Town of Los Gatos 6th Cycle 2023-2031 Housing Element Update

HCD Draft Revised

March 2024









HCD DRAFT REVISED

TOWN OF LOS GATOS
6TH CYCLE 2023-2031 HOUSING ELEMENT

MARCH 2024

PREPARED BY

Town of Los Gatos
Community Development Department
110 E. Main Street
Los Gatos, California95030
Tel 408.354.6872

Veronica Tam and Associates, Inc.
107 S. Fair Oaks Avenue, Suite 212
Pasadena, California
Tel 626.304.0440

EMC Planning Group Inc.
601 Abrego Street
Monterey, CA 93940
Tel 831.649.1799
Fax 831.649.8399
www.emcplanning.com

Root Policy Research
6740 East Colfax Avenue
Denver, Colorado 80220
Tel 970-880-1415
www.rootpolicy.com

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10. Housing Element

The 2023-2031 Housing Element is the Town of Los Gatos' response to meet the housing needs of our community while meeting the State's housing goals as set forth in Article 10.6 of the California Government Code. The California State Legislature has identified the attainment of a decent home and a suitable living environment for every Californian as the State's major housing goal. The Los Gatos Housing Element analyzes the Town's housing needs, assesses fair housing practices, identifies opportunities for future residential development, and addresses potential constraints to housing development in the Town. Based on this research, the Housing Element includes goals, policies, and implementation programs aimed at addressing existing and future housing needs of Los Gatos. The Housing Element serves as Chapter 10 of the Town's 2040 General Plan.

A copy of the Town's 2015-2023 Housing Element can be found at this link:
https://www.losgatosca.gov/1735/General-Plan---Housing-Element

10.1 Introduction

Pursuant to State law, the Housing Element must be updated periodically according to statutory deadlines. This 6th Cycle Housing Element covers the planning period January 31, 2023, through January 31, 2031 and replaces the Town's 5th Cycle Housing Element that covered the period 2015 through 2023.

Per State Housing Element law, the document must be periodically updated to:

- Outline the community's housing production objectives consistent with State and regional growth projections;
- Describe goals, policies, and implementation programs to achieve local housing objectives;
- Examine the local need for housing with a focus on special needs populations;
- Identify adequate sites for the production of housing serving various income levels;
- Analyze potential constraints to new housing production;
- Evaluate the Housing Element for consistency with other General Plan elements; and
- Evaluate Affirmatively Furthering Fair Housing.

A Housing Element is considered to be out of compliance with the State's Housing Element law if one of the following applies:

- It has not been revised and updated by the statutory deadline; or
- Its contents do not substantially comply with the statutory requirements.

Repercussions for a jurisdiction which does not comply with the Housing Element Law include:

- Limited access to State Funding.

- Vulnerability to litigation from housing rights' organizations, developers, and the Department of Housing and Community Development (HCD), resulting in the following potential consequences:
  a. The court may order the jurisdiction to bring its Housing Element into compliance within 120 days;
  b. Suspension of a jurisdiction's authority to issue building permits or grant zoning changes, variances, or subdivision map approvals;
  c. The court may step in and approve housing projects; and
  d. If a jurisdiction faces a court action stemming from its lack of compliance and either loses or settles the case, it often must pay substantial attorney fees to the plaintiff's attorneys in addition to the fees paid to its own attorneys.

10.1.1 California's Housing Crisis

The 6th Cycle Housing Element Update comes at a critical time because California is experiencing a housing crisis. As is the case for all jurisdictions in California, Los Gatos must play its part in meeting the demand for housing. In the last Housing Element cycle (2015 to 2023), Los Gatos' Regional Housing Needs Allocation (RHNA) called for 619 new housing units; however, as of December 31, 2021, only 81 percent of these housing units have been permitted (502 units). Of those constructed, the large majority were affordable only to households making more than the Town's area median income (AMI). In 2022, this amounted to $168,500 for a family of four.

Without immediate action, the housing crisis will only get worse. In the 20-year period (2020 to 2040), Santa Clara County is projected to add 169,450 jobs, which represents a 15 percent increase. Los Gatos is projected to add nearly 1,030 jobs in the same period, a five percent increase. These changes will increase demand for housing across all income levels. The Town and region must identify ways to significantly increase housing production, or risk worsening the burden for existing lower income households. Many lower income households do not have the means to move to a new location of employment and are faced with unsustainable increases in housing cost. The lack of affordable housing has constrained the Silicon Valley economy as well-educated workers have become increasingly mobile in searching for better jobs and a higher quality of life.

If Los Gatos and the region become more competitive in attracting high-skilled workers and increasingly unaffordable to lower income workers and seniors, then social and economic segregation will worsen, only exacerbating historic patterns of housing discrimination, racial bias, and segregation. This potentiality has become so acute in recent years that the California Legislature addressed the issue with new legislation in 2018. Assembly Bill (AB) 686 requires all State and local agencies to explicitly address, combat, and relieve disparities resulting from past patterns of housing segregation to foster more inclusive communities. This is commonly referred to as Affirmatively Furthering Fair Housing (AFFH). The legislation applies to all Housing Elements revised after January 1, 2021.

10.1.2 Regional Housing Needs Allocation

The Plan Bay Area 2050 Final Blueprint forecasts that the nine Bay Area counties will add 1.4 million new households between 2015 and 2050. For the eight-year time frame covered by this Housing Element Update, HCD has identified the region's housing need as 441,176 units. The total number of housing units assigned by HCD is separated into four income categories that cover housing types for all income levels, from very low-income households to market rate housing.[1] This calculation, known as the Regional Housing Needs Determination (RHND), is based on population projections produced by the California Department of Finance as well as adjustments that incorporate the region's existing housing need.

[1] HCD divides the RHNA into the following four income categories: Very Low income: 0-50 percent of AMI, Low income: 50-80 percent of AMI, Moderate income: 80-120 percent of AMI, and Above Moderate income: 120 percent or more of AMI.

Almost all jurisdictions in the Bay Area received a larger RHNA this cycle compared to the last cycle, primarily due to changes in State law that led to a considerably higher RHND compared to previous cycles.

On January 12, 2022, HCD approved the Association of Bay Area Government's (ABAG) adopted RHNA Methodology. For Los Gatos, the RHNA to be planned for this cycle is 1,993 units, an increase from the last cycle. Table 10-1 shows the RHNA, including breakdown by affordability levels, for Los Gatos for the period 2023 through 2031.

Table 10-1 Regional Housing Needs Allocation

Income Group	Percentage of AMI	Share
Extremely Low Income	0-30	268
Very Low Income	31-50	269
Low Income	51-80	310
Moderate Income	81-120	320
Above Moderate Income	Over 120	826
Total		1,993

Note: State law requires that jurisdictions project the housing needs of extremely low income households. This projection can be estimated at 50 percent of the very low income need.

10.1.3 Affirmatively Furthering Fair Housing

In 2018, AB 686 established an independent State mandate to address AFFH. AB 686 extends requirements for Federal grantees and contractors to "affirmatively further fair housing," including requirements in the Federal Fair Housing Act, to public agencies in California. Affirmatively furthering fair housing is defined specifically as taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity by replacing segregated living patterns with truly integrated and balanced living patterns; transforming racially and ethnically concentrated areas of poverty into areas of opportunity; and fostering and maintaining compliance with civil rights and fair housing laws.

AB 686 requires public agencies to:

- Administer their programs and activities relating to housing and community development in a manner to affirmatively further fair housing;
- Not take any action that is materially inconsistent with the obligation to affirmatively further fair housing;
- Ensure that the program and actions to achieve the goals and objectives of the Housing Element affirmatively further fair housing; and
- Include an assessment of fair housing in the Housing Element.

The requirement to AFFH is derived from The Fair Housing Act of 1968, which prohibited discrimination concerning the sale, rental, and financing of housing based on race, color, religion, national origin, or sex and was later amended to include familial status and disability. The 2015 U.S. Department of Housing and Urban Development (HUD) Rule to Affirmatively Further Fair Housing and California AB 686 (2018) both mandate that each jurisdiction takes meaningful action to address significant disparities in housing needs and access to opportunity. AB 686 requires that jurisdictions incorporate AFFH into their Housing Elements, which includes inclusive community participation, an assessment of fair housing, a site inventory reflective of AFFH, and the development of goals, policies, and programs to meaningfully address local fair housing issues.

An AFFH analysis was prepared by Root Policy Research and is included as an appendix to this Housing Element (see Appendix A). An action matrix for programs and actions that aim to affirmatively further fair housing is included in Section 10.6, Implementation Programs, of this Housing Element.

Defining Segregation

Segregation is the separation of different demographic groups into concentrated geographic locations or communities, meaning that groups are unevenly distributed across geographic space. Appendix A examines two spatial forms of segregation: neighborhood level segregation within a local jurisdiction; and Town level segregation between jurisdictions in the Bay Area.

Neighborhood level segregation (within a jurisdiction, or intra-Town): Segregation of race and income groups can occur from neighborhood to neighborhood within a Town. For example, if a local jurisdiction has a population that is 20 percent Latinx, but some neighborhoods are 80 percent Latinx while others have nearly no Latinx residents, that jurisdiction would have segregated neighborhoods.

Town level segregation (between jurisdictions in a region, or inter-jurisdiction): Race and income divides also occur between jurisdictions in a region. A region could be very diverse with equal numbers of White, Asian, Black, and Latinx residents, but the region could also be highly segregated with each jurisdiction consisting solely of one racial group.

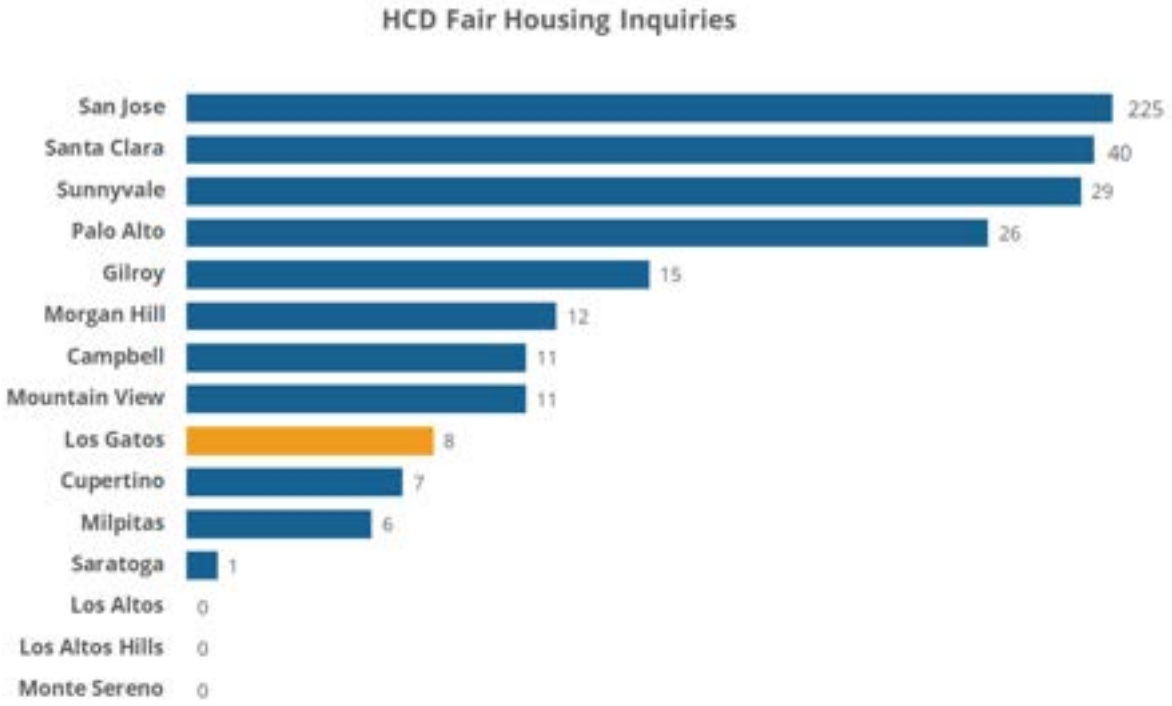
There are many factors that have contributed to the generation and maintenance of segregation. Historically, racial segregation stemmed from explicit discrimination against people of color, such as restrictive covenants, redlining, and discrimination in mortgage lending. This history includes many overtly discriminatory policies made by Federal, State, and local governments. Segregation patterns are also affected by policies that appear race-neutral, such as land use decisions and the regulation of housing development.

Segregation has resulted in vastly unequal access to public goods such as quality schools, neighborhood services and amenities, parks and playgrounds, clean air and water, and public safety. Segregation has lasting generational affects that target low-income and minority communities. Unequal access to public goods disproportionately affects undeserved communities, leading to lower levels of educational attainment, higher morbidity rates, and higher mortality rates.

Segregation Patterns in the Bay Area

Across the San Francisco Bay Area, White residents and above moderate-income residents are significantly more segregated from other racial and income groups (see Appendix B). The highest levels of racial segregation occur between the Black and White populations. The analysis completed for Appendix A indicates that the amount of racial segregation both within Bay Area cities and across jurisdictions in the region has decreased since the year 2000. This finding is consistent with recent research from the Othering and Belonging Institute at UC Berkeley, which concluded that, “[a]lthough seven of the nine Bay Area counties were more segregated in 2020 than they were in either 1980 or 1990, racial residential segregation in the region appears to have peaked around the year 2000 and has generally declined since.” However, compared to cities in other parts of California, Bay Area jurisdictions have more neighborhood level segregation between residents from different racial groups. Additionally, there is also more racial segregation between Bay Area cities compared to other regions in the State. The Federal Fair Housing Act prohibits discrimination in housing on the basis of race or color, national origin, religion, sex, familial status, and disability. Figure 10-1 on the following page shows the number of HCD Fair Housing Inquiries for the period 2013 through 2021.

Figure 10-1 HCD Fair Housing Inquiries (2013- 2021)



Source: California Department of Housing.

Segregation and Land Use

It is difficult to address segregation patterns without an analysis of both historical and existing land use policies that impact segregation patterns. Land use regulations influence what kind of housing is built in a county, city, town, or neighborhood. These land use regulations in turn impact demographics, and they can be used to affect the number of houses in a community, the number of people who live in the community, the wealth of the people who live in the community, and where within the community they reside. Land use regulations have led to disparities among neighborhoods based on class and race.

Segregation in the Town of Los Gatos

- As of 2020, White residents are the most geographically concentrated compared to other racial groups in Los Gatos, as measured by the isolation index. White residents live in neighborhoods where they are less likely to come into contact with other racial groups.
- Among all racial groups, the White population's isolation index value has changed the most over time, becoming less segregated from other racial groups between 2000 and 2020.
- According to the dissimilarity index, within Los Gatos, racial segregation is most significant between Black and White populations. [2] However, this dissimilarity index [3] value is not a reliable data point due to small population size.

[2] The analysis conducted for this report suggests that dissimilarity index values are unreliable for a population group if that group represents approximately less than 5% of the jurisdiction's total population. ABAG/MTC recommends that when cities have population groups that are less than 5% of the jurisdiction's population (see Figure B-4 in Appendix B) the assessment could focus on the isolation index or Thiel's H-Index to gain a more accurate understanding of neighborhood-level racial segregation in their jurisdiction.

[3] The "index of dissimilarity" is the most commonly used and accepted method of measuring segregation, and compares how evenly one population sub-group is spread out geographically compared to another population sub-group.

- According to the Theil H-Index,[4] neighborhood racial segregation in Los Gatos increased between 2010 and 2020. Neighborhood income segregation stayed about the same between 2010 and 2015.
- Above moderate-income residents are the most segregated compared to other income groups in Los Gatos. Above moderate-income residents live in neighborhoods where they are less likely to encounter residents of other income groups.
- Among all income groups, the above moderate-income population's segregation measure has changed the most over time, becoming less segregated from other income groups between 2010 and 2015.
- According to the dissimilarity index, segregation between lower income residents and residents who are not lower income has increased between 2010 and 2015. In 2015, the income segregation in Los Gatos between lower income residents and other residents was higher than the average value for Bay Area jurisdictions.

Figures 10-2 and 10-3 identify HCD Fair Housing Inquiries by bias for the period 2013 through 2021 and a list of Fair Housing Assistance organizations within Santa Clara County. Figure 10-2 shows that a total of eight fair housing inquiries for Los Gatos were submitted with two submittals citing familial status as a bias and six cases citing no specific bias.

Figure 10-2 HCD Fair Housing Inquiries by Bias, January 2013-March 2021

Jurisdiction	Disability	Race	Familial Status	National Origin	Religion	Sex	Color	None Cited	Decision Not To Persue	Failure to Respond	Total
San Jose	39	9	9	8	0	3	0	146	9	111	225
Santa Clara	2	2	4	4	0	0	0	26	1	12	40
Sunnyvale	7	1	3	0	0	0	0	17	1	16	29
Palo Alto	3	1	3	0	0	1	0	18	1	9	26
Gilroy	3	1	0	0	0	0	0	11	1	4	15
Morgan Hill	3	2	1	0	0	0	0	6	0	6	12
Campbell	3	1	0	0	0	0	0	7	0	5	11
Mountain View	1	0	1	0	0	0	0	9	0	6	11
Los Gatos	0	0	2	0	0	0	0	6	1	5	8
Cupertino	2	1	0	0	0	0	0	4	1	2	7
Milpitas	0	0	0	0	0	0	0	6	0	2	6
Saratoga	0	0	0	0	0	0	0	1	0	0	1
Los Altos	0	0	0	0	0	0	0	0	0	0	0
Los Altos Hills	0	0	0	0	0	0	0	0	0	0	0
Monte Sereno	0	0	0	0	0	0	0	0	0	0	0

Source: California Department of Housing and Community Development AFFH Data Viewer

[4] The Theil H-Index is a statistic primarily used to measure economic inequality and other economic phenomena.

Figure 10-3 Fair Housing Assistance Organizations, Santa Clara County

Name	Service Area	Address	Phone	Website
Project Sentinel	Northern California	1490 El Camino Real, Santa Clara, CA 95050	(800) 339-6043	https://www.housing.org/
Los Gatos Rental Dispute Resolution Program C/O Project Sentinel	Los Gatos	1490 El Camino Real, Santa Clara, CA 95050	(800) 339-6043	https://www.housing.org/
Housing and Economic Rights Advocates	State of California	1814 Franklin St. Ste. 1040 Oakland, CA 94612	(510) 271-8443	https://www.heraca.org
Bay Area Legal Aid - Legal Advice Line	Parts of Santa Clara County	2 West Santa Clara Street, 8th Floor, San Jose, CA 95113	(408) 850-7066	https://www.baylegal.org
Senior Adults Legal Assistance (SALA)	Santa Clara County	160 E Virginia Street, Ste. 260, San Jose, CA 95112	(408) 295-5991	www.sala.org
Asian Law Alliance	Silicon Valley	184 East Jackson Street, San Jose, CA 95112	(408) 287-9710	www.asianlawalliance.org
California Department of Fair Employment and Housing	State of California	2218 Kausen Dr. Ste. 100 Elk Grove, CA 95758	(916) 478-7251	https://www.dfeh.ca.gov
Law Foundation of Silicon Valley	Greater Silicon Valley, Santa Clara County	152 N. 3rd St. #3 San Jose, CA 95112	(408) 293-4790	https://lawfoundation.org

Source: Los-Gatos-Housing-Resources-Guide (losgatosca.gov)

Regional Segregation

- Los Gatos has a higher percentage of White residents than other jurisdictions in the Bay Area as a whole, a lower percentage of Latinx residents, a lower percentage of Black residents, and a lower percentage of Asian and Pacific Islander residents.
- Regarding income groups, Los Gatos has a lower percentage of very low-income residents than other jurisdictions in the Bay Area as a whole, a lower percentage of low-income residents, a lower percentage of moderate-income residents, and a higher percentage of above moderate-income residents.

10.1.4 Overview of Planning and Legislative Efforts

This section provides an overview of planning and legislative efforts that provide the context for development of the 6th Cycle Housing Element.

2040 General Plan

On June 30, 2022, the Town Council adopted the 2040 General Plan and accompanying Environmental Impact Report (EIR). As of September 27, 2022, The Land Use and Community Design Elements of the 2040 General Plan are suspended pending the results of a referendum. In the interim, the Town's 2020 General Plan Land Use and Community Design Elements will govern during the suspension period.

The update process that resulted in the adoption of the 2040 General Plan was conducted with an understanding of the changes that would be required for the next Housing Element update cycle, and with a goal of minimizing the number of additional General Plan amendments that would be required to ensure consistency between the updated Housing Element and other Elements of the General Plan. Given this recent work that resulted in the 2040 General Plan, the only Housing Element Implementation Program required to ensure consistency is Implementation Measure BG to allow the housing density suspended by the referendum mentioned above. The use of Implementation Measure BG allows the Housing Element to assume that the properties on the Sites Inventory are able to develop at the greater density levels and heights envisioned under the 2040 General Plan, regardless of the results of the referendum. In this way the Housing Element can depend on this new development capacity rather than being constrained by the referendum.

Effectiveness of Previous Housing Element

The Town of Los Gatos 5th Cycle Housing Element (2015 to 2023) identified a RHNA of 619 housing units between January 31, 2015, and January 1, 2023. As of December 31, 2022, 683 new units were added to the Town's housing stock, achieving approximately 110 percent of the Town's RHNA. Units affordable to moderate- and lower-income households that were created during the planning period include senior rental units (North Forty Phase I), an attached condominium (Union Avenue), detached townhomes (Knowles Avenue) produced through the Town's Below Market Program (BMP), and accessory dwelling units (ADU). See Appendix E for a complete review and analysis of Los Gatos' 5th Cycle Housing Element (2015-2023).

New State Laws Affecting Housing

While the Town has taken steps throughout the 5th Cycle to increase housing production locally, the State passed numerous laws to address California's housing crisis during the same period. As the State passes new legislation in the remainder of the 5th Cycle and during the 6th Cycle, the Town will continue to amend the Municipal Code; to monitor and evaluate policies and programs designed to meet State requirements; and to proactively implement new policies and programs to help increase housing production in the Town.

In 2019, several bills were signed into law that include requirements for local density bonus programs, the Housing Element, surplus lands, ADU streamlining, and removing local barriers to housing production. The Town has and will continue to implement changes required by State law, through amendments to the Los Gatos Municipal Code. The following is a summary of recent legislation and proposed Town activities that will further the Town's efforts to increase housing production during the 6th Cycle. Please see the previous section for a discussion of AB 686 (Affirmatively Furthering Fair Housing).

Streamlining for Subdividing Single-Family Lots

Senate Bill (SB) 9, the California Housing Opportunity and More Efficiency (HOME) Act, streamlines the process for a homeowner to create a duplex or subdivide an existing lot. Any new housing created as a result of this bill must meet a specific list of qualifications that protects historic districts, preserves environmental quality and the look of communities, and prevents tenants from being displaced. This legislation will enable homeowners to provide access to more rental and ownership options for working families who would otherwise be priced out of neighborhoods.

Since the adoption the Town's SB 9 Ordinance, the Town has received a total of four Two-Unit Housing Development applications and seven Urban Lot Split applications (between January 2022 and January 2023). The applications result in a total of 13 net new housing units a year. Based on the number of applications received during the first year of SB 9 the Town is utilizing an estimate of 12 net new housing units per year

and anticipating a total of 96 residential units to be developed under SB 9 during the eight-year planning period, as further described in Program AV.

Within the Town, 6,940 parcels in the single-family zones have parcel size over 5,000 square feet (a conservative estimate compared to the minimum State requirement of 2,500 square feet) eligible for lot split. To estimate the number of parcels with potential for urban lot split, these factors were considered to exclude:

- Existing lot coverage (more than 40 percent) – Estimated by dividing building area by the number of stories.
- Year Built (1940 or earlier) – The Town considers homes built prior to 1941 as historic homes.
- Improvement to land value ratio (more than 1.0 and therefore improvements are worth more than the land) – Similar to age of structure, newer homes that are worth more than the land may be financially less conducive to lot splits.

Overall, 2,971 parcels meet these criteria. The projection of 12 units annually represents the potential participation of less than 0.5 percent of probable parcels and therefore a fairly conservative estimate. Nevertheless, given these recent trends, the Town has not utilized these potential SB 9 units to meet its RHNA adequate sites requirement. These units help promote housing mobility in the Town, offering moderately priced housing in lower intensity neighborhoods (see Program AV).

Incentives for Accessory Dwelling Units

AB 68, AB 587, AB 671, AB 881, and SB 13 further incentivize the development of ADUs, through streamlined permits, reduced setback requirements, increased allowable square footage, reduced parking requirements, and reduced fees. The Town has amended its regulations and procedures pursuant to State law. In addition, the Town increased the allowable floor area ratio by an additional 10 percent for development of ADUs. See Appendix Q for additional information regarding the Town's ADU program and incentives to increase ADU production and affordability.

Density Bonus Update

AB 1763 requires jurisdictions to provide a density bonus to development projects that restrict 100 percent of their units as affordable to lower and moderate-income households.

Objective Standards for Multi-Family and Mixed-Use Development Applications

The Town of Los Gatos is developing objective standards for the review of multi-family housing and mixed-use development applications. This effort is in response to State legislation requiring jurisdictions to adopt objective standards and to implement them in a streamlined review of qualifying housing projects. Objective standards are defined under State law as "standards that involve no personal or subjective judgement by a public official and are uniformly verifiable by reference to an external and uniform benchmark or criterion available and knowable by both the development applicant or proponent and the public official prior to submittal" (California Government Code, Section 65913.4). Objective standards are a powerful tool that allow communities to respond to State housing laws that are reducing local control of development. They provide an opportunity to ensure that the appearance of new development is compatible with the Town's vision, while reinforcing objectivity in the decision-making process.

Low-Barrier Navigation Centers

A "Low Barrier Navigation Center" is a low-barrier, service-enriched shelter focused on moving people into permanent housing that provides temporary living facilities while case managers connect individuals experiencing homelessness to income, public benefits, health services, shelter, and housing. AB 101 requires jurisdictions to allow “low-barrier navigation centers” by-right in areas zoned for mixed-uses and in non-residential zones permitting multi-family uses if the center meets specified requirements. Implementation Program BC has been included pursuant to the requirements of AB 101.

Surplus Public Land

AB 1255 and AB 1486 seek to identify and prioritize State and local surplus lands available for housing development that are affordable to lower income households. The Town has not identified surplus lands through the sites inventory analysis and will report on these lands if identified through the Housing Element Annual Progress Reports.

Accelerated Housing Production

AB 2162 and SB 2 address various methods and funding sources that jurisdictions may use to accelerate housing production.

Priority Processing

SB 330 enacts changes to local development policies, permitting, and processes that will be in effect through January 1, 2025. SB 330 places new criteria on the application requirements and processing times for housing developments; prevents localities from decreasing the housing capacity of any site, such as through downzoning or increasing open space requirements, if such a decrease would preclude the jurisdiction from meeting its RHNA housing targets; prevents localities from establishing non-objective standards; and requires that any proposed demolition of housing units be accompanied by a project that would replace or exceed the total number of units demolished. Additionally, any demolished units that were occupied by lower income households must be replaced with new units affordable to households with those same income levels.

Housing and Public Safety

In response to SB 379, SB 1035, SB 99, and AB 747, local jurisdictions must update their Safety Element to comprehensively address climate adaptation and resilience and identify evacuation routes. These updates are triggered by any General Plan or Housing Element Update that occurs after January 1, 2014. The Town has conducted this update through its recent General Plan Update, so that it can direct future development into areas that avoid or reduce unreasonable risks, while also providing needed housing and maintaining other community planning goals.

Online Transparency

AB 1483 increases transparency for residential development project applicants. The Town of Los Gatos’ website maintains the publication of specific fee and zoning information intended to increase transparency for residential development project applications.

10.1.5 Public Participation

The primary purpose of this section is to describe the effort made by the Town of Los Gatos to engage all economic segments of the community (including residents and/or their representatives) in the development and update of the Housing Element. The 6th Cycle RHNA numbers are a significant change for all California communities, and the success of the update process is dependent on a robust, inclusive, and meaningful community outreach and engagement program. The COVID-19 pandemic has complicated community outreach efforts, but the pandemic has also catalyzed the development of new digital tools that have brought interactive engagement to a new level. The following section outlines efforts taken by the Town of Los Gatos to engage the community in the Housing Element Update process. The summary below illustrates the efforts that the Town has employed to reach the community for input and community engagement as part of the 2023-2031 Housing Element Update process to date:

- Postcards sent to all property owners and tenants in the Town for a Housing Element Update Community Meeting (17,446 in total).
- Announcements provided in the local newspaper for all Housing Element Advisory Board (HEAB) meetings, community meetings, joint study sessions, and the 30-day public review period of the Initial Public Review Draft Housing Element (Los Gatos Weekly).
- 19 pop-up informational tables at the Los Gatos Farmers' Market.
- Two Housing Element Update information tables at the Los Gatos Library.
- Information table at the Town Community Event (Spring in the Green).
- Social posts on five platforms, including Facebook, Instagram, Twitter, Nextdoor, and the What's New page on the Town's website for all Housing Element meetings, interactive on-line engagement, and public engagement opportunities.
- Public notices for Housing Element Advisory Board (HEAB) meetings and community meetings posted at Town Hall and the Library.
- Targeted email messaging that sends email updates to the Town's Notify Me subscribers for the 2040 General Plan Update and Housing Element Update.
- 100 Property Owner Interest Forms mailed to all property owners on the Site Inventory.
- Online advertisements for each Housing Element meeting and interactive on-line engagement opportunities on the Town's website, the Town's General Plan Update website, and the Town's Housing Element website.
- Use of the Balancing Act, a housing simulation tool, available on the Town's dedicated Housing Element Update website for online public engagement.
- 201 submissions to the online site surveys and 42 completions of the Balancing Act housing simulation tool.
- Seven community group meetings for the 2040 General Plan Update, including discussion regarding density and affordable housing.
- 20 HEAB meetings held to date.
- Town Council meeting approving the draft Site Inventory.
- One community meeting hosted by the Santa Clara County Planning Collaborative for Santa Clara County municipalities.
- A public meeting hosted by West Valley Community Services; Envisioning an Inclusive Los Gatos: Housing Element 101.
- A joint study session with the Town Council and Planning Commission to discuss housing growth options for the 2040 General Plan.
- A joint study session with the Town Council, Planning Commission, and HEAB with panelists from both market rate and non-profit developers.
- Participation in a Santa Clara County Equity Advisory Group Meeting.
- Two informational meetings with the Los Gatos Democracy Tent community organization.

Staff expects to continue this level of outreach and engagement throughout the remainder of the Housing Element Update process, including: information on the Town's website; newspaper ads; social media posts; email notifications; pop-up tables at the Farmers' Market, library, and public events; and the website for the Housing Element Update (engagelosgatoshousing.com). Through staff's engagement with the public at the Farmers' Market, staff has heard community support for: housing options to meet the needs of seniors and large families; displacement prevention of existing naturally affordable housing units; housing of essential workers; and lower wage earners; and the Town incentives to attract affordable housing projects.

Housing Element Advisory Board

On August 3, 2021, the Los Gatos Town Council adopted Resolution 2021-032 establishing the HEAB to serve as an advisory board for preparation of the Housing Element Update. On September 21, 2021, the Town Council appointed four at-large members to the HEAB, which when combined with the nine members of the existing General Plan Committee (GPC), formed a 13-member oversight board.

Housing Element Website
The Town developed a focused Housing Element Update website "Engage Los Gatos Housing" to provide a forum for the Town's online community to engage in the Housing Element Update process. The site provides an interactive place for the public to learn about and be a part of the Town's work on housing and to help guide decision makers on the direction of future housing. This online platform has been open throughout the Town's 6th Cycle Housing Element Update and updated regularly with key documents, key meeting dates and times, engagement opportunities, and other information.

Balancing Act Online Public Engagement
The Balancing Act tool was added on the Town's Housing Element website to allow the public to participate and provide site selection feedback on the online platform. The Balancing Act is an online simulation-based tool for public engagement on potential housing sites. The Balancing Act provided an interactive map showing where potential housing could be placed to fulfill the Town's RHNA.

Site Surveys Online Public Engagement
As a companion to the Balancing Act mapping tool opportunity to gather public comments about potential housing sites, surveys were made available for each individual site. The dedicated Housing Element Update website included opportunities to learn more about the Housing Element Update process and how to contribute to the process.

Renter's Survey
On November 15, 2022, the Town of Los Gatos published a Renter's Housing Survey to gather input from residents who are currently renting or have a history of renting in the Town. The goal of the survey was to inform the Town on renter household's needs and possible barriers to accessing housing. The survey was made available in English, Russian, and Spanish, and posted online at www.EngageLosGatosHousing.com. Additionally, the survey was distributed in print throughout the Town in collaboration with West Valley Community Services (WVCS). The survey received a total of 62 responses. See Appendix B for the survey results.

Property Interest Forms
Letters were sent to owners of properties that were considered by the Town to be candidates for housing sites. The letters included a description of the Housing Element Update process and an invitation to include their property on the Sites Inventory List.

Community Meetings
On August 25, 2021, Town staff participated with other municipalities as part of the Santa Clara County Housing Collaborative to conduct the Let's Talk Housing meeting, a regional outreach effort. The online event introduced community participants to the Housing Element Update process. Town staff presented an introduction to the Housing Element Update and hosted breakout Zoom room discussions to learn more about community members housing experiences, needs challenges, and opportunities. There were 35 participants.

On March 2, 2022, West Valley Community Services (WVCS) hosted an online community engagement event, Envisioning an Inclusive Los Gatos: Housing Element 101. The online event provided an opportunity for the public to discuss opportunities with panelists for the Town to improve the housing community for everyone, ensuring inclusive, diverse, and affordable housing in Town. Community members, Housing Element experts, nonprofits, housing developers, and clients with experience in homelessness and affordable housing joined the conversation, discussing housing challenges, opportunities, and personal experiences. The featured panelists included:

- Ande Flower, Principal Planner at EMC Planning Group.
- Alison Cingolani, Policy and Research Associate at SV@Home.
- Bianca Neumann with EAH Housing.
- Two WVCS clients.

Housing Element Advisory Board Public Meetings (HEAB)
The HEAB is an advisory board created for the purposes of advising Town staff, providing a public forum for public involvement, and making recommendations to the Planning Commission and Town Council on updates to

the Housing Element. The HEAB serves as an advisory body that provides input on specific tasks associated with the Housing Element Update. The role of the HEAB is to:

- Provide guidance on the development of the Housing Element Update;
- Provide an additional forum for public involvement;
- Forward milestone products to Town Council;
- Review the Draft Housing Element; and
- Make recommendations to the Planning Commission and Town Council.

The HEAB meeting agendas allow for two opportunities for public comment, at the beginning and end of each meeting, to provide the public an opportunity to react to the topics proposed and discussed. The public is invited to participate and provide comments at the HEAB meetings or in writing. Meetings are advertised through social media, the Town's website, the Housing Element Update website, newspaper advertisements, postings at Town Hall and the Library, and emails to the General Plan Notify Me list. The following meetings were held via Zoom with public participation and will continue through the Housing Element Update process.

- October 21, 2021: Kickoff Meeting and Housing Element Overview.
- December 16, 2021: Review and Discussion of Technical Appendices.
- February 17, 2022: Review and Discussion of the Housing Site Inventory Analysis Process.
- April 21, 2022: Review and Discussion of the Housing Element Site Inventory.
- May 5, 2022: Review and Discussion of the Housing Element Site Inventory.
- May 19, 2022: Review and Discussion of the Housing Element Site Inventory.
- June 16, 2022: Review and Discussion of the Housing Element Draft Goals, Policies, and Programs.
- July 7, 2022: Review and Discussion of the Housing Element Draft Goals, Policies, and Programs.
- August 4, 2022: Review and Discussion of the Housing Element Draft Goals, Policies, and Programs.
- August 18, 2022: Review and Discussion of the full preliminary Housing Element Draft.
- September 15, 2022: Receive Public Comments on the Initial Public Review Draft Housing Element.
- October 20, 2022: Review of the Submittal of the HCD Draft Initial Review Housing Element.
- December 1, 2022: Discuss Anticipated Comments on the Town's Draft Housing Element.
- February 16, 2023: Review of HCD comments and discuss possible modifications to the Housing Element.
- March 16, 2023: Review and Discuss the Town's Revised Draft Housing Element.
- June 15, 2023: Review of HCD comments and discuss possible modifications to the Housing Element.
- July 20, 2023: Review draft modifications to the Town's Draft Revised Housing Element.
- August 24, 2023: Review draft modifications to the Town's Draft Revised Housing Element.
- September 28, 2023: Review of the Town's Draft Revised Housing Element.
- January 18, 2024: Review of Town's Draft Revised Housing Element and discussion of HCD's December 1, 2023, comment letter.

In addition, the following groups have been invited to join the Housing Element Advisory Board Meetings:

- Los Gatos Chamber of Commerce.
- West Valley Community Services.
- Los Gatos Interfaith Community.
- Public and Private Schools.
- Los Gatos Anti-Racism Coalition.
- Los Gatos Rotary Club.
- Los Gatos Kiwanis Club.
- Los Gatos Lions Club.
- Architects, Designers, and Market and Affordable Housing Developers who typically do work within Town.

- The Town's Senior Services Committee.

The list of organizations that were contacted to participate in the Housing Element Update process is provided in Appendix F.

Joint Study Sessions

On December 7, 2021, the Town Council and the Planning Commission held a Joint Study session via Zoom to discuss housing growth options and related analyses for Planning Commission and Town Council consideration of the 2040 General Plan Update. The public was encouraged to continue to submit comments and participate in the 2040 General Plan Update, including any preferences for housing growth options.

On April 6, 2022, the Town Council, Planning Commission, and HEAB participated in a Joint Study session via Zoom titled "Nuts and Bolts of Affordable Housing." Several residents requested that the Town Council convene a study session with the Planning Commission and HEAB to learn more about the challenges of building affordable housing, particularly the financial and legal realities. The residents provided discussion questions to the panel members. The Town Council, Planning Commission, and HEAB members had the opportunity to ask questions of panel members. The panelists included the following:

- Josh Selo, West Valley Community Services Executive Director served as moderator for the panel discussion.
- Barbara Kautz, Goldfarb Lipman Attorneys, provided the current legal landscape for Housing Elements.
- Don Caprobres, Harmonie Park Development, provided expertise in market rate development and partnerships with affordable housing developers.
- Andrea Osgood, Eden Housing, provided hands-on knowledge of affordable housing development and working with market rate developers.
- Chris Neale, The CORE Companies, provided experience with both market and affordable housing development.

Public Hearings

On June 7, 2022, the Town Council accepted the sites in Tier 1 for inclusion in the Draft Site Inventory as recommended by the HEAB at their May 19, 2022, meeting.

On December 20, 2022, the Town Council recommended that the current version of the Draft 2023-2031 Housing Element, as submitted to HCD on October 14, 2022, be considered for adoption prior to the statutory deadline of January 31, 2023.

On January 11, 2023, the Planning Commission unanimously recommended that the Town Council adopt the Draft 2023-2031 Housing Element with the revised Sites Inventory Analysis and revised Sites Inventory Form.

On January 24, 2023, the Town Council discussed the Town's 2022 through 2024 strategic priorities and included affordable housing partnerships as a strategic priority for the Town.

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 with the revised Sites Inventory Analysis and revised Sites Inventory Form.

On April 4, 2023, the Town Council reviewed and discussed the Draft Revised 2023-2031 Housing Element as submitted to HCD on March 31, 2023.

On December 19, 2023, January 16, 2024, February 6, 2024, February 20, 2024, and March 5, 2024 the Town Council reviewed and discussed the Draft Revised Housing Element.

Justice, Diversity, Equity, and Inclusion

Like many other cities in the United States, Los Gatos has a history which includes racial injustice. The Town also has a long-standing commitment to being equitable and inclusive. In the last couple years, with racial justice issues at the forefront of local and national conversations, the Town has taken a more holistic approach to Justice, Equity, Diversity, and Inclusion work. The Town of Los Gatos values justice, equity, diversity, and

inclusion (JEDI). The Town works proactively to ensure the rights and opportunities of everyone in Los Gatos and opposes any attempts to undermine the safety, security, and rights of any members of the community. The Town promotes equal treatment, equitable distribution of and access to resources, and engagement in issues affecting the lives of residents, workers, and visitors. The Town does not tolerate discrimination, racial injustice, or police brutality. The Town works toward realizing the values of diversity, equity, and inclusion by taking specific actions to become a more inclusive community.

In May of 2017, the Town Council affirmed a commitment to Los Gatos as a diverse, supportive, equitable, and inclusive community.

On June 5, 2020, the Town affirmed its commitment to stand in solidarity with the black community with a Proclamation from the Mayor.

On June 17, 2020, the Mayor signed the Obama Foundation's Mayor's Pledge, committing to review Police Department standards, report back to the community, and work on reforms.

On June 19, 2020, the Town launched a new webpage, "Becoming an Inclusive Community," dedicated to outlining the shared values of justice, diversity, equity, and inclusion. In naming the new webpage "Becoming an Inclusive Community," the Town acknowledged that there is work to do; and by clearly stating the commitment to inclusivity and diversity, the Town strives to take the steps needed to reach that goal. The dedicated webpage can be viewed at www.LosGatosCA.gov/Inclusivity and is kept updated on a regular basis with Town efforts and current information.

On July 30, 2020, the General Plan Update Advisory Committee (GPAC) held a special meeting to review and discuss the topics including racial, social, and environmental justice in the General Plan. As a result of this meeting, the first Element of the 2040 General Plan is a new Racial, Social, and Environmental Justice Element.

In 2020, the Town hosted three community workshops via teleconference to foster dialogue on racial and social justice and how Los Gatos can be more welcoming for all. The three conversations covered police reform, and housing. The inclusivity webpage contains full video recordings, presentations, and other information associated with these conversations.

On June 30, 2022, the Council adopted the 2040 General Plan with a brand-new chapter: the Racial, Social, and Environmental Justice Element. This guiding Element works in conjunction with the Town's commitment to create a more inclusive Los Gatos and provide safe spaces for all to join in conversations to shape the Town's future. The Town's work to further the goals and policies stated in this new Element include: hosting community conversations; adopting Diversity, Equity, and Inclusion as an ongoing Council Strategic Priority since 2021; implementing Police reforms; working with the California Senate and Assembly on the development of Senate Bill 1100, which updates public meeting laws to provide an important balance of maintaining freedom of speech, protecting public safety, and providing protection for elected officials; and developing a formal JEDI plan with goals, action items, and timelines.

On October 3, 2023, the Town Council adopted an enabling resolution establishing the Diversity, Equity, and Inclusion Commission (DEIC). The function of the Commission shall be to serve in an advisory capacity to the Town Council regarding matters pertaining to creating equitable opportunities and a sense of belonging within Town. The DEIC will be committed to Justice, Equity, Diversity, and Inclusion across all sectors within the Town of Los Gatos and the purpose of DEIC is to work to create more equitable opportunities and increase a sense of belonging for all Los Gatos community members and visitors through community engagement and collaborative activities.

Community Outreach

Farmers' Market Informational Booth

Town staff hosted a 2040 General Plan Update and Housing Element Update informational booth at the Los Gatos Farmers' Market on Sundays from 9:00 a.m. to 12:00 p.m. on the following dates:

- June 27, 2021.
- July 18, 2021.

- August 8, 2021.
- August 29, 2021.
- September 19, 2021.
- October 10, 2021.
- October 31, 2021.
- November 21, 2021.
- December 19, 2021.
- January 19, 2022.
- February 13, 2022.
- March 13, 2022.
- April 10, 2022.
- May 22, 2022.
- June 12, 2022.
- September 4, 2022.
- October 9, 2022.
- November 13, 2022.
- December 11, 2022.
- January 15, 2023.
- February 19, 2023.
- March 26, 2023.
- May 21, 2023.
- June 11, 2023.
- July 23, 2023.

The Farmers' Market is held at the Town's Plaza Park located in downtown Los Gatos. The informational booth has provided an opportunity for planning staff to have approximately 75 interactions with the public, answer questions regarding housing opportunities and challenges within the Town, the location of possible housing sites in Town, the General Plan Update and Housing Element Update process in general, and key participation opportunities. Informational handouts were provided to members of the public with links to the Town's General Plan Update and Housing Element Update websites. Staff interacted with members of the community, including both Town residents and non-residents. Staff members will continue hosting this informational booth once a month through the end of the Housing Element Update process.

Spring Into Green Informational Booth

On April 24, 2022, and April 24, 2023, Town staff hosted an informational booth for the 2040 General Plan Update and Housing Element Update at the Town of Los Gatos' Spring into Green event. The outdoor event celebrates Keep Los Gatos Beautiful Month, environmental sustainability, and Earth Day. The festivities included environmentally focused exhibitor booths, a tree planting ceremony, the weekly Los Gatos Farmers' Market, family-friendly activities, food, and live music. The informational booth provided an opportunity for Town staff to answer the public's questions regarding housing opportunities and challenges within the Town, possible housing sites in Town, the General Plan Update and Housing Element Update process and key participation opportunities.

2040 General Plan Update

On June 30, 2022, the Town Council adopted the 2040 General Plan. As mentioned above, the 2040 General Plan includes a new chapter: Racial, Social, and Environmental Justice. The Racial, Social, and Environmental Justice Element includes goals, policies, and implementation programs that encourage and support local efforts to increase participation in the local political process and to improve local conditions relative to racial, social, and environmental justice issues. The themes covered in this element lay the foundation for creating a more equitable and inclusive Town for all residents of Los Gatos. The Racial, Social, and Environmental Justice Element focuses on the empowerment of the community, and especially of the members of the community who have not been previously heard.

General Plan Update Advisory Committee (GPAC)

To help guide the update to the General Plan, the Town Council appointed a GPAC. The GPAC was composed of the Town's General Plan Committee (GPC) and three additional residents. The GPC includes two Town Council members, three Planning Commissioners, and four residents. The GPAC served to review and discuss issues, opportunities, and the development the Draft 2040 General Plan. The GPAC held more than 35 public meetings throughout the General Plan Update process, listening to community input and contributing to the development of Land Use Alternatives, and the content of the General Plan document.

Public Participation to Affirmatively Furthering Fair Housing

The Los Gatos public participation program was also responsive to AFFH, which requires local jurisdictions to conduct public outreach to equitably include all stakeholders in the housing element public participation program (see Section 10.1.3 for more complete information on AFFH).

Tribal Consultation

This public participation effort also includes formal consultation, pursuant to Government Code §65352.3, with representatives from nine Native American tribes that are present and active in Santa Clara County.

10.1.6 Public Comment

Summary of Public Comment Topics

Public comments received on the Draft Housing Element addressed the following topics:

- Heath and environmental impacts on new residents based on housing location.
- Inclusion of Senate Bill 9 (SB 9) and Accessory Dwelling Units (ADUs) as additional housing.
- Consideration of sites owned by schools, public agencies, and religious organizations for housing.
- Reduction in permit processing time and other governmental constraints.
- Increase in labor standards.
- Errors and clarifications identified in data and analysis.

A full listing of public comments is included in Appendix I.

Summary of Public Comment Responses

Through the Housing Element update process the public comments received on the Draft Housing Element were addressed the following ways:

- Additional analysis and implementation program commitments to AFFH.
- Increased programs, incentives, and tracking to encourage production of housing units through SB 9 and ADUs.
- Increased commitment to support, encourage, and incentivize housing on school, publicly owned, and religious sites.
- Additional analysis of constraints was added in Appendix C, and commitments for reduction of government constraints were increased, for example reduced story pole requirements.
- New policy and implementation programs added to support local labor programs.
- Numerous errors and clarifications were corrected/added throughout.

Public Comments

A full listing of public comments received during the public review of the 6th Cycle Housing Element are included in Appendix I: Public Comments. Responses to public comments, where appropriate, are also provided.

10.2 Overview of Housing Needs and Constraints

This section summarizes the housing needs of Los Gatos as determined through the comprehensive housing data assessment and analysis presented in Appendix B and serves as the basis for housing goals, policies, and implementation programs. The housing summary gives an overview of population trends: characteristics of the housing stock; housing affordability; and special needs households.

10.2.1 Introduction

The Bay Area continues to see growth in both population and jobs, which means more housing of various types and sizes is needed to ensure that residents across all income levels, ages, and abilities have housing opportunities. While the number of people drawn to the region over the past 30 years has steadily increased, housing production has stalled, due to the high cost of land, contributing to the housing shortage that communities are experiencing. In many communities, this has resulted in residents being priced out, increased traffic congestion caused by longer commutes, and fewer people across income levels being able to purchase homes or meet surging rents.

10.2.2 Los Gatos Overview

As California works to face its housing crisis, the State of California has adopted rules to ensure that the burden of housing an economically diverse and growing population is shared proportionately among all California communities. The Town is committed to meeting the housing challenge, while preserving the essential character of the community. The Town faces some of the following conditions as summarized below:

- Population growth trends in the Town are significantly lower than the County and regional rates.
- The Town has more than double the County share of White population and a correspondingly smaller percent of minority populations.
- The Town has a higher share of high-income earners than the County and Bay Area.
- The income gap between lower income residents and higher income residents in the Town is higher than the average value for Bay Area jurisdictions.
- Poverty rates are very low in the Town.
- The Town is a net importer of workers.
- Housing prices in the Town are extremely high. Home prices are valued at more than $2 million, and rental prices increased by 61 percent from 2009 to 2019.
- The Town does not have any public housing and only a small portion of the Town contains Housing Choice Voucher usage.

Figures 10-4 and 10-5 on the following pages show the concentration of public housing buildings with less than seven units and buildings with eight to 35 units in Santa Clara County; and Housing Choice vouchers by census tract, respectively.

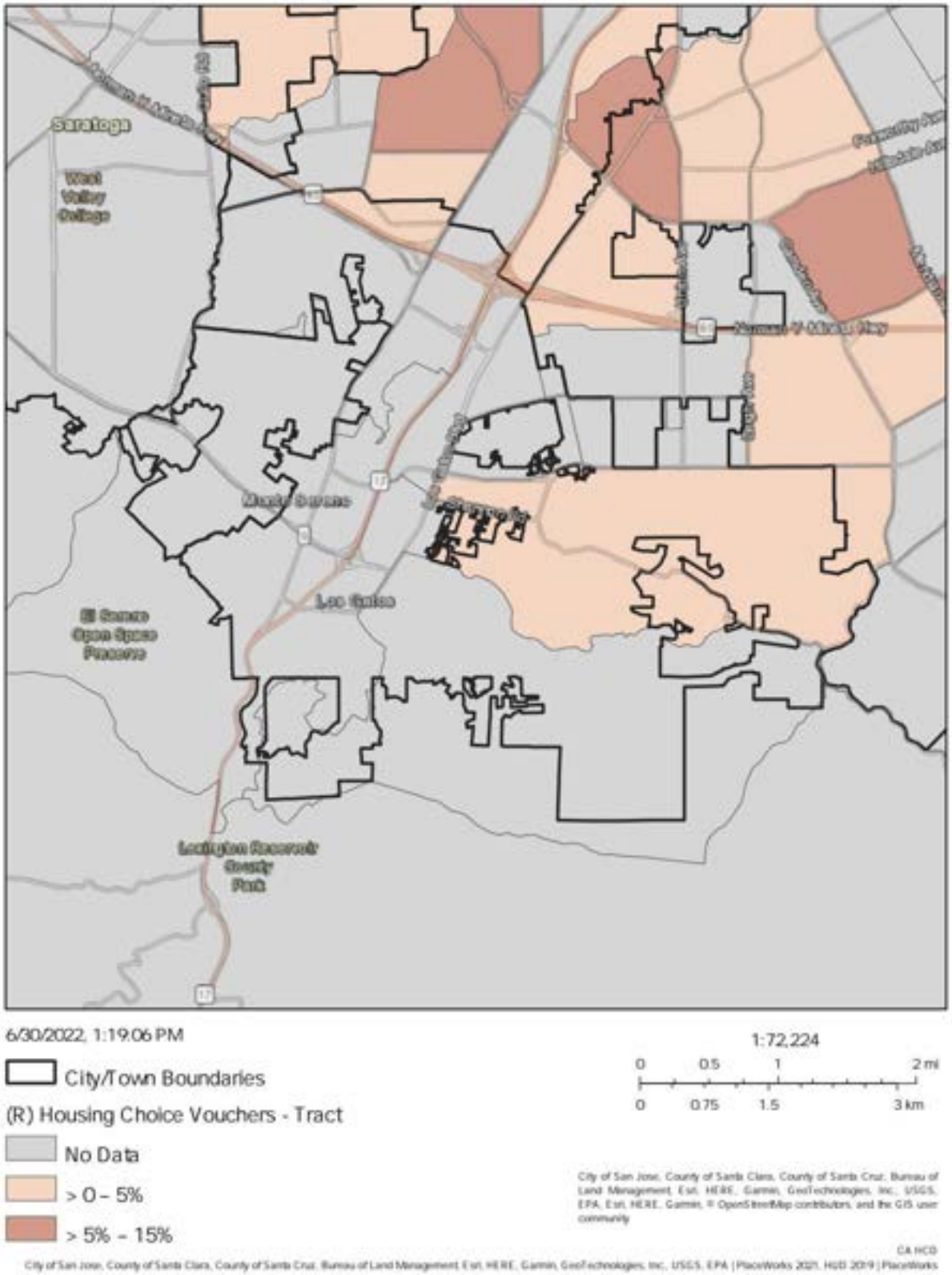
The remainder of this section provides an overview of the demographics, housing characteristics, and special housing needs that provide the context for Los Gatos' 6th Cycle Housing Element Update. A more complete report on housing needs is presented in Appendix B.

Figure 10-4 Public Housing Buildings, Partial Bay Area Region



Source: California Department of Housing and Community Development AFFH Data Viewer

Figure 10-5 Housing Choice Vouchers by Census Tract



Source: California Department of Housing and Community Development AFFH Data Viewer

10.2.3 Demographics

Population Trends

Generally, the population of the Bay Area continues to grow because of natural growth and because the strong economy draws new residents to the region. The population of the Town of Los Gatos increased by 10 percent from 2000 to 2020, which is below the 14.8 percent growth rate of the Bay Area. In 2020, the population of the Town was estimated to be 31,439 according to the Department of Finance. The population of the Town makes up 1.6 percent of Santa Clara County.[5] In the Town of Los Gatos, roughly 13.5 percent of its population moved during the past year, a number that is roughly the same as the regional rate of 13.4 percent. Table 10-2 shows population growth trends for the Town, Santa Clara County, and the Bay Area as a whole.

Table 10-2 Population Growth Trends

Geography	1990	1995	2000	2005	2010	2015	2020
Los Gatos	27,357	28,751	28,592	28,872	29,413	30,807	31,439
Santa Clara County	1,497,577	1,594,818	1,682,585	1,752,696	1,781,642	1,912,180	1,961,969
Bay Area	6,020,147	6,381,961	6,784,348	7,073,912	7,150,739	7,595,694	7,790,537

Source: California Department of Finance, E-5 series

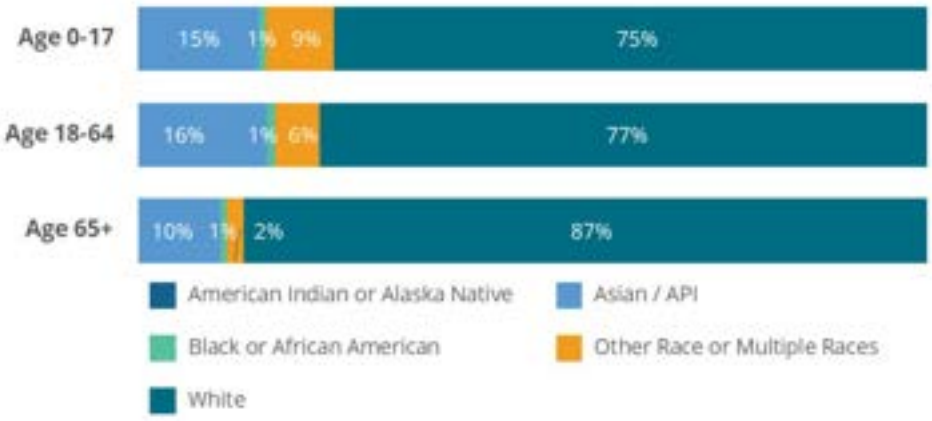
Population by Age

The distribution of age groups in a town or city shapes what types of housing the community may need in the near future. An increase in the older population may mean there is a developing need for more senior housing options, while higher numbers of children and young families can point to the need for more family housing options and related services. There has also been a move by many to age-in-place or downsize to stay within their communities, which can mean more multi-family and accessible units are also needed.

In 2019, the median age in the Town was 47 years, an increase from the median age of 41 in 2000. The youth population of the Town under the age of 18 was 6,767 and the senior population 65 and older was 6,393. These age groups represent 22 percent and 20.8 percent, respectively, of the Town's population. This reflects a nationwide aging trend related to the large baby boom generation, as well as local characteristics. The Town of Los Gatos is a community with a high quality of life that encourages residents to stay throughout their lives. Aging in place, attracting retirees, and high housing costs that favor older, more financially stable households all contribute to the aging trend in the Town. Figure 10-6 shows the distribution of senior and youth population by race.

[5] To compare the rate of growth across various geographic scales, Table 10-2 shows population for the jurisdiction, county, and region indexed to the population in the year 1990. This means that the data points represent the population growth in each of these geographies relative to their populations in 1990. NOTE: Universe: Total population; For more years of data, please refer to the Data Packet Workbook, Table POPEMP-01.

Figure 10-6 Senior and Youth Population by Race, Los Gatos, 2000-2019



Source: ABAG Housing Needs Data Workbook

Population by Race/Ethnicity

Understanding the racial makeup of a town, city, and region is important for designing and implementing effective housing policies and programs. These patterns are shaped by both market factors and government actions, such as exclusionary zoning, discriminatory lending practices, and displacement that has occurred over time and continues to impact communities of color today.[6]

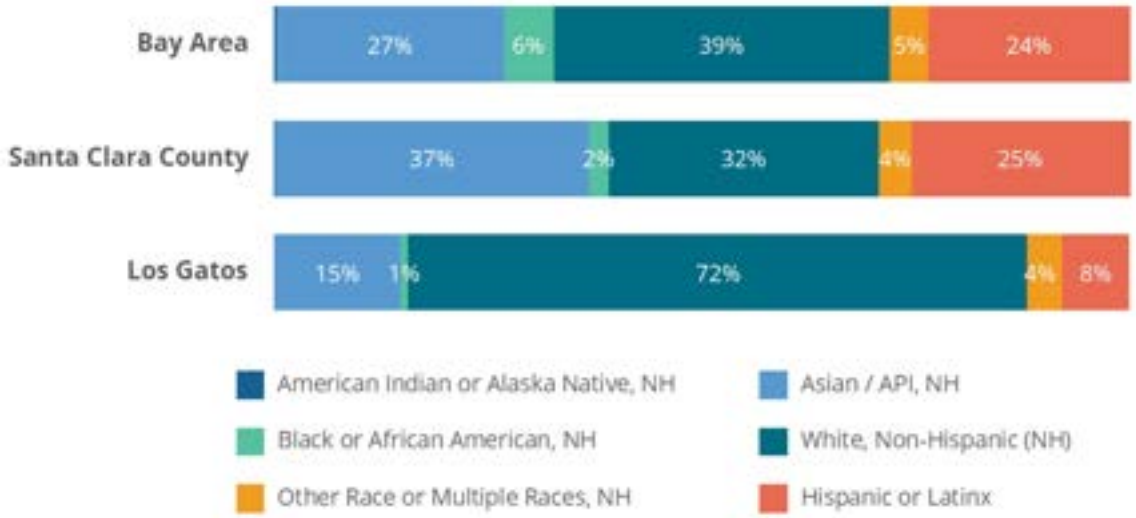
Figures 10-7 and 10-8 show the population distribution by race and ethnicities in the Bay Area, Santa Clara County, and specifically Los Gatos, through the period 2000 to 2019. Since 2000, the percentage of residents in the Town of Los Gatos identifying as "White, Non-Hispanic" has decreased by 13.3 percentage points. At the same time the percentage of residents of all "Other Race of Multiple Races, Non-Hispanic" has increased. In absolute terms, the "Asian/API, Non-Hispanic" population increased the most, while the "White, Non-Hispanic" population decreased the most.

In 2019, 72.3 percent of the Town's population was White while 0.9 percent was African American, 14.8 percent was Asian, and 7.9 percent was Latinx. People of color in Los Gatos comprise a proportion below the overall proportion in the Bay Area as a whole.[7]

[6] See, for example, Rothstein, R. (2017). The color of law: a forgotten history of how our government segregated America. New York, NY & London, UK: Liveright Publishing.

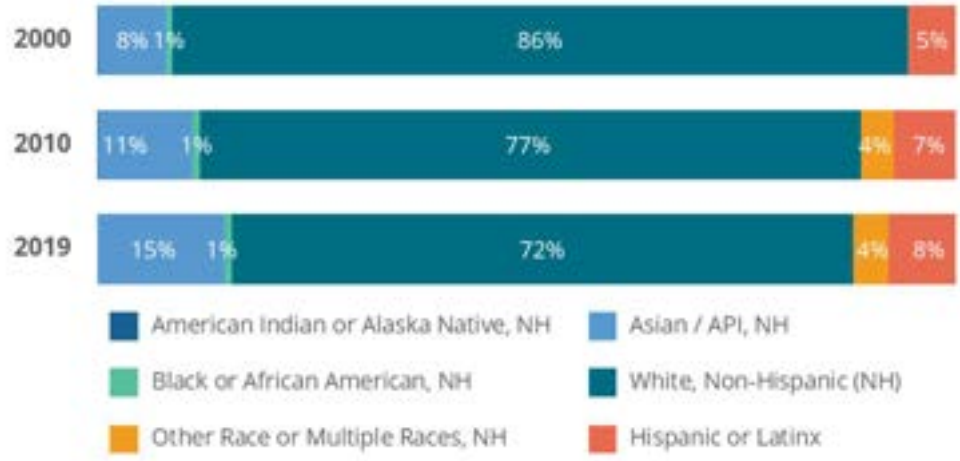
[7] The Census Bureau's American Community Survey accounts for ethnic origin separate from racial identity. The numbers reported here use an accounting of both, such that the racial categories are shown exclusive of Latinx status, to allow for an accounting of the Latinx population regardless of racial identity. The term Hispanic has historically been used to describe people from numerous Central American, South American, and Caribbean countries. In recent years, the term Latino or Latinx has become preferred. This report generally uses Latinx, but occasionally when discussing US Census data, we use Hispanic or Non-Hispanic, to clearly link to the data source.

Figure 10-7 Population by Race and Ethnicity, Los Gatos, 2019



Source: ABAG Housing Needs Data Workbook

Figure 10-8 Population by Race and Ethnicity, Los Gatos, 2000-2019



Source: ABAG Housing Needs Data Workbook

Employment

Town residents most commonly work in the Financial and Professional Services industry. From January 2010 to January 2021, the unemployment rate in the Town decreased by three percentage points. Since 2010, the number of jobs located in the jurisdiction increased by 4,440 (28.8 percent).

Additionally, the jobs-household ratio in the Town has increased from 1.32 in 2002 to 1.59 jobs per household in 2018, which means the Town has more jobs than housing. A surplus of jobs relative to residents suggests the need to import workers. Los Gatos has more low-wage jobs than low-wage residents (where low-wage refers to jobs paying less than $25,000). At the other end of the wage spectrum, the Town has more high-wage residents than high-wage jobs (where high-wage refers to jobs paying more than $75,000).

10.2.4 Household Characteristics

Extremely Low-Income Households

Despite the economic and job growth experienced throughout the region since 1990, the income gap has continued to widen. California is one of the most economically unequal states in the nation, and the Bay Area has the highest income inequality between high- and low-income households in the State.

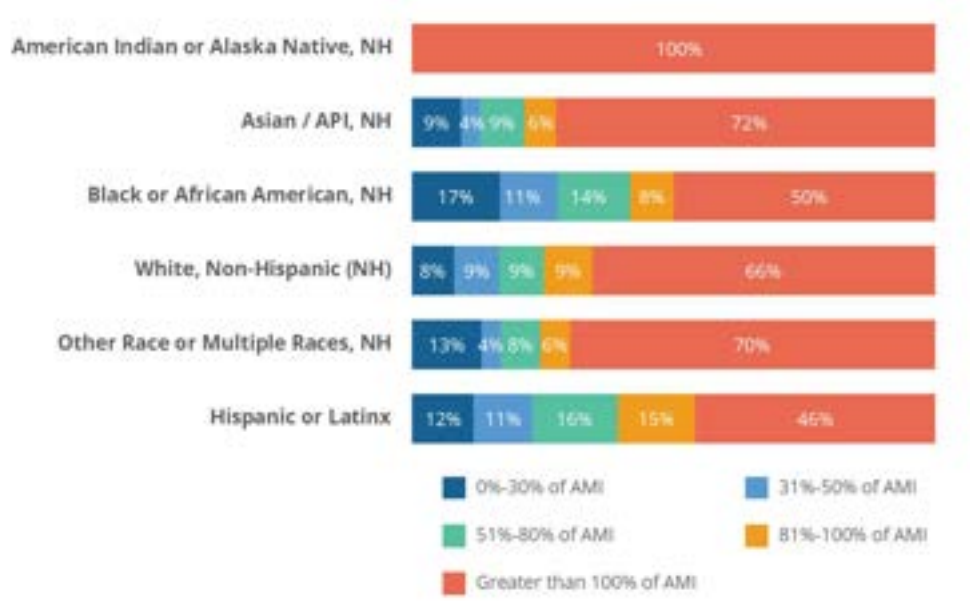
HUD annually updates it Section 8 Program income limits to reflect changes in median family income (MFI) levels for different size households and income limits for extremely low-, very low-, and low-income households. HCD must then annually update its income limits based on HUD's annual revisions. California law and State Income Limits reference AMI that, pursuant to Health & Safety Code 50093(c), means the MFI of a geographic area, estimated by HUD for its Section 8 Program.

In Los Gatos, 65 percent of households make more than 100 percent of the AMI [8], compared to nine percent making less than 30 percent of AMI, which is considered extremely low-income. Regionally, more than half of all households make more than 100 percent AMI, while 15 percent make less than 30 percent AMI. In Santa Clara County, 30 percent AMI is equivalent to an annual income of $39,900 for a family of four. Many households with multiple wage earners, including food service workers, full-time students, teachers, farmworkers, public safety officers, and healthcare professionals can fall into lower AMI categories due to relatively stagnant wages in many industries.

Throughout the region, there are disparities between the incomes of homeowners and renters. Figures 10-9 and 10-10 show the AMI distribution and the poverty rate among different races and ethnicities in the Los Gatos area. Typically, the number of low-income renters greatly outpaces the amount of housing available that is affordable for these households. In Los Gatos, the largest proportion of both renters and homeowners is found in the greater than 100 percent of AMI group.

[8] Income groups are based on HUD calculations for Area Median Income (AMI). HUD calculates the AMI for different metropolitan areas, and the nine county Bay Area includes the following metropolitan areas: Napa Metro Area (Napa County), Oakland-Fremont Metro Area (Alameda and Contra Costa Counties), San Francisco Metro Area (Marin, San Francisco, and San Mateo Counties), San Jose-Sunnyvale-Santa Clara Metro Area (Santa Clara County), Santa Rosa Metro Area (Sonoma County), and Vallejo-Fairfield Metro Area (Solano County). The AMI levels in this chart are based on the HUD metro area where this jurisdiction is located. Households making between 80 and 120 percent of the AMI are moderate-income, those making 50 to 80 percent are low income, those making 30 to 50 percent are very low income, and those making less than 30 percent are extremely low income. This is then adjusted for household size.

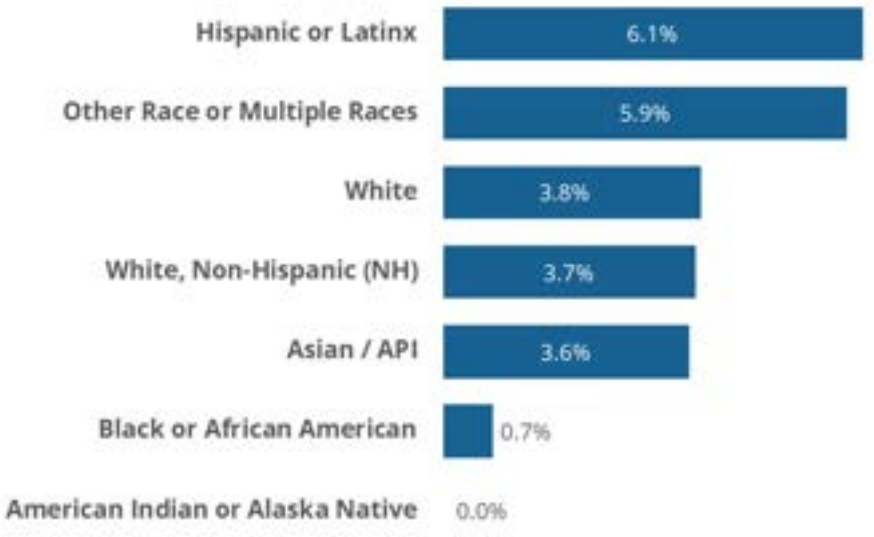
Figure 10-9 Area Median Income by Race and Ethnicity, Los Gatos, 2019



Source: ABAG Housing Needs Data Workbook

People of color are more likely to experience poverty and financial instability as a result of Federal and local housing policies that have historically excluded them from the same opportunities extended to White residents.[9] These economic disparities also leave communities of color at higher risk for housing insecurity, displacement, or homelessness. In Los Gatos, Hispanic or Latinx and Other Race or Multiple Races (Hispanic and Non-Hispanic) residents experience the highest rates of poverty, followed by White (Hispanic and Non-Hispanic) residents.

Figure 10-10 Poverty Rate by Race and Ethnicity, Los Gatos, 2019



Source: ABAG Housing Needs Data Workbook

[9] Moore, E., Montojo, N. and Mauri, N., 2019. Roots, Race & Place: A History of Racially Exclusionary Housing the San Francisco Bay Area. *Hass Institute*.

Tenure

The number of residents who own their homes compared to those who rent their homes can help identify the level of housing insecurity (i.e., ability for individuals to stay in their homes) in a town, city, and region. Generally, renters may be displaced more quickly if prices increase. As of 2019, there are a total of 12,083 housing units in Los Gatos, and fewer residents rent than own their homes: 35 percent versus 65 percent. By comparison, 43.6 percent of households in Santa Clara County are renters, while 43.9 percent of Bay Area households rent their homes.

Homeownership rates often vary considerably across race and ethnicity in the Bay Area and throughout the country. These disparities not only reflect differences in income and wealth, but also stem from Federal, State, and local policies that limit access to homeownership for communities of color, while facilitating homebuying for White residents. While many of these policies, such as redlining, have been formally disbanded, the impacts of race-based policy are still evident across Bay Area communities. In Los Gatos, 84 percent of Black households owned their homes, while homeownership rates were 72 percent for Asian households, 39 percent for Latinx households, and 65 percent for White households.

In many communities, homeownership rates for households in single-family homes are substantially higher than the rates for households in multi-family housing. In Los Gatos, 86 percent of households in detached single-family homes are homeowners, while 13 percent of households in multi-family housing are homeowners.

Displacement

Because of increasing housing prices, displacement is a major concern in the Bay Area. Displacement has severe impacts on low- and moderate-income residents. When individuals or families are forced to leave their homes and communities, they also lose their support network.

The University of California (UC), Berkeley has mapped all neighborhoods in the Bay Area, identifying their risk for gentrification. It finds that in Los Gatos there are no households that live in neighborhoods that are susceptible to or experiencing displacement and none live in neighborhoods at risk of or undergoing gentrification. Equally important, some neighborhoods in the Bay Area do not have housing appropriate for a broad section of the workforce. UC Berkeley estimates that all households in Los Gatos live in neighborhoods where low-income households are likely to be excluded due to prohibitive housing costs.[10] Figure B-18 in Appendix B shows household displacement risk and tenure.

10.2.5 Housing Stock Characteristics

Number of Homes

The number of new homes built in the Bay Area has not kept pace with the demand, resulting in longer commutes, increasing prices, and exacerbating issues of displacement and homelessness. The number of homes in Los Gatos increased by four percent from 2010 to 2020, which is below the growth rate for Santa Clara County and below the growth rate of the region's housing stock during this time period.

Between 2015 and 2021, 502 housing units were issued permits in Los Gatos, which represents approximately 81 percent of the RHNA number of 619 units assigned in the 5th Cycle Housing Element. Approximately 66 percent of permits issued in Los Gatos were for above moderate-income housing, 24 percent were for moderate-income housing, and 10 percent were for low- or very low-income housing.

Housing Type

It is important to have a variety of housing types to meet the needs of a community today and in the future. In 2020:

[10] More information about this gentrification and displacement data is available at the Urban Displacement Project's webpage: https://www.urbandisplacement.org/. Specifically, one can learn more about the different gentrification/displacement typologies shown in Figure 18 at this link: https://www.urbandisplacement.org/sites/default/files/typology_sheet_2018_0.png. Additionally, one can view maps that show which typologies correspond to which parts of a jurisdiction here: https://www.urbandisplacement.org/san-francisco/sf-bay-area-gentrification-and-displacement.

- 60 percent of homes in Los Gatos were single-family detached.
- 13 percent were single-family attached.
- 9 percent were small multi-family (two to four units).
- 18 percent were medium or large multi-family (five or more units).

Between 2010 and 2020, the number of single-family units increased more than multi-family units. Los Gatos has a higher portion of detached single-family homes than other jurisdictions in the region.

The housing stock of Los Gatos is generally in good condition, and few homes require reconstruction or rehabilitation. The high quality of life, desirable location, walkable neighborhoods, and school system have provided financial incentive for property owners to rehabilitate homes and maintain them.

Home Prices

A diversity of homes at all income levels would create opportunities for all members of the Los Gatos community to live in Town.

- **Ownership** – The largest proportion of homes had a value greater than $2 million in 2019. Home prices increased by 98.4 percent from 2010 to 2020.
- **Rental Prices** – The typical contract rent for an apartment in Los Gatos was $2,270 in 2019. Rental prices increased by 61 percent from 2009 to 2019. To rent a typical apartment without cost burden, a household would need to make $90,960 per year.[11]

Cost Burden

The U.S. Department of Housing and Urban Development (HUD) considers housing to be affordable for a household if the household spends less than 30 percent of its income on housing costs. A household is considered "cost-burdened" if it spends more than 30 percent of its monthly income on housing costs, while those who spend more than 50 percent of their income on housing costs are considered "severely cost-burdened." In Los Gatos, 20 percent of renter households and 16 percent of owner households spend 30 percent to 50 percent of their income on housing, while 22 percent of renter households and 12 percent of owner households are severely cost-burdened and use the majority of their income for housing.

Minority communities are more likely to experience poverty and financial instability as a result of Federal and local housing policies that have historically excluded them from the same opportunities extended to White residents. As a result, they often pay a greater percentage of their income on housing, and in turn, are at a greater risk of housing insecurity.

"Other Race" or "Multiple Races, Non-Hispanic" residents are the most cost-burdened, with 28 percent spending 30 to 50 percent of their income on housing, and Hispanic or Latinx residents are the most severely cost-burdened, with 22 percent spending more than 50 percent of their income on housing.

Neighborhood

100 percent of residents in Los Gatos live in neighborhoods identified as "Highest Resource" or "High Resource" areas by State-commissioned research, while none live in areas identified by this research as "Low Resource" or "High Segregation and Poverty" areas. These neighborhood designations are based on a range of indicators covering areas such as education, poverty, proximity to jobs and economic opportunities, low pollution levels, and other factors.[12]

[11] Note that contract rents may differ significantly from, and are often lower than, current listing prices.

[12] For more information on the "opportunity area" categories developed by HCD and the California Tax Credit Allocation Committee, see this website: https://www.treasurer.ca.gov/ctcac/opportunity.asp. The degree to which different jurisdictions and neighborhoods have access to opportunity will likely need to be analyzed as part of new Housing Element requirements related to affirmatively furthering fair housing. ABAG/MTC will be providing jurisdictions with technical assistance on this topic this summer, following the release of additional guidance from HCD.

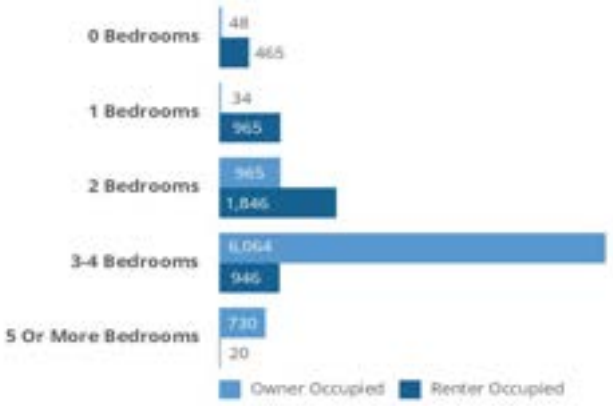
10.2.6 Special Housing Needs

Some population groups may have special housing needs that require specific program responses, and these groups may experience barriers to accessing stable housing due to their specific housing circumstances. In Los Gatos, nine percent of residents have a disability and may require accessible housing. Additionally, six percent of Los Gatos households are larger households with five or more people, and likely need larger housing units with three bedrooms or more. Eight percent of households are female-headed families, which are often at greater risk of housing insecurity.

Large Households

Large households, with five or more persons, often have different housing needs than smaller households. If a town or city's rental housing stock does not include larger apartments, large households who rent could end up living in overcrowded conditions. Large families are generally served by housing units with three or more bedrooms, of which there are 7,760 units in Los Gatos, as shown in Figure 10-11. Among these large units, most are owner-occupied, and few are renter-occupied, indicating the Town's rental housing stock lacks larger apartments.

Figure 10-11 Housing Units by Number of Bedrooms and Tenure, Los Gatos, 2019



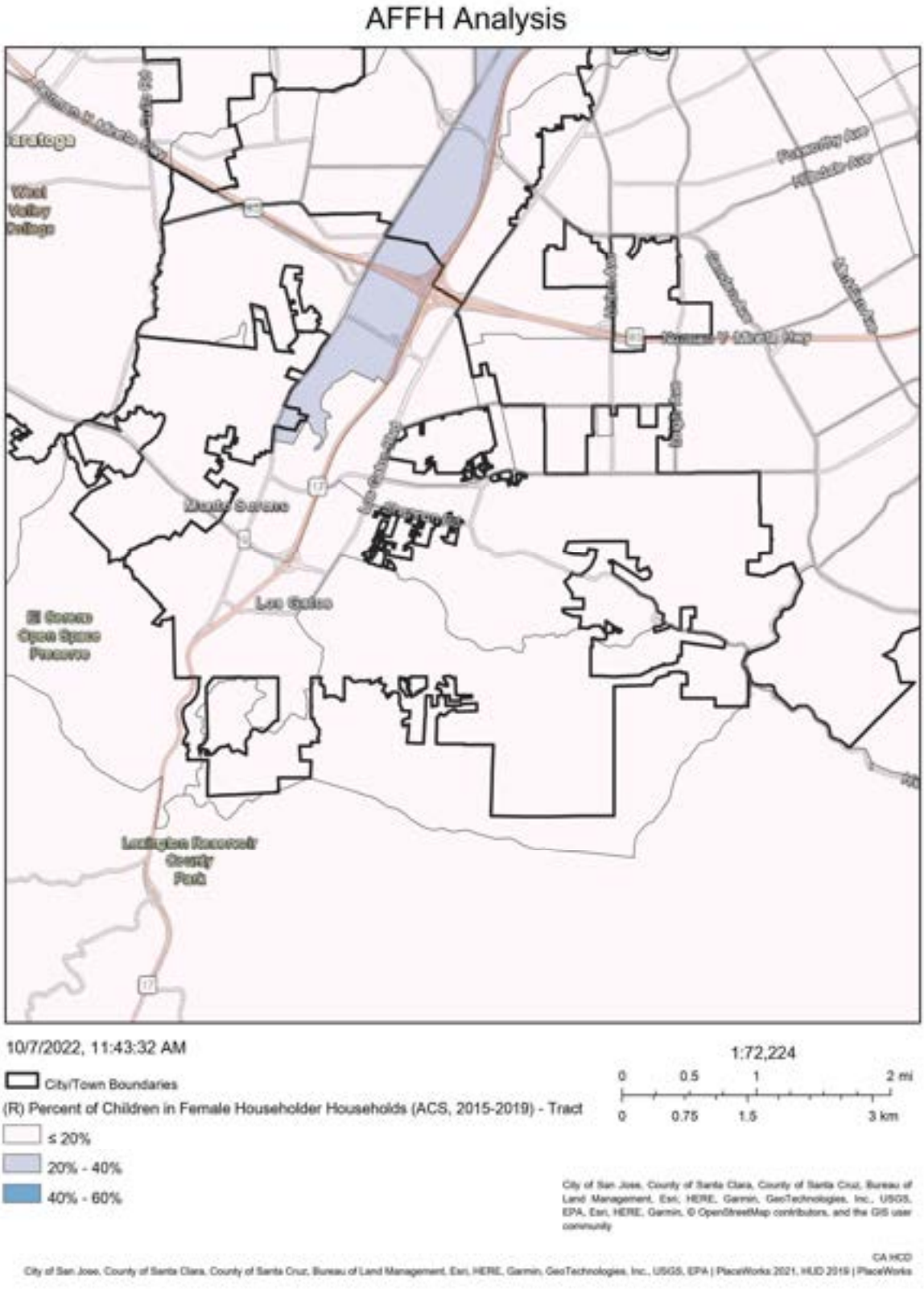
Source: ABAG Housing Needs Data Workbook

Female-Headed Households

Households headed by one person are often at greater risk of housing insecurity, particularly female-headed households, who may be supporting children or a family with only one income. Female-headed households with children may face particular housing challenges, with gender inequality resulting in lower wages for women. Moreover, the added need for childcare can make finding a home that is affordable more challenging.

In Los Gatos, the largest proportion of households is Married-Couple Family Households at 58 percent of the total, while Female-Headed Family Households make up 8 percent of all households. Additionally, 36 Female-Headed Households with Children (eight percent) fell in the Below Poverty Level category, while 26 Female-Headed Households without Children (five percent) fell in the Below Poverty Level category.

Figure 10-12 Percent of Children in Female Households, 2015-2019



Source: California Department of Housing and Community Development AFFH Data Viewer

Senior Households

Senior households often experience a combination of factors that can make accessing or keeping affordable housing a challenge. Seniors, defined as persons who are 65 years or older, may live on fixed incomes and may have disabilities, chronic health conditions, and/or reduced mobility. Seniors who rent may be at even greater risk for housing challenges than those who own, due to income differences between these groups.

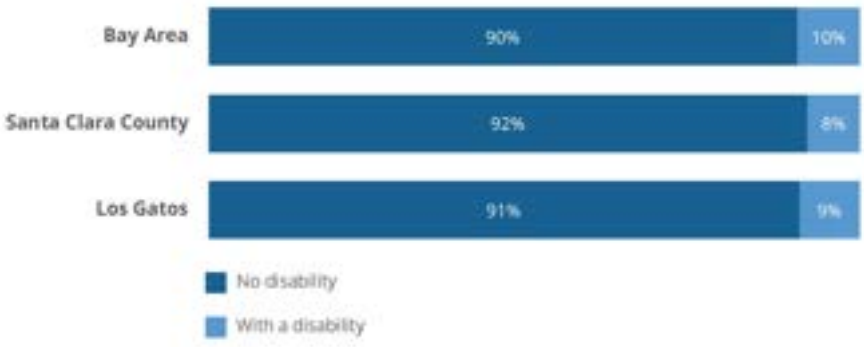
When cost-burdened seniors are no longer able to make house payments or rent payments, displacement from their homes can occur, putting further stress on the local rental market or forcing residents out of their community. Understanding how seniors might be cost-burdened is of particular importance due to their special housing needs, particularly for low-income seniors. Of seniors making less than 30 percent of AMI, 74 percent are spending the majority of their income on housing. For seniors making more than 100 percent of AMI, 86 percent are not cost-burdened and spend less than 30 percent of their income on housing.

People with Disabilities

People with disabilities face additional housing challenges. Encompassing a broad group of individuals living with a variety of physical, cognitive, and sensory impairments, many people with disabilities live on fixed incomes and are in need of specialized care, yet often rely on family members for assistance due to the high cost of care. When it comes to housing, people with disabilities are not only in need of affordable housing, but accessibly designed housing, which offers greater mobility and opportunity for independence. Unfortunately, the need typically outweighs what is available, particularly in a housing market with such high demand. People with disabilities are at a high risk for housing insecurity, homelessness, and institutionalization, particularly when they lose aging caregivers. Overall, nine percent of people in Los Gatos have a disability of some kind.

State law also requires a Housing Element to examine the housing needs of people with developmental disabilities. Developmental disabilities are defined as severe, chronic, and attributed to a mental or physical impairment that begins before a person turns 18 years old. This can include Down's Syndrome, autism, epilepsy, cerebral palsy, and mild to severe intellectual disability. Some people with developmental disabilities are unable to work, rely on supplemental security income, and live with family members. In addition to their specific housing needs, they are at increased risk of housing insecurity after an aging parent or family member is no longer able to care for them.[13] In Los Gatos, there are 123 persons with a developmental disability. Out of this nine percent of the Town's population, 50 are children under the age of 18 (41 percent) and 73 are adults (60 percent). The most common living arrangement for individuals with disabilities in Los Gatos is the home of a parent/family/guardian.

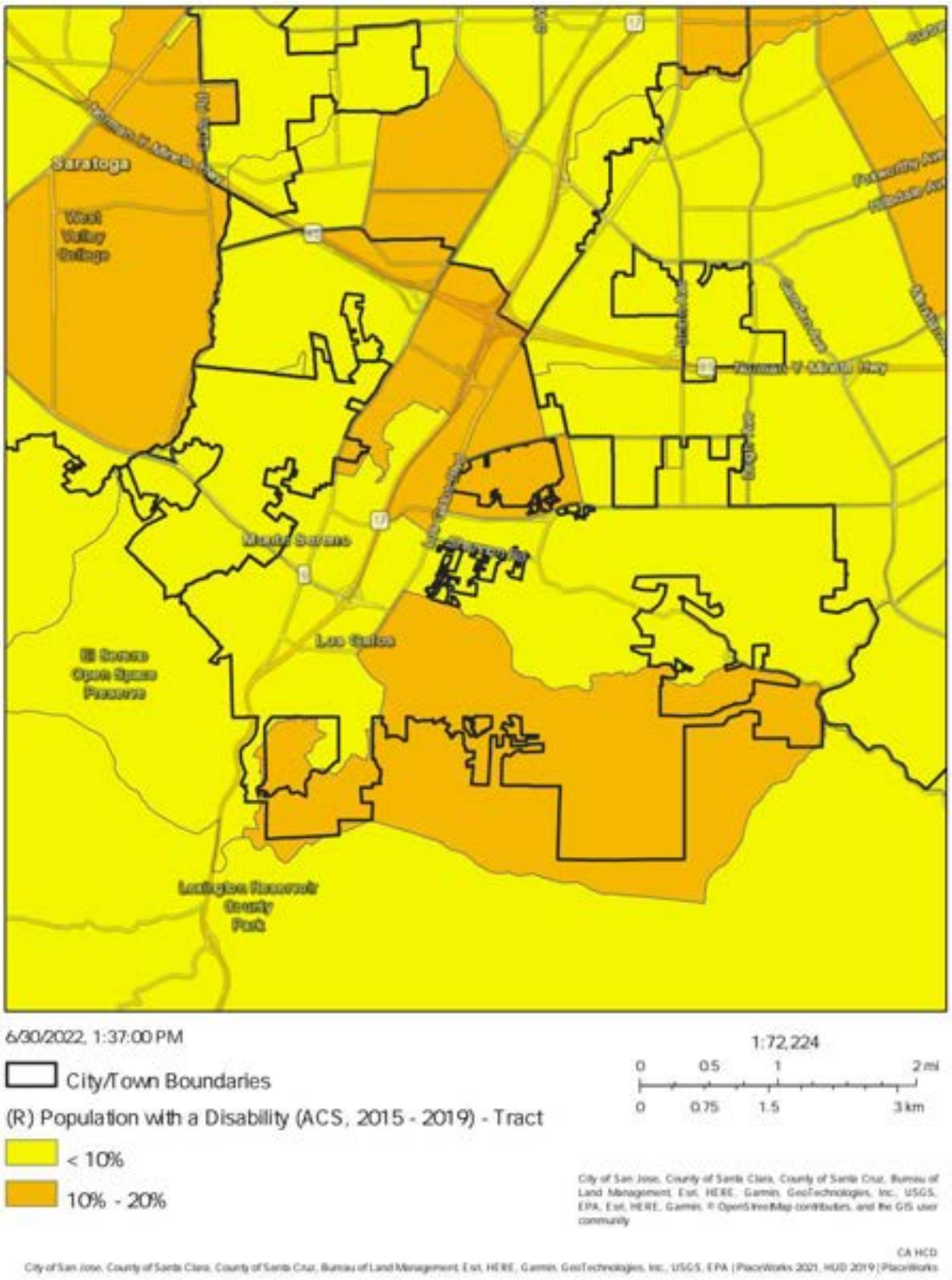
Figure 10-13 Share of Population by Disability Status, 2019



Source: ABAG Housing Needs Data Workbook

[13] For more information or data on developmental disabilities in your jurisdiction, contact the Golden Gate Regional Center for Marin, San Francisco and San Mateo Counties; the North Bay Regional Center for Napa, Solano and Sonoma Counties; the Regional Center for the East Bay for Alameda and Contra Costa Counties; or the San Andreas Regional Center for Santa Clara County.

Figure 10-14 Percent of Population with a Disability by Census Tract, 2019



Source: California Department of Housing and Community Development AFFH Data Viewer

Homelessness

Homelessness remains an urgent challenge in many communities across the State, reflecting a range of social, economic, and psychological factors. Rising housing costs result in increased risks of community members experiencing homelessness. Many residents who have found themselves housing insecure have ended up homeless in recent years, either temporarily or longer term. Addressing the specific housing needs of the unhoused population remains a priority throughout the region, particularly since homelessness is disproportionately experienced by people of color, people with disabilities, those struggling with addiction, and those dealing with traumatic life circumstances.

In Santa Clara County, the most common type of household experiencing homelessness is those without children in their care. Among households experiencing homelessness that do not have children, 87 percent are unsheltered. Of homeless households with children, most are sheltered in emergency shelters.

People of color are more likely to experience poverty and financial instability as a result of Federal and local housing policies that have historically excluded them from the same opportunities extended to White residents. Consequently, people of color are often disproportionately impacted by homelessness, particularly Black residents of the Bay Area.

In Santa Clara County, White (Hispanic and Non-Hispanic) residents represent the largest proportion of residents experiencing homelessness and account for 44 percent of the homeless population, while making up 45 percent of the overall population.

Farmworkers

Across the State, housing for farmworkers has been recognized as an important and unique concern. Farmworkers generally receive wages that are considerably lower than other jobs and may have temporary housing needs. Finding decent and affordable housing can be challenging, particularly in the current housing market.

In Los Gatos, there were no reported students of migrant workers in the 2019-20 school year. The trend for the region for the past few years has been a decline of more than two percent in the number of migrant worker students since the 2016-17 school year. The change at the County level is a 50 percent decrease in the number of migrant worker students since the 2016-17 school year.

10.2.7 Governmental and Non-Governmental Constraints

Housing development is affected by government regulations and other non-governmental forces, such as the cost of land and building materials and the availability and cost of housing loans. A Housing Element is required to investigate the impact of these constraints as they present themselves in the municipality in which the Housing Element is being prepared. Please see Appendix C for a full discussion governmental and non-governmental constraints in the Town of Los Gatos.

Revisions to the Zoning Code are necessary to achieve consistency with changes in State housing law. Anticipated zoning changes are detailed in the implementation programs found in Section 10.6 of this Housing Element. Governmental constraints to the development of affordable housing exist in every community. The types of governmental constraints in the Town are typical of those constraints in other communities and include zoning regulations, code enforcement, on and off-site improvements, fees and exactions, processing times, and permit procedures as detailed further in Appendix C. These categories are required to protect the public's health and safety or to provide for necessary infrastructure to support the project.

In terms of non-governmental constraints, land costs will remain a constraint to affordable housing. To help offset this constraint, programs to use Town-owned lands, such as Town parking lots could be utilized. Due to the cost of construction materials, the Town may subsidize affordable housing projects with available funds dedicated to housing in order to increase affordable housing inventory.

10.3 Site Inventory and Opportunities

This section summarizes the housing needs of the Town as determined through the comprehensive housing data assessment and analysis presented in Appendix D and serves as the basis for housing goals, policies, and actions. The housing summary gives an overview of population trends, characteristics of the housing stock, housing affordability, and special needs households.

10.3.1 Introduction

The Plan Bay Area 2050 Final Blueprint [14] forecasts that the nine-county Bay Area will add 1.4 million new households between 2015 and 2050. For the eight-year time frame covered by this Housing Element Update, HCD has identified the region's housing need as 441,176 units. The total number of housing units assigned by HCD is separated into four income categories that cover housing types for all income levels, from very low-income households to market rate housing. This calculation, known as the RHNA, is based on population projections produced by the California Department of Finance as well as adjustments that incorporate the region's existing housing need. The adjustments result from recent legislation requiring HCD to apply additional adjustment factors to the baseline growth projection from California Department of Finance, in order for the regions to get closer to healthy housing markets. To this end, adjustments focus on the region's vacancy rate, level of overcrowding and the share of cost-burdened households and seek to bring the region more in line with comparable ones. Compared to previous cycles, these new laws governing the methodology for how HCD calculates the RHNA resulted in a significantly higher number of housing units for which the Bay Area must plan compared to previous cycles.

10.3.2 Sites Summary

The vacant, partially vacant, and underutilized sites identified in this report are sufficient to accommodate Los Gatos' Regional Housing Needs Allocation for the 6th Cycle planning period. The sites also accommodate the recommended buffer of 15 percent above RHNA, which would equal a capacity of approximately 299 additional units. This "cushion" for capacity above the base RHNA number is highly recommended because of the State's no-net-loss policy, which precludes jurisdictions from approving development that results in an overall housing site deficit. The "cushion" essentially provides a degree of flexibility for policy makers as they make development decisions. Many of the sites identified in this report have existing uses that would need to be demolished before new housing could be constructed.

For communities like Los Gatos that are largely built-out, bounded by hillsides with restricted developments opportunities due to fire danger, and surrounded on all sides by other communities, redevelopment and densification is the only practical solution to providing a fair share of future housing for the San Francisco Bay Area. By its nature, such redevelopment is more costly and more time consuming than building new units on vacant land. To offset these constraints, higher densities are proposed in some areas. These higher densities act as a market incentive to offset the added cost and time required to build new housing on redeveloped sites. Property owner interest will be pivotal for facilitating single-family site opportunities and policies to add housing through SB 9, which allows for up to four units on a property zoned for single-family residences. Table 10-3 provides a summary of the number of housing units that have been produced since June 30, 2022; are projected through pipeline projects, and ADUs; and are projected for the housing sites included in the Site Inventory for the Town of Los Gatos, and how they compare to the RHNA allocation.

[14] Plan Bay Area 2050 is a long-range plan charting the course for the future of the nine-county San Francisco Bay Area. It covers four key issues: the economy, the environment, housing and transportation.

Table 10-3 RHNA Credits and Sites Strategies

RHNA Credit	Affordability Credit				
	Very Low-Income	Low-Income	Moderate-Income	Above-Moderate Income	Total
Entitled/Permitted/Under Construction/Finaled (June 30, 2022, to January 31, 2023)					
- Single-Family Units and Housing Projects	0	0	0	2	2
- ADUs	0	3	11	9	23
Pipeline Projects	0	1	0	190	191
Projected ADUs (1/1/2023-1/31/2031)	60	60	60	20	200
Total	60	64	71	221	416
RHNA	537	310	320	826	1,993
Remaining RHNA	477	246	249	605	1,577
Housing Element Overlay Zone (HEOZ) Sites	634	357	340	624	1,955
Owner Interest/Conceptual Development Plans	480	283	264	304	1,331
Additional Sites	154	74	76	320	624
Surplus above Remaining RHNA	157	111	91	19	378
% Surplus	33%	45%	37%	3%	24%

Source: Town of Los Gatos

10.3.3 Summary of Quantified Objectives

While the Town cannot control the amount of housing that is built during any specific period of time, the Town does intend to make an effort to achieve housing production at a level that is consistent with its RHNA.

Many programs and policies reduce barriers and create opportunities for a balanced community. These goals are essential to meeting the Town's housing needs but are more qualitative in nature. The sites, calculated at their net, minimum density, in addition to Accessory Dwelling Unit (ADU) Projections, Pipeline Projects, and RHNA credits for housing units that were finaled, permitted, or approved after this date, or were under construction as of June 30, 2022, have a total, net capacity of 2,371 units and are sufficient to meet the Town's RHNA of 1,993 units. Between Implementation Programs I, AI, and AJ, it is assumed that 48 housing units will be rehabilitated, and all existing affordable units will be conserved or preserved. Los Gatos reasonably expects that a total of 2,371 units will be developed, as described in the tables below:

Table 10-4 2023-2031 Quantified Objectives

Income Category	New Construction	Rehabilitation	Conservation/Preservation
Very Low Income	694	24	49
Low Income	421	24	136
Moderate Income	411	0	179
Above Moderate Income	845	0	114
Totals	2,371	48	478

Source: Town of Los Gatos

- **New Construction Objective:** Reflects the Town's 2023-2031 RHNA.
- **Rehabilitation Objective:** Reflects goal to assist a total of 48 very low-income and low-income households through Implementation Programs I, AI, and AJ.

- Conservation/Preservation Objective: Reflects maintaining affordability on the current inventory of 257 Below Market Price (BMP) rental units, maintaining affordability of 107 Housing Choice Vouchers, and preserving 114 existing mobile home units in the Bonnie View mobile home park and Creekside Village.

10.4 Energy and Resource Conservation

This section summarizes background information and actions being undertaken by the Town of Los Gatos to address energy and resource conservation. The information is excerpted from Chapter 8 (Environment and Sustainability Element) of the 2040 General Plan. For a full discussion of energy-related issues, please see Chapter 8, Section 8.6 (Energy) of the 2040 General Plan.

10.4.1 Opportunities for Energy Conservation

With the escalation in energy prices, consumers and builders have once again become more aware of energy costs. The Town must balance between development and environmental stewardship to maintain a strong economy and, at the same time, protect the environment. The following section highlights building standards and conservation codes contributing to that success.

Title 24 of the California Administrative Code sets forth mandatory energy standards for new development and requires adoption of an "energy budget." In turn, the home building industry must comply with these standards while localities are responsible for enforcing the energy conservation regulations. In 2015, the Town adopted a Solar Energy Code for the purpose of reducing energy costs for new residential developments and adopted an energy budget. In addition, State law (both the Residential Building Code and CalGreen) have standards that significantly reduce energy use in new residential construction.

Increasing energy costs, persistent drought, and climate change have reshaped how Californians think when it comes to buying new homes. Solar roof panels have become more commonplace over the past several decades, with both State and Federal tax credits available. Energy-efficient appliances and water wise landscaping have become amenities of choice for homebuyers. Developers can make the most of this paradigm shift by embracing “green” building practices that incorporate the energy and water efficiencies that consumers desire as well as environmentally friendly construction that minimizes waste and maximizes the use of resources.

Pacific Gas and Electric (PG&E) distributes electricity throughout Los Gatos, with supplies purchased from Silicon Valley Clean Energy (SVCE). PG&E supplies natural gas to the community as well. The Town is committed to its partnership with other local communities under the umbrella of SVCE. Through this partnership, Los Gatos residents and businesses receive carbon-free electricity at lower rates than those that arise from fossil fuel consumption. SVCE works to innovate and implement new clean energy programs and presents many of these innovations at community meetings, Earth Day events, and presentations to businesses. SVCE’s 2020 Community Benefits Summary indicates Los Gatos achieved the following results:

- $813,000 in on-bill savings for Los Gatos SVCE customers.
- 14,700 households and businesses served.
- 99 percent reduction in electric utility-related emissions (34,897,000 pounds greenhouse gas emissions avoided by providing clean energy).
- $29,900 in cash payments to customers for generating surplus solar energy.

Achieving these goals adds to the overall GHG reduction strategy, with a focus on lowering dependence on carbon-based fuels and energy sources. Energy efficiency involves a careful balance of assessing energy sources, educating the public on home and business renewable energy use, implementing energy efficiency strategies, and encouraging and incentivizing widespread and ongoing implementation of those strategies. This in turn translates into lower ongoing costs to homeowners and renters.

10.4.2 Energy-Related Goals and Policies

As required by State housing law, the Housing Element must analyze energy conservation opportunities in residential development. In the following section, Goal HE-5 and its related policies and actions address energy conservation in residential development in Los Gatos.

The relevant Environment and Sustainability Element goals and policies in the 2040 General Plan are:

- Carbon-Neutral Energy (ENV-11.1). Support SCVE to continue to procure carbon-neutral energy for long-term and short-term supplies, including renewable resources.
- Energy Efficiency in Municipal Facilities (ENV 11.2). Invest in cost-effective energy efficiency and energy conservation programs in municipal facilities.
- Future Demand Reduction (ENV 11.3). Explore cost-effective, reliable, and feasible energy efficiency and demand reduction opportunities and continue to use the Sustainability Plan to include education programs for these opportunities.
- Conservation and Reduction (ENV 11.4). Maximize the conservation and efficient use of energy in existing and new residences, businesses, and municipal buildings in Los Gatos.
- Solar Systems (ENV 11.5). Support the maximum economic use of solar electric (photovoltaic) systems on-site to augment the renewable energy portfolio available to new development, businesses, and municipal facilities.
- Organic Waste Recycling (ENV 11.6). Comply with SB 1383 regulations to maximize energy recovery from organic materials such as yard trimmings, food waste, and other compostable resources.

10.5 Goals, Policies, and Implementation Programs

The Town does not build housing but, rather creates the policies and implementation programs to plan for where the housing can be located and how many units can be built on potential sites. The Town is responsible for enabling the production of housing by reducing regulatory barriers, providing incentives, and supporting programs that create or preserve housing, especially for vulnerable populations. The Town encourages production of a diversity of new housing to ensure an adequate supply is available to meet the needs of existing and future residents. To enable the construction of quality housing, the Town has identified the following goals, policies, and actions.

Goal HE-1	Facilitate All Types of Housing Construction.

The Town encourages the production of diverse new housing options to ensure that an adequate supply is available to meet the existing and future needs of all residents.

Policy HE-1.1 Adequate Sites
Designate sufficient, residentially zoned land at appropriate densities to provide adequate sites to accommodate Los Gatos' RHNA for 2023–2031 and monitor residential development to ensure there is an adequate level of remaining development capacity.

Policy HE-1.2 Multi-Family Housing Densities
Encourage builders to develop projects on multi-family designated properties at the high end of the applicable density range.

Policy HE-1.3 Infrastructure
All new residential development shall be sufficiently served by public services and facilities, including pedestrian and vehicular circulation, bike lanes, water and wastewater services, police, fire, schools, and parks.

Policy HE-1.4 Housing Design
Ensure that all new housing is well designed and fosters a sense of community.

Policy HE-1.5 Variety of Housing Choices
AFFH
Encourage the production of housing that meets the needs of all economic segments of the Town, including lower and moderate households, to maintain a balanced community.

Policy HE-1.6 Universal Design
AFFH
Address the special housing needs of persons with disabilities through reasonable accommodation procedures, zoning provisions for supportive and group housing, homeowner accessibility grants, and by encouraging universal design.

Policy HE-1.7 Infill Opportunities in Single-Family Neighborhoods
The Town shall increase access to opportunity for lower-income households by encouraging infill of smaller units in single-family neighborhoods (e.g., ADUs, multi-generational housing units, and SB 9 projects).

Policy HE-1.8 Local Labor
Encourage developers and contractors to hire local labor, hire from or contribute to apprenticeship programs, increase resources for labor compliance, provide living wages, and provide appropriate health insurance.

Goal HE-2 Provide New Affordable Housing.

Overall housing production has been too slow to keep pace with population growth over the past two decades. This trend has increased demand on the supply side of housing and increased the cost of all housing. More affordable housing is needed for extremely low, very low-, low-, and middle-income households.

Policy HE-2.1 Financial Resources
AFFH
Pursue expanding financial resources to support the production of affordable housing for the Town's modest income residents and workforce.

Policy HE-2.2 Housing Vouchers
AFFH
The Town shall support the Santa Clara County Housing Authority program for Housing Choice Vouchers (Section 8) to assist extremely low-, very low-, and low-income residents of the Town.

Policy HE-2.3 Mixed-Use Development
Encourage mixed–use developments that provide affordable housing close to employment centers and/or transportation facilities, particularly along arterials.

Policy HE-2.4 Rental Housing
Strive to ensure that at least 30 percent of the housing stock is rental units and continue to support the development of ADUs as a means of affordable rental housing.

Policy HE-2.5 Pre-Approved Accessory Dwelling Units
Collaborate with countywide efforts to develop pre-approved ADU plans suitable for Los Gatos, including designs that are Americans with Disabilities Act (ADA) accessible.

Policy HE-2.6 Promote Accessory Dwelling Unit Construction
Encourage homeowners to construct detached rental ADUs in order to increase the housing stock of smaller rental units.

Policy HE-2.7 Senior Housing
AFFH
Support development and maintenance of affordable senior rental and ownership housing and continue to work with existing senior lifestyle living and assisted living facilities in Los Gatos.

Encourage a variety of senior living options including downsizing and step-down independent ownership housing.

Policy HE-2.8 Equal Housing and Special Needs

AFFH

Support the provision of permanent, affordable, and accessible housing that allows persons with special needs to live independent lives. For the purposes of this Housing Element "persons with special needs" include extremely low-income households, seniors, overcrowded and large-family households, the homeless population, those in need of emergency shelter, youth aging out of foster care, female-headed or single-parent households, and persons with disabilities, including developmental challenges.

Policy HE-2.9 Public/Private Partnerships

Work with and support collaborative partnerships with nonprofit agencies and housing developers to plan and develop a mix of affordable housing opportunities in Los Gatos using available funding.

Policy HE-2.10 Repurposing Obsolete Commercial Buildings

Encourage property owners to pursue opportunities to integrate housing in underutilized commercial centers, and to reuse excess or obsolete commercial buildings for affordable housing.

Policy HE-2.11 Smart Growth

Encourage "smart growth" that accommodates higher density residential uses near transit, bicycle-, and pedestrian-friendly areas of the Town that encourage and facilitate the conservation of resources by reducing the need for automobile use.

Policy HE-2.12 Housing on Land Owned by Religious Institutions

Support the provision of affordable housing on congregational land through flexible development standards, including opportunities for reduced and shared parking arrangements.

Policy HE-2.13 Housing on Land Owned by Religious Institutions

Encourage development of multi-family rental housing that is greater than two bedrooms to encourage the provision of adequate rental housing for families.

Goal HE-3 Remove Barriers to the Production of Housing.

Governmental constraints on the development of housing for households of all income levels needs to be minimized. The success of development in some opportunity areas will be dependent upon consolidation of individual parcels into larger development sites. While some of the individual parcels within these areas are already under common ownership, many are individually owned.

Policy HE-3.1 Regulatory Incentives for Affordable Housing

AFFH

Facilitate the development of affordable housing through regulatory incentives and concessions, and/or financial assistance. Continue expediting the permit processing system for affordable residential development applications and proactively seek out new models and approaches in the provision of affordable housing.

Policy HE-3.2 Flexible Development Standards

Provide flexibility in development standards to accommodate new models and approaches to providing housing, such as live/work housing (permitted with a CUP), and micro units (in existing housing units), to allow housing to adapt to the needs of the occupants.

Policy HE-3.3 Efficient Development Processing

Explore continued improvements to the entitlement process to streamline and coordinate the processing of permits, design review, and environmental clearance.

Policy HE-3.4 Lot Consolidation
Educate and encourage lot consolidation and lot assemblage in mixed use and commercial areas.

Policy HE-3.5 Development Impact and Permit Fees
Consider reduced fees and alternative funding to facilitate affordable housing development.

Goal HE-4

Improve the Existing Housing Stock.

Providing more housing is a priority; but maintaining and preserving existing housing also plays a critical role. Much of the older housing in the Town can be naturally affordable, as priced by the housing market, but must be well-maintained to provide quality housing across income levels.

Policy HE-4.1 Property and Housing Conditions
Support long-term maintenance and improvement of existing housing units through Code Enforcement and housing rehabilitation programs.

Policy HE-4.2 Multi-Family Housing Acquisition and Improvement
AFFH
Improve the quality of rental housing by acquisition and/or rehabilitation using the Affordable Housing Fund and support nonprofit housing providers in the acquisition and rehabilitation of older housing stock, and maintenance as long-term affordable housing.

Policy HE-4.3 Home Affordability Preservation
AFFH
Preserve the affordability of units affordable to very low-, low-, and moderate-income households in the Town and Bonnie View Park, and enforce zoning regulations regarding conversion of mobile home parks in Los Gatos.

Policy HE-4.4 Naturally Occurring Affordable Units
Encourage maintaining naturally affordable housing types such as duplexes, townhomes, and mobile homes.

Policy HE-4.5 Preserve Residences of Historic or Architectural Value
The Town shall encourage the preservation of residential buildings with historic or architectural value.

Goal HE-5

Encourage Green Building and Energy Conservation.

