



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 06/07/2022

ITEM NO: 23

DATE: June 2, 2022
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Consider the Draft Site Inventory as Recommended by the Housing Element Advisory Board.

RECOMMENDATION:

Accept the Draft Site Inventory as recommended by the Housing Element Advisory Board (Attachment 1).

BACKGROUND:

The Housing Element of the General Plan must include an inventory of land suitable and available for residential development to meet the Town's Regional Housing Need Allocation (RHNA) by income level. The Department of Housing and Community Development (HCD), with input from the Association of Bay Area Governments (ABAG), and Metropolitan Transportation Commission (MTC), determined the total RHNA for the 2023-2031 period. On December 16, 2021, the ABAG Executive Board adopted the Final RHNA Plan: San Francisco Bay Area, 2023-2031. The allocation for the incorporated limits of Los Gatos is 1,993 units, which is distributed by income category, as shown in the table on the following page:

Income Group	Number of Units
Very Low (0-50% AMI)	537
Low (50-80% AMI)	310
Moderate (80-120% AMI)	320
Above Moderate (120%+ AMI)	826
TOTAL	1,993

*AMI is Area Median Income

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

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

BACKGROUND (continued):

To ensure that sufficient capacity exists in the Housing Element to accommodate the RHNA throughout the eight-year planning period, HCD recommends that jurisdictions create a buffer in the Housing Element inventory of at least 15 percent more capacity than required, especially for capacity to accommodate the lower income RHNA groups. The amount of buffer can be relative to the degree of certainty of development for specific sites, among other potential factors. The chart below depicts the HCD recommended target numbers.

RHNA Allocation	1,993 units
Buffer (15 percent)	299 units
RHNA + Buffer Total	2,292 units

DISCUSSION:

At the April 21, 2022, and May 5, 2022, Housing Element Advisory Board (HEAB) meetings, the HEAB received public comments and began the review of identifying sites for potential inclusion in the Draft Site Inventory, including the following areas of the Town:

- A. Downtown
- B. North Santa Cruz Avenue
- C. Los Gatos Lodge
- D. Los Gatos Boulevard
- E. North Forty
- F. Lark Avenue
- G. Winchester Boulevard
- H. Pollard Road
- I. Union Avenue
- J. Harwood Road

The staff report and attachments for the April 21, 2022, HEAB meeting can be viewed in the following link:

<https://www.losgatosca.gov/AgendaCenter/ViewFile/Agenda/04212022-2071>

The staff report and attachment for the May 5, 2022, HEAB meeting can be viewed in the following link:

<https://www.losgatosca.gov/AgendaCenter/ViewFile/Agenda/05052022-2077>

Given the HCD guidance, sites were identified in three tiers. Tier 1 represented the most likely opportunities. Tier 2 represented possible back up sites. Tier 3 had additional constraints and were still worth considering as potential Housing Element sites.

DISCUSSION (continued):

Sites selected for the Tier 1 site list were based on the following criteria:

1. Gross lot area in excess of half an acre;
2. Zoning;
3. Draft General Plan land use designation;
4. Property Owner Interest Form;
5. Previous interest in residential development by the property owner; and
6. Sites included in the current Housing Element.

On May 19, 2022, the HEAB recommended that the sites included in the Tier 1 site list (Attachment 4), with the following three modifications be included in the Draft Site Inventory:

1. Reduce the number of housing units in the North Forty;
2. Add the site located at 206 Knowles Drive; and
3. Add the California Department of Transportation Right of Way land off of Oka Road.

An update of the Tier 1 site list with these modifications is included as Attachment 1 for the Town Council's consideration.

Since the May 19, 2022, HEAB meeting, the Town received one additional Property Owner Interest Form for the property located at 15795 Los Gatos Boulevard. The site had previously been included in the Tier 2 site list; however, based on the property owner's interest in a residential development, the Tier 1 site list and recommended Draft Site Inventory has been modified to include this site (Attachment 1). Staff expects the Tier 1 site list to be updated periodically throughout the Housing Element process based on additional Property Owner Interest Forms which may be submitted.

