

Appendix H1

Housing Needs Assessment

City of Morgan Hill Housing Element 2023-2031

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City of Morgan Hill Housing Element

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APPENDIX H-1 | Housing Needs Assessment

1.1 Introduction

The Bay Area continues to see growth in both population and jobs, which means more housing of various types and sizes is needed to ensure that residents across all income levels, ages, and abilities have a place to call home. While the number of people drawn to the region over the past 30 years has steadily increased, housing production has stalled, contributing to the housing shortage that communities are experiencing today. In many cities, this has resulted in residents being priced out, increased traffic congestion caused by longer commutes, and fewer people across incomes being able to purchase homes or meet surging rents.

The 2023-2031 Housing Element Update provides a roadmap for how to meet our growth and housing challenges. Required by the state, the Housing Element identifies the existing housing conditions and community needs, reiterates goals, and creates a plan for more housing. The Housing Element is an integral part of the General Plan, which guides the policies of Morgan Hill.

1.2 Summary of Key Facts

- **Population** – Generally, the population of the Bay Area continues to grow because of natural growth and because the strong economy draws new residents to the region. The population of Morgan Hill increased by 38.3% from 2000 to 2020, which is above the growth rate of the Bay Area.
- **Age** – In 2019, Morgan Hill's youth population under the age of 18 was 11,606, and senior population 65 and older was 6,240. These age groups represent 26.0% and 14.0%, respectively, of Morgan Hill's population.
- **Race/Ethnicity** – In 2020, 49.0% of Morgan Hill's population was White while 1.7% was African American, 13.7% was Asian, and 31.3% was Latinx. People of color in Morgan Hill comprise a proportion below the overall proportion in the Bay Area as a whole.¹
- **Employment** – Morgan Hill residents most commonly work in the *Health & Educational Services* industry. From January 2010 to January 2021, the unemployment rate in Morgan Hill decreased by 6.6 percentage points. Since 2010, the number of jobs located in the jurisdiction increased by 3,680 (28.0%). Additionally, the jobs-household ratio in Morgan Hill has increased from 1.18 in 2002 to 1.19 jobs per household in 2018.

¹ The Census Bureau's American Community Survey accounts for ethnic origin separate from racial identity. The numbers reported here use an accounting of both such that the racial categories are shown exclusive of Latinx status, to allow for an accounting of the Latinx population regardless of racial identity. The term Hispanic has historically been used to describe people from numerous Central American, South American, and Caribbean countries. In recent years, the term Latino or Latinx has become preferred. This report generally uses Latinx, but occasionally when discussing US Census data, we use Hispanic or Non-Hispanic, to clearly link to the data source.

- **Number of Homes** – The number of new homes built in the Bay Area has not kept pace with the demand, resulting in longer commutes, increasing prices, and exacerbating issues of displacement and homelessness. The number of homes in Morgan Hill increased, 19.4% from 2010 to 2020, which is *above* the growth rate for Santa Clara County and *above* the growth rate of the region’s housing stock during this time period.
- **Home Prices** – A diversity of homes at all income levels creates opportunities for all Morgan Hill residents to live and thrive in the community.
 - **Ownership** The largest proportion of homes had a value in the range of \$750k-\$1M in 2019. Home prices increased by 100.6% from 2010 to 2020.
 - **Rental Prices** – The typical contract rent for an apartment in Morgan Hill was \$1,680 in 2019. Rental prices increased by 37.2% from 2009 to 2019. To rent a typical apartment without cost burden, a household would need to make \$67,440 per year.²
- **Housing Type** – It is important to have a variety of housing types to meet the needs of a community today and in the future. In 2020, 59.0% of homes in Morgan Hill were single family detached, 17.7% were single family attached, 5.5% were small multifamily (2-4 units), and 9.8% were medium or large multifamily (5+ units). Between 2010 and 2020, the number of single-family units increased more than multi-family units. Generally, in Morgan Hill, the share of the housing stock that is detached single family homes is above that of other jurisdictions in the region.
- **Cost Burden** – The U.S. Department of Housing and Urban Development considers housing to be affordable for a household if the household spends less than 30% of its income on housing costs. A household is considered “cost-burdened” if it spends more than 30% of its monthly income on housing costs, while those who spend more than 50% of their income on housing costs are considered “severely cost-burdened.” In Morgan Hill, 20.1% of households spend 30%-50% of their income on housing, while 15.3% of households are severely cost burden and use the majority of their income for housing.
- **Displacement/Gentrification** – According to research from The University of California, Berkeley, 0.0% of households in Morgan Hill live in neighborhoods that are susceptible to or experiencing displacement, and 0.0% live in areas at risk of or undergoing gentrification. 22.6% of households in Morgan Hill live in neighborhoods where low-income households are likely excluded due to prohibitive housing costs. There are various ways to address displacement including ensuring new housing at all income levels is built.
- **Neighborhood** – 0.0% of residents in Morgan Hill live in neighborhoods identified as “Highest Resource” or “High Resource” areas by State-commissioned research, while 23.9% of residents live in areas identified by this research as “Low Resource” or “High

² Note that contract rents may differ significantly from, and often being lower than, current listing prices.

Segregation and Poverty” areas. These neighborhood designations are based on a range of indicators covering areas such as education, poverty, proximity to jobs and economic opportunities, low pollution levels, and other factors.³

- **Special Housing Needs** – Some population groups may have special housing needs that require specific program responses, and these groups may experience barriers to accessing stable housing due to their specific housing circumstances. In Morgan Hill, 9.1% of residents have a disability of any kind and may require accessible housing. Additionally, 13.3% of Morgan Hill households are larger households with five or more people, who likely need larger housing units with three bedrooms or more. 10.9% of households are female-headed families, which are often at greater risk of housing insecurity.

1.3 Looking to the Future: Regional Housing Needs

1.3.1 Regional Housing Needs Determination

The Plan Bay Area 2050⁴ Final Blueprint forecasts that the nine-county Bay Area will add 1.4 million new households between 2015 and 2050. For the eight-year time frame covered by this Housing Element Update, the Department of Housing and Community Development (HCD) has identified the region’s housing need as 441,176 units. The total number of housing units assigned by HCD is separated into four income categories that cover housing types for all income levels, from very low-income households to market rate housing.⁵ This calculation, known as the Regional Housing Needs Determination (RHND), is based on population projections produced by the California Department of Finance, as well as adjustments that incorporate the region’s existing housing need. The adjustments result from recent legislation requiring HCD to apply additional adjustment factors to the baseline growth projection from California Department of Finance, in order for the regions to get closer to healthy housing markets. To this end, adjustments focus on the region’s vacancy rate, level of overcrowding and the share of cost burdened households, and seek to bring the region more in line with comparable ones.⁶ These new laws governing the methodology for how HCD calculates the RHND resulted in a significantly higher number of housing units for which the Bay Area must plan compared to previous RHNA cycles.

³ For more information on the “opportunity area” categories developed by HCD and the California Tax Credit Allocation Committee, see this website: <https://www.treasurer.ca.gov/ctcac/opportunity.asp>. The degree to which different jurisdictions and neighborhoods have access to opportunity will likely need to be analyzed as part of new Housing Element requirements related to affirmatively furthering fair housing. ABAG/MTC will be providing jurisdictions with technical assistance on this topic this summer, following the release of additional guidance from HCD.

⁴ Plan Bay Area 2050 is a long-range plan charting the course for the future of the nine-county San Francisco Bay Area. It covers four key issues: the economy, the environment, housing and transportation

⁵ HCD divides the RHND into the following four income categories:

Very Low-income: 0-50% of Area Median Income

Low-income: 50-80% of Area Median Income

Moderate-income: 80-120% of Area Median Income

Above Moderate-income: 120% or more of Area Median Income

⁶ For more information on HCD’s RHND calculation for the Bay Area, see this letter sent to ABAG from HCD on June 9, 2020: [https://www.hcd.ca.gov/community-development/housing-element/docs/abagrhna-final060920\(r\).pdf](https://www.hcd.ca.gov/community-development/housing-element/docs/abagrhna-final060920(r).pdf)

1.3.2 Regional Housing Needs Allocation

A starting point for the Housing Element Update process for every California jurisdiction is the Regional Housing Needs Allocation or RHNA – the share of the RHND assigned to each jurisdiction by the Association of Bay Area Governments (ABAG). State Housing Element Law requires ABAG to develop a methodology that calculates the number of housing units assigned to each city and county and distributes each jurisdiction's housing unit allocation among four affordability levels. For this RHNA cycle, the RHND increased by 135%, from 187,990 to 441,776. For more information on the RHNA process this cycle, see ABAG's website: <https://abag.ca.gov/our-work/housing/rhna-regional-housing-needs-allocation>

Almost all jurisdictions in the Bay Area are likely to receive a larger RHNA this cycle compared to the last cycle, primarily due to changes in state law that led to a considerably higher RHND compared to previous cycles.

In January 2021, ABAG adopted the RHNA Methodology and adopted the Final RHNA Plan, issuing final RHNA allocations, on December 16, 2021. For Morgan Hill, the RHNA to be planned for this cycle is 1,037 units, a slated increase from the last cycle. The RHNA allocation that Morgan Hill received is broken down by income category as follows:

Table H 1-1 Illustrative Regional Housing Needs Allocation from Draft Methodology						
<i>Income Groups</i>	Morgan Hill Units	Santa Clara County Units	Bay Area Units	Morgan Hill Percent	Santa Clara County Percent	Bay Area Percent
Very Low Income (<50% of AMI)	262	32316	114442	25.3%	24.9%	25.9%
Low Income (50%-80% of AMI)	151	18607	65892	14.6%	14.4%	14.9%
Moderate Income (80%-120% of AMI)	174	21926	72712	16.8%	16.9%	16.5%
Above Moderate Income (>120% of AMI)	450	56728	188130	43.4%	43.8%	42.6%
Total	1,037	129,577	441,176	100%	100%	100%

Source: Association of Bay Area Governments Methodology and tentative numbers were approved by ABAG's Executive board on January 21, 2021 (Resolution No. 02-2021). ABAG's Executive board adopted the Final RHNA Plan on December 16, 2021.

1.4 Population, Employment, and Household Characteristics

1.4.1 Population

The Bay Area is the fifth-largest metropolitan area in the nation and has seen a steady increase in population since 1990, except for a dip during the Great Recession. Many cities in the region have experienced significant growth in jobs and population. While these trends have led to a corresponding increase in demand for housing across the region, the regional production of housing has largely not kept pace with job and population growth. Since 2000, Morgan Hill's population has increased by 38.3%; this rate is above that of the region as a whole, at 14.8%. In Morgan Hill, roughly 11.7% of its population moved during the past year, a number 1.7 percentage points smaller than the regional rate of 13.4%.

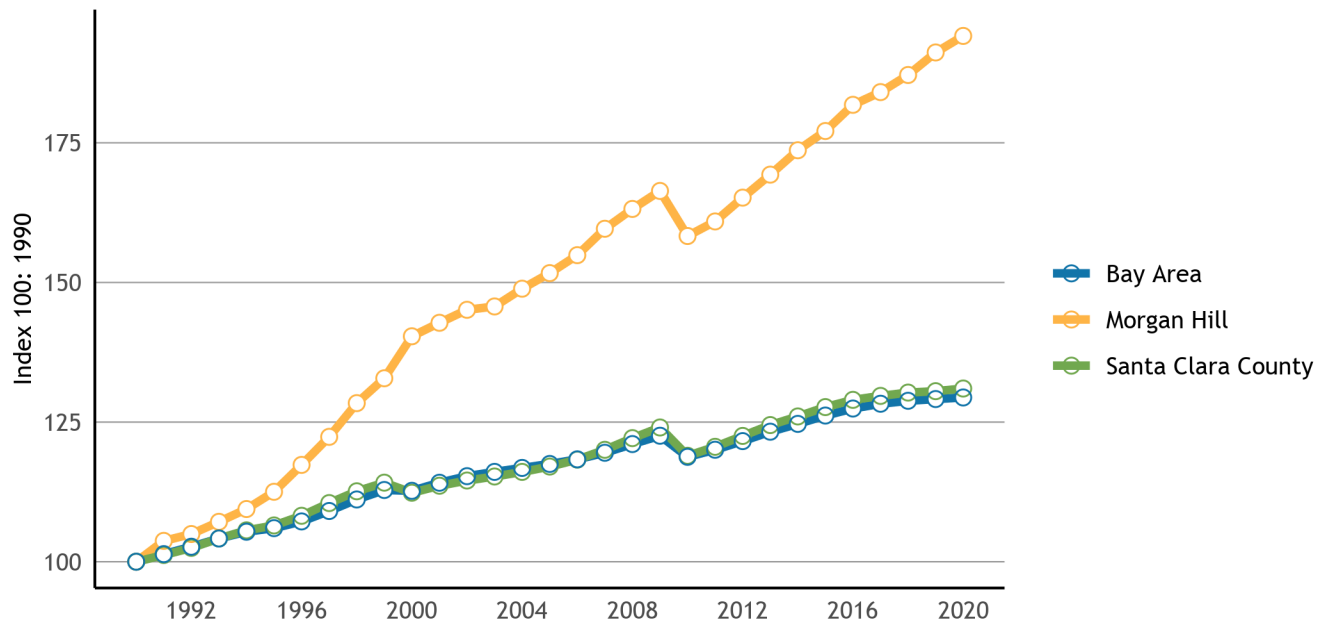
<i>Geography</i>	<i>1990</i>	<i>1995</i>	<i>2000</i>	<i>2005</i>	<i>2010</i>	<i>2015</i>	<i>2020</i>
Morgan Hill	23,928	26,924	33,586	36,292	37,882	42,380	46,454
Santa Clara County	1,497,577	1,594,818	1,682,585	1,752,696	1,781,642	1,912,180	1,961,969
Bay Area	6,020,147	6,381,961	6,784,348	7,073,912	7,150,739	7,595,694	7,790,537

Universe: Total population

Source: California Department of Finance, E-5 series

In 2020, the population of Morgan Hill was estimated to be 46,454 (see Table 2). From 1990 to 2000, the population increased by 40.4%, while it increased by 12.8% during the first decade of the 2000s. In the most recent decade, the population increased by 22.6%. The population of Morgan Hill makes up 2.4% of Santa Clara County.⁷

⁷ To compare the rate of growth across various geographic scales, Figure 1 shows population for the jurisdiction, county, and region indexed to the population in the year 1990. This means that the data points represent the population growth (i.e. percent change) in each of these geographies relative to their populations in 1990.

Figure H 1-1: Population Growth Trends

Source: California Department of Finance, E-5 series Note: The data shown on the graph represents population for the jurisdiction, county, and region indexed to the population in the first year shown. The data points represent the relative population growth in each of these geographies relative to their populations in that year.

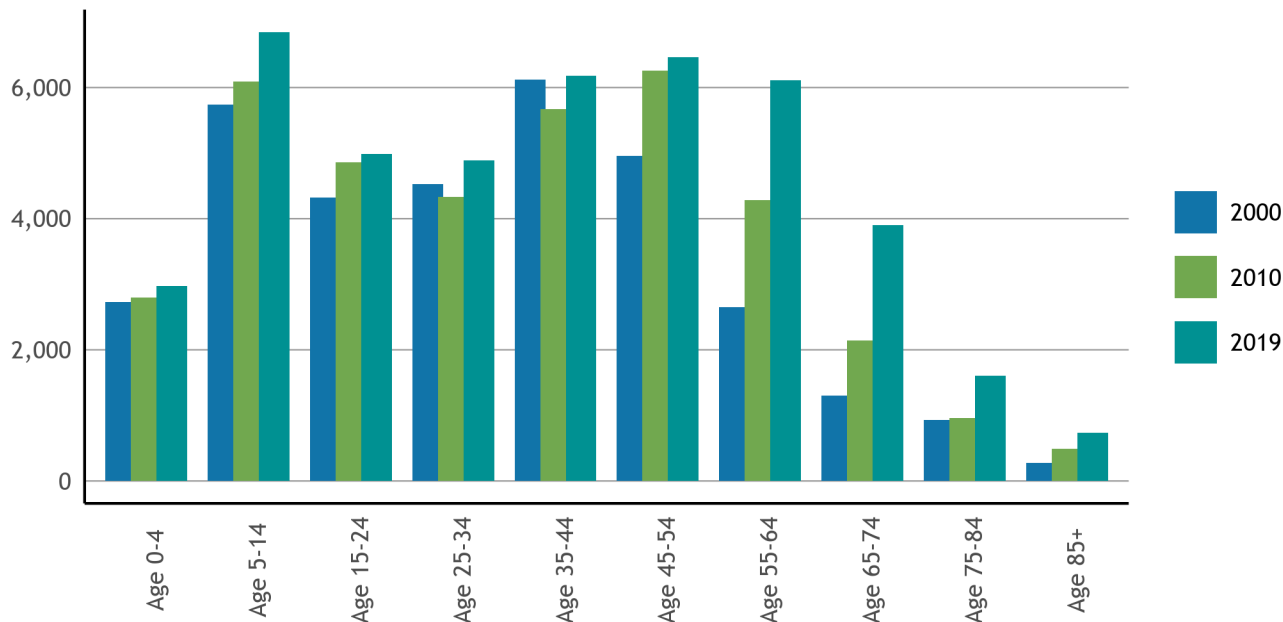
DOF uses the decennial census to benchmark subsequent population estimates.

1.4.2 Age

The distribution of age groups in a city shapes what types of housing the community may need in the near future. An increase in the older population may mean there is a developing need for more senior housing options, while higher numbers of children and young families can point to the need for more family housing options and related services. There has also been a move by many to age-in-place or downsize to stay within their communities, which can mean more multifamily and accessible units are also needed.

In Morgan Hill, the median age in 2000 was 32.9; by 2019, this figure had increased, landing at around 39 years. More specifically, the population of those under 14 has increased since 2010, while the 65-and-over population has increased (see Figure 2).

Figure H 1-2: Population by Age, 2000-2019



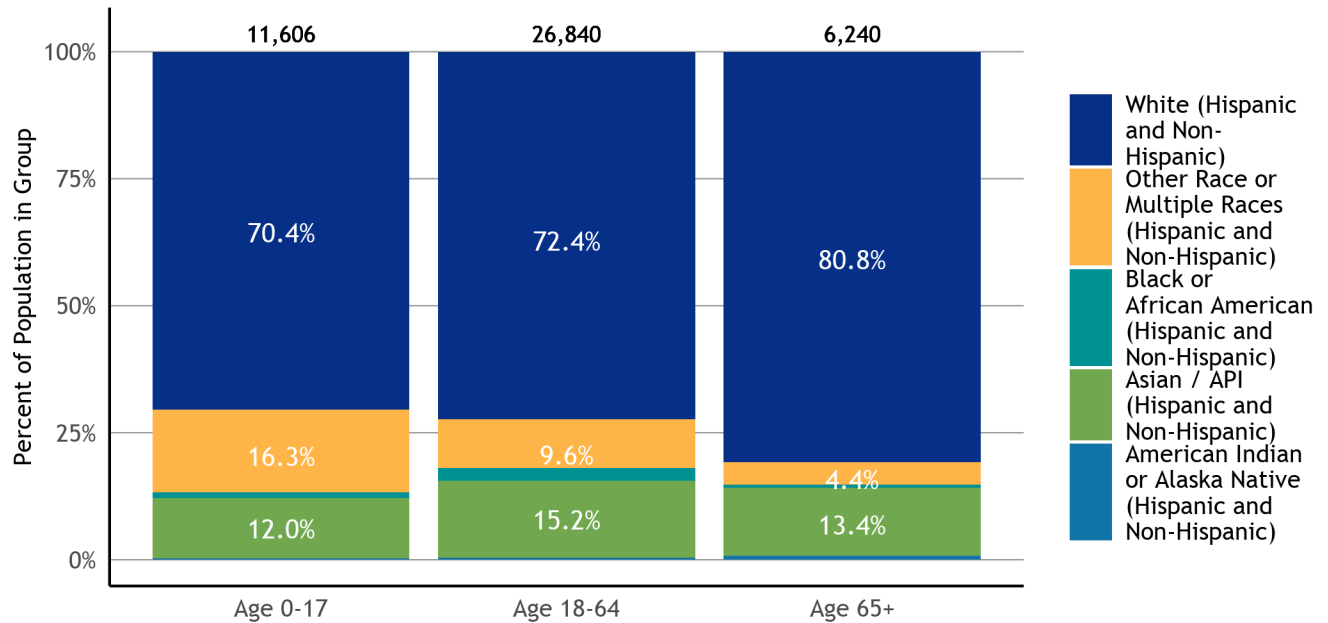
Universe: Total population

Source: U.S. Census Bureau, Census 2000 SF1, Table P12; U.S. Census Bureau, Census 2010 SF1, Table P12; U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B01001

Looking at the senior and youth population by race can add an additional layer of understanding, as families and seniors of color are even more likely to experience challenges finding affordable housing. People of color⁸ make up 19.2% of seniors and 29.6% of youth under 18 (see Figure 3).

⁸ Here, we count all non-white racial groups

Figure H 1-3: Senior and Youth Population by Race



Universe: Total population

Notes: In the sources for this table, the Census Bureau does not disaggregate racial groups by Hispanic/Latinx ethnicity, and an overlapping category of Hispanic / non-Hispanic groups has not been shown to avoid double counting in the stacked bar chart.

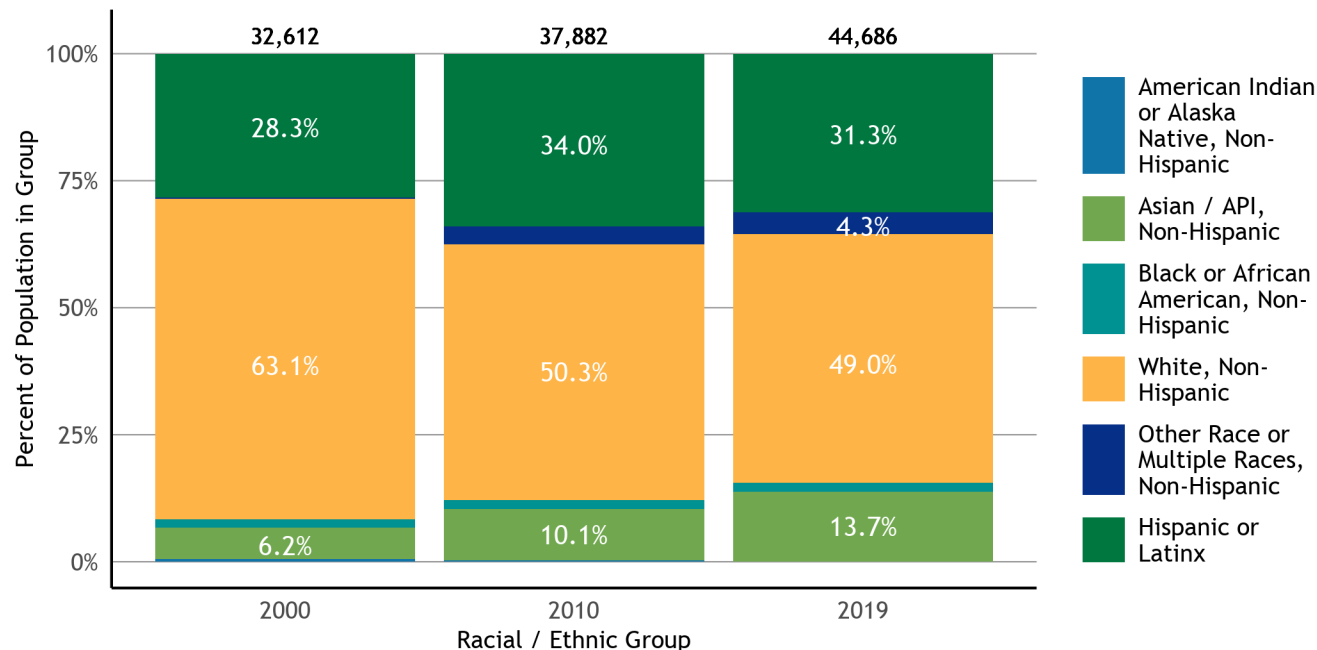
Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B01001(A-G)

1.4.3 Race and Ethnicity

Understanding the racial makeup of a city and region is important for designing and implementing effective housing policies and programs. These patterns are shaped by both market factors and government actions, such as exclusionary zoning, discriminatory lending practices and displacement that has occurred over time and continues to impact communities of color today⁹. Since 2000, the percentage of residents in Morgan Hill identifying as White has decreased – and by the same token the percentage of residents of all *other* races and ethnicities has *increased* – by 14.2 percentage points, with the 2019 population standing at 21,880 (see Figure 4). In absolute terms, the *Hispanic or Latinx* population increased the most while the *American Indian or Alaska Native, Non-Hispanic* population decreased the most.

⁹ See, for example, Rothstein, R. (2017). *The color of law: a forgotten history of how our government segregated America*. New York, NY & London, UK: Liveright Publishing.

Figure H 1-4: Population by Race, 2000-2019



Universe: Total population

Notes: Data for 2019 represents 2015-2019 ACS estimates. The Census Bureau defines Hispanic/Latinx ethnicity separate from racial categories. For the purposes of this graph, the "Hispanic or Latinx" racial/ethnic group represents those who identify as having Hispanic/Latinx ethnicity and may also be members of any racial group. All other racial categories on this graph represent those who identify with that racial category and do not identify with Hispanic/Latinx ethnicity.

Source: U.S. Census Bureau, Census 2000, Table P004; U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B03002

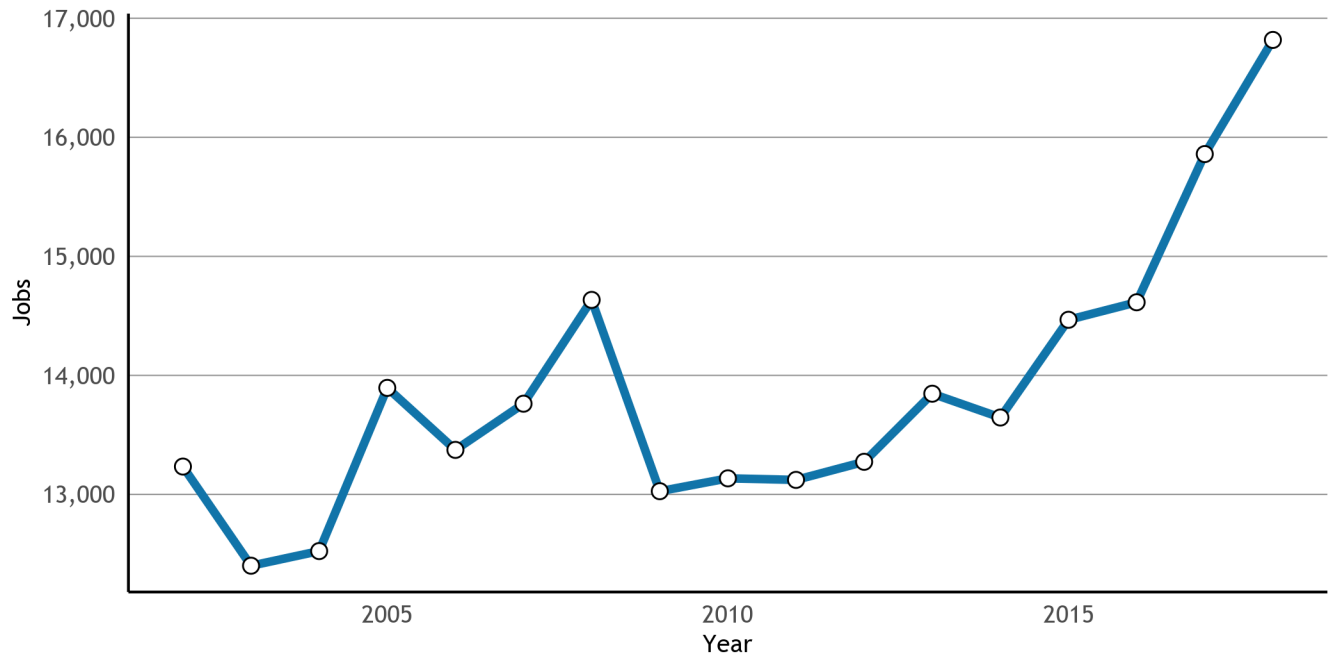
1.4.4 Employment Trends

1.4.4.1 Balance of Jobs and Workers

A city houses employed residents who either work in the community where they live or work elsewhere in the region. Conversely, a city may have job sites that employ residents from the same city, but more often employ workers commuting from outside of it. Smaller cities typically will have more employed residents than jobs there and export workers, while larger cities tend to have a surplus of jobs and import workers. To some extent the regional transportation system is set up for this flow of workers to the region's core job centers. At the same time, as the housing affordability crisis has illustrated, local imbalances may be severe, where local jobs and worker populations are out of sync at a sub-regional scale.

One measure of this is the relationship between *workers* and *jobs*. A city with a surplus of workers "exports" workers to other parts of the region, while a city with a surplus of jobs must conversely "import" them. Between 2002 and 2018, the number of jobs in Morgan Hill increased by 27.1% (see Figure 5).

