

**Summary of Community Workshop #2: Affordable Housing
September 29, 2020**

Mayor Marcia Jensen welcomed the community, explained how we got here, and stated that Town Manager Laurel Prevetti would be facilitating the meeting.

Town Manager Prevetti provided an overview of the workshop agenda and reviewed ground rules.

Community Development Director Joel Paulson presented a brief overview of Los Gatos Affordable Housing Programs.

Associate Executive Director of West Valley Community Services (WVCS) Sujatha Venkatraman provided overview of services and partnerships provided by WVCS.

Town Attorney Rob Schultz provided an overview of recent state housing legislation.

Town Manager Laurel Prevetti stated the presentations will be posted on the Town's website and opened the floor up to the community for comments, questions, and input.

Q&A/Comments Addressed During the Workshop

Lynel Gardner

- Inquired if Los Gatos is working with neighboring cities to reduce competition for funding and not repeating the same mistakes made in the 1960s with the civil rights movement.

Town Manager Prevetti stated the Town is typically more financially self-sufficient and therefore isn't competing with other cities for State funds. Robert Shultz stated partnering with other jurisdictions for better collaboration is a great idea. Associate Executive Director Venkatraman stated many cities are beginning to collaborate with other entities including at the county and state levels as housing is a statewide issue. Director Paulson stated the Town continues to look for opportunities to collaborate.

Chris of Los Gatos

- Inquired how many Section 8 houses are in Los Gatos.

Town Manager Prevetti stated the County Housing Authority is the entity that administers the Section 8 program and the Town does not know the number of Section 8 certificates being used in Los Gatos. The Town will work with the County to obtain the information if possible and post it to the Town website.

Jefferey Suzuki

- Inquired by what metric the success of the Below Market Price (BMP) program is measured. Commented that the BMP program emphasizes ownership over rental housing, the Town is not doing enough to increase the supply of housing, and that the Town loses BMP units when families exceed the income limits.

Director Paulson stated that homeowners' income can increase and when they move, the unit is required to be sold at an affordable rate. Currently, the for-sale down payments is 10% and the Town is looking to change the down payment rate to 3%.

Heidi Owens (written question)

- Inquired what time period is represented with the BMP production numbers.

Director Paulson stated the first inclusionary housing ordinance was in 1976, therefore, up to 40+ years.

Heidi Owens (written question)

- Inquired why the Town does not utilize tiers of moderate, low, very low, and extremely low income?

Director Paulson stated the tiers are determined by state and federal agencies. The Town's current BMP focuses on low and moderate income for for-sale units, and low income for rental units.

Heidi Owens (written question)

- Inquired if Accessory Dwelling Units (ADUs) are counted toward Regional Housing Needs Allocation (RHNA) numbers.

Director Paulson stated that ADUs are counted toward moderate income in the current cycle; however, it is unsure how they will be counted in the future.

Laura Kramer Rahmil

- Was not able to speak due to technical difficulties.

Russ

- Thanked the Town for holding this workshop, stated that the lack of affordable housing is a social justice issue, asked about the backlog/waiting list for these programs, and inquired about the metrics the Town is utilizing to assess the success of these programs.

Associate Executive Director Venkatraman stated there is backlog and a family is typically on a wait list for 3 to 5 years to obtain affordable housing. Director Paulson stated BMP rental waiting lists are held by property owners/managers in Los Gatos, and Hello Housing maintains the lists for affordable for-sale units. In terms of increasing the supply, Town Attorney Shultz stated there is a need for third parties that own land and build affordable housing while collaborating with developers to reduce barriers to affordable housing.

Ali Miano

- Inquired if the Town would consider lowering affordable housing to a 3% down payment and asked about the process by which people become aware of affordable housing opportunities.

Director Paulson stated promotion is through the Town's website, social media, the Los Gatos Weekly, and sometimes large circulation newspapers.

Matthew Hudes

- Commented the Town should strive to increase cultural and economic diversity, not just racial diversity. Inquired what the Town can do to obtain more State funding, and if the Town would consider increasing the percentage of affordable housing units that are required of developers, awarding more points for low and very low incomes, and recognizing gig workers.

Town Manager Prevetti stated the Council will be considering modifications to the Town's BMP program on October 6, 2020.

Maria Ristow (written question)

- Inquired how West Valley Community Services is funded?

Associate Executive Director Venkatraman stated WVCS is funded by grants, fundraising, city support (including Los Gatos), and individual donors.

Anonymous Attendee (written question)

- Inquired about the specific cities that West Valley Community Services serves and asked if the 160 new families using WVCS are just from Los Gatos.

Associate Executive Director Venkatraman stated WVCS serves West San Jose, Cupertino, Los Gatos, Saratoga, Redwood Estates, and some other unincorporated parts of Santa Clara County. She added that there were 160 new families just from Los Gatos, and of those, 52 households received some form of financial assistance.

Don Capobres (written question)

- Inquired how the Town is collecting input from the developer community regarding how to build more affordable housing effectively not just through the BMP program but by design, and if the Town can get independent economic advice to see if various housing types are feasible.

Town Manager Prevetti stated the Town will follow up with the individual as well as other stakeholders regarding the comments. Town Attorney Schultz encouraged the individual to provide input to the General Plan Advisory Committee. Director Paulson stated the Town will reach out to developers, architects, builders, and others to see what challenges they face to building affordable housing.

