of color have a greater risk of having a disproportionate impact from COVID-19. Gilroy is no exception.

- Gilroy is largely a community of color (58% of the population is Latino).
- Gilroy's poverty levels are high compared to other cities (11.9% or 1 out of 8 Gilroy residents live in poverty, which is lower than the State poverty rate level of 15%).
- It is not uncommon for multiple families to live in one household to make ends meet.
- Many Gilroy residents work in the service industry or other lower paying jobs like in retail, hospitality, restaurants or food service, and agriculture.
- Not all Gilroy residents have access to health care.

The pandemic has created significant increases in rental debt, causing instability and financial hardships for both tenants and landlords. Additionally, job hour cutbacks and losses due to COVID-19 have disproportionately affected workers of small businesses and industries affected by the stay-at-home orders such as retail, entertainment, hospitality, and food service. Most of the workers in these industries are more likely to be renters because of lower wages.

St. Joseph's Family Center Rent Relief Program: As described earlier in this report, the City of Gilroy has received several rounds of CARES Act Funding. A portion of these funds were used to support the St. Joseph's Family Center Rent Relief Program. The City of Gilroy partnered with the St. Joseph's Family Center for the facilitation of the rent relief

program utilizing \$150,000 in CARES ACT funds. The St. Joseph's Family Center Rent Relief Program was initiated back in September 2020 and since February 2021, the entire \$150,000 has been utilized on rent relief. This program supported 62 Gilroy households, equating to 226 individuals, averaging 3.6 individuals per household. The average assistance amount was \$2,362. Seventy (70) percent were extremely low income and thirty (30%) were very low income. Additionally, ninety (90) percent were Latino/Hispanic families.

Community-based Partners. Action 7.C (Collaboration with Non-Profits) provides for establishing relationships with, and providing technical assistance to, both profit and nonprofit groups working in the area of affordable housing, facilitating innovative partnerships and collaborative approaches to affordable housing development.

In April 2020, the City Council unanimously voted to designate \$267,500 in General Fund monies to local community-based agencies, providing essential services to Gilroy's most vulnerable populations affected by COVID-19. The City of Gilroy continues to partner with local agency providers to support their programming with these funds.

Housing Trust Fund. Action 10.G (Housing Trust Fund) directs the City to continue to use the Housing Trust Fund to support affordable housing opportunities, seeking funds from public and private sources to implement or supplement the City's housing programs, in accordance with administrative guidelines.

The City continues to administer the Housing Trust Fund (HTF) program and funds housing-related activities as funding allows. These activities include fair housing services, tenant landlord counseling services, and homeless prevention services. In 2020, HTF funding was used for the following grant allocations:

- The Health Trust (meals on wheels) \$20,000
- Gilroy Compassion Center (day center for the homeless) \$23,800
- St. Joseph's Family Center (homeless prevention and safety net services) \$50,000
- St. Joseph's Family Center (Gilroy Street Team) \$35,000
- Silicon Valley Independent Living Center (housing and emergency services for persons with disabilities) \$25,000
- Project Sentinel (fair housing) \$21,000
- Project Sentinel (tenant/landlord counseling and dispute resolution) \$26,000

Accessory Dwelling Unit Ordinance Update. Action 9.C (Accessory Unit Ordinance) *encourages the construction of accessory units in R1 areas through the Accessory Unit provisions of the Zoning Ordinance.*

On January 1, 2020, new state laws became effective which require local approval for various types of accessory dwelling units (ADUs) on single-family and multi-family zoned parcels. On February 10, 2020, following a report by staff state housing legislation including revised ADU standards, Council directed staff to update the City's ADU

ordinance to implement the mandates of state law. Consultation with the California Department of Housing and Community Development (HCD) staff was initiated early in order to confirm staff understanding of the law and help assure the final ordinance would be accepted by the State. During this review, HCD staff advised the City that it must not impose a limit on the number of bedrooms, must allow attached ADU's with only 4-foot side and rear yard setbacks (including exterior side yards), and must permit internal conversions up to 50% of the primary residence size. The Ordinance was then revised to include these allowances. On May 14 202, the Planning Commission recommended approval of the draft Ordinance. The ADU Ordinance 2020-03 (Z20-01) was adopted by City Council on July 6, 2020, and sent to HCD on July 22, 2020 for its review and final approval. City staff will work with HCD on any further refinements needed to receive their approval.

