

IV. RDCS IMPLEMENTATION POLICIES

A. Schedule for 2017 Competition

March 14 Planning Commission Evaluation and Recommendation of Available Allotments (18.78.110B)

April 5 City Council Determination on Possible Reduction to Available Allotments (18.78.110B)

June 5 Pre-Competition Orientation (18.78.120A)

August 4 Pre-Application Review (18.78.130)

September 1 Pre-Application Review Letter (18.78.130F)

September 15 Applicant Response to Pre-Application Review Letter (18.78.130G)

October 5 RDCS Application Submittal Deadline (18.78.120C)

October 19 General Plan and Zoning Consistency Determination (18.78.120D)

November 6 Deadline to file General Plan and Zoning Consistency Appeal to City Council

November 20 Staff Scoring of Applications/Recommendation to Planning Commission (18.78.120E)

November 29 Appeals of General Plan and Zoning Consistency Heard by City Council

December 5 Planning Commission Hearing - Project Scores (18.78.120F)

December 20 Deadline to File Scoring Appeal to City Council

January 24 Scoring Appeal Heard by City Council

January 29 Staff Recommendation - Award of Allotments (18.78.120G)

February 13 Planning Commission Hearing - Award of Allotments (18.78.120H)

February 28 Deadline to File Allotment Appeal to City Council

March 20 Allotment Appeal Heard by City Council

* All decisions of the Planning Commission may be appealed to the City Council (18.78.120J)

B. Exemptions

The following types of residential projects may be developed without first receiving any allotments:

1. One single-family home on a lot existing as of March 1, 2017;
2. Secondary dwelling units;
3. The conversion of an existing single-family home into a duplex provided that a new detached primary structure is not constructed on the lot or lots;
4. Assisted living/nursing homes (reference Zoning Ordinance for definition); and
5. The annexation of existing dwelling units outside of City limits into the City.

C. Application Submittal Requirements

See RDCS Process and Filing Requirements section on RDCS Process web page:

<http://www.morgan-hill.ca.gov/109/RDCS-Process>

D. General Plan and Zoning Consistency

After deeming an RDCS application complete, the Community Development Director or the Director's designee shall evaluate each application for consistency with the City's General Plan and Zoning Code and reject any applications which are found to be inconsistent with either the City's General Plan or Zoning Code. The Community Development Director's determination is appealable to the City Council. The City Council may direct the applicant to make modifications to the application and if these modifications bring the application into compliance with the General Plan and Zoning Code the application may continue to compete for allotments.

A proposal is consistent with the General Plan when:

1. The subject site's General Plan Land Use designation allows the proposed use at the proposed density; and
2. The proposal meets the overall intent of the Goals and Policies of applicable elements of the General Plan.

A proposal is consistent with the Zoning Code when:

1. The base Zoning District or PD Zoning for the site allows the proposed use; and

The proposal meets the zoning regulations (e.g., setbacks) of the subject site's base Zoning District or PD Zoning, or the proposal only includes minor deviations from zoning regulations that, at the entitlement stage, could either be modified to be fully consistent with zoning regulations or the applicant would secure approval of a PD Zoning to establish modified development standards.

D.E. Competition Categories and Ongoing Projects

Each year the City Council may establish competition categories for certain types of projects. Project within a competition category will compete for allotments only with other projects in the same competition category. For each competition category, the City Council shall identify the number of allotments available for projects competing within the competition category. Examples of competition

categories may include, but are not limited to, projects within the Monterey Road Corridor, small projects (less than 15 units), senior housing, vertical mixed use, custom lots, and multi-family rental.

2017 Competition for Fiscal Year 2019/20

<u>Competition Category</u>	<u>Number of Allotments</u>
Affordable Housing	43 (20% of total allotments)
Micro Projects	XX
Small Projects	XX
Multi-family Rental	XX
Open/Market	XX
Senior Housing	XX
Monterey Corridor	XX
Custom Lots	XX
On-going Projects	XX
Prior Multi-year Commitment	0
Total	215

Affordable Housing: The City Council shall ensure that an adequate number of allotments are available for affordable housing projects consistent with the City's Regional Housing Needs Allocation (RHNA) and adopted Housing Element.

Micro Projects: A Micro Project consists of a maximum of six (6) dwelling units on a site with an ultimate development potential of no more than six (6) units.

Small Projects: A Small Project consists of between seven (7) and 15 dwelling units on a site with an ultimate development potential of no more than 15 units.

Multi-family Rental: A Multi-family Rental project is a development of any size providing market rate rental housing.

Open/Market: The Open/Market category applies to housing of any type typically consisting of more than 15 units at build-out.

Senior Housing: Senior Housing projects are any housing type for persons 55 and older. For RDCS purposes Senior Housing must meet the following minimum requirements: 1) Must be 25 units or more; 2) Lot sizes shall not exceed an average 9,000 square feet (unless a single lot multi-family development); 3) Must have an HOA to maintain all common amenities and front yard landscaping; 4) Seventy-five percent or more of the units must be single story in projects proposed in single-family zoning districts (or single level flats in multi-family zoning districts) with the exception of R-1 4,500 Zoning District where fifty percent or more shall be single story; 5) All 2-story units shall be designed and prewired for elevators or stair lifts; 6) All units within the project must meet visibility and adaptability standards.

The Planning Commission has the discretion to waive or allow variation from the above definition for multifamily senior projects that are found to be in substantial conformance with the above definition.

Custom Lot: A Custom Lot is defined as a project which includes the opportunity for individuals to purchase lots. Custom lots shall be defined as follows: 1) Minimum lot size shall be based on the underlying zoning (no RE or large lot minimums); 2) The original developer can retain ownership of up to 50% of the lots with the balance made available for purchase by individual builders who wish to construct homes; 3) Of the "for sale lots", no more than 2 lots may be purchased by any one person; 4) Exterior elevations should vary throughout the project and floor plans may not be repeated, but can be reversed if elevation is varied.