Figure H 1-5: Jobs in a Jurisdiction



Universe: Jobs from unemployment insurance-covered employment (private, state and local government) plus United States Office of Personnel Management-sourced Federal employment

Notes: The data is tabulated by place of work, regardless of where a worker lives. The source data is provided at the census block level.

Source: U.S. Census Bureau, Longitudinal Employer-Household Dynamics, Workplace Area Characteristics (WAC) files, 2002-2018

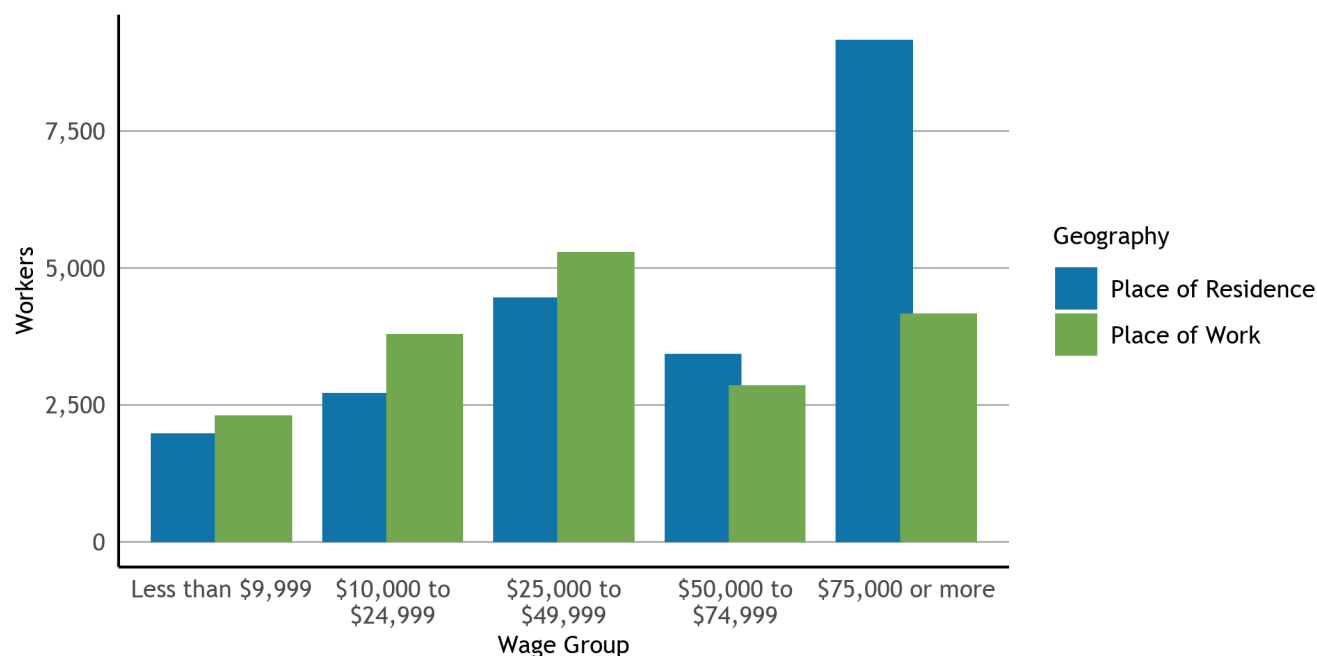
There are 21,775 employed residents, and 18,428 jobs¹⁰ in Morgan Hill - the ratio of jobs to resident workers is 0.85; Morgan Hill is a *net exporter of workers*.

Figure 6 shows the balance when comparing jobs to workers, broken down by different wage groups, offering additional insight into local dynamics. A community may offer employment for relatively low-income workers but have relatively few housing options for those workers. Conversely, it may house residents who are low wage workers, but offer few employment opportunities for them. Such relationships may cast extra light on potentially pent-up demand for housing in particular price categories. A relative *surplus* of jobs relative to residents in a given wage category suggests the need to import those workers, while conversely, surpluses of workers in a wage group relative to jobs means the community will export those workers to other jurisdictions. Such flows are not inherently bad, though over time, sub-regional imbalances may appear. Morgan Hill has more low-wage *jobs* than low-wage *residents* (where low-wage refers to jobs paying less than \$25,000). At the other end of the wage spectrum, the city has more high-

¹⁰ Employed *residents* in a jurisdiction is counted by place of residence (they may work elsewhere) while *jobs* in a jurisdiction are counted by place of work (they may live elsewhere). The jobs may differ from those reported in Figure 5 as the source for the time series is from administrative data, while the cross-sectional data is from a survey.

wage *residents* than high-wage *jobs* (where high-wage refers to jobs paying more than \$75,000) (see Figure 6).¹¹

Figure H 1-6: Workers by Earnings, by Jurisdiction as Place of Work and Place of Residence



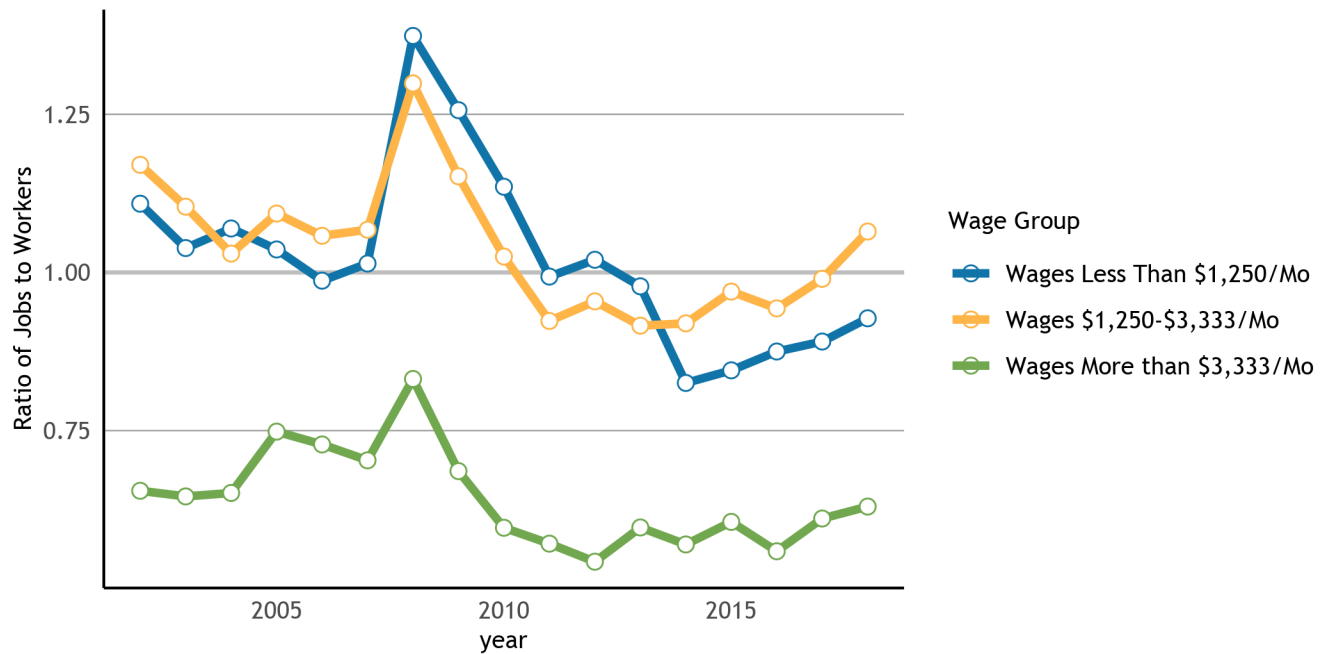
Universe: Workers 16 years and over with earnings

Source: U.S. Census Bureau, American Community Survey 5-Year Data 2015-2019, B08119, B08519

Figure 7 shows the balance of a jurisdiction's resident workers to the jobs located there for different wage groups as a ratio instead - a value of 1 means that a city has the same number of jobs in a wage group as it has resident workers - in principle, a balance. Values above 1 indicate a jurisdiction will need to import workers for jobs in a given wage group. At the regional scale, this ratio is 1.04 jobs for each worker, implying a modest import of workers from outside the region (see Figure 7).

¹¹ The source table is top-coded at \$75,000, precluding more fine grained analysis at the higher end of the wage spectrum.

Figure H 1-7: Jobs-Worker Ratios, By Wage Group



Universe: Jobs in a jurisdiction from unemployment insurance-covered employment (private, state and local government) plus United States Office of Personnel Management-sourced Federal employment

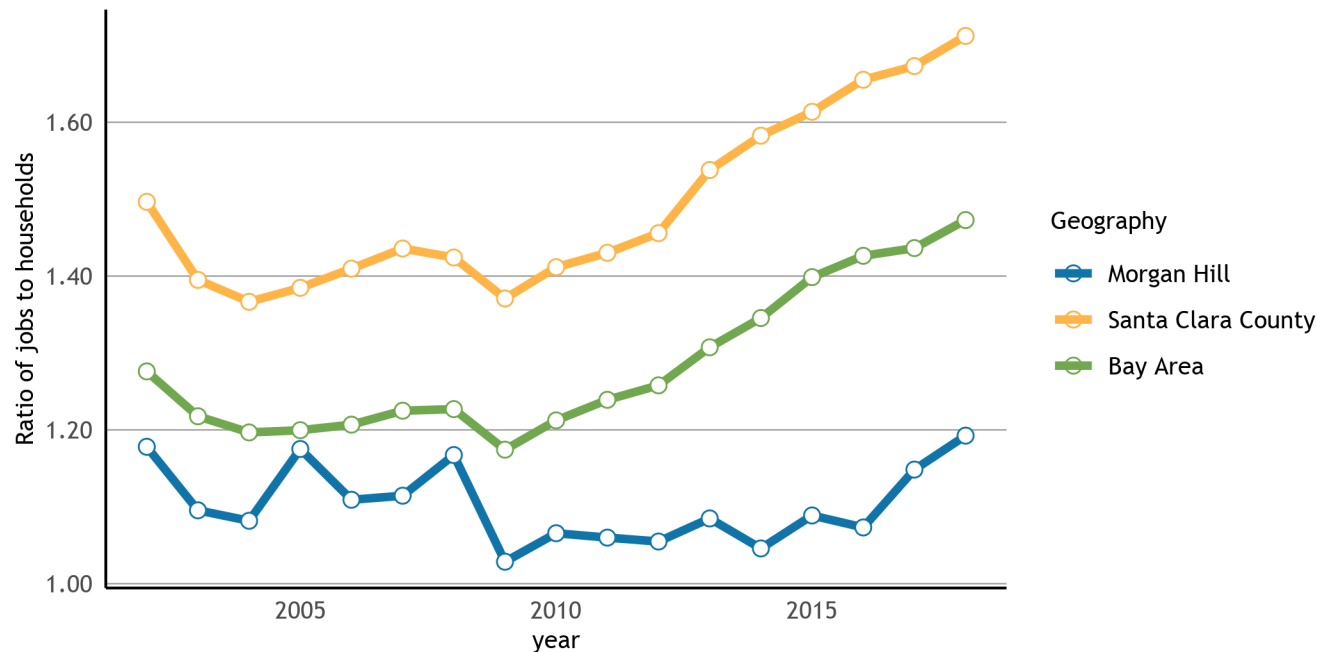
Notes: The ratio compares job counts by wage group from two tabulations of LEHD data: Counts by place of work relative to counts by place of residence. See text for details.

Source: U.S. Census Bureau, Longitudinal Employer-Household Dynamics, Workplace Area Characteristics (WAC) files (Jobs); Residence Area Characteristics (RAC) files (Employed Residents), 2010-2018

Such balances between jobs and workers may directly influence the housing demand in a community. New jobs may draw new residents, and when there is high demand for housing relative to supply, many workers may be unable to afford to live where they work, particularly where job growth has been in relatively lower wage jobs. This dynamic not only means many workers will need to prepare for long commutes and time spent on the road, but in the aggregate it contributes to traffic congestion and time lost for all road users.

If there are more jobs than employed residents, it means a city is relatively jobs-rich, typically also with a high jobs to household ratio. Thus bringing housing into the measure, the *jobs-household ratio* in Morgan Hill has increased from 1.18 in 2002, to 1.19 jobs per household in 2018 (see Figure 8).

Figure H 1-8: Jobs-Household Ratio



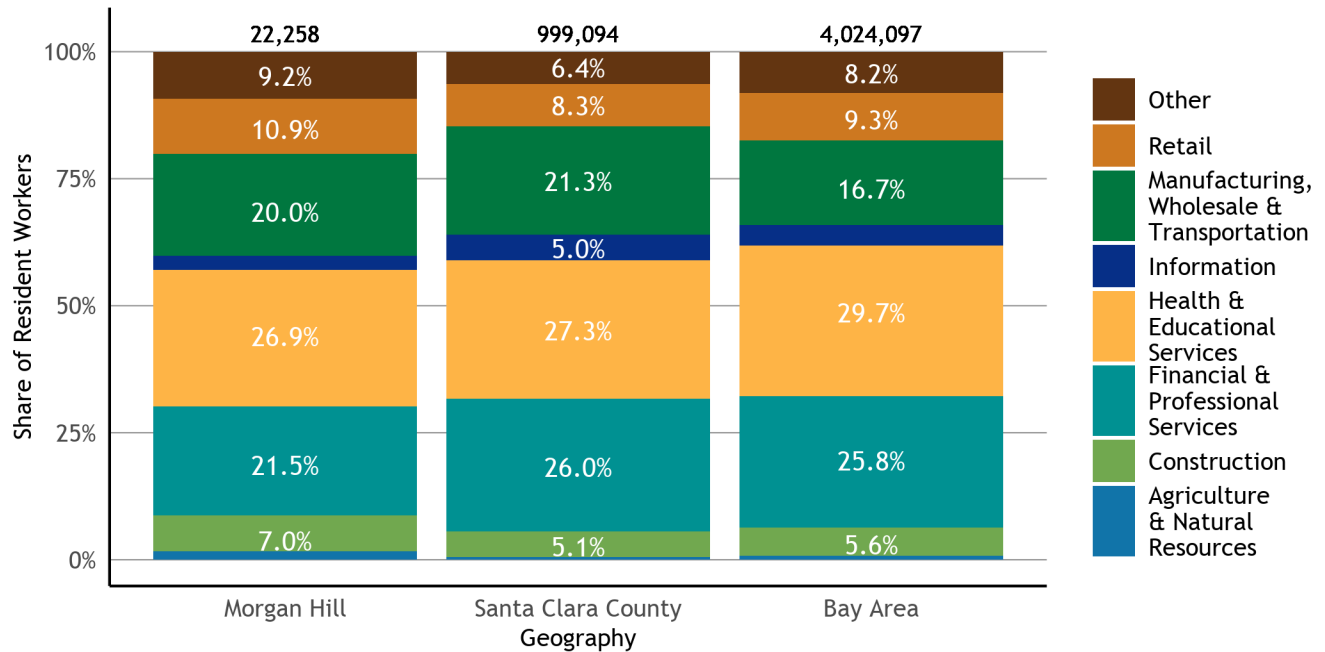
Universe: Jobs in a jurisdiction from unemployment insurance-covered employment (private, state and local government) plus United States Office of Personnel Management-sourced Federal employment; households in a jurisdiction

Notes: The data is tabulated by place of work, regardless of where a worker lives. The source data is provided at the census block level. These are crosswalked to jurisdictions and summarized. The ratio compares place of work wage and salary jobs with households, or occupied housing units. A similar measure is the ratio of jobs to housing units. However, this jobs-household ratio serves to compare the number of jobs in a jurisdiction to the number of housing units that are actually occupied. The difference between a jurisdiction's jobs-housing ratio and jobs-household ratio will be most pronounced in jurisdictions with high vacancy rates, a high rate of units used for seasonal use, or a high rate of units used as short-term rentals.

Source: U.S. Census Bureau, Longitudinal Employer-Household Dynamics, Workplace Area Characteristics (WAC) files (Jobs), 2002-2018; California Department of Finance, E-5 (Households)

1.4.4.2 Sector Composition

In terms of sectoral composition, the largest industry in which Morgan Hill residents work is *Health & Educational Services*, and the largest sector in which Santa Clara residents work is *Health & Educational Services* (see Figure 9). For the Bay Area as a whole, the *Health & Educational Services* industry employs the most workers.

Figure H 1-9: Resident Employment by Industry

Universe: Civilian employed population age 16 years and over

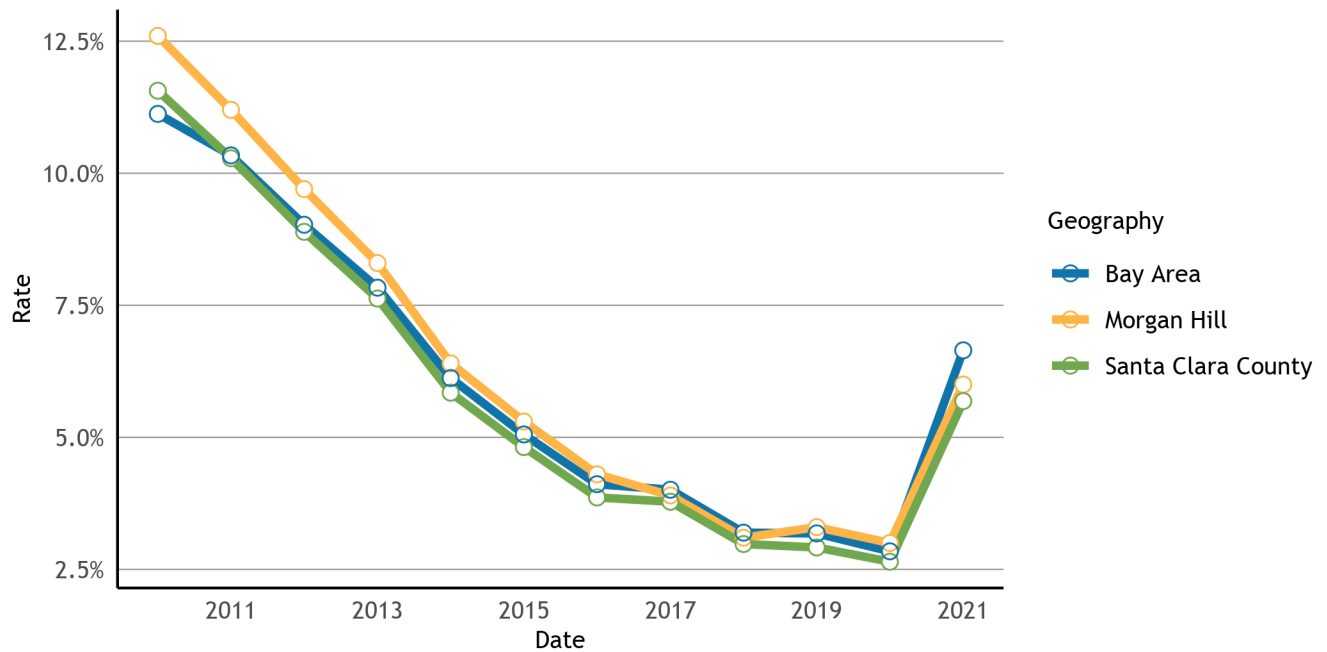
Notes: The data displayed shows the industries in which jurisdiction residents work, regardless of the location where those residents are employed (whether within the jurisdiction or not). Categories are derived from the following source tables: Agriculture & Natural Resources: C24030_003E, C24030_030E; Construction: C24030_006E, C24030_033E; Manufacturing, Wholesale & Transportation: C24030_007E, C24030_034E, C24030_008E, C24030_035E, C24030_010E, C24030_037E; Retail: C24030_009E, C24030_036E; Information: C24030_013E, C24030_040E; Financial & Professional Services: C24030_014E, C24030_041E, C24030_017E, C24030_044E; Health & Educational Services: C24030_021E, C24030_024E, C24030_048E, C24030_051E; Other: C24030_027E, C24030_054E, C24030_028E, C24030_055E

Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table C24030

1.4.4.3 Unemployment

In Morgan Hill, there was a 6.6 percentage point decrease in the unemployment rate between January 2010 and January 2021. Jurisdictions through the region experienced a sharp rise in unemployment in 2020 due to impacts related to the COVID-19 pandemic, though with a general improvement and recovery in the later months of 2020.

Figure H 1-10: Unemployment Rate



Universe: Civilian noninstitutional population ages 16 and older

Source: California Employment Development Department, Local Area Unemployment Statistics (LAUS), Sub-county areas monthly updates, 2010-2021.

1.4.5 Extremely Low-Income Households

Despite the economic and job growth experienced throughout the region since 1990, the income gap has continued to widen. California is one of the most economically unequal states in the nation, and the Bay Area has the highest income inequality between high- and low-income households in the state¹².

In Morgan Hill, 55.2% of households make more than 100% of the Area Median Income (AMI)¹³, compared to 13.9% making less than 30% of AMI, which is considered extremely low-income (see Figure 11).

Regionally, more than half of all households make more than 100% AMI, while 15% make less than 30% AMI. In Santa Clara County, 30% AMI is the equivalent to the annual income of \$39,900 for a family of four. Many households with multiple wage earners – including food service workers,

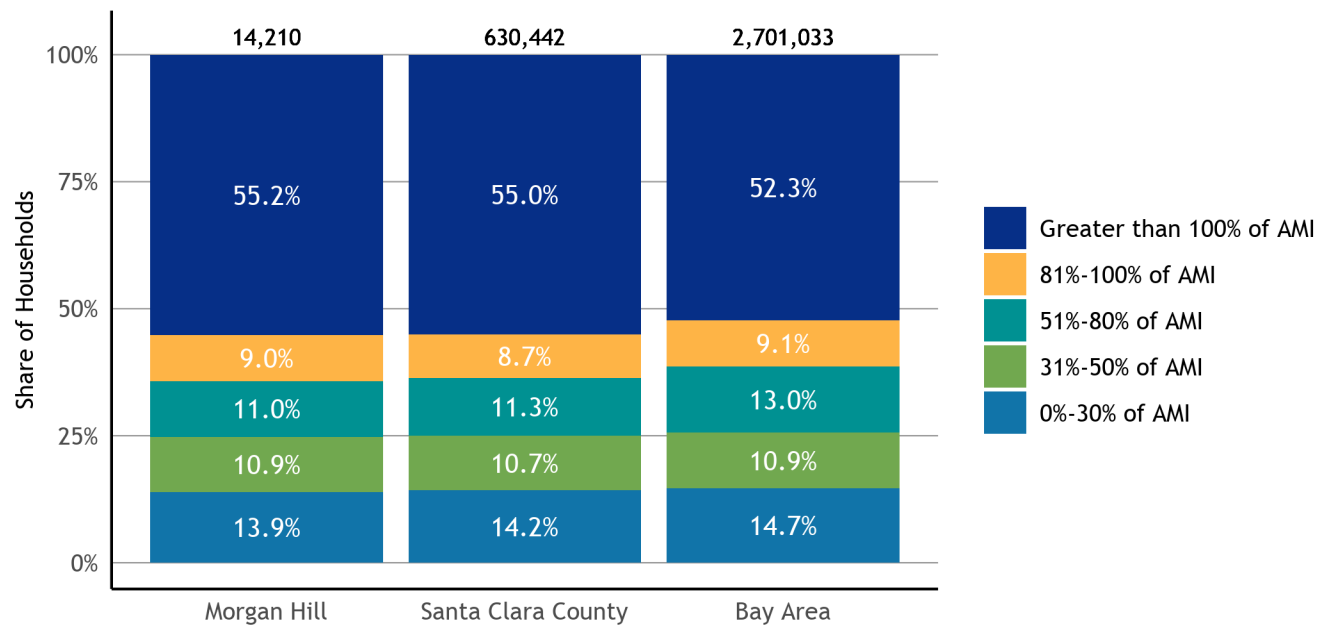
¹² Bohn, S. et al. 2020. Income Inequality and Economic Opportunity in California. *Public Policy Institute of California*.

¹³ Income groups are based on HUD calculations for Area Median Income (AMI). HUD calculates the AMI for different metropolitan areas, and the nine county Bay Area includes the following metropolitan areas: Napa Metro Area (Napa County), Oakland-Fremont Metro Area (Alameda and Contra Costa Counties), San Francisco Metro Area (Marin, San Francisco, and San Mateo Counties), San Jose-Sunnyvale-Santa Clara Metro Area (Santa Clara County), Santa Rosa Metro Area (Sonoma County), and Vallejo-Fairfield Metro Area (Solano County). The AMI levels in this chart are based on the HUD metro area where this jurisdiction is located. Households making between 80 and 120 percent of the AMI are moderate-income, those making 50 to 80 percent are low-income, those making 30 to 50 percent are very low-income, and those making less than 30 percent are extremely low-income. This is then adjusted for household size.

full-time students, teachers, farmworkers and healthcare professionals – can fall into lower AMI categories due to relatively stagnant wages in many industries.

HCD's guidance notes that instead of using U.S. Census data to calculate the percentage of very low-income RHNA that qualifies for extremely low-income households, local jurisdictions can presume that 50% of their RHNA for very low-income households qualifies for extremely low-income households. Therefore, the City of Morgan Hill assumes that 50% of Morgan Hill's very low-income RHNA is for extremely low-income households.

Figure H 1-11: Households by Household Income Level



Universe: Occupied housing units

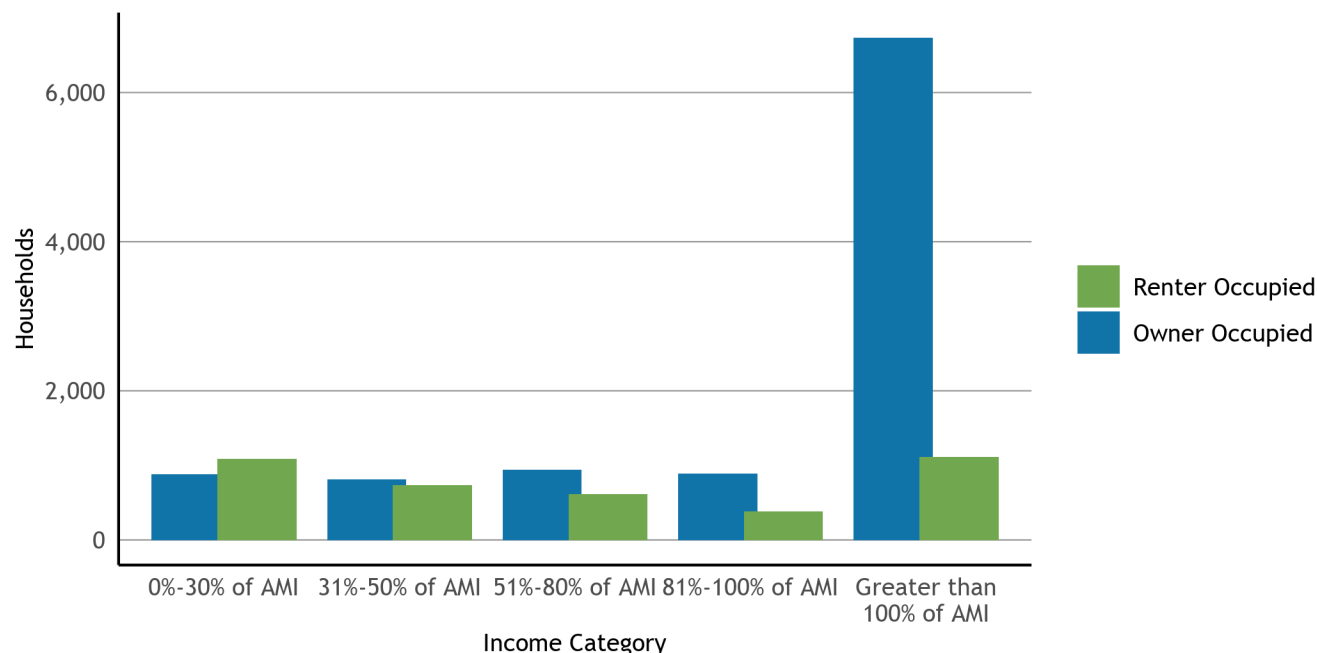
Notes: Income groups are based on HUD calculations for Area Median Income (AMI). HUD calculates the AMI for different metropolitan areas, and the nine county Bay Area includes the following metropolitan areas: Napa Metro Area (Napa County), Oakland-Fremont Metro Area (Alameda and Contra Costa Counties), San Francisco Metro Area (Marin, San Francisco, and San Mateo Counties), San Jose-Sunnyvale-Santa Clara Metro Area (Santa Clara County), Santa Rosa Metro Area (Sonoma County), and Vallejo-Fairfield Metro Area (Solano County). The AMI levels in this chart are based on the HUD metro area where this jurisdiction is located. The data that is reported for the Bay Area is not based on a regional AMI but instead refers to the regional total of households in an income group relative to the AMI for the county where that household is located. Local jurisdictions are required to provide an estimate for their projected extremely low-income households (0-30% AMI) in their Housing Elements. HCD's official Housing Element guidance notes that jurisdictions can use their RHNA for very low-income households (those making 0-50% AMI) to calculate their projected extremely low-income households.

Source: U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS) ACS tabulation, 2013-2017 release

Throughout the region, there are disparities between the incomes of homeowners and renters. Typically, the number of low-income renters greatly outpaces the amount of housing available that is affordable for these households.