The Town is dedicated to addressing and mitigating climate change impacts and strives to be a leader in sustainable development. The General Plan promotes environmentally sound and socially equitable development by encouraging residential construction that promotes sustainable building and energy conservation practices.

Policy HE-5.1 Green Building
AFFH
Encourage sustainable housing development throughout the Town by fostering awareness and encouraging the adoption of green building practices.

Policy HE-5.2 Solar Energy
Promote more efficient energy use and renewable energy to reduce the strain on the existing energy grid and reduce greenhouse gas emissions.

Goal HE-6

Publicize Fair Housing Resources, Including those for Special Needs Populations.

Many programs that address housing access and affordability for lower income households are supported by the Town and its partners; however, many people who need these resources have trouble finding them. It is important for the Town to proactively inform residents about housing needs and resources, particularly those related to Fair Housing issues.

Policy HE-6.1 Fair Housing

AFFH

Support and publicize housing programs that protect individuals' rights and enforce fair housing laws prohibiting arbitrary discrimination in the building, financing, selling or renting of housing on the basis of race, color, ancestry, religion, national origin, sex, sexual orientation, gender identification or expression, genetic information, primary language, citizenship, age, disability, medical condition, familial status, marital status, immigration status, military or veteran status, source of income or other such arbitrary factors.

Policy HE-6.2 Financial Assistance

AFFH

Continue to encourage Los Gatos households to participate in financial assistance programs provided in the County of Santa Clara.

Policy HE-6.3 Housing for Persons with Special Needs

AFFH

Continue to provide assistance to service providers who support special needs households and the homeless, such as Project Sentinel, Santa Clara County Housing Authority, and Santa Clara County Office of Supportive Housing. Support and publicize efforts and resources to provide coordinated services for persons with special needs in the Town.

Policy HE-6.4 Affordable Housing Awareness

Raise community awareness of the need for and benefits of affordable housing through Town outreach. Foster Town-wide discussion on housing needs, resources and ideas and improve communication channels and methods for meaningful dialogue.

Policy HE-6.5 Infill Opportunities in Single-Family Neighborhoods

The Town shall provide educational materials for the public to promote ADUs, multi-generational housing units and SB 9 projects that create housing opportunities in single-family neighborhoods through the infill of smaller units.

Policy HE-6.6 Rental Dispute Mediation and Arbitration Ordinance

AFFH

The Town will work to prevent evictions of long term, low-income residents living in naturally affordable housing who can quickly lose their residence due to sudden rent increases or changes in property owners.

10.6 Implementation Programs

Programs		
A	**Developer Forum** Establish an annual meeting between staff and housing developers to discuss constraints and opportunities to affordable and market rate housing projects.	Implementation Policies HE-1.1 Adequate Sites HE-1.2 Multi-family Housing Densities HE-1.3 Infrastructure HE-1.4 Housing Design HE-1.5 Variety of Housing Choices Responsible Department/Review Authority Community Development Department Timeframe Annually provide focus group or Town Hall meeting opportunities Funding Source None required Quantified Objective Meet once a year to generate a list of opportunities and constraints Performance Metric(s) Number of Planning applications submitted for new housing
B	**Large Site Program** Encourage property owners and affordable housing developers to target and market the availability of sites with the best potential for development by facilitating meetings between willing property owners of large sites. To assist the development of housing, especially for lower income households, on sites larger than 10 acres, the Town will facilitate land divisions and lot line adjustments to result in parcels sizes between one half to10 acres that can accommodate multiple-family developments affordable to lower income households in light of State, Federal, and local financing programs.	Implementation Policies HE-1.1 Adequate Sites HE-1.2 Multi-family Housing Densities HE-1.3 Infrastructure HE-1.4 Housing Design HE-1.5 Variety of Housing Choices Responsible Department/Review Authority Community Development Department Timeframe Annually provide focus group or Town Hall meeting opportunities Funding Source None required Quantified Objective Facilitate four land divisions and/or lot line adjustments Performance Metric(s) Number of subdivision applications entitled
C	**No Net Loss** Develop and implement an ongoing formal evaluation procedure (project-by-project) of sites identified in the Site	Implementation Policies HE-1.1 Adequate Sites HE-1.3 Infrastructure HE-1.5 Variety of Housing Choice Responsible Department/Review Authority

Programs		
	Inventory to maintain sufficient sites at appropriate densities to accommodate RHNA for lower income households. If an approval of a development results in a reduction of site capacity below the residential capacity needed to accommodate the remaining RHNA, including for lower income households, the Town will identify and zone sufficient adequate sites at appropriate densities to accommodate the remaining RHNA.	Community Development Department Timeframe Ongoing tracking as developments are approved Funding Source None required Quantified Objective Maintain RHNA capacity Performance Metric(s) Number of units and affordability level applied for; number of units and affordability level entitled; number of units and affordability level permitted; number of units and affordability level completed
D	**Additional Housing Capacity for the North Forty Specific Plan** Amend the North Forty Specific Plan to allow for a density from 30 dwelling units per acre to 40 dwelling units per acre and increase the total number of dwelling units allowed in the Specific Plan. Sites identified in the North Forty Specific Plan Area 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. See Implementation Program AQ and AR. Amend the North Forty Specific Plan to remove the housing unit cap. This amendment will allow developments to reach the maximum allowable density plus the additional units due to density bonus and other applicable regulations. Amend the North 40 Specific Plan to remove guest parking requirements and modify development standards to facilitate achieving maximum densities.	Implementation Policies HE-1.1 Adequate Sites HE-3.3 Efficient Development Processing Responsible Department/Review Authority Community Development Department Timeframe January 2025 Funding Source None required Quantified Objective Facilitate the construction of 45 new homes for lower-income households Performance Metric(s) Number of affordable homeownership units entitled and the number of units entitled for lower-income households
E	**Affordable Development on Town Owned Property** Pursue opportunities to work with an affordable housing developer or enter into a public-private partnership to develop affordable housing, targeting lower-income households on Town owned property.	Implementation Policies HE-1.1 Adequate Sites HE-2.9 Public/Private Partnerships Responsible Department/Review Authority Town Manager Timeframe Ongoing effort

Programs		
		Funding Source
		None required
		Quantified Objective
		The Town owns two properties that could be suitable for affordable housing up to 20 units.
		Performance Metric(s)
		The number of Planning applications submitted for new affordable housing
F	**Update Permit Software System** Update the existing permit software system to better monitor average processing times for ministerial and discretionary development permits. Use data to set baselines timelines to drive improvements. Update the Town planning and zoning regulations and remove permit processing constraints as appropriate.	Implementation Policies
		HE-3.3 Efficient Development Processing
		Responsible Department/Review Authority
		Community Development Department
		Timeframe
		Review and update regulations as appropriate at biannual years
		Funding Source
		None required
		Quantified Objective
		Reduce processing time by five percent
		Performance Metric(s)
		Improve current permit processing time
G	**Study Detached Single-Family Condominium Option** Study the development of a new floor area ratio standard for multi-family development when developed as detached single-family condominium units.	Implementation Policies
		HE-1.5 Variety of Housing Choices HE-2.7 Senior Housing
		Responsible Department/Review Authority
		Community Development Department
		Timeframe
		December 2024
		Funding Source
		None required
		Quantified Objective
		Increase the floor area ratio to promote higher density housing development
		Performance Metric(s)
		The number of Planning applications submitted for new multi-family development utilizing the new floor area ratio standard
H	**Coordination with Water and Sewer Providers** Deliver the adopted Housing Element to	Implementation Policies
		HE-1.3 Infrastructure
		Responsible Department/Review Authority

Programs		
	the San Jose Water Company and the West Valley Sanitation District so that they can prioritize current and future resources or services for housing development that helps meet Los Gatos' RHNA for lower income households.	Community Development Department Timeframe Upon adoption of the Housing Element Funding Source None required Quantified Objective Deliver Housing Element Performance Metric(s) Delivery of Housing Element
I	**Senior Housing Resources** Provide financial assistance for health, safety, emergency and accessibility home repairs to low-income seniors and low-income mobile homeowners through the Below Market Price Program funds, subject to availability of Program funds. Provide regularly updated senior housing resource materials at the Adult Recreation Center, Library, and Farmers' Market.	Implementation Policies HE-1.6 Universal Design HE-2.7 Senior Housing HE-2.8 Equal Housing and Special Needs HE-6.1 Fair Housing HE-6.2 Financial Assistance HE-6.3 Housing for Persons with Special Needs HE-6.4 Affordable Housing Awareness Responsible Department/Review Authority Responsible Department/Review Authority Community Development Department and the Town Council Timeframe Ongoing and annual effort Update materials annually Funding Source Town Affordable Housing Funds Quantified Objective Maintain the existing housing stock by funding three home repairs to lower income seniors annually Performance Metric(s) Measure the number of units assisted versus the need
J	**Small Multi-Unit Housing, "Missing Middle"** The Housing Element supports the land use goal of providing opportunities for housing that can accommodate the needs, preferences, and financial capabilities of current and future residents in terms of different housing types, tenures, density, sizes, and costs. Specifically, the Town aims to create mixed residential neighborhoods through	Implementation Policies HE-1.5 Variety of Housing Choices HE-2.4 Rental Housing HE-3.3 Efficient Development Processing Responsible Department/Review Authority Community Development Department Timeframe December 2024 Funding Source

Programs		
	new and innovative housing types that meet the changing needs of Los Gatos households and expand housing in a variety of neighborhoods. These housing types include, but are not limited to, single dwelling units, multifamily dwelling units, accessory dwelling units, small and micro units, use of pre-fabricated homes, and clustered housing/cottage housing. The Town will also promote small multi-unit housing that increases density. This includes multi-family units or clustered residential buildings that provide relatively smaller, less expensive units within existing neighborhoods. Modify the Zoning Code to facilitate small multi-unit housing in certain low and medium density designations. This includes creating mixed residential neighborhoods through new and innovative housing types that meet the changing needs of Los Gatos households and expand housing choices in a variety of neighborhoods. Housing types include, but are not limited to single dwelling units, multifamily dwelling units, accessory dwelling units, small and micro units, use of prefabricated homes, and clustered/cottage housing. The modification of the Zoning Code to facilitate the development of small multi-unit housing will occur in a variety of neighborhoods throughout the Town except for in the Very High Fire Hazard Severity Zones, hillside residential zones, and historic districts. Small multi-unit housing is defined as multiple units on a single parcel (whether attached or detached) that are compatible in scale and form with detached single-family homes. Common housing types include duplexes; triplexes; fourplexes; courtyard apartments; cottage courts; townhomes; triplex stacked (vertical); and live-work spaces. Promote this program through publication, to include the following information: Low rise multi-family dwelling units ranging from two to 10 units can help meet the needs of families, seniors and students. Permit processing times tend to be shorter than larger multi-family buildings	None required **Quantified Objective** Increase the number of housing units, including the combination of small multi-unit housing, religious institutions, Junior Accessory Dwelling Unit (JADU), and SB 10 by 150 units (including 30 of these units as being affordable) over eight years with the goal of achieving 100% of the units in low to medium density designations and high median income areas. **Performance Metric(s)** Complete Zoning Code amendment by December 2024 and track the number of entitled Planning applications received per year

Programs		
	due to the low-rise nature of the structures. Research existing regulatory impediments to the creation of new housing types that have the potential to fulfill unmet housing needs (e.g., tiny homes, co-housing developments) and if necessary, amend applicable ordinances and development standards to facilitate and allow for their development at the maximum density. Pursue establishment of a maximum average unit size as a tool to moderate unit sizes for developments over a certain size but to allow flexibility for a range of unit sizes.	
K	**Lot Consolidation** The Town will conduct outreach to property owners in these areas to identify meaningful incentives to facilitate lot consolidation, lot assemblage and redevelopment in mixed use and commercial areas. Based on this feedback, within two years of Housing Element adoption, the Town will adopt the development of a Lot Consolidation Ordinance to include specific incentives such as: flexible development standards such as reduced setbacks, increased lot coverage, increased heights, reduced parking, reduced fees, and streamlined permit processing through administrative staff review. Upon adoption of the Ordinance, the Town will work with property owners that are receptive to lot consolidation/lot assemblage to assist them in facilitating the parcel merge process in a streamlined and timely manner.	Implementation Policies HE-3.4 Lot Consolidation Responsible Department/Review Authority Community Development Department Timeframe June 2025 Funding Source None required Quantified Objective Facilitate nine lot consolidations. Performance Metric(s) Complete Zoning Code amendment
L	**Below Market Price Program** Conduct a study to evaluate the existing BMP Program and recommend changes to the program to increase the number of lower-income units and units for special needs groups constructed townwide. The study will include evaluation of the implementation of the BMP Program to date, including impacts to market rate housing related to current market conditions, project applications, estimated affordable housing requirements, fee collection, and actual construction of	Implementation Policies HE-2.7 Senior Housing HE-3.1 Regulatory Incentives for Affordable Housing HE-4.1 Property and Housing Conditions HE-4.2 Multi-family Housing Acquisition Improvement Responsible Department/Review Authority Community Development Department Timeframe Complete study by June 2025 and implement recommended policy actions by December 2028

Programs		
	affordable housing units to address constraints based on the outcome of the evaluation. The study will evaluate the feasibility of requiring BMP's for senior assisted living, senior independent living, and senior communities.	Funding Source Town Affordable Housing Fund Quantified Objective Increase number of BMP units annually by five units with a goal of achieving 30% of new units in high median income areas Performance Metric(s) Complete study and implement policy actions
M	**Establish a Commercial Linkage Fee** Conduct a nexus study and amend the Municipal Code to include a linkage fee if appropriate. A commercial linkage fee is an impact fee levied on commercial development for the provision of affordable housing. Before levying an impact fee, the Town is required to complete a nexus study that shows the linkage between new development and the increased demand for housing.	Implementation Policies HE-3.5 Development Impact and Permit Fees Responsible Department/Review Authority Community Development Department Timeframe Complete study by June 2024 and implement recommended actions by December 2024 Funding Source None required Quantified Objective Complete a nexus study to determine if linkage fees are appropriate Performance Metric(s) Determine amount of affordable impact fees collected
N	**Funds for Development for Extremely Low Income (ELI) Households** Continue to encourage the creation of housing that is affordable to extremely low-income households by allocating a percentage of the Town Affordable Housing (Below Market Price) Fund to subsidize housing for extremely low-income households. As part of the Town's annual budget process, provide a priority for funding ELI developments that may be submitted to the Town with the Town's BMP monies. Update the allocation as recommended by the BMP study. Additionally, provide staff technical assistance with the preparation of Tax Credit or grant funding applications or conducting local Tax Equity and Fiscal Responsibility Act (TEFRA) hearings to facilitate the financing of proposed housing projects in Los Gatos.	Implementation Policies HE-3.1 Regulatory Incentives for Affordable Housing HE-4.1 Property and Housing Conditions HE-4.2 Multi-family Housing Acquisition Improvement Responsible Department/Review Authority Community Development Department Timeframe Ongoing and annual effort Funding Source Below Market Price Housing In-lieu Fees Quantified Objective Subsidize five developments which include extremely low-income households Performance Metric(s) Number of extremely low-income households funded.
O	**Affordable Housing Development**	Implementation Policies

Programs		
	Provide incentives for affordable housing development, including density bonus, fee deferrals or reductions, and reduced fees for studio units. T he Town shall also provide annual outreach to attract and support affordable housing developers in the Town, including developers of senior housing, extremely low-, very low- and low-income units, and permanent supportive housing for persons with disabilities and developmental disabilities. The Town shall annually identify development and housing opportunities. Review the financial needs of affordable housing projects, determine whether or not Town fees can be reduced to facilitate affordable housing development, and identify options for the Town to offset the foregone revenues from other sources.	HE-1.2 Multi-family Housing Densities HE-3.5 Development Impact and Permit Fees HE-2.8 Equal Housing and Special Needs HE-2.9 Public/Private Partnerships HE-3.1 Regulatory Incentives for Affordable Housing **Responsible Department/Review Authority** Community Development Department, Town Council **Timeframe** Ongoing and annual effort Reduce development impact fees by January 2026 **Funding Source** Staff Time and the Below Market Price Housing In-lieu Fees **Quantified Objective** ■ Facilitate the construction of 460 new homes for moderate to lower-income households (100 for moderate, 190 for low, and 170 for very-low), including 30% in high median income areas ■ Facilitate annual outreach to developers. Annually identify development and housing opportunities ■ Reduce development impact fees and permit processing fees for affordable housing projects for extremely low and very low units by 10 percent **Performance Metric(s)** Number of affordable homeownership units entitled and number of units entitled for moderate, low, and very-low-income households.
P	**Purchase Affordability Covenants in Existing Apartments** Create a program for the Town to purchase affordability covenants with BMP funding to increase the supply of affordable housing or “buy-down” existing affordability covenants to have deeper affordable units in existing rental properties. This program is analogous to purchasing covenants in new developments in conjunction with the BMP program, but for existing apartments. In existing and new rental developments, the Town could provide a rehabilitation loan or another form of subsidy to a rental property owner in exchange for securing	**Implementation Policies** HE-2.1 Financial Resources **Responsible Department/Review Authority** Community Development Department, Town Council **Timeframe** January 2026 **Funding Source** Below Market Price Housing In-lieu Fees **Quantified Objective** Affordability covenants for three housing units with BMP funding to increase the supply of affordable housing per year **Performance Metric(s)**

Programs		
	affordability covenants on a percentage of units and the owner's agreement to restrict rents on these units to levels that would be affordable to very low- and low-income households.	Number of affordability covenants
Q	**Accessory Dwelling Units** Facilitate ADU/JADU production with the following efforts: ▪ Waive building fees when an ADU is deed restricted for very low-and low-income pursuant to Town Code (Section 29.10.320(a). ▪ Initiate a marketing program for homeowners on the benefits of ADUs and the availability of resources (templates, cost calculators, technical support) to support development. Promote the use of Housing Choice Vouchers (HCVs) and homesharing (once established) to make the units available to lower income households. ▪ Collaborate with countywide efforts to develop pre-approved ADU plans suitable for Los Gatos, including designs that are ADA accessible. ▪ Streamline the review and permitting of ADU's by publishing pre-approved plans including plans that are ADA-compliant, which shall be posted on the Town's website. ▪ Promote California Housing Finance Agency (CHFA) ADU grants of $40,000 available to qualified homeowners for pre-development costs. Proactively promote information made available through the Santa Clara County Planning Collaborative, a joint initiative of all 16 jurisdictions in the county on the Town's website with resources for interested property owners. ▪ Actively apply for grant programs, as funds are made available to assist property owners in the construction of ADU's/JADU's. Monitor funding availability annually. ▪ Develop and adopt objective standards to allow more than one (at minimum two) JADUs.	Implementation Policies HE-1.7 Infill Opportunities in Single-Family Neighborhoods HE-2.4 Rental Housing HE-2.5 Pre-Approved Accessory Dwelling Units HE-2.6 Promote Accessory Dwelling Unit Construction HE-2.7 Senior Housing HE-3.1 Regulatory Incentives for Affordable Housing HE-3.3 Efficient Development Processing HE-3.5 Development Impact and Permit Fees Responsible Department/Review Authority Community Development Department Timeframe ▪ Initiate marketing program and coordinate efforts on pre-approved ADU plans (2023) and other resources and services (December 2025) ▪ Select at least three plans and conduct media campaign to promote (December 2024) ▪ Annually monitor the production and affordability of ADUs ▪ Amend the ADU Ordinance (January 2024) ▪ Monitor ADU/JADU production against projection by July 2027 and develop strategies to address any potential shortfall in meeting RHNA by the end of 2027 Funding Source Below Market Price Housing In-lieu Fees for Waiving Building Fees and General Fund Quantified Objective ▪ Facilitate construction of at least 200 ADUs or JADUs with a goal to facilitate construction of up to 350 ADUs or JADUs throughout the Planning period with a goal of 5% of these units being affordable to lower-income households and 50% in single-family, high median income neighborhoods ▪ Publish pre-approved ADU plans and templates, including designs that address ADA and senior housing needs ▪ Post pre-approved plans on Town website ▪ Use the Town's social media, website, local press, and community events to distribute information

Programs		
	The Town's ADU Ordinance goes beyond the requirements of State law by allowing a 10 percent increase in the floor area ratio standards. Annually monitor number of ADU's/JADU's produced, affordability levels. By July 2027, if the production of ADU/JADU is falling short of the projected trend, the Town will initiate developing strategies (additional incentives, flexible development standards, and/or identify additional sites for housing development) to accommodate a potential shortfall by the end of 2027. Amend the ADU Ordinance to comply with State law. Work with a nonprofit organization to administer a homesharing program that will expand beyond roommate matching, by assisting homeowners in renting out ADUs and JADUs, further serving residents in the region with outreach for potential tenants.	▪ Adopt objective standards to allow more than one JADU per property by July 2025 ▪ Facilitate construction of at least 10 JADUs in low density neighborhoods ▪ Through a homesharing program, assist at least 50 homeowners in renting out available ADUs and JADUs, especially in high/higher resource areas throughout the Planning period Performance Metric(s) Number of Building Permits issued; number of ADU/JADUs rented at a rental rate affordable for very low-and low-income households
R	**Density Bonus** Conduct a study to evaluate the existing Density Bonus Ordinance and recommend changes to increase the number of units constructed. The study will include an evaluation of the implementation of the ordinance to date and actual construction of affordable housing units that utilized the Density Bonus. Additional density and height incentives beyond what the State requires will be considered (i.e., fee reductions, add free density of BMP units). The study shall recommend improvements to the Ordinance based on the outcome of the evaluation. Amend the Density Bonus Ordinance to comply with State law.	Implementation Policies HE-3.1 Regulatory Incentives for Affordable Housing HE-2.3 Mixed-Use Development HE-2.8 Equal Housing and Special Needs Responsible Department/Review Authority Community Development Department Timeframe ▪ Amend the Density Bonus Ordinance (December 2024) ▪ Complete study by June 2026 and implement recommended actions by December 2029 Funding Source None required Quantified Objective Increase affordable housing units generated by an amended Density Bonus Ordinance Performance Metric(s) Measure the number of affordable units that received entitlements
S	**Congregational Land Overlay Zone**	Implementation Policies HE-3.1 Regulatory Incentives for Affordable Housing

Programs		
	Expand site opportunities by allowing affordable housing on religious sites and through conducting outreach to owners and operators of religious institutions to raise awareness and encourage housing proposals. Study new Congregational Land Overlay to build upon what is available through AB 1851 and AB 2244 and help congregations by connecting them with affordable housing development partners. If no application for housing on a religious institution/faith-based site is received by December 2025, the Town will expand outreach efforts to be conducted annually. This may include direct mailings to faith-based sites highlighting successful affordable housing units on other faith-based sites, as well as available Town resources and programs to support such projects (e.g., Programs N, P, T, AI, and AJ – Assist in securing funding for affordable housing projects).	HE-2.7 Senior Housing HE-2.8 Equal Housing and Special Needs HE-2.9 Public/Private Partnerships HE-2.11 Smart Growth **Responsible Department/Review Authority** Community Development Department **Timeframe** Complete by December 2025 **Funding Source** None required **Quantified Objective** Increase affordable housing on religious sites by 25 units. **Performance Metric(s)** Complete study and measure the number of congregational units that receive entitlements
T	**Nonprofit Affordable Housing Providers** Support the efforts of nonprofit affordable housing organizations that provide housing services in Los Gatos. Encourage the participation of these providers in developing housing and meeting the affordable housing needs of Los Gatos households particularly extremely low-income households. Staff will meet with nonprofit groups on at least on an annual basis to discuss constraints to development and develop strategies and actions for affordable housing development, including incentives for the development of affordable housing as provided under the Affordable Housing Overlay Zone. Research and pursue a homesharing program, including research and coordination with non-profit and other organizations to assist with matching tenants with existing homeowners to increase matches in lower density neighborhoods. The Town will publicize and take other actions as necessary (e.g., facilitate presentations at the Los Gatos Adult Recreation Center, etc.).	**Implementation Policies** HE-2.3 Mixed-Use Development HE-2.7 Senior Housing HE-2.8 Equal Housing and Special Needs HE-2.9 Public/Private Partnerships **Responsible Department/Review Authority** Community Development Department **Timeframe** Ongoing and annual effort to support nonprofit affordable housing organizations. Pursue a homesharing program by December 2025 and market program annually with the goal of 5 matches a year. **Funding Source** None required **Quantified Objective** Meet with nonprofit affordable housing providers to identify constraints and barriers **Performance Metric(s)** Develop incentives for affordable housing and measure number of units using incentives
U	**Increased Range of Housing Opportunities for the Homeless**	**Implementation Policies** HE-2.8 Equal Housing and Special Needs

Programs		
	Continue to support the County of Santa Clara's Continuum of Care plan, as well as the "Housing 1000" campaign by "Destination: Home" to provide housing opportunities for homeless households, including emergency shelter, transitional housing, and permanent affordable housing opportunities.	HE-2.9 Public/Private Partnerships Responsible Department/Review Authority Community Development Department Timeframe Ongoing and annual effort Funding Source County CDBG Quantified Objective Support non-profit organizations to identify emergency shelter, transitional housing, and permanent housing opportunities with 20 bed nights annually. Performance Metric(s) Number of units or bed nights provided,
V	**Housing Opportunities for Persons Living with Disabilities** Support the provision of housing for the disabled population, including persons with developmental disabilities, through several means, including: ▪ Review and revise the Reasonable Accommodation procedure to promote access to housing for persons with disabilities, address potential constraints including subjective approval findings such as "impact on surrounding uses". ▪ Encouraging accessibility design features to be incorporated in development. Review development regulations annually to remove constraints. ▪ By-right zoning for licensed residential care facilities (six or fewer residents) in all residential zones, and provisions for larger care facilities (seven or more residents) in multi-family residential zones subject to a conditional use permit. ▪ Treatment of supportive and transitional housing as a residential use of property, and subject only to those restrictions and processing requirements that apply to other residential dwellings of the same type in the same zone.	Implementation HE-1.6 Universal Design HE-2.8 Equal Housing and Special Needs HE-2.9 Public/Private Partnerships HE-6.1 Fair Housing HE-6.3 Housing for Persons with Special Needs Responsible Department/Review Authority Community Development Department Timeframe Complete by December 2024 Funding Source None required Quantified Objective Zoning Code amendment to increase the number of disabled persons housed by 90 units. Performance Metric(s) Complete Zoning Code Amendment and measure number of units entitled

Programs		
	▪ Programs to facilitate affordable housing, including Density Bonus and Affordable Housing Overlay. ▪ Encouraging affordable housing developers to integrate supportive housing units, increasing project competitiveness for Tax Credits and other funding sources. ▪ Supporting the creation of ADUs in all residential districts.	
W	**Rental Dispute Resolution Program** Continue the administration of the Rental Dispute Resolution Program and consider revisions as necessary to make the program as effective as possible in protecting both tenants' and landlords' rights.	Implementation HE-6.6 Rental Dispute Mediation and Arbitration Ordinance Responsible Department/Review Authority Community Services Department Timeframe Ongoing and annual effort Funding Source Program fees Quantified Objective Increase the number of disputes resolved by 20 percent. Performance Metric(s) Measure the percentage of disputes resolved annually
X	**Assistance for Persons with Developmental Challenges** Work with local and/or regional partners to provide rental assistance for persons with developmental challenges. Efforts will include the following: ▪ Work with the California Department of Developmental Services local Regional Center to identify the housing needs specific to developmentally challenged persons residing in Los Gatos and assist in identifying available housing that meets those needs. ▪ Encourage qualifying Regional Center clients residing in Los Gatos to apply for appropriate rental assistance programs. ▪ Identify outside funding sources, such as regional or State programs, that could provide rental assistance for developmentally challenged persons living in Los Gatos.	Implementation HE-2.7 Senior Housing HE-2.8 Equal Housing and Special Needs HE-2.9 Public/Private Partnerships Responsible Department/Review Authority Community Development Department Timeframe Annually follow up on a periodic basis with service providers to determine outcomes for referrals and update referral process and timelines accordingly 2023-2031 period Funding Source None required Quantified Objective Provide rental assistance for persons with disabilities Performance Metric(s) Measure percentage of persons helped versus the number of requests

Programs		
	▪ Make referrals to non-profit service providers with rental assistance or rental voucher programs such as West Valley Community Services and the Housing Authority of Santa Clara County.	
Y	**Supportive Services for the Homeless** Continue to support community and nonprofit organizations that provide supportive services for homeless persons in Los Gatos in part by continuing to fund the Town's annual grant and disseminating opportunities for other agency funding to West Valley Community Services (WVCS), in order to support its Comprehensive Emergency Assistance Program (CEAP). Continue to work with and fund local nonprofits, and to collaborate with local homeless service providers to provide information on homeless needs in the Town.	Implementation HE-2.3 Mixed-Use Development HE-2.8 Equal Housing and Special Needs Responsible Department/Review Authority Town Manager Timeframe Ongoing and annual effort Funding Source Town of Los Gatos Quantified Objective Continue the Town's support to provide funds to WVCS for homeless persons services Performance Metric(s) The number of Town residents assisted through WVCS
Z	**Stabilize Rents** Study and implement recommendations with regard to the Town's Rental Dispute Mediation and Arbitration Ordinance 2128 to help further stabilize rents for long-term residents.	Implementation HE-2.3 Mixed-Use Development HE-2.4 Rental Housing HE-6.6 Rental Dispute Mediation and Arbitration Ordinance Responsible Department/Review Authority Community Development Department Timeframe Complete study by January 2025 and implement Municipal Code changes by June 2025 Funding Source Below Market Price Housing In-lieu Fees Quantified Objective Implement improvement opportunities for the Rental Dispute Mediation and Arbitration Ordinance Performance Metric(s) Measure the number of disputes resolved versus unresolved
AA	**Reduce Parking Standards** Initiate a study and outreach, including developers to make specific updates that would result amendments to the Municipal Code, as follows :	Implementation HE-2.7 Senior Housing HE-2.8 Equal Housing and Special Needs HE-3.1 Regulatory Incentives for Affordable Housing Responsible Department/Review Authority

Programs		
	▪ Align parking requirements with the preparation of Objective Design Standards. ▪ Reduce parking requirements near transit. ▪ Remove guest parking requirements for all residential and mixed-use projects in all zones. ▪ Allow parking to be unbundled from residential units.	Community Development Department Timeframe Complete study by January 2025 and implement Town Code changes by June 2025 Funding Source None required Quantified Objective Zoning Code amendment to reduce parking standards Performance Metric(s) Zoning Code amendment
AB	**Allow for 100 Percent Affordable Residential Development in Mixed-Use General Plan Designations** Amend the General Plan and the Municipal Code to allow for 100 percent affordable residential development without the requirement of commercial uses.	Implementation HE-3.1 Regulatory Incentives for Affordable Housing Responsible Department/Review Authority Community Development Department Timeframe Implement General Plan and Municipal Code changes by June 2024 Funding Source None required Quantified Objective Amend the General Plan and Zoning Code to allow for 100 percent affordable housing development in Mixed-Use General Plan designations Performance Metric(s) Measure the number of mixed-use units entitled annually
AC	**SB 35 Process Improvements** Develop an SB 35 checklist and written procedures for processing SB 35 applications to ensure efficient and complete application processing.	Implementation HE-3.3 Efficient Development Processing HE-3.1 Regulatory Incentives for Affordable Housing Responsible Department/Review Authority Community Development Department Timeframe Implement by December 2023 Funding Source Staff Time Quantified Objective Measure SB 35 applications processed per year Performance Metric(s)

Programs		
		N/A
AD	**Low Barrier Navigation Centers** Amend the Zoning Code Definitions to include the definition for "Low Barrier Navigation Center" consistent with State law. Allow at least two mixed-use zoning districts to permit low barrier navigation centers as a by-right use.	Implementation
		HE-2.8 Equal Housing and Special Needs
		Responsible Department/Review Authority
		Community Development Department
		Timeframe
		Implement by December 2023
		Funding Source
		Staff Time
		Quantified Objective
		Zoning Code amendment to include the definition for "Low Barrier Navigation Center" consistent with State law
		Performance Metric(s)
		Zoning Code amendment
AE	**Fair Housing Law Education** Educate the community about landlords and renters rights and responsibilities under Fair Housing law, needs and benefits of affordable housing, and available resources in the Town by posting information on the Town's website, social media posts and/or brochures, distributing information through the business licensing recertification process, and posting fair housing posters in Town Hall, the community center and the library.	Implementation
		HE-6.4 Affordable Housing Awareness
		Responsible Department/Review Authority
		Community Development Department, Finance Department, California Department of Developmental Services
		Timeframe
		Resources posted by end of January 2023
		Funding Source
		Staff Time
		Quantified Objective
		Add 50 new subscribers to the Notify me subscriber list
		Performance Metric(s)
		Number of new subscribers
AF	**Transit Oriented Development** As part of the comprehensive Zoning Code update, establish development standards for transit-oriented development located within existing transit areas that promote sustainable land use practices which reduce vehicle trips and allow for mixed-use developments as well as stand-alone residential. In addition, the Town shall provide for CEQA streamlining consistent with the provisions of SB 375.	Implementation
		HE-2.11 Smart Growth
		Responsible Department/Review Authority
		Community Development Department
		Timeframe
		Implement Municipal Code changes by June 2025
		Funding Source
		Staff Time
		Quantified Objective

Programs		
		Zoning Code amendment to establish development standards for transit-oriented development
		Performance Metric(s)
		Measure the number of mixed-use and stand-alone residential units entitled within transit areas
AG	**Preserve "At-Risk" Affordable Housing Units** Continue to monitor affordable, multi-family housing units in the Town to ensure that they retain their affordability status.	Implementation
		HE-4.3 Home Affordability Preservation
		Responsible Department/Review Authority
		Community Development Department
		Timeframe
		Ongoing and annual effort
		Funding Source
		None required
		Quantified Objective
		Preserve all 169 publicly assisted housing units in Los Gatos.
		Performance Metric(s)
		Number of units preserved; number of existing residents retained
AH	**Rental Housing Conservation Program** Continue to implement Section 29.20.155 of the Town Code that addresses conversions of residential use, specifically Section 29.20.155(a)(2), which requires that any proposed conversion satisfy the housing goals and policies as set forth in the 2040 General Plan.	Implementation
		HE-2.4 Rental Housing HE-4.1 Property and Housing Conditions
		Responsible Department/Review Authority
		Community Development Department
		Timeframe
		Ongoing and annual effort
		Funding Source
		None required
		Quantified Objective
		Zero loss of rental housing
		Performance Metric(s)
		Measure the loss of rental housing
AI	**Countywide Home Repair Programs** Continue to support countywide programs (through Habitat for Humanity East Bay/Silicon Valley, Rebuilding Together, Housing Trust of Santa Clara County, etc.) that provide assistance with minor home repairs and accessibility improvements for lower income	Implementation
		HE-4.1 Property and Housing Conditions HE-6.3 Housing for Persons with Special Needs
		Responsible Department/Review Authority
		Community Development Department; County of Santa Clara
		Timeframe
		Ongoing and annual effort

Programs		
	households, including special needs households. Support annual funding requests submitted by rehabilitation agencies to the County of Santa Clara, and provide local technical assistance as needed to nonprofits submitting funding applications to the County and/or applying for building permits through the Town's building permit process. Contribute funding from the Town's Below Market Price monies to support these programs. Continue to participate as a member of the County of Santa Clara JPA. Continue to provide staffing to the County Technical Advisory Committee (TAC), which reviews annual applications for funding and helps formulate funding recommendations to the Board of Supervisors. Promote County programs through Town website and social media accounts.	Update Town website to provide links to County programs annually Funding Source None required Quantified Objective Three minor home repairs and/or accessibility improvements annually for lower income households, including special needs households Performance Metric(s) The number of homes that received assistance compared to the number of homes needing assistance
AJ	**Town Residential Rehabilitation Program** Create a new program to assist lower income homeowners, including senior and disabled households, with funding for home repairs and improvements. The program could incentivize providing grants for the following activities: accessibility improvements; exterior or interior home repair; repair of fencing and/or landscaping; plumbing; exterior painting; roof repair; and similar activities.	Implementation HE-4.1 Property and Housing Conditions HE-5.1 Green Building Responsible Department/Review Authority Community Development Department Timeframe December 2027 Funding Source Below Market Price Housing In-lieu Fees Quantified Objective Provide rehabilitation to five low-income homeowner units annually Performance Metric(s) Number of low-income homeowners assisted and program created
AK	**Solar Energy** Continue to enforce State of California Title 24 requirements for energy conservation.	Implementation HE-5.1 Green Building HE-5.2 Solar Energy Responsible Department/Review Authority Community Development Department Timeframe Ongoing and annual effort

Programs		
	Continue to expedite solar panel installation by requiring only ministerial building permits.	Funding Source None required Quantified Objective Increase solar energy use through ministerial building permits Performance Metric(s) Number of solar permits issued a year
AL	**Town Housing Resources Guide** Continue to provide a guide to developments that include affordable housing units as part of the Housing Resources Guide posted on the Town's website, and available at Town Hall, Library, and other Town facilities. Publicize available warming/cooling centers as provided by the Santa Clara County of Office of Supportive Housing during inclement weather episodes. Provide regularly updated senior housing resource materials at the Adult Recreation Center, Library, and Farmers' Market.	Implementation HE-6.1 Fair Housing HE-6.2 Financial Assistance HE-6.3 Housing for Persons with Special Needs HE-6.4 Affordable Housing Awareness Responsible Department/Review Authority Community Development Department Timeframe Update materials annually Funding Source None required Quantified Objective Increase the Housing Resources Guide usage Performance Metric(s) Measure the number of persons accessing the Town's Housing Resources Guide on the website
AM	**Santa Clara County Fair Housing Consortium** Support the efforts of the Santa Clara County Fair Housing Consortium, as follows. Continue to make referrals through Project Sentinel and provide updated fair housing information on the Town's website and at public locations through the Town, such as the Adult Recreation Center, Library, Farmers' Market and public kiosks. Through an ongoing partnership with Project Sentinel, a member of the Consortium and the Town's service administrator for the Rental Dispute Resolution Program, Town staff is able to attend the Consortiums annual Fair Housing Symposium, receive training, and disseminate fair housing information (including how to contact Consortium agencies for assistance) to members of the public who contact the	Implementation HE-5.2 Solar Energy HE-6.3 Housing for Persons with Special Needs Responsible Department/Review Authority Community Development Department Timeframe Ongoing and annual effort Funding Source None required Quantified Objective Zero displacement Performance Metric(s) Counsel 10 tenants annually on tenant/landlord concerns to prevent displacement

Programs		
	Town about a potential fair housing related matter.	
AN	**Community Education Using a Variety of Communication Methods** Provide education on the problems and needs of affordable housing as a means of changing negative attitudes towards the provision of affordable housing. Broadcast information about available housing resources through a variety of communication methods across media, technological nonprofit organizations and traditional in person outreach methods, such as the Farmers' Market, Library, and community center, with a particular focus on reaching the very low- and low-income demographic and those who may not have access to online resources.	Implementation HE-6.1 Fair Housing HE-6.4 Affordable Housing Awareness Responsible Department/Review Authority Community Development Department, California Department of Developmental Services Timeframe Update materials quarterly Funding Source None required Quantified Objective Increase availability of information. Performance Metric(s) Continue to provide housing resources to very low- and low-income individuals
AO	**Educate Single-Family Property Owners Regarding In-Fill Housing Options** Create and distribute educational materials to include information about the process to construct ADUs, multi-generational housing, and options available with Senate Bill SB 9.	Implementation HE-1.5 Variety of Housing Choices HE-1.7 Infill Opportunities in Single-Family Neighborhoods HE-6.1 Fair Housing HE-6.4 Affordable Housing Awareness Responsible Department/Review Authority Community Development Department, California Department of Developmental Services Timeframe Update materials quarterly Funding Source None required Quantified Objective Provide education on SB 9 and ADU's. Performance Metric(s) Number of Building permits issued for ADUs and SB 9 projects
AP	**Special Needs Housing** Pursuant to recent changes in State law, the Town's Municipal Code may be modified to better facilitate the provision of a variety of housing types. These Code revisions include:	Implementation HE-2.7 Senior Housing HE-2.8 Equal Housing and Special Needs HE-2.9 Public/Private Partnerships HE-3.3 Efficient Development Processing Responsible Department/Review Authority

Programs	
▪ Amend Town Code to align with all State requirements on the provision of emergency shelters. Specifically: - Expand the definition of emergency shelters to include interim housing options such as low barrier navigation centers, bridge housing, and respite and recuperative care. - Permit emergency shelters by right without discretionary review in the Commercial Industrial (LM) zone. - Amend parking standards for emergency shelters from a ratio based on the size of the structure to a ratio based on the number of shelter staff (per AB 139). ▪ Eliminate current spacing requirements between shelters and residentially zoned properties and schools. ▪ Develop and adopt by- right processing procedures for Low Barrier Navigation Centers (per AB 101). ▪ Allow small employee housing (six or fewer) in all zone districts where single-family residential is permitted. ▪ Allow Transitional Housing and Supportive Housing developments by-right in all zoning districts that permit residential uses (per SB 2) ▪ Develop a by-right, streamlined, ministerial review of Supportive and Transitional Housing developments (per AB 2162). ▪ Permit by-right Permanent Supportive Housing and Transitional Housing in zones where multi-family and mixed uses are permitted, including nonresidential zones permitting multi-family uses (per Government Code Section 65651) ▪ Allow Employee Housing consisting of up to 36 beds or 12 units in zones that allow agricultural uses (per Health and Safety Code Section 17000, et seq.). ▪ Allow for group homes of seven and more by right in residential districts, and to conform with HCD's Group Home Technical Advisory (Dec 2022)	Community Development Department **Timeframe** Amend Zoning Code by January 2024 Establish prioritize processing of special needs housing by January 2028 **Funding Source** None required **Quantified Objective** Amend the Zoning Code to remove barriers to building special needs housing **Performance Metric(s)** Adopt Zoning Code amendments

Programs		
	▪ Modify the language of Municipal Code Section 29.10.530(a) to remove finding number 5 of the mandatory criteria for granting a reasonable accommodation request. In addition, the Town will prioritize special needs housing by allowing for reduced processing times and streamlined procedures for applicable zoning/land use applications. Include preferential handling of special needs populations in management plans and regulatory agreements of funded projects.	
AQ	**Zoning Code Amendments** Amend the Zoning Code to comply with State law and ensure adequate sites are available to accommodate the identified sites in the Sites Inventory. These Code revisions include: ▪ Amend the Zoning Code to include a Housing Element Overlay Zone (HEOZ) to apply to the sites included in the Site Inventory to modify the development standards (i.e., density, lot coverage, FAR, height) on those sites. The Town will commit to monitoring and evaluating the HEOZ development standards and complete first evaluation of said standards by December 2026 and then annually thereafter, including outreach with the development community, and making adjustments as necessary. If it is determined that adjustments are needed, they will be completed within six months of the annual evaluation. The amended HEOZ Ordinance is projected to be adopted by the Town Council in March of 2024. ▪ Clarify the text of the non-residential zones regarding housing. ▪ Rezone the Caltrans Right-of-Way – Site E3 from R:1:8 to R-M. ▪ Amend the Accessory Dwelling Unit Ordinance. ▪ Amend the Density Bonus Ordinance. ▪ Amend the Architecture and Site considerations for a multi-family and mixed-use project to make them objective and provide certainty in outcomes.	Implementation HE-1.1 Adequate Sites HE-1.2 Multi-family Housing Densities HE-2.11 Smart Growth Responsible Department/Review Authority Community Development Department Timeframe Complete rezonings by January 31, 2024, and monitoring and evaluation of the HEOZ developments standards by December 2026. Funding Source General Plan Update Fund Quantified Objective Amend the Zoning Code consistent with the Housing Element timing Performance Metric(s) Number of affordable homeownership units entitled and numbers of units entitled for moderate, low, and very-low households and adopt the Zoning Code amendments

Programs		
	▪ Amend the Architecture and Site findings for a multi-family and mixed-use project to make them objective and provide certainty in outcomes of the application review. Specifically, address Finding (4) relating to site layout and Finding (6) relating to the exterior architectural design of buildings and structures. These findings can be considered subjective and open to interpretation. ▪ Amend the Conditional Use Permit findings for a multi-family and mixed-use project to make them objective and provide certainty in outcomes of the application review. Specifically, address Finding (1) relating to use of the property as desirable to the public convenience and Finding (2) relating to the integrity and character of the zone. These findings can be considered subjective and open to interpretation. ▪ Amend the Zoning Code to clarify that the Town will comply with Section 65852.3 of the Government Code to allow the installation of manufactured homes. ▪ Amend the Zoning Code to align the private open space and the community recreation space requirements for a multi-family and condominium project with the Objective Design Standards. ▪ Amend the Zoning Code to align parking requirements for a multi-family and condominium project with the preparation of the Objective Design Standards.	
AR	**General Plan Amendment** Amend the General Plan to modify the designation of 16492 Los Gatos Boulevard and Parcel 532-07-086 from Low Density Residential to Neighborhood Commercial, modify the designation of the Cal Trans Right-of-Way from Low Density Residential to Medium Density Residential, and establish new maximum densities for the High Residential, Medium Density Residential, Low Density Residential, Mixed-Use, Neighborhood Commercial, and Central Business	Implementation HE-1.1 Adequate Sites HE-1.2 Multi-family Housing Densities HE-2.11 Smart Growth Responsible Department/Review Authority Community Development Department Timeframe Complete General Plan amendments by January 31, 2024 Funding Source General Plan Update Fund

Programs		
	District land use designations to provide for the development of housing for the sites in the Site Inventory. See Program AQ. As individual elements of the General Plan are amended, the Town will review and revise related elements impacted to ensure internal consistency. By-right approval without discretionary review: Pursuant to State law, the following types of sites used to fulfill the Town's lower income RHNA will be subjected to by-right approval without discretionary review pursuant to Government Code section 65583.2(H) and (I) when 20 percent or more of the units are affordable to lower income households: ▪ Rezone Sites: All sites that are to be rezoned with the Housing Element Overlay Zone (HEOZ) as identified in Appendix D, given that the rezoning occurs after the statutory deadline of the Housing Element (January 31, 2023). ▪ Reuse Sites: As identified in Appendix D, sites that were used in the 5th cycle Housing Element to meet the RHNA will be rezoned with the HEOZ.	Quantified Objective Adopt General Plan amendments consistent with the Housing Element timing. Performance Metric(s) Adopt General Plan amendments.
AS	**Provide Adequate Sites for Housing, RHNA Rezoning, and Lower Income Households on Nonvacant and Vacant Sites Previously Identified** Rezone sites as identified within Appendix D to accommodate the Town's RHNA and a 24 percent buffer to allow for compliance with No Net Loss Provisions of SB 166. By-right approval without discretionary review: Pursuant to State law, the following types of sites used to fulfill the Town's lower income RHNA will be subjected to by-right approval without discretionary review pursuant to Government Code section 65583.2(H) and (I) when 20 percent or more of the units are affordable to lower income households:	Implementation HE-1.1 Adequate Sites Responsible Department/Review Authority Community Development Department Timeframe Rezone all sites in the Sites Inventory to increase housing on nonvacant and vacant sites previously identified by January 31, 2023. Funding Source General Plan Update Fund Quantified Objective The number of housing units entitled per year on these sites Performance Metric(s) Rezone the reuse sites

Programs		
	▪ Rezone Sites: All sites that are to be rezoned with the Housing Element Overlay Zone (HEOZ) as identified in Appendix D, given that the rezoning occurs after the statutory deadline of the Housing Element (January 31, 2023). ▪ Reuse Sites: As identified in Appendix D, sites that were used in the 5th cycle Housing Element to meet the RHNA will be rezoned with the HEOZ	
AT	**Affirmative Marketing** The Town will work with affordable and market rate housing developers to ensure that affordable housing is affirmatively marketed to households with disproportionate housing needs, including Hispanic and Black households who work in and live outside of Los Gatos (e.g., materials in Spanish and English, distributed through employers). The Town will notify a broad representation of the community to solicit ideas for housing strategies when they are discussed at Planning Commission or Town Council meetings. Specific outreach activities include: ▪ Maintain the Housing Element email list and send public notices to all interested public and non-profit agencies and affected property owners. ▪ Post notices at the Community Development Department and at the Town library with information on the type and number of units proposed for a project and their expected availability. ▪ Publish notices in the local newspaper with information on the type and number of units proposed for a project and their expected availability. ▪ Post information and meeting information on the Town's website and social media accounts with information on the type and number of units proposed for a project and their expected availability. ▪ Provide notice to community groups such as West Valley Community Services with information on the type	Implementation HE-6.4 Affordable Housing Awareness Responsible Department/Review Authority Community Development Department Timeframe As applications which propose new housing units are submitted and available Funding Source General fund (staff time) Quantified Objective Number of marketing plans updated. Performance Metric(s) Affirmatively market all affordable housing opportunities

Programs		
	and number of units proposed for a project and their expected availability.	
AU	**Replacement Unit Program** Adopt a policy requiring replacement housing units subject to the requirements of Government Code section 65915 (c)(3) when new development occurs on a housing inventory site which currently has or within the past five years had residential uses (existing, vacated or demolished), and was legally restricted to low-income households, or subject to price control, or occupied by low-income households.	Implementation HE-1.1 Adequate Sites Responsible Department/Review Authority Community Development Department Timeframe Adopt a policy by January 2024 and apply the policy as applications on sites within the Sites Inventory are received and processed Funding Source General fund (staff time) Quantified Objective New policy adopted Performance Metric(s) Measure the number of replacement housing units entitled that are restricted to low-income households
AV	**Senate Bill 9 Monitoring** Annually monitor the number of SB 9 entitlements produced. By July 2027, if the production of SB 9 entitlements is falling short of the projected trend, the Town will initiate and develop strategies (additional incentives or provide greater flexibility to the development standards) to accommodate a potential shortfall by the end of 2027. Based on objective criteria that are consistent with recent SB 9 applications in the Town, about 3,000 parcels can potentially accommodate SB 9 units. Given the number of SB 9 applications received during 2023 (four two-unit development and seven urban lot splits), a projection of 12 SB 9 units annually is considered conservative. The Town has not utilized these potential SB 9 units to meet its RHNA adequate sites requirement. The Town's SB 9 Ordinance goes beyond the requirements of State law by allowing a 10 percent increase in the floor area ratio standards for an SB 9 project.	Implementation HE-1.1 Adequate Sites Responsible Department/Review Authority Community Development Department Timeframe Evaluate effectiveness of SB 9 approvals every year beginning in 2023; and identify additional incentives and/or site capacity, if needed by 2027 Funding Source General fund (staff time) Quantified Objective Prepare Annual Progress Report and issue 96 SB 9 units over the eight-year period Performance Metric(s) Number of issued SB 9 Building Permits.
AW	**Story Poles and Netting Policy**	Implementation

Programs		
	Update the Story Pole and Netting Policy and create alternative options for residential or mixed-use projects with affordable housing to reduce the associated costs of installing story poles, by providing an option to provide visuals, video rendering, or other visual methods in place of story poles for all multi-family and mixed-use projects to reduce constrains/cost and increase approval certainty.	Policy HE-3.1 Regulatory Incentives for Affordable Housing Responsible Department/Review Authority Community Development Department Timeframe Implement by March 2024, and evaluate effectiveness of reduced requirements every year beginning in 2025; and identify additional incentives and/or site capacity, if needed, within six months of need identification. Funding Source General fund (staff time) Quantified Objective Reduce cost of development by modifying the story pole requirements for affordable housing projects. Performance Metric(s) Measure impact of modifying the story pole policy on the number of affordable housing units entitled
AX	**Local Labor Program List** Establish and post a list of local labor unions and apprenticeship programs on the website to encourage the developers and contractors to hire local labor.	Implementation Policy HE-1.4 Housing Design Responsible Department/Review Authority Community Development Department Timeframe Establish a list by December 31, 2024, to post online. Funding Source General fund (staff time) Quantified Objective Annually update the list or upon request from a local union. Performance Metric(s) N/A
AY	**Housing Mobility** Housing mobility strategies consist of removing barriers to housing in areas of opportunity and strategically enhancing access (Los Gatos is entirely highest resource in terms of access to opportunity and a concentrated area of affluence). To improve housing mobility and promote more housing choices and affordability townwide, including in lower density neighborhoods, the Town will employ a suite of actions to expand housing	Implementation Policy HE-1.5 Variety of Housing Choices Policy HE-1.7 Infill Opportunities in Single-Family Neighborhoods Responsible Department/Review Authority Community Development Department Timeframe Annually review overall progress and effectiveness in April and include information in annual report to HCD. If the Town is not on track to meet its 160 affordable housing unit goal for the 8-year RHNA

Programs		
	opportunities affordable to extremely low, very low-, low-, and moderate-income households. Actions and strategies include: ▪ SB 9 – Monitor the Town's SB 9 standards and amend standards to facilitate SB 9 applications (e.g., duplexes in single-family zones) if the Town is not on track to meet its SB 9 application goals during the planning period. See Program AV. ▪ Rezoning for Small Multi-Unit Housing, "Missing Middle" – Modify the Zoning Code to facilitate small multi-unit housing in certain low and medium density designations. This includes creating mixed residential neighborhoods through new and innovative housing types that meet the changing needs of Los Gatos households and expand housing choices in a variety of neighborhoods. Housing types include, but are not limited to single dwelling units, multifamily dwelling units, accessory dwelling units, small and micro units, use of prefabricated homes, and clustered/cottage housing. The modification of the Zoning Code to facilitate the development of small multi-unit housing will occur in a variety of neighborhoods throughout the Town except for in the Very High Fire Hazard Severity Zones, hillside residential zones, and historic districts. See Program J. ▪ Housing on Town Sites – Enter into a public-private partnership to develop housing, targeting low-income households, on Town owned properties. See Program E. ▪ Enhanced Inclusionary Housing – Assess and amend the Town's inclusionary housing requirements to better produce low-income units and units for special needs groups townwide. See Program L. ▪ Accessory Dwelling Units (ADUs) – Encourage and streamline ADUs in single-family neighborhoods by preparing standardized ADU plans with a variety of unit sizes and by affirmatively marketing and outreach to increase awareness and the	cycle by 2027 (i.e., 80 affordable units built or in process by 2027), the Town will consider alternative land use strategies and make necessary amendments to zoning or other land use documents to facilitate a variety of housing choices, including but not limited to, strategies that encourage missing middle zoning (small-scale multi-unit projects), adaptive reuse, and allowing additional ADUs and/or JADUs, within six months, if sufficient progress toward this quantified objective is not being met. **Funding Source** General fund (staff time) **Quantified Objective** Provide 160 housing opportunities affordable to lower income households by January 2031. **Performance Metric(s)** Townwide, but especially lower-density neighborhoods.

Programs	
diversity of individuals residing in Los Gatos. See Program Q. ▪ Junior ADUs – Develop and adopt objective standards to allow more than one (at minimum two) Junior ADU per structure by July 2025. The objective is to achieve at least 10 JADUs in lower-density neighborhoods by January 2031. See Program Q. ▪ Religious Institutional Sites – Expand housing opportunities on all religious institutional sites within the Town. See Program S. Conduct outreach to owners and operators of religious institutions to raise awareness and encourage housing proposals. Increase affordable housing on religious institution/faith-based site(s) during the 2023-2031 planning period by 25 units. If no application for housing on a religious institution/faith-based site is received by December 2025, the Town will expand outreach efforts to be conducted annually. This may include direct mailings to faith-based sites highlighting successful affordable housing units on other faith-based sites, as well as available Town resources and programs to support such projects (e.g., Programs N, P, T, AI, AJ – Assist in securing funding for affordable housing projects). ▪ Homesharing – Research and pursue a homesharing program, including coordination with non-profits and others to assist at least 50 homeowners in renting out available ADUs and JADUs with tenants. The Town will publicize and take other actions as necessary (e.g., facilitate presentations at the Los Gatos Adult Recreation Center, etc.) at least annually with the goal of five opportunities per year. See Program T.	

The following action matrix includes the Town's goals and actions to affirmatively further fair housing.

Program	Specific Commitment	Timeline	Geographic Targeting	Eight-Year Metric
Fair Housing Outreach and Enforcement – High Priority				
Program A. Developer Forum	Meet with housing developers to discuss constraints and housing opportunities.	Annually	Townwide	Meet with housing developers annually.
Program O. Affordable Housing Development	Outreach to attract and support affordable housing developers in the Town and identify housing opportunities.	Annually	Townwide	Facilitate the construction of 460 new homes for moderate to lower-income households, including 30% in high median income areas.
Program W. Rental Dispute Resolution Program	Administer the Rental Dispute Resolution Program.	Annually	Townwide	Provide counseling to all members of the public who contact the Town.
Program AE. Fair Housing Law Education	Increase dissemination of fair housing information.	By end of August 2023	Townwide	Add 50 new subscribers to the Notify me subscriber list.
Program AM. Santa Clara County Fair Housing Consortium	Continue to support the efforts of the Santa Clara County Fair Housing Consortium.	Annually	Townwide	Counsel 10 tenants annually on tenant/landlord concerns to prevent displacement.
Program I. Senior Housing Resources	Provide regularly updated senior housing resource materials at the Adult Recreation Center, Library, and Farmers' Market.	Annually	Townwide	Assist three senior households annually though senior housing resources.
Program X. Developmental Challenges	Continue to work with the California Department of Developmental Services Regional Center to inform families about housing and services available for persons with developmental challenges.	Annually	Townwide	Assist three families annually.
Program AN. Use a Variety of Communication Methods	Provide information about available housing resources through a variety of communication methods.	Quarterly	Townwide	Assist three low-income families annually.
Program AO. Educate Single-Family Property Owners Regarding In-Fill Housing Options	Provide education on SB 9 and ADU's. Consider adding fair housing information to SB 9 and ADU applications/materials; new landlords.	Quarterly	Townwide	Increase the number of ADU building permit applications from 2022 baseline of 25. Increase the number of SB 9 applications from 2022 baseline of 9.
Program AN. Use a Varity of Communication Methods	Provide education on the problems and needs of affordable housing as a means of changing negative attitudes.	Annually	Townwide	Celebrate Affordable Housing Month annually in May by posting on social media accounts with education on affordable housing.

Program	Specific Commitment	Timeline	Geographic Targeting	Eight-Year Metric
Program AT. Affirmative Marketing	Disseminate information on available development including providing notice of new housing opportunities in the flyer for local school districts in the Town.	Annually	Townwide	Affirmatively market all affordable housing Opportunities.
New Housing Opportunities in High Resource Areas – Medium Priority				
Program D. Additional Housing Capacity for North Forty Specific Plan	Increase allowed density in North Forty Specific Plan and facilitate buildout of the Plan.	By January 2024	North Forty Specific Plan area (highest resource area)	Facilitate the construction of 45 new homes for lower-income households.
Program N. Funds for Development for Extremely Low Income (ELI) Households	Use Town Affordable Housing (Below Market Price) Fund to subsidize housing for extremely low-income households.	Annually	Townwide	Subsidize five developments which include extremely low-income households.
Program O. Affordable Housing Development	Provide incentives for affordable housing development.	Annually	Townwide (all high resource areas)	Facilitate the construction of 460 new homes for moderate to lower-income households (100 for moderate, 190 for low, and 170 for very-low), including 30% in high median income areas.
Program Q. ADUs	Initiate marketing plan, coordinate pre-approved ADU plans, and monitor production and affordability of ADUs. Monitor affordability of ADUs through communication with applicants (form with intent to rent).	2023-2031	Townwide (all high resource areas)	Facilitate construction of at least 200 ADUs with a goal to facilitate construction of up to 350 ADUs or JADUs, with a goal of 5% of these units being affordable to low-income households and 50% in single-family, high median income neighborhoods.
Program AB. Allow for 100 Percent Affordable Residential Development in Mixed-Use General Plan Designations	Amend the General Plan and the Municipal Code to allow for 100 percent affordable residential development without the requirement of commercial uses.	By June 2024	Townwide	Facilitate the construction of affordable units in mixed use GP designations.
Housing Mobility – High Priority				
Program J. Small Multi-Unit "Missing Middle" Housing	Update zoning code and promote small multi-unit housing program, with goal of providing housing for families, seniors, and students. Facilitate small multi-unit housing in the low to medium density designations.	By January 2024	Townwide with emphasis on tracts with highest median incomes, including a variety of low to medium density neighborhoods	Facilitate the development of 150 units of small multi-unit housing over eight years with the goal of achieving 100% of the units in low to medium density, and high median income areas.

Program	Specific Commitment	Timeline	Geographic Targeting	Eight-Year Metric
Program L. Below Market Price Program	Conduct a study to evaluate the existing BMP Program and recommend changes to the program to increase the number of units constructed.	By June 2025	Townwide with emphasis on high median income areas	Increase number of BMP units annually by five units (from 257 baseline) with a goal of achieving 30% of new units in high median income areas.
Program V. Housing Opportunities for Persons Living with Disabilities	Review and update regulations and encourage implementation of Universal Design. Amend Zoning Code to increase housing for persons with disabilities.	2023-2031 By December 2025	Townwide	Increase housing for persons with disabilities by 90 units.
Program AP. Special Needs Housing	Establish streamlined procedures for special needs housing. Amend the Zoning Code to remove barriers to building special needs housing	By January 2028 By January 2024	Townwide	Adopt Zoning Cod amendments to facilitate the construction of units for special needs populations.
Program X. Assistance for Persons with Developmental Challenges	Work with local and/or regional partners to provide rental assistance for persons with developmental challenges.	Annually	Townwide	Provide rental assistance for persons with disabilities.
Program Q: ADUs	Promote the use of Housing Choice Vouchers (HCVs) and homesharing (once established) to make the units available to lower income households.	By December 2025	Townwide	Initiate a marketing plan and coordinate efforts for HCVs and homesharing programs.
Program T: Nonprofit Affordable Housing Providers	Pursue a homesharing program and market program annually.	By December 2025; Annually	Townwide with emphasis on lower density, single-family neighborhoods, and high median income neighborhoods	Facilitate 5 matches per year.
Program AV: Senate Bill 9 Monitoring	Annually monitor SB 9 entitlements and develop strategies, e.g., more flexible development standards to accommodate a potential shortfall, if necessary.	Annually monitor and adopt additional incentives, if needed by end of 2027	Townwide with emphasis on lower density, single-family neighborhoods, and high median income neighborhoods	Facilitate 96 SB 9 entitlements
Program AY. Housing Mobility	To improve housing mobility, promote more housing choices, and affordability.	Annually	Townwide	Provide 160 housing opportunities to lower income households.
Place-based Strategies for Neighborhood Improvement – Medium Priority				
Program AI. Countywide Home Repair Programs	Support home repair programs including Habitat for Humanity East Bay/Silicon Valley, Rebuilding Together, Housing Trust of Santa Clara County, and contribute funding from the Town's Below Market Price monies to support these programs.	2023-2031	Townwide with emphasis on central and western tracts where substandard housing conditions and aging units are more prevalent.	Complete three minor home repairs or accessibility improvements for lower income households annually.

Program	Specific Commitment	Timeline	Geographic Targeting	Eight-Year Metric
Program AJ. Residential Rehabilitation Program	Create a new program to assist lower income homeowners, including senior and disabled households, with funding for home repairs and improvements.	By December 2026	Townwide	Provide rehabilitation to five low-income homeowner units annually.
AFFH: CIP Projects	Complete projects related to public facilities and transportation infrastructure outlined in the Capital Improvement Program, including the Los Gatos Adult Recreation Center Restroom Remodel for ADA Compliance and Shannon Road Pedestrian and Bikeway Improvements.	By 2030	Townwide with emphasis on north and western areas of the Town.	Complete at least three CIP projects during the planning period.
Tenant Protection and Anti-Displacement – Medium Priority				
Program Z. Stabilize Rents	Study and implement recommendations with regard to the Town's Rental Dispute Mediation and Arbitration Ordinance 2128 to help further stabilize rents for long-term residents.	By June 2025	Townwide	Implement improvement opportunities for the Rental Dispute Mediation and Arbitration Ordinance.
Program AG. Preserve "At-Risk" Affordable Housing Units	Monitor affordable, multi-family housing units in the Town to ensure that they retain their affordability status.	Annually	Townwide	Preserve affordability of all affordable units.
Program AU. Replacement Unit Program	Adopt a policy and apply the policy as applications on sites within the Sites Inventory are received and processed.	By January 2024	Townwide	Require replacement housing for 100% of displaced low-income households.

10.7 Glossary and Acronyms

A

Accessible. The ability to accommodate everyone regardless of ability or pre-existing condition.

Accessory Dwelling Unit (ADU). An accessory dwelling unit is a detached or attached dwelling unit. It shall include permanent provisions for living, sleeping, eating, cooking, and sanitation and is generally smaller and located on the same parcel as a proposed or exiting primary dwelling. An accessory dwelling unit also includes efficiency units and manufactured homes.

Acres (Gross). An acre is a measurement of land area equal to 43,560 square feet. The gross acreage of a lot includes all land within the boundaries of the lot (including, but not limited to, easements). The gross acreage is defined as the total area, measured on a horizontal plane, and is the measure used for determination of density and intensity calculations.

Acres (Net). A reduced lot size based average lot slope or other factors and used for the purpose of calculating the maximum allowed floor area or density.

Affirmative Furthering Fair Housing. Taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. Specifically, affirmatively furthering fair housing means taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws. The duty to affirmatively further fair housing extends to all of a public agency's activities and programs relating to housing and community development. (Gov. Code, § 8899.50, subd. (a)(1).)"

Affordable Housing. Under State and Federal statutes, affordable housing is housing which costs no more than 30 percent of gross household income. Housing costs include rent or mortgage payments, utilities, taxes, insurance, homeowner association fees, and other related costs.

Americans with Disabilities Act (ADA). A civil rights law that prohibits discrimination against individuals with disabilities in all areas of public life, including jobs, schools, transportation, and all public and private places that are open to the general public.

Area Median Income (AMI). A key metric in affordable housing. Area median income is defined as the midpoint of a specific area's income distribution and is calculated on an annual basis by the Department of Housing and Urban Development.

B

Below Market Program (BMP). The BMP Program implements the Town of Los Gatos' inclusionary zoning ordinance, which requires that a portion of the new residential construction in Los Gatos be dedicated to affordable housing.

C

California Environmental Quality Act (CEQA). State law that requires State and local agencies to evaluate and disclose the significant environmental impacts of discretionary actions and to avoid or mitigate those impacts, if feasible.

Commercial. Retail, service, and entertainment uses (e.g., shopping centers, smaller stores, restaurants).

D

Density. Residential developments are regulated by an allowed density range (minimum and maximum) measured in "dwelling units per acre." Residential density is calculated by dividing the number of housings units on the site (excluding accessory units) by the gross lot area.

Development. The subdivision of land; construction or alteration of structures, roads, utilities, and other facilities; installation of septic systems; grading activities; depositing of refuse; disposal of any material; dredging or mineral extraction, debris or fill materials; and the clearing of natural vegetation with the exception of agricultural activities. This does not include routine repair and maintenance activities.

Dwelling Unit. A room or group of rooms (including sleeping, eating, cooking, and sanitation facilities, but not more than one kitchen) that constitutes an independent housekeeping unit, occupied or intended for occupancy by one household on a long-term basis.

E

Environmental Justice. The fair treatment of people of all races, cultures, incomes, political and religious affiliation, and national origins with respect to the development, adoption, implementation, and enforcement of environmental laws, regulations, and policies.

Equality. Is sameness; everyone gets the same thing. Equality focuses on everyone getting the same opportunity, but often ignores the realities of historic exclusion and power differentials among whites and other racialized groups.

Equity. Ensures that outcomes in the conditions of well-being are improved for marginalized groups, lifting outcomes for all. Equity is a measure of justice.

F

Federal Fair Housing Act of 1968. Prohibits discrimination concerning the sale, rental, and financing of housing based on race, color, religion, national origin, - and was later amended to include familial status and disability.

Fire Hazard Severity Zone. A mapped area that designates zones, based on factors such as fuel, slope, and fire weather, with varying degrees of fire hazard (e.g., moderate, high, and very high).

Floor Area Ratio (FAR). Total building size is regulated by a maximum FAR standard. FAR means the gross floor area of a building or buildings on a zoning plot divided by the area of such zoning plot. Floor area means the entire enclosed area of all floors that extend more than four (4) feet above the existing or proposed grade, measured from the outer face of exterior walls or in the case of shared walls from the centerline. The maximum FAR standard limits the overall size of development on a property.

G

Goal. A statement that describes, in general terms, a desired future condition or "end" state. Goals describe ideal future conditions for a topic and tend to be very general and broad.

H

Housing Element Advisory Board. A Town Council appointed advisory board for preparation of the Housing Element.

I

Implementation Program. An action, activity, or strategy to be taken by the Town to carry out an adopted policy to achieve a specific goal or objective.

Infill Development. Development of vacant or underutilized land (usually individual lots or leftover properties) within areas that are already largely developed.

Intensity. Developments are regulated by an allowed intensity, measured by a maximum FAR. Intensity is a measure of the extent to which a land parcel is developed in conformity with the zoning

J

K

L

Land Use Designation. A specific geographic designation with associated land use or management policies and regulations.

Lot Coverage. Lot coverage is the percentage of a lot that is covered by all buildings compared to the total area of the lot.

M

Missing Middle Housing. Missing middle housing is a term used to describe a range of house-scale buildings with multiple units that are compatible in scale and form with detached single-family homes. Common housing types include duplexes; triplexes; fourplexes; courtyard apartments; cottage courts; townhomes; triplex stacked (vertical); and live-work spaces. Also referred to as "Small Multi-Unit Housing".

Mixed-Use Development. Development projects where a variety of uses such as office, commercial, institutional, and residential are combined in a single building or on a single site in an integrated project. These developments are regulated by both the maximum residential density (units per acre) and maximum FAR standard that incorporates both the residential and non-residential building floor areas.

Multi-Family Residential. Residential buildings containing units built one on top of another and those built side-by-side which do not have a ground-to-roof wall and/or have common facilities (i.e., attic, basement, heating plant, plumbing, etc.). Accessory dwelling units (ADUs) are not considered multi-family residential.

N

O

Objective Design Standards. Objective standards are defined under State law as "standards that involve no personal or subjective judgement by a public official and are uniformly verifiable by reference to an external or uniform benchmark or criteria available and knowable by both the development applicant or proponent and the public official prior to submittal "(California Government Code, Section 65913.4).

P

Persons With Special Needs. Includes extremely low-income households, seniors, overcrowded and large-family households, the homeless population, those in need of emergency shelter, youth aging out of foster care, female-headed or single-parent households, and persons with disabilities, including developmental challenges.

Planning Commission. An appointed commission responsible for conducting public hearings on the General Plan and Zoning Code modifications, considering the input of the public, and making recommendations to the Town Council on these matters.

Planned Development. The Planned Development (PD) overlay zone provides alternative standards for housing developments with a minimum of 40 percent of the units affordable to households of very low, low, or moderate income.

Policy. A statement that guides a specific course of action for decision-makers to achieve a desired goal.

Q

R

Regional Housing Need Allocation (RHNA). A State-mandated process to identify the total number of housing units (by affordability level) that each jurisdiction must accommodate in its Housing Element.

S

Setback. The distance between a building and the property line or other buildings.

Single-Family Residential. Land with detached buildings with not more than one primary dwelling unit for residential uses, such as single-family homes, townhomes, and condominiums.

Specific Plan. A planning tool authorized by Government Code Section 65450, et seq., for the systematic implementation of the General Plan for a defined portion of a community's planning area. A specific plan must specify in detail the land uses,

public and private facilities needed to support the land uses, phasing of development, standards for the conservation, development, and use of natural resources, and a program of implementation measures, including financing measures.

Small Multi-Unit Housing. Also known as "Missing middle housing" is a term used to describe a range of house-scale buildings with multiple units that are compatible in scale and form with detached single-family homes. Common housing types include duplexes; triplexes; fourplexes; courtyard apartments; cottage courts; townhomes; triplex stacked (vertical); and live-work spaces.

T

Town Council. The political body which formulates and implements policies in Los Gatos. It is the Town Council, through its decision-making authority, that affirms the policy direction and priorities contained within this General Plan. The Town Council is ultimately responsible for adoption of the General Plan, as well as the regulations, capital improvement programs, and financing mechanisms that implement the General Plan.

U

V

Vacant Land. Land that is not actively used for any purpose, including land that is not improved with buildings or site facilities and is sizeable in area to accommodate development.

W

Wildland/Urban Interface (WUI). Areas where homes or other structures are built near or among lands prone to wildland fire.

X

Y

Z

Zoning. The division of the Town into districts, and the application of different regulations in each district.

Zoning District. A part of the community designated by the local zoning ordinance for specific of land uses, such as single-family residential or neighborhood commercial uses. Only the primary permitted land uses, their accessory uses, and any conditional uses permitted in the zoning district may be placed on the land in that part of the community.

Zoning Ordinance. The adopted zoning and planning regulations of a town, city, or county that establish development standards for each zone, such as minimum lot size, maximum height of structures, building setbacks, and yard size.

List of Acronyms

AB	Assembly Bill
ABAG	Association of Bay Area Governments
ADA	Americans with Disabilities Act
ADU	Accessory dwelling unit
AFFH	Affirmative Furthering Fair Housing
AHOZ	Affordable Housing Overlay Zone
AMI	Area Median Income
BMP	Below Market Program
CBD	Central Business District land use designation
CC	Community Commercial land use designation
CD	Community Design Element
CEQA	California Environmental Quality Act
CMU	Mixed-Use land use designation
CUP	Conditional Use Permit
DFEH	California Department of Fair Employment in Housing
du/ac	Dwelling units per acre
EIR	Environmental Impact Report
FAR	Floor area ratio
FFH	Federal Fair Housing Act
HCD	Department of Housing and Community Development
HDR	High Density Residential land use designation
HDS&G	Hillside Development Standards and Guidelines
HEAB	Housing Element Advisory Board
HR	Hillside Residential land use designation
HUD	Department of Housing and Urban Development
LDR	Low Density Residential land use designation
LHP	Landmark and Historic Preservation Zone
LI	Light Industrial land use designation
LID	Low Impact Development
LU	Land Use Element
MDR	Medium Density Residential land use designation
MTC	Metropolitan Transportation Commission
MU	Mixed-Use land use designation
NFHA	National Fair Housing Alliance
NF-SP	North Forty Specific Plan
PD	Planned Development
PS	Public School Zone
RHNA	Regional Housing Needs Allocation
RHND	Regional Housing Needs Determination
RHM	Mobile Home Residential
SB	Senate Bill
WUI	Wildland/Urban Interface

.

Affirmatively Furthering Fair Housing Report

A

APPENDIX

A.1 What is AFFH?

The State of California's 2018 Assembly Bill (AB 686) requires that all public agencies in the state affirmatively further fair housing (AFFH) beginning January 1, 2019. Public agencies receiving funding from the U.S. Department of Housing and Urban Development (HUD) are also required to demonstrate their commitment to AFFH. The Federal obligation stems from the fair housing component of the Federal Civil Rights Act mandating Federal fund recipients to take "meaningful actions" to address segregation and related barriers to fair housing choice.

AB 686 requires all public agencies to "administer programs and activities relating to housing and community development in a manner that affirmatively furthers fair housing and take no action inconsistent with this obligation."[1]

AB 686 also makes changes to Housing Element Law to incorporate requirements of AFFH as part of the Housing Element and General Plan to include an analysis of fair housing outreach and capacity, integration and segregation, access to opportunity, disparate housing needs, and current fair housing practices.

Affirmatively Furthering Fair Housing

"Affirmatively furthering fair housing" means taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. Specifically, affirmatively furthering fair housing means taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws. The duty to affirmatively further fair housing extends to all of a public agency's activities and programs relating to housing and community development. (Gov. Code, § 8899.50, subd.(a)(1).)"

Source: California Department of Housing and Community Development Guidance, 2021, page 14.

Analysis of the 5th Cycle Housing Element

Goals of the Previous Housing Element

Many of the goals, policies, and programs that were presented in the 5th Cycle Housing Element are still applicable to the current 6th Cycle Housing Element. Some of the goals, policies, and programs included in this Housing Element serve as a continuation of policies identified within the previous Housing Element; whereas, others are new and concentrate more on promoting AFFH. The following are a list of goals from the 5th Cycle Housing Element:

- Goal HOU-1: Expand the choice of housing opportunities for all economic segments of the community by supporting the development of affordable housing in a variety of types and sizes, including a mixture of ownership and rental housing.
- Goal HOU-2: Maintain and/or adopt appropriate land use regulations and other development tools to encourage the development of affordable housing that is compatible with the neighborhood and the community.

[1] California Department of Housing and Community Development Guidance, 2021, page 9.

- Goal HOU-3: Preserve existing residential opportunities, including the existing affordable housing stock.
- Goal HOU-4: Ensure that all persons have equal access to housing opportunities.
- Goal HOU-5: Retain and expand affordable housing opportunities for seniors.
- Goal HOU-6: Mitigate Town governmental constraints to affordable and special needs housing development.
- Goal HOU-7: Encourage residential construction that promotes green building and energy conservation practices.
- Goal HOU-8: Ensure that the Town has sufficient resources and takes appropriate measures to implement the Housing Element.
- Goal HOU-9: Maintain the Town's 2005 jobs-to-household ratio of 1.5 jobs per household.

The goals listed above are still applicable and support producing, providing, and retaining housing within the Town. The goals of the 6th Cycle Housing Element have refined the goals of the 5th Cycle Housing Element to state six clear goals that complement the polices and implementation programs, further strengthening the Town's housing goals.

Production of Housing

The 5th Cycle Housing Element identified a Regional Housing Needs Allocation (RHNA) of 619 housing units in Los Gatos between January 1, 2015, and January 31, 2023. The RHNA was divided into the following income categories:

- 100 units affordable to extremely low-income households.
- 101 units affordable to very low-income households.
- 112 units affordable to low-income households.
- 132 units affordable to moderate-income households.
- 174 units affordable to above moderate-income households.

During the 2015–2023 planning period, as of December 31, 2022, 683 new units were added to the Town's housing stock, achieving approximately 110 percent of the Town's RHNA. Units affordable to moderate- and lower-income households that were created during the planning period include density bonus senior rental units (North Forty Phase I), an attached condominium (Union Avenue), detached townhomes (Knowles Avenue) produced through the BMP program, and accessory dwelling units. The Town exceeded the required housing units per RHNA in the moderate and above moderate-income categories; however, fell short in the very low- and low-income categories. Many of the goals, policies, and programs added and modified in this document have the goal and objective of increasing the total production of very low- and low-income category housing units during the 6th Housing Element cycle. For a deeper analysis of the previous Housing Element Update, refer to Appendix E.

Meaningful Steps towards AFFH

The Town's overarching goal of furthering AFFH and creating more housing opportunities has made a concentrated effort to assist the most vulnerable populations. These vulnerable populations include, but are not limited to: the elderly; large households; extremely low income households; individuals experiencing homelessness; and individuals with disabilities. Many of the programs identified in this 6th Cycle Housing Element are designed to create a measurable impact on the affordable housing options provided to the afore-mentioned populations. These policies include:

- Implementation Program I: Senior Housing Resources
- Implementation Program N: Funds for Development for Extremely Low Income (ELI) Households
- Implementation Program AI: Countywide Home Repair Program
- Implementation Program U: Increased Range of Housing Opportunities for the Homeless

- Implementation Program V: Housing Opportunities for Persons Living with Disabilities
- Implementation Program AP: Special Needs Housing
- Implementation Program X: Assistance for Persons with Developmental Challenges
- Implementation Program Y: Supportive Services for the Homeless
- Implementation Program Z: Stabilize Rents
- Implementation Program AY: Housing Mobility

The Town of Los Gatos implements these programs through funding allocation or through partnerships with other local organizations and jurisdictions.

A.2 History of Segregation in the Region

The United States' oldest cities have a history of mandating segregated living patterns and Northern California cities are no exception. ABAG, in its recent Fair Housing Equity Assessment, attributes segregation in the Bay Area to historically discriminatory practices, highlighting redlining and discriminatory mortgage approvals as well as "structural inequities" in society, and "self-segregation" (i.e., preferences to live near similar people).

Researcher Richard Rothstein's 2017 book *The Color of Law: A Forgotten History of How Our Government Segregated America* chronicles how the public sector contributed to the segregation that exists today. Rothstein highlights several significant developments in the Bay Area region that played a large role in where the region's non-White residents settled.

In 1955, builders began developing workforce housing for the Ford Corporation's plant in the Bay Area, including Santa Clara County. Initially the units were segregated as no one would sell to the local Black/African American workers. The American Friends Service Committee (AFSC) worked to find builders who would build integrated subdivisions. Unfortunately, after four purchased plots were subsequently rezoned to prevent integrated housing, the original builder quit. After multiple additional iterations, Black/African American workers had "become so discouraged about finding housing opportunities" that they began carpooling from outside cities such as Richmond[2].

A 2018 Berkeley publication titled, *Racial Segregation in the San Francisco Bay Area*, describes Los Gatos among the "most segregated, heavily white cities in the county" with Santa Clara County containing "no truly integrated city"[3]. The study also delved into the history of segregation, highlighting 1960s-era laws and practices connected to urban renewal projects that displaced established communities of color. This was coupled with the building of transportation infrastructure that resulted in a net loss of affordable housing due to a lack of one-for-one replacement.

History of Segregation in the Region

This history of segregation in the region is important not only to understand how residential settlement patterns came about, but, more importantly, to explain differences in housing opportunity among residents today. In sum, not all residents had the ability to build housing wealth or achieve economic opportunity. This historically unequal playing field in part determines why residents have different housing needs today.

In addition to historical discriminatory practices that embedded segregation into living patterns throughout the Bay Area, it's also necessary to recognize the historical impacts of colonization and genocide on Indigenous populations and how the effects of those atrocities are still being felt today. The original inhabitants of present-

[2] Source: book *The Color of Law: A Forgotten History of How Our Government Segregated America* by Richard Rothstein, p 121.
[3] Racial Segregation in the San Francisco Bay Area, Part 1 | Othering & Belonging Institute (berkeley.edu)

day San Mateo County are the Ramaytush Ohlone, who have "…lived on the San Francisco Peninsula for thousands of years and continue to live here as respectful stewards of the land"[4]. However, "[d]ue to the devastating policies and practices of a succession of explorers, missionaries, settlers, and various levels of government over the centuries since European expansion, the Ramaytush Ohlone lost the vast majority of their population as well as their land"[5]. The lasting influence of these policies and practices have contributed directly to the disparate housing and economic outcomes collectively experienced by Native populations today[6].

The timeline of major Federal Acts and court decisions related to fair housing choice and zoning and land use appears on the following page.

As shown in the timeline, exclusive zoning practices were common in the early 1900s. Courts struck down only the most discriminatory and allowed those that would be considered today to have a "disparate impact" on classes protected by the Fair Housing Act. For example, the 1926 case *Village of Euclid v. Amber Realty Co. (272 U.S. 365)* supported the segregation of residential, business, and industrial uses, justifying separation by characterizing apartment buildings as "mere parasite(s)" with the potential to "utterly destroy" the character and desirability of neighborhoods. At that time, multifamily apartments were the only housing options for people of color, including immigrants.

The Federal Fair Housing Act was not enacted until nearly 60 years after the first racial Zoning Ordinances appeared in U.S. cities. This coincided with a shift away from Federal control over low-income housing toward locally-tailored approaches (block grants) and market-oriented choice (Section 8 subsidies), the latter of which is only effective when adequate affordable rental units are available.

Racial covenants were used across the United States, and though they are now illegal, the language remains in many property records. A homeowner may not even know that their deed includes a racial covenant, it is easily missed in the paperwork that comes with buying a home.

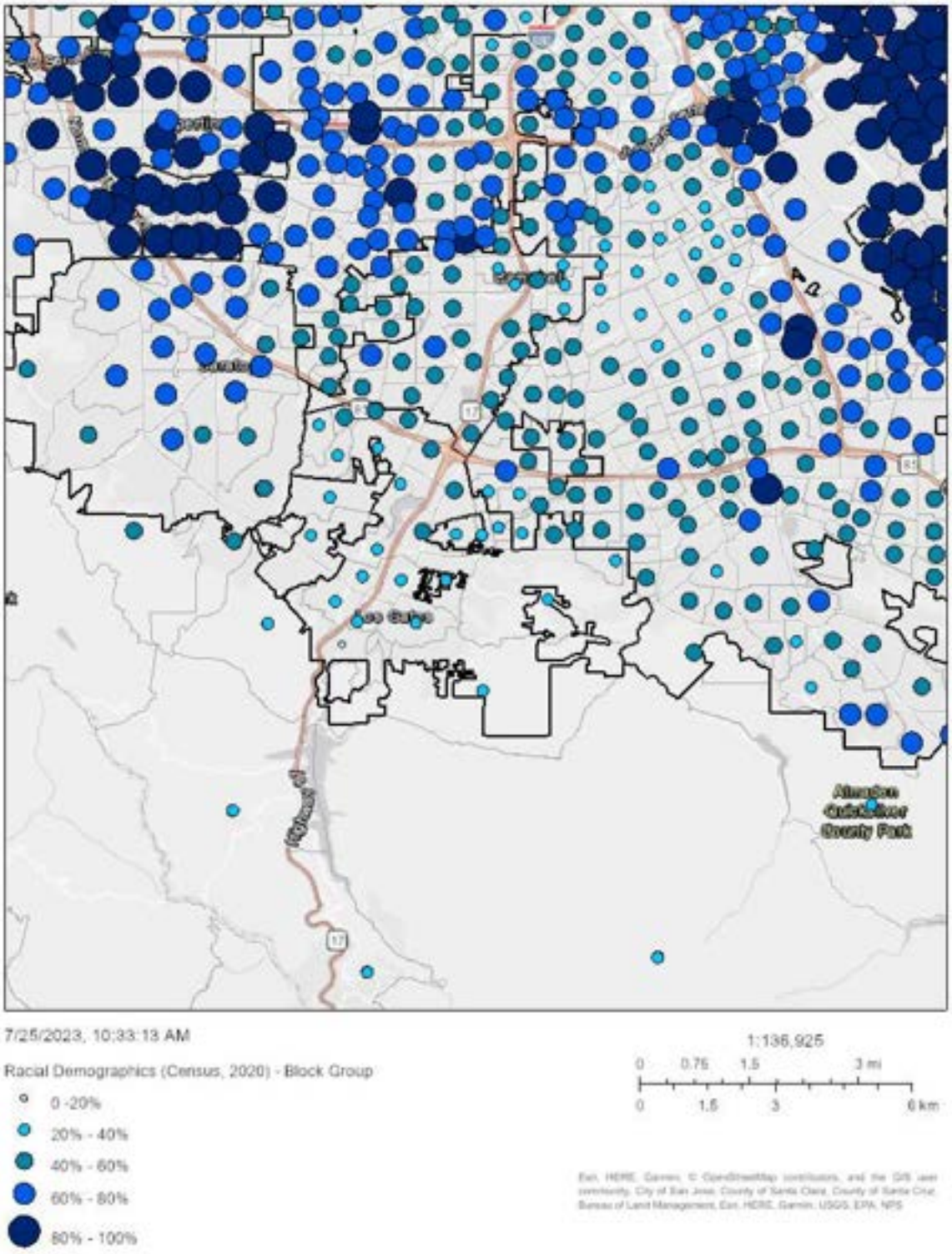
This section illustrates the demographic distribution of residents in Los Gatos and Santa Clara County compared to the Bay Area region. These analyses offer important in-sight on patterns of segregation and integration as well as equitable access to opportunity for residents across the Bay Area. Primary findings from these comparative analyses are bulleted and provided before figures/maps.

Figures A-1 and A-2 show the percent of non-White residents by block group in Los Gatos and the region in 2020. **Key differences between Santa Clara County and the Bay Area include:**

- Los Gatos is far less diverse than surrounding cities and the county overall: of census tracts with non-White residents, groups comprise less than half of the total resident population. Saratoga and Cupertino follow different patterns with non-White residents comprising more than 60% of the population in particular tracts.
- Areas of Santa Clara County with the largest share of non-White residents include San Jose, Sunnyvale, and Santa Clara, all of which have census tracts where non-White residents comprise up to 100 percent of the total resident population.
- These trends are similar for the region overall though non-White groups are significantly more likely to live in San Francisco, Daly City, Palo Alto, San Leandro, Hayward, and Fremont. There are similar concentrations in South San Francisco and Redwood City.

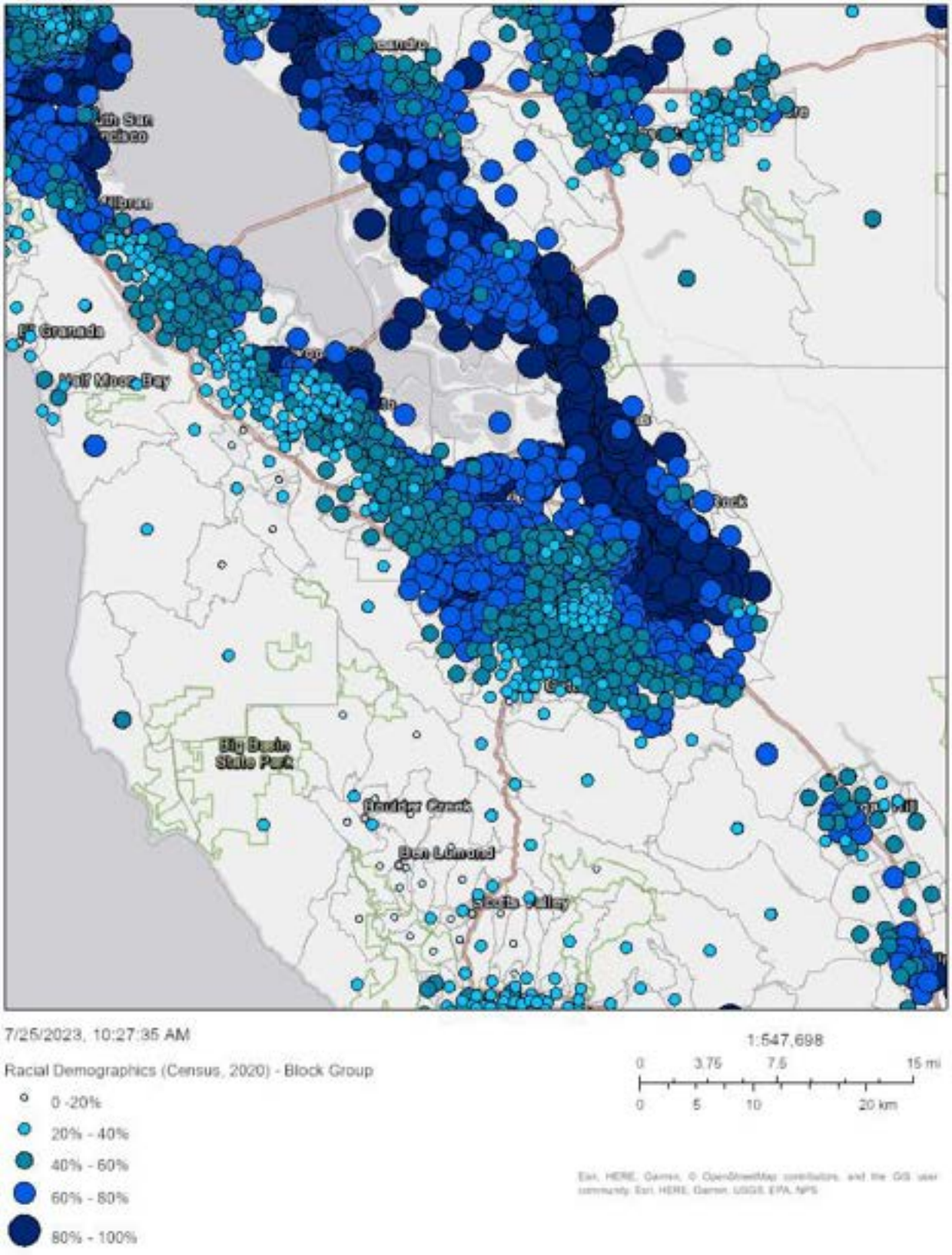
[4] https://www.smcoe.org/for-communities/indigenous-people-of-san-mateo-county.html
[5] https://www.smcoe.org/for-communities/indigenous-people-of-san-mateo-county.html
[6] https://www.americanprogress.org/article/systemic-inequality-displacement-exclusion-segregation/

Figure A-1. Racial Demographics by Block Group, Los Gatos, 2020



Source: California Department of Housing and Community Development AFFH Data Viewer.

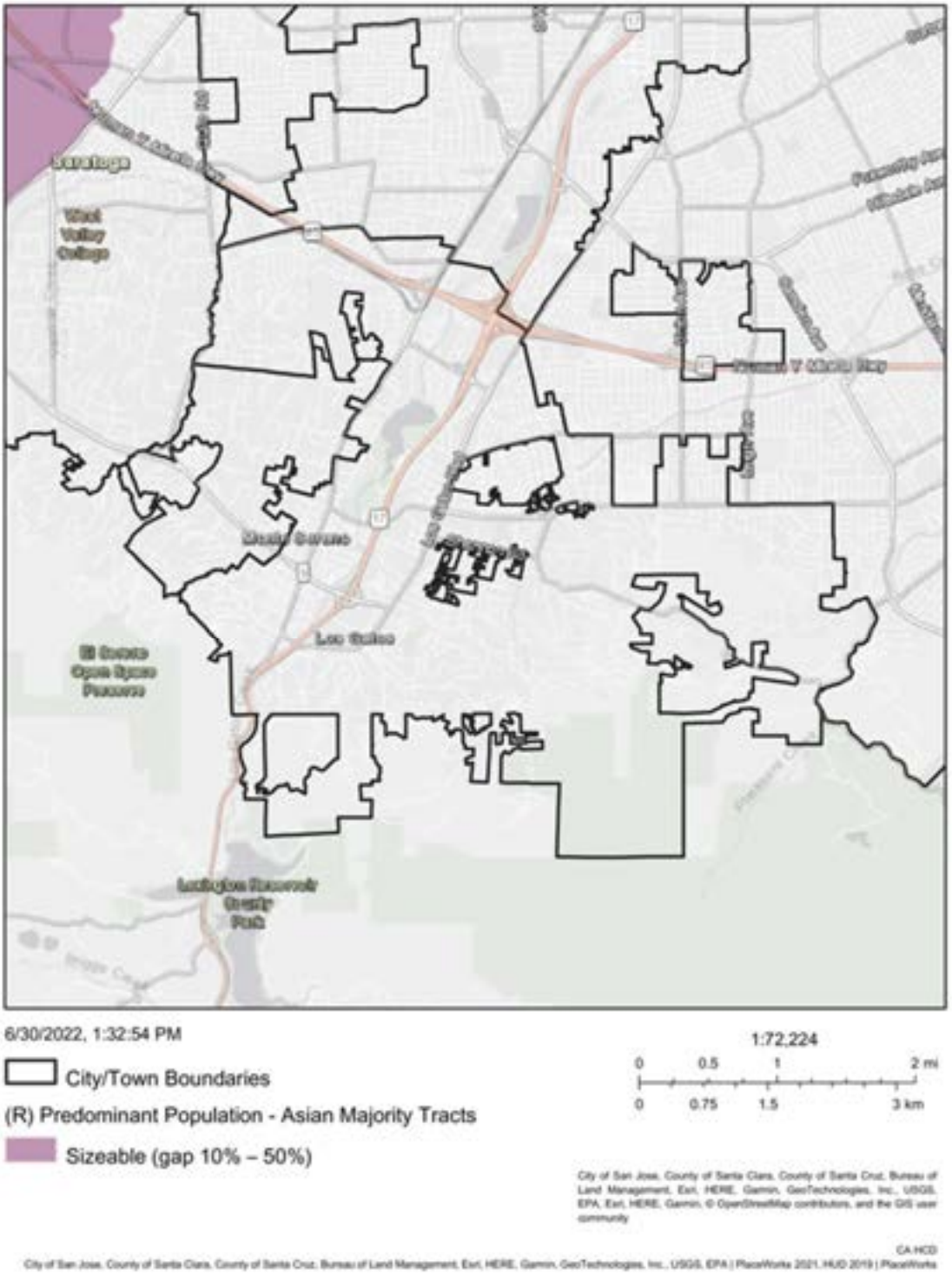
Figure A-2 Regional Racial Demographics by Block Group, 2020



Source: California Department of Housing and Community Development AFFH Data Viewer

Figure A-3 shows census tracts in Los Gatos where Asian residents are the predominant population. As shown in the map, Los Gatos has no predominantly Asian census tracts. Comparatively, Saratoga has Asian majority census tracts with a sizeable gap between 10 percent and 50 percent.

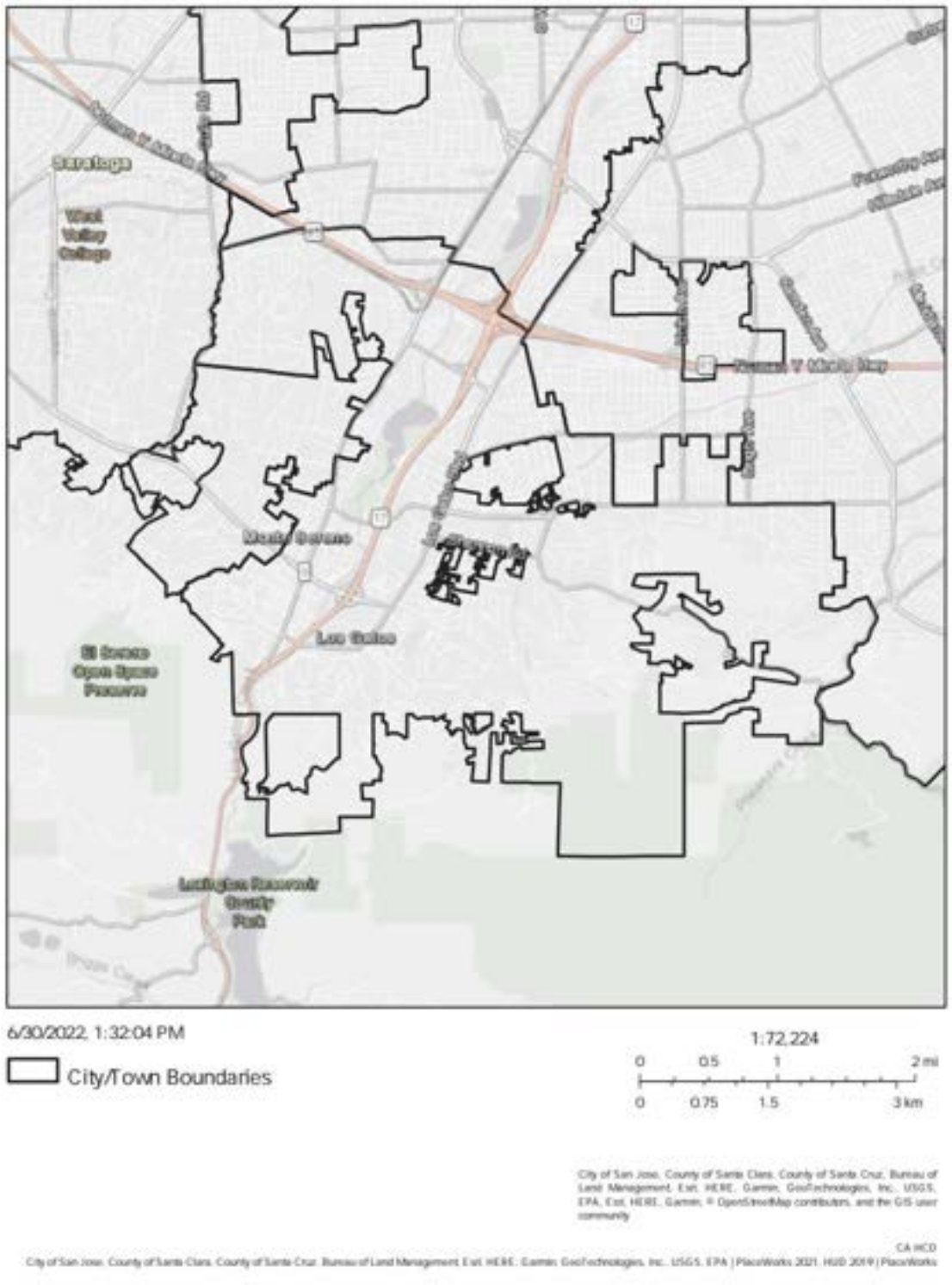
Figure A-3 Asian Majority Census Tracts, Los Gatos, 2018



Source: California Department of Housing and Community Development AFFH Data Viewer.

In line with these trends, there are no census tracts in Los Gatos where Hispanic or Latino residents are the predominant population similar to census tracts surrounding communities (Figure A-4).

Figure A-4 Hispanic Majority Census Tracts, Los Gatos, 2018

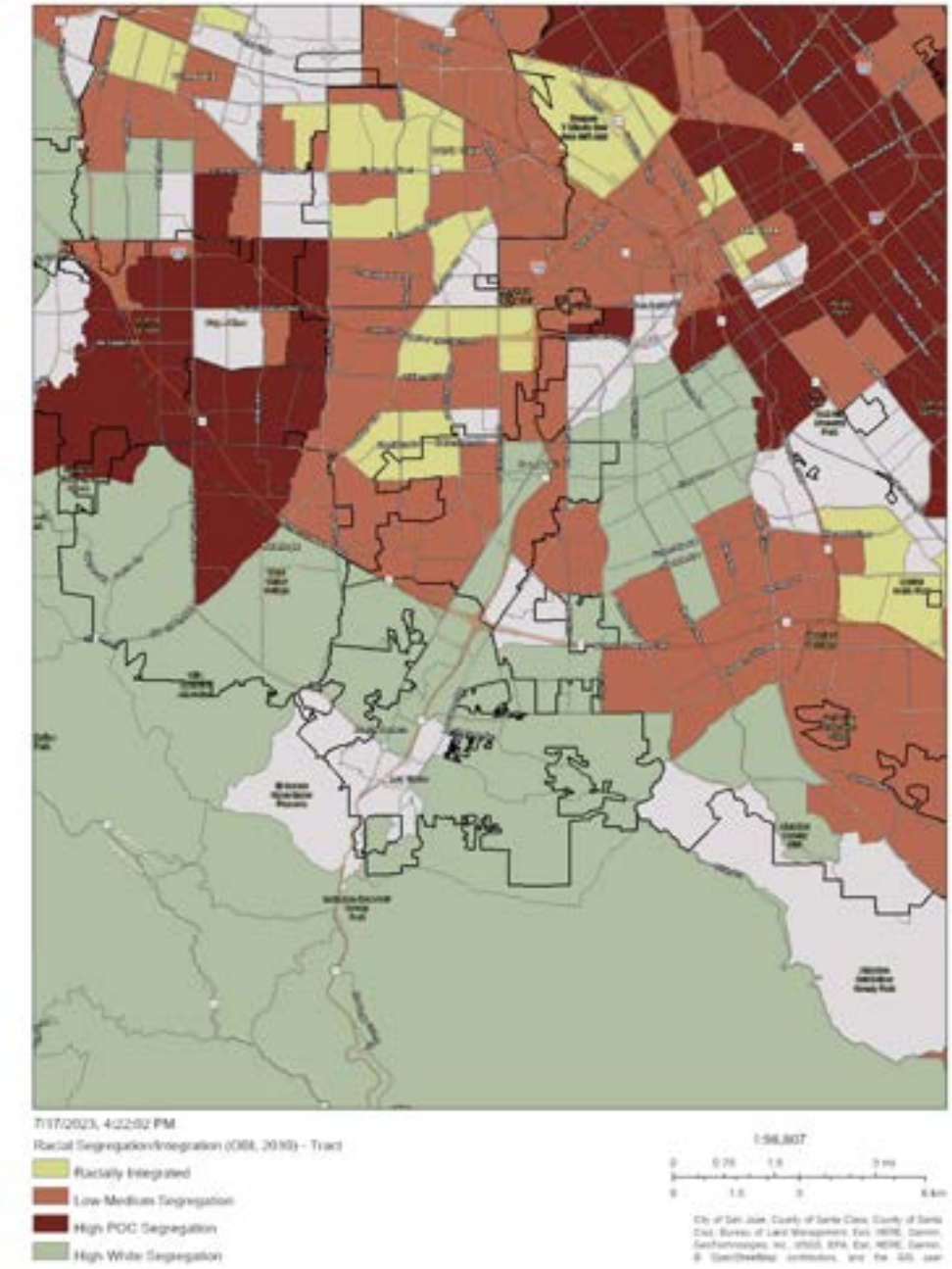


Source: California Department of Housing and Community Development AFFH Data Viewer

Figures A-5 and A-6 show racial segregation and integration patterns in 2010 and 2020 for Los Gatos and Santa Clara County. **Key differences between Los Gatos and the county include:**

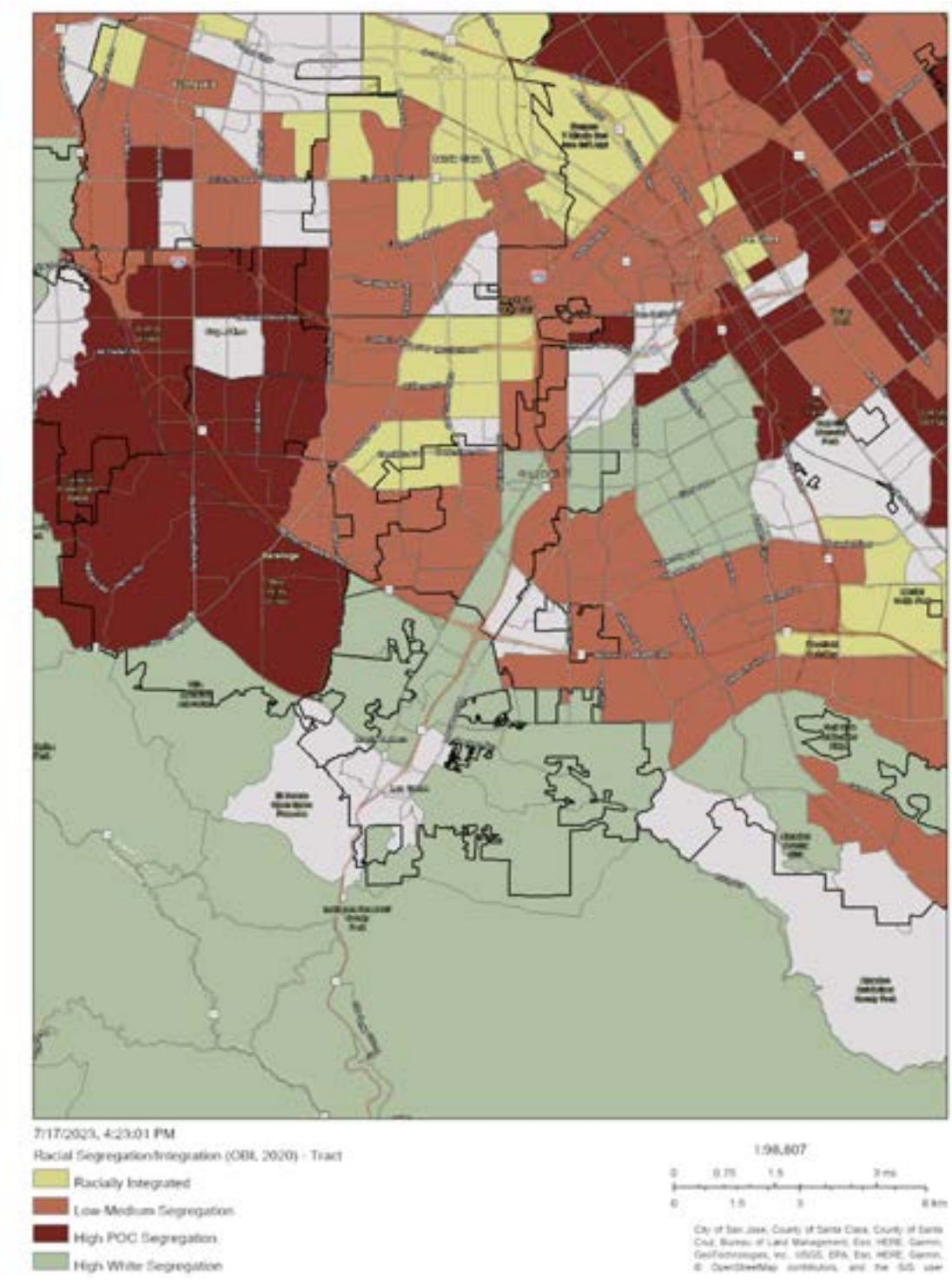
- Los Gatos has not changed since 2010 while surrounding areas have experienced substantial shifts in racial segregation trends. This is particularly notable in Saratoga which shifted from high White segregation to high POC segregation.
- The number of census tracts that are racially integrated increased over the last decade, the majority of which are located around Campbell and Santa Clara.
- Los Gatos was the only municipality in Santa Clara County where all census tracts are highly segregated for White residents in both 2010 and 2020.

Figure A-5. Racial Segregation/Integration by Census Tract, Los Gatos and Santa Clara County, 2010



Source: California Department of Housing and Community Development AFFH Data Viewer.

