



MEETING DATE: 08/15/2023

ITEM NO: 15

**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

DATE: August 10, 2023
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Receive and Discuss a Status Update on the 2023-2031 Housing Element Process

RECOMMENDATION:

Receive and discuss a status update on the 2023-2031 Housing Element process.

BACKGROUND:

The following is a summary of public meetings, formal California Department of Housing and Community Development (HCD) comment letters received, and other actions taken toward the certification of the Housing Element in 2023. Attachment 1 contains a more detailed summary of events and the schedule moving forward.

- January 12, 2023 – Town received a HCD findings/comment letter.
- January 30, 2023 – Town Council adopted the 2023-2031 Housing Element with modifications to the Sites Inventory.
- February 3 to 10, 2023 – Seven-day public review period for the 2023-2031 Housing Element as adopted by the Town Council on January 30, 2023.
- February 13, 2023 – Town submitted the adopted 2023-2031 Housing Element to HCD. A cover letter was included in the submittal describing that the Town was in the process of addressing all the remaining comments found in the HCD findings/comment letter and would be resubmitting a Draft Revised Housing Element after all the revisions were completed. The cover letter and submittal documents are available online at: <https://www.losgatosca.gov/HousingElement>.

PREPARED BY: Jennifer Armer, AICP
Planning Manager

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

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BACKGROUND (continued):

- February 16, 2023 – The Housing Element Advisory Board (HEAB) met to review and discuss the HCD findings/comment letter, and how the comments and findings would be addressed.
- March 16, 2023 – The HEAB reviewed the Draft Revised 2023-2031 Housing Element which included modifications to the Town Council adopted 2023-2031 Housing Element in response to the January 12, 2023, HCD comments.
- March 23 to 30, 2023 – Seven-day public review period for the Draft Revised 2023-2031 Housing Element as recommended by the HEAB.
- March 31, 2023 – The Town submitted the Draft Revised 2023-2031 Housing Element to HCD for review. The March 31, 2023, cover letter, and submittal documents are available online at: <https://www.losgatosca.gov/HousingElement>.
- April 4, 2023 – The Town Council reviewed and discussed the Draft Revised 2023-2031 Housing Element as submitted to the HCD on March 31, 2023.
- April 14, 2023 – The Town received a HCD findings/comment letter on the adopted Housing Element that was submitted to HCD on February 13, 2023.
- April 21, 2023 and May 10, 2023 – Staff met with the Town's HCD reviewer to discuss the March 31, 2023 resubmittal and to receive preliminary feedback.
- May 30, 2023 – The Town received a HCD findings/comment letter on the Draft Revised Housing Element. The findings/comment letter is in reference to the Town's Draft Revised Housing Element submitted to HCD on March 31, 2023. HCD determined that the Town's Draft Revised Housing Element addresses many statutory requirements, and identified revisions necessary to comply with State Housing Element law.
- June 15, 2023 – The HEAB met to review and discuss the May 30, 2023 HCD findings/comment letter, and how the comments and findings could be addressed.
- June 20, 2023 – Staff met with the Town's HCD reviewer to receive clarification on HCD's most recent findings/comment letter. The HCD reviewer provided examples from the City of Torrance, Rolling Hills, and Rolling Hills Estates on housing programs that address Affirmatively Furthering Fair Housing (AFFH). This information was provided Town's AFFH consultant, Root Policy Research, to strengthen this portion of the Town's Housing Element.
- On July 20, 2023 – The HEAB met to review and discuss portions of the Town's Interim Working Draft Revised Housing Element.

On August 1, 2023, two Council Members requested a Housing Element status update be added as an agenda item on the next possible Town Council meeting. The Mayor scheduled the item for August 15, 2023.

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DISCUSSION:

A. Housing Element Advisory Board

On July 20, 2023, the HEAB held a special meeting to review and discuss portions of the Town's Interim Working Draft Revised Housing Element, as well as the Interim Working Draft Response Memorandum breaking HCD's findings/comment letter into individual comments and summarizing the modifications staff has prepared thus far (https://www.losgatosca.gov/AgendaCenter/ViewFile/Agenda/_07202023-2313). The HEAB provided feedback that significant work had been accomplished toward addressing HCD comments, and that the HEAB looked forward to learning more about the analysis from the Town's consultants.

On August 24, 2023, the HEAB is scheduled to hold a special meeting to review and discuss additional modifications to the Interim Working Draft Revised Housing Element. The content of the new revisions is expected to focus primarily on the topics of AFFH and providing additional information for the properties identified in the Sites Inventory. The staff report packet will be published online on Friday, August 18, 2023.

B. Timelines

In response to comments from the HEAB at the June 15, 2023, meeting, Town staff prepared and posted a timeline online for the Housing Element update process and a separate scheduled for the Zoning and General Plan amendments to help the community understand where the Town is in these processes, and what remains to be completed. The timeline for the Housing Element update process is provided as Attachment 1, and the timeline for the Zoning and General Plan amendments is provided as Attachment 2.