Staff also received a letter from the property owner for 15827 Los Gatos Boulevard requesting to be removed from the Draft Site Inventory as they have no interest in a future residential development. The Tier 2 site list has been modified to remove the site (Attachment 2).

The table below summarizes the total number of potential housing units (2,046 units) based on the Draft Site Inventory (Attachment 1). The table also includes the Town's average production of Accessory Dwelling Units (ADUs) over the eight-year planning period for an estimated total of 200 housing units as well as approximately 202 housing units associated with approved or pending Planning entitlements. Combined, this results in 2,448 units, exceeding the RHNA (1,993 units) and the recommended 15 percent buffer (299 units) by 156 units.

DISUSSION (continued):

Draft Tier 1	
	Number of Units
Tier 1 Sites	2,046 units
ADUs	200 units
Pipeline Projects	202 units
Total	2,448 units

Tier 2 and Tier 3 Sites

The remaining sites identified through the initial HEAB discussions on April 21, 2022, and May 5, 2022, were further distributed into Tier 2 and Tier 3 categories. Tier 2 sites have been identified as possible sites to consider adding to Tier 1, if required, and generally fall into one or more of the following categories (Attachment 2):

1. Gross lot area in excess of half an acre (majority);
2. Shopping Centers with long-term tenants;
3. Churches;
4. Town Parking Lots;
5. Banks; and
6. Sites less likely to develop housing.

Additional sites that can be potentially considered by Council for inclusion in the Draft Site Inventory site list are highlighted in pink in Attachment 2.

Tier 3 sites have been identified as the least likely for new housing development based on the following criteria (Attachment 3):

1. Gross lot area less than half an acre;
2. Gross lot area greater than 10-acres;
3. Not zoned for residential use; and
4. Sites with active Planning applications for commercial development.

Income Distribution

The distribution of the income categories, as recommended by the HEAB was based on the following methodology:

1. For sites with a Draft 2040 General Plan maximum density of 40 dwelling units per acre, the income category was distributed at 50 percent for very-low income, 25 percent for low income, 25 percent for moderate income, and zero percent for above moderate income.

DISCUSSION (continued):

2. For sites with a Draft 2040 General Plan maximum density of less than 40 dwelling units, but result in more than 50 dwelling units, the income category was distributed at 25 percent for very-low income, 15 percent for low income, 15 percent for moderate income, and 45 percent for above moderate income.
3. Any other sites that do not meet the criteria described above have been placed in above moderate income.

While the Tier 1 initial income distribution assumptions do not result in sufficient sites for the above moderate-income category, staff expects through upcoming review the assumptions will be adjusted.

Council Discussion

The following questions are provided to guide the Council in their discussion of whether the sites identified in the Tier 1 site list are appropriate to include in the Draft Site Inventory:

1. What sites, if any, should be removed from Tier 1?
2. Are there additional sites that should be added to Tier 1?
3. Should the income category distribution for Tier 1 be modified?

NEXT STEPS:

On June 16, 2022, the HEAB will begin review and discussion of policy and program development for the Housing Element.

CONCLUSION:

Staff recommends that the Council accept the sites included in Tier 1 as recommended by the HEAB for the Draft Site Inventory (Attachment 1).

COORDINATION:

The Community Development Department coordinated with the Offices of the Town Attorney and Town Manager in the preparation of this report.

ENVIRONMENTAL ASSESSMENT:

Accepting the Draft Site Inventory is not a project as defined by CEQA. Environmental analysis relating to the entire Draft Housing Element, which will include the Draft Site Inventory, will be completed in accordance with CEQA requirements.

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SUBJECT: Housing Element Draft Site Inventory

DATE: June 2, 2022

Attachments:

1. HEAB Recommended Draft Site Inventory
2. Revised Draft Tier 2 Sites
3. Draft Tier 3 Sites
4. May 19, 2022, Housing Element Advisory Board Staff Report (with Attachments 1-5)
5. May 19, 2022, Housing Element Advisory Board Desk Item Report (with Attachment 6)