In Morgan Hill, the largest proportion of renters falls in the *Greater than 100% of AMI* income group, while the largest proportion of homeowners are found in the *Greater than 100% of AMI* group (see Figure 12).

Figure H 1-12: Household Income Level by Tenure



Universe: Occupied housing units

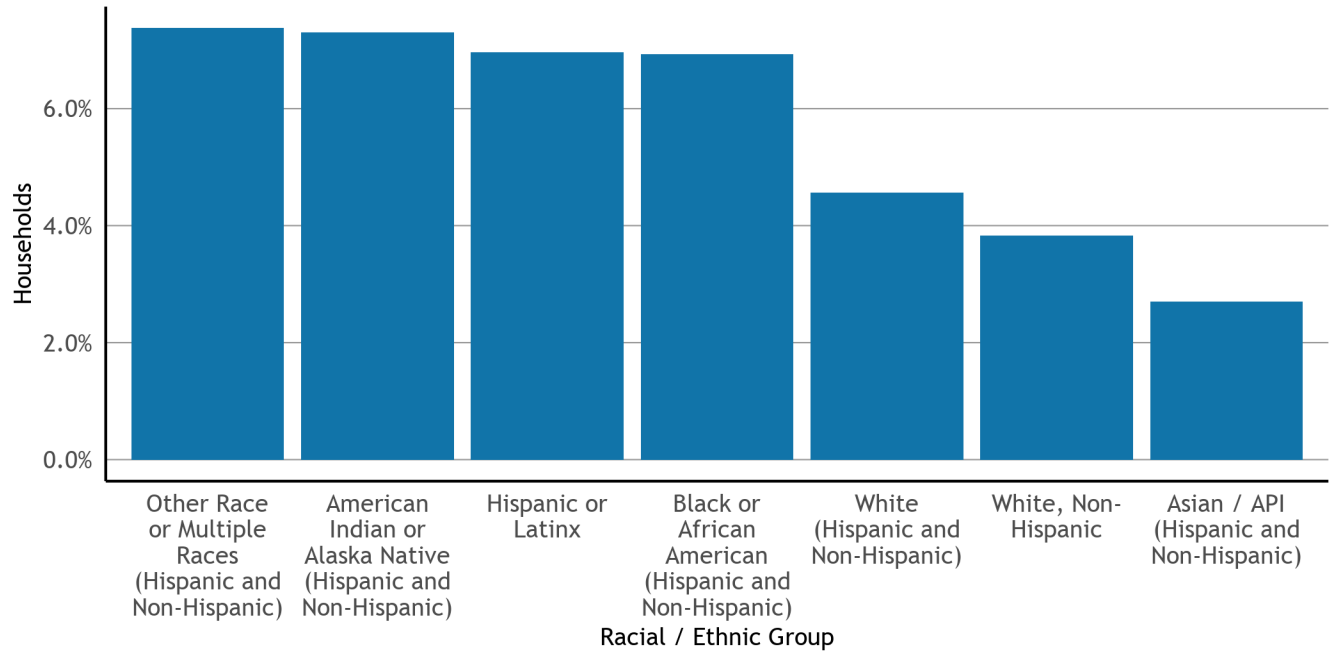
Notes: Income groups are based on HUD calculations for Area Median Income (AMI). HUD calculates the AMI for different metropolitan areas, and the nine county Bay Area includes the following metropolitan areas: Napa Metro Area (Napa County), Oakland-Fremont Metro Area (Alameda and Contra Costa Counties), San Francisco Metro Area (Marin, San Francisco, and San Mateo Counties), San Jose-Sunnyvale-Santa Clara Metro Area (Santa Clara County), Santa Rosa Metro Area (Sonoma County), and Vallejo-Fairfield Metro Area (Solano County). The AMI levels in this chart are based on the HUD metro area where this jurisdiction is located.

Source: U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS) ACS tabulation, 2013-2017 release

For the data table behind this figure, please refer to the Data Packet Workbook, Table POPEMP-21.

Currently, people of color are more likely to experience poverty and financial instability as a result of federal and local housing policies that have historically excluded them from the same opportunities extended to white residents.¹⁴ These economic disparities also leave communities of color at higher risk for housing insecurity, displacement or homelessness. In Morgan Hill, Other Race or Multiple Races (Hispanic and Non-Hispanic) residents experience the highest rates of poverty, followed by American Indian or Alaska Native (Hispanic and Non-Hispanic) residents (see Figure 13).

¹⁴ Moore, E., Montojo, N. and Mauri, N., 2019. Roots, Race & Place: A History of Racially Exclusionary Housing the San Francisco Bay Area. *Hass Institute*.

Figure H 1-13: Poverty Status by Race

Universe: Population for whom poverty status is determined

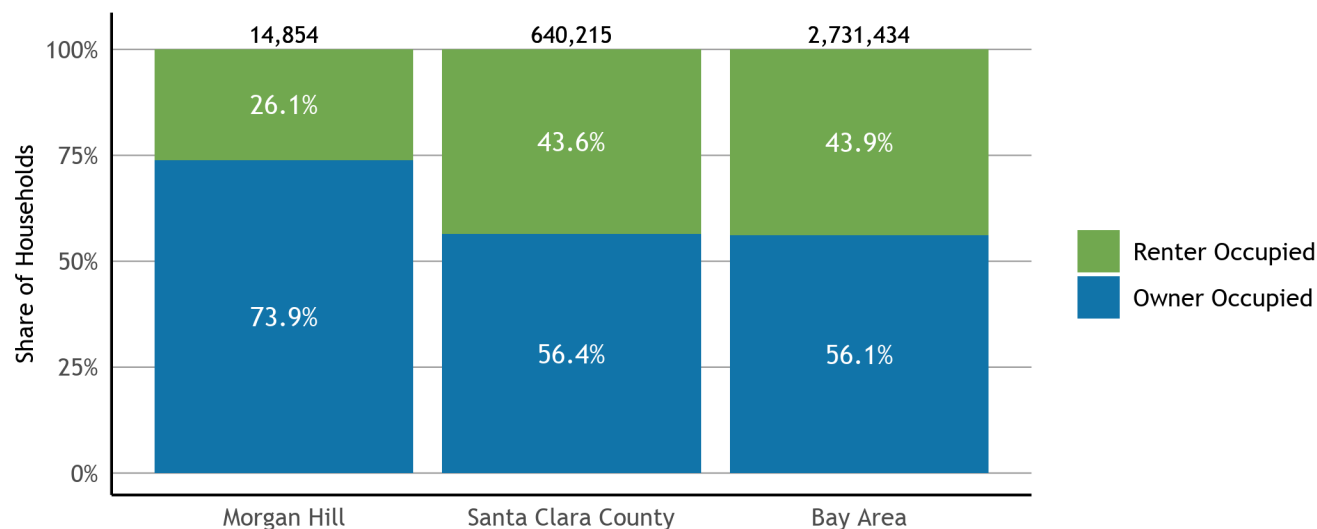
Notes: The Census Bureau uses a federally defined poverty threshold that remains constant throughout the country and does not correspond to Area Median Income. For this table, the Census Bureau does not disaggregate racial groups by Hispanic/Latinx ethnicity. However, data for the white racial group is also reported for white householders who are not Hispanic/Latinx. Since residents who identify as white and Hispanic/Latinx may have very different experiences within the housing market and the economy from those who identify as white and non-Hispanic/Latinx, data for multiple white sub-groups are reported here. The racial/ethnic groups reported in this table are not all mutually exclusive. Therefore, the data should not be summed as the sum exceeds the population for whom poverty status is determined for this jurisdiction. However, all groups labelled "Hispanic and Non-Hispanic" are mutually exclusive, and the sum of the data for these groups is equivalent to the population for whom poverty status is determined.

Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B17001(A-I)

1.4.6 Tenure

The number of residents who own their homes compared to those who rent their homes can help identify the level of housing insecurity – ability for individuals to stay in their homes – in a city and region. Generally, renters may be displaced more quickly if prices increase. In Morgan Hill there are a total of 14,854 housing units, and fewer residents rent than own their homes: 26.1% versus 73.9% (see Figure 14). By comparison, 43.6% of households in Santa Clara County are renters, while 44% of Bay Area households rent their homes.

Figure H 1-14: Housing Tenure

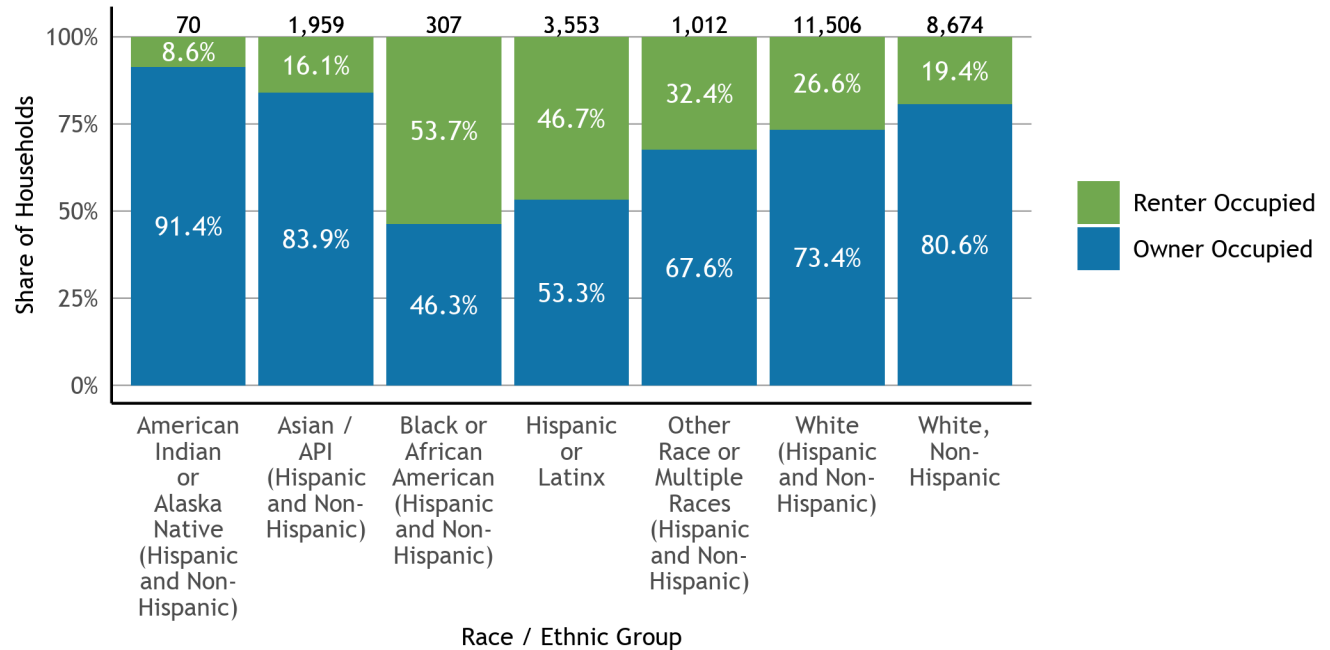


Universe: Occupied housing units

Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B25003

Homeownership rates often vary considerably across race/ethnicity in the Bay Area and throughout the country. These disparities not only reflect differences in income and wealth but also stem from federal, state, and local policies that limited access to homeownership for communities of color while facilitating homebuying for white residents. While many of these policies, such as redlining, have been formally disbanded, the impacts of race-based policy are still evident across Bay Area communities.¹⁵ In Morgan Hill, 46.3% of Black households owned their homes, while homeownership rates were 83.9% for Asian households, 53.3% for Latinx households, and 73.4% for White households. Notably, recent changes to state law require local jurisdictions to examine these dynamics and other fair housing issues when updating their Housing Elements.

¹⁵ See, for example, Rothstein, R. (2017). *The color of law : a forgotten history of how our government segregated America*. New York, NY & London, UK: Liveright Publishing.

Figure H 1-15: Housing Tenure by Race of Householder

Universe: Occupied housing units

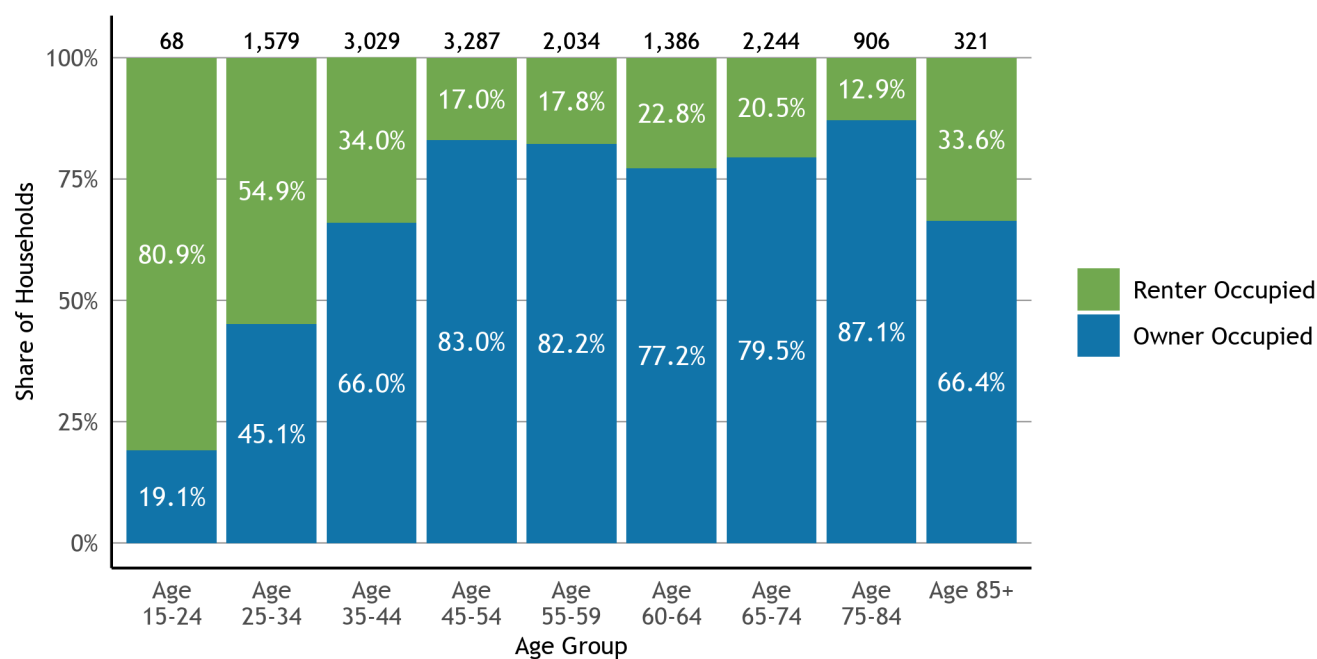
Notes: For this table, the Census Bureau does not disaggregate racial groups by Hispanic/Latinx ethnicity. However, data for the white racial group is also reported for white householders who are not Hispanic/Latinx. Since residents who identify as white and Hispanic/Latinx may have very different experiences within the housing market and the economy from those who identify as white and non-Hispanic/Latinx, data for multiple white sub-groups are reported here. The racial/ethnic groups reported in this table are not all mutually exclusive. Therefore, the data should not be summed as the sum exceeds the total number of occupied housing units for this jurisdiction. However, all groups labelled "Hispanic and Non-Hispanic" are mutually exclusive, and the sum of the data for these groups is equivalent to the total number of occupied housing units.

Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B25003(A-I)

The age of residents who rent or own their home can also signal the housing challenges a community is experiencing. Younger households tend to rent and may struggle to buy a first home in the Bay Area due to high housing costs. At the same time, senior homeowners seeking to downsize may have limited options in an expensive housing market.

In Morgan Hill, 41.2% of householders between the ages of 25 and 44 are renters, while 19.8% of householders over 65 are (see Figure 16).

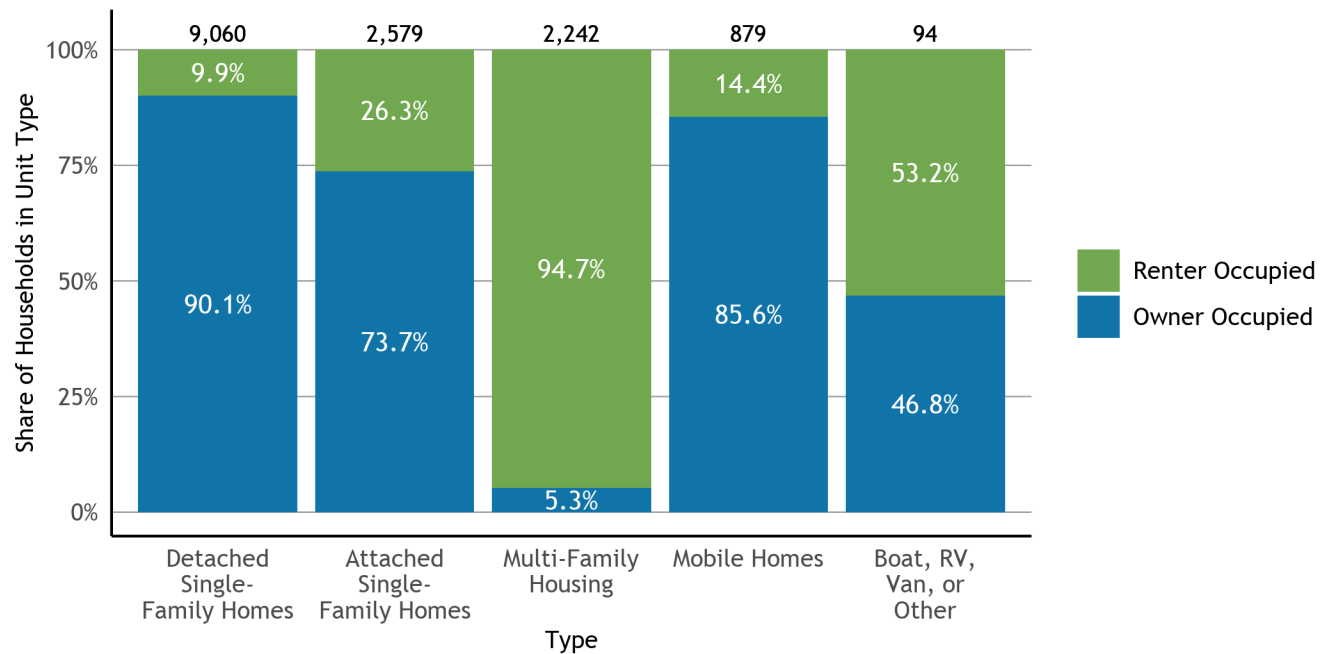
Figure H 1-16: Housing Tenure by Age



Universe: Occupied housing units

Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B25007

In many cities, homeownership rates for households in single-family homes are substantially higher than the rates for households in multi-family housing. In Morgan Hill, 90.1% of households in detached single-family homes are homeowners, while 5.3% of households in multi-family housing are homeowners (see Figure 17).

Figure H 1-17: Housing Tenure by Housing Type

Universe: Occupied housing units

Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B25032

1.4.7 Displacement

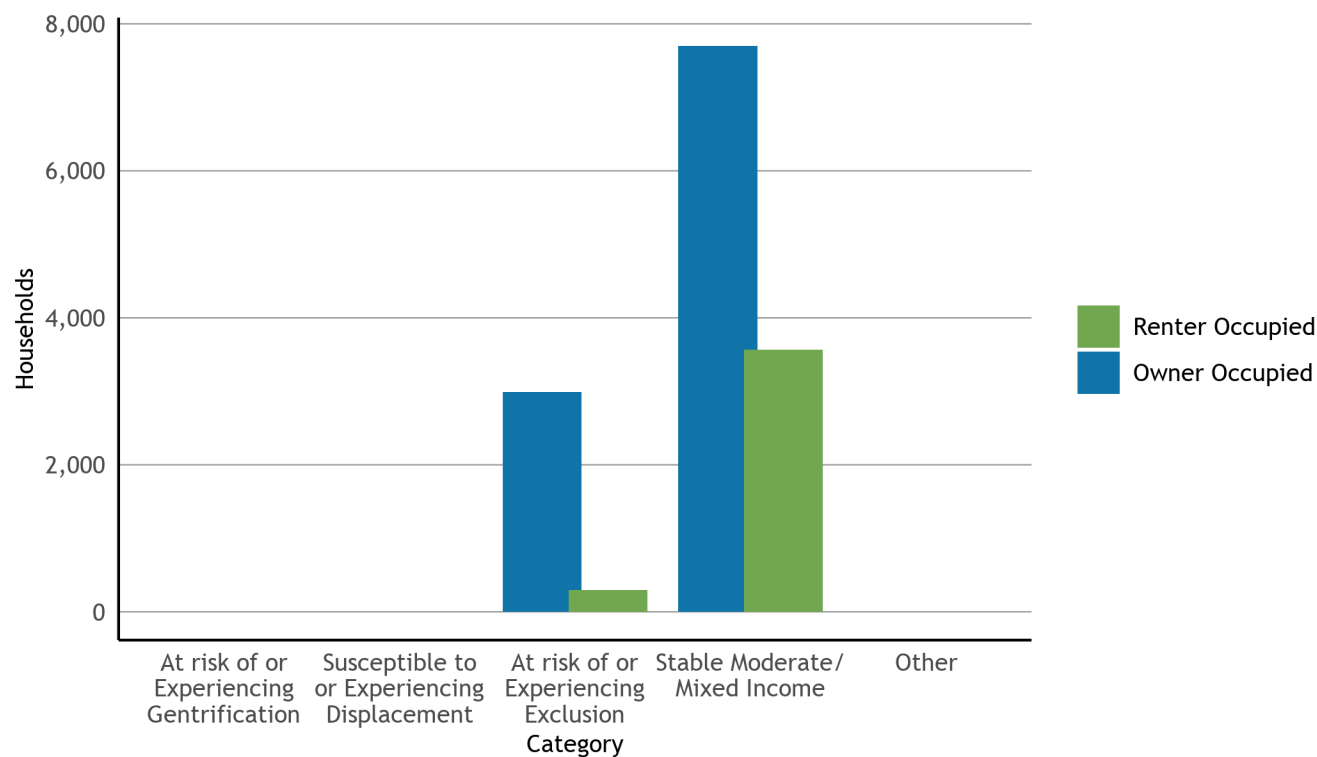
Because of increasing housing prices, displacement is a major concern in the Bay Area. Displacement has the most severe impacts on low- and moderate-income residents. When individuals or families are forced to leave their homes and communities, they also lose their support network.

The University of California, Berkeley has mapped all neighborhoods in the Bay area, identifying their risk for gentrification. They find that in Morgan Hill, 0.0% of households live in neighborhoods that are susceptible to or experiencing displacement and 0.0% live in neighborhoods at risk of or undergoing gentrification.

Equally important, some neighborhoods in the Bay Area do not have housing appropriate for a broad section of the workforce. UC Berkeley estimates that 22.6% of households in Morgan Hill live in neighborhoods where low-income households are likely to be excluded due to prohibitive housing costs.¹⁶

¹⁶ More information about this gentrification and displacement data is available at the Urban Displacement Project's webpage: <https://www.urbandisplacement.org/>. Specifically, one can learn more about the different gentrification/displacement typologies shown in Figure 18 at this link: https://www.urbandisplacement.org/sites/default/files/typology_sheet_2018_0.png. Additionally, one can view maps that show which typologies correspond to which parts of a jurisdiction here: <https://www.urbandisplacement.org/san-francisco/sf-bay-area-gentrification-and-displacement>

Figure H 1-18: Households by Displacement Risk and Tenure



Universe: Households

Notes: Displacement data is available at the census tract level. Staff aggregated tracts up to jurisdiction level using census 2010 population weights, assigning a tract to jurisdiction in proportion to block level population weights. Total household count may differ slightly from counts in other tables sourced from jurisdiction level sources. Categories are combined as follows for simplicity: At risk of or Experiencing Exclusion: At Risk of Becoming Exclusive; Becoming Exclusive; Stable/Advanced Exclusive At risk of or Experiencing Gentrification: At Risk of Gentrification; Early/Ongoing Gentrification; Advanced Gentrification Stable Moderate/Mixed Income: Stable Moderate/Mixed Income Susceptible to or Experiencing Displacement: Low-Income/Susceptible to Displacement; Ongoing Displacement Other: High Student Population; Unavailable or Unreliable Data

Source: Urban Displacement Project for classification, American Community Survey 5-Year Data (2015-2019), Table B25003 for tenure.

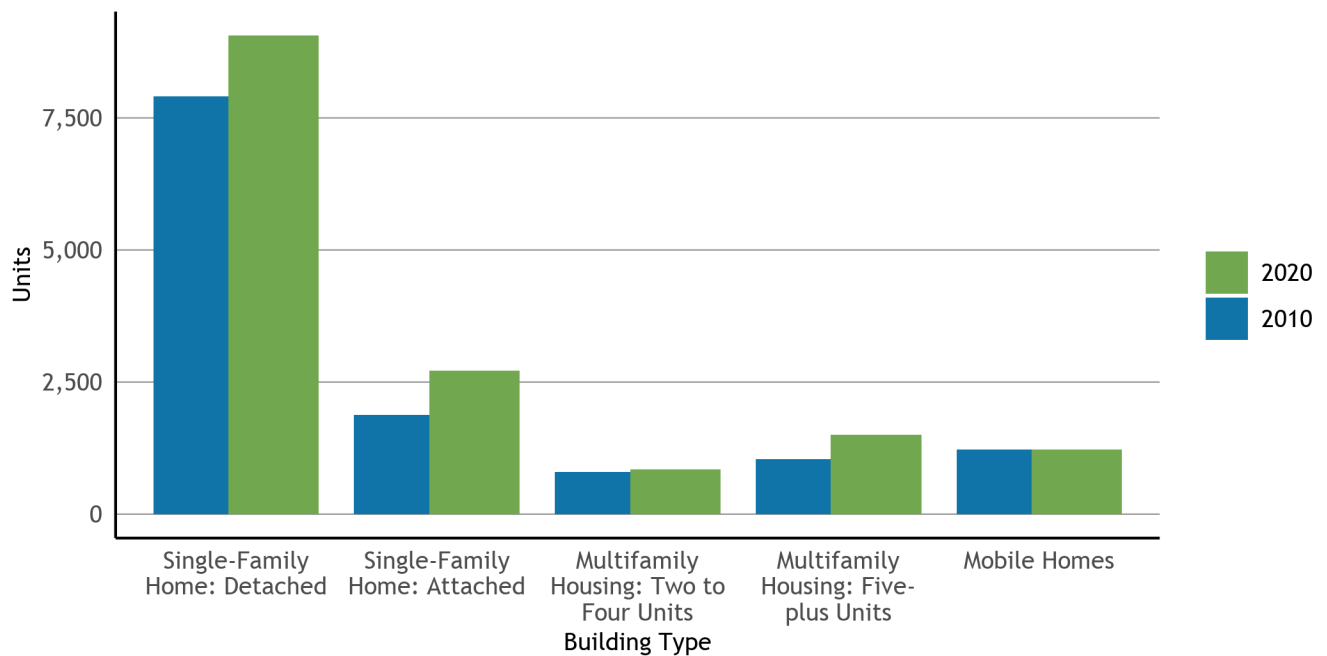
1.5 Housing Stock Characteristics

1.5.1 Housing Types, Year Built, Vacancy, and Permits

In recent years, most housing produced in the region and across the state consisted of single-family homes and larger multi-unit buildings. However, some households are increasingly interested in “missing middle housing” – including duplexes, triplexes, townhomes, cottage clusters and accessory dwelling units (ADUs). These housing types may open up more options across incomes and tenure, from young households seeking homeownership options to seniors looking to downsize and age-in-place.

The housing stock of Morgan Hill in 2020 was made up of 59.0% single family detached homes, 17.7% single family attached homes, 5.5% multifamily homes with 2 to 4 units, 9.8% multifamily homes with 5 or more units, and 8.0% mobile homes (see Figure 19). In Morgan Hill, the housing type that experienced the most growth between 2010 and 2020 was *Single-Family Home: Detached*.

