



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 12/05/2023

ITEM NO: 11

DATE: November 30, 2023
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Approve a Recommendation of the Planning Commission to Introduce an Ordinance Titled "An Ordinance of the Town Council of the Town of Los Gatos to Apply the Housing Element Overlay Zone (HEOZ) to Provide for Increases to the Allowable Density, Height, Floor Area Ratio, and Lot Coverage for Residential Development on the Following Site: 101 South Santa Cruz Avenue." An Environmental Impact Report was Prepared and Certified for the 2040 General Plan Update on June 30, 2022, which Included the Proposed Zoning Code Amendments. No further Environmental Analysis is Required. Zoning Code Amendment Application Z-23-003. Applicant: Town of Los Gatos.

RECOMMENDATION:

Approve a recommendation of the Planning Commission to introduce an ordinance titled "An Ordinance of the Town Council of the Town of Los Gatos to Apply the Housing Element Overlay Zone (HEOZ) to Provide for Increases to the Allowable Density, Height, Floor Area Ratio, and Lot Coverage for Residential Development on the Following Site: 101 South Santa Cruz Avenue."

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 and 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 the community and identifies implementation programs to meet those housing needs. Unlike other General Plan elements, the Housing Element must be updated every eight

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Associate Planner and Associate Planner

Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, Community Development Department Director, and Economic Vitality Manager

BACKGROUND (continued):

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.

On May 30, 2023, the Town received HCD's findings/comment letter on the Revised Draft Housing Element. The findings/comment letter is in reference to the Town's Housing Element submitted to HCD on March 31, 2023.

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, HCD findings/comment letter to HCD for review. The documents submitted to HCD can be viewed on the Housing Element update website at: www.losgatosca.gov/HousingElement.

On August 23, 2023, the Planning Commission opened the public hearing on this item, heard public comments, and continued the item to September 13, 2023 (see Item 9 of the October 3, 2023, Town Council Agenda).

On September 13, 2023, the Planning Commission heard additional public comments, and made a recommendation to Town Council for approval (see Item 20 of the November 7, 2023, Town Council Agenda).

On October 3, 2023, the Town Council continued the item to November 7, 2023, pending a potential discussion with HCD regarding the adequacy of the Town's Sites Inventory.

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 7, 2023, the Town Council considered and voted to introduce Ordinances to effect zoning changes to apply the Housing Element Overlay Zone (HEOZ) on all sites included in the Site Inventory Analysis of the 2023-2031 Housing Element with the exception of the subject site, 101 South Santa Cruz Avenue. The Council voted to delay the rezoning of this item to a time in which there is more certainty that it will be needed in order to certify the Housing Element.

BACKGROUND (continued):

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 through November 27, 2023 at 4:00 p.m. as required by Assembly Bill 215. 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.

On Tuesday, November 28, 2023, following the seven-day review period, the Draft Revised Housing Element (November 2023) with modifications in response to HCD's Draft Preliminary Review Matrix and identification of how submitted public comments were incorporated into the review, if appropriate, was submitted to HCD for an interim review prior to HCD's December 1, 2023, formal review letter deadline.

DISCUSSION:

This item is introduction of an ordinance to apply the Housing Element Overlay Zone to 101 South Santa Cruz Avenue, to provide for increases to the allowable density, height, Floor Area Ratio, and lot coverage for residential development.

A. Removal From Sites Inventory

As described in the background section of the report, on Tuesday, November 28, 2023, following the seven-day review period, the Draft Revised Housing Element (November 2023) with modifications in response to HCD's Draft Preliminary Review Matrix was submitted to HCD for an interim review prior to HCD's December 1, 2023, formal review letter deadline.

Modifications to the Sites Inventory and Appendix D of the Draft Revised Housing Element (November 2023) include the removal of the subject site, 101 South Santa Cruz Avenue (Site A-2). 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 considered and voted to continue 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.

DISCUSSION (continued):B. Application of HEOZ

The Council may consider applying the Housing Element Overlay Zone to 101 South Santa Cruz Avenue property and adding the site back to the Sites Inventory, as it has been removed from the Draft Revised Housing Element (November 2023) Sites Inventory.

The property is zoned C-2 and has 2020 Central Business Land Use Designation. The table below provides a comparison of the development regulations for the 2020 General Plan and the Housing Element Overlay Zone for the 101 South Santa Cruz Avenue site. The minimum capacity has been highlighted.

| Comparison Table of the Development Regulations for the 2020 General Plan and Housing Element Overlay Zone (HEOZ) - 101 South Santa Cruz Avenue | | |
|--|--|---------------------------------------|
| | 2020 General Plan | HEOZ |
| Zoning | C-2 | C-2/HEOZ |
| Density Range (du/ac) | 10 – 20* (Minimum capacity – 10 units) | 20 – 30 (Minimum capacity – 16 units) |
| Maximum Height (feet) | 45 | 45 |
| Lot Coverage (%) | None* | None** |
| Floor Area Ratio | Up to 0.6 | Up to 2.0 |

* The 2020 General Plan is silent on this development standard. The applicable regulation under the Zoning Ordinance has been provided for context.

** The 2023-2031 Draft Revised Housing Element is silent on this development standard and so development would be evaluated based on the underlying designation in the 2020 General Plan Land Use Element.

Applying the HEOZ overlay to the site and adding it back into the Sites Inventory would result in an additional 16 units in the above moderate-income category. The 16 units are not required in order to meet the Town's RHNA and/or buffer based on the Sites Inventory and Appendix D of the Draft Revised Housing Element (November 2023), however it is the Council's purview to add the site and additional capacity to the Sites Inventory.

Additionally, HCD's December 1, 2023, comment letter will provide further direction on the Town's Sites Inventory.

NEXT STEPS:

The Town anticipates receiving a comment letter from HCD on Friday, December 1, 2023. Once received an Addendum or a Desk Item will be provided to the Council prior to the December 5, 2023, Town Council meeting.

NEXT STEPS (continued):

The Town Council's consideration of the adoption of the Draft Revised Housing Element is tentatively scheduled for December 19, 2023. Should the Town Council adopt the Draft Revised Housing Element with modifications, 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.

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

PUBLIC COMMENTS:

Public notification has included a legal ad in the paper, noticing property owners, tenants, and properties located within 300 feet of all the sites listed within the Town. The meeting has also been publicized on the Town's website and through the Town's social media platforms. No comments have been received as of the preparation of this staff report.

ENVIRONMENTAL ASSESSMENT:

An Environmental Impact Report (EIR) was prepared and certified for the 2040 General Plan Update on June 30, 2022, which included the proposed Zoning Code amendments. No further Environmental Analysis is required.

CONCLUSION:

Staff recommends that the Town Council:

1. Make the finding that no further environmental analysis is required (Attachments 1);
2. Make the required finding that the proposed zone change is consistent with the General Plan and its elements in that the proposed zone changes are consistent with the proposed General Plan land use designations (Attachment 1); and
3. Introduce an ordinance of the Town Council of the Town of Los Gatos for Zone Change application Z-23-003 (Attachment 1).

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SUBJECT: Apply HEOZ to 101 South Santa Cruz Ave/GP-23-003/Z-23-003

DATE: November 30, 2023

ALTERNATIVES:

Alternatively, the Town Council may:

1. Continue this item to a date certain with specific direction to staff;
2. Refer this item back to the Planning Commission with specific direction; or
3. Take no action, leaving the General Plan and zoning designations unchanged.

Attachment:

1. Draft Ordinance with Exhibit A