



Gilroy 2040 General Plan 2021 Annual Report

March 07, 2022

Purpose of the General Plan Annual Report

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

- I. **General Plan Implementation Activities** describes notable activities in 2021 that made progress towards implementing the goals, policies and implementation programs identified in the City's new *2040 General Plan* (adopted November 2020). This section also includes a discussion of high-priority programs that can be adjusted as the list is implemented or reprioritized based on current challenges facing the City.
- II. **Housing Element Annual Progress Report** provides a summary of the City's progress towards meeting Gilroy's Regional Housing Needs Allocation (RHNA) and efforts to remove governmental constraints to the maintenance, improvement and development of housing identified in the *2015-2023 Housing Element*.

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

Background of the General Plan

Every city and county in California must have a General Plan, which is the local government's long-term framework or "constitution" for future growth and development. The General Plan represents the community's view of its future and expresses the community's development goals. The General Plan consists of policy text which contains goals, polices and implementation programs, and a land use diagram which illustrates the planned future land uses and pattern of development. All land use decisions by City staff, the Planning Commission, and the City Council must be consistent with the adopted General Plan. Typically, a General Plan is designed to address the issues facing a jurisdiction for the next 15-20 years. Under California law, the City is required to address eight (8) issue areas or "elements" in the General Plan: air quality, circulation, conservation, environmental justice¹, housing, land use, noise, open space, and safety. The State allows considerable flexibility in how these elements are organized and encourages the inclusion of additional "elements" to ensure that plans are truly comprehensive and effective in addressing local issues.

The 2040 General Plan was adopted in November 2020, approximately 18 years after the City adopted the 2020 General Plan. The 2040 General Plan includes an Introduction chapter, an Implementation chapter, and nine (9) elements: Land Use; Mobility; Economic Prosperity; Housing; Public Facilities and Services; Parks and Recreation; Natural and Cultural Resources; Potential Hazards; and Environmental Justice.

¹ Cities and counties that have identified disadvantaged communities must include an environmental justice element in their general plans.

I. 2040 GENERAL PLAN IMPLEMENTATION ACTIVITIES

For the City's General Plan to serve its purpose effectively, it must be reviewed, maintained, modified as necessary, and implemented in a systematic and consistent manner. The General Plan contains a Vision Statement and Guiding Principles to ensure that the goals, policies, and implementation programs in the General Plan reflect the community's shared vision for Gilroy. Gilroy implements the General Plan through the City's ordinances and regulations, policy decisions, and actions and is responsible for tracking, reporting and evaluating its progress in implementing the General Plan. State law requires the City to report annually on "the status of the plan and progress in its implementation" (Government Code Section 65400).

PRIORITY PROGRAMS

Understanding the goals, policies, and programs cannot all be accomplished immediately, the 2040 General Plan identified high-priority objectives² for transforming city operations and Gilroy's community character consistent with the General Plan's Vision and Guiding Principles. As the priority programs identified below are implemented or reprioritized, the priorities will be adjusted to address new challenges facing the City.

Land Use Program LU-1 Zoning Ordinance: *Review and update the Gilroy Zoning Ordinance and Zoning Map to be consistent with the Land Use Diagram and related policies of the General Plan. Consider rezoning areas inconsistent with the Land Use Diagram, as appropriate, and update the zoning district descriptions to reflect the updated land use designation descriptions.*

Zoning Ordinance Status: The City is on track to complete the update of the Zoning Ordinance by the end of 2022.

Land Use Program LU-6 Downtown Specific Plan Update: *Update and implement the Downtown Specific Plan. The update should address the proposed High-Speed Rail station, offer recommendations to resolve parking and transportation issues, continue to plan for growth and revitalization, and propose locations for downtown amenities (e.g., a downtown park/plaza and cultural center).*

Downtown Specific Plan Update Status: City staff is working with the High-Speed Rail Authority to ensure that the Specific Plan and station area planning efforts are coordinated. It is anticipated that a new funding agreement will be reached with the Authority by the end of 2022 to support preparation of an updated Specific Plan that includes the station site. In addition to funding provided by the High-Speed Rail Authority, City staff have applied for various grants that could be used towards the update and/or implementation of Specific Plan goals.

