TOWN OF LOS GATOS
COUNCIL POLICY COMMITTEE AGENDA
JANUARY 28, 2020
110 EAST MAIN STREET
LOS GATOS, CA
5:00 PM

Marcia Jenson, Vice Mayor
Barbara Spector, Council Member

MEETING CALLED TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

CONSENT ITEMS *(Items appearing on the Consent Items are considered routine and may be approved by one motion. Any member of the Council or public may request to have an item removed from the Consent Items for comment and action. If an item is pulled, the Mayor has the sole discretion to determine when the item will be hear. Unless there are separate discussions and/or actions requested by Council, staff, or a member of the public, it is requested that items under the Consent Items be acted on simultaneously.)*

1. Approve the Draft Minutes of December 10, 2019
2. Approve the Town Council Policy Committee Meeting Schedule for 2020

VERBAL COMMUNICATIONS *(Members of the public are welcome to address the Town Council on any matter that is not listed on the agenda. To ensure all agenda items are heard and unless additional time is authorized by the Mayor, this portion of the agenda is limited to 30 minutes and no more than three (3) minutes per speaker. In the event additional speakers were not able to be heard during the initial Verbal Communications portion of the agenda, an additional Verbal Communications will be opened prior to adjournment.)*

OTHER BUSINESS *(Up to three minutes may be allotted to each speaker on any of the following items.)*

3. Discuss and Provide Direction on Potential Modifications to the Below Market Price Housing Program Regulations.
4. Discuss and Provide Direction on Potential Outdoor Lighting Regulation Modifications.
5. Discuss the Town's interpretation of "used vehicles" in the Town Code and determine if an exemption for indoor showrooms is appropriate.
6. Identify Future Work Plan Items for the Council Policy Committee

ADJOURNMENT *(Council policy is to adjourn no later than midnight unless a majority of Council votes for an extension of time)*

DRAFT
Minutes of the Town Council Policy Committee Special Meeting
December 10, 2019

The Town Council Policy Committee of the Town of Los Gatos conducted a special meeting on Tuesday, December 10, 2019, at 5:00 p.m.

MEETING CALLED TO ORDER AT 5:00 P.M.

ROLL CALL

Members Present: Marcia Jensen, Barbara Spector.

Staff Present: Robert Schultz, Town Attorney; Joel Paulson, Community Development Director; Holly Zappala, Management Analyst.

CONSENT ITEMS

1. **Approve the Draft Minutes of November 25, 2019.**

   Approved.

Verbal Communications were conducted at the end of the meeting.

OTHER BUSINESS

2. **Discuss and provide direction on potential modifications to the Hillside Development Standards and Guidelines regarding below grade square footage.**

   Joel Paulson, Community Development Director, presented the staff report.

   Lee Quintana
   -Commented that the current language used in Chapter IV, Section C could be interpreted to mean that in order to add square footage to an existing house above-grade, you would have to also add square footage below-grade, which conflicts with the intent of the language to discourage homeowners from exceeding the Floor Area Ratio (FAR).

   After discussion, the Committee agreed to forward a recommendation to the Town Council to modify the Hillside Development Standards and Guidelines language as follows:

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- The first sentence of Chapter IV, Section C should read: "The Town Council or Planning Commission *may* approve residential projects greater than the maximum allowed floor area after consideration of all of the following conditions:"
- Chapter V, Section F, Guideline 1, k should read: "Excavate or use below-grade rooms to reduce the appearance of above-grade bulk and mass."

VERBAL COMMUNICATIONS

Lee Quintana
-Requested that revising the entire Hillside Development Standards and Guidelines document be considered as a priority for the Policy Committee in 2020. Also commented that in the past there was an Architectural Standards Committee that, along with the General Plan Committee, handled planning and zoning issues, while the Policy Committee did not.

The Committee agreed to continue the current Policy Committee regular meeting schedule of every fourth Tuesday at 5:00 p.m. through calendar year 2020.

ADJOURNMENT
The meeting adjourned at 5:35 p.m.

This is to certify that the foregoing is a true and correct copy of the minutes of the December 10, 2019 meeting as approved by the Town Council Policy Committee.

____
Holly Zappala, Management Analyst

TOWN OF LOS GATOS
COUNCIL POLICY COMMITTEE REPORT

MEETING DATE: 1/28/2020
ITEM NO: 2

DATE: January 21, 2020

TO: Council Policy Committee

FROM: Laurel Prevetti, Town Manager

SUBJECT: Approve the Town Council Policy Committee Meeting Schedule for 2020

RECOMMENDATION:

Approve the Town Council Policy Committee Meeting Schedule for the 2020 calendar year.

BACKGROUND:

In 2019, the Council Policy Committee met monthly on the fourth Tuesday of the month at 5:00 p.m. in the Town Council Chambers.

DISCUSSION:

If the current meeting schedule in continued for the 2020 calendar year, the proposed dates are as follows. Meeting dates are subject to change based on the Committee members' scheduling needs.

February 25	August 25
March 24	September 22
April 28	October 27
May 26	November 24
June 23	December 22
July 28	

CONCLUSION:

Staff recommends that the Council Policy Committee approve the proposed meeting dates for 2020. Alternatively, the Committee may re-schedule some or all of the proposed meetings.

PREPARED BY: Holly Zappala
Management Analyst

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

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TOWN OF LOS GATOS
COUNCIL POLICY COMMITTEE REPORT

MEETING DATE: 1/28/2020
ITEM NO: 3

DATE: January 24, 2020

TO: Council Policy Committee

FROM: Laurel Prevetti, Town Manager

SUBJECT: Discuss and 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, September 24, 2019, and November 25, 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 November 25, 2019, the Policy Committee provided direction to staff to modify the Town Code and BMP Housing Program Guidelines to correspond with each other and other revisions as identified by the Committee members.

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 November 25, 2019 meeting for the Committee's consideration. In addition, staff reached out to Hello Housing, the administrator of the Town's BMP program for their input on the proposed modifications.

The potential amendments as proposed by the Committee are shown in ~~strike-through~~ and underline font (black type), while the amendments proposed by Hello Housing are shown in ~~strike through~~ and underline font (red type).

PREPARED BY: Joel Paulson
Community Development Director

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

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DISCUSSION (continued):

Should the Committee choose, the modifications as proposed by Hello Housing could be included in a separate Administrative Policies and Procedures document that would be attached to the BMP Housing Program Guidelines.

One of the Committee members was in favor of modifying the Median Family Income (MFI) for rental units from 80 to 100 percent (current parameters) to 80 to 120 percent. If the MFI limits were modified to create a category to allow a household's annual income up to 120 percent, these units would still be counted towards the Town's Regional Housing Needs Allocation (RHNA) for moderate housing units based on the limits provided by the California Department of Housing and Community Development. This modification to the MFI limits for rental units was included in the potential amendments (Attachment 2) for the Committee's discussion.

The following questions were posed by the Committee at the November 25, 2019 meeting with staff's response in italics.

1. How many BMP units does the Town have?

   The Town has approximately 310 rental units and approximately 54 for sale units.

2. Why are Los Gatos Monte-Sereno Police officers mentioned twice in items e. and h. on page seven and eight of the BMP Housing Program Guidelines?

   The Los Gatos Monte-Sereno Police officers are specifically called out as being excluded from item e., as being regular full-time and regular part-time employees so that they do not receive double points for the buyer selection as being a regular or full-time employee, in addition to being a certified emergency first responder as identified in item h.

3. Does the calculation contained on page 12, item a. of the BMP Housing Program Guidelines still make sense for determining how the minimum household income is determined?

   Staff confirmed with Hello Housing, the administrator of the Town's BMP Housing Program, that the calculation provided in the BMP Housing Program Guidelines is still consistent with current practices for determining the minimum household income.

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 Regulations.

COORDINATION:

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

<u>Attachments</u>:

1. Modified potential Town Code amendments
2. Modified potential BMP Housing Program Guidelines with a sample BMP application

DIVISION 6. - HOUSING ASSISTANCE PROGRAM

Sec. 29.10.3000. - Intent.

This division is adopted to meet housing needs shown in the housing element of the general plan.

(Ord. No. 2181, § III, 10-19-09)

Sec. 29.10.3005. - Below market price program—Established.

This division establishes the below market price program (BMP).

(Ord. No. 2181, § III, 10-19-09)

Sec. 29.10.3010. - Same—Intent.

The below market price (BMP) program requires the provision of dwellings that persons and families of moderate income can afford to buy or rent, and assures to the extent possible that the resale prices of those dwellings, and rents if they are rented, will be within the means of persons and families of moderate income.

(Ord. No. 2181, § III, 10-19-09)

Sec. 29.10.3015. - Application.

This division shall apply to all residential projects, mixed-use projects, multiple-family dwelling projects, residential condominium projects, condominium conversions, and to all residential planned development projects (division 2 of article VIII of this chapter) either approved after July 4, 1979, or whose approval includes a condition requiring the provision of BMP dwellings. ~~Projects in the R-l and HR zones are excepted from BMP participation. The exception does not apply if the project is built under the rules of an overlay zone unless the rules of the overlay zone provide otherwise.~~

(Ord. No. 2181, § III, 10-19-09)

Sec. 29.10.3020. - Definitions.

For the purposes of this division the following definitions shall apply:

BMP dwelling means any residential dwelling unit designated for very low, low, and moderate income under the rules of this section.

Person of moderate income means one whose income falls within the range specified by the Town Council in the resolution authorized by section 29.10.3040.

(Ord. No. 2181, § III, 10-19-09)

Sec. 29.10.3025. - Scope.

The Below Market Price Program requirements shall apply to all residential ~~development~~ projects, mixed-use projects, multiple-family dwelling projects, residential condominium projects, condominium conversions, and all residential planned development projects that include five (5) or more residential units or parcels which involve:

1. New construction of ownership or rental housing units, including mixed use developments and addition of units to existing projects, or
2. Subdivision of property for single family or duplex housing development, or
3. Conversion of rental apartments to condominiums or other common interest ownership, or
4. Conversion of non-residential use to residential use.

~~Planned development with an underlying zone of HR shall only be required to pay an in-lieu fee as established by a separate resolution.~~

The residential projects, mixed-use projects, multiple-family dwelling projects, residential condominium projects, condominium conversions, and all residential planned development projects ~~developments~~ consisting of five (5) or more units are required to provide the following number of BMP units:

(1) Projects containing five (5) or more but less than twenty (20) market rate units must provide a number of BMP units equal to ten (10) percent of the number of market rate units.

(2) Projects with from twenty (20) to one hundred (100) market rate units must provide BMP units as determined by the following formula:

Number of BMP units = .225 (total # of market rate units) - 2.5

(3) All projects in excess of one hundred (100) market rate units must provide a number of BMP units equal to twenty (20) percent of the market rate units.

(4) Whenever the calculations of BMP units result in a fraction of one-half or more, the number of units to be reserved is increased to the next whole number.

(5) The Town, in limited circumstances, at its sole discretion, may consider an in-lieu payment alternative to the required BMP unit ~~in the case of Planned Unit development with an underlying zone of HR~~. The required in-lieu fee is as established by a separate resolution and is to be paid to the Town prior to issuance of the certificate of occupancy for the market rate residential unit that triggered the BMP requirement. The provision for a BMP unit applies if the project is built under the rules of an overlay zone unless the rules of the overlay zone provide otherwise. In limited circumstances, an in-lieu payment alternative may be considered by the Town for a project located in the HR zone.

BMP units shall be constructed and Certificate of Occupancies secured concurrently with or prior to the construction of the market-rate units. The BMP requirement will be calculated on the basis of the whole development. The Town Council may grant an exception to the phasing requirements during the project approval process.

(Ord. No. 2181, § III, 10-19-09)

Sec. 29.10.3030. - Price.

