

# MORGAN HILL TIMES

## Agency denounces initiative

Thursday, July 31, 2008

By Natalie Everett ([neverett@morganhilltimes.com](mailto:neverett@morganhilltimes.com))

Santa Clara County Catholic Charities Executive Director Greg Kepferle has joined city, regional and state officials in denouncing the developer-fueled initiative to greatly reduce affordable housing in Morgan Hill.

"It will help high-end developers, but at the expense of middle class and low-income families," Kepferle said, who's a Morgan Hill resident.

Citizens for a Balanced Community, the group of mostly developers and real estate agents bringing forth the initiative that would lower the city's affordable housing rate maximum from 30 to 20 percent and would remove the burden of building them from developers, have spent nearly \$100,000 to put the measure on the November ballot, according to a campaign funds statement released Monday.

Currently, the city-administered program requires that developers build a minimum of 20 percent of new housing as affordable and asks them to build another 10 percent more. If the initiative passes in November, the 20-percent minimum would become the maximum and developers would build 5 percent of new homes for moderate-income sales, slashing the current percentage for this price category in half.

City officials have asked Santa Clara County Superior Court for an injunction to remove the ballot initiative, saying it goes against state law and therefore is invalid. They also argue that the measure should be stopped before the city wastes any more tax dollars on the "invalid" measure.

Kepferle said that it's too bad the initiative is already heading to the ballot. He would have liked to provide input on it so it would be more of a compromise, less of a heave-ho on the current below-market-rate housing program, he said.

"They're using a sledgehammer when a fine-tuning wrench would be a more appropriate tool for fixing affordable housing," Kepferle said.

Kepferle said there are three elements within the initiative that he finds disturbing. First, Kepferle said, it would decrease housing provided for the middle class. Second, the initiative contradicts inclusionary housing ideals by concentrating future affordable housing in individual developments rather than spreading them out in market-rate developments. Third, Kepferle noted the initiative discriminates against affordable housing developers by destroying their eligibility for grants and other economic incentives that come when they collaborate with for-profit developers.

Builder Scott Schilling, whose South Valley Developers contributed \$10,000 to the committee, defended the initiative, saying it will save the developers during trying economic times.

South Valley Developers partnered with South County Housing to build Madrone Plaza, a community of 229 homes at Butterfield Boulevard and Cochrane Road. Schilling said that this type of project would still be an option under the initiative.

CITIZENS FOR A BALANCED COMMUNITY CAMPAIGN CONTRIBUTIONS	
■ Total contributions, Jan. 1 - June 30:	\$76,815
■ Morgan Hill Associates, LLC:	\$26,000
■ Dividend Homes Inc., et al:	\$23,105.95
■ Alicante:	\$13,105.95
■ South Valley Developers:	\$10,000
■ Monterey Dynasty, LLC:	\$10,000
■ Glenrock Builders:	\$5,497.15
■ Cherry Lane Associates, LLC:	\$211.90

*Source: Recipient Committee Campaign Statement*

Schilling said his portion of Madrone Plaza, 134 upscale townhomes, are affordable by design. He said they're smaller units, in a higher density block of town, so they go for less. And with the current downturn in housing, they'll sell at close to the median home price that below-market-rate homes go for, without the selling restrictions that anchor homeowners who buy affordable housing.

When asked why developers are seeking a permanent solution to a temporary situation, Schilling said initiative proponents only want the city to provide its "fair share" of affordable housing - no more, no less.

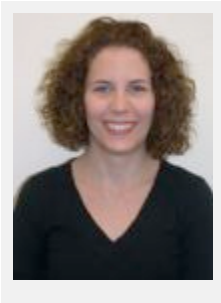
"About half of us won't be here in another year or 18 months if this continues," Schilling said, adding that the high cost of construction thanks to soaring fuel prices coupled with falling home prices have devastated the homebuilding industry.

The Citizens have collected more than \$76,000 from Glenrock Builders, Alicante, Dividend Homes, Lupine Investors, Mission Ranch and South Valley Developers as well as unknown limited liability companies, Morgan Hill Associates, Lupine Investors, Monterey Dynasty and Cherry Lane Associates.

The group spent about \$43,000 on circulating the petition to put the measure on the ballot. Tulare-based Olson Consulting collected 2,885 signatures in three weeks - more than half the amount needed to qualify.

Kepferle is the latest affordable housing advocate to speak out against the initiative, joining Nonprofit Housing Association of Northern California Executive Director Dianne Spaulding and California Department of Housing and Community Development Deputy Director Cathy Creswell in saying the initiative goes against state law. Spaulding also said initiative proponents are playing on commonly held fears about crime and school test scores to gain favor for their cause.

The initiative would rewrite significant portions of Measure C, the voter-passed growth control system. Kepferle said ironically, it is Measure C that has made local developers rich, because growth control keeps the projects small, and big national development companies aren't as enticed to join the annual building competitions for small projects.



**Natalie Everett**

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