

May 30, 2023, HCD Comments on the Housing Element with Responses September 2023 – Town of Los Gatos

Comment Number	HCD Comment	Response*
#1	<p>A. Housing Needs, Resources, and Constraints</p> <p><i>1. Affirmatively further[ing] fair housing in accordance with Chapter 15 (commencing with Section 8899.50) of Division 1 of Title 2...shall include an assessment of fair housing in the jurisdiction. (Gov. Code, § 65583, subd. (c)(10)(A).</i></p> <p><u>Regional Level Patterns and Trends:</u> The element includes some data and analysis regarding different patterns for various socio-economic characteristics (race and income). However, a complete analysis should analyze this data for patterns and trends at the regional level, comparing the locality to the broader region, including integration and segregation (race, income, disability, and familial status), disparities in access to opportunity (education, environmental, transportation, economic), and disproportionate housing needs (cost burdened, overcrowded, substandard housing conditions, homelessness, and displacement risks). Please see HCD's January 12, 2023 review for additional information.</p>	<p>Throughout Appendix A, new regional maps were added and bullets before each map were included to describe the local and regional similarities and differences.</p> <p>The following protected classes were added to the analysis of Section A.8: race and ethnicity, disability, income and poverty, and familial status (households with children, married couples, female householders, and residents living alone).</p> <p>Additional analysis of economic opportunity was expanded to include access to jobs via transit and car, which were then connected to the region and concentrated areas of poverty/protected classes starting on page A-76 of Appendix A.</p> <p>Education was expanded to include student demographics and special needs (socioeconomically disadvantaged and homeless students) on page A-82. Graduation rates were also added to identify disparities in access to postsecondary education by race/ethnicity and disability status on page A-82.</p> <p>Environmental opportunity was enhanced by analyzing environmental hazards and risks at the county and regional levels and compared to identified concentrations in Section A.9 of Appendix A.</p> <p>Disproportionate housing needs in Section A.10 was expanded with local and regional analyses/maps of substandard units, cost burden by tenure, and overcrowding.</p> <p>Analysis and maps of homelessness was expanded starting on page A-134 of Appendix A to include point in time data and local and regional maps.</p> <p>Analysis and maps of displacement was expanded to include displacement risk by area median income and disaster-driven displacement at the local and regional level starting on page A-138 of Appendix A.</p>
#2	<p><u>Income and Racial Concentration of Affluence (RCAA):</u> The element states that a RCAA does not exist; however, the Town is predominantly a high resource category according to TCAC/HCD Opportunity Maps and is predominantly higher</p>	<p>New maps regarding RCAA's by census tract and regionally were added starting on page A-66 of Appendix A.</p> <p>Starting on page A-4 of Appendix A analysis and maps regarding segregation</p>

