



9. Housing

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State Housing Element Law (Government Code Section 65580, et seq.) mandates that local governments adequately plan to meet the existing and projected housing needs of all economic segments of the community. The California Department of Housing and Community Development (HCD) and the Association of Bay Area Governments (ABAG) identify the projected Regional Housing Needs Allocation (RHNA) for each jurisdiction in the Bay Area in cycles of eight-year projection periods (currently 2015-2023). Once the RHNA has been identified, local governments must adopt a revised Housing Element that plans to accommodate their portion of the region’s projected housing need.

The Town’s current Housing Element was adopted on May 5, 2015 and addresses housing needs for the 2015-2023 projection period. This section, extracted from that 2015-2023 Housing Element, provides existing conditions information on household characteristics, housing stock, housing affordability, and households with special needs. Where available, current (2018) data has been added to supplement the information provided by the adopted Housing Element.

Key Terms

Association of Bay Area Governments. The Association of Bay Area Governments (ABAG) is a regional planning agency incorporating various local governments in the San Francisco Bay Area in California. It encompasses nine counties surrounding the San Francisco Bay. Those counties are Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma. ABAG recently (2017) merged with the Metropolitan Transportation Commission (MTC), the Metropolitan Planning Organization (MPO) for the nine Bay Area Counties.

Affordable Housing. Under State and Federal statutes, housing which costs no more than 30 percent of gross household income. Housing costs include rent or mortgage payments, utilities, taxes, insurance, homeowner association fees, and other related costs.

California Department of Housing and Community Development (HCD). HCD is the State Department responsible for administering State-sponsored housing programs and for reviewing housing elements to determine compliance with State housing law.

Dwelling, Multiple-Family. A building or portion thereof used or designed as a residence for three (3) or more families living independently of each other, including apartment houses, apartment hotels and flats, but not including auto courts.

Extremely Low-Income Household. Households earning at or below 30 percent of the Area Median Income (AMI) as determined by Housing and Urban Development (HUD) for Santa Clara County.

Homeless. Unsheltered homeless are families and individuals whose primary nighttime residence is a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings (e.g., the street, sidewalks, cars, and vacant and abandoned buildings). Sheltered homeless are families and persons whose primary nighttime residence is a supervised publicly or privately-operated shelter (e.g., emergency, transitional, battered women, and homeless youth shelters; and commercial hotels used to house the homeless).

Household. All those persons—related or unrelated—who occupy a single housing unit.

Household Income. The total income of all the persons living in a household. A household is usually described as very low income, low income, moderate income, and above moderate income based upon household size, and income, relative to the regional median income.

Jobs/Housing Balance; Jobs/Housing Ratio. The availability of affordable housing for employees. The jobs/housing ratio divides the number of jobs in an area by the number of employed residents. A ratio of 1.0 indicates a balance. A ratio greater than 1.0 indicates a net in-commute; less than 1.0 indicates a net out-commute.

Low-Income Household. Households earning between 50 and 80 percent of the AMI as determined by Housing and Urban Development (HUD) for Santa Clara County.

Moderate-Income Household. Households earning between 80 and 120 percent of the AMI as determined by Housing and Urban Development (HUD) for Santa Clara County.

Overcrowded Household. Households or occupied housing units with 1.01 or more persons per room.

Regional Housing Needs Allocation (RHNA). The Regional Housing Need Allocation (RHNA) is the state-mandated process to identify the total number of housing units (by affordability level) that each jurisdiction must accommodate in its Housing Element.

Special needs household. Households with circumstances that can make it particularly difficult to find adequate and affordable housing.

Vacant. Lands or buildings that are not actively used for any purpose.

Very Low-Income Household. Households earning between 30 and 50 percent of the AMI as determined by Housing and Urban Development (HUD) for Santa Clara County.

9.1 Housing Needs Summary

This section summarizes the housing needs of Los Gatos as determined through the comprehensive housing data assessment and analysis presented in the Town of Los Gatos 2015-2023 Housing Element Technical Appendix. The housing needs summary describes population trends, characteristics of the housing stock, housing affordability, and special needs households.

Population Trends

Los Gatos had a population of approximately 30,532 in 2014, and currently (2018) 30,601, according to the California Department of Finance (DOF). Over the last three decades, the population has grown very little and at a fairly steady pace. The population is also aging. The median age in Los Gatos is 45 years, while in 1970, the median age was 30 years.¹ This is older than the Santa Clara County median age of 36 years. The median ages in the adjacent communities of Campbell, Monte Sereno, and Saratoga were also older than the County median at 38, 48, and 48, respectively. The largest city in Santa Clara County, San Jose, has a median age of 35.

