



**TOWN OF LOS GATOS
PLANNING COMMISSION
REPORT**

MEETING DATE: 08/23/2023

ITEM NO: 4

DATE: August 18, 2023
TO: Planning Commission
FROM: Joel Paulson, Community Development Director
SUBJECT: Forward a Recommendation to the Town Council for a Request to Amend the General Plan to Include a Description of the Housing Element Overlay Zone and Amend the Town Code to Modify the Affordable Housing Overlay Zone Division 5 of Article VIII Overlay Zones and Historic Preservation to be the Housing Element Overlay Zone as Division 5 of Article VIII Overlay Zones and Historic Preservation. An Environmental Impact Report (EIR) was prepared and certified for the 2040 General Plan Update on June 30, 2022, which included the proposed General Plan Amendments. No Further Environmental Analysis is Required. Zoning Code Amendment Application Z-23-002 and General Plan Amendment Application GP-23-002. **Project Location: Town Wide.** Applicant: Town of Los Gatos.

RECOMMENDATION:

Forward a recommendation of approval to the Town Council for the following items:

1. Amend the 2020 General Plan Land Use Element to include a description of the Housing Element Overlay Zone (HEOZ); and
2. Amend the Town Code to modify the Affordable Housing Overlay Zone (AHOZ) of Division 5, Article VIII Overlay Zones and Historic to be the HEOZ.

BACKGROUND:

The Town of Los Gatos is required to prepare an updated Housing Element for the period covering 2023-2031 that is certified by the State Housing Community Development Department (HCD). The Housing Element is one of nine State-mandated elements that must be included in every General Plan. The Housing Element assesses housing needs for all income groups within

PREPARED BY: Jocelyn Shoopman and Erin Walters
Associate Planner and Associate Planner

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

SUBJECT: General Plan Amendment and Housing Element Overlay Zone/Z-23-002 and GP-23-002

DATE: August 18, 2023

BACKGROUND (continued):

the community and identifies implementation programs to meet those housing needs. Unlike other General Plan elements, the Housing Element must be updated every eight years, rather than every 10 to 20 years, must address statutory requirements regarding its content, and is subject to mandatory review by HCD. The Town's Regional Housing Needs Allocation (RHNA) for the sixth cycle planning period is 1,993 units.

On January 30, 2023, the Town Council adopted the 2023-2031 Housing Element with modifications to the Sites Inventory, finding that it was in substantial compliance with State law. Two of the Implementation Programs contained in the Housing Element adopted by Town Council are the basis for the items under consideration and described in further detail below.

The Town continues to work with HCD to get the 2023-2031 Housing Element certified and resubmitted its latest version to HCD on March 31, 2023.

The Housing Element Advisory Board (HEAB) met on July 20, 2023, to review and discuss portions of the Town's interim working Draft Revised Housing Element addressing HCD's findings/comment letter received by the Town on May 30, 2023.

The most recent information on the status of the ongoing Housing Element update process can be viewed online at: <https://www.losgatosca.gov/HousingElement>.

DISCUSSION:

A. General Plan Committee

On July 20, 2023, at a special meeting, the General Plan Committee (GPC) reviewed the requests described below and recommended approval of the General Plan amendments to the Planning Commission and Town Council.

B. General Plan Land Use Designation

The 2023-2031 Housing Element includes Implementation Programs that involve rezoning of parcels within the Town to allow for modified development standards. The purpose of these modified development standards is to provide the development capacity required by State law and the Town's RHNA, as mentioned above.

SUBJECT: General Plan Amendment and Housing Element Overlay Zone/Z-23-002 and GP-23-002

DATE: August 18, 2023

DISCUSSION (continued):

- *Implementation Program BG, General Plan Amendment*

Amend the General Plan to modify the designation of 16492 Los Gatos Boulevard and Assessor Parcel Number (APN) 532-07-086 from Low Density Residential to Neighborhood Commercial, modify the designation of the Caltrans right-of-way from Low Density Residential to Medium Density Residential, and establish new maximum densities for the High Residential, Medium Density Residential, Low Density Residential, Mixed-Use, Neighborhood Commercial, and Central Business District land use designations to provide for the development of housing for the sites in the Site Inventory.