Figure H 1-19: Housing Type Trends

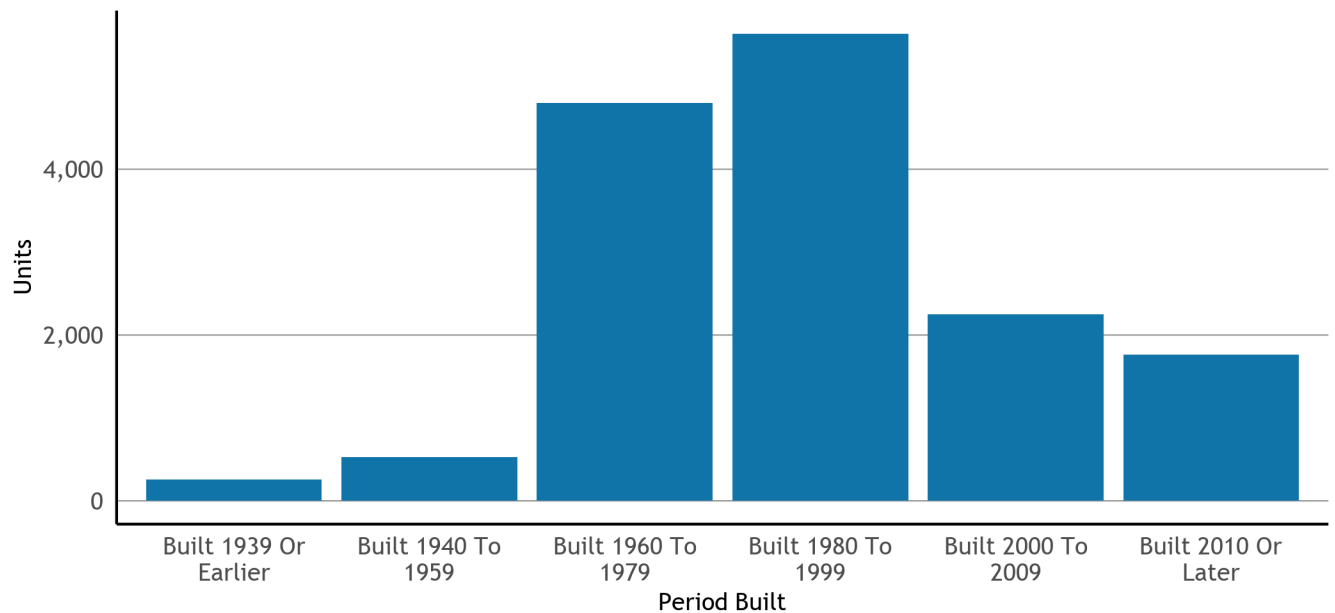


Universe: Housing units

Source: California Department of Finance, E-5 series

Production has not kept up with housing demand for several decades in the Bay Area, as the total number of units built and available has not yet come close to meeting the population and job growth experienced throughout the region. In Morgan Hill, the largest proportion of the housing stock was built 1980 to 1999, with 5,632 units constructed during this period (see Figure 20). Since 2010, 11.6% of the current housing stock was built, which is 1,761 units.

Figure H 1-20: Housing Units by Year Structure Built



Universe: Housing units

Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B25034

Vacant units make up 2.5% of the overall housing stock in Morgan Hill. The rental vacancy stands at 4.3%, while the ownership vacancy rate is 0.7%. Of the vacant units, the most common type of vacancy is *For Rent* (see Figure 21).¹⁷

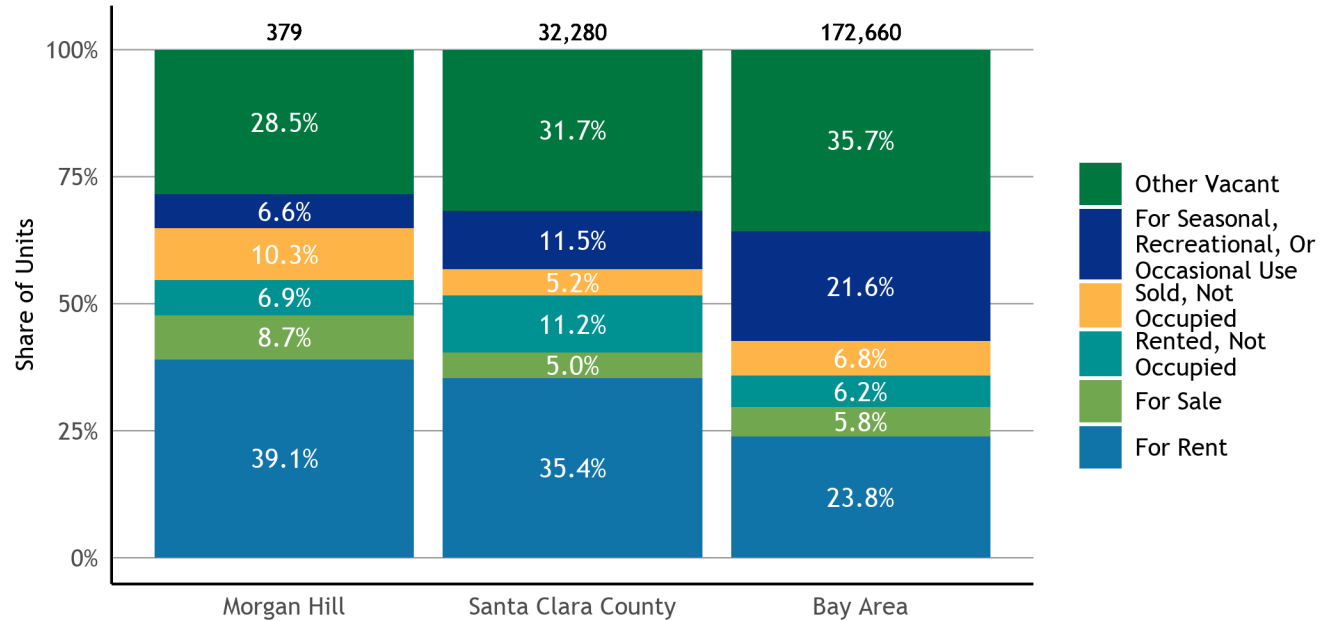
Throughout the Bay Area, vacancies make up 2.6% of the total housing units, with homes listed for rent; units used for *recreational or occasional use*, and units not otherwise classified (*other vacant*) making up the majority of vacancies. The Census Bureau classifies a unit as vacant if no one is occupying it when census interviewers are conducting the American Community Survey or Decennial Census. Vacant units classified as “for recreational or occasional use” are those that are held for short-term periods of use throughout the year. Accordingly, vacation rentals and short-term rentals like AirBnB are likely to fall in this category. The Census Bureau classifies units as “other vacant” if they are vacant due to foreclosure, personal/family reasons, legal proceedings, repairs/renovations, abandonment, preparation for being rented or sold, or vacant for an extended absence for reasons such as a work assignment, military duty, or incarceration.¹⁸ In a region with a thriving economy and housing market like the Bay Area, units being renovated/repared and prepared for rental or sale are likely to represent a large portion of the “other vacant” category.

¹⁷ The vacancy rates by tenure is for a smaller universe than the total vacancy rate first reported, which in principle includes the full stock (2.5%). The vacancy by tenure counts are rates relative to the rental stock (occupied and vacant) and ownership stock (occupied and vacant) - but exclude a significant number of vacancy categories, including the numerically significant *other vacant*.

¹⁸ For more information, see pages 3 through 6 of this list of definitions prepared by the Census Bureau: <https://www.census.gov/housing/hvs/definitions.pdf>.

Additionally, the need for seismic retrofitting in older housing stock could also influence the proportion of “other vacant” units in some jurisdictions.¹⁹

Figure H 1-21: Vacant Units by Type



Universe: Vacant housing units

Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B25004

Between 2015 and 2019, 1,542 housing units were issued permits in Morgan Hill. 77.8% of permits issued in Morgan Hill were for above moderate-income housing, 8.8% were for moderate-income housing, and 13.4% were for low- or very low-income housing (see Table 3).

Table H 1-3 Housing Permitting	
Income Group	Value
Above Moderate Income Permits	1,200
Low Income Permits	165
Moderate Income Permits	136
Very Low Income Permits	41

Universe: Housing permits issued between 2015 and 2019

Notes: HCD uses the following definitions for the four income categories: Very Low Income: units affordable to households making less than 50% of the Area Median Income for the county in which the jurisdiction is located. Low Income: units affordable to households making between 50% and 80% of the Area Median Income for the county in which the jurisdiction is located. Moderate Income: units affordable to households making between 80% and 120% of the Area Median Income for the county in which the jurisdiction is located.

¹⁹ See Dow, P. (2018). Unpacking the Growth in San Francisco's Vacant Housing Stock: Client Report for the San Francisco Planning Department. University of California, Berkeley.

Above Moderate Income: units affordable to households making above 120% of the Area Median Income for the county in which the jurisdiction is located.

Source: California Department of Housing and Community Development (HCD), 5th Cycle Annual Progress Report Permit Summary (2020)

1.5.2 Assisted Housing Developments At-Risk of Conversion

While there is an immense need to produce new affordable housing units, ensuring that the existing affordable housing stock remains affordable is equally important. Additionally, it is typically faster and less expensive to preserve currently affordable units that are at risk of converting to market-rate than it is to build new affordable housing.

The data in the table below comes from the California Housing Partnership's Preservation Database, the state's most comprehensive source of information on subsidized affordable housing at risk of losing its affordable status and converting to market-rate housing. However, this database does not include all deed-restricted affordable units in the state, so there may be at-risk assisted units in a jurisdiction that are not captured in this data table. There are 1,160 assisted units in Morgan Hill in the Preservation Database. Of these units, 0.0% are at *High Risk* or *Very High Risk* of conversion.²⁰

Table H 1-4 Assisted Units at Risk of Conversion			
Income	Morgan Hill	Santa Clara County	Bay Area
Low	1,160	28,001	110,177
Moderate	0	1,471	3,375
High	0	422	1,854
Very High	0	270	1,053
Total Assisted Units in Database	1,160	30,164	116,459

Universe: HUD, Low-Income Housing Tax Credit (LIHTC), USDA, and CalHFA projects. Subsidized or assisted developments that do not have one of the aforementioned financing sources may not be included.

Notes: While California Housing Partnership's Preservation Database is the state's most comprehensive source of information on subsidized affordable housing at risk of losing its affordable status and converting to market-rate housing, this database does not include all deed-restricted affordable units in the state. Consequently, there may be at-risk assisted units in a jurisdiction that are not captured in this data table. California Housing Partnership uses the following categories for assisted housing developments in its database: Very-High Risk: affordable homes that are at-risk of converting to market rate within the next year that do not have a known overlapping subsidy that would extend affordability and are not owned by a large/stable non-profit, mission-driven developer. High

²⁰ California Housing Partnership uses the following categories for assisted housing developments in its database: Very-High Risk: affordable homes that are at-risk of converting to market rate within the next year that do not have a known overlapping subsidy that would extend affordability and are not owned by a large/stable non-profit, mission-driven developer.

High Risk: affordable homes that are at-risk of converting to market rate in the next 1-5 years that do not have a known overlapping subsidy that would extend affordability and are not owned by a large/stable non-profit, mission-driven developer.

Moderate Risk: affordable homes that are at-risk of converting to market rate in the next 5-10 years that do not have a known overlapping subsidy that would extend affordability and are not owned by a large/stable non-profit, mission-driven developer.

Low Risk: affordable homes that are at-risk of converting to market rate in 10+ years and/or are owned by a large/stable non-profit, mission-driven developer.

Risk: affordable homes that are at-risk of converting to market rate in the next 1-5 years that do not have a known overlapping subsidy that would extend affordability and are not owned by a large/stable non-profit, mission-driven developer. Moderate Risk: affordable homes that are at-risk of converting to market rate in the next 5-10 years that do not have a known overlapping subsidy that would extend affordability and are not owned by a large/stable non-profit, mission-driven developer. Low Risk: affordable homes that are at-risk of converting to market rate in 10+ years and/or are owned by a large/stable non-profit, mission-driven developer.

Source: California Housing Partnership, Preservation Database (2020)

Pursuant to Government Code Section 65583(a)(9), an analysis of existing assisted housing developments that are eligible to change from low-income housing uses during the next 10 years due to termination of subsidy contracts, mortgage prepayment, or expiration of restrictions on use. “Assisted housing developments,” for the purpose of this section, shall mean multifamily rental housing that receives governmental assistance under federal programs listed in subdivision (a) of Section 65863.10, state and local multifamily revenue bond programs, local redevelopment programs, the federal Community Development Block Grant Program, or local in-lieu fees. “Assisted housing developments” shall also include multifamily rental units that were developed pursuant to a local inclusionary housing program or used to qualify for a density bonus pursuant to Section 65916.

From 2015 to 2019 there were no locally assisted multifamily projects at risk of converting to market rate. Currently, there are two types of affordable inventories that the City monitors:

- 100% Affordable rental projects; and
- Inclusionary Housing Ordinance.

There are a total of 21, 100% Affordable rental projects (affordable to very low- and low-income households), none of which are at risk of conversion in the next ten years and are available at <https://www.treasurer.ca.gov/ctcac/projects.asp>.

The Inclusionary Housing Ordinance includes Below Market Rate (BMR) multifamily rental units, for which the City requires a 55-year deed restriction to be recorded. These units are co-managed by the City and a third-party Administrator, HouseKeys. A database is maintained that consists of the entire BMR multifamily rental portfolio, the affordable category of each unit, sales prices that are reported annually to the county tax assessor, and the expiration of the deed restriction term. Through the Inclusionary Housing Ordinance affordable inventory, there are 15 BMR multifamily rental units. None of the BMR multifamily rental units are at-risk of converting to market-rate within the next ten years.

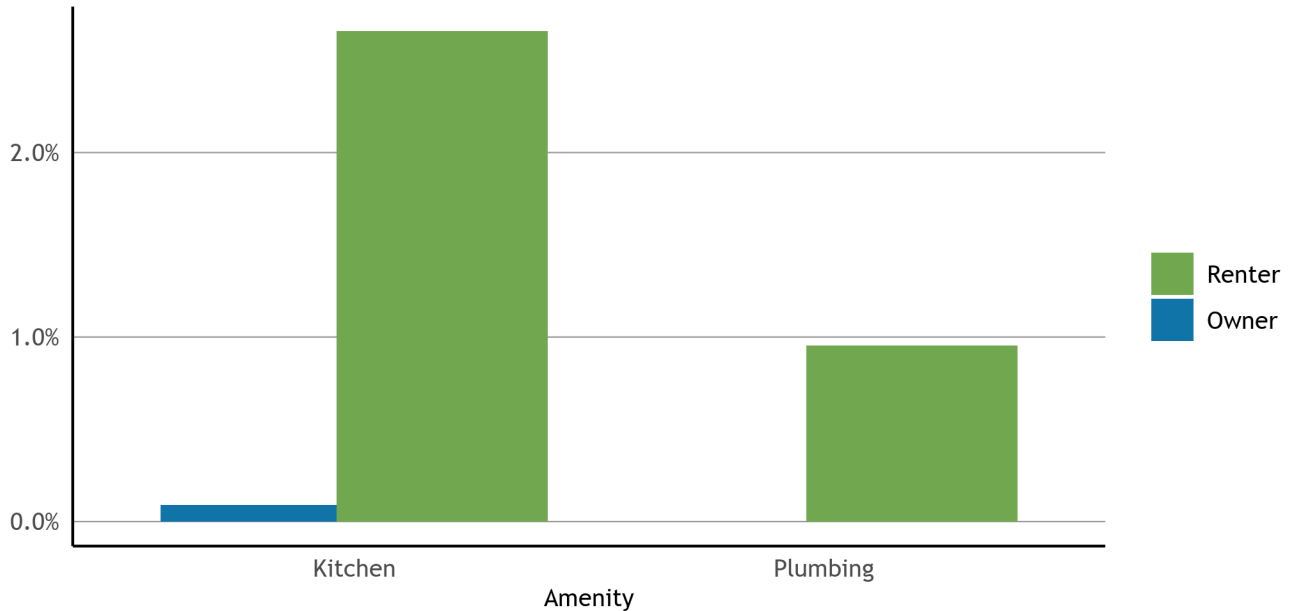
The City will continue to preserve at-risk housing units by annually monitoring the status of affordable housing projects, their regulatory agreement, and their placed in-service date to monitor any potential upcoming funding sources or terms nearing expiration. The City will continue to work with owners and other agencies to consider options to preserve these units. If restrictions were expiring the City would work with owners and other partnering agencies to consider options to preserve the units. The City will also provide technical support to property owners and tenants regarding proper procedures relating to noticing and options for preservation.

1.5.3 Substandard Housing

Housing costs in the region are among the highest in the country, which could result in households, particularly renters, needing to live in substandard conditions in order to afford housing. Generally, there is limited data on the extent of substandard housing issues in a community. The City's Building Division was surveyed to determine the number of housing units that are in need of rehabilitation (repair) or those in need of replacement (demolition) in calendar year 2021. The Building Division serves the residents and developers within the City by providing plan review services, issuing grading and building permits, and much more. In addition, the Building Division is responsible for code compliance and enforcement of the Morgan Hill Municipal Code. The Building Division indicated that there were zero units in dire need of rehabilitation or replacement that have been made aware to the City in 2021. Although the City's housing stock is in good condition, more than a third (37%) of the City's housing stock is more than 40 years old and may also be in need of rehabilitation. The City's Building Official estimates that approximately 10% (152 housing units) of the City's housing stock built prior to 1970 (1,522 housing units) will require rehabilitation (including but not limited to, needing re-roofing and repair/replacement of windows and/or repair/replacement of electrical panels) during the 6th Housing Element cycle. The number of units estimated to be rehabilitated are lower than the number of units constructed prior to 1970 since many of these units have been maintained in a state of good repair or have already been rehabilitated. However, programs which assist lower-income and/or elderly homeowners with home maintenance and repair should continue to be an important part of the City's housing program.

The City takes a proactive approach toward housing conditions through housing rehabilitation programs. The City has participated in the Urban Counties Consortium Community Development Block Grant (CDBG) funds to provide rehabilitation assistance. Over the last housing element period, from January 1, 2015 through January 1, 2020, 159 units were rehabilitated within the City of Morgan Hill.

Although the City's housing stock is in good condition, the Census Bureau data included in the graph below gives a sense of some of the substandard conditions that may be present in Morgan Hill. For example, 2.7% of renters in Morgan Hill reported lacking a kitchen and 1.0% of renters lack plumbing, compared to 0.1% of owners who lack a kitchen and 0.0% of owners who lack plumbing.

Figure H 1-22: Substandard Housing Issues

Universe: Occupied housing units

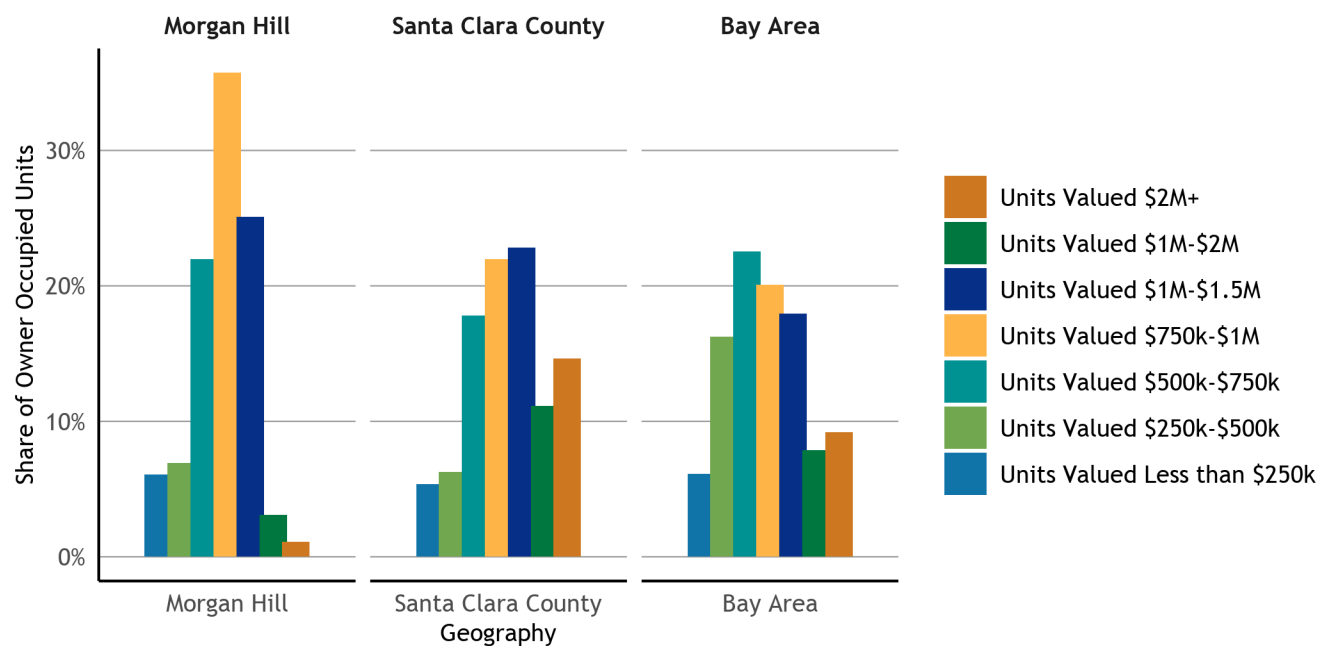
Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B25053, Table B25043, Table B25049

1.5.4 Home and Rent Values

Home prices reflect a complex mix of supply and demand factors, including an area's demographic profile, labor market, prevailing wages and job outlook, coupled with land and construction costs. In the Bay Area, the costs of housing have long been among the highest in the nation. The typical home value in Morgan Hill was estimated at \$1,055,130 by December of 2020, per data from Zillow. The largest proportion of homes were valued between \$750k-\$1M (see Figure 23). By comparison, the typical home value is \$1,290,970 in Santa Clara County and \$1,077,230 in the Bay Area, with the largest share of units valued \$1m-\$1.5m (county) and \$500k-\$750k (region).

The region's home values have increased steadily since 2000, besides a decrease during the Great Recession. The rise in home prices has been especially steep since 2012, with the median home value in the Bay Area nearly doubling during this time. Since 2001, the typical home value has increased 123.1% in Morgan Hill from \$472,850 to \$1,055,130. This change is below the change in Santa Clara County, and below the change for the region (see Figure 24).

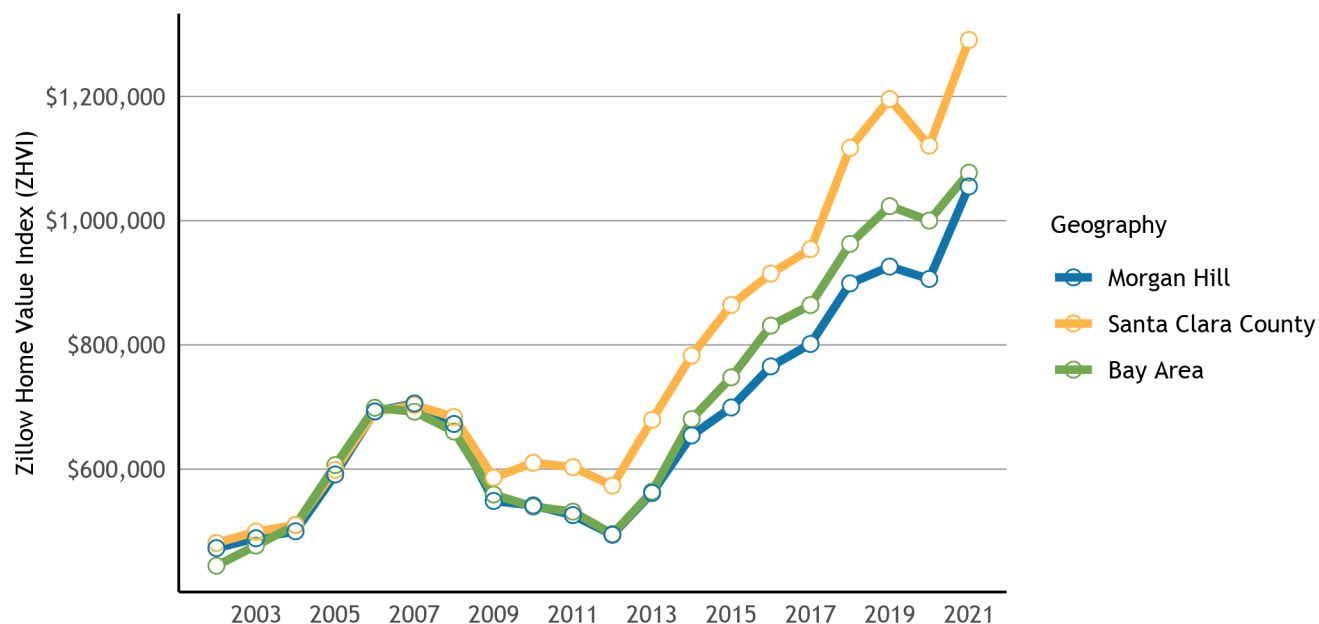
Figure H 1-23: Home Values of Owner-Occupied Units



Universe: Owner-occupied units

Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B25075

Figure H 1-24: Zillow Home Value Index (ZHVI)



Universe: Owner-occupied housing units

Notes: Zillow describes the ZHVI as a smoothed, seasonally adjusted measure of the typical home value and market changes across a given region and housing type. The ZHVI reflects the typical value for homes in the 35th to 65th percentile range. The ZHVI includes all owner-occupied housing units, including both single-family homes and condominiums. More information on the ZHVI is available

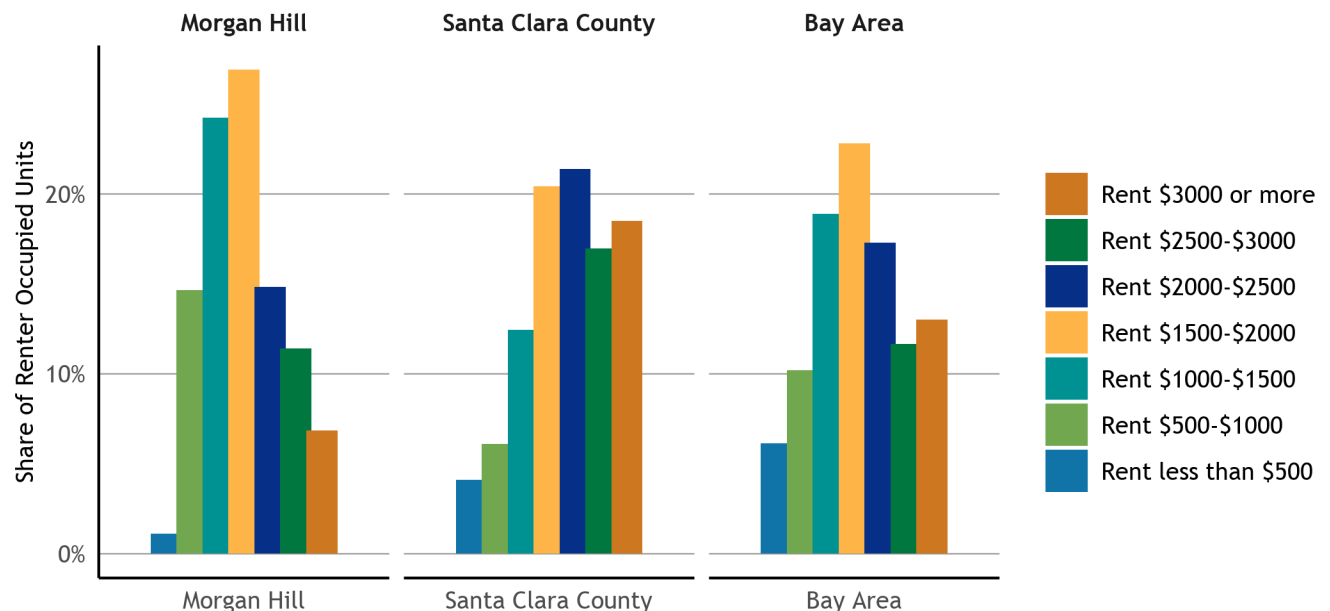
from Zillow. The regional estimate is a household-weighted average of county-level ZHVI files, where household counts are yearly estimates from DOF's E-5 series. For unincorporated areas, the value is a population weighted average of unincorporated communities in the county matched to census-designated population counts.

Source: Zillow, Zillow Home Value Index (ZHVI)

Similar to home values, rents have also increased dramatically across the Bay Area in recent years. Many renters have been priced out, evicted or displaced, particularly communities of color. Residents finding themselves in one of these situations may have had to choose between commuting long distances to their jobs and schools or moving out of the region, and sometimes, out of the state.

In Morgan Hill, the largest proportion of rental units rented in the *Rent \$1500-\$2000* category, totaling 26.9%, followed by 24.2% of units renting in the *Rent \$1000-\$1500* category (see Figure 25). Looking beyond the city, the largest share of units is in the *\$2000-\$2500* category (county) compared to the *\$1500-\$2000* category for the region as a whole.

