



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 10/07/2025

ITEM NO: 11

DATE: October 2, 2025

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Introduce an Ordinance Amending Planned Development Ordinance 2025 to Allow Modifications to Building E; Adopt a Resolution Approving an Architecture and Site Application for Exterior Modifications to an Existing Commercial Building in the University/Edelen Historic District, and a Conditional Use Permit for Formula Retail Over 10,000 Square Feet and for a Restaurant with Alcohol Service on Property Zoned C-2:LHP:PD. Located at 31 University Avenue. APN 529-02-044. Planned Development Modification Application PD-25-001, Architecture and Site Application S-25-004, and Conditional Use Permit Application U-25-001. Categorically Exempt Pursuant to CEQA Guidelines Section 15301: Existing Facilities. Property Owner: SRI Old Town, LLC. Applicant: Rick Nelson, MBH Architects. Project Planner: Erin Walters.**
Ordinance Title: An Ordinance of the Town Council of the Town of Los Gatos Amending Planned Development Ordinance 2025 to Allow Modifications to Building E at 50 University Avenue (Old Town Center).

RECOMMENDATION: Accept the Planning Commission's recommendation and introduce a an ordinance modifying Planned Development Ordinance 2025 to allow modifications to Building E, and adopt a Resolution approving the Architecture and Site application for exterior modifications to an existing commercial building in the University/Edelen Historic District, and the Conditional Use Permit application for formula retail over 10,000 square feet and for a restaurant with alcohol service on property zoned C-2:LHP:PD, located at 31 University Avenue.

PREPARED BY: Erin M. Walters
Senior Planner

Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, Community Development Director, and Finance Director

FISCAL IMPACT:

There is no fiscal impact associated with this action. Approving the Architecture and Site, and Conditional Use Permit (CUP) applications and modifying a Planned Development Ordinance does not in itself result in an impact on the Town's budget.

STRATEGIC PRIORITY:

The proposed project aligns with the adopted Core Goal of **Community Character** and the Strategic Priority to foster the economic vitality of businesses in Town.

BACKGROUND:

The subject property is located on the west side of University Avenue at the intersection of Elm Street and University Avenue (Attachment 4, Exhibit 1). The subject of this application is one of the Old Town commercial center buildings, referred to as Building E, in the adopted Planned Development (PD) Ordinance 2025 (Attachment 4, Exhibit 3). Building E consists of a 15,957-square-foot vacant tenant space, which was previously demised into two separate units:

- A 7,233-square-foot restaurant space formerly occupied by Steamer's restaurant.
- An 8,724-square-foot retail space formerly occupied by The Gap, a clothing retail store.

In December 1996, the Town Council adopted PD Ordinance 2025, amending the zoning ordinance effecting a zone change from C-2:LHP to C-2:LHP:PD at 50 University Avenue, Old Town commercial center (Attachment 4, Exhibit 3). PD Ordinance 2025 authorized the redevelopment of Old Town, including the construction of several new buildings, among them Building E. The construction of Building E was completed in 1999.

In January 2023, the clothing retail store, The Gap, ceased operations, and the restaurant, Steamer's, closed in December 2024. Both tenant spaces in Building E have remained vacant since their respective closures.

In January 2025, the applicant, applied for a modification to the existing PD Ordinance to allow modifications to Building E, an Architecture and Site application for exterior modifications to the existing commercial building, and a CUP for a formula retail use over 10,000 square feet with a restaurant use with alcohol service.

The Town Council serves as the final decision-making body for the PD Amendment, Architecture and Site, and CUP applications. The applicant has provided a Project Description and Letter of Justification (Attachment 4, Exhibit 15), and proposed Development Plans (Attachment 4, Exhibit 20).

DISCUSSION:

A. Project Summary:

The applicant is requesting approval for a modification to the existing PD Ordinance to allow modifications to Building E, an Architecture and Site application for exterior modifications to the existing commercial building, and a CUP for a formula retail use over 10,000 square feet with a restaurant with alcohol service in an existing tenant space. The proposed project occupies existing tenant spaces, and no additional square footage is proposed.

When reviewing a CUP, the deciding body should consider the information in the applicant's business plan; however, the key consideration should be the proposed use since the business plan can change from owner to owner. The CUP runs with the land, and the deciding body should review the application based on the use described in the recommended Conditions of Approval (Attachment 3, Exhibit B) as opposed to the applicant's business plan.