On-going Projects: In addition to the competition categories, allotments may also be given to on-going projects. These are projects that were awarded building allotments in previous competitions, but were not fully allocated. ~~On~~ Each on-going projects can receive up to ~~15XX~~ allotments without submitting a new application. Additional fees for processing and administration of on-going allotments may be required. See Section N below for additional details.

Prior Multi-Year Commitment: The number of allotments in a given competition year that were previously awarded to multi-year/phased projects.

E-F. Scoring

Special Scoring Criteria (Downtown, Micro, Affordable, etc.)

Scoring Errors

Changes to Approved Projects/Substitution of Points/Criteria - changes will be considered on a case-by-case basis with any changes resulting in the project receiving the same or higher score within each objective and the change would maintain or improve the quality of the project and would result in the same or greater value to the City or project and its future residents.

Loss of Points

F-G. Multi-year Allotments

Section 18.78.140 Project Phasing allows the Planning Commission to distribute allotments awarded to a single project over multiple years in order to support a fair and efficient RDCS process by allowing high quality projects constructed over multiple years to compete one time for allotments.

The Planning Commission has discretion to determine which projects are eligible for multi-year allotments and may award multi-year allotments over a period of up to: 1) Three years for projects with less than 100 units; and 2) Five years for projects with 100 or more units. How well a project scores will be one factor Planning Commission will consider when awarding multi-year allotments.

The Planning Commission may award multi-year allotments to projects only upon finding that:

- 1. The multi-year allotments will support a steady rate of growth and help to avoid a sudden spike in construction of new housing;**

2. The multi-year allotments will help the City to plan for adequate public services and infrastructure to accommodate new development;
3. The City will benefit from requiring the applicant to compete only once to receive allotments for all project phases; and
4. An adequate number of allotments will remain in future years to accommodate a range of housing types to meet Morgan Hill's housing needs.

The Planning Commission will strive to ensure that a sufficient number of allotments are available each year for non-multi-year allotted projects, in addition to affordable allotments, to allow for a yearly competition.

G.H. Development Agreement

A deadline to commence construction under the fiscal year building allotment shall be incorporated into a Development Agreement approved by the City Council.

H.I. Tentative Subdivision Map

The City will allow for the processing of tentative subdivision maps which exceed the number of allotments currently assigned to a development if the following criteria are met:

- The overall project must be consistent with the Zoning Code.
- The Tentative Map shall be non-vesting.
- The recordation of a Final Map will not be permitted until allotments are secured under the RDCS and a Development Agreement has been recorded.

The Tentative Map approval would expire after two years (or sooner as specified by the Planning Commission) and the Tentative Map approval period will not be automatically extended through the filing of a Final Map, but may be extended through separate application and approval by the Planning Commission.

I.J. Exercise of Allotments

Allotments must be exercised within 30 months of approval or by an alternative date specified in the Development Agreement. An allotment is considered exercised with the recordation of a Final Map, issuance of a grading permit, or the commencement of construction if no Final Map is required.

A project shall be deemed to have physically commenced construction upon issuance of a building permit and completion of the following improvements: Installation of on-site and off-site improvements including grading and certification of the building pad by the Building Division and completion of one or more of the following: a) Excavation of the footings and foundations for the dwelling units; b) Installation of water or sewer laterals to the relevant units.

J.K. Early Start of Construction

An early start of construction date is possible as long as the units are not completed and occupied until after the start of the fiscal year in which the allotments must be used. The construction schedule

incorporated into the project development schedule shall ensure that dwelling units are not completed before the start of the fiscal year in which the allotments must be used.

K-L. Extensions

For Projects that received allotments under the previous RDCS, but have not secured a Development Agreement, the Community Development Director may issue a six (6) month extension.

Extension requests shall be submitted in writing to the Community Development Department a minimum of 60 days prior to the allotment expiration date and shall describe how the project meets the extension eligibility criteria listed below and in Section 17.78.170F of the Zoning Code.

In addition to receiving an Administrative Extension and/or prior extensions under the previous RDCS, a project may receive no more than one (1) extension for a maximum one additional year period. Phased projects may only receive one, one-year extension.

Eligibility Criteria

1. The Planning Commission may approve an extension only when the City or other public agency is responsible for a delay in the issuance of permits or granting approvals required to exercise the allotments, or due to an earthquake, flood, fire, or other severe act of nature outside of the applicant's control. It is the applicant's responsibility to provide evidence that the request is consistent with this requirement.
2. The Planning Commission may not approve an extension for any reason other than in the above paragraph, including but not limited to difficulties obtaining financing, changes to the project not required by the City or other public agencies, applicant delays responding to requests from the City or other public agency, personal circumstances of the applicant, or changes in property ownership.

L-M. Transfer of Allotments

In order to expedite the completion of projects awarded allotments under the RDCS, the transfer of fiscal year allotments between and within projects that meet the following criteria, may occur:

1. The receiving project has sufficient lead time to exercise the transferred allotment prior to the deadline.
2. Must work as a trade between two developments or within a project.
3. May apply to partially allotted and fully allotted projects.
4. Both on-going and recently allotted first time projects may transfer allotments.

M-N. On-Going Allotments

Projects that have competed previously and are partially allotted shall be considered on-going and may receive allotments from the on-going category. To be eligible to receive an allotment, the following criteria must be met:

1. A project has completed all planning entitlements (Tentative Map, Development Agreement and Site Review).

2. A project is in compliance with their development schedule.