Figure H 1-25: Contract Rents for Renter-Occupied Units

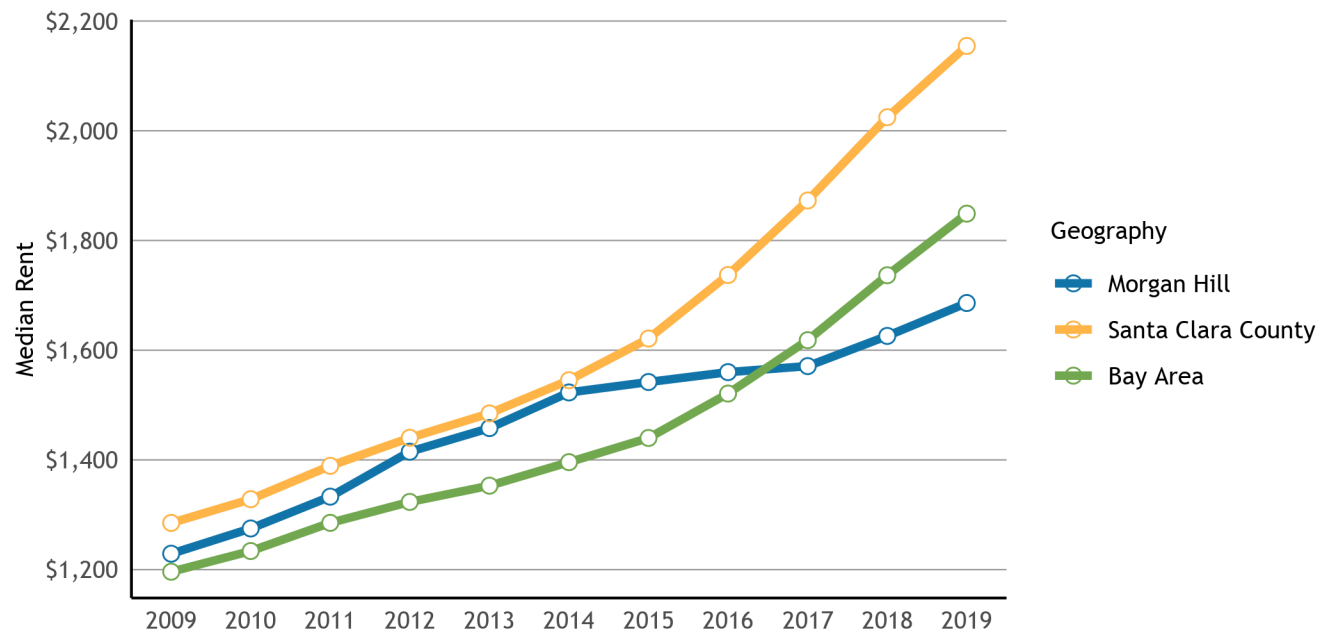


Universe: Renter-occupied housing units paying cash rent

Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B25056

Since 2009, the median rent has increased by 36.6% in Morgan Hill, from \$1,230 to \$1,680 per month (see Figure 26). In Santa Clara County, the median rent has increased 67.7%, from \$1,285 to \$2,150. The median rent in the region has increased significantly during this time from \$1,200 to \$1,850, a 54% increase.²¹

²¹ While the data on home values shown in Figure 24 comes from Zillow, Zillow does not have data on rent prices available for most Bay Area jurisdictions. To have a more comprehensive dataset on rental data for the region, the rent data in this document comes from the U.S. Census Bureau's American Community Survey, which may not fully reflect

Figure H 1-26: Median Contract Rent

Universe: Renter-occupied housing units paying cash rent

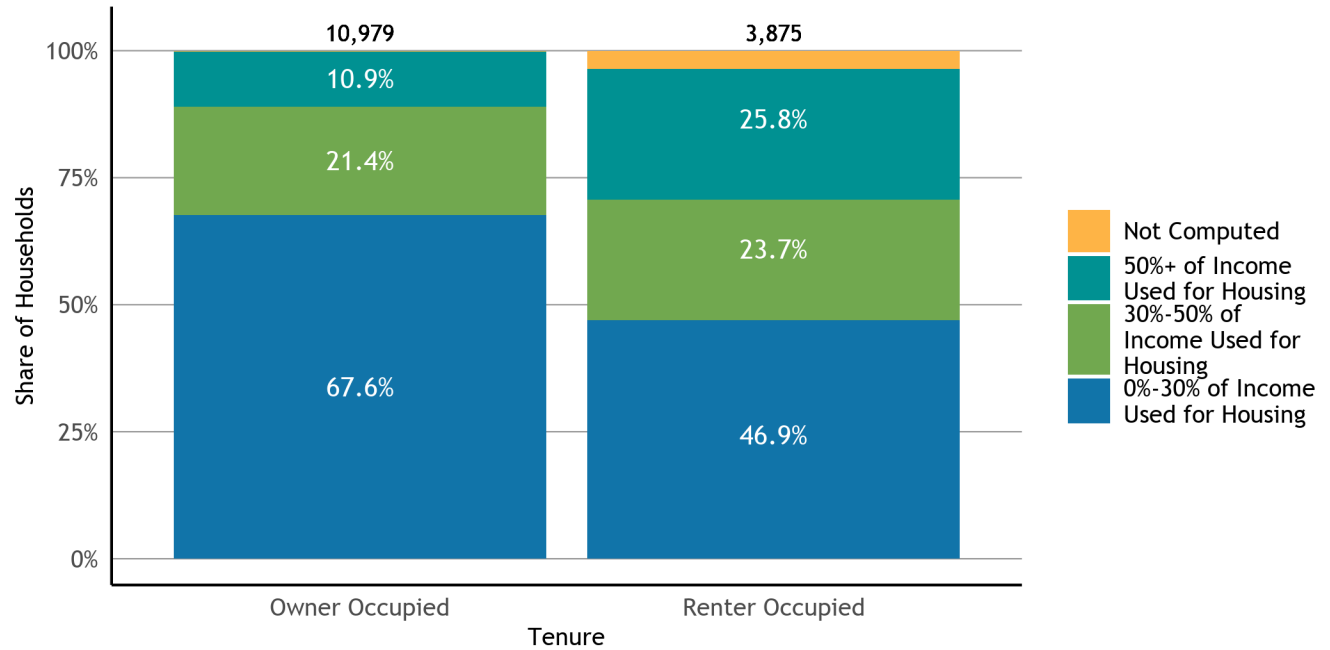
Notes: For unincorporated areas, median is calculated using distribution in B25056.

Source: U.S. Census Bureau, American Community Survey 5-Year Data releases, starting with 2005-2009 through 2015-2019, B25058, B25056 (for unincorporated areas). County and regional counts are weighted averages of jurisdiction median using B25003 rental unit counts from the relevant year.

1.5.5 Overpayment and Overcrowding

A household is considered “cost-burdened” if it spends more than 30% of its monthly income on housing costs, while those who spend more than 50% of their income on housing costs are considered “severely cost-burdened.” Low-income residents are the most impacted by high housing costs and experience the highest rates of cost burden. Spending such large portions of their income on housing puts low-income households at higher risk of displacement, eviction, or homelessness.

current rents. Local jurisdiction staff may want to supplement the data on rents with local realtor data or other sources for rent data that are more current than Census Bureau data.

Figure H 1-27: Cost Burden by Tenure

Universe: Occupied housing units

Notes: Cost burden is the ratio of housing costs to household income. For renters, housing cost is gross rent (contract rent plus utilities). For owners, housing cost is "select monthly owner costs", which includes mortgage payment, utilities, association fees, insurance, and real estate taxes. HUD defines cost-burdened households as those whose monthly housing costs exceed 30% of monthly income, while severely cost-burdened households are those whose monthly housing costs exceed 50% of monthly income.

Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B25070, B25091

Renters are often more cost-burdened than owners. While the housing market has resulted in home prices increasing dramatically, homeowners often have mortgages with fixed rates, whereas renters are more likely to be impacted by market increases. When looking at the cost burden across tenure in Morgan Hill, 23.7% (919 households) of renters spend 30% to 50% of their income on housing compared to 21.4% (2,347 households) of those that own (see Figure 27). Additionally, 25.8% (1,000 households) of renters spend 50% or more of their income on housing, while 10.9% (1,193 households) of owners are severely cost-burdened.

As stated above, overall, renters are often more cost-burdened than owners; however, when analyzing cost-burden by income level, lower-income homeowners are more cost-burdened than lower-income renters. The tables below quantify the number of lower-income households overpaying for housing by tenure (i.e., renter and owner). As indicated in the tables, approximately 62% (1,690 households) of lower-income renters are cost-burdened, compared to approximately 65% (1,880 households) of lower-income owners who are cost-burdened; and approximately 33% (910 households) of lower-income renters are severely cost-burdened, compared to approximately 35% (1,030 households) of lower-income owners who are severely cost-burdened. Contrary to the preceding paragraph, although homeowners often have mortgages with fixed rates, lower-income homeowners have additional cost burdens due to insurance and real estate taxes which seems to outweigh the cost of rental market increases that renters are impacted by.

Table H 1-5 Income by Cost Burden (Renters only), Morgan Hill			
HUD Area Median Family Income	Cost Burden > 30%	Cost Burden > 50%	Total
Household Income <= 30%	980	700	1,160
Household Income > 30% to <= 50%	525	150	765
Household Income > 50% to <= 80%	185	60	795
Household Income > 80% to <= 100%	110	0	335
Household Income > 100%	35	0	815
Total	1,835	910	3,875

Universe: Occupied housing units

Notes: Cost burden is the ratio of housing costs to household income. For renters, housing cost is gross rent (contract rent plus utilities). For owners, housing cost is "select monthly owner costs", which includes mortgage payment, utilities, association fees, insurance, and real estate taxes. HUD defines cost-burdened households as those whose monthly housing costs exceed 30% of monthly income, while severely cost-burdened households are those whose monthly housing costs exceed 50% of monthly income.

Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019),

Table H 1-6 Income by Cost Burden (Owners only), Morgan Hill			
HUD Area Median Family Income	Cost Burden > 30%	Cost Burden > 50%	Total
Household Income <= 30%	760	510	975
Household Income > 30% to <= 50%	685	405	1,000
Household Income > 50% to <= 80%	435	115	935
Household Income > 80% to <= 100%	475	90	1,045
Household Income > 100%	835	45	7,030
Total	3,190	1,165	10,980

Universe: Occupied housing units

Notes: Cost burden is the ratio of housing costs to household income. For renters, housing cost is gross rent (contract rent plus utilities). For owners, housing cost is "select monthly owner costs", which includes mortgage payment, utilities, association fees, insurance, and real estate taxes. HUD defines cost-burdened households as those whose monthly housing costs exceed 30% of monthly income, while severely cost-burdened households are those whose monthly housing costs exceed 50% of monthly income.

Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019),

In Morgan Hill, 15.3% of households spend 50% or more of their income on housing, while 20.1% spend 30% to 50%. However, these rates vary greatly across income categories (see Figure 28). For example, 64.2% (1,210 households) of Morgan Hill households making less than 30% of AMI spend the majority of their income on housing. For Morgan Hill residents making more than 100% of AMI, just 0.4% (29 households) are severely cost-burdened, and 85.8% (6,730 households) of those making more than 100% of AMI spend less than 30% of their income on housing. In total, 40% (2,000 households) of lower-income households are severely cost-burden and 27.8% (1,390 households) of lower-income households are cost-burden.

Figure H 1-28: Cost Burden by Income Level



Universe: Occupied housing units

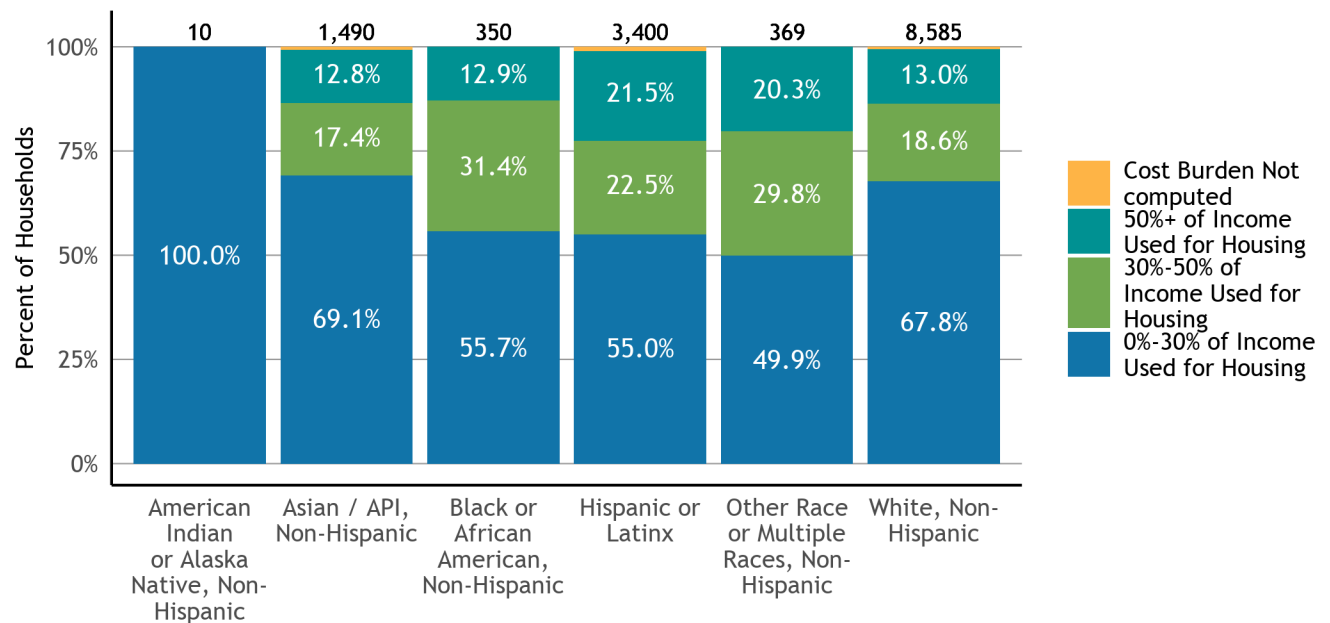
Notes: Cost burden is the ratio of housing costs to household income. For renters, housing cost is gross rent (contract rent plus utilities). For owners, housing cost is "select monthly owner costs", which includes mortgage payment, utilities, association fees, insurance, and real estate taxes. HUD defines cost-burdened households as those whose monthly housing costs exceed 30% of monthly income, while severely cost-burdened households are those whose monthly housing costs exceed 50% of monthly income. Income groups are based on HUD calculations for Area Median Income (AMI). HUD calculates the AMI for different metropolitan areas, and the nine county Bay Area includes the following metropolitan areas: Napa Metro Area (Napa County), Oakland-Fremont Metro Area (Alameda and Contra Costa Counties), San Francisco Metro Area (Marin, San Francisco, and San Mateo Counties), San Jose-Sunnyvale-Santa Clara Metro Area (Santa Clara County), Santa Rosa Metro Area (Sonoma County), and Vallejo-Fairfield Metro Area (Solano County). The AMI levels in this chart are based on the HUD metro area where this jurisdiction is located.

Source: U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS) ACS tabulation, 2013-2017 release

Currently, people of color are more likely to experience poverty and financial instability as a result of federal and local housing policies that have historically excluded them from the same opportunities extended to white residents. As a result, they often pay a greater percentage of their income on housing, and in turn, are at a greater risk of housing insecurity.

Black or African American, Non-Hispanic residents are the most cost burdened with 31.4% spending 30% to 50% of their income on housing, and **Hispanic or Latinx** residents are the most severely cost burdened with 21.5% spending more than 50% of their income on housing (see Figure 29).

Figure H 1-29: Cost Burden by Race



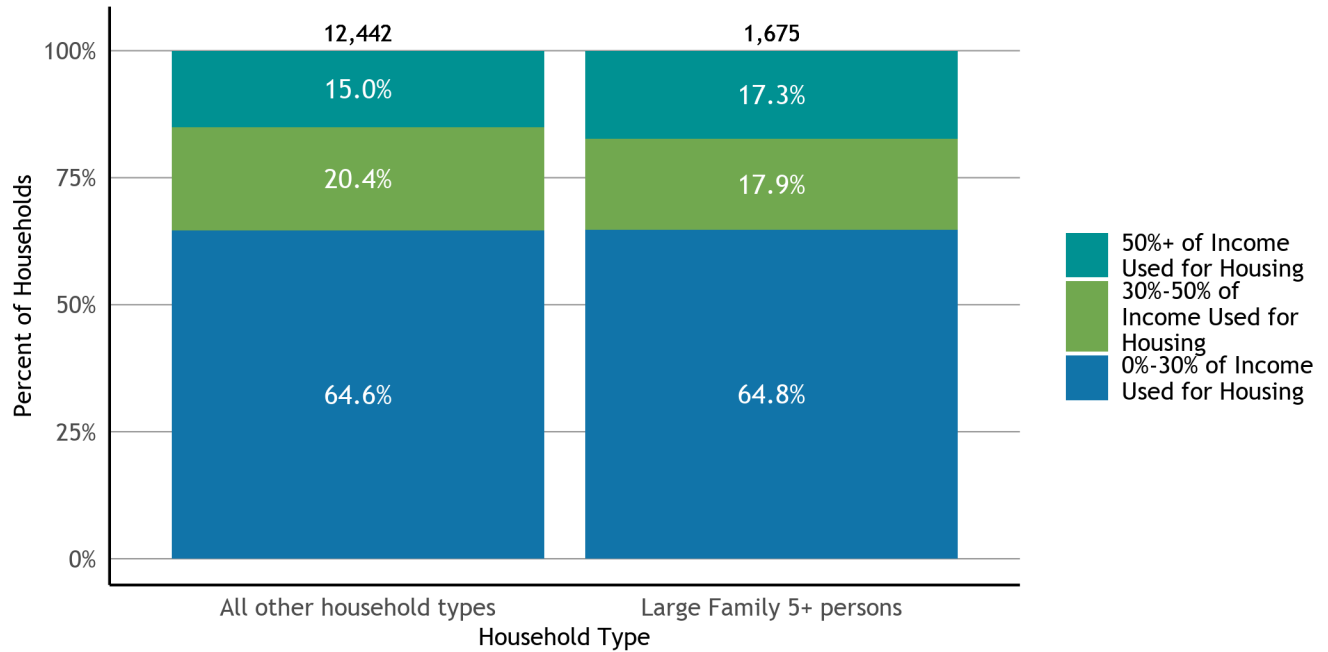
Universe: Occupied housing units

Notes: Cost burden is the ratio of housing costs to household income. For renters, housing cost is gross rent (contract rent plus utilities). For owners, housing cost is "select monthly owner costs", which includes mortgage payment, utilities, association fees, insurance, and real estate taxes. HUD defines cost-burdened households as those whose monthly housing costs exceed 30% of monthly income, while severely cost-burdened households are those whose monthly housing costs exceed 50% of monthly income. For the purposes of this graph, the "Hispanic or Latinx" racial/ethnic group represents those who identify as having Hispanic/Latinx ethnicity and may also be members of any racial group. All other racial categories on this graph represent those who identify with that racial category and do not identify with Hispanic/Latinx ethnicity.

Source: U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS) ACS tabulation, 2013-2017 release

Large family households often have special housing needs due to a lack of adequately sized affordable housing available. The higher costs required for homes with multiple bedrooms can result in larger families experiencing a disproportionate cost burden than the rest of the population and can increase the risk of housing insecurity.

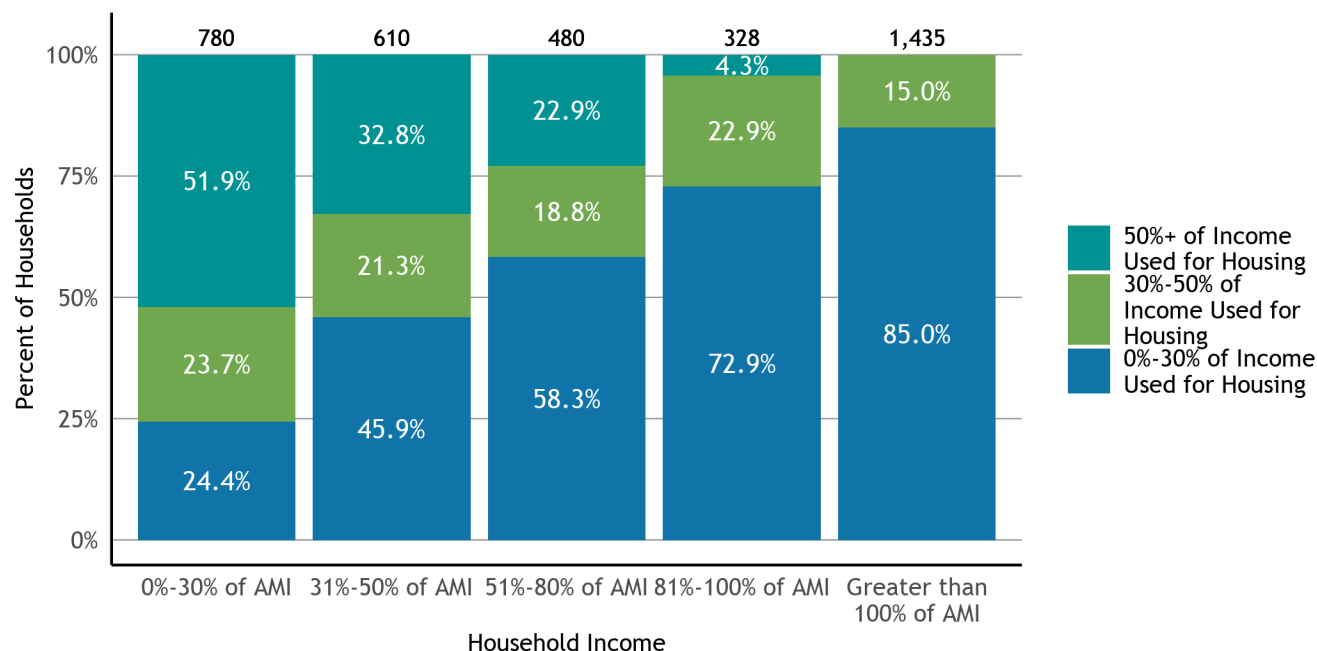
In Morgan Hill, 17.9% of large family households experience a cost burden of 30%-50%, while 17.3% of households spend more than half of their income on housing. Some 20.4% of all other households have a cost burden of 30%-50%, with 15.0% of households spending more than 50% of their income on housing (see Figure 30).

Figure H 1-30: Cost Burden by Household Size

Universe: Occupied housing units

Notes: Cost burden is the ratio of housing costs to household income. For renters, housing cost is gross rent (contract rent plus utilities). For owners, housing cost is "select monthly owner costs", which includes mortgage payment, utilities, association fees, insurance, and real estate taxes. HUD defines cost-burdened households as those whose monthly housing costs exceed 30% of monthly income, while severely cost-burdened households are those whose monthly housing costs exceed 50% of monthly income. Source: U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS) ACS tabulation, 2013-2017 release

When cost-burdened seniors are no longer able to make house payments or pay rents, displacement from their homes can occur, putting further stress on the local rental market or forcing residents out of the community they call home. Understanding how seniors might be cost-burdened is of particular importance due to their special housing needs, particularly for low-income seniors. 51.9% of seniors making less than 30% of AMI are spending the majority of their income on housing. For seniors making more than 100% of AMI, 85.0% are not cost-burdened and spend less than 30% of their income on housing (see Figure 31).

Figure 1-31: Cost-Burdened Senior Households by Income Level

Universe: Senior households

Notes: For the purposes of this graph, senior households are those with a householder who is aged 62 or older. Cost burden is the ratio of housing costs to household income. For renters, housing cost is gross rent (contract rent plus utilities). For owners, housing cost is “select monthly owner costs”, which includes mortgage payment, utilities, association fees, insurance, and real estate taxes. HUD defines cost-burdened households as those whose monthly housing costs exceed 30% of monthly income, while severely cost-burdened households are those whose monthly housing costs exceed 50% of monthly income. Income groups are based on HUD calculations for Area Median Income (AMI). HUD calculates the AMI for different metropolitan areas, and the nine county Bay Area includes the following metropolitan areas: Napa Metro Area (Napa County), Oakland-Fremont Metro Area (Alameda and Contra Costa Counties), San Francisco Metro Area (Marin, San Francisco, and San Mateo Counties), San Jose-Sunnyvale-Santa Clara Metro Area (Santa Clara County), Santa Rosa Metro Area (Sonoma County), and Vallejo-Fairfield Metro Area (Solano County). The AMI levels in this chart are based on the HUD metro area where this jurisdiction is located.

Source: U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS) ACS tabulation, 2013-2017 release

Overcrowding occurs when the number of people living in a household is greater than the home was designed to hold. There are several different standards for defining overcrowding, but this report uses the Census Bureau definition, which is more than one occupant per room (not including bathrooms or kitchens). Additionally, the Census Bureau considers units with more than 1.5 occupants per room to be severely overcrowded.

Overcrowding is often related to the cost of housing and can occur when demand in a city or region is high. In many cities, overcrowding is seen more amongst those that are renting, with multiple households sharing a unit to make it possible to stay in their communities. In Morgan Hill, 4.6% of households that rent are severely overcrowded (more than 1.5 occupants per room), compared to 0.2% of households that own (see Figure 32). In Morgan Hill, 9.2% of renters experience moderate overcrowding (1 to 1.5 occupants per room), compared to 1.6% for those own.

Figure H 1-32: Overcrowding by Tenure and Severity

Universe: Occupied housing units

Notes: The Census Bureau defines an overcrowded unit as one occupied by 1.01 persons or more per room (excluding bathrooms and kitchens), and units with more than 1.5 persons per room are considered severely overcrowded.

Source: U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS) ACS tabulation, 2013-2017 release

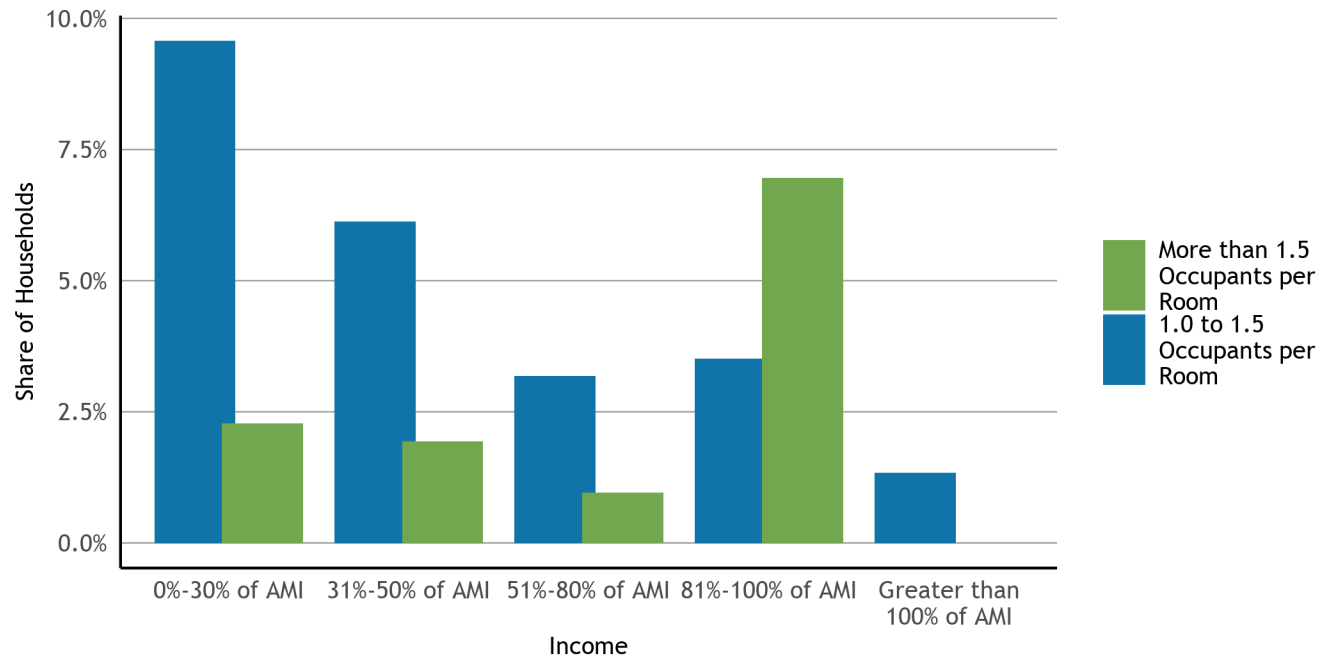
Overcrowding often disproportionately impacts low-income households. 2.3% (43 households) of extremely low-income households (below 30% AMI) and 1.9% (29 households) of very low-income households (30%-50% AMI) experience severe overcrowding, while 0.0% of households above 100% experience this level of overcrowding (see Figure 33).

Morgan Hill has a large network of local nonprofits, government agencies, and organizations who are active in providing resources available to extremely low-income households as outlined below.

- The City funds an eight space “Safe Car” parking program with case management and support services. This provides a safe space until a permanent housing solution is identified. Maximum of 30 people each night. City Housing funds provide for restrooms and case management of community-based organization staff.
- City Staff (Unhoused Specialist) serves as a navigator of programs to engage one on one with families to identify local assistance available to them to prevent them from becoming homeless, such as rental assistance, deposit assistance, meals, and utility assistance. The Unhoused Specialist is key in working with families during times of crisis to both prevent them from becoming homeless and finding a solution if they are homeless.
- Volunteers at the Society of St. Vincent de Paul of St. Catherine Catholic Church in Morgan Hill provide person-to-person service to help those in need. Emergency rent and

bill-pay assistance, as well as funds for groceries, gas, and education, medical and/or work-related expenses.