Full discussion and analysis of the project is provided in the August 27, 2025, Planning Commission Staff Report, included as Attachment 4.

B. Historic Preservation Committee:

The Old Town Commercial Center is located within the University-Edelen Historic District, and any exterior modifications to buildings within the district are subject to review by the Historic Preservation Committee (HPC).

On February 26, 2025, the HPC reviewed the proposed exterior modifications to Building E, continued the item for further consideration, and provided feedback to the applicant's team (Attachment 4, Exhibits 7, 8, 9, and 10).

On March 26, 2025, the HPC reconsidered the item and forwarded a recommendation of denial to the Planning Commission, as they were not able to make the findings for approving applications in historic districts (Attachment 4, Exhibits 11, 12, 13, and 14). HPC's review does not include consideration of the CUP application as that is outside of their purview.

C. Planning Commission:

On August 27, 2025, the Planning Commission received the staff report, addendum, desk item, the applicant's presentation, and public comments on the proposed project (Attachments 4 through 6).

After further review of the project, staff revised their recommendation to the Planning Commission from denial to approval of the CUP component of the project while forwarding the HPC's recommendation of denial of the PD Amendment and Architecture and Site components.

The Planning Commission voted to forward a recommendation to the Council to approve the project.

PUBLIC COMMENTS:

Consistent with the Town's Height Pole, Flagging, Netting, and Signage Policy, a project sign was installed on the site on September 17, 2025. Additionally, notice cards for the Town Council meeting were mailed to all property owners and residents within 300 feet, a legal advertisement was published in the newspaper, and meeting agendas were posted at Town Hall and the Library.

Public comments received between 11:01 a.m., Wednesday, August 27, 2025, and 11:00 a.m., Thursday, October 2, 2025, are included as Attachment 8.

CONCLUSION:

Staff recommends introducing an ordinance amending the existing PD Ordinance 2025 to allow modifications to Building E, and an Architecture and Site application for exterior modifications to the existing one-story commercial building located in the Old Town commercial center within the University-Edelen Historic District. In addition, the applicant requests approval of a CUP application to allow for formula retail use over 10,000 square feet (home furnishings store) with a restaurant use with alcohol service in the C-2:LHP:PD zone.

As detailed above, on March 26, 2025, the HPC reviewed the proposed exterior modifications and forwarded a recommendation of denial to the Planning Commission, as they were not able to make the findings for approving applications in historic districts. On August 27, 2025, the Planning Commission forwarded a recommendation of approval of the project to the Town Council.

RECOMMENDATION:

Staff recommends that the Town Council take the following actions:

1. Introduce an ordinance effecting the zone change (Attachment 1);
2. Adopt the resolution making the required findings and considerations to approve the Architecture and Site and Conditional Use Permit applications (Attachment 3); and
3. Approve Planned Development application PD-25-001 to introduce the Planned Development Ordinance (Attachment 1); approve Architecture and Site application S-

25-004 and Conditional Use Permit application U-25-001 inclusive of the recommended Conditions of Approval included as Exhibits A and B of Attachment 3, and the development plans included as Exhibit 20 of Attachment 4.

ALTERNATIVES:

Alternatively, the Council can:

1. Approve the applications with additional and/or modified conditions; or
2. Continue the matter to a date certain with specific direction; or
3. Deny the applications and make the required findings for denial.

COORDINATION:

This report was coordinated with the offices of the Town Manager and Town Attorney.

ENVIRONMENTAL ASSESSMENT:

This is a project as defined under CEQA, but is Categorically Exempt, Section 15301: Existing Facilities. No significant effect on the environment will occur since the project uses an existing structure with no increase in floor area. A Notice of Exemption will not be filed.

ATTACHMENTS:

1. Draft Planned Development Ordinance (Clean)
2. Draft Planned Development Ordinance (Redline)
3. Draft Resolution making the required findings and approving the applications subject to the Conditions of Approval (included as Exhibit A and Exhibit B)
4. August 27, 2025, Planning Commission Staff Report, with Exhibits 1 through 21
5. August 27, 2025, Planning Commission Addendum, with Exhibit 22
6. August 27, 2025, Planning Commission Desk Item, with Exhibit 23
7. August 27, 2025, Planning Commission Verbatim Minutes
8. Public comments received between 11:01 a.m., Wednesday, August 27, 2025, and 11:00 a.m., Thursday, October 2, 2025

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