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	income. These patterns differ from the surrounding region and the element should include specific analysis of the Town compared to the region and should formulate policies and programs to promote an inclusive community. For example, the Town should consider additional actions (not limited to the Regional Housing Needs Allocation (RHNA) to promote housing mobility and improve new housing opportunities throughout the Town.	and areas of poverty were added to the assessment including: housing types, residential development patterns, and proposed policies and programs to address these causes.
#3	<u>Disparities in Access to Opportunity:</u> While the element was revised to include the distances between public schools for each site to a public transit line, it must also evaluate and compare concentrations of protected groups with access to transportation options. In addition, it must also analyze any disproportionate transportation needs for members of protected classes.	The analysis of transportation was expanded to include the location of high-quality transit areas/stops in the town and region on page A-84 of Appendix A. These locations were then compared to identified concentrations of protected groups and poverty. Access to transportation was also analyzed through the percentage of household income being spent on housing and transportation to identify disparities by income groups.
#4	<u>Identified Sites and Affirmatively Furthering Fair Housing (AFFH):</u> While the element was revised with brief conclusions that identified sites do not exacerbate fair housing conditions, it must also quantify the number of units by income group and location then evaluate the impact on socio-economic concentrations. Please see HCD's January 12, 2023 review for additional information.	Analysis and maps of historical redlining practices in the County were added using HCD's Homeowner Loan Corporation Redlining Grade maps for 2021 starting on page A-11 of Appendix A. The Sites Inventory was analyzed by AFFH variables geographically to ensure that the sites do not exacerbate fair housing conditions. Variables that were analyzed include non-white populations, low-and moderate-income households, cost burdened households, and etc. as detailed on page A-144 of Appendix A.
#5	<u>Local Data, Knowledge and Other Relevant Factors:</u> The element included some information about regional history, referenced stakeholder comments and discussed the location of assisted projects and housing choice vouchers. However, the element needs to provide information and analysis that relates, supports, or supplements the existing analysis, fair housing conclusions, or contributing factors. The element must consider other relevant factors that have contributed to certain fair housing conditions. This analysis must consider information that is unique to the Town or region; such as governmental and nongovernmental actions; historical land use and zoning practices (e.g., past redlining/Greenlining, restrictive covenants, planning documents, etc.); disparities in investment to specific communities including transportation investments; seeking investment or lack thereof to promote affordability and	A new section A.3 "Town History" in Appendix A describes the local history of the Town, its regional setting, historical land use patterns, restrictive covenants, and other information which may have impeded housing mobility.

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	inclusion; local initiatives, or other information that may have impeded housing choices and mobility.	
#6	<p><u>Contributing Factors to Fair Housing Issues:</u></p> <p>The element identifies contributing factors to fair housing issues. However, these issues and goals do not appear adequate to facilitate the formulation of meaningful actions to AFFH. The element should re-assess contributing factors upon completion of analysis and make revisions as appropriate. In addition, the element must prioritize these factors to better formulate policies and programs and carry out meaningful actions to AFFH.</p>	New contributing factors were added and revised in Appendix A, Section A.6. Each contributing factor was prioritized to better formulate policies and programs and carry out meaningful actions to AFFH.
#7	<p><i>2. Include an analysis and documentation of household characteristics, including level of payment compared to ability to pay, housing characteristics, including overcrowding, and housing stock condition. (Gov. Code, § 65583, subd. (a)(2).</i></p> <p><u>Housing Conditions:</u> The element discusses code enforcement violations; however, it must also provide a Town-wide estimate of the number of units in need of rehabilitation and replacement.</p>	New text estimating the approximate number of units in need of rehabilitation and replacement provided in Appendix B on page B-25. Additionally, data from Project Sentinel, the Town's contract administrator of the Rental Dispute Mediation and Arbitration Program is provided in Appendix B on page B-27 with the number of housing maintenance and repair inquiries received.
#8	<p><i>3. An inventory of land suitable and available for residential development, including vacant sites and sites having realistic and demonstrated potential for redevelopment during the planning period to meet the locality's housing need for a designated income level, and an analysis of the relationship of zoning and public facilities and services to these sites. (Gov. Code, § 65583, subd. (a)(3).</i></p> <p><u>Realistic Capacity:</u> While the element now clarifies that minimum densities are utilized toward the calculation of realistic capacity; it must still address HCD's prior finding regarding the likelihood for 100 percent nonresidential development in zones allowing 100 percent nonresidential uses. Please see HCDs prior review for additional information.</p>	Implementation Program D on page 10-42 was modified to clarify that the North Forty Specific Plan would allow for a range of density between 30 dwelling units per acre to 40 dwelling units per acre.
#9	<u>Nonvacant Sites:</u> The element was not revised to address this finding. Please see HCD's January 12, 2023 review for additional information. In addition, specific analysis and actions are necessary if the housing element relies upon nonvacant sites to accommodate more than 50 percent of the	A new section D.4 "Appropriate Density/Default Density" in Appendix D, describes the development trends of residential development in the Town and nearby jurisdictions, capacity information on non-vacant and commercial sites, and examples of residential development that occurred on non-residentially zoned parcels in the Town.

