



**TOWN OF LOS GATOS  
PLANNING COMMISSION  
REPORT**

MEETING DATE: 02/12/2025

ITEM NO: 2

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DATE: February 7, 2025

TO: General Plan Committee

FROM: Joel Paulson, Community Development Director

SUBJECT: Consider Forwarding a Recommendation to the Planning Commission to Amend the General Plan to Allow 100 Percent Affordable Housing Projects as a By-Right Use in the Mixed-Use Commercial General Plan Land Use Designation and Amend Chapter 29 (Zoning Regulations) of the Town Code to Add 100 Percent Affordable Housing Projects as a Permitted Use in the Restricted Commercial Highway (CH) Zone Pursuant to Implementation Program AB of the 2023-2031 Housing Element. Adoption of this Resolution and Ordinance are Exempt Pursuant to CEQA, Section 15061(b)(3) in that it Can be Seen with Certainty that they Will Not Impact the Environment. General Plan Amendment Application GP-24-004 and Zoning Code Amendment Application A-24-010. Project Location: Town Wide. Applicant: Town of Los Gatos. Project Planner: Ryan Safty.

**RECOMMENDATION:**

Consider forwarding a recommendation to the Planning Commission to amend the General Plan to allow 100 percent affordable housing projects as a by-right use in the Mixed-Use Commercial General Plan Land Use Designation and amend Chapter 29 (Zoning Regulations) of the Town Code to add 100 percent affordable housing projects as a permitted use in the Restricted Commercial Highway (CH) Zone pursuant to Implementation Program AB of the 2023-2031 Housing Element.

**CEQA:**

Adoption of this ordinance and resolution are exempt pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15061(b)(3), because it can be seen with certainty that they will not significantly affect the physical environment in that they allow affordable housing as a permitted use in the Mixed-Use Commercial General Plan Land Use Designation and CH zone and residential uses are already allowed in the Mixed-Use Commercial General Plan Land

**PREPARED BY:** Ryan Safty  
Associate Planner

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

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Use Designation with a mixed-use project and residential uses are already allowed with a Conditional Use Permit in the CH zone as a part of a mixed-use project.

BACKGROUND:

With certification of the 2023-2031 Housing Element, the Town committed to completing the Implementation Programs contained in the Housing Element. The Town is required to report the progress made on the Housing Element Implementation Programs to the California Department of Housing and Community Development (HCD) to demonstrate compliance with the Housing Element and maintain its certification. Implementation Program AB of the Housing Element requires amendments to the Mixed-Use Commercial Land Use Designation of the General Plan and the CH zone (Chapter 29 of Town Code) to allow for 100 percent affordable residential development in these areas without the need of a commercial component within the Mixed-Use General Plan Land Use Designation and CH zone (Attachment 1). Specifically, Implementation Program AB states the following:

- Amend the General Plan and the Municipal Code to allow for 100 percent affordable residential development without the requirement of commercial uses.

The role of the General Plan Committee (GPC) is to assist the Planning Commission and Town Council on matters relating to the General Plan or any specific plans. As a legislative item, the Planning Commission will make a recommendation to Town Council on the proposed amendments.

DISCUSSION:

The following is a summary of the required amendments for consideration by the GPC.

A. Mixed-Use Commercial General Plan Land Use Designation

The Mixed-Use Commercial Land Use Designation within the Town of Los Gatos 2020 General Plan Land Use Element currently permits, among other things, a mixture of retail, office, and residential uses in a mixed-use project. However, a residential use is not permitted unless associated with a commercial use within a mixed-use project.

Housing Element Implementation Program AB requires amending this Designation to also allow a standalone residential use when the development would be 100 percent affordable. The proposed General Plan amendment would affect all Town parcels with a Mixed-Use Commercial Land Use Designation and is not limited to the properties included in the Sites Inventory of the Housing Element. Attachment 2 shows the draft amendment to the Mixed-Use Commercial General Plan Land Use Designation.

B. Restricted Commercial Highway (CH) Zone

Generally speaking, Town properties with a Mixed-Use Commercial General Plan Land Use Designation are zoned CH, and these properties are located along Los Gatos Boulevard, north of Shannon Road. According to Town Code Section 29.60.415, “the CH or restricted highway commercial zone is intended for development of vehicular-oriented activities and sales along highway frontages, intermingled with compatible retail, service, and administrative activities.”

Housing Element Implementation Program AB would involve amending Town Code Section 29.60.420 (CH Zone – Permitted Uses), adding “100 percent affordable housing developments” as a permitted use in the zone. The proposed Town Code amendment would affect all Town parcels that are zoned CH and is not limited to the properties included in the Sites Inventory of the Housing Element. Attachment 3 shows the draft amendment to Town Code Section 29.60.420.

