



**TOWN OF LOS GATOS
PLANNING COMMISSION
REPORT**

MEETING DATE: 11/29/2023

ITEM NO: 1

DATE: November 22, 2023
TO: Planning Commission
FROM: Joel Paulson, Community Development Director
SUBJECT: Consider and Make a Recommendation to the Town Council on the Draft Revised 2023-2031 Housing Element. Location: Town-Wide. General Plan Amendment Application GP-22-003.

RECOMMENDATION:

Consider the Draft Revised 2023-2031 Housing Element (November 2023) and adopt a resolution recommending adoption by the Town Council.

EXECUTIVE SUMMARY:

The Town of Los Gatos has prepared a revised update to the Housing Element of the General Plan to affirmatively further fair housing and accommodate the 1,993-unit Regional Housing Needs Allocation (RHNA) for the 2023-2031 Housing Element cycle. The content of the Draft Revised 2023-2031 Housing Element is structured for further consistency with the requirements set forth in State law. In addition to responding to requirements of State law, the Housing Element also demonstrates the Town of Los Gatos' strategy to meet the Town's locally determined housing needs, and that these needs are addressed through policies and programs outlined within the Housing Element. Public review and input have been a critical component of this 6th cycle Housing Element update. A copy of the Draft Revised 2023-2031 Housing Element (November 2023) is available on the Town's Housing Element website: www.logatosca.gov/HousingElement.

BACKGROUND:

On October 2, 2023, after the seven-day review period, the Town submitted the Draft Revised Housing Element (September 2023), in response to the May 30, 2023, California Department of Housing and Community Development (HCD) findings/comment letter to HCD for review. The

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Associate Planners

Reviewed by: Planning Manager, Community Development Director, and Town Attorney

BACKGROUND:

documents submitted to HCD can be viewed on the Housing Element update website at:

www.losgatosca.gov/HousingElement.

On November 7, 2023, staff and the consultant met with the Town's HCD reviewer, received preliminary feedback, and was subsequently provided with a Draft Preliminary Review Matrix on the Draft Revised Housing Element submitted to HCD on October 2, 2023.

On November 15, 2023, the Planning Commission reviewed HCD's preliminary comments and staff's responses, asked questions of staff and the Housing Element consultant, received verbal public comment, and continued the item to a date certain of November 29, 2023, for a special meeting to continue the public hearing for any additional public comment, deliberation, and a recommendation.

On November 16, 2023, the Draft Revised Housing Element (November 2023) with modifications in response to HCD's Draft Preliminary Review Matrix received by the Town on November 7, 2023, was made available to the public for a seven-day review as required by Assembly Bill 215. Written comments on the document can be submitted through November 27, 2023, by 4:00 p.m. HCD requires that a track change copy and a clean copy of the document be available for viewing during the seven-day review period (available at: www.losgatosca.gov/housingelement). In addition, an email was sent to all individuals and organizations that previously requested notice relating to the Town's Housing Element Update.

The primary purpose of this agenda item is to provide a written recommendation to Town Council on whether to adopt the Draft Revised Housing Element (November 2023) with modifications in response to HCD's Draft Preliminary Review Matrix received by the Town on November 7, 2023 (Exhibit 2). A draft resolution will be provided in a future Addendum Report for the November 29, 2023, Planning Commission meeting.

DISCUSSION:

A comprehensive list of the modifications made to the Draft Revised Housing Element, based on the HCD Draft Preliminary Review Matrix provided on November 7, 2023, is provided in Exhibit 3. The following sections illustrate the more substantial modifications made to the document.

A. Affirmatively Furthering Fair Housing (AFFH)

Appendix A of the Draft Revised Housing Element (November 2023) was modified in yellow highlight to include additional maps and analysis to analyze available data comparing the

DISCUSSION (continued):

Town to the region on issues such as integration and segregation, disparities in access to opportunity, and disproportionate housing needs.

B. Implementation Programs

The Implementation Programs in Section 10.6 of Chapter 10 of the Draft Revised Housing Element (November 2023) were modified in yellow highlight to reflect modified metrics, timelines, and suggested language as detailed in the HCD Draft Preliminary Review Matrix (Exhibit 3).

C. Sites Inventory and Regional Housing Needs Allocation (RHNA) Credits/Surplus

The following modifications have been made in yellow highlight to the Sites Inventory and Appendix D of the Draft Revised Housing Element (November 2023):

1. The removal of site A-2 (101 South Santa Cruz Avenue). Site A-2 had a minimum capacity of 16 units that were allocated towards fulfilling the above moderate-income category of the Town's RHNA. On November 7, 2023, the Town Council introduced an ordinance to amend the Chapter 29 of the Town Code to replace the Affordable Housing Overlay Zone with the Housing Element Overlay Zone (HEOZ), as detailed in Implementation Program AQ of the Draft Revised Housing Element (November 2023). At the same Town Council meeting, the Town Council continued the item of applying the HEOZ to the property located at 101 South Santa Cruz Avenue (site A-2) to a time in which there was more certainty that it will be needed in order to certify the Housing Element. In order to receive certification of the Housing Element from HCD in an expeditious manner, staff has removed site A-2 from the Sites Inventory, as HCD will not certify a Housing Element until all rezonings have been completed.
2. The removal of 96 Senate Bill 9 (SB 9) units that were allocated towards fulfilling the above moderate-income category of the Town's RHNA. Due to the request by HCD in the Draft Preliminary Review Matrix to provide a specific sites analysis for SB 9, as well as a nonvacant sites analysis demonstrating the likelihood of redevelopment, and in order to receive certification of the Housing Element from HCD in an expeditious manner, staff has removed the projection of 96 SB 9 units from the Housing Element. Opportunities for the Town to monitor, promote, and incentivize SB 9 projects are still made available through Implementation Programs AO and AV of the Draft Revised Housing Element (November 2023). Additionally, housing units created through SB 9 are still able to be credited towards fulfilling the Town's RHNA.
3. The RHNA planning period for the Association of Bay Area Governments (ABAG) region started on June 30, 2022. Housing units that were finalized, permitted, or approved after this date, or were under construction as of June 30, 2022, up to January 31, 2023, can