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	RHNA for lower-income households. For your information, the housing element must demonstrate existing uses are not an impediment to additional residential development and will likely discontinue in the planning period. (Gov. Code, § 65583.2, subd. (g)(2). Absent findings (e.g., adoption resolution) based on substantial evidence, the existing uses will be presumed to impede additional residential development and will not be utilized toward demonstrating adequate sites to accommodate the RHNA.	Inventory.
#10	<u>Small Sites:</u> The element was not revised to address this finding. Please see HCD's January 12, 2023 review for additional information.	The sites inventory does not rely on small sites to meet the lower income RHNA unless the small sites are contiguous and owned by the same owner.
#11	<u>SB 9 Sites:</u> The element is projecting 96 units that will be developed based on the passage of SB 9 (Statutes of 2021) to accommodate a portion of its above moderate-income RHNA. To utilize projections based on SB 9 legislation, the element must; 1) include a site-specific inventory of sites where SB 9 projections are being applied; 2) include a nonvacant sites analysis demonstrating the likelihood of redevelopment and that the existing use will not constitute as an impediment for additional residential use. The element should list the four two-unit housing development applications and the seven urban lot splits, and the two development requests on single-family residential zoned parcels; and Program BL should be revised to implement significant incentives to encourage and facilitate development. Please see HCD's January 12, 2023 review for additional information.	An SB 9 analysis has been provided on page D-66 of Appendix D which includes an estimate of the number of parcels in the Town with the potential for urban lot split and criteria used for evaluation.
#12	<u>Zoning for a Variety of Housing Types (Manufactured Housing):</u> The element was not revised to address this finding. Please see HCD's January 12, 2023 review for additional information.	New text was added to describe what manufactured housing is and where in the Town is it permitted, starting on page C-14 of Appendix C.
#13	<u>Electronic Sites Inventory:</u> For your information, pursuant to Government Code section 65583.3, the Town must submit an electronic sites inventory with its adopted housing element. The Town must utilize standards, forms, and definitions adopted by HCD. While the Town has submitted an electronic sites inventory, if any changes occur, the Town should submit the revised inventory to HCD as part of any future re-adoption submittal.	The electronic sites inventory has been completed in the standard HCD format. This electronic inventory is a separate document for HCD use; however, it can be found in Appendix H.
#14	<i>4. An analysis of potential and actual governmental</i>	Details on the residentially permitted uses for the North Forty Specific Plan

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	<p><i>constraints upon the maintenance, improvement, or development of housing for all income levels, including the types of housing identified in paragraph (1) of subdivision (c), and for persons with disabilities as identified in the analysis pursuant to paragraph (7), including land use controls, building codes and their enforcement, site improvements, fees and other exactions required of developers, and local processing and permit procedures... (Gov. Code, § 65583, subd.(a)(5).</i></p> <p><u>Land Use Controls:</u> The element now lists development standards by zoning district. However, it must also list and evaluate development standards for the North Forty Specific Plan, Mixed-Use Commercial, and the High-Density Residential zones. Please see HCD's January 12, 2023 review for additional information.</p>	<p>was added to Table C-2 of Appendix C.</p> <p>A new table detailing the General Plan land use categories which permit residential uses was created as Table C-3 of Appendix C.</p>
#15	<p><u>Fees and Exaction:</u> The element now compares total fees as a proportion of the total development costs but still must list the fees that comprise that total and particularly impact fees then evaluate those total fees for impacts on development costs.</p>	<p>New text was added starting on page C-28 of Appendix C, Development Impact Fees, listing the fees and evaluating the total fees for impacts on development costs.</p>
#16	<p><u>Local Processing and Permit Procedures:</u> While the element provides additional information on the processing of a typical market rate single or multi-family housing application, it mentions approval is required by the Development Review Committee (DRC) (p. C-29). The element must describe and analyze the DRC process, identify and evaluate approval findings for impacts on housing cost and approval certainty.</p>	<p>New text was added to describe and analyze the development process, including the DRC process, starting on page C-39 of Appendix C.</p> <p>New text was added starting on page C-40 of Appendix C, Findings and Permit Process Related to Housing, which identify the approval findings and permit process required.</p>
#17	<p><u>Housing for Persons with Disabilities:</u> The prior review found the Town's reasonable accommodation procedure contains constraints. For example, subjective language in approval findings such as "no impact on surrounding uses" can lead to uncertainty of project approval through a discretionary process. In response, the Town commits Program BC to revise subjective language criteria to "minimal impact on surrounding uses" (p. C-38). However, reasonable accommodation is a unique exception process that should not contain findings similar to a conditional use permit. Program BC should be revised to specifically remove the surrounding uses finding.</p>	<p>The text of Implementation Program AP (formerly Program BC) on page 10-65 was modified to remove the subjective language regarding the surrounding uses finding.</p>
#18	<p><u>Inclusionary Zoning Ordinance:</u> While the element now discusses alternatives for meeting the Town's inclusionary</p>	<p>New text was added to Section C.2 of Appendix C, starting on page C-53 which includes details on the affordability levels of the Town's Below Market Price</p>