The price of BMP units is controlled for the first buyer and for future buyers by the BMP Guidelines as adopted and amended from time to time by Council resolution and as follows:

(1) The initial price is limited to direct construction cost and a proportionate share of the costs of preparing working drawings and specifications and providing on-site and off-site improvements, determined according to rules set by the Council.

(2) The initial price does not include the cost of land, profit, or marketing costs.

(3) Each BMP unit will be subjected to recorded title restrictions concerning manner of fixture sales, occupancy and leasing.

(4) Each buyer of a BMP unit must agree to sell the unit to a moderate income buyer designated by the Town. The Town will designate moderate income persons according to rules adopted by the Council in effect at the time the seller purchased the unit.

(5) The resale price cannot exceed the original selling price plus the value at the time of sale of improvements added by the owner, and plus an amount equal to the increase in cost of living or housing during the owner's tenure. The index or method to be used in calculating the increase is established by the Council.

(6) If a BMP unit to be resold has not been properly maintained or for any other reason is in poor condition and in need of cleaning or repair, the Town may elect to do the work or have it done and recover the cost from the sale price limited as provided in subsection (5).

(7) The regulations will specify the period for controlled resales. The time period will be in perpetuity or for as long as is practical.

(Ord. No. 2181, § III, 10-19-09)

Sec. 29.10.3035. - Project denial.

If an applicant for zoning approval declines to provide BMP units required by ordinance, the zoning approval shall be denied.

(Ord. No. 2181, § III, 10-19-09)

Sec. 29.10.3040. - Administration.

The Council shall adopt by resolution regulations concerning all aspects of the BMP program, including the elements of location of the units, price, buyer eligibility standards, rent, the length of the period during which a unit will be subject to BMP restrictions, the form of recorded instruments and any other matter consistent with the provisions of this section.

(Ord. No. 2181, § III, 10-19-09)

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Exhibit A

TOWN OF LOS GATOS
BELOW MARKET PRICE HOUSING PROGRAM GUIDELINES

I. Purpose

A. Purpose: The overall purpose of the Below Market Price (BMP) Housing Program is to provide the Town of Los Gatos with a supply of affordable housing. While the program is available to all qualified applicants, the general intent of the program is to provide affordable housing for households who work or currently live in Los Gatos. The main goal is to increase the housing supply for households that have median and low incomes compared to the median income for Santa Clara County and meet the housing needs identified in the Town's General Plan Housing Element. The Program further intends to ensure, to the greatest extent possible, that rent and re-sale of these housing units will remain affordable to median and low income levels for the longest feasible time as approved by an authorized body. Although the Town has a fee-in-lieu of constructing actual units option for defined circumstances, the primary objective of the BMP Program is to obtain actual "rental" or "for sale" housing units rather than equivalent funds. All off-site BMP units shall be constructed within the Town of Los Gatos. The construction and occupancy of the BMP unit is determined according to these Town Council established guidelines and authorizing ordinances.

B. Enabling Legislation: The Below Market Price Program is governed by Division 6 of the Town Code. The BMP Program is administered under these Below Market Price Housing Program Guidelines.

II. Below Market Price Housing Requirements – General

A. Applicability: The BMP Program requirements shall apply to all residential ~~development~~ projects, mixed-use projects, multiple-family dwelling projects, residential condominium projects, condominium conversions, and all residential planned development projects that include five (5) or more residential units or parcels which involve:

1. New construction of ownership or rental housing units, including mixed use developments and addition of units to existing projects;~~, or~~
2. Subdivision of property for single family or duplex housing development;~~, or~~
3. Conversion of rental apartments to condominiums or other common interest ownership; and~~, or~~
4. Conversion of non-residential use to residential use.

ATTACHMENT 2

B. Number of BMP Units: All residential ~~developments~~ projects, mixed-use projects, multiple-family dwelling projects, residential condominium projects, condominium conversions, and all residential planned development projects consisting of five (5) or more units are required to participate in the BMP Program. The requirements for participation increase by development size as shown below:

1. Five (5) to Nineteen 19 market rate units: The developer shall provide a minimum number of BMP units equal to ten (10) percent of the number of market rate units.
2. Twenty (20) to one hundred (100) market rate~~s~~ units: The developer shall provide a minimum of BMP units as determined by the following formula:

   Number of BMP units = (.225 x total # of market rate units) - 2.5
   This formula acts to increase the number of BMP units required, as a percentage of market-rate units, from ten percent (10%) to twenty percent (20%) over the range of 20 to 100 market rate units.
3. One hundred and one (101) units or more: The developer shall provide a minimum number of BMP units equal to twenty percent (20%) ~~percent~~ of the number of market rate units.

BMP dwellings within a project of rental units shall also be rental units. BMP units within a project of owner-occupied units shall also be designated as units for purchase. BMP units within a project that contains both rental and owner-occupied units shall also be designated as both rental and as units for purchase, in a ratio similar to that of the market rate units.

The Town and developer may negotiate to provide more BMP units than required by the rules listed in these guidelines. ~~to fulfill a development's Community Benefit requirements.~~

C. Fraction of a BMP Housing Units: In determining the number of BMP units required, any decimal fraction of .5 or above shall be rounded up to the nearest whole number. Decimal fractions below .5 shall be rounded down to the nearest whole number.

D. Residential In-Lieu Payments: The general intent of the BMP Program is to provide the Town of Los Gatos with a supply of affordable housing for households who work or currently live in Los Gatos. However, there may be circumstances when the construction of the BMP unit is impractical or there are unusual circumstances that make the construction of the unit inconsistent with Town policy. The Town, in limited circumstances, at its sole discretion, may consider an in-lieu payment alternative to the required BMP unit in the case of ~~Planned Unit development with an underlying zone of HR or~~ a residential ~~developments~~ project, mixed-use project, multiple-family dwelling project, residential condominium project, condominium conversions, and all residential planned development projects with five (5) to nine (9) units located in the HR zone. Prior to approving the in-lieu fee alternative, the applicant must demonstrate to the satisfaction of the Town why a BMP unit cannot be (1) developed on the same site as the market rate units, and if it cannot be provided on the same site then, (2) develop at an appropriate off-site location within the Town limits. If the developer provides sufficient justification that both of these alternatives are not viable, then a fee in-lieu option may be considered. The required in-lieu fee is as established by a separate resolution and is to be paid to the Town prior to issuance of the certificate of occupancy for the market rate residential unit that triggered the BMP requirement. The provision for a BMP unit applies if the project is built under the rules of an overlay zone unless the rules of the overlay zone provide otherwise.

The in-lieu fee shall be equal to the amount of six (6) percent of the building permit valuation for the entire project. The total building permit valuation shall be determined by the Town Building Official.

Fees shall be paid prior to or at time of final occupancy as follows:

1. Multi-Family Owner Occupied Developments: Prior to occupancy of each phase, a proportional amount of fees shall be paid, as determined during the Planning approval process.
2. Multi-Family Renter Occupied Developments: Prior to occupancy of each phase, a proportional amount of fees shall be paid, as determined during the Planning approval process.
3. Single-Family Planned Developments: At time of final occupancy for each unit.

E. Housing Fund: In-lieu fees will be deposited into the Town's Affordable Housing Fund. Applications and or recommendations for use of remaining funds will be reviewed as received. Possible use of the funds include, but is not limited to, the following:

1. Subsidizing the cost of owner-occupied units to make them affordable to low/moderate income households;
2. Purchasing rental units to make them affordable to low/moderate income households;
3. Purchasing land for the future development of affordable housing
4. Developing affordable housing;
5. Supplementing of affordable housing projects; and ~~developed through the Los Gatos Redevelopment Agency~~
6. Funding administration of the program, as approved by the Town Council in its annual budget process.

F. Off-Site Construction: The Town Council, in limited circumstances, at its sole discretion, may consider off-site construction of BMP units for continuum care facilities and for ~~Hillside Residential (HR) Zone District and~~ residential ~~developments~~ projects, mixed-use projects, multiple-family dwelling projects, residential condominium projects, condominium conversions, and all residential planned development projects with five (5) to nine (9) units located in the HR zone that have provided sufficient justification to the Town that an on-site BMP unit is not viable.

G. Phasing of the Construction of On- and Off-Site BMP Units: On- and off-site BMP units shall be constructed and Certificate of Occupancies secured concurrently with or prior to the construction of the market-rate units. The BMP requirement will be calculated on the basis of the whole development. The Town Council may grant an exception to these phasing requirements during the Planned Development project approval process for condominium conversion developments.

H. Affordability Agreement: The developer of "for sale" BMP units shall enter into an affordability agreement with the Town. The agreement will ensure that the BMP units are sold to qualified buyers and will be released by the Town through the escrow process once the BMP is sold to a qualified buyer.

III. Characteristics of BMP Units

A. Size of units: ~~The size and design of~~ BMP dwelling units ~~shall~~ should to the extent possible, ~~reasonably~~ be consistent with the market rate units in the project. The Town and developer may negotiate regarding the size of units if more units than required are to be provided ~~under the Community Benefit requirements~~. BMP units should be provided proportionately in the same unit type mix (number of bedrooms) as the market rate units. In consideration of the household size of the households on the current program interest list, the Town and developer may negotiate to provide a greater proportion of a particular unit type. There ~~shall~~ should to the extent possible, not be a significant identifiable difference between the BMP and market-rate units visible from the exterior. The size and design of the BMP units ~~must~~ should to the extent possible, be ~~reasonably~~ consistent with the market-rate units in the development. The goal of the BMP Program is for a seamless integration of the BMP units with the market-rate units in a development.

B Location of units: BMP units shall be dispersed throughout the development, to the extent feasible; in all buildings, on each floor, and in each project phase. A concentration of BMP units in one location is not desirable and will generally not be allowed.

C. Finish of units: The external appearance of BMP units should be indiscernible to that of the market rate units in the project. The internal finish of BMP units should be identical to that of the market rate units in the project, except that the developer may request Town approval of substitutions for luxury interior finishes, appliances, or fixtures, if such substitutions do not violate any Town code requirement.

D. Project Facilities: All project facilities and amenities, including parking, must be available on the same basis to the BMP units as to the market rate units in the project, to the extent feasible~~.~~, unless the deciding body approves a reduction in parking for the BMP units.

IV. The BMP Unit Purchase Process; Buyer Selection, and BMP Unit Sale and Resale Procedures.

A. Owner Occupied Units

1. Applicant Eligibility

a. Household Income: In order to be eligible to purchase an owner-occupied BMP unit, an applicant's annual household income must be no greater than one hundred percent (100%) of the Median Family Income (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). Household income will be determined in accordance with the guidelines provided in Appendix A of this document. Eligible income includes, but is not limited to the following:

- Payment from employer;
- Payment from self-employment (e.g.: Lyft. Uber, DoorDash, and etc.);
- Spousal support;
- Social Security Income; and
- Dividends or Annuity from retirement accounts.

