



# TOWN OF LOS GATOS

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December 19, 2018

Honorable Jake Mackenzie, Chair  
Metropolitan Transportation Commission  
Bay Area Metro Center  
375 Beale Street, Suite 800  
San Francisco, CA 94105-2066

**RE: CASA Compact**

Dear Chair Jake Mackenzie:

The Town of Los Gatos appreciates the hard work of the CASA Steering and Technical Committees to identify recommendations to address the related issues of housing production, displacement, and housing stock preservation. We especially appreciate the attention given to protect our most vulnerable populations within the region.

The Compact, however, raises significant challenges in its implementation due to its extraordinary costs and significant impact on local government operations. For this reason, we strongly recommend that MTC not sign the Compact on December 19, 2018 and instead, work with all interested cities and stakeholders in the Bay Area to refine the recommendations so they can be implemented fairly. If the Commission votes to move forward, the Town of Los Gatos offers the following specific comments:

- Cities and towns are important partners as we work together to address the housing needs. It is unfortunate that the CASA process did not engage cities and towns in the development of the recommendations to understand the importance of local control to tailor housing policy and action that delivers affordable housing.

For example, due to local political will, the Los Gatos Town Council has taken proactive steps that have resulted in the production of affordable housing. For example, the Town has a successful, longstanding inclusionary zoning program that has created a supply of affordable, deed-restricted units. In addition, the Town modified its regulations for accessory dwelling units and within the first year, approvals have more than doubled.



Therefore, it is critical that individual communities retain the ability to plan and implement meaningful measures that achieve affordable housing.

- The housing situation is complex and the production of housing relies primarily on private market forces to make land and financing available. In Los Gatos, the Town recognizes that more affordable units are needed and have requested more or deeper affordability. Unfortunately, these requests are met with developer statements that to do so would render the housing development financially infeasible. We have also learned that some builders are not interested in competing for tax credits or applying for available funding for affordable housing. This indicates that stronger market interventions are needed to create financial incentives for the homebuilding industry to propose and build affordable housing.
- We agree that the California housing challenge is a statewide priority. As such, the recommendations pertaining to surplus state lands should be expanded to other public agency lands, including but not limited to Transit Districts and other Special Districts.
- While the Bay Area has debated regional planning for decades, does it make sense to create another single purpose entity called the Regional Housing Enterprise? If there is interest to do so, the Enterprise should be expanded to include the voice of smaller communities. One size does not fit all within the Bay Area and it is critical that a menu of strategies be created that can be applied and tailored to local conditions.
- Many of the recommendations include State legislation that would pertain to the nine County Bay Area only. While this might be a strategic approach on one level, on another it neglects the fact that the housing challenge is a State-wide concern. If specific recommendations are determined to be useful in the Bay Area, then they should work State-wide (e.g., just cause evictions, etc.).
- The recommendations include a wide variety of funding concepts that need to be further defined and prioritized as it is doubtful that the State Legislature can or will approve all of the mechanisms. In particular, top-down commercial linkage fees need much more work and local communities need to be part of the dialogue in the creation of such fees. For example, the major employers in some communities are schools and hospitals. Would there be exemptions for these types of employers? Would the dollars collected in a local community flow to that community?

- In addition, Santa Clara County voters recently stepped up and approved a measure to create a funding source for affordable housing. It would be challenging to bring new and additional tax measures to the voters before the current measure can demonstrate tangible results.

We appreciate the opportunity to provide these comments to you as the Commission considers this important topic. Please let us know if you have any questions or need additional information by contacting Town Manager Laurel Prevetti at 408/354-6832 or [LPrevetti@LosGatosCA.gov](mailto:LPrevetti@LosGatosCA.gov).

Sincerely,



**STEVE LEONARDIS**  
Mayor

SL:jj

cc: Town Council  
Jeannie Bruins, MTC  
David Rabbitt, ABAG  
Senator Beall  
Assembly Member Low  
Seth Miller, LCC