



**TOWN OF LOS GATOS  
COUNCIL POLICY COMMITTEE REPORT**

MEETING DATE: 11/25/2019

ITEM NO: 2

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DATE: November 20, 2019  
TO: Council Policy Committee  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Provide direction on potential modifications to the Below Market Price Housing Program Regulations.

**RECOMMENDATION:**

Discuss and provide direction on potential modifications to the Below Market Price (BMP) Housing Program Regulations.

**BACKGROUND:**

On April 9, 2019, August 27, 2019, and September 24, 2019, the Policy Committee discussed potential amendments to the Town Code regarding BMP regulations and modifications to the BMP Housing Program Guidelines. At the meeting of September 24, 2019, the Policy Committee provided direction to staff to modify the Town Code and BMP Housing Program Guidelines to increase the number of BMP units and decrease the opportunities to pay in-lieu fees, have BMP units constructed on-site for development projects, and reflect a goal of BMP units seamlessly integrating into the rest of a development.

Sarah Chaffin has also requested that the Policy Committee consider additional modifications to the BMP regulations for rental units (Attachment 3).

**DISCUSSION:**

Staff has prepared modified potential amendments to the Town Code (Attachment 1) and the BMP Housing Program Guidelines (Attachment 2) based on the direction of the Policy Committee at the September 24, 2019 meeting for the Committee's consideration.

**PREPARED BY:** Joel Paulson  
Community Development Director

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Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, and Finance Director

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DISCUSSION (continued):

Sarah Chaffin is requesting the following modifications:

- Median family income (MFI) rental units be allowed;
- The MFI limit be modified to allow that a household's annual income be no greater than 120 percent; and
- An additional affordable category to allow that a household's annual income be no greater than 150 percent.

Sarah Chaffin is requesting these modifications in order to allow for a greater number of essential workers to qualify for BMP rental units (Attachment 2). If the MFI limits were modified to create a category to allow a household's annual income up to 150 percent, these units would be counted towards the Town's Regional Housing Needs Allocation (RHNA) for above moderate (market rate) housing units, based on the limits provided by the California Department of Housing and Community Development.

Currently, Section V. (Requirements for BMP Rental Development), item B. (Applicant Eligibility) of the BMP Housing Program Guidelines provides that a "household's annual income must be no greater than 80 percent of the MFI, adjusted for household size, as defined by the United States Department of Housing and Urban Development (HUD) for the San Jose, CA Primary Metropolitan Statistical Area (PMSA)" in order to be eligible to rent a BMP rental unit. Sarah Chaffin is requesting the allowance for a 120 percent and 150 percent category for BMP rental units.

Staff will be available at the meeting to answer questions and looks forward to receiving direction on potential modifications to the Town's BMP Housing Program Guidelines.

ALTERNATIVE:

Alternatively, the Committee could recommend retaining the income limits for the Town's BMP program and stipulate different affordability levels in the Development Agreement with Sarah Chaffin.

COORDINATION:

The preparation of this report was coordinated with the Town Manager's Office.

Attachments:

1. Modified potential Town Code amendments
2. Modified potential BMP Housing Program Guidelines
3. Sarah Chaffin's suggestions for the BMP Housing Program Regulations