



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 11/05/2019

ITEM NO: 8

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DATE: October 22, 2019  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Adopt a Resolution to Authorize the Application for and Receipt of Planning Grants Program Funds

**RECOMMENDATION:**

Adopt a resolution (Attachment 3) to authorize application for and receipt of Planning Grants Program funds, including execution of an agreement with the California Department of Housing and Community Development by the Town Manager.

**BACKGROUND:**

In 2017, Governor Brown signed a [15-bill housing package](#) aimed at addressing the State's housing shortage and high housing costs. Specifically, it included the [Building Homes and Jobs Act](#) (SB 2) which established a \$75 recording fee on real estate documents to provide a permanent source of funding intended to increase the supply of affordable homes in California.

The legislation directs the Department of Housing and Community Development (HCD) to use 50 percent of the first year's revenue (January through December 2018) to establish a non-competitive Planning Grants Program (PGP) that provides financial and technical assistance to local governments to update planning documents and land-use ordinances. A maximum award amount of \$160,000 is available for localities with a population of less than 60,000 people.

Eligible local governments (cities and counties) must: have an HCD-compliant Housing Element, have submitted a recent Housing Element Annual Progress report, and demonstrate that the local government's actions are consistent with established State Planning Priorities. The Town is in compliance with these requirements.

**PREPARED BY:** Sally Zarnowitz, AIA, LEED AP  
Planning Manager

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

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BACKGROUND (continued):

To qualify for funding, localities must also demonstrate a nexus of proposed activities to accelerating housing production. However, activities that fall into at least one of six Priority Policy Areas identified by HCD are automatically deemed to demonstrate a nexus to accelerating housing production, without requiring any further documentation by the local government.

On September 24, 2019, the Town Council Policy Committee discussed the merits of an application and potential planning activities which could fall into at least one Priority Policy Area. Attachment 1 contains the Policy Committee staff report with the HCD Notice of Funding Availability (NOFA) for the PGP.

The Committee noted that while the Town is considering goals, policies, and future action items through its General Plan update process, the PGP funds could be utilized for consultant services to assist in completing current action items in the adopted 2015-2023 Housing Element of the General Plan. Following further discussion, this was the Committee's recommendation (see Attachment 2 for the Policy Committee minutes).

DISCUSSION:

Housing Element Action item HOU-2.4 includes amending the Town Code to add by right development findings for affordable housing applications that meet objective standards, as follows:

Action HOU-2.4      **By Right Findings:** For multiple family residential development within the North 40 and the Southbay AHOZ site subject to by right development, the Town will amend the Town Code to add by right development findings that, among other items, state that if a project meets the objective review criteria contained in the AHOZ Design Guidelines or North 40 Specific Plan design guidelines the deciding body will approve the affordable housing proposal.

The Planning Grants application would request funds to hire a planning consultant to determine amendments to the Town Code to add by right development findings and developing objective standards for development applications. A consultant would be selected after a Request for Qualifications (RFQ) process and the Council would approve the award of the consultant contract at a future date.

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CONCLUSION:

Approval of this item would allow Town staff to submit an application for the non-competitive PGP funds in the amount of \$160,000 by November 30, 2019, with the intent of receiving funds to be used to develop by right findings and objective standards.

COORDINATION:

The preparation of this report was coordinated with the Finance Department and the Town Manager's Office.

FISCAL IMPACT:

The receipt of PGP funds would facilitate the completion of an important Housing Element Action Item. Once received, the funds will be added to the Town's budget and acknowledged at the Mid-Year Budget Review.

ENVIRONMENTAL ASSESSMENT:

The project is Categorical Exempt pursuant to the adopted Guidelines for the Implementation of the California Environmental Quality Act, Section 15061(b)(3), in that it can be seen with certainty that there is no possibility that the proposed amendments to the Town Code will have a significant effect on the environment.

Attachments:

1. September 24, 2019 Town Council Policy Committee Staff Report with Attachment 1
2. September 24, 2019 Town Council Policy Committee Minutes
3. Draft Resolution