Figure A-6. Racial Segregation/Integration by Census Tract, Los Gatos and Santa Clara County, 2020

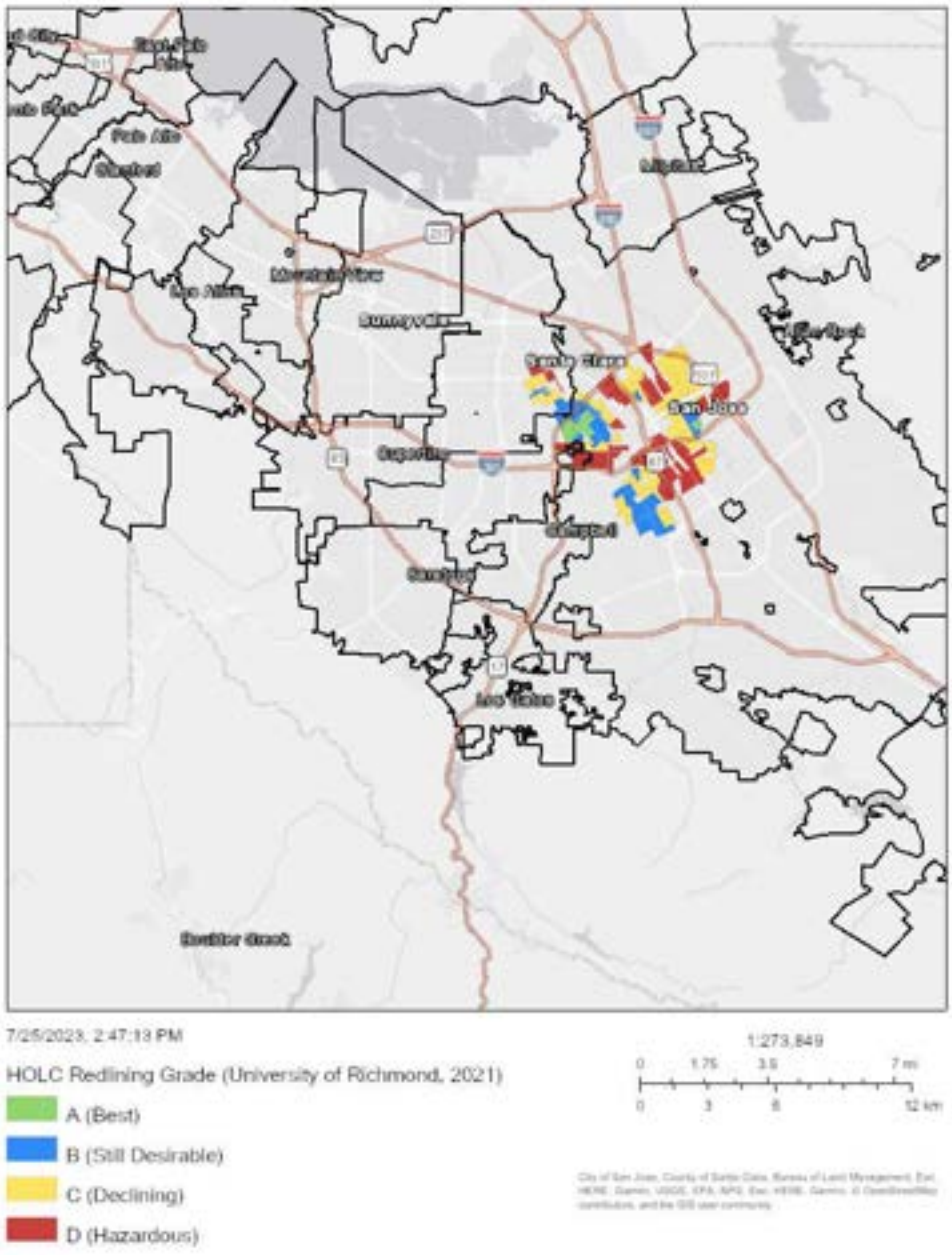


Source: California Department of Housing and Community Development AFFH Data Viewer.

Figure A-7 illustrates the Home Owners' Loan Corporation (HOLC) redlining grades for Santa Clara County. Created during the New Deal Era, the HOLC established a neighborhood ranking system known as redlining to reflect the demographic and socioeconomic composition of varying neighborhoods across cities in California. Maps and neighborhood ratings set the rules for real estate practice: with support from the federal government,

many banks used the grading system for mortgages and denied approval in areas with the lowest grade.[7] These practices made it nearly impossible for individuals in these areas to transition to homeownership. In Santa Clara County, grades were largely assigned to neighborhoods in Santa Clara and San Jose with grades ranging between B (still desirable) and D (hazardous). Los Gatos was not formed when the HOLC maps were active and, as such, redlining grade maps do not exist.

Figure A-7. HOLC Redlining Grade, Santa Clara County, 2021

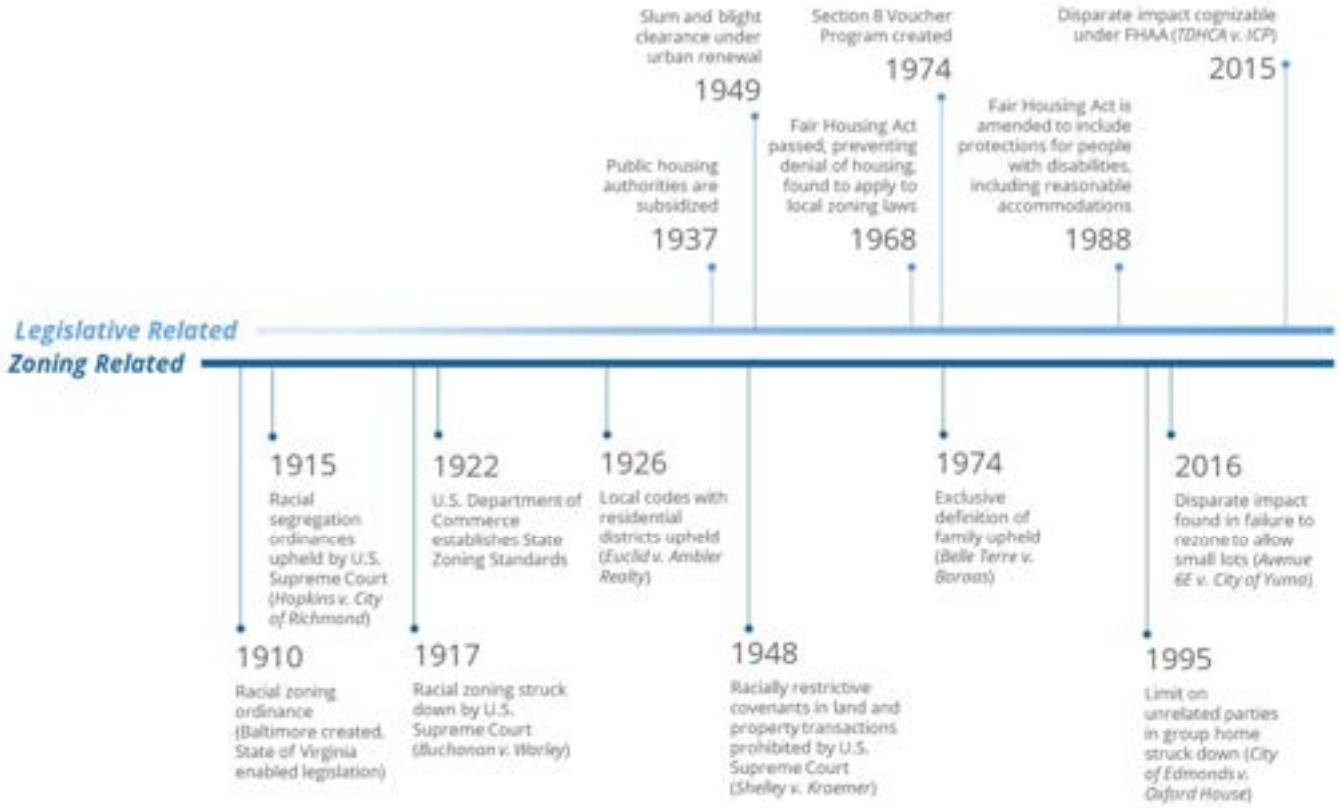


Source: University of Richmond and California Department of Housing and Community Development AFFH Data Viewer.

7 University of Richmond's Digital Scholarship Lab and HCD, 2021.

Current patterns and trends of segregation and integration in Los Gatos, Santa Clara County, and the Bay Area are provided by race and ethnicity, disability status, median household income, and familial status in the following sections.

Major Public and Legal Actions that Influence Fair Access to Housing



A.3 Town History

Los Gatos is located at the base of the Santa Cruz Mountains at the southwest edge of Santa Clara County and approximately 50 miles south of San Francisco. The natural landscape includes picturesque hillsides, creeks, and valley flatlands. Los Gatos is in an area once occupied by Indigenous People, which extends from the point where the San Joaquin and Sacramento rivers flow into the San Francisco Bay to Point Sur, with the interior Coastal Ranges most likely constituting the inland boundary. The Indigenous People lived sustainably in the area rich with fertile soils, abundant wildlife, and other natural resources. Before colonization, Indigenous People lived in base camps of tule-reed houses and seasonal specialized camps. Indigenous People ate food gained by hunting, gathering, and fishing. Mussels were particularly important to their diet, as well as sea mammals and acorns.

Seven Franciscan missions were built in Indigenous People's territory in the late 1700s, and all Indigenous People were eventually forced into the mission system. After the establishment of the missions, the population of Indigenous People of this area was decimated from roughly 10,000 people in 1770 to 1,300 in 1814. In 1973, the population of Indigenous People of this area was estimated at fewer than 300 after what is widely cited as a genocide. The descendants of Indigenous People of this area united in 1971 and have since arranged political and cultural organizations to revitalize, maintain, and pass on their culture.

In 1839, El Rancho de Los Gatos was established by a Mexican land grant and was so named because of the large number of mountain lions in the area. Agriculture and timber harvesting were mainstays of the local economy. In 1854, James Alexander Forbes built a flour mill along Los Gatos Creek. In 1860, the first hotel was opened to provide a stage stop on a toll road between San Jose and Santa Cruz. The railroad reached Los

Gatos in 1878, catalyzing residential and commercial growth. By 1887, the population had grown to 1,500 and the Los Gatos community voted to incorporate.

Because of its distance from other centers of population, Los Gatos developed as a complete community including residential, business, and industrial elements. Today, Los Gatos is part of the Silicon Valley and its fast-paced economy. Los Gatos has more than 3,000 businesses with a full range of services for its approximate 30,000 residents. The Town is a destination for visitors who are attracted to its small-town feel, beautiful natural setting, recreation opportunities, restaurants, and specialty shopping within a pedestrian friendly, historic downtown setting.

As with many of its neighboring jurisdictions, the historic land use patterns of Los Gatos – predominantly single-family housing around a downtown core – is discriminatory by nature.[8] The Town's land use and zoning policies have traditionally limited housing types allowed in the Town to medium to low density residential, favoring single-family detached projects.

Racially restrictive covenants and property deed restrictions were popular in the 1920s. Though no longer in effect, these covenants have lasting impacts on the racial and ethnic makeup of the Town. However, the effect of the racial covenants has diminished with time, and the Town has gone from approximately 86 percent White in 2000 to approximately 72 percent White in 2020. The increasing diversity of the Town indicates that impacts of racial covenants are decreasing and the primary factors limiting housing mobility and choice in the Town currently are household wealth, low density zoning, and high housing costs. Los Gatos will rezone approximately 87 acres with a Housing Element Overlay Zone (HEOZ) to allow for higher densities to encourage mixed-use and multi-family development. The HEOZ, along with ADUs, and SB 9 will accommodate the Town's need for lower and moderate-income housing.

A.4 Report Content and Organization

This Fair Housing Assessment follows the April 2021 State of California State Guidance for AFFH.

Section I. Fair Housing Enforcement and Outreach Capacity reviews lawsuits/enforcement actions/complaints against the jurisdiction; compliance with State fair housing laws and regulations; and jurisdictional capacity to conduct fair housing outreach and education.

Section II. Integration and Segregation identifies areas of concentrated segregation, degrees of segregation, and the groups that experience the highest levels of segregation.

Section III. Access to Opportunity examines differences in access to education, economic development, and healthy environments.

Section IV. Disparate Housing Needs identifies which groups have disproportionate housing needs including displacement risk.

Section V. Contributing Factors and Fair Housing Action Plan identifies the primary factors contributing to fair housing challenges and the Plan for taking meaningful actions to improve access to housing and economic opportunity.

Appendices

- Map and Data packet, including Fair Housing Organizations in Santa Clara County mission, services, and contact information.

[8] "Single-family zoning emerged and replaced race-based zoning as a tool for segregating communities by restricting more affordable housing options, such as apartments or condominiums." Affirmatively Furthering Fair Housing: Guidance for All Public Entities and for Housing Elements (HCD: April 2021) p. 6, available at https://www.hcd.ca.gov/communitydevelopment/affh/docs/affh_document_final_4-27-2021.pdf

- State Fair Housing Laws and Regulations, summary of key State laws and regulations related to mitigating housing discrimination and expanding housing choice.

A.5 Primary Findings

This section summarizes the primary findings from the Fair Housing Assessment for Los Gatos including the following sections: fair housing enforcement and outreach capacity, integration and segregation, access to opportunity, disparate housing needs, and contributing factors and the Town's Fair Housing Action Plan.

- Population growth trends in Los Gatos are significantly lower than the county and regional index rates. The Town has grown 15 percent since 1990, while Santa Clara County grew by 31 percent.

- Los Gatos diverges from the county and region overall in racial composition with more than double the county share of non-Hispanic White population (72 percent versus 32 percent for Santa Clara County). Yet Los Gatos' residents have grown more racially diverse since 2000 with the non-Hispanic white population declining by 14 percentage points and Asian residents increasing in population from eight percent to 15 percent in 2019.

- Conversely, the types of households in Los Gatos mirror the county and are similar to the Bay Area with 58 percent married couples (57 percent in Santa Clara County and 51 percent in the Bay Area). Household size is in line with the county, except for five or more person households, for which Los Gatos has a smaller share.

- Los Gatos has a higher share of high-income earners (greater than 100 percent AMI) than the county and Bay Area (65 percent versus 55 percent and 52 percent respectively). Accounting for race and ethnicity, Asian households are much more likely to comprise high income earners (72 percent), especially when compared to Black/African American and Hispanic households (50 percent and 46 percent, respectively).

- In 2015, the income segregation in Los Gatos between lower-income residents and other residents was higher than the average value for Bay Area jurisdictions. Segregation also exists among racial groups, yet is slowly declining.

- Poverty rates are minimal but do vary across races and ethnicities with Hispanic residents experiencing the highest poverty rate (although still a very low six percent) and Black/African Americans the lowest (0.7 percent).

- The job to household ratio for Los Gatos tracks closely with Bay Area and is lower than Santa Clara County's, indicating that Los Gatos is less of a commuter Town than surrounding jurisdictions with much higher job to household ratios. This differs, however, by wage, with jobs to household ratios much higher for low wage workers who cannot afford to live in the Town. Los Gatos has twice as many jobs as households for low wage jobs.

- Los Gatos' housing opportunities are limited by pricing, and both rental and home values are higher than the county median. Eighty-three percent of houses are valued at more than one million dollars; Zillow reports Los Gatos' market average value at more than three million dollars. The average value of homes in Los Gatos is 63 percent higher than the County's 1.3-million-dollar average value. Sixty-three percent of rentals charge 2,000 dollars or more a month, compared to 56 percent in Santa Clara County. Los Gatos does not have any public housing and only a small portion of the Town contains any Housing Choice Voucher usage, a minimal 0-5 percent.

- Nearly three-quarters of the Town's housing are single-family units.

- Housing cost burden in Los Gatos is lower than nearby cities but differs by race and ethnicity, and by tenure (renters/owners). Asian households experience the lowest rates of cost burden (30 percent) in the Town, followed by non-Hispanic White households (31 percent). This is followed by Black/African American household (34 percent) and Hispanic households (37 percent). Other/Multiple Race households

(45 percent) are the most likely to be cost burdened (45 percent). Owners experience cost burden at a lower rate (28 percent) than renters (42 percent).

- Mortgage denial rates vary little by race and ethnicity, with 55 percent to 65 percent of loans originated. Other than Asian applicants, however, applications from non-White applicants are very low in numbers.
- Saratoga Elementary School, Los Gatos Union Elementary School, and Los Gatos-Saratoga Union High School Districts serve the majority of Los Gatos residents. The most up-to-date performance rankings show that the Los Gatos-Saratoga high school with very few Black/African American or Native American students. Asian students experienced higher educational outcomes compared to other students, scoring 93.8 percent in a 2019 College/Career Indicator metric. White and Hispanic students scored 71 percent and 64.6 percent, respectively.

A.6 Contributing Factors and Fair Housing Issues

The disparities in housing choice and access to opportunity discussed above stem from historical actions in the broader region, socioeconomic factors that have limited employment and income growth among non-White and Hispanic residents, and a shortage of housing units built to accommodate growth.

Fair Housing Issue

The Town lacks information on fair housing law and discrimination complaint filing procedures on the Town website. Current outreach practices may not provide sufficient information related to fair housing, including federal and state fair housing law, and affordable housing opportunities.

Priority Level: High

Contributing factors:

- The Town currently lacks adequate fair housing testing, monitoring, or targeted outreach. Specifically, Town efforts should include outreach to specific communities where housing needs are more prevalent. The Town may lack sufficient education and outreach related to reasonable accommodations and ADA laws based on the proportion of complaints related to disability status. Further, while fair housing testing was conducted in the County, fair housing tests in Los Gatos may be insufficient for monitoring housing discrimination.
    - To address this issue, the 6th cycle Housing Element includes several outreach efforts to affirmatively further fair housing, including targeted outreach and annual efforts.
    - Outcomes of meaningful actions related to fair housing include, but are not limited to, adding 50 subscribers to the Notify me subscriber list, counseling 10 tenants annually on tenant/landlord concerns, assisting three senior households annually through senior resources, and increasing ADU and SB 9 permit applications by 25 and 9, respectively.

Fair Housing Issue

Los Gatos' very low production of affordable and market rate housing limits housing choices of all but the highest income households.

Priority Level: High

Contributing factors:

- Since 2010, Los Gatos' population has increased, while not producing the amount of housing units to match the population growth. This lack of production has exacerbated an already tight housing market. The lack of production is due to land costs, construction costs, availability of land, availability of financing, duration of permitting process, cost of permitting process, and environmental constraints.
    - To address this issue, the 6th cycle Housing Element includes Implementation Program B: "Large Site Program" and Implementation Program D: "Additional Housing Capacity", along with other implementation programs, as a means to increase affordable housing production.
- Meaningful actions to affirmatively further fair housing outlined in this Housing Element specifically aim to facilitate the construction of 45 new homes for lower-income households (North Forty Specific Plan), subsidize five developments which include extremely low-income households, and facilitate up to 350 ADUs with affordability of 5%.The housing that was added in Los Gatos between 2015 and 2019 was largely priced for above moderate-income households. Only 1.5 percent of housing permits approved were for low- or very-low-income housing. The lack of production of low- or very-low-income housing units is due to high land costs, high construction costs, limited availability of land, limited availability of financing, duration of permitting process, cost of permitting process, and lack of incentives.
    - Under the 6th cycle Housing Element, the Town will improve the Below Market Price (BMP) Program by conducting a study to evaluate the existing BMP Program and recommend changes to the program to increase the number of units constructed. The Town aims to increase BMP units by five units annually.
    - In addition to the actions and outcomes outlined above, the Town will implement Program O to facilitate the construction of 460 new homes for moderate to lower-income households.

Fair Housing Issue

Los Gatos' lack of affordable housing has a disproportionate impact on low- and moderate-income households who are more likely to be households of color. As such, Los Gatos lacks racial and ethnic diversity relative to the County overall. Racial/ethnic minority populations are also more likely to experience housing problems, such as cost burden and overcrowding, and have reduced access to opportunities, such as employment opportunities and better environmental conditions, compared to White populations.

Priority Level: Medium

Contributing factors:

- Black or African American and Hispanic residents typically work lower wage jobs, stemming from historical employment discrimination and lack of access to quality educational environments. These jobs do not support the Town's very high housing costs.
- Low wage jobs are necessary to support higher wage industries. Los Gatos' employment growth has not been adequately supported by affordable housing development. As such, there are twice as many low wage jobs as residents in Los Gatos who work those jobs.
    - To address these particular contributing factors, the 6th cycle Housing Element includes Implementation Program AT: "Affirmative Marketing" to work with affordable and market rate housing developers to ensure that affordable housing is affirmatively marketed to households with disproportionate housing needs, including Hispanic and Black households who work in and live outside of Los Gatos (e.g., materials in Spanish and English, distributed through employers). The

Town will notify a broad representation of the community to solicit ideas for housing strategies when they are discussed at Planning Commission or Town Council meetings.

- Additional meaningful actions to promote housing mobility seek to facilitate the development of 150 units of small multi-unit housing ("missing middle"), initiate a marketing plan and coordinate efforts for HCVs and homesharing programs, facilitate five homesharing matches per year, and facilitate 96 SB 9 entitlements over eight-years. Los Gatos lacks proper outreach efforts for housing programs, services, and fair housing laws and regulations. Los Gatos is a high opportunity area with large White, owner, and moderate/above moderate- income household populations. Increasing outreach to communities outside of the Town about housing opportunities in Los Gatos may promote mixed income communities.
    - The Town will participate in housing outreach outside of the Town boundaries to the greatest extent possible. Outreach activities are further detailed in Section 10.6, Implementation Programs of this Housing Element. Specifically, the Town will annually affirmatively market all affordable housing opportunities through notices and flyers for school districts. Outreach activities are further detailed in Section 10.6, Implementation Programs of this Housing Element.

Fair Housing Issue

Los Gatos' households are segregated by income, and income segregation is higher in the Town than in other Bay Area jurisdictions. Further, most of the Town is considered an RCAA, with non-Hispanic White and higher income household majority populations. While the Town has median incomes comparable to neighboring jurisdictions, the proportion of non-Hispanic White residents in Los Gatos is higher than the countywide trend. The Town may lack sufficient housing opportunities suitable for lower income households and outreach about such opportunities for protected groups including communities of color.

Priority Level: High

Contributing factors:

- Lack of affordable housing overall is due to the high percentage of above moderate rate single-family housing stock in Town.
- The Town will address this issue by allocating a percentage of the Town Affordable Housing (Below Market Price) Fund to subsidize housing for extremely low-income households as identified in Implementation Program N. The Town seeks to increase BMP units by five units annually from the 257 baseline.
- Segregation of the limited affordable housing in Town is predominately located in the central portion of Town due to a limited area of where multi-family dwelling units are permitted.
- Past priorities for single-family residential land uses through planning and zoning efforts as well as historical restrictive covenants have contributed to the prevalence of RCAAs in the Town.
    - The Town will use "Affirmative Marketing" strategies, as described in Implementation Program ATI, to work with affordable and market rate housing developers to ensure that affordable housing is affirmatively marketed to households with disproportionate housing needs, including Hispanic and Black households who work in and live outside of Los Gatos (e.g., materials in Spanish and English, distributed through employers). The Town will also amend its Zoning Ordinance in order to increase the development of affordable housing.
    - The adoption of the North Forty Specific Plan by the Town Council in 2015 provided diversity in the housing stock for the Town. As described in Implementation Program D, the Town will amend

the North Forty Specific Plan to allow for an increase in the density from 30 dwelling units per acre to 40 dwelling units per acre and will remove the housing unit cap.

- Opportunities, including employment, environmental, economic, and housing may not be accessible to all residents, especially those in vulnerable populations.
    - In addition to Program AT described above, Los Gatos will implement programs to facilitate the development of affordable housing, including special needs housing, to increase housing opportunities in the Town (Programs D, E, L, N, O, W). The Town will also serve vulnerable populations through Senior Housing Resources (Program I), Housing Opportunities for the Homeless (Program U), Assistance for Persons with Developmental Challenges (Program V), and Supportive Services for the Homeless (Program Y). The Town also aims to increase transportation opportunities for new households through Program AF, Transit Oriented Development.
    - In addition to actions to facilitate new affordable housing opportunities described previously, the Town has outlined place-based strategies for neighborhood improvement with the following metrics to develop better access to opportunities (environmental, housing, etc.). Specifically, the Town will complete three minor home repairs or accessibility improvements for lower income households annually, provide rehabilitation to five low-income homeowner units annually, and complete three projects related to public facilities and transportation infrastructure.

Fair Housing Issue

Los Gatos feeds to high performing schools, yet, except for Asian students, students of color cannot take advantage of these learning opportunities because they cannot afford to live in Los Gatos.

Priority Level: High

Contributing factors:

- Lack of affordable housing overall due to high land costs, high construction costs, limited availability of land, limited availability of financing, duration of permitting process, cost of permitting process, and lack of incentives.
    - The Town will address this issue by allocating a percentage of the Town's Affordable Housing (Below Market Program) Fund to subsidize housing for extremely low-income households and by including housing development sites on the Sites Inventory in all areas of Town. The Town aims to increase BMP units by five units annually in addition to other actions to facilitate affordable housing development outlined in this Housing Element.

Other Contributing Factors

Historic Land Use Practices

The Town was incorporated in 1887, has an approximate population of 30,000 and is 11.5 square miles. The Town originally developed at a distance from other population centers and therefore evolved as an independent community having residential, commercial, and industrial areas. The economics of the Town have changed from the wheat farming, milling, logging, orchard, and cannery businesses in the 19th and early 20th centuries to the suburban, high tech, and visitor destination businesses of today. The rapid increase in home values over the past decades have resulted in some of the most expensive property values in the country.

Opposition to Housing Development

A portion of the Town's identity is maintaining its small-town character and feel. This can manifest itself in opposition to development of higher density housing or a variety of housing types other than from single family housing. The most common responses from the Renter's Survey for enhancing housing opportunities in Los Gatos was the creation of a variety of housing types for all income levels Town-wide and through mixed-use development (refer to Section B.6 of Appendix B). Historic and contemporary attitudes of opposition to new housing development may have made it difficult to develop more dense housing projects in the past. Implementation Program AN proposes to provide education on the problems and needs of affordable housing as a means of changing negative attitudes towards the provision of affordable housing.

Local Knowledge and Other Relevant Factors

Housing opportunities in the Town are limited by pricing and both rental and home values. While the population of the Town has increased, the required number of housing units to match the population growth, as well as new affordable housing has not. Based on Town knowledge and working with service providers, the lack of production of affordable housing units is due to high land costs, high construction costs, limited availability of land, limited availability of financing, duration of permitting process, cost of permitting process, a high percentage of above moderate rate single-family housing stock in Town, and the overall lack of incentives available to affordable housing developers. This was also acknowledged when the Town Council discussed the Town's 2022 through 2024 strategic priorities on January 24, 2023, and included affordable housing partnerships as a strategic priority for the Town. Additionally, based on Town knowledge and working with service providers, the Town's outreach efforts for housing programs, services, and fair housing laws and regulations can be improved through implementation of the 6th cycle Housing Element to increase outreach to communities outside of the Town about future housing opportunities in Los Gatos.

Summary of Fair Housing Issues, Contributing Factors, and Meaningful Actions

Table A-1 on the following page identified fair housing issues, contributing factors, relative priority, and meaningful actions drawn from the analysis of fair housing. Higher priority is given to factors that limit fair housing choice and/or negatively impact fair housing, per Government Code Section 65583(c)(10)(A)(iv). A detailed overview of actions included in Housing Element Programs that are aimed at affirmatively furthering fair housing is included in the Housing Resources section of this Housing Element.

Table A-1. Contributing Factors

Identified Fair Housing Issue	Contributing Factor	Action	Priority
Outreach and Enforcement	• Lack of adequate fair housing testing, monitoring, or targeted outreach.	• Program A: Developer Forum • Program O: Affordable Housing Development • Program W: Rental Dispute Resolution Program • Program AE: Fair Housing Law Education • Program AM: Santa Clara County Fair Housing Consortium • Program I. Senior Housing Resources • Program X. Developmental Challenges • Program AN. Use a Variety of Communication Methods • Program AO. Educate Single-Family Property Owners Regarding In-Fill Housing Options • Program AT. Affirmative Marketing	High
Integration and Segregation (Outreach and Enforcement, New Housing Opportunities in High Resource Areas, and Housing Mobility)	• Concentrated wealth and White populations in the Town as compared to the region. • Past priorities for single-family residential land uses and historical restrictive covenants.	• Program O. Affordable Housing Development • Program AM. Santa Clara County Fair Housing Consortium • Program AN. Use a Variety of Communication Methods • Program AT. Affirmative Marketing • Program D. Additional Housing Capacity for North Forty Specific Plan • Program J. Small Multi-Unit "Missing Middle" Housing • Program L. Below Market Price Program • Program AP. Special Needs Housing • Program AY: Housing Mobility	High
Access to Opportunities (New Housing Opportunities in High Resource Areas)	• Lack of diverse housing stock such as multifamily housing. • Lack of affordable housing overall due to high land costs, high construction costs, limited availability of land, limited availability of financing, duration of permitting process, cost of permitting process, and lack of incentives.	• Program D. Additional Housing Capacity for North Forty Specific Plan • Program N. Funds for Development for Extremely Low Income (ELI) Households • Program O. Affordable Housing Development • Program Q. ADUs • Program AB. Allow for 100 Percent Affordable Residential Development in Mixed-Use General Plan Designations	Medium
Disproportionate Housing Needs (Housing Mobility and Place-based Strategies for Neighborhood Improvement)	• Lack of diverse housing stock such as multifamily housing. • Disproportionate need for housing and assistance for special needs populations.	• Program V. Housing Opportunities for Persons Living with Disabilities • Program AP. Special Needs Housing • Program X. Assistance for Persons with Developmental Challenges • Program T: Nonprofit Affordable Housing Providers • Program AI. Countywide Home Repair Programs • Program AJ. Residential Rehabilitation Program • AFFH: CIP Projects	Medium

A.7 Fair Housing Enforcement and Outreach Capacity

This section discusses fair housing legal cases and inquiries, fair housing protections and enforcement, and outreach capacity. Figure A-8 provides a summary of fair housing complaints and inquiries in Los Gatos and the County.

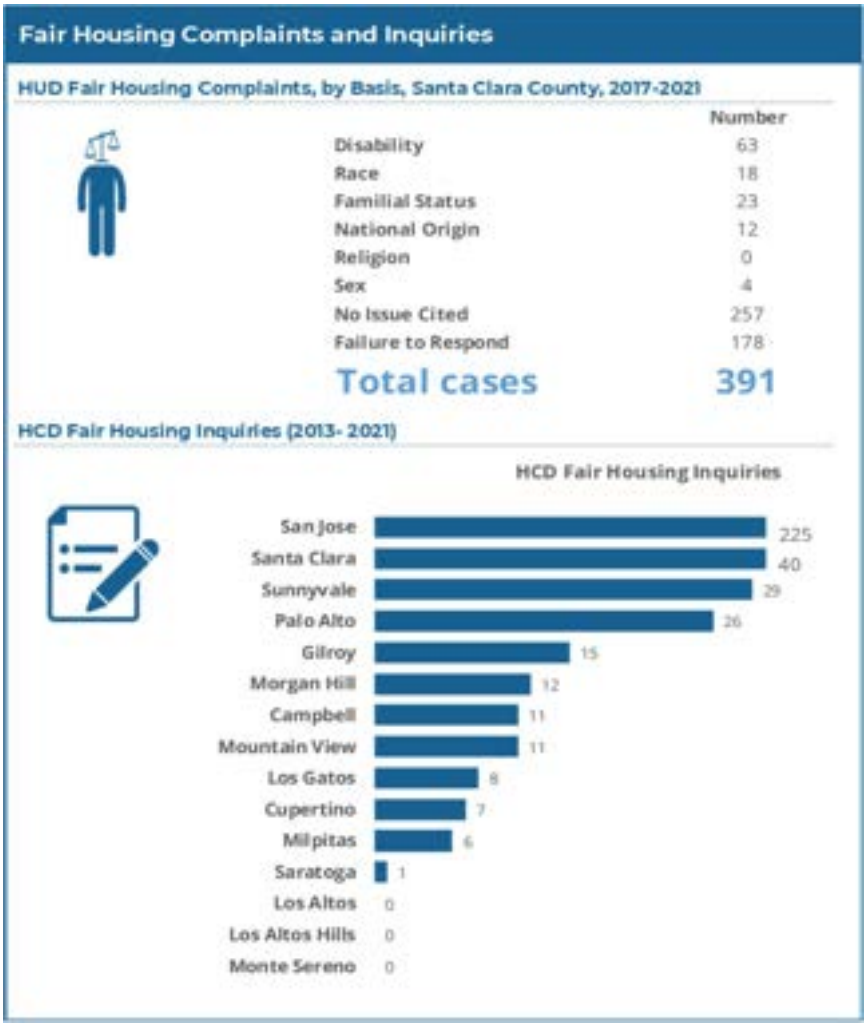
Nationally, the National Fair Housing Alliance (NFHA) reported a "negligible" decrease in the number of complaints filed between 2019 and 2020. The primary bases for complaints nationally of disability (55 percent) were represented in Santa Clara County at a much lower rate (16 percent). Familial status represented eight percent of complaints nationally, similar to the six percent of cases in the County. Figure A-11 and Figure A-12 show the share of population by disability status within Santa Clara County and the distribution by census tract, respectively.

NFHA identifies three significant trends in 2020 that are relevant for this AFFH:

- First, fair lending cases referred to the Department of Justice from Federal banking regulators has been declining, indicating that State and local government entities may want to play a larger role in examining fair lending barriers to homeownership.
- Second, NFHA identified a significant increase in the number of complaints of harassment - 1,071 complaints in 2020 compared to 761 in 2019.
- Finally, NFHA found that 73 percent of all fair housing complaints in 2020 were processed by private fair housing organizations, rather than State, local, and Federal government agencies, reinforcing the need for local, active fair housing organizations and increased funding for such organizations[9].

[9] https://nationalfairhousing.org/2021/07/29/annual-fair-housing-report-shows-increase-in-housing-harassment/

Figure A-8 Fair Housing Complaints and Inquiries in Los Gatos and Santa Clara County



Source: Root Policy Research

Outreach and capacity. Santa Clara County, including Los Gatos, has a number of organizations dedicated to assisting residents with legal services related to housing discrimination and general housing disputes. These organizations are listed in Figure I-1 of the map and data appendix.

The Town also maintains a resource guide that highlights service providers across multiple categories focused on housing and quality of life for underserved members of the community[10]. Additionally, the Town provides links and email addresses for citizens to participate in the ongoing Housing Element Update process, including links to the agendas and staff reports for the Housing Element Advisory Board (HEAB) in-person meetings.

Finally, the Town has a strong statement about inclusivity and directly addresses hate speech on its website[11].

Compliance with State law. Los Gatos is compliant with the following State laws that promote fair and affordable housing. The Town has not been alleged or found in violation of the following:

[10] Los-Gatos-Housing-Resources-Guide (losgatosca.gov)
[11] https://www.losgatosca.gov/2604/Becoming-an-Inclusive-Community

- Housing Accountability Act (Gov. Code. Section 65589.5) requiring adoption of a Housing Element and compliance with RHNA allocations;
- No Net Loss Law (Gov. Code Section 65863) requiring that adequate sites be maintained to accommodate unmet RHNA allocations;
- Least Cost Zoning Law (Gov. Code. Section 65913.1);
- Excessive Subdivision Standards Law (Gov. Code. Section 65913.2); and
- Limits on Growth Controls Law (Gov. Code. Section 65589.5).

Housing specific policies enacted locally:

- Los Gatos offers a density bonus program to comply with State law;
- The Town allows relative diverse type of housing in residential zones. However, minimum lot area for duplexes is quite generous (8,000 square feet). The Town could add flexibility for affordable duplexes, particularly in areas near and within downtown;
- The Town requires that development of Accessory Dwelling Units under Town incentive programs be affordable, and deed restricted to 80 percent AMI households; and
- The Town's Below Market Price program requirements apply to developments of five units and more and require between 10 percent and 20 percent of units to be affordable to low- and moderate-income households. In-lieu fees are only allowed in limited circumstances, which prioritizes unit development.

Fair housing legal cases and inquiries. California fair housing law extends beyond the protections in the Federal Fair Housing Act (FHA). In addition to FHA protected classes, race, color, ancestry/national origin, religion, disability, sex, and familial status. California law offers protections for age, sexual orientation, gender identity or expression, genetic information, marital status, military or veteran status, and source of income (including Federal housing assistance vouchers).

The California Department of Fair Employment in Housing (DFEH) was established in 1980 and is now the largest civil rights agency in the United States. According to their website, DFEH's mission is, "to protect the people of California from unlawful discrimination in employment, housing and public accommodations (businesses) and from hate violence and human trafficking in accordance with the Fair Employment and Housing Act (FEHA), Unruh Civil Rights Act, Disabled Persons Act, and Ralph Civil Rights Act"[12].

DFEH receives, evaluates, and investigates fair housing complaints. DFEH plays a particularly significant role in investigating fair housing complaints against protected classes that are not included in Federal legislation and, therefore, not investigated by HUD. DFEH's website provides detailed instructions for filing a complaint, the complaint process, appealing a decision, and other frequently asked questions[13]. Fair housing complaints can also be submitted to HUD for investigation.

Additionally, Santa Clara County has a number of local resource and enforcement organizations:

- Project Sentinel: Assists with housing discrimination, mortgage foreclosures, rental issues, and more.

[12] https://www.dfeh.ca.gov/aboutdfeh/

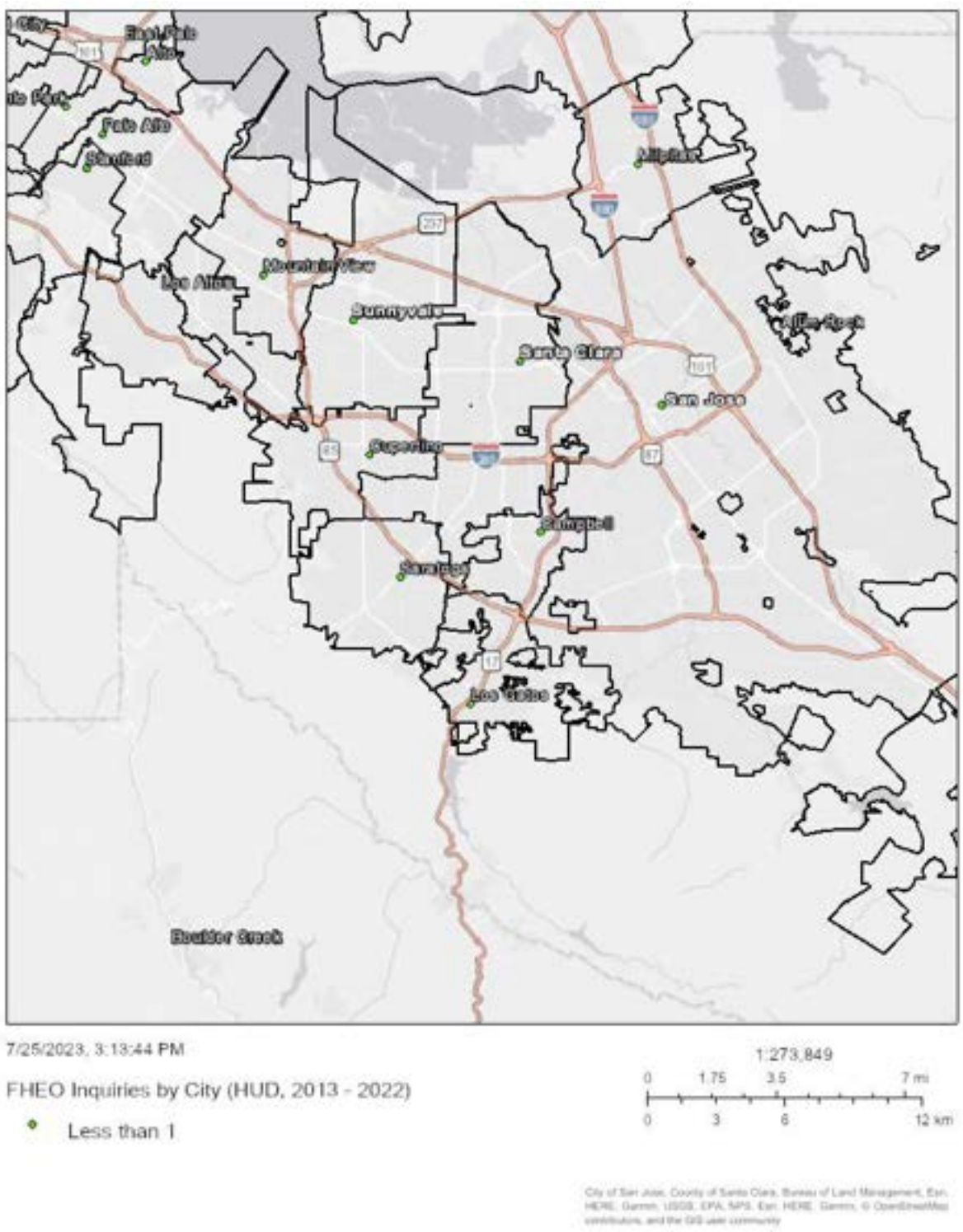
[13] https://www.dfeh.ca.gov/complaintprocess/

- Housing and Economic Rights Advocates (HERA) provides legal and advocacy for vulnerable Californians facing discrimination and economic abuses.
- Bay Area Legal Aid engages in broad advocacy focused on helping low-income Bay Area residents lead stable lives, including housing stability.
- The Law Foundation of Silicon Valley provides legal advocacy for social change with a focus on finding stable homes for low-income residents.
- Senior Adults Legal Assistance is a law office dedicated to supporting elder residents obtain independent living.

From 2013 to 2021, 391 fair housing complaints in Santa Clara County were filed with the U.S. Department of Housing and Urban Development (HUD) or Fair Housing Advocates of Northern California (FHANC). Most of the county's valid complaints cited disability status as the bias. Of these complaints, 69 percent were considered valid and proceeded to actionable responses. Los Gatos had eight total Fair Housing and Equal Opportunity (FHEO) complaints and less than 0.5 FHEO inquiries. Figures A-9 and A-10 show the number of FHEO complaints in Los Gatos and the region overall. Key differences between county and regional trends are summarized below.

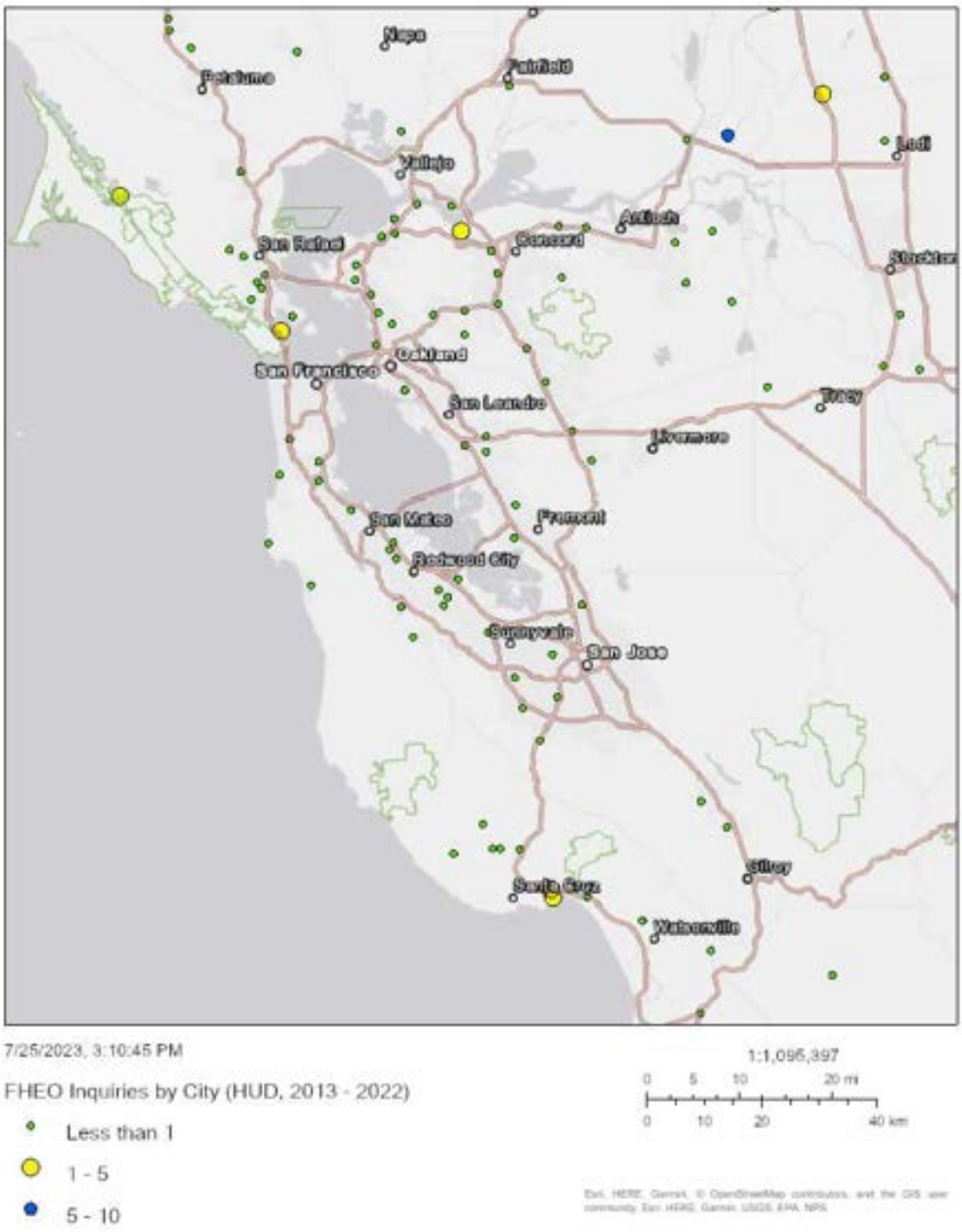
- According to HUD, between 2013 and 2022, there were less than one FHEO inquiry in Los Gatos similar to surrounding cities including Saratoga, Cupertino, and Campbell.
- For the region, FHEO inquiries are largely concentrated near San Francisco, Concord, Santa Cruz, and Fairfield, all of which show up to five FHEO inquiries.
- The largest number of inquiries were located near Fairfield and Antioch with five to ten FHEO inquiries.

Figure A-9. FHEO Inquiries by City, Los Gatos, 2022



Source: California Department of Housing and Community Development AFFH Data Viewer.

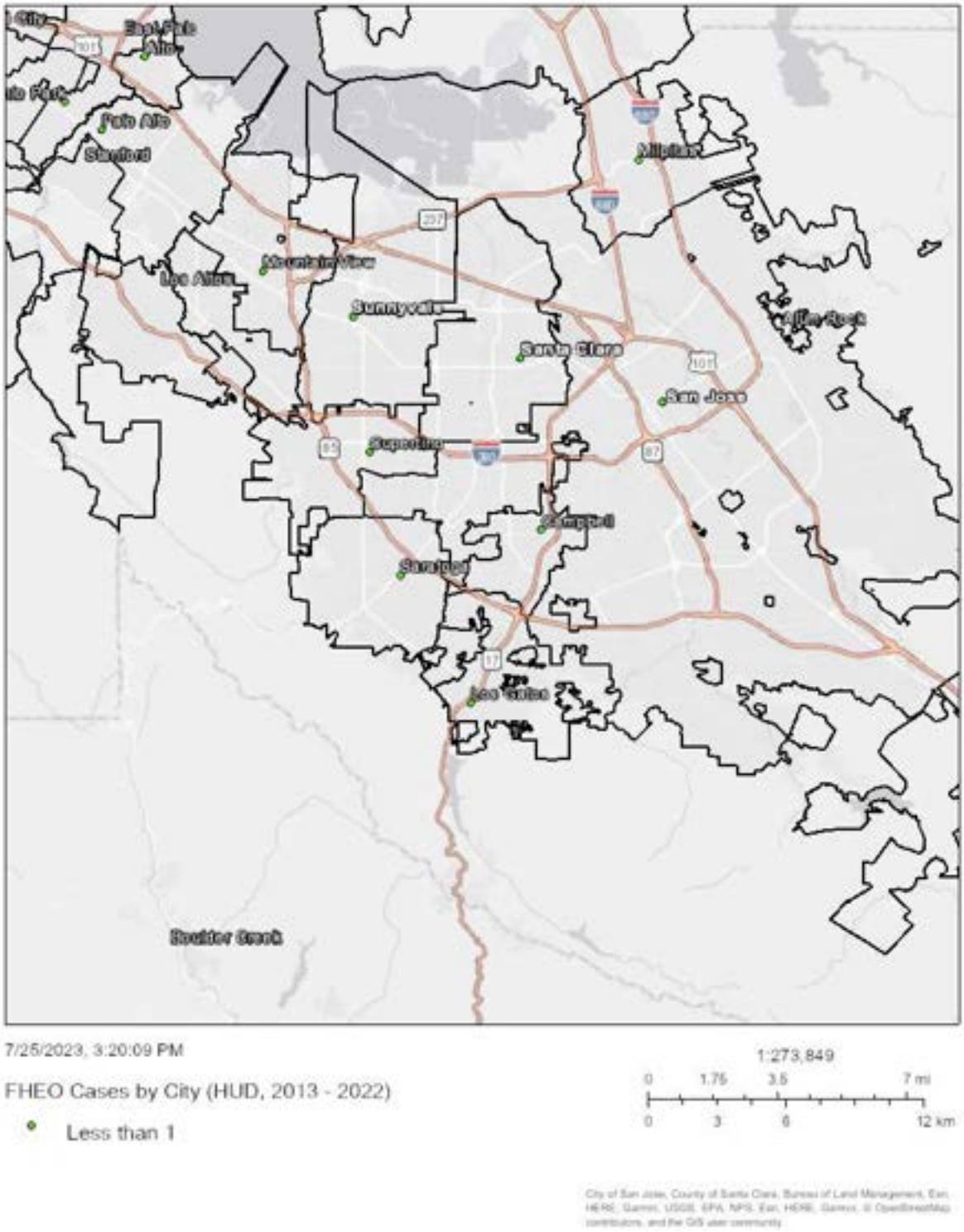
Figure A-10. FHEO Inquiries, Bay Area Region, 2022



Source: California Department of Housing and Community Development AFFH Data Viewer.

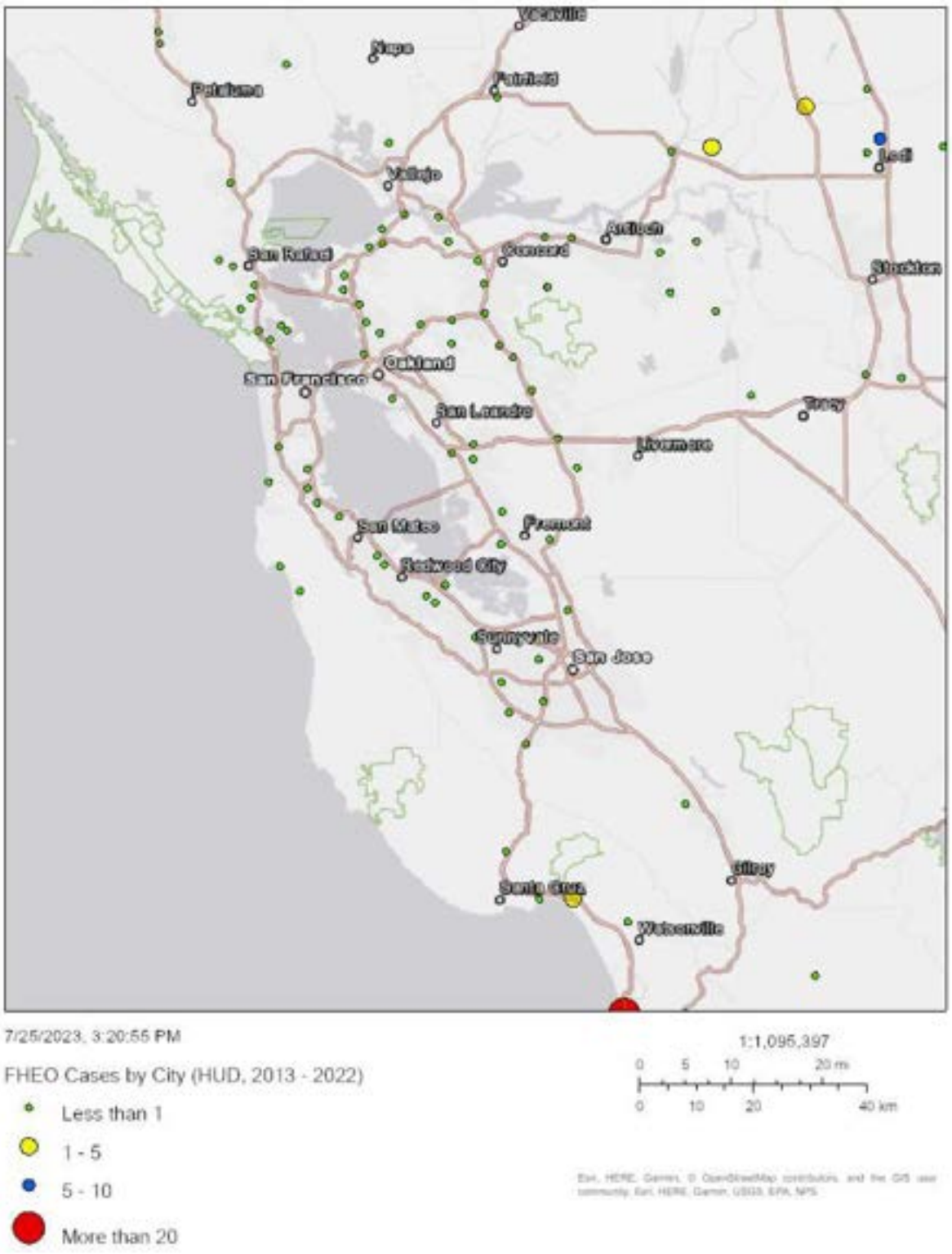
Figures A-11 and A-12 show FHEO cases in Los Gatos and the Bay Area. Trends in Los Gatos are similar to the region overall though Watsonville had a comparatively larger number of FHEO cases at more than 20 cases between 2013 and 2022.

Figure A-11. FHEO Cases by City, Los Gatos, 2022



Source: California Department of Housing and Community Development AFFH Data Viewer.

Figure A-12. FHEO Cases, Bay Area Region, 2022

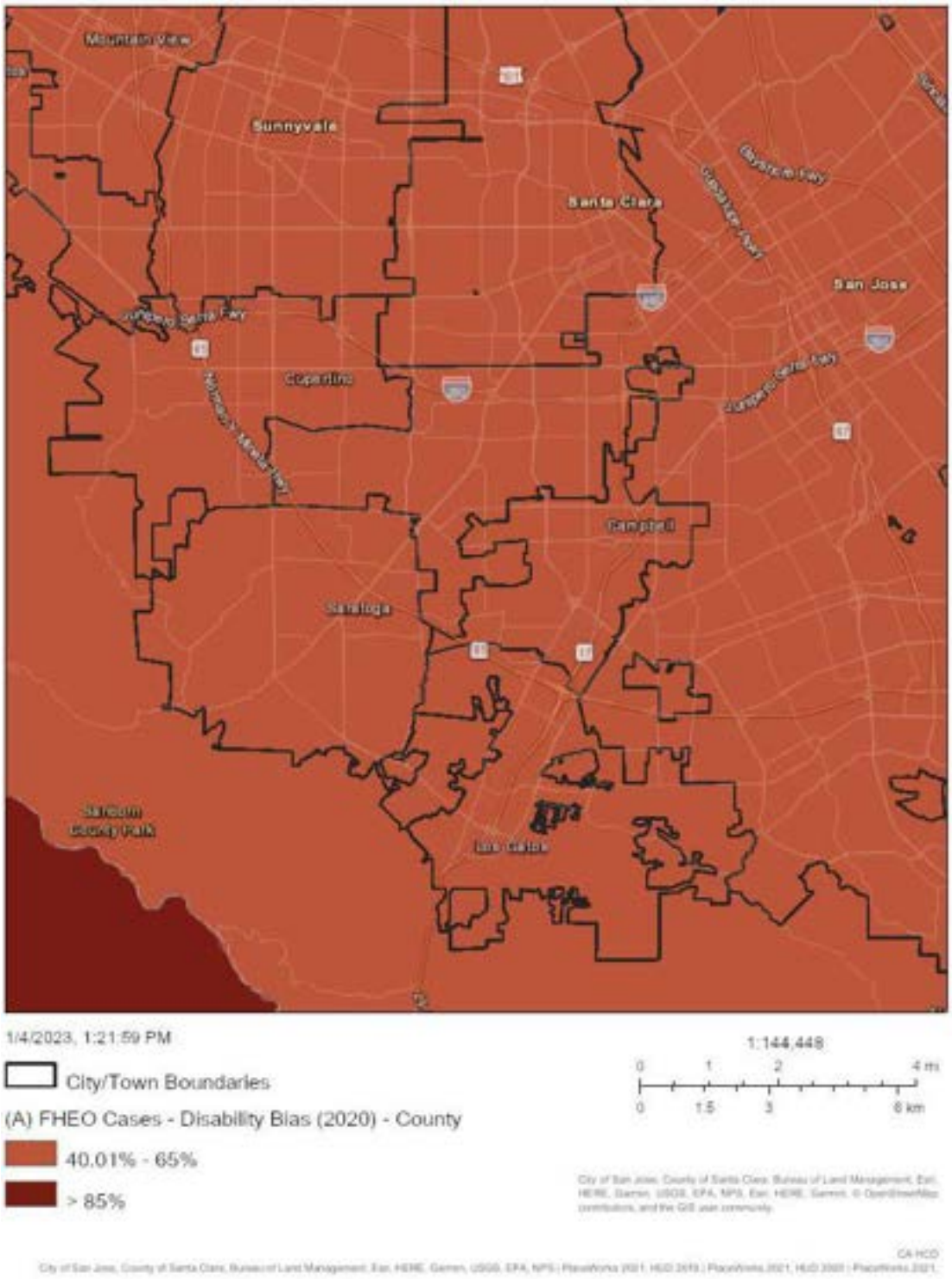


Source: California Department of Housing and Community Development AFFH Data Viewer.

Figure A-13 illustrates FHEO Cases of Disability Bias in Los Gatos and surrounding cities in 2020. As shown in the figure, Los Gatos and Santa Clara County experienced 40 percent to 65 percent disability bias in FHEO cases

during this time. This compares to less than 25 percent of FHEO complaints between 2013-2021, which may be indicative of a recent rise in a lack of accessible housing in the local housing market.

Figure A-13. FHEO Cases – Disability Bias by County, Los Gatos, 2020



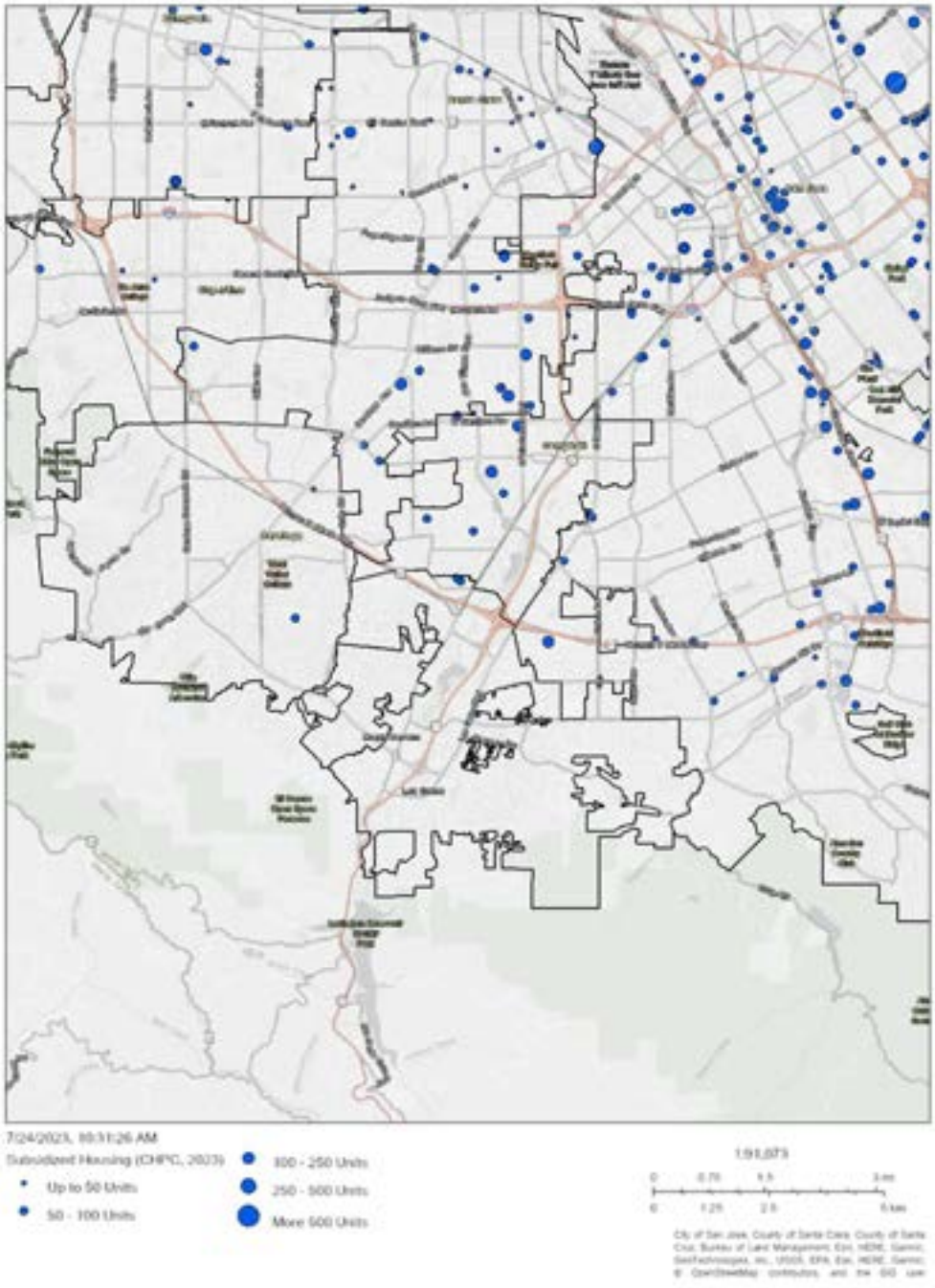
Source: California Department of Housing and Community Development AFFH Data Viewer.

A.7 Existing Affordable Housing Assets

Publicly Assisted Housing. According to the California Department of Housing and Community Development AFFH Data Viewer (HCD data viewer), Los Gatos does not have any public housing buildings (Figure A-13).

There is a significant lack of subsidized housing units in Los Gatos and neighboring communities including Saratoga and Cupertino. Subsidized units are concentrated north and east of Los Gatos as well as San Jose (Figure A-14).

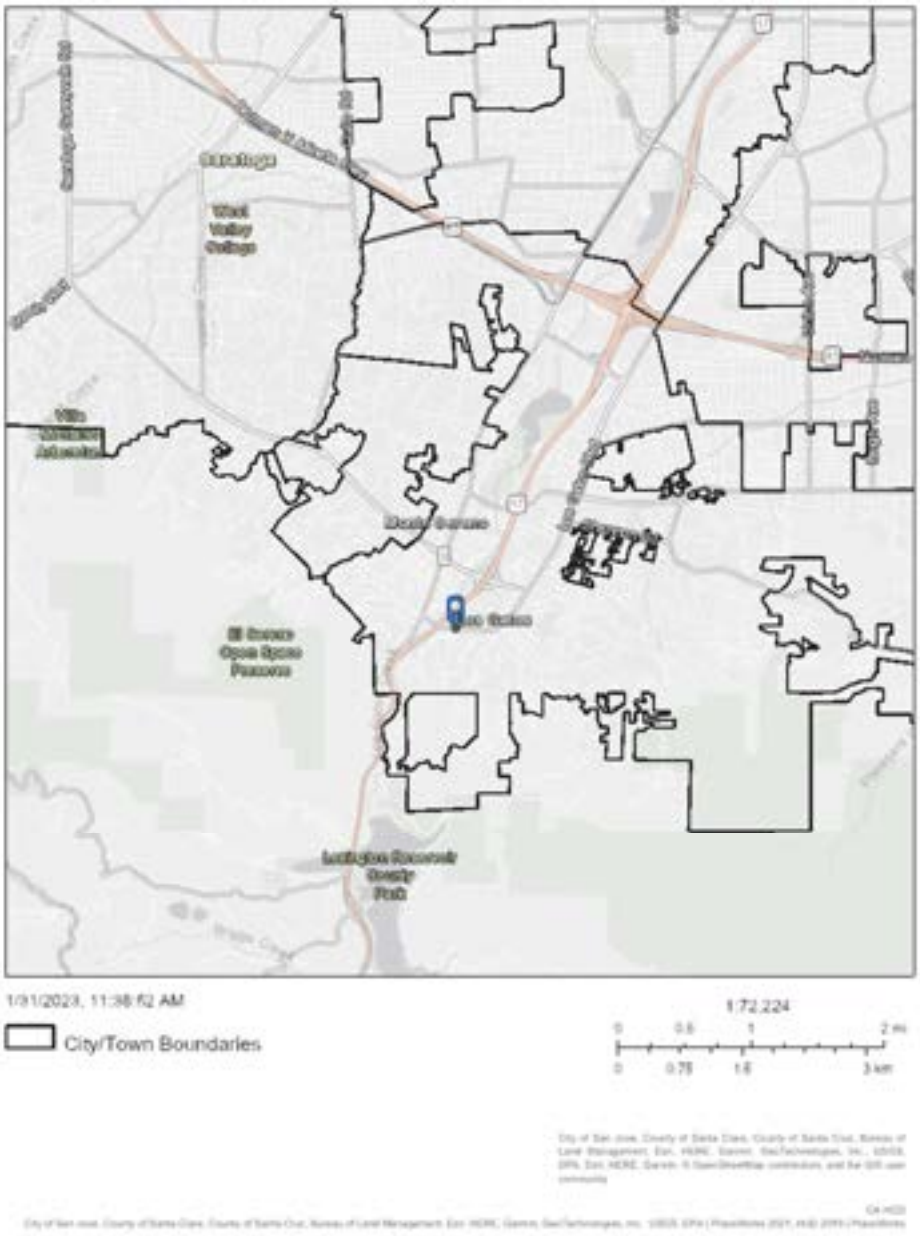
Figure A-14 Subsidized Housing, Los Gatos and the Region, 2023



Source: California Department of Housing and Community Development AFFH Data Viewer

Figure A-15 shows the distribution of public housing in Los Gatos and surrounding communities of which there are zero public housing buildings.

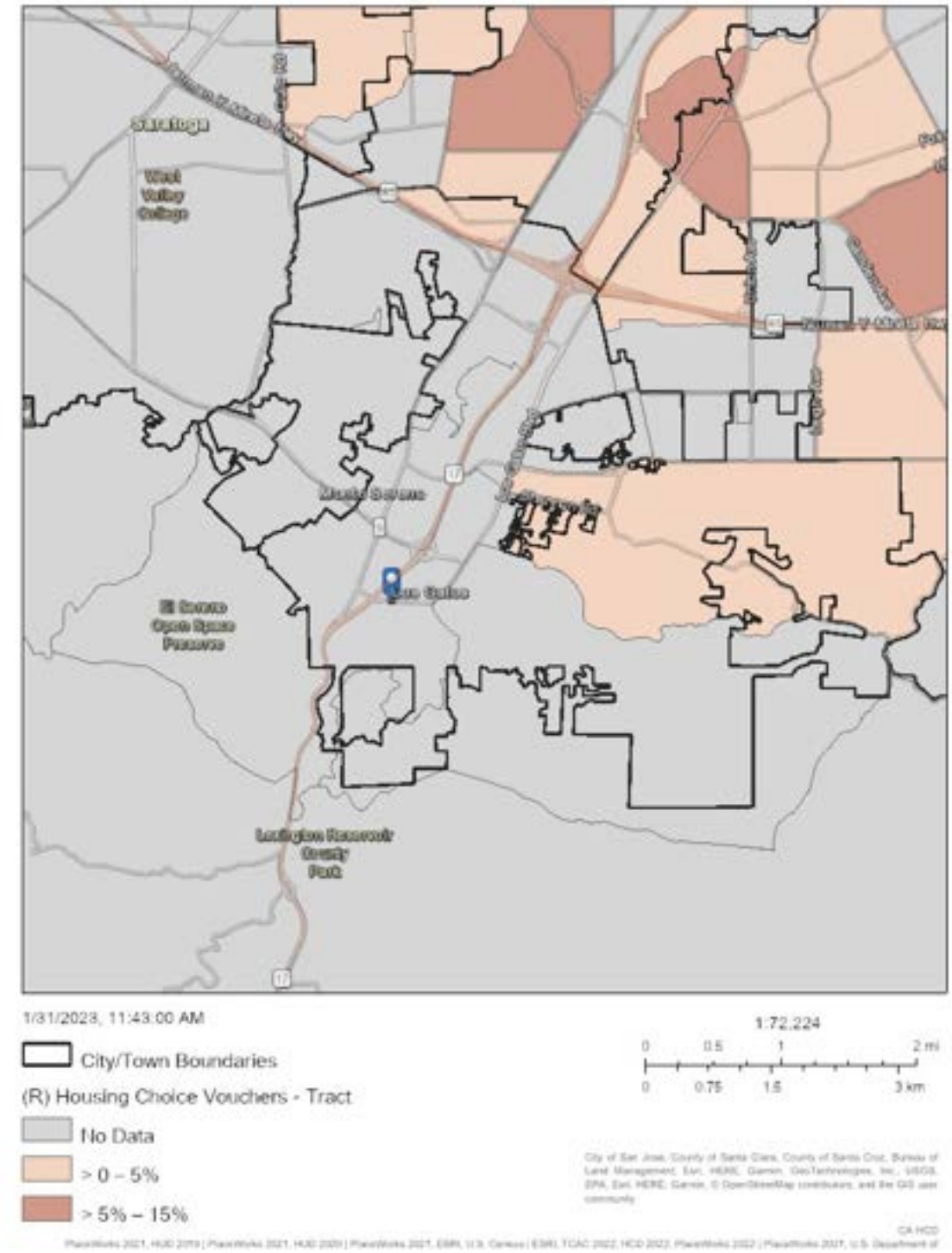
Figure A-15 Public Housing Buildings, Los Gatos, 2021



Source: California Department of Housing and Community Development AFFH Data Viewer

Very few residents in Los Gatos are voucher holders. The only census tract with available data show less than five percent of residents having a housing voucher (Figure A-16). These patterns could be related to the Town's smaller population of low-income residents who need and quality for vouchers and or voucher discrimination. Patterns of voucher discrimination correlate with the number of FHEO cases and inquiries for disability bias in Los Gatos.

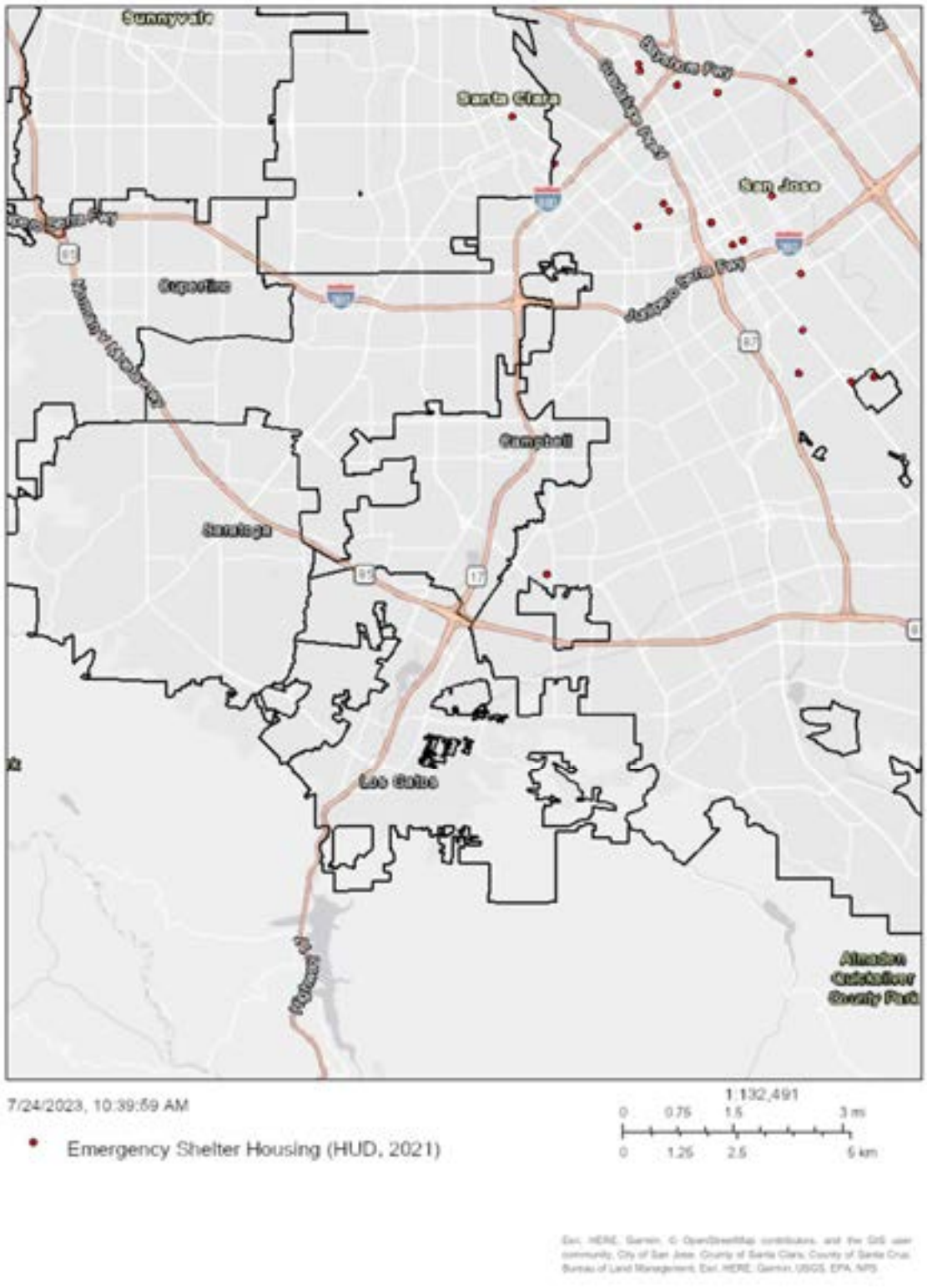
Figure A-16 Housing Choice Vouchers by Census Tract, Los Gatos, 2021



Source: California Department of Housing and Community Development AFFH Data Viewer

Los Gatos, along with Saratoga, Cupertino, Sunnyvale, and Campbell have no emergency shelter housing available (Figure A-17). There are a few emergency shelters in San Jose and Santa Clara, but the region is generally limited in emergency shelter housing overall.

Figure A-17 Emergency Shelter Housing, Los Gatos, 2021



Source: California Department of Housing and Community Development AFFH Data Viewer

Figure A-18 shows HUD's Housing Inventory Count (HIC) for Los Gatos and surrounding areas. In 2021, Los Gatos and neighboring areas had up to 2,500 beds for special needs populations, persons experiencing

homelessness, and or persons at-risk of homelessness. This is promising for Los Gatos given the high cost of housing across Los Gatos and the Bay Area.

Figure A-18 Housing Inventory Count, Los Gatos and Santa Clara County, 2021



Source: California Department of Housing and Community Development AFFH Data Viewe

A.8 Integration and Segregation

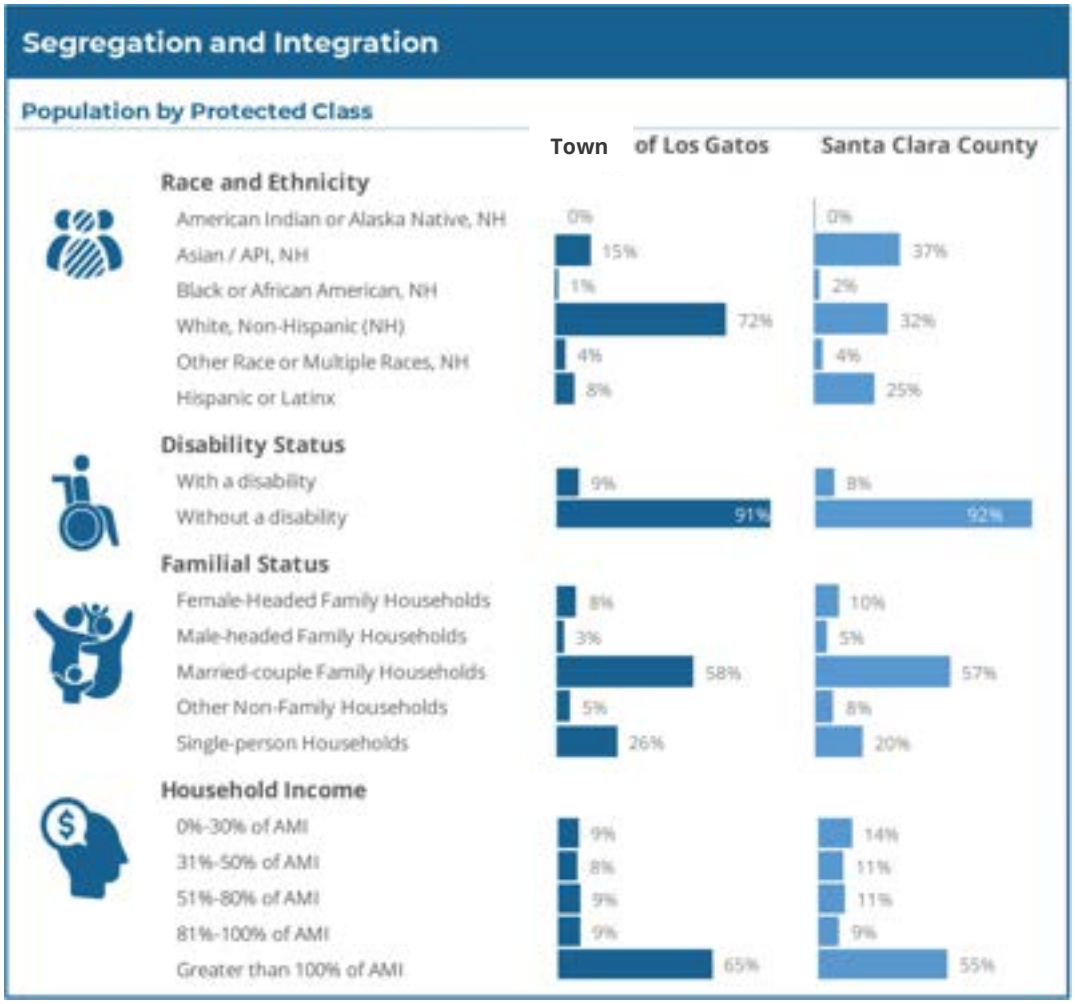
This section discusses integration and segregation of the population by protected classes including race and ethnicity, disability status, familial status, and income status. The section concludes with an analysis of racially and ethnically concentrated areas of poverty and affluence. Figure A-19 provides a summary of segregation and integration in Los Gatos and the County.

Integration and Segregation

"Integration generally means a condition in which there is not a high concentration of persons of a particular race, color, religion, sex, familial status, national origin, or having a disability or a particular type of disability when compared to a broader geographic area.

Segregation generally means a condition in which there is a high concentration of persons of a particular race, color, religion, sex, familial status, national origin, or having a disability or a type of disability in a particular geographic area when compared to a broader geographic area."

Figure A-19 Segregation and Integration, Los Gatos and Santa Clara County



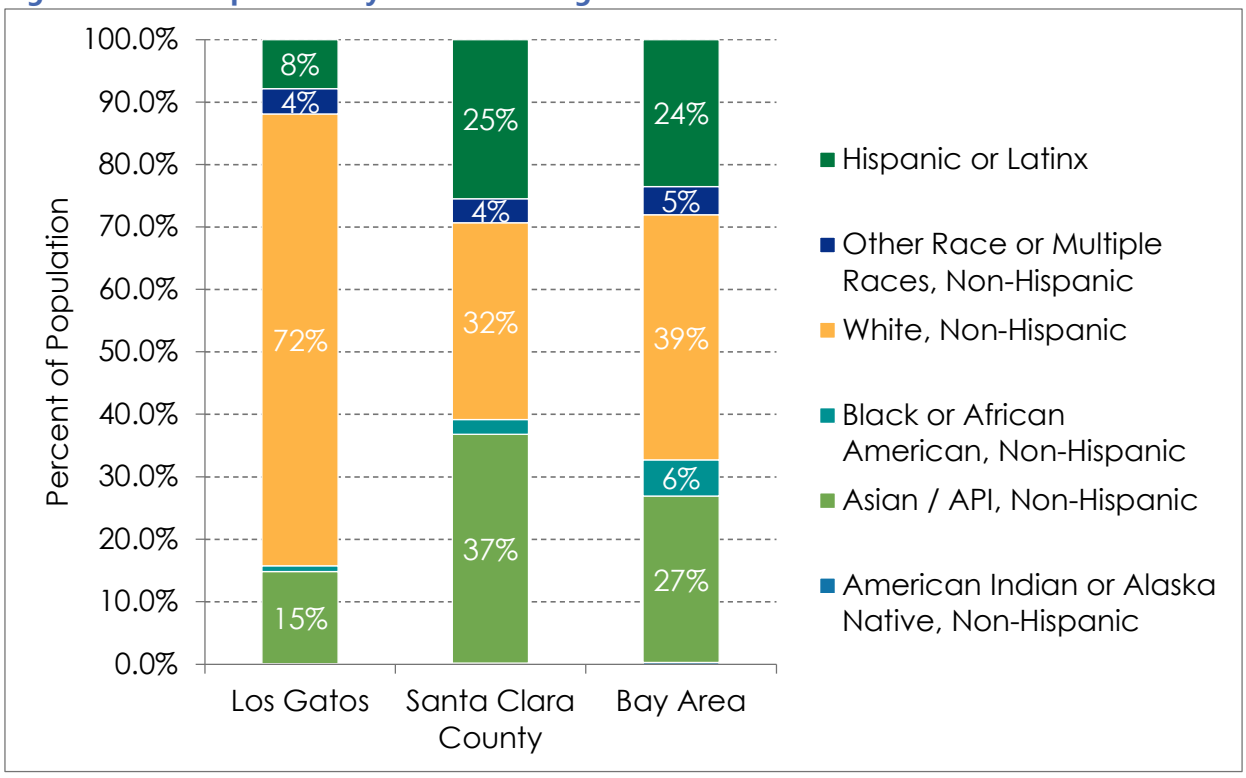
Source: Root Policy Research

Race and Ethnicity

Los Gatos differs from the county and Bay Area overall for its relatively high proportion of residents identifying as non-Hispanic White (72 percent in Los Gatos compared to 32 percent in Santa Clara County) and small Hispanic population (eight percent in Los Gatos and 25 percent in the county) (Figure A-20).

- Los Gatos' proportion of Black/African American and Other and mixed-race residents is less proportional to the County and the Bay Area overall (Figure A-20).
- Los Gatos' residents have grown more racially diverse since 2000 largely due to growth in Asian and Hispanic residents (Figure B-4).
- Older residents are less racially diverse than other age groups, with 87 percent of the population older than 65 years identifying as White compared to 77 percent of those aged 18 to 24 and 75 percent of children less than 18 years old. The main shift is the inclusion of more diverse populations in younger age groups, especially among Asian/API and Other/Multiple race residents (Figure B-3).
- Poverty rates are very low for all residents including residents of color. Black/African American have the lowest poverty rate at less than 1 percent. The highest poverty rate was 6.1 percent among Hispanic residents (Figure B-13).

Figure A-20 Population by Race in the Region



Source: ABAG Housing Needs Data Workbook

Table A-2 shows racial/ethnic composition trends in the County and Los Gatos over the last decade. According to the 2017-2021 ACS, the White population represents 29.9 percent of the population in the County and 70.1 percent of the population in Los Gatos. In both the County and Town, the White population has decreased since the 2006-2010 ACS. During the 2006-2010 ACS, 36.6 percent of the population countywide and 80.9 percent of the population in the Town were White. In Los Gatos, the Asian population and population of a race not listed ("some other race") saw the largest increases during this period. The population of two or more races and Hispanic Latino population also grew between 2010 and 2021.

Compared to neighboring jurisdictions, Los Gatos has a racial/ethnic minority population similar to Monte Sereno (29.8 percent), but significantly smaller than most cities including Campbell (51.7 percent), Cupertino (77.5 percent), San Jose (75.6 percent), Santa Clara (69.8 percent), and Saratoga (61 percent).

Table A-2. Change in Racial/Ethnic Composition – Santa Clara County and Los Gatos (2010-2021)

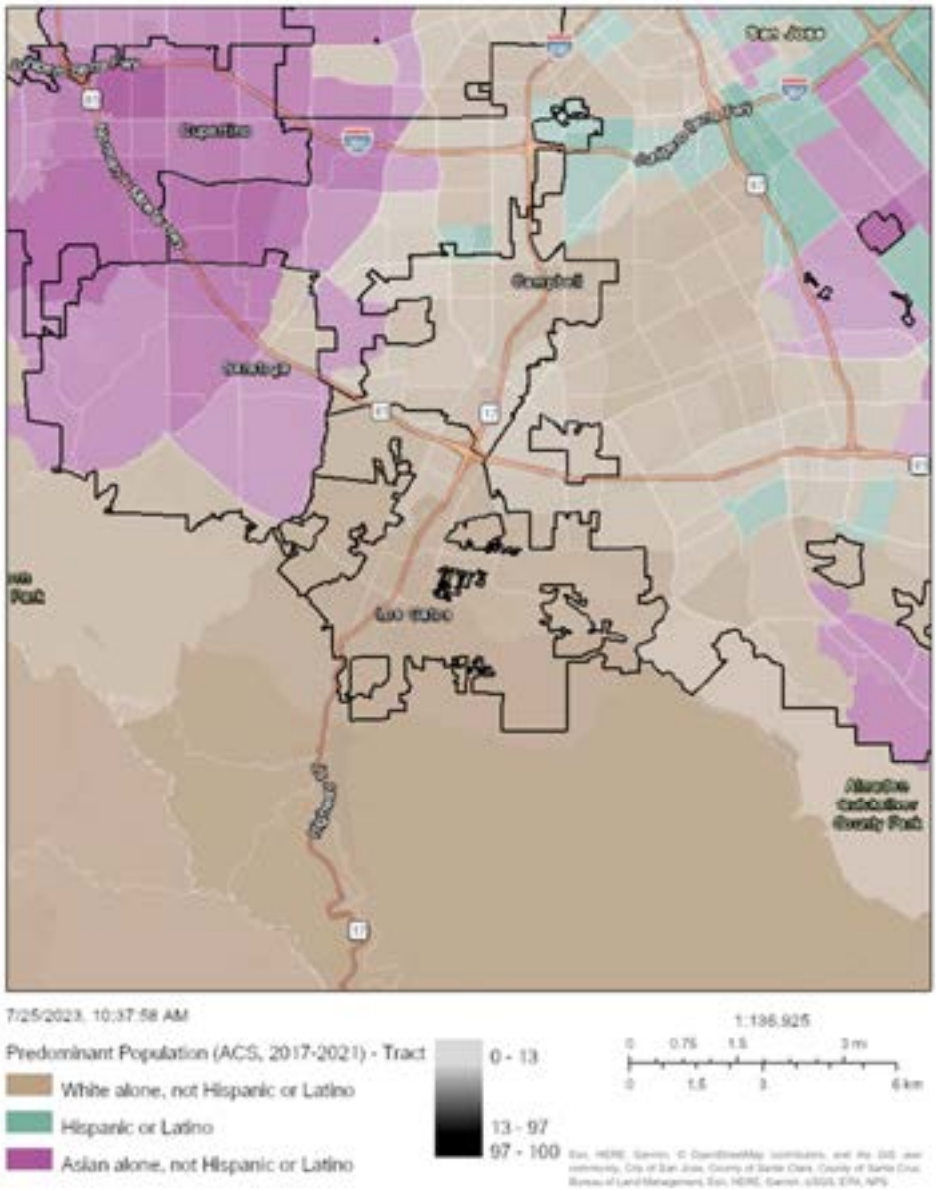
Race/Ethnicity	Santa Clara County			Los Gatos		
	2010	2021	% Change	2010	2021	% Change
White alone	36.6%	29.9%	-9.3%	80.9%	70.1%	0.0%
Black or African American alone	2.4%	2.3%	7.8%	1.6%	0.8%	-41.9%
American Indian and Alaska Native alone	0.3%	0.2%	-33.6%	0.0%	0.0%	--
Asian alone	31.2%	37.9%	35.0%	9.5%	16.6%	101.6%
Native Hawaiian and Other Pacific Islander alone	0.3%	0.3%	1.2%	0.1%	0.0%	-100.0%
Some other race alone	0.4%	0.4%	15.3%	0.1%	0.4%	207.5%
Two or more races	2.6%	3.9%	67.1%	2.5%	3.9%	81.3%
Hispanic or Latino	26.2%	25.1%	6.3%	5.3%	8.3%	79.3%
Total	**1,739,396**	**1,932,022**	**11.1%**	**28,878**	**33,309**	**15.3%**

Source: 2006-2010 and 2017-2021 ACS 5-Year Estimates).

Geospatially, almost all census tracts in Los Gatos have a predominantly White population. Figures A-21 and A-22 show the predominant population by census tract in Los Gatos and the Bay Area region for 2021. Los Gatos is predominantly White and comparatively less diverse than Santa Clara County and the Bay Area. **Key regional differences include the following:**

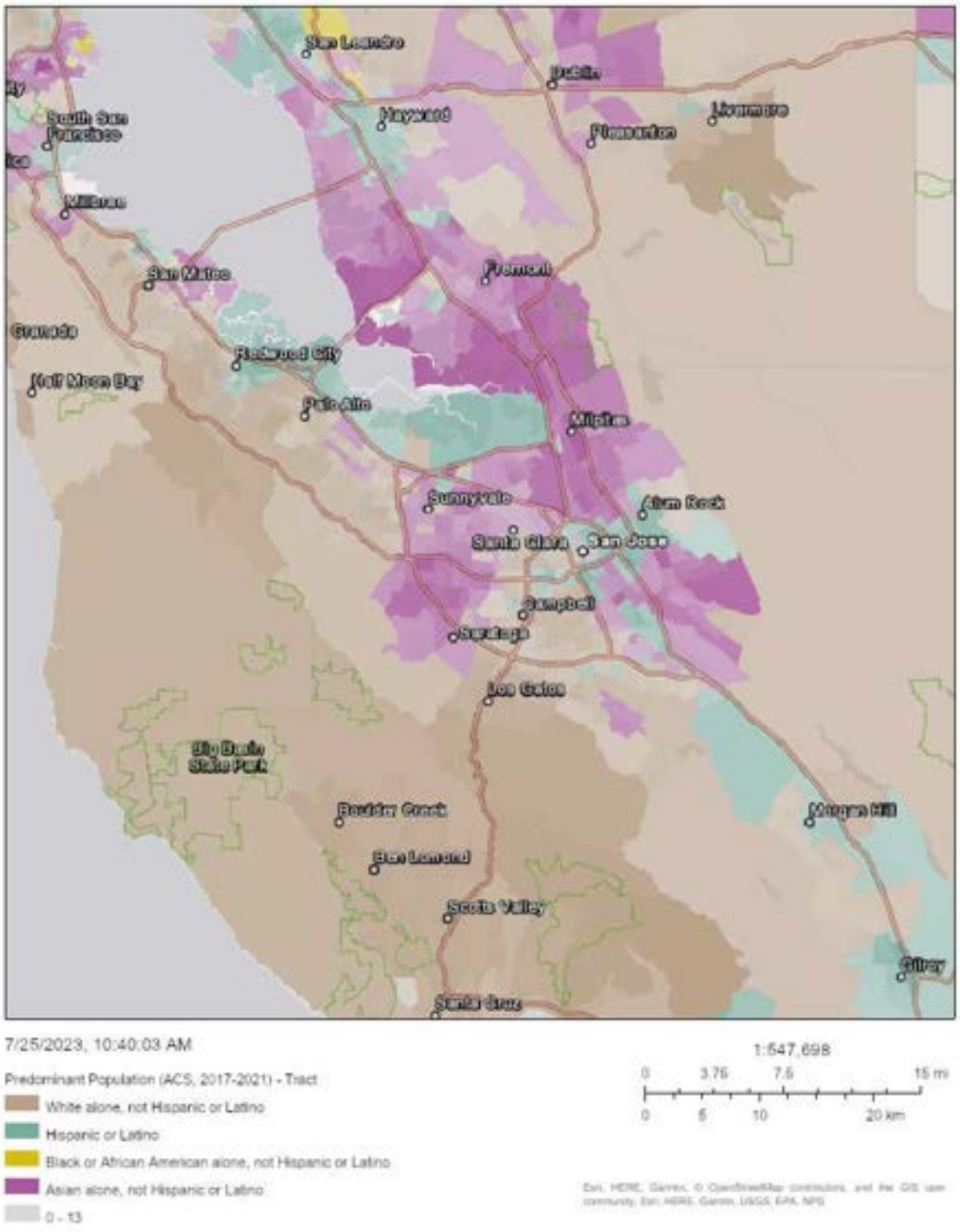
- Communities in Saratoga, Cupertino, and San Jose are more diverse with larger populations of Asian and Hispanic or Latino residents.
- Hispanic or Latino residents are largely concentrated in East Palo Alto, Redwood City, and San Jose census tracts. These concentrations could be influenced by a range of factors particularly discriminatory redlining practices and affordability challenges.
- Very few census tracts in the region show Black or African American residents as the predominant population. These tracts are located north of South San Francisco and around Sa Leandro.

Figure A-21. Predominant Population by Census Tract, Los Gatos, 2021



Source: California Department of Housing and Community Development AFFH Data Viewer.

Figure A-22. Predominant Populations in the Region by Census Tract, 2021



Source: California Department of Housing and Community Development AFFH Data Viewer.

The Town's diversity index has improved since 2010 due to changes in racial and ethnic diversity in the northern and eastern portions of Town, but constraints on development in the form of zoning restrictions and discretionary permit reviews have slowed this progress. The Association of Bay Area Governments (ABAG), working with UC Merced, created a 2021 report on segregation in Los Gatos that measured racial and income segregation within the community. This report, in its entirety, can be found in Appendix G. That report utilized several common measures of segregation:

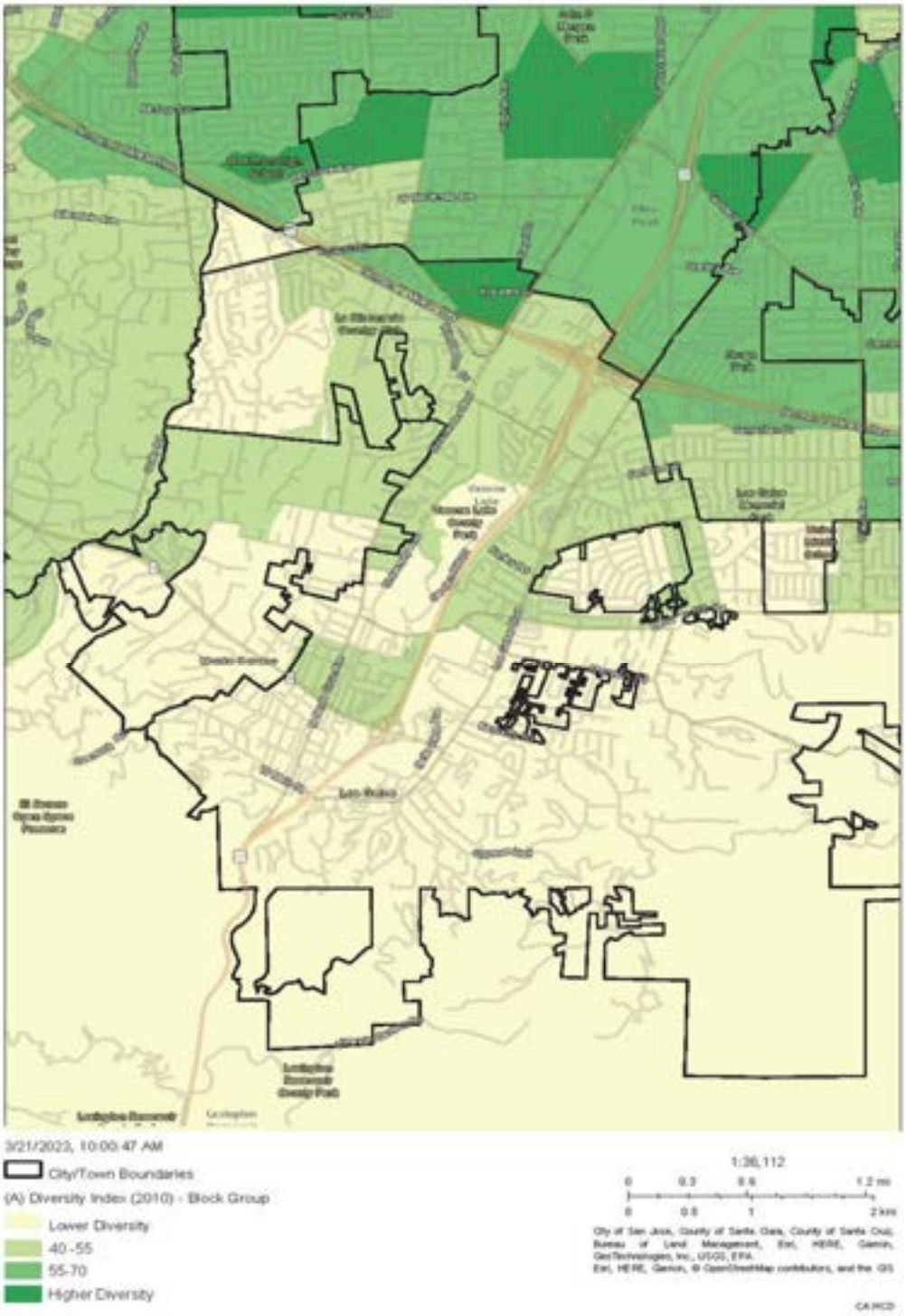
- The Dissimilarity Index, or DI, is a common tool that measures segregation in a community. DI is an index that measures the degree to which two distinct groups are evenly distributed across a geographic area. DI represents the percentage of a group's population that would have to move for each area in the county to have the same percentage of that group as the county overall. DI values range from zero to 100, where zero is perfect integration and 100 is complete segregation. Dissimilarity index values between zero and 39 generally indicate low segregation, values between 40 and 54 generally indicate moderate segregation, and values between 55 and 100 generally indicate a high level of segregation.

- The isolation index is interpreted as the probability that a randomly drawn minority resident shares an area with a member of the same minority, it ranges from zero to 100 and higher values of isolation tend to indicate higher levels of segregation.

ABAG's assessed measures of segregation above highlighted White residents as the most segregated in Los Gatos. White residents are more likely than any other racial group to live in a neighborhood where they are unlikely to come into contact with other racial groups. However, White residents are becoming less isolated over time, and segregation in Los Gatos is decreasing.

Figure A-22 shows the diversity index by block group for Los Gatos in 2010. During this time, Los Gatos had a low diversity score with few census tracts assigned indexes of 40 to 55. Campbell is far more diverse than Los Gatos with census tracts showing higher diversity indexes.

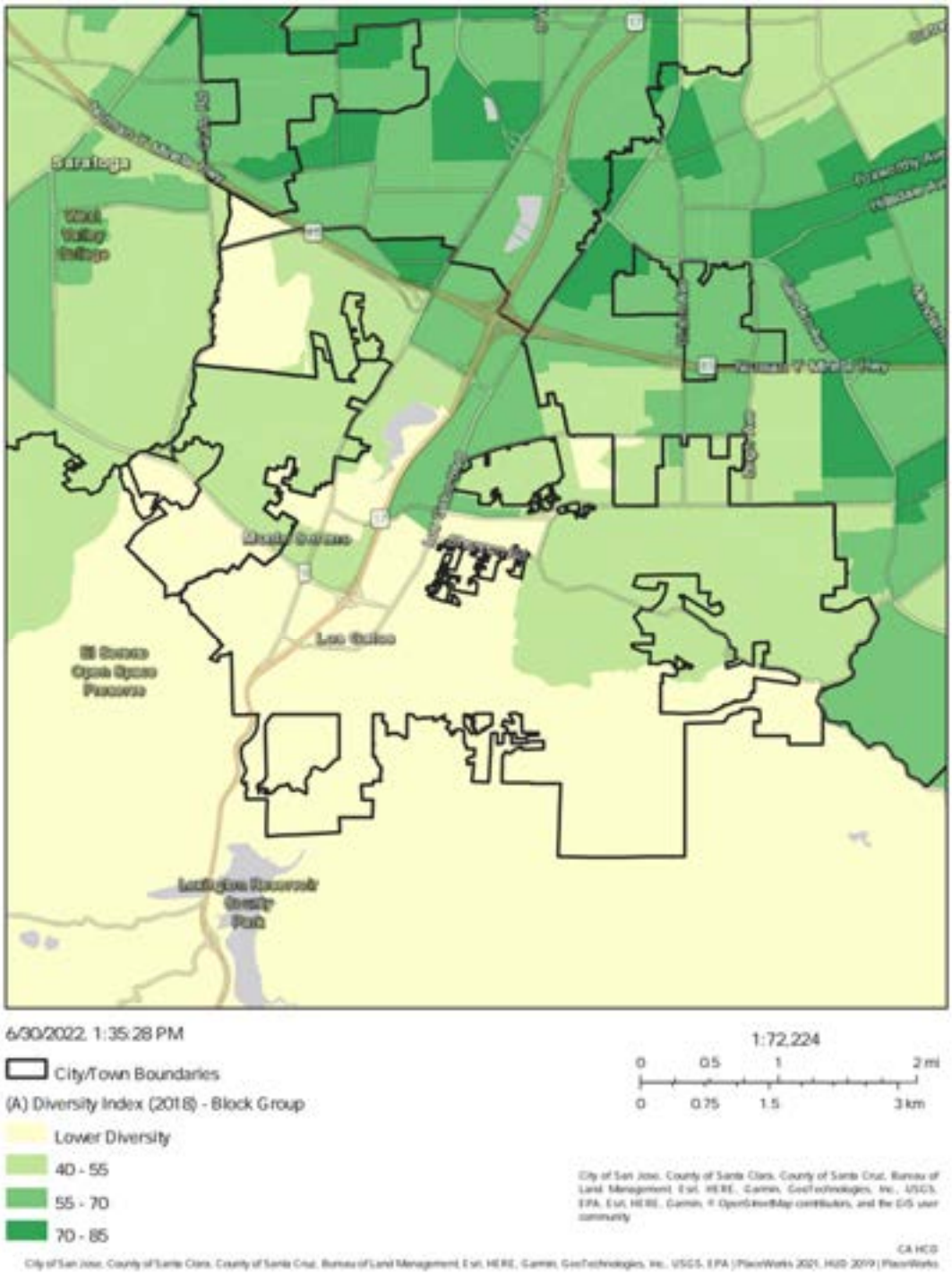
Figure A-22 Diversity Index by Block Group, Los Gatos, 2010



Source: California Department of Housing and Community Development AFFH Data Viewer.

Figure A-23 shows diversity index by block group for Los Gatos in 2018. Diversity in Los Gatos has remained low; however, census tracts with higher diversity indexes in 2010 shifted to the eastern edge of the town by 2018.

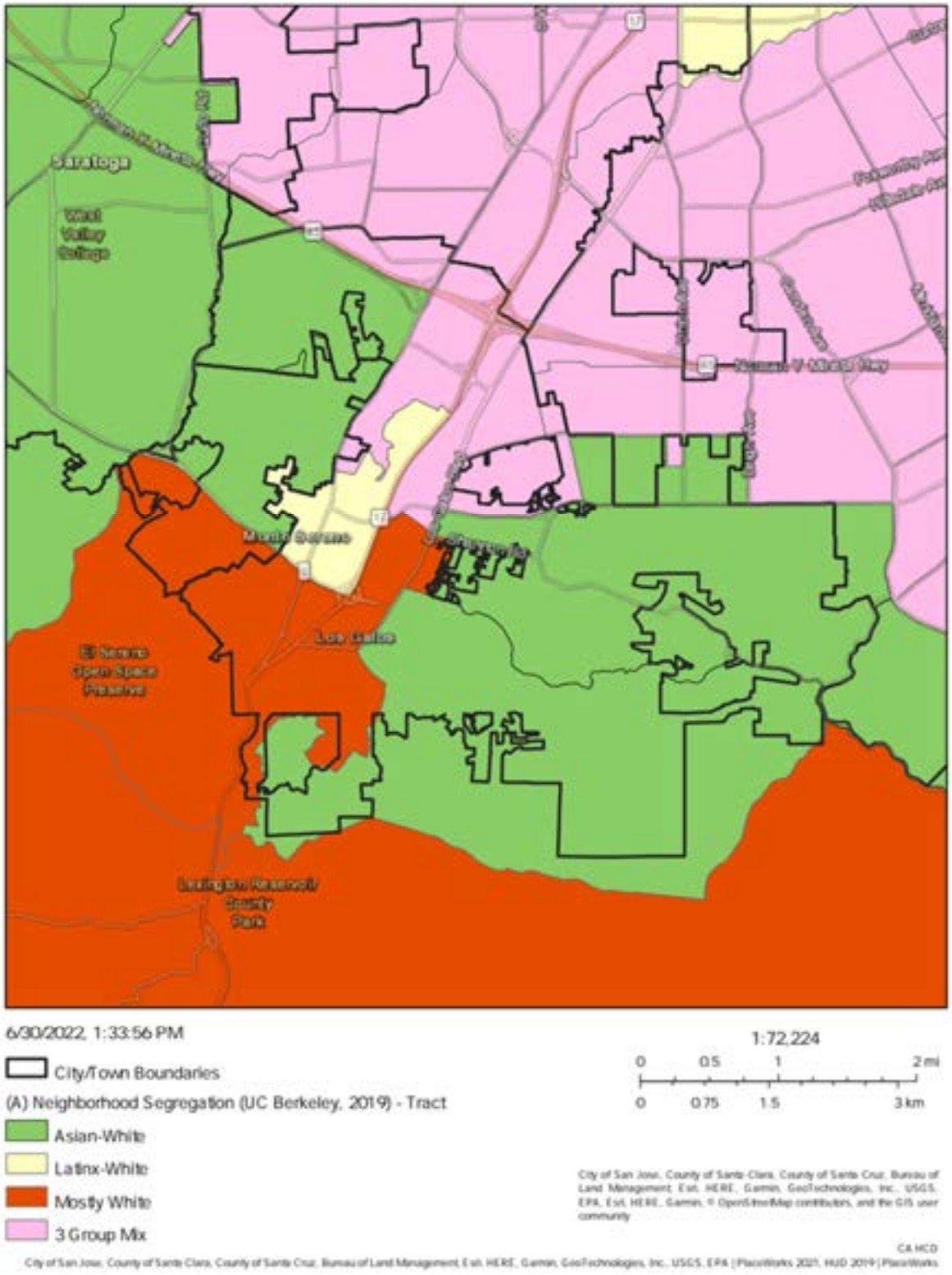
Figure A-23. Diversity Index by Block Group, Los Gatos, 2018



Source: California Department of Housing and Community Development AFFH Data Viewer.

Compared with neighboring Monte Sereno, Los Gatos has a more varied neighborhood composition map and a more even dispersion of residents of varied races and ethnicities. Figure A-24 shows neighborhood segregation by census tract in Los Gatos in 2019. The majority of census tracts in the town are Asian-White though census tracts located in the western portions of Los Gatos have neighborhoods with White segregation. This is substantially different from segregation in Campbell's neighborhoods which show most neighborhoods as segregated by three racial/ethnic groups.

Figure A-24. Neighborhood Segregation by Census Tract, Los Gatos, 2019



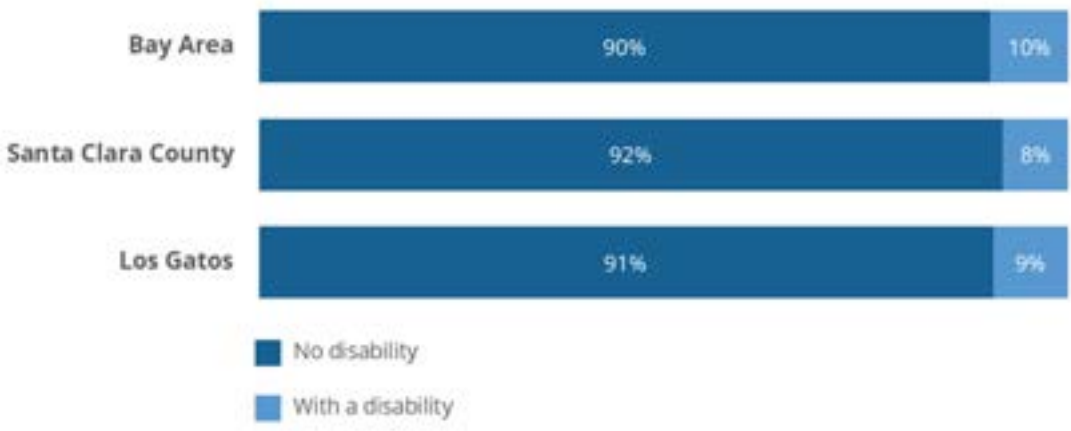
Source: California Department of Housing and Community Development AFFH Data Viewer.

Segregation by income increased between 2010 and 2015. In 2015, the income segregation in Los Gatos between lower-income residents and other residents was higher than the average value for Bay Area jurisdictions.