However, additional information may be requested for confirmation of the provided documents. Applicants must provide sufficient documentation of income, as outlined in the Program's application, to the Town for use in determining the applicant's income level. Final determination of an applicant's income level and Program eligibility shall be the sole discretion of the Town and/or its designee.

b. Household assets, such as real property, may also be considered in determining eligibility. Funds in excess of $5,000 (excluding the amount to be contributed as the Buyer's Down Payment and retirement investment accounts such as 401K and 457K accounts) will be included when determining household income. In such case, annual income will include the greater of the actual income from household assets or a percentage of the value of household assets based upon the current passbook savings rate as established by HUD. This income, if any, will be included as part of the household's total income.

c. ~~b~~. Housing Costs: In order to be eligible to purchase an owner-occupied BMP unit, an applicant must also demonstrate the ability to pay monthly housing costs. The monthly housing cost shall include the following factors:

1. ~~1. u~~ Unit price;
2. ~~2. c~~ Current lending rates;
3. ~~3. e~~ Estimated property taxes;
4. ~~4. e~~ Estimated homeowner's private mortgage insurance (PMI) costs;
5. ~~u~~ Utility assumption;
6. ~~h~~ Homeowners' association fees, if applicable; and
7. ~~5. o~~ Other expenses as determined necessary by the lender.

d. ~~c.~~ Mortgage Financing: All persons must qualify for their own mortgage financing for the purchase of available BMP units without assistance from the Town~~. Qualifications must include the ability to pay taxes, insurance, closing costs and any homeowner association fees in addition to the mortgage. All loans used to purchase or refinance BMP units must be fixed rate and fixed term without balloon payments to minimize homeowners exposure to increased risks of mortgage default.~~ Qualifications must include:

1. The ability to pay taxes, insurance, closing costs and any homeowner association fees in addition to the mortgage.
2. All loans used to purchase or refinance BMP units must be fixed rate and fixed term without balloon payments to minimize homeowners exposure to increased risks of mortgage default. The program reserves the right to identify additionally prohibited loan programs and/or characteristics.
3. Co-signers are allowed.

e. ~~d.~~ Required Down Payment: A homebuyer shall have a minimum down payment that is equivalent to at least ~~10~~ three percent (3%) of the BMP purchase price and is required to document the source of all down payment funds. The minimum ~~10~~ three percent (3%) down payment is exclusive of any other supplemental down payment assistance grant or loan programs available from other agencies.

f. Purchase Contract: At the time a purchase contract is signed, applicant must deposit a minimum of one percent (1%) of the purchase price.

2. First Time Home Buyers: The Below Market Price (BMP) Program is for First Time Home Buyers. A First Time Home Buyer, by definition, is an applicant whose name has not appeared on a residential title in the counties covered by the Association of Bay Area Governments (ABAG) or Association of Monterey Bay Governments (AMBAG) which are Alameda, Contra Costa, Marin, Monterey, Napa, San Benito, San Francisco, San

Mateo, Santa Clara, Santa Cruz, Solano and Sonoma for at least three (3) years prior to application. Exception is made consistent with the Federal Housing and Urban Development (HUD) definitions (e.g. for people who were homeowners prior to a divorce, a displaced homemaker, a single parent who has only owned with a former spouse, a widow/widower of a veteran, etc.) and for tenants residing in a rental apartment proposed to be converted to a condominium or other common interest ownership prior to a Notice of Intent to Convert the development to an ownership residential unit.

B. Buyer Selection: A point system is used to establish a ranking of applicants for the purchase of an available unit. Applicants will be ranked according to total points and must have at least one point to be eligible to purchase a unit. In addition, applicant households must contain at least the same number of persons as the number of bedrooms in a unit, at the time of application, in order to be eligible to purchase that unit, if the unit contains three bedrooms or more.

All points are calculated per household, not for each individual within the household. For example, a household in which two members are senior citizens would receive six points for senior citizen status, not twelve points for two members having senior citizen status. Points are awarded as follows:

1. **Six points:**

a. Senior citizens who reside in the Town at the time of application and have lived in the Town for at least the prior two years. A senior citizen is defined as any person 62 years of age or older at time of application or married couples living together when at least one spouse is 62 years of age or older at time of application.

b. Senior Citizens who have lived in the Town for at least two years and have moved out of the Town within the last five years prior to the time of application.

c. Disabled persons who reside in the Town at the time of application and who have lived in the Town for at least the prior two years. The definition of "disabled" for the purpose of assigning points under this section shall be that used by the U.S. Social Security Administration for the purpose of determining eligibility for Social Security disability benefits.

d. Households required to relocate their residence as a result of Council action or mobile home park closure.

e. Regular Full-Time and Regular Part-Time Town employees as defined in the Town's Personnel Rules but excluding Los Gatos Monte-Sereno Police Officers, who have been employed by the Town for a period of no less than 12 months prior to the time of application.

f. Single heads of household with dependent children who reside in the Town at the time of application and have lived in the Town for at least the prior two years. The definition of "single," when used in the context of "single heads of household," means only one parent is present in the home.

g. All licensed pre-school and public or private K-12 school employees of schools and districts geographically located in and serving the Town, and who have been employed in such capacity for at least one year at the time of application.

h. All certified emergency first responders (e.g. sworn police officers, fire fighters, and emergency medical technicians and paramedics) who have been employed in such capacity for at least one year at the time of application by an agency serving the Town.

2. **Four points:**

a. Persons who live in the Town of Los Gatos at time of application and who have lived in the Town at least the prior two years.

i. Living in Los Gatos means: Occupying and renting, at the time of application, for at least two years prior to the application date, a bone fide rental dwelling unit within the incorporated Town limits, as evidenced by valid third-party documentation (e.g. current lease, CA driver's license or vehicle registration card, and/or utility bills showing applicant's name and street address in Los Gatos). For homeless applicants, evidence that the applicant's last permanent residence was located in Los Gatos and/or documentation from a case manager or homeless service provider may be used to document an applicant's current status in Los Gatos, which may include places or structures other than a bona fide dwelling unit (i.e. tent, vehicle, etc.)

b. Persons who work in the Town of Los Gatos at time of application and have worked in the Town for at least the prior two years.

i. Working in Los Gatos means: A member of the household must work a minimum of 20 hours per week as a permanent employee at a business within the incorporated Town limits. Telecommuting or working from an address located in Los Gatos for an employer not located in the Town of Los Gatos as defined above, shall not qualify as employment in the Town, unless the employer is providing the workspace in the Town as part of its corporate/company offices.

ii. For persons who are retired at the time of application, the applicant's work history immediately prior to the date of retirement shall be considered in determining the length of employment. The Town may require applicants to submit pay stubs, W-2 forms, tax returns, or other satisfactory evidence as proof of employment at a Town of Los Gatos business. Length of employment shall be calculated from the final date for submitting a Town Eligibility Preapplication.

iii. Employment does not include volunteer work or any work without reportable income.

3. **Two points:**

a. Households who have lived in the Town for at least 10 years and have moved out within the last ten years prior to the time of application.

b. Household size is worth two points per person.

4. **One point:**

a. Households who live in Santa Clara County at time of the application.

i. Living in Santa Clara County means: Occupying and renting, at the time of application, for at least two years prior to the application date, a bone fide rental dwelling unit within Santa Clara County, as evidenced by valid third-party documentation (e.g. current lease, CA driver's license or vehicle registration card, and/or utility bills showing applicant's name and street address). For homeless applicants, evidence that the applicant's last permanent residence was located in Santa Clara County and/or documentation from a case manager or homeless service provider may be used to document an applicant's current status in Santa Clara County, which may include places or structures other than a bona fide dwelling unit (i.e. tent, vehicle, etc.)

b. Households who work in Santa Clara County at time of the application.

i. Working in Santa Clara County means: A member of the household must work a minimum of 20 hours per week as a permanent employee at a business within the incorporated County of Santa Clara. Telecommuting or working from an address located in Santa Clara County for an employer not located in the County as defined above, shall not qualify as employment in Santa Clara County, unless the employer is providing the workspace in the County as part of its corporate/company offices.

ii. For persons who are retired at the time of application, the applicant's work history immediately prior to the date of retirement shall be considered in determining the length of employment. The Town may require applicants to submit pay stubs, W-2 forms, tax returns, or other satisfactory evidence as proof of employment at a Santa Clara County business. Length of employment shall be calculated from the final date for submitting a Town Eligibility Preapplication.

iii. Employment does not include volunteer work or any work without reportable income.

c. ~~b~~. Households with an annual household income at or below sixty percent (60%) of the Median Family Income (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).

5. Applicants will be sorted by the number of preference points awarded and ~~A lottery will be used to rank each qualified applicant~~ will be randomly sorted through a lottery selection process in the case of a tie. Each applicant will be given a lottery ranking number ~~in the case of a tie~~ and~~.~~ will be notified in writing of the results of the selection process within one week of the lottery being conducted.

6. Application Review:

a) Applications will be reviewed in ranking order. Additional documents may be requested from the applicant with a deadline(s) outlined. Failure to return the additional documents by the deadline(s) will result in program disqualification due to an incomplete application.

b) After a full application review, applicants that meet the program eligibility requirements will be issued a conditional approval letter from the Town. Applicants who do not meet the program eligibility requirements will be issued a disqualification letter.

i. Disqualified applicants can submit an appeal within seven days from the date on the decision letter. Applicant must submit an appeal along with documentation demonstrating the reason for the appeal. Seven days from receipt of the appeal, a hearing officer will be assigned to review the appeal and additional documentation submitted by the applicant. Seven days from assignment to a hearing officer, a final decision will be delivered by mail to the applicant.

ii. Eligible ~~A~~ applicants are provided the opportunity to purchase available units in order of ~~point~~ ranking, from most points to least points. An applicant has two opportunities to refuse to purchase a unit before being removed from the current applicant pool.

7. Applicants who do not qualify for a particular project or who are not provided the opportunity to purchase a unit in a particular project shall retain their eligibility to apply for future projects.

8. An applicant must obtain pre-approval for a mortgage loan within one week

after notification of eligibility to purchase a unit. The applicant must submit documentation of loan approval within three weeks of notification of eligibility to purchase a unit.

9. Exception to the Buyer Selection Process: An exception to the Buyer Selection Process may be granted to a resident of a rental apartment that is proposed to be converted to an "owner occupied" condominium or other common interest ownership development. In order to qualify for the exception, the resident must have resided in the rental apartment prior to the issuance of the Notice of Intent to Convert the development to an ownership project and shall meet the financial eligibility requirements to qualify for a BMP unit. The resident shall be provided first right of refusal, regardless of point ranking, for units in the following order:

   a. The unit they reside in if it is designated as a BMP unit.
   b. Any other available BMP unit.

C. Determination of Initial Selling Price: BMP units shall be priced to be affordable to households in two income categories: Median Income Households (those whose income is above eighty percent (80%), but no greater than one hundred percent (100%), of the County Median Income); and Low Income Households (those whose income is above fifty percent (50%), but no greater than eighty percent (80%), of the County Median Income).

1. Fifty percent (50%) of the units in a project should ~~shall~~ be priced to be affordable to Median Income Households; fifty percent (50%) should ~~shall~~ be priced to be affordable to Low Income Households. Whenever the calculations result in fractional units, then the number of units priced to be affordable to Low Income Households shall be rounded up to the next whole number, and the number of units priced to be affordable to Median Income Households shall be rounded down to the next whole number, including zero (0). The following table applies this formula to projects with 1, 2, and 3 units:

Total Number of BMP Units in Project	Units Priced for Low Income Households	Units Priced for Median Income Households
1	1	0
2	1	1
3	2	1

The Town and developer may negotiate regarding the affordability mix of units, so long as the developer demonstrates how the proposal provides a public benefit to the citizens of the Town. ~~to fulfill a development's Community Benefit requirements~~.

The affordability level of a unit shall be for the purpose of setting the initial selling price only and does not prevent its sale to any household eligible to purchase an owner-occupied BMP unit, as set forth in these Guidelines.

2. Annually, the Town shall set the initial Affordable ~~unit s~~ Sales ~~p~~ Price for each unit type (number of bedrooms), for each of the two income categories consistent Health & Safety Code section 50052.5, and assuming a three percent (3%) percent down payment.

These initial sales prices shall be set using the most recent Median Family Income (MFI) figures from the United States Department of Housing and Urban Development (HUD) for the San Jose, CA Primary Metropolitan Statistical Area (PMSA), and through the following calculations:

a. For units to be priced to be affordable to Median Income Households: the average of the one hundred percent (100%) MFI annual income and the eighty percent (80%) MFI annual income (assuming household size appropriate to size of unit) x Multiplier = Initial Sales Price.