- There is a comprehensive meal program within the City that consists of many partners as listed below. The City shares this information with the community through the Unhoused Specialist, website, library, Senior Center, brochures, and at resource fairs.
 - Second Harvest Food Bank Free Groceries – Second and Fourth Tuesdays of each month: 10:30am to 11:45am at the Morgan Hill Community & Cultural Center (17000 Monterey Road)
 - Second Harvest Food Bank Free Groceries – First and Third Wednesdays of each month: 8:30am to 10:00am at PA Walsh School/Community Christian Church (305 W. Main Avenue)
 - Second Harvest Food Bank Free Groceries – First and Third Thursdays of each month: 8:00am to 9:30am at Advent Lutheran Church (16870 Murphy Avenue)
 - St. Catherine Parish Center Community Suppers – Every Monday: 6:00pm to 7:00pm at St. Catherine Parish Center (17400 Peak Avenue)
 - Advent Lutheran Church The Community Table – Every Tuesday: 5:00pm to 6:00pm at Advent Lutheran Church (16870 Murphy Avenue)
 - Advent Lutheran Church Drive Thru Grocery Box – First and Third Wednesdays: 5:30pm to 6:30pm at Advent Lutheran Church (16870 Murphy Avenue)
 - Community Christian Church Community Suppers – Every Thursday: 6:00pm to 7:00pm at Community Christian Church (305 W. Main Avenue)
 - Reach Out Food Pantry – Monday through Friday: 1:00 pm to 2:30pm at 17400 Peak Avenue
 - City of Morgan Hill Senior Lunch Program – Monday through Friday: 11:30am to 12:00pm at the Morgan Hill Community Recreation Center (171 W. Edmundson Avenue)
 - City of Morgan Hill Free Afternoon Snacks – Monday through Thursday: 3:00pm to 4:00pm at the Morgan Hill Library (660 West Main Street)

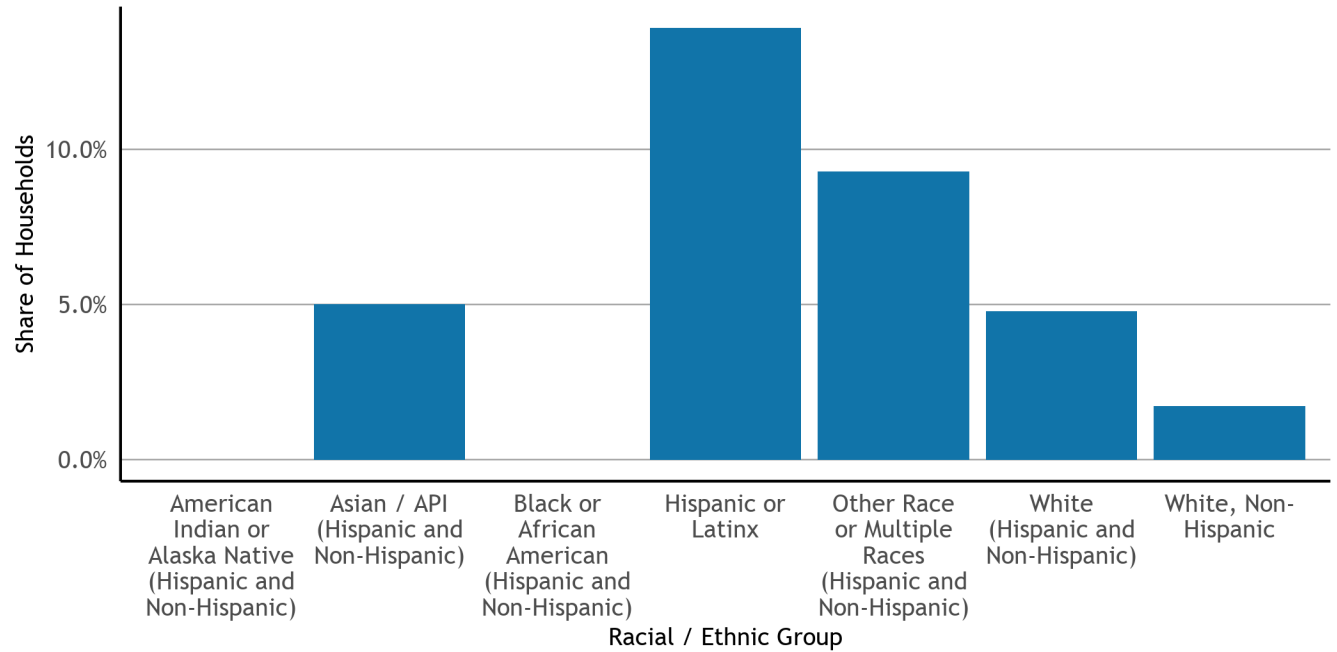
Figure H 1-33: Overcrowding by Income Level and Severity

Universe: Occupied housing units

Notes: The Census Bureau defines an overcrowded unit as one occupied by 1.01 persons or more per room (excluding bathrooms and kitchens), and units with more than 1.5 persons per room are considered severely overcrowded. Income groups are based on HUD calculations for Area Median Income (AMI). HUD calculates the AMI for different metropolitan areas, and the nine county Bay Area includes the following metropolitan areas: Napa Metro Area (Napa County), Oakland-Fremont Metro Area (Alameda and Contra Costa Counties), San Francisco Metro Area (Marin, San Francisco, and San Mateo Counties), San Jose-Sunnyvale-Santa Clara Metro Area (Santa Clara County), Santa Rosa Metro Area (Sonoma County), and Vallejo-Fairfield Metro Area (Solano County). The AMI levels in this chart are based on the HUD metro area where this jurisdiction is located.

Source: U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS) ACS tabulation, 2013-2017 release

Communities of color are more likely to experience overcrowding similar to how they are more likely to experience poverty, financial instability, and housing insecurity. People of color tend to experience overcrowding at higher rates than White residents. In Morgan Hill, the racial group with the largest overcrowding rate is *Hispanic or Latinx* (see Figure 34)

Figure H 1-34: Overcrowding by Race

Universe: Occupied housing units

Notes: The Census Bureau defines an overcrowded unit as one occupied by 1.01 persons or more per room (excluding bathrooms and kitchens), and units with more than 1.5 persons per room are considered severely overcrowded. For this table, the Census Bureau does not disaggregate racial groups by Hispanic/Latinx ethnicity. However, data for the white racial group is also reported for white householders who are not Hispanic/Latinx. Since residents who identify as white and Hispanic/Latinx may have very different experiences within the housing market and the economy from those who identify as white and non-Hispanic/Latinx, data for multiple white sub-groups are reported here. The racial/ethnic groups reported in this table are not all mutually exclusive. Therefore, the data should not be summed as the sum exceeds the total number of occupied housing units for this jurisdiction. However, all groups labelled "Hispanic and Non-Hispanic" are mutually exclusive, and the sum of the data for these groups is equivalent to the total number of occupied housing units.

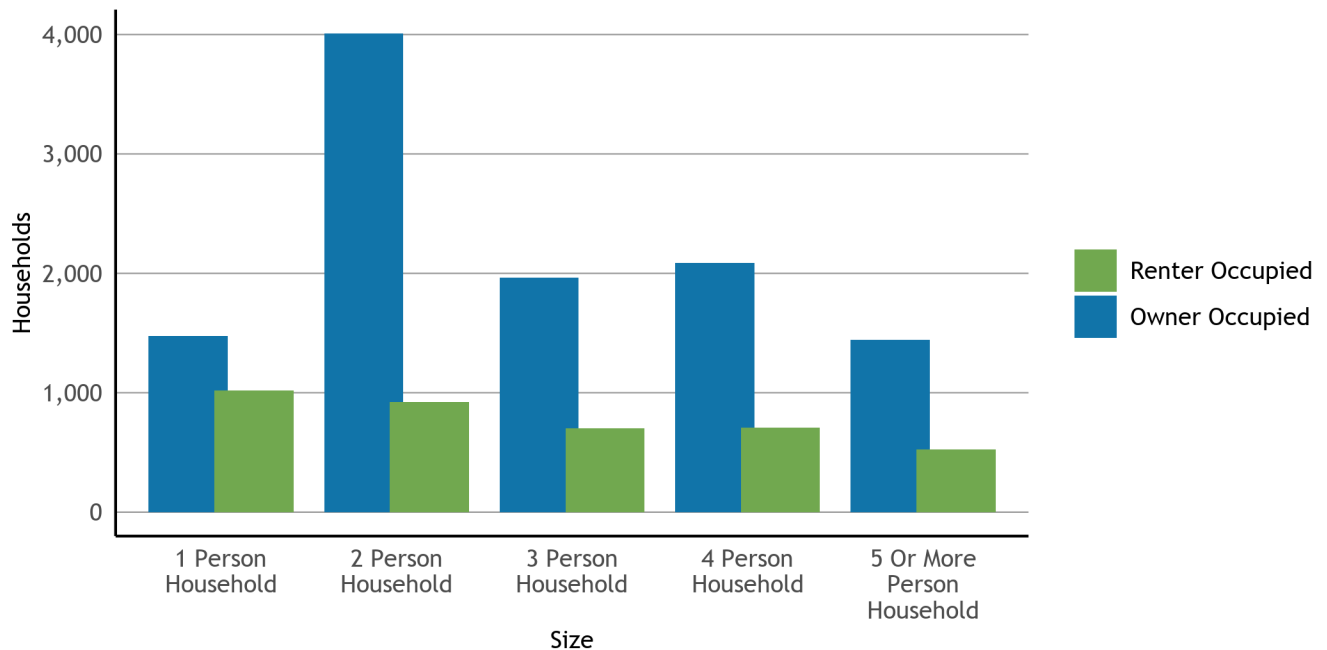
Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B25014

1.6 Special Housing Needs

1.6.1 Large Households

Large households often have different housing needs than smaller households. If a city's rental housing stock does not include larger apartments, large households who rent could end up living in overcrowded conditions. In Morgan Hill, for large households with 5 or more persons, most units (73.2%) are owner occupied (see Figure 35). In 2017, 23.3% of large households were very low-income, earning less than 50% of the area median income (AMI).

Figure H 1-35: Household Size by Tenure



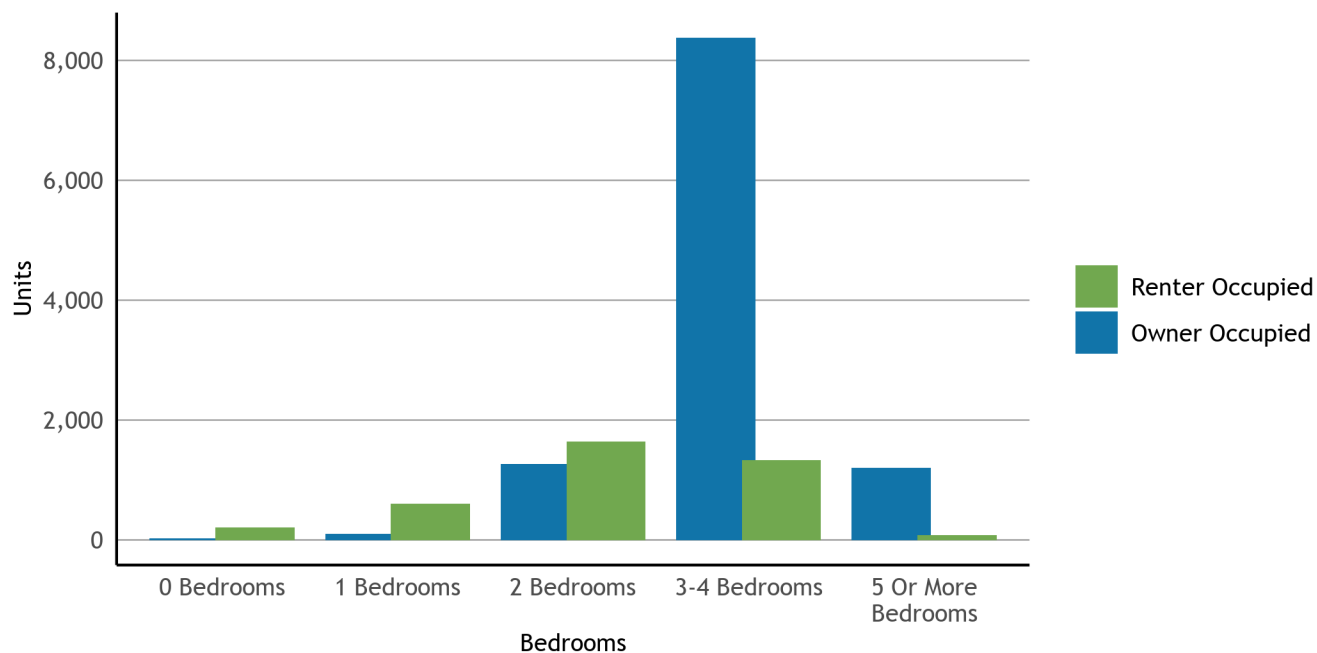
Universe: Occupied housing units

Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B25009

The unit sizes available in a community affect the household sizes that can access that community. Large families are generally served by housing units with 3 or more bedrooms, of which there are 10,992 units in Morgan Hill. Among these large units with 3 or more bedrooms, 12.9% are renter-occupied and 87.1% are owner-occupied (see Figure 36).

Although limited, the 66-unit Monterey-First Community Housing (Magnolias) project will construct 17 three-bedroom units for very-low and extremely low-income households. To assist in the offset of shortfalls, such as the number of larger units for lower-income large households, the City revised its Inclusionary Housing Ordinance in 2021 to allow an in-lieu housing fee for up to one-half of the required number of inclusionary units or upon a determination by the City Manager that payment of an in-lieu fee is preferred to building inclusionary units on-site, in such that the in-lieu fees shall be expended exclusively to provide the type and/or affordability level for which there is a need in the city that is not adequately supplied by private development.

Figure H 1-36: Housing Units by Number of Bedrooms



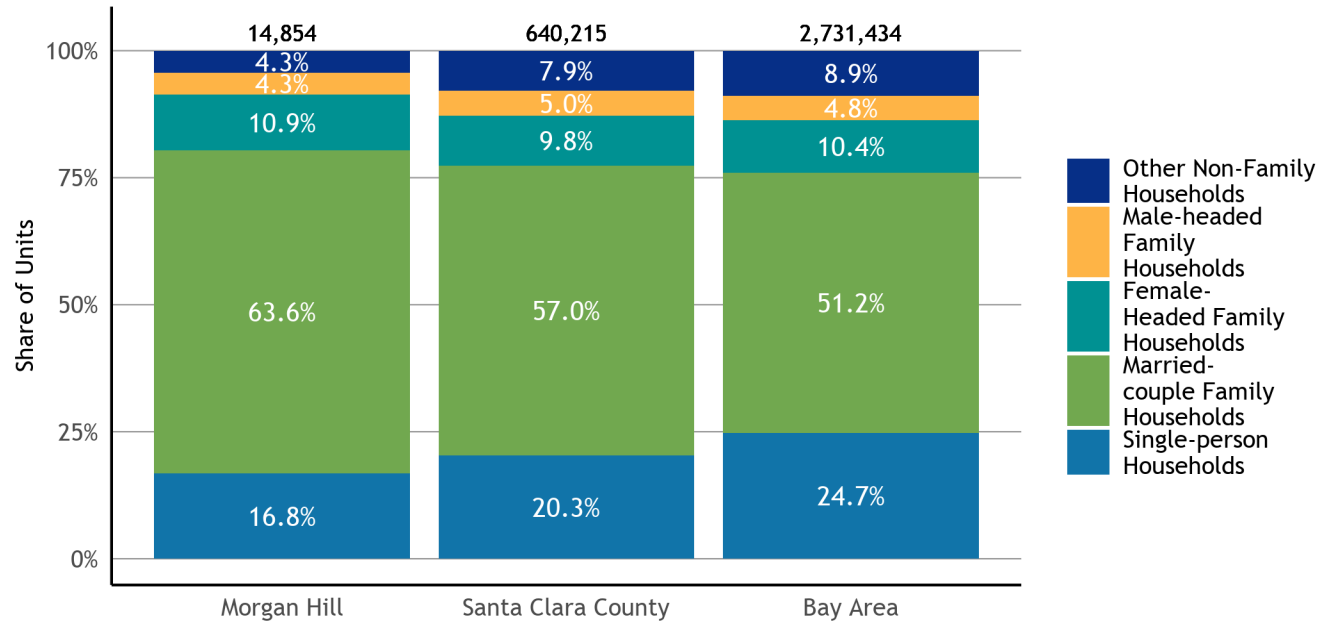
Universe: Housing units

Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B25042

1.6.2 Female-Headed Households

Households headed by one person are often at greater risk of housing insecurity, particularly female-headed households, who may be supporting children or a family with only one income. In Morgan Hill, the largest proportion of households is *Married-couple Family Households* at 63.6% of total, while *Female-Headed Households* make up 10.9% of all households.

Figure H 1-37: Household Type



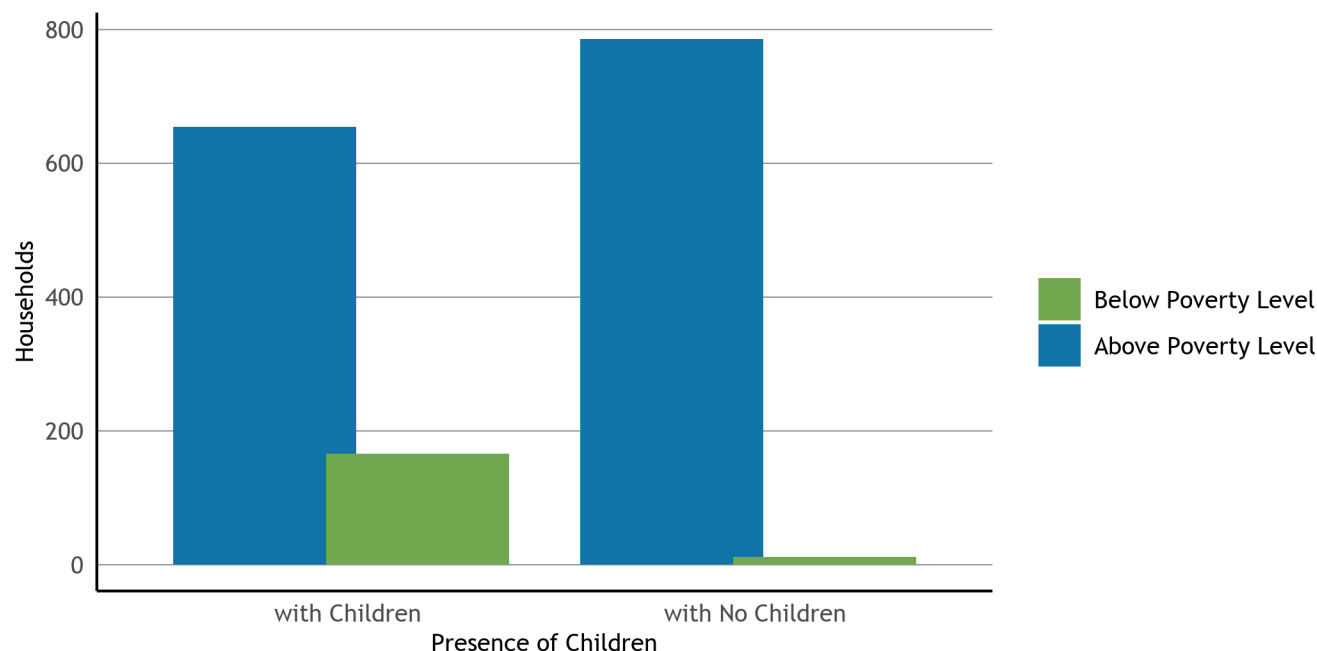
Universe: Households

Notes: For data from the Census Bureau, a "family household" is a household where two or more people are related by birth, marriage, or adoption. "Non-family households" are households of one person living alone, as well as households where none of the people are related to each other.

Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B11001

Female-headed households with children may face particular housing challenges, with pervasive gender inequality resulting in lower wages for women. Moreover, the added need for childcare can make finding a home that is affordable more challenging.

In Morgan Hill, 20.2% of female-headed households with children fall below the Federal Poverty Line, while 1.5% of female-headed households *without* children live in poverty (see Figure 38). To assist in the off-set of shortfalls, such as rent subsidies for female-headed households, the City revised its Inclusionary Housing Ordinance in 2021 to allow an in-lieu housing fee for up to one-half of the required number of inclusionary units or upon a determination by the City Manager that payment of an in-lieu fee is preferred to building inclusionary units on-site, in such that the in-lieu fees shall be expended exclusively to provide the type and/or affordability level for which there is a need in the city that is not adequately supplied by private development.

Figure H 1-38: Female-Headed Households by Poverty Status

Universe: Female Households

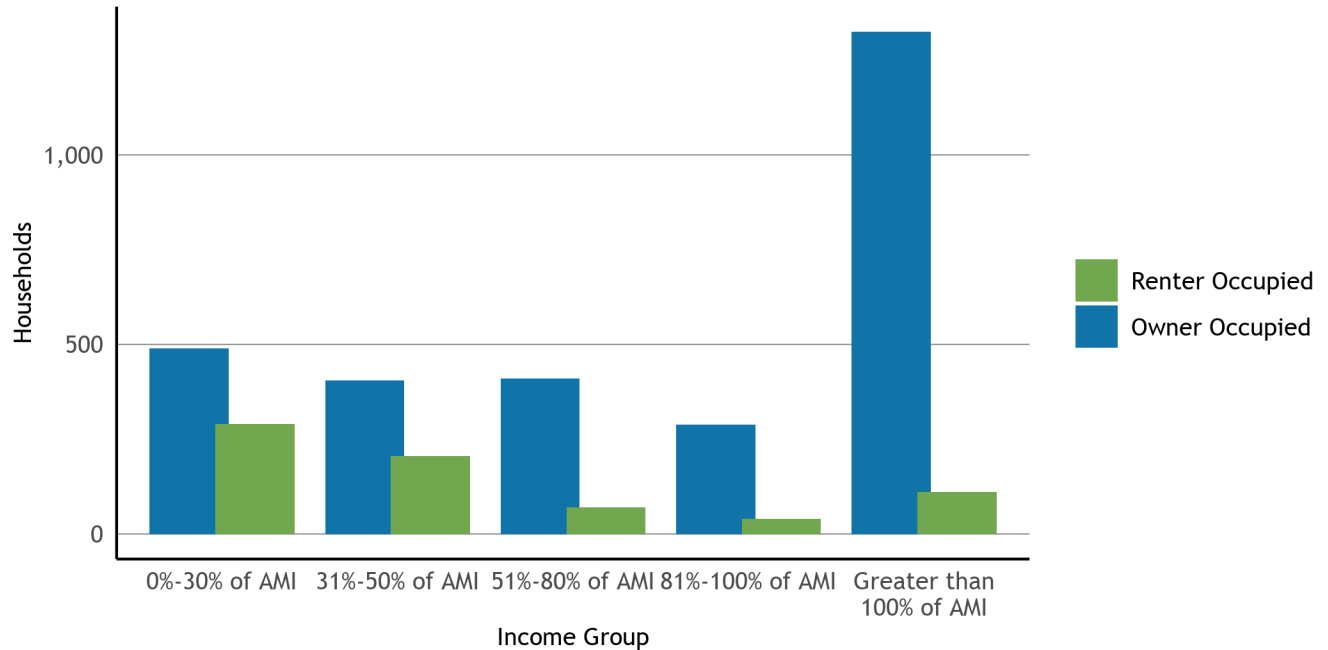
Notes: The Census Bureau uses a federally defined poverty threshold that remains constant throughout the country and does not correspond to Area Median Income.

Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B17012

1.6.3 Seniors

Senior households often experience a combination of factors that can make accessing or keeping affordable housing a challenge. They often live on fixed incomes and are more likely to have disabilities, chronic health conditions and/or reduced mobility.

Seniors who rent may be at even greater risk for housing challenges than those who own, due to income differences between these groups. The largest proportion of senior households who rent make 0%-30% of AMI, while the largest proportion of senior households who are homeowners falls in the income group *Greater than 100% of AMI* (see Figure 39). As provided in more detail in Appendix H-3 Opportunities for Energy Conservation, Rebuilding Together of Silicon Valley administers and manages a rehabilitation program, providing home repair service for fixed-income seniors in Morgan Hill. In addition, to assist seniors with affordable housing, the Morgan Hill Senior Housing project will provide 81 one-bedroom apartments for low-income seniors. However, to assist in other shortfalls, such as affordable housing for senior households, the City revised its Inclusionary Housing Ordinance in 2021 to allow an in-lieu housing fee for up to one-half of the required number of inclusionary units or upon a determination by the City Manager that payment of an in-lieu fee is preferred to building inclusionary units on-site, in such that the in-lieu fees shall be expended exclusively to provide the type and/or affordability level for which there is a need in the city that is not adequately supplied by private development.

Figure H 1-39: Senior Households by Income and Tenure

Universe: Senior households

Notes: For the purposes of this graph, senior households are those with a householder who is aged 62 or older. Income groups are based on HUD calculations for Area Median Income (AMI). HUD calculates the AMI for different metropolitan areas, and the nine county Bay Area includes the following metropolitan areas: Napa Metro Area (Napa County), Oakland-Fremont Metro Area (Alameda and Contra Costa Counties), San Francisco Metro Area (Marin, San Francisco, and San Mateo Counties), San Jose-Sunnyvale-Santa Clara Metro Area (Santa Clara County), Santa Rosa Metro Area (Sonoma County), and Vallejo-Fairfield Metro Area (Solano County). The AMI levels in this chart are based on the HUD metro area where this jurisdiction is located.

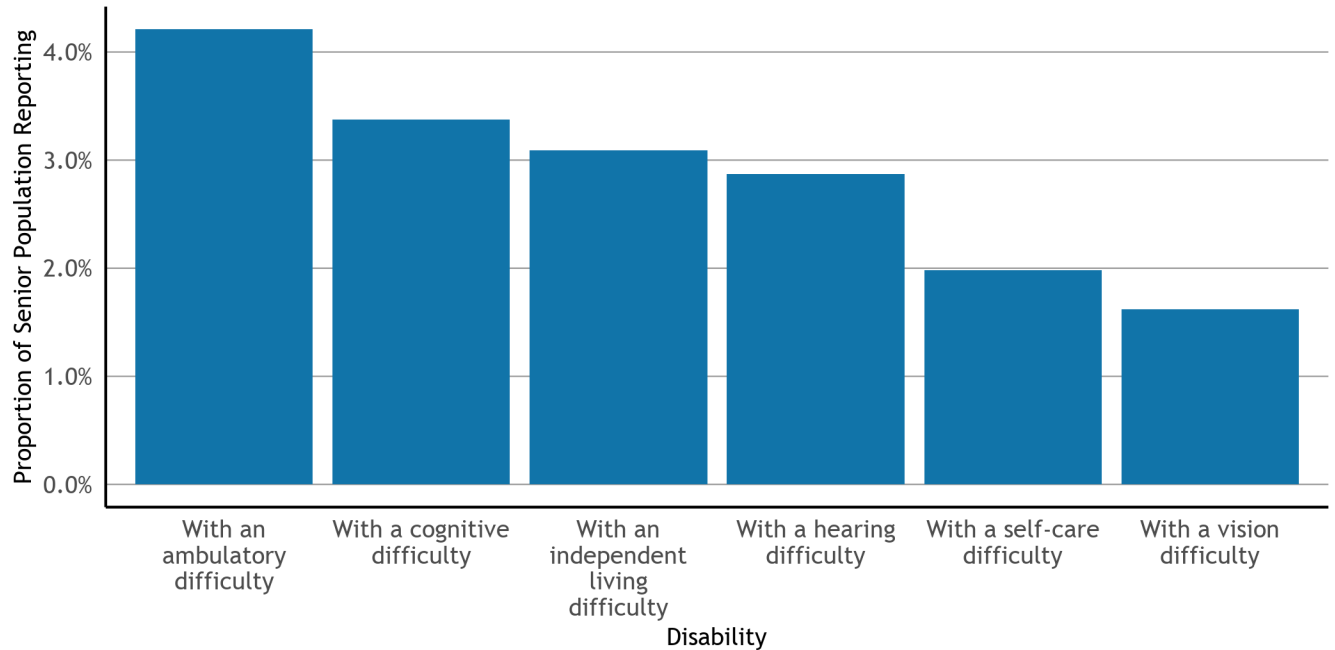
Source: U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS) ACS tabulation, 2013-2017 release

1.6.4 People with Disabilities

People with disabilities face additional housing challenges. Encompassing a broad group of individuals living with a variety of physical, cognitive and sensory impairments, many people with disabilities live on fixed incomes and are in need of specialized care, yet often rely on family members for assistance due to the high cost of care.

When it comes to housing, people with disabilities are not only in need of affordable housing but accessibly designed housing, which offers greater mobility and opportunity for independence. Unfortunately, the need typically outweighs what is available, particularly in a housing market with such high demand. People with disabilities are at a high risk for housing insecurity, homelessness and institutionalization, particularly when they lose aging caregivers. Figure 40 shows the rates at which different disabilities are present among residents of Morgan Hill. Overall, 9.1% of people in Morgan Hill have a disability of any kind.²²

²² These disabilities are counted separately and are not mutually exclusive, as an individual may report more than one disability. These counts should not be summed.

Figure H 1-40: Disability by Type

Universe: Civilian noninstitutionalized population 18 years and over

Notes: These disabilities are counted separately and are not mutually exclusive, as an individual may report more than one disability. These counts should not be summed. The Census Bureau provides the following definitions for these disability types: Hearing difficulty: deaf or has serious difficulty hearing. Vision difficulty: blind or has serious difficulty seeing even with glasses. Cognitive difficulty: has serious difficulty concentrating, remembering, or making decisions. Ambulatory difficulty: has serious difficulty walking or climbing stairs. Self-care difficulty: has difficulty dressing or bathing. Independent living difficulty: has difficulty doing errands alone such as visiting a doctor's office or shopping.

Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B18102, Table B18103, Table B18104, Table B18105, Table B18106, Table B18107.

State law also requires Housing Elements to examine the housing needs of people with developmental disabilities. Developmental disability means a disability that originates before an individual attains 18 years of age; continues, or can be expected to continue, indefinitely; and constitutes a substantial disability for that individual. Developmental disability includes intellectual disability, autism, epilepsy, cerebral palsy, and related conditions. Developmental disabilities do not include handicapping conditions that are solely physical in nature. Some people with developmental disabilities are unable to work, rely on Supplemental Security Income, and live with family members. In addition to their specific housing needs, they are at increased risk of housing insecurity after an aging parent or family member is no longer able to care for them.

In Morgan Hill, of the population with a developmental disability, children under the age of 18 make up 31.3%, while adults account for 68.7%.

Table H 1-7 Population with Developmental Disabilities by Age	
Age Group	Value
Age 18+	222
Age Under 18	101

Source: San Andreas Regional Center, November 2021 data provided via direct communication (April 15, 2022)

The most common living arrangement for adult individuals with developmental disabilities in Morgan Hill is the home of family.

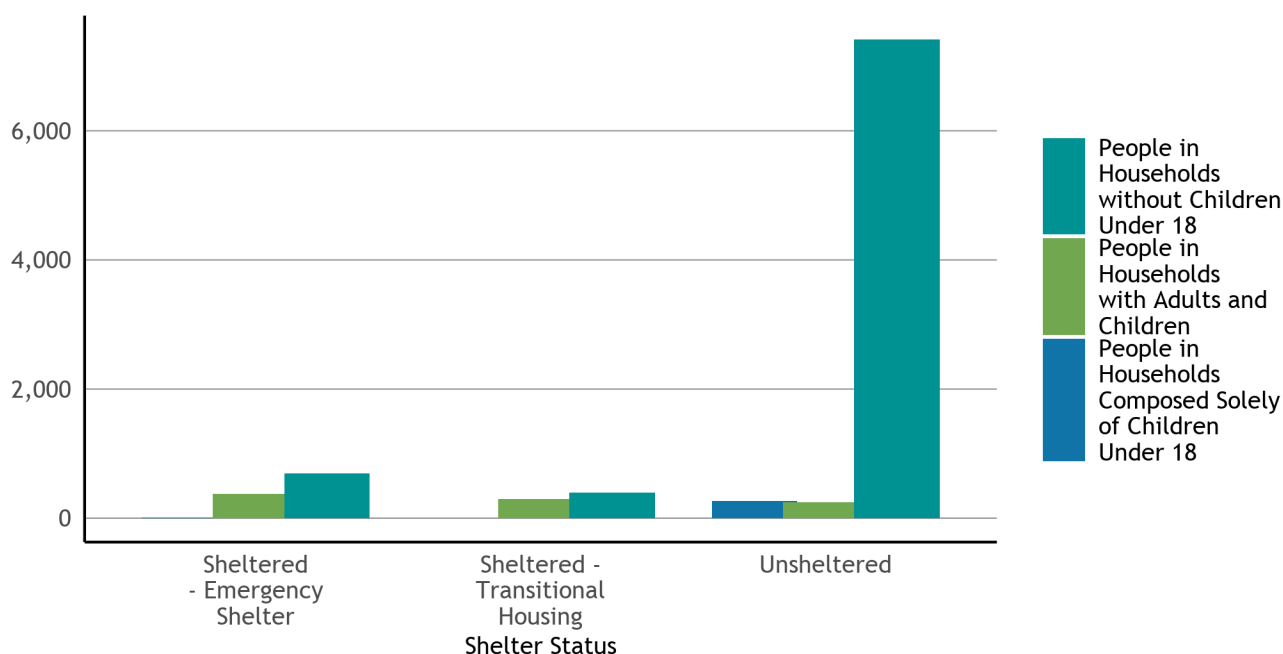
To assist in the off-set of shortfalls, such as housing for people with disabilities, the City revised its Inclusionary Housing Ordinance in 2021 to allow an in-lieu housing fee for up to one-half of the required number of inclusionary units or upon a determination by the City Manager that payment of an in-lieu fee is preferred to building inclusionary units on-site, in such that the in-lieu fees shall be expended exclusively to provide the type and/or affordability level for which there is a need in the city that is not adequately supplied by private development.

Table H 1-8 Adult Population with Developmental Disabilities by Residence	
<i>Residence Type</i>	<i>Value</i>
Home of Family	158
Licensed Facility	43
Own Apartment with Supportive Services	21
Other	0

Source: San Andreas Regional Center, November 2021 data provided via direct communication (April 15, 2022)

1.6.5 Homelessness

Homelessness remains an urgent challenge in many communities across the state, reflecting a range of social, economic, and psychological factors. Rising housing costs result in increased risks of community members experiencing homelessness. Far too many residents who have found themselves housing insecure have ended up unhoused or homeless in recent years, either temporarily or longer term. Addressing the specific housing needs for the unhoused population remains a priority throughout the region, particularly since homelessness is disproportionately experienced by people of color, people with disabilities, those struggling with addiction and those dealing with traumatic life circumstances. In Santa Clara County, the most common type of household experiencing homelessness is those without children in their care. Among households experiencing homelessness that do not have children, 76.4% are unsheltered. Of homeless households with children, most are sheltered in emergency shelter (see Figure 41).

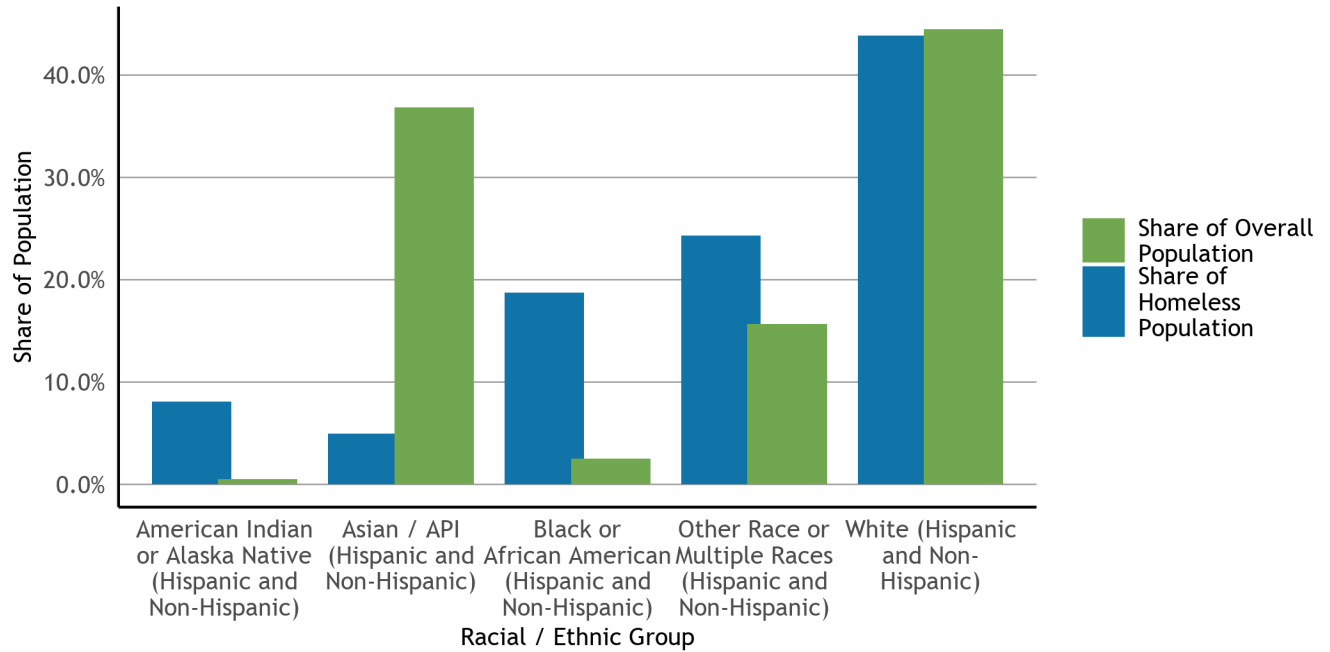
Figure H 1-41: Homelessness by Household Type and Shelter Status, Santa Clara County

Universe: Population experiencing homelessness

Notes: This data is based on Point-in-Time (PIT) information provided to HUD by CoCs in the application for CoC Homeless Assistance Programs. The PIT Count provides a count of sheltered and unsheltered homeless persons on a single night during the last ten days in January. Each Bay Area county is its own CoC, and so the data for this table is provided at the county-level. Per HCD's requirements, jurisdictions will need to supplement this county-level data with local estimates of people experiencing homelessness.

Source: U.S. Department of Housing and Urban Development (HUD), Continuum of Care (CoC) Homeless Populations and Subpopulations Reports (2019)

People of color are more likely to experience poverty and financial instability as a result of federal and local housing policies that have historically excluded them from the same opportunities extended to white residents. Consequently, people of color are often disproportionately impacted by homelessness, particularly Black residents of the Bay Area. In Santa Clara County, White (Hispanic and Non-Hispanic) residents represent the largest proportion of residents experiencing homelessness and account for 43.9% of the homeless population, while making up 44.5% of the overall population (see Figure 42).

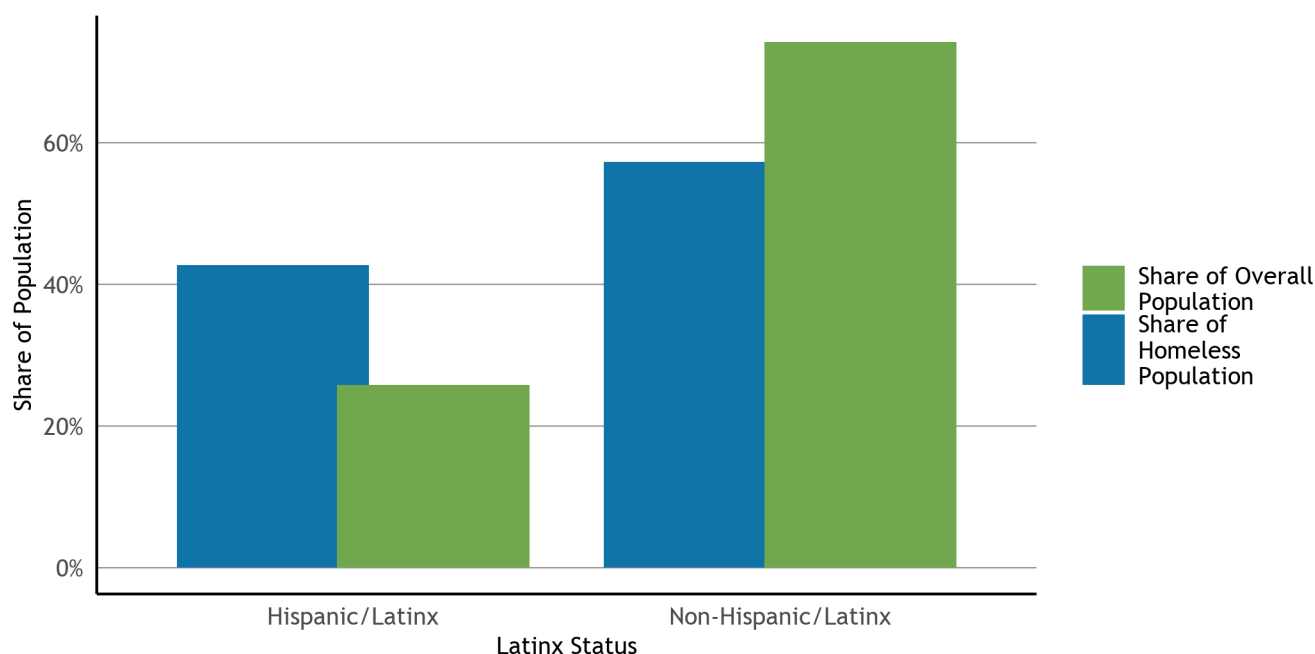
Figure H 1-42: Racial Group Share of General and Homeless Populations, Santa Clara County

Universe: Population experiencing homelessness

Notes: This data is based on Point-in-Time (PIT) information provided to HUD by CoCs in the application for CoC Homeless Assistance Programs. The PIT Count provides a count of sheltered and unsheltered homeless persons on a single night during the last ten days in January. Each Bay Area county is its own CoC, and so the data for this table is provided at the county-level. Per HCD's requirements, jurisdictions will need to supplement this county-level data with local estimates of people experiencing homelessness. HUD does not disaggregate racial demographic data by Hispanic/Latinx ethnicity for people experiencing homelessness. Instead, HUD reports data on Hispanic/Latinx ethnicity for people experiencing homelessness in a separate table. Accordingly, the racial group data listed here includes both Hispanic/Latinx and non-Hispanic/Latinx individuals.

Source: U.S. Department of Housing and Urban Development (HUD), Continuum of Care (CoC) Homeless Populations and Subpopulations Reports (2019); U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B01001(A-I)

In Santa Clara, Latinx residents represent 42.7% of the population experiencing homelessness, while Latinx residents comprise 25.8% of the general population (see Figure 43).

Figure H 1-43: Latinx Share of General and Homeless Populations, Santa Clara County

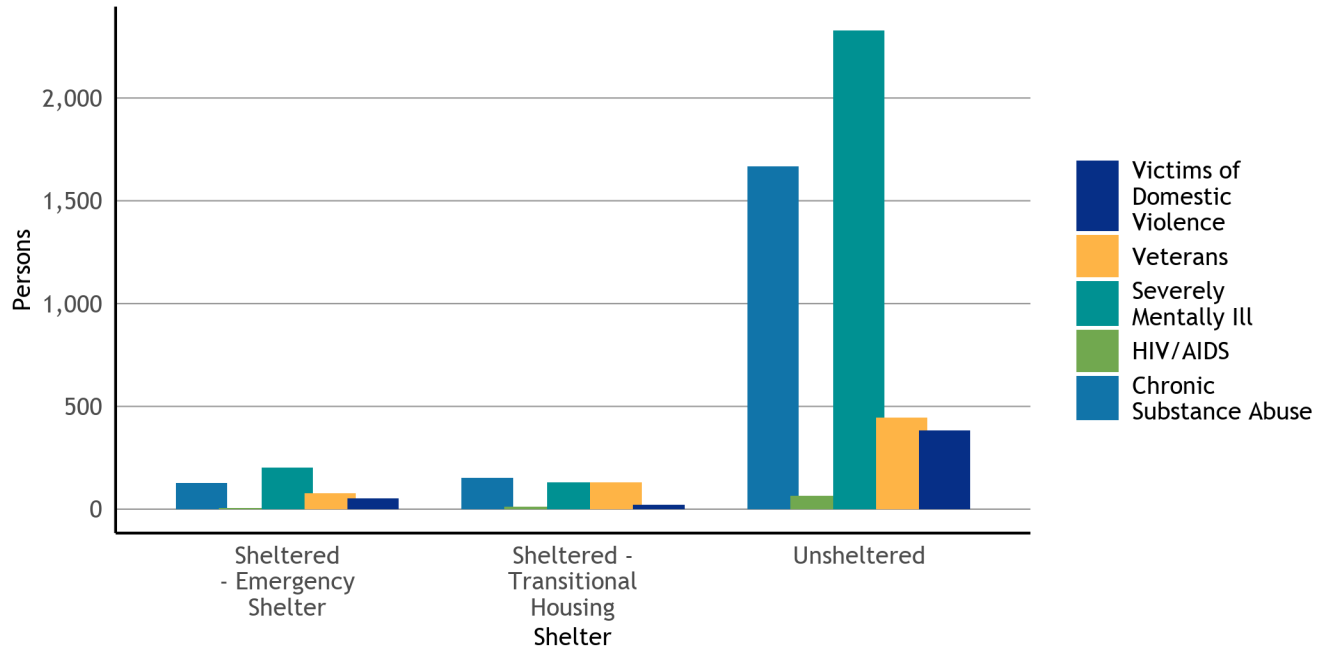
Universe: Population experiencing homelessness

Notes: This data is based on Point-in-Time (PIT) information provided to HUD by CoCs in the application for CoC Homeless Assistance Programs. The PIT Count provides a count of sheltered and unsheltered homeless persons on a single night during the last ten days in January. Each Bay Area county is its own CoC, and so the data for this table is provided at the county-level. Per HCD's requirements, jurisdictions will need to supplement this county-level data with local estimates of people experiencing homelessness. The data from HUD on Hispanic/Latinx ethnicity for individuals experiencing homelessness does not specify racial group identity. Accordingly, individuals in either ethnic group identity category (Hispanic/Latinx or non-Hispanic/Latinx) could be of any racial background.

Source: U.S. Department of Housing and Urban Development (HUD), Continuum of Care (CoC) Homeless Populations and Subpopulations Reports (2019); U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B01001(A-I)

Many of those experiencing homelessness are dealing with severe issues – including mental illness, substance abuse and domestic violence – that are potentially life threatening and require additional assistance. In Santa Clara County, homeless individuals are commonly challenged by severe mental illness, with 2,659 reporting this condition (see Figure 12). Of those, some 87.6% are unsheltered, further adding to the challenge of handling the issue. According to the Santa Clara County Homeless Census and Survey, within Morgan Hill there were 114 persons experiencing homelessness, a 71% decrease from 2017 (388 persons experiencing homelessness). However, the number of persons experiencing homelessness has increased since 2013; in which the Santa Clara County Homeless Census and Survey identified 61 people experiencing homelessness in 2013 and 81 people experiencing homelessness in 2015.

Table H 1-9 Homeless Population within Morgan Hill			
2013	2015	2017	2019
61	81	388	114

Figure H 1-44: Characteristics for the Population Experiencing Homelessness, Santa Clara County

Universe: Population experiencing homelessness

Notes: This data is based on Point-in-Time (PIT) information provided to HUD by CoCs in the application for CoC Homeless Assistance Programs. The PIT Count provides a count of sheltered and unsheltered homeless persons on a single night during the last ten days in January. Each Bay Area county is its own CoC, and so the data for this table is provided at the county-level. Per HCD's requirements, jurisdictions will need to supplement this county-level data with local estimates of people experiencing homelessness. These challenges/characteristics are counted separately and are not mutually exclusive, as an individual may report more than one challenge/characteristic. These counts should not be summed.

Source: U.S. Department of Housing and Urban Development (HUD), Continuum of Care (CoC) Homeless Populations and Subpopulations Reports (2019)

In Morgan Hill, the student population experiencing homelessness totaled 280 during the 2019-20 school year and increased by 23.3% since the 2016-17 school year. By comparison, Santa Clara County has seen a 3.5% increase in the population of students experiencing homelessness since the 2016-17 school year, and the Bay Area population of students experiencing homelessness decreased by 8.5%. During the 2019-2020 school year, there were still some 13,718 students experiencing homelessness throughout the region, adding undue burdens on learning and thriving, with the potential for longer term negative effects.

The number of students in Morgan Hill experiencing homelessness in 2019 represents 12.2% of the Santa Clara County total and 2.0% of the Bay Area total.

Table H 1-10 Students in Local Public Schools Experiencing Homelessness			
Academic Year	Morgan Hill	Santa Clara County	Bay Area
2016-17	227	2,219	14,990
2017-18	320	2,189	15,142
2018-19	292	2,405	15,427
2019-20	280	2,297	13,718

Universe: Total number of unduplicated primary and short-term enrollments within the academic year (July 1 to June 30), public schools

Notes: The California Department of Education considers students to be homeless if they are unsheltered, living in temporary shelters for people experiencing homelessness, living in hotels/motels, or temporarily doubled up and sharing the housing of other persons due to the loss of housing or economic hardship. The data used for this table was obtained at the school site level, matched to a file containing school locations, geocoded and assigned to jurisdiction, and finally summarized by geography.

Source: California Department of Education, California Longitudinal Pupil Achievement Data System (CALPADS), Cumulative Enrollment Data (Academic Years 2016-2017, 2017-2018, 2018-2019, 2019-2020)

1.6.6 Farmworkers

Across the state, housing for farmworkers has been recognized as an important and unique concern. Farmworkers generally receive wages that are considerably lower than other jobs and may have temporary housing needs. Finding decent and affordable housing can be challenging, particularly in the current housing market.

In Morgan Hill, the migrant worker student population totaled 120 during the 2019-20 school year and has decreased by 34.9% since the 2016-17 school year. The trend for the region for the past few years has been a decline of 2.4% in the number of migrant worker students since the 2016-17 school year. The change at the county level is a 49.7% decrease in the number of migrant worker students since the 2016-17 school year.

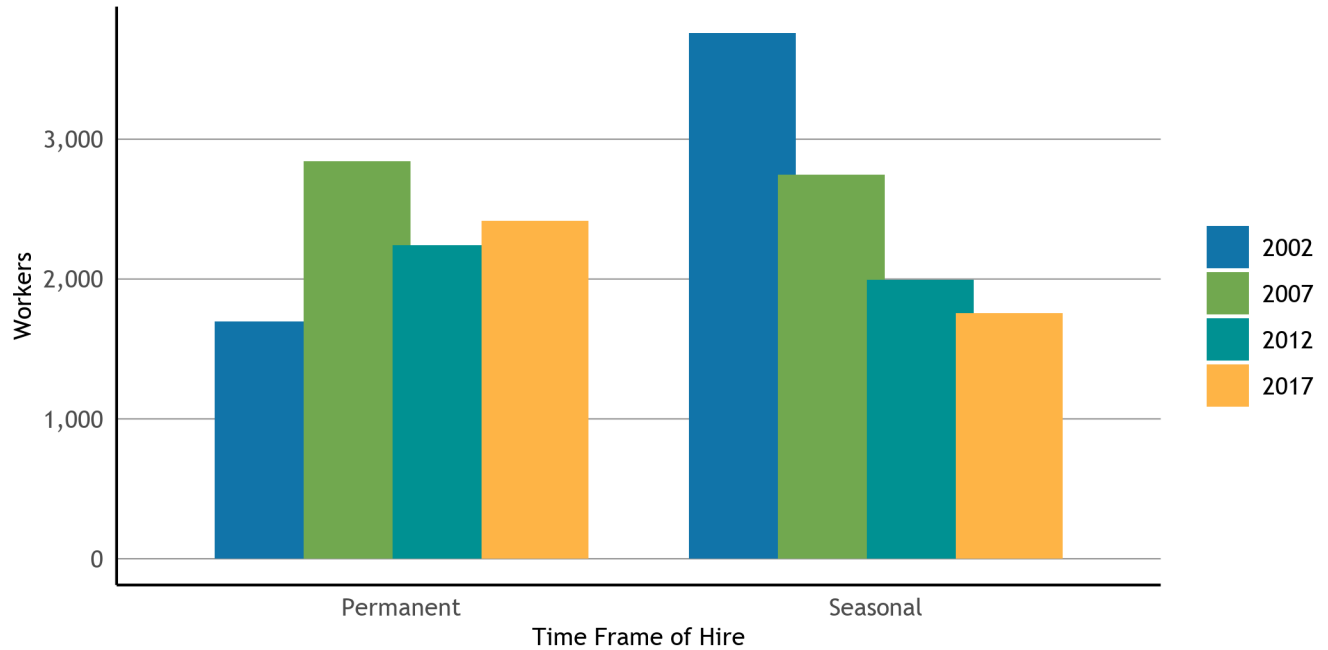
Table H 1-11 Migrant Worker Student Population			
Academic Year	Morgan Hill	Santa Clara County	Bay Area
2016-17	149	978	4,630
2017-18	151	732	4,607
2018-19	120	645	4,075
2019-20	97	492	3,976

Universe: Total number of unduplicated primary and short-term enrollments within the academic year (July 1 to June 30), public schools

Notes: The data used for this table was obtained at the school site level, matched to a file containing school locations, geocoded and assigned to jurisdiction, and finally summarized by geography.

Source: California Department of Education, California Longitudinal Pupil Achievement Data System (CALPADS), Cumulative Enrollment Data (Academic Years 2016-2017, 2017-2018, 2018-2019, 2019-2020)

According to the U.S. Department of Agriculture Census of Farmworkers, the number of permanent farm workers in Santa Clara County has increased since 2002, totaling 2,418 in 2017, while the number of seasonal farm workers has decreased, totaling 1,757 in 2017 (see Figure 45). Although limited, the 73-unit Watsonville-Hordness (Royal Oak Village) project will construct 36 units dedicated to farmworker housing. To assist in the off-set of shortfalls, such as housing affordable to extremely low-income households (such as farmworkers) the City revised its Inclusionary Housing Ordinance in 2021 to allow an in-lieu housing fee for up to one-half of the required number of inclusionary units or upon a determination by the City Manager that payment of an in-lieu fee is preferred to building inclusionary units on-site, in such that the in-lieu fees shall be expended exclusively to provide the type and/or affordability level for which there is a need in the city that is not adequately supplied by private development.

Figure H 1-45: Farm Operations and Farm Labor by County, Santa Clara County

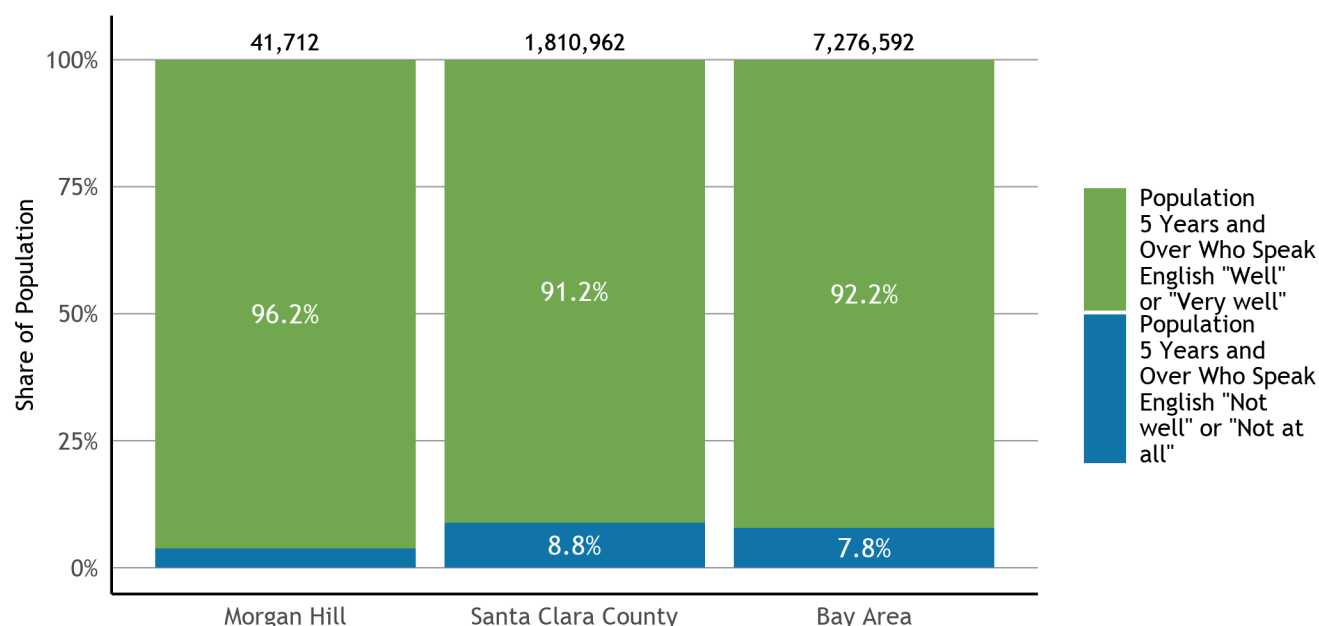
Universe: Hired farm workers (including direct hires and agricultural service workers who are often hired through labor contractors)

Notes: Farm workers are considered seasonal if they work on a farm less than 150 days in a year, while farm workers who work on a farm more than 150 days are considered to be permanent workers for that farm.

Source: U.S. Department of Agriculture, Census of Farmworkers (2002, 2007, 2012, 2017), Table 7: Hired Farm Labor

1.6.7 Non-English Speakers

California has long been an immigration gateway to the United States, which means that many languages are spoken throughout the Bay Area. Since learning a new language is universally challenging, it is not uncommon for residents who have immigrated to the United States to have limited English proficiency. This limit can lead to additional disparities if there is a disruption in housing, such as an eviction, because residents might not be aware of their rights or they might be wary to engage due to immigration status concerns. In Morgan Hill, 3.8% of residents 5 years and older identify as speaking English not well or not at all, which is below the proportion for Santa Clara County. Throughout the region the proportion of residents 5 years and older with limited English proficiency is 8%.

Figure H 1-46: Population with Limited English Proficiency

Universe: Population 5 years and over

Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B16005

1.7 Summary

Although data in this appendix is derived from a variety of sources (the most prominent data source used is the U.S. Census data, in varying forms), and compiled to show relationships, major trends, and to respond to known issues and concerns, as well as to inform the Housing Element as well as the community of the trends of Morgan Hill, the data is consistent with local knowledge gathered through the City's outreach process. City staff used a variety of methods to solicit public input on the Housing Element update, including distributing three survey's (two pertaining to Assessment of Fair Housing (AFH)), hosting public workshops, providing information at community events, conducting focus groups, giving presentations to the Community, and holding several workshops with the community and the Planning Commission. Staff prioritized involvement and engagement of residents and community members that are most directly impacted by the plan and development, especially Latinx, homeless, and other underrepresented or underserved groups.

