



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 05/06/2025

ITEM NO: 10

DATE: May 1, 2025

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: Consider the Recommendation of the Planning Commission for Adoption of a Resolution 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 Adoption of an Ordinance to 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. The Proposed Amendments are Not Subject to the California Environmental Quality Act ("CEQA") Because the Amendments Being Proposed are Not a Project Under CEQA Pursuant to Section 21065 of the Public Resources Code and Section 15378 of the State CEQA Guidelines. Additionally, the 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.
Ordinance Title: An Ordinance of the Town Council of the Town of Los Gatos Amending Chapter 29, "Zoning Regulations," of the Town Code Adding 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.

RECOMMENDATION:

Adopt a Resolution (Attachment 1) to amend the General Plan to allow 100 percent affordable housing projects as a by-right use in the Mixed Use Commercial Land Use designation and introduce an ordinance (Attachment 2) to 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 (Attachment 3).

PREPARED BY: Sean Mullin, AICP
Planning Manager

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

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SUBJECT: 100 Percent Affordable Housing Developments General Plan and Zoning Code Amendments, Implementation Program AB/GP-24-004 and A-24-010

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FISCAL IMPACT:

The proposed amendments to the General Plan and Town Code do not impact the Town's budget and are required under Program AB of the 2023-2031 Housing Element.

STRATEGIC PRIORITIES:

The proposed amendments to the General Plan and Town Code, required under Program AB of the 2023-2031 Housing Element, align with the adopted Core Goal of **Community Character** and the Strategic Priority to preserve the Town's small-town charm and provide a range of housing opportunities and historic neighborhoods, while diligently maintaining and implementing the Housing Element.

BACKGROUND:

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 the Town Code) to allow for 100 percent affordable residential developments as a permitted use (Attachment 3). 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.

On February 12, 2025, the General Plan Committee (GPC) considered the proposed amendments and forwarded a recommendation to amend the General Plan to allow 100 percent affordable residential developments as a permitted use in the Mixed Use Commercial General Plan Land Use designation and amend the Town Code to add 100 percent affordable residential developments as a permitted use in the CH zone. The February 12, 2025, GPC staff report and minutes are included as Attachment 4, Exhibits 4 and 5. Included with the GPC's recommendation was a request that maps showing where the proposed amendments would be applicable be provided to the Planning Commission and the Town Council, and that a discussion of height allowances under State Density Bonus Law (SDBL) also be provided. The requested maps are included as Attachment 4, Exhibits 6 and 7. A discussion of height allowances under SDBL is included in the Planning Commission Staff Report in Attachment 4.

On April 9, 2025, the Planning Commission voted (4-1) to recommend to the Town Council approval of the amendments to the General Plan and the Town Code regarding 100 percent affordable housing projects. The April 9, 2025, Planning Commission staff report and verbatim minutes are included as Attachments 4 and 5.

DISCUSSION:

Policy HE-3.1 of the 2023-2031 Housing Element, requires the Town to facilitate the development of affordable housing through regulatory incentives and concessions, and/or financial assistance to remove barriers to the production of housing. Consistent with this policy, Implementation Program AB requires amendments to the General Plan and the Town Code to allow for 100 percent affordable residential developments as a permitted use without a commercial component within the Mixed Use General Plan Land Use designation and CH zone.

The following is a summary of the required amendments necessary to implement Program AB.

A. Mixed Use Commercial General Plan Land Use Designation

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

Housing Element Implementation Program AB requires amending the Mixed Use Commercial Land Use designation to also allow a standalone residential use when the development would be 100 percent affordable, as shown in Attachment 6. 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. The draft Resolution amending the 2020 Land Use Element of the General Plan is included as Attachment 1.

Attachment 4, Exhibit 6 shows the locations of the Mixed Use Commercial General Plan Land Use designation in the Town. Through Implementation Program AB, these are the properties where a 100 percent affordable residential development would be allowed as a permitted use through the amended Land Use designation. These areas are concentrated along Los Gatos Boulevard between Blossom Hill Road and Samaritan Drive, and Los Gatos-Saratoga Road at Alberto Way.

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, and Los Gatos-Saratoga Road at Alberto Way. According to Town Code Section 29.60.415, “the CH or Restricted Commercial Highway zone is intended for the development of vehicular-oriented activities and sales along highway frontages, intermingled with compatible retail, service, and administrative activities.”

SUBJECT: 100 Percent Affordable Housing Developments General Plan and Zoning Code Amendments, Implementation Program AB/GP-24-004 and A-24-010

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Housing Element Implementation Program AB would involve amending Town Code Section 29.60.420 (CH Zone – Permitted Uses), adding “100 percent affordable residential developments” as a permitted use in the zone, as shown in Attachment 7. 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. The draft Ordinance amending Town Code Section 29.60.420 is included as Attachment 2.

Attachment 4, Exhibit 7 shows the location of the commercial zones (C-1, C-2, CH, and O) where mixed-use developments are currently allowed with approval of a Conditional Use Permit (CUP).

CONCLUSION:

If the Town Council adopts the Resolution included in Attachment 1, the amendments to the General Plan will go into effect immediately. Additionally, if the Town Council introduces the ordinance amending Chapter 29 of the Town Code included in Attachment 2, it will be placed on the May 20, 2025, Town Council agenda for adoption and the ordinance will take effect 30 days after adoption.

COORDINATION:

This report was coordinated with the office of the Town Manager.

ENVIRONMENTAL ASSESSMENT:

The proposed amendments are not a project under CEQA pursuant to Section 21065 of the Public Resources Code and Section 15378 of the State CEQA Guidelines; are exempt from CEQA pursuant to 15061(b)(3) of the CEQA Guidelines because it can be seen with certainty that the action will not have a significant adverse impact on the environment; and any future 100 percent affordable residential developments that include new construction under a discretionary process would be subject to project specific environmental review under CEQA.

ATTACHMENTS:

1. Draft Resolution
2. Draft Ordinance
3. Housing Element Implementation Program AB
4. April 9, 2025, Planning Commission Staff Report, with Exhibits 1 through 4
5. April 9, 2025, Planning Commission Verbatim Minutes
6. Redline Amendments to the General Plan
7. Redline Amendments to Town Code