DISCUSSION (continued):

be credited toward the RHNA. The number of units that can be credited towards the RHNA was reduced from 250 to 25, as staff confirmed that 225 of the 250 units had previously been reported to the California Department of Finance.

4. The Sites Inventory has been revised to reflect the adjusted RHNA credits for housing units that were finalized, permitted, or approved after this date, or were under construction as of June 30, 2022; Accessory Dwelling Units (ADU) projections; and Pipeline Projects that amount to 416 units. The remaining RHNA that needs to be accommodated by the Sites Inventory is 1,577 units, as shown in yellow highlight in Table 10-3 and Table D-2 of the Draft Revised Housing Element (November 2023) and provided below. The Sites Inventory now accommodates a net capacity of approximately 1,955 units, a surplus of approximately 24 percent above the remaining RHNA of 1,577 units, which would equal a capacity of approximately 378 additional units. These sites, in addition to ADU Projections, and Pipeline Projects have a total, net capacity of 2,371 units.

Table 10-3 RHNA Credits and Sites Strategies

RHNA Credit	Affordability Credit				
	Very Low-Income	Low-Income	Moderate-Income	Above-Moderate Income	Total
Entitled/Permitted/Under Construction/Finalized (June 30, 2022, to January 31, 2023)					
- Single-Family Units and Housing Projects	0	0	0	2	2
- ADUs	0	3	11	9	23
Pipeline Projects	0	1	0	190	191
Projected ADUs (1/1/2023-1/31/2031)	60	60	60	20	200
Total	60	64	71	221	416
RHNA	537	310	320	826	1,993
Remaining RHNA	477	246	249	605	1,577
Housing Element Overlay Zone (HEOZ) Sites	634	357	340	624	1,955
Owner Interest/Conceptual Development Plans	480	283	264	304	1,331
Additional Sites	154	74	76	320	624
Surplus above Remaining RHNA	157	111	91	19	378
% Surplus	33%	45%	37%	3%	24%

Source: Town of Los Gatos 6th Cycle 2023-2031 Housing Element (November 2023)

DISCUSSION (continued):

Next Steps

As required by Assembly Bill 215, the Draft Revised Housing Element (November 2023) has been made available to the public for a seven-day review period prior to the interim resubmittal to HCD. The seven-day public review period will run from November 17, 2023, until 4:00 p.m. on November 27, 2023. The Town expects to receive its comment letter from HCD on the Draft Revised Housing Element (November 2023) by December 1, 2023.

The Planning Commission's recommendation on the adoption of the Draft Revised Housing Element is tentatively scheduled for consideration by the Town Council on December 19, 2023. Should the Town Council adopt the Draft Revised Housing Element, the Town must post the revision on its website and email a link to all individuals and organizations that have previously requested notices relating to the Town's Housing Element for at least seven days prior to submitting the Draft Revised Housing Element to HCD.

Based on HCD's review, to be completed by December 1, 2023, it is possible that additional revisions may be needed before HCD would certify the Housing Element. This means that additional Planning Commission and Town Council hearings for adoption of a revised Housing Element may need to be conducted.

ENVIRONMENTAL ASSESSMENT:

An Environmental Analysis was prepared for the Housing Element update. All potentially significant effects have been analyzed adequately in the Town of Los Gatos 2040 General Plan Environmental Impact Report (EIR), pursuant to applicable standards including CEQA Guidelines Section 15168(c)2, because the Housing Element update is consistent with the growth projections evaluated in the General Plan EIR.

PUBLIC COMMENTS:

Public comments received between 11:01 a.m., Wednesday, November 15, 2023, and 11:00 a.m., Wednesday, November 22, 2023, are included as Exhibit 4.

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SUBJECT: DRAFT REVISED 2023-2031 HOUSING ELEMENT/GP-22-003

DATE: November 22, 2023

CONCLUSION:

A. Recommendation

Staff recommends that the Planning Commission:

1. Receive and consider public comments;
2. Consider the Draft Revised Housing Element (November 2023) (Exhibit 2), and the Environmental Analysis (Exhibit 1); and
3. Adopt a resolution forwarding a recommendation to the Town Council to adopt the Draft Revised Housing Element (November 2023) (Exhibit 2).

EXHIBITS:

Previously received (available online at: www.losgatosca.gov/HousingElement):

1. Environmental Analysis
2. Draft Revised 2023-2031 Housing Element (November 2023)
3. Response Memorandum to the HCD Draft Preliminary Review Matrix

Received with this Staff Report:

4. Public Comment received between 11:01 a.m., Wednesday, November 15, 2023, and 11:00 a.m., Wednesday, November 22, 2023