PUBLIC NOTIFICATION:

Public notification included a legal ad in the paper, published on February 7, 2025.

PUBLIC COMMENTS:

As of the drafting of this report, no comments from the public have been received.

CONCLUSION:

The GPC should consider the draft amendments to the 2020 General Plan Land Use Element and Chapter 29 (Zoning Regulations) of the Town Code regarding 100 percent affordable residential development in the Mixed-Use Commercial General Plan Land Use Designation and the CH Zone of the Town Code, and make a recommendation to the Planning Commission.

ATTACHMENTS:

1. Housing Element Implementation Program AB
2. Draft General Plan Amendment
3. Draft Zoning Code Ordinance Amendment

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## 10. Housing Element

Programs	
<p>would result amendments to the Municipal Code, as follows :</p> <ul style="list-style-type: none"> <li>Align parking requirements with the preparation of Objective Design Standards.</li> <li>Reduce parking requirements near transit.</li> <li>Remove guest parking requirements for all residential and mixed-use projects in all zones.</li> <li>Allow parking to be unbundled from residential units.</li> </ul>	Responsible Department/Review Authority
	Community Development Department
	Timeframe
	Complete study by January 2025 and implement Town Code changes by June 2025
	Funding Source
	None required
	Quantified Objective
	Zoning Code amendment to reduce parking standards
	Performance Metric(s)
	Zoning Code amendment
<p><b>AB Allow for 100 Percent Affordable Residential Development in Mixed-Use General Plan Designations</b></p> <p>Amend the General Plan and the Municipal Code to allow for 100 percent affordable residential development without the requirement of commercial uses.</p>	Implementation
	HE-3.1 Regulatory Incentives for Affordable Housing
	Responsible Department/Review Authority
	Community Development Department
	Timeframe
	Implement General Plan and Municipal Code changes by June 2024
	Funding Source
	None required
	Quantified Objective
	Amend the General Plan and Zoning Code to allow for 100 percent affordable housing development in Mixed-Use General Plan designations
<p><b>AC SB 35 Process Improvements</b></p> <p>Develop an SB 35 checklist and written procedures for processing SB 35 applications to ensure efficient and complete application processing.</p>	Performance Metric(s)
	Measure the number of mixed-use units entitled annually
	Implementation
	HE-3.3 Efficient Development Processing HE-3.1 Regulatory Incentives for Affordable Housing
	Responsible Department/Review Authority
	Community Development Department
	Timeframe
	Implement by December 2023
	Funding Source
	Staff Time
	Quantified Objective

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## Town of Los Gatos 2020 General Plan - Land Use Element

### 2. Non-Residential Land Use Designations

For non-residential land uses, the specific uses mentioned are illustrative, and other compatible uses, including those authorized in any other Zoning District within the Town, may be permitted where authorized by a Conditional Use Permit or Planned Development Overlay Zone. In a mixed-use project residential uses may be permitted in conjunction with other permitted uses in non-residential Zoning Districts with the exception of the Commercial Industrial and Controlled Manufacturing Zoning Districts. For non-residential land uses, building intensity limits are indicated by either allowable land coverage or floor area ratio (FAR) and a maximum height limit.

[...]

- Mixed-Use Commercial: Up to 50 percent land coverage with a 35-foot height limit

The Mixed-Use Commercial designation permits a mixture of retail, office, and residential in a mixed-use project, along with lodging, service, auto-related businesses, non-manufacturing industrial uses, recreational uses, ~~and~~ restaurants, and 100 percent affordable housing developments. Projects developed under this designation shall maintain the smalltown, residential scale and natural environments of adjacent residential neighborhoods, as well as provide prime orientation to arterial street frontages and proper transitions and buffers to adjacent residential properties. This designation should never be interpreted to allow development of independent commercial facilities with principal frontage on the side streets.

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## DIVISION 5. - CH OR RESTRICTED HIGHWAY COMMERCIAL ZONE

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### Sec. 29.60.420. - Permitted uses.

- (a) Activities allowed in the CH or restricted highway commercial zone are those which do not unreasonably interfere with nearby residential uses and which are in the following categories:
- (1) Retailing, including formula retail up to ten thousand (10,000) square feet.
  - (2) Personal service businesses and service businesses necessary for the conduct of households.
  - (3) Office activities.
  - (4) Limited manufacturing activities when a majority of sales are made on site to the ultimate consumer.
  - (5) Group classes.
  - (6) Specialty food retail without alcoholic beverages.
  - (7) 100 percent affordable housing developments.
- (b) Examples of proper CH activities are grocery stores, laundrettes or dry-cleaning agencies, drugstores, barbershops, appliance repair shops, and offices. Examples of activities which are not proper in the CH zone are palmists and soothsayers, manufacturing, wholesaling, or laundry or dry-cleaning plants.

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