TOWN OF LOS GATOS
PLANNING COMMISSION
REPORT

MEETING DATE: 11/12/2026

ITEM NO: 4

DATE: November 6, 2026

TO: Planning Commission

FROM: Joel Paulson, Community Development Director

SUBJECT: Forward a Recommendation to the Town Council on an Ordinance Amending Chapter 29 (Zoning Regulations) of the Town Code Regarding Prohibited Uses, Definitions, and Appeals for Data Centers. The Proposed Amendments are Not Subject to CEQA Review Pursuant to CEQA, Section 15061 (b)(3), Because it can be Seen with Certainty that they will not Significantly Affect the Physical Environment in that they Add Data Centers to the List of Prohibited Uses and Make Minor Changes to Prohibited Uses, Definitions, and Appeals. Town Code Amendment Application A-26-007. **Project Location: Town Wide**. Applicant: Town of Los Gatos.

RECOMMENDATION:

Forward a recommendation to the Town Council on amendments to Chapter 29 (Zoning Regulations) of the Town Code regarding prohibited uses, definitions, appeals for data centers.

CEQA:

The proposed amendments are not subject to CEQA review, pursuant to CEQA Section 15061(b)(3), because it can be seen with certainty that they will not significantly affect the physical environment in that they add a use, data centers, to the list of prohibited uses and make minor changes to definitions and appeals.

FINDINGS:

- The proposed amendments are not subject to CEQA review pursuant to the adopted Guidelines for the Implementation of the California Environmental Quality Act, Section 15061(b)(3); and
- The amendments to Chapter 29 of the Town Code are consistent with the General Plan, including but not limited to the following Goals: LU-1, LU-4, LU-6, CD-1, CD-2, PFS-6, PFS-7,

PREPARED BY: Sean Mullin, AICP
Planning Manager

Reviewed by: Community Development Director, and Town Attorney

ENV-8, ENV-11 and ENV-18.

BACKGROUND:

Data centers have operated in California for many years, supporting the demands of the online ecosystem. The recent and rapid rise of artificial intelligence (AI) development over the past five years has dramatically accelerated demand for new and larger data centers to train and support AI. This trend is expected to continue throughout the decade. As data center development expands, so does the associated energy demand, contributing to higher electricity consumption, increased carbon emissions, greater water usage, and elevated public health costs linked to air pollution.

Development of large-scale data centers would negatively impact the small-town residential character and suburban roots of the Town. To mitigate the impacts resulting from a land use incompatible with others within the Town, staff has prepared a draft Ordinance that would prohibit data centers within the Town's boundaries.

DISCUSSION:

Town Code Section 29.10.045 (b) prohibits specified uses in the Town. To better maintain community character and resource stewardship, the proposed amendments would identify dedicated data centers as a distinct land use prohibited in every zoning district, while preserving the legality of ordinary computing equipment and technology work that is accessory and subordinate to another authorized principal activity. Specifically, the draft Ordinance included as Exhibit 2 would do the following:

- Add data centers as a prohibited use in Section 29.10.245;
- Define data centers in Section 29.10.020;
- Revise the definition of office activities in Section 29.10.020 to exclude data centers; and
- Amend section 29.20.255 to allow an appeal of the Planning Director's classification.

Exhibit 3 includes a strikethrough and underline version of the affected sections of the Town Code.

PUBLIC COMMENTS:

Staff conducted outreach through the following media and social media resources, as well as direct communication with stakeholders as summarized below:

- The Town's website home page, What's New;
- The Town's Facebook page;
- The Town's Twitter account;
- The Town's Instagram account;

- The Town's NextDoor page; and
- Direct email communication to local architects and designers.

At the time this report was published, no public comments were received.

ENVIRONMENTAL ASSESSMENT:

The proposed amendments are not subject to CEQA review, pursuant to CEQA Section 15061(b)(3), because it can be seen with certainty that they will not significantly affect the physical environment in that they add a use, data centers, to the list of prohibited uses and make minor changes to definitions and appeals.

CONCLUSION:

A. Summary

The draft Ordinance makes changes to the definitions and appeals sections, and adds data centers to the list of prohibited uses in Chapter 29 (Zoning Ordinance).

B. Recommendation

Staff recommends that the Planning Commission review the information included in the staff report and forward a recommendation to the Town Council for approval of the amendments to Chapter 29 of the Town Code in the draft Ordinance (Exhibit 2). The Planning Commission should also include any comments or recommended changes to the draft Ordinance in taking the following actions:

1. Make the finding that the proposed amendments are not subject to CEQA pursuant to CEQA, Section 15061(b)(3), because it can be seen with certainty that they will not significantly affect the physical environment in that they add data centers to the list of prohibited uses and make minor changes to definitions and appeals (Exhibit 1);
2. Make the required finding that the amendments to Chapter 29 of the Town Code in the draft Ordinance are consistent with the General Plan (Exhibit 1); and
3. Forward a recommendation to the Town Council for approval of the amendments to Chapter 29 of the Town Code in the draft Ordinance (Exhibit 2).

C. Alternatives

Alternatively, the Commission can:

1. Forward a recommendation to the Town Council for approval of the draft Ordinance with modifications; or
2. Continue the matter to a date certain with specific direction.

EXHIBITS:

1. Required Findings
2. Draft Ordinance
3. Town Code sections in track changes
4. An Assessment of California Data Centers' Environmental and Public Health Impacts, UC Riverside, Next 10, Nov 2025