



## City of Monte Sereno

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(ENDORSED)

**FILED**  
OCT 03 2018

Honorable Patricia Lucas  
Presiding Judge  
Santa Clara County Superior Court  
191 N First Street  
San Jose, CA 95113

Clerk of the Court:  
Superior Court of CA County of Santa Clara  
BY Janice Jones DEPUTY

October 2, 2018

**RE: Response to 2017-18 Santa Clara County Civil Grand Jury Report -  
"Affordable Housing Crisis: Density is Our Destiny"**

Dear Judge Lucas,

Enclosed please find the City of Monte Sereno's response to the Santa Clara County Civil Grand Jury Report entitled "Affordable Housing Crisis: Density is Our Destiny." The City thanks the Grand Jury for its investigation into this complex issue and for bringing this matter to our attention in an informative and thorough manner. The enclosed response to the findings and recommendations contained in the report was approved by Monte Sereno's City Council at a public meeting held on October 2, 2018.

Sincerely,

Burton Craig, Mayor

CITY OF MONTE SERENO RESPONSE TO THE SANTA CLARA COUNTY CIVIL GRAND JURY REPORT ON "AFFORDABLE HOUSING CRISIS: DENSITY IS OUR DESTINY" DATED JUNE 21, 2018

Finding 2a

Employers in the County have created a vibrant economy resulting in an inflated housing market displacing many residents.

*Response: **Agree.***

Recommendation 2a

The County should form a task force with the cities to establish housing impact fees for employers to subsidize BMR housing, by June 30, 2019.

*Response: **Will not be implemented.***

*This recommendation will not be implemented because the County has responded to this report stating that it will not implement this recommendation. In addition, the City of Monte Sereno (the "City") currently contains no commercial or office uses and has no land zoned for such, hence this recommendation does not apply to the City. The City contains one religious institution, one elementary school, and City Hall. All the other uses are residential. However, if a task force is formed, the City will consider participating.*

Finding 2b

Contributions to BMR housing from employers in the County are not mandated nor evenly shared.

*Response: **Agree.***

Recommendation 2b

Every city in the County should enact housing impact fees for employers to create a fund that subsidizes BMR housing, by June 30, 2020.

*Response: **Will not be implemented.***

*The City currently contains no commercial or office uses and has no land zoned for such. The City contains one religious institution, one elementary school, and city hall. All the other uses are residential, hence this recommendation does not apply to the City.*

Finding 3a

RHNA sub-regions formed by several San Francisco Bay Area counties enable their cities to develop promising means to meet their collective BMR requirements. Such sub-regions can serve as instructive examples for cities in the County.

*Response: **Agree.***

*A RHNA sub-region may result in increased collaboration between jurisdictions; however, each jurisdiction will continue to be required to plan for meeting its own RHNA for all income categories.*

Recommendation 3a

Every city in the County should identify at least one potential RHNA sub-region they would be willing to help form and join, and report how the sub-region(s) will increase BMR housing, by the end of 2019.

*Response: **Requires further analysis.***

*The Cities Association of Santa Clara County is currently considering the formation of a RHNA sub-region for Santa Clara County. At their meeting on September 18, 2018, the Monte Sereno City Council expressed interest in participating in a RHNA sub-region.*

Finding 3b

Developers are less willing to consider BMR developments in cities with the County's highest real estate values because these developments cannot meet their target return on investment.

*Response: **Agree.***

Recommendation 3b

A RHNA sub-region should be formed including one or more low-cost cities with one or more high-cost cities, by the end of 2021.

*Response: **Requires further analysis.***

*The Cities Association of Santa Clara County is currently considering the formation of a RHNA sub-region for Santa Clara County. At their meeting on September 18, 2018, the Monte Sereno City Council expressed interest in participating in a RHNA sub-region.*

Finding 3c

More BMR units could be developed if cities with lower housing costs form RHNA sub-regions with adjacent cities with higher housing costs.

*Response: **Partially agree.***

*A RHNA sub-region may result in increased collaboration between jurisdictions; however, each jurisdiction will continue to be required to plan for meeting its own RHNA for all income categories regardless of whether the community has high or low housing costs.*

Recommendation 3c

High-cost cities and the County should provide compensation to low-cost cities for increased public services required for taking on more BMR units in any high-rent/low-rent RHNA sub-region, by the end of 2021.

*Response: **Requires further analysis.***

*If a RHNA sub-region is formed, then the participating jurisdictions can consider whether compensation to other jurisdictions is appropriate. However, even if a sub-region is formed high-cost jurisdictions will still be required to plan for the production of BMR units.*

Finding 3e

High-cost/low-cost RHNA sub-regions could be attractive to high-cost cities because they could meet their BMR requirements without providing units in their cities.