Disability Status

The share of the population living with at least one disability is nine percent in Los Gatos compared to eight percent in Santa Clara County (Figure A-25). Roughly a third of census tracts in Los Gatos contain 10 percent to 20 percent of persons with a disability, higher than most of the surrounding jurisdictions.

Figure A-25. Share of Population by Disability Status, Los Gatos and the Region, 2019



Source: ABAG Housing Needs Data Workbook.

According to the 2017-2021 ACS, in Santa Clara County, the American Indian and Alaska Native population has the highest disability rate (13.1 percent), followed by the Native Hawaiian and other Pacific Islander population (11.4 percent), Black/African American population (11.3 percent), and non-Hispanic White population (10.7 percent). During this period, approximately 8.2 percent of the population experiences a disability countywide. In Los Gatos, 7.8 percent of the population experiences a disability according to the 2017-2021 ACS. The non-Hispanic White population has the highest disability rate (8.5 percent), followed by the Hispanic/Latino population (7.8 percent), and population of some other race (7.3 percent).

The change in populations of persons with disabilities between the 2008-2012 and 2017-2021 ACS is shown in Table A-3. The population experiencing a disability countywide increased from 7.7 percent during the 2012 ACS to 8.2 percent during the 2021 ACS. This can be attributed to the growing elderly population Statewide and in the County. During the 2008-2012 ACS, the population aged 65 and older represented 11.1 percent of the population compared to 13.6 percent during the 2017-2021 ACS. In comparison, the elderly population aged 65 and older currently represents 20.2 percent of the population in Los Gatos (2017-2021 ACS). During the 2008-2012 ACS, the Town had a similar population of elderly adults, representing 19 percent of the population. This is consistent with the Townwide trend of persons with disabilities shown in Table A-3.

Table A-3. Change in Populations of Persons with Disabilities – County and Los Gatos (2012-2021)

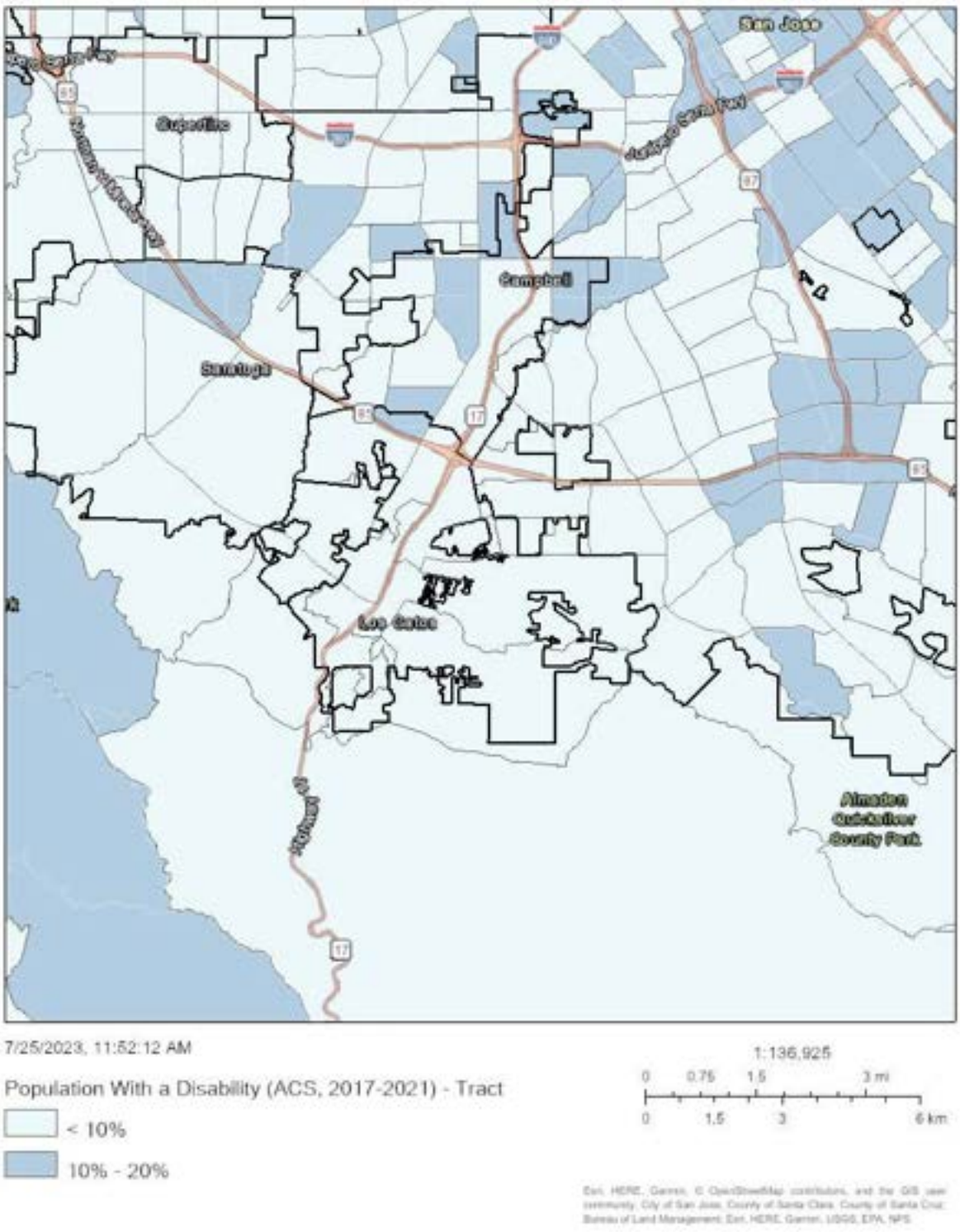
Subpopulation	Santa Clara County		Los Gatos	
	2012	2021	2012	2021
Age				
Under 5 years	0.5%	0.5%	0.0%	0.0%
5 to 17 years	2.9%	3.5%	1.9%	1.8%
18 to 64 years	5.4%	5.4%	4.3%	3.5%
65 years and over	33.7%	30.7%	27.9%	27.9%
Type				
With a hearing difficulty	3.7%	2.3%	2.8%	2.8%
With a vision difficulty	3.9%	1.4%	3.0%	0.7%
With a cognitive difficulty	4.2%	3.3%	2.9%	3.1%
With an ambulatory difficulty	4.3%	4.3%	3.0%	4.6%
With a self-care difficulty	4.2%	2.0%	3.0%	2.3%
With an independent living difficulty	4.2%	4.5%	3.2%	4.9%
Total Population	**7.7%**	**8.2%**	**7.9%**	**7.8%**

Source: 2008-2012 and 2017-2021 ACS (5-Year Estimates).
Note: 2010 5-Year Estimates are not available for disability status; therefore, this dataset utilized the 2008-2012 dataset.

Figures A-26 and A-27 illustrate the distribution of disabled persons in Los Gatos and the region overall. The Los Gatos community has a very small percentage of residents living with disabilities at less than 10 percent meaning there are no concentrations of disability in the town. Regional trends compared to Los Gatos are summarized below.

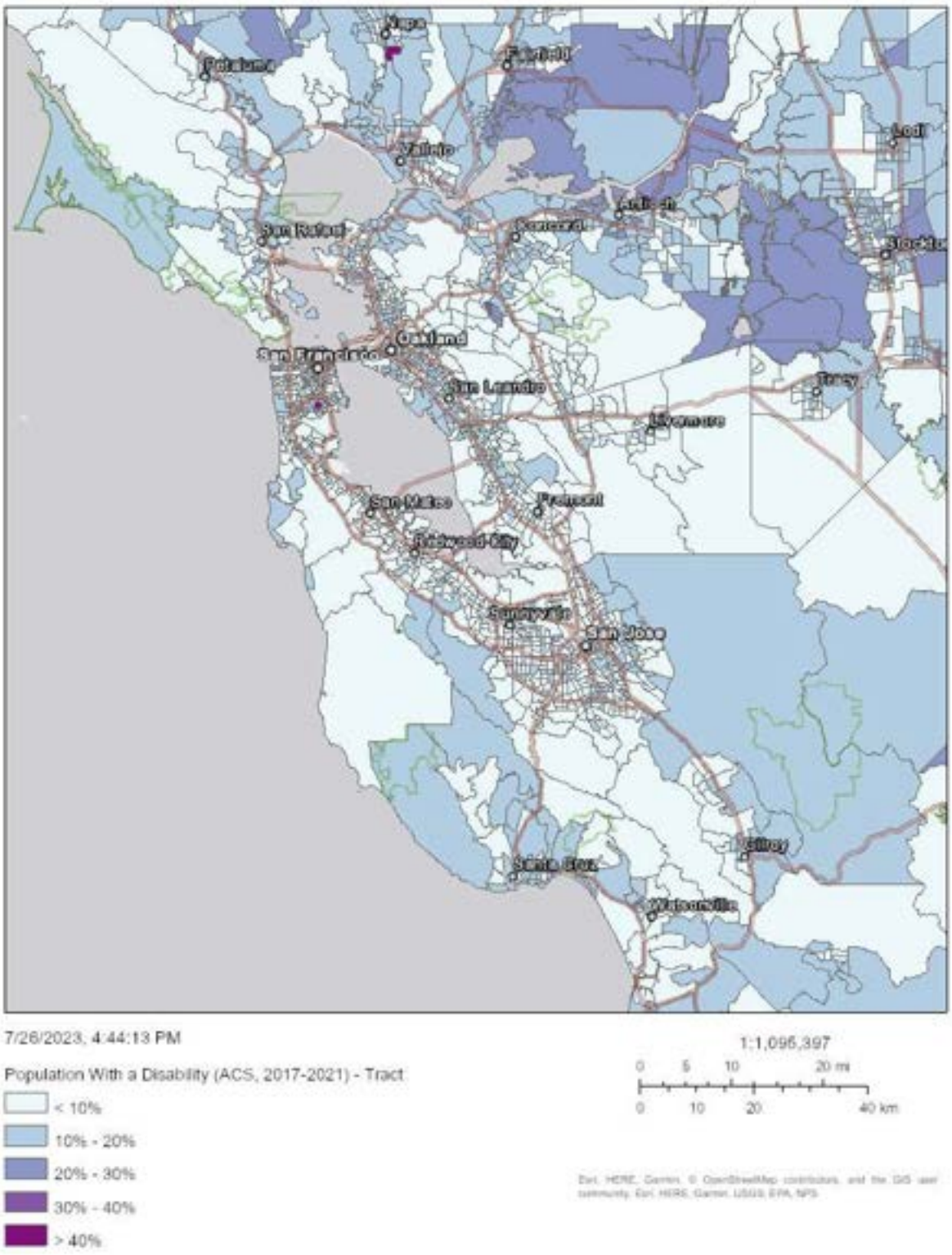
- San Francisco has the largest concentration of disabled persons at more than 40 percent;
- Saratoga follows similar trends as Los Gatos, only one census tract in the town shows disabled residents as comprising 10 percent to 20 percent of the total population; and
- Surrounding cities have disabled residents ranging from less than ten percent to 20 percent of the total population though San Jose has one tract where residents with a disability comprise 20 percent to 30 percent of the total population.

Figure A-26. Population with a Disability by Census Tract, Los Gatos, 2021



Source: California Department of Housing and Community Development AFFH Data Viewer.

Figure A-27. Population with a Disability by Census Tract, Bay Area Region, 2021



Source: California Department of Housing and Community Development AFFH Data Viewer.

Familial Status

Familial status can indicate specific housing needs and preferences. A larger number of non-family or single person households indicates a higher share of seniors living alone, young adults living alone or with roommates, and unmarried partners. Higher shares of nonfamily households indicate an increased need for one- and two-bedroom units.

Los Gatos' households are as likely to be three to four person households (34 percent) as two person households (35 percent). Compared to the county and Bay Area overall, Los Gatos mirrors the share of one person households (26 percent compared to 20 percent in the county and 25 percent for the Bay Area). Married couple households were the majority household type (58 percent) and 31 percent of all households have at least one child under the age of 18. The share of single persons and female-headed households mirror the makeup in the Bay Area. The Town has no concentrations of adults living alone, suggesting that access to in-home services and care for single, older adults is less critical for Los Gatos than some surrounding communities within the county. However, the Town's age distribution has shifted upwards since 2000 (Appendix B, Figure B-2) and these accommodations may grow in demand if older adults, 55 and older, in Los Gatos age in place.

Los Gatos' married couples overwhelmingly own housing: seventy-seven percent of married couple families in the Town own their homes. Renters are more likely to occupy studios and one- and two-bedroom units than owners (Appendix B, Figure B-36), and owners are more likely to be occupying three to four- and 5 or more-bedroom units. Owners and renters are equally as likely to live alone.

Trends in housing types in the County and Los Gatos are presented in Table A-4. Data differs slightly between the 2006-2010 and 2017-2021 ACS. For example, the 2006-2010 ACS does not include cohabiting couple households like the 2017-2021 ACS. However, these datasets can still be used to show the general trend over time. The proportion of married couple households in both the County and Town have increased during this period. The proportion of married couple households with children in Los Gatos has also increased while the proportion countywide has decreased. Populations of single-parent households, both male-headed and female-headed, have decreased in the County and Town. The County and Town have also seen increases in households with one or more people aged 65 and over during this period.

Table A-4. Change in Household Type – County and Los Gatos (2010-2021)

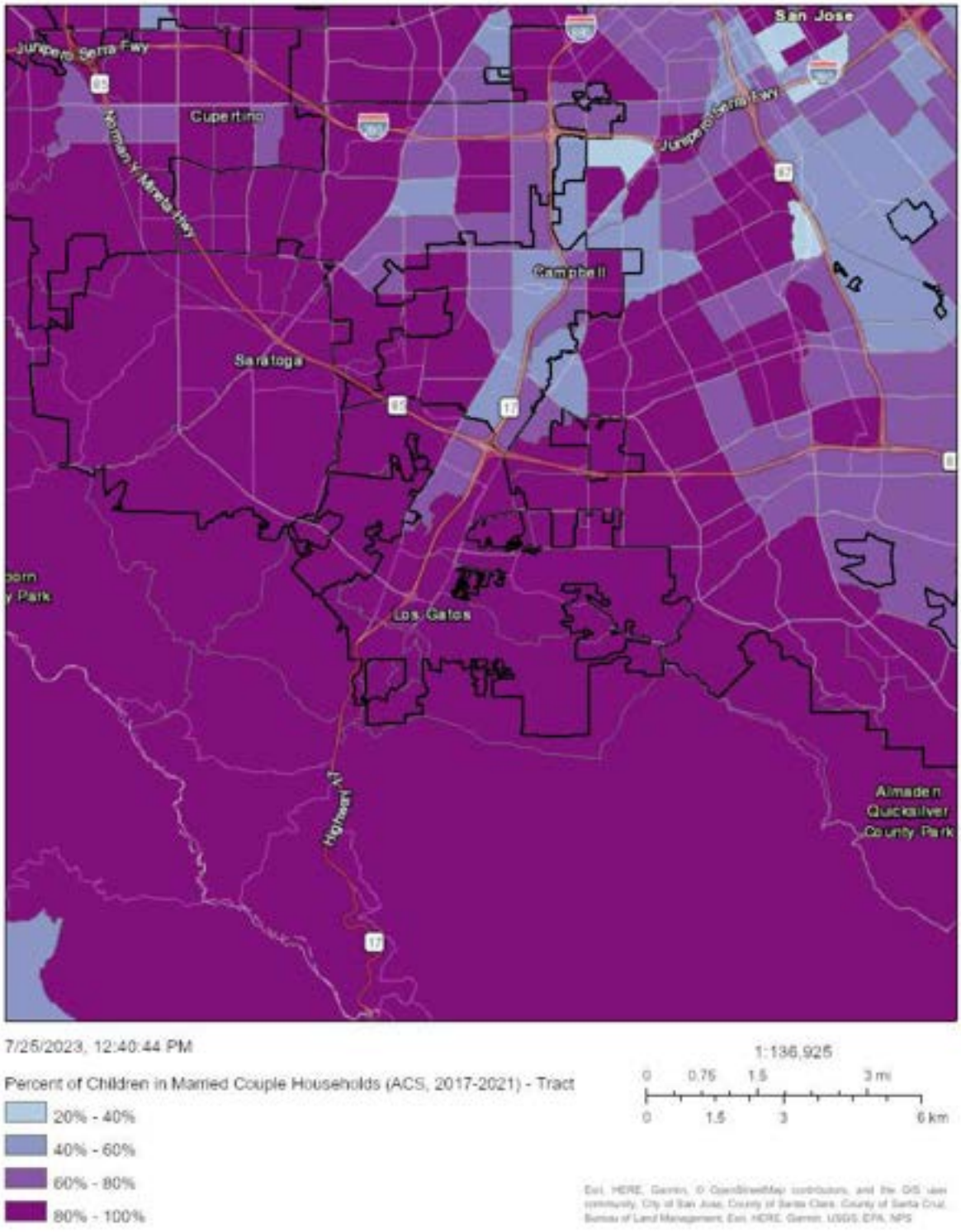
Household Type	Santa Clara County		Los Gatos	
	2010	2021	2010	2021
Married-couple household	**54.9%**	**56.1%**	**55.7%**	**61.6%**
With children of the householder under 18 years	27.9%	26.3%	24.3%	27.8%
Cohabiting couple household	**--**	**5.8%**	**--**	**3.9%**
With children of the householder under 18 years	--	1.7%	--	1.3%
Male householder, no spouse/partner present	**5.3%**	**17.0%**	**3.1%**	**12.8%**
With children of the householder under 18 years	2.2%	1.1%	1.3%	0.6%
Householder living alone	--	10.1%	--	10.1%
Female householder, no spouse/partner present	**10.4%**	**21.1%**	**6.6%**	**21.7%**
With children of the householder under 18 years	5.3%	3.2%	4.8%	1.5%
Householder living alone	--	10.6%	--	15.0%
Nonfamily households	**29.4%**	**--**	**34.6%**	**--**
Householder living alone	23.0%	--	30.1%	--
Households with one or more people under 18 years	**38.4%**	**35.2%**	**31.0%**	**32.5%**
Households with one or more people 65 years and over	**21.7%**	**27.2%**	**28.5%**	**35.2%**
Total households	**596,747**	**646,847**	**12,064**	**13,036**

Source: 2006-2010 and 2017-2021 ACS (5-Year Estimates).

Understanding household composition is critical for Los Gatos' planning efforts as households with children often have unique needs compared to households without children. Figures A-28 and A-29 illustrate the distribution of households by the number of children in married couple households in Los Gatos and across the region. Primary findings presented in the figures include:

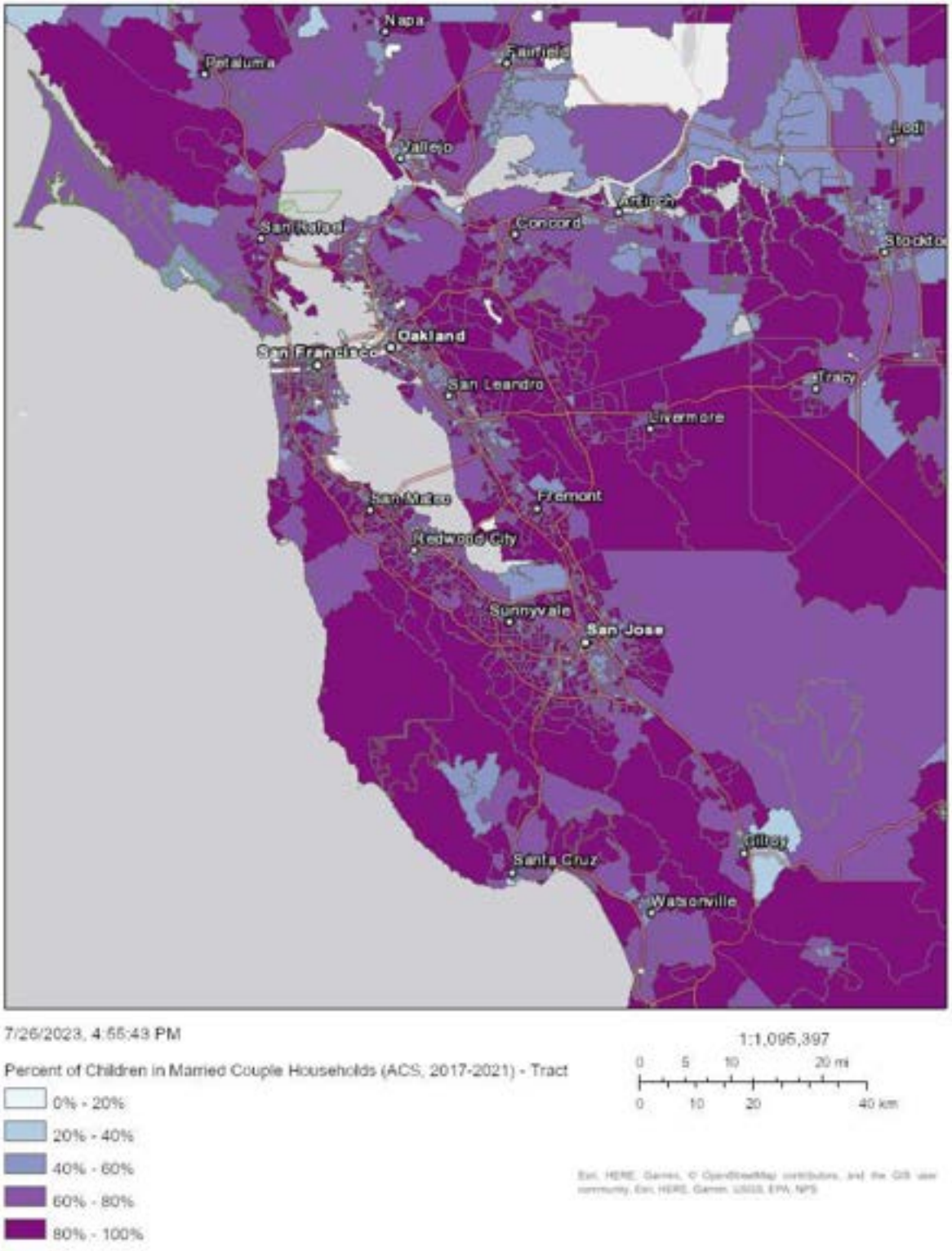
- 80-100 percent of all children in Los Gatos live in married couple households, similar to Saratoga and Cupertino.
- Campbell and San Jose follow different trends than Los Gatos with census tracts showing only 20 percent to 60 percent of children living in married couple households.
- Regional trends are similar to that in Los Gatos and Santa Clara County though Redwood City has a lower percentage of children in these households.

Figure A-28. Children in Married Couple Households by Census Tract, Los Gatos, 2021



Source: California Department of Housing and Community Development AFFH Data Viewer.

Figure A-29. Children in Married Couple Households, Bay Area Region, 2021

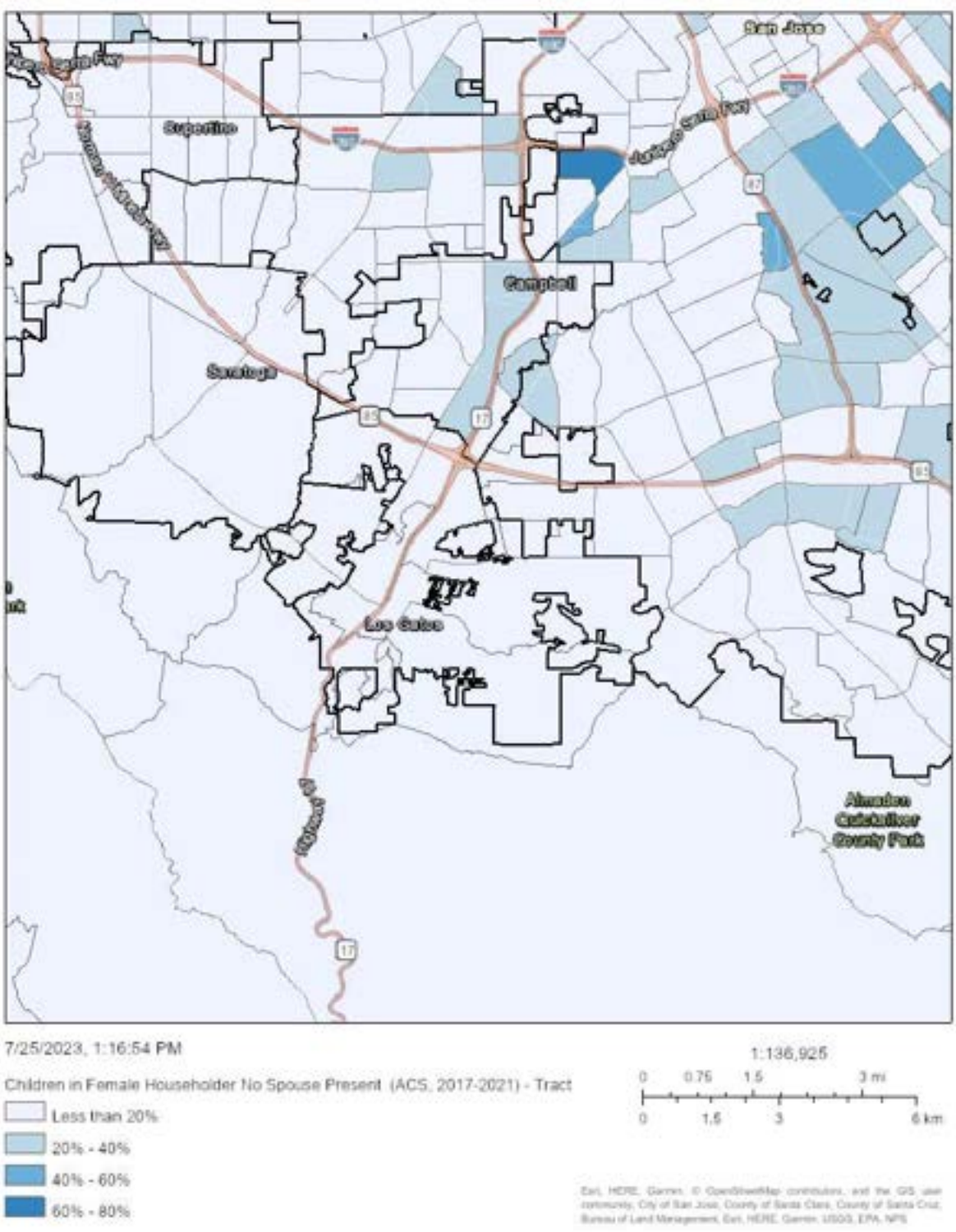


Source: California Department of Housing and Community Development AFFH Data Viewer.

Figures A-30 and A-31 show the percent of children living with a female householder and no spouse in Los Gatos and the region. Less than 20 percent of children in Los Gatos live in a household with a female householder in line with Saratoga and Cupertino. Regional differences are summarized below.

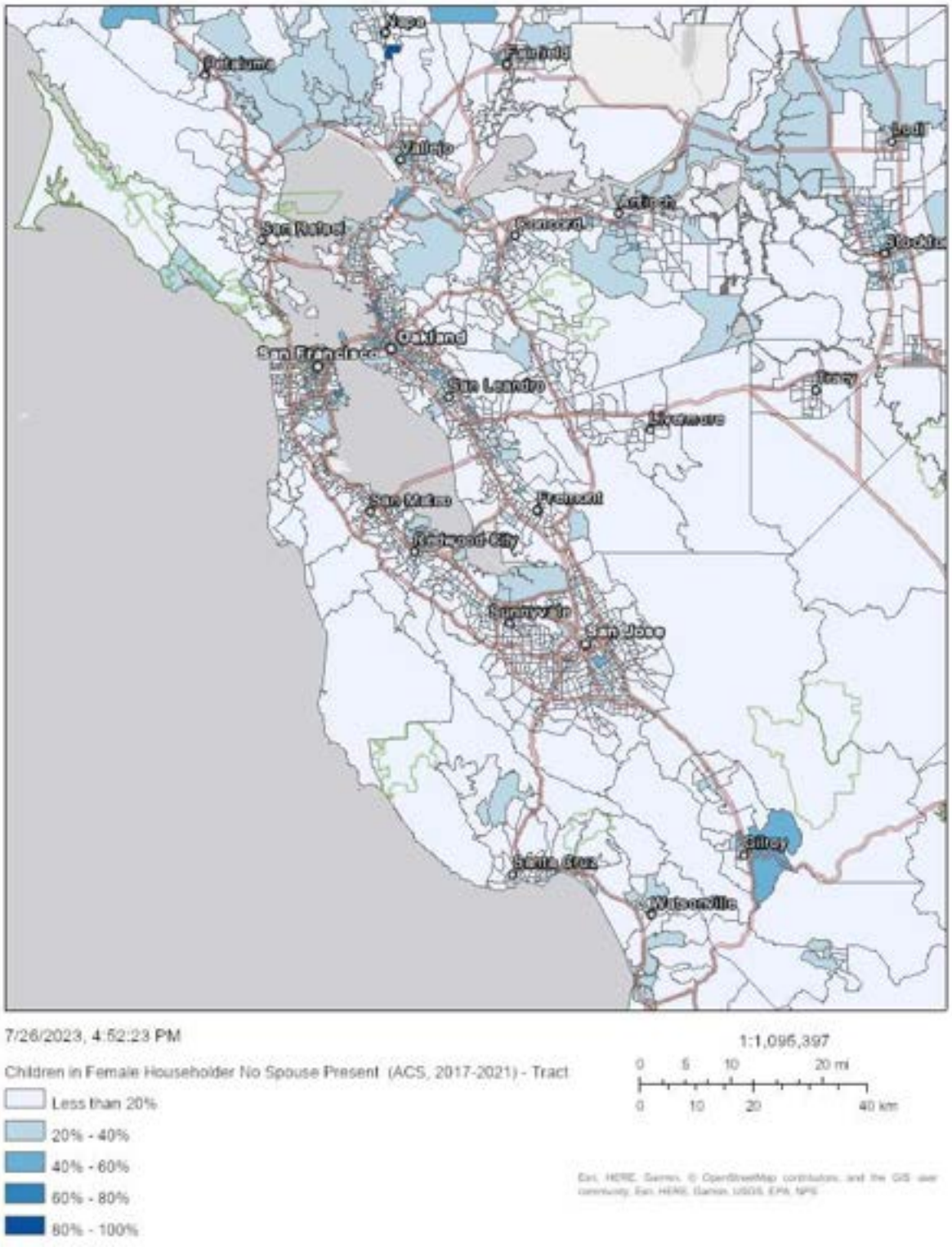
- San Jose has a comparatively larger number of children living in households with a female householder compared to surrounding communities though there is one census tract in Campbell where 60 percent to 80 percent of children are living in households with a female householder and no spouse.
- For the region overall, female householders with children are largely concentrated around San Francisco, San Mateo, Redwood City, San Leandro, and Hayward.
- Concentrations in San Mateo and Redwood City could be related to comparatively lower housing prices as households with one earner are more likely to have lower incomes.

Figure A-30. Children in Female Householder Households by Census Tract, Los Gatos, 2021



Source: California Department of Housing and Community Development AFFH Data Viewer.

Figure A-31. Children in Female Householder Households by Census Tract, Bay Area Region, 2021

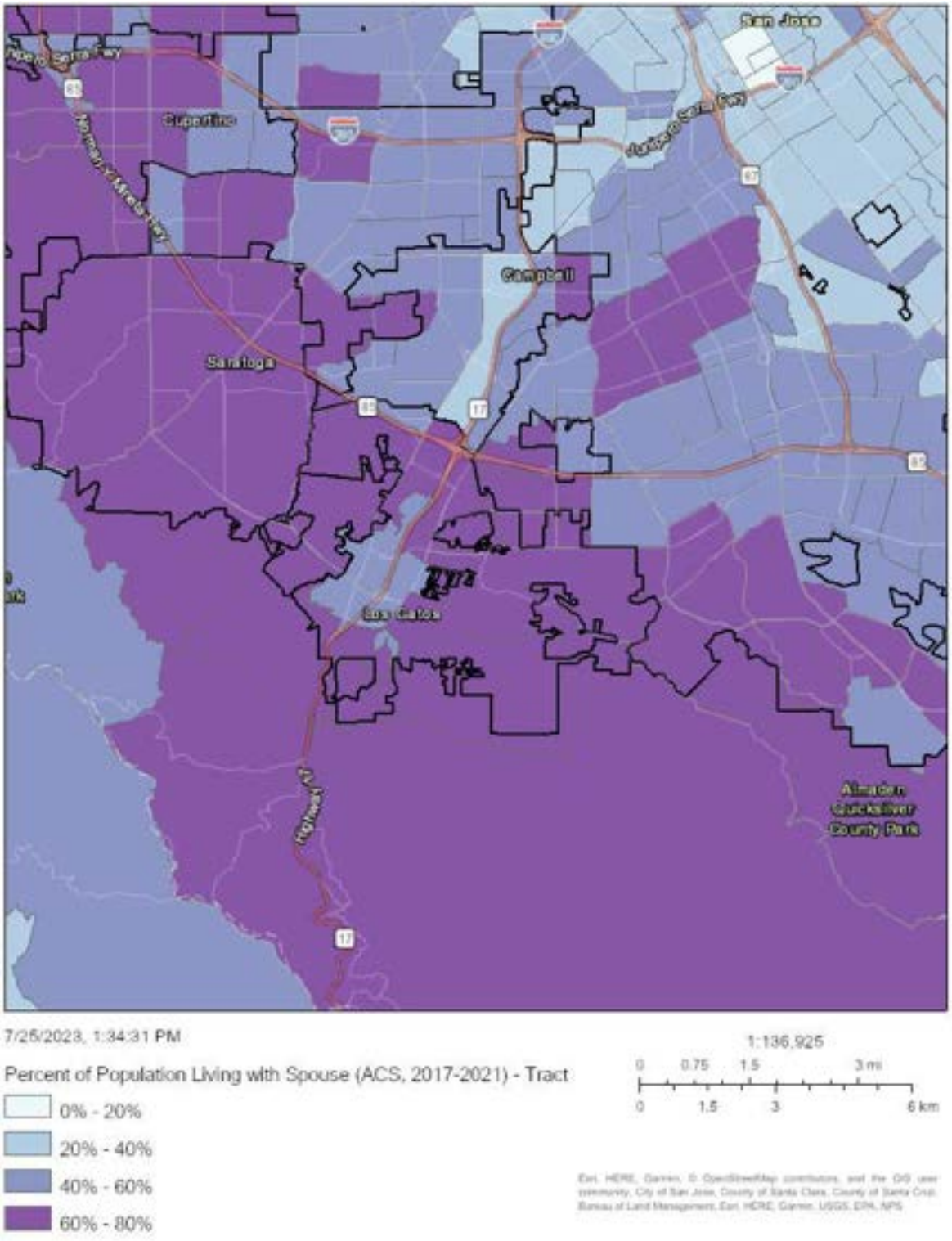


Source: California Department of Housing and Community Development AFFH Data Viewer.

Figures A-32 and A-33 show the percentage of residents living with their spouse in Los Gatos and the region. Primary findings presented in the figures include:

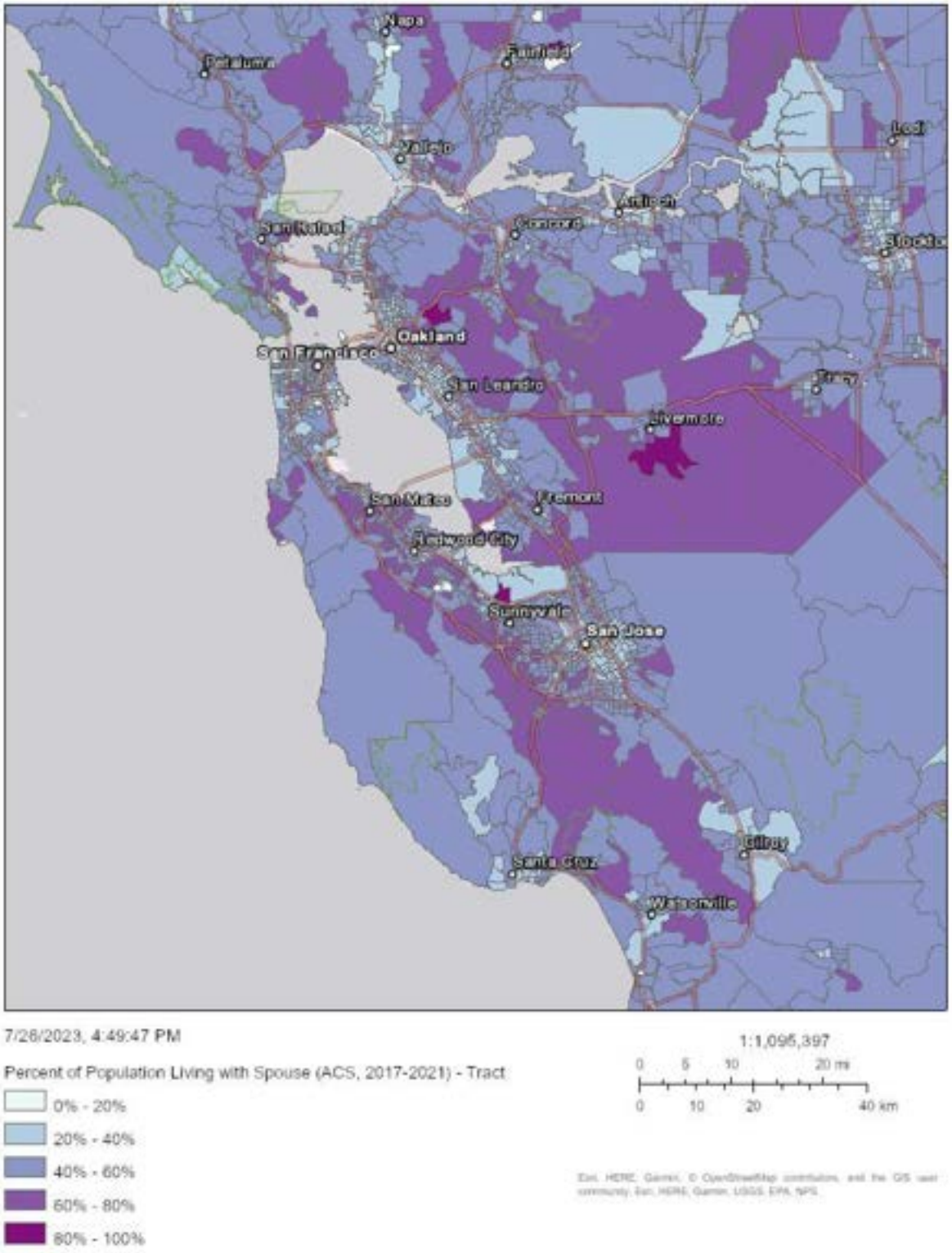
- More than 60 percent of the population in Los Gatos lives with a spouse. Only one census tract in the town shows 40 percent to 60 percent of the population living with a spouse. Comparatively larger households with married couples are likely related to the large number of households in Los Gatos with incomes above $175,000.
- Trends in Los Gatos are similar in Cupertino and Saratoga, though Saratoga does not have any census tracts with less than 60 percent of the population living with a spouse.
- For the region overall, there is more diversity in household types, specifically in San Jose where several census tracts show less than 20 percent of the population living with a spouse.
- The greatest regional concentration of these households is located near Sunnyvale and Livermore with 80 percent to 100 percent of residents living with a spouse.

Figure A-32. Percent of Population Living with Spouse by Census Tract, Los Gatos, 2021



Source: California Department of Housing and Community Development AFFH Data Viewer.

Figure A-33. Population Living with Spouse, Bay Area Region, 2021

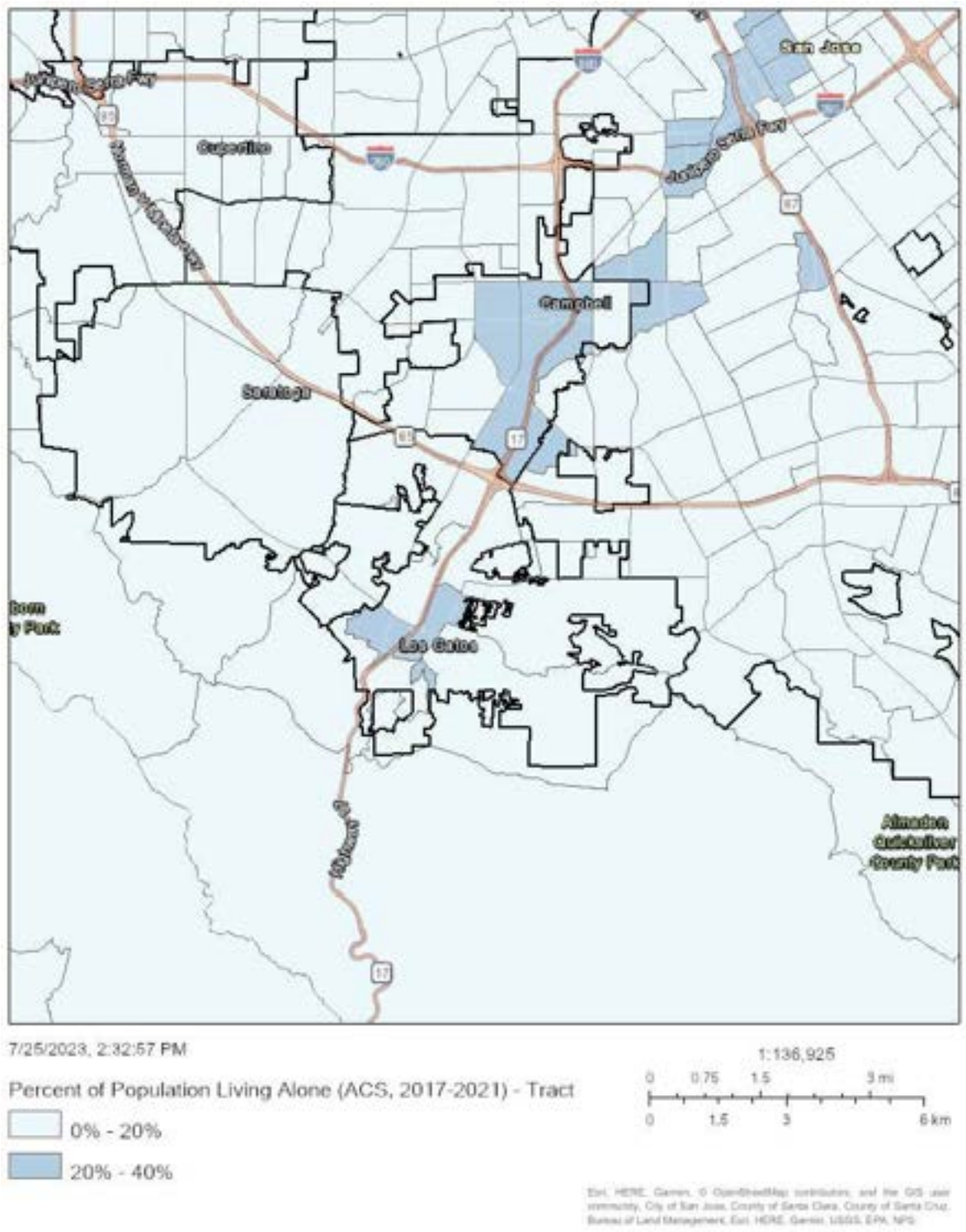


Source: California Department of Housing and Community Development AFFH Data Viewer.

Figures A-34 and A-35 present the distribution of residents living alone in Los Gatos and the region. Very few residents live alone in Los Gatos: the majority of the town shows less than 20 percent of residents living alone though there is one census tract were 20 percent to 40 percent of the population live alone. Primary findings from the county and regional analysis are summarized below.

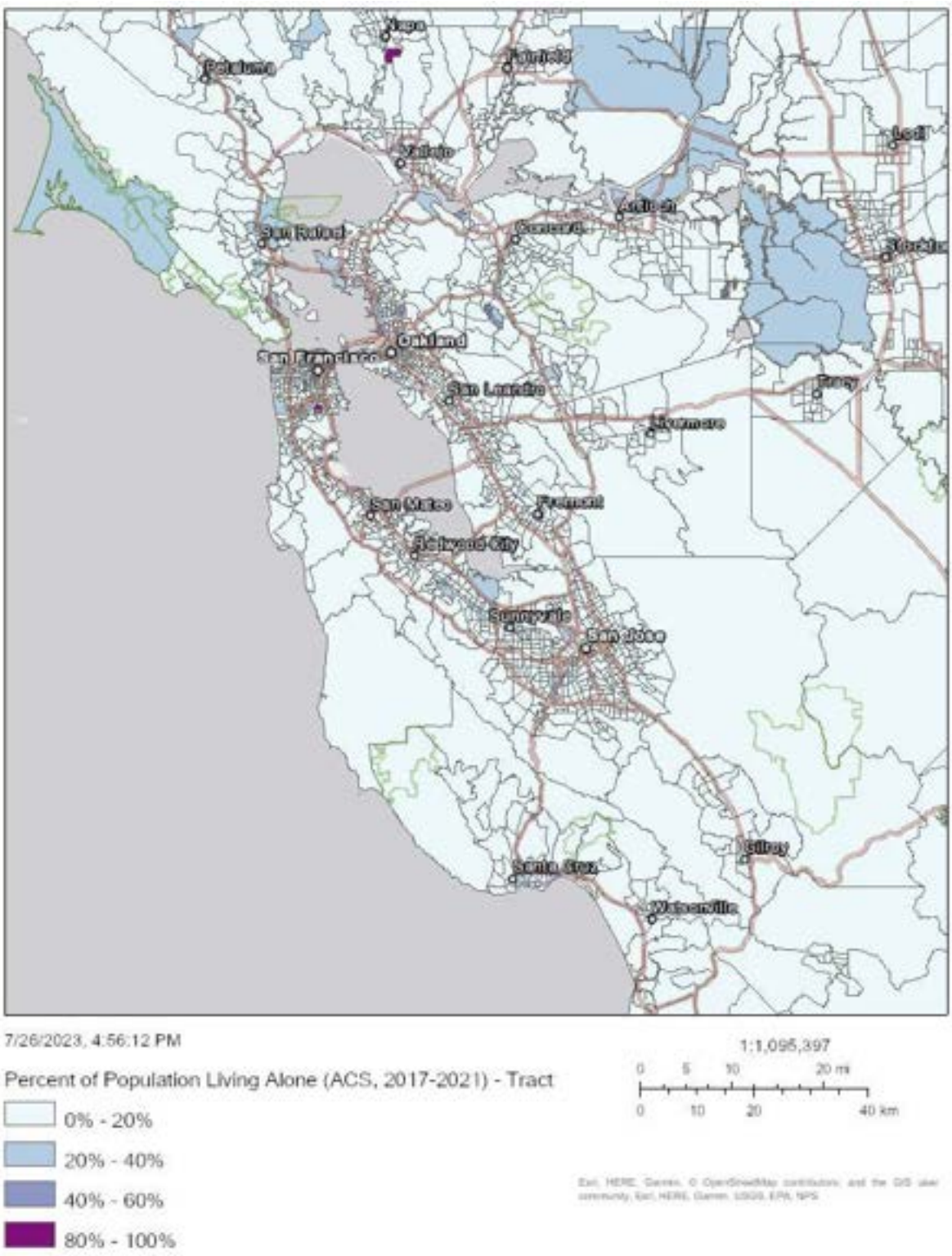
- Saratoga and Cupertino are in line with Los Gatos though both cities have a lower percentage of residents living alone at less than 20 percent. San Jose has a comparatively larger population living alone though it is still less than half of residents.
- The distribution of residents living alone in Los Gatos is similar to the region overall, excluding cities near the Bay. In San Francisco, residents are more likely to live alone with one census tract showing almost all residents living alone.
- The difference between Los Gatos and San Francisco is likely the result of San Francisco's larger supply of housing units that are not single-family detached homes as well as living costs. In other words, residents living alone are more likely to be able to afford a unit in the Bay Area than in Los Gatos and surrounding communities.

Figure A-34. Percent of Population Living Alone by Census Tract, Los Gatos, 2021



Source: California Department of Housing and Community Development AFFH Data Viewer.

Figure A-35. Percent of Population Living Alone in the Region, 2021



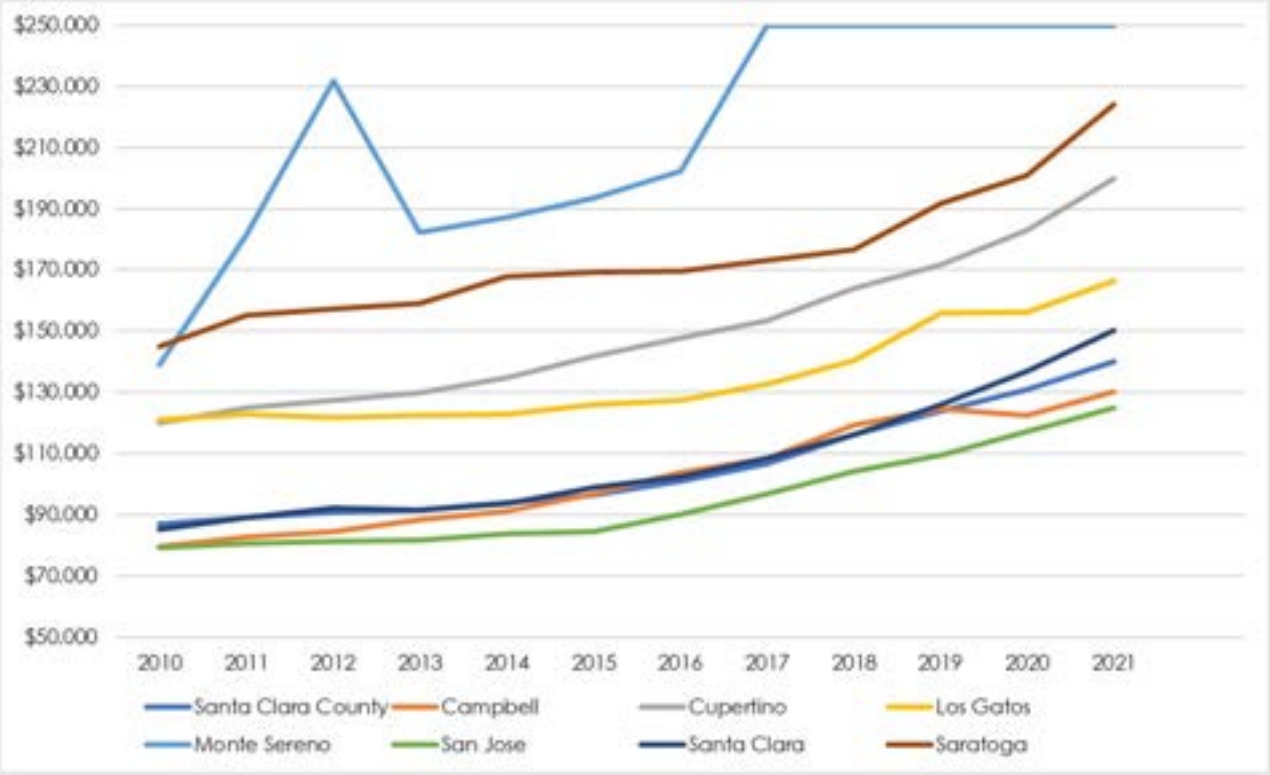
Source: California Department of Housing and Community Development AFFH Data Viewer.

Household Income

Los Gatos' households are higher-income than the county and Bay Area overall: 65 percent of Los Gatos households earn more than 100 percent of the AMI, compared to 55 percent for the county and 52 percent for the Bay Area (Appendix B, Figure B-11). In the Town, Hispanic or Latinx and Other Race or Multiple Races (Hispanic and Non-Hispanic) residents experience the highest rates of poverty, followed by White (Hispanic and Non-Hispanic) residents (Figure B-13).

Figures A-37 and A-38 show the distribution of households by median household income for 2021 in Los Gatos and the region overall. As shown in the figure below, the majority of Los Gatos households have incomes above $175,000. Households with incomes between $125,000 and $175,000 are concentrated in the town's inner census tracts which could suggest patterns of income segregation. This could be related to lower housing prices in these areas. According to the 2017-2021 ACS, the median household income in Los Gatos is $166,642, compared to $140,258 in the County. The median household income in the Town is higher than the neighboring cities of Campbell ($130,171), San Jose ($125,075), and Santa Clara ($150,244), but lower than Cupertino ($199,778) Monte Sereno ($250,000+), and Saratoga ($224,179). Half or more than half of households in Cupertino, Monte Sereno, and Saratoga earn more than $200,000 compared to 42.9 percent in Los Gatos. The change median household incomes since 2010 for the County, Town, and neighboring cities is shown in Figure A-36.

Figure A-36. Change in Median Household Income – County, Los Gatos, and Neighboring Cities (2010-2021)

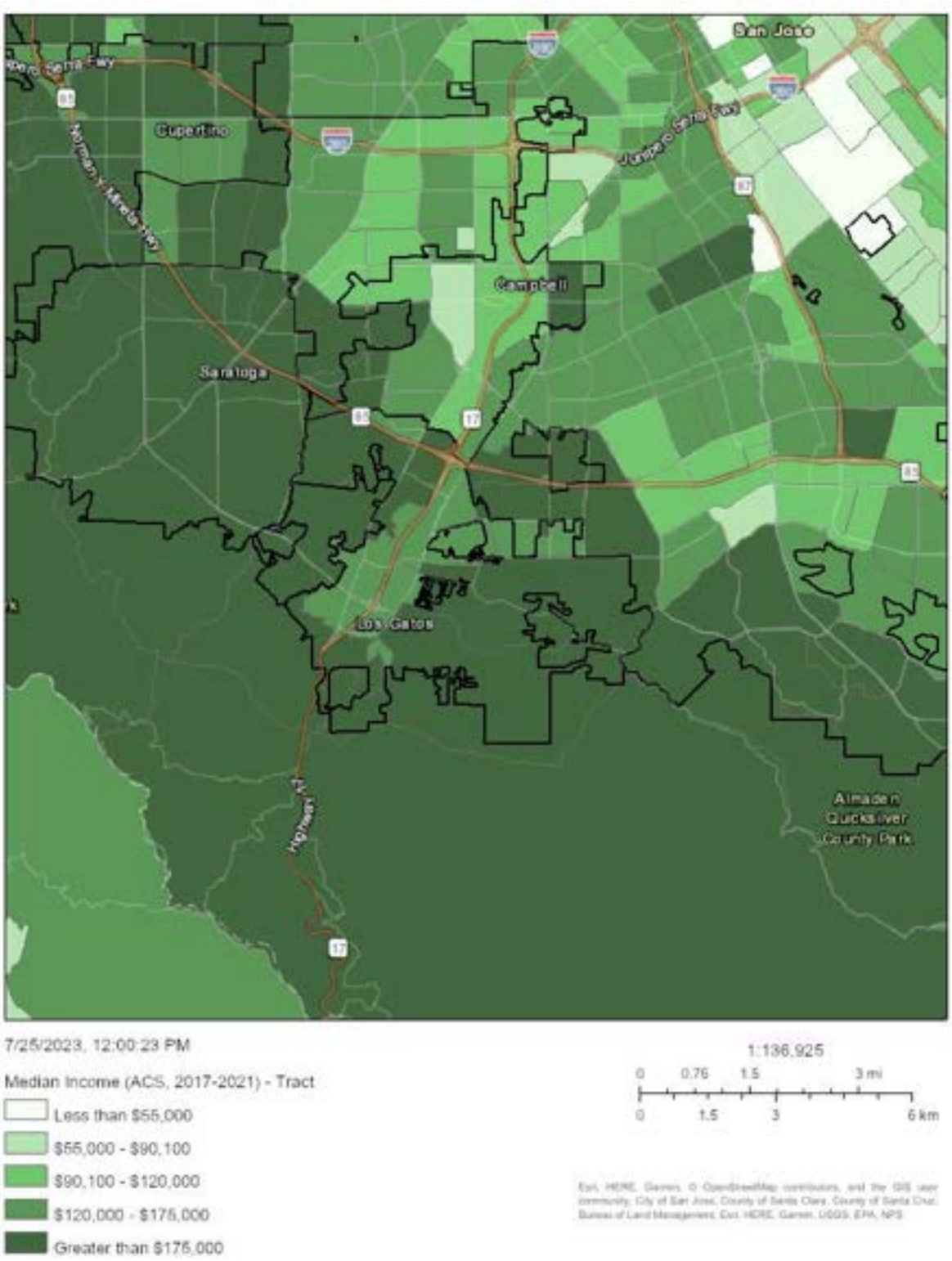


Source: 2006-2010 through 2017-2021 ACS (5-Year Estimates).
Note: The median household income in Monte Sereno for 2017 through 2021 is recorded as "$250,000+" in the ACS datasets.

Primary findings from the comparative analysis are summarized below.

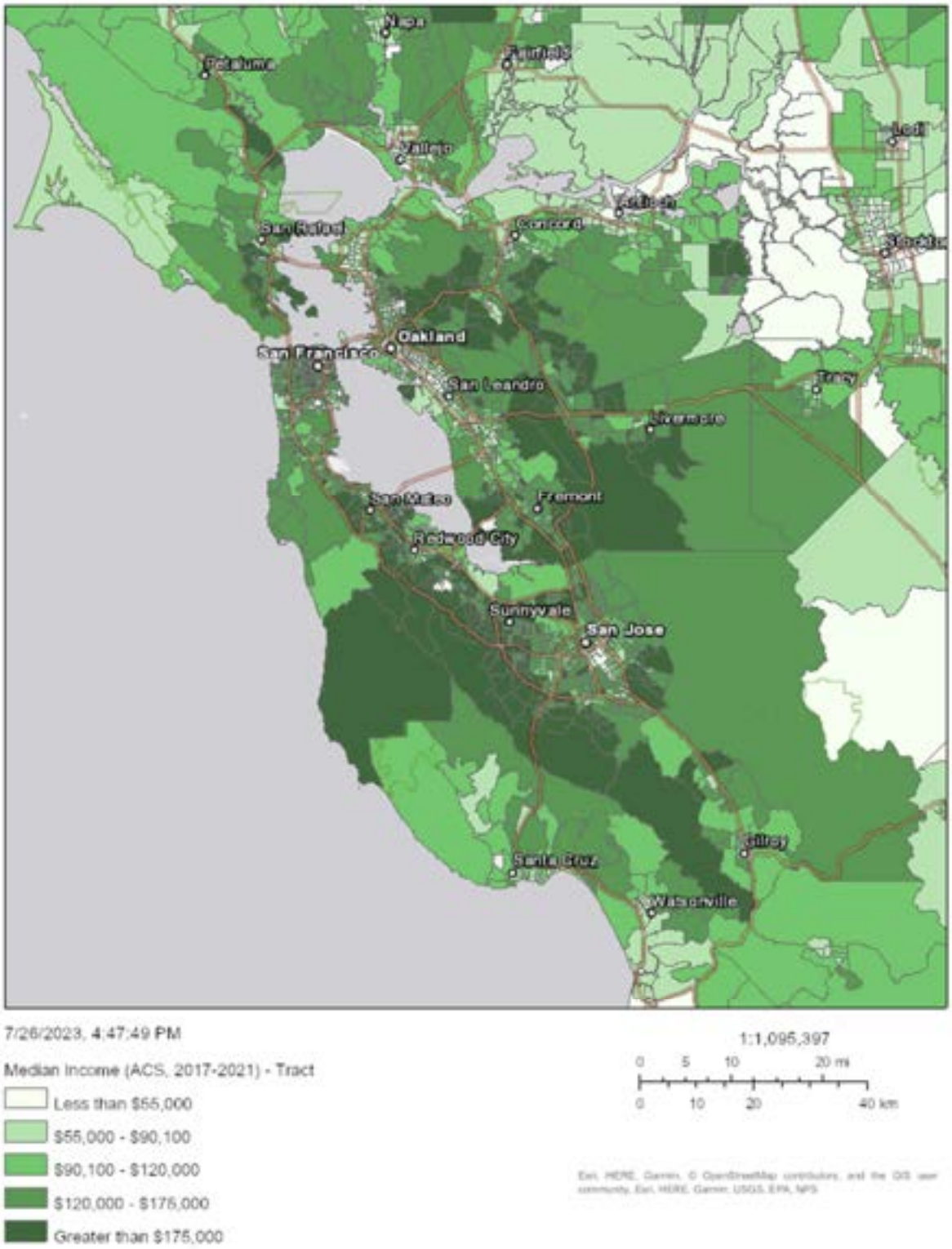
- Income distribution in Los Gatos is similar to Cupertino though more diverse than Saratoga which does not have a concentration of households with median incomes below $175,000. This is particularly important for these cities as many households may need to leave the area for more affordable housing options, especially as housing prices continue to increase.
- San Jose is the only city in the region to have income diverse households. Census tracts in San Jose have households with median incomes at less than $55,000 with other tracts ranging from $55,000 to $120,000.

Figure A-37. Median Income by Census Tract, Los Gatos, 2021



Source: California Department of Housing and Community Development AFFH Data Viewer.

Figure A-38. Regional Median Income by Census Tract, 2021



Source: California Department of Housing and Community Development AFFH Data Viewer.

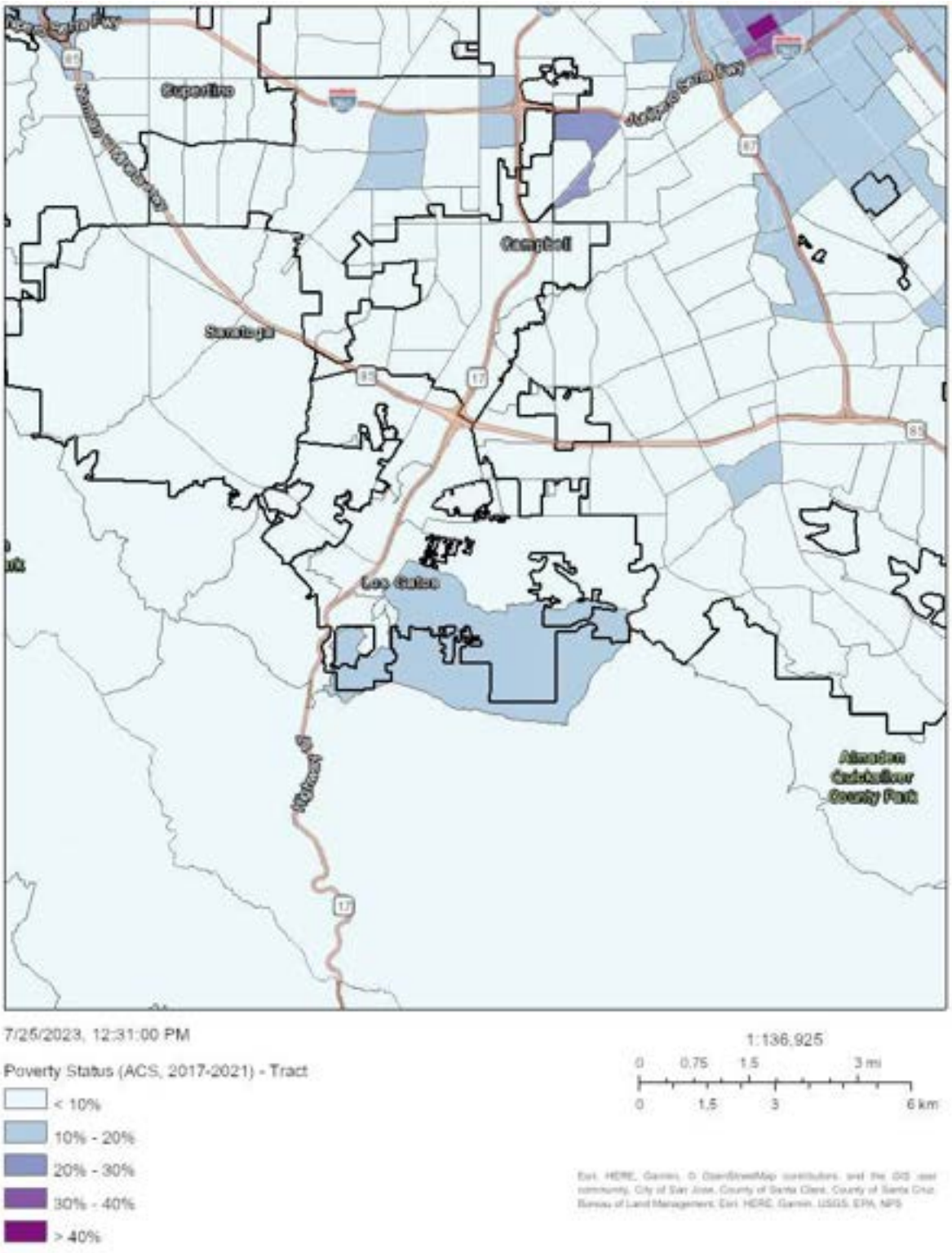
The population of persons living below the poverty line is relatively low in Santa Clara County. According to the 2017-2021 ACS, only 6.7 percent of the County population is below the poverty level. Counties surrounding Santa Clara County, including Alameda County (8.9 percent), Merced County (19.4 percent), San Benito County (7.7 percent), Santa Cruz County (10.9 percent), and Stanislaus County (13.6 percent). San Mateo County has a poverty rate of only 6.2 percent.

Los Gatos has a smaller population below the poverty level, representing only 3.5 percent of the Town population. The Town has a lower poverty rate compared to the nearby jurisdictions of Campbell, Cupertino, San Jose, and Santa Clara, but higher than Monte Sereno and Saratoga.

The southern strip of Los Gatos houses a population in which 10 to 20 percent of the people are living in poverty. All of the immediate surrounding areas have less than 10 percent of the population living in poverty, with the percentages increasing slightly in North East in San Jose area, as shown in Figures A-38 and A-39. Primary findings from the regional analysis are summarized below.

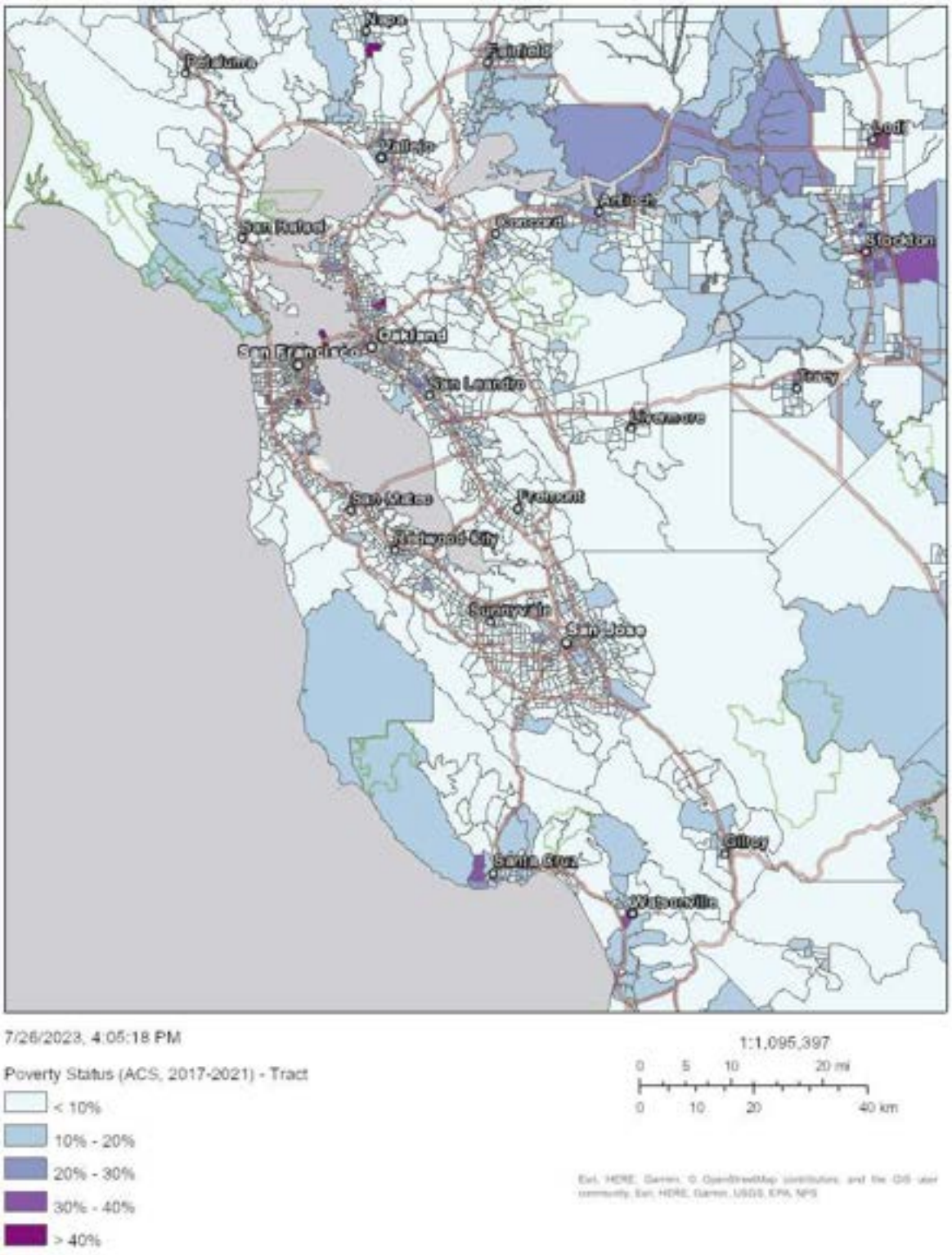
- Poverty is concentrated in the southern portions of Los Gatos with 10 percent to 20 percent of the total resident population experiencing poverty. These patterns suggest that income segregation is occurring across Los Gatos.
- Stanford, East Palo Alto, Santa Clara, and San Jose have comparatively larger concentrations of residents living in poverty compared to the region overall.
- Saratoga, Campbell, and the majority of Cupertino do not have any poverty concentrations with less than ten percent of residents below the poverty level. This is expected given the large number of households with incomes above $175,000.

Figure A-38. Poverty Status by Census Tract, Los Gatos, 2021



Source: California Department of Housing and Community Development AFFH Data Viewer.

Figure A-39. Regional Poverty by Census Tract, 2021



Source: California Department of Housing and Community Development AFFH Data Viewer.

Racially or Ethnically Concentrated Areas of Poverty and Affluence.
Racially Concentrated Area of Poverty or an Ethnically Concentrated Area of Poverty (R/ECAP) and Racially Concentrated Areas of Affluence (RCAAs) represent opposing ends of the segregation spectrum from racially or ethnically segregated areas with high poverty rates to affluent predominantly White neighborhoods. Historically, HUD has paid particular attention to R/ECAPs as a focus of policy and obligations to AFFH. Recent research out of the University of Minnesota Humphrey School of Public Affairs argues for the inclusion of RCAAs to acknowledge current and past policies that created and perpetuate these areas of high opportunity and exclusion[14].

It is important to note that R/ECAPs and RCAAs are not areas of focus because of racial and ethnic concentrations alone. This study recognizes that racial and ethnic clusters can be a part of fair housing choice if they occur in a non-discriminatory market. Rather, R/ECAPs are meant to identify areas where residents may have historically faced discrimination and continue to be challenged by limited economic opportunity, and conversely, RCAAs are meant to identify areas of particular advantage and exclusion.

R/ECAPs

HCD and HUD's definition of a Racially/Ethnically Concentrated Area of Poverty is:

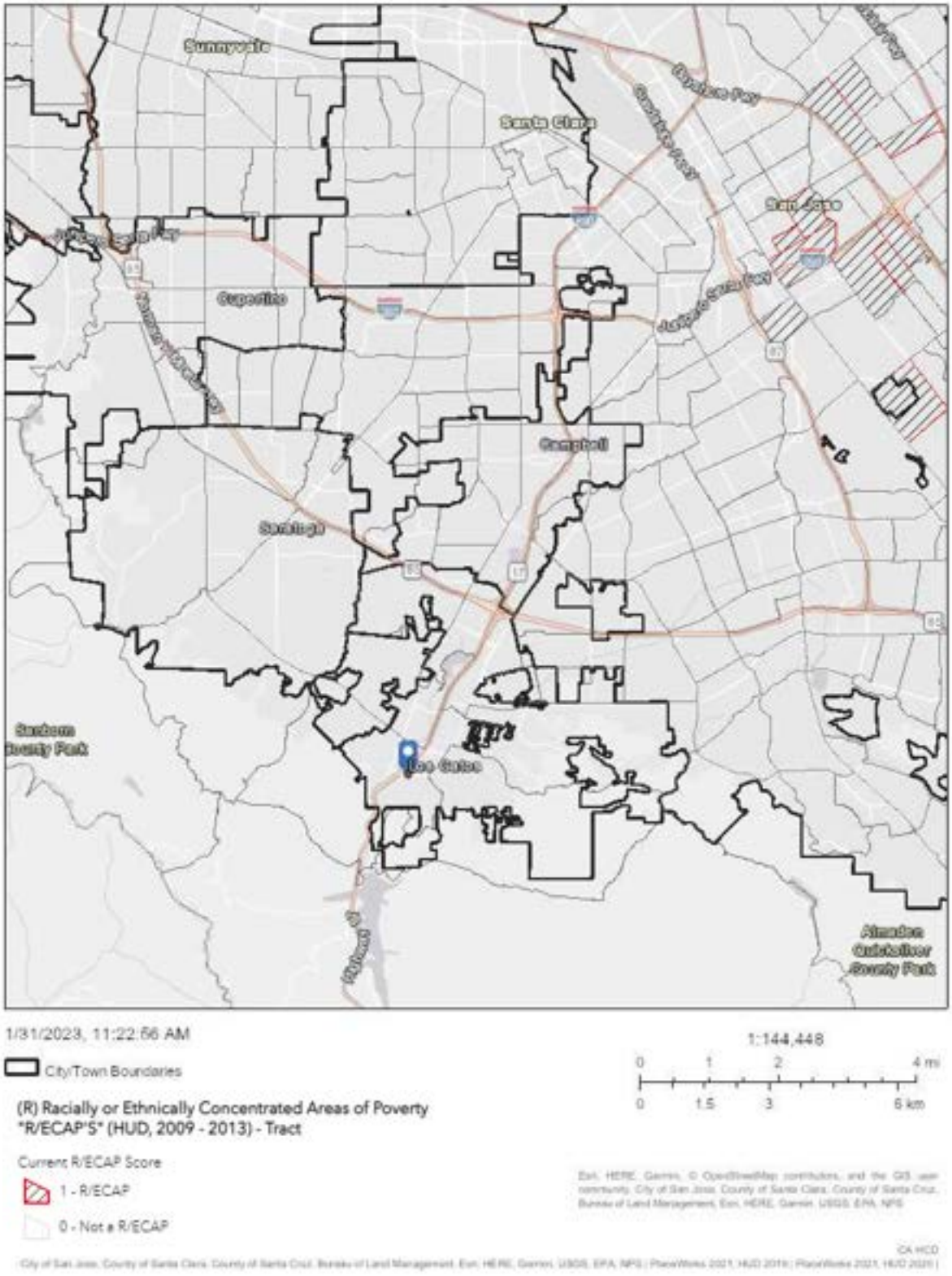
- A census tract that has a non-White population of 50 percent or more (majority-minority) or, for non-urban areas, 20 percent, AND a poverty rate of 40 percent or more; OR
- A census tract that has a non-white population of 50 percent or more (majority-minority) AND the poverty rate is three times the average tract poverty rate for the County, whichever is lower.

Source: California Department of Housing and Community Development Guidance, 2021.

For this study, the poverty threshold used to qualify a tract as an R/ECAP was three times the average census tract poverty rate countywide, or 22.5 percent. Similar to many jurisdictions in Santa Clara County, there are no census tracts in Los Gatos that qualify as R/ECAPs. R/ECAPs in the County are all located in San Jose (Figure A-40).

[14] Goetz, E. G., Damiano, A., & Williams, R. A. (2019). Racially Concentrated Areas of Affluence: A Preliminary Investigation. Cityscape: A Journal of Policy Development and Research, 21(1), 99–124

Figure A-40 R/ECAPS, Santa Clara County



Source: California Department of Housing and Community Development AFFH Data Viewer

RCAAs. An RCAA is a census tract (1) with a percentage of its total White population that is 1.25 times higher than the average percentage of the COG region's White population; and (2) has a median income that is 2 times higher than the COG Area Median Income (AMI). Generally, these are understood to be neighborhoods in which there are both high concentrations of non-Hispanic White households and high household income rates. As shown in Figure A-19, when comparing Los Gatos to the surrounding county and region, it is safe to speculate that the Town has more RCAAs than other communities, the county, and the region. The majority of the Town is located within an RCAA with the exception of census tract 5067.03 located in the northern portion of the Town, north of Interstate Highway 85 and west of California State Route 17.

Figures A-41 and A-42 show RCAAs in Los Gatos and the region. Los Gatos a racially concentrated area of affluence (RCAA). Saratoga only has few census tracts identified as RCAAs similar to Southern San Jose and parts of Campbell. Cupertino, Santa Clara, and Sunnyvale have no areas with a high enough concentration of racial affluence to be identified as an RCAA. These trends are similar to the region overall which shows several census tracts as an RCAA.

As discussed above, Los Gatos has a median income comparable to many neighboring cities. The median household income in the Town is lower than Cupertino, Monte Sereno, and Saratoga. Despite having a lower median household income, Los Gatos has a higher concentration of RCAA tracts compared to Cupertino and Saratoga. This is likely due to the racial/ethnic minority populations in these cities. Also discussed above, Saratoga and Cupertino have non-White populations of 61 percent and 77.5 percent, respectively, compared to only 29.9 percent in Los Gatos. While the proportion of White residents has decreased in the Town and County over the last decade, Los Gatos still has a significantly higher population of White residents (72 percent) compared to the County (32 percent) and the Bay Area (39 percent). As discussed above, 65 percent of Los Gatos households earn more than 100 percent of the AMI, compared to 55 percent for the county and 52 percent for the Bay Area

As shown in Figure A-22 above, most Los Gatos and Campbell tracts have non-Hispanic White majority populations while Saratoga, Cupertino, and Sunnyvale have Asian majority populations. Despite being comprised of tracts with median incomes similar to these jurisdictions (Figure A-38), Los Gatos has more RCAAs. As mentioned above, this is likely due to the larger White populations in Los Gatos. However, concentrations of RCAAs in Los Gatos are similar to other jurisdictions west of the 101 Freeway, stretching from the west side of Gilroy to Pacifica. Jurisdictions along the 85 and 280 Highways, from Los Gatos to Burlingame (San Mateo County) are also comprised of mostly TCAC highest resource tract (Figure A-45).

All tracts in Los Gatos, except tract 5067.03 in the northeast corner of the Town, also encompassing part of the City of Campbell, are considered RCAAs. Tract 5067.03 is a high resource area. The remaining RCAA tracts in Los Gatos are described in detail in Table A-4. All RCAAs are also highest resource areas with majority non-Hispanic White populations. All the RCAAs in the City also have median household incomes exceeding $150,000.

All RCAA tracts are also TCAC highest resource areas. RCAA tracts do not correlate with a specific pattern of cost burdened renters or owners. Tracts that are considered RCAAs in Los Gatos have populations of overpaying renters ranging from less than 20% to 60% and overpaying owners ranging from 20% to 60%. Most tracts in the Town have populations of overcrowded households representing less than 5% of the total households in the respective tract. According to the HCD AFFH Data Viewer 2.0, there is one tract in Los Gatos where more than 5% of households are overcrowded (tract 5072.03, 5.1% overcrowded). However, this tract is also categorized as an RCAA. There is also one tract in the Town (tract 5068.01) where 2.7% of households lack complete plumbing facilities and 6.1% of households lack complete kitchen facilities. Less than 2% of households in the remaining tracts lack complete plumbing or kitchen facilities. However, this tract is also still considered an RCAA. Further, none of the RCAA tracts are categorized as sensitive communities at risk of displacement.

According to the HCD AFFH Data Viewer 2.0, there are three subsidized housing projects in Los Gatos. One has 49 affordable units and is located in tract 5068.01, which is considered an RCAA. The other affordable projects, Villa Vasona (105 affordable units for seniors/persons with disabilities) and Open Doors (64 affordable units), are in tract 5067.03, the only tract in Los Gatos that is not considered an RCAA. This tract, and the areas along State

Route 17, have higher concentrations of areas zoned for multi-family housing. Nearly all of the areas in the central and eastern areas of the Town are zoned for single-family residential uses. The Town's Zoning Map is presented in Figure A-43.

As discussed previously, Los Gatos' historic land use patterns allowing for predominantly single-family housing around a downtown core are discriminatory by nature. The Town's land use and zoning policies have traditionally limited housing types allowed in the Town to medium to low density residential, favoring single-family detached projects. As such, Los Gatos has fewer multi-family units that tend to be more suitable for households earning moderate or lower incomes. These zoning and historic land use trends have directly impacted current RCAA trends in the Town. Additionally, racially restrictive covenants and property deed restrictions were popular in the 1920s. Though no longer in effect, these covenants have lasting impacts on the racial and ethnic makeup of the Town. However, the effect of the racial covenants has diminished with time, and the Town has gone from approximately 86 percent White in 2000 to approximately 72 percent White in 2020. The increasing diversity of the Town indicates that impacts of racial covenants are decreasing and the primary factors limiting housing mobility and choice in the Town currently are household wealth, low density zoning, and high housing costs.

NRCAAs are prevalent in Los Gatos due to the small racial/ethnic minority population and to limited affordable housing projects and multi-family zoned areas. However, programs outlined in this Housing Element promote fair housing through increased housing opportunities in these high resource RCAAs. Specifically, as described in Section 10.5, *Goals, Policies, and Implementation Programs*, the Town will facilitate the buildout of the North Forty Specific Plan and increase allowed density (Program D), subsidize housing for extremely low-income households (Program N), and provide incentives for affordable housing development (Program O). The Town will also implement affirmative marketing strategies for affordable housing opportunities in the Town.

Table A-5. Los Gatos RCAA Tracts and Other Fair Housing Factors

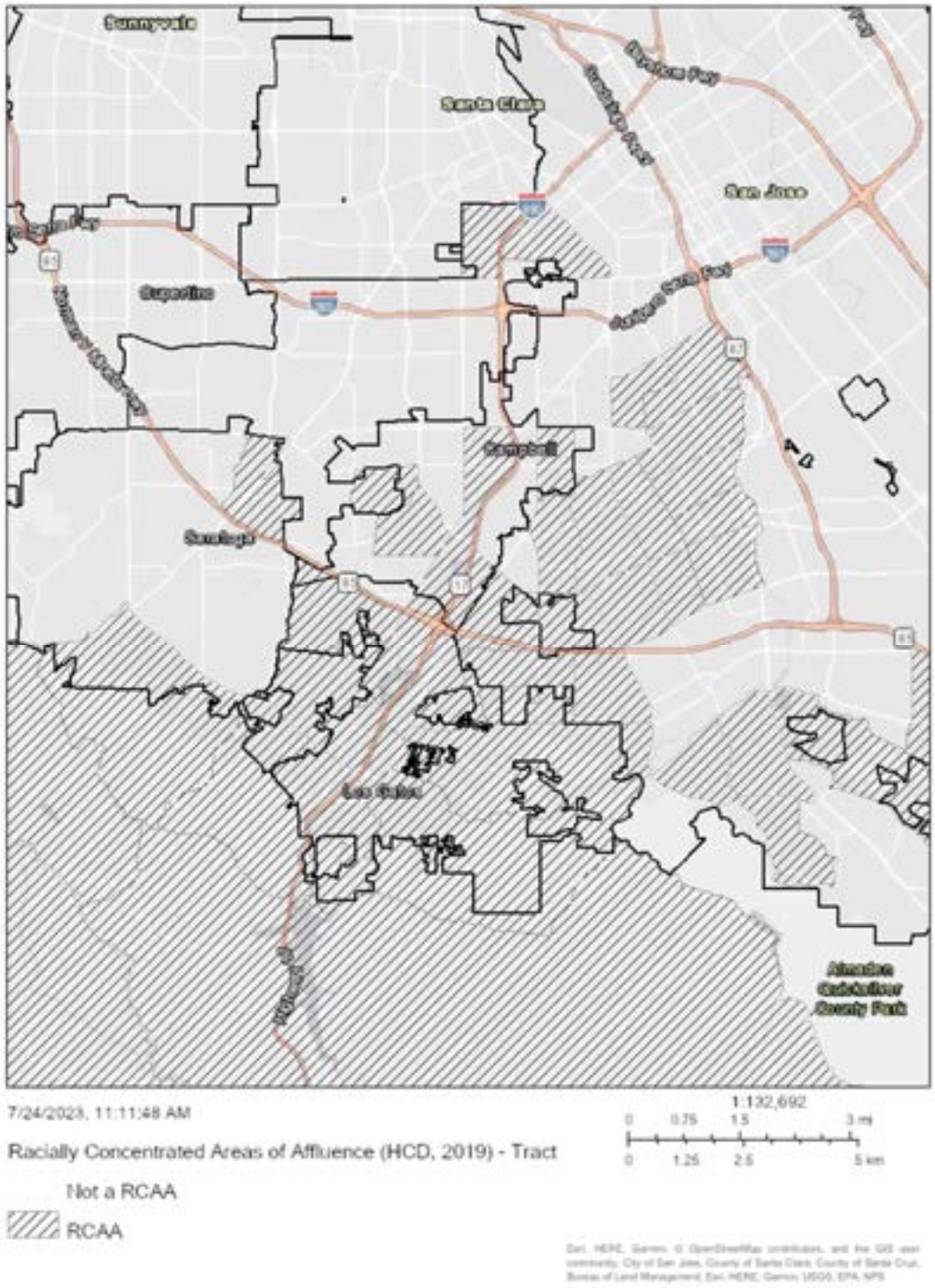
RCAA Tract	TCAC Composite Score	Median Household Income	Predominant Population	RCAA?
5068.01	Highest Resource	$164,195	Non-Hispanic White	Yes
5068.04	Highest Resource	$172,222	Non-Hispanic White	Yes
5069	Highest Resource	$188,585	Non-Hispanic White	Yes
5070.02	Highest Resource	$250,001	Non-Hispanic White	Yes
5070.03	Highest Resource	$221,442	Non-Hispanic White	Yes
5070.04	Highest Resource	$168,015	Non-Hispanic White	Yes
5071	Highest Resource	$153,125	Non-Hispanic White	Yes
5072.03	Highest Resource	$179,006	Non-Hispanic White	Yes
5072.05	Highest Resource	$186,250	Non-Hispanic White	Yes

Source: California Department of Housing and Community Development AFFH Data Viewer 2.0.

This documents that Los Gatos is largely an area of affluence and does not have any areas of concentrated poverty. Much of the root causes associated with this demographic trend are related to the type of housing stock that is available in Los Gatos, which has typically consisted of single-family detached homes and lower density multi-family development. Past strategies to mitigate the RCAA trend in the Town have focused mainly on promoting the development of affordable housing, this includes the North Forty Specific Plan Area. The first phase of the North Forty has been mostly developed and was successful in adding affordable senior housing units to the Town's housing stock. However, these strategies should be expanded upon to better promote and facilitate affordable housing. Further, because the RCAA designations in Los Gatos relate mainly to the concentration of White residents, outreach for affordable housing opportunities should be expanded to include communities beyond the Town's boundaries to promote more inclusive neighborhoods. In order to address and remedy these root causes that have led to a historic pattern of exclusion, the Town's 2023-2031 Housing Element sets forth concrete actions to address longstanding fair housing issues. The Town will create a new Housing

Element Overlay Zone, allowing for increased development standards such as density, height, and floor area that will increase the diversity of housing types and increase affordable housing supply. In addition, the Town will implement multiple programs that will support affordable housing development, including modification to the Town's Inclusionary Ordinance and amendment of the Accessory Dwelling Unit Ordinance and State Density Bonus Ordinance. The Town is implementing programs that will increase housing diversity in its single-family neighborhood areas, including promotion of ADUs and allowance for lot splits and duplexes in accordance with SB 9. Implementation Programs AO and AV are proposed to monitor units produced through SB 9. The SB 9 programs, along with the Sites Inventory seek to integrate affordable units into these concentrated areas of affluence.

Figure A-41 Racially Concentrated Areas of Affluence by Census Tract, Los Gatos, 2019



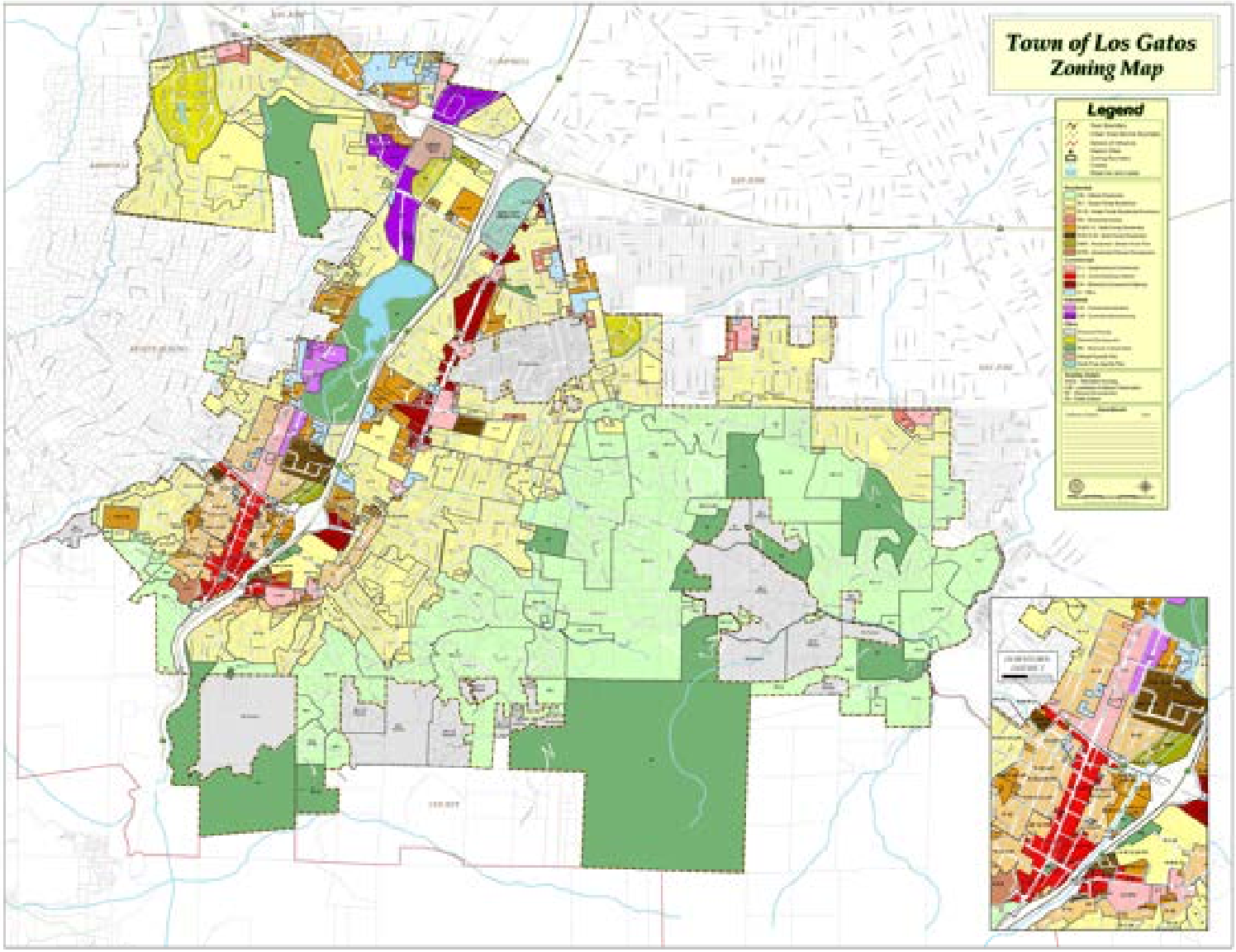
Source: California Department of Housing and Community Development AFFH Data Viewer

Figure A-42. Regional RCAAs, 2019



Source: California Department of Housing and Community Development AFFH Data Viewer.

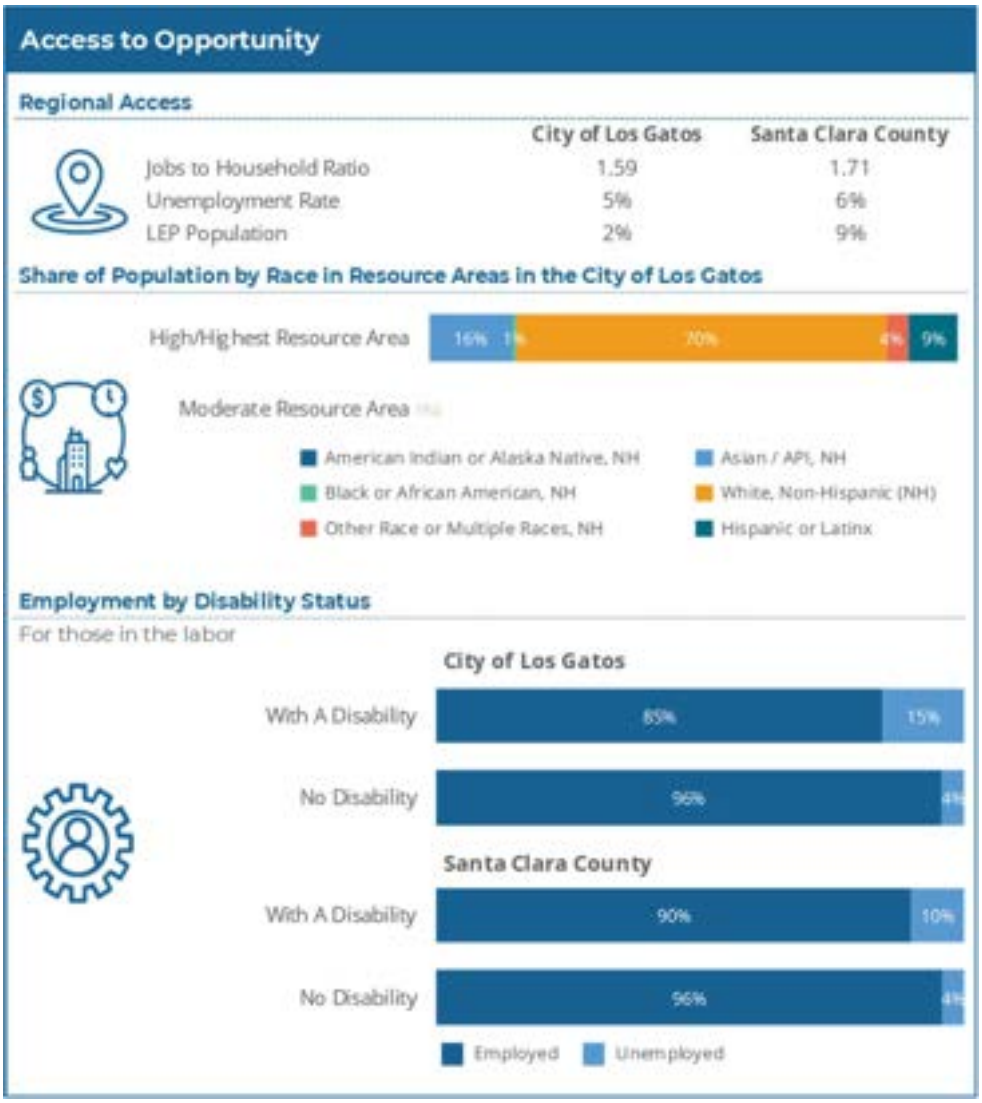
Figure A-43. Town of Los Gatos Zoning Map



A.9 Access to Opportunity

This section discusses disparities in access to opportunity among protected classes including access to quality education, employment, and environment. Figure A-43 provides a summary of access to opportunity demographics in Los Gatos and the County.

Figure A-43. Access to Opportunity in Los Gatos and Santa Clara County



Source: Root Policy Research.

Access to Opportunity

"Access to opportunity is a concept to approximate place-based characteristics linked to critical life outcomes. Access to opportunity oftentimes means both improving the quality of life for residents of low-income communities, as well as supporting mobility and access to 'high resource' neighborhoods. This encompasses education, employment, economic development, safe and decent housing, low rates of violent crime, transportation, and other opportunities, including recreation, food and healthy environment (air, water, safe neighborhood, safety from environmental hazards, social services, and cultural institutions)."

Source: California Department of Housing and Community Development Guidance, 2021, page 34.

HUD developed an index for assessing fair housing by informing communities about disparities in access to opportunity based on race/ethnicity and poverty status. HUD only provides indicator scores for jurisdictions receiving CDBG funding. Because Los Gatos receives CDBG funds through the County, opportunity indicator scores are not available. Index scores are based on the following opportunity indicator indices (values range from 0 to 100):

- **Low Poverty Index:** The higher the score, the less exposure to poverty in a neighborhood.
- **School Proficiency Index:** The higher the score, the higher the school system quality is in a neighborhood.
- **Labor Market Engagement Index:** The higher the score, the higher the labor force participation and human capital in a neighborhood.
- **Transit Trips Index:** The higher the transit trips index, the more likely residents in that neighborhood utilize public transit.
- **Low Transportation Cost Index:** The higher the index, the lower the cost of transportation in that neighborhood.
- **Jobs Proximity Index:** The higher the index value, the better access to employment opportunities for residents in a neighborhood.
- **Environmental Health Index:** The higher the value, the better environmental quality of a neighborhood.

HUD Opportunity Indicator scores for Santa Clara County are shown in Table A-6. Opportunity Indicator scores are calculated based on race/ethnicity and poverty status. In the County, the non-Hispanic White population, regardless of poverty status, received the highest index scores for low poverty, school proficiency, labor market, and jobs proximity. This indicates that the non-Hispanic White population countywide has the lowest exposure to poverty, best access to higher quality school systems, highest labor force participation, and best access to employment opportunities compared to other racial/ethnic groups. Of the total population, Black residents are most likely to utilize public transit and have lower transportation costs. The Asian/Pacific Islander community scored highest for environmental health. Based on County HUD Opportunity Indicators, the Hispanic community has the highest exposure to poverty, lower quality school systems, lowest labor force participation, and poorest environmental quality compared to other racial/ethnic groups

Table A-6. HUD Opportunity Indicators by Race/Ethnicity – Santa Clara County (2020)

	Low Poverty	School Prof.	Labor Market	Transit	Low Transp. Cost	Jobs Prox.	Env. Health
Total Population							
White, non-Hispanic	76.38	77.08	78.89	75.69	93.23	52.48	46.10
Black, non-Hispanic	64.92	65.05	66.57	79.05	94.30	49.55	41.09
Hispanic	56.19	59.03	55.93	76.54	93.74	41.88	40.99
Asian or Pacific Islander, non-Hispanic	71.84	71.51	72.42	78.43	93.55	50.48	47.15
Native American, non-Hispanic	65.48	66.00	65.61	76.27	93.62	47.76	42.60
Population below federal poverty line							
White, non-Hispanic	69.49	71.96	73.88	78.15	94.10	55.65	42.92
Black, non-Hispanic	62.04	61.26	61.26	79.45	94.25	49.74	40.54
Hispanic	48.55	54.67	50.31	78.16	94.36	43.19	39.13
Asian or Pacific Islander, non-Hispanic	61.92	64.74	61.89	79.76	94.17	48.91	43.05
Native American, non-Hispanic	58.98	55.74	58.53	80.11	94.25	53.36	42.28

Source: HUD AFFH Database – Opportunity Indicators, 2020.

The California Tax Credit Allocation Committee (TCAC) in collaboration with HCD developed a series of opportunity maps that help to identify areas of the community with good or poor access to opportunity for residents. These maps were developed to align funding allocations with the goal of improving outcomes for low-income residents, particularly children.

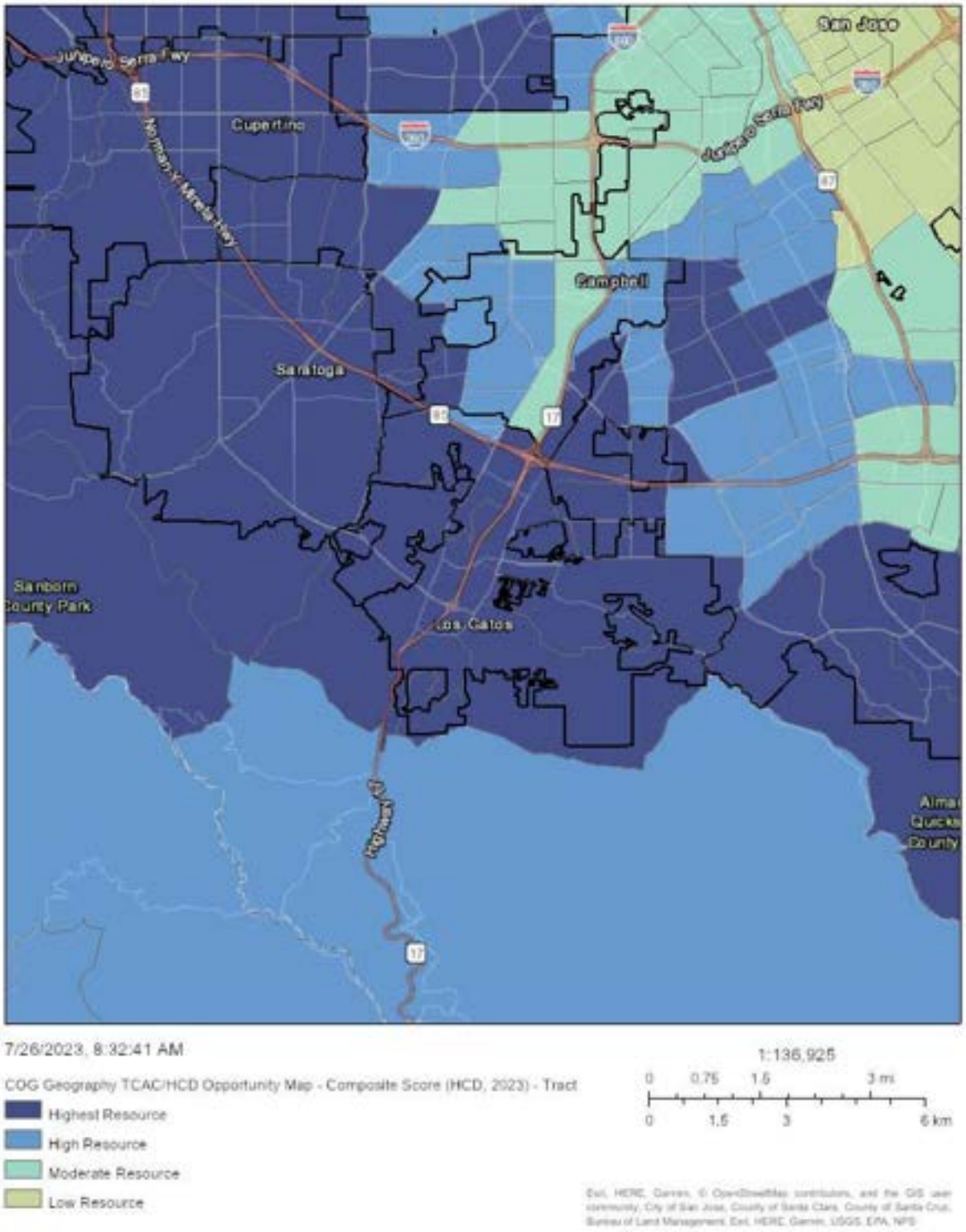
The opportunity maps highlight areas of highest resource, high resource, moderate resource, moderate resource (rapidly changing), low resource and high segregation and poverty. TCAC provides opportunity maps for access to opportunity in quality education, employment, transportation, and environment. Opportunity scores are presented on a scale from zero to one and the higher the number, the more positive the outcomes.

Figures A-44 and A-45 show the TCAC Opportunity Score for Los Gatos and the region in 2023. Los Gatos is scored as an area with the highest resources, similar to surrounding areas. **Primary findings among the region include**:

- Los Gatos is considered to be a high resource area (or highest resource area), similar to neighboring cities including Saratoga and Cupertino. These trends are likely the result of higher household incomes in these areas.
- Campbell and San Jose follow different trends: a few census tracts in Campbell are highest resource areas though much of the city ranges from moderate to high resource. San Jose has a large number of census tracts that are of low resources. Very few census tracts are scored as the highest resource area.
- Only one census tract in San Jose was scored as high segregation and poverty. A few areas in San Francisco and San Leandro also have high segregation and poverty.
- Across the region, the highest resource areas are located along the western coast and spans from San Mateo to Los Gatos. South San Francisco and Redwood City (in part) have lower opportunity scores. These patterns are likely related to the median household incomes in the region: areas with lower

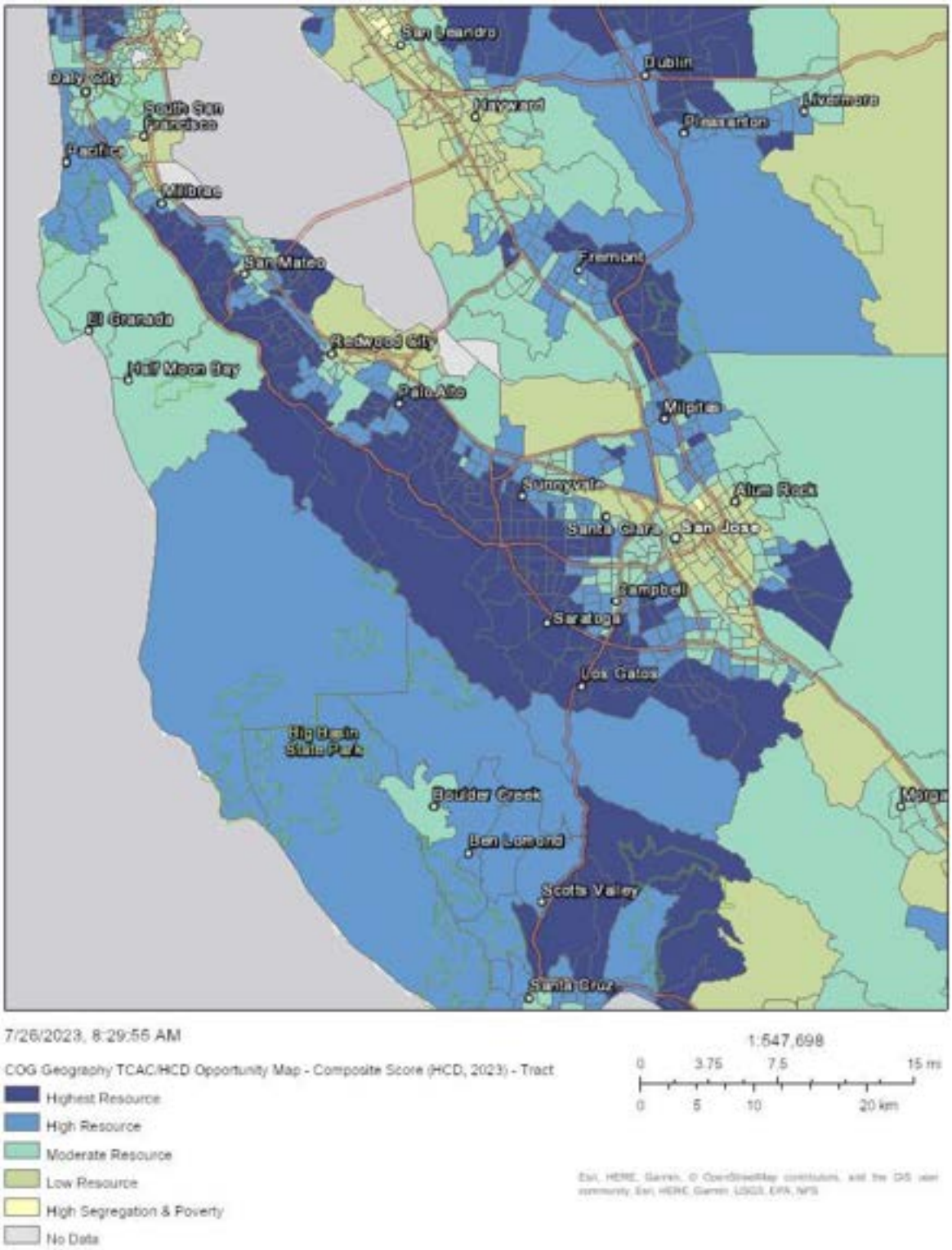
resources are more likely to have lower incomes than households earning over $175,000 in Los Gatos and neighboring communities.

Figure A-44 TCAC Opportunity Areas Composite Score by Census Tract, Los Gatos, 2023



Source: California Department of Housing and Community Development AFFH Data Viewer.