During the Town's Housing Element Advisory Board meeting process, on April 10, 2014, the Board was presented information from Don Weden, a retired Santa Clara County Planner, which noted current demographic trends affecting the Town and the anticipated housing needs for the next decade. His presentation referenced census and demographic data which noted that in the upcoming Housing Element planning period, one in three adults living in Los Gatos is anticipated to be a Senior (65 or over). The presentation also noted that in general, most Seniors, when interviewed by demographers about their future plans have expressed a desire to "age in place" rather than move, in order to be close to friends, family, and their existing ties to community institutions.

¹ State of California, Department of Finance, Table 2: E-5 Population Estimates for Counties and the State, 2011-2014 with 2010 Benchmark, Sacramento, California, April 30, 2014.

Jobs/Housing Ratio

According to the Association of Bay Area Governments (ABAG), there were approximately 2.1 jobs per household in Los Gatos in 2010.² This jobs/housing ratio has increased since 2005, when it was 1.5 jobs for every household. With the recovery of the economy, Los Gatos businesses have expanded, creating new jobs to support the immediate community as well as some nearby housing-rich communities such as Monte Sereno and Saratoga.

Housing Stock

According to the California Department of Finance, Los Gatos had 13,185 total housing units in 2014 and 13,299 in 2018. Approximately 72 percent of the total housing stock in Los Gatos consists of single-family homes; of those, the majority (81 percent) are single-family detached homes, and a smaller proportion (19 percent) are single-family attached units, including condominiums and townhomes. The remaining 28 percent of homes are multi-family homes, and less than one percent are mobile homes. In 2010, 63 percent of Los Gatos housing units were owner occupied. In 2018, the percentage of owner-occupied housing units rose to 66 percent.

The Town's housing stock also includes 401 existing second units based on the 2015-2023 Housing Element. These relatively affordable units are an important housing resource for renters but were not accounted for by ABAG in their calculations of the Regional Housing Needs Allocation or credited to the Town's past housing production.

The housing stock of Los Gatos is generally in good condition, and few homes require reconstruction or rehabilitation. The high quality of life, desirable location, walkable neighborhoods, and exceptional schools have provided the market signals and financial incentive for property owners to rehabilitate homes and properly maintain them. According to the 2011 American Community Survey (ACS), approximately 30 percent of the housing stock was built prior to the 1960s.³ Current data from the ACS 2013-2017 5-Year Estimates indicate that this percentage decreased slightly to approximately 28 percent in 2017 due to an increase in available units.

² Association of Bay Area Governments, Housing Element Data Profiles, January 2014.

³ American Community Survey 2011, <http://www.census.gov/acs/www/>.

Much of the older housing stock is located near the Downtown and has been beautifully restored. According to the Town, a significant number of older homes in Los Gatos were rebuilt after the 1989 Loma Prieta earthquake. As a result, approximately three percent, or about 580 units, of the total housing stock, need rehabilitation or reconstruction.⁴

Vacancy rates can be an indicator of demand for housing in a community. According to the DOF, in 2014 Los Gatos had a relatively low vacancy rate of five percent.⁵ However, recent changes to the housing market may have decreased the percentage of vacancies consisting of rental units. According to the 2010 Census, of the Town's vacant units, approximately one-third were rental units. In 2017, however, 481 of the 831 vacant homes in Los Gatos were rental units.⁶ According to Cassidy Turley, a commercial real estate services firm, at the close of the second quarter of 2014 multi-family vacancies in the Bay Area were at just 3.8 percent.⁷

Housing Affordability

Over the last decade the national housing market has experienced highs and lows based on lending practices and the economy. Home prices in Los Gatos fluctuated and have increased as the economy recovers. Throughout the recession, median home sales prices in Los Gatos remained some of the highest in Santa Clara County.⁸

For-Sale Market

Single-family homes are the primary market for homeownership in Los Gatos. In December 2013, approximately 59 homes were sold in Los Gatos and the median price of a home increased to \$1.2 million, an increase of about 16 percent over the prior year. By the end of 2013, Los Gatos had the sixth highest median home sales price out of 15 cities in Santa Clara County, at \$1.2 million.⁹ This trend has continued. In October 2018, 46 homes were sold in Los Gatos with a median price of \$1,732,500.¹⁰

Close to one-fifth of the households in Los Gatos earn low- or very low-incomes, meaning less than 80 percent of the area median household income (AMI), which is currently (2018) \$125,200 for Santa Clara County for a family of four. Based on home sale prices, homeownership opportunities in Los Gatos are generally limited and difficult to achieve for moderate- (\$150,250), low- (\$94,450), and very low- income (\$66,500) four-person households.