Example: 100 percent ~~%~~ MFI (4-person/4 bedroom) = $105,000

80 percent ~~%~~ MFI (4-person/4 bedroom) = $75,700

Average MFI = ($105,000 + $75,700) divided by 2 = $90,350

Average MFI X Multiplier = Initial Sales Price

1. Assumptions of household size by size of unit are as follows:

Unit Size	Household Size
Studio	1
1 Bedroom	1
2 Bedroom	2
3 Bedroom	3
4 Bedroom	4

These assumptions of household size by size of unit shall be for the purpose of setting the initial sales price only, and do not prevent the sale of any unit to any household eligible to purchase an owner-occupied BMP unit, as set forth in these

Guidelines.

b. For units to be priced to be affordable to Low Income Households: the average of the eighty percent (80%) MFI annual income and the fifty percent (50%) annual income (assuming household size appropriate to size of unit) x Multiplier = Initial Sales Price.

Example: 50 percent ~~%~~ MFI (4-person/4 bedroom) = $52,500

80 percent ~~%~~ MFI (4-person/4 bedroom) = $75,700

Average MFI = ($52,500 + $75,700) divided by 2
= $ 64,100

Average MFI X Multiplier = Initial Sales Price

c. Calculation of Multiplier. A Multiplier shall be calculated, based on reasonable assumptions about unit sales prices, based on the most recent comparable sales of BMP units; current lending rates, as determined by the most recent Primary Mortgage Market Survey (PMMS) conducted by the Federal Home Loan Mortgage Corporation (Freddie Mac); and related costs; and using the following formula:

1. Determination of Total Housing Cost: Sample sales price - ~~10~~ three percent (3%) down payment = mortgage. Annual debt service on mortgage + annual property taxes + annual homeowners fees + annual private mortgage insurance (PMI) = Total Annual Housing Cost.
2. Determination of Minimum Household Income: Assuming one-third of household income goes for housing expenses, Total Annual Housing Cost x 3 = Minimum Annual Household Income.
3. Determination of Multiplier: Sample Sales Price/Minimum Annual Household Income = Multiplier.

Copies of the initial sales prices, and the calculations made, shall be available on request from the Town's Community Development Department.

D. Documents for Completing a Home Purchase:
The following documents must be read and signed by the Owner(s) before the sale or resale of a BMP unit is completed:

- Promissory Note;
- Performance Deed of Trust;
- Deed Restriction, Refinance Restriction, and First Right of Refusal Agreement.

Council approved Deed Restrictions shall be recorded with each Below Market Price dwelling unit in order to preserve indefinitely the affordability of the unit for persons of low and median income; and

- Request for Notice Under Section 2924b of California Civil Code, for each lender Deed of Trust record on title.

E. Resale of Units:

1. If the owner elects to sell his/her unit, the Town must be notified in writing by the owner.
2. When a Below Market Price dwelling unit becomes available for resale, the Town shall set the resale price and make the unit available for purchase through the BMP process.
3. The Town determines the resale price in accordance with the deed restriction recorded on the property.
4. The homeowner, as noted in the recorded Deed Restriction, is responsible for paying all closing costs (including commissions or fees).
5. The homeowner is responsible for paying all costs related to a pest inspection prior to the sale of the property, as well as the cost to cure any deficiencies noted as "Section 1" in the inspection report prior to the close of escrow.

F. General Requirements:

1. Occupancy of Units: Consistent with the deed restriction that will be recorded on the subject property, the household purchasing a BMP unit must occupy the unit as their ~~his or her~~ primary residence during their ~~his or her~~ ownership of said unit. Annual compliance monitoring will be performed to confirm proof of owner occupancy. The owner shall cooperate with the Town and provide required certifications and any reasonable requests for supporting documentation to confirm compliance within fifteen (15) days of receipt of a written request by the Town. The Town or its designee has the right to review occupancy on a case-by-case basis. If the Town determines that an owner has intentionally made false statements or misrepresented any facts on the annual certification, or if an owner fails to submit the Certification of Owner Occupancy, the Town will treat this as a breach of the Deed Restrictions and will take all legal remedies available.
2. Capital Improvements: Consistent with the deed restriction, BMP homeowners will have the opportunity to increase their resale price to reflect pre-approved documented costs associated with capital improvements. To maintain the affordability for future BMP owners, the Town will cap all eligible capital improvements at ten percent (10%) of the resale price.
3. Title Transfer Restrictions: Any transfer without satisfaction of the provisions of the Deed Restrictions is prohibited.

V. Requirements for BMP Rental Development

A. Administration: The program shall be administered by the Town or its designee.

B. Applicant Eligibility:

1. Household Income: In order to be eligible to rent a BMP rental unit, a household's annual income must be no greater than ~~80~~ one hundred and twenty percent (120%) of the Median Family Income (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). Household income will be determined in accordance with the guidelines provided in Appendix A of this document. Eligible income includes but is not limited to the following:
   - Payment from and employer;
   - Payment from self-employment (e.g.: Lyft, Uber, DoorDash, and, etc.);
   - Spousal support;
   - Social Security Income; and
   - Dividends or Annuity from retirement accounts.

   However, additional information may be requested for confirmation of provided documents.

2. Priority will be given to those households whose income is less than fifty percent (50%) of the MFI.
3. ~~Household assets may also be considered in determining eligibility.~~ Household Assets: For households applying to be a tenant of a BMP unit, the maximum asset limit is equal to the maximum household income adjusted for household size that is allowable in order to be eligible for the program. The maximum allowable household income limits for the BMP rental program are published annually. Assets are calculated based on account balances at the time of application.
4. Ability to Pay Rent: A tenant's ability to pay monthly rent will also be considered in determining tenant eligibility.

C. Tenant Selection: The property owner or manager of the development shall market the BMP unit(s) and solicit rental applications. Applications from tenants selected by the property owner or manager will be forwarded to Town or designee for verification of income eligibility.

D. Annual Re-Certification of Income: At least once a year, the Town or its designee shall requalify BMP tenants to verify that they are eligible to remain in BMP rental units.

a. The Town or its designee will provide the "BMP Renter Occupancy Certification Form" to all BMP tenants who have lived in a BMP unit for at least one year. If the BMP renter fails to submit a signed Occupancy Certification Form within thirty (30) days of the written request, then the lease shall automatically terminate, and the rent will increase to market rate, as determined by the apartment owner/property manager, within sixty (60) days of written notice from the apartment owner/property manager.

b. On an annual basis, re-certification shall be based upon the BMP tenant's household income as determined by:
   - Copies of payroll stubs or other verification of employment for the last two consecutive months;
   - Prior year tax returns;
   - Bank statements for the last two consecutive months;
   - Household size; and
   - Town or its designee will accept signed affidavits in lieu of the following documentation:
     - No Financial Accounts under the tenant(s) name; and
     - No Income under the tenant(s) name.

E. Management:

1. BMP rental units shall be ~~managed~~ maintained and managed by the property owner or manager in the same manner as other units in the development.
2. An affordable BMP unit may not be leased until the Town has approved the unit for occupancy.
3. Tenants of BMP rental units are eligible to receive conciliation and mediation services provided through the Town's Rental Dispute Resolution Program, when there is no concurrent issue concerning increase in or the amount of rent ~~except as they regard rent increases~~.
4. All BMP units must be rented to BMP tenants approved by the Town or its designee.
5. An apartment owner/property manager shall notify the Town or its designee of any available BMP units and the Town or its designee shall have fourteen (14) days to provide apartment owner/property manager with an income eligible candidate(s). In reviewing each candidate, the apartment owner/property manager may apply the same tenant selection criteria, such as past performance in meeting financial obligations and credit references, as those applied to applicants for non-BMP units on the property, except for those standards relating to income eligibility and minimum income requirements.
6. Executed Lease Agreement and BMP Addendum: The apartment owner/property manager will provide the Town or its designee with a copy of the executed lease agreement and BMP Addendum within five (5) business days of execution.
7. Terms of Lease Agreement:
   i. BMP tenants will be subject to the same conditions of tenancy as other tenants occupying the subject property, except for terms relating to occupancy, income eligibility, annual recertification, and limits on rents.
   ii. Each BMP unit shall be leased under a form of tenant lease approved by the Town. The tenant lease and BMP addendum shall, among other matters:
      - Provide for termination of the lease for failure: (1) to provide any information required under the Regulatory Agreement or reasonably requested by the apartment owner/property manager to establish or recertify the tenant's qualification, or the qualification of the tenant's

household, for occupancy of the BMP unit; or (2) to income qualify as a result of any material misrepresentation made by such tenant with respect to the income computation or certification;

- Be for an initial term of not less than one (1) year. After the initial year of tenancy, the lease may be month to month by mutual agreement of the apartment owner/property manager and the tenant; however, the rent may not be raised more often than once every twelve (12) months after such initial year. The apartment owner/property manager will provide each tenant with at least sixty (60) days' written notice of any increase in rent applicable to such tenant;
- Prohibit subleasing of the BMP unit or any portion of the BMP unit, contain nondiscrimination provisions, and include the tenant's obligation to inform the property manager of any need for maintenance or repair;
- Allow termination of the tenancy only for an increase in tenant's household income above qualifying income or for good cause, including violation of the terms and conditions of the tenant lease, violations of house rules, non-payment of rent, violations of applicable federal, state, or local law, or other good cause
- Include, at the apartment owner's option, the obligation for the tenant to provide a security deposit not exceeding two (2) months' rent; and
- Otherwise conform to BMP Guidelines.

8. Occupancy Requirements:
   The apartment owner/property manager shall notify the Town or its designee if it suspects that there have been any changes to the occupancy of the BMP unit. If the tenant fails to receive approval from the Town for any changes in occupancy, or subleases the property, or fails to provide the annual occupancy recertification, the tenant shall be in violation of its lease and will no longer qualify as a BMP tenant.
9. Waiting List Management:
   i. Waiting List: Anyone who wishes to be admitted to the property or to be placed on the property's Waiting List must complete an application. The application must include a signature certifying the accuracy and completeness of information provided. If the applicant is placed on the property's Waiting List, the List will note the name of the applicant, the date and time of application, the size of unit desired, and any other pertinent information.
   ii. Accommodating Persons with Disabilities: The property shall accommodate persons with disabilities who cannot utilize the property's preferred application process, by providing alternative methods of application in-take (e.g. accepting mailed or online applications). In addition, the public notification of any closing or opening of the property's Waiting List will comply with HUD fair housing requirements, such as adopting suitable means to assure that notices reach eligible individuals with disabilities and those with limited English proficiency. The property also ensures that notices of and communications will be provided in a manner that is effective for persons with hearing, vision, and other communications-related disabilities

consistent with Section 504 and ADA. Accessible and auxiliary aids and services are provided as needed, [e.g., materials in Braille, audio, and large type, sign language interpreters, computer-assisted real time transcription (CART) services, and assistive listening devices, etc.] Applications will be made available ahead of time, and in multiple venues, both physical and online, which will create a more accessible, and more effective application intake.

iii. Use of a Lottery System: Due to the high volume of applications, when opening a previously closed Waiting List for a set period of time, the property will use a lottery to select which applicants will be placed on the Waiting List, and the order in which they will be placed. A public notice will clearly indicate that this system will be used to place applicants on the Waiting List. Further, applicants should be notified that, so long as the application is submitted within the stated timeframe, the timing of the application submission will have no effect on how soon they may be offered a unit. The date and time the lottery is held will be the date recorded on the Waiting List. Any preferences the applicant qualifies for will also be noted on the Waiting List.

iv. Selecting Names from the Waiting List: The property will select names from the Waiting List in chronological order to fill vacancies.

v. Applicant's Refusal to Accept a Unit: When appropriately sized units are offered to applicants, and an applicant turns down a unit offer two consecutive times, the applicant will be removed from the Waiting List.

vi. Maintaining the Waiting List: In order to maintain a balanced application pool, the property may, at its discretion, restrict application acceptance, suspend application acceptance, and close Waiting Lists in whole or in part. Decisions about closing the Waiting List will be based on the number of applications available, and the ability of the property to house an applicant within a reasonable period of time. Closing the Waiting Lists, restricting acceptance, or opening the Waiting Lists must be approved by the Town or its designee.

vii. Advertising: Advertising and outreach activities will be done in accordance with applicable fair housing marketing requirements.

viii. Updating the Waiting List: The Waiting List will be updated at least annually. The applicant is responsible to update the application with any changes that may occur to remain active on the current Waiting List.

ix. Preferences: Assigning preferences to applicants who meet certain criteria is a method intended to provide housing opportunities to applicants based upon household circumstances. Applicants with preferences are selected from the waiting list and receive an opportunity for an available unit earlier than those who do not have a preference. Preferences affect only the order of applicants on the Waiting List. They do not make anyone eligible who was not otherwise eligible, and they do not change an owner's right to adopt and enforce tenant screening criteria.

x. Monitoring: The Town or its designee may request to audit the Waiting List from time to time to ensure compliance.