² Page IM-4, Implementation Plan; http://www.cityofgilroy.org/DocumentCenter/View/11319/11_Implementation

Mobility Program M-1 NACTO Design Guidelines: *Evaluate the National Association of City Transportation Officials (NACTO) design guidelines to determine if the city should use them as a more current, context-sensitive roadway classification system.*

NACTO Design Guidelines Status: The City uses both the NATCO Design standards and the Manual on Uniform Traffic Control Devices for Streets and Highways (MUTCD) during the design of roadways. Since each standard is different, one or both can be used depending on the type of roadway being designed and the geometrics available. Both are considered and the standard is used that gives the City the most flexibility to implement right-of-way improvements.

Public Facilities and Services Program PFS-1 Capital Improvement Budget: *Update the Capital Improvement Budget biannually to prioritize facility improvements for water, wastewater, stormwater, traffic, and public facilities based on facility master plans.*

Capital Improvement Budget Status: The CIP budget is updated bi-annually and requires City Council approval to ensure priorities are met. The City's most recent 5-year CIP was adopted in November 2020 and is being updated for the FY23 budget.

Natural and Cultural Resources Program NCR-1 Riparian Setback Policy: *Update the Zoning Ordinance to identify the required riparian setbacks for all new development and the process for consideration of exceptions from the policy, consistent with the Santa Clara Valley Habitat Plan.*

Riparian Setback Policy Status: The City will ensure that the new Zoning Ordinance (to be updated by the end of 2022) will incorporate required riparian setbacks for all new development and the process for consideration of exceptions from the policy. City staff also worked in collaboration with staff from the Santa Clara Valley Habitat Agency to implement the Santa Clara Valley Habitat Plan.

Natural and Cultural Resources Program NCR-7 Historic Preservation Ordinance: *Develop and adopt an historic preservation ordinance in conjunction with the Zoning Ordinance Update for the preservation of historic and architecturally significant buildings and sites, archeological sites, and other landmarks.*

Historic Preservation Ordinance Status: The City's Historic Heritage Committee completed their review and recommended update of the City's historic preservation ordinance. The draft ordinance will be incorporated into the larger Zoning Ordinance update, and now includes more transparent language to ensure consistent regulation and a streamlined approval process for projects that comply with the ordinance.

Potential Hazards Program PH-2 Flood Control Ordinance: *Review and maintain the City's Flood Control Ordinance as needed to regulate construction within flood zones. The ordinance should be reviewed if there are significant changes to the FEMA flood zones map.*

Flood Control Ordinance Status: Updates to flood maps are a collaboration between the City and FEMA. FEMA works with local experts before combining the data into a computer model that is used to create the updated flood map. FEMA and the City's floodplain administrator work with local engineers and surveyors to collect the data to inform the maps. Community members are also invited to provide information to help local officials better understand how water drains in the area. The City maintains a Floodplain Management Ordinance in Chapter 27E of the Gilroy City Code.³

2021 NOTABLE IMPLEMENTATION PROGRAM PROGRESS

The City is committed to reviewing its progress in implementing the goals and policies of the General Plan. Since many of the factors and issues that the General Plan addresses change from year-to-year, an annual review and reporting of implementation will help ensure the City is moving forward to achieve the General Plan's vision. The subsections below describe notable activities in 2021 that made progress towards implementing 2040 General Plan implementation programs. Each year the City will report on subsequent activities that show additional progress towards implementing the General Plan. A complete list of implementation programs are listed at the end of each General Plan element and are available on the City's website⁴.

LAND USE

The Land Use Element plans for future growth and change while preserving and enhancing the qualities that make Gilroy a great place to live and work. The goals, policies, and programs of the Land Use Element are designed to enhance Gilroy's neighborhoods and districts with an attractive mix of uses and amenities that expand the local economy, protect environmental resources, and improve the overall quality of life of residents. The Land Use Element also contains a map of land uses within the City and a description of the land use designations.

LU-4 Vacant and Underutilized Sites: *Develop and maintain a citywide database of vacant and underutilized sites to monitor the city's growth and change. Prepare an annual report to the Planning Commission and City Council on the number of vacant sites and underutilized sites that were developed during the previous year.*

LU-4 Status: The most recent vacant and underutilized sites inventory was updated in November 2021 as part of the Wren/Hewell Urban Service Area amendment application to LAFCO. The inventory is available on the City's website⁵. The November 2021 Inventory indicates that there is capacity for approximately 1,571 units in the City's residential land use categories, including the Glen Loma and Hecker Pass Specific Plan Neighborhood Districts and the new Mixed-Use land use designation. An additional 909 units are projected in the Downtown Specific Plan area, based on the revitalization goals

³ <https://www.codepublishing.com/CA/Gilroy/#!/Gilroy27E.html>

⁴ <http://www.cityofgilroy.org/274/2040-General-Plan>

⁵ <http://www.cityofgilroy.org/932/Vacant-and-Underutilized-Sites-Inventory>

within the Downtown Specific Plan, adopted in 2005.

