



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 08/23/2023

ITEM NO: 5

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**DATE:** September 28, 2023  
**TO:** Mayor and Town Council  
**FROM:** Laurel Prevetti, Town Manager  
**SUBJECT:** Consider a Resolution to Amend the General Plan to Include a Description of the Housing Element Overlay Zone and Introduce an Ordinance Titled "An Ordinance of the Town Council of the Town of Los Gatos Amending Chapter 29, "Zoning Regulations," of the Town Code to Replace the Affordable Housing Overlay Zone Division 5 of Article VIII, "Overlay Zones and Historic Preservation," With 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:**

Adopt a resolution to amend the General Plan to include a description of the Housing Element Overlay Zone and introduce an ordinance, titled "An Ordinance of the Town Council of the Town of Los Gatos amending Chapter 29, "Zoning Regulations," of the Town Code to replace the Affordable Housing Overlay Zone Division 5 of Article VIII, "Overlay Zones And Historic Preservation," with the Housing Element Overlay Zone as Division 5 of Article VIII, "Overlay Zones and Historic Preservation."

**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

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

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

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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 years, rather than every 10 to 20 years, must address statutory requirements regarding its

BACKGROUND (continued):

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 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.

On August 23, 2023, the Planning Commission met to discuss the amendments to the 2020 General Plan Land Use Element and Chapter 29 of the Town Code and made a recommendation to the Town Council. The Planning Commission received and considered public comments on the proposed amendments, reviewed the proposed modifications, and unanimously recommended approval to Town Council (Attachments 4 through 7).

DISCUSSION:

The Planning Commission reviewed and discussed the proposed amendments to the 2020 General Plan Land Use Element and Chapter 29 of the Town Code and had no recommended modifications.

A. General Plan Land Use Designation

The 2023-2031 Housing Element includes Implementation Programs that involve an overlay zoning of parcels within the Town to provide modified development standards for residential and mixed-use developments. 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. The first step in creating the new minimum and maximum densities referenced in these Implementation Programs is the addition of the Housing

Element Overlay Zone (HEOZ) and the associated development standards in the 2020 General Plan Land Use Element. In addition to density, those development standards also

DISCUSSION (continued):

include lot coverage, floor area, and height, as provided below in Table LU-2 and included in the draft resolution (Attachment 1).

The Town received public comments suggesting a future need to add sites to the Sites Inventory as a result of No Net Loss law. In response to these comments, the modifications shown below in underlined text to Table LU-2, *HEOZ Development Standards* were considered and recommended for approval by the Planning Commission 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, and so establishing regulations for all designations is recommended.

**Table LU-2 HEOZ Development Standards**

| <b>Designation</b>         | <b>Standards</b>   |
|----------------------------|--|
| Low Density Residential    | <b>Density:</b> 0 – 5 du/ac<br><b>Lot Coverage:</b> Up to 50%<br><b>Max. Height:</b> 30 feet   |
| Medium Density Residential | <b>Density:</b> 14 – 22 du/ac<br><b>Density in Very High Fire Hazard Severity Zones:</b> 5 – 12 du/ac<br><b>Lot Coverage:</b> Up to 75%<br><b>Max. Height:</b> 35 feet |
| High Density Residential   | <b>Density:</b> 30 – 40 du/ac<br><b>Lot Coverage:</b> Up to 75%<br><b>Max. Height:</b> 45 feet   |
| Mixed-Use                  | <b>Density:</b> 30 – 40 du/ac<br><b>FAR:</b> Up to 3.0<br><b>Max. Height:</b> 45 feet  |
| Neighborhood Commercial    | <b>Density:</b> 10 – 20 du/ac<br><b>FAR:</b> Up to 1.0<br><b>Max. Height:</b> 35 feet  |
| Central Business District  | <b>Density:</b> 20 – 30 du/ac<br><b>FAR:</b> Up to 2.0<br><b>Max. Height:</b> 45 feet  |
| North Forty Specific Plan  | <b>Density:</b> 30 – 40 du/ac<br><b>FAR:</b> As defined in Specific Plan<br><b>Max. Height:</b> As defined in Specific Plan  |
| <u>Office Professional</u> | <u><b>Density:</b> 10 – 20 du/ac</u><br><u><b>FAR:</b> Up to 1.0</u><br><u><b>Max. Height:</b> 35 feet</u>   |

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|                           |  |
|---------------------------|--|
| <u>Service Commercial</u> | <u>Density: none</u><br><u>FAR: Up to 1.0</u><br><u>Max. Height: 35 feet</u> |
| <u>Light Industrial</u>   | <u>Density: none</u><br><u>FAR: Up to 1.0</u><br><u>Max. Height: 35 feet</u> |

DISCUSSION (continued):

B. Zoning

Due to changes to State law, many components of the Affordable Housing Overlay Zone (AHOZ) are no longer compliant with State law. Staff expects the replacement of the AHOZ with the HEOZ will provide greater flexibility for residential and mixed-use projects in order to create more potential for the development of housing.

In response to public comments received regarding adding sites to the current Sites Inventory, the Planning Commission considered and recommended approval of the modifications shown in underlined text to Table 1A (HEOZ Development Standards), shown on the following page to reflect the possibility of adding sites to the Sites Inventory in the future as sites on the current inventory are approved for development (Attachment 2).

At the August 23, 2023, Planning Commission meeting, staff verbally notified the Commission of a modification that would be made to Table 1A to specify the density for the North Forty Specific Plan Area. Additionally, staff has made edits to the draft ordinance to further describe that a property with a HEOZ designation may be developed under the new regulations as a residential or mixed-use project (Attachment 2, Exhibit A). Non-residential projects will be subject to the development standards of the underlying zone.

DISCUSSION (continued):**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>30-40</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 also 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:

Staff recommends that the Town Council:

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1. Make the finding that no further environmental analysis is required (Attachments 1 and Attachment 2);
2. Adopt a resolution to amend the 2020 General Plan Land Use Element to include a description of the HEOZ (Attachment 1); and
3. Introduce an ordinance, by title only, effecting an amendment to the Town Code to replace the AHOZ of Division 5, Article VIII, "Overlay Zones and Historic Preservation," with the CONCLUSION (continued):

HEOZ (Attachment 2) with any specific changes identified and agreed upon by the majority of the Town Council.

A. Alternatives

Alternatively, the Council may:

1. Continue this item to a date certain with specific direction to staff; or
2. Refer the item back to the Planning Commission with specific direction.

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 General Plan Amendments. No further environmental analysis is required.

ATTACHMENTS:

1. Draft Resolution for the General Plan Amendment with Exhibit A
2. Draft Ordinance for the Zoning Amendment with Exhibit A
3. Draft Town Code Amendments in Tracked Changes
4. August 23, 2023, Planning Commission Staff Report with Exhibits 1-3
5. August 23, 2023, Planning Commission Addendum with Exhibit 4
6. August 23, 2023, Planning Commission Desk Item with Exhibits with Exhibit 5
7. August 23, 2023, Planning Commission Verbatim Minutes
8. Public Comment received between 11:01 a.m., Wednesday, August 23, 2023, and 11:00 a.m., Thursday, September 28, 2023