The first step in creating the new maximum densities referenced in Implementation Program BG, is the addition of the HEOZ and the associated development standards in the 2020 General Plan Land Use Element. In addition to density, those development standards will also include lot coverage, floor area, and height, as provided in Table LU-2 on the following page and included in Exhibit 2.

The Town has received public comments since the July 20, 2023, GPC meeting suggesting a future need to add sites to the Sites Inventory as a result of No Net Loss law. In response to these comments, staff is recommending the modifications shown in underlined text to Table LU-2, *HEOZ Development Standards* to ensure that standards are included for all land use designations. Given the requirements of No Net Loss law, the addition of sites to the Sites Inventory may be required in the future as sites on the current inventory are developed.

SUBJECT: General Plan Amendment and Housing Element Overlay Zone/Z-23-002 and GP-23-002

DATE: August 18, 2023

DISCUSSION (continued):

Table LU-2, HEOZ Development Standards

Designation	Standards
Low Density Residential	Density: 0 – 5 du/ac Lot Coverage: Up to 50% Max. Height: 30 feet
Medium Density Residential	Density: 14 – 22 du/ac Density in Very High Fire Hazard Severity Zones: 5 – 12 du/ac Lot Coverage: Up to 75% Max. Height: 35 feet
High Density Residential	Density: 30 – 40 du/ac Lot Coverage: Up to 75% Max. Height: 45 feet
Mixed-Use	Density: 30 – 40 du/ac FAR: Up to 3.0 Max. Height: 45 feet
Neighborhood Commercial	Density: 10 – 20 du/ac FAR: Up to 1.0 Max. Height: 35 feet
Central Business District	Density: 20 – 30 du/ac FAR: Up to 2.0 Max. Height: 45 feet
North Forty Specific Plan	As defined in Specific Plan
<u>Office Professional</u>	Density: 10 – 20 du/ac FAR: Up to 1.0 Max. Height: 35 feet
<u>Service Commercial</u>	Density: none FAR: Up to 1.0 Max. Height: 35 feet
<u>Light Industrial</u>	Density: none FAR: Up to 1.0 Max. Height: 35 feet

The General Plan modifications to 16492 Los Gatos Boulevard, APN 532-07-086, and the Caltrans right-of-way will be considered in a separate General Plan Amendment application, item 5 of tonight's Planning Commission agenda.

DISCUSSION (continued):

C. Zoning

The following Implementation Program is included in the Housing Element adopted by Town Council on January 30, 2023, and is presented below, as modified and presented in the July 2023 Interim Working Draft Revised Housing Element. This program proposes to amend the Zoning Code to comply with State Housing Element law:

- *Implementation Program BF, Zoning Code Amendments*

Amend the Zoning Code to comply with State law and ensure adequate sites are available to accommodate the identified sites in the Sites Inventory. These Code revisions include:

1. Amend the Zoning Code to include a HEOZ to apply to the sites included in the Sites Inventory and to modify the development standards (i.e., density, lot coverage, FAR, height) on those sites;
2. Amend the Affordable Housing Overlay Zone to increase the maximum allowable density from 20 dwelling units per acre to 40 dwelling units per acre;
3. Clarify the text of the non-residential zones regarding housing;
4. Rezone the Caltrans Right-of-Way – Site E3 from R:1:8 to R-M:14-22;
5. Amend the Accessory Dwelling Unit Ordinance; and
6. Amend the Density Bonus Ordinance.

In response to item #1 of Implementation Program BF, staff has drafted amendments to the Zoning Code to replace the AHOZ with the new HEOZ as Division 5, Article VIII Overlay Zones and Historic Preservation (Exhibit 3).

Due to changes to State law, many components of the AHOZ are no longer compliant with State law. Additionally, the AHOZ only applied to a single parcel in the Town, located at 110 Knowles Avenue. Therefore, staff expects to remove item #2 of Implementation Program BF. The application of the HEOZ to the remaining AHOZ parcel will provide greater flexibility in order to create more potential for the development of housing. All other components of Implementation Program BF will be completed at a later date. Application of the HEOZ to the sites in the Sites Inventory will be considered in a separate zoning amendment application, item 5 on tonight's Planning Commission agenda.