E. Unit Rents: Rents may not exceed eighty percent (80%) of the most current Fair Market Rents as determined by the Santa Clara County Housing Authority.

F. Annual Review: If a tenant's income increases so that it falls between eighty percent (80%) and ~~100~~ one hundred and twenty percent (120%) of MFI, then the rent may be increased in accordance with the Town's Rental Dispute Ordinance; and the unit shall still be considered a BMP Rental Unit. However, if a tenant's income exceeds ~~100~~ one hundred and twenty percent (120%) percent of MFI, the rent may be increased to the average rent of similar units in the complex; in this latter case, the unit will no longer be a BMP unit and the next available unit that is comparable in size shall be designated as a BMP unit in its place, and must be rented to an eligible household so that the number of BMP units within the project remains the same.

G. Deed Restrictions: Council approved Deed Restrictions shall be recorded for each Below Market Price rental dwelling unit, in order to preserve indefinitely the affordability of the unit for persons of low and median income.

VI~~1~~. RENTAL UNITS - NEW ~~SECOND~~ ACCESSORY DWELLING UNITS

A. Administration: The program shall be administered by the Town or its designee.

B. ~~Second~~ Accessory Dwelling Unit Incentive Program: 29.10.310 of the Town Code, may choose to participate in ~~the Second Unit~~ an Accessory Dwelling Unit Incentive Program ~~(SUIP)~~ as referenced in Section 29.10.320(a) of the Town Code and as set forth below.

1. The ~~SUIP~~ Incentive Program consists of a no interest construction loan to a property owner who intends to develop a new ~~second~~ accessory dwelling unit. The loan amount shall be determined based on the square foot construction cost as set forth in the current version Uniform Building Code as adopted by the Town for new construction and remodels. The loan amount will be calculated at one hundred percent (100%) of the construction cost if the unit is income and rent restricted to serve households with incomes below fifty percent (50%) of the Median Family Income (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), or eighty percent (80%) of the construction cost if the unit is income and rent restricted to serve households with incomes below eighty percent (80%) of MFI.
2. When a property owner participates in the ~~SUIP~~ Incentive Program, a deed restriction shall be recorded on the property. The deed restriction shall stipulate the rental rate, tenant income level, duration of affordability and loan repayment requirement as well as any other criteria

as determined appropriate by the Town.

3. ~~An SUIP Incentive Program loan to construct an second accessory dwelling unit within the Central Los Gatos Redevelopment Project area shall be funded using Redevelopment Affordable Housing Funds and shall remain affordable for 55 years.~~ An ~~SUIP~~ Incentive Program loan to construct an ~~second~~ accessory dwelling unit ~~outside the Central Los Gatos Redevelopment Project area~~ shall be funded using BMP Program Funds and shall remain affordable for 30 years. The ~~SUIP~~ Incentive Program affordability restrictions as set forth in this section may only be amended by action of the Town Council.

4. A tenant's ability to pay monthly rent will also be considered in determining tenant eligibility. Applications from tenants selected by the property owner or manager will be forwarded to the Town or its ~~agent~~ designee for verification of income eligibility. Rental agreements shall be submitted to the Town or its ~~agent~~ designee to verify compliance with the provisions of this section. Tenants are eligible to receive conciliation and mediation services provided through the Town's Rental Dispute Resolution Program except as they regard rent increases.

5. Units targeted to households with incomes up to ~~80~~ one hundred and twenty percent (120%) of the Median Family Income (MFI) shall have rents restricted to ~~80~~ one hundred and twenty percent (120%) of Fair Market Rents as determined by the Santa Clara County Housing Authority. Units targeted to households with incomes up to fifty percent (50%) of CMI shall have rents restricted to fifty percent (50%) of Fair Market Rents as determined by the Santa Clara County Housing Authority. Tenant rents and incomes will be monitored annually.

APPENDIX A: Employment Income Calculation Methodology

Annual employment income must be determined for each job currently held. The following methods will be used for calculating household income for qualification purposes for the Town of Los Gatos BMP Program, with the vast majority of households expected to be evaluated under Method One (below). The Town or its designee will apply Method #1 for each job currently held by each household member. If, under the following circumstances, Method #1 is not the most accurate method of projecting of annual income, then at the discretion of Town or its designee, Methods #2-5 may be applied under certain scenarios, including but not limited to the following:

- Household earns income from commissions;
- Household is an educator;
- Household's first pay date for the job was later than January 1st of the current year;
- Household is receiving temporary disability compensation; and
- Household is a seasonal worker.

Method #1: Year-to-Date Income from Paystubs
Use the most current paystub, divide the year-to-date (YTD) gross income by the current pay period number to get the pay period average. Then multiply the pay period average by the total number of pay periods the household receives in one year.

Example of Calculating Year-to-Date Income with Paystubs:
YTD income as stated on the most recent paystub for the calendar year = $20,000
Current pay period on most recent pay stub = 10
Estimated pay period amount = $2,000 ($20,000 divided by 10)
Total number of pay periods in one year for the household = 24
Annualized pay = $48,000 ($2,000 x 24)

Method #2: Year-to-date Income and Last Year's Income
Use the most current paystub (or the last paystub received if the household currently receives no income) to determine the household's year-to-date gross earnings. Add the year-to-date earnings to the household's gross income from the most recent year's income tax return. Divide this number by 12 (to account for last year's earnings) plus the number of months the household's year-to-date income encompasses. This is the average monthly income. Multiply this number by 12 to annualize.

Example of Calculating Income using YTD plus Last's Year's Income:
YTD income as stated on the most recent paystub for the calendar year = $20,000
Gross income from last year's income tax return: $50,000
Number of months household has worked this year: 6
$50,000 + $20,000 = $70,000
6 months + 12 months = 18 months
$70,000/18 = $3,888.89 (average monthly income)
$3,888.89 x 12 = $46,666.67 (annualized income)

Method #3: Two-Year Average
Add the household's total gross income from the two most recent years' income tax returns. Divide this number by 2 to get the two-year average.

Example of Calculating Income using the Two-Year Average:
Gross income from last year's income tax return: $50,000

Gross income from the previous year's income tax return: $55,000
$50,000 + $55,000 = $105,000
$105,000/2 = $52,500 (average annual income)

Method #4: Paystub Average

Add the household's gross income from the two most recent months' paystubs. Divide this number by the number of paystubs included to get the pay period average. Then multiply the pay period average by the total number of pay periods the household receives in one year.

Example of Calculating Income using the Pay Check Average:
Total of most recent two months' paystub = $8,000
Number of pay stubs included = 4
Estimated pay period amount = $2,000 ($8,000 divided by 4)
Total number of pay periods in one year for the household = 24
Annualized pay = $48,000 ($2,000 x 24)

Method #5: Verification of Employment

Reference the total annual income provided by Household's employer in Verification of Employment form (VOE).

In the above Method #1, Method #2, and Method #4, in cases where employer paid health insurance costs are included within the gross income on a household's paystubs, this income may be excluded from the gross income calculation.

APPENDIX B: Self-Employment Income Calculation Methodology

Self-employment income calculations will be based on the adjusted income from the two most recent years and YTD Profit & Loss statement. The adjusted income shall include net income from tax returns with any depreciation or amortization added back. If the resulting adjusted income is negative, count the income as $0. Negative cash flow from a business may not be used to offset income generated from other sources when determining compliance with income limits.

The Town or its designee will apply the following three income methods to calculate self-employment income. The method used will be determined by how long the household has been self-employed, as follows:

- If the Household member is self-employed for less than two years but over one year, annual income will be calculated by either; 1) Method #1, or 2) Method #2. The larger value of the two calculations will be selected as annual self-employment income. In the examples below, the calculation from annualizing Method #2 ($60,000) is higher, and will be selected as the Household member's self-employment income.
- If a business started in the same year as the year of qualifying, the income will be calculated using Method #2. In this case, the Household member must supply copies of all invoices and payments made to the Household member in support of the Profit & Loss statement submitted.
- If the Household member is self-employed for over two years, the Town will apply Methods #1, #2 and #3 to calculate self-employment income, and use the calculation that yields the highest annual income to determine eligibility. In the examples below, the calculation from annualizing Method #2 ($60,000) is the highest, and will be selected as the Household member's self-employment income.

Method #1: YTD Profit & Loss Statement and Last Year's Tax Return

YTD Profit & Loss Statement and Last Year's Tax Return Calculation:
Use the adjusted YTD Profit & Loss statement to determine the Household member's year-to-date earnings. Add the YTD earnings to the Household member's adjusted income from the most recent year's income tax return. Divide this number by 12 (to account for last year's earnings) + the number of months the Household member's YTD income encompasses. This is the average monthly income. Multiply this number by 12 to annualize.

Example of Calculating Income using YTD Profit & Loss Statement and Last Year's Tax Return:
YTD adjusted income as stated on Profit & Loss statement = $20,000
Adjusted income from last year's income tax return = $50,000
Number of months from the YTD Profit & Loss Statement = 4
$50,000 + $20,000 = $70,000
4 months + 12 months = 16 months
$70,000/16 = $4,375 (average monthly income)
$4,375 x 12 = $52,500 (annualized income)

Method #2: YTD Profit & Loss Statement

YTD Profit & Loss Statement Calculation:
Divide the year-to-date (YTD) adjusted income by the number of months on YTD Profit & Loss statement to get the average monthly income. Multiply this number by 12 to annualize.

Example of Calculating Income with Profit & Loss statement:
YTD adjusted income as stated on Profit & Loss statement = $20,000
Number of months = 4
Average monthly income = $5,000 ($20,000 divided by 4)
Annualized pay = $60,000 ($5,000 x 12)

Method #3: Two-Year Tax Returns
Two-Year Tax Returns Calculation:
Add the adjusted income from the two most recent years' income tax returns. Divide this number by 2 to get the two-year average.

Example of Calculating Income using the Two-Year Average:
Adjusted income from last year's income tax return: $50,000
Adjusted income from the previous year's income tax return: $45,000
$50,000 + $45,000 = $95,000
$95,000/2 = $47,500 (average annual income)

Below Market Price Home Application

Please mail your complete application to:
Hello Housing - Los Gatos BMP Application
1242 Market Street, 3rd Floor
San Francisco, CA 94102

Applications will NOT be accepted in person at the Hello Housing offices nor the Town of Los Gatos Offices, no exceptions.

This application includes required information as well as optional information. Unless a section is labeled "Optional" it is a required section and must be completed, however we encourage applicants to complete all sections. Answers to optional questions are confidential and will NOT impact your eligibility. In aggregate, the collective answers from the pool of applicants will help Hello Housing better understand who benefits from affordable housing programs and to advocate for effective programs to policymakers.