LU-5 Urban Service Area: *Consider applications for inclusion of additional land in the Urban Service Area on an annual basis, and review applications based on identified criteria.*

LU-5 Status: In April 2021, the City submitted the Wren/Hewell Urban Service Area (USA) amendment application to LAFCO. The site includes 15 parcels located north of the City's urban service area and within the City's urban growth boundary. If the USA application is approved by LAFCO, it would bring in approximately 307 dwelling units, 46 of which would be deed restricted as affordable. However, the application is still under review by LAFCO. Since April 2021, staff has been responding to data requests from LAFCO including a consistency analysis between the environmental documents prepared for the USA application in August 2019 through October 2019 and the Environmental Impact Report prepared for the 2040 General Plan in September 2020.

On July 30, 2021, the City received an Urban Service Area amendment application for the Kerley Ranch site at the southern boundary of the City. The Kerley Ranch application CEQA review has been put on hold at the applicant's request pending the outcome of the Wren/Hewell application and discussions with LAFCO staff on the viability of their application. The CEQA review budget for the Kerley Ranch development is approximately \$300,000, not including any city fees associated with the application.

LU-7 Multi-Family Residential Design Policy: *Revise and implement the Multi-Family Residential Design Policy to provide updated standards for the design of multi-family development.*

LU-7 Status: On October 18, 2021, the City of Gilroy adopted the Gilroy Mixed-Use Residential and Multi-Family Residential Objective Design Standards Policy⁶.

Additional implementation programs for the 2040 General Plan will be reported on in subsequent annual progress reports.

MOBILITY / TRANSPORTATION

The Mobility Element provides the framework for decisions in Gilroy concerning the citywide transportation system. It seeks to create a balanced transportation network that supports and encourages walking, bicycling, and transit ridership. Mobility Element goals and policies address a variety of topics, including multimodal transportation, complete streets, pedestrian facilities, bikeways, public transit, vehicular transportation, parking, and goods movement. The Mobility Element is drafted to be consistent with State mandates regarding complete streets.

M-2 Traffic Impact Fee. *Maintain traffic impact fees for new development, with the funds used to finance roadway and trail improvements. The fees should be reviewed annually.*

⁶ <http://www.cityofgilroy.org/DocumentCenter/View/12377>

M-2 Status: The traffic impact fee (TIF) is implemented for all new development in Gilroy and updated annually (increased by 3%), as approved by the City Council.

M-8 Traffic Calming. *Prepare and adopt a traffic calming policy that discourages speeding and cut-through traffic in neighborhoods. The adopted policy should establish thresholds, have a list of acceptable traffic calming measures, and outline an implementation process for new and existing neighborhoods.*

M-8 Status: The City's Neighborhood Traffic Management Plan (NTMP) was adopted by City Council in November 2019. The City receives and processes several traffic calming requests annually based on the NTMP guidelines.

M-13 Traffic Impact Fee Study. *Because the revenues derived from the Transportation Fee Ordinance offset only a small portion of the total costs of roadway improvements and are typically used to pay for the less substantial mitigations, the City will prepare a Traffic Impact Fee study to explore options for making up the deficit in situations where a proposed new development project is determined to cause a level of service degradation below the City's goal. Options may include a requirement that the new development pay the full cost of off-site traffic improvements through the level of service assessment process, in addition to paying the impact fee, with a possible provision for reimbursement by the City.*

M-13 Status: The Public Works is preparing a Traffic Impact Fee study as part of their current workplan.

Additional implementation programs for the 2040 General Plan will be reported on in subsequent annual progress reports.

ECONOMIC PROSPERITY

Gilroy is located at the cross-roads between the Bay Area, the Central Coast and the Central Valley, an important strategic location for many industries. The City's retail base is extensive and serves as a visitor attraction. Gilroy also has a rich history as an agricultural community and is widely recognized as the garlic capital of the world. The Garlic Festival, Gilroy Gardens Theme Park, and local wineries contribute to local tourism. The Economic Prosperity Element contains goals, policies, and programs that aim to improve the balance between jobs and Gilroy's workforce, grow businesses within Gilroy, and attract new businesses and industries.