In response to public comments received since the July 20, 2023, GPC meeting regarding adding sites to the current Sites Inventory, staff is recommending the following

DISCUSSION (continued):

modifications shown in underlined text to Table 1A (HEOZ Development Standards), shown below to reflect the possibility of adding sites to the Sites Inventory in the future as sites on the current inventory are developed (Exhibit 3).

Table 1A (HEOZ Development Standards)

General Plan Land Use Designation	Zoning	Minimum Yards	Maximum Lot Coverage	Maximum Floor Area Ratio (FAR)	Maximum Height Limit (ft)	Density Units Per Acre
Low Density Residential	R-1	As authorized by Section 29.40.405	50%	N/A	30 feet	0-5
Medium Density Residential	R-1D, R-D, and R-M	As authorized by Section 29.40.405, 29.40.530, and 29.40.645	75%	N/A	35 feet	14-22 or 5-12 in Very High Fire Hazard Severity Zones
High Density Residential	R-M	As authorized by Section 29.40.645	75%	N/A	45 feet	30-40
Mixed-Use	CH	As authorized by Section 29.60.435	N/A	3.0	45 feet	30-40
Neighborhood Commercial	C-1	As authorized by Section 29.60.225	N/A	1.0	35 feet	10-20
Central Business District	C-2	As authorized by Section 29.60.335	N/A	2.0	45 feet	20-30
<u>North Forty Specific Plan</u>	<u>NF-SP</u>	<u>As defined in Specific Plan</u>	<u>As defined in Specific Plan</u>	<u>As defined in Specific Plan</u>	<u>As defined in Specific Plan</u>	<u>As defined in Specific Plan</u>
<u>Office Professional</u>	<u>O</u>	<u>As authorized by Section 29.60.100</u>	<u>N/A</u>	<u>1.0</u>	<u>35 feet</u>	<u>10-20</u>
<u>Service Commercial</u>	<u>LM</u>	<u>As authorized by Section 29.70.125</u>	<u>N/A</u>	<u>1.0</u>	<u>35 feet</u>	<u>none</u>
<u>Light Industrial</u>	<u>CM</u>	<u>As authorized by Section 29.70.235</u>	<u>N/A</u>	<u>1.0</u>	<u>35 feet</u>	<u>none</u>

PUBLIC COMMENTS:

Public notification has included a legal ad in the paper. The meeting has been publicized on the Town's website and through the Town's social media platforms. As of the drafting of this report, no comments from the public have been received.

CONCLUSION:

A. Summary

A request for approval of the following General Plan Amendment and Zone Changes:

1. Approval of a request to amend the 2020 General Plan Land Use Element to include a description of the Housing Element Overlay Zone; and
2. Approval of a request to amend the Town Code to modify the Affordable Housing Overlay Zone of Division 5, Article VIII Overlay Zones and Historic Preservation to be the Housing Element Overlay Zone.

B. Recommendation

Based on the analysis above, staff recommends that the Planning Commission consider the General Plan amendment and Zoning amendments and forward a recommendation for approval of the amendments to the Town Council. If the Planning Commission finds merit with the proposed amendments, it should:

1. Make the finding that no further environmental analysis is required (Exhibit 1);
2. Make the required finding that the General Plan amendments are internally consistent with the existing goals and policies of the General Plan and its elements, in that the amendments will provide for the development of housing for the sites in the Sites Inventory to comply with the Town's RHNA (Exhibit 1);
3. Make the required finding that the proposed amendments to the Zoning Code is consistent with the General Plan and its elements in that the Zoning Code amendment is consistent with the proposed General Plan Land Use elements (Exhibit 1); and
4. Forward a recommendation of approval of General Plan Amendment application GP-23-002 and Zone Change application Z-23-002 to the Town Council.

C. Alternatives

Alternatively, the Planning Commission can:

1. Continue the matter to a date certain with specific direction;
2. Provide a recommendation for denial to the Town Council providing findings for denial.

PAGE **8** of **8**

SUBJECT: General Plan Amendment and Housing Element Overlay Zone/Z-23-002 and GP-23-002

DATE: August 18, 2023

EXHIBITS:

1. Draft Findings
2. Draft General Plan Amendment
3. Draft Zoning Code Ordinance Amendments, Division 5. Housing Element Overlay Zone