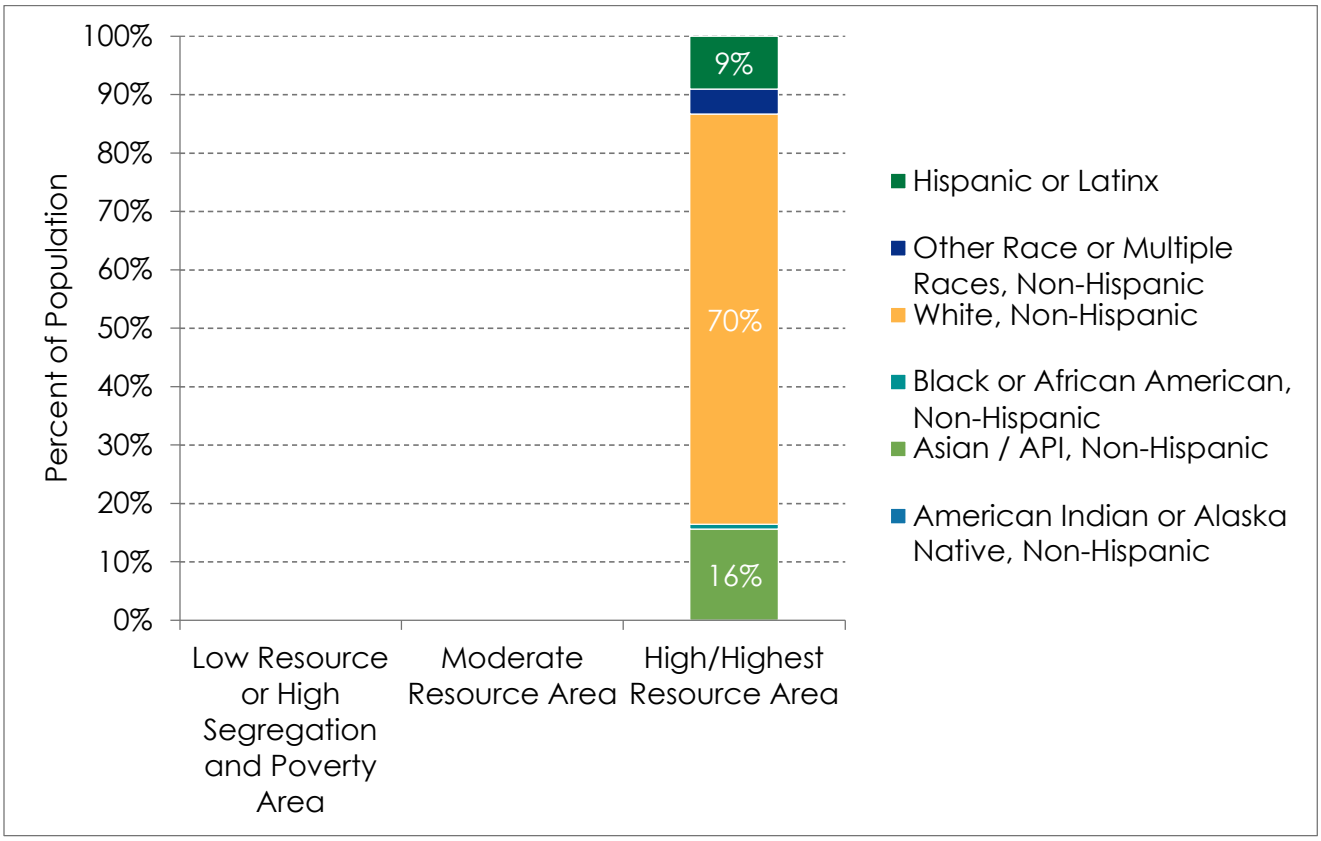
Figure A-45 Regional COG Geography TCAC/HCD Opportunity Map by Census Tract, 2023



Source: California Department of Housing and Community Development AFFH Data Viewer.

Figure A-46 illustrates the population living in high resource areas by race in Los Gatos.

Figure A-46 Population Living in High Resource Areas by Race



Source: ABAG Housing Needs Data Workbook, California Tax Credit Allocation Committee (TCAC)/California Housing and Community Development (HCD), Opportunity Maps (2020); U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B03002

Economic Opportunity

Economic outcomes are an important indicator in identifying economic disparities including job access and career development (among others). This section provides employment and job growth, economic opportunity scores for Los Gatos and the region as well as job proximity analyses.

The job to household ratio for Los Gatos is in line with the Bay Area but lower than Santa Clara County's (Appendix B, Figure B-8), indicating that Los Gatos is less of a commuter town than surrounding jurisdictions with much higher job to household ratios. This differs, however, by wage (Figure B-7), with jobs to household ratios much higher for low wage workers who cannot afford to live in the Town. Los Gatos has twice as many jobs as workers for low wage jobs.

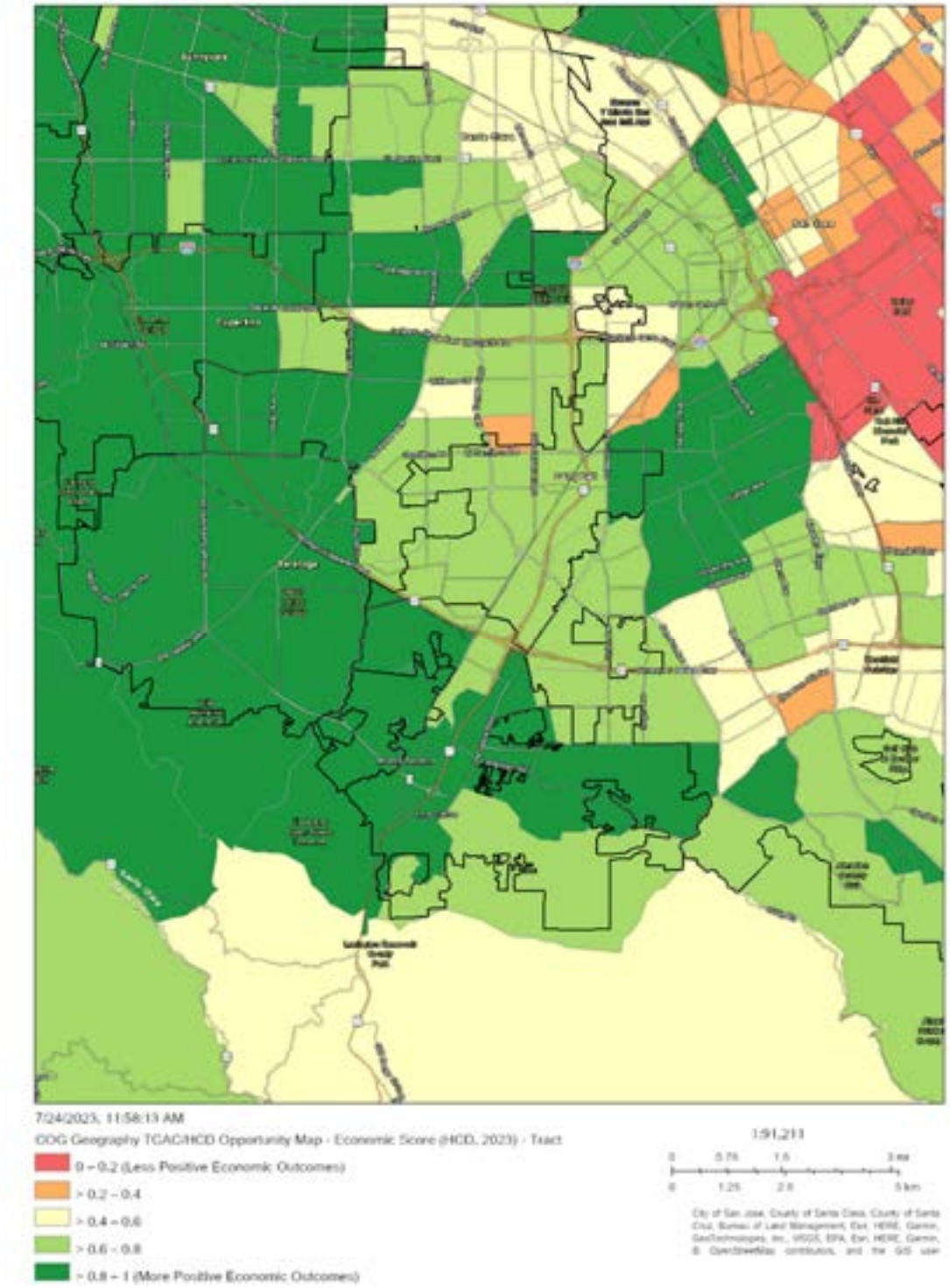
- Notably, Los Gatos had 19,843 jobs in 2018 compared to 14,573 job holders (Appendix B, Figure B-5), indicating a healthy job market for local residents and a need for in-commuting to fill the unoccupied jobs.
- Most jobs in Los Gatos are in Financial and Professional Services and Health and Educational Services .
- Unemployment in Los Gatos is five percent, below the county and area averages (Appendix B, Figure B-10).

Similar to the resource opportunity map, Figure A-47 shows a concentration of economic opportunities in Saratoga and Cupertino. Opportunity is also concentrated in Los Gatos, though there are some areas with less positive economic outcomes than other areas in the town. However, the area generally benefits from positive

economic opportunity, in contrast to San Jose, which showcases large economic opportunity disparity. **Key differences between regional trends and Santa Clara County are summarized below.**

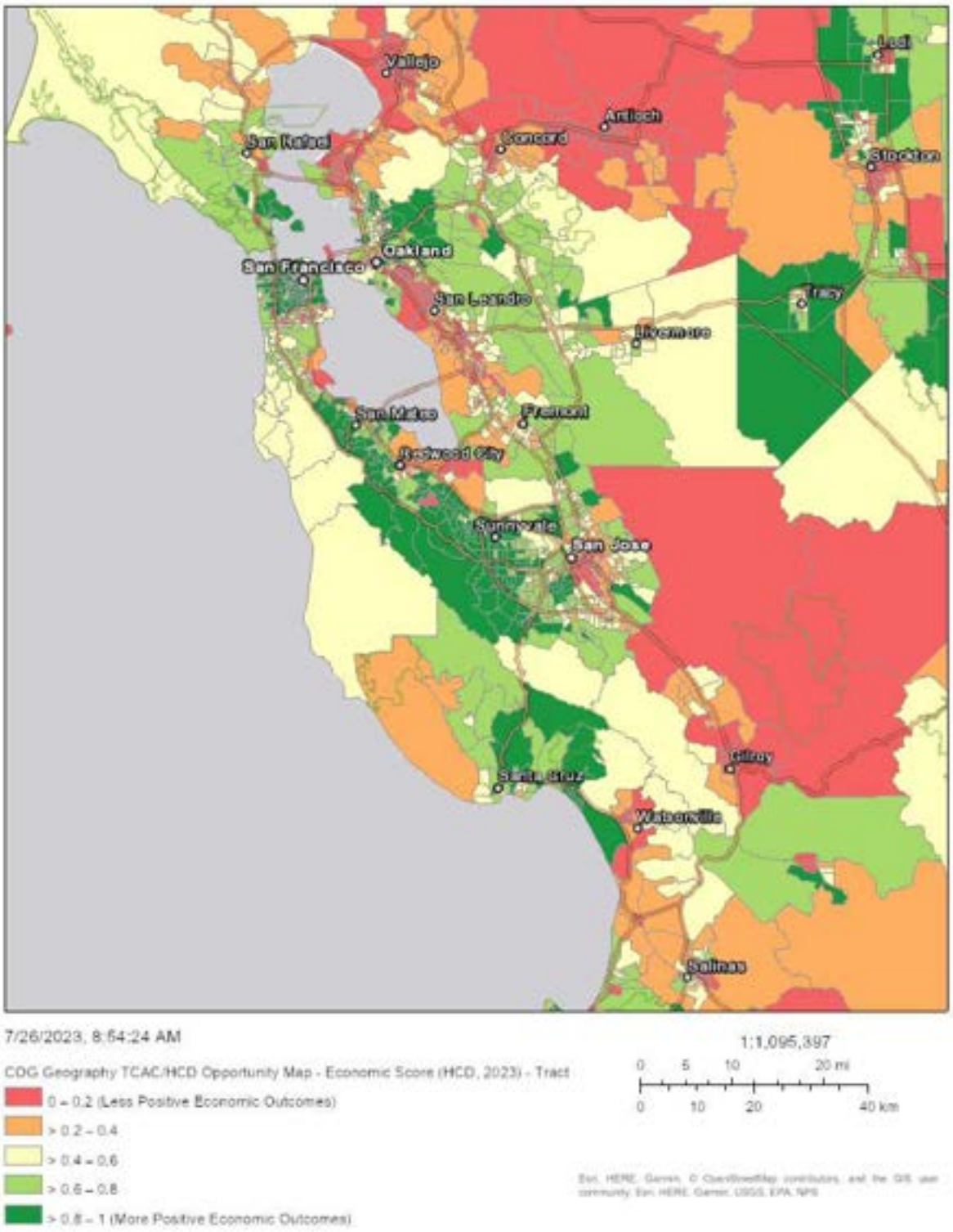
- While many cities in Santa Clara County have positive economic outcomes, San Jose has a large concentration in the middle of the city where residents have less positive economic outcomes.
- Sunnyvale, Cupertino, and Saratoga residents are more likely than other county and regional residents to have the most positive economic outcomes which is likely related to higher household incomes in these areas.
- For the region overall, less positive economic outcomes are concentrated near San Leandro, Redwood City, Vallejo, Concord, Livermore, Gilroy, Antioch, and Watsonville. This could be related to numerous factors including job proximity, jobs available in the area, and or less resources available for economic development.
- Varying degrees of economic opportunity scores suggest disparities in accessing employment. Los Gatos and other cities located in Santa Clara County will need to address these disparities through policies and programs focusing on the economic development for lower income households.

Figure A-47 COG Geography TCAC/HDC Opportunity Map – Economic Score 2023



Source: California Department of Housing and Community Development AFFH Data Viewer.

Figure A-48. Regional COG Geography TCAC/HDC Opportunity Map – Economic Score, 2023

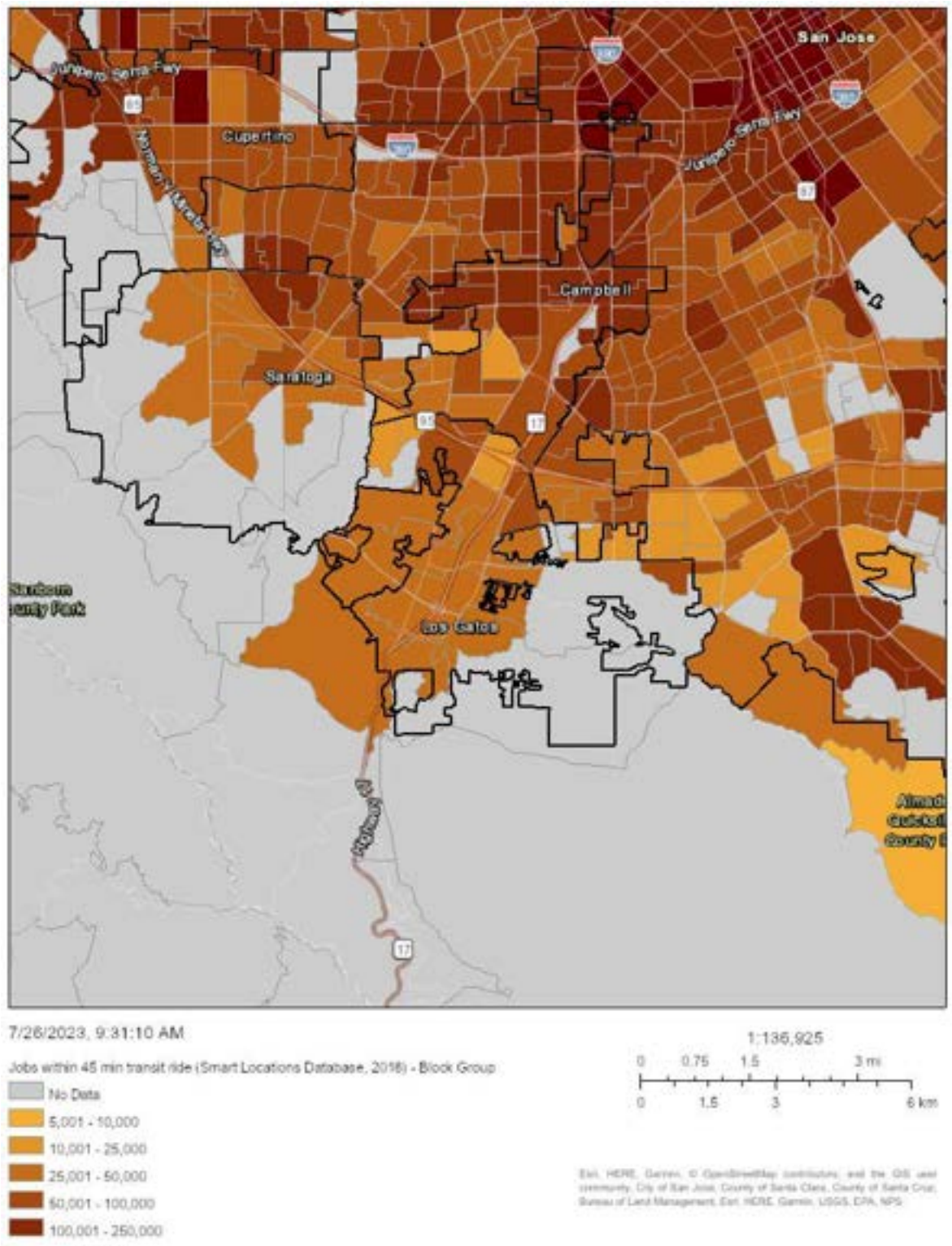


Source: California Department of Housing and Community Development AFFH Data Viewer.

Job proximity is one of the most important indicators of equal economic opportunity. Based on the economic opportunity score illustrated above, Figure A-49 is unsurprising. Jobs accessible by transit lines are concentrated in San Jose, Sunnyvale and parts of Santa Clara and Campbell, all of which have larger transit systems for residents. For the areas without data, Saratoga and Los Gatos have a comparatively smaller share of jobs accessible to residents by transit rides less than 45 minutes long. These findings are presented in Figure A-49 along with a regional analysis in Figure A-50. **Key similarities and differences are outlined below.**

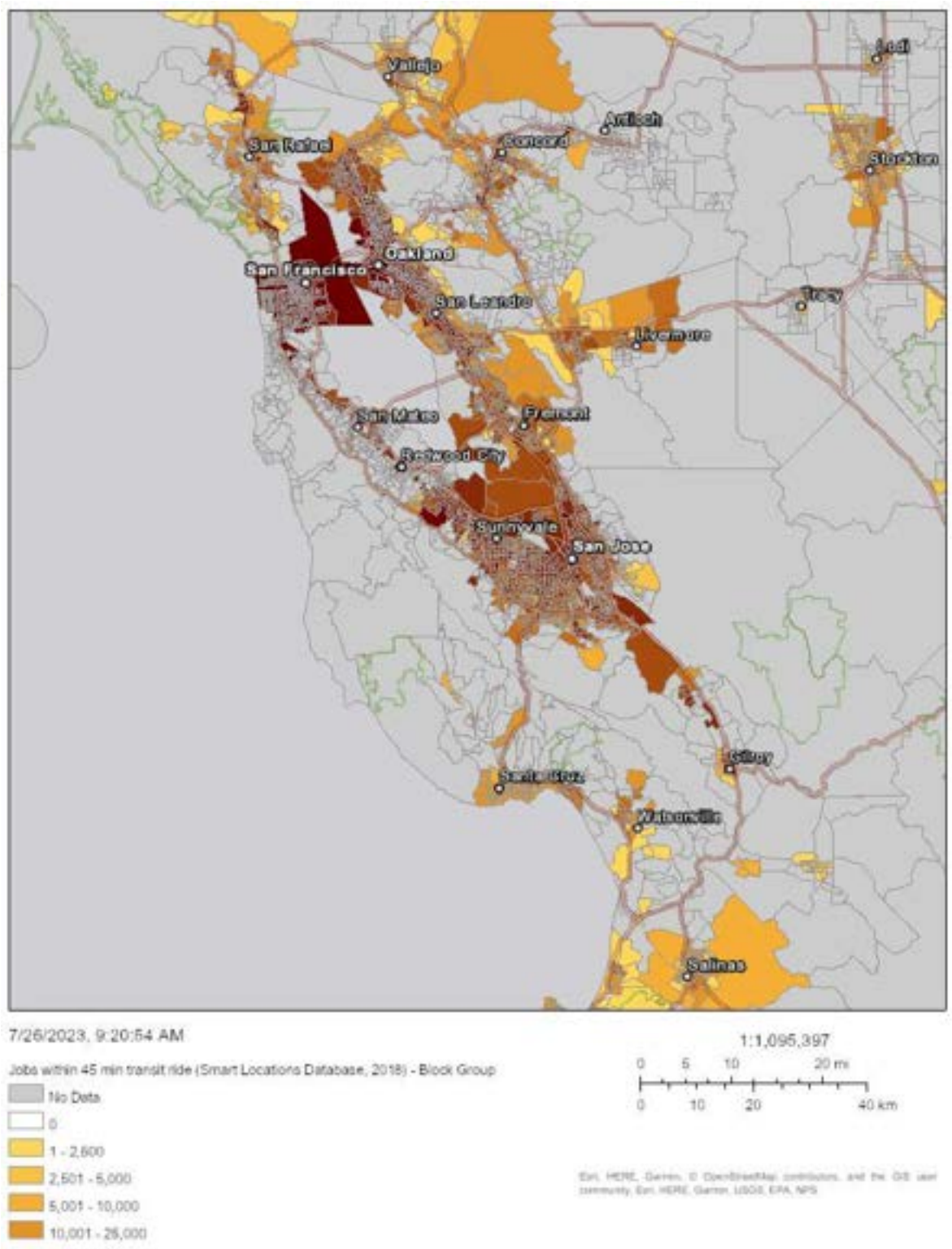
- In Santa Clara County, Sunnyvale, Campbell, San Jose, and communities located east of Los Gatos have the largest number of jobs accessible by a 45-minute transit ride. Residents living near Almaden Quicksilver County Park have substantially few job opportunities accessible by transit.
- In the region, jobs accessible by transit are mainly concentrated in San Francisco, Oakland, Daly City, and communities located south of Palo Alto. This is likely the result of more transit systems available to residents as these are larger cities than that in Santa Clara County with more job opportunities concentrated where residents live.
- There are fewer jobs accessible in the northern parts of the region specifically in Vallejo, Stockton, Livermore, and Salinas though this is likely due to being more remote from areas with high concentrations of job opportunities for workers.

Figure A-49. Jobs Within a 45 Minute Transit Ride by Block Group, Los Gatos, 2018



Source: California Department of Housing and Community Development AFFH Data Viewer.

Figure A-50. Regional Jobs Within a 45 Minute Transit Ride by Block Group, 2018

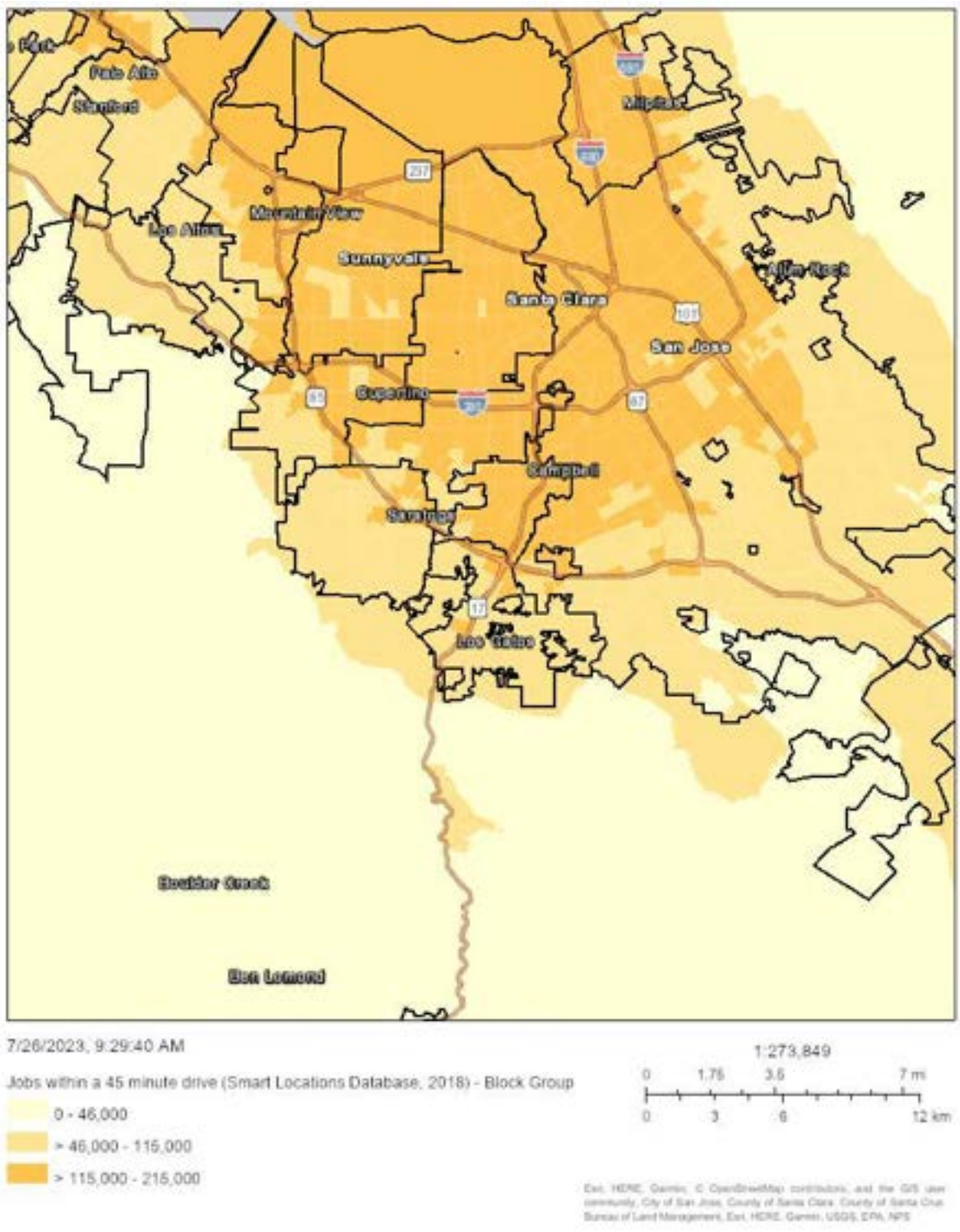


Source: California Department of Housing and Community Development AFFH Data Viewer.

Expanding on the above analyses, Figures A-51 and A-52 show the number of jobs accessible by a 45-minute drive in Los Gatos and the region, Primary findings include:

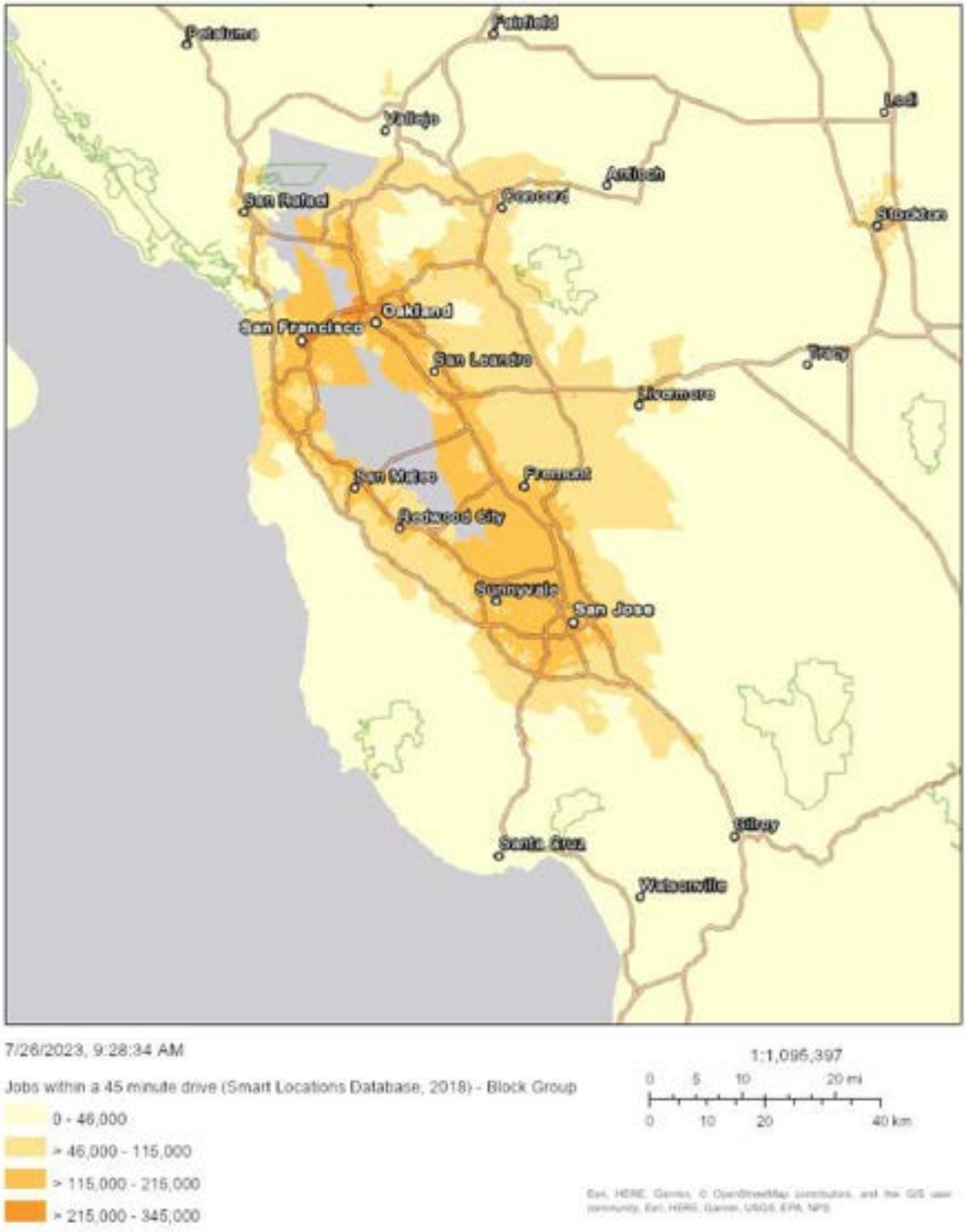
- Los Gatos and Saratoga have fewer jobs available to residents that are accessible by a 45-minute drive than other cities in Santa Clara County suggesting that residents in these cities have long commutes and or do not have equal access to a wide range of jobs located elsewhere.
- Sunnyvale, Santa Clara, Campbell, and San Jose (in part) have the largest concentration of jobs accessible within a 45-minute drive. Mountain View and Cupertino follow similar patterns as well.
- Regional patterns are similar to that shown above with the greatest concentration of jobs located in San Francisco, Oakland, San Leandro, San Mateo, and communities around Fremont.

Figure A-41 Jobs Within a 45 Minute Drive by Block Group, Los Gatos, 2018



Source: California Department of Housing and Community Development AFFH Data Viewer.

Figure A-42. Regional Jobs Within a 45 Minute Drive by Block Group, 2018



Source: California Department of Housing and Community Development AFFH Data Viewer.

Education

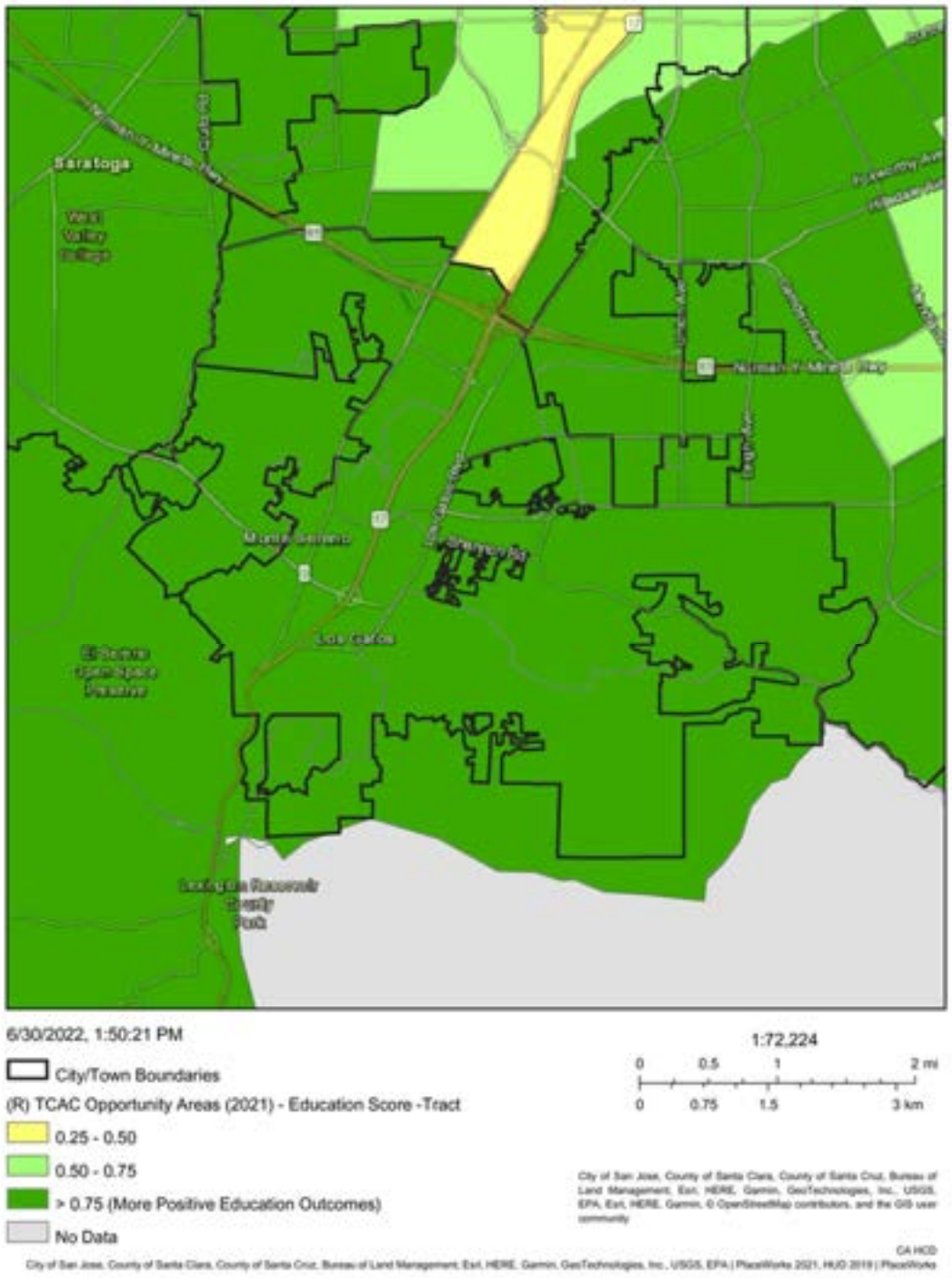
Los Gatos is served by the Los Gatos-Saratoga Union High School District, the Los Gatos Union Elementary School, the San Jose Union School District, Campbell Union School District, and the Cambrian Elementary School District. The most complete data, due to halted data collection during the COVID pandemic, was from 2019 and highlights a 97.7 percent graduation rate among all students in the Los Gatos-Saratoga Union high school, a small increase over 2018 (97.1 percent). When broken down by race/ethnicity, Asian students graduated at a slightly higher rate of 98 percent, while Hispanic and White students graduated at 95 percent and 96.5 percent respectively. There were not enough African American students enrolled to provide accurate data (less than 11 total). The lowest graduation rate was among students with a disability, yet still relatively high at 88 percent.

The Los Gatos Union Elementary served 2,710 students in 2021, down from 3,024 from 2019, the last year with complete data. White students accounted for 64 percent of the student body, with Asian (19 percent) and Hispanic students (9 percent) accounting for the majority of the remainder. The school included four percent socioeconomically disadvantaged students, one homeless student, and seven percent students with a disability.

Saratoga Elementary had 1,657 students in 2021 and 1,765 in 2019. At Saratoga, 57 percent of students are Asian and White students accounted for 26 percent and Hispanic students another six percent. Saratoga Elementary served a student population with 11 percent disabilities, two percent socioeconomically disadvantaged, and no homeless students.

TCAC's education score is based on math proficiency, reading proficiency, high school graduation rates, and the student poverty rate and are presented on a scale from zero to one where higher numbers suggest more positive education outcomes. As shown in Figure A-43, all census tracts in Los Gatos show residents as having the most positive educational outcomes similar to Saratoga. Campbell has a mix of outcomes ranging from 0.25 to greater than 0.75.

Figure A-43. TCAC Opportunity Areas Education Score by Census Tract, Los Gatos, 2021



Source: California Department of Housing and Community Development AFFH Data Viewer.

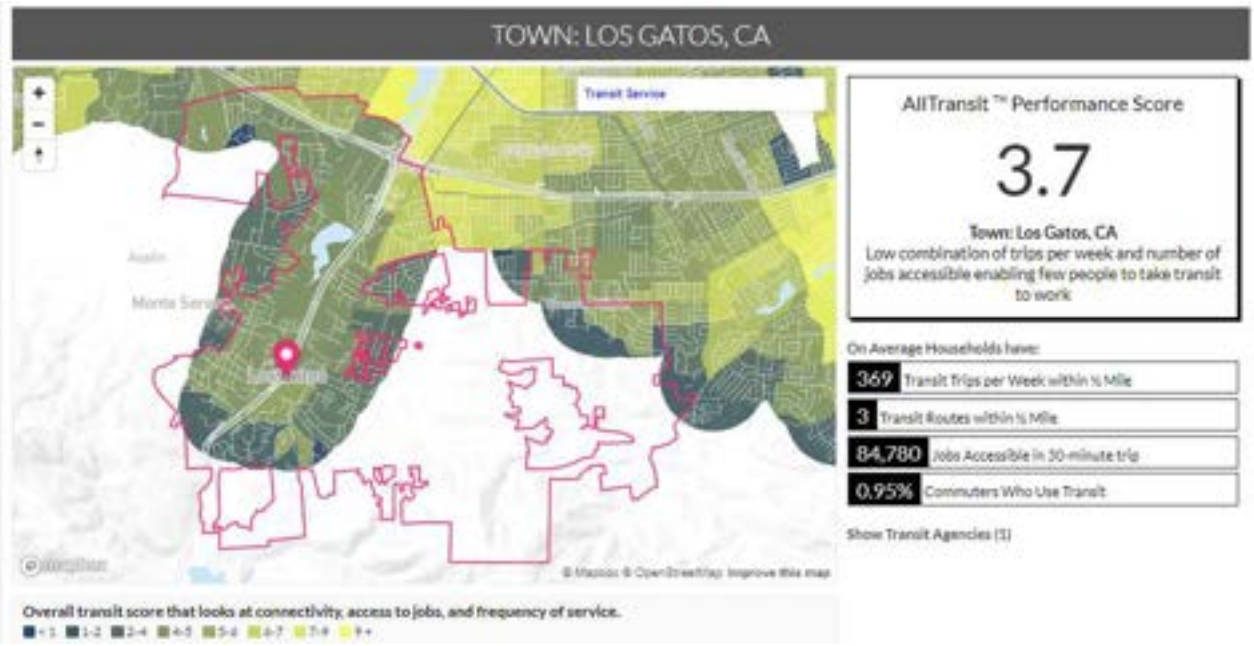
Transportation

Transportation is heavily linked with housing choice opportunity as well as equal access to employment and quality education. High quality and accessible transit stops grant individuals without access to a vehicle and or individuals unable to drive the ability to get to work. Figures A-44 and A-45 show the number and distribution of high-quality transit stops in Los Gatos and the region.

All Transit explores metrics that reveal the social and economic impact of transit, specifically looking at connectivity, access to jobs, and frequency of service.[15] All Transit provides data and rankings based on transit trips and employment opportunities accessible by transit. All Transit gave Santa Clara County a performance score of 6.5, indicating a "moderate combination of trips per week and number of jobs accessible enabling moderate number of people to take transit to work." According to All Transit, 87.8 percent of jobs are located within a half mile of transit and 89.6 percent of workers live within a half mile of transit in the County. Transit connectivity in the County is best in and around the City of San Jose. Comparatively, Santa Cruz County and San Mateo County have lower performance scores while Alameda has a higher performance score.

The All-Transit performance score and connectivity map for Los Gatos is shown in Figure A-44. The Town received a performance score of only 3.7 indicating a low combination of trips per week and number of employment opportunities accessible by transit. The northwestern area of the Town has the best connectivity, access to jobs, and frequency of service. Approximately 94 percent of jobs are located within a half mile of transit but only 80.4 percent of workers live within a half mile of transit in the Town according to All Transit data.

Figure A-44. All Transit Performance Score and Connectivity Map, Los Gatos, 2019



Source: All Transit Metrics – Los Gatos, CA, 2019.

Los Gatos and Saratoga are both lacking in high quality, accessible transit stops. Most the region has more transit stops throughout their communities, the worst being Los Gatos with just a couple stops up North. **Primary findings from the local and regional analysis are provided below.**

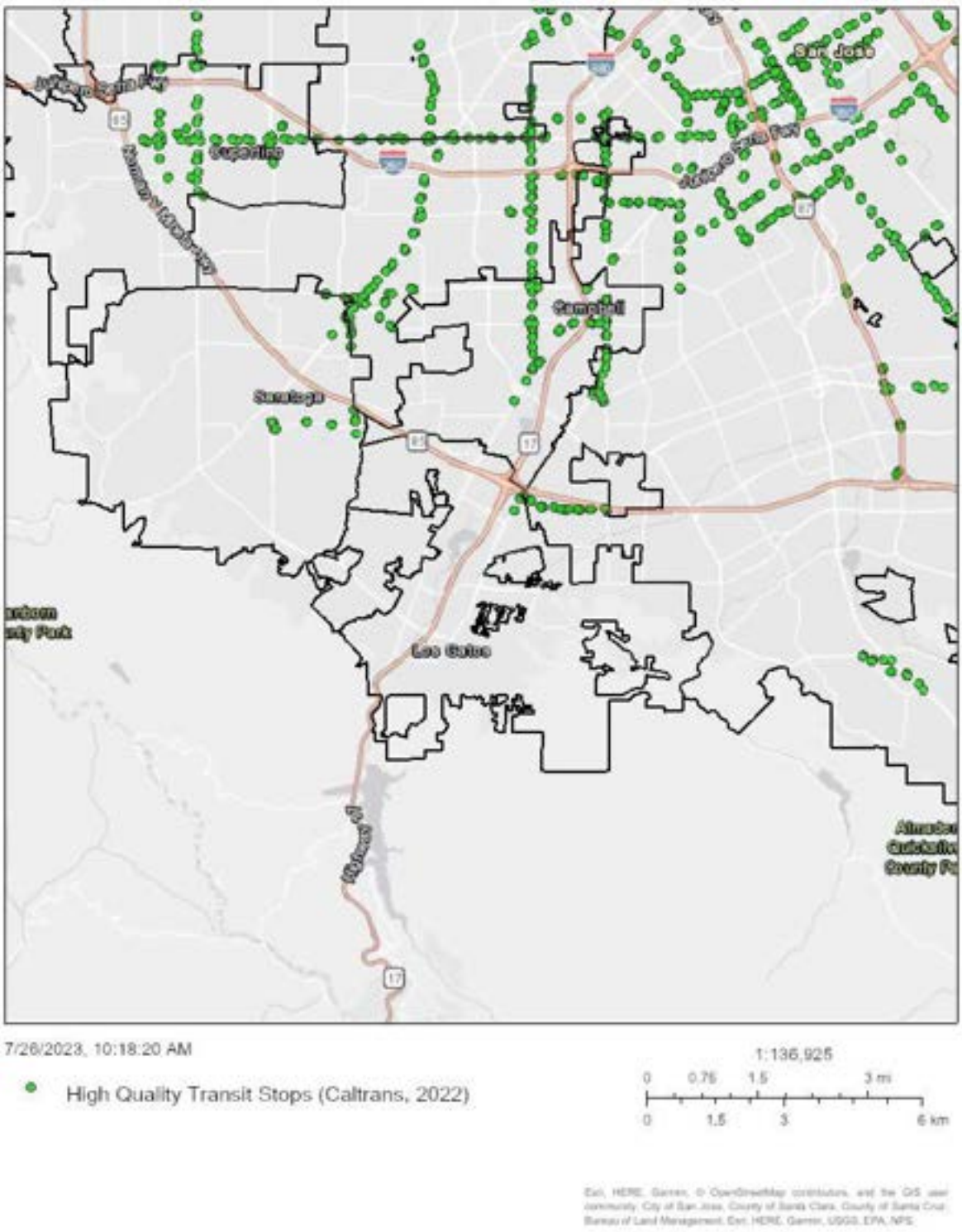
[15] AllTransit, TransitCenter, Bosch, and the Center for Neighborhood Technology (CNT). 2019. Accessed November 2023. https://alltransit.cnt.org/.

- There are very few high quality transit stops located in Los Gatos. For those available to residents, these stops are largely concentrated on the northern edges of the town. Conversely, Sunnyvale and San Jose have a large number of quality transit stops for residents.

- Saratoga follows similar patterns though there are multiple stops located near West Valley College and the outer edges of the city. Campbell has numerous transit stops of high quality and are distributed relatively evenly.

- Transportation in Los Gatos trails behind the region substantially. High quality transit stops are concentrated along the coasts of the Bay Area specifically San Francisco, San Mateo, Redwood City, Oakland, San Leandro, and Fremont. This could be related to high density in these areas and or the number of jobs available (among others).

Figure A-44. High Quality Transit Stops, Los Gatos, 2022



Source: California Department of Housing and Community Development AFFH Data Viewer.

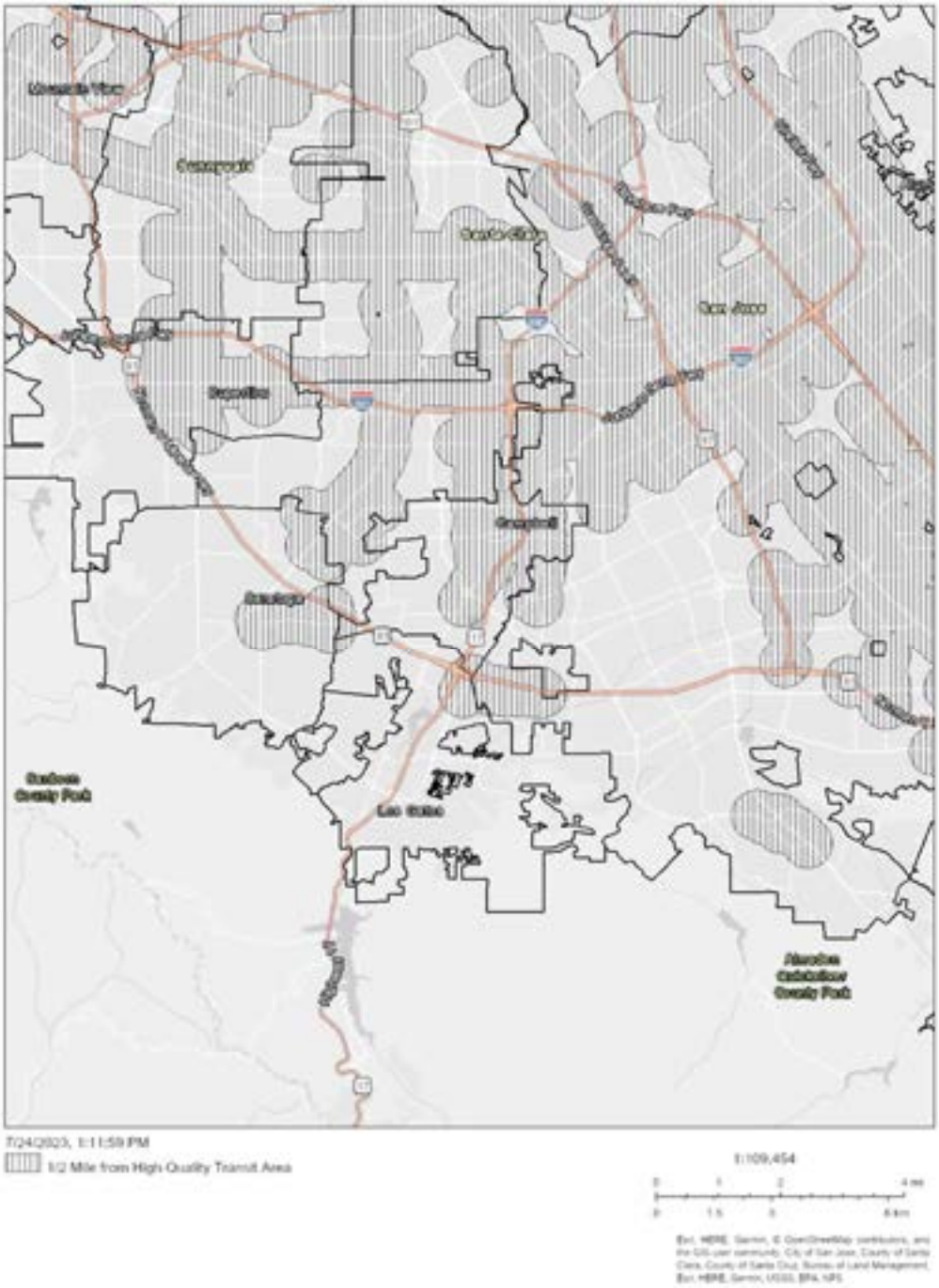
Figure A-45. High Quality Transit Stops In the Region, 2022



Source: California Department of Housing and Community Development AFFH Data Viewer.

Figures A-46 and A-47 map high quality transit areas in Los Gatos and the region. Given the primary findings presented above, it's unsurprising that most areas North of Los Gatos have high quality public transit. Los Gatos, along with Southern San Jose and parts of Saratoga and Cupertino lack enough transit systems to be high quality transit areas. For the region overall, high quality transit areas are concentrated in cities with several transit stops of high quality.

Figure A-46 High Quality Transit Areas, Los Gatos, 2022



Source: California Department of Housing and Community Development AFFH Data Viewer

Figure A-47. High Quality Transit Areas In the Region, 2022

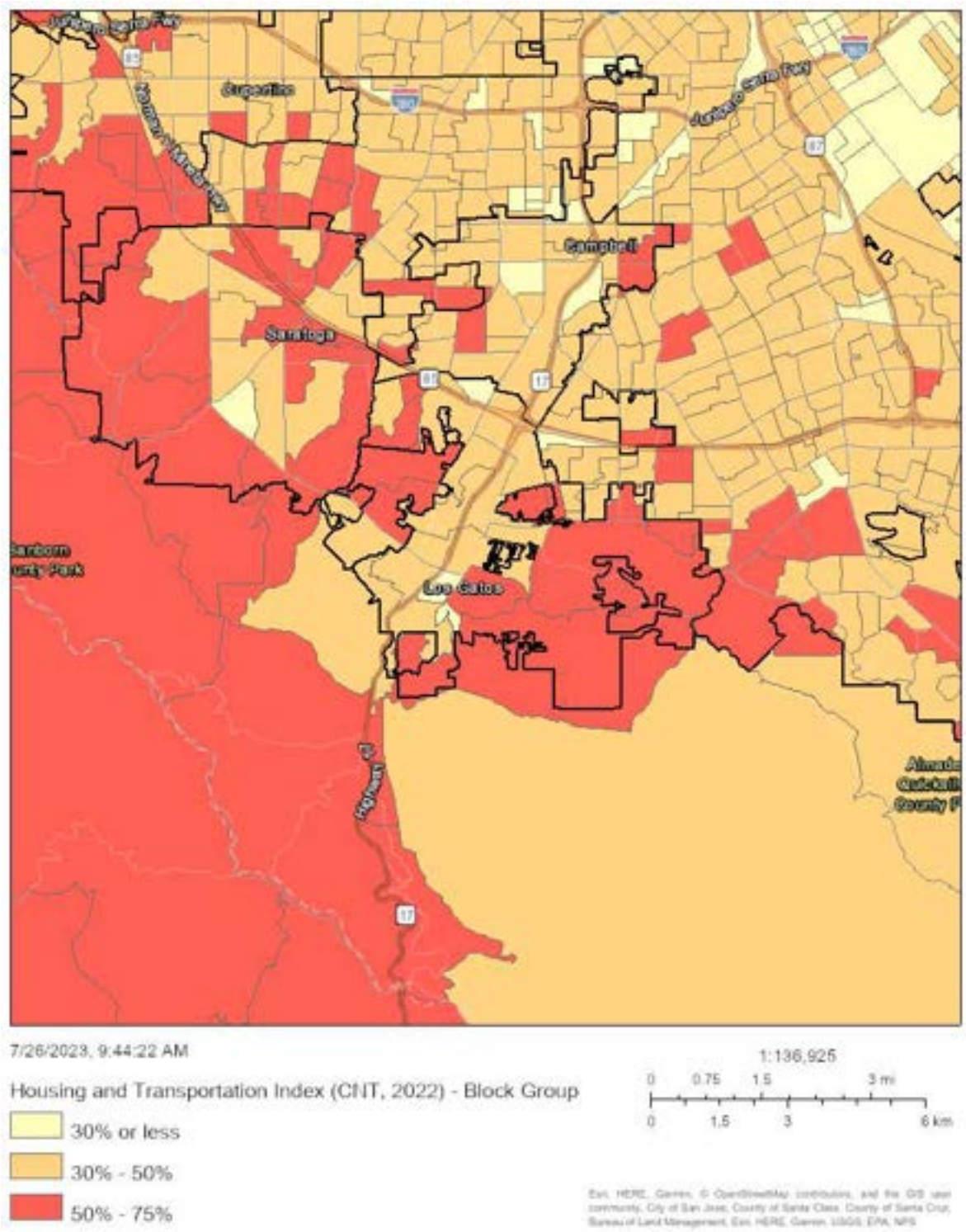


Source: California Department of Housing and Community Development AFFH Data Viewer.

Figures A-48 and A-49 show the housing and transportation index by block group for Los Gatos and the region. Indexes are based on the percentage of household income spent on housing and transportation. Higher percentages indicate cost burden and severe cost burden among households in the town and region. Key similarities and differences shown in the maps include:

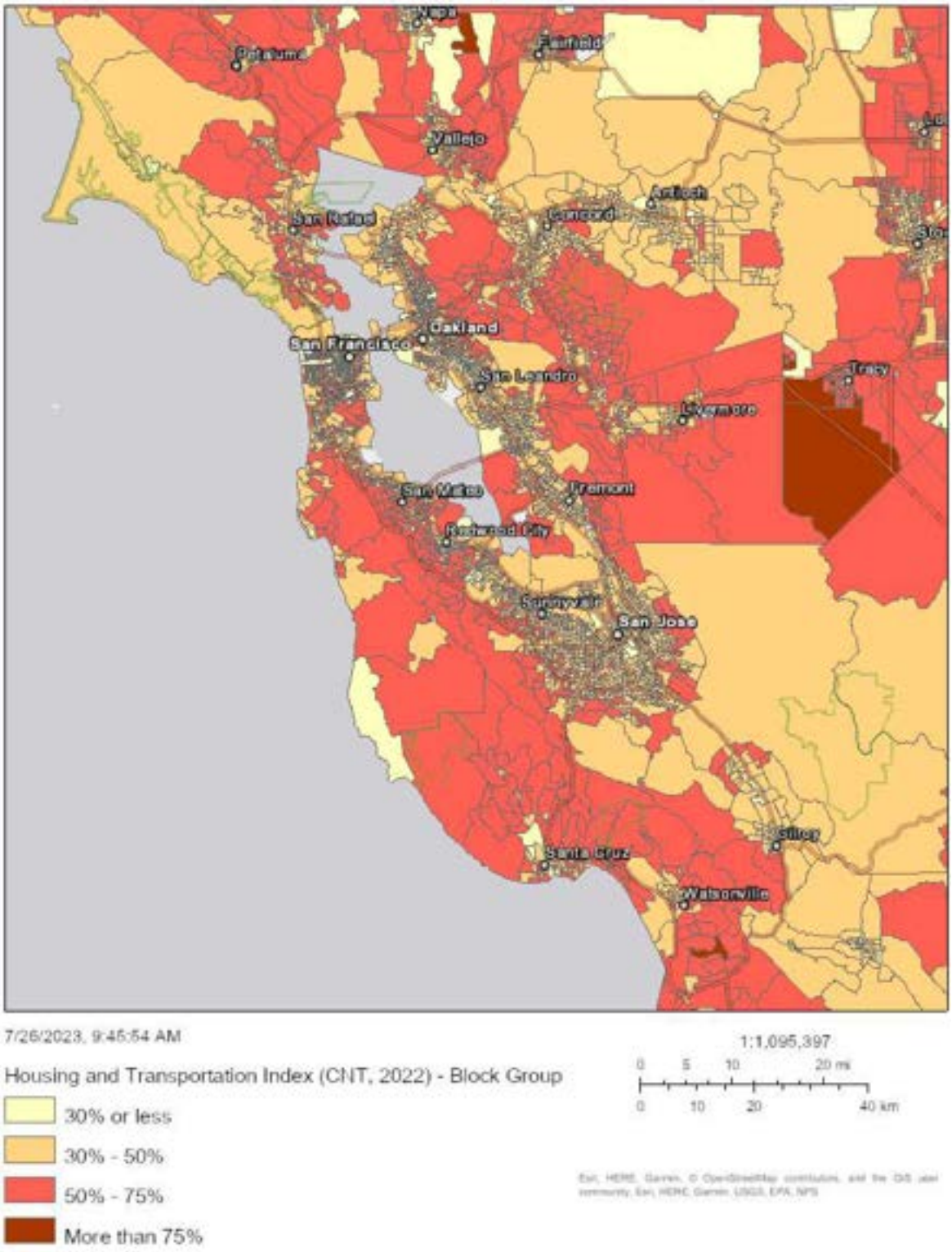
- Most households in Los Gatos spend between 50 percent and 75 percent of their income on housing and transportation. These households are mainly concentrated on the eastern and southern portions of the town, similar to Saratoga. There is only one census tract in Los Gatos with households spending 30 percent or less of their income on housing and transportation.
- Trends in Los Gatos and Saratoga differ from Santa Clara County overall. Households in the county are more likely to be spending 30 percent (or less) to 50 percent of their income on housing and transportation. These differences may be the result of Los Gatos and Saratoga's high housing prices and limited options for public transportation which often provide a more affordable transportation option than owning a vehicle.
- Households spending between 50 percent and 75 percent of their income on housing and transportation are concentrated along the coast from San Mateo to Watsonville. Households in Tracy, Napa, and Watsonville are spending more than 75 percent of their income on housing and transportation costs.

Figure A-48. Housing and Transportation Index by Block Group, Los Gatos, 2022



Source: California Department of Housing and Community Development AFFH Data Viewer.

Figure A-49. Regional Housing and Transportation Index by Block Group, 2022



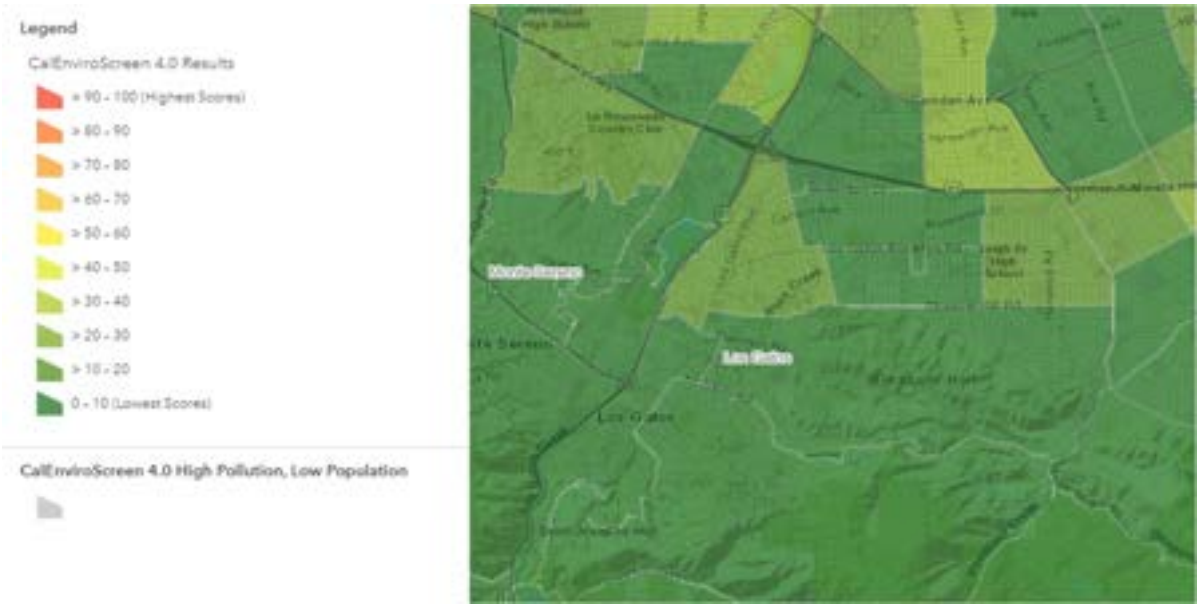
Source: California Department of Housing and Community Development AFFH Data Viewer.

Environment

TCAC's opportunity areas environmental scores are based on the CalEnviroScreen four indicators, which identify areas disproportionately vulnerable to pollution sources such as ozone, PM2.5, diesel PM, pesticides, toxic release, traffic, cleanup sites, groundwater threats, hazardous waste, impaired water bodies, and solid waste sites.

Three-quarters of Los Gatos scores low on positive environmental outcomes, with no census tracts in the Town scoring over 0.5 out of one (Figure A-50). Los Gatos almost uniformly had the lowest possible scores according to the CalEnviroScreen metric for 2021 meaning the Town has more positive environmental factors.

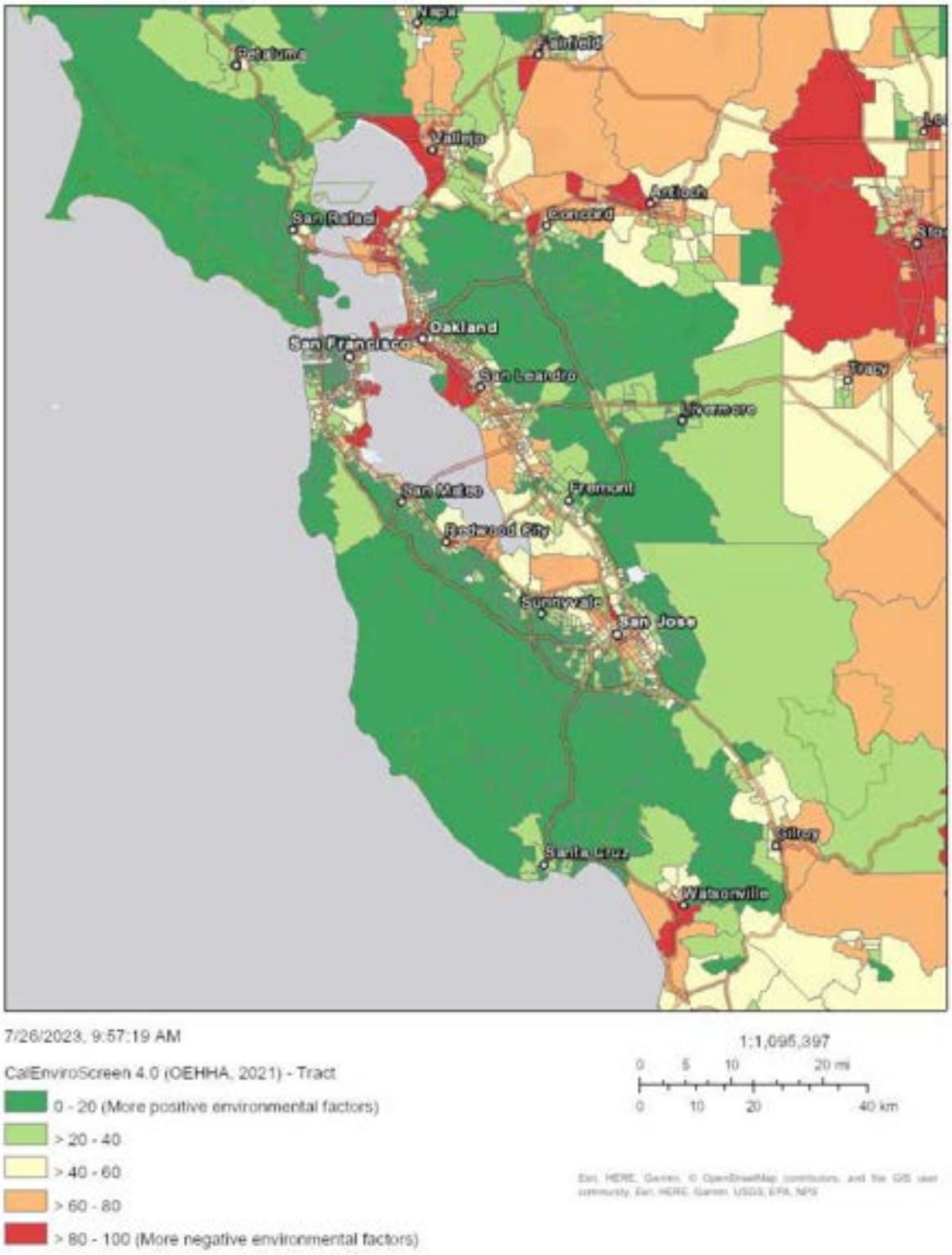
Figure A-50 CalEnviroScreen 4.0, Los Gatos



Source: California Office and Environmental Health Hazard Assessment, CalEnviroScreen Maps and Data.

Figure A-51 shows the CalEnviroScreen score for the Bay Area region which shows areas with more negative environmental factors near San Francisco, Oakland, San Leandro, Vallejo, and Fairfield.

Figure A-51. Regional CalEnviroScreen 4.0 by Census Tract, 2021

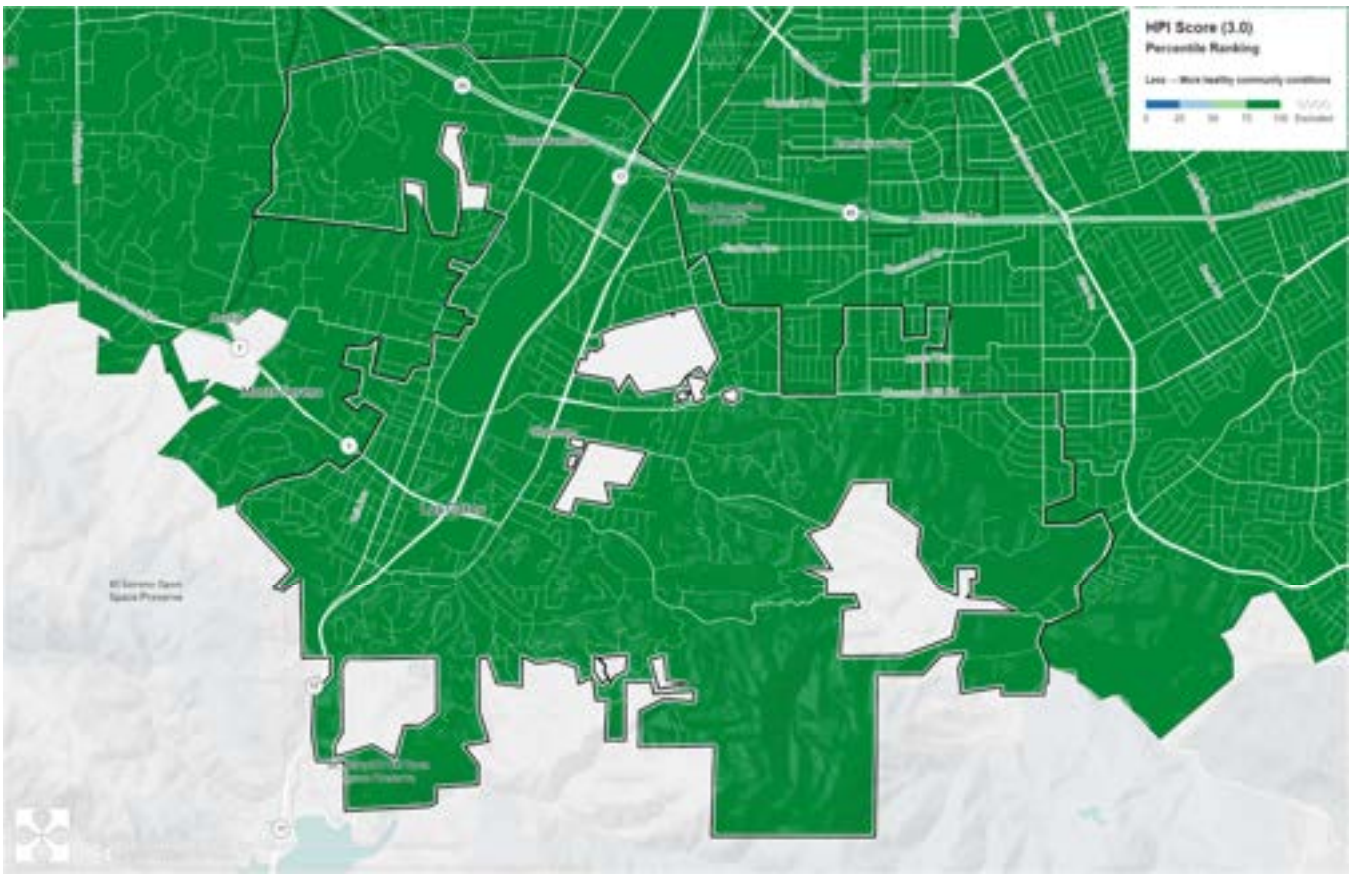


Source: California Department of Housing and Community Development AFFH Data Viewer.

Developed by the Public Health Alliance of Southern California (PHASC), the Healthy Places Index (HPI) is based on 25 community characteristics in eight categories including economic, social, education, transportation, neighborhood conditions, housing, clean environment, and healthcare.[16]

As shown in Figure A-52, Los Gatos scores high on the HPI meaning residents in the city have more healthy communities and outcomes. This is similar to much of the region excluding census tracts near Vallejo, Redwood City, San Francisco, Oakland, San Leandro, and San Jose.

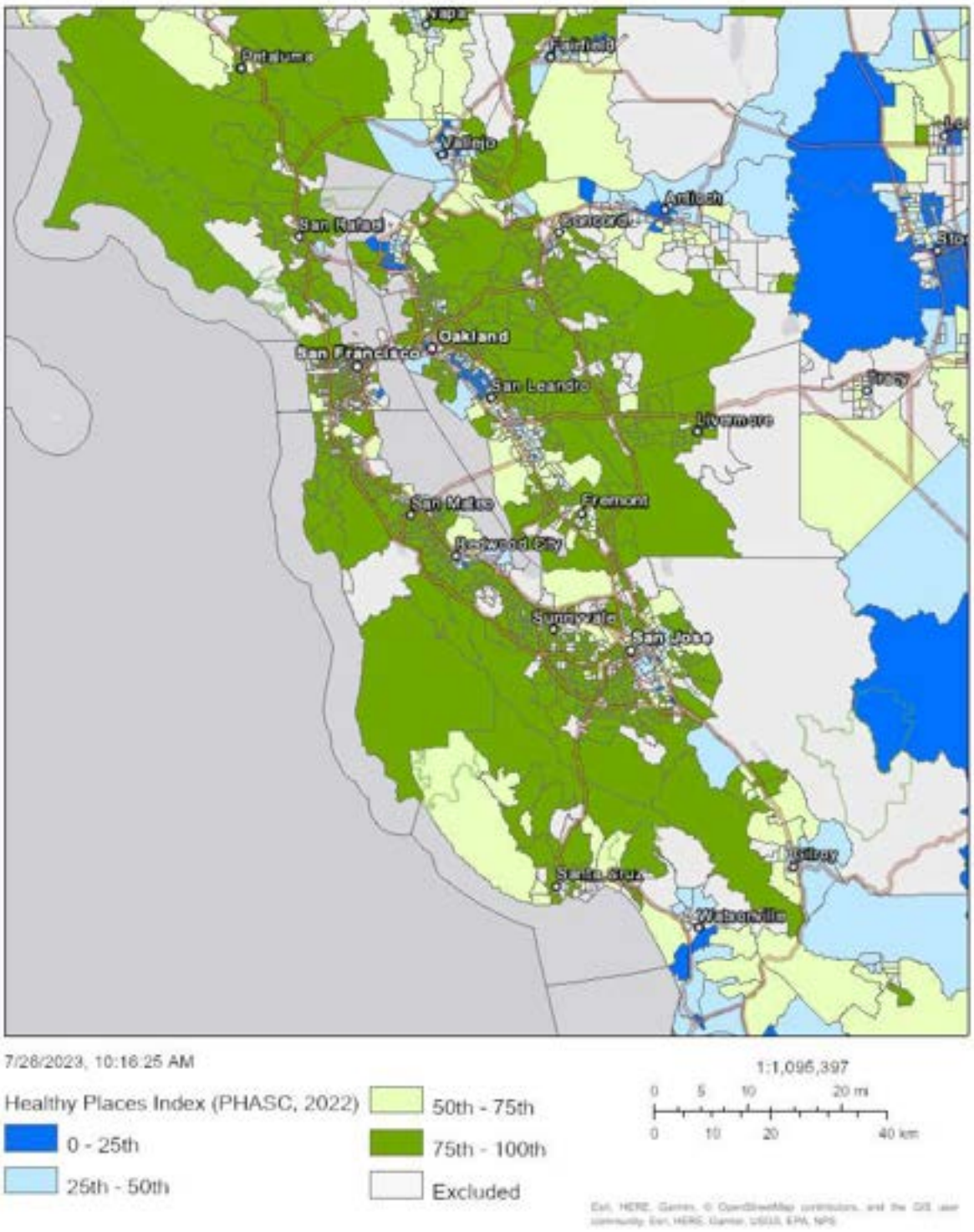
Figure A-52 California Healthy Places Index, Los Gatos



Source: Public Health Alliance of Southern California, California Healthy Places Index.

[16] https://healthyplacesindex.org/about/

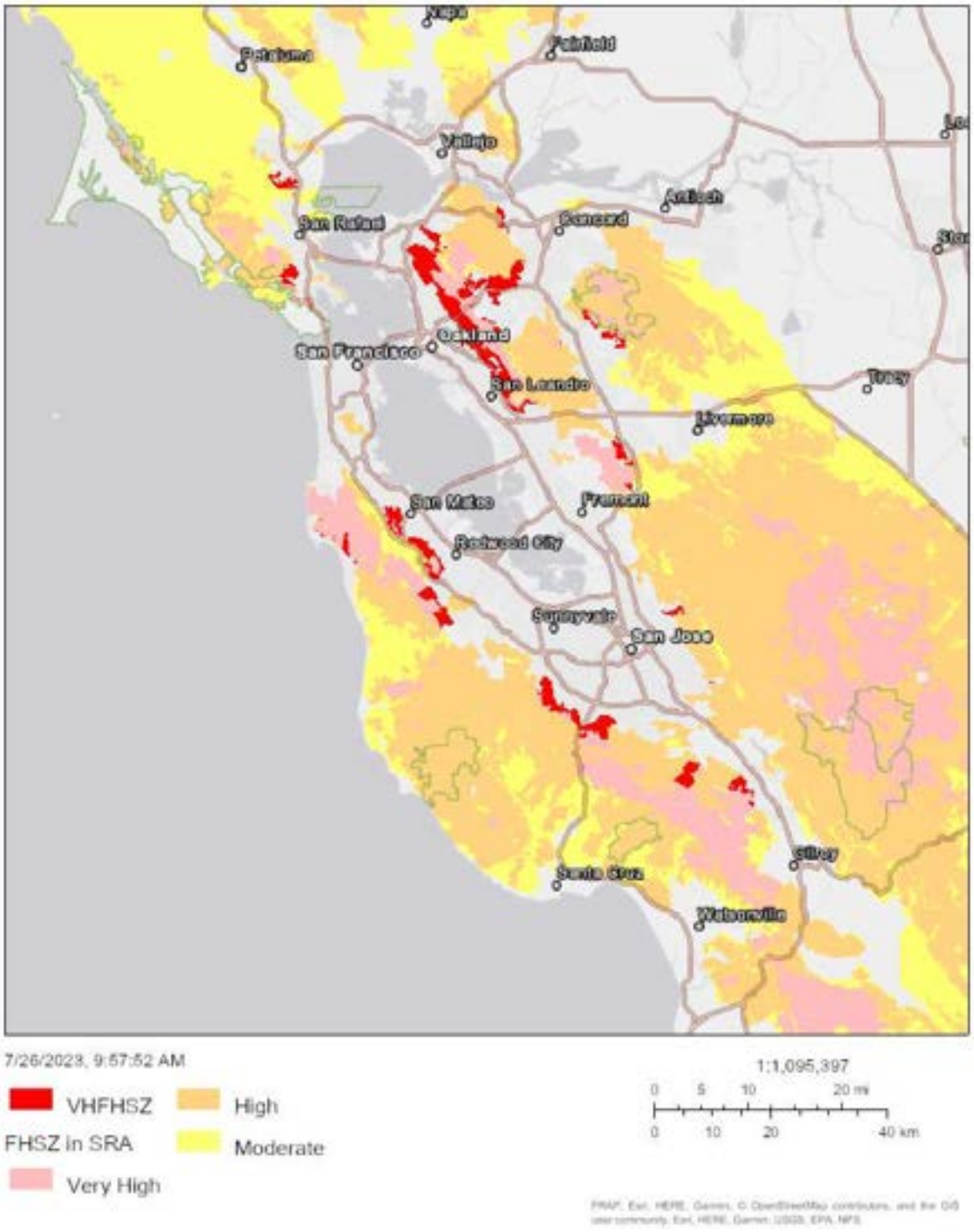
Figure A-53. Healthy Places Index In the Region, 2022



Source: California Department of Housing and Community Development AFFH Data Viewer.

Figure A-54 shows fire hazard severity zones as identified by CalFire for the region. As shown in the figure, much of the region is at risk specifically in Santa Clara County and cities including San Mateo, Redwood City, and Oakland. These patterns are particularly important for the Bay Area region especially as climate change is worsening conditions of fire hazards.

Figure A-54. Regional Fire Hazard Severity Zones, 2022



Source: California Department of Housing and Community Development AFFH Data Viewer.

Disparities in Access to Opportunity

All residents live in highly resourced areas, regardless of race or ethnicity Los Gatos and other surrounding areas are entirely high opportunity jurisdictions.

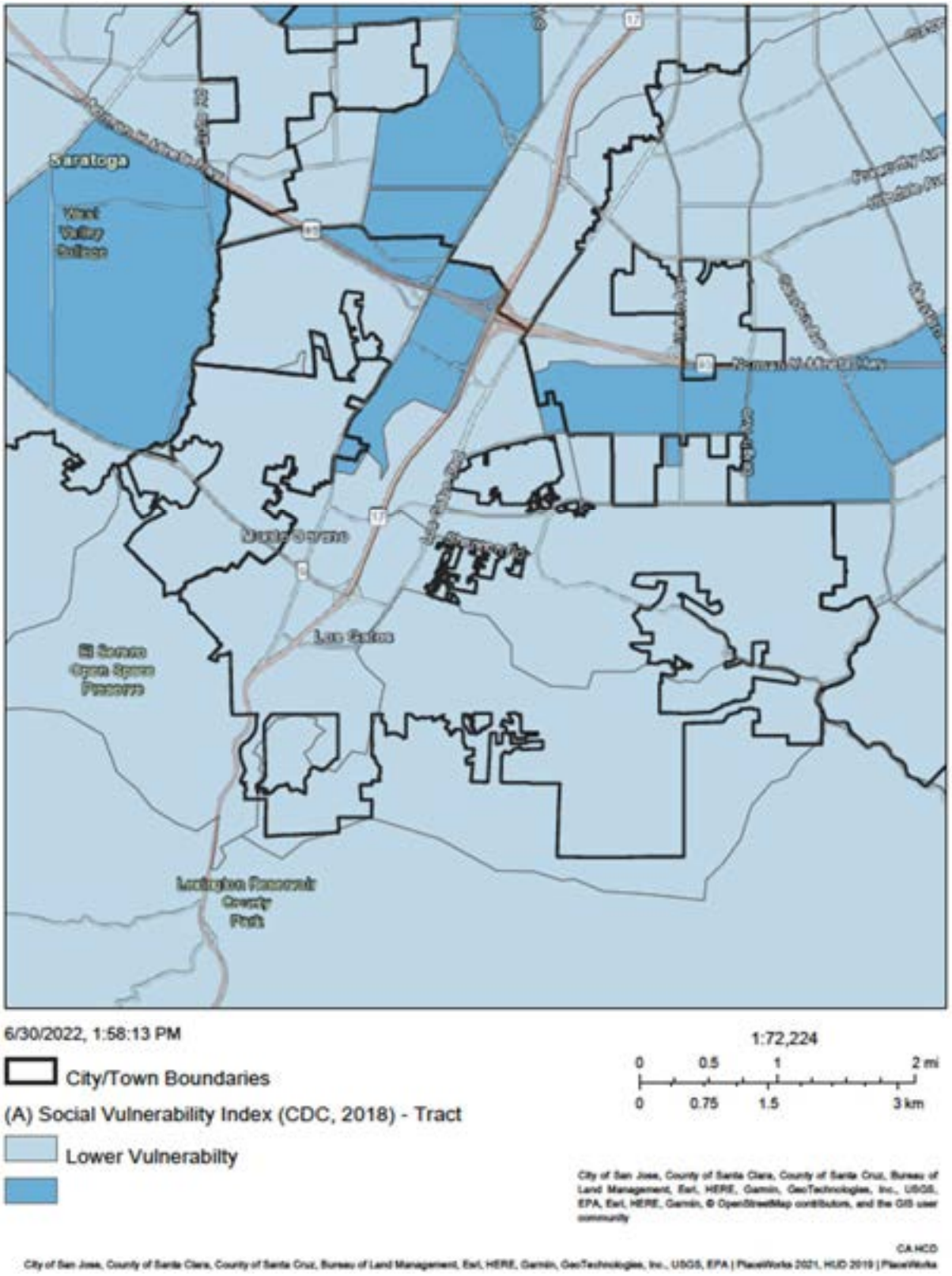
The Social Vulnerability Index (SVI) provided by the Center for Disease Control (CDC) ranks census tracts based on their ability to respond to a disaster and includes four themes of socioeconomic status, household composition, race or ethnicity, and housing and transportation. Figure A-55 illustrates SVI across the region and Figure A-56 provides a closer look at SVI within Los Gatos, showing no neighborhoods are ill equipped to respond to disasters.

Figure A-55 CDC/ATSDR Social Vulnerability Index 2020, Santa Clara County



Source: CDC/ATSDR/GRASP, US Census Bureau, Esri StreetMapTM Premium

Figure A-56 Social Vulnerability Index by Census Tract, Los Gatos, 2018

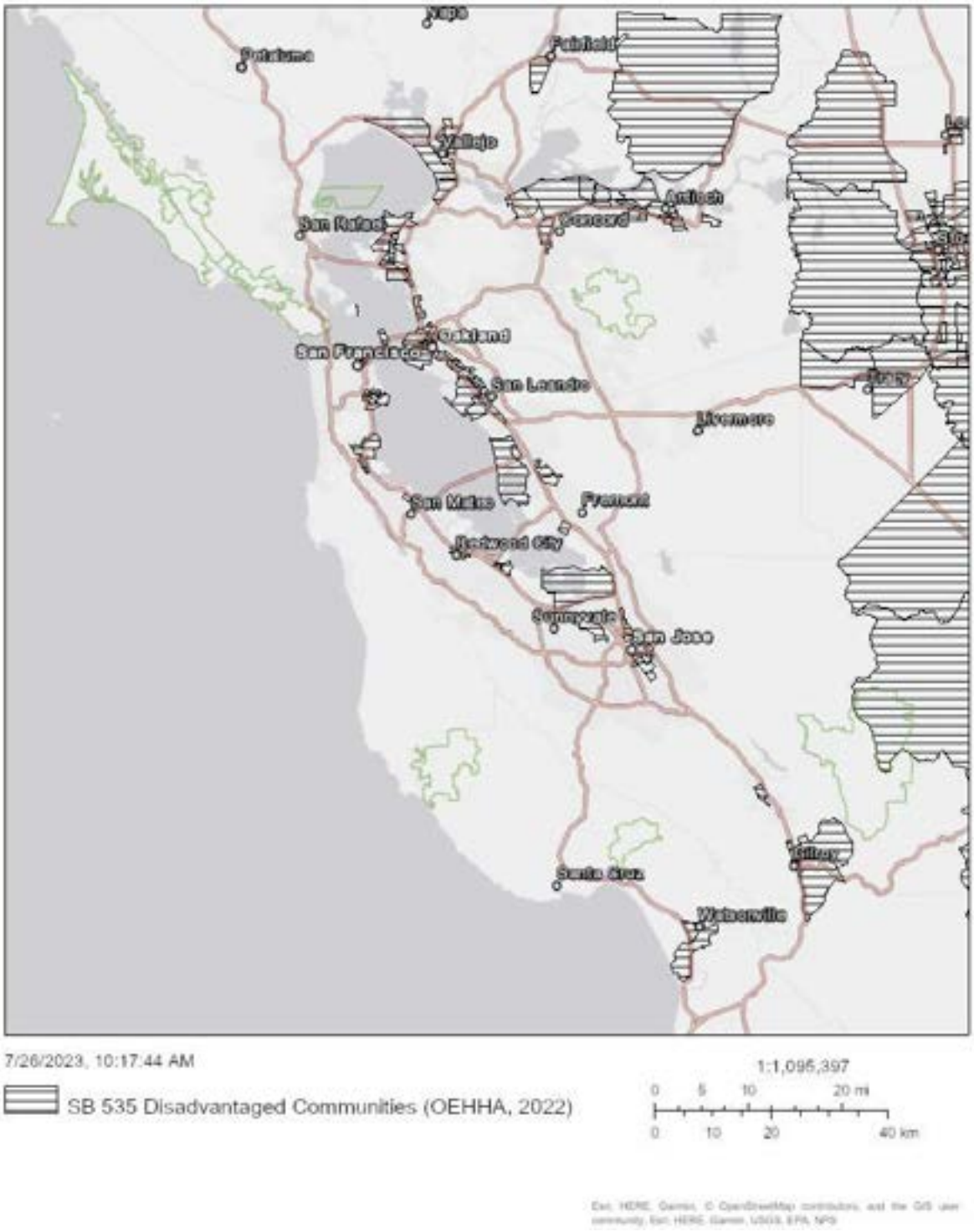


Source: California Department of Housing and Community Development AFFH Data Viewer

Los Gatos does not have any disadvantaged communities as defined under SB 535 as, “the top 25 percent scoring areas from CalEnviroScreen along with other areas with high amounts of pollution and low populations.”[17] However, there are disadvantaged communities in Santa Clara County and across the region. Disadvantaged communities are mainly concentrated in Sunnyvale, San Jose, Oakland, and San Leandro (Figure A-57).

[17] https://oehha.ca.gov/calenviroscreen/sb535

Figure A-57. SB 535 Disadvantaged Communities In the Region, 2022



Source: California Department of Housing and Community Development AFFH Data Viewer.

Disparities Specific to the Population Living with a Disability

Nine percent of the population in Los Gatos is living with at least one disability, compared to eight percent in the county. The most common disabilities in Los Gatos are ambulatory (4.8 percent), independent living difficulty (4.3 percent), and hearing difficulty (3.6 percent).

For the population 65 and over, the share of the population with ambulatory difficulties increases to 18.4 percent, independent living difficulty increase to 15.2 percent, and hearing difficulty was 13.8 percent. 15 percent of residents with a disability were unemployed in 2019, while only four percent unemployment for residents without a disability. Of the population of residents in Los Gatos that are between the ages of 18 and 64, and live with one or more disabilities, approximately 12.5 percent earned an income that was below the poverty level.

Living with one or more disabilities may create challenges in terms of accessibility to transportation, supportive services, and accessible housing units. The Town recognizes these challenges and intends to: allocate funds towards rehabilitating existing units to become more accessible; continue enforcing the "Reasonable Accommodations Ordinance;" promote accessibility design features; and create other housing opportunities for persons living with disabilities.

Disability

"Disability types include hearing difficulty, vision difficulty, cognitive difficulty, ambulatory difficulty, self-care difficulty, and independent living difficulty."

Source: California Department of Housing and Community Development Guidance, 2021, page 36.

A.10 Disproportionate Housing Needs

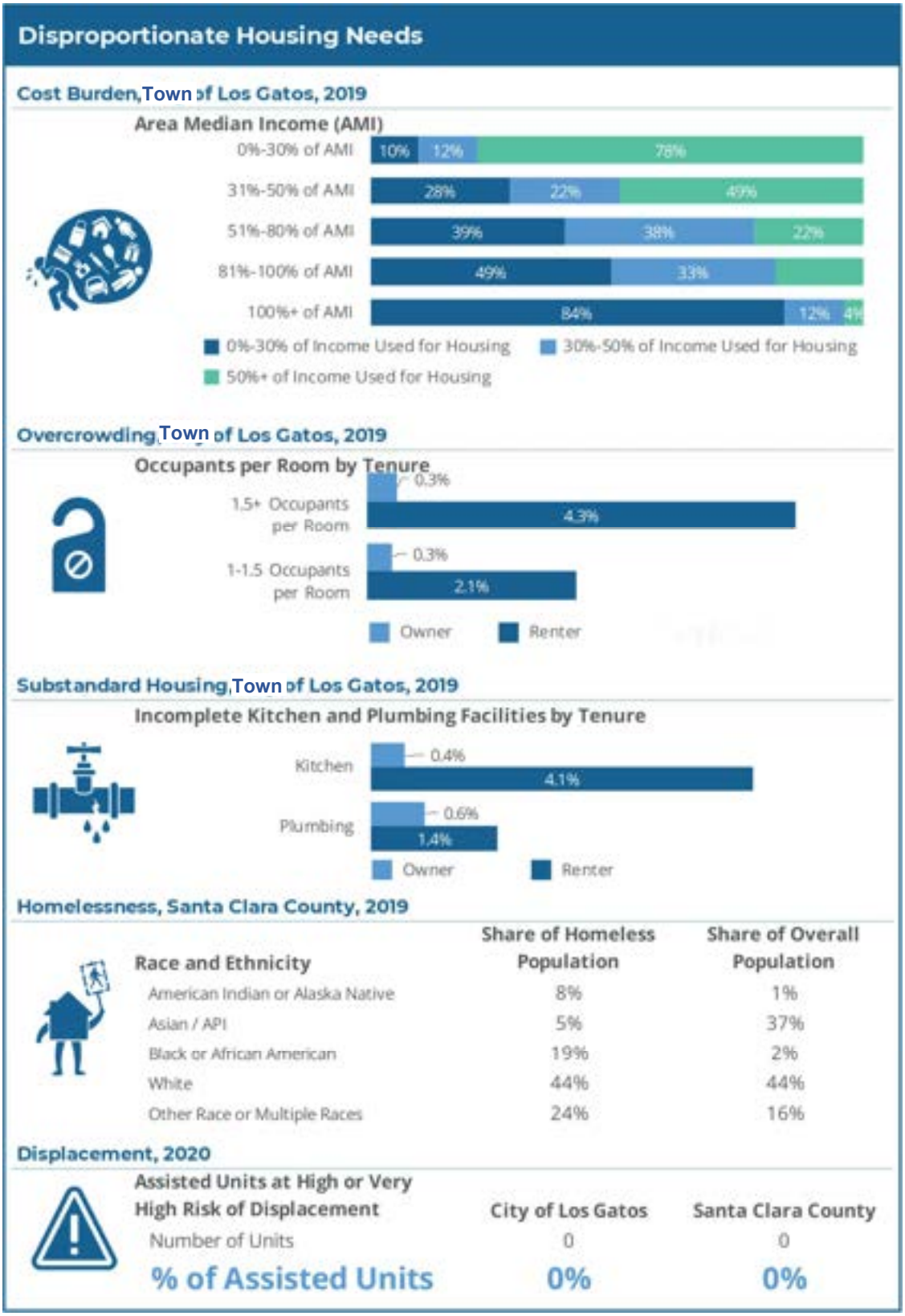
This section discusses disparate housing needs for protected classes including cost burden and severe cost burden, overcrowding, substandard housing conditions, homelessness, displacement, and other considerations. Figure A-58 provides a summary of disproportionate housing needs in Los Gatos and the County.

Disproportionate Housing Needs

"Disproportionate housing needs generally refers to a condition in which there are significant disparities in the proportion of members of a protected class experiencing a category of housing need when compared to the proportion of members of any other relevant groups, or the total population experiencing that category of housing need in the applicable geographic area. For purposes of this definition, categories of housing need are based on such factors as cost burden and severe cost burden, overcrowding, homelessness, and substandard housing conditions."

Source: California Department of Housing and Community Development Guidance, 2021, page 39.

Figure A-58 Disproportionate Housing Needs in Los Gatos and Santa Clara County



Source: California Department of Housing and Community Development AFFH Data Viewer

Housing Needs

Since 2015, the housing that has received permits to accommodate growth has almost exclusively been priced for the higher incomes, with only two units permitted for low-income households and none for very low-income households.

- The vast majority of the Town's homes were built between 1940 and 1979 (69 percent). After this period, housing production slowed, with only three percent of units built since 2010.
- Los Gatos housing is becoming more limited by type with 76 percent single-family units, up from 71 percent in 2010. Multifamily housing, with five or more units, made up the second highest category of units (18 percent); there were sixty-four mobile/manufactured homes in Los Gatos[18].
- Eighty-four percent of owner-occupied homes in Los Gatos are valued over one million dollars with another 39 percent valued above two million dollars. This compares to 48 percent for the county and 35 percent for the Bay Area overall (Appendix B, Figure B-23). According to the Zillow Home Value Index, home values in Los Gatos are 63 percent higher than home values for the county and almost double the cost of housing in the Bay Area (Appendix B, Figure B-24).
- Rents in Los Gatos are most likely to be at least $2,000 per month (63 percent); 24 percent rent for $3,000 per month. While the Town's rental costs higher than in the county, the trend of increasing rental costs matches the changes in the county and Bay Area overall.
- Special needs of individuals with disabilities vary depending on the particular disability. For example, the needs of a blind person differ greatly from those of a person confined to a wheelchair. Special facilities, such as ramps, elevators, or specially designed restrooms necessary for wheelchair access are architectural features needed to make dwellings suitable for persons confined to wheelchairs. Special features needed by ambulatory persons constrained by other disabilities may not be architectural; rather, these might be simple alternatives to conventional dwelling units or furnishings and appliances that make ordinary tasks of housekeeping and home life less trying and more enjoyable. In families, the needs of persons with disabilities, in terms of special features, are fewer than those of a single person. Nevertheless, a person with a disability in a family would still have special needs. Special architectural features could be valuable in giving this person greater independence, dignity, and quality of living.

The 2015-2019 Comprehensive Housing Affordability Strategy (CHAS) data indicates there were approximately 2,255 extremely low- and very low-income households living in Los Gatos. Extremely low-income households are those that earn less than 30 percent of the median family income (MFI). Very low-income households are those that earn 50 percent or less of the MFI. There are approximately 1,320 extremely low-income households in Los Gatos (owners and renters). Table A-7 provides data characterizing affordability and cost burden by income group. A total of 670 extremely low-income households in Los Gatos are living in renter-occupied housing units with at least one of the four housing problems. The housing problems identified by CHAS include the following:

- Units with physical defects (lacking complete kitchen or bathroom);
- Overcrowded conditions (housing units with more than one person per room);
- Housing cost burden, including utilities, exceeding 30 percent of gross income; or
- Severe housing cost burdens, including utilities, exceeding 50 percent of gross income.

For renter-occupied units, extremely low-income households occupied the most units (670) with at least one housing problem. In contrast, owners earning an above moderate-income occupied the most housing units (820) with at least one housing problem. As the income level increases for owner-occupied units, the number of

[18] Housing Needs Data Report: Los Gatos, ABAG/MTC Staff and Baird + Driskell Community Planning, 2021.

housing units with housing problems decreases with the exception of above moderate-income households. Above moderate-income households show a sudden increase in the number of units with at least one housing problem. This may be an indicator of cost burden among above moderate-income households.

Table A-7 Housing Problems for all Households by Tenure, Los Gatos

Income by Housing Problem	Household has at least 1 of 4 Housing Problems	Household has none of the 4 Housing Problems or Cost Burden not available, no other problems
Owners		
Less-than or = 30% MFI	485	110
>30% to less-than or = 50% MFI	250	275
>50% to less-than or = 80% MFI	280	355
>80% to less-than or = 100% MFI	290	340
>100% MFI	820	4,635
Total	**2,130**	**5,710**
Renters		
Less-than or = 30% MFI	670	55
>30% to less-than or = 50% MFI	315	95
>50% to less-than or = 80% MFI	400	165
>80% to less-than or = 100% MFI	305	225
>100% MFI	290	1,725
Total	**1,980**	**2,260**

*The four housing problems are: incomplete kitchen facilities, incomplete plumbing facilities, more than 1 person per room, and cost burden greater than 30%.
**The four severe housing problems are: incomplete kitchen facilities, incomplete plumbing facilities, more than 1.5 persons per room, and cost burden greater than 50%.
Source: U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS) 2013-2017.
Note: MFI = HUD Median Family Income, this is the median family income calculated by HUD for each jurisdiction, to determine Fair Market Rents (FMRs) and income limits for HUD programs. MFI will not necessary be the same as other calculations of median incomes (such as Census number), due to a series of adjustments that are made.

The projected RHNA for extremely low-income households was based on the assumption that 50 percent of very low-income households qualify as extremely low-income households.[19] The very low-income housing need is 537 housing units, which allows the Town to estimate 268 housing units as the extremely low-income housing need.

To address the needs of extremely low-income households, the Town will adopt housing programs to facilitate the construction of affordable and supportive housing for extremely low-income households. Programs that will directly impact extremely low-income households include:

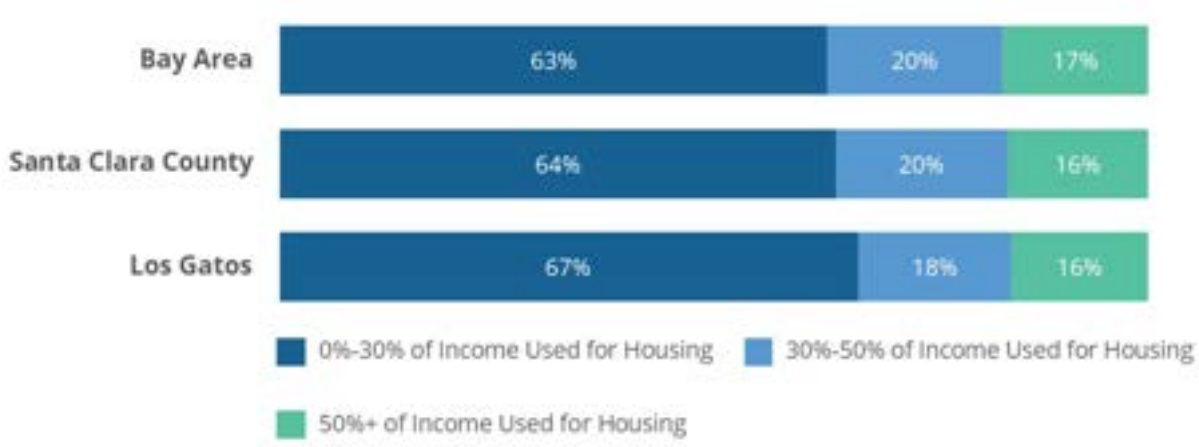
- Implementation Program N: Funds for Development for Extremely Low-Income (ELI) Households;
- Implementation Program AI: Countywide Home Repair Program; and
- Implementation Program O: Affordable Housing Development.

All housing policies and programs can be found in Section 10.6 of the Housing Element.

Cost Burden and Severe Cost Burden

Cost burden occurs when household spend more than 30 percent of their gross household income on housing costs. Despite Los Gatos' comparably high housing costs, rates of cost burden are slightly better than the County and Bay Area (Figure A-59). This is indicative of a market with high barriers to entry meaning households need higher incomes to live in Los Gatos and surrounding areas.

Figure A-59 Overpayment (Cost Burden) by Jurisdiction, 2019

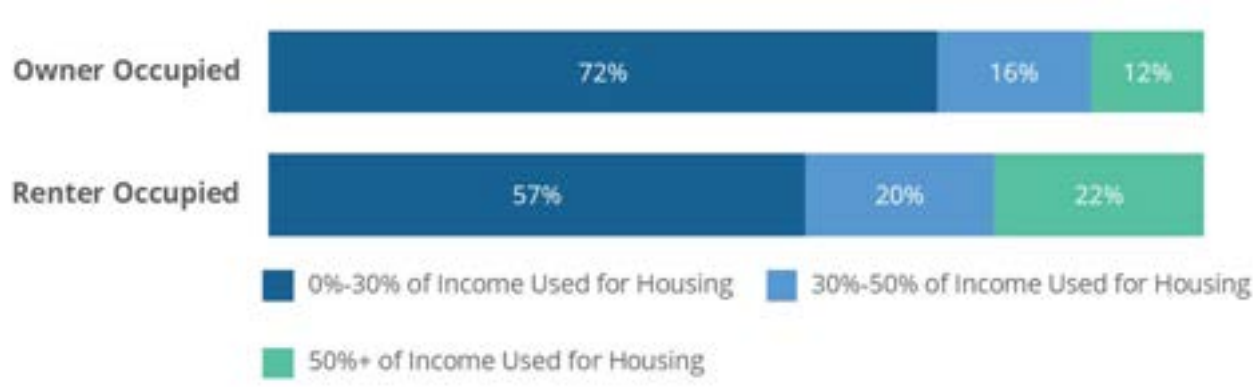


Source: ABAG Housing Needs Data Workbook

Cost burden does vary by tenure (renter or ownership) in Los Gatos, Figure A-60 with more renters experiencing cost burden and severe cost burden than owners.

[19] https://www.hcd.ca.gov/planning-and-community-development/housing-elements/building-blocks/extremely-low-income-housing-needs

Figure A-60 Overpayment (Cost Burden) by Tenure, Los Gatos, 2019

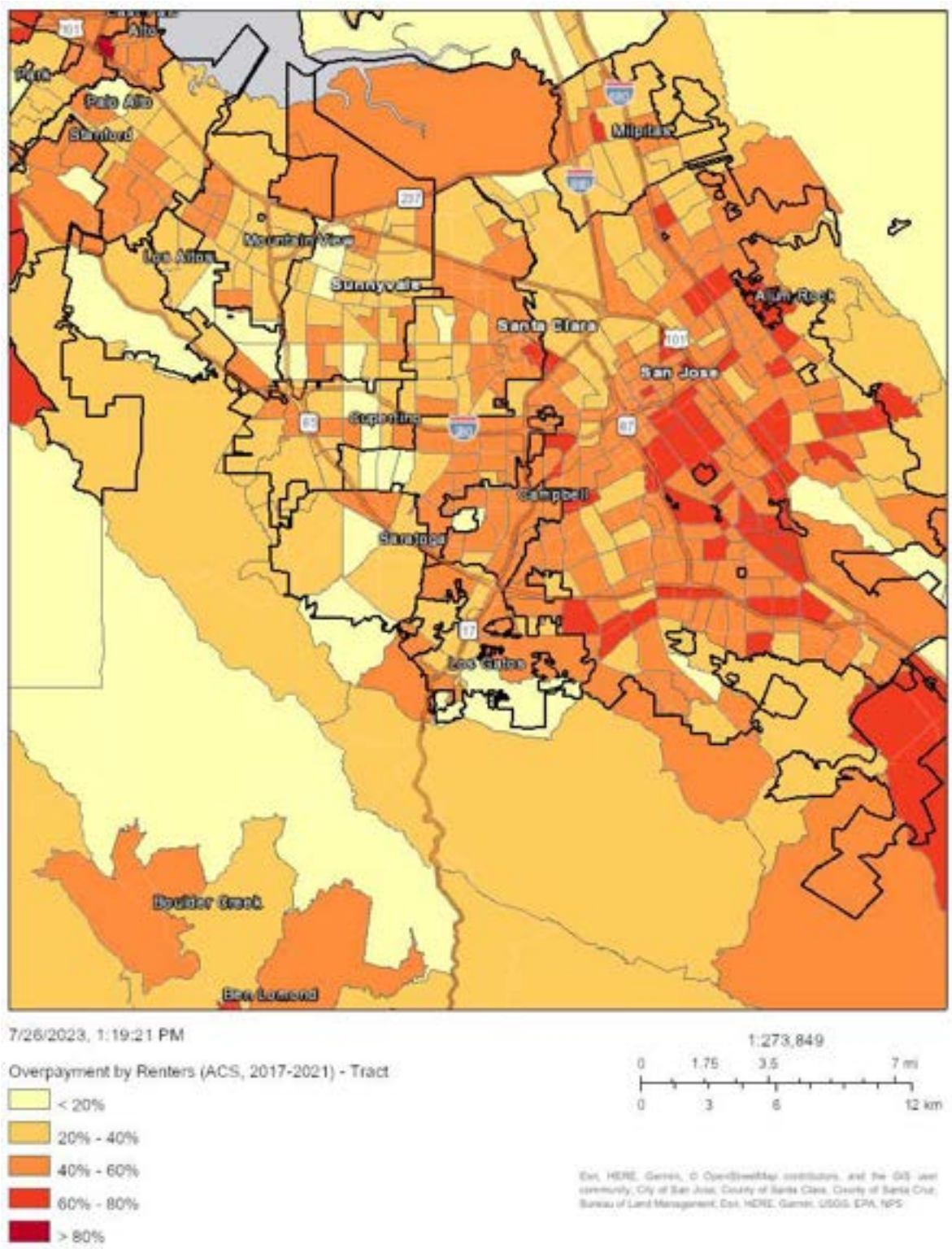


Source: ABAG Housing Needs Data Workbook

Figures A-61 and A-62 map the distribution of cost burdened renters overpaying for their housing in Los Gatos and the region overall. **Key findings at the town, county, and regional levels include**:

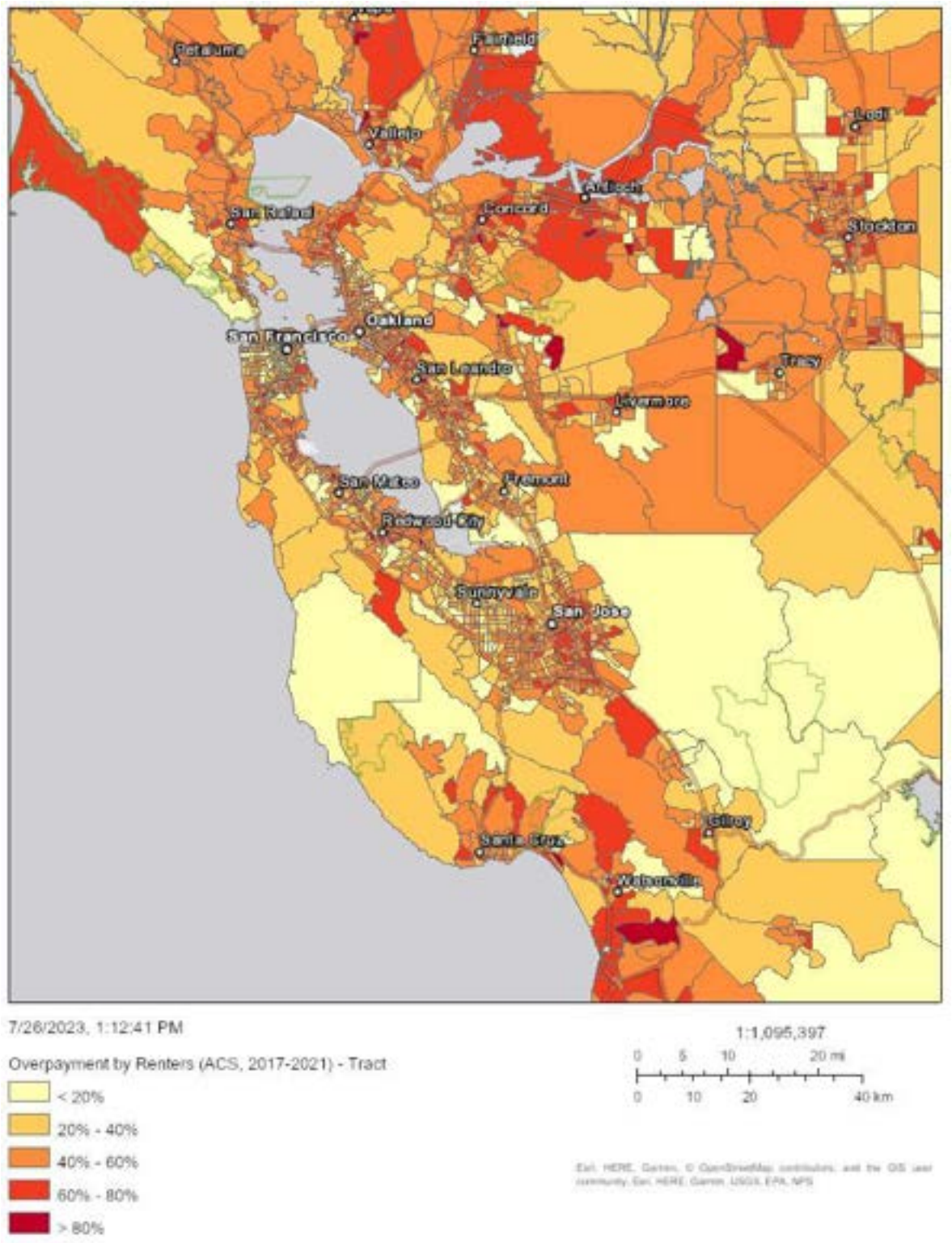
- There is only one census tract in Los Gatos where less than 20 percent of renters are overpaying for their housing. The rest of the city ranges between 20 percent to 60 percent of cost burdened renters. These patterns are relatively similar to Saratoga but far different from Campbell and San Jose where most renters are cost burdened.
- In Santa Clara County, San Jose has a comparatively larger share of cost burdened renters with multiple census tracts showing 60 percent to 80 percent of renters as cost burdened. This could be related to San Jose's comparatively low household income.
- The region overall follows similar trends though cost burden is substantially more prominent among renters in Napa, Vallejo, Fairfield, Concord, Oakland, Santa Cruz, and Watsonville. These trends are unsurprising given rising housing costs across the Bay Area.