Kinsey

- Commented that the Town could improve its affordable housing production by restricting single-family housing development, implementing public housing, implementing rent control, providing cooperative housing, and analyzing AB 1600 fees.

Town Manager Prevetti stated the Town has implemented some of these strategies such as rent control and thanked the commenter for her ideas.

Amy

- Inquired if there are incentives for private homeowners to develop ADUs; asked if in-lieu fees can be used to purchase existing housing which can then be converted to affordable housing; and identified an existing lot that could be used as affordable housing.

Director Paulson stated in-lieu fees come from hillside properties currently totaling around \$3.5 million, which does not go far to purchase land or existing structures given current prices.

There is the potential for ADU incentive programs in addition to the current programs such as the Town paying for the ADU application fee. Mayor Jensen stated the affordable housing fund information will be posted to the website.

Rob Rennie (written question)

- Inquired how the next RHNA cycle will change in regard to different affordability levels and if affordability levels will be a requirement rather than a goal.

Director Paulson stated that State laws have changed and in future RHNA cycles/Housing Elements, the Town will not be able to “reuse” sites as potential affordable housing locations. Mayor Jensen stated the Town’s Affordable Housing Overlay zone that required minimum levels of housing for each income level was found by the State to be a barrier to affordable housing production. Town Attorney Shultz stated when RHNA numbers are not met, the State implements repercussions. Associate Executive Director Venkatraman stated policies and visions need to be long-sighted to prevent the State from controlling RHNA needs.

Heidi Owens

- Asked if race was a criterion for affordable housing if the entity received Housing and Urban Development (HUD) funds, why LGBTQ is not included as a criterion in the BMP program, and why the LGMSPD are excluded from the BMP program.

Director Paulson explained the current criteria and stated the Council could consider the BMP guideline modifications on October 6, 2020.

Heidi Owens (written question)

- Inquired if any of the redevelopment funds were used to build affordable housing.

Town Attorney Shultz stated by law at least 20% of the funds were needed to go toward affordable housing and a couple properties were purchased with Redevelopment monies with the intent of creating affordable housing (e.g., Dittos Lane and behind Pizza My Heart).

Laura Kramer Rahmil (written question)

- Commented many Los Gatos residents will move away from the Town to more affordable housing and inquired if the Town would consider building an active adult community?

Director Paulson stated the Town has not seen a proposal for such a community, likely due to land constraints.

Russ (written question)

- Inquired how in lieu fees are calculated, if the Town has considered indexing in lieu to the market price of the units they'd otherwise be creating, limiting the number and allocating them by some sort of auction between developers, or establishing a "cap and trade" analog where developers are rewarded for adding affordable housing units beyond the minimum?

Director Paulson stated the BMP fees are 6% of the entire project and if the fees are identified as needing to be changed a Nexus study will need to be conducted and the developments are typically very small. Town Attorney Shultz stated Nexus studies are studies that show connection between fees and how much the entity is charging.

Anonymous Attendee (written question)

- Commented regarding North 40 phase one, the Town needs more housing but condemning the first big attempt to address housing makes no sense.

Lynel Gardner (written question)

- Inquired what has made Los Gatos self-sufficient and if being self-sufficient given Los Gatos an unfair advantage, politically, and economically. Commented being self-sufficient causing other cities historically, to be at a disadvantage, politically, economically. That makes it that much more important to collaborate with other cities that are at an unfair advantage. In other words, help those other cities to compete on the same level as Los Gatos. For dollars, contractors, builders, and investors. People of color are being pushed into a corner by gentrification and also competing for low-income housing.

Rob Rennie (written question)

- Inquired why an affordable housing organization would want to come to Los Gatos when they can get cheaper land elsewhere and what Los Gatos can do to help.

CDD Director Paulson stated the Town can partner with the private developers, ultimately the developers of affordable housing are looking for height and density. The Town needs to reach out to for profit developers and non-profit developers to find out what barriers there are.

Closing/Next Steps

Mayor Jensen thanked the attendees for a constructive and positive session. She thanked all Council Members for being in attendance to listen with her. She thanked the panelists and staff. She invited the community to attend the next Council Meeting on October 6 via Zoom at which time the Council would decide how to proceed on affordable housing.

The next community workshop is Thursday, October 22 on Community Culture. She invited everyone to attend. After each workshop, Town Council would take up the matter: listen/learn, then assimilate and act.

Additional Written Q&A Previously Addressed During the Workshop

Anonymous Attendee

- How large is the pool for rental rate housing right now? Aren't applicant pools extremely deep? Why would we increase the income ceiling when working class people should be the priority target of affordable housing?

Anonymous Attendee

- Seems like teacher housing is the only plan so far in the pipeline currently for LG. How do we replicate this project/program? Very good idea since education is a priority in our community. Can someone speak more on Town support?

Anonymous Attendee

- I am frankly disturbed by the idea that we would be considering middle income housing when there are applicant pools of hundreds of low income people.

Anonymous Attendee

- The BMP bought unit would essentially be dissolved if the home is foreclosed upon.

Anonymous Attendee

- What is the property behind Pizza My Heart designated for?

Anonymous Attendee

- I understand that when BMP units are passed from one owner to another, the unit is purchased at an "affordable" price. However, the fundamental issue still exists: the unit is effectively not low-income housing when its occupant is no longer low-income. Why shouldn't we focus our efforts on affordable rentals, where this problem wouldn't exist?