Primary Applicant and Co-Applicant Information

Below, please provide details for the Primary Applicant and Co-Applicant (if applicable). Please note that household composition information is being collected for the purposes of calculating the total number of household members, not for the purposes of determining which household members will be borrowers on a mortgage loan. All adult household members will be required to be listed as owners on title at time of purchase. The requirement for all adult members to be listed on the loan will be evaluated on a case-by-case basis.

Primary Applicant *Please note that a Primary Applicant must be an adult (18 years or older).*

First Name ____________________ Home Mailing Address ____________________
Last Name ____________________ City ____________________
Phone ____________________ State ____________________
Alternate Phone ____________________ Zip Code ____________________
Email ____________________ Date moved to this address ____________________
Date of Birth ____________________ Primary Language ____________________

Citizenship ☐ US Citizen ☐ Legal Resident Alien

Co-Applicant *Please note that a Co-Applicant must be an adult (18 years or older).*

First Name ____________________ Home Mailing Address ____________________
Last Name ____________________ City ____________________
Phone ____________________ State ____________________
Alternate Phone ____________________ Zip Code ____________________
Email ____________________ Date moved to this address ____________________
Date of Birth ____________________ Primary Language ____________________

Citizenship ☐ US Citizen ☐ Legal Resident Alien

Non-Discrimination Policy

Hello Housing and the Town of Los Gatos do not discriminate against any persons on the grounds of race, color, religion, national origin, ancestry, sex, gender, gender identity, gender expression, sexual orientation, marital status, familial status, source of income, genetic information, medical condition, physical disability or mental disability, or any other category protected by law.

Additional Household Members

Please provide information on all other members of your household (children, grandparents, or other adults) who are full time or part time household members. This information helps calculate your household size.

Household Member (please include children and adults)

First Name ____________________ Home Mailing Address ____________________
Last Name ____________________ City ____________________
Phone ____________________ State ____________________
Alternate Phone ____________________ Zip Code ____________________
Email ____________________ Date moved to this address ____________________
Date of Birth ____________________ Primary Language ____________________
Relationship to Applicant ____________________

Household Member

First Name ____________________ Home Mailing Address ____________________
Last Name ____________________ City ____________________
Phone ____________________ State ____________________
Alternate Phone ____________________ Zip Code ____________________
Email ____________________ Date moved to this address ____________________
Date of Birth ____________________ Primary Language ____________________
Relationship to Applicant ____________________

Household Member

First Name ____________________ Home Mailing Address ____________________
Last Name ____________________ City ____________________
Phone ____________________ State ____________________
Alternate Phone ____________________ Zip Code ____________________
Email ____________________ Date moved to this address ____________________
Date of Birth ____________________ Primary Language ____________________
Relationship to Applicant ____________________

Household Member

First Name ____________________ Home Mailing Address ____________________
Last Name ____________________ City ____________________
Phone ____________________ State ____________________
Alternate Phone ____________________ Zip Code ____________________
Email ____________________ Date moved to this address ____________________
Date of Birth ____________________ Primary Language ____________________
Relationship to Applicant ____________________

Economic Profile

Please provide accurate information. Eligibility will be determined based on the gross combined household income and will be verified based on the supporting documentation requested at the end of this application.

Primary Applicant ____________________

Credit Score (if known) ____________________

Have you been involved in the foreclosure process?

☐ Yes ☐ No

Have you declared bankruptcy within the last 7 years?

☐ Yes ☐ No

Annual Income (before taxes)

From Full-Time Employment	$
From Part-Time Employment	$
From Self-Employment	$
From Spousal Support	$
From Child Support	$
Investment Income	$
Social Security Income	$
SSDI	$
Income from Assets (e.g. rental income)	$
Other	$
TOTAL	$

Co-Applicant ____________________

Credit Score (if known) ____________________

Have you been involved in the foreclosure process?

☐ Yes ☐ No

Have you declared bankruptcy within the last 7 years?

☐ Yes ☐ No

Annual Income (before taxes)

From Full-Time Employment	$
From Part-Time Employment	$
From Self-Employment	$
From Spousal Support	$
From Child Support	$
Investment Income	$
Social Security Income	$
SSDI	$
Income from Assets (e.g. rental income)	$
Other	$
TOTAL	$

Household Member ____________________

Credit Score (if known) ____________________

Have you been involved in the foreclosure process?

☐ Yes ☐ No

Have you declared bankruptcy within the last 7 years?

☐ Yes ☐ No

Annual Income (before taxes)

From Full-Time Employment	$
From Part-Time Employment	$
From Self-Employment	$
From Spousal Support	$
From Child Support	$
Investment Income	$
Social Security Income	$
SSDI	$
Income from Assets (e.g. rental income)	$
Other	$
TOTAL	$

Household Member ____________________

Credit Score (if known) ____________________

Have you been involved in the foreclosure process?

☐ Yes ☐ No

Have you declared bankruptcy within the last 7 years?

☐ Yes ☐ No

Annual Income (before taxes)

From Full-Time Employment	$
From Part-Time Employment	$
From Self-Employment	$
From Spousal Support	$
From Child Support	$
Investment Income	$
Social Security Income	$
SSDI	$
Income from Assets (e.g. rental income)	$
Other	$
TOTAL	$

Economic Profile Continued

Eligibility will be determined based on the gross combined household income and will be verified based on the supporting documentation requested at the end of this application.

Household Member ______________________

Credit Score (if known) ______________________

Have you been involved in the foreclosure process?

☐ Yes ☐ No

Have you declared bankruptcy within the last 7 years?

☐ Yes ☐ No

Annual Income (before taxes)

From Full-Time Employment	$
From Part-Time Employment	$
From Self-Employment	$
From Spousal Support	$
From Child Support	$
Investment Income	$
Social Security Income	$
SSDI	$
Income from Assets (e.g. rental income)	$
Other	$
TOTAL	$

Household Member ______________________

Credit Score (if known) ______________________

Have you been involved in the foreclosure process?

☐ Yes ☐ No

Have you declared bankruptcy within the last 7 years?

☐ Yes ☐ No

Annual Income (before taxes)

From Full-Time Employment	$
From Part-Time Employment	$
From Self-Employment	$
From Spousal Support	$
From Child Support	$
Investment Income	$
Social Security Income	$
SSDI	$
Income from Assets (e.g. rental income)	$
Other	$
TOTAL	$

Household Member ______________________

Credit Score (if known) ______________________

Have you been involved in the foreclosure process?

☐ Yes ☐ No

Have you declared bankruptcy within the last 7 years?

☐ Yes ☐ No

Annual Income (before taxes)

From Full-Time Employment	$
From Part-Time Employment	$
From Self-Employment	$
From Spousal Support	$
From Child Support	$
Investment Income	$
Social Security Income	$
SSDI	$
Income from Assets (e.g. rental income)	$
Other	$
TOTAL	$

Household Member ______________________

Credit Score (if known) ______________________

Have you been involved in the foreclosure process?

☐ Yes ☐ No

Have you declared bankruptcy within the last 7 years?

☐ Yes ☐ No

Annual Income (before taxes)

From Full-Time Employment	$
From Part-Time Employment	$
From Self-Employment	$
From Spousal Support	$
From Child Support	$
Investment Income	$
Social Security Income	$
SSDI	$
Income from Assets (e.g. rental income)	$
Other	$
TOTAL	$

Household Assets & Debt

Please list the current value of all assets for all members of the household aged 18 and older. If zero, please write "0" in the blank. Please include an account description and last 4 digits of the account number (for example, Bank of America #4567).

Combined Household Assets

	Value of Assets	Description & Last 4 Digits of Account Number
Checking Accounts	$	
		(continued)
Savings Accounts	$	
		(continued)
Retirement Accounts	$	
		(continued)
Investments	$	
Real Estate	$	
Certificates of Deposit (CDs)	$	
Gift Money	$	
Other	$	

Combined Household Debt

Please list the current value of all debt for <u>all members of the household</u>. If zero, please write "0" in the blank.

	Total Debt	Bank/Institution Name	Monthly Payment
Credit Cards	$		$
Education Loans	$		$
Auto Loans	$		$
Lines of Credit	$		$
Mortgages	$		$
Other	$		$

Current Living Situation (Optional)

Please share your current housing expenses and homeownership goals on this page. Your responses will not impact your eligibility for the program, but will help us design and implement programs that correspond to the goals of applicants.

What best describes your current living situation?

- ☐ Rent
- ☐ Own
- ☐ Lease Purchase
- ☐ Live with Parents/Relative/Friends
- ☐ Other ____________

How many bedrooms are in your current home?

- ☐ 0 (studio)
- ☐ 3
- ☐ 1
- ☐ 4
- ☐ 2
- ☐ 5 or more

What is your current monthly rent? $ ____________

How much do you spend monthly on utilities? $ ____________
(gas, water, electric, trash)

Please describe any special needs or accommodations required by your household. For example, "one-level only" or "at least one ADA-accessible bathroom required"

____

____

Homeownership Goals (Optional)

What is your primary reason for wanting to purchase a home? *Select one goal.*

- ☐ Desire to own a home of my own
- ☐ Desire for a larger home
- ☐ Change in family situation
- ☐ Homebuyer tax credit
- ☐ Job-related relocation/move
- ☐ Affordability of homes
- ☐ Desire to be closer to family/friends
- ☐ Desire for a home in a better area
- ☐ Desire to be closer to job/school/transit
- ☐ Desire for a smaller home
- ☐ Retirement
- ☐ Establish household
- ☐ Greater # of homes on the market for sale
- ☐ Tax benefits
- ☐ Desire for a newly built or custom-built home
- ☐ Purchase home for family member or relative
- ☐ Financial security
- ☐ Desire for vacation home/investment property
- ☐ Other

Which of the following are barriers to buying a home? *Select all that apply. If none, select none.*

- ☐ Insufficient savings for down payment
- ☐ Insufficient income
- ☐ Insufficient work history
- ☐ Residency
- ☐ Over-Income (for BMRs)
- ☐ Too many assets (for BMRs)
- ☐ Poor credit history
- ☐ Debt
- ☐ Lack of references
- ☐ Pending divorce
- ☐ Pets
- ☐ Own existing home
- ☐ Process is overwhelming
- ☐ None

What is most important to you about the neighborhood in which you purchase a home? *Pick top three.*

- ☐ Schools
- ☐ Safety/crime
- ☐ Proximity to work/school
- ☐ Proximity to amenities
- ☐ Proximity to family/friends
- ☐ Strong housing market
- ☐ Part of an affordable homeownership program

Demographics

Hello Housing believes that everyone deserves a home that is safe, decent and affordable. To further our fair housing goals, we ask applicants to provide demographic information. This information is only used in the aggregate and is not used in any way to determine your eligibility for the AC Boost Program. Frequently Asked Questions about Demographic Data Collection are available on page 10

Primary Applicant ____________________

Race (please check all that apply)

- ☐ American Indian or Alaska Native
- ☐ Asian
- ☐ Black or African American
- ☐ Chamorro
- ☐ Chinese
- ☐ Filipino
- ☐ Japanese
- ☐ Korean
- ☐ Native Hawaiian
- ☐ Samoan
- ☐ Vietnamese
- ☐ White
- ☐ Other Race ____________________
  (please specify other race)

Ethnicity

- ☐ Not of Hispanic, Latino, or Spanish origin
- ☐ Mexican, Mexican American, Chicano
- ☐ Puerto Rican
- ☐ Cuban
- ☐ Another Hispanic, Latino, or Spanish origin

Marital Status

- ☐ Single
- ☐ Married/Domestic Partnership
- ☐ Separated
- ☐ Divorced
- ☐ Widowed

Education

- ☐ Less than high-school diploma
- ☐ High-school diploma or equivalent
- ☐ Some post-secondary education
- ☐ Certification from training program
- ☐ Associate's degree
- ☐ Bachelor's degree
- ☐ Master's or other graduate degree