One of the ways that the Town encourages and provides ownership housing affordable to moderate- and low-income buyers is the Below Market Price (BMP) Program. The BMP program requires any project with five or more units to include affordable units, and excludes the affordable units from calculations of allowed density. It has historically been the only source of low- and moderate-income for sale units. In 2014, the Town had an inventory of 49 affordable for-sale units through the BMP Program. For example, in 2014 the low-income sales price for three-bedroom and 2.5-bathroom units was approximately \$265,000 and the moderate-income price was \$410,000. This program includes considerations for school employees, first responders, Town employees, seniors, persons with disabilities, and other residents who may otherwise find purchasing adequate housing difficult in Los Gatos.

Rental Market

The rental housing market in Los Gatos includes apartments, townhouses, condominiums, second units, and some single-family homes. The American Community Survey reported the median gross rent of all rental units in the Town increased from \$1,752 in 2011 to \$2,111 in 2017.¹¹ However, an online survey of available multifamily apartments in October 2018 showed a median asking rental price of approximately \$2,900.¹² The differences between the two surveys indicates that vacant rental units in Los Gatos are likely new or recently renovated and therefore command higher asking rents than the majority of the rental housing stock.

⁴ Erwin Ordonez, AICP, EDFP, email correspondence regarding Building Department Information with PlaceWorks on March 26, 2014.

⁵ State of California, Department of Finance, Table 2: E-5 Population Estimates for Counties and the State, 2011-2014 with 2010 Benchmark, Sacramento, California, April 30, 2014.

⁶ U.S. Census, 2010; ACS 2013-2017 5-Year Estimates.

⁷ Cassidy Turley, Bay Area Multi-Family Snapshot Q2 2014, July 2014, www.cassidyturley.com.

⁸ DataQuick Real Estate News, California Home Sales Price Medians by County and City, December 2013, [DQ News.com](http://DQNews.com).

⁹ DataQuick Real Estate News, California Home Sales Price Medians by County and City, December 2013, [DQ News.com](http://DQNews.com).

¹⁰ Corelogic, California Homes Sale Activity by City, October 2018, corelogic.com

¹¹ American Community Survey, 2011; ACS 2013-2017 5-Year Estimates.

¹² Craigslist.org accessed on November 2018.

Based on this information, low- and moderate-income households in Los Gatos would overpay to rent a one-bedroom or two-bedroom/one-bath unit.

Very low-income households would not be able to afford to rent a housing unit in Los Gatos without public assistance in some form. The local affordable rental housing stock includes six multi-family rental projects and three senior rental projects with income eligibility requirements.¹³ There are waiting lists for these units. In addition, the more than 400 second units in the Town are another source of rental housing. Based on a survey of Craigslist ads in May 2018, market-rate rents for most second units are affordable to moderate-income households.

The Town helps preserve affordable rental housing costs through the Rental Mediation and Dispute Resolution Ordinance, which applies to rental complexes of three or more units. The ordinance sets an annual limit on rent increases to five percent unless the landlord is able to demonstrate capital or financing costs to justify a greater increase. The Town has similar rent controls for mobile home units.

Overpaying for Housing

Out of a household's gross annual income, 30 percent is a commonly recognized standard for acceptable housing costs. Overpayment occurs when a household spends more than 30 percent of its income on housing. According to Comprehensive Housing Affordability Strategy (CHAS) 2010 data, 35 percent of homeowners in Los Gatos, or 2,799 households, and 38 percent of renters in Los Gatos, or 1,565 households, overpay for housing.¹⁴ In 2017, the number of homeowners overpaying for housing decreased slightly to 2,573, while the number households overpaying for rent increased to 1,752, totaling approximately 36 percent of households in Los Gatos. Lower-income households are most severely impacted; 1,845 lower-income households in Los Gatos overpay for housing, representing 42 percent of all overpaying households. A majority of extremely low-income, very low-income, and low-income homeowners and renters overpay for their housing in Los Gatos. As described above,

¹³ The Town's supply of affordable rental housing is listed in the Housing Resource Guide, available online at <https://www.losgatosca.gov/DocumentCenter/View/8037/Los-Gatos-Housing-Resources-Guide>. Accessed February 6, 2019.

the Rental Mediation and Dispute Ordinance establishes an annual limit on rent increases to five percent for complexes with three or more units.