The City Council's 2020-2021 Strategic Plan outlines seven goals that represent the City's highest priorities for achieving its long-term vision and maintaining fiscal viability. One of the objectives, outlined in the Strategic Plan was to hire an Economic Development Manager. In August 2021, an Economic Development Management Analyst was hired to help advance the City's economic development initiatives and to assist in achieving Strategic Plan goals, particularly in the areas pertaining to revenue generating economic development and revitalizing the historic downtown. Progress made towards the Strategic

Plan Objectives and the Economic Development Initiatives are highlighted in the following implementation programs.

EP-3 Entrepreneur Recruitment Program. *Develop and implement a strategy to target marketing efforts to existing or potential entrepreneurs and business executives who could be attracted to live in Gilroy. Coordinate the City's effort with the Gilroy Economic Development Corporation and other local organizations.*

EP-3 Status: Staff is drafting a model for a business incubator that would provide resources, education and support to start-ups and growing small businesses as a tool to promote long term and sustainable growth and encourage entrepreneurialism. The City and the Gilroy Chamber of Commerce are partnering together to identify opportunities for development. Staff is participating in the Gilroy Economic Development Partnership board meetings and Visit Gilroy board meetings in order to forge better partnerships with local and regional groups to help advance key initiatives such as the development of the Sports Park and the development of the Hecker Pass Tourism Gateway.

In 2021, the City, Chamber, and Visit Gilroy partnered together to launch the "Why Gilroy" Campaign to include a series of twelve monthly marketing pieces in the Silicon Valley Business Journal from January to December 2022 that highlight the benefits of doing business and living in Gilroy.

EP-4 Emerging Industries. *Develop a study that identifies emerging industries that can be attracted to locate in Gilroy. The basis for this study shall be the industries outlined in the Economic Development Strategic Plan. Based on the results of the study, develop detailed strategies for supporting and attracting businesses in those emerging industries. Continue to monitor industry trends and evaluate what industries, including emerging industries, are best suited for business development and attraction targets.*

EP-4 Status: In partnership with the Gilroy Economic Development Corporation, the *Gilroy Place-Based Economic Development Strategy* was drafted in 2018, which identified the Sports Park and Gilroy Gardens as key opportunity sites that possess key locational attributes to attract development types the City desires for long-term fiscal performance. In 2020, the City Council adopted a Resolution supporting the vision of Gilroy becoming a Recreation Destination, focusing on three key initiatives: 1) Support of the concept of the Gourmet Alley project proposed for Downtown Gilroy; 2) Support of the development of the Gilroy Sports Park as a regional recreational area and/ or facility; and 3) Support the utilization of the 536 acres owned by the City of Gilroy that currently includes Gilroy Gardens and other future potential outdoor recreational projects that will contribute to the vision of Gilroy as a recreation destination. The current status of these initiatives is highlighted below:

- **Gourmet Alley:** In November 2021, City staff and the City Council formed an ad hoc committee for Gourmet Alley, to begin meeting in January of 2022. In addition to the formation of the committee, staff has been working on other projects related to Gourmet Alley and revitalization efforts downtown. These projects include working on a grant

proposal for improvements to Gourmet Alley and Railroad Ave between 4th and 7th Streets, attending monthly Gilroy Downtown Business Association (DBA) board meetings, individually meeting with downtown property and business owners and other partner organizations to assess challenges and opportunities in developing Gourmet Alley.

- **Sharks Project at the Gilroy Sports Park:** In 2021, the City continued conversations with Sharks Sports Entertainment (SSE) on the potential development of the Regional Sports Park with a community ice facility.
- **Gilroy Gardens Hillside Property:** In August 2021, the City sent out notices to all required parties in compliance with California’s Surplus Land Act (Government Code Section 54220). One letter of interest was received by the Santa Clara County Parks Department and City staff are working with the County on potential next steps.

Additional implementation programs for the 2040 General Plan will be reported on in subsequent annual progress reports.

PUBLIC FACILITIES AND SERVICES

The City of Gilroy maintains a variety of public facilities and provides many public services (e.g., Police and Fire) to meet the needs of the community. Gilroy residents, businesses, workers, and visitors rely on public facilities and services to keep them safe; provide water, energy, and communication services; and remove wastewater, stormwater and solid waste. The Public Facilities and Services Element establishes goals and policies to guide the overall provision of municipal and educational facilities and services in Gilroy.