Figure A-61. Overpayment (Cost Burden) by Renters by Census Tract, Los Gatos, 2021



Source: California Department of Housing and Community Development AFFH Data Viewer.

Figure A-62. Overpayment (Cost Burden) by Renters in the Region by Census Tract, 2021

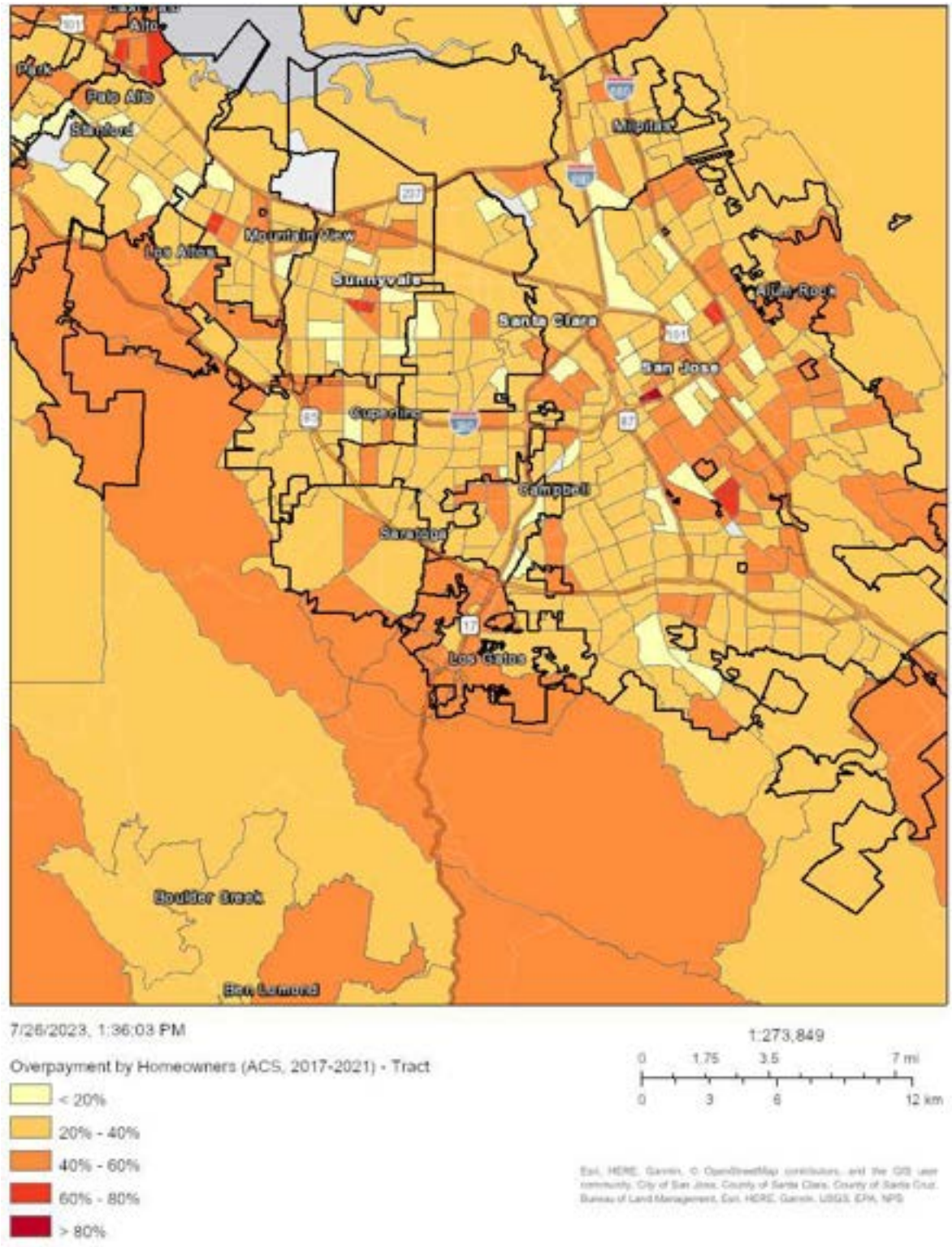


Source: California Department of Housing and Community Development AFFH Data Viewer.

Figures A-63 and A-64 show cost burden by owner households in Los Gatos and the region. As shown in the maps:

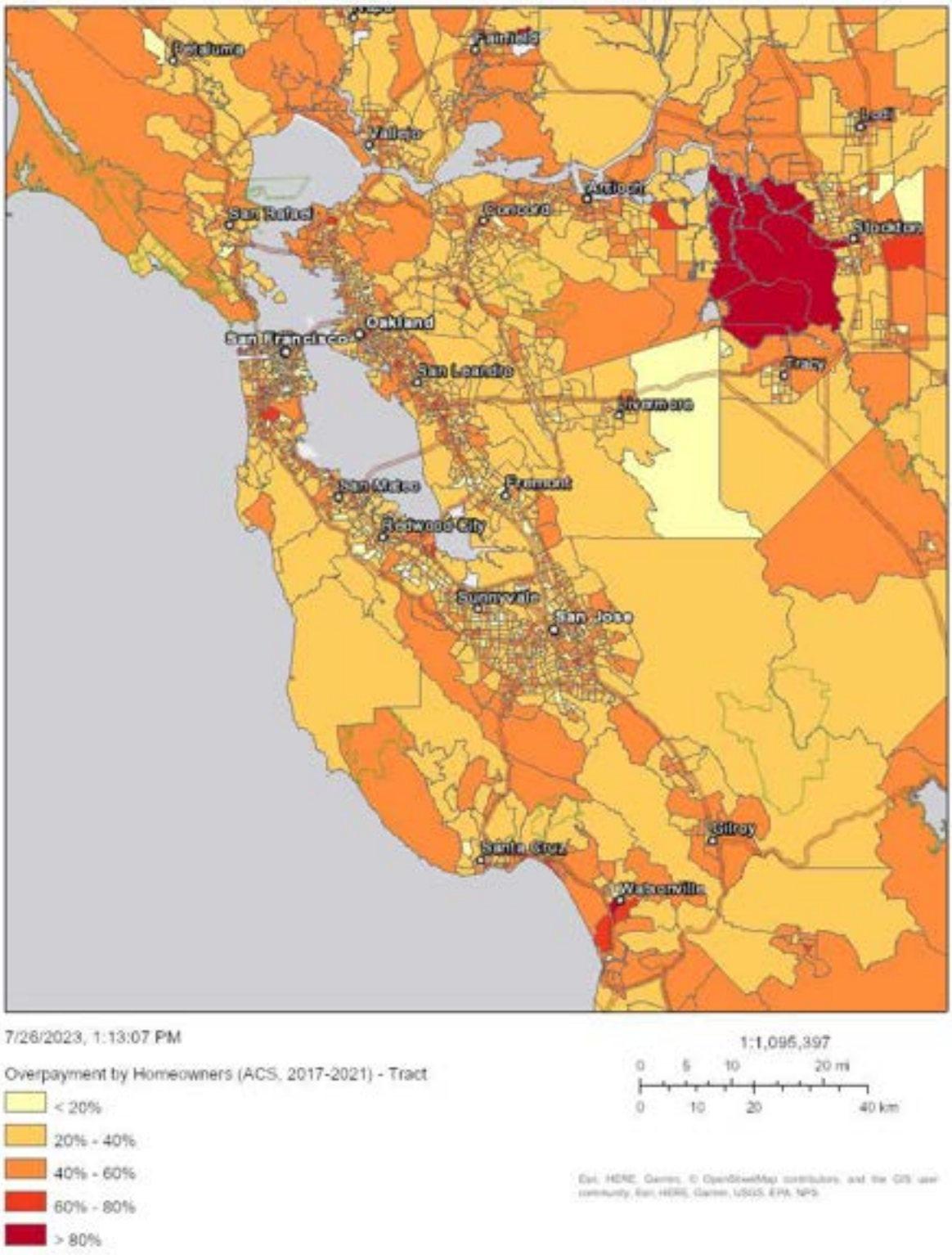
- Census tracts in Los Gatos with the smallest concentration of cost burdened renters has the largest concentration of homeowners overpaying for their housing;
- Homeowners are more likely to be cost burdened in Los Gatos than surrounding areas, excluding San Jose which has a census tract where more than 80 percent of owners are cost burdened;
- Homeowners are cost burdened across the Bay Area region specifically in San Francisco, Redwood City, Watsonville, Santa Cruz, and areas neighboring Stockton and Tracy; and
- These patterns indicate a widespread housing affordability problem where owners are occupying units they cannot afford. Exacerbated by rising housing costs, owners across the region are at a greater risk of displacement and or long-term housing instability.

Figure A-63. Overpayment (Cost Burden) by Homeowners by Census Tract, Los Gatos, 2021



Source: California Department of Housing and Community Development AFFH Data Viewer.

Figure A-64 Overpayment (Cost Burden) by Homeowners In the Region 2021

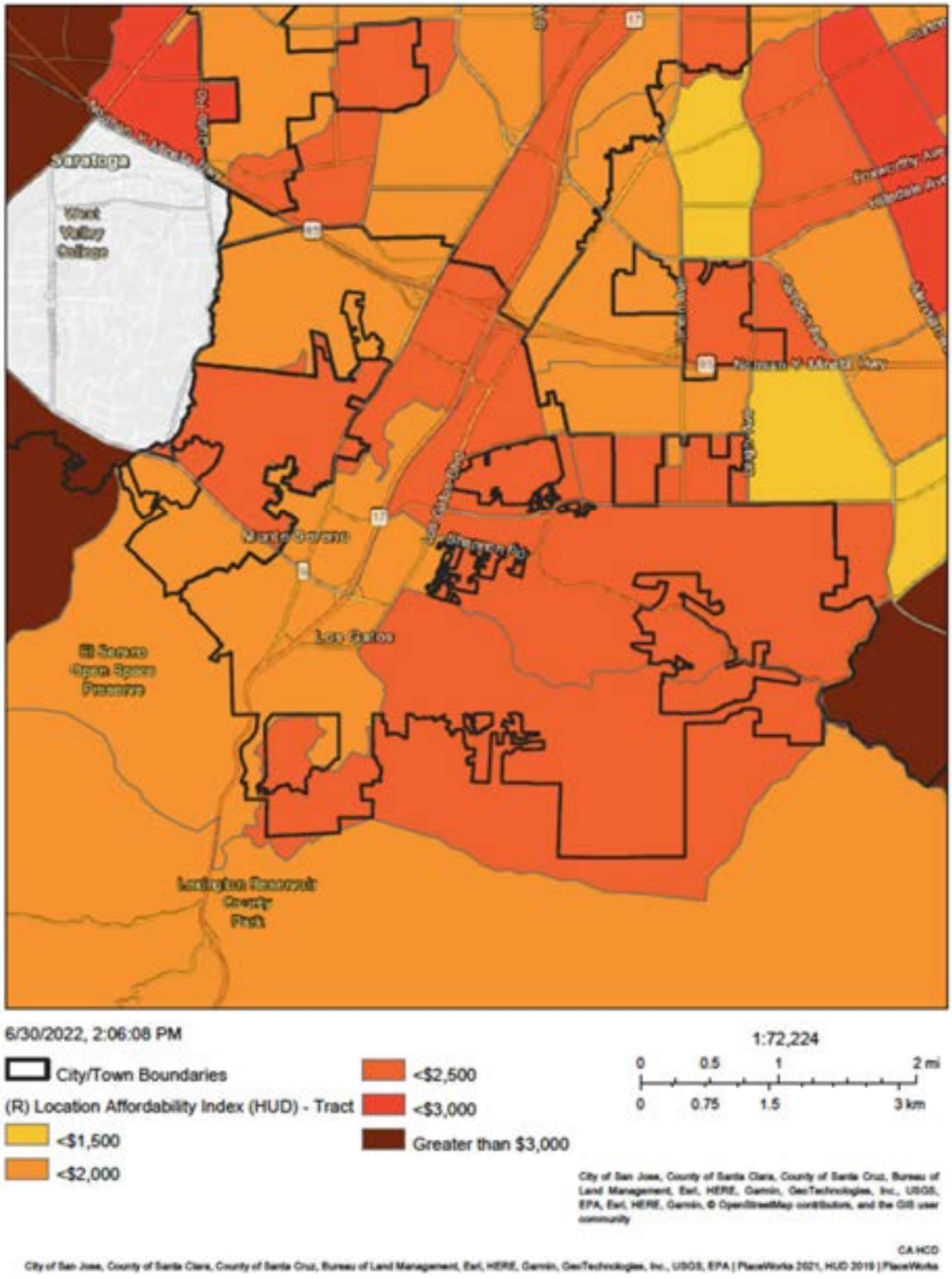


Source: California Department of Housing and Community Development AFFH Data Viewer

Figure A-65 illustrates the Location Affordability Index (LAI) for Los Gatos, which is an indicator of housing and transportation costs at the neighborhood level. The Town's LAI suggests that the majority of residents are estimated to spend between $2,000 and $2,500 per month on housing and transportation costs combined.

When comparing cost burden for renter households by census tract (Figure A-31) and LAI (Figure A-33), it can be inferred that concentrations of renter cost burden are highest (40-60 percent concentration) where LAI are actually lower (estimated to spend less than $2,000). As stated earlier, this is indicative of a market with high barriers to entry.

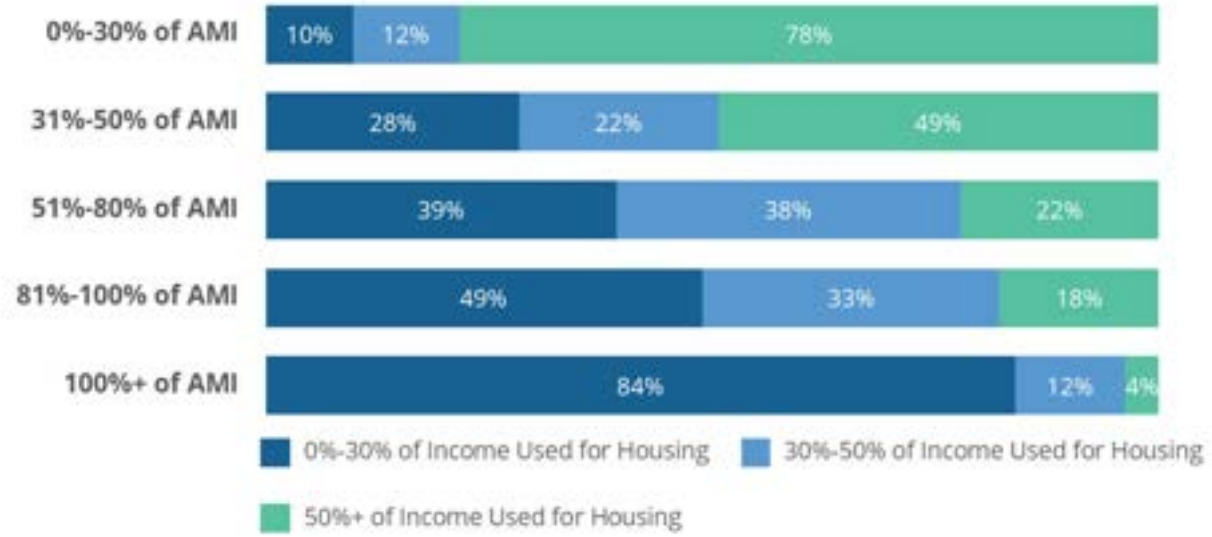
Figure A-65 Location Affordability Index by Census Tract, Los Gatos, 2019



Source: California Department of Housing and Community Development AFFH Data Viewer

Cost burden by income in Los Gatos decreases for each increase in earned income (AMI category) with a vast difference between the highest and lowest income groups (Figure A-66). Seventy-eight percent of the lowest income group (zero percent to 30 percent of AMI) pay more than 50 percent of their gross household incomes in housing costs.

Figure A-66 Overpayment (Cost Burden) by AMI, Los Gatos, 2019

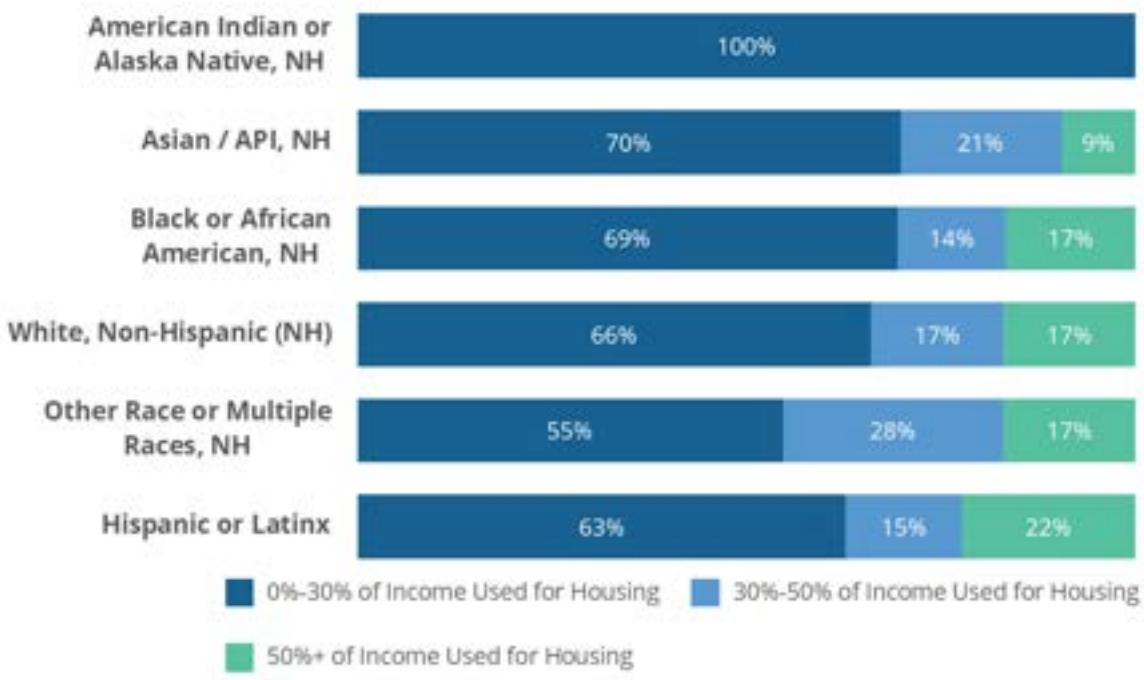


Source: ABAG Housing Needs Data Workbook

The lack of publicly subsidized housing and opportunity for use of Housing Choice Vouchers limits the ability of low-income households (who are typically cost burdened) to live in the Town

There is consistency in housing cost burden in Los Gatos by race and ethnicity. All households have similar shares of residents paying less than 30 percent of their income on housing. Hispanic and Black/African American residents were the only groups to experience a greater percentage of households spending 50 percent or more of their income than 30 percent to 50 percent of their income, indicating larger shares of extreme cost burdens.

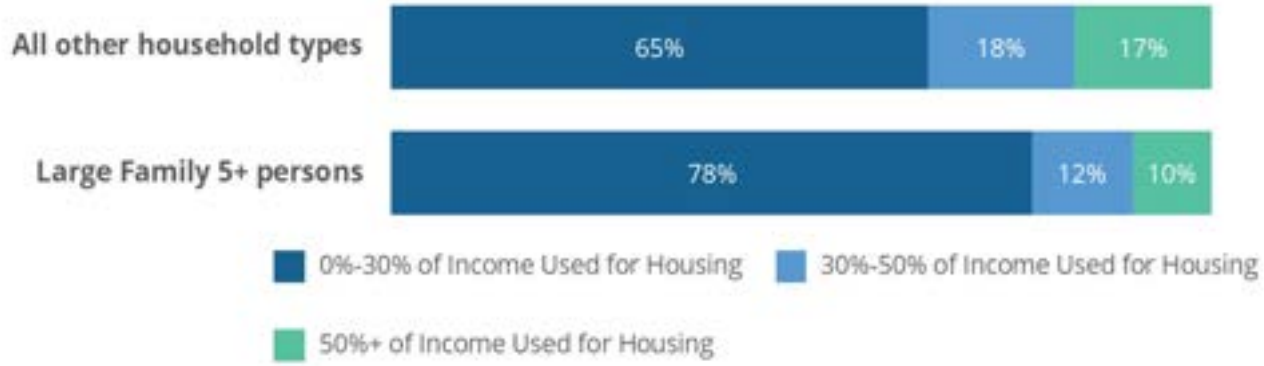
Figure A-67 Overpayment (Cost Burden) by Race and Ethnicity, Los Gatos, 2019



Source: ABAG Housing Needs Data Workbook

When analyzing cost burden by family size in Los Gatos, households with five or more persons experience less cost burden (22 percent) compared to all other household types (35 percent) (Figure A-72).

Figure A-68 Overpayment (Cost Burden) by Family Size, Los Gatos, 2019

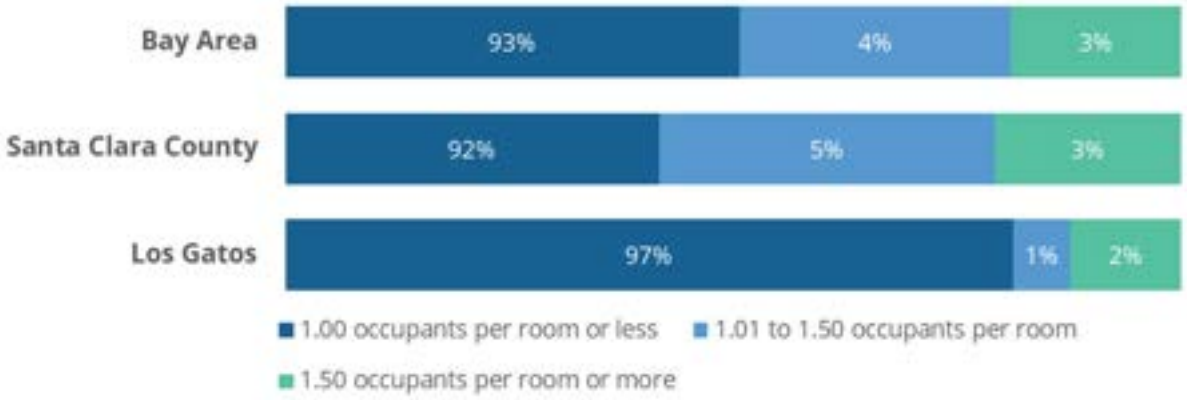


Source: ABAG Housing Needs Data Workbook

Overcrowding

The vast majority of households (97 percent) in Los Gatos are not overcrowded (less than the County and Bay Area) as indicated by more than one occupant per room (Figure A-73). Renter households are more likely to be overcrowded, with approximately four percent of renter households with more than one occupant per room (Figure A-69).

Figure A-69 Occupants per Room by Jurisdiction, 2019



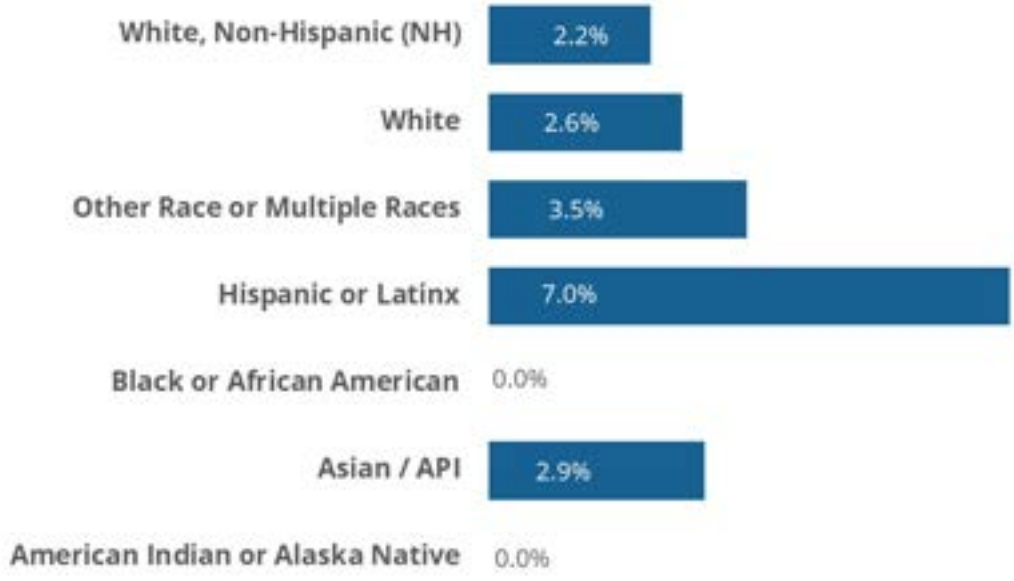
Source: ABAG Housing Needs Data Workbook

Figure A-70 Occupants per Room by Tenure, Los Gatos, 2019

Source: ABAG Housing Needs Data Workbook

Hispanic residents experience the highest rates of overcrowding (Figure A-71). The rest of the Town's population experiences approximately 2 percent to 3.5 percent overcrowding.

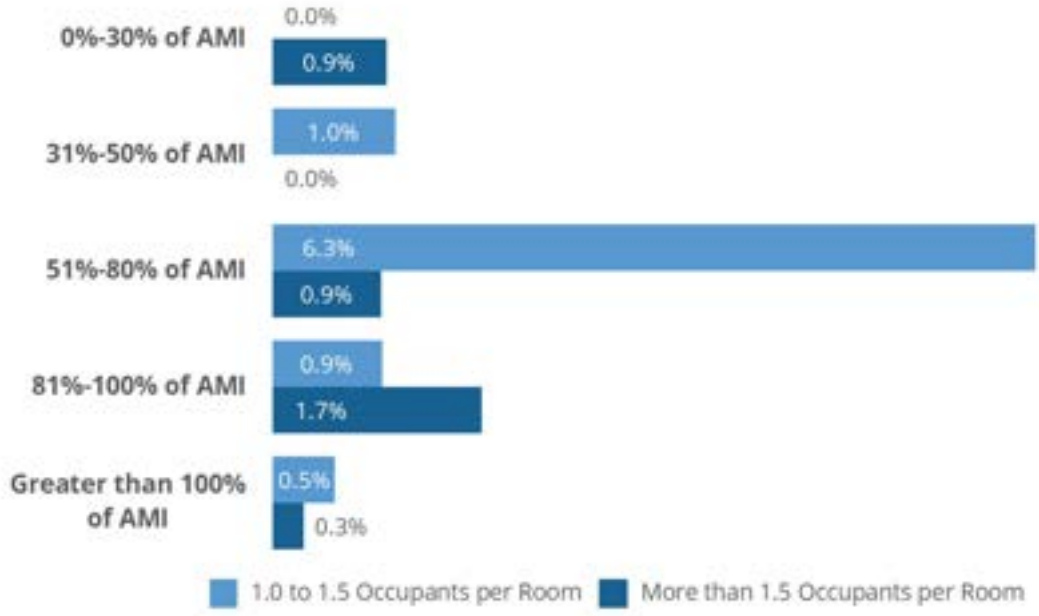
Figure A-71 Overcrowding by Race and Ethnicity, Los Gatos, 2019



Source: ABAG Housing Needs Data Workbook

Figure A-72 illustrates occupants per room by AMI in Los Gatos. In Los Gatos, moderate-income households experience the highest rate of overcrowding (1.7 percent) followed by low-income households (0.9 percent) and extremely low-income households (0.9 percent). Moreover, extremely low-income households report only experiencing overcrowded housing conditions (0.9 percent). This may be an indicator of limited housing options for extremely low-income households in the Town.

Figure A-72 Occupants per Room by AMI, Los Gatos, 2019



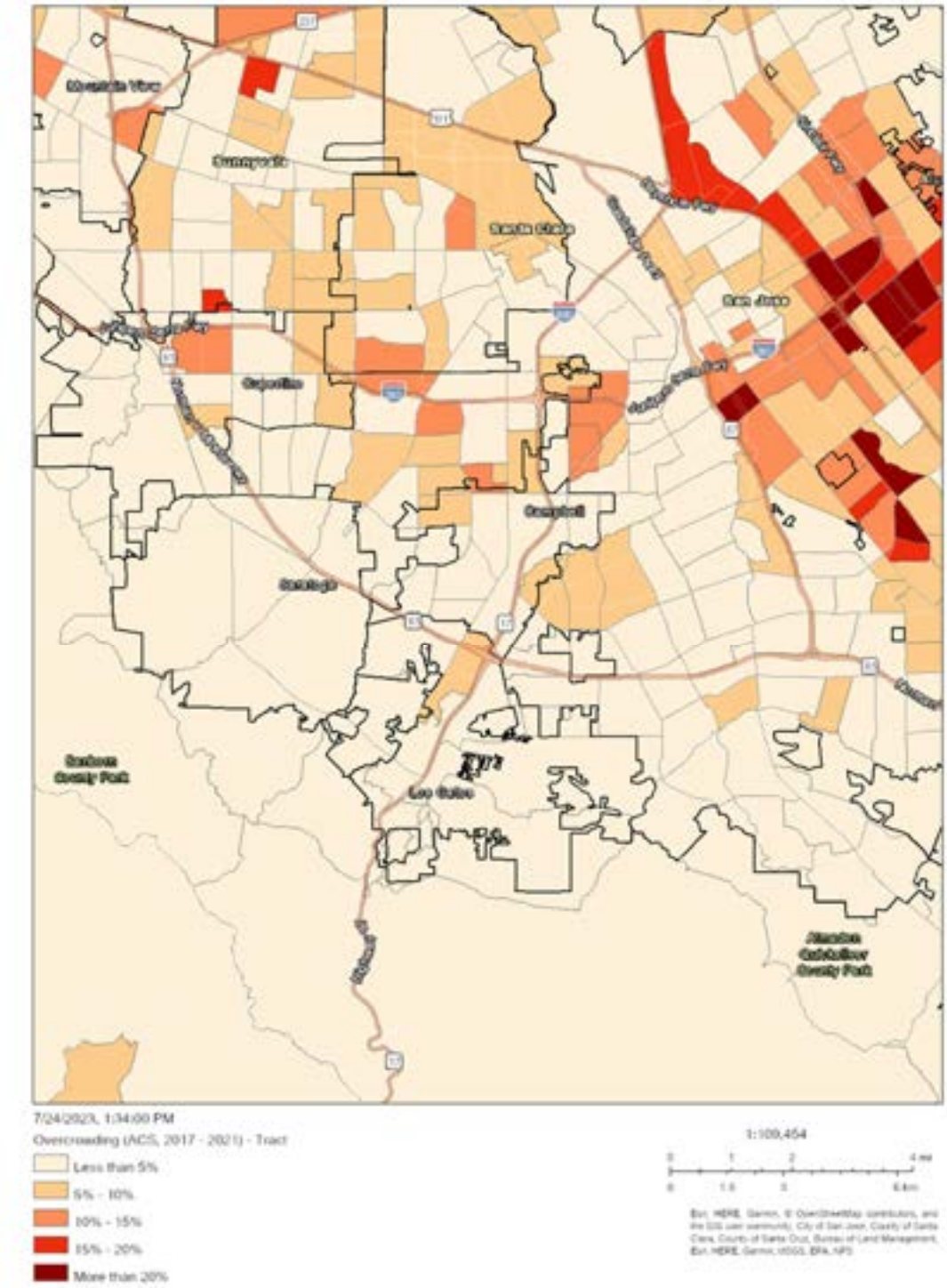
Source: ABAG Housing Needs Data Workbook

Figures A-73 and A-74, illustrate the percentage of overcrowded households in Los Gatos and the Bay Area region Los Gatos and surrounding areas of Campbell, Saratoga and most of Cupertino have similar rates of overcrowding at less than 5 percent of the total resident population. Percentages of overcrowding are higher in San Jose and Santa Clara census tracts along with a few areas in Sunnyvale.

Key findings from the regional analysis include:

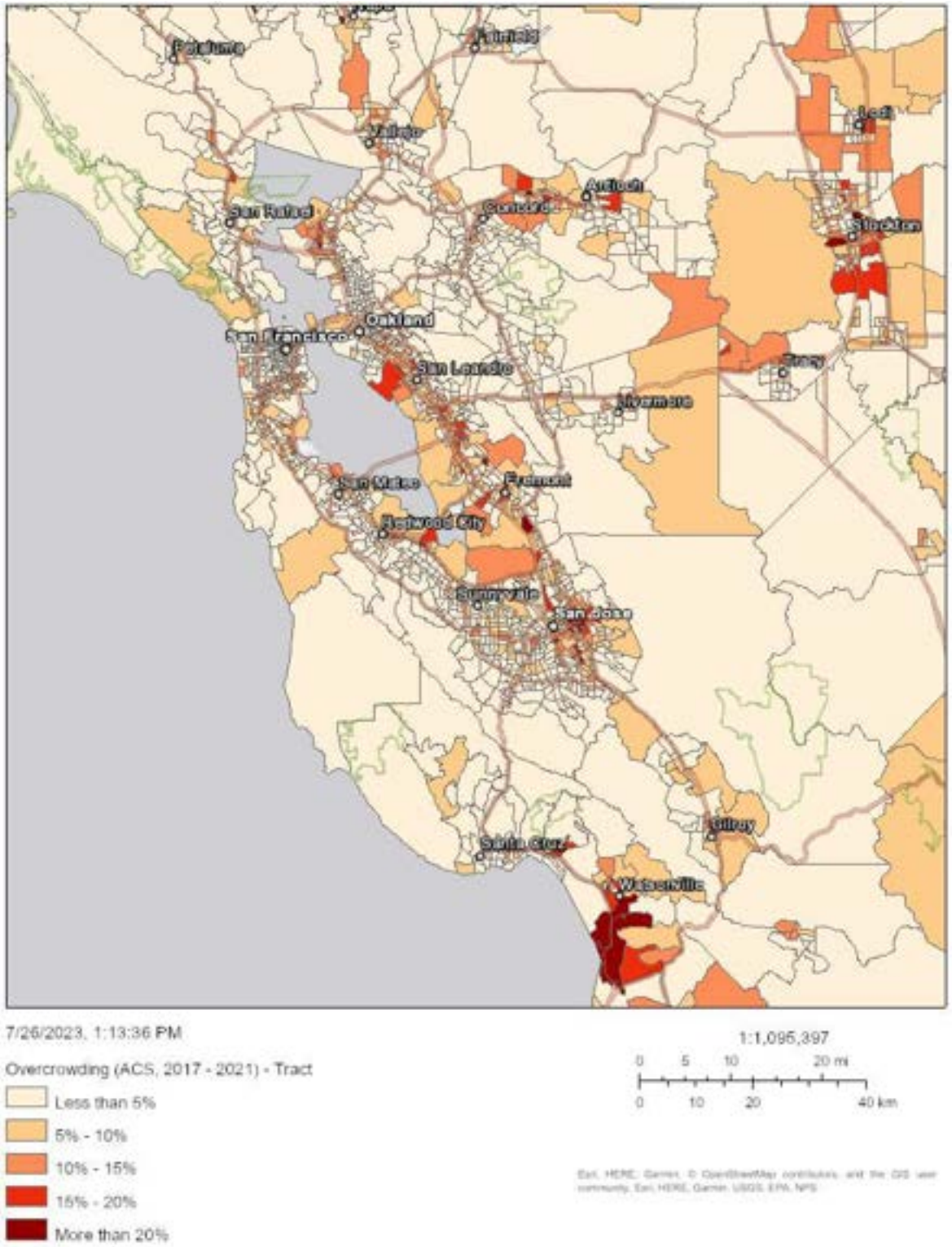
- Overcrowding is most prominent in areas near Oakland, San Leandro, Redwood City, San Jose, Stockton, and Watsonville.
- San Francisco has surprisingly lower rates of overcrowding in line with Los Gatos and Santa Clara County (in part). This could be the result of larger units available to residents and or high household incomes in these areas. With more income, households are able to rent/purchase larger homes that meet their size needs.

Figure A-73 Overcrowding by Census Tract, Los Gatos, 2021)



Source: California Department of Housing and Community Development AFFH Data Viewer

Figure A-74. Regional Overcrowding by Census Tract, 2021

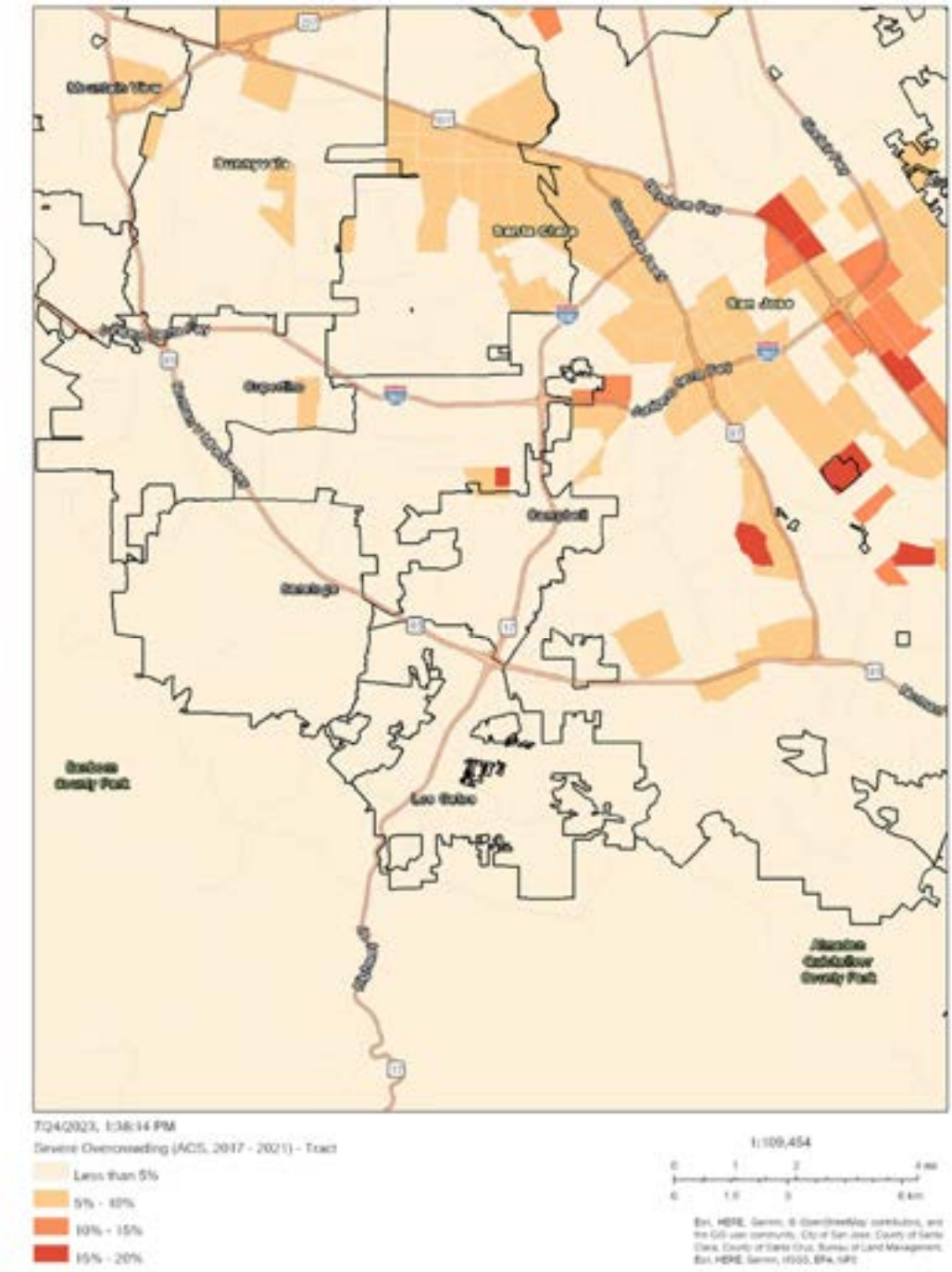


Source: California Department of Housing and Community Development AFFH Data Viewer

Given patterns of overcrowding in Los Gatos and the county, severe overcrowding is most notable in San Jose, Santa Clara, and parts of Sunnyvale. These areas overlap with areas that have greatest shares of overcrowding. Less than five percent of households in Los Gatos, Saratoga, Campbell and the immediate surrounding areas are severely overcrowded.

These findings are consistent with the Bay Area overall with the largest concentration of severely overcrowded households located in San Rafael followed by areas in San Francisco, Oakland, San Jose, and Watsonville.

Figure A-75 Severe Overcrowding by Census Tract, Los Gatos, 2021



Source: California Department of Housing and Community Development AFFH Data Viewer

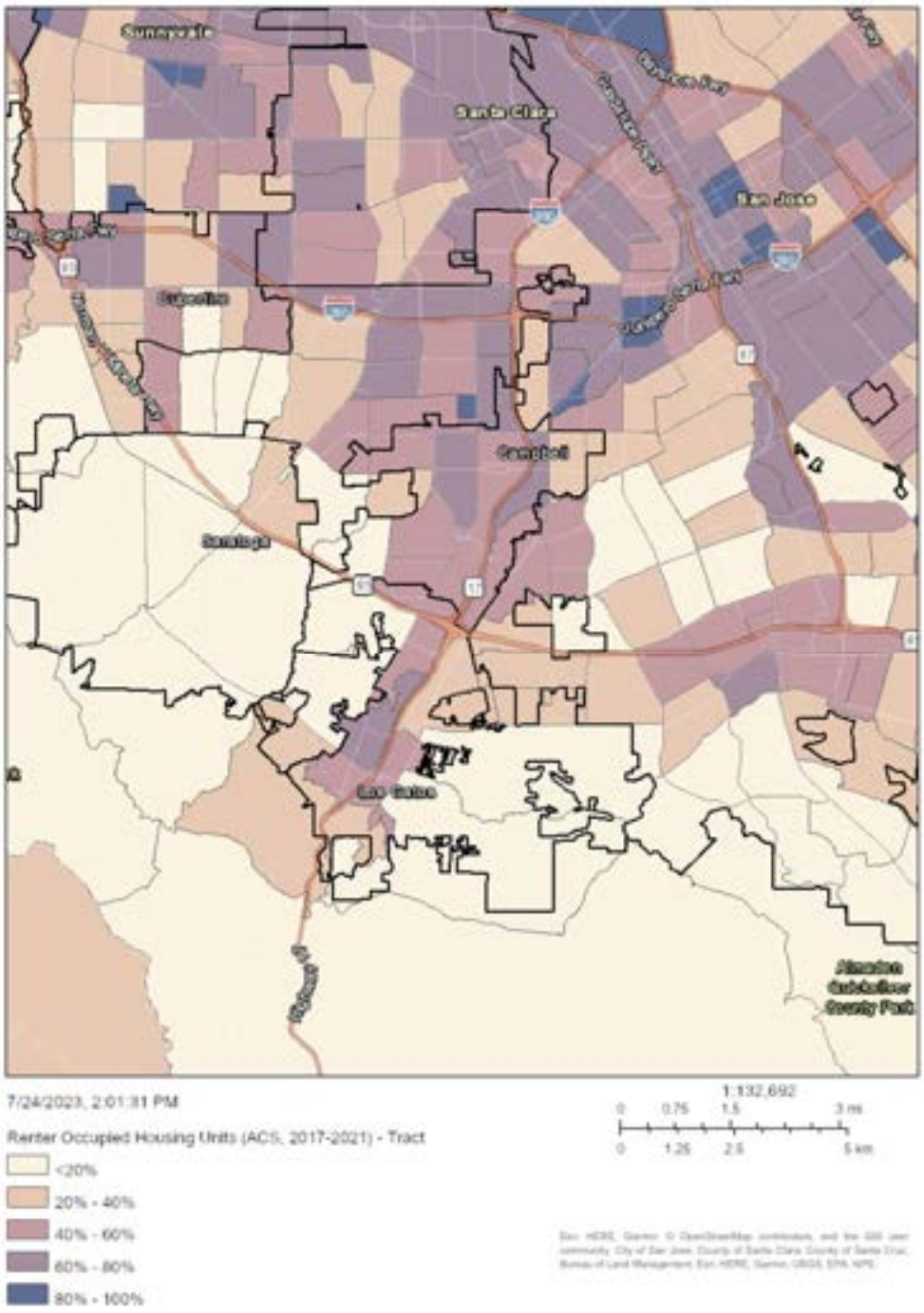
Figure A-76. Serve Overcrowding by Census Tract In the Region, 2021



Source: California Department of Housing and Community Development AFFH Data Viewer.

Los Gatos does not have a large area occupied by a high percentage of renters. There are fewer renters in Saratoga with only one section of Saratoga with 20 percent to 40 percent of residents being renters. San Jose, Sunnyvale, Santa Clara, and Campbell all have higher percentages of renters than Los Gatos.

Figure A-77 Renter Occupied Housing Units (ACS, 2017-2021)

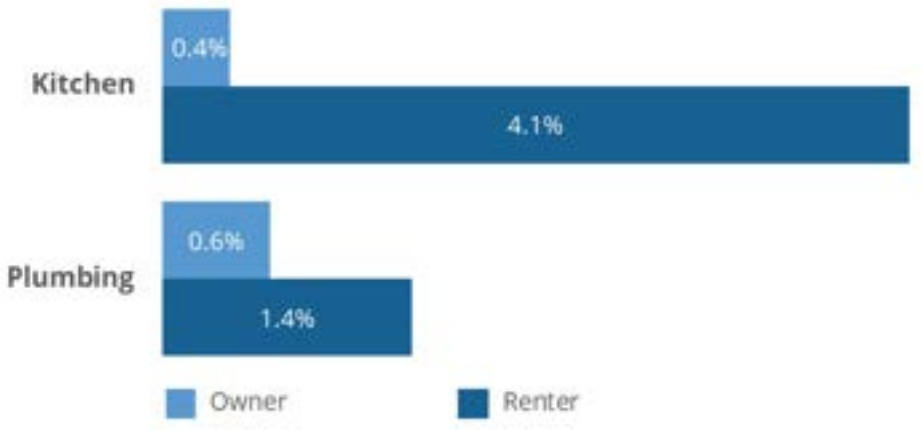


Source: California Department of Housing and Community Development AFFH Data Viewer

Substandard Housing

Data on housing condition are limited, with the most consistent data available across jurisdictions found in the American Community Survey (ACS), which captures units in substandard condition as self-reported in Census surveys. Renters in Los Gatos report living in substandard housing in 5.5 percent of housing units, with the more units lacking complete kitchen facilities (4.1 percent). As shown in Figure A-78, about 0.4 percent of owner households are lacking complete kitchens and 0.6 percent lack complete plumbing.

Figure A-78 Percent of Units Lacking Complete Kitchen and Plumbing Facilities, Los Gatos, 2019

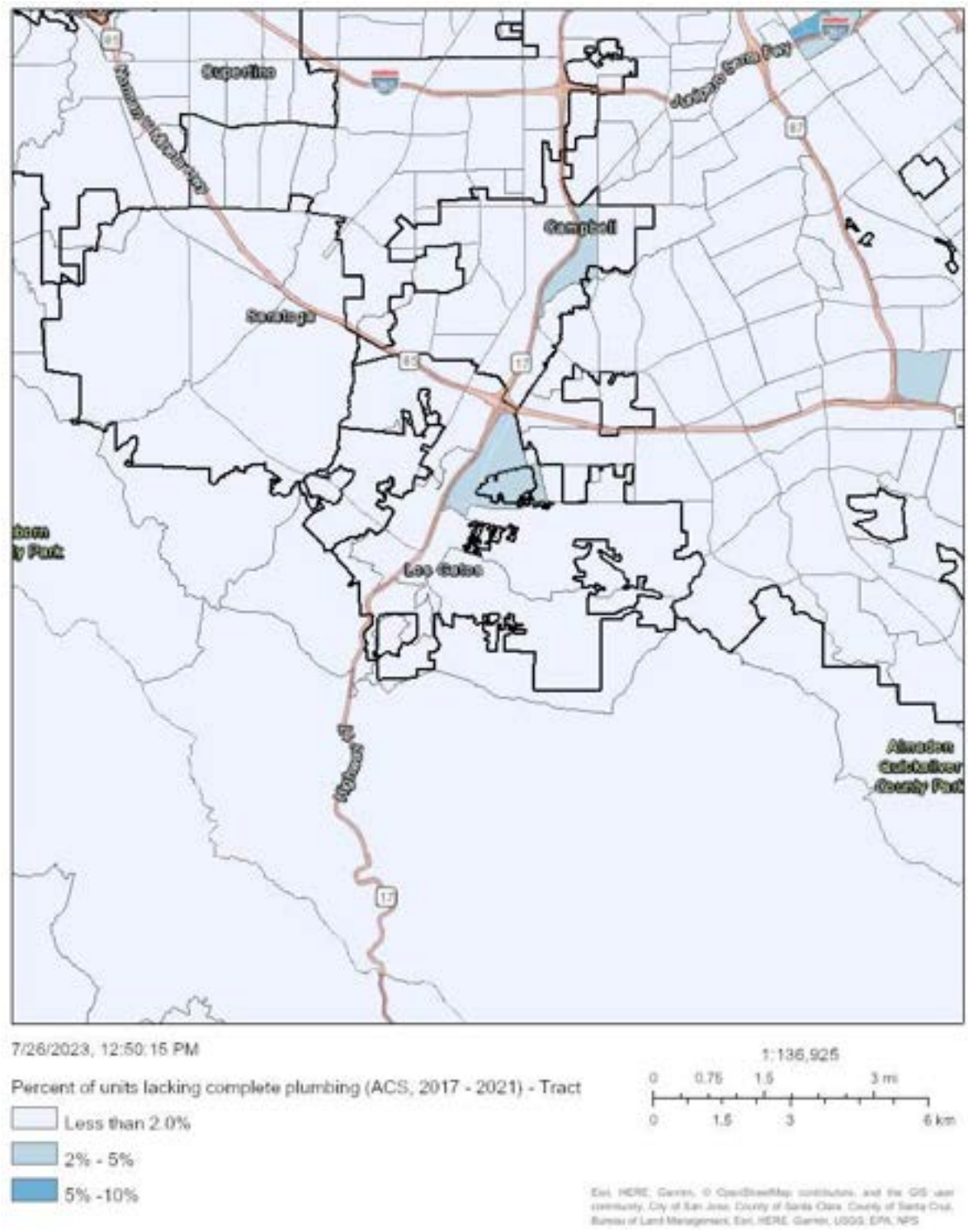


Source: ABAG Housing Needs Data Workbook

Figures A-79 and A-80 show the percent of units lacking complete plumbing facilities in Los Gatos and the region. Primary findings and regional differences are summarized below.

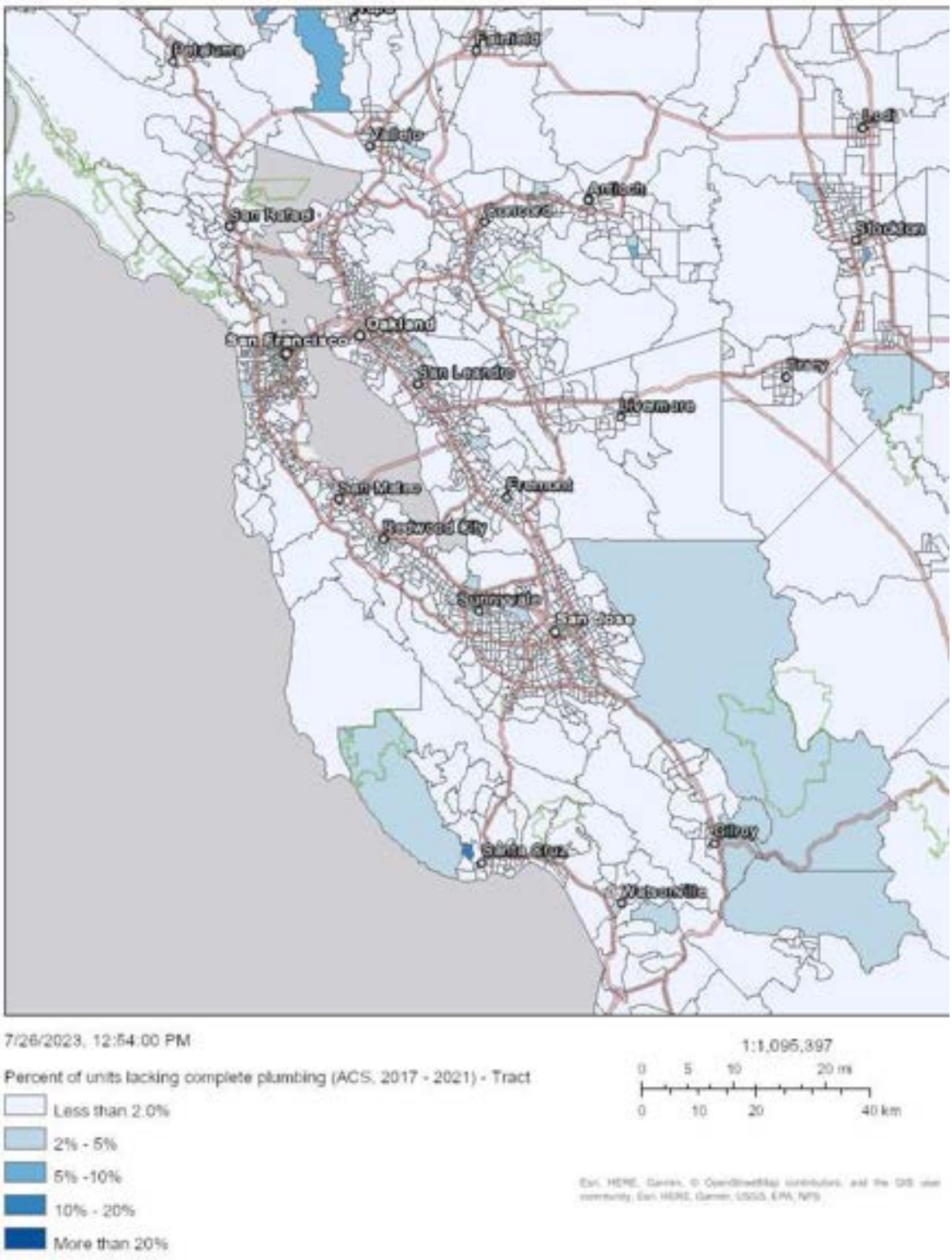
- Only one census tract in Los Gatos show two to five percent of units as lacking complete plumbing facilities. Less than two percent of units lack complete plumbing for the rest of the town.
- Campbell follows similar trends as Los Gatos with one census tract having a larger supply of units without complete plumbing. Saratoga and Cupertino have no concentrations of such units with less than two percent of units lacking plumbing across both cities.
- Regional trends are similar to Santa Clara County: very few census tracts have a large supply of units lacking complete plumbing. Comparatively greater concentrations are located in Sunnyvale, San Jose, Santa Cruz, San Francisco, and Brentwood.

Figure A-79. Percent of Units Lacking Complete Plumbing by Census Tract, Los Gatos, 2021



Source: California Department of Housing and Community Development AFFH Data Viewer.

Figure A-80. Units Lacking Complete Plumbing In the Region by Census Tract, 2021

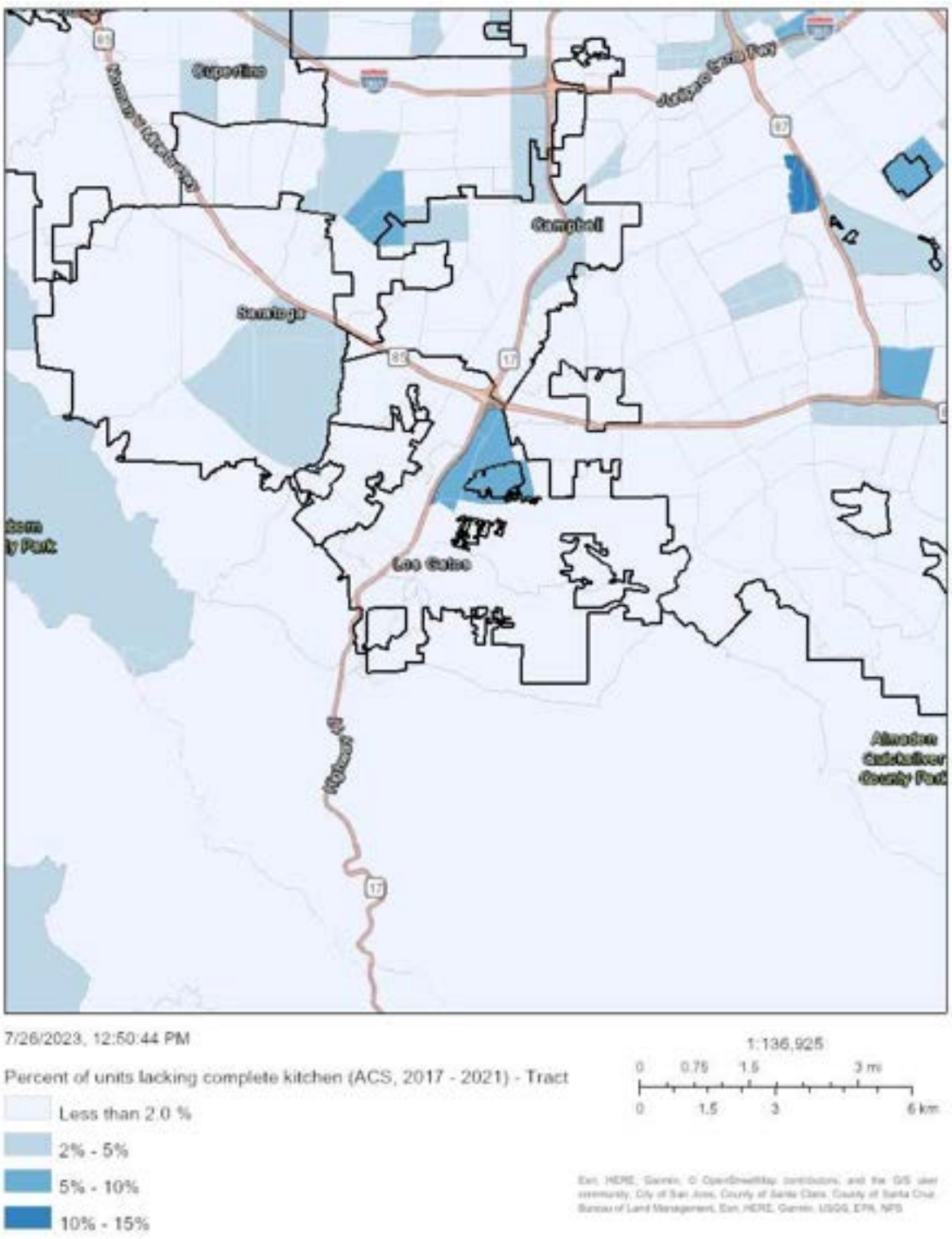


Source: California Department of Housing and Community Development AFFH Data Viewer.

Expanding on the analysis above, Figures A-81 and A-82 show the percent of units lacking complete kitchen facilities in Los Gatos and the region. Importantly, the only census tract in Los Gatos with units that lack complete plumbing is also the only tract to have a higher percentage of units lacking complete kitchen facilities at around five percent to ten percent of units. This is a greater share than Saratoga and similar to Campbell. Primary findings illustrated in the following maps include:

- There is one census tract located east of Campbell where ten percent to fifteen percent of units lack complete kitchen facilities. Despite having less than two percent of units without plumbing, multiple census tracts in Cupertino have a greater supply of units without complete kitchens.
- San Francisco is the only city in the region to have a census tract where more than 15 percent of units lack complete kitchen facilities. Areas with higher shares of these units are located near Redwood City, Sunnyvale, San Jose, Fremont, and Concord.

Figure A-81. Percent of Units Lacking Complete Kitchens by Census Tract, Los Gatos, 2021



Source: California Department of Housing and Community Development AFFH Data Viewer.

Figure A-82. Units Lacking Complete Kitchens In the Region by Census Tract, 2021

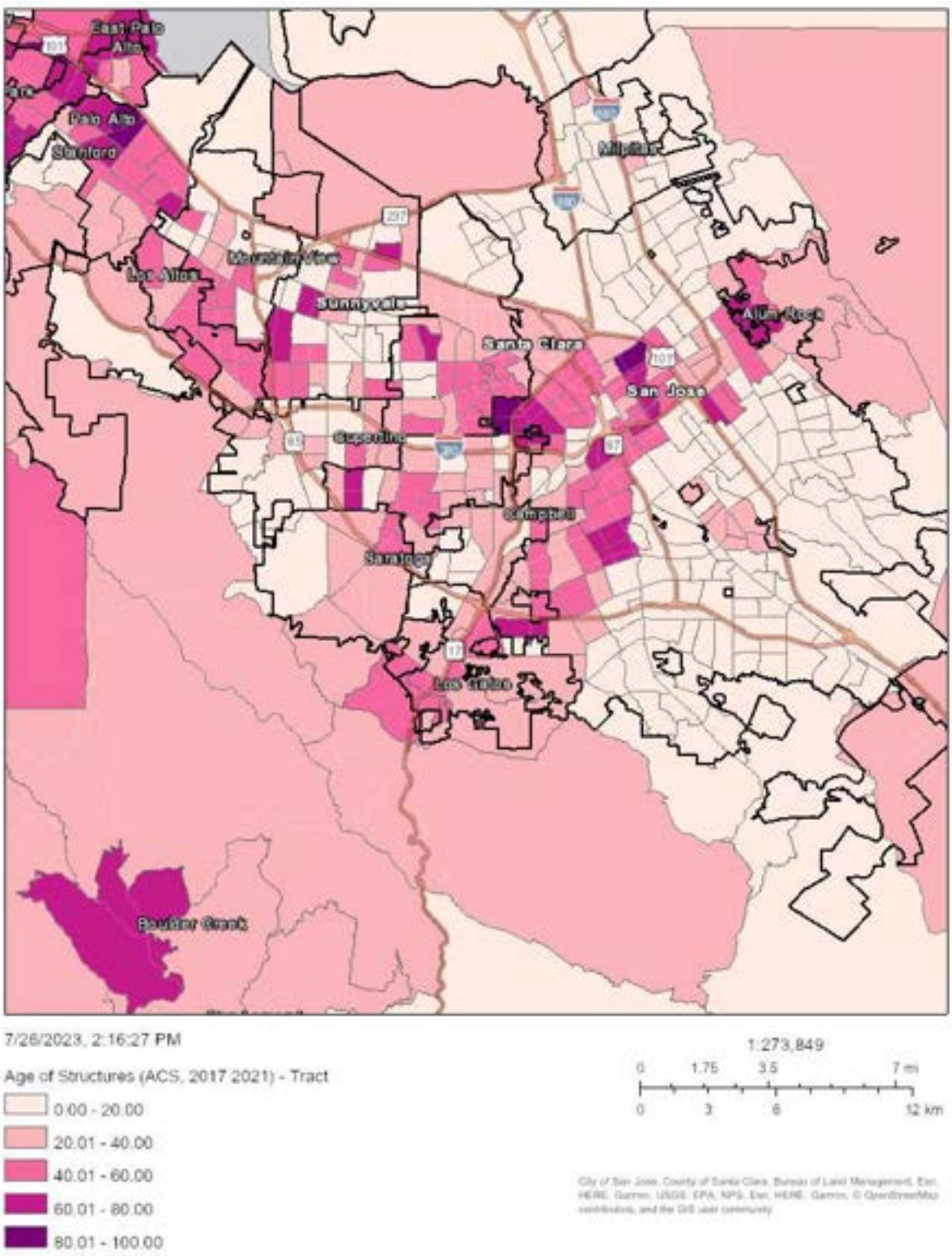


Source: California Department of Housing and Community Development AFFH Data Viewer.

Patterns of substandard housing conditions (e.g., lacking complete plumbing/kitchen facilities) across Santa Clara County and the Bay Area region are supported by the large number of housing units built before 1960. Figures A-83 and A-84 show the distribution of units built before 1960 in the county and region. As shown in the maps below:

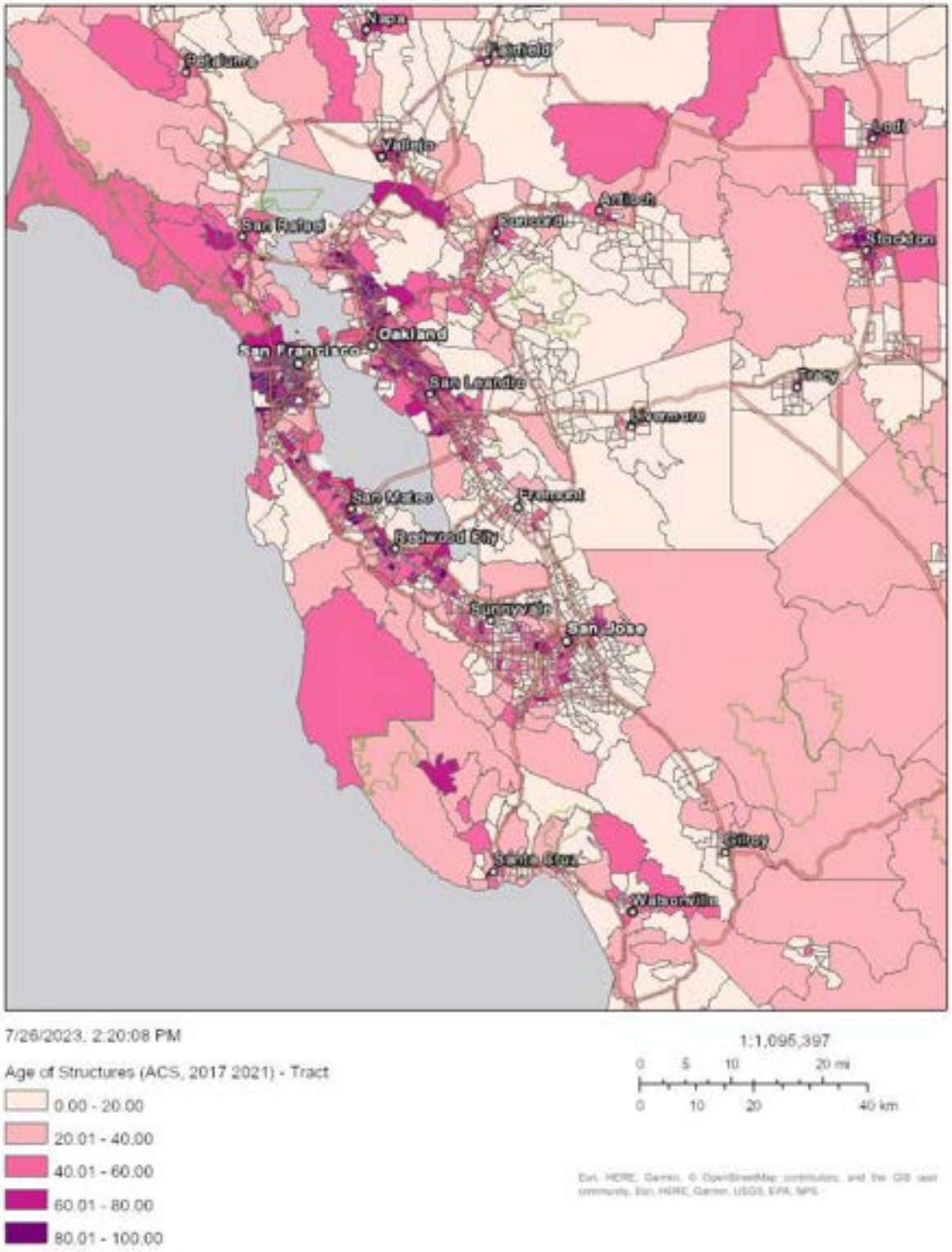
- Census tracts in Los Gatos with concentrations of substandard units have a comparatively larger supply of units built before 1960 at between 40 percent and 60 percent of total units. This contrasts with most of Saratoga, which has a smaller supply of older units.
- Census tracts in Santa Clara and San Jose have older units: nearly all units in these tracts were built in or before 1960.
- Compared to the Bay Area region, Santa Clara County has a smaller supply of units built before 1960 though the housing of housing does vary across the region. The largest concentrations of old units are in San Francisco, San Mateo, Redwood City, Oakland, and San Leandro.

Figure A-83. Age of Structures by Census Tract, Los Gatos, 2021



Source: California Department of Housing and Community Development AFFH Data Viewer.

Figure A-84. Age of Structures In the Region by Census Tract, 2021



Source: California Department of Housing and Community Development AFFH Data Viewer.

Homelessness

In 2019, 9,706 people were experiencing homelessness in the County during the one-day count (point-in-time), with only 18 percent of people in emergency or transitional shelter while the remaining 82 percent were unsheltered. In Los Gatos the count was 16, all of whom were unsheltered. In 2022 the number of homeless counted in Los Gatos increased to 58. The majority of unsheltered people experiencing homelessness were in households without children. The majority of people in transitional housing were in households with children or people without children, as shown in Figure A-85.

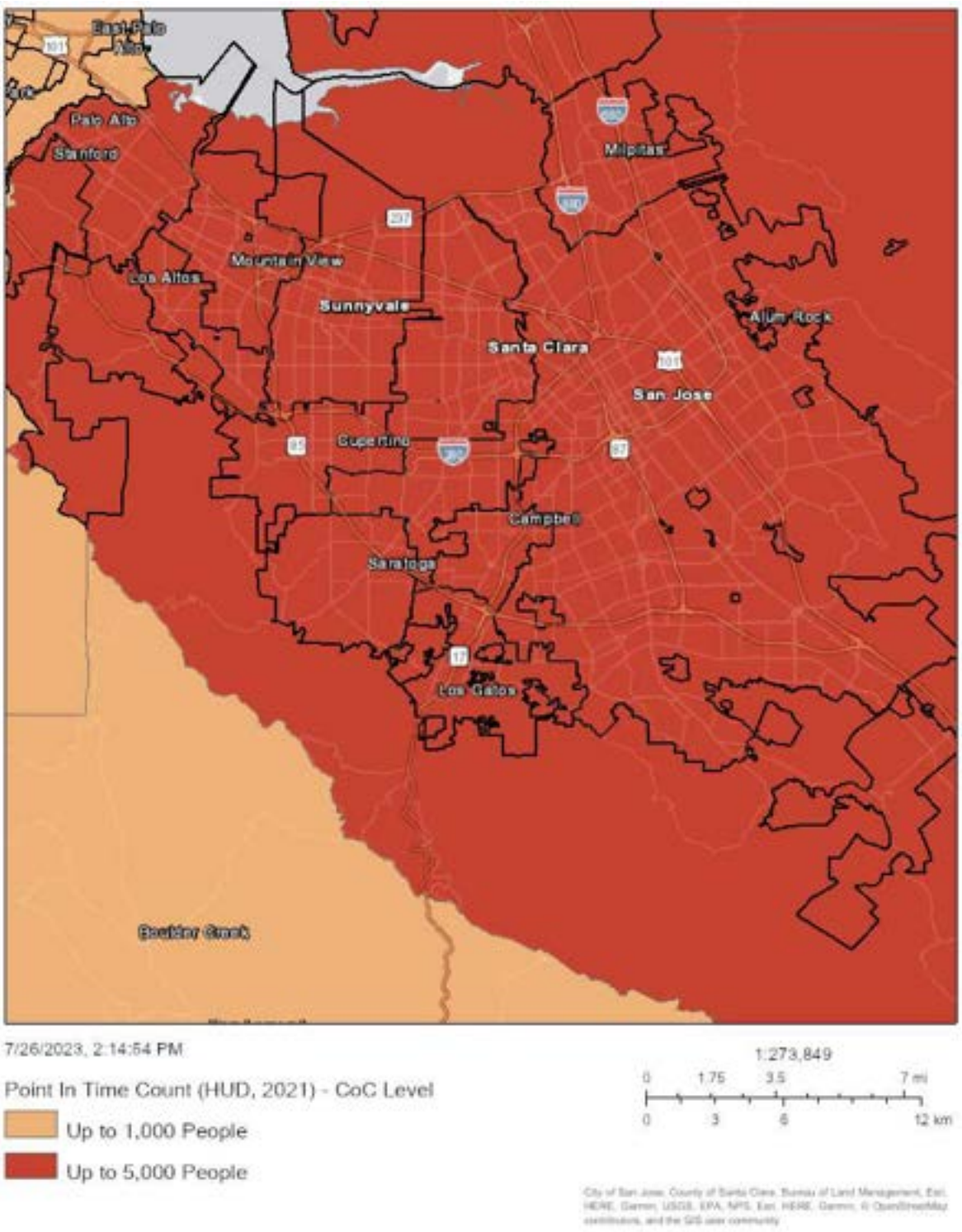
Figure A-85 Homelessness by Household Type and Shelter Status, Santa Clara County, 2019

	People in Households Solely Children	People in Households with Adults and Children	People in Households Without Children
Sheltered - Emergency Shelter	7	377	696
Sheltered - Transitional Housing	3	301	400
Unsheltered	266	243	7,413

Source: ABAG Housing Needs Data Workbook

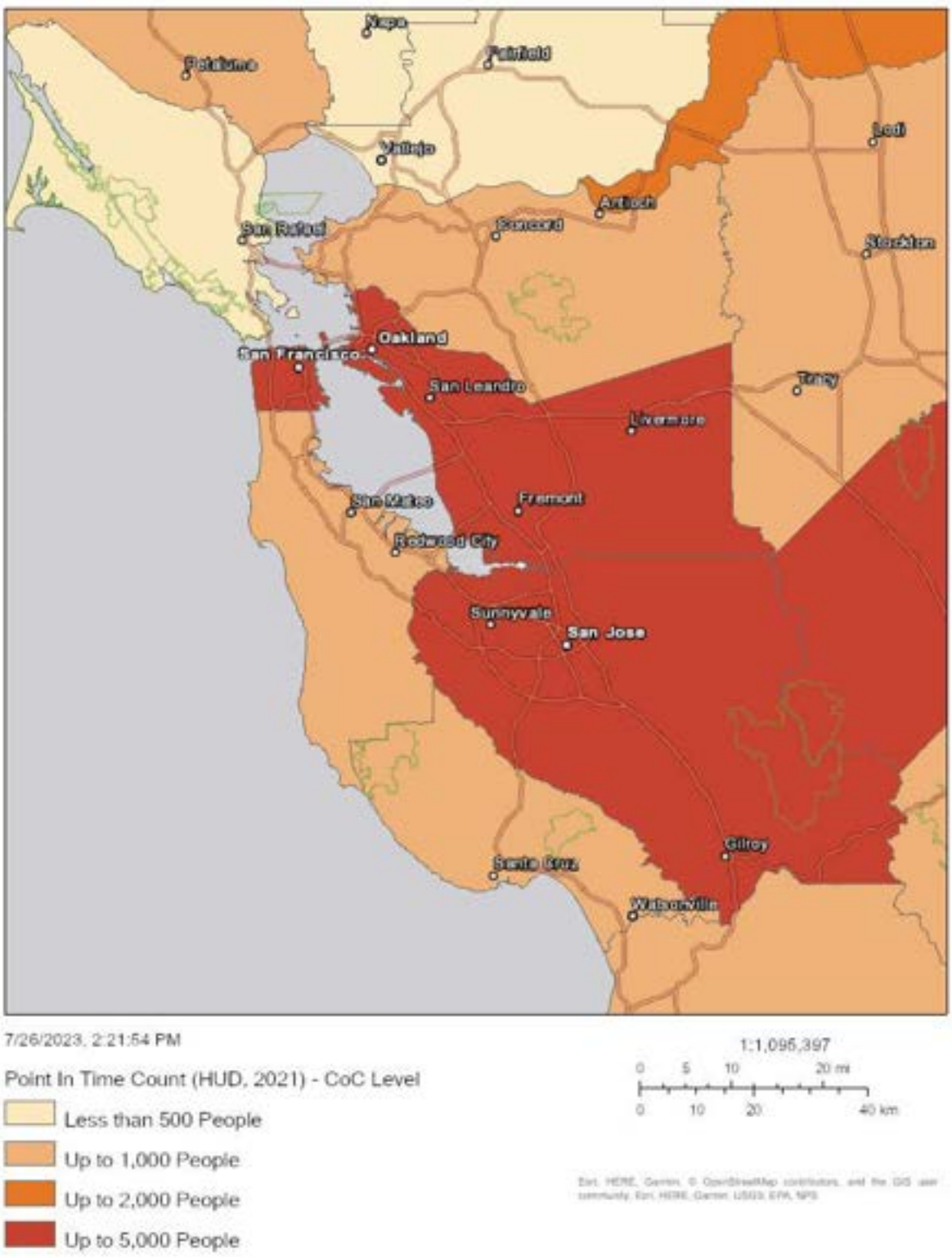
Figures A-86 and A-87 illustrate HUD's Point In Time (PIT) Count for 2021 in Los Gatos and the Bay Area. Given the region's housing costs which continue to increase, it is unsurprising that more than 5,000 people in most Santa Clara County communities are homeless. For the region overall, San Francisco and cities across the Bay have the largest concentrations of individuals experiencing homelessness. Homelessness is less concentrated in areas near San Mateo, Redwood City, Santa Cruz, and Watsonville, all of which have a homeless population of up to 1,000 people.

Figure A-86. Point In Time Count by CoC Level, Los Gatos, 2021



Source: California Department of Housing and Community Development AFFH Data Viewer.

Figure A-87. Regional Point In Time Count by CoC Level, 2021



Source: California Department of Housing and Community Development AFFH Data Viewer.

Homelessness in Los Gatos will likely grow in the coming years if there are no affordable options for low-income residents, especially given the Town's small supply of affordable housing, shelters, and transitional housing units.

Displacement

According to the Sensitive Communities map of vulnerable communities, one area north of Highway 9 and west of Highway 17 were vulnerable to displacement (Figure A-27). The Town has 169 assisted units, but all were rated as low risk of conversion.

Displacement Sensitive Communities

"According to the Urban Displacement Project, communities were designated sensitive if they met the following criteria:

- They currently have populations vulnerable to displacement in the event of increased redevelopment and drastic shifts in housing cost. Vulnerability is defined as:
- Share of very low-income residents is above 20 percent, 2017

AND the tract meets two of the following criteria:

- Share of renters is above 40 percent, 2017
- Share of people of color is above 50 percent, 2017
- Share of very low-income households (50 percent AMI or below) that are severely rent burdened households is above the county median, 2017
- They or areas in close proximity have been experiencing displacement pressures. Displacement pressure is defined as:
- Percent change in rent above county median for rent increases, 2012-2017

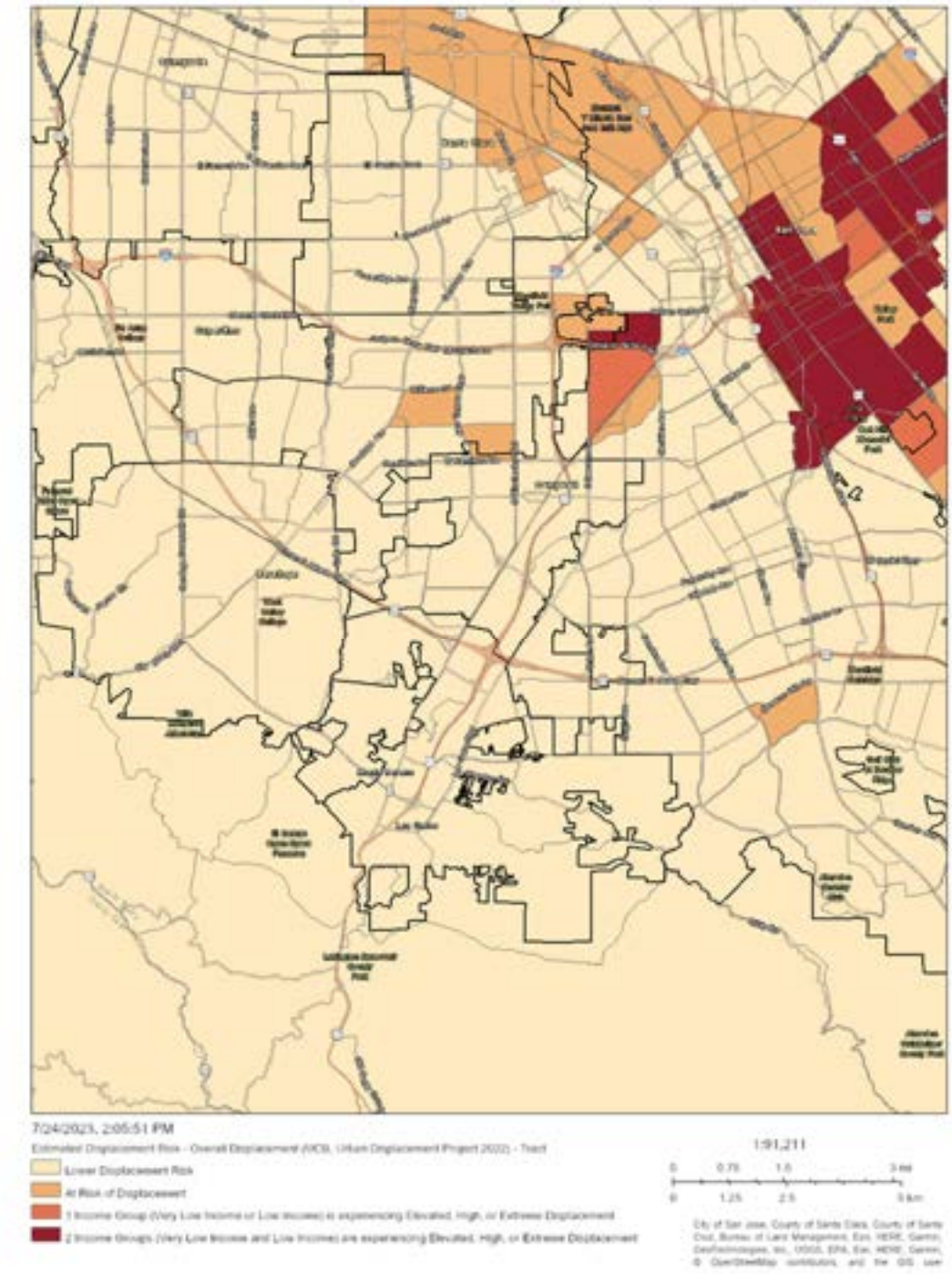
OR

- Difference between tract median rent and median rent for surrounding tracts above median for all tracts in county (rent gap), 2017"

Source: https://www.sensitivecommunities.org/.

Residents in Santa Clara County are at low risk of displacement, excluding households in San Jose which has several census tracts at elevated, high, or extreme displacement risk. This is in line with displacement risks in Los Gatos and surrounding cities specifically Cupertino, Saratoga, and Campbell (in part). These findings are illustrated in Figure A-88.

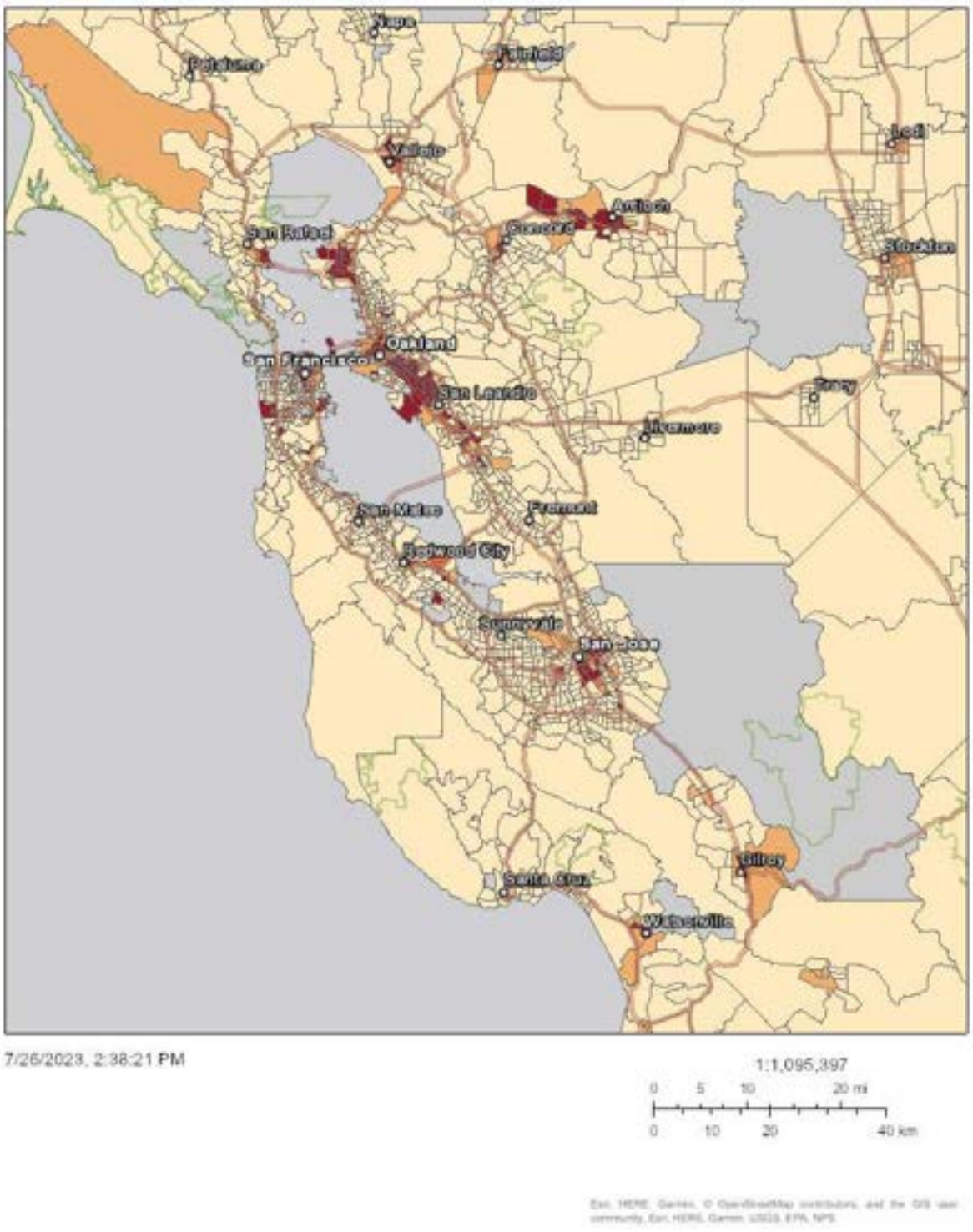
Figure A-88. Estimated Displacement Risk – Overall Displacement by Census Tract, Los Gatos, 2022



Source: University of California Berkely (UCB) Urban Displacement Project and California Department of Housing and Community Development AFFH Data Viewer.

Figure A-89 shows displacement risk for households across the Bay Area as identified by the University of California Berkely Urban Displacement Project. As shown in the figure, households in several cities are at the highest risk for displacement specifically Richmond, Oakland, Hayward, San Francisco (and South San Francisco), Daly City, Redwood City, and Palo Alto. Berkely has one census tract at elevated, high, or extremely displacement risk though this may be driven by the city's large college population.

Figure A-89. Regional Estimated Displacement Risk – Overall Displacement by Census Tract, 2022

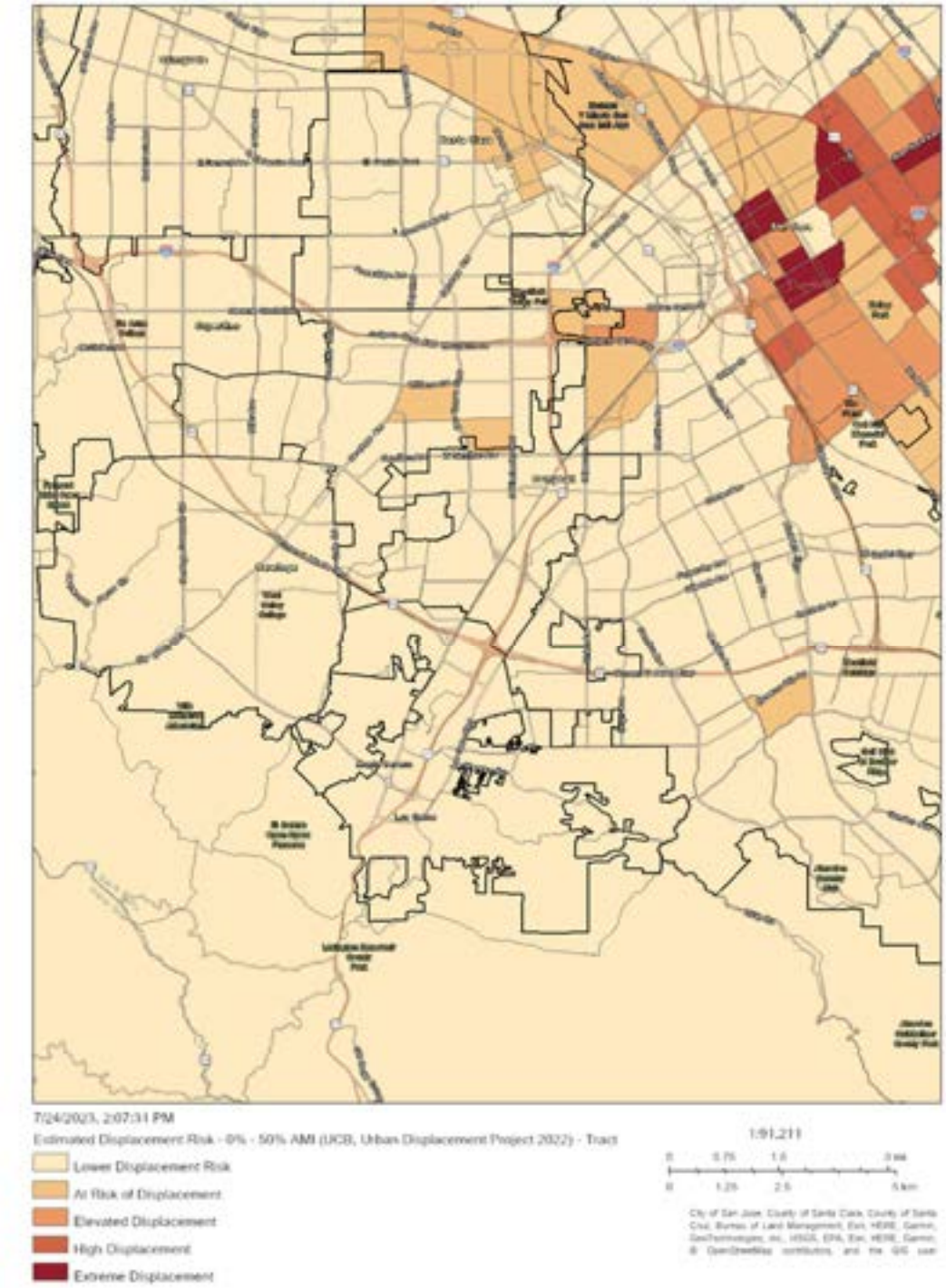


Source: University of California Berkely (UCB) Urban Displacement Project and California Department of Housing and Community Development AFFH Data Viewer.

Figures A-90 and A-91 show risk of displacement for households with incomes at or below 50 percent Area Median Income (AMI) in Los Gatos and the Bay Area. Similar to overall displacement, households with incomes at or below 50 percent AMI in Los Gatos are at lower risk, consistent with surrounding cities. San Jose is the only city to have a high concentration of at-risk households which is likely related to the city's larger population of lower income households. As shown throughout the report, households need incomes above 50 percent AMI to live in Los Gatos without being cost burdened or homeless.

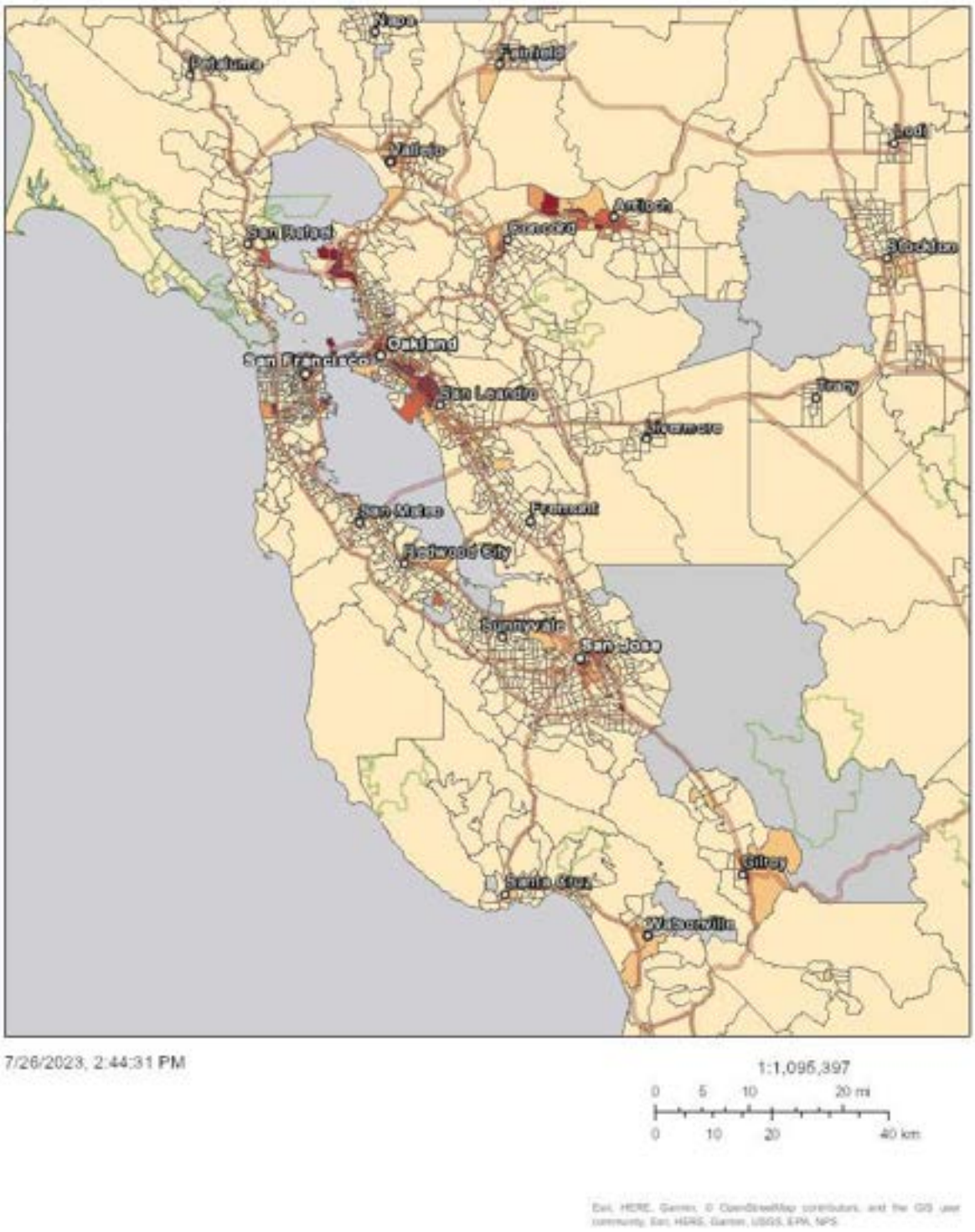
These patterns are consistent with most of the region though key differences exist in San Francisco and adjacent cities where displacement is a high risk for households at this income level. This is most notable in San Francisco, Richmond, Oakland, and part of Daly City.

Figure A-90 Estimated Displacement Risk – 0 – 50% AMI by Census Tract, Los Gatos, 2022



Source: University of California Berkely (UCB) Urban Displacement Project and California Department of Housing and Community Development AFFH Data Viewer.

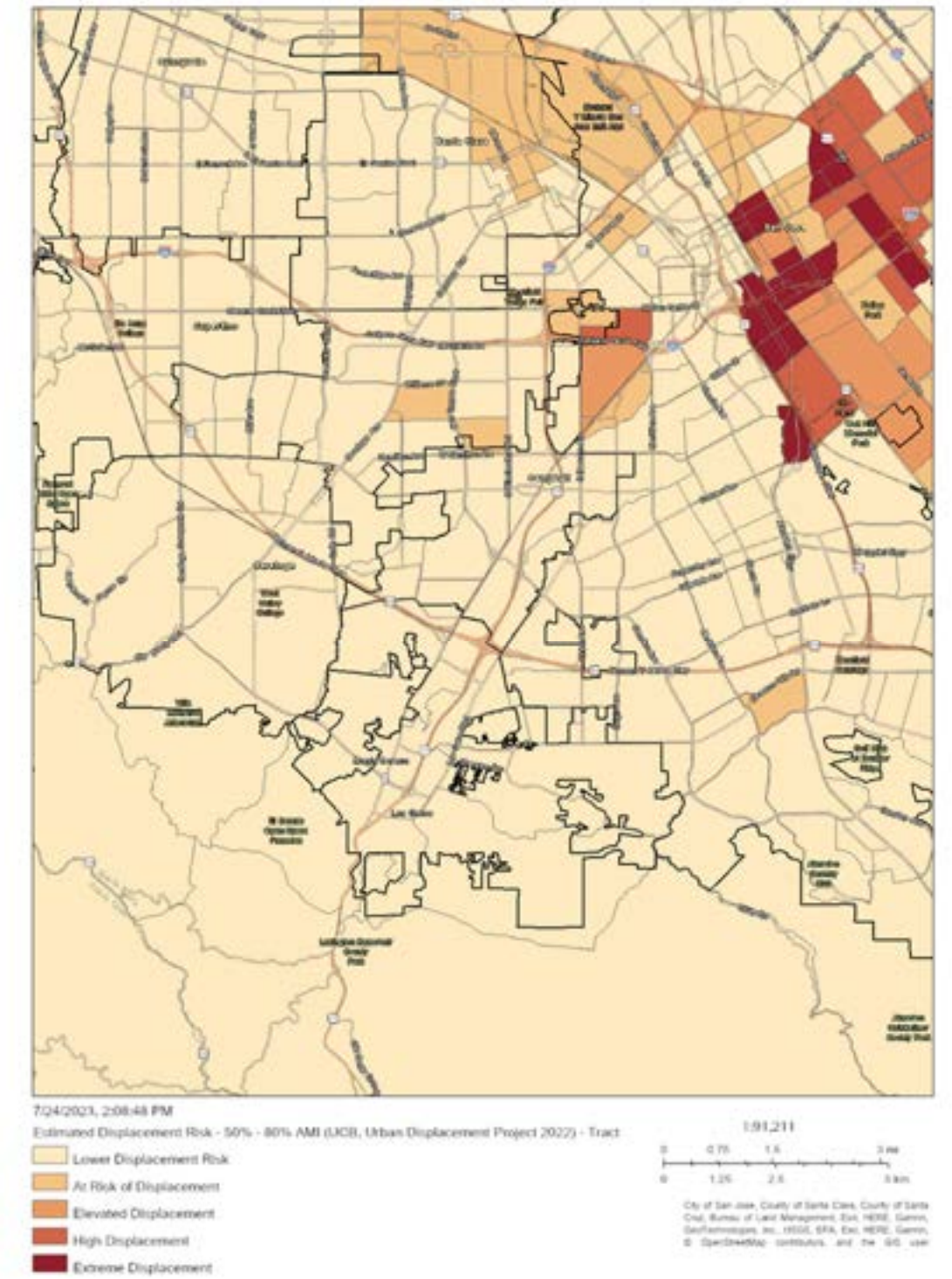
Figure A-91. Regional Estimated Displacement Risk – 0 – 50% AMI by Census Tract, 2022



Source: University of California Berkely (UCB) Urban Displacement Project and California Department of Housing and Community Development AFFH Data Viewer.

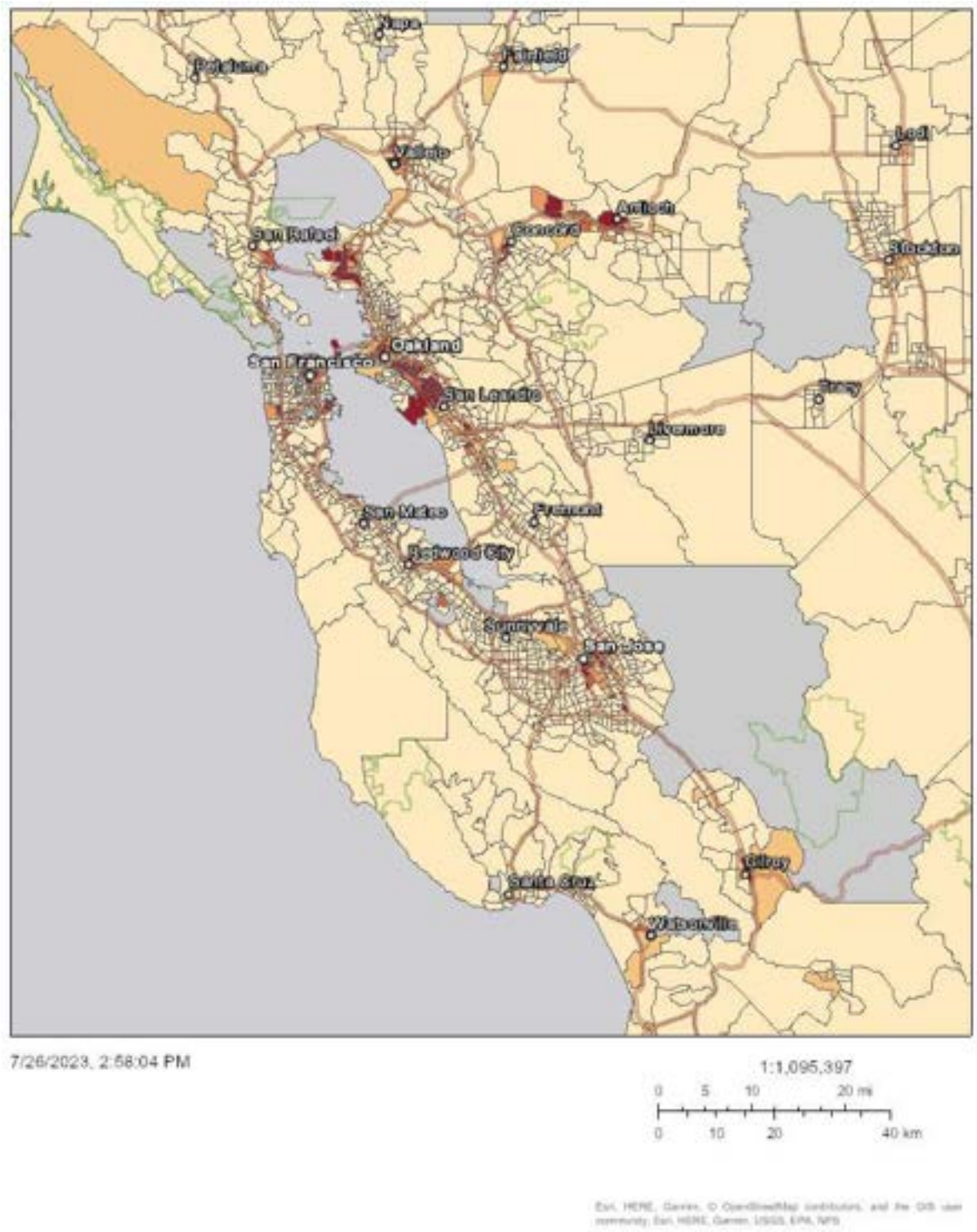
Figures A-92 and A-93 show risk of displacement for households with incomes at or between 50 percent and 80 percent AMI in Los Gatos and the region. Risk of displacement for these households are similar for lower income households in both Santa Clara County and the Bay Area. This is likely related to rising housing prices across the region that has made it increasingly difficult for households in this income range to keep their housing.

Figure A-92 Estimated Displacement Risk – 50%-80% AMI by Census Tract, Los Gatos, (UCB, Urban Displacement Project 2022)



Source: University of California Berkely (UCB) Urban Displacement Project and California Department of Housing and Community Development AFFH Data Viewer.

Figure A-93. Regional Estimated Displacement Risk – 50%-80% AMI by Census Tract, 2022

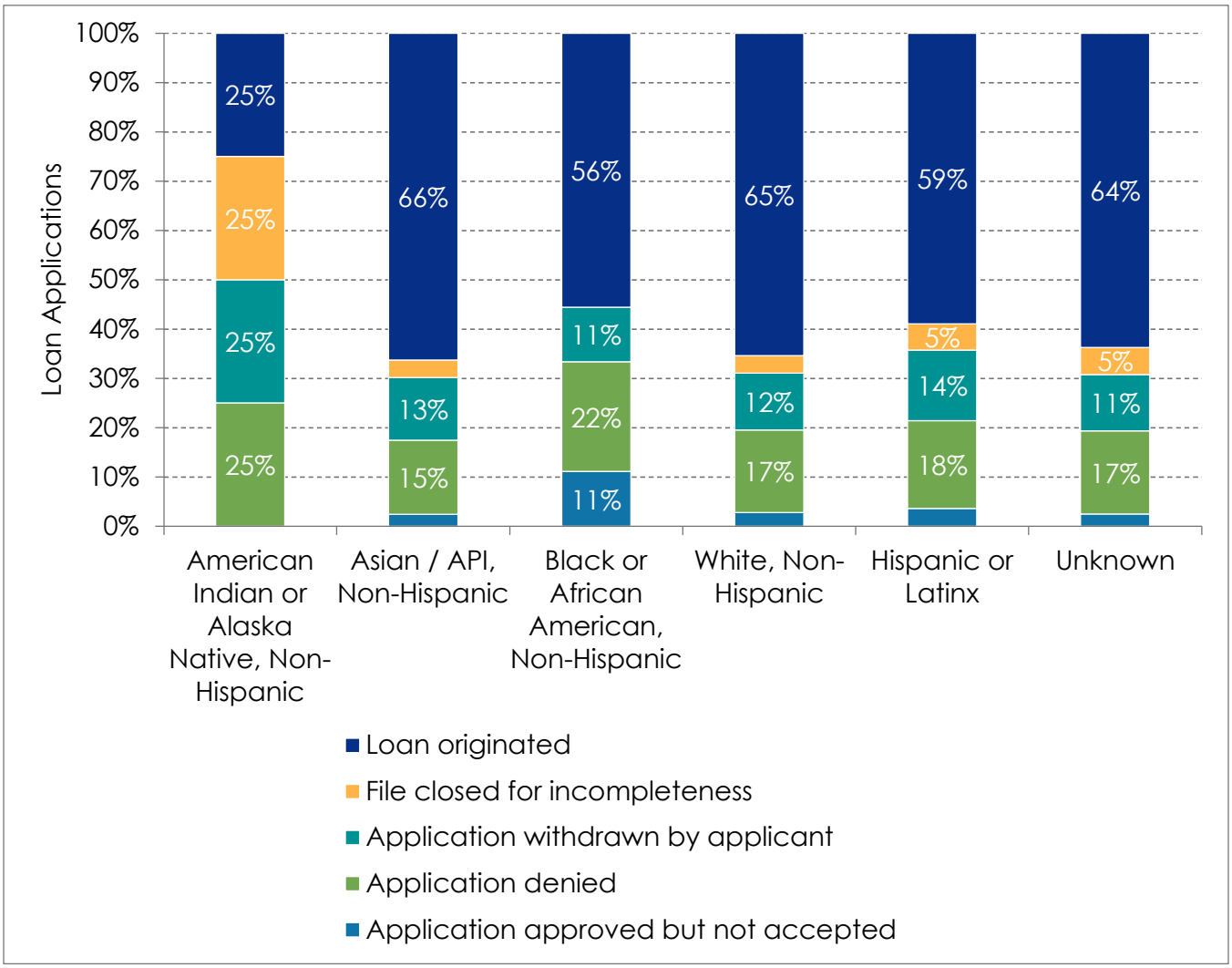


Source: University of California Berkely (UCB) Urban Displacement Project and California Department of Housing and Community Development AFFH Data Viewer.

Access to Mortgage Loans

In many communities, disparities by race and ethnicity are prevalent for home mortgage applications, particularly in denial rates. This is less true in Los Gatos (Figure A-94). Mortgage denial rates range from 17 percent to 25 percent. American Indian or Alaska Native, Non-Hispanic and Black/African American residents experienced the next highest rejection rate at 25 percent and 22 percent.

Figure A-94 Mortgage Applications and Acceptance by Race, 2018 and 2019



Source: ABAG Housing Needs Data Workbook, Federal Financial Institutions Examination Council's (FFIEC) Home Mortgage Disclosure Act loan/application register (LAR) files.

A.11 Distribution of Sites Inventory

The proposed housing sites in the Sites Inventory are well distributed to increase opportunities throughout the Town. In addition, Accessory Dwelling Units and Senate Bill 9 units have been distributed throughout the Town, where single-family neighborhoods are the most prominent housing type. The distribution of RHNA units by AFFH variable is described below.