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	requirements, it should still describe incentives, including relationships with state density bonus law and how the level of affordability is determined.	Program and its relationship with State Density Bonus Law.
#19	<p><i>5. Analyze any special housing needs such as elderly; persons with disabilities, including a developmental disability; large families; farmworkers; families with female heads of households; and families and persons in need of emergency shelter. (Gov. Code, § 65583, subd. (a)(7).</i></p> <p><u>Special Housing Needs:</u> The element was not revised to address this finding. Please see HCD's January 12, 2023 review for additional information.</p> <p>Special Housing Needs: While the element quantifies some of the Town's special needs populations, it must also estimate the number of persons experiencing homelessness in the Town. In addition, the element reports data but must also analyze the special housing needs. For a complete analysis of each population group, the element should quantify the needs, evaluate trends and characteristics (e.g., tenure, income) of housing needs, discuss disproportionate challenges faced by the population, the existing resources to meet those needs, assess any gaps in resources or effectiveness of past strategies, describe the magnitude of the remaining need and appropriate propose policies and programs.</p>	Additional narrative and analysis were added to Section B.4 of Appendix B regarding special housing needs groups, such as, large households, female-headed households, seniors, people with disabilities, and farmworkers.
#20	<p>B. Housing Programs</p> <p><i>1. Include a program which sets forth a schedule of actions during the planning period, each with a timeline for implementation, which may recognize that certain programs are ongoing, such that there will be beneficial impacts of the programs within the planning period, that the local government is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the Housing Element... (Gov. Code, § 65583, subd. (c).</i></p> <p>Programs must demonstrate that they will have a beneficial impact within the planning period. Beneficial impact means specific commitment to deliverables, measurable metrics or objectives, definitive deadlines, dates, or benchmarks for implementation. Deliverables should occur early in the planning period to ensure actual</p>	<p>Housing programs have been completely evaluated to create a streamlined housing plan of actions. Programs that are routine functions of staff are removed from the Housing Element and programs that serve the same objectives are integrated to reduce redundancy.</p> <p>The text of Implementation Program K, (formerly Program M) was modified to increase the numerical objective to facilitate nine lot consolidations.</p> <p>The text of Implementation Program O (formerly Program S) was modified by increasing the numerical objective to target meaningful outcomes during the planning period.</p> <p>The text of Implementation Program P (formerly Program T) was modified revising the timeframe to 2026, earlier in the planning period to target a beneficial impact.</p> <p>The text of Implementation Program AQ (formerly Program BM) was modified</p>