PFS-2 Impact Fees. *Review and update the water, wastewater, stormwater, traffic, and public facilities nexus studies and impact fee schedules when master plans are updated, to ensure that public facilities and services required by new development are paid for by those developments.*

PFS-2 Status: As the City’s Master Plans are updated, fee studies will be conducted to update the user fees. The Water and Sewer Master Plans are scheduled to be adopted by City Council in 2022.

PFS-4 Urban Water Management Plan. *Review and update the Urban Water Management Plan at least every five years, as required by the Urban Water Management Planning Act.*

PFS-4 Status: The Urban Water Management Plan was adopted by the City Council in October 2021.

PFS-8 Anti-Graffiti Program. *Eliminate graffiti by providing recycled paint for abatement, organizing volunteers to paint over graffiti, and providing a phone number for reporting graffiti.*

PFS-8 Status: The Police Department received 782 graffiti calls for service in 2021.

PFS-11 Police Explorers. *Offer opportunities for youth ranging in age from 14 to 20 years to gain the information and experience necessary to determine if a career in law enforcement is right for them. Activities include ride-a-longs with officers and assistance in records, crime analysis, communications, and other areas of the department.*

PFS-11 Status: In 2021, 30 high school age teens participated in the first youth police academy.

PFS-15 Emergency Preparedness Implementation. *Continue to work with the Community Development Department to implement a vision for fire safe construction, emergency vehicle travel and access, occupant egress, and fire protection systems placement that maximizes current staffing levels.*

PFS-15 Status: Community Development Fire Prevention staff review all planning and building permit applications for new residential construction and major additions to existing residential structures. Conditions of approval related to fire safe construction, emergency vehicle travel and access, occupant egress, and fire protection systems are implemented as needed.

Additional implementation programs for the 2040 General Plan will be reported on in subsequent annual progress reports.

PARKS AND RECREATION

The City provides high-quality facilities and services that help residents lead healthier, happier lives. Gilroy residents can walk, bike, hike, play, and learn in one of Gilroy's many parks or recreation facilities. The Parks and Recreation Element plans for the future of Gilroy's park and recreation facility system and recreation and cultural program offerings.

PR-1 Parks and Recreation System Master Plan. *Review and update the Parks and Recreation System Master Plan every ten years to reflect current conditions and community needs. Use the Parks and Recreation System Master Plan to guide the maintenance and addition of parks and recreation facilities and services.*

PR-1 Status: Although the City has not updated the Master Plan since 2004, the city published a facility and program needs assessment in 2020, which highlighted what is currently available and identified the future parks and recreation needs. This needs assessment can be used towards a future update of the Master Plan including its recommendation for 46 acres of Neighborhood Parks and nine (9) acres of Community Parks by 2024.

PR-2 Recreation Activity Guide. *Maintain and implement an activity guide for recreation programs, leagues, and special events at a minimum of two times per year.*

PR-2 Status: The Recreation Division currently offers a variety of services that include senior services, programs for at-risk youth, activities for residents with special needs, and

sports and enrichment programs for youth. Upgrading to a new, cutting edge, user-friendly software, Recreation has pivoted toward a digital presence, ensuring its outreach is more cost-effective and efficient.

Additional implementation programs for the 2040 General Plan will be reported on in subsequent annual progress reports.

NATURAL AND CULTURAL RESOURCES

Gilroy's proximity to hills, streams, open space, and agriculture is one of the many reasons that residents love living here. Gilroy also has a proud, multi-cultural heritage that spans centuries and includes historic or other culturally significant resources. The Natural and Cultural Resources Element establishes goals, policies, and programs to preserve and enhance these natural areas and cultural resources.

NCR-2 Nesting Bird Impact Mitigation. *During the development review process, require pre-construction nesting bird surveys (and subsequent nest protection if necessary) conducted by a qualified biologist for tree removals and all construction projects (high noise-related activities) located within 250 feet of trees. These surveys are only required if tree removals or construction activities are planned during the nesting bird season, which is February 1 through August 31.*

NCR-2 Status: All projects requiring discretionary review by the Planning Department are reviewed for impacts to protected trees. Conditions of approval related to nesting bird surveys are implemented as needed.