Development Activity in 2020. The General Plan is based on the premise that growth and change are inevitable, and that while growth is certain to have some undesirable impacts, it can also provide important community benefits. The General Plan helps guide the City's long-term development. It establishes the overall policy framework for development decision making and defines the desired location, character, and quality of future development, as well as the process by which development should proceed. As the City faces tough development decisions, the General Plan serves as a guide to help ensure that each decision is made in the best interest of the City's long-term future. If a project is proposed that does not conform to the General Plan, then the project must be either modified or denied, or the General Plan must be amended.

Major Industrial Buildings

1. Distribution Center, 407,850 sq. ft. (under planning review)
2. Data Center, 418,680 sq. ft. (under planning review)
3. Silva Sausage Expansion, 28,989 sq. ft. (under planning review)
4. 8900 Murray Storage – 30,978 sq. ft. (under building review)

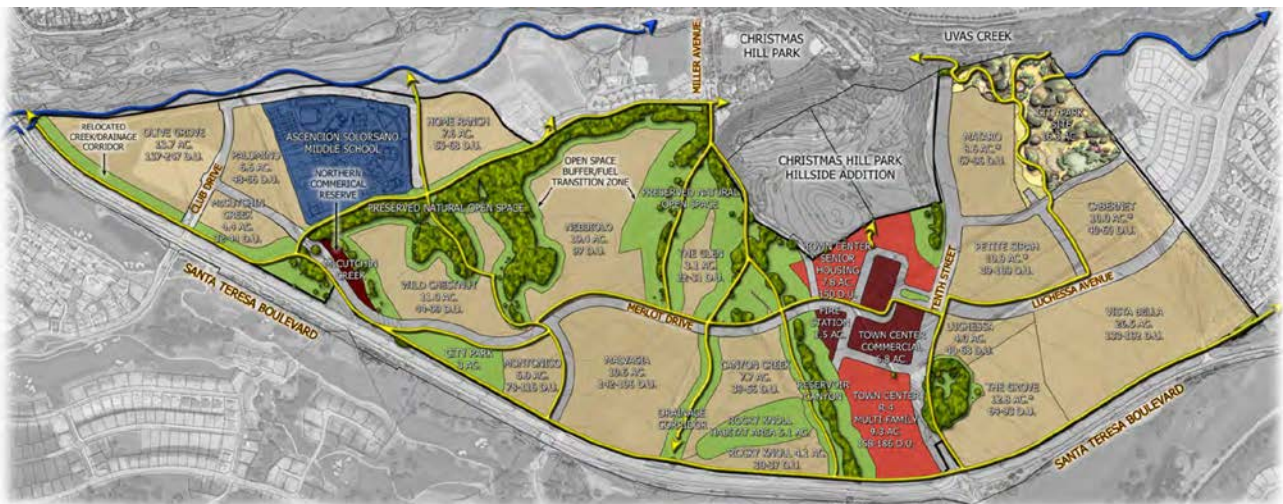
Major Commercial / Office Buildings

1. Evergreen, 19,649 sq. ft. commercial, 120 room hotel (under planning review)
2. O'Reillys Auto Parts, 7,000 sq. ft. commercial (under building review)
3. Gilroy Nissan (occupied)
4. The Patio Shopping Center w/ Starbucks, Brew City Burger (occupied)
5. Hampton Inn Hotel (under construction)
6. Alpine Landscapes – 17,795 sq. ft. commercial & office (under construction)

Glen Loma Ranch Specific Plan Area: Glen Loma Ranch includes 359 acres bounded by Uvas Creek to the north, Santa Teresa Boulevard to the west and south, and existing development to the east. The development includes two neighborhood parks, a new fire station, a town center commercial area, preserved open space, bicycle and pedestrian trails, and two existing schools: Ascencion Solorsano Middle School and Las Animas Elementary School. The Plan calls for up to 17 residential neighborhoods with a

maximum of 1,693 dwelling units. Under the City’s Neighborhood District Policy, the Glen Loma Ranch Specific Plan area is required to allocate at least 15.1% of the actual units produced. The maximum potential number of affordable units is 256.