Households with Special Needs

Special needs households are defined as households with circumstances that can make it particularly difficult to find adequate and affordable housing. For the purposes of the Housing Element, these households include extremely low-income households, the elderly, overcrowded and large-family households, the homeless population, those in need of emergency shelter, youth aging out of foster care, single-parent households, and households with persons with disabilities (including developmental challenges). Farm workers are also included in this category; however, as they make up less than one percent of the labor force in Los Gatos and work year-round in local industries, their housing needs are addressed through conventional affordable housing in the community. The Town's BMP Program application process offers a preference point for special needs households to assist them in qualifying for adequate housing.

Extremely Low-Income Households

Extremely low-income households are defined as households earning at or below 30 percent of the AMI as determined by Housing and Urban Development (HUD) for Santa Clara County. An extremely low-income, four-person household in Santa Clara County would have an income level of \$39,900 or less. In Los Gatos in 2017, there were approximately 1,310 extremely low-income households, or 10.8 percent of Los Gatos's 12,110 total households. Half of these extremely low-income households are renters. A majority of both extremely low-income homeowners and renters have housing problems, which include overcrowding, overpaying, or living in substandard housing.¹⁵

During the eight years of the Housing Element period, the Town has a goal of facilitating the production of at least 50 Extremely Low Income (ELI) units as a subset of the Very Low-Income category. Opportunities for ELI housing are the Southbay site, which is part of the Affordable Housing Overlay Zone (AHOZ) program, and the North 40 Specific Plan area within

¹⁴ Housing Element Data Profiles, Association of Bay Area Governments, January 2014.

¹⁵ American Community Survey 5-Year Estimates, 2013-2017; U.S. Department of Housing and Urban Development Comprehensive Affordable Housing Strategy database, 2011.

which 13.5 acres is scheduled to be rezoned to a minimum density of 20 units per acre to yield 270 units.

Senior Households

Seniors are defined as persons who are 65 (or 55+ for some programs) years or older. Seniors often have a limited income and a range of accessibility and health care needs that necessitate specific types of housing. The California Department of Finance projects that by 2030, Santa Clara County’s percentage of the population over 65 years old will continue to increase, both from population growth and from the aging of the existing residents. Over 140,000 people are projected to be added to the county, and 60 percent of that growth will be people 65 or older. By 2030, one in four adults (and one-fifth of the total population) in the county will be 65 or older. In 2017, approximately 6,051 individuals over 65 lived in Los Gatos, which represented 19 percent of the population. According to the American Community Survey 2017 estimates, just under 80 percent of senior households in Los Gatos are homeowners while approximately 20 percent are renters. Given Los Gatos’s aging population, senior housing is a significant issue for the Town. Based on national surveys, most seniors would like to be able to remain in their current homes, or, if that is not possible, in their current community.

Los Gatos has 150 subsidized units of senior housing in five housing projects. Villa Vasona at 626 West Parr Avenue and The Terraces of Los Gatos at 800 Blossom Hill Road contain most of these subsidized senior housing units.

In addition to subsidized units, Los Gatos also has Los Gatos Meadows Life Care, a licensed Life Care Residence with the capacity to serve 229 seniors at 110 Wood Road, other residential care facilities for the elderly with the capacity for 95 seniors, and a licensed hospice facility with a capacity for six seniors.¹⁶ The Anne Way and Blossom Hill Road projects accommodate 10 seniors in shared senior housing in single-family homes. Other affordable senior housing developments are listed in Table 9.1-1.

¹⁶ State of California Department of Social Services Community Care Licensing Division, <http://cclid.ca.gov/PG3581.htm>, accessed April 30, 2014.

Table 9.1-1: Affordable Senior Housing, May 2014

Name	Address	Number of Units	Eligibility
Villa Vasona	626 W. Parr Avenue	107	HUD Section 8, \$37,150 income per person
Los Gatos Fourplex	221-227 Nicolson Avenue	4	Low- and moderate-income seniors
The Terraces of Los Gatos	800 Blossom Hill Road	29	80 percent of AMI
Blossom Hill	14390 Blossom Hill Road	5	35 percent of AMI
Anne Way	185 Anne Way	5	35 percent of AMI

Source: Town of Los Gatos, 2015-2023 Housing Element, adopted May 15, 2015.