POTENTIAL HAZARDS

Gilroy faces the potential for several types of natural and manmade disasters, including earthquakes, floods, wildfires, and manmade hazards such as noise and hazardous materials. While it is impossible to completely avoid natural and manmade hazards, the Potential Hazards Element establishes goals, policies, and programs to protect life and minimize property damage during future disasters and emergencies.

PH-3 Zoning Ordinance Noise Standards. *Revise the City's Zoning Ordinance to incorporate noise/land use compatibility standards as a basic requirement of new development, and to prohibit new noise-sensitive uses in areas where the noise level exceeds the relevant standard and cannot be adequately mitigated.*

PH-3 Status: The City is on track to complete the update of the Zoning Ordinance by the end of 2022.

ENVIRONMENTAL JUSTICE

Environmental justice is "...the fair treatment of people of all races, cultures, and incomes with respect to the development, adoption, implementation, and enforcement of environmental laws, regulations, and policies." Environmental justice objectives and policies seek to reduce the unique or compounded health risks in disadvantaged

communities through strategies such as: reducing pollution exposure, improving air quality, and promoting public facilities, food access, safe and sanitary homes, and physical activity; promoting civil engagement in the public decision-making process; and prioritizing improvements and programs that address the needs of disadvantaged communities⁷.

EJ-1 Translation. *Develop a program of phased implementation of Spanish translation of public meeting notices and translation provided at public meetings.*

EJ-1 Status: Beginning in 2021 the City began publishing its weekly e-newsletter in both English and Spanish. This newsletter includes information about Council, Board, and Commission meetings, Council decisions, upcoming City events, and City news items. The City is also in the process of purchasing a set of translation headsets that would potentially allow for simultaneous interpretation services at Council meetings. In 2021, the City included the need for translation and interpretation services as part of the community engagement strategy for the 2023-2031 Housing Element update.

EJ-2 Community Engagement Program. *Provide opportunities for City Council, Planning Commission, and City staff and residents to communicate and engage throughout the year. Examples of such events include “coffee with city leaders” and community forums and meetings.*

EJ-2 Status: The Mayor provides a monthly “Spotlight with the Mayor” message in the City’s newsletter, which highlights a specific City department and some of the activities the department is working on. The Mayor also provides a monthly “Conversation and Coffee” event on various topics of interest (e.g., housing) or people of interest (e.g., Police Chief Espinoza). The City Administrator also provides regular town hall meetings, 2-to-4 times per year depending upon the needs of the community.

In 2021, the Police Department hosted the following events with the community:

- National night out which was attended by 400 children. Twenty (20) community-based organizations and law enforcement partners participated in providing prosocial activities and distributing resource information to community members.
- Ice cream with a Cop, distributing 400 popsicles to attendees.
- Shop with a Cop, held in December 2021, in partnership with the Gilroy Police Foundation.

EJ-3 Maintain List of Meeting Facilities. *Create and periodically update the City’s website to maintain a current list of meeting facilities located throughout Gilroy.*

⁷ “Disadvantaged communities” refers to the areas throughout California which most suffer from a combination of economic, health, and environmental burdens. These burdens include poverty, high unemployment, air and water pollution, presence of hazardous wastes as well as high incidence of asthma and heart disease.

EJ-3 Status: Meeting facilities are regularly updated and listed on the City’s website at <https://www.cityofgilroy.org/538/Park-Facility-Rentals>.

Additional implementation programs for the 2040 General Plan will be reported on in subsequent annual progress reports.

II. Housing Element Annual Progress Report

The Housing Element is part of Gilroy’s General Plan and identifies policies and programs to meet the housing needs of the city’s current and future residents. State law (Government Code Sections 65580-65589.8) requires that every city and county in California adopt a Housing Element, approximately every eight years. In addition, HCD reviews and certifies Housing Elements to ensure they meet all requirements of the law.

In 2021, the City entered its seventh (7th) year of the 2015-2023 Housing Element’s eight (8) year planning cycle. In 2021, the City also hired a consultant to prepare the City’s 2023-2031 Housing Element. While the City’s goal is to complete the update by the end of 2022, new statutory requirements have led to a lengthier and more costly process than in the past. In fact, most cities across California are having a difficult time getting their Housing Elements certified by HCD in a timely manner. Staff anticipates bringing a first draft of the 2023-2031 Housing Element to the City Council in June 2022.

