

Dear City Council Members,

I am writing to express my profound concerns surrounding the sudden proposed changes to our City's affordable housing parameters and to request that the council act circumspectly and responsibly to defer final action until the proposed changes are carefully and properly evaluated and understood.

I urge you to consider the following key reasons for a modest postponement:

- 1) Current program requirements are barely eight months old: Our City has never updated these requirements more frequently than annually. In fact, in the past, several years have passed between program updates. Making changes so soon after the parameters adopted in October of 2023 would violate this established pattern without justification or demonstrable purpose.
- 2) Insufficient empirical evidence: The data inputs supporting the proposed changes appear to be based on random or arbitrary anecdotal information obtained from unidentified sources rather than verifiable statistics and other facts reported by universally respected sources. Adopting significant changes without solid evidence and reliable support would threaten to destabilize Watsonville's affordable housing market, and even more disturbingly, would inadvertently undercut Watsonville's critical need for a steady and predictable expansion of the City's supply of affordable housing for years—if not decades—into the future.
- 3) Lack of transparency and stakeholder engagement: The public, including those constituencies directly impacted by the City's affordable housing program, have not yet been given a meaningful opportunity to provide input.
- 4) Impact on all stakeholders: The changes you eventually adopt will certainly extend well beyond housing developers like me. By way of illustration, current program residents' resale prospects (and the financial condition of their respective households) would be severely affected by precipitously adopting erroneous and artificially restrictive program requirements. Furthermore, the spillover effect of such a punitive treatment of current program participants would disappoint prospective program beneficiaries who are patiently awaiting the chance to purchase through the affordable program as their only practical pathway to home ownership. In sum, the dual phenomena of chilling the resale market for current program participants and creating outsized obstacles for housing developers otherwise qualified to supplement the affordable housing inventory (as addressed in Paragraph 5 below) would be a pernicious combination.
- 5) Barriers to essential capital and other critical resources in a highly-competitive global financial markets: As you may know, I am actively engaged as a conduit for arranging and structuring capitalization and other crucial resources essential to the construction of housing projects in Watsonville and elsewhere now and over the intermediate and long term. As such, I am proud to say that I have always been a zealous advocate for Watsonville-based

projects. From that vantage point, I am constantly focused on touting Watsonville's attractiveness to the global investment networks. Speaking candidly and forthrightly, over more than a decade committed to housing projects in Watsonville and elsewhere, I have never until now encountered such a major challenge to Watsonville's hard-won reputation as a "being open for business." Frankly, I worry that if the proposed changes to the affordable housing program are precipitously rushed through without careful attention, the omnipresent law of unintended consequences will cause Watsonville to be bypassed by developers (unavoidably and sadly including my own organization) in the future inasmuch as Watsonville projects will be disfavored when contrasted with viable opportunities elsewhere.

On a constructive note, the benefits of tapping the outweighs versus punching the accelerator in the context of the newly proposed changes significantly outweigh the potential drawbacks. By simply pausing to engage in a thorough and collaborative review process, Watsonville stands to secure and protect an effective affordable housing supply. On the other hand, the potential consequences of hastily implementing poorly informed changes will negatively impact not only housing developers like me but also current program residents, prospective program participants, and the Watsonville community at large. Given Watsonville's dire demand for housing coupled with the asymmetry of the associated risks and rewards, I submit that the City is called upon to follow a cautious and measured approach to the proposed changes, where the rule of "look before you leap" is particularly fitting.

If you concur that a modest postponement is in order, I propose that the City take maximal advantage of the resulting window of opportunity. During the interim, wouldn't it be advisable for the City to form an *ad hoc* taskforce drawn from a cross-section of stakeholders, including representatives from City Hall, housing developers (whether non-profit and for-profit), current and prospective homeowners within the affordable program, real estate and mortgage professionals, and any number of other constituencies and community advocacy groups? It seems the key to success is to promote and ensure a transparent, data-driven process that respects the concerns of all stakeholders and targets a balanced and positive outcome for Watsonville and its residents.

Thank you for your time and consideration, which I earnestly appreciate.

Sincerely,



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