

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

2020 W. El Camino Avenue, Suite 500
Sacramento, CA 95833
(916) 263-2911 / FAX (916) 263-7453
www.hcd.ca.gov



November 29, 2023

Jennifer Carman, Director
Development Services Department
City of Morgan Hill
17575 Peak Ave
Morgan Hill, CA 95037-4128

Dear Jennifer Carman:

RE: City of Morgan Hill's 6th Cycle (2023-2031) Adopted Housing Element

Thank you for submitting the City of Morgan Hill's (City) housing element, which was adopted January 25, 2023 and received for review on October 5, 2023 with technical modifications received November 24, 2023. All technical modifications were authorized by Resolution Number 23-004 and were made available to the public for seven days before HCD's review. The City confirmed the technical modifications are consistent with the direction and authority granted by Resolution Number 23-004. Pursuant to Government Code section 65585, subdivision (h), the California Department of Housing and Community Development (HCD) is reporting the results of its review. HCD's review was facilitated by a conversation on November 16, 2023, with you, Adam Paszkowski, and Edith Ramirez. In addition, HCD considered comments from Kim Savage and Oroville Power's, pursuant to Government Code section 65585, subdivision (c).

HCD is pleased to find the adopted housing element, including all technical modifications, in substantial compliance with State Housing Element Law (Gov. Code, § 65580 et seq) as of the date of this letter. The adopted element, including all technical modifications, meets the requirements described in HCD's April 3, 2023 review.

Additionally, the City must continue timely and effective implementation of all programs including but not limited to the following:

- Programs to Facilitate Development and Remove Constraints:
 - Program HE-1.I – Facilitate and Monitor Pipeline Projects
 - Program HE-1.K – Parking for Smaller Units
 - Program HE-5.G – Transitional and Supportive Housing
 - Program HE-5.J – Emergency Shelters
 - Program HE-6.E – Residential Care Facilities
 - Program HE-6.C – Reasonable Accommodation Ordinance

- Programs to Promote Housing Mobility and Increase Housing Choices and Affordability in Higher Opportunity and Higher Income Areas:
 - Program HE-1.C – Smaller Lot Sizes
 - Program HE-1.G – Extremely Low Income Housing
 - Program HE-3.A – Increased Housing Opportunity in Higher Resource and Racially Concentrated Areas of Affluence (RCAA)
 - Program HE-3.B – Funding for Housing in RCAA
 - Program HE-3.D – Landlord Outreach in RCAA
 - Program HE-3.E – Support Mobility Counseling Efforts
 - Program HE-3.F – Affirmative Marketing Plan
 - Program HE-3-Q – Place-Based Strategies for Low Resourced Areas
 - Program HE-3-S – Monitor ADU and SB9 Construction
- Strategies to Prevent and Mitigate Displacement Risks:
 - Program HE-3.H – Rent Increase Mediation
 - Program HE-3.I – Tenant Relocation Assistance Ordinance
 - Program HE-3.J – Eviction Counsel
 - Program HE-3-T – Elevate Morgan Hill

The City must monitor and report on the results of these and other programs through the annual progress report, required pursuant to Government Code section 65400. Please be aware, Government Code section 65585, subdivision (i) grants HCD authority to review any action or failure to act by a local government that it determines is inconsistent with an adopted housing element or housing element law. This includes failure to implement program actions included in the housing element. HCD may revoke housing element compliance if the local government's actions do not comply with state law.

Several federal, state, and regional funding programs consider housing element compliance as an eligibility or ranking criteria. For example, the CalTrans Senate Bill (SB) 1 Sustainable Communities grant, the Strategic Growth Council and HCD's Affordable Housing and Sustainable Communities program, and HCD's Permanent Local Housing Allocation, consider housing element compliance and/or annual reporting requirements pursuant to Government Code section 65400. With a compliant housing element, the City now meets housing element requirements for these and other funding sources.

HCD appreciates the dedication and hard work you and your staff, Adam Paszkowski and Edith Ramirez put into the housing element update and review process. HCD also applauds the leadership and collaboration of the City taking meaningful steps towards compliance, including significant approval and progress toward the regional housing need allocation (RHNA), particularly for special needs populations. Additionally, the City

has proposed a robust suite of programs to promote housing mobility in racially concentrated areas of affluence (RCAA), protect tenants from displacement and establish high quality amenities in lower resourced areas. These actions include but are not limited to revising zoning, implementing incentives, outreach, education, and dedicating funding and resources to specific areas of the City. Lastly, the City has proposed and implemented several Prohousing policies including zoning changes for various housing types (e.g., missing middle housing), allocating annual funding to affordable housing, streamlining, and expediting processing for affordable housing in higher opportunity and higher-income neighborhoods and increased densities in areas near transit and jobs. With a compliant housing element, HCD encourages the City to apply to [Prohousing Designation Program \(PDP\)](#). The PDP provides incentives to cities and counties in the form of additional points or other preference in the scoring of competitive housing, community development, and infrastructure programs.

HCD wishes the City of Morgan Hill success in implementing its housing element and looks forward to following its progress through the General Plan annual progress reports pursuant to Government Code section 65400. If you have any questions or need additional technical assistance, please contact Sohab Mehmood, of our staff, at Sohab.mehmood@hcd.ca.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "Paul McDougall", with a stylized flourish at the end.

Paul McDougall
Senior Program Manager