Single-Parent Households

Generally, a single-parent household may have more difficulty affording appropriate housing for a family than a family household with dual incomes. Single-parent households represented approximately 13 percent of all households with families in Los Gatos, according to the 2013-2017 American Community Survey. Approximately one percent of family households with married couples in Los Gatos lived below the poverty line compared to 11 percent of single-parent households in Los Gatos. This is a slight increase from nine percent of households below poverty level in 2010. The Town’s BMP program includes preference points for single-parent households as one of several special needs categories it addresses.

Persons with Disabilities

Approximately 2,709 persons in Los Gatos have a disability that is either mental or physical and affects their mobility or self-care.¹⁷ A majority of disabled adults in Los Gatos have a disability that affects their ability to work. The cost of housing is prohibitively expensive for those on Supplemental Security Income (SSI), which provided a single independently-living disabled person \$910 per month in 2017.¹⁸ The Town’s BMP program includes preferential points for households with persons with disabilities.

¹⁷ American Community Survey, 2013-2017 5-Year Estimates, Table S0102.

¹⁸ Social Security Administration, Supplemental Security Income (SSI) in California, 2018.

The San Andreas Regional Center at 300 Orchard City Drive in Campbell is the hub of resources for the local developmentally disabled community. According to the San Andreas Regional Center, Los Gatos is home to 39 children with autism spectrum disorders, 76 with intellectual disabilities, 14 with cerebral palsy, 22 with epilepsy, and 18 children with other developmental challenges. Within the Town, nine adults have autism spectrum disorders, 18 have intellectual disabilities, four have cerebral palsy, one has epilepsy, and three adults have other developmental challenges.

The San Andreas Regional Center only counts those individuals that utilize their resources, so there may be additional Los Gatos residents with developmental challenges.

Three housing resource centers and programs for persons with disabilities are located adjacent to the Town in the adjacent City of San Jose: the Silicon Valley Independent Living Center; the Mental Health Advocacy Project operated by the Law Foundation of Silicon Valley; and the Shelter Plus Care Program administered by the Housing Authority of the County of Santa Clara.

Overcrowded and Large-Family Households

Large-family households are defined as having five or more persons in a single housekeeping unit. An overcrowded household is one that has more than one person per room, not including bathrooms and kitchens. In 2017, Los Gatos had 624 large family households, or 5.15 percent of its total household population, according to the 2013-2017 American Community Survey 5-Year Estimates.

There are 30 overcrowded households that are owners and 85 that are renters. The Town's large inventory of second units and subsidized units help alleviate the pressure to overcrowd to afford housing. Overcrowding is more likely to occur in renter households because there are fewer rental units with enough bedrooms to accommodate large families. However, most large family households in Los Gatos are homeowners. Since owner-occupied homes are typically single-family homes and generally larger than multi-family units, overcrowding is not a significant issue for the Town.

The Town's BMP program tries to match larger multiple-bedroom for-sale units with households that have at least a corresponding number of household members.

Homeless Persons

According to the 2017 Santa Clara County Homeless Census and Survey, 53 homeless persons live in Los Gatos, which represents less than 0.72 percent of the total count of homeless persons in Santa Clara County and less than 0.2 percent of the total population in Los Gatos. This number is up from 11 homeless persons in 2014. However, the number of homeless persons in Los Gatos may vary nightly depending on the season.

Los Gatos contributes funds to the Santa Clara County Continuum of Care program, which includes prevention services, permanent affordable housing, the provision of emergency shelters, and transitional and permanent housing. HomeSafe and Sobrato Living Center in Santa Clara provide housing opportunities for homeless persons in Los Gatos. The Town also financially supports the West Valley Community Services Comprehensive Emergency Assistance Program (CEAP) which provides several types of assistance to prevent homelessness and to find housing for the homeless.

Food pantries are available at local churches such as St. Mary's, St. Luke's, and Calvary Church. The Los Gatos/Monte Sereno Police Department also provides outreach to the homeless community. The officers are trained in police interaction with vulnerable populations and are involved with the Santa Clara County Collaborative on Housing and Homeless Issues.

Although emergency or transitional shelters are not presently located within Los Gatos, the Town's Zoning Code was amended to allow emergency shelters by right in the Controlled Manufacturing (CM) zoning district. The development standards were crafted following consultations with HomeFirst (then known as EHC Lifebuilders), a local non-profit agency that operates the County's two regional homeless shelters.

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