*Response: **Agree.***

*A RHNA sub-region may result in increased collaboration between jurisdictions; however, each jurisdiction will continue to be required to plan for meeting its own RHNA for all income categories regardless of whether the community has high or low housing costs.*

Finding 5a

Uneven BMR achievements among cities is caused in part by varying inclusionary BMR unit percentage requirements.

*Response: **Agree.***

*In addition, the City agrees with the Civil Grand Jury's report stating that "Due to the small number of potential multi-unit developments in Los Altos Hills, Monte Sereno and Saratoga, inclusionary ordinances would generate few BMR units in these cities and are not a priority" (p.17).*

Finding 5b

Inclusionary ordinances in cities having only a small number of potential multi-unit developments would generate too few BMR units to justify their passage.

*Response: **Agree.***

Finding 7

NIMBY (Not in My Backyard) opposition adversely affects the supply of BMR housing units.

*Response: **Partially agree.***

*NIMBY opposition is only one of many factors affecting the production of BMR units.*

Recommendation 7

A task force to communicate the value and importance of each city meeting its RHNA objectives for BMR housing should be created and funded by the County and all 15 cities, by June 30, 2019.

*Response: **Will not be implemented.***

*This recommendation will not be implemented because the County has responded to this report stating that it will not implement this recommendation because it is not warranted. However, if a task force is formed the City will consider participating.*

Finding 8

It is unnecessarily difficult to confirm how many BMR units are constructed in a particular year or RHNA cycle because cities and the County only report permitted units.

*Response: **Partially agree.***

*State law requires all jurisdictions to prepare an annual report of their Housing Elements following the guidance of the California Department of Housing and Community Development. This guidance requires reporting of building permit issuance since it is a reliable metric of actual housing production.*

Recommendation 8

All 15 cities and the County should annually publish the number of constructed BMR units, starting in April 2019.

*Response: **Has not been implemented, but will be implemented in the future.***

*The City will make information available annually to the public regarding building permits finalized/certificates of occupancy issued (i.e., construction complete) starting in April 2019.*

Finding 9

Accessory Dwelling Units (ADUs) offer a prime opportunity for cities with low housing density and limited developable land to produce more BMR units.

*Response: **Agree.***

Recommendation 9a

ADU creation should be encouraged by decreasing minimum lot size requirements and increasing the allowed unit maximum square footage to that prescribed by state law, by the end of 2019.

*Response: **Has been implemented.***

*The City's current regulations related to ADUs are fully in compliance with state law.*

Recommendation 9b

Increasing BMR unit creation by incentivizing long-term affordability through deed restrictions for ADUs should be adopted, by the end of 2019.

*Response: **Will not be implemented.***

*The City currently meets all of its very low-income housing requirements through the production of ADUs. Incentivizing long-term affordability through deed restrictions seems unwarranted as property owners are already taking advantage of the streamlined permit processing for ADUs as evidenced by the fact that the City is meeting its RHNA numbers.*

Finding 10

Lack of funding mechanisms to create BMR housing has restricted BMR achievement by cities with limited commercial development or developable land.

*Response: **Agree.***

*As a City with no commercial development and virtually no undeveloped land any potential mechanisms implemented for funding BMR developments would yield very little in terms of revenue.*

Recommendation 10a

Residential development impact fees to fund BMR developments should be enacted by the cities of Los Altos Hills, Monte Sereno and Saratoga, by the end of 2019.

*Response: **Will not be implemented.***

*The recommendation will not be implemented because it is not warranted in Monte Sereno. The City has no commercial base and is largely built out and only with single-family development. The City would support a regional approach and will monitor and explore opportunities on how the City can participate in any regional effort.*

Recommendation 10b

Parcel taxes to fund BMR developments should be brought as a ballot measure to the voters of the cities of Los Altos Hills, Monte Sereno and Saratoga, by the 2020 elections.

*Response: **Will not be implemented.***

*The recommendation will not be implemented because it is not warranted in Monte Sereno. On November 8, 2016, voters in Monte Sereno, along with Santa Clara County voters, approved Measure A, a \$950 million affordable housing bond. It is estimated that the bond proceeds would contribute to the creation and/or preservation of approximately 5,100 affordable housing units. In addition, it will increase supportive housing for special needs populations, including homeless and chronically homeless persons. The City will work with other cities in the region to explore additional strategies to support development of BMR housing.*