Employment Status

- ☐ Self-Employed
- ☐ Work Full-Time for Employer
- ☐ Work Part-Time for Employer
- ☐ Homemaker
- ☐ Full-Time Student
- ☐ Permanently unable to work
- ☐ Unemployed and seeking work
- ☐ Unemployed and not seeking work
- ☐ Retired

Military Status

- ☐ Non-Military
- ☐ Active
- ☐ Veteran
- ☐ Reserve

Gender

- ☐ Male
- ☐ Female
- ☐ Transgender
- ☐ Other

Co-Applicant ____________________

Race (please check all that apply)

- ☐ American Indian or Alaska Native
- ☐ Asian
- ☐ Black or African American
- ☐ Chamorro
- ☐ Chinese
- ☐ Filipino
- ☐ Japanese
- ☐ Korean
- ☐ Native Hawaiian
- ☐ Samoan
- ☐ Vietnamese
- ☐ White
- ☐ Other Race ____________________
  (please specify other race)

Ethnicity

- ☐ Not of Hispanic, Latino, or Spanish origin
- ☐ Mexican, Mexican American, Chicano
- ☐ Puerto Rican
- ☐ Cuban
- ☐ Another Hispanic, Latino, or Spanish origin

Marital Status

- ☐ Single
- ☐ Married/Domestic Partnership
- ☐ Separated
- ☐ Divorced
- ☐ Widowed

Education

- ☐ Less than high-school diploma
- ☐ High-school diploma or equivalent
- ☐ Some post-secondary education
- ☐ Certification from training program
- ☐ Associate's degree
- ☐ Bachelor's degree
- ☐ Master's or other graduate degree

Employment Status

- ☐ Self-Employed
- ☐ Work Full-Time for Employer
- ☐ Work Part-Time for Employer
- ☐ Homemaker
- ☐ Full-Time Student
- ☐ Permanently unable to work
- ☐ Unemployed and seeking work
- ☐ Unemployed and not seeking work
- ☐ Retired

Military Status

- ☐ Non-Military
- ☐ Active
- ☐ Veteran
- ☐ Reserve

Gender

- ☐ Male
- ☐ Female
- ☐ Transgender
- ☐ Other

Frequently Asked Questions about Demographic Data Collection

Why do we ask for demographic information?

We believe that fair and equal access to housing opportunities is critical to support diverse communities where people thrive. To further the goal of fair housing, we ask applicants to provide demographic information. By providing this information, you are helping us better understand the impact of our programs on the communities we serve, which in

How is my demographic information used?

This information is only used in the aggregate and is not used in any way to determine your eligibility for housing programs. The aggregate demographic data from this program may be shared with other affordable housing providers for the purpose of advocating for better housing policies or more resources.

Why are these questions mandatory?

The data we collect by asking these questions is critical to improve the accessibility of our housing programs. It may help us enhance our outreach strategy or advocate for more government support for affordable housing. Frankly, we can only get an accurate picture of who is being served – and not served - if we obtain responses from everyone who applies. We appreciate your help to advance the goal of fair and equal access to housing.

Language(s) Spoken

Hello Housing believes that everyone deserves a home that is safe, decent and affordable. To further our fair housing goals, we ask applicants to provide demographic information. This information is only used in the aggregate and is not used in any way to determine your eligibility for the AC Boost Program. Frequently Asked Questions about Demographic Data Collection are available on page 10.

Primary Applicant ____________________

How well does this person speak English?

- ☐ Very well ☐ Well
- ☐ Not well ☐ Not at all

Does this person speak a language other than English at home?

- ☐ Yes ☐ No

What is this language?

- ☐ Arabic
- ☐ Armenian
- ☐ ASL
- ☐ Burmese
- ☐ Chinese - Cantonese
- ☐ Chinese - Mandarin
- ☐ French
- ☐ French Creole
- ☐ German
- ☐ Greek
- ☐ Gujarati
- ☐ Hindi
- ☐ Hmong
- ☐ Italian
- ☐ Japanese
- ☐ Korean
- ☐ Persian
- ☐ Polish
- ☐ Portuguese
- ☐ Punjabi
- ☐ Russian
- ☐ Somali
- ☐ Spanish
- ☐ Tagalog
- ☐ Urdu
- ☐ Vietnamese
- ☐ Other language ____________________ (please specify other language)

Co-Applicant ____________________

How well does this person speak English?

- ☐ Very well ☐ Well
- ☐ Not well ☐ Not at all

Does this person speak a language other than English at home?

- ☐ Yes ☐ No

What is this language?

- ☐ Arabic
- ☐ Armenian
- ☐ ASL
- ☐ Burmese
- ☐ Chinese - Cantonese
- ☐ Chinese - Mandarin
- ☐ French
- ☐ French Creole
- ☐ German
- ☐ Greek
- ☐ Gujarati
- ☐ Hindi
- ☐ Hmong
- ☐ Italian
- ☐ Japanese
- ☐ Korean
- ☐ Persian
- ☐ Polish
- ☐ Portuguese
- ☐ Punjabi
- ☐ Russian
- ☐ Somali
- ☐ Spanish
- ☐ Tagalog
- ☐ Urdu
- ☐ Vietnamese
- ☐ Other language ____________________ (please specify other language)

Supporting Documentation

Please provide supporting documentation for EVERY ADULT MEMBER OF THE HOUSEHOLD AGED 18 AND OVER. All documents must be legible to be considered. To help keep you organized, we recommend you print a copy of this checklist for each adult household member to use as a check-list.

A. Proof of Identify: One form of legal identification for every adult, check below for which form of ID. *Required*

- [ ] CA Driver License
- [ ] CA Identification Card
- [ ] US Passport

B. Social Security Card: Please contact Social Security at (800) 772-1213 if you cannot locate. *Required*

- [ ] Social Security Card

C. Proof of US Residency: One form of Proof of Residency is required for all household members aged 18 and over.

- [ ] Copy of Birth Certificate
- [ ] US Passport (if applicable)
- [ ] Non-US Passport with I-551 Stamp (if applicable)
- [ ] Green Card (if applicable)
- [ ] Other:________________________________
- [ ] INS Form I-94 (if applicable)

D. Documentation of Employment Income: If employed, provide three (3) months of the most recent consecutive paystubs. *Required*

Please contact your Human Resources department if you cannot locate.

- [ ] Pay stubs for current month Dates covered ________ to ________ *(e.g. 10/1/17 to 1/1/18)*
- [ ] Pay stubs for prior month Dates covered ________ to ________
- [ ] Pay stubs for next prior month Dates covered ________ to ________

OR

If self-employed:

- [ ] A year-to-date Profit & Loss statement

E. Two (2) Months of documentation for any other income: *Required if applicable*

- [ ] Child Support
- [ ] Pension
- [ ] Foster Care
- [ ] Social Security
- [ ] Alimony
- [ ] Gift letter (if applicable)
- [ ] SSI
- [ ] Long Term Disability
- [ ] Other (please describe) ______________________________

OR

F. If you are NOT earning income: *Required if applicable*

- [ ] Zero-Income Affidavit (If applicable, please request from Hello Housing.)

G. Last Three (3) years of Federal Tax Returns <u>OR</u> Verification of Non-Filing: *Required*

If you or any household member cannot locate your returns, please contact the IRS to request tax transcripts at (800) 829–1040 or online at https://www.irs.gov/individuals/get-transcript. If you or any household member were NOT required to file taxes for ANY OR ALL of the last three (3) years, please provide a "Verification of Non-Filing", which you can request by submitting a Form 4506-T to the IRS. This form is available online at http://www.irs.gov/pub/irs-pdf/f4506t.pdf or you may request it by contacting the IRS at (800) 829-1040.

- [ ] 2018 Federal 1040 Tax Return or [ ] Verification of Non-Filing (if applicable)
- [ ] 2017 Federal 1040 Tax Return or [ ] Verification of Non-Filing (if applicable)
- [ ] 2016 Federal 1040 Tax Return or [ ] Verification of Non-Filing (if applicable)

H. Last Three (3) years of W-2s: *Required if issued W-2s*

Please contact your Human Resources department if you cannot locate. You may also call the IRS at (800) 829-1040.

- [ ] 2018 W-2s *W-2s should cover all reported income in same year's tax return*
- [ ] 2017 W-2s
- [ ] 2016 W-2s

Continued on Page 9

Supporting Documentation (continued)

Please note, applications that are missing any of the supporting documentation for any adult household member aged 18 and over, which do not include a letter of explanation or supplemental documentation may be deemed an incomplete application.

I. Last Three (3) consecutive statements from ALL Financial Accounts: *Required*

Please include statements for ALL OPEN accounts, even if they contain a $0 balance. Write N/A if you do not have such accounts. Computer printouts are acceptable ONLY if they contain a complete account number, begin & end balances, and begin & end dates.

- ☐ Most recent three (3) consecutive Bank Statements
- ☐ Most recent three (3) consecutive statements for Retirement Accounts (401k, IRA, etc.)
- ☐ Most recent three (3) consecutive statements for Stocks, Mutual Funds, Profit Sharing accounts
- ☐ Most recent three (3) statements for CDs, Money Market accounts, etc.

J. Explanation of Deposits: *Required for all deposits over $500*

- ☐ Please complete App - Page 11.

K. Proof of Student Status: *Required if applicable*

- ☐ Copy of Current Registration OR an Unofficial Transcript

L. Copy of Credit Report including FICO Score: *Required, a free credit report can be obtained at www.CreditKarma.com*

- ☐ Copy of a recent credit report with FICO Score

M. Prequalification from a Lender: *Required*

- ☐ Prequalification letter from a lender for, at minimum, the purchase price of the home you are pursuing. **Please be sure your prequalification letter indicates your Back-End Debt to Income Ratio**

N. Preference Point Verification Documentation: *Required*

- ☐ At least one acceptable document as listed on page 10 of this application for each preference point category earned by household.

Preference Points

Please check the box for each preference point your household qualifies for AND submit at least one of the listed supporting documents for each preference point claimed. Some of the documents are a mandatory part of the overall application, and therefore will fulfill this requirement.

Points earned for Household Member Living in the Town of Los Gatos

To qualify for this preference, a member of the household must have a primary residence within the incorporated Town of Los Gatos limits. Please provide one of the supporting documents listed below as verification of your preference and be sure you documents reflect the number of years claimed in your pre-application submission.

☐ Tax Returns OR ☐ Lease documents

Points earned for Household Member Working in the Town of Los Gatos

To qualify for this preference, a member of the household must work as an employee at a business located within the Los Gatos town limits for a minimum of two (2) years. Please provide one of the supporting documents listed below as verification of your preference. Please note, if you are using paystubs as supporting documentation, they must show a business address located in the Town of Los Gatos. If your paystubs do not show a Town of Los Gatos address, please provide additional documentation such as a letter from your employer confirming your jobsite is located in the Town of Los Gatos.

☐ Paystubs OR ☐ Letter from Employer

Points earned for Household Member Relocated due to Town Council Action or Mobile Home

To qualify for this preference, a member of your household must have been required to relocate their residence as a result of Council action or mobile home park closure. Please provide one of the supporting documents listed below as verification of your preference.

☐ Letter from the Town OR ☐ Lease documents

Points earned for previously living in the Town

To qualify for this preference, a member of the household must have lived in the Town for at least 10 years and have moved out within the last ten years prior to the time of pre-application. Please provide one of the supporting documents listed below as verification of your preference.

☐ Tax Returns OR ☐ Lease documents

Points earned for a Single Parent Head of Household

To qualify for this preference, the head of household must be unmarried with dependent children and reside in the Town for a minimum of two (2) years at the time of the pre-application. Please provide one of the supporting documents listed below as verification of your preference.