Glen Loma Ranch completed, or neared completion of, the following neighborhoods as of the end of 2020: Vista Bella, Home Ranch, Wild Chestnut, Petite Sirah, and Mataro. Glen Loma Ranch is currently constructing the following neighborhoods: Montonico, Luchessa, The Grove, Town Center BMR apartments, and Town Center Townhomes. Neighborhoods that have not yet started construction include Nebbiolo, Malvasia, The Glen, Palomino and Luchessa. Neighborhoods currently under tentative map review include Malvasia Townhomes, Rocky Knoll Townhomes, and Canyon Creek. Development areas with no current development activity include Olive Gove and Town Center Flex. Neighborhoods are listed by name in the map below.



Major Single-Family Developments

1. Glen Loma Ranch, Nebbiolo, 102 single-family homes (entitled by Planning)
2. Glen Loma Ranch, Malvasia I, 46 single-family homes (entitled by Planning)
3. Glen Loma Ranch, The Glen, 23 single-family homes (entitled by Planning)

Major Multi-Family Developments

1. 9070 Kern Avenue Apartments, 22 affordable units (occupied)
2. Monterey Gateway Senior Apartments, 75 affordable units (occupied)
3. Glen Loma Town Center Apartments, 158 affordable units (under construction)
4. Glen Loma Town Center II, 125 townhouse units (under review)
5. Jemcor Apartments, 120 affordable units (under review)
6. Glen Loma Rocky Knoll Townhomes, 34 mixed-income units (under review)
7. Glen Loma Malvasia II Townhomes, 40 mixed-income units (under review)
8. Hecker Pass Apartments, 99 affordable units, 1 manger’s unit (under review)

II. Annual Housing Element Progress Report

Government Code section 65400 requires the City to prepare an annual progress report (APR) for Gilroy's Housing Element, which is part of the City's General Plan. The Housing Element outlines the City of Gilroy's goals, policies, and implementation programs for the preservation, conservation, improvement, and production of housing for the 2015-2023 planning period. The Housing Element identifies the specific actions the City will take to address existing and future housing needs.

The APR includes the City's progress in permitting its Regional Housing Needs Allocation (RHNA) of affordable and market rate units. The APR also includes a description of the City's progress towards implementing Housing Element programs intended to remove governmental constraints to the maintenance, improvement and development of housing. The APR will be submitted electronically to HCD and OPR, following staff's presentation to the City Council.

A. RHNA Progress Report

The RHNA program establishes an eight-year cycle within which the city must work to achieve the allocated amounts of new housing in each income category. The current RHNA cycle is for the period from January 31, 2015 – January 31, 2023 (2015-2023). In 2020, the Area Median Income (AMI) for a four-person household in for Santa Clara County, as defined by the California Department of Housing and Community Development (HCD) was \$141,600. Based on this, the following represents the income limits for the various affordable housing categories for a family of four:

Extremely Low Income (ELI) 0 – 30% AMI – \$47,350
Very Low Income (VLI) 31 – 50% AMI – \$78,950
Low Income (LI) - 51 – 80% AMI – \$112,150
Moderate Income 81 – 120% AMI - \$169,900
Above Moderate – Above \$169,900

In 2020, the City of Gilroy issued building permits for the Glen Loma Ranch, Below Market Rate (BMR) Apartments. That complex included 129 very-low income units and 42 low income units, as well as two (2) manager's units that can be counted towards the moderate-income RHNA category.

