



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 05/19/2026

ITEM NO: 9

DATE: May 19, 2026
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: **Authorize the Town Manager to Execute a five-year Agreement with HouseKeys for the Administration of the Town's Below Market Price Affordable Housing Program with a Not to Exceed (NTE) of \$750,000.**

RECOMMENDATION: Authorize the Town Manager to execute a five-year agreement with HouseKeys, Inc. for administration of the Town's Below Market Price Affordable Housing Program for the period of July 1, 2026, through June 30, 2031, in an amount not to exceed \$750,000, subject to approval as to form by the Town Attorney.

FISCAL IMPACT:

Sufficient funds are available in the Housing In-Lieu Fee deposit account to cover the costs of the services for the Town. The current balance in the deposit account is approximately \$3.7 million. These services will cost the Town a total NTE of \$750,000 over the five-year period of the agreement. In addition, Housekeys charges fees for transaction-based services directly to the party incurring the service. Examples of this would be rental unit processing fees, which are typically paid for by the developer, ownership resale transaction fees, which are added to the sales price of the home and billed to the homeowner.

STRATEGIC PRIORITY:

This item aligns with the Strategic Priority to preserve the Town's small-town charm and provide a range of housing opportunities and historic neighborhoods, while diligently maintaining and implementing the Housing Element and the Core Goal of Community Character.

PREPARED BY: Alexa Nolder
Administrative Technician

Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, and Administrative Services Director

BACKGROUND:

The BMP Program was initiated in 1976 as a mechanism to increase the supply of housing in Los Gatos that is affordable to low- or moderate- income households. The BMP Program requires developers, when they obtain entitlements, to provide a percentage of the total number of market rate units in a development as affordable housing units. Deed restrictions are recorded on the title of each property to ensure the long-term affordability of the rental and for sale units and to maintain the Town's repurchase option. When new units are made available by a developer or via a resale by an existing owner, the Town's administrator solicits applications from income qualified households and then selects buyers using the Town's adopted preference scoring criteria.

The Town has used an administrator for the BMP Program since July 1999. The Administrator's expertise and knowledge of the United States Department of Housing and Urban Development (HUD) requirements and affordable housing program administration are more extensive than those of Town staff. Additionally, the Town does not have the resources to dedicate the time needed to administer the BMP Program.

Since February 2021, HouseKeys has administered the Town's BMP Program under the direction of the Community Development Department. They have monitored the Town's BMP Program rentals and owner-occupied homes and made sure they were following BMP Program requirements. HouseKeys has also worked with the Town on the sale of homes to BMP qualified applicants, held meetings to inform interested persons, and made sure they were qualified for the BMP Program.

DISCUSSION:

Staff prepared a request for proposals (RFP), distributed it to housing organizations, posted it under the "What's New" page on the Town's website, and posted it on the Town's social media accounts to encourage RFP submittals.

Staff identified that foreclosure prevention, homebuyer education, and buyer financial pre-qualification experience would also be requisite areas of expertise of the successful administrator of the BMP Program. Four organizations submitted proposals, and HouseKeys was selected by staff as the most qualified because of its experience with administration of the Town's BMP Program, affordable for-sale housing and rentals, and affordable housing loans.

HouseKeys was founded in 2015 in the City of Morgan Hill and has been administering affordable housing programs for other municipalities since 2017. They currently administer the BMP Program for the Cities of Morgan Hill, Burlingame, Gilroy, San Ramon, Santa Clara, Hayward, Hollister, Hercules, Mountain View, Lafayette, Scotts Valley, Alameda, Walnut Creek, Discovery Bay, Milpitas, San Jose, Beverly Hills, and Napa.

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SUBJECT: Below Market Price Program Administrator Services

DATE: May 14, 2026

Staff recommends that the Town contract with HouseKeys for a five-year period for a fixed base annual cost of approximately \$150,000 per year from approximately July 1, 2026, to June 30, 2031 (see Attachment 1). Projected transactional costs would also be provided at an additional cost, depending on the volume of those transactions (Exhibit A).

CONCLUSION:

Staff recommends that the Town Council authorize the Town Manager to execute an Agreement with HouseKeys for the administration of the Town's BMP Program under the direction of the Director of Community Development.

COORDINATION:

This report has been coordinated with the Town Manager's Office, Town Attorney's Office, and the Finance Department.

ENVIRONMENTAL ASSESSMENT:

The recommended action is not a project under CEQA Guidelines section 15378 because it authorizes an administrative services agreement and does not have the potential to result in a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. No further CEQA action is required.

Attachments:

1. Draft Agreement with HouseKeys, with Exhibit A, Fee Schedule
2. HouseKeys Proposal for BMP Administrator Services

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