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	<p>housing outcomes. The following programs still must be revised to include specific commitments and definitive timelines as follows:</p> <ul style="list-style-type: none"> • Program M (Lot Consolidation): While the program was revised to facilitate four units through the lot consolidation process, it should increase the numerical objective in stride with the need. Specially as the Town is relying on several small sites to accommodate a portion of lower income RHNA. • Program S (Affordable Housing Development): The program should increase the numerical objective to target meaningful outcomes during the planning period. • Program T (Purchase Affordability Covenants in Existing Apartments): The element should revise the timeline earlier in the planning period to target a beneficial impact (e.g., by 2026). • Program BM (Story Poles and Netting Policy): The program now commits to review the story pole and netting policy and explore options to reduce costs affordable housing. However, the program still must commit to an actual outcome, beyond exploring options. In addition, the program should also establish alternatives or modifications that promote approval certainty. For example, the program could remove the requirements or create alternative for meeting the requirement such as visual renderings. 	<p>to commit to an actual outcome and establish exceptions and alternatives for meeting the story pole requirement including, renderings, digital simulations, signage, and reduction of the number of story poles.</p> <p>New program actions are included to address constraints in Program AQ.</p>
#21	<p><i>2. Identify actions that will be taken to make sites available during the planning period with appropriate zoning and development standards and with services and facilities to accommodate that portion of the city's or county's share of the regional housing need for each income level that could not be accommodated on sites identified in the inventory completed pursuant to paragraph (3) of subdivision (a) without rezoning, and to comply with the requirements of Government Code section 65584.09. Sites shall be identified as needed to facilitate and encourage the development of a variety of types of housing for all income levels, including multifamily rental housing, factory-built housing, mobile homes, housing for agricultural employees, supportive</i></p>	<p>The text of Implementation Program D was modified to clarify the title of the program and clarify that sites identified within the North Forty Specific Plan are reuse sites and must permit owner-occupied and rental multi-family uses by-right for developments in which 20 percent or more of the units are affordable to lower-income households, as detailed further in Implementation Program AS (formerly Program BH).</p>

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	<p><i>housing, single-room occupancy units, emergency shelters, and transitional housing. (Gov. Code, § 65583, subd. (c)(1).</i></p> <p>As noted in Finding A3, the element does not include a complete site analysis; therefore, the adequacy of sites and zoning were not established. Based on the results of a complete sites inventory and analysis, the Town may need to add or revise programs to address a shortfall of sites or zoning available to encourage a variety of housing types.</p> <p>As noted in the prior review, if necessary to make appropriate zoning available to accommodate the lower-income RHNA, Program D (Additional Housing Capacity) must be revised to meet all requirements pursuant to Government Code section 65583.2, subdivisions (h) and (i). For example, the Program must commit to permit owner-occupied and rental multifamily uses by-right (without discretionary action) for developments in which 20 percent or more of the units are affordable to lower-income households.</p>	
#22	<p><i>3. Address and, where appropriate and legally possible, remove governmental and nongovernmental constraints to the maintenance, improvement, and development of housing, including housing for all income levels and housing for persons with disabilities. The program shall remove constraints to, and provide reasonable accommodations for housing designed for, intended for occupancy by, or with supportive services for, persons with disabilities. (Gov. Code, § 65583, subd. (c)(3).</i></p> <p>As noted in Finding A4, the element requires a complete analysis of potential governmental constraints. Depending upon the results of that analysis, the Town may need to revise or add programs and address and remove or mitigate any identified constraints.</p>	New text was added to Section C.1 of Appendix C adding clarity to the types of governmental constraints and consideration of the Land Use Element and Zoning Code as potential governmental constraints.
#23	<p><i>4. Promote and affirmatively further fair housing opportunities and promote housing throughout the community or communities for all persons regardless of race, religion, sex, marital status, ancestry, national origin, color, familial status, or disability, and other characteristics... (Gov. Code, § 65583, subd. (c)(5).</i></p>	AFFH actions were revised and reformatted in Section A.11 of Appendix A. The new actions address fair housing outreach and enforcement, place-based strategies for neighborhood improvement, new housing opportunities in high resource areas, housing mobility, and tenant protection and anti-displacement. Actions now include geographic targeting, timelines, and eight-year metrics.