Additionally, 13 Accessory Dwelling Units (ADUs) that were issued building permits in 2020 can be counted towards the City's moderate-income RHNA category.

As illustrated in the following table, the remaining Very Low Income target is 97 units and the remaining moderate income RHNA target is 178 units. The City has exceeded the RHNA for Low Income and Above-Moderate (market rate) housing units.

Regional Housing Needs Allocation Progress (2015 – 2020)					
Income Level	<u>Unit Allocation</u>	<u>2015 – 2019 Units</u>	<u>2020 Units</u>	<u>Total Units Permitted</u>	<u>Units Remaining</u>
*Very Low (31 – 50% AMI)	236	63	76	139	97
Low (51 – 80% AMI)	160	487	80	567	0
Moderate (81 – 120% AMI)	217	24	15	39	178
Above Moderate (Above 120% AMI)	<u>475</u>	<u>1,124</u>	<u>172</u>	<u>1,196</u>	<u>0</u>
Total Units:	1,088	1,698	243	1,941	Remaining Need = 275

*The category “extremely low-income households” is a subset of “very low-income households,” and is defined as 30 percent or less (0 – 30%) of the area median income.

B. Activities to Remove Governmental Constraints

The second component of the Housing Element Annual Progress Report requires the city to provide information on the progress in implementing Housing Element programs and other activities intended to remove governmental constraints to the maintenance, improvement and development of housing. Efforts conducted in 2020 include:

Consideration of an Affordable Housing Ordinance: In 2020, the City of Gilroy applied for and was awarded \$150,000 in grant funding to be used towards efforts that would help accelerate housing production in Gilroy. One of the tasks identified in the grant application was the preparation and implementation of an Affordable Housing Ordinance. This could take the form of an Inclusionary Housing Ordinance or an Affordable Housing Incentives Ordinance. The exact form of the Ordinance will be determined through community outreach, as part of the Housing Element update. This Ordinance would be adopted as part of the City’s 2023-2031 Housing Element Update, following community outreach and the potential creation of a Housing Element Update Advisory Committee.

CDBG program funding: The city continues to administer the CDBG program and funds eligible activities as funding allows. One such activity is a housing rehabilitation program that helps low income individuals with accessibility improvements. The city has provided a grant to Rebuilding Together Silicon Valley to operate and expand the Home Repair, Rehabilitation and Modification program in Gilroy. This program provides a wide range of home repair, accessibility, mobility and rehabilitation improvements for low income

homeowners. The city also continues to utilize CDBG funding to fund housing code enforcement services within the HUD-approved Neighborhood Revitalization Strategy Area.

Housing Trust Fund: The City continues to administer the Housing Trust Fund program and funds housing-related activities as funding allows. These activities include fair housing services, tenant landlord counseling services, and homeless prevention services.

Housing Rehabilitation: The city currently funds a housing rehabilitation program that provides accessibility improvements to very low income households. The city has provided a grant to Rebuilding Together Silicon Valley to operate and expand the Home Repair, Rehabilitation and Accessibility Modification program in Gilroy. This program will provide a wide range of home repair, accessibility, mobility and limited rehabilitation improvements for low income home owners.

BMR Program Administration: The City continues to contract with a Program Administrator to manage the city's Below Market Rate (BMR) home ownership and rental property program. The Program Administrator helps ensure regular monitoring of deed-restricted units that have the potential of converting to market rate. The Program Administrator helps the City implement resale controls on owner-occupied BMR units to ensure that affordable units provided through public assistance or public action are retained for 30 years or more as affordable housing stock.

Homeless Services: The City provides funding to homeless service providers through both its CDBG and Housing Trust Fund programs. Services include referrals to the Santa Clara County Continuum of Care program, case management, homelessness prevention and provision of basic need items.

Fair Housing Counseling: The City funds fair housing counseling services through its Housing Trust Fund program. It also publishes the availability of both tenant/landlord counseling and fair housing services via its website.