Potential Effects on Segregation and Integration

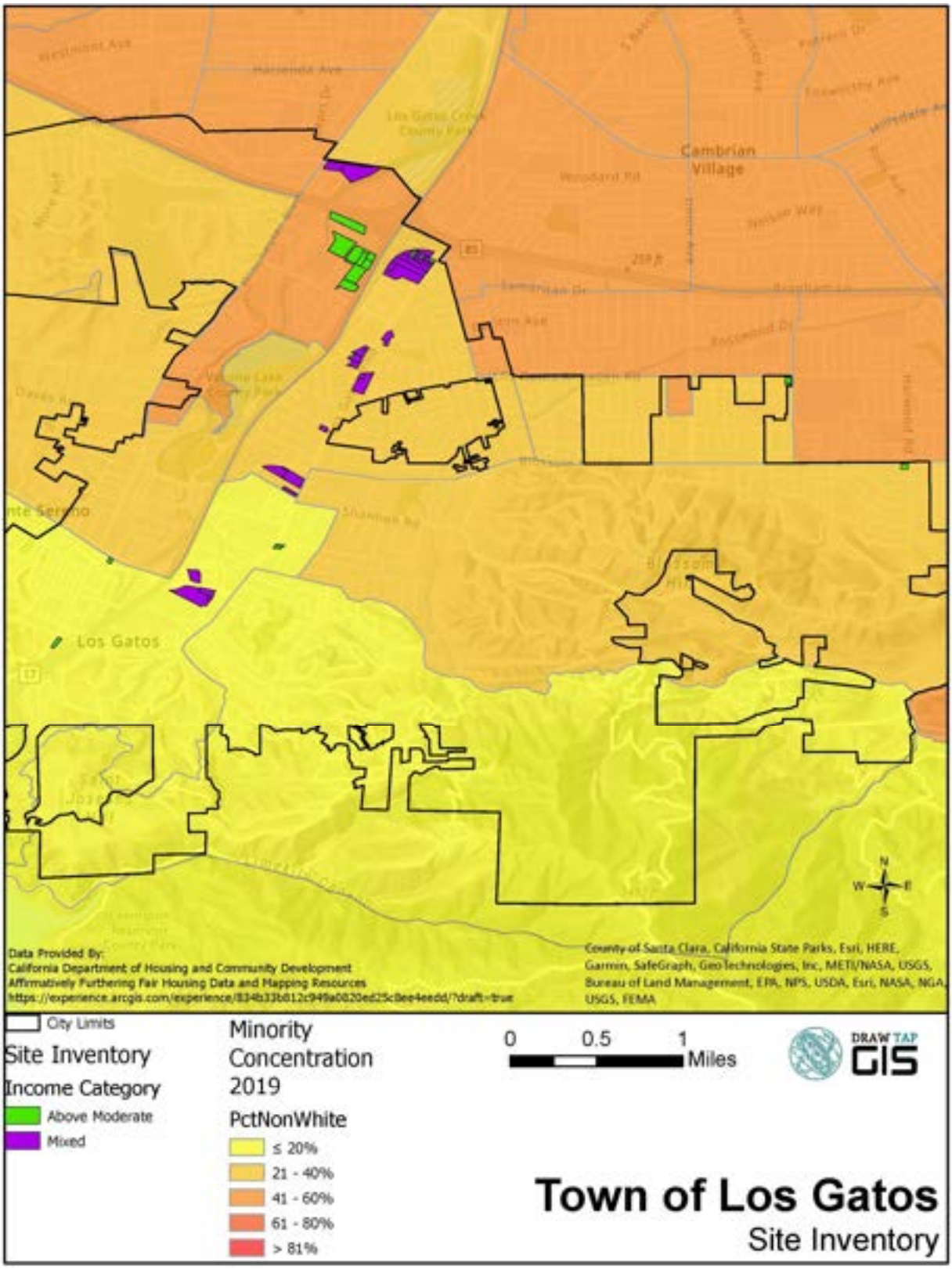
Race/Ethnicity

As discussed above, Los Gatos is primarily comprised of White majority populations. The distribution of RHNA units by racial/ethnic minority population at the tract level is shown in Table A-8 and Figure A-95. More than half of units selected to meet the RHNA are in tracts where 20 percent to 40 percent of the population belongs to a racial or ethnic minority group, including 68 percent of very low income RHNA units, 58.5 percent of low-income units, 63.5 percent of moderate-income units, and 40 percent of above moderate-income units. A significantly larger proportion of above moderate-income units (43 percent) are in tracts where 40 percent to 60 percent of the population belongs to a racial or ethnic minority group compared to very low (18.5 percent), low (16.2 percent), and moderate-income units (17.1 percent). The Town's RHNA strategy does not disproportionately allocate lower or moderate-income units in areas with larger non-White populations. RHNA sites suitable for housing of all affordability levels are distributed throughout Los Gatos to the greatest extent possible.

Table A-8 Distribution of RHNA Units by Racial/Ethnic Minority Population (2019)

Racial/Ethnic Minority Population (Tract)	Very Low Income		Low Income		Moderate Income		Above Moderate Income		Total	
	Units	Percent	Units	Percent	Units	Percent	Units	Percent	Units	Percent
<20%	86	13.6%	90	25.2%	66	19.4%	109	17.0%	351	17.8%
20-40%	431	68.0%	209	58.5%	216	63.5%	256	40.0%	1112	56.4%
40-60%	117	18.5%	58	16.2%	58	17.1%	275	43.0%	508	25.8%
60-80%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
>80%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	**634**	**100.0%**	**357**	**100.0%**	**340**	**100.0%**	**640**	**100.0%**	**1971**	**100.0%**

Figure A-95 Sites Inventory and Racial/Ethnic Minority Population by Tract (2019)



Source: HCD AFFH Data Viewer 2.0, 2023.

Persons with Disabilities

Based on the HCD Data Viewer 2.0 and 2017-2021 ACS estimates, there are no Los Gatos tracts containing RHNA sites where more than 10 percent of the population experiences a disability. Sites selected to meet the Town's RHNA do not exacerbate conditions related to populations of persons with disabilities.

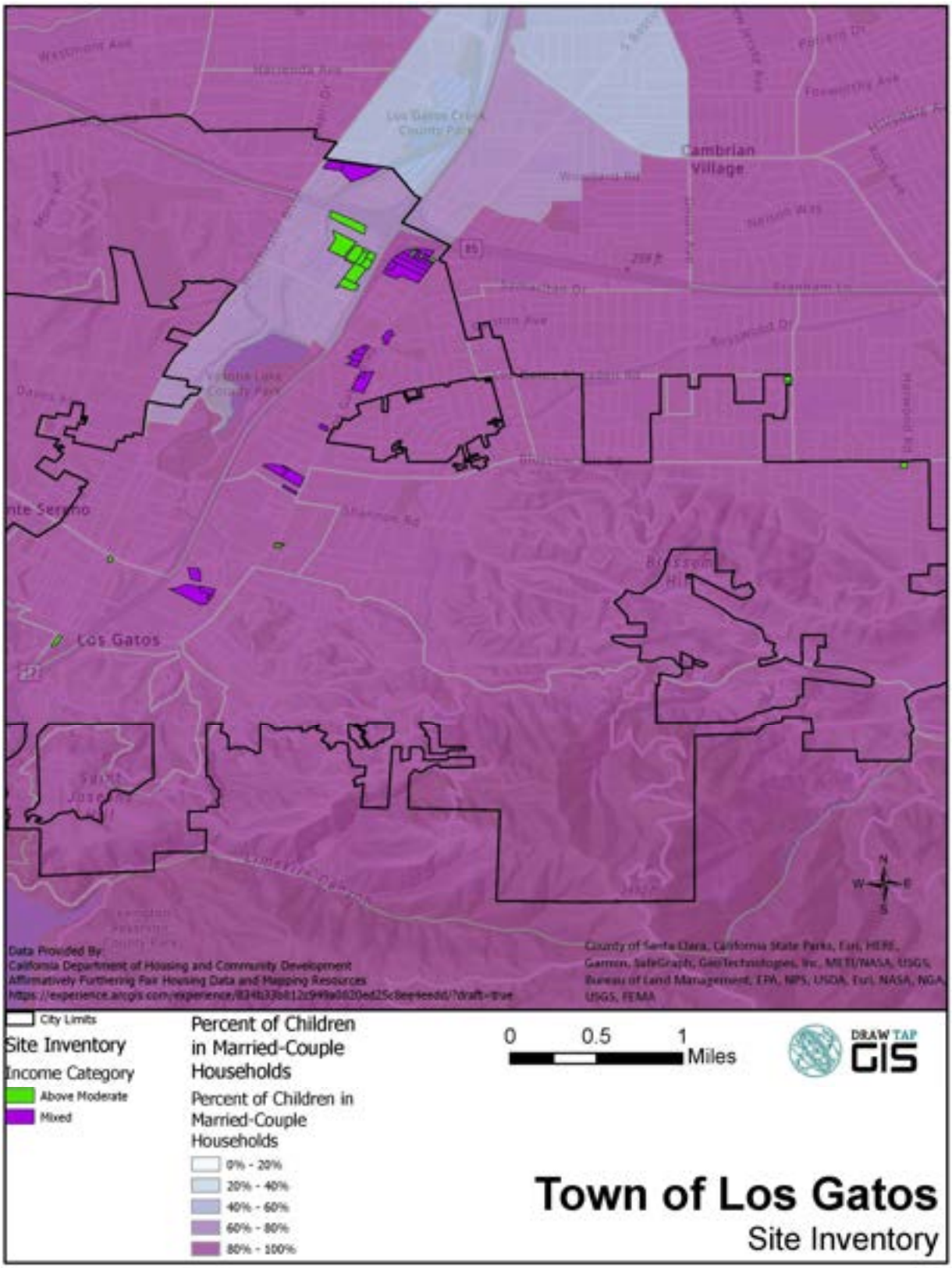
Familial Status

The distribution of RHNA units by population of children residing in married couple households is presented in Table A-9 and Figure A-96. According to the HCD AFFH Data Viewer 2.0, based on 2017-2021 ACS estimates, more than 80 percent of children reside in married couple households in all but one tract. Consistent with the trend townwide, 74 percent of RHNA units are in tracts where more than 80 percent of children are in married couple households. The remaining 26 percent of RHNA units are in the tract where only 68 percent of children are in married couple households. A larger proportion of above moderate-income units are in this tract (43 percent) compared to lower and moderate-income units. There are no tracts in Los Gatos where more than 20 percent of children reside in single-parent female-headed households. The Town's RHNA strategy dos not disproportionately place lower or moderate-income units in areas with higher rates of children in single-parent households.

Table A-9 Distribution of RHNA Units by Children in Married Couple Households (2021)

Population of Children in Married Couple HHs (Tract)	Very Low Income		Low Income		Moderate Income		Above Moderate Income		Total	
	Units	Percent	Units	Percent	Units	Percent	Units	Percent	Units	Percent
<20%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
20-40%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
40-60%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
60-80%	117	18.5%	58	16.2%	58	17.1%	275	43.0%	508	25.8%
>80%	517	81.5%	299	83.8%	282	82.9%	365	57.0%	1463	74.2%
Total	**634**	**100.0%**	**357**	**100.0%**	**340**	**100.0%**	**640**	**100.0%**	**1971**	**100.0%**

Figure A-96 Sites Inventory and Children in Married Couple Households by Tract (2021)



Source: HCD AFFH Data Viewer 2.0 (2017-2021 ACS), 2023.

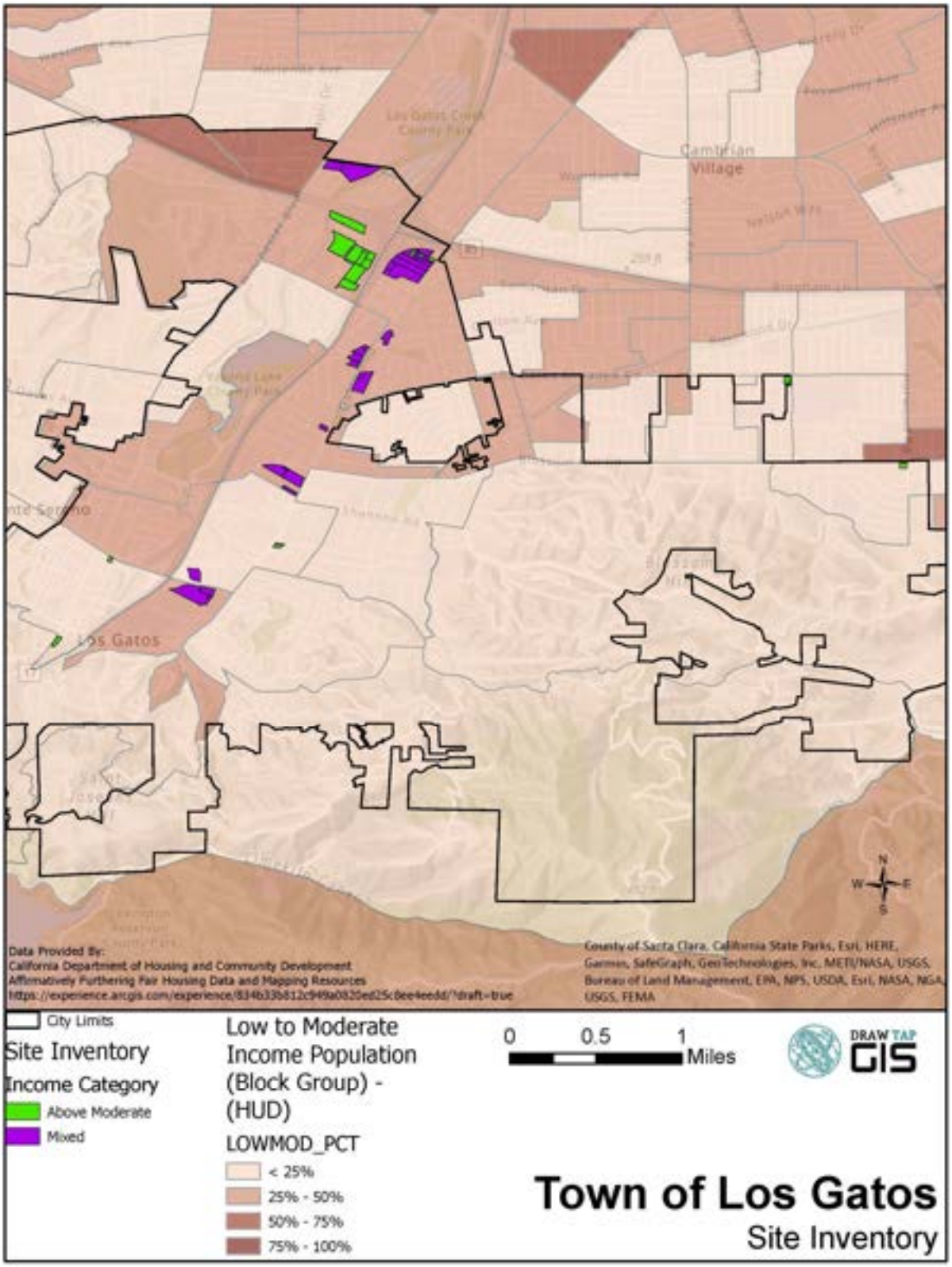
Income

Low- and Moderate Income (LMI) areas are defined by HUD as tracts or block groups where at least 51 percent of households are in low- or moderate-income categories. As shown in Figure A-97, there are no block groups containing RHNA sites that are considered LMI areas. Nearly 95 percent of RHNA units are in block groups where 25 percent to 50 percent of households are LMI (Table A-10). Only 1.1 percent of low-income units, 1.2 percent of moderate-income units, and 15 percent of above moderate-income units are in block groups where less than 25 percent of households are LMI. The Town's RHNA strategy distributes sites throughout tracts with variable LMI populations to the greatest extent possible given the existing conditions.

Table A-10 Distribution of RHNA Units by Population of LMI Households (2021)

LMI Households (Block Group)	Very Low Income		Low Income		Moderate Income		Above Moderate Income		Total	
	Units	Percent	Units	Percent	Units	Percent	Units	Percent	Units	Percent
<25%	0	0.0%	4	1.1%	4	1.2%	96	15.0%	104	5.3%
25-50%	634	100.0%	353	98.9%	336	98.8%	544	85.0%	1867	94.7%
50-75%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
75-100%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	**634**	**100.0%**	**357**	**100.0%**	**340**	**100.0%**	**640**	**100.0%**	**1971**	**100.0%**

Figure A-97 Sites Inventory and LMI Households by Block Group (2015)

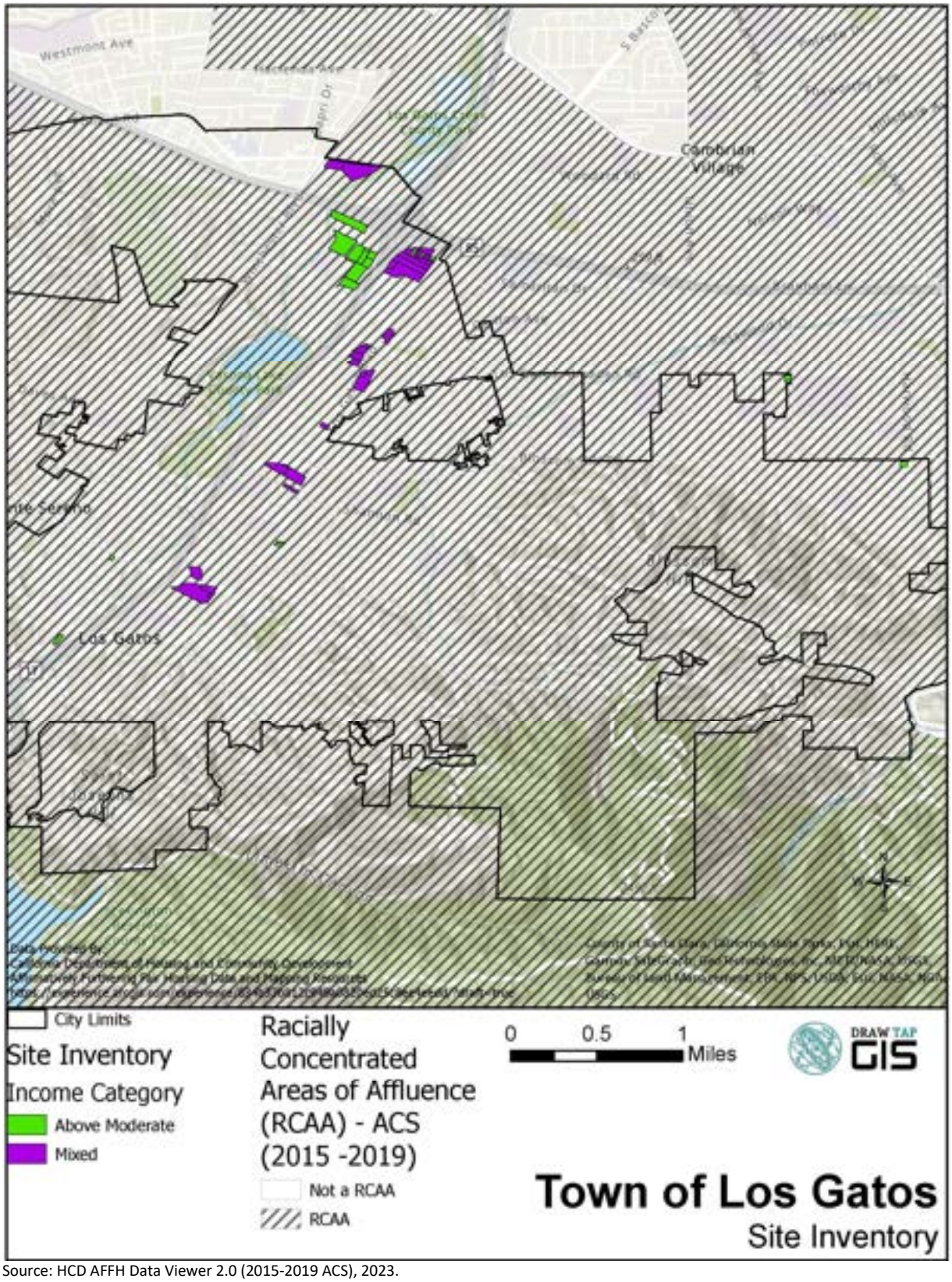


Source: HCD AFFH Data Viewer 2.0 (HUD 2011-2015), 2023.

Racially/Ethnically Concentrated Areas

As discussed above, there are no TCAC designated areas of high segregation and poverty in Los Gatos. In 2023, HCD released a new methodology with mapping to measure Racially Concentrated Areas of Affluences (RCAA). To develop the RCAA layer, staff first calculated a Location Quotient (LQ) for each California census tract representing the percentage of total white population (White Alone, Not Hispanic or Latino) for each census tract compared to the average percentage of total white population for all census tracts in a given COG region. For example, a census tract with a LQ of 1.5 has a percentage of total white population that is 1.5 times higher than the average percentage of total white population in the given COG region. Based on HCD's methodology, RCAAs tracts have an LQ of more than 1.25 and a median income 1.5 times higher than the COG AMI (or 1.5x the State AMI, whichever is lower). All tracts in Los Gatos are considered RCAAs; therefore, all sites selected to meet the RHNA are also in RCAA areas (Figure A-98).

Figure A-98 Sites Inventory and RCAAs by Tract (2019)



Source: HCD AFFH Data Viewer 2.0 (2015-2019 ACS), 2023.

Summary

While Los Gatos does not have significant segregation issues within the Town, from a broader regional perspective, providing increased lower-income housing opportunities in a high resource community like Los Gatos will help overcome Countywide and regional patterns of segregation, disparate impacts for impacted racial and ethnic groups, and foster more inclusive communities free from barriers that restrict access to opportunity. Housing opportunities in Los Gatos are limited by the pricing of both rental and market rate units. Additionally, approximately three-quarters of the housing in Town are single-family units, further reducing housing opportunities for smaller sized rental units. Sites proposed for very low- and low-income units have been distributed evenly throughout the Town and will not result in dense areas of income segregation.

Potential Effects on Access to Opportunity

Access to Opportunity

Figure A-44 shown previously shows that nearly all Los Gatos tracts are TCAC designated highest resource areas. There is one tract in the northernmost area of the Town, also encompassing part of the City of Campbell, that is a high resource area. All sites selected to fulfill the Town's RHNA are in highest resource tracts.

Environment

As presented in Figure A-50 above, all Los Gatos tracts scored within the lowest percentile range (most positive environmental factors) under OEHHA's CalEnviroScreen 4.0. Therefore, all sites selected to meet the RHNA are in areas with the most positive environmental conditions.

Summary

The Town-wide distribution of housing sites will provide housing options for lower income households to choose housing that is close to amenities and services, such as parks, schools, transit, or other features (refer to Appendix D, Sites Inventory Analysis). The sites in the Sites Inventory do not saturate one specific set of income category in a specific location, rather they are spread throughout the Town. The sites in the Sites Inventory are spread throughout Town and were selected for their proximity to Town services and amenities, such as parks, high quality schools, shopping, and local Valley Transportation Authority bus transit that links to regional light rail transit.

In evaluating the selected sites from a broader, Countywide perspective, providing increased lower income housing opportunities in a high resource community such as Los Gatos will help overcome Countywide and regional patterns of disparate impacts for impacted racial and ethnic groups by providing more affordable housing choices near desirable resources such as employment and high-quality education. This will allow for more inclusive communities that are free from barriers that restrict access to opportunity.

Potential Effects on Disproportionate Housing Needs

Cost Burden

The distribution of RHNA units by percentage of cost burdened owner-occupied households at the tract-level is shown in Table A-10 and Figure A-99. Between 20 percent and 60 percent of owner-occupied households are cost burdened in all Los Gatos tracts. Nearly all RHNA units (99.2 percent) are in tracts where 40 percent to 60 percent of owners with a mortgage overpay for housing. There are only 15 units allocated towards the above moderate income RHNA in tracts where less than 40 percent of owners are cost burdened.

Renters are cost burdened at similar rates to owners in Los Gatos tracts. Like owner-occupied households, in most tracts in the Town cost burdened renters represent 20 percent to 60 percent of the total tract households. As presented in Table A-12 and Figure A-100, 56 percent of RHNA units are in tracts where 40 percent to 60 percent of renters are cost burdened including 68 percent of very low-income units, 58.5 percent of low income units, and 63.5 percent of moderate income units, and 38.8 percent of above moderate income units. A larger

proportion of above moderate income units are in tracts where less than 40 percent of renters overpay for housing compared to lower and moderate income units. However, tracts with RHNA sites generally have comparable cost burdened renter populations ranging from 23 percent to 46 percent. Further, there are only 8 above moderate income units in the tract with a cost burdened renter population of 23 percent.

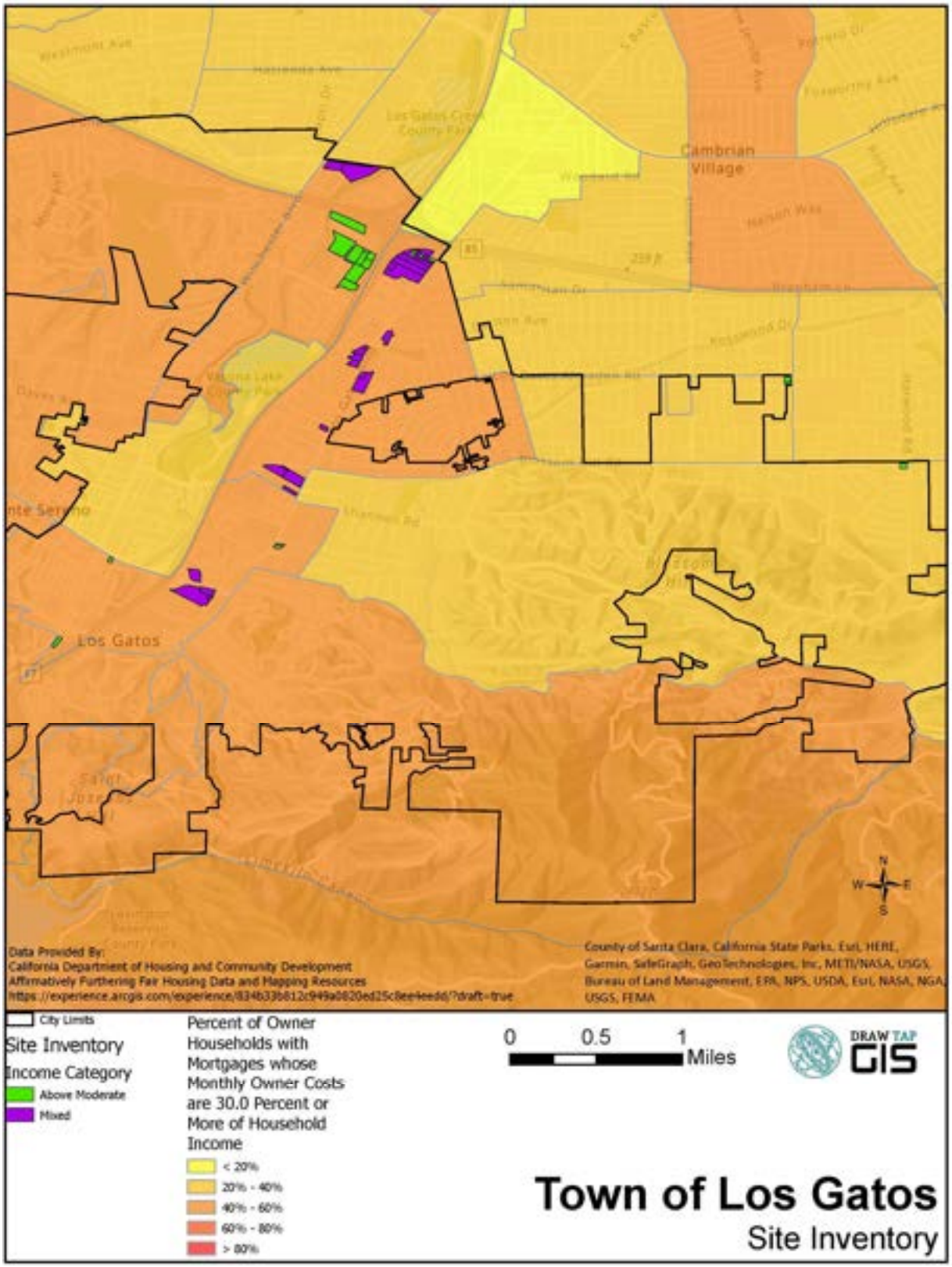
Table A-11 Distribution of RHNA Units by Population of Cost Burdened Owners (2021)

Cost Burdened Owners (Tract)	Very Low Income		Low Income		Moderate Income		Above Moderate Income		Total	
	Units	Percent	Units	Percent	Units	Percent	Units	Percent	Units	Percent
<20%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
20-40%	0	0.0%	0	0.0%	0	0.0%	15	2.3%	15	0.8%
40-60%	634	100.0%	357	100.0%	340	100.0%	625	97.7%	1956	99.2%
60-80%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
>80%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	**634**	**100.0%**	**357**	**100.0%**	**340**	**100.0%**	**640**	**100.0%**	**1971**	**100.0%**

Table A-12 Distribution of RHNA Units by Population of Cost Burdened Renters (2021)

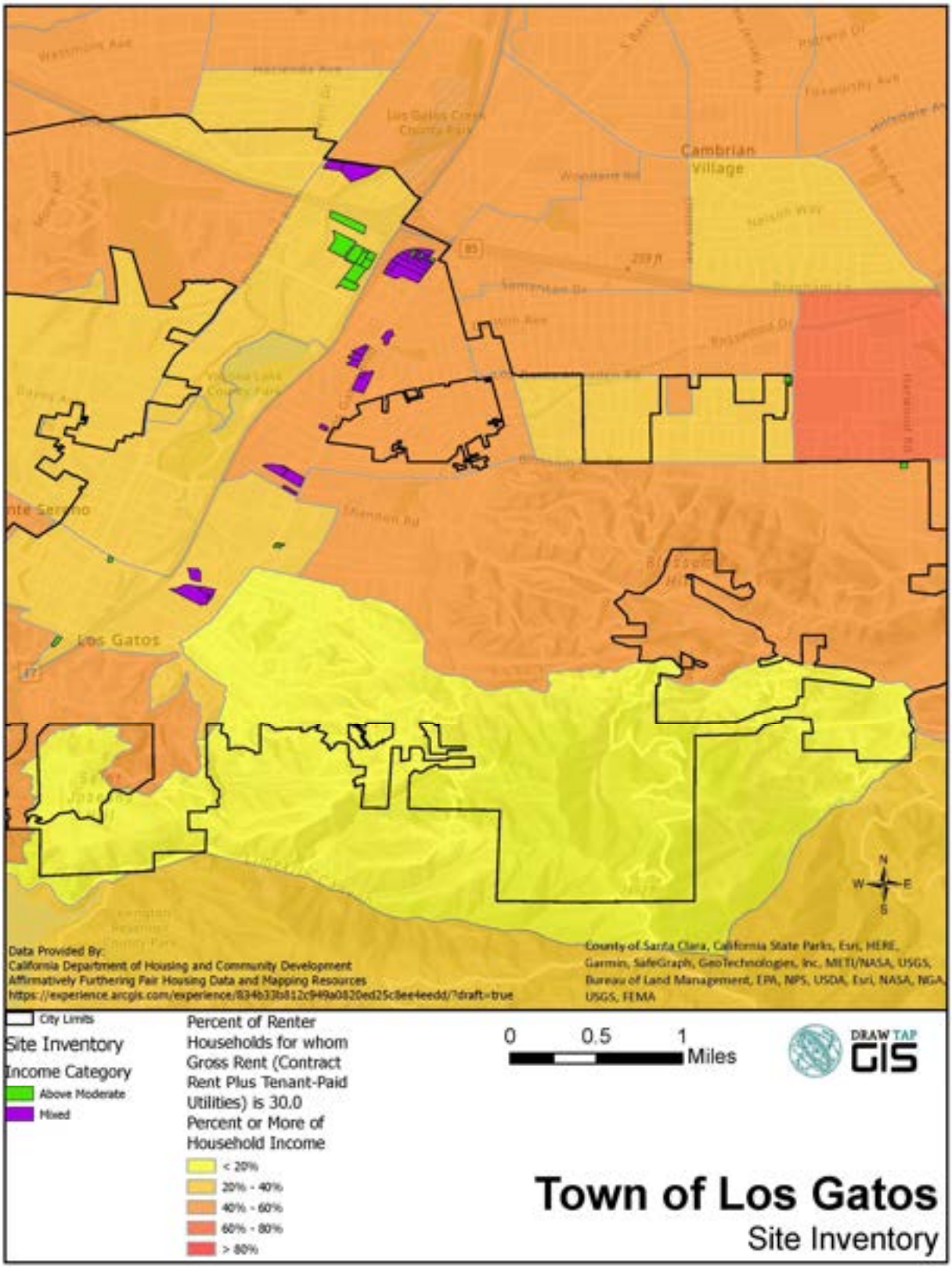
Cost Burdened Renters (Tract)	Very Low Income		Low Income		Moderate Income		Above Moderate Income		Total	
	Units	Percent	Units	Percent	Units	Percent	Units	Percent	Units	Percent
<20%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
20-40%	203	32.0%	148	41.5%	124	36.5%	392	61.3%	867	44.0%
40-60%	431	68.0%	209	58.5%	216	63.5%	248	38.8%	1104	56.0%
60-80%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
>80%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	**634**	**100.0%**	**357**	**100.0%**	**340**	**100.0%**	**640**	**100.0%**	**1971**	**100.0%**

Figure A-99 Sites Inventory and Cost Burdened Owner HH Population by Tract (2021)



Source: HCD AFFH Data Viewer 2.0 (2017-2021 ACS), 2023.

Figure A-100 Sites Inventory and Cost Burdened Renter HH Population by Tract (2021)



Source: HCD AFFH Data Viewer 2.0 (2017-2021 ACS), 2023.

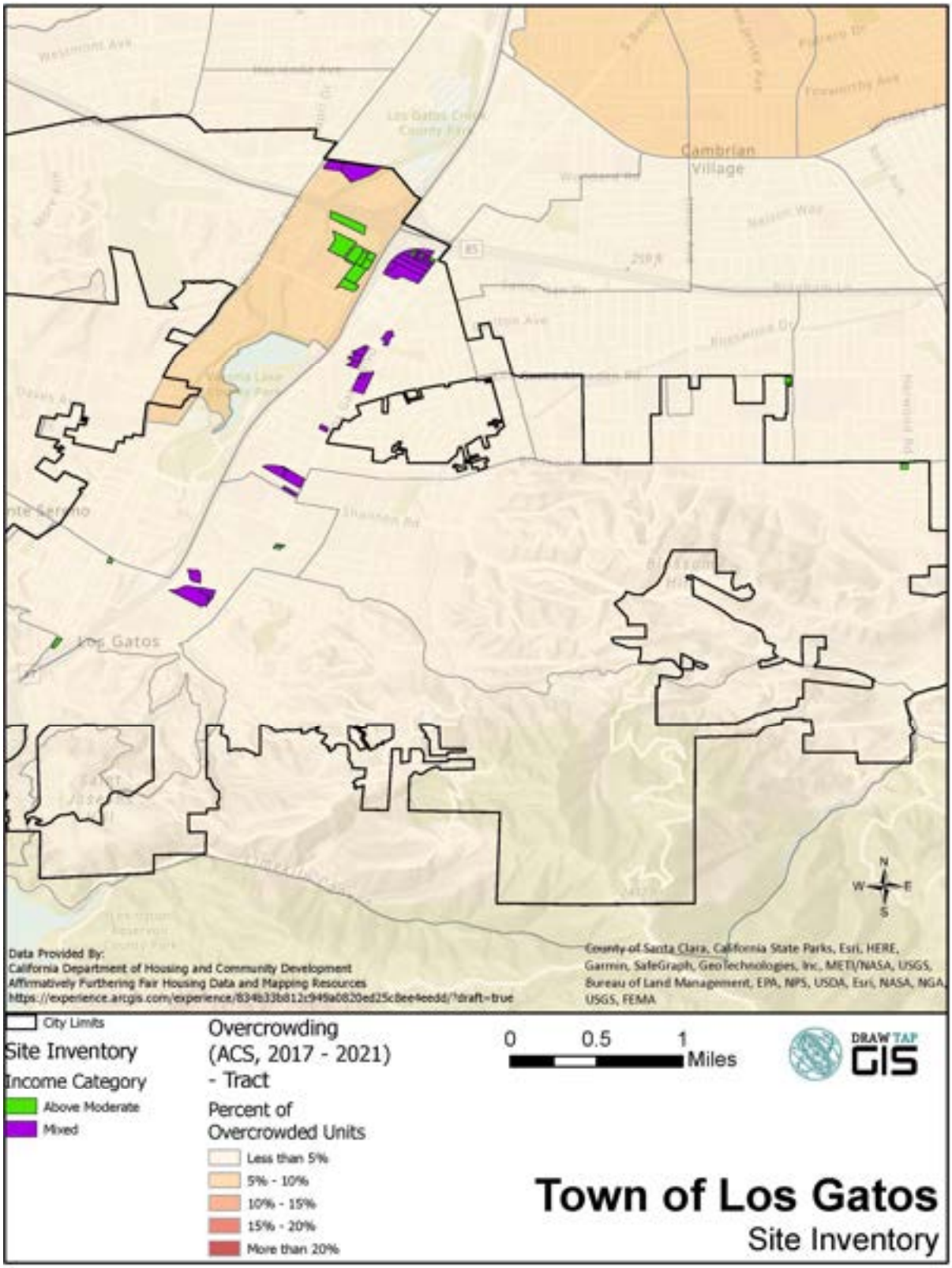
Overcrowding

According to the HCD AFFH Data Viewer 2.0, based on the 2017-2021 ACS, there is only one tract in Los Gatos where more than 5 percent of households are overcrowded. Table A-13 and Figure A-101 show that 26 percent of RHNA units are in the northern tract where 5.1 percent of households experience overcrowding. A larger proportion of above moderate-income units are allocated in this tract (43 percent) compared to very low (18.5 percent), low (16.2 percent), and moderate income units (17.1 percent). The Town's RHNA strategy aims to promote housing opportunities townwide, including areas with need, such as overcrowded populations. The RHNA strategy does not disproportionately place lower or moderate income RHNA units in areas where overcrowding is more prevalent.

Table A-13 Distribution of RHNA Units by Overcrowded Households (2021)

Overcrowded Households (Tract)	Very Low Income		Low Income		Moderate Income		Above Moderate Income		Total	
	Units	Percent	Units	Percent	Units	Percent	Units	Percent	Units	Percent
<5%	517	81.5%	299	83.8%	282	82.9%	365	57.0%	1463	74.2%
5-10%	117	18.5%	58	16.2%	58	17.1%	275	43.0%	508	25.8%
10-15%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
15-20%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
>20%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	**634**	**100.0%**	**357**	**100.0%**	**340**	**100.0%**	**640**	**100.0%**	**1971**	**100.0%**

Figure A-101 Sites Inventory and Overcrowded HH Population by Tract (2021)



Source: HCD AFFH Data Viewer 2.0 (2017-2021 ACS), 2023.

Displacement

As shown above in Figure A-92, there are no sensitive communities at risk of displacement in Los Gatos. All tracts in the Town are considered "lower displacement risk" areas. Therefore, there are no RHNA sites in communities vulnerable to displacement.

Summary

"Disproportionate housing needs generally refers to a condition in which there are significant disparities in the proportion of members of a protected class experiencing a category of housing need when compared to the proportion of members of any other relevant groups, or the total population experiencing that category of housing need in the applicable geographic area. For purposes of this definition, categories of housing need are based on such factors as cost burden and severe cost burden, overcrowding, homelessness, and substandard housing conditions."[20]

Overpayment for housing is a significant challenge for low-income residents in Town. Cost burden does vary by tenure (renter or ownership) in Los Gatos. Renters tend to experience a greater share of all forms of cost burden while owners experienced less of a cost burden. When analyzing cost burden by family size, households with five or more persons experience less cost burden compared to all other household types.

Housing cost burden in Los Gatos is lower than nearby cities, but differs by race and ethnicity and by tenure (renters or owners). Asian households experience the lowest rates of cost burden (30 percent) in the Town, followed by non-Hispanic White households (31 percent). This is followed by Black/African American household (34 percent) and Hispanic households (37 percent). Other/Multiple Race households (45 percent) are the most likely to be cost burdened (45 percent). Owners experience cost burden at a lower rate (28 percent) than renters (42 percent). This may be likely due to the relatively high cost of living in Los Gatos and the greater Bay Area region.

The quantity and Town-wide distribution of affordable housing within the Sites Inventory will concentrate on the disproportionate housing needs by providing affordable housing dispersed throughout the Town, nearby high need services and amenities.

Sites Inventory Summary

The Town's sites inventory is shown in Figure A-102. Sites are also shown by tract and respective AFFH variables in Table A-14. The sites inventory as it relates to affirmatively furthering fair housing is discussed below.

Tract 5068.01 encompasses the central area of the Town and is bound by Highway 17 to the west, National Avenue and Camino del Cerro to the east, Blossom Hill Road to the south, and the northern Town boundary to the north. This tract is primarily zoned for Single Family Residential (R-1:8) and Restricted Commercial Highway (CH) uses. The North Forty Specific Plan is also located in this tract. Tract 5068.01 contains the largest proportion of RHNA units. More than half of units selected to meet the RHNA, including 431 very low income, 209 low income, 216 moderate income, and 241 above moderate-income units, are allocated to sites in tract 5068.01. Like Los Gatos as a whole, this section is a highest resource area with few fair housing issues. None of the block groups in this tract are considered LMI areas and only 1.9 percent of households are overcrowded. The Town's RHNA strategy in this area of Los Gatos promotes mixed income communities in an opportunity-rich area. Sites identified in this tract would not exacerbate conditions related to fair housing.

Tract 5068.04 is in the northeastern area of Los Gatos and is bound by Los Gatos Almaden Road to the north, Camino del Cerro to the west, Leigh Avenue to the east, and Blossom Hill Road to the south. This neighborhood

[20] California Department of Housing and Community Development Guidance, 2021, page 39.

is comprised predominantly of R1 zoning designations. There is only one RHNA site in this tract. Site G-1 has a capacity to accommodate eight above moderate-income units.

Tract 5069 is the largest tract, encompassing the area east of Los Gatos Boulevard, south of Blossom Hill Road, and north of Kennedy Road. The majority of the area in tract 5069 is zoned for Hillside Residential (HR) and Resource Conservation (RC) uses. Site H-1, with the capacity to accommodate seven above moderate-income units, is the only site that has been identified in tract 5069.

Tract 5070.04 is in southern Los Gatos and is generally bound by Los Gatos Boulevard to the east, the Town boundary and Highway 17 to the west, and Roberts Road, Shannon Road, and Saratoga Los Gatos Road to the north. Tract 5070.04 is predominantly zoned R1 east of Highway 17 and Single Family Residential Downtown (R-1D) and Central Business District (C-2) west of Highway 17. A total of five RHNA sites have been identified in tract 5070.04. These sites have a total capacity of 335 units, including 86 very low, 90 low, 66, moderate, and 93 above moderate. Like tract in 5068.01, the RHNA strategy proposes sites with the ability to accommodate a variety of income levels in this area. This tract is a highest resource area will few fair housing issues. RHNA sites in this tract promote mixed income communities and increased housing opportunities in high resource areas.

Tract 5072.03 is west of tract 5068.01 and is bound by the northern Town boundary, Winchester Boulevard to the east, and Highway 17 to the west. Zoning designations in this section of Los Gatos include R-1, Multi-Family Residential (R-M), Residential Mobile Home Park (RMH), Controlled Manufacturing (CM), and the Albright Specific Plan. There are 508 RHNA units (117 very low, 58 low, 58 moderate, and 275 above moderate income) allocated in this section of the Town over five sites. While this is a highest resource area, it does have larger non-White, LMI household, and overcrowded populations compared to other areas of the Town. However, the RHNA strategy does not allocate sites accommodating the lower or moderate income RHNA in this tract alone. Over half of the units identified in this tract are allocated towards the above moderate income RHNA. Further, sites accommodating lower and moderate income units are distributed throughout other areas of the Town.

Summary

The Town's RHNA strategy identifies sites throughout the Town, serving various existing populations, to the greatest extent possible given the overall character of Los Gatos. The RHNA strategy ensures sites with the capacity to accommodate lower and moderate income units are not concentrated in one area of the Town alone. All sites identified promote the increase of housing units, including affordable housing, in high resource areas with accessible services and amenities. The sites inventory, in conjunction with programs and supplemental AFFH actions outlined in this Housing Element, aims to foster inclusive communities through promoting affordable housing in resource-rich areas, like Los Gatos. The Town's sites inventory does not exacerbate negative fair housing conditions in Los Gatos.

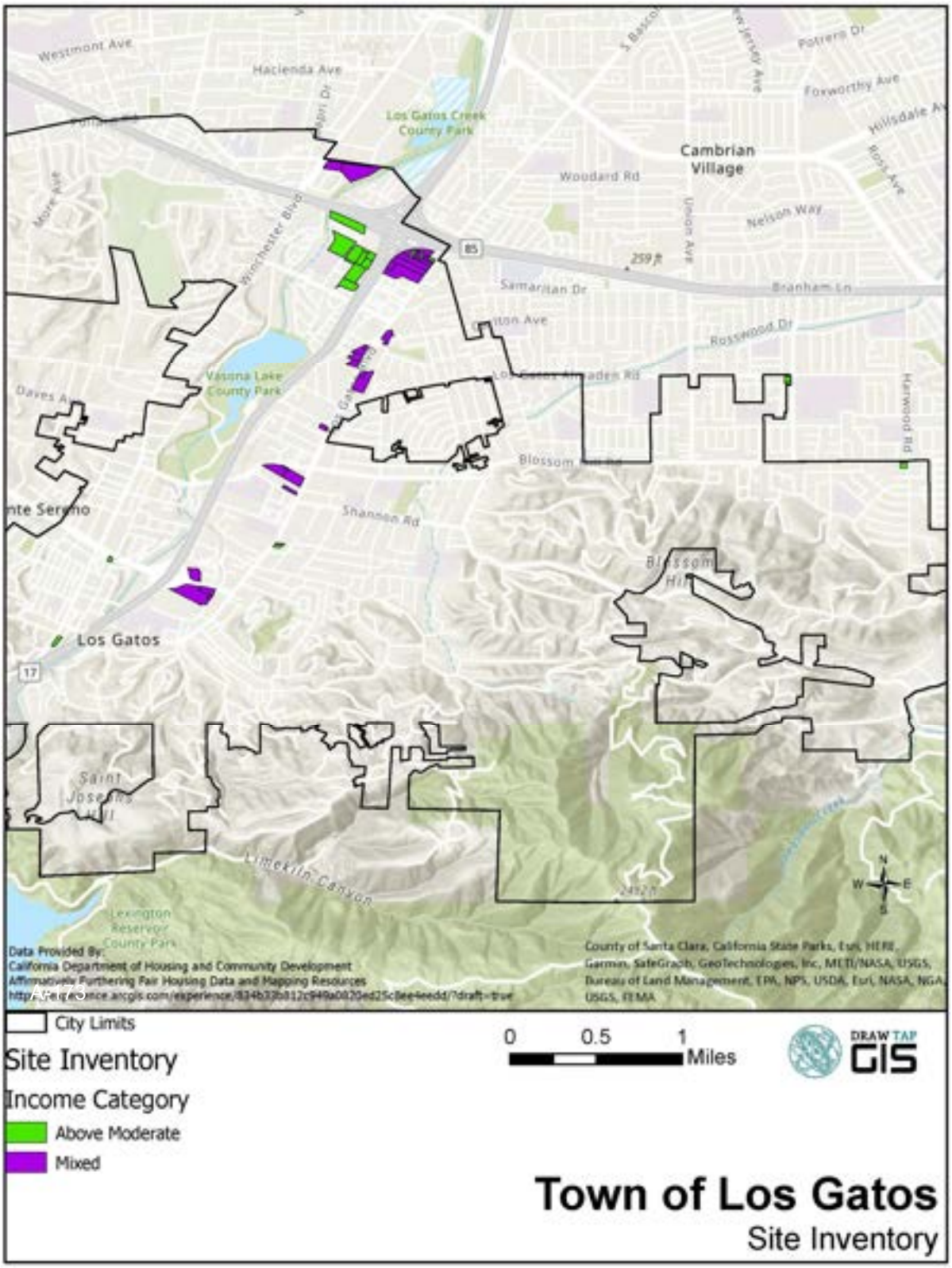
Table A-14 Sites Inventory by Tract and AFFH Variable

Tract/Site #	# of HHs in Tract	Total Capacity (Units)	Income Distribution (Units)				% Non-White	% LMI HHs*	TCAC Opp. Area	Overpay Renter	Over-crowded HHs
			Very Low	Low	Moderate	Above Moderate					
Tract 5068.01	**2,064**	**1,097**	**431**	**209**	**216**	**241**	**27.5%**	**37.0-47.0%**	**Highest Resource**	**42.3%**	**1.9%**
C-1		48	19	9	10	10					
C-2		86	35	17	17	17					
C-3		33	13	6	7	7					
C-4		19	7	4	4	4					
C-5		24	9	5	5	5					
C-7		106	42	21	21	22					
C-8		79	31	16	16	16					
C-9		134	54	26	26	28					
D-1		452	184	89	92	87					
D-2		37	16	7	7	7					
D-3		7	0	0	0	7					
D-4		12	0	0	0	12					
D-5		23	10	4	5	4					
D-6		27	11	5	6	5					
D-7		10	0	0	0	10					
Tract 5068.04	**1,612**	**8**	**0**	**0**	**0**	**8**	**35.9%**	**5.0%**	**Highest Resource**	**23.4%**	**0.0%**
G-1		8	0	0	0	8					
Tract 5069	**2,856**	**7**	**0**	**0**	**0**	**7**	**34.1%**	**21.0%**	**Highest Resource**	**45.9%**	**0.0%**
H-1		7	0	0	0	7					
Tract 5070.04	**1,753**	**335**	**86**	**90**	**66**	**93**	**17.4%**	**15.0-26.0%**	**Highest Resource**	**33.4%**	**0.0%**

Tract/Site #	# of HHs in Tract	Total Capacity (Units)	Income Distribution (Units)				% Non-White	% LMI HHs*	TCAC Opp. Area	Overpay Renter	Over-crowded HHs
			Very Low	Low	Moderate	Above Moderate					
A-3		7	0	0	0	7					
B-1		262	86	86	62	28					
C-6		6	0	0	0	6					
I-1		60	0	4	4	52					
Tract 5072.03	**1,229**	**508**	**117**	**58**	**58**	**275**	**40.8%**	**35.0%**	**Highest Resource**	**37.7%**	**5.1%**
E-1		121	0	0	0	121					
E-2		26	0	0	0	26					
E-3		69	0	0	0	69					
F-1		220	88	44	44	44					
F-2		72	29	14	14	15					
Total		**1,971**	**634**	**357**	**340**	**640**					

* LMI household percentage is presented at the block group level and may be shown as a range as sites may be located in different block groups within the same tract.

Figure A-102 Sites Inventory



Housing Needs Assessment

B

APPENDIX

B.1 Introduction

This appendix of the Housing Element describes existing housing needs and conditions in the Town of Los Gatos. The analysis in this section primarily utilizes data compiled by Association of Bay Area Governments/ Metropolitan Transportation Commission (ABAG/MTC) in the "Housing Needs Data Report: Los Gatos" (ABAG/MTC, Baird + Driskell Community Planning, April 2, 2021). This data packet was approved by the California Department of Housing and Community Development (HCD).

Overview of Bay Area Housing

The Bay Area continues to see growth in both population and jobs, which means more housing of various types and sizes is needed to ensure that residents across all income levels, ages, and abilities have a place to call home. While the number of people drawn to the region over the past 30 years has steadily increased, housing production has stalled, contributing to the housing shortage that communities are experiencing today. In many communities, this has resulted in residents being priced out, increased traffic congestion caused by longer commutes, and fewer people across incomes being able to purchase homes or meet surging rents.

The 2023-2031 Housing Element Update provides a roadmap for how to meet growth and housing challenges. As required by the State, the Housing Element identifies what the existing housing conditions and community needs are, reiterates goals, and creates a plan for more housing.

Summary of Key Facts

- **Population** – Generally, the population of the Bay Area continues to grow because of new births (natural growth) and the strong economy draws new residents to the region. The population of the Town of Los Gatos increased by 10 percent from 2000 to 2020, which is below the growth rate of the Bay Area.
- **Age** – In 2019, the youth population of the Town, under the age of 18, was 6,767 and the senior population, 65 and older, was 6,393. These age groups represent 22. percent and 20.8 percent, respectively, of the Town's population.
- **Race/Ethnicity** – In 2020, 72.3 percent of the Town of Los Gatos population was White, while 0.9 percent was African American, 14.8 percent was Asian, and 7.9 percent was Latinx. People of color in Los Gatos comprise a proportion below the overall proportion in the Bay Area as a whole[1].
- **Employment** – The Town of Los Gatos residents most commonly work in the Financial and Professional Services industry. From January 2010 to January 2021, the unemployment rate in the Town decreased by 2.9 percent. Since 2010, the number of jobs located in the jurisdiction increased by 4,440 (28.8 percent). Additionally, the jobs-household ratio in the Town of Los Gatos has increased from 1.32 jobs per household in 2002 to 1.59 in 2018.
- **Number of Homes** – The number of new homes built in the Bay Area has not kept pace with the demand, resulting in longer commutes, increasing prices, and exacerbating issues of displacement and homelessness. The number of homes in the Town of Los Gatos increased 4.5 percent from 2010 to 2020, which is below the growth rate for Santa Clara County and below the growth rate of the region's housing stock during this time period[2].

[1] The Census Bureau's American Community Survey accounts for ethnic origin separate from racial identity. The numbers reported here use an accounting of both such that the racial categories are shown exclusive of Latinx status, to allow for an accounting of the Latinx population regardless of racial identity. The term Hispanic has historically been used to describe people from numerous Central American, South American, and Caribbean countries. In recent years, the term Latino or Latinx has become preferred. This report generally uses Latinx, but occasionally when discussing US Census data, we use Hispanic or Non-Hispanic, to clearly link to the data source.

[2] According to HCD Annual Progress Report Dashboard (as of September 20, 2021).

- **Home Prices** – A diversity of homes at all income levels would create opportunities for all of the Los Gatos community to live in Town.
  - ✓ **Ownership** – The largest proportion of homes had a value greater than $2 million in 2019. Home prices increased by 98.4 percent from 2010 to 2020.
  - ✓ **Rental Prices** – The typical contract rent for an apartment in the Town of Los Gatos was $2,270 in 2019. Rental prices increased by 60.9 percent from 2009 to 2019. To rent a typical apartment without cost burden, a household would need to make $90,960 per year[3].

- **Housing Type** – It is important to have a variety of housing types to meet the needs of a community today and in the future. In 2020, 60 percent of homes in the Town of Los Gatos were single-family detached, 13 percent were single-family attached, 9 percent were small multi-family (two to four units), and 18 percent were medium or large multi-family (five or more units). Between 2010 and 2020, the number of single-family units increased more than multi-family units. Los Gatos has a higher portion of detached single-family homes than other jurisdictions in the region.

- **Housing Demand** – The Town is populated with a higher share of high-income earners (65% greater than 100% of AMI) than the rest of the county, therefore, housing is built for these higher income and amenity levels. Without goals, policies and programs that specifically address the need to build "affordable housing" targeting incomes less than 100% of AMI (not above greater than 100% AMI), it is highly unlikely developers will voluntarily build housing for low and very-low-income levels.

- **Cost Burden** – The U.S. Department of Housing and Urban Development (HUD) considers housing to be affordable for a household if the household spends less than 30 percent of its income on housing costs. A household is considered "cost-burdened" if it spends more than 30 percent of its monthly income on housing costs, while those who spend more than 50 percent of their income on housing costs are considered "severely cost-burdened." In the Town of Los Gatos, 20 percent of households spend 30 percent to 50 percent of their income on housing, while 16 percent of households are severely cost burdened and use the majority of their income for housing.

- **Displacement/Gentrification** – According to research from the University of California (UC), Berkeley no households in the Town of Los Gatos live in neighborhoods that are susceptible to or experiencing displacement, and none live in areas at risk of or undergoing gentrification. All households in the Town live in neighborhoods where low-income households are likely excluded due to prohibitive housing costs.

- **Neighborhood** – All residents in Los Gatos live in neighborhoods identified as "Highest Resource" or "High Resource" areas by State-commissioned research, while no residents live in areas identified by this research as "Low Resource" or "High Segregation and Poverty" areas. These neighborhood designations are based on a range of indicators covering areas such as education, poverty, proximity to jobs and economic opportunities, low pollution levels, and other factors[4].

- **Special Housing Needs** – Some population groups may have special housing needs that require specific program responses, and these groups may experience barriers to accessing stable housing due to their specific housing circumstances. In Los Gatos, 9 percent of residents have a disability (physical, developmental, etc.), and may require accessible housing. Additionally, 6 percent of Los Gatos households are larger households with five or more people and likely need larger housing units with three bedrooms or more. 8.2 percent of households are female-headed families, which are often at greater risk of housing insecurity.

[3] Note that contract rents may differ significantly from, and often being lower than, current listing prices.
[4] For more information on the "opportunity area" categories developed by HCD and the California Tax Credit Allocation Committee, see this website: https://www.treasurer.ca.gov/ctcac/opportunity.asp. The degree to which different jurisdictions and neighborhoods have access to opportunity will likely need to be analyzed as part of new Housing Element requirements related to affirmatively furthering fair housing. ABAG/MTC will be providing jurisdictions with technical assistance on this topic this summer, following the release of additional guidance from HCD.

B.2 Population, Employment, and Household Characteristics

Population

The Bay Area is the fifth-largest metropolitan area in the nation and has seen a steady increase in population since 1990, except for a dip during the Great Recession. Many towns and cities in the region have experienced significant growth in jobs and population. While these trends have led to a corresponding increase in demand for housing across the region, the regional production of housing has largely not kept pace with job and population growth.

According to the data, the population of the Town of Los Gatos was estimated to be 31,439 in 2020. The population of Los Gatos makes up 1.6 percent of Santa Clara County[5]. In Los Gatos, roughly 13.5 percent of its population moved during the past year, a number that is roughly the same as the regional rate of 13.4 percent. Table B-1 shows population growth trends for the Town of Los Gatos, Santa Clara County, and the Bay Area as a whole.

Table B-1 Population Growth Trends

Geography	1990	1995	2000	2005	2010	2015	2020
Town of Los Gatos	27,357	28,751	28,592	28,872	29,413	30,807	31,439
Santa Clara County	1,497,577	1,594,818	1,682,585	1,752,696	1,781,642	1,912,180	1,961,969
Bay Area	6,020,147	6,381,961	6,784,348	7,073,912	7,150,739	7,595,694	7,790,537

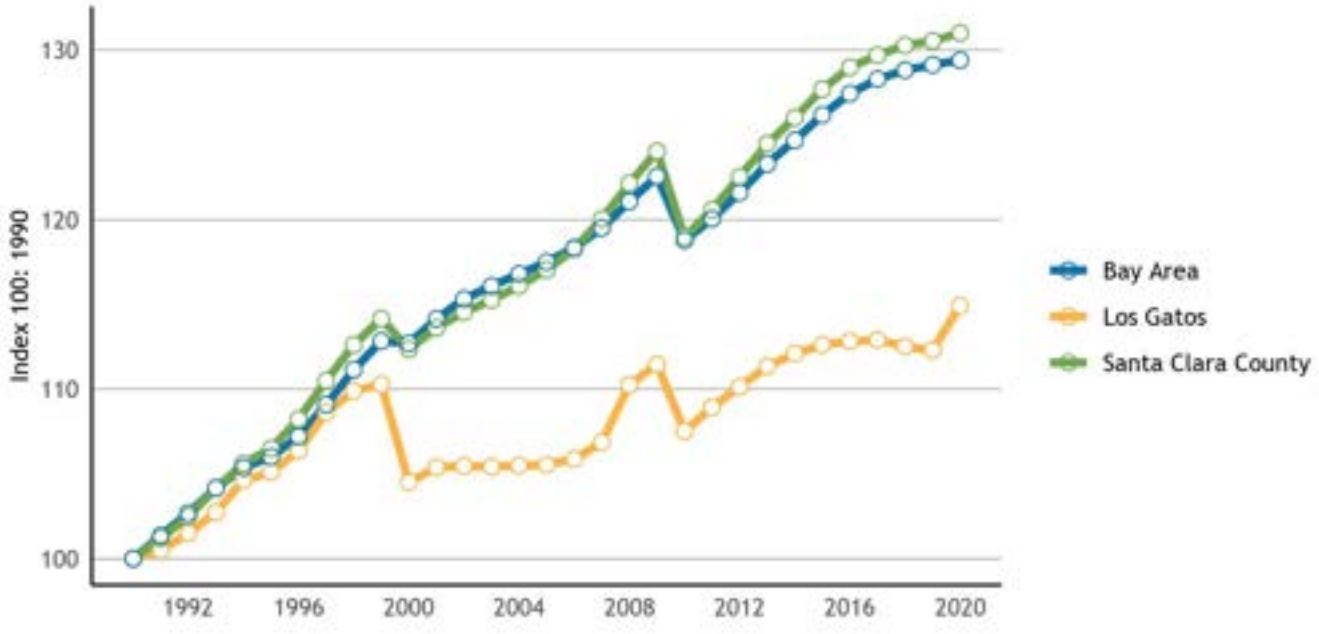
Source: California Department of Finance, E-5 series.
Note: Universe: Total population; Data from ABAG/MTC Housing Needs Data Packet Workbook, Table POPEMP-01.

Since 2000, the Town of Los Gatos population has increased by approximately 10 percent, which is below the rate for the region as a whole, at 14.8 percent. From 1990 to 2000, the population increased by 4.5 percent. During the first decade of the 2000's the population increased by 2.9 percent. In the most recent decade, the population increased by 6.9 percent. Figure B-1 shows population growth trends in percentages.

In 2019 the Town of Los Gatos annexed 24 urban islands totaling 116.1 acres. The islands were comprised of approximately 308 single-family residences and the staff report assumed 2.2 persons per household for an estimated increase in population of 678.

[5] To compare the rate of growth across various geographic scales, Figure B-1 shows population for the jurisdiction, county, and region indexed to the population in the year 1990. This means that the data points represent the population growth (i.e., percent change) in each of these geographies relative to their populations in 1990.

Figure B-1 Population Growth Trends



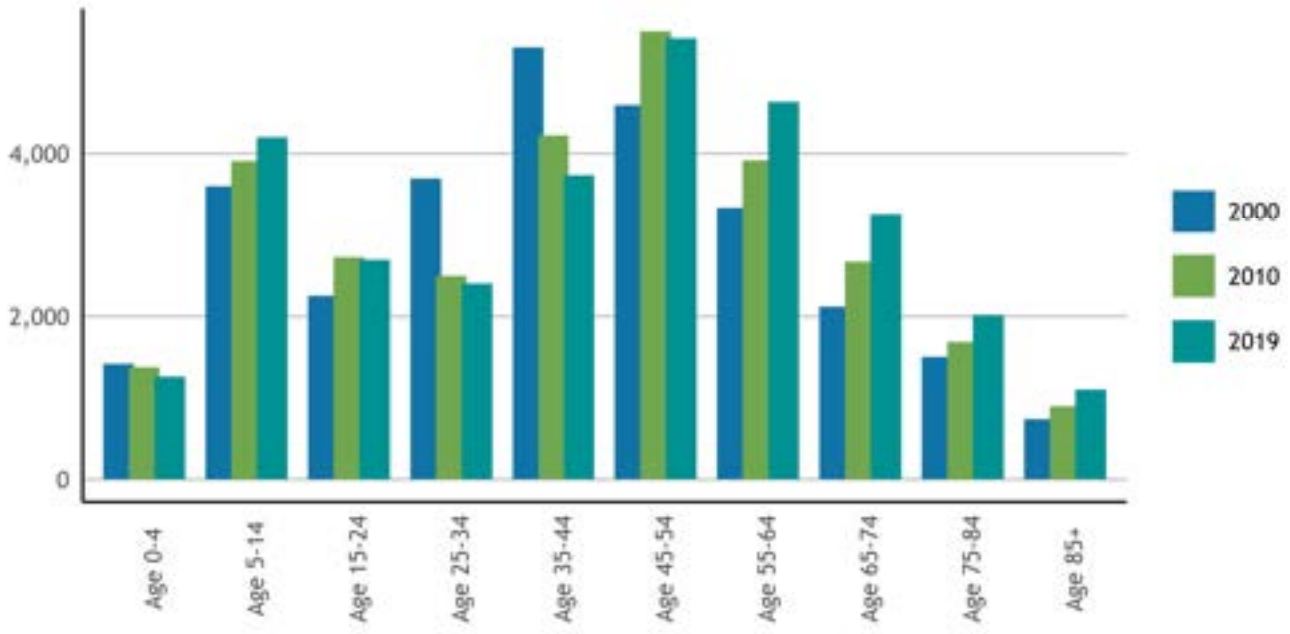
Source: California Department of Finance, E-5 series.
Note: The data shown on the graph represents population for the jurisdiction, county, and region indexed to the population in the first year shown. The data points represent the relative population growth in each of these geographies relative to their populations in that year. For some jurisdictions, a break may appear at the end of each decade (1999, 2009) as estimates are compared to census counts. DOF uses the decennial census to benchmark subsequent population estimates. Data from ABAG/MTC Housing Needs Data Packet Workbook, Table POPEMP-01

Age

The distribution of age groups in a community shapes what types of housing the community may need in the near future. An increase in the older population may mean there is a developing need for more senior housing options, while higher numbers of children and young families can point to the need for more family housing options and related services. There has also been a move by many to age-in-place or downsize to stay within their communities, which can mean more multi-family and accessible units are needed.

In the Town of Los Gatos, the median age in 2000 was approximately 41 years. By 2019, the median age increased to approximately 47 years. The cohorts age 25 to 34 and age 35 to 44 decreased between 2000 and 2019, while all age cohorts 55 and above increased during the same time period. Figure B-2 shows population by age for the years 2000, 2010, and 2019 for the Town of Los Gatos.

Figure B-2 Los Gatos Population by Age, 2000-2019

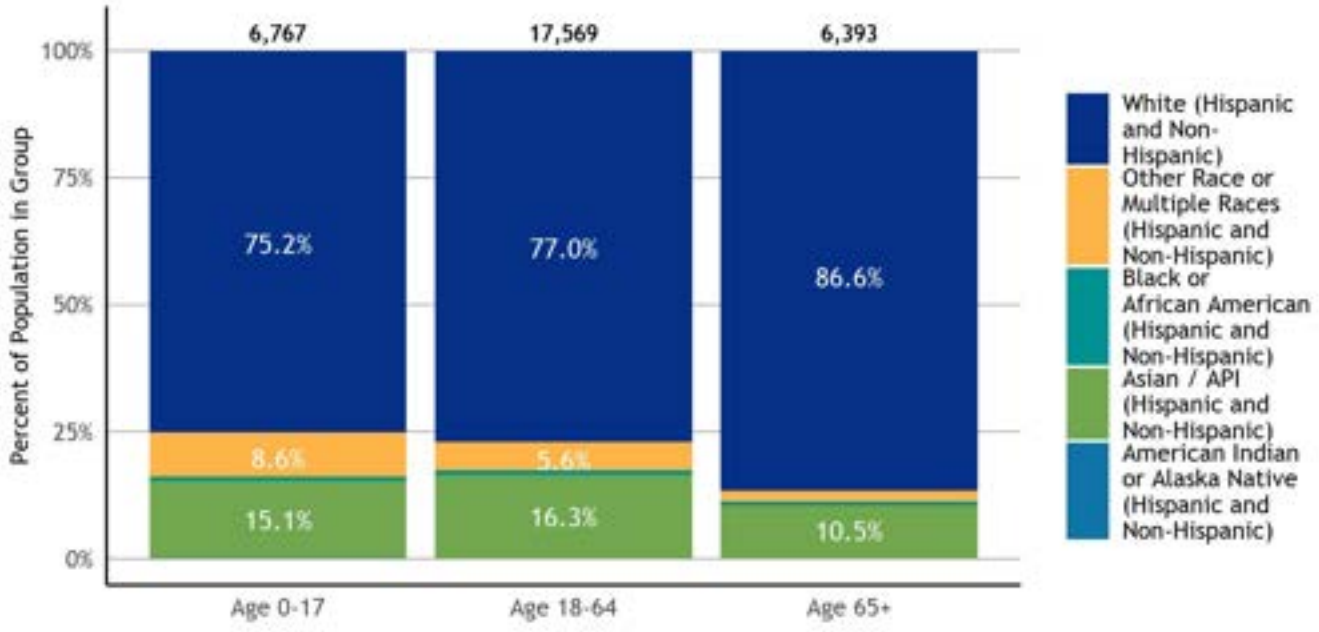


Source: U.S. Census Bureau, Census 2000 SF1, Table P12; U.S. Census Bureau, Census 2010 SF1, Table P12; U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B01001. Data from ABAG/MTC Housing Needs Data Packet Workbook, Table POPEMP-04.
Note: Universe: Total population.

Looking at the senior and youth population by race can add an additional layer of understanding, as families and seniors of color are even more likely to experience challenges finding affordable housing. People of color [6] make up 13.4 percent of seniors and 23.7 percent of youth under 18. Figure B-3 shows population age by race for the Town of Los Gatos.

[6] Here, all non-white racial groups are counted.

Figure B-3 Los Gatos Population Age by Race



Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B01001(A-G). Data from ABAG/MTC Housing Needs Data Packet Workbook, Table SEN-02.
Notes: Universe: Total population. In the sources for this table, the Census Bureau does not disaggregate racial groups by Hispanic/Latinx ethnicity, and an overlapping category of Hispanic / non-Hispanic groups has not been shown to avoid double counting in the stacked bar chart.

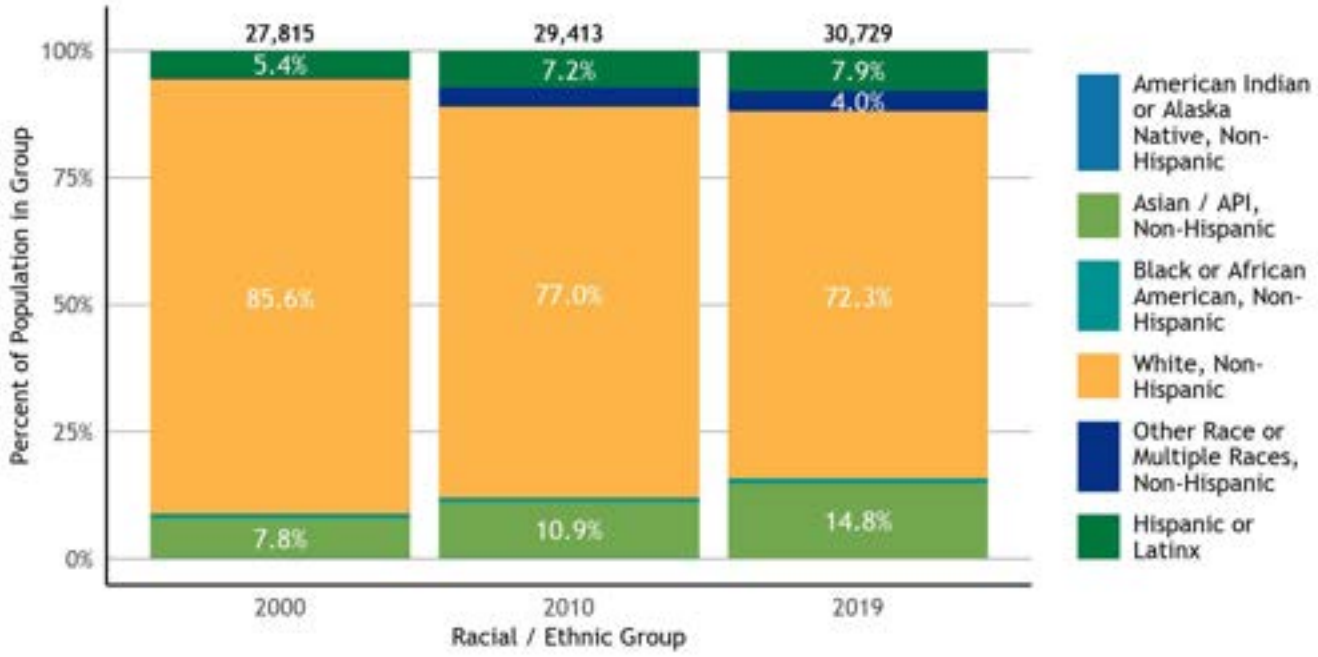
Race and Ethnicity

Understanding the racial makeup of the Town and region is important for designing and implementing effective housing policies and programs. These patterns are shaped by both market factors and government actions, such as exclusionary zoning, discriminatory lending practices, and displacement that has occurred over time and continues to impact communities of color today[7].

Since 2000, the percentage of residents in the Town of Los Gatos identifying as White, Non-Hispanic has decreased by 13.3 percentage points, with this 2019 population standing at 22,231. At the same time the percentage of residents of all Other Race of Multiple Races, Non-Hispanic has increased. In absolute terms, the Asian/API, Non-Hispanic population increased the most while the White, Non-Hispanic population decreased the most. Figure B-4 shows population for the Town of Los Gatos by race for 2000, 2010, and 2019.

[7] See, for example, Rothstein, R. (2017). The color of law: a forgotten history of how our government segregated America. New York, NY & London, UK: Liveright Publishing.

Figure B-4 Los Gatos Population by Race, 2000-2019



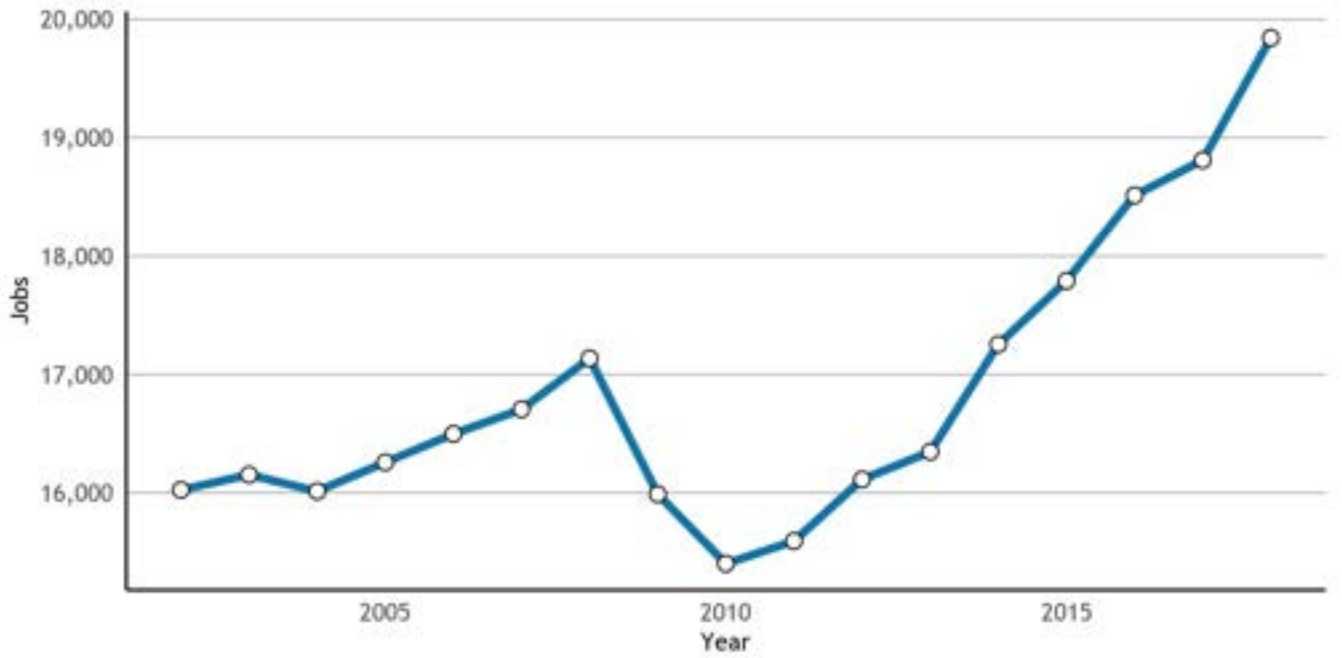
Source: U.S. Census Bureau, Census 2000, Table P004; U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B03002. Data from ABAG/MTC Housing Needs Data Packet Workbook, Table POPEMP-02.
Notes: Universe: Total population. Data for 2019 represents 2015-2019 ACS estimates. The Census Bureau defines Hispanic/Latinx ethnicity separate from racial categories. For the purposes of this graph, the "Hispanic or Latinx" racial/ethnic group represents those who identify as having Hispanic/Latinx ethnicity and may also be members of any racial group. All other racial categories on this graph represent those who identify with that racial category and do not identify with Hispanic/Latinx ethnicity.

Employment Trends

Balance of Jobs and Workers

A town houses employed residents who either work in the community where they live or work elsewhere in the region. Conversely, a town may have job sites that employ residents from the same town, but more often employ workers that commute from outside of it. Smaller towns typically will have more employed residents than jobs and export workers, while larger towns tend to have a surplus of jobs and import workers. To some extent the regional transportation system (bus system, for example) is set up for this flow of workers to the region's core job centers. At the same time, as the housing affordability crisis has illustrated, local imbalances may be severe, where local jobs and worker populations are out of sync at a sub-regional scale. One measure of this is the relationship between workers and jobs. A town with a surplus of workers "exports" workers to other parts of the region, while a town with a surplus of jobs must conversely "import" them. Between 2002 and 2018, the number of jobs in the Town of Los Gatos increased by 23.8 percent. Figure 3-5 shows jobs in the Town of Los Gatos between 2002 and 2018.

Figure B-5 Los Gatos Jobs in a Jurisdiction

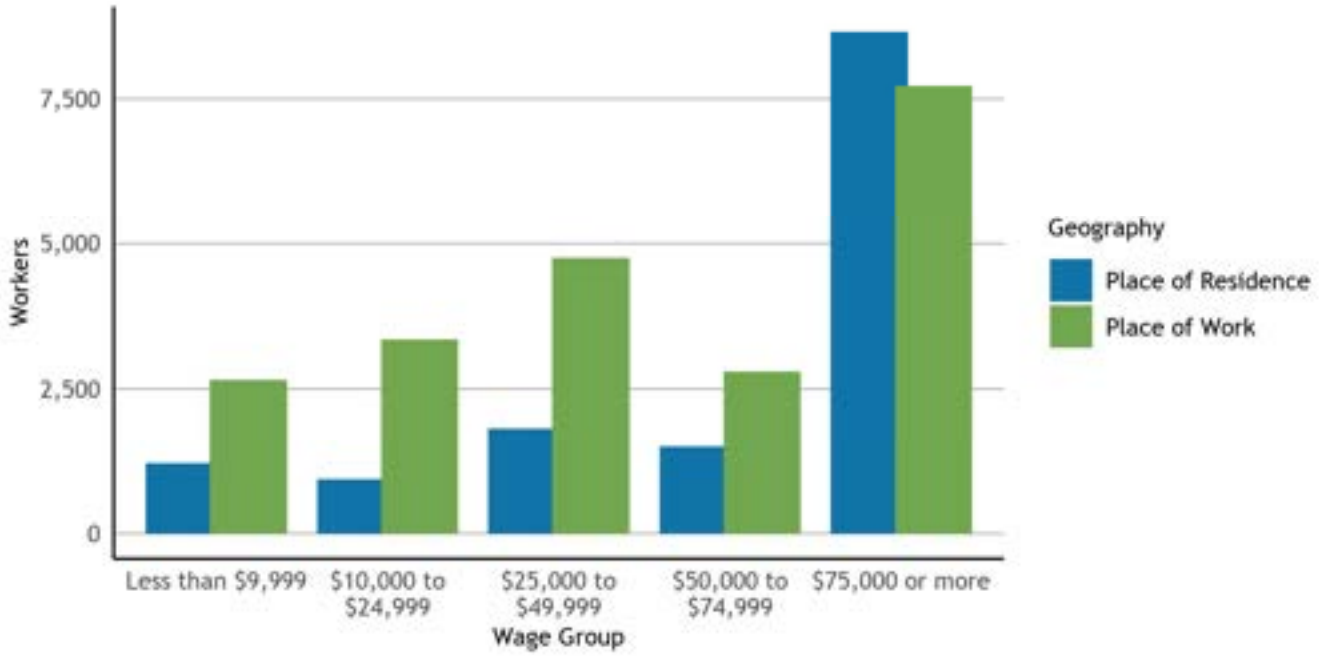


Source: U.S. Census Bureau, Longitudinal Employer-Household Dynamics, Workplace Area Characteristics (WAC) files, 2002-2018. Data from ABAG/MTC Housing Needs Data Packet Workbook, Table POPEMP-11.
Notes: Universe: Jobs from unemployment insurance-covered employment (private, state and local government) plus United States Office of Personnel Management-sourced Federal employment. The data is tabulated by place of work, regardless of where a worker lives. The source data is provided at the census block level. These are cross walked to jurisdictions and summarized.

The figure below shows the balance when comparing jobs to workers, broken down by different wage groups, offering additional insight into local dynamics. A community may offer employment for relatively low-income workers but have relatively few housing options for those workers. Conversely, it may house residents who are low wage workers, but offer few employment opportunities for them. Such relationships may cast extra light on potentially pent-up demand for housing in particular price categories. A relative surplus of jobs relative to residents in a given wage category suggests the need to import those workers, while conversely, surpluses of workers mean the community will export those workers to other jurisdictions. Such flows are not inherently bad, though over time, sub-regional imbalances may appear. The Town has more jobs than residents in wage categories below $75,000 per year. At the high end of the wage spectrum (i.e., wages over $75,000 per year), the Town has more high-wage residents than high-wage jobs[8]. Figure B-6 shows workers by earnings, place of residence, and place of work within the jurisdiction of the Town of Los Gatos.

[8] The source table is top coded at $75,000, precluding more fine-grained analysis at the higher end of the wage spectrum.

Figure B-6 Workers by Earnings, by Los Gatos Jurisdiction as Place of Work and Place of Residence



Source: U.S. Census Bureau, American Community Survey 5-Year Data 2015-2019, B08119, B08519. Data from ABAG/MTC Housing Needs Data Packet Workbook, Table POPEMP-10.
Notes: Universe: Los Gatos Workers 16 years and over with earnings.

The next diagram shows the ratio of jobs to workers, by wage group. A value of 1.00 means that the Town has the same number of jobs in a wage group as it has resident workers, in principle, a balance. Values above 1.00 indicate a jurisdiction will need to import workers for jobs in a given wage group. Figure B-7 shows jobs to worker ratios for the Town Los Gatos.

Figure B-7 Los Gatos Jobs-Worker Ratios, By Wage Group



Source: U.S. Census Bureau, Longitudinal Employer-Household Dynamics, Workplace Area Characteristics (WAC) files (Jobs); Residence Area Characteristics (RAC) files (Employed Residents), 2010-2018. Data from ABAG/MTC Housing Needs Data Packet Workbook, Table POPEMP-14.
Notes: Universe: Jobs in a jurisdiction from unemployment insurance-covered employment (private, state and local government) plus United States Office of Personnel Management-sourced Federal employment. The ratio compares job counts by wage group from two tabulations of LEHD data: Counts by place of work relative to counts by place of residence. See text for details.

Such balances between jobs and workers may directly influence the housing demand in a community. New jobs may draw new residents, and when there is high demand for housing relative to supply, many workers may be unable to afford to live where they work, particularly where job growth has been in relatively lower wage jobs. The Town is a "net importer of workers" at the low-wage group, while at the high-wage group the Town is "exporting workers." This dynamic not only means many workers will need to prepare for long commutes and time spent on the road, but in the aggregate, it contributes to traffic congestion and time lost for all road users.

If there are more jobs than employed residents, it means a community is relatively jobs-rich, typically also with a high jobs-per-employed-resident ratio. Therefore, bringing housing into the measure, the jobs per employed resident ratio in the Town of Los Gatos has increased from 1.32 in 2002, to 1.59 jobs per employed resident in 2018. In short, the Town of Los Gatos is a net importer of workers. Figure B-8 shows the Town of Los Gatos jobs per household ratio.

Figure B-8 Jobs-Household Ratio

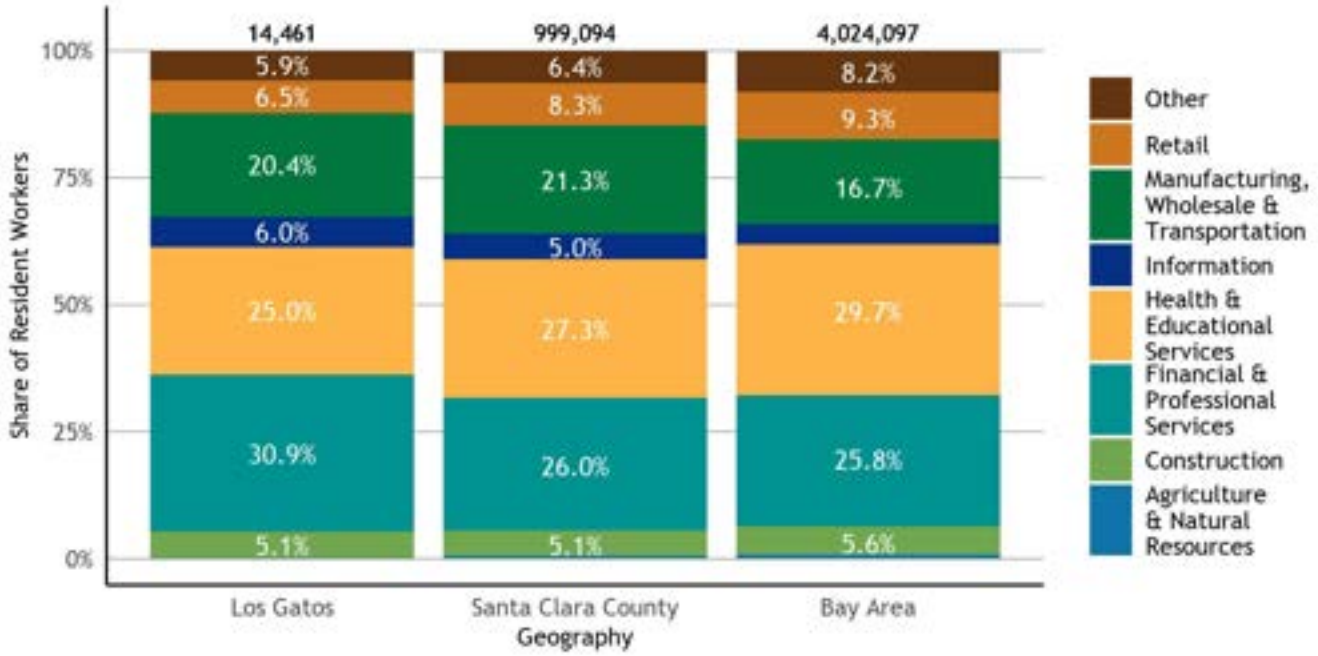


Source: U.S. Census Bureau, Longitudinal Employer-Household Dynamics, Workplace Area Characteristics (WAC) files (Jobs), 2002-2018; California Department of Finance, E-5 (Households). Data from ABAG/MTC Housing Needs Data Packet Workbook, Table POPEMP-13.
Notes: Universe: Jobs in a jurisdiction from unemployment insurance-covered employment (private, state and local government) plus United States Office of Personnel Management-sourced Federal employment; households in a jurisdiction. The data is tabulated by place of work, regardless of where a worker lives. The source data is provided at the census block level. These are cross walked to jurisdictions and summarized. The ratio compares place of work wage and salary jobs with households, or occupied housing units. A similar measure is the ratio of jobs to housing units. However, this jobs-household ratio serves to compare the number of jobs in a jurisdiction to the number of housing units that are actually occupied. The difference between a jurisdiction's jobs-housing ratio and jobs-household ratio will be most pronounced in jurisdictions with high vacancy rates, a high rate of units used for seasonal use, or a high rate of units used as short-term rentals.

Sector Composition

In terms of sectoral composition, the largest industry in which the Town of Los Gatos residents work is Financial and Professional Services, and the largest sector in which Santa Clara residents work is Health and Educational Services. For the Bay Area as a whole, the Health and Educational Services industry employs the most workers. Figure B-9 shows resident employment by industry.

Figure B-9 Resident Employment by Industry

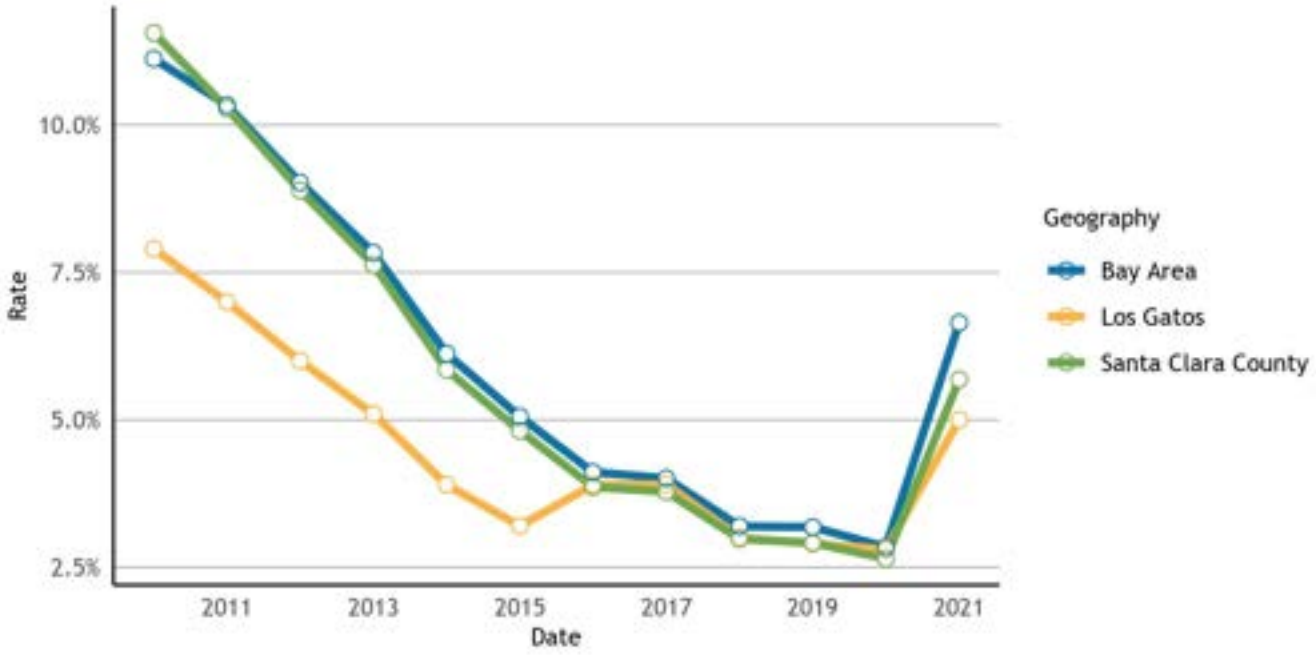


Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table C24030. Data from ABAG/MTC Housing Needs Data Packet Workbook, Table POPEMP-06.
Notes: Universe: Civilian employed population age 16 years and over. The data displayed shows the industries in which jurisdiction residents work, regardless of the location where those residents are employed (whether within the jurisdiction or not). Categories are derived from the following source tables: Agriculture & Natural Resources: C24030_003E, C24030_030E; Construction: C24030_006E, C24030_033E; Manufacturing, Wholesale & Transportation: C24030_007E, C24030_034E, C24030_008E, C24030_035E, C24030_010E, C24030_037E; Retail: C24030_009E, C24030_036E; Information: C24030_013E, C24030_040E; Financial & Professional Services: C24030_014E, C24030_041E, C24030_017E, C24030_044E; Health & Educational Services: C24030_021E, C24030_024E, C24030_048E, C24030_051E; Other: C24030_027E, C24030_054E, C24030_028E, C24030_055E.

Unemployment

In the Town of Los Gatos, there was a 2.9 percentage point decrease in the unemployment rate between January 2010 and January 2021. Jurisdictions throughout the region experienced a sharp rise in unemployment in 2020 due to impacts related to the COVID-19 pandemic, though with a general improvement and recovery in the later months of 2020. Figure B-10 shows the unemployment rates over the last decade for the Town of Los Gatos, Santa Clara County, and the Bay Area as a whole.

Figure B-10 Los Gatos Unemployment Rate



Source: California Employment Development Department, Local Area Unemployment Statistics (LAUS), Sub-county areas monthly updates, 2010-2021. Data from ABAG/MTC Housing Needs Data Packet Workbook, Table POPEMP-15.
Notes: Universe: Civilian noninstitutional population ages 16 and older. Unemployment rates for the jurisdiction level is derived from larger-geography estimates. This method assumes that the rates of change in employment and unemployment are exactly the same in each sub-county area as at the county level. If this assumption is not true for a specific sub-county area, then the estimates for that area may not be representative of the current economic conditions. Since this assumption is untested, caution should be employed when using these data. Only not seasonally-adjusted labor force (unemployment rates) data are developed for cities and CDPs.

Extremely Low-Income Households

Despite the economic and job growth experienced throughout the region since 1990, the income gap has continued to widen. California is one of the most economically unequal states in the nation, and the Bay Area has the highest income inequality between high- and low-income households in the state[9].

In the Town of Los Gatos, 65 percent of households make more than 100 percent of the Area Median Income (AMI)[10], compared to 8.6 percent making less than 30 percent of AMI, which is considered extremely low-income. Regionally, more than half of all households make more than 100 percent AMI, while 15 percent make less than 30 percent AMI. In Santa Clara County, 30 percent AMI is the equivalent to the annual income of $39,900 for a family of four. Many households with multiple wage earners, including food service workers, full-time students, teachers, farmworkers, and healthcare professionals, can fall into lower AMI categories due to relatively stagnant wages in many industries. Figure B-11 shows households by income level.

[9] Bohn, S.et al. 2020. Income Inequality and Economic Opportunity in California. Public Policy Institute of California.

[10] Income groups are based on HUD calculations for Area Median Income (AMI). HUD calculates the AMI for different metropolitan areas, and the nine county Bay Area includes the following metropolitan areas: Napa Metro Area (Napa County), Oakland-Fremont Metro Area (Alameda and Contra Costa Counties), San Francisco Metro Area (Marin, San Francisco, and San Mateo Counties), San Jose-Sunnyvale-Santa Clara Metro Area (Santa Clara County), S1anta Rosa Metro

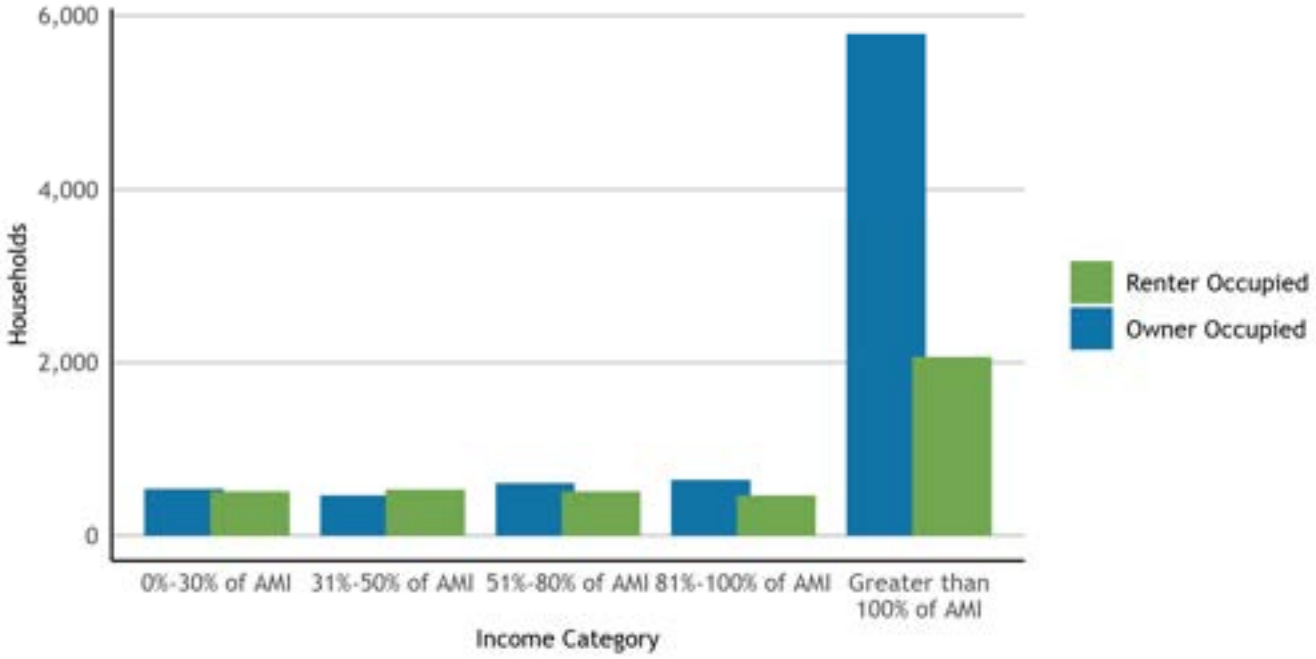
Figure B-11 Households by Household Income Level



Source: U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS) ACS tabulation, 2012-2017 release. Data from ABAG/MTC Housing Needs Data Packet Workbook, Table ELI-01.
Notes: Universe: Occupied housing units. Income groups are based on HUD calculations for Area Median Income (AMI). HUD calculates the AMI for different metropolitan areas, and the nine county Bay Area includes the following metropolitan areas: Napa Metro Area (Napa County), Oakland-Fremont Metro Area (Alameda and Contra Costa Counties), San Francisco Metro Area (Marin, San Francisco, and San Mateo Counties), San Jose-Sunnyvale-Santa Clara Metro Area (Santa Clara County), Santa Rosa Metro Area (Sonoma County), and Vallejo-Fairfield Metro Area (Solano County). The AMI levels in this chart are based on the HUD metro area where this jurisdiction is located. The data that is reported for the Bay Area is not based on a regional AMI but instead refers to the regional total of households in an income group relative to the AMI for the county where that household is located. Local jurisdictions are required to provide an estimate for their projected extremely low-income households (0-30 percent AMI) in their Housing Elements. HCD's official Housing Element guidance notes that jurisdictions can use their RHNA for very low-income households (those making 0-50 percent AMI) to calculate their projected extremely low-income households. As Bay Area jurisdictions have not yet received their final RHNA numbers, this document does not contain the required data point of projected extremely low-income households. The report portion of the housing data needs packet contains more specific guidance for how local staff can calculate an estimate for projected extremely low-income households once jurisdictions receive their 6th cycle RHNA numbers. AMI levels in this chart are based on the HUD metro area where this jurisdiction is located. Households making between 80 and 120 percent of the AMI are moderate-income, those making 50 to 80 percent are low income, those making 30 to 50 percent are very low-income, and those making less than 30 percent are extremely low-income. This is then adjusted for household size.

Throughout the region, there are disparities between the incomes of homeowners and renters. Typically, the number of low-income renters greatly outpaces the amount of housing available that is affordable for these households. In the Town of Los Gatos, the largest proportion of renters falls in the Greater than 100 percent of AMI group, while the largest proportion of homeowners are found in the Greater than 100 percent of AMI group. Figure B-12 shows household income by tenure.

Figure B-12 Los Gatos Household Income Level by Tenure



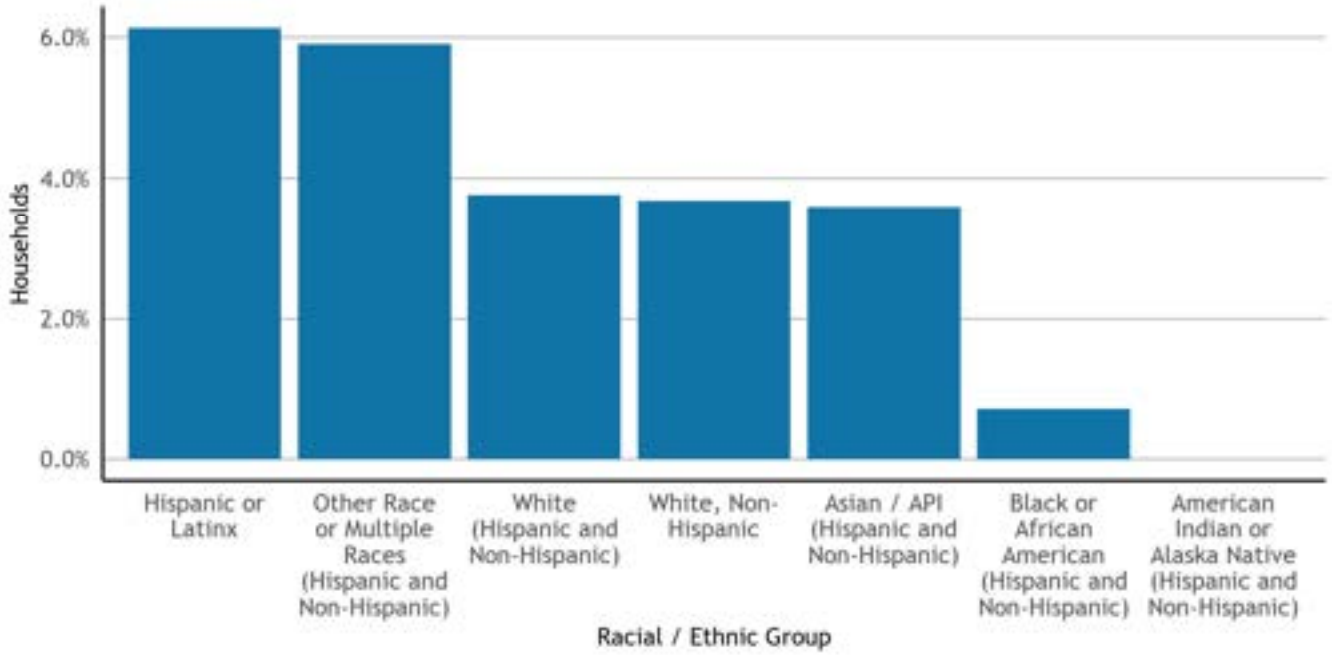
Source: U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS) ACS tabulation, 2012-2017 release. Data from ABAG/MTC Housing Needs Data Packet Workbook, Table POPEMP-21.
Notes: Universe: Occupied housing units. Income groups are based on HUD calculations for Area Median Income (AMI). HUD calculates the AMI for different metropolitan areas, and the nine county Bay Area includes the following metropolitan areas: Napa Metro Area (Napa County), Oakland-Fremont Metro Area (Alameda and Contra Costa Counties), San Francisco Metro Area (Marin, San Francisco, and San Mateo Counties), San Jose-Sunnyvale-Santa Clara Metro Area (Santa Clara County), Santa Rosa Metro Area (Sonoma County), and Vallejo-Fairfield Metro Area (Solano County). The AMI levels in this chart are based on the HUD metro area where this jurisdiction is located.

Currently, people of color are more likely to experience poverty and financial instability as a result of Federal, State, and local housing policies that have historically excluded them from the same opportunities extended to White residents[11]. These economic disparities also leave communities of color at higher risk for housing insecurity, displacement, or homelessness.

In the Town of Los Gatos, Hispanic or Latinx and Other Race or Multiple Races (Hispanic and Non-Hispanic) residents experience the highest rates of poverty, followed by White (Hispanic and Non-Hispanic) residents. Figure B-13 shows poverty status by race.

[11] Moore, E., Montojo, N. and Mauri, N., 2019. Roots, Race & Place: A History of Racially Exclusionary Housing the San Francisco Bay Area. Hass Institute.

Figure B-13 Los Gatos Poverty Status by Race



Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B17001(A-I). Data from ABAG/MTC Housing Needs Data Packet Workbook, Table ELI-03.
Notes: Universe: Population for whom poverty status is determined. The Census Bureau uses a federally defined poverty threshold that remains constant throughout the country and does not correspond to Area Median Income. For this table, the Census Bureau does not disaggregate racial groups by Hispanic/Latinx ethnicity. However, data for the white racial group is also reported for white householders who are not Hispanic/Latinx. Since residents who identify as white and Hispanic/Latinx may have very different experiences within the housing market and the economy from those who identify as white and non-Hispanic/Latinx, data for multiple white sub-groups are reported here. The racial/ethnic groups reported in this table are not all mutually exclusive. Therefore, the data should not be summed as the sum exceeds the population for whom poverty status is determined for this jurisdiction. However, all groups labelled "Hispanic and Non-Hispanic" are mutually exclusive, and the sum of the data for these groups is equivalent to the population for whom poverty status is determined.

Tenure

The number of residents who own their homes compared to those who rent their homes can help identify the level of housing insecurity (i.e., ability for individuals to stay in their homes) in a town or city and region. Generally, renters may be displaced more quickly if prices increase.

In the Town of Los Gatos as of 2019, there are a total of 12,083 housing units, and fewer residents rent than own their homes: 35.1 percent versus 64.9 percent. By comparison, 43.6 percent of households in Santa Clara County are renters, while 43.9 percent of Bay Area households rent their homes. Figure B-14 shows housing tenure for Los Gatos, Santa Clara County, and the Bay Area as a whole.

Figure B-14 Housing Tenure



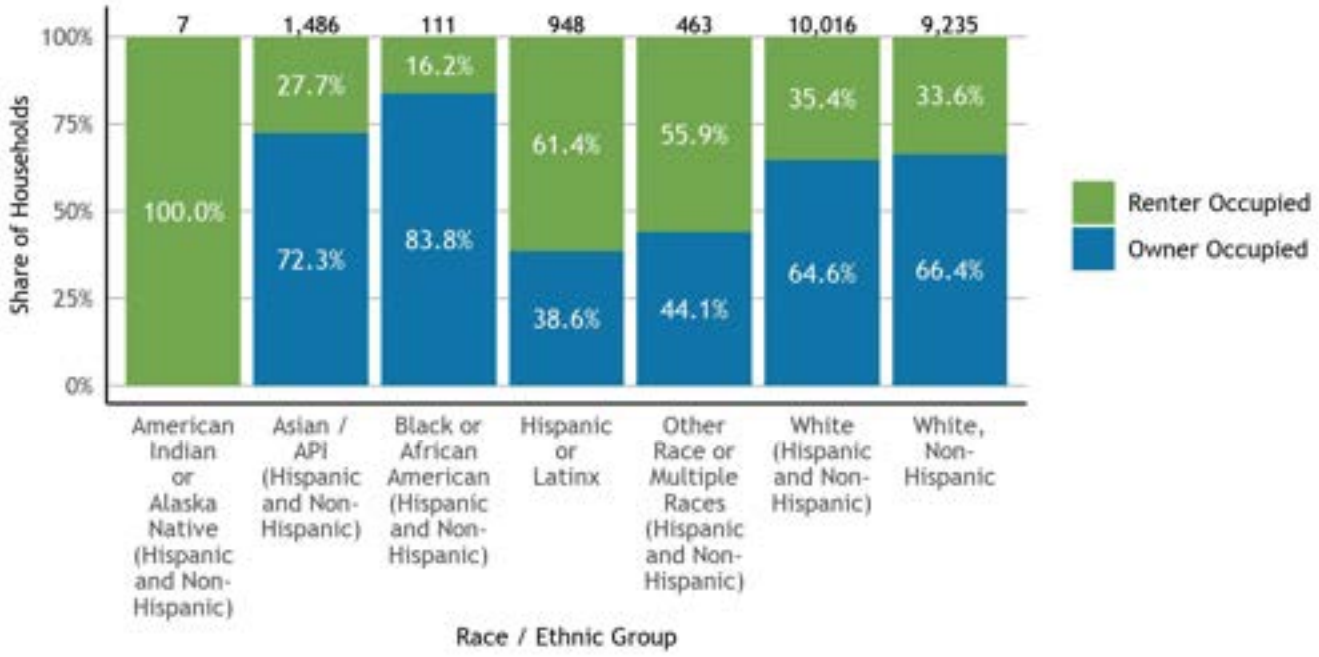
Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B25003. Data from ABAG/MTC Housing Needs Data Packet Workbook, Table POPEMP-16.
Notes: Universe: Occupied housing units.

Homeownership rates often vary considerably across race and ethnicity in the Bay Area and throughout the country. These disparities not only reflect differences in income and wealth, but also stem from Federal, State, and local policies that limited access to homeownership for communities of color while facilitating homebuying for White residents. While many of these policies, such as redlining, have been formally disbanded, the impacts of race-based policy are still evident across Bay Area communities.[12]

In Los Gatos, 84 percent of Black households owned their homes, while homeownership rates were 72 percent for Asian households, 39 percent for Latinx households, and 65 percent for White households. Notably, recent changes to State law require local jurisdictions to examine these dynamics and other fair housing issues when updating their Housing Elements. Figure B-15 shows housing tenure by the race of the householder.

[12] See, for example, Rothstein, R. (2017). The color of law: a forgotten history of how our government segregated America. New York, NY & London, UK: Liveright Publishing.