☐ Lease documents OR ☐ Tax Returns

Points earned for a Disabled Household Member

To qualify for this preference, the disabled household member must reside in the Town at the time of the pre-application and have lived in the Town for at least the prior two (2) years. The definition of “disabled” under this section shall be that used by the U.S. Social Security Administration for the purpose of determining eligibility for Social Security disability benefits. Please provide one of the supporting documents listed below as verification of your preference.

☐ Social Security Disability Income documentation issued by the Social Security Administration OR ☐ Verification from a licensed doctor of the disability and its effect on the ability of the person to maintain full-time employment

Deposit Clarifications

Please explain all deposits over $500 from the bank statements you provided along with supporting documentation to substantiate your explanations (e.g. copies of canceled checks, gift letter, deposit receipts, etc.). Please note, if you are self-employed this form does not replace a YTD profit and loss statement.

Bank Account & Number	Date	Deposit Amount	Explain the source of funds such as gifts, cash income, self-employment, bonus, child support, alimony, etc.
		$ -	
		$ -	
		$ -	
		$ -	
		$ -	
		$ -	
		$ -	
		$ -	
		$ -	
		$ -	
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		$ -	
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Signature Page

Please have each adult in the household print their name, sign and date this page.

I certify that the foregoing application accurately reflects all income received from all sources for all members of the household.

I certify under penalty of perjury under the laws of the United States of America that the foregoing is true and correct to the best of my knowledge. I further understand that providing false representations herein constitutes an act of fraud and that false, misleading, or incomplete information may result in the termination of real estate purchase documents

Name ______________________________

Signature ______________________________

Date ______________________________

Name ______________________________

Signature ______________________________

Date ______________________________

Name ______________________________

Signature ______________________________

Date ______________________________

Name ______________________________

Signature ______________________________

Date ______________________________

Lender Authorization

This Borrower Authorization form will allow Hello Housing or its authorized representative to share information about your application with a mortgage lender.

Homeowner Information

Primary Applicant ______________________ Co-Applicant ______________________

Mailing Address ______________________

Phone Number(s) ______________________

Email Address(es) ______________________

Program Applying for ______________________

Lender information

Mortgage Company ______________________

Mortgage Company Contact ______________________

Mailing Address ______________________

Phone Number(s) ______________________

Email Address(es) ______________________

I (We) hereby authorize Hello Housing to release, furnish, provide, exchange and request information related to the Town of Los Gatos Below Market Rate Housing Application to the Authorized Third Party identified above.

Name ______________________ Name ______________________

Signature ______________________ Signature ______________________

Date ______________________ Date ______________________

Name ______________________ Name ______________________

Signature ______________________ Signature ______________________

Date ______________________ Date ______________________

Expiration of Authorization

If applicable, please specify a period of time or the particular transaction for which the authorization is valid. If no expiration date or operational transaction is provided, this authorization will remain valid until revoked in writing.

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TOWN OF LOS GATOS
COUNCIL POLICY COMMITTEE REPORT

MEETING DATE: 1/28/2020
ITEM NO: 4

DATE:	January 23, 2020
TO:	Council Policy Committee
FROM:	Laurel Prevetti, Town Manager
SUBJECT:	Discuss and Provide Direction on Potential Outdoor Lighting Regulation Modifications.

RECOMMENDATION:

Discuss and provide direction on potential outdoor lighting regulation modifications.

BACKGROUND:

On October 22, 2019, the Town Council Policy Committee discussed Town Code Section 29.10.09015, below, which limits outdoor lighting and prohibits "shoestring lights." The Policy Committee motion was to temporarily suspend the prohibition of shoestring lighting while the Town considered new lighting regulations for different zones throughout Town.

On November 25, 2019, the Town Council Policy Committee discussed and provided direction on potential outdoor lighting regulation modifications, including the items addressed in this staff report.

DISCUSSION:

Potential modifications to the policies, code, standards, and guidelines are listed below. These modifications are shown below with additions underlined and deletions shown in ~~strikethrough.~~

A. General Plan

Modify General Plan Policy CD-3.2 to avoid impacting temporary seasonal lighting. The following recommendation will be forwarded to the General Plan Update Advisory Committee for their review:

PREPARED BY: Jennifer Armer, AICP
Senior Planner

Reviewed by: Town Manager, Assistant Town Manager, Community Development Director, and Town Attorney

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DISCUSSION (continued):

Policy CD-3.2 Permanent s ~~S~~treet and structural lighting shall be required to minimize its visual impacts by preventing glare, limiting the amount of light that falls on neighboring properties, and avoiding light pollution of the night sky.

B. Zoning Code

Change the regulations to differentiate between residential and commercial zones. The following section could be revised to read:

Sec. 29.10.09015. - Control of outdoor lighting.

Outdoor lights in residential zones must be shielded and directed to shine on improvements including plants on the zoning plot where the lights are located and not directly on other property or any public right-of-way. ~~Shoestring lighting is not permitted.~~

Modify the sports court lighting to not require shutoff at 10:00 p.m., and be more like examples provided in the November 25, 2019 Staff Report. The following section could be revised to read:

Sec. 29.40.025. - Court game areas.

Tennis, volleyball, basketball, badminton and similar court game areas may be located anywhere on the lot except in the required front yard or side yard abutting the street. Fences over six (6) feet high are allowed to enclose court game areas, when approved through the Administrative Procedure for Minor Residential Projects. Lighting for court game areas is prohibited unless approved through the Administrative Procedure for Minor Residential Projects and unless it is in compliance with the following standards to the satisfaction of the Planning Director:

(1) Game court lighting shall incorporate cut-off fixtures and lighting shall be shielded and directed onto the court.
(2) ~~Lighting for game court areas shall not be used after 10:00 p.m.~~ High-intensity lights are not permitted.
(3) Lighting in the hillside areas is prohibited. Hillside areas are defined by the hillside area map in the Hillside Development Standards and Guidelines.

DISCUSSION (continued):

C. Residential Design Guidelines

Modify Residential Design Guideline 3.11.5 “Minimize exterior lighting impacts on neighbors:”

- All exterior light fixtures, with the exception of holiday and patio string lights, should utilize shields so that no bulb is visible and to ensure that light is directed to the ground surface and does not spill light onto neighboring parcels or produce glare when seen from nearby homes.
- Decorative residential light fixtures are preferred for ~~should be chosen rather than strictly utilitarian~~ security lighting fixtures.

Staff looks forward to the discussion with the Committee and will be available to discuss options and related issues.

COORDINATION:

This report was prepared in coordination with the Town Manager’s Office.

FISCAL IMPACT:

There is not a fiscal impact associated with this item.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

TOWN OF LOS GATOS
COUNCIL POLICY COMMITTEE REPORT

MEETING DATE: 01/28/2020
ITEM NO: 5

DATE: January 23, 2020

TO: Council Policy Committee

FROM: Laurel Prevetti, Town Manager

SUBJECT: Discuss the Town's interpretation of "used vehicles" in the Town Code and determine if an exemption for indoor showrooms is appropriate.

RECOMMENDATION:

Discuss the Town's interpretation of "used vehicles" in the Town Code and determine if an exemption for indoor showrooms is appropriate.

BACKGROUND:

The Town's Zoning Code, Chapter 29 of the Town Code, does not specifically define used vehicles; however, it does regulate them in the Table of Conditional Uses in Section 29.20.185 by requiring used vehicle sales to be incidental to new vehicle sales and rentals. Town staff interprets the intent of this language to be prohibitive of standalone used vehicle lots that occupy outdoor commercial spaces as parking lots for a large quantity of vehicles (i.e., over twenty cars). Outdoor lots can be a potential visual blight on a shopping area. Town staff seeks the Policy Committee's input and direction on excluding indoor only showrooms from the intent of the current Town Code language.

DISCUSSION:

The Town has been approached by a business who would like to locate in the C-2 zoning district. In this case, the business is a used vehicle dealership wherein only previously owned vehicles are sold; however, the vehicles are those that are vintage, rare, exotic, or of a class that are not obtained at a typical dealership. This business model offers a high-end niche retail sales experience coupled with an experience for vehicle enthusiasts to enjoy as a spectator.

PREPARED BY: Monica Renn
Economic Vitality Manager

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

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DISCUSSION (continued):

The business is requesting to have an indoor only showroom with approximately six to ten used vehicles onsite at any given time. The business would also offer customers the ability to request a specific make, model, and vintage of a vehicle, which the dealer would then work to locate the desired vehicle. All vehicles for sale would remain on display indoors, and the point of sale origin for sales tax purposes would be the same Los Gatos location as the showroom.

CONCLUSION:

Town staff believes that a differentiation could be made that exempts indoor only showrooms for the sale of used vehicles to allow for specialty and niche businesses which do not occupy any outdoor commercial spaces with used vehicles. The exemption of indoor showrooms would allow for the sale of used vehicles alone; however, it would require that they be completely contained indoors in a commercial zone. Given the Town Council's Strategic Priority to create greater opportunities for Community Vitality and business interests, staff believes it could be appropriate to make this interpretation, thus we have brought the item forward for the Policy Committee to discuss and provide direction.

COORDINATION:

This report has been prepared with collaboration between the Town Manager's and Town Attorney's Offices, and the Community Development Department.

FISCAL IMPACT:

No fiscal impact would be realized by this item.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

TOWN OF LOS GATOS
COUNCIL POLICY COMMITTEE REPORT

MEETING DATE: 1/28/2020
ITEM NO: 6

DATE:	January 22, 2020
TO:	Council Policy Committee
FROM:	Laurel Prevetti, Town Manager
SUBJECT:	Identify Future Work Plan Items for the Council Policy Committee

RECOMMENDATION:

Identify future work plan items for the Council Policy Committee.

DISCUSSION:

On January 24, 2019, the Council Policy Committee identified work plan items for the 2019 calendar year. Since then, the Committee has made recommendations to the Town Council on many policy matters and the Council has adopted policy and ordinance modifications consistent with the work of the Committee.

Given the new year, staff looks forward to the Committee's discussion and identification of topics for the 2020 calendar year. Attachment 1 contains completed, in progress, and potential work plan items.

COORDINATION:

The preparation of this report was coordinated with the Town Manager's Office (including Economic Vitality and the Clerk Department), Community Development Department, Parks and Public Works Department, and the Town Attorney's Office.

Attachment:
1. 2020 Draft Work Plan

PREPARED BY: Holly Zappala
Management Analyst

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

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2020 Town Council Policy Committee Potential Work Plan Items

Completed During 2019 with Recommendations to the Town Council

- Commission Appointment Policy 2-11 in relation to Commissioner Interviews, and the Town Agenda Format and Rules Policy 2-01 regarding remote meeting participation.
- Land use streamlining modifications, including:
  - Demolition Regulations
  - Land Use Appeal Process
- Modifications to the Traffic Impact Mitigation Ordinance, Policy, and Fees.
- Amendments to the Hillside Development Standards and Guidelines approval processes, including below-grade square footage.
- Amendments to the parking lot improvement approval process.
- Amendments to the valet parking regulations.
- Amendments to parking assessment district regulations.
- Town Agenda Format and Rules Policy regarding time limits for applicant and appellant presentations and rebuttals.
- Dedications of public right-of-way, installation of curbs, gutters, and sidewalk, and undergrounding of utilities.
- Commission Appointment Policy.
- Planning grant program application.

In Process

- Potential amendments to the Town Below Market Price Regulations.
- Potential amendments to outdoor lighting regulations.
- Potential amendments to vintage car sales regulations.

Potential for 2020

- Rescission of the Los Gatos Boulevard Plan.
- Hillside Development Standards and Guidelines Visibility Analysis.
- Update the Procurement Policy and consider procurement procedures for declared emergencies.
- Update the Town Council Travel Policy.
- Continue to consider land use streamlining modifications and review of items in the land use policies binder.
- Consider the definition of “specialty retail.”

Attachment 1