



# City of Morgan Hill

## Legislation Details (With Text)

<b>File #:</b>	16-374	<b>Version:</b>	1	<b>Name:</b>	
<b>Type:</b>	Staff Report	<b>Status:</b>		Second Reading	
<b>File created:</b>	5/17/2016	<b>In control:</b>		City Council	
<b>On agenda:</b>	6/1/2016	<b>Final action:</b>		6/1/2016	
<b>Title:</b>	ORDINANCE ADDING A NEW CHAPTER 15.23 (BELOW MARKET RATE (BMR) PROGRAM ADMINISTRATION) TO TITLE 15 (HOUSING CODE) OF THE MORGAN HILL MUNICIPAL CODE, ADDING 15.23.10 PURPOSE, 15.23.20 DEFINITIONS, 15.23.30 APPLICABILITY, 15.23.40 DUTIES OF PROGRAM ADMINISTRATOR, 15.23.50 OCCUPANCY AND SALE RESTRICTIONS, 15.23.60 AFFORDABLE HOUSING AGREEMENT, 15.23.70 APPROVED PROGRAM PARTICIPANTS AND VENDORS, 15.23.80 DEFAULT, FORCLOSURE, LOSS OF UNIT, 15.23.90 ANNUAL REPORT, AND 15.23.95 ENFORCEMENT				

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. BMR Ordinance

Date	Ver.	Action By	Action	Result
6/1/2016	1	City Council	waived reading of the Ordinance	Pass
6/1/2016	1	City Council	introduced	Pass

## CITY COUNCIL STAFF REPORT MEETING DATE: JUNE 1, 2016

PREPARED BY: Rebecca Garcia, Housing Manager/ Community Development

APPROVED BY: City Manager

**ORDINANCE ADDING A NEW CHAPTER 15.23 (BELOW MARKET RATE (BMR) PROGRAM ADMINISTRATION) TO TITLE 15 (HOUSING CODE) OF THE MORGAN HILL MUNICIPAL CODE, ADDING 15.23.10 PURPOSE, 15.23.20 DEFINITIONS, 15.23.30 APPLICABILITY, 15.23.40 DUTIES OF PROGRAM ADMINISTRATOR, 15.23.50 OCCUPANCY AND SALE RESTRICTIONS, 15.23.60 AFFORDABLE HOUSING AGREEMENT, 15.23.70 APPROVED PROGRAM PARTICIPANTS AND VENDORS, 15.23.80 DEFAULT, FORCLOSURE, LOSS OF UNIT, 15.23.90 ANNUAL REPORT, AND 15.23.95 ENFORCEMENT**

### RECOMMENDATION(S)

1. Open/Close Public Hearing;
2. Waive the First and Second Reading of the Ordinance; and
3. Introduce Ordinance.

### COUNCIL PRIORITIES, GOALS & STRATEGIES:

## **Ongoing Priorities**

Maintaining fiscal responsibility

Preserving and cultivating public trust

## **2016 Focus Areas**

Participate in Regional Issues

### **REPORT NARRATIVE:**

Since 1977, the City has amassed one of the largest Below Market Rate ("BMR") property portfolios in the State, per capita, and established a robust BMR Program that provides much needed homeownership opportunities and affordability to low-income and moderate-income households. The BMR Program comprises more than 500 homes with an average of 12-15 homes added to the Program each year. The Residential Development Control System ("RDSCS") awards competing development points for the provision of BMR low-income and moderate-income housing. Following up on the BMR Resolution that was adopted by City Council on May 18, 2016, with the intent to reaffirm the City's nearly forty year commitment to preserve and create affordable housing, the Housing Team is recommending that the City Council adopt a Below Market Rate Ordinance. The purpose of the Ordinance is to further formalize the BMR Program, and succinctly codify the following:

- City Manager Authority to respond to Program needs, to approve BMR Program Guidelines and BMR agreements and letters
- Reaffirm the Program Purpose and Intent
- Administrator Role, Duties and Acquisition Authority
- Enforcement of Occupancy and Sale Requirements, Enforcement of Rules Restricting Owner's ability to sell and finance to ensure that the affordability of the BMR home is preserved, and as BMR homes become available for sale the opportunity is provided to income qualified households

The BMR Ordinance, coupled with the BMR resolution adopted on May 18, provides the authority and the process for continued implementation of this program.

### **COMMUNITY ENGAGEMENT: Inform**

The item has been publicly noticed as required, including publication in the San Jose Mercury News on May 13, 2016. A draft of the BMR ordinance was discussed and provided at the May 18, 2016 Housing Workshop, the City Council Housing Program Update, and was made available on the City's website.

### **ALTERNATIVE ACTIONS:**

The City Council may choose to not adopt the Below Market Rate Ordinance.

### **PRIOR CITY COUNCIL AND COMMISSION ACTIONS:**

On May 18, 2016 the City Council adopted a Below Market Rate Program Resolution.

### **FISCAL AND RESOURCE IMPACT:**

Codifying the City's historical BMR Program ensures the affordability of the BMR portfolio is preserved and litigation efforts and administrative costs associated with housing practices are

reduced.

**CEQA (California Environmental Quality Act):**

Not a Project

The ordinance proposed is not a project, as defined in Section 15378 of the State CEQA Guidelines.

**LINKS/ATTACHMENTS:**

Ordinance