



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

MEETING DATE: 08/27/2019

ITEM NO: 4

DATE: August 22, 2019
TO: Council Policy Committee
FROM: Laurel Prevetti, Town Manager
SUBJECT: Provide direction on potential amendments to Chapter 29 (Zoning Regulations) of the Town Code regarding below market price regulations and options for the use of below market price in-lieu fees.

RECOMMENDATION:

Provide direction on potential amendments to Chapter 29 (Zoning Regulations) of the Town Code regarding below market price regulations and options for the use of below market price in-lieu fees.

BACKGROUND:

On April 9, 2019, the Policy Committee discussed potential amendments to the Town Code regarding below market price (BMP) regulations. Following a brief discussion, the Policy Committee provided direction to staff to bring back the following items for further discussion:

- BMP regulations in other communities;
- The Town's Affordable Housing Strategy;
- Residential linkage fees;
- Options for amending the Town's BMP regulations, including:
 - Lowering the threshold for requiring BMP units
 - Greater flexibility in unit sizes and types; and
- Options for use of the Town's accumulated and future BMP in-lieu fees.

PREPARED BY: Joel Paulson
Community Development Director

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

PAGE 2 OF 2

SUBJECT: BMP Regulations

DATE: August 22, 2019

DISCUSSION:

Attachment 1 contains a comparison of affordable housing requirements for other cities located in Santa Clara County and Alameda County prepared for the County of Santa Clara by Keyser Marston Associates in 2016. Attachment 2 contains the Town's Affordable Housing Strategy, prepared by Seifel Consulting Inc. in 2009. Attachment 3 contains an excerpt from the Town Operating Budget regarding the BMP Housing Program. As of June 30, 2019, the BMP in-lieu deposit account has \$3,845,018.48 in available funds.

Due to the work effort involved, staff recommends that the exploration of applying residential linkage fees to new market rate housing developments and/or commercial developments and modifying the in-lieu fee and/or threshold for requiring BMP units be considered by the Town Council during its discussion on Strategic Priorities, as these changes would require a nexus study.

Staff has prepared potential amendments to the Town Code (Attachment 4) and the BMP Housing Program Guidelines (Attachment 5) based on the discussion of the Policy Committee at the April 9, 2019 meeting. The potential amendments are shown in ~~strike-through~~ and underline font.

Staff will be available at the meeting to answer questions and looks forward to receiving direction on potential amendments to the Town's BMP regulations.

This meeting will provide an opportunity for the public to provide input and the Policy Committee to provide direction regarding potential amendments to the Town Code and Guidelines regarding BMP regulations. Based on the Policy Committee's direction, staff would prepare potential amendments to the BMP regulations for a future Policy Committee discussion. Ultimately, the Policy Committee's recommendations for potential amendments would be considered by the General Plan Committee (where applicable), Planning Commission, and Town Council.

COORDINATION:

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

Attachments:

1. Table V-1 of Affordable Housing Nexus Study prepared for Santa Clara County
2. Affordable Housing Strategy
3. FY 2018-19 Town Operating Budget, BMP Housing Program
4. Potential Town Code Amendments
5. Potential Amendments to the BMP Housing Program Guidelines