C. Consultants

Throughout the Housing Element update process, the Town had worked with EMC Planning Group Inc. For this final phase of the Housing Element update process the Town's needs are more focused, and for this reason, the Town has contracted with Root Policy Research, who has previously provided AFFH analysis as a subconsultant of EMC Planning Group Inc., and Veronica Tam and Associates, who has a strong history and reputation for assisting agencies in obtaining certification of their Housing Elements. The proposal provided by Veronica Tam and Associates for the services is provided as Attachment 3.

D. Meetings with HCD

The Housing Element update process has included meetings and consultation with the Town's HCD reviewer throughout the process. The most recent meeting occurred on June

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DISCUSSION (continued):

20, 2023, in which Town staff received some clarification on the comments received on May 30, 2023. With the assistance of the Town's consultant, a meeting is now being scheduled with the Town's HCD review and with Paul McDougall for the first week of September. The goal for this meeting is to review the Town's proposed methodology for addressing the remaining HCD comments and to confirm the methodology meets their expectations.

E. January 31, 2024 Rezoning Deadline

If a Housing Element is not certified by May 31, 2023, the rezonings of the properties on the Sites Inventory to the minimum density specified in the Inventory must be completed by January 31, 2024. The deadline is specific to the rezoning of sites on the Housing Element Sites Inventory; this is not a deadline to obtain certification of a Housing Element.

While the deadline could affect the process for updating the Town's Housing Element by requiring that rezoning be completed prior to certification of the Housing Element, it does not trigger any additional State requirements or allow the State to take over the Town's land use authority of proposed development applications. If the necessary rezoning is not complete by January 31, 2024, HCD will not be able to certify the Housing Element until the rezoning has been completed. In addition, HCD is authorized to refer to the agency to the State Attorney General. (Gov. Code Section 65585(i), (j)).

It is the intent of the Town to complete the rezoning by the deadline to prevent delay in certification of the Town's Housing Element.

F. Sites Inventory

The Town's adopted Housing Element contains a buffer of 16 percent of units above the Regional Housing Needs Allocation (RHNA) of 1,993 housing units to accommodate instances in which planning applications are approved at a density below the density described in the Town's Housing Element. The most recent Draft Revised Housing Element submitted to HCD in March 2023 contains a buffer of 25 percent.

The Town has received four Senate Bill 330 (SB 330) preliminary applications. The second phase of the North Forty, the Post Office project, and the Los Gatos Lodge project have submitted SB 330 preliminary applications that propose density and affordability distributions below the density and affordability distributions described in the March 2023 Draft Revised Housing Element.

In the event that formal planning applications are approved that create a shortfall of units in the Town's Sites Inventory, the Town will need to comply with the State's "no net loss"

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DISCUSSION (continued):

provisions. The State “no net loss” law requires that, if and when a project is approved below the density described in the Town’s Housing Element, the Town must rezone sufficient sites to make up the shortfall within six months of project approval. In other words, the “no net loss” provisions kick in upon project approval. Town staff has discussed the SB 330 preliminary applications with our HCD reviewer at least twice, and HCD knows that the Town intends to comply with the “no net loss” provisions if a project approval results in a shortfall.

While there is no requirement to adjust the Sites Inventory until project approval, there is nothing prohibiting the Town from increasing the buffer now. However, Town staff is not recommending that the Town do so at this time. Town staff is concerned that making the adjustment to the Sites Inventory at this point in time may delay HCD’s certification of the Town’s Housing Element by introducing new information that was not previously reviewed.

That said, HCD’s May 2023 comment letter asks for the Town to provide more documentation that there is a “realistic possibility” that the sites in the sites inventory will be redeveloped. Town staff is currently working with the Town’s consultant to provide an analysis of the “realistic possibility” of redevelopment for HCD’s review. If this analysis demonstrates that there is in fact not a “realistic possibility” of redevelopment, Town staff will recommend that the Sites Inventory be expanded.

PUBLIC COMMENTS AND COUNCIL MEMBER QUESTIONS:

At the time of this report’s preparation, the Town has not received any public comments. Questions from the Vice Mayor, sent to Town staff are included as Attachment 4. Discussion of the issue raised by the Vice Mayor is discussed under the Sites Inventory section of this report.

Public comments are encouraged throughout the Housing Element update process and can be emailed to HEUpdate@losgatosca.gov.

CONCLUSION:

Staff looks forward to the Town Council’s discussion.

COORDINATION:

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

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ENVIRONMENTAL ASSESSMENT:

An Environmental Analysis was prepared for the Housing Element update. Although the Housing Element update could have a significant effect on the environment, it was found that all potentially significant effects have been analyzed adequately in the Town of Los Gatos 2040 General Plan Environmental Impact Report (EIR), pursuant to applicable standards including CEQA Guidelines Section 15168(c)2, and the Housing Element update is consistent with the growth projections evaluated in the General Plan EIR. A copy of the Environmental Analysis is available online at: <https://www.losgatosca.gov/1735/General-Plan---Housing-Element>.

Attachments:

1. Housing Element Update Timeline
2. Zoning and General Plan Amendments Timeline
3. Veronica Tam and Associates Proposal
4. Questions from the Vice Mayor
5. Public Comment received before 11:00 a.m. on August, 10, 2023