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	<p>As noted in Finding A1, the element requires a complete AFFH analysis. Depending upon the results of that analysis, the Town may need to revise or add programs. Actions listed to address AFFH analysis must have specific commitments, milestones, geographic targeting and metrics or numerical targets and, as appropriate; address housing mobility enhancement; new housing choices and affordability in higher opportunity or higher income areas; place-based strategies for community revitalization and displacement protection. For example, the element must add significant and meaningful housing mobility actions to overcome the existing patterns in the Town related to the broader region. Given, among other things, the Town is entirely in the highest category of disparities in access to opportunity and largely does not reflect the socio-economic characteristics of the broader region. The element must include significant actions to promote housing mobility within the Town and relate to the region to promote an overall inclusive community. The element could consider improving existing programs or including new programs.</p>	
#24	<p><i>5. Develop a plan that incentivizes and promotes the creation of accessory dwelling units that can be offered at affordable rent... (Gov. Code, § 65583, subd. (c)(7).</i></p> <p><u>Program U Accessory Dwelling Units (ADU):</u> While the program now commits to annually monitor the production and affordability of ADUs and make adjustments. It should clarify the types of adjustments that will be considered such as rezoning, additional incentives, fee reductions, financing programs.</p>	<p>The text of Program Q (formerly Program U) was modified to clarify the types of adjustments that will need to be considered such as searching for innovative funding sources and revisiting the ADU marketing program for property owners.</p> <p>New text was added to Section 10.1.4, directing the reader to Appendix C for additional information regarding the Town's ADU program and ADU incentives.</p> <p>New text was added to page C-15 of Appendix C further describing the Town's ADU streamlined process and ADU incentives to reduce governmental constraints and promote affordability.</p>
#25	<p>C. Quantified Objectives</p> <p><i>Establish the number of housing units, by income level, that can be constructed, rehabilitated, and conserved over a five-year time frame. (Gov. Code, § 65583, subd. (b)(1 & 2).</i></p> <p>The element now includes quantified objectives for new construction and rehabilitation by income group but should also include conservation objectives. Please note,</p>	<p>Table 10-4 was modified to quantify conservation/preservation objectives for the Town.</p>

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	<p>conservation objectives are not limited to at-risk preservation and may include a variety of activities that promote safe and stable housing such as code enforcement and tenant protections. Examples of programs that may be utilized include Programs T (Purchase Affordability Covenants in Existing Apartments), AE (Rental Dispute Resolution), AF (Rental Assistance), AH (Stabilize Rents) and AQ (Rental Housing Conservation).</p>	
#26	<p>D. Public Participation</p> <p><i>Local governments shall make a diligent effort to achieve public participation of all economic segments of the community in the development of the Housing Element, and the element shall describe this effort. (Gov. Code, § 65583, subd.(c)(9).)</i></p> <p>While the element was revised to include the renters survey results and previous outreach conducted, it must also summarize all public comments and describe how they were considered and incorporated into the element. HCD's future review will consider the extent to which the revised element documents how the Town solicited, considered, and addressed public comments in the element. The Towns consideration of public comments must not be limited by HCD's findings in this review letter. Please see HCD's prior review for additional information.</p>	<p>New Appendix I, Public Comments, has been added summarizing all public comments and how they were considered and/or incorporated into the Housing Element.</p> <p>A new Section 10.1.6 was created in Chapter 10 referencing Appendix I.</p>
#27	<p>E. General Plan Consistency</p> <p><i>The Housing Element shall describe the means by which consistency will be achieved with other general plan elements and community goals. (Gov. Code, § 65583, subd. (c)(7).)</i></p> <p>While the element identifies Program BG (General Plan Amendment) to ensure consistency with the General Plan, it should discuss how consistency will be maintained throughout the entire planning period.</p>	<p>The Housing Element Overlay Zone sites (HEOZ) are compared to developmental regulations of the 2020 General Plan in Table D-3 of Appendix D.</p> <p>Program AR (formerly Program BG) has been revised to address continued consistency.</p>

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