RHNA Progress Report

Since 1969, the state has mandated that all California jurisdictions must plan for our resident’s housing needs—regardless of income. This state mandate is called the Regional Housing Needs Allocation (RHNA). As part of RHNA, the California Department of Housing and Community Development (HCD), determines the total number new homes and affordability level of those homes that the Bay Area needs to build. The Association of Bay Area Governments (ABAG) then distributes a share of the region’s housing need to each jurisdiction in the region.

In 2021, the City issued building permits for 275 residential units, including 31 condominium units in the Glen Loma Town Center, 120 affordable apartment units in the 1st and Kern development, 97 single-family residential homes, and 27 accessory dwelling units. The City also approved planning entitlements for 100 affordable apartment units, two duplex units, and 115 single-family dwelling units. It is anticipated that these entitled projects will be submitted for a building permit in 2022 or soon thereafter.

As illustrated in the following table, the City’s total RHNA during the 2015-2023 planning cycle is 1,088 units. The City has exceeded the RHNA for the low-income and above-moderate (market rate) income categories. However, the remaining very-low income allocation is 89 units and the remaining moderate-income allocation is 131 units.

Regional Housing Needs Allocation Progress (2015 – 2020)					
Income Level	<u>RHNA Unit Allocation</u>	<u>2015 – 2020 Units</u>	<u>2021 Units</u>	<u>Total Units Permitted</u>	<u>RHNA Units Remaining</u>
*Very Low (31 – 50% AMI)	236	139	8	147	89
Low (51 – 80% AMI)	160	567	119	686	0
Moderate (81 – 120% AMI)	217	66	20	86	131
Above Moderate (Above 120% AMI)	<u>475</u>	<u>1,196</u>	<u>128</u>	<u>1,324</u>	0
Total Units:	1,088	1,968	275	2,243	Remaining Units = 220

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

Activities to Remove Governmental Constraints

The second component of the Housing Element Annual Progress Report includes the city’s progress towards implementing Housing Element programs and other activities intended to remove governmental constraints to the maintenance, improvement, and development of housing. Governmental constraints are policies, standards, requirements, and actions imposed by the local government that may have a negative impact on the development and provision of housing for a variety of income levels. These constraints may include building codes, land use controls, growth management measures, development fees, processing and permit procedures, and site improvement costs.

Efforts in 2021 to reduce governmental constraints included, but are certainly not limited to the following:

The City of Gilroy regularly communicates with residents, business owners, and development stakeholders via phone, email, and in-person meetings to hear concerns about potential development constraints including processing procedures, fees, development standards, and other City policies and requirements.

Staff can then make informed decisions or recommendations to City officials (e.g., Planning Commission and City Council) on ways to reduce governmental constraints to development such as permit requirements, processing procedures, and land use controls. In 2021, the City began a comprehensive update of the City's Zoning Ordinance. City staff will be recommending changes to the zoning ordinance that help streamline the permit

process, including but not limited to creating an administrative use permit process (currently all use permits require a public hearing before the Planning Commission). City staff is also recommending a more transparent and streamlined process for reviewing and approving applications involving a historic resource.

On February 20, 2021, the City Council held its annual goal-setting workshop to review goals for Fiscal Year 2022 and Fiscal Year 2023 and provide direction to staff in the development of their upcoming two-year workplan. On March 29, 2021, the Council included a goal to “Ensure Availability of Safe, Affordable Housing for all Gilroy Residents” as part of the FY22-23 workplan. The Council also included the development of an “Inclusionary Housing/Affordable Housing Incentive (in-lieu fee) Policy” as a core activity within the Community Development Department’s FY22-23 workplan.

In October 2021, the City Council directed staff to analyze affordable housing policy options, which could take the form of an Inclusionary Housing Policy, Affordable Housing Incentives Policy, or more likely a hybrid of the two policy approaches. The City Council also directed staff to consider streamlined review and/or regulatory incentives that go beyond the Density Bonus Ordinance (Programs H-1.D and H-2.A) and incentives that target specific housing types such as micro-units (Program H-1.G), Accessory Dwelling units (ADUs), and the missing middle housing. The City will also consider incentives that prioritize specific needs identified in the Housing Element, including but not limited to extremely-low income households (Program H-2.G), large households (Program H-4.A), and senior households (Program H-4.B). The potential affordable housing policy options will be considered alongside other potential goals, policies, and quantified objectives as part of the initial analysis for the 2023-2031 Housing Element update.