The key themes gathered from community feedback, which reflects the findings of this appendix, included: provide a range of housing opportunities affordable to Morgan Hill workforce; prevent homelessness and address the housing needs of people experiencing homelessness; promote extremely low-income housing; establish special needs housing for seniors, persons with disabilities, and veterans; conduct community education/outreach to inform residents about affordable housing and how to seek assistance; integrate affordable housing throughout the

community; ensure children who grew up in Morgan Hill have housing options so they can live in Morgan Hill as adults; preserve, maintain, and rehabilitate existing housing to ensure neighborhood livability and promote continued housing affordability; create an affordable housing overlay district; zone more land and/or change zoning regulations for multi-family to increase affordable housing; pass a commercial linkage fee ordinance; and pass a rent stabilization ordinance. These key themes, coupled with the findings of this appendix, were incorporated into goals, policies, and implementation programs/actions of the 2023-2031 City of Morgan Hill Housing Element.

1.7.1 Analysis of Resources Provided to ELI & Special Needs Housing

As shown in Appendix H6 Evaluation of Past Performance, the previous Housing Element Cycle included several items that addressed Extremely Low Income (ELI) Households and Special Needs Housing. These efforts have successfully incentivized affordable housing production, assisted in Homeless Prevention and services, First Time Homebuyer purchases, the development of supportive and transitional housing, rehabilitation, and expanded the City's Housing Program capacity by adding staff to implement this work. All these efforts have proven to be successful in serving ELI and Special Needs Households; however, due to the Housing Crisis, the magnitude of the need continues to be greater than what has been achieved.

The City of Morgan Hill adopted an Inclusionary Housing Ordinance (IHO) in August 2018 to replace RDCS and to require up to 15% Below Market Rate (BMR) units, continuing the City's 1977 BMR Program that has yielded 550 first-time homeowners in the program and 15 BMR renter households. During the 5th Housing Element cycle Morgan Hill has provided \$2,100,000 to administer its BMR program to an outside agency. Today there is 140 IHO BMR units in the development pipeline.

The Crossings, a 39-unit affordable housing development, was developed for the homeless. The City provided \$750,000 in 2018 towards development.

The Royal Oak Village, a 73-unit affordable housing development, is under construction for homeless and farmworker families. The City provided \$400,000 for the development, and the Urban County CDBG Program provided \$1,528,000.

The Morgan Hill Family project, a 41-unit affordable housing development, was developed for Transitional Age Youth aging out of the foster care system and low-income homeless families. The City of Morgan Hill provided \$4,500,000.

On June 27, 2023, the California Department of Housing and Community Development (HCD) released their updated SB 35 Determination indicating that the City of Morgan Hill has met its Regional Housing Needs Assessment (RHNA) for the 2015-2023 Housing Element Cycle (5th cycle), in all income categories (Very Low, Low-, Moderate-, and Above-Moderate), facilitating 2,203 new housing units.

The City Council endorsed the Santa Clara County 2020 Community Plan to End Homelessness and implemented it by applying for and receiving a \$450,000 capacity building grant from Destination Home for three years (\$150,000 per year) to fund an Unhoused Specialist position to

provide direct services. This teammate goes out into the community to engage and offer our homeless residents support services and basic needs. Since December 2021, the Unhoused Specialist has received 324 referrals and connected with 301 residents who are homeless or at-risk of becoming homeless. With this outreach, forty individuals have been housed or prevented from losing their housing.

In 2017, Destination: Home and the County of Santa Clara helped launch a countywide Homelessness Prevention System in which Morgan Hill participates and annually contributes \$25,000, leveraging countywide funding to provide rental assistance, security deposits, transportation, utilities, and motel stays for families experiencing homelessness. Since its inception in Fiscal Year 2017-2018 and through Fiscal Year 2021-2022, \$425,890.17 has been provided to 95 Morgan Hill families at risk of homelessness.

In 2017, the City of Morgan Hill created a Safe Park Program for families experiencing homelessness. Since its inception and ongoing, the City has contributed \$30,000 annually towards the case management provided, 74 individuals were connected to housing, and hundreds were served through the Safe Parking Program.

In January 2020, the City of Morgan Hill partnered with Community Christian Church to create an Inclement Cold Weather shelter with a 10-bed capacity during inclement cold weather days, in which the City provides funding for nightly security (\$30,000 annually).

In response to COVID-19, the County increased temporary shelter in response to the pandemic and reserved hotel/motel rooms in the City of Morgan Hill for homeless individuals. The City contributed \$154,917 towards this effort.

By the numbers, Morgan Hill's Homeless Program achievements since 2017:

- ❖ 1 Housing Coordinator Position added to the City (support households to access housing opportunities and resources)
- ❖ 74 individuals connected to housing and hundreds served through the Safe Parking Program
- ❖ 695 individuals enlisted in County's coordinated entry intake system and housed
- ❖ 95 households assisted through County's Homeless Prevention System/Rental Assistance
- ❖ 15% requirement of deed-restricted affordable housing units per City's Inclusionary Housing Ordinance
- ❖ \$750,000 contribution to The Crossings, a 39-unit housing for the homeless
- ❖ 10 beds in Cold Weather Shelter
- ❖ \$400,000 contribution to The Royal Oak-a 73-unit project for homeless and farmworker families
- ❖ \$450,000 secured in grant funding
- ❖ 1 Unhoused Specialist
- ❖ \$14.1 Million secured from County Measure A Funds for Morgan Hill affordable housing special needs projects
- ❖ 554 Affordable rental units in the pipeline

The city has supported the rehabilitation of 254 affordable apartment units. The scope of the improvements often includes replacement and upgrades to the plumbing and electrical systems, roof, AC system, appliances, and ADA enhancements. For a complete list of preservation efforts see Section 6.3.2 of Appendix H6 Evaluation of Past Performance.

Since 2015, Urban County CDBG has provided \$1,826,546.05 to Rebuilding Together Silicon Valley (RBTSV), a non-profit agency devoted to providing critical home repairs and accessibility modifications for low-income homeowners and seniors; in which the City is a participating jurisdiction. In 2016, the City of Morgan Hill has also contracted with RBTSV for minor repair services, the total City contracted amount during the 5th Housing Element cycle was \$350,000. In years 2017-2021 the City funded (\$150,000) towards a RBTSV Blight Busters' program to assist with bringing a low-income home into compliance with health and safety rules. From July 2015 to June 2020, 2,564 home repairs were completed by RBTSV on 258 homes in Morgan Hill.

Morgan Hill participates in the Santa Clara County CDBG Urban County Program that provides funding on behalf of the smaller urban county non-entitlement cities to nonprofit agencies to offer services to eligible lower-income persons, including seniors, persons with disabilities, the homeless, and victims of gender-based violence. Since 2015, the CDBG program has provided \$4,539,941.38 in funding for developers and service providers serving Morgan Hill to acquire, construct, or rehabilitate affordable housing, public facilities, and services. More details regarding this program are found in Appendix H6 Evaluation of Past Performance.

The City of Morgan Hill also provides a number of other services to ELI and Special Housing Needs through assistance with rental search by providing housing resource guides in English and Spanish, a City dedicated BMR website, notification of Housing Program updates and leasing opportunities, rental eligibility, tenant and landlord resources (Fair Housing), homeless resources (Unhoused Specialist and Food Resources Flyer in English and Spanish), rent and utility assistance flyers in English and Spanish, etc.

- ❖ [Housing Resources Guide \(PDF\)](#)
- ❖ [Housing Guide - Spanish \(PDF\)](#)
- ❖ [2022/2023 Utility Allowance for Santa Clara County \(PDF\)](#)
- ❖ [Unhoused Specialist and Food Resource Flyer - English \(PDF\)](#)
- ❖ [Unhoused Specialist and Food Resource Flyer - Spanish \(PDF\)](#)
- ❖ [Santa Clara County Rental Assistance \(PDF\)](#)
- ❖ [Santa Clara County Rental Assistance - Spanish \(PDF\)](#)
- ❖ [St. Vincent De Paul Rental and Utility Assistance - English \(PDF\)](#)
- ❖ [St. Vincent De Paul Rental and Utility Assistance - Spanish \(PDF\)](#)
- ❖ [South County Compassion Center Rental Assistance - English \(PDF\)](#)
- ❖ [South County Compassion Center Rental Assistance - Spanish \(PDF\)](#)
- ❖ [Santa Clara County Behavioral Health Services Dept. Resources](#)
- ❖ [Salvation Army Rapid Rehousing, Deposit Assistance, and Utility assistance program \(PDF\)](#)
- ❖ [Santa Clara County Community Resource Guide \(PDF\)](#)
- ❖ [FOCUS – Morgan Hill Safe Parking Program Eligibility and Contact – English \(PDF\)](#)

- ❖ [FOCUS - Morgan Hill Safe Parking Program Eligibility and Contact - Spanish \(PDF\)](#)
- ❖ [Weekday Supper and Pantry Program \(PDF\)](#)
- ❖ [Weekday Supper and Pantry Program - Spanish \(PDF\)](#)
- ❖ [Weekday Supper and Pantry Program Trifold \(PDF\)](#)
- ❖ [Un-Housed Pop Up Market Place Flyer \(PDF\)](#)
- ❖ [Santa Clara County Homeless Hotline \(PDF\)](#)
- ❖ [Santa Clara County Homeless Hotline - Spanish \(PDF\)](#)
- ❖ [Santa Clara County Homeless Hotline - Vietnamese \(PDF\)](#)

In addition to the efforts by the City of Morgan Hill in serving ELI and Special Needs Households as identified above, local nonprofits and other organizations also assist in providing various services to ELI and Special Needs Households within Morgan Hill as outlined below.

Gardner Health Services, Inc. provides comprehensive medical and mental health services to underserved communities in Morgan Hill. Gardner is dedicated to improving the health status of the communities they serve, especially the disenfranchised, disadvantaged and most vulnerable members of the community. They provide high quality, comprehensive health care, including prevention and education, early intervention, treatment, and advocacy services which are affordable, respectful, culturally, linguistically and age appropriate. In addition, they have a Healthcare for the Homeless Program, with two mobile medical units serving Morgan Hill.

Sourcewise provides services and support to seniors in Morgan Hill, who aims to inform, educate, and prepare all adults to better navigate their health and life options. Sourcewise offers a number of programs with an office within Morgan Hill.

- ❖ Sourcewise Transit Service: Transportation to local senior centers and local services is offered to adults 60 years of age and older and to adults with disabilities.
- ❖ CalFresh Program: Sourcewise assists qualified people with low-income who meet federal income eligibility rules and want to add to their budget to put healthy and nutritious food on the table. Sourcewise assists with completing the registration forms needed to register for CalFresh and answer any questions clients may have.
- ❖ Case Management: Sourcewise enables adults to remain safely at home for as long as possible, while maintaining optimal health and wellness.
- ❖ Health Insurance Counseling & Advocacy Program: Sourcewise provides residents of Morgan Hill access to one-on-one counseling to assist Medicare beneficiaries, their families, and caregivers understand their Medicare benefits and healthcare options.
- ❖ Information & Awareness: The Sourcewise Information & Awareness program specializes in connecting adults with the information and services they need, allowing them to understand the resources available.
- ❖ Digital Inclusion: The Digital Inclusion Team is a multilingual group offering technology and training programs to assist older adults ages 60 or older to utilize technology to mitigate loneliness.
- ❖ Caregivers Network: Caregivers Network by Sourcewise provides support and access to family caregiver support services and resources for informal caregivers. Services include

Information & Referral, Caregiver Case Management, and temporary respite care solutions.

- ❖ Sourcewise Care Management Programs support older adults and adults with additional resources and care needs.

The South County Compassion Center provides for the immediate needs of Morgan Hill residents who have lost their homes. The Compassion Center provides basic needs services (food, water, hygiene items, clothing, etc.) to unhoused individuals within Morgan Hill as well as personalized case management support and rental, deposit, and utility assistance to those on the brink of homelessness and provide housing retention support to these same individuals.

Bay Area Legal Aid represents low- and very low-income residents within their seven county service area, which includes Santa Clara County. Their housing practice provides legal assistance regarding public, subsidized (including Section 8 and other HUD subsidized projects) and private housing, fair housing and housing discrimination, housing conditions, rent control, eviction defense, lock-outs and utility shut-offs, residential hotels, and training advocates and community organizations. It's important to note that Legal Aid is restricted from representing undocumented clients.

Project Sentinel is the primary Fair Housing contact in Morgan Hill. It is a non-profit organization focused on assisting in housing discrimination matters, dispute resolution, and housing counseling. Project Sentinel's housing practice assists individuals with housing problems such as discrimination, mortgage foreclosure and delinquency, rental issues including repairs, deposits, privacy, dispute resolution, home buyer education, post purchase education, and reverse mortgages. Additionally, their Fair Housing Center provides education and counseling to community members, housing providers, and tenants about fair housing laws, and investigate complaints and advocate for those who have experienced housing discrimination.

The Law Foundation of Silicon Valley provides free legal advice and representation to low-income individuals in Santa Clara County. In their housing practice, they assist with defending eviction lawsuits, housing discrimination issues such as reasonable accommodation requests for individuals with disabilities, enforcing the San Jose Tenant Protection Ordinance, legal outreach and support for renter organizing/campaigns, help with housing authority hearings, Section 8 and other low-income housing issues like terminations and eligibility determinations, legal advice and information to tenants regarding notices, and advice and information about foreclosure prevention.

Senior Adults Legal Assistance (SALA) is a nonprofit elder law office, providing free legal services to residents of Santa Clara County who are age 60 and older. SALA provides legal services across multiple, non-housing contexts, and in the housing context SALA provides legal assistance in landlord-tenant matters, subsidized/senior housing matters, and mobile home residency matters.

The Asian Law Alliance provides services at a free or low cost basis to Asian/Pacific and low income people, and offers services in Mandarin, Cantonese, Spanish, Vietnamese, Tagalog, Korean, and other languages as needed. In the housing realm, their mission is to ensure access to decent housing, and prevent and combat illegal and discriminatory housing practices.

On Lok is the founder of the Program of All-Inclusive Care for the Elderly (PACE) which provides comprehensive medical and social services to seniors and are nursing home eligible. The PACE model affords eligible individuals to remain independent and in their homes for as long as possible.

The Boys & Girls Clubs of Silicon Valley is the premier non-profit youth development organization in Santa Clara County that offer innovative and effective after school and summer enrichment programs primarily for at-risk youth ages 4-18 years. By providing at-risk youth with accessible out-of-school enrichment programs, assistance, and mentorship at no or low cost, they are part of the solution to close the opportunity gap to achieve greater economic, political, and social equality among disadvantaged youth and the communities in which they live.

Digital NEST creates sustainable technology learning centers for youth to build skills, resources, and network to launch successful careers. Digital NEST provide many fun and exciting free trainings and workshops ranging from coding, event planning, content creating, marketing, etc.

Community Health Partnership's mission is to advocate for quality, affordable, accessible, and culturally competent health care systems that demonstrate response and compassion for our diverse communities. Community Health Partnership's member community health centers provide primary and behavioral health, dental, optometry and podiatry services.

The County of Santa Clara Social Services Agency's mission is to provide resources and opportunities in a culturally responsive manner to enhance the quality of life in our community by protecting, educating, and empowering individuals and families. The County of Santa Clara Social Services Agency assists with health coverage (Medi-Cal), help buying groceries (CalFresh Food), and financial assistance (CalWORKs, General Assistance, Cash Assistance Program for Immigrants).

Trusted Response Urgent Support Team (TRUST) is a partnership between three social service agencies in Santa Clara County: Momentum for Health, Pacific Clinics, and HomeFirst Services. The TRUST team is specially trained to help people who need urgent help for mental health and substance use conditions. TRUST's team of responders includes behavioral health staff from community organizations who have knowledge and experience assisting people struggling with behavioral health challenges. TRUST's field response team works together to meet the unique needs of each person and those around them, who treat every situation on a case-by-case basis, providing responsive care without involving law enforcement and triaging other teams when needed.

Office of Immigrant Relations created Immigrantinfo.org to meet a need for immigrants and non-English speakers. Lack of English was overwhelmingly identified as the main obstacle to successful integration and financial stability for immigrants, refugees, asylees, and other newcomers to the US. Many providers were offering ESL and citizenship services, advertising on separate websites, flyers, and other outreach channels but it was unlikely that those with limited English capabilities would be able to access the information and understand their options. There was a need to funnel all of the classes into a searchable database that would allow people to compare the choices. All the providers in the county were contacted and the details of over 1100

ESL and Citizenship classes were manually input into a specially designed database, accessible to the public on the internet. Through numerous County investments, the Office of Immigrant Relations has served as a leading resource that has helped local governments and other entities to understand the issues, needs, and contributions of immigrants. Office of Immigrant Relations has worked with local agencies on immigrant integration programs and to prepare hundreds of community members for civic engagement and cross-cultural understanding.

Outpatient Continuum of Care (OPC) is the merging of Pacific Clinics' Family Therapeutic Services (FTS) and Intensive Outpatient Program (IOP) into an outpatient continuum of care. FTS is strong in their clinical practice, providing therapeutic interventions through individual, family and group therapy, while IOP draws strength from their team approach treatment, providing both therapeutic interventions and behavioral support along with crisis intervention and Child and Family Team Facilitation. Both teams have the ability for clients to access medication support services and case management support. This new, combined program gives clients and families easy, flexible, and consistent access to care.

The Edward Boss Prado Foundation works relentlessly to empower people who are in need of resources that foster dignity and respect that focuses on partnerships, programs, and sponsorships that directly help families most in need in the South Santa Clara County area. The programs the Edward Boss Prado Foundation provide fill a service gap to improve self-esteem and foster dignity and respect.

California Phones (soon to be California Connect) provides FREE, specialized telephones to those that have difficulties hearing, seeing, moving, speaking, or remembering. Big button phones, loud phones, cell phone amplifiers, and much more. There are no age or income requirements to be eligible for this state-wide program.

1.7.2 Analysis of Gaps in Resources to ELI & Special Needs Housing

In analyzing the resources and services provided by the City of Morgan Hill, non-profits, and other organizations to ELI and Special Needs Housing households within Morgan Hill, it is found that there are four categories where there are gaps in resources and services within Morgan Hill and the region: 1. Lack of emergency shelters for those experiencing homelessness; 2. Need for additional ELI housing; 3. Assistance to lower-income and Spanish speaking residents to obtain employment; and 4. Eviction counseling.

Emergency Homeless Shelters

Although the City has established an inclement cold weather shelter located at 305 W. Main Ave in Morgan Hill, and a homeless safe parking program for 8 families, 30 people maximum, at 15055 Monterey Road within the City there are no permanent emergency shelters within the city limits.

Appendix H4 Constraints Analysis discusses in detail the requirements of State law (Government Code Section 65583), the City's Emergency Shelters Ordinance (Section 18.92.050), capacity for emergency homeless shelters, and an analysis on the constraints on emergency homeless shelters. As further discussed in Appendix H4 Constraints Analysis, the 2022 Santa Clara County Homeless Census and Survey Report point-in-time count identified 60 unsheltered homeless

individuals within the Morgan Hill city limits. As described in Appendix H4 Constraints Analysis, Emergency Shelters are permitted by right in the PF (Public Facilities) zoning district and allowed with a Conditional Use Permit within the MU-F (Mixed Use Flex) zoning district. Within the City, there are 5.7 acres of vacant land zoned PF where emergency shelters would be allowed by-right. These sites have a maximum capacity for 120 beds. Therefore, these sites theoretically have sufficient capacity for shelters to accommodate the 60 unsheltered individuals on the night of the 2022 point-in-time count. However, Government Code Section 65583(a)(4)(H) states that the zoning designation(s) where emergency shelters are allowed shall include sites that meet at least one of the following standards:

- ❖ Vacant sites zoned for residential use.
- ❖ Vacant sites zoned for nonresidential use that allow residential development, if the local government can demonstrate how the sites with this zoning designation are located near amenities and services that serve people experiencing homelessness, which may include, health care, transportation, retail, employment, and social services, or that the local government will provide free transportation to services or offer services onsite.
- ❖ Nonvacant sites zoned for residential use or for nonresidential use that allow residential development that are suitable for use as a shelter in the current planning period, or which can be redeveloped for use as a shelter in the current planning period. A nonvacant site with an existing use shall be presumed to impede emergency shelter development absent an analysis based on substantial evidence that the use is likely to be discontinued during the planning period. The analysis shall consider current market demand for the current uses, market conditions, and incentives or standards to encourage shelter development.

As mentioned above, the PF (Public Facilities) zoning district permits Emergency Shelters by right, however, other residential uses are not allowed within the PF zoning district. In addition, AB 2339 (Government Code Section 65583(a)(4)(C)) states the definition of emergency shelters shall include other interim interventions, including, but not limited to, a navigation center, bridge housing, and respite or recuperative care. Therefore, to ensure consistency with AB 2339 and Government Code Section 65583(a)(4), the Housing Element includes an implementation program to amend the Zoning Code to meet the requirements of this paragraph within one year of the adoption of the Housing Element.

- Action HE-5.J** Amend the Zoning Code within one year of the adoption of the Housing Element to allow emergency shelters as a permitted use by-right within one or more zoning designations that are either zoned for residential use or allow residential development; amend the definition of emergency shelters to include other interim interventions, including, but not limited to, a navigation center, bridge housing, and respite or recuperative care; and identify sites where emergency shelters are allowed to accommodate a minimum of 60 unsheltered individuals consistent with the standards listed in AB 2339 and Government Code Section 65583(a)(4).

In addition, since there are currently no permanent emergency shelters within the city limits, the Housing Element includes an implementation program to work towards the creation of a permanent emergency shelter to meet the 60 unsheltered individuals identified in the 2022 point-in-time count.

Action HE-5.K Develop and implement a plan to establish an emergency homeless shelter.

Extremely Low-Income Housing

As mentioned throughout the Housing Element, the State of California is facing an unprecedented housing crisis. As housing becomes less affordable and the supply of housing continues to not meet demand, it is becoming harder for residents, especially low- and middle-income families and individuals, to afford housing. Morgan Hill's most vulnerable communities, including low- and middle-income households and communities of color, continue to be disproportionately affected by the housing crisis. The City has taken a number of actions to accelerate the production of housing and to address the housing issues of current residents, however, due to the Housing Crisis, the magnitude of the need throughout the State continues to be greater than what has been achieved.

Although the City of Morgan Hill has met its Regional Housing Needs Assessment (RHNA) for the 2015-2023 Housing Element Cycle (5th cycle), in all income categories (Very Low, Low-, Moderate-, and Above-Moderate), and the City is exceeding its 6th cycle RHNA allocation with a pipeline of 158 extremely low-income (ELI) units as identified in Appendix H2 Site Inventory, the City understands that there is a need for additional ELI housing. In order to fill this gap, the Housing Element includes several implementation programs to expand ELI housing for special needs groups.

Action HE-2.C Implement the Countywide Community Plan to End Homelessness adopted by the Santa Clara County Continuum of Care (CoC) to support the development of Extremely Low Income (ELI) units and to ensure that adequate services are provided to those experiencing homelessness by hosting bi-monthly service provider meetings to identify barriers to accessing housing and provide support for increased coordination amongst its service providers. Develop a local resource matrix of services and identify gaps in service by 2024. Develop and implement solutions to the identified gaps and evaluate annually.

Action HE-2.E Develop a Commercial Linkage Fee Ordinance or similar mechanism when the City has met a job-resident worker balance of 1:1 ratio.

Action HE-2.G Produce a Farmworker Housing Development Program with the County of Santa Clara through a Memorandum of Understanding. Identify development opportunities by 2025 and partner with the County of Santa Clara to apply for funding, upon receipt issue a joint request for proposals to select development and service provider partners; upon selection,

proceed to process an application and entitle one farmworker housing project and/or 30 units by 2029.

- Action HE-2.H** Conduct a review of the Housing funds annually and determine a specific amount of funding that is available for acquisition and development for affordable housing. Any new affordable housing development funded by the City shall have a minimum of 30% of the units dedicated for extremely low-income households.
- Action HE-2.I** Facilitate and encourage the construction of housing affordable to extremely low-income households by assisting non-profit and for-profit developers with financial and/or technical assistance in a manner that is consistent with the City's identified housing needs.
- Action HE-6.A** Coordinate with the San Andreas Regional Center to inform families of the resources available to them and to explore incentives so that a larger number of future housing units include features that meet the needs of persons with developmental disabilities and other special needs. The City will continue to support the development of small group homes that serve developmentally disabled adults and will work with the nonprofit community to encourage the inclusion of units for persons with developmental disabilities in future affordable housing developments and work to increase housing mobility opportunities.
- Action HE-6.D** Study, and if appropriate, adopt a universal design ordinance or policies or objective standards to encourage the inclusion of universal design features in new construction. Options include identifying minimum, cost-effective amenities for all new construction.
- Action HE-6.F** The City will work with housing developers to expand opportunities for affordable lower-income housing for special-needs groups—including persons with physical and developmental disabilities, female-headed households, large families, extremely low-income households, and persons experiencing homelessness—by creating partnerships, providing incentives, and pursuing funding opportunities. Prioritize projects that promote housing mobility for target populations in Racially Concentrated Areas of Affluence (RCAAs), such as in eastern Morgan Hill, or reduce displacement risk due to overcrowding, overpayment, or other burdens.
- Action HE-6.G** Support affordable housing development for special-needs groups throughout the city, including in areas that are predominantly single-family residential. The target populations include seniors; persons with disabilities, including developmental disabilities; female-headed households; and homeless persons to reduce the displacement risk for these residents from their existing homes and communities.

- Action HE-6.H** Give priority to permit processing for projects providing affordable housing for extremely low-income and special-needs groups as they are proposed.

Economic Mobility

The City of Morgan Hill in partnership with International City/County Management Association's (ICMA) is advancing an economic mobility program called Elevate Morgan Hill. The goal of the program is to develop a strategy that would connect Spanish-speaking and lower income community members to jobs and housing resources, while also increasing their sense of belonging to the greater community. ICMA through the Gates Foundation is supporting this effort to help Morgan Hill collect data necessary to understand the needs of the Spanish-speaking and lower income residents in Morgan Hill, engage service providers, employers, and educational institutions to develop a strategy to advance the goals of Elevate Morgan Hill.

The Elevate Morgan Hill outcomes include the following:

- ❖ **Identify Community Needs:** Identify community needs through community surveys, focus group, and data collection from local providers and creation of targeted demographic data analysis.
- ❖ **Convene a Resource Asset Network:** Convene stakeholders such as local employers, service providers, and educational institutions to identify hiring trends and opportunities.
- ❖ **Develop Elevate Morgan Hill Strategy:** Develop a Gap and Opportunity Analysis with specific strategies to further the goals of connecting Spanish-speaking and lower income community members to jobs and housing resources, while also increasing their sense of belonging to the greater community.

Although the preparation of the Housing Element involved an extensive community engagement process, as identified in Appendix H7 Public Participation, and prioritized involvement and engagement of residents and community members that are most directly impacted by the plan and development, especially Latinx, homeless, and other underrepresented or underserved groups, the City is committed to continue this progress and further identify other community needs, besides housing, to elevate Spanish-speaking and lower income community members. During this process, the City identified gaps with Spanish-speaking and lower income residents in Morgan Hill regarding a sense of belonging and connecting them to job resources. To fill this gap, the Housing Element includes implementation programs to advance economic mobility connecting Spanish-speaking and lower income community members to jobs and housing resources.

- Action HE-3.I** Prioritize the creation of jobs that are accessible to low- and very low-income workers who reside within the Downtown Morgan Hill Priority Development Area (PDA) by expanding employment uses (that strike a balance between decent wages and low barriers to entry) through the adoption of a Form-Based Code for the Monterey Corridor. Incorporate local workforce development strategies into Specific Plans for the Priority Development Area within two years.

- Action HE-3.T** Develop a Gap and Opportunity Analysis with specific strategies to further the goals of connecting Spanish-speaking and lower income community members to jobs and housing resources, while also increasing their sense of belonging to the greater community.

Eviction Counseling

Access to counsel has a significant impact on tenant outcomes in possessory eviction cases, potentially preventing eviction but also having the potential to facilitate better relocation outcomes for tenants who do end up relocating. By providing additional funding to close the gap between the current capacity of legal services providers and the total need for representation in possessory eviction cases. Increased access to counsel may have particular benefits for tenants with disabilities who may have additional defenses available to them in eviction cases that are unavailable to others. Therefore, as identified in Appendix H5 Assessment of Fair Housing, the Housing Element includes an implementation program to seek funding and develop access to counsel in eviction cases.

- Action HE-3.J** Seek funding or develop paths of support for access to counsel in possessory eviction cases. Identify at least \$50,000 in dedicated annual support for eviction defense in Morgan Hill. Complete possible funding mechanisms study by year two with annual funding beginning within three years. Annual funding level of \$50,000 reached within five years.