Figure B-15 Los Gatos Housing Tenure by Race of Householder

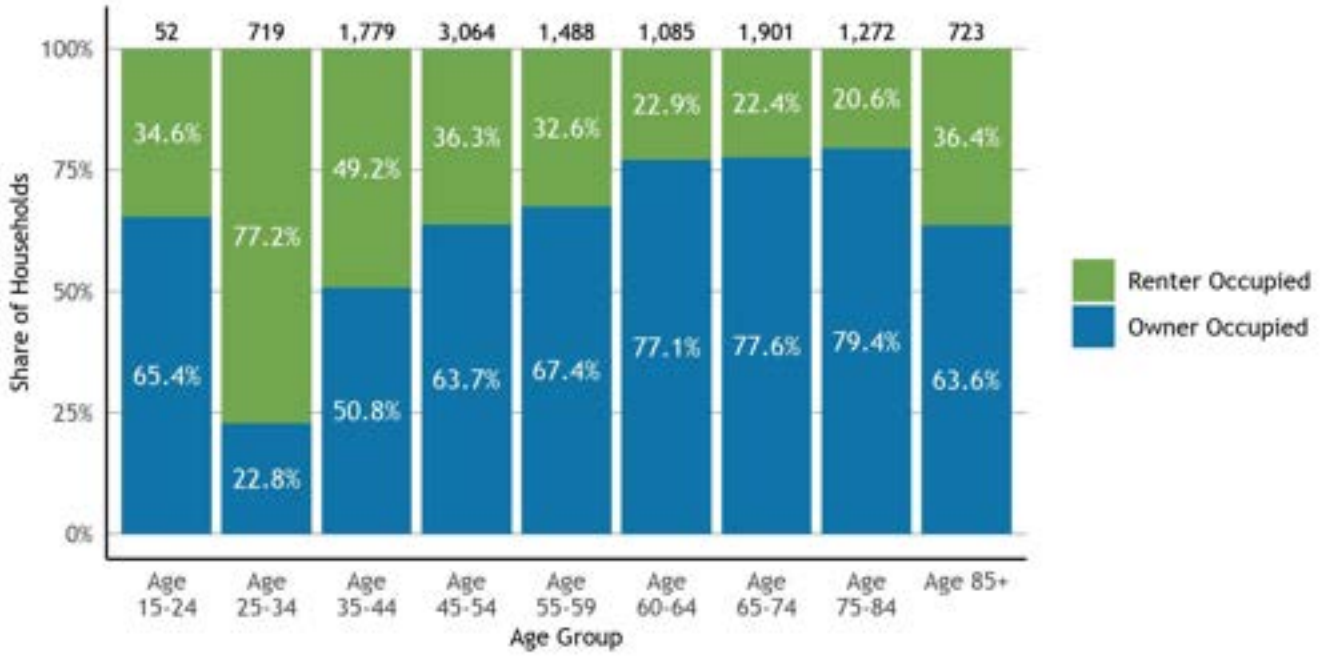


Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B25003(A-I). Data from ABAG/MTC Housing Needs Data Packet Workbook, Table POPEMP-20.
Notes: Universe: Occupied housing units. For this table, the Census Bureau does not disaggregate racial groups by Hispanic/Latinx ethnicity. However, data for the white racial group is also reported for white householders who are not Hispanic/Latinx. Since residents who identify as white and Hispanic/Latinx may have very different experiences within the housing market and the economy from those who identify as white and non-Hispanic/Latinx, data for multiple white sub-groups are reported here. The racial/ethnic groups reported in this table are not all mutually exclusive. Therefore, the data should not be summed as the sum exceeds the total number of occupied housing units for this jurisdiction. However, all groups labeled "Hispanic and Non-Hispanic" are mutually exclusive, and the sum of the data for these groups is equivalent to the total number of occupied housing units.

The age of residents who rent or own their home can also signal the housing challenges a community is experiencing. Younger households tend to rent and may struggle to buy a first home in the Bay Area due to high housing costs. At the same time, senior homeowners seeking to downsize may have limited options in an expensive housing market.

In the Town of Los Gatos, 77.2 percent of householders between the ages of 25 and 34 are renters, and 36.4 percent of householders over 85 are renters. Figure B-16 shows housing tenure by age.

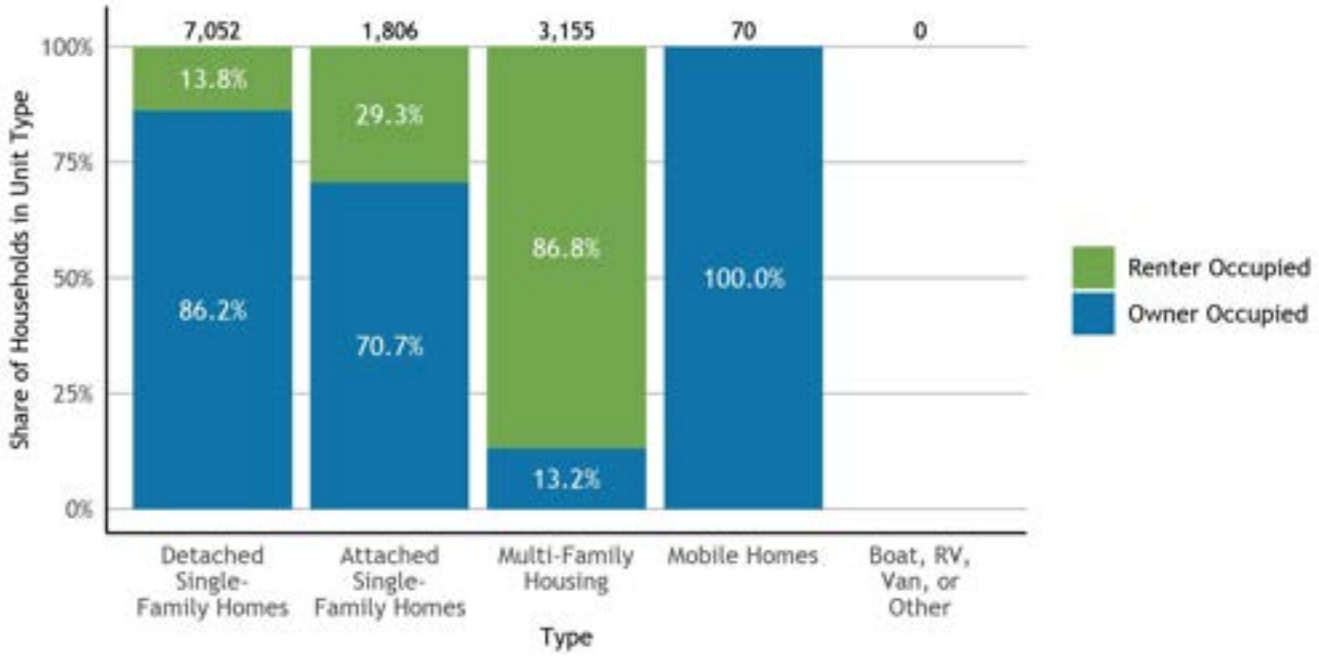
Figure B-16 Los Gatos Housing Tenure by Age



Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B25007. Data from ABAG/MTC Housing Needs Data Packet Workbook, Table POPEMP-18.
Notes: Universe: Occupied housing units.

In many communities, homeownership rates for households in single-family homes are substantially higher than the rates for households in multi-family housing. In the Town of Los Gatos, 86.2 percent of households in detached single-family homes are homeowners, while 13.2 percent of households in multi-family housing are homeowners. Figure B-17 shows housing tenure by housing type.

Figure B-17 Los Gatos Housing Tenure by Housing Type



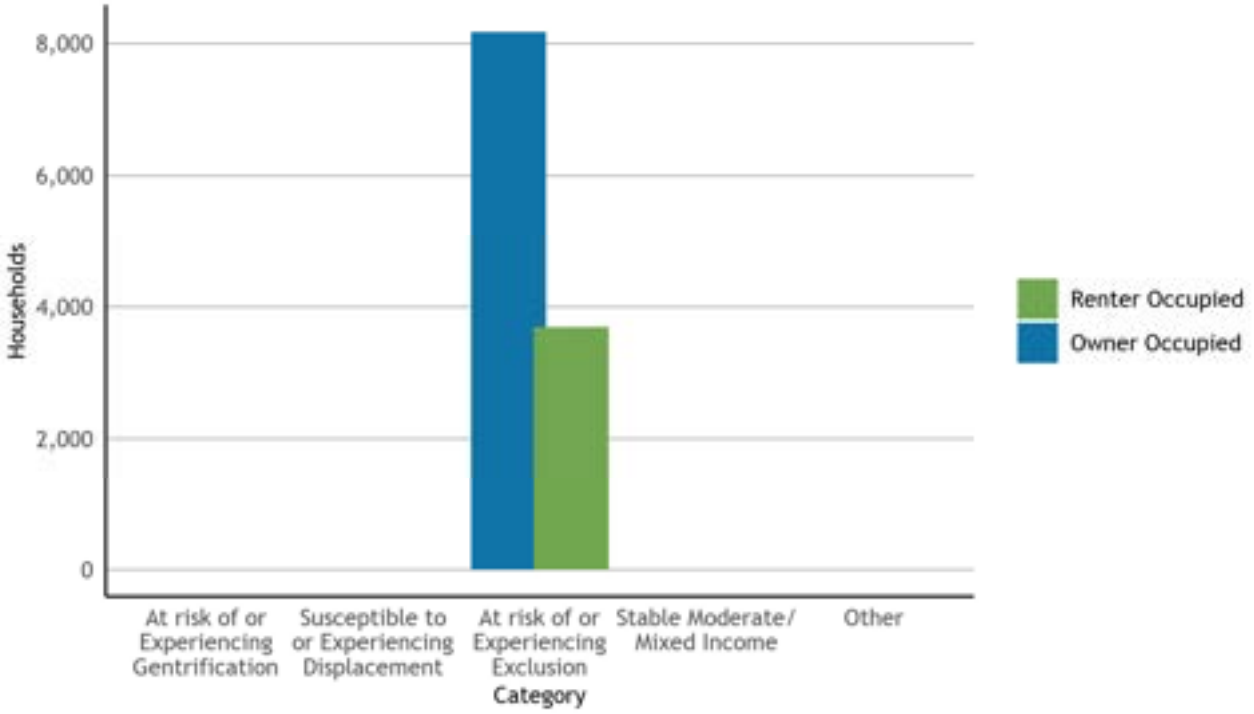
Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B25032. Data from ABAG/MTC Housing Needs Data Packet Workbook, Table POPEMP-22.
Notes: Universe: Occupied housing units.

Displacement

Because of increasing housing prices, displacement is a major concern in the Bay Area. Displacement has the most severe impacts on low- and moderate-income residents. When individuals or families are forced to leave their homes and communities, they also lose their support network.

The University of California UC, Berkeley, has mapped all neighborhoods in the Bay Area, identifying their risk for gentrification. They find that in the Town of Los Gatos, there are no households that live in neighborhoods that are susceptible to or experiencing displacement and none live in neighborhoods at risk of or undergoing gentrification. Equally important, some neighborhoods in the Bay Area do not have housing appropriate for a broad section of the workforce. The University of California, Berkeley, estimates that all households in the Town of Los Gatos live in neighborhoods where low-income households are likely to be excluded due to prohibitive housing costs[13]. Figure B-18 shows household displacement risk and tenure.

Figure B-18 Los Gatos Households by Displacement Risk and Tenure



Source: Urban Displacement Project for classification, American Community Survey 5-Year Data (2015-2019), Table B25003 for tenure.
Data from ABAG/MTC Housing Needs Data Packet Workbook, Table POPEMP-25.
Notes: Universe: Households. Displacement data is available at the census tract level. Staff aggregated tracts up to jurisdiction level using census 2010 population weights, assigning a tract to jurisdiction in proportion to block level population weights. Total household count may differ slightly from counts in other tables sourced from jurisdiction level sources. Categories are combined as follows for simplicity: At risk of or Experiencing Exclusion: At Risk of Becoming Exclusive; Becoming Exclusive; Stable/Advanced Exclusive At risk of or Experiencing Gentrification: At Risk of Gentrification; Early/Ongoing Gentrification; Advanced Gentrification Stable Moderate/Mixed Income: Stable Moderate/Mixed Income Susceptible to or Experiencing Displacement: Low-Income/Susceptible to Displacement; Ongoing Displacement Other: High Student Population; Unavailable or Unreliable Data.

[13] More information about this gentrification and displacement data is available at the Urban Displacement Project's webpage: https://www.urbandisplacement.org/. Specifically, one can learn more about the different gentrification/displacement typologies shown in Figure 18 at this link: https://www.urbandisplacement.org/sites/default/files/typology_sheet_2018_0.png. Additionally, one can view maps that show which typologies correspond to which parts of a jurisdiction here: https://www.urbandisplacement.org/san-francisco/sf-bay-area-gentrification-and-displacement

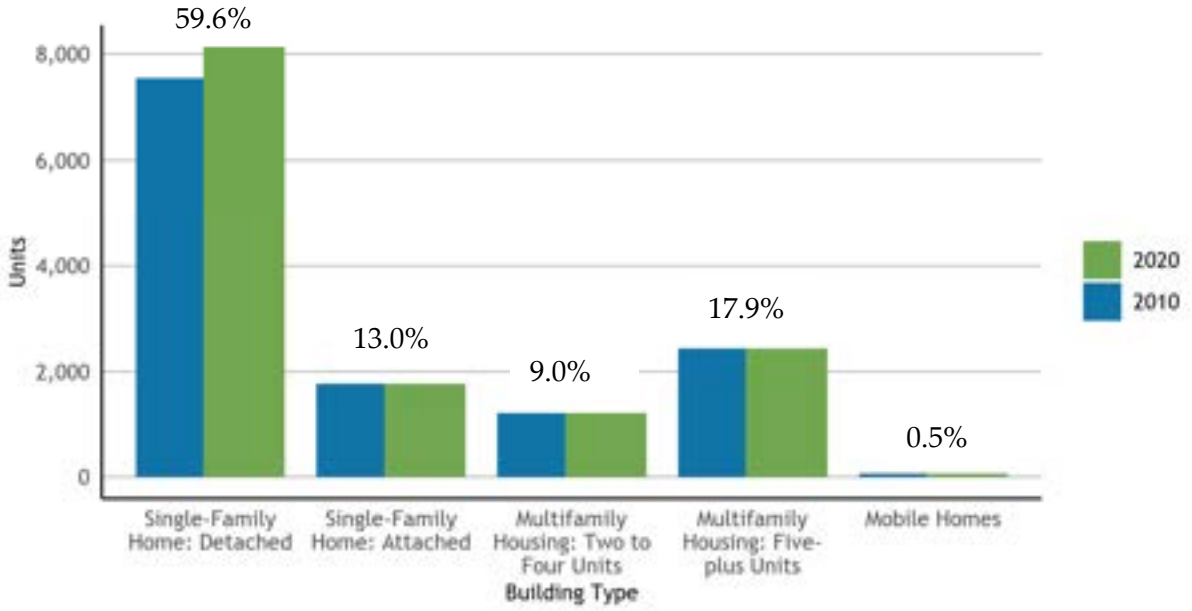
B.3 Housing Stock Characteristics

Housing Types, Year Built, Vacancy, and Permits

In recent years, most housing produced in the region and across the State consisted of single-family homes and larger multi-unit buildings. However, some households are increasingly interested in "missing middle housing" or "Small Multi-Unit Housing, including duplexes, triplexes, townhomes, cottage clusters, and accessory dwelling units. These housing types may open up more options across incomes and tenure, from young households seeking homeownership options to seniors looking to downsize and age-in-place.

The housing stock of the Town of Los Gatos in 2020 was made up of 60 percent Single-Family Home: Detached, 13 percent Single-Family Home: Attached, 9 percent Multi-family Housing: Two to Four Units, 18 percent Multi-family Housing: Five-Plus Units, and 0.5 percent Mobile Homes. In Los Gatos, the housing type that experienced the most growth between 2010 and 2020 was Single-Family Home: Detached. Figure B-19 shows housing type trends in Los Gatos for 2010 and 2020.

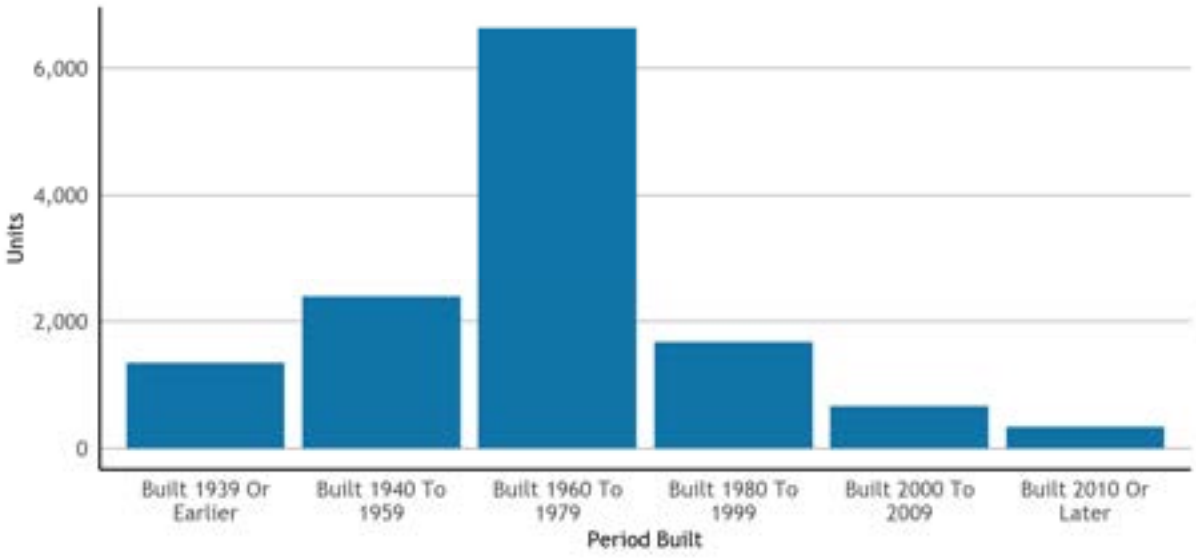
Figure B-19 Los Gatos Housing Type Trends



Source: California Department of Finance, E-5 series. Data from ABAG/MTC Housing Needs Data Packet Workbook, Table HSG-01.
Note: Universe: Housing units.

Production has not kept up with housing demand for several decades in the Bay Area, as the total number of units built and available has not yet come close to meeting the population and job growth experienced throughout the region. In the Town of Los Gatos, the largest proportion of the housing stock was Built 1960 to 1979, with 6,630 units constructed during this period. Since 2010, 2.6 percent of the current housing stock was built, which is 342 units (U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B25034). Figure B-20 shows housing units by the year built.

Figure B-20 Los Gatos Housing Units by Year Structure Built



Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B25034. Data from ABAG/MTC Housing Needs Data Packet Workbook, Table HSG-04.
Note: Universe: Housing units.

Throughout the Bay Area, vacancies make up 2.6 percent of the total housing units, with homes listed for rent, units used for Recreational or Occasional Use, and units not otherwise classified (Other Vacant) making up the majority of vacancies. The Census Bureau classifies a unit as vacant if no one is occupying it when census interviewers are conducting the American Community Survey or Decennial Census. Vacant units classified as For Recreational or Occasional Use are those that are held for short-term periods of use throughout the year. Accordingly, vacation rentals and short-term rentals like Airbnb are likely to fall in this category. The Census Bureau classifies units as Other Vacant if they are vacant due to foreclosure, personal/family reasons, legal proceedings, repairs/renovations, abandonment, preparation for being rented or sold, or vacant for an extended absence for reasons such as a work assignment, military duty, or incarceration[14]. In a region with a thriving economy and housing market like the Bay Area, units being renovated/repaired and prepared for rental or sale are likely to represent a large portion of the Other Vacant category. Additionally, the need for seismic retrofitting in older housing stock could also influence the proportion of Other Vacant units in some jurisdictions[15].

Vacant units make up 7.5 percent of the overall housing stock in the Town of Los Gatos. The rental vacancy stands at 8.2 percent, while the ownership vacancy rate is 0.4 percent. Of the vacant units in the Town of Los Gatos, the most common type of vacancy is Other Vacant, which represents almost half of all vacant rental units[16]. Figure B-21 shows vacant units by type.

[14] For more information, see pages 3 through 6 of this list of definitions prepared by the Census Bureau: https://www.census.gov/housing/hvs/definitions.pdf.
[15] See Dow, P. (2018). Unpacking the Growth in San Francisco's Vacant Housing Stock: Client Report for the San Francisco Planning Department. University of California, Berkeley.
[16] The vacancy-rates-by-tenure is for a smaller universe than the total vacancy rate first reported, which in principle includes the full stock (7.5 percent). The vacancy by tenure counts are rates relative to the rental stock (occupied and vacant) and ownership stock (occupied and vacant) but exclude a significant number of vacancy categories, including the numerically significant *other vacant*.

Figure B-21 Los Gatos Vacant Units by Type



Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B25004. Data from ABAG/MTC Housing Needs Data Packet Workbook, Table HSG-03.
Note: Universe: Vacant housing units.

Between 2015 and 2020, 502 housing units were issued building permits in the Town of Los Gatos. Of those, approximately percent were for above moderate-income housing, approximately percent were for moderate-income housing, and approximately 1.0 percent were for low-income, and approximately 17.0 percent were for very low-income housing. Table B-2 shows residential building permits issued by the Town of Los Gatos by income group.

Table B-2 Los Gatos, Residential Building Permits by Income Group, 2015 to 2020

Income Group	Number	Percent
Very Low-Income Permits	49	revise all below
Low-Income Permits	3	
Moderate-Income Permits	119	
Above Moderate-Income Permits	331	
Total	502	100.0%

Source: California Department of Housing and Community Development (HCD), 5th Cycle Annual Progress Report Permit Summary (2020). Data from ABAG/MTC Housing Needs Data Packet Workbook, Table HSG-11.
Note: Universe: Housing permits issued between 2015 and 2021. Notes: HCD uses the following definitions for the four income categories: Very Low Income: units affordable to households making less than 50 percent of the Area Median Income for the county in which the jurisdiction is located. Low Income: units affordable to households making between 50 percent and 80 percent of the Area Median Income for the county in which the jurisdiction is located. Moderate Income: units affordable to households making between 80 percent and 120 percent of the Area Median Income for the county in which the jurisdiction is located. Above Moderate Income: units affordable to households making above 120 percent of the Area Median Income for the county in which the jurisdiction is located.

Assisted Housing Developments At-Risk of Conversion

While there is a need to produce new affordable housing units, ensuring that the existing affordable housing stock remains affordable is also important. Additionally, it is typically faster and less expensive to preserve currently affordable units that are at risk of converting to market-rate than it is to build new affordable housing.

The data in the table below comes from the California Housing Partnership's Preservation Database, the State's most comprehensive source of information on subsidized affordable housing at risk of losing its affordable status

and converting to market-rate housing[17]. According to the data, there are 169 assisted units in the Town of Los Gatos. Of these units, none were at high risk or very high risk of conversion. Table B-3 summarizes assisted units at risk in the Town of Los Gatos.

Table B-3 Assisted Units at Potential Risk of Conversion

Income	Los Gatos	Santa Clara County	Bay Area
Low-Income Units	169	28,001	110,177
Moderate-Income Units	0	1,471	3,375
High-Income Units	0	422	1,854
Very High-Income Units	0	270	1,053
Total	169	30,164	116,459

Source: California Housing Partnership, Preservation Database (2020). Data from ABAG/MTC Housing Needs Data Packet Workbook, Table RISK01.

Note: Universe: HUD, Low-Income Housing Tax Credit (LIHTC), USDA, and CalHFA projects. Subsidized or assisted developments that do not have one of the aforementioned financing sources may not be included. While California Housing Partnership's Preservation Database is the state's most comprehensive source of information on subsidized affordable housing at risk of losing its affordable status and converting to market-rate housing, this database does not include all deed-restricted affordable units in the state. Consequently, there may be at-risk assisted units in a jurisdiction that are not captured in this data table. Per HCD guidance, local jurisdictions must also list the specific affordable housing developments at-risk of converting to market rate uses. This document provides aggregate numbers of at risk units for each jurisdiction, but local planning staff should contact Danielle Mazzella with the California Housing Partnership at dmazzella@chpc.net to obtain a list of affordable properties that fall under this designation. California Housing Partnership uses the following categories for assisted housing developments in its database: Very-High Risk: affordable homes that are at-risk of converting to market rate within the next year that do not have a known overlapping subsidy that would extend affordability and are not owned by a large/stable non-profit, mission-driven developer. High Risk: affordable homes that are at-risk of converting to market rate in the next 1-5 years that do not have a known overlapping subsidy that would extend affordability and are not owned by a large/stable non-profit, mission-driven developer. Moderate Risk: affordable homes that are at-risk of converting to market rate in the next 5-10 years that do not have a known overlapping subsidy that would extend affordability and are not owned by a large/stable non-profit, mission-driven developer. Low Risk: affordable homes that are at-risk of converting to market rate in 10+ years and/or are owned by a large/stable non-profit, mission-driven developer.

Substandard Housing

Housing costs in the region are among the highest in the country. In general, substandard housing is not an issue in Los Gatos. Between the years of 2015-2023 there were 4,311 code violations with only 15 cases of substandard housing conditions. 0.3 percent of code enforcement violations were substandard housing cases. Most of the substandard conditions were related to mental health issues involving hoarding and are owner occupied. The 15 cases are spread throughout the Town limits and are not concentrated in one part of Town. The Town of Los Gatos has one full time Code Compliance Officer and is reactive (complaint based) in regard to enforcement. Based on the data and input from the Code Compliance Officer, it is estimated that there are approximately 11 units in need of rehabilitation and/or replacement. Through Implementation Programs N and AJ, it is a goal of the 2023-2031 Housing Element to assist 10 low-income households with needed household repairs.

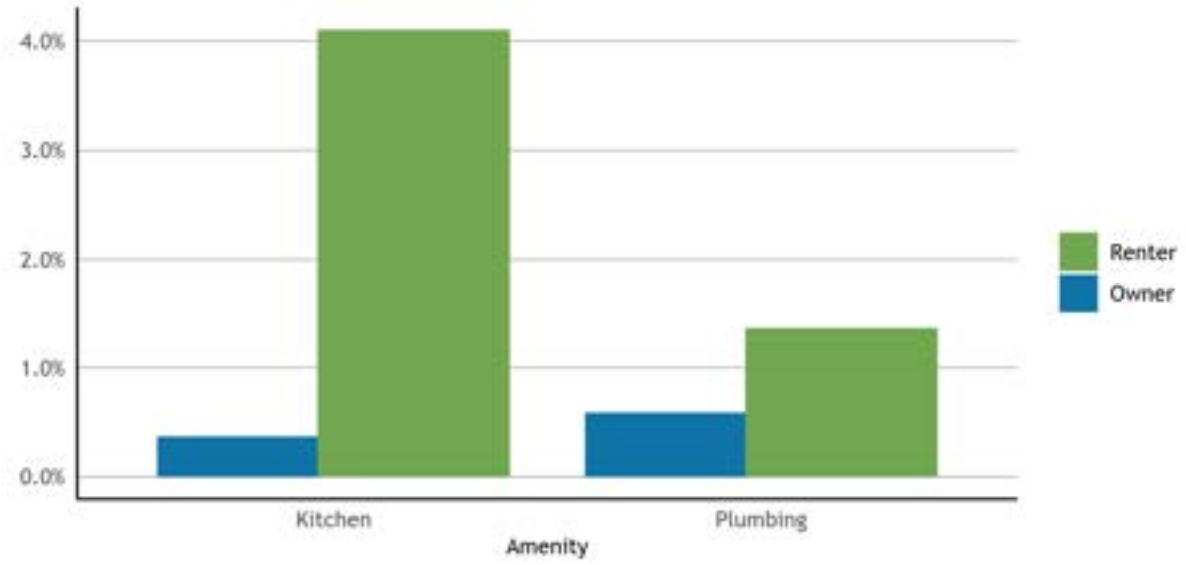
[17] This database does not include all deed-restricted affordable units in the state, so there may be at-risk assisted units in a jurisdiction that are not captured in this data table.

Year	2015-2023 Los Gatos Substandard Housing Code Violations
2023	Occupied rental - gutters in disrepair, and mold in interior rooms.
2022	Owner occupied residence - hole in roof, junk accumulation, and unregistered vehicles*.
2021	Occupied multi-family apartment - carport ceiling repair, trash can area sanitation, and decking-railing repair/replace.
2020	Unoccupied storage for hoarder-tarps covering holes in roof, unregistered vehicles, and nonfunctioning gutters*.
2020	Occupied residence - tall grass, inoperable vehicles, residence in disrepair, and rodent harborage.
2019	Unoccupied residence - tall grass, un-secured, residence in disrepair, rodent harborage, and demolished by owner.
2017	Owner occupied residence - storage in the side yard, felled trees, unregistered vehicles, parking on dirt, RV used as home in rear yard, and storage of household items in carport*.
2015	Owner occupied residence - hoarding conditions, junk accumulation, inoperable vehicles, and trailer in front yard*.
2015	Owner occupied residence - rodent harborage, trash/rubbish, and unregistered vehicles*.
2015	Unoccupied storage for hoarder - weeds, unregistered vehicles, rodent harborage, and junk accumulation*.
2015	Owner occupied residence - junk accumulation, and structures in disrepair*.
2015	Owner occupied residence and rental - inoperative vehicles parked in front yard, and junk accumulation*
2015	Occupied rental - felled trees, gutters in disrepair, broken window, front door kicked in, chipping and peeling paint.
2015	Unoccupied residence - house deemed unfit for human habitation due to the lack of safe power, water, heat, and smoke alarms.
2015	Occupied multi-family apartment - plumbing leaks, non-functioning furnace, substandard decking, non-functioning fire extinguishers, and unpermitted work.

Source: Town of Los Gatos Code Enforcement, Community Development Department
Note: *Denotes hoarding conditions

The Census Bureau data included in the graph below gives a sense of some of the substandard conditions that may be present in Los Gatos. For example, 4.1 percent of renters in Los Gatos reported lacking a kitchen and 1.4 percent of renters lack plumbing, compared to 0.4 percent of owners who lack a kitchen and 0.6 percent of owners who lack plumbing. Figure B-22 shows substandard housing issues in Los Gatos.

Figure B-22 Los Gatos Substandard Housing Issues



Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B25053, Table B25043, Table B25049 Data from ABAG/MTC Housing Needs Data Packet Workbook, Table HSG-06.
Note: Universe: Occupied housing units. Per HCD guidance, this data should be supplemented by local estimates of units needing to be rehabilitated or replaced based on recent windshield surveys, local building department data, knowledgeable builders/developers in the community, or nonprofit housing developers or organizations.

Project Sentinel assists individuals with housing problems such as discrimination and rental issues including repairs and provides information and counseling regarding rights and responsibilities under California tenant landlord law. During the calendar year of 2022, Project Sentinel received a total of 58 inquiries for Los Gatos, with 35 of the inquiries resulting in providing information to the caller and a referral. The remaining 23 inquiries resulted in cases, of which only three were related to housing maintenance and repairs. This information further highlights the limited extent of substandard housing conditions in the Town.

Home and Rent Values

Home prices reflect a complex mix of supply and demand factors, including an area's demographic profile, labor market, prevailing wages, and job outlook, coupled with land and construction costs. In the Bay Area, the costs of housing have long been among the highest in the nation.

The typical home value in Los Gatos was estimated at $2,109,040 in December of 2020, per data from Zillow. The largest proportion of homes were valued in excess of $2 million. By comparison, the typical home value is $1,290,970 in Santa Clara County and $1,077,230 in the Bay Area, with the largest share of units valued $1 million to $1.5 million (county) and $500 thousand to $750 thousand (region). Figure B-23 shows home values of owner-occupied housing units in Los Gatos.

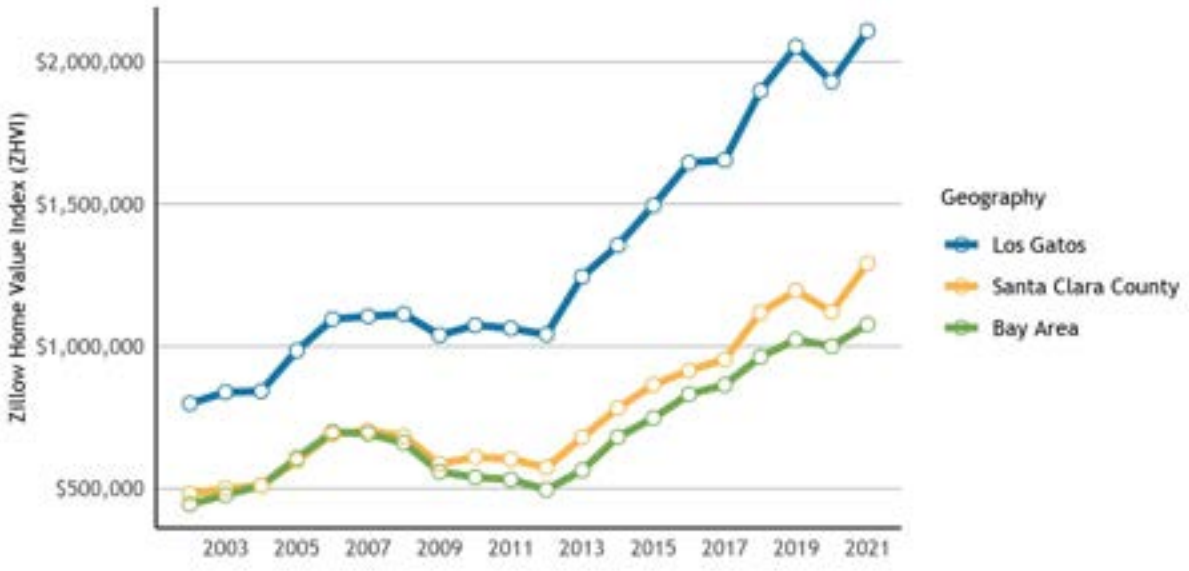
Figure B-23 Home Values of Owner-Occupied Units



Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B25075. Data from ABAG/MTC Housing Needs Data Packet Workbook, Table HSG-07.
Note: Universe: Owner-occupied units.

The region's home values have increased steadily since 2000, besides a decrease during the Great Recession. The rise in home prices has been especially steep since 2012, with the median home value in the Bay Area nearly doubling during this time. Since 2001, the typical home value has increased 164.0 percent in Los Gatos from $798,770 to $2,109,040. This change is considerably greater than the change in Santa Clara County and for the region as a whole. Figure B-24 shows Zillow home value index for Los Gatos.

Figure B-24 Zillow Home Value Index (ZHVI)



Source: Zillow, Zillow Home Value Index (ZHVI). Data from ABAG/MTC Housing Needs Data Packet Workbook, Table HSG-08.
Note: Universe: Owner-occupied housing units. Zillow describes the ZHVI as a smoothed, seasonally adjusted measure of the typical home value and market changes across a given region and housing type. The ZHVI reflects the typical value for homes in the 35th to 65th percentile range. The ZHVI includes all owner-occupied housing units, including both single-family homes and condominiums. More information on the ZHVI is available from Zillow. The regional estimate is a household-weighted average of county-level ZHVI files, where household counts are yearly estimates from DOF's E-5 series For unincorporated areas, the value is a population weighted average of unincorporated communities in the county matched to census-designated population counts.

Similar to home values, rents have also increased dramatically across the Bay Area in recent years. Many renters have been priced out, evicted, or displaced, particularly communities of color. Residents finding themselves in one of these situations may have had to choose between commuting long distances to their jobs and schools or moving out of the region, and sometimes, out of the State.

In Los Gatos, the largest proportion of rental units rented in the 'rent $2,000-$2,500 category', totaling 24.2 percent, followed by 23.7 percent of units renting in the 'rent $3,000 or More category.' Looking beyond the Town, the largest share of units in Santa Clara County is in the 'rent $2,000-$2,500 category', compared to the 'rent $1,500-$2,000 category' for the Bay Area as a whole. Figure B-25 shows contract rents for renter-occupied units in Los Gatos, Santa Clara County, and the Bay Area as a whole.

Figure B-25 Contract Rents for Renter-Occupied Units

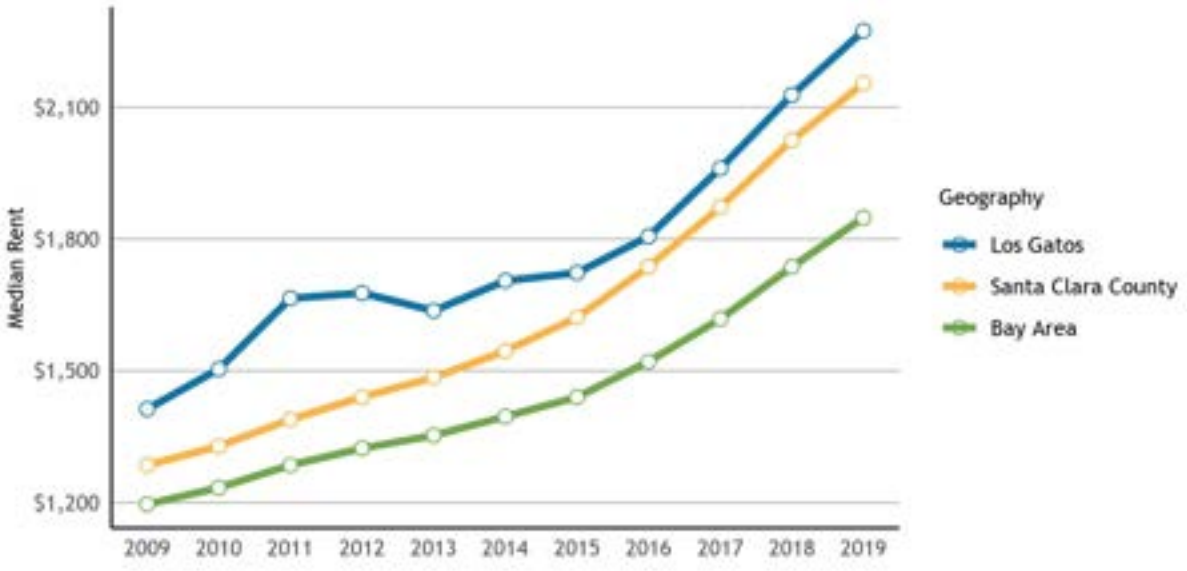


Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B25056. Data from ABAG/MTC Housing Needs Data Packet Workbook, Table HSG-09.
Note: Universe: Renter-occupied housing units paying cash rent.

Since 2009, the median rent has increased by 33.5 percent in the Town of Los Gatos, from $1,700 to $2,270 per month. In Santa Clara County, the median rent has increased 39.6 percent, from $1,540 to $2,150. The median rent in the region has increased significantly during this time from $1,200 to $1,850, a 54.2 percent increase[18]. Figure B-25 shows median contract rent in the Town of Los Gatos, Santa Clara County, and the Bay Area as a whole.

[18] While the data on home values shown in Figure B-24 comes from Zillow, Zillow does not have data on rent prices available for most Bay Area jurisdictions. To have a more comprehensive dataset on rental data for the region, the rent data in this document comes from the U.S. Census Bureau's American Community Survey, which may not fully reflect current rents. Local jurisdiction staff may want to supplement the data on rents with local realtor data or other sources for rent data that are more current than Census Bureau data.

Figure B-26 Median Contract Rent



Source: U.S. Census Bureau, American Community Survey 5-Year Data releases, starting with 2005-2009 through 2015-2019, B25058, B25056 (for unincorporated areas). County and regional counts are weighted averages of jurisdiction median using B25003 rental unit counts from the relevant year. Data from ABAG/MTC Housing Needs Data Packet Workbook, Table HSG-10.
Note: Universe: Renter-occupied housing units paying cash rent. For unincorporated areas, median is calculated using distribution in B25056.

Overpayment and Overcrowding

A household is considered "cost-burdened" if it spends more than 30 percent of its monthly income on housing costs, while those who spend more than 50 percent of their income on housing costs are considered "severely cost-burdened." Low-income residents are the most impacted by high housing costs and experience the highest rates of cost burden. Spending such large portions of their income on housing puts low-income households at higher risk of displacement, eviction, or homelessness. While the housing market has resulted in home prices increasing dramatically, homeowners often have mortgages with fixed rates, whereas renters are more likely to be impacted by market increases.

When looking at the cost burden across tenure in the Town of Los Gatos, 20 percent of renters spend 30 percent to 50 percent of their income on housing compared to 16 percent of those that own. Additionally, 22 percent of renters are severely cost-burdened (i.e., spend 50 percent or more of their income on housing), while 12 percent of owners are severely cost-burdened. Figure B-27 shows cost burden by tenure.

Figure B-27 Cost Burden by Tenure, Los Gatos



Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B25070, B25091. Data from ABAG/MTC Housing Needs Data Packet Workbook, Table OVER-06.
Note: Universe: Occupied housing units. Cost burden is the ratio of housing costs to household income. For renters, housing cost is gross rent (contract rent plus utilities). For owners, housing cost is "select monthly owner costs", which includes mortgage payment, utilities, association fees, insurance, and real estate taxes. HUD defines cost-burdened households as those whose monthly housing costs exceed 30 percent of monthly income, while severely cost-burdened households are those whose monthly housing costs exceed 50 percent of monthly income.

When one looks at both renters and owners together in the Town of Los Gatos, 15.6 percent of households spend 50 percent or more of their income on housing, while 17 percent spend 30 percent to 50 percent. However, these rates vary greatly across income categories. For example, 78.3 percent of Los Gatos households making less than 30 percent of AMI spend the majority of their income on housing. For Los Gatos residents making more than 100 percent of AMI, just 3.7 percent are severely cost-burdened, and 83.9 percent of those making more than 100 percent of AMI spend less than 30 percent of their income on housing. Figure B-28 shows cost burden by income level.

Figure B-28 Cost Burden by Income Level, Los Gatos



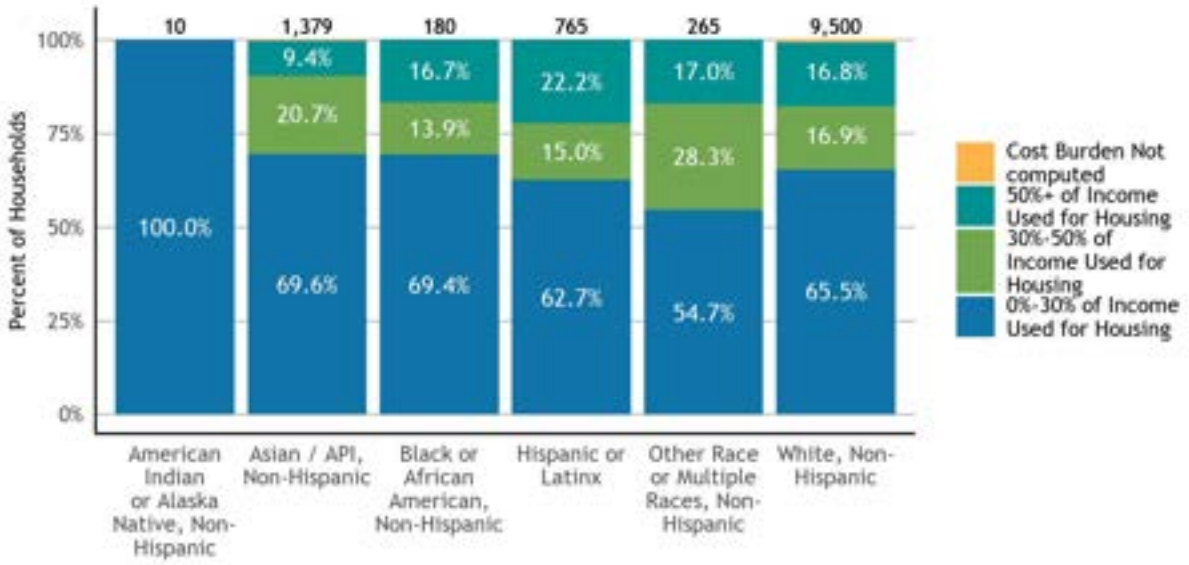
Source: U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS) ACS tabulation, 2012-2017 release. Data from ABAG/MTC Housing Needs Data Packet Workbook, Table OVER-05.
Note: Universe: Occupied housing units. Cost burden is the ratio of housing costs to household income. For renters, housing cost is gross rent (contract rent plus utilities). For owners, housing cost is "select monthly owner costs", which includes mortgage payment, utilities, association fees, insurance, and real estate taxes. HUD defines cost-burdened households as those whose monthly housing costs exceed 30 percent of monthly income, while severely cost-burdened households are those whose monthly housing costs exceed 50 percent of monthly income. Income groups are based on HUD calculations for Area Median Income (AMI). HUD calculates the AMI for different metropolitan areas, and the nine county Bay Area includes the following metropolitan areas: Napa Metro Area (Napa County), Oakland Fremont Metro Area (Alameda and Contra Costa Counties), San Francisco Metro Area (Marin, San Francisco, and San Mateo Counties), San Jose-Sunnyvale-Santa Clara Metro Area (Santa Clara County), Santa Rosa Metro Area (Sonoma County), and Vallejo-Fairfield Metro Area (Solano County). The AMI levels in this chart are based on the HUD metro area where this jurisdiction is located.

Currently, people of color[19] are more likely to experience poverty and financial instability as a result of Federal, State, and local housing policies that have historically excluded them from the same opportunities extended to white residents. As a result, they often pay a greater percentage of their income on housing, and in turn, are at a greater risk of housing insecurity.

Hispanic or Latinx residents are the most severely cost burdened with 22 percent spending more than 50 percent of their income on housing. Figure B-29 shows cost burden by race.

[19] As before, this category as it is used here includes all non-White persons.

Figure B-29 Cost Burden by Race, Los Gatos

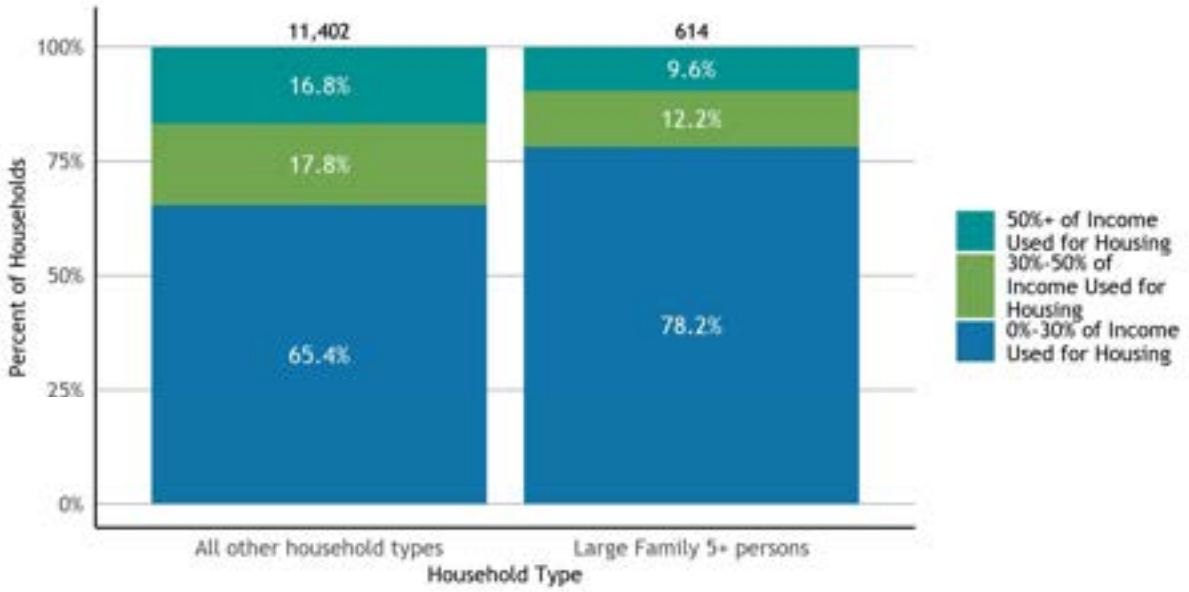


Source: U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS) ACS tabulation, 2012-2017 release. Data from ABAG/MTC Housing Needs Data Packet Workbook, Table OVER-08.
Note: Universe: Occupied housing units. Cost burden is the ratio of housing costs to household income. For renters, housing cost is gross rent (contract rent plus utilities). For owners, housing cost is "select monthly owner costs", which includes mortgage payment, utilities, association fees, insurance, and real estate taxes. HUD defines cost-burdened households as those whose monthly housing costs exceed 30 percent of monthly income, while severely cost-burdened households are those whose monthly housing costs exceed 50 percent of monthly income. For the purposes of this graph, the "Hispanic or Latinx" racial/ethnic group represents those who identify as having Hispanic/Latinx ethnicity and may also be members of any racial group. All other racial categories on this graph represent those who identify with that racial category and do not identify with Hispanic/Latinx ethnicity.

Large family households often have special housing needs due to a lack of adequately sized affordable housing available. The higher costs required for homes with multiple bedrooms can result in larger families experiencing a disproportionate cost burden than the rest of the population and can increase the risk of housing insecurity.

In the Town of Los Gatos, 12.2 percent of large family households experience a cost burden of 30 to 50 percent, while 9.6 percent of households spend more than half of their income on housing. Some 17.8 percent of all other households have a cost burden of 30 percent to 50 percent, with 16.8 percent of households spending more than 50 percent of their income on housing. Figure B-30 shows cost burden by household size.

Figure B-30 Cost Burden by Household Size, Los Gatos



Source: U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS) ACS tabulation, 2012-2017 release. Data from ABAG/MTC Housing Needs Data Packet Workbook, Table OVER-09.
Note: Universe: Occupied housing units. Cost burden is the ratio of housing costs to household income. For renters, housing cost is gross rent (contract rent plus utilities). For owners, housing cost is "select monthly owner costs", which includes mortgage payment, utilities, association fees, insurance, and real estate taxes. HUD defines cost-burdened households as those whose monthly housing costs exceed 30 percent of monthly income, while severely cost-burdened households are those whose monthly housing costs exceed 50 percent of monthly income.

When cost-burdened seniors are no longer able to make house payments or pay rents, displacement from their homes can occur, putting further stress on the local rental market or forcing residents out of the community they call home. Understanding how seniors might be cost-burdened is of particular importance due to their special housing needs, particularly for low-income seniors.

In the Town of Los Gatos, 74 percent of seniors making less than 30 percent of AMI are spending the majority of their income on housing. For seniors making more than 100 percent of AMI, only 4.3 percent are spending the majority of their income on housing. Figure B-31 shows cost-burdened senior households by income level.

Figure B-31 Cost-Burdened Senior Households by Income Level, Los Gatos



Source: U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS) ACS tabulation, 2012-2017 release. Data from ABAG/MTC Housing Needs Data Packet Workbook, Table SEN-03.
Note: Universe: Senior households. For the purposes of this graph, senior households are those with a householder who is aged 62 or older. Cost burden is the ratio of housing costs to household income. For renters, housing cost is gross rent (contract rent plus utilities). For owners, housing cost is "select monthly owner costs", which includes mortgage payment, utilities, association fees, insurance, and real estate taxes. HUD defines cost-burdened households as those whose monthly housing costs exceed 30 percent of monthly income, while severely cost-burdened households are those whose monthly housing costs exceed 50 percent of monthly income. Income groups are based on HUD calculations for Area Median Income (AMI). HUD calculates the AMI for different metropolitan areas, and the nine county Bay Area includes the following metropolitan areas: Napa Metro Area (Napa County), Oakland-Fremont Metro Area (Alameda and Contra Costa Counties), San Francisco Metro Area (Marin, San Francisco, and San Mateo Counties), San Jose-Sunnyvale-Santa Clara Metro Area (Santa Clara County), Santa Rosa Metro Area (Sonoma County), and Vallejo-Fairfield Metro Area (Solano County). The AMI levels in this chart are based on the HUD metro area where this jurisdiction is located.

Overcrowding occurs when the number of people living in a household is greater than the home was designed to hold[20]. The Census Bureau considers units with more than 1.5 occupants per room to be severely overcrowded. Overcrowding is often related to the cost of housing and can occur when demand in a town, city, or region is high. In many towns and cities, overcrowding is seen more amongst those that are renting, with multiple households sharing a unit to make it possible to stay in their communities. In the Town of Los Gatos, 4.3 percent of households that rent are severely overcrowded (i.e., more than 1.5 occupants per room), compared to 0.3 percent of households that own. Figure B-32 shows overcrowding by tenure and severity.

[20] There are several different standards for defining overcrowding, but this report uses the Census Bureau definition, which is more than one occupant per room (not including bathrooms or kitchens).

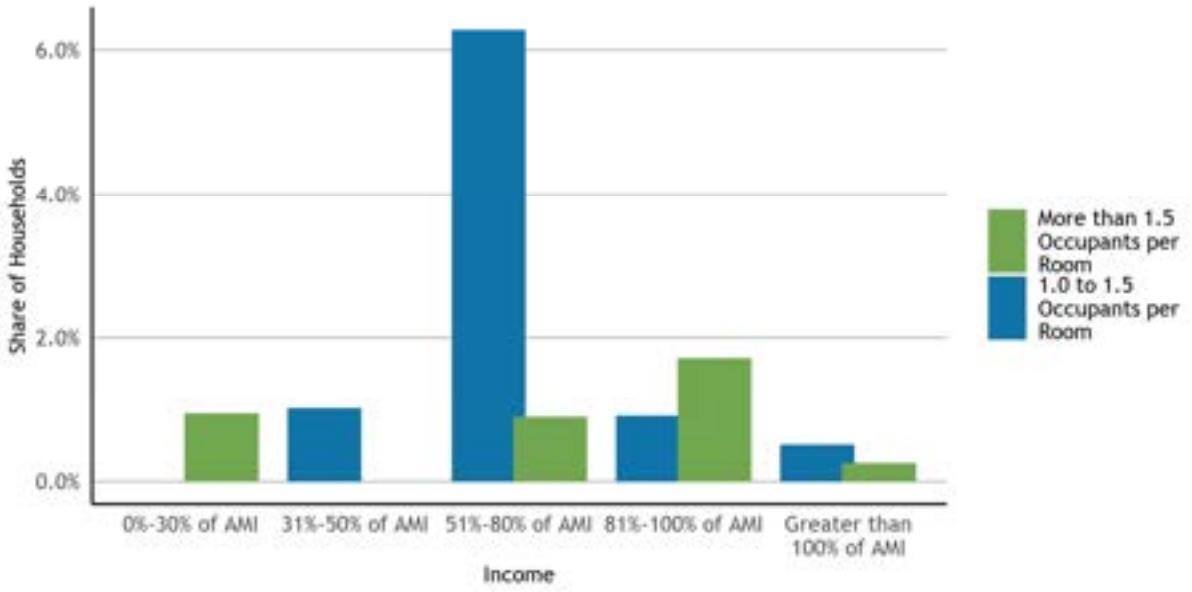
Figure B-32 Los Gatos Overcrowding by Tenure and Severity



Source: U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS) ACS tabulation, 2012-2017 release. Data from ABAG/MTC Housing Needs Data Packet Workbook, Table OVER-01.
Note: Universe: Occupied housing units. The Census Bureau defines an overcrowded unit as one occupied by 1.01 persons or more per room (excluding bathrooms and kitchens), and units with more than 1.5 persons per room are considered severely overcrowded.

Overcrowding often disproportionately impacts low-income households. In Los Gatos, less than one percent of very low-income households (i.e., below 50 percent AMI) experience severe overcrowding. The income group most experiencing severe overcrowding is the 81%-100% of AMI group. Figure B-33 shows overcrowding by income level and severity.

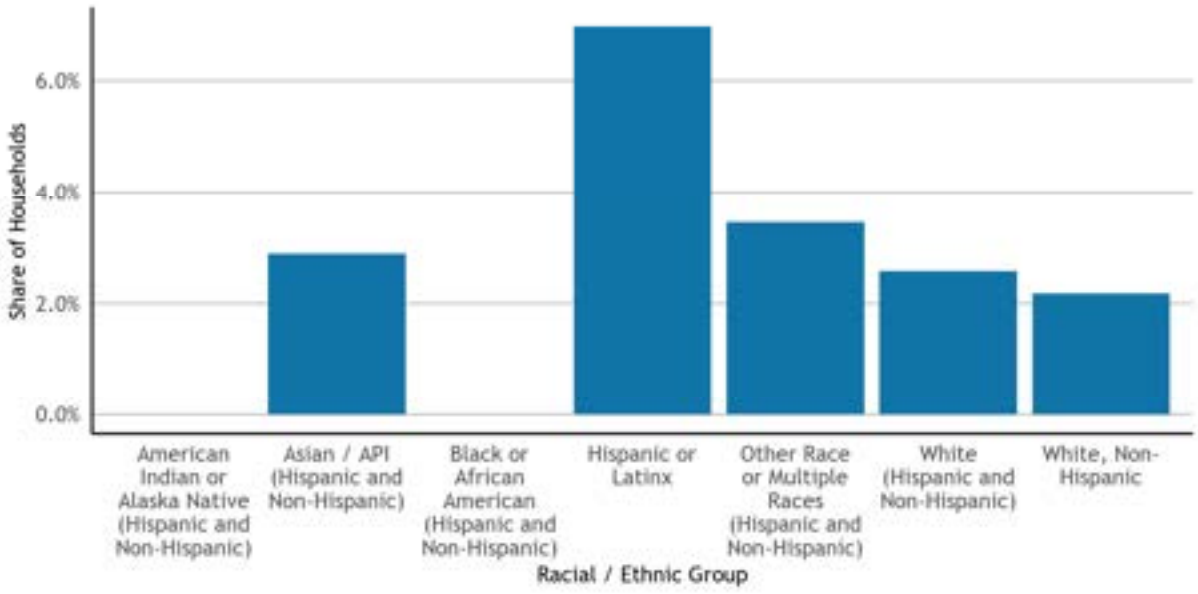
Figure B-33 Los Gatos Overcrowding by Income Level and Severity



Source: U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS) ACS tabulation, 2012-2017 release. Data from ABAG/MTC Housing Needs Data Packet Workbook, Table OVER-04.
Note: Universe: Occupied housing units. The Census Bureau defines an overcrowded unit as one occupied by 1.01 persons or more per room (excluding bathrooms and kitchens), and units with more than 1.5 persons per room are considered severely overcrowded. Income groups are based on HUD calculations for Area Median Income (AMI). HUD calculates the AMI for different metropolitan areas, and the nine county Bay Area includes the following metropolitan areas: Napa Metro Area (Napa County), Oakland-Fremont Metro Area (Alameda and Contra Costa Counties), San Francisco Metro Area (Marin, San Francisco, and San Mateo Counties), San Jose-Sunnyvale-Santa Clara Metro Area (Santa Clara County), Santa Rosa Metro Area (Sonoma County), and Vallejo-Fairfield Metro Area (Solano County). The AMI levels in this chart are based on the HUD metro area where this jurisdiction is located.

Communities of color are more likely to experience overcrowding similar to how they are more likely to experience poverty, financial instability, and housing insecurity. People of color tend to experience overcrowding at higher rates than White residents. In Los Gatos, the racial group with the largest overcrowding rate is Hispanic or Latinx. Figure B-34 shows overcrowding by race.

Figure B-34 Overcrowding by Race, Los Gatos



Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B25014. Data from ABAG/MTC Housing Needs Data Packet Workbook, Table OVER-03.
Note: Universe: Occupied housing units. The Census Bureau defines an overcrowded unit as one occupied by 1.01 persons or more per room (excluding bathrooms and kitchens), and units with more than 1.5 persons per room are considered severely overcrowded. For this table, the Census Bureau does not disaggregate racial groups by Hispanic/Latinx ethnicity. However, data for the white racial group is also reported for white householders who are not Hispanic/Latinx. Since residents who identify as white and Hispanic/Latinx may have very different experiences within the housing market and the economy from those who identify as white and non-Hispanic/Latinx, data for multiple white sub-groups are reported here. The racial/ethnic groups reported in this table are not all mutually exclusive. Therefore, the data should not be summed as the sum exceeds the total number of occupied housing units for this jurisdiction. However, all groups labelled "Hispanic and Non-Hispanic" are mutually exclusive, and the sum of the data for these groups is equivalent to the total number of occupied housing units.

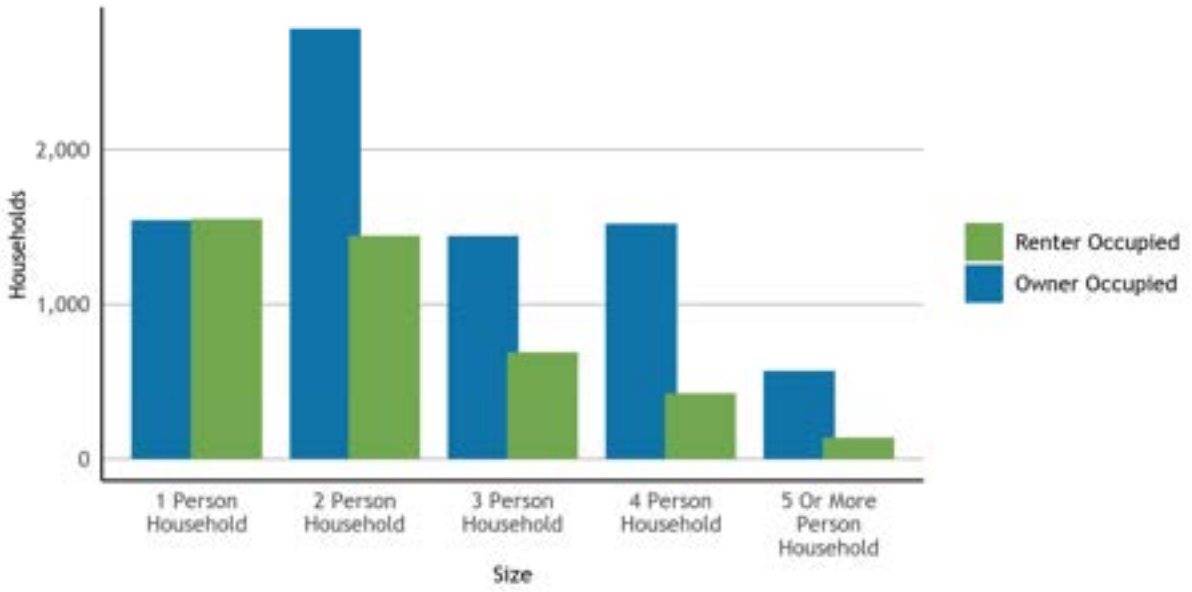
B.4 Special Housing Needs

Large Households

Large households are defined as those with five or more members. These households are usually families with two or more children or multi-generational families. It can also include multiple families living in one housing unit. Large households are a special needs group because the availability of adequately sized, affordable housing units is limited. To save for necessities such as food, clothing, and medical care, lower- and moderate-income large households may reside in smaller units, resulting in overcrowding. Large households often have different housing needs than smaller households. If the Town's rental housing stock does not include larger apartments, large households who rent could end up living in overcrowded conditions.

In Los Gatos, for large households with five or more persons, most units were owner occupied. Figure B-35 shows household size by tenure. According to 2015-2019 ACS estimates, 5.9 percent of households are large households with five or more persons compared to 12.4 percent countywide. In Los Gatos, 7.3 percent of owner-occupied households are large households while only 3.2 percent of renter-occupied households are large households.

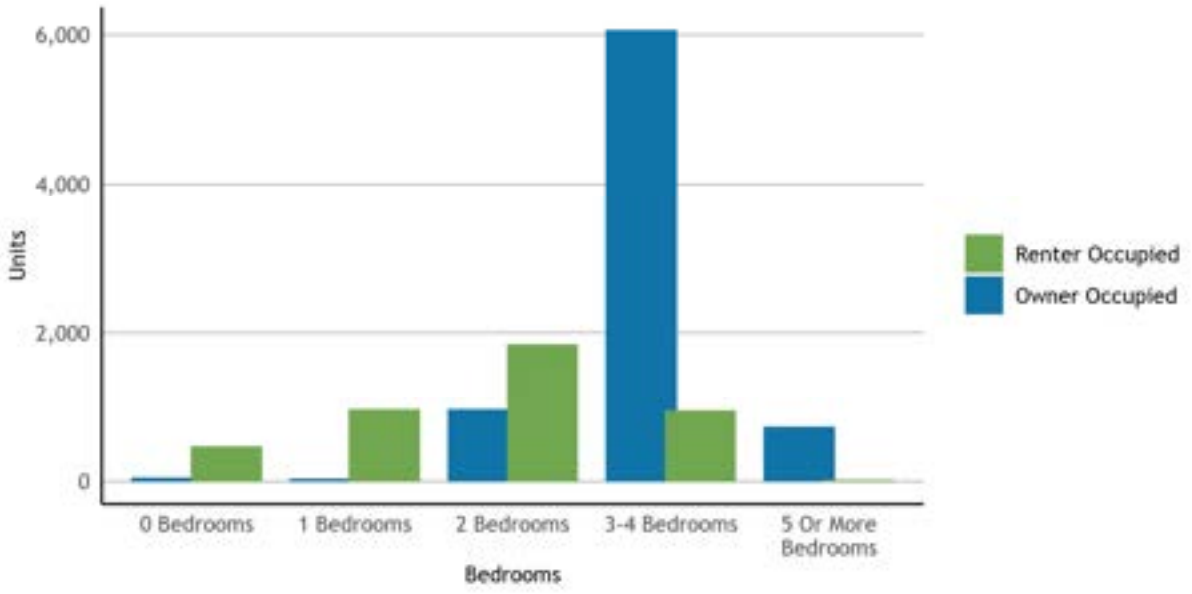
Figure B-35 Household Size by Tenure, Los Gatos



Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B25009. Data from ABAG/MTC Housing Needs Data Packet Workbook, Table LGFEM-01.
Note: Universe: Occupied housing units.

The unit sizes available in a community affect the household sizes that can access that community. Large families are generally served by housing units with three or more bedrooms, of which there are 7,760 units in the Town of Los Gatos. Among these large units, most are owner occupied. Figure B-36 summarizes housing units by the number of bedrooms. As discussed above, there are approximately 572 large owner-occupied households and 137 large renter-occupied households residing in Los Gatos according to 2015-2019 ACS estimates. Based on the 7,760 housing units with three or more bedrooms in the Town, Los Gatos has enough large housing units suitable for large households.

Figure B-36 Housing Units by Number of Bedrooms, Los Gatos



Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B25042. Data from ABAG/MTC Housing Needs Data Packet Workbook, Table HSG-05.
Note: Universe: Housing units.

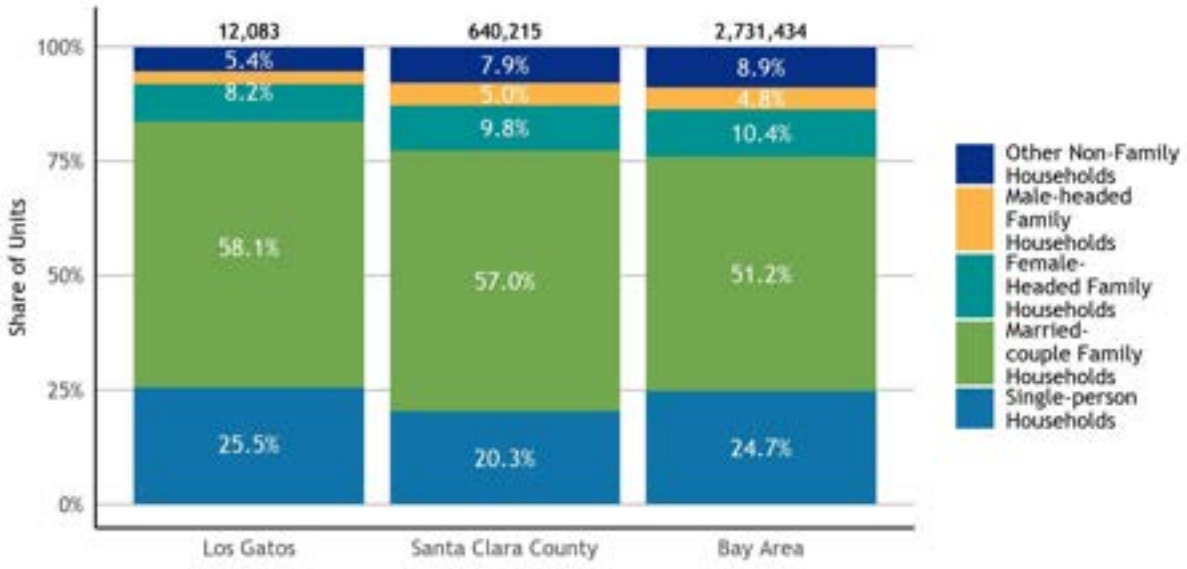
In addition to existing housing units with three or more bedrooms available to large households in Los Gatos, large households can also benefit from general programs and services for lower-and moderate-income persons, including Housing Choice Vouchers, and various community and social services provided by non-profit organizations in the region.

Female-Headed Households

Households headed by one person are often at greater risk of housing insecurity, particularly female-headed households, who may be supporting children or a family with only one income. Female-headed households, especially single parent households, typically have lower incomes and a greater need for affordable housing. In addition, these households can have needs for items such as accessible day care and health care, as well as other supportive services. The relatively low incomes earned by female-headed households, combined with the increased need for supportive services, severely limit the housing options available to them.

In the Town of Los Gatos, the largest proportion of households is Married-Couple Family Households at 58.1 percent of the total, while Female-Headed Family Households make up 8 percent of all households. Comparatively, female-headed family households make up 9.8 percent of households countywide and 10.4 percent of households in the Bay Area. Figure B-37 provides information on household type in Los Gatos.

Figure B-37 Household Type

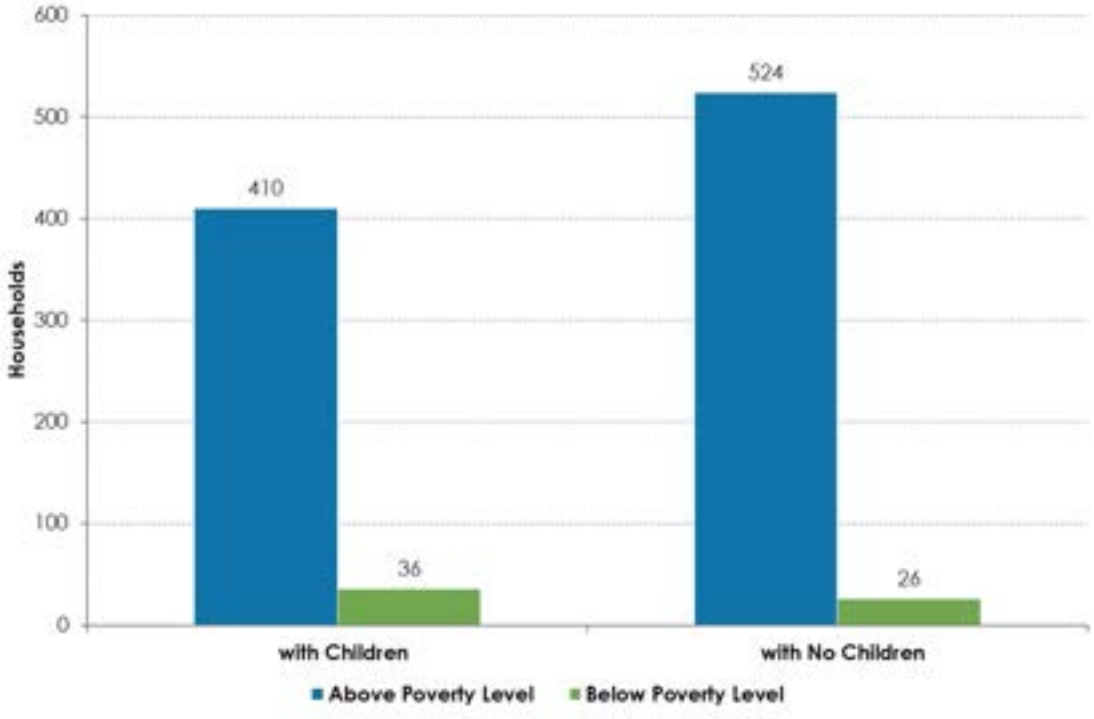


Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B11001. Data from ABAG/MTC Housing Needs Data Packet Workbook, Table POPEMP-23.
Note: Universe: Households. For data from the Census Bureau, a "family household" is a household where two or more people are related by birth, marriage, or adoption. "Non-family households" are households of one person living alone, as well as households where none of the people are related to each other.

Female-headed households with children may face particular housing challenges, with pervasive gender inequality resulting in lower wages for women. Moreover, the added need for childcare can make finding a home that is affordable more challenging.

In Los Gatos, 36 female-headed households with children (eight percent) fell in the Below Poverty Level category, while 26 female-headed households without children (five percent) fell in the Below Poverty Level category. Approximately 6.2 percent of female-headed households, with and without children, in Los Gatos are below the poverty level compared to only 0.6 percent of married couple households. Figure B-38 shows female-headed households by poverty status.

Figure B-38 Female-Headed Households by Poverty Status, Los Gatos



Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B17012. Data from ABAG/MTC Housing Needs Data Packet Workbook, Table LGFEM-05.
Note: Universe: Female Households. The Census Bureau uses a federally defined poverty threshold that remains constant throughout the country and does not correspond to Area Median Income.

Assistance for female-headed households includes childcare services are also provided in licensed private Family Child Care Homes within the Town. According to the California Department of Social Services (CDSS) Facility database, accessed in September 2023, there are two school licensed infant child care centers in Los Gatos with a capacity to serve 66 children and three licensed school age day care centers with a capacity to serve 195 children. There are also 13 licensed day care centers in the Town (capacity to serve 1,235).

Female heads of households in Los Gatos can also benefit from general programs and services for lower-and moderate-income households, including the Housing Choice Voucher program, and various community and social services provided by non-profit organizations in the region.

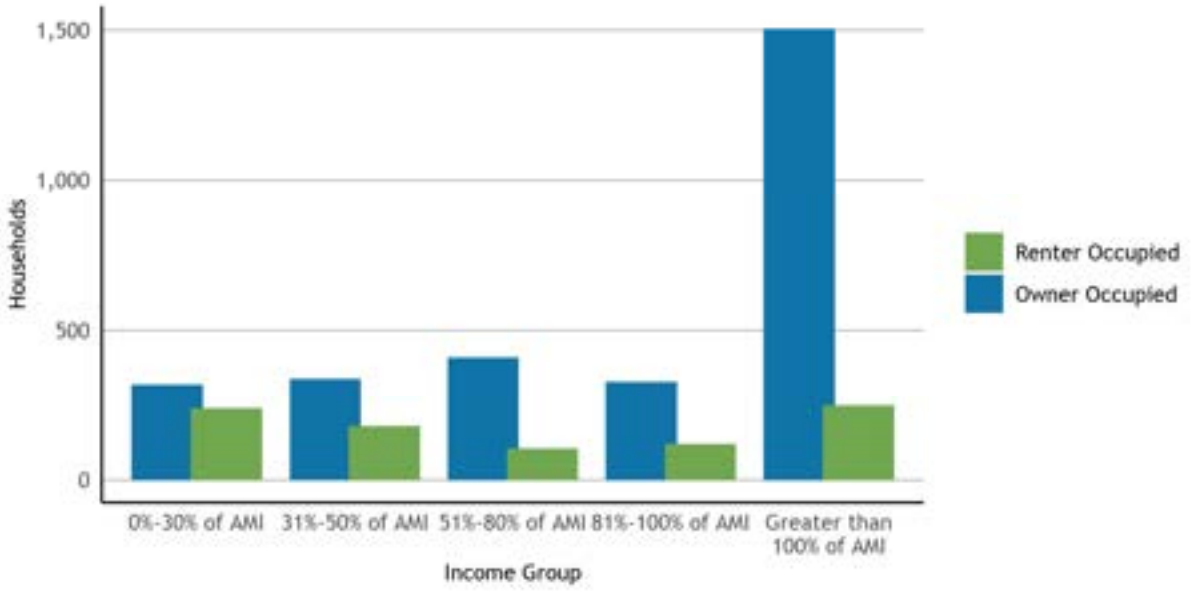
Seniors

Senior households often experience a combination of factors that can make accessing or keeping affordable housing a challenge. They often live on fixed incomes and are more likely to have disabilities, chronic health conditions, and/or reduced mobility. Seniors who rent may be at even greater risk for housing challenges than those who own, due to income differences between these groups.

Nearly 21 percent of the population in Los Gatos is aged 65 or older based on 2015-2019 ACS estimates. In comparison, only 13.2 percent of the population countywide is in this age range. The proportion of the population aged 65 and older in Los Gatos has increased from 17.9 percent during the 2006-2010 ACS. In the Town of Los Gatos, the largest proportion of senior households who rent fell into one of the categories below the Greater than 100% AMI category, while the largest proportion of senior households who are homeowners fell in the Greater than 100% AMI category. Figure B-39 shows senior households by income and tenure.

According to 2015-2019 ACS estimates, 46.8 percent of persons aged 75 and older and 16.7 percent of persons aged 65 to 74 in Los Gatos experience a disability compared to only 4.7 percent of the population aged 18 to 64. The most common disability types amongst the elderly population aged 65 and older include ambulatory difficulties (19.2 percent of elderly population) and independent living difficulties (15.9 percent of elderly population).[21]

Figure B-39 Senior Households by Income and Tenure, Los Gatos



Source: U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS) ACS tabulation, 2012-2017 release. Data from ABAG/MTC Housing Needs Data Packet Workbook, Table SEN-01.
Note: Universe: Senior households. For the purposes of this graph, senior households are those with a householder who is aged 62 or older. Income groups are based on HUD calculations for Area Median Income (AMI). HUD calculates the AMI for different metropolitan areas, and the nine county Bay Area includes the following metropolitan areas: Napa Metro Area (Napa County), Oakland-Fremont Metro Area (Alameda and Contra Costa Counties), San Francisco Metro Area (Marin, San Francisco, and San Mateo Counties), San Jose Sunnyvale-Santa Clara Metro Area (Santa Clara County), Santa Rosa Metro Area (Sonoma County), and Vallejo-Fairfield Metro Area (Solano County). The AMI levels in this chart are based on the HUD metro area where this jurisdiction is located.

The housing needs of this group can be addressed through smaller units, accessory dwelling units on lots with existing homes, shared living arrangements, congregate or assisted living and housing assistance programs. The Housing Element includes several programs to directly address the housing needs of the elderly through conservation of affordable housing, accessory dwelling units, helping seniors program, housing for persons with special needs, and affirmatively furthering fair housing. According to the CDSS, there are three licensed residential care elderly facilities in Los Gatos with a capacity to serve 70 residents. There is also one continuing care retirement community in Los Gatos with a capacity to serve 458 residents. The Town also partners with the Los Gatos-Saratoga Community Education and Recreation, providing a comprehensive Senior Services program to residents aged 55 and older.

21 Ambulatory difficulty: Having serious difficulty walking or climbing stairs; Independent living difficulty: Because of a physical, mental, or emotional problem, having difficulty doing errands alone such as visiting a doctor's office or shopping.

People with Disabilities

Federal laws define a person with a disability as "any person who has a physical or mental impairment that substantially limits one or more major life activities; has a record of such impairment; or is regarded as having such an impairment." In general, a physical or mental impairment includes hearing, mobility and visual impairments, chronic alcoholism, chronic mental illness, AIDS, AIDS Related Complex, and intellectual disability that substantially limits one or more major life activities. Major life activities include walking, talking, hearing, seeing, breathing, learning, performing manual tasks, and caring for oneself.

The U.S. Census Bureau classifies disabilities into the following categories:

- Hearing difficulty: Deaf or having serious difficulty hearing
- Vision difficulty: Blind or having serious difficulty seeing, even when wearing glasses
- Cognitive difficulty: Because of a physical, mental, or emotional problem, having difficulty remembering, concentrating, or making decisions
- Ambulatory difficulty: Having serious difficulty walking or climbing stairs
- Self-care difficulty: Having difficulty bathing or dressing
- Independent living difficulty: Because of a physical, mental, or emotional problem, having difficulty doing errands alone such as visiting a doctor's office or shopping

People with disabilities face additional housing challenges. Encompassing a broad group of individuals living with a variety of physical, cognitive, and sensory impairments, many people with disabilities live on fixed incomes and are in need of specialized care, yet often rely on family members for assistance due to the high cost of care. When it comes to housing, people with disabilities are not only in need of affordable housing, but accessibly designed housing, which offers greater mobility and opportunity for independence. Unfortunately, the need typically outweighs what is available, particularly in a housing market with such high demand. People with disabilities are at a high risk for housing insecurity, homelessness, and institutionalization, particularly when they lose aging caregivers.

The Housing Element must analyze potential and actual constraints upon the development, maintenance, and improvement of housing for persons of disabilities and include programs for the removal of such constraints or provide reasonable accommodation for housing designed for persons with disabilities.

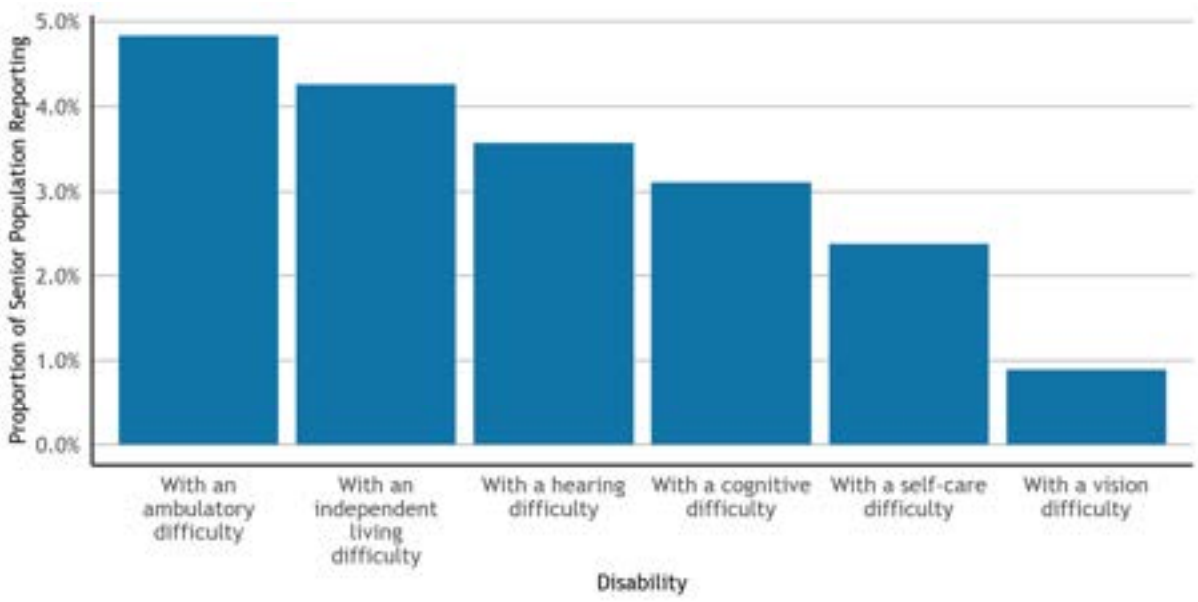
Disability status does not necessarily indicate a need for special need/supportive housing, and data on the total number of disabled persons needing supportive housing in the Town is not available. Using the national standard of one to three percent of the disabled population needing supportive housing, it can be estimated that the Town has approximately 28 to 84 disabled individuals in need of supportive housing.

Individuals with disabilities can often have difficulties participating in the labor force or finding employment, whether because of an inability to leave one's home, an inability to meet the physical requirements of the job, discrimination on the part of prospective employers, or other factors.

Overall, 9 percent of people in Los Gatos have a disability of some kind.[22] Figure B-40 shows the rates at which different disabilities are present among residents of Los Gatos. As discussed above, elderly residents are more likely to experience disabilities compared to residents under the age of 65.

[22] These disabilities are counted separately and are not mutually exclusive, as an individual may report more than one disability. These counts should not be summed.

Figure B-40 Disability by Type, Los Gatos



Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B18102, Table B18103, Table B18104, Table B18105, Table B18106, Table B18107. Data from ABAG/MTC Housing Needs Data Packet Workbook, Table DISAB-01.
Note: Universe: Civilian noninstitutionalized population 18 years and over. These disabilities are counted separately and are not mutually exclusive, as an individual may report more than one disability. These counts should not be summed. The Census Bureau provides the following definitions for these disability types: Hearing difficulty: deaf or has serious difficulty hearing. Vision difficulty: blind or has serious difficulty seeing even with glasses. Cognitive difficulty: has serious difficulty concentrating, remembering, or making decisions. Ambulatory difficulty: has serious difficulty walking or climbing stairs. Self-care difficulty: has difficulty dressing or bathing. Independent living difficulty: has difficulty doing errands alone such as visiting a doctor's office or shopping.

State law also requires a Housing Element to examine the housing needs of people with developmental disabilities. Developmental disabilities are defined as severe, chronic, and attributed to a mental or physical impairment that begins before a person turns 18 years old. This can include Down's Syndrome, autism, epilepsy, cerebral palsy, and mild to severe intellectual disability. Some people with developmental disabilities are unable to work, rely on supplemental security income, and live with family members. In addition to their specific housing needs, they are at increased risk of housing insecurity after an aging parent or family member is no longer able to care for them[23].

In the Town of Los Gatos, there are 50 children under the age of 18 with a developmental disability (40.7 percent), while there are 73 adults with a developmental disability (60 percent). Table B-4 below shows the number of persons in Los Gatos with developmental disabilities by age.

[23] For more information or data on developmental disabilities in your jurisdiction, contact the Golden Gate Regional Center for Marin, San Francisco and San Mateo Counties; the North Bay Regional Center for Napa, Solano and Sonoma Counties; the Regional Center for the East Bay for Alameda and Contra Costa Counties; or the San Andreas Regional Center for Santa Clara County.

Table B-4 Los Gatos Population with Developmental Disabilities by Age

Age Group	Number
Age Under 18	50
Age 18+	73

Source: California Department of Developmental Services, Consumer Count by California ZIP Code and Age Group (2020). This table is included in the Data Packet Workbook as Table DISAB-04.
Note: Universe: Population with developmental disabilities. Notes: The California Department of Developmental Services is responsible for overseeing the coordination and delivery of services to more than 330,000 Californians with developmental disabilities including cerebral palsy, intellectual disability, Down syndrome, autism, epilepsy, and related conditions. The California Department of Developmental Services provides ZIP code level counts. To get jurisdiction-level estimates, ZIP code counts were cross walked to jurisdictions using census block population counts from Census 2010 SF1 to determine the share of a ZIP code to assign to a given jurisdiction.

The most common living arrangement for individuals with disabilities is in Los Gatos is the home of parent/family/guardian. Table B-5 shows the Los Gatos population with developmental disabilities by residence.

Table B-5 Los Gatos Population with Developmental Disabilities by Residence

Residence Type	Number
Home of Parent/Family/Guardian	102
Foster/Family Home	9
Independent/Supported Living	7
Other	4
Community Care Facility	4
Intermediate Care Facility	0

Source: California Department of Developmental Services, Consumer Count by California ZIP Code and Residence Type (2020). This table is included in the Data Packet Workbook as Table DISAB-05.
Note: Universe: Population with developmental disabilities. Notes: The California Department of Developmental Services is responsible for overseeing the coordination and delivery of services to more than 330,000 Californians with developmental disabilities including cerebral palsy, intellectual disability, Down syndrome, autism, epilepsy, and related conditions. The California Department of Developmental Services provides ZIP code level counts. To get jurisdiction-level estimates, ZIP code counts were cross walked to jurisdictions using census block population counts from Census 2010 SF1 to determine the share of a ZIP code to assign to a given jurisdiction.

Regional centers are required by law to provide services in the most cost-effective way possible. They must use all other resources, including generic resources, before using any regional center funds. A generic resource is a service provided by an agency that has a legal responsibility to provide services to the general public and receives public funds for providing those services. Some generic agencies may include the local school district, county social services department, Medi-Cal, Social Security Administration, Department of Rehabilitation and others. Other resources may include natural support, such as assistance from family, friends or others at little or no cost.

Special housing needs for persons with disabilities fall into two general categories: physical design to address mobility impairments and in-home social, educational, and medical support to address developmental and mental impairments. According to California Department of Social Services records, there is one adult day care program in Los Gatos with a capacity to serve 30 residents. As discussed above, there are also three licensed residential care elderly facilities and one continuing care retirement community in Los Gatos.

The Housing Element includes several programs to directly address the housing needs of persons with disabilities, including developmental disabilities, including programs related to conservation of affordable housing, incentives for new affordable housing, accessory dwelling units, housing for persons with special needs, and affirmatively furthering fair housing.

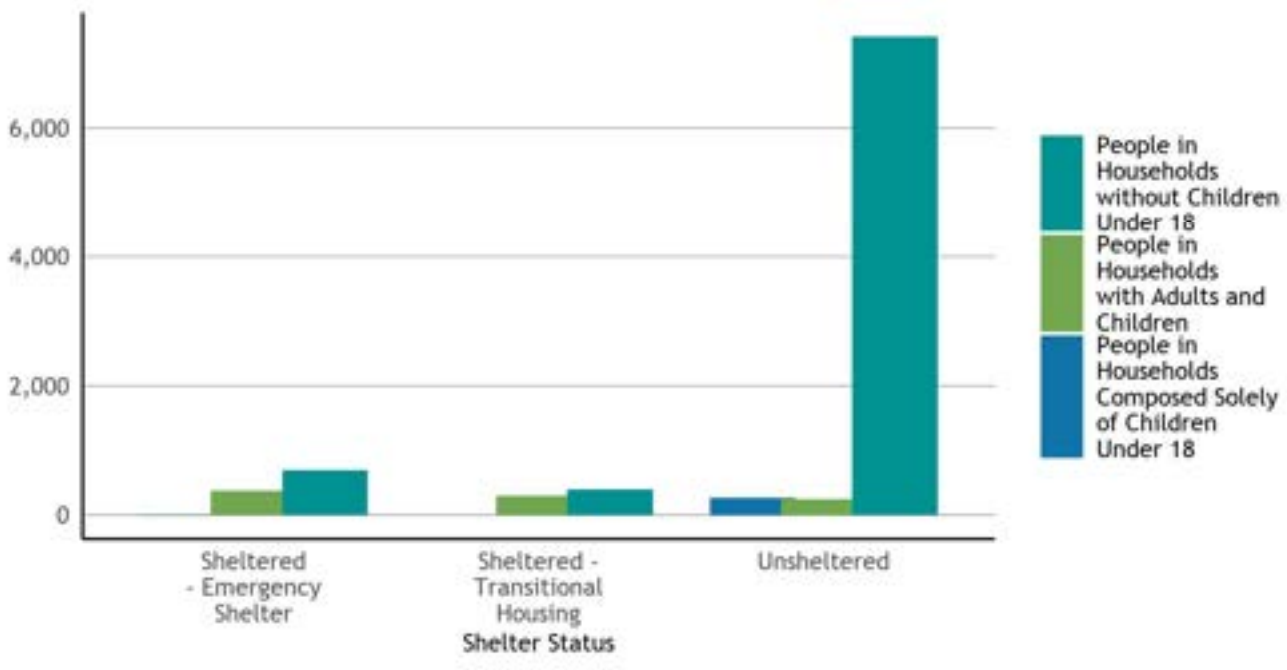
Homelessness

Homelessness remains an urgent challenge in many communities across the State, reflecting a range of social, economic, and psychological factors. Rising housing costs result in increased risks of community members experiencing homelessness. Many residents have found themselves housing insecure and ended up homeless in

recent years, either temporarily or longer term. Addressing the specific housing needs for the unhoused population remains a priority throughout the region, particularly since homelessness is disproportionately experienced by people of color, people with disabilities, those struggling with addiction, and those dealing with traumatic life circumstances.

In Santa Clara County, the most common type of household experiencing homelessness are those without children in their care. Among households experiencing homelessness that do not have children, 87 percent are unsheltered. Of homeless households with children, most are sheltered in an emergency shelter. Figure B-41 shows household type and shelter status in Santa Clara County.

Figure B-41 Homelessness by Household Type and Shelter Status, Santa Clara County

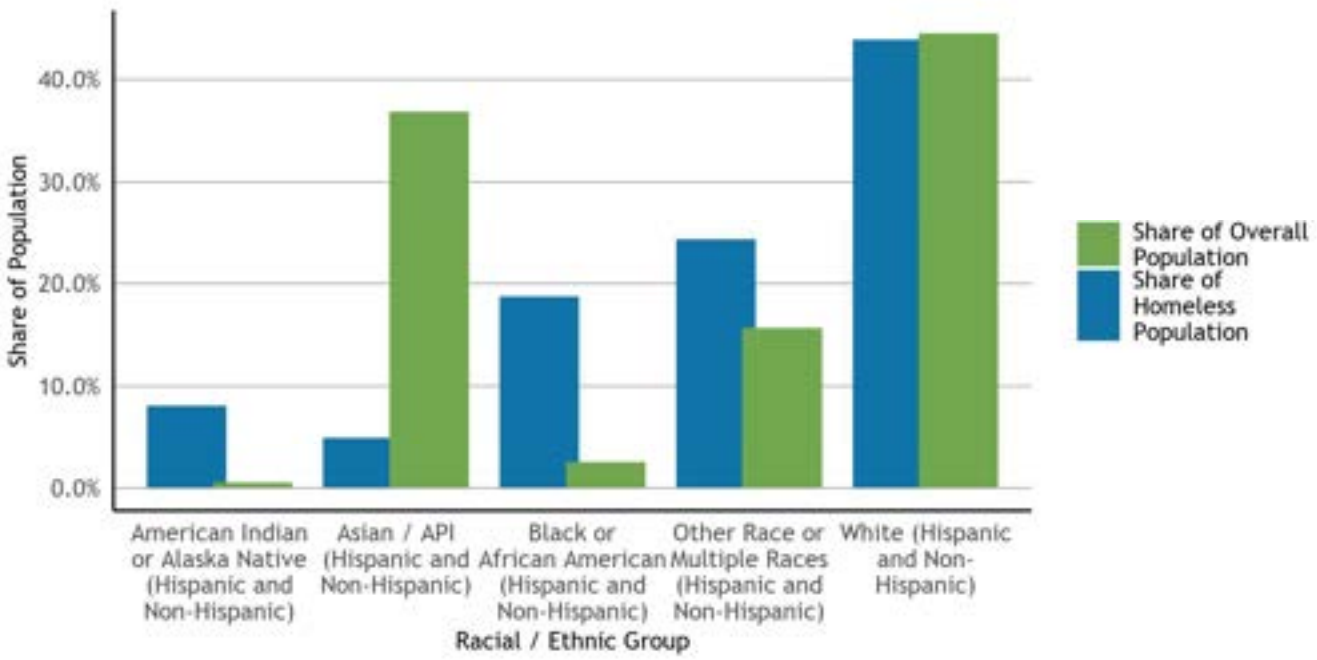


Source: U.S. Department of Housing and Urban Development (HUD), Continuum of Care (CoC) Homeless Populations and Subpopulations Reports (2019). Data from ABAG/MTC Housing Needs Data Packet Workbook, Table HOMELS-01.
Note: Universe: Population experiencing homelessness. This data is based on Point-in-Time (PIT) information provided to HUD by CoCs in the application for CoC Homeless Assistance Programs. The PIT Count provides a count of sheltered and unsheltered homeless persons on a single night during the last ten days in January. Each Bay Area county is its own CoC, and so the data for this table is provided at the county-level. Per HCD's requirements, jurisdictions will need to supplement this county-level data with local estimates of people experiencing homelessness.

People of color are more likely to experience poverty and financial instability as a result of federal and local housing policies that have historically excluded them from the same opportunities extended to White residents. Consequently, people of color are often disproportionately impacted by homelessness, particularly Black residents of the Bay Area.

In Santa Clara County, White (Hispanic and Non-Hispanic) residents represent the largest proportion of residents experiencing homelessness and account for 44 percent of the homeless population, while making up 45 percent of the overall population. Figure B-42 shows the racial group share of the homeless population.

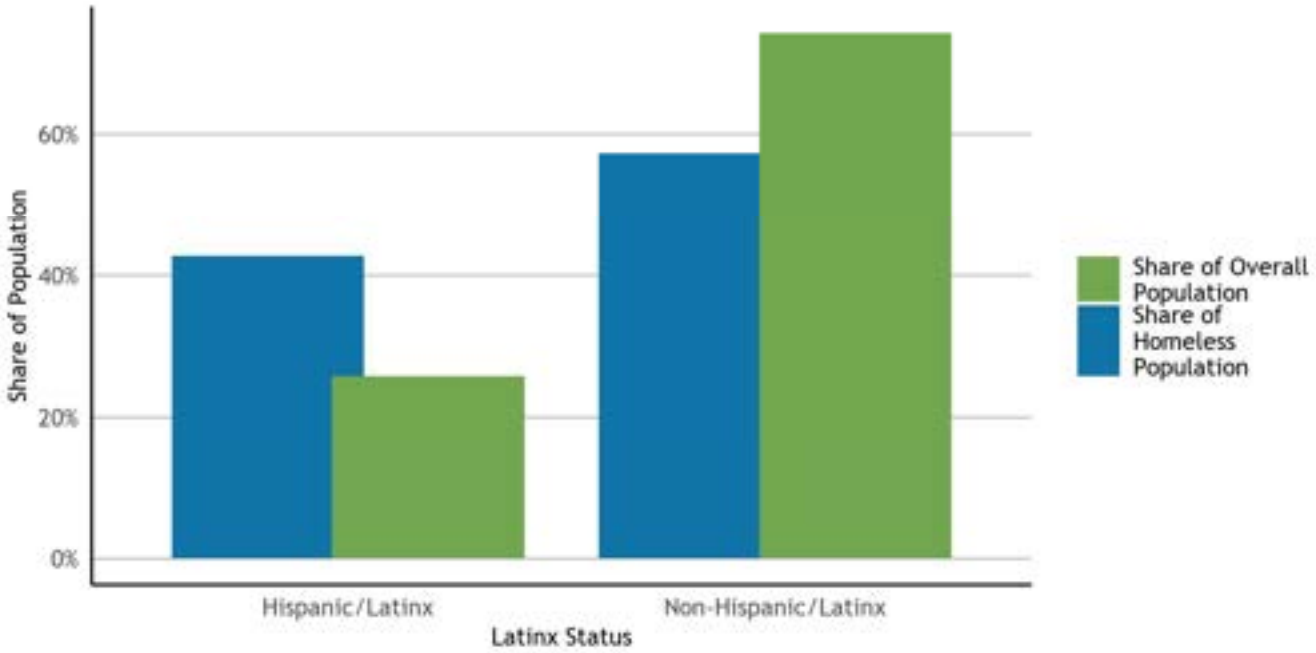
Figure B-42 Racial Group Share of General and Homeless Populations, Santa Clara County



Source: U.S. Department of Housing and Urban Development (HUD), Continuum of Care (CoC) Homeless Populations and Subpopulations Reports (2019); U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B01001(A-I). Data from ABAG/MTC Housing Needs Data Packet Workbook, Table HOMELS-02.
Note: Universe: Population experiencing homelessness. This data is based on Point-in-Time (PIT) information provided to HUD by CoCs in the application for CoC Homeless Assistance Programs. The PIT Count provides a count of sheltered and unsheltered homeless persons on a single night during the last ten days in January. Each Bay Area county is its own CoC, and so the data for this table is provided at the county-level. Per HCD's requirements, jurisdictions will need to supplement this county-level data with local estimates of people experiencing homelessness. HUD does not disaggregate racial demographic data by Hispanic/Latinx ethnicity for people experiencing homelessness. Instead, HUD reports data on Hispanic/Latinx ethnicity for people experiencing homelessness in a separate table. Accordingly, the racial group data listed here includes both Hispanic/Latinx and non-Hispanic/Latinx individuals.

In Santa Clara County, Latinx residents represent 42.7 percent of the population experiencing homelessness, while Latinx residents comprise 25.8 percent of the general population. Figure B-43 shows the Latinx share of the homeless population in Santa Clara County.

Figure B-43 Latinx Share of General and Homeless Populations, Santa Clara County

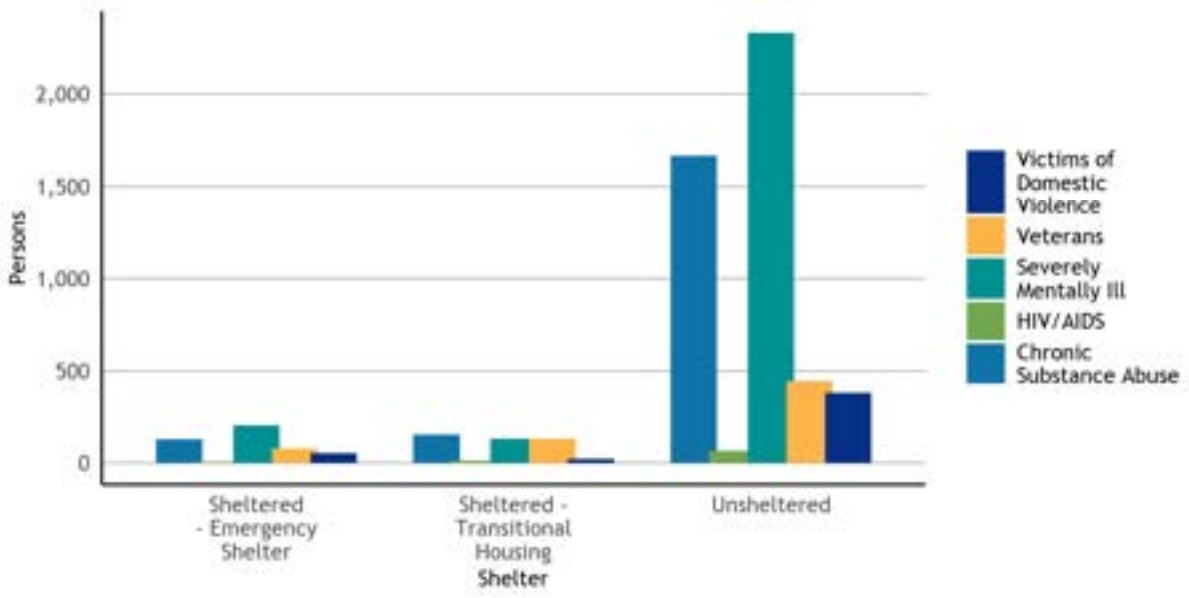


Source: U.S. Department of Housing and Urban Development (HUD), Continuum of Care (CoC) Homeless Populations and Subpopulations Reports (2019); U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B01001(A-I). Data from ABAG/MTC Housing Needs Data Packet Workbook, Table HOMELS-03.
Note: Universe: Population experiencing homelessness. This data is based on Point-in-Time (PIT) information provided to HUD by CoCs in the application for CoC Homeless Assistance Programs. The PIT Count provides a count of sheltered and unsheltered homeless persons on a single night during the last ten days in January. Each Bay Area county is its own CoC, and so the data for this table is provided at the county-level. Per HCD's requirements, jurisdictions will need to supplement this county-level data with local estimates of people experiencing homelessness. The data from HUD on Hispanic/Latinx ethnicity for individuals experiencing homelessness does not specify racial group identity. Accordingly, individuals in either ethnic group identity category (Hispanic/Latinx or non-Hispanic/Latinx) could be of any racial background.

Many of those experiencing homelessness are dealing with severe issues, including mental illness, substance abuse, and domestic violence, which are potentially life threatening and require additional assistance.

In Santa Clara County, homeless individuals are commonly challenged by severe mental illness, with 2,659 reporting this condition. Of those, some 87.6 percent are unsheltered, further adding to the challenge of handling the issue. Figure B-44 shows selected characteristics of the homeless population in Santa Clara County.

Figure B-44 Characteristics for the Population Experiencing Homelessness, Santa Clara County



Source: U.S. Department of Housing and Urban Development (HUD), Continuum of Care (CoC) Homeless Populations and Subpopulations Reports (2019). Data from ABAG/MTC Housing Needs Data Packet Workbook, Table HOMELS-04.
Note: Universe: Population experiencing homelessness. This data is based on Point-in-Time (PIT) information provided to HUD by CoCs in the application for CoC Homeless Assistance Programs. The PIT Count provides a count of sheltered and unsheltered homeless persons on a single night during the last ten days in January. Each Bay Area county is its own CoC, and so the data for this table is provided at the county-level. Per HCD's requirements, jurisdictions will need to supplement this county-level data with local estimates of people experiencing homelessness. These challenges/characteristics are counted separately and are not mutually exclusive, as an individual may report more than one challenge/characteristic. These counts should not be summed.

In the Town of Los Gatos, there were no reported students experiencing homeless in the 2019-20 school year. By comparison, Santa Clara County has seen a 3.5 percent increase in the population of students experiencing homelessness since the 2016-17 school year, and the Bay Area population of students experiencing homelessness decreased by 8.5 percent. During the 2019-2020 school year, there were still some 13,718 students experiencing homelessness throughout the region, adding undue burdens on learning and thriving, with the potential for longer term negative effects. Table B-6 summarizes students in public schools experiencing homelessness.

Table B-6 Students in Local Public Schools Experiencing Homelessness

Academic Year	Los Gatos	Santa Clara County	Bay Area
2016-17	0	2,219	14,990
2017-18	0	2,189	15,142
2018-19	0	2,405	15,427
2019-20	0	2,297	13,718

Source: California Department of Education, California Longitudinal Pupil Achievement Data System (CALPADS), Cumulative Enrollment Data (Academic Years 2016-2017, 2017-2018, 2018-2019, 2019-2020). This table is included in the Data Packet Workbook as Table HOMELS-05.
Note: Universe: Total number of unduplicated primary and short-term enrollments within the academic year (July 1 to June 30), public schools. The California Department of Education considers students to be homeless if they are unsheltered, living in temporary shelters for people experiencing homelessness, living in hotels/motels, or temporarily doubled up and sharing the housing of other persons due to the loss of housing or economic hardship. The data used for this table was obtained at the school site level, matched to a file containing school locations, geocoded and assigned to jurisdiction, and finally summarized by geography.

The Town contributes funds to the Santa Clara County Continuum of Care program, which includes prevention services, permanent affordable housing, the provision of emergency shelters, and transitional and permanent housing. Persons experiencing homelessness may also benefit from programs outlined in this Housing Element, specifically actions related to affordable housing development, conservation of affordable housing, increased housing opportunities for persons experiencing homelessness, and supportive services for persons experiencing homelessness.

Farmworkers

Across the State, housing for farmworkers has been recognized as an important and unique concern. Farmworkers generally receive wages that are considerably lower than other jobs and may have temporary housing needs. Finding affordable housing can be challenging, particularly in the current housing market.

In the Town of Los Gatos, there were no reported students of migrant workers in the 2019-20 school year. The trend for the region for the past few years has been a decline of 2 percent in the number of migrant worker students since the 2016-17 school year. The change at the county level is a 50 percent decrease in the number of migrant worker students since the 2016-17 school year. Table B-7 summarizes migrant worker student population in the Town of Los Gatos, Santa Clara County, and the Bay Area as a whole.

Table B-7 Migrant Worker Student Population

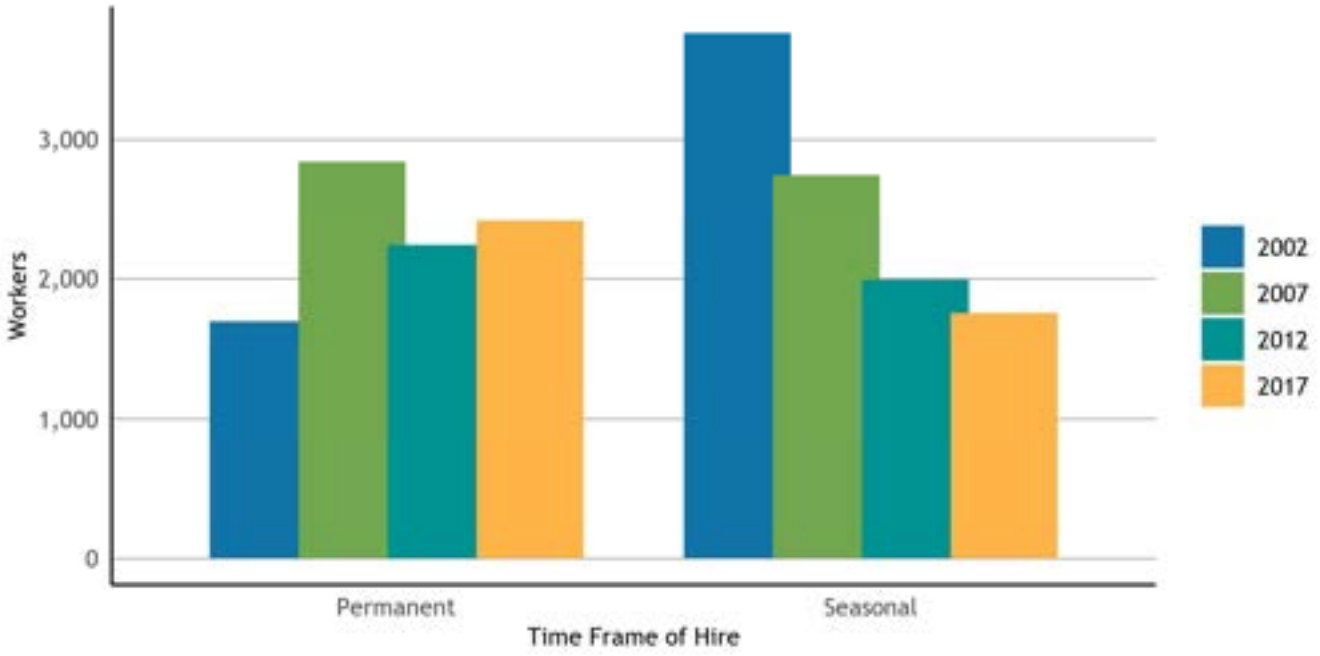
Academic Year	Los Gatos	Santa Clara County	Bay Area
2016-17	0	978	4,630
2017-18	0	732	4,607
2018-19	0	645	4,075
2019-20	0	492	3,976

SOURCE: California Department of Education, California Longitudinal Pupil Achievement Data System (CALPADS), Cumulative Enrollment Data (Academic Years 2016-2017, 2017-2018, 2018-2019, 2019-2020). This table is included in the Data Packet Workbook as Table FARM 01.
Note: Universe: Total number of unduplicated primary and short-term enrollments within the academic year (July 1 to June 30), public schools. The data used for this table was obtained at the school site level, matched to a file containing school locations, geocoded and assigned to jurisdiction, and finally summarized by geography.

According to the U.S. Department of Agriculture Census of Farmworkers, the number of permanent farm workers in Santa Clara County has increased since 2002, totaling 2,418 in 2017, while the number of seasonal farm workers has decreased, totaling 1,757 in 2017. Figure B-45 shows farm operation and labor in Santa Clara County.

According to the 2015-2019 ACS, there are no Los Gatos residents employed in farming, fishing, and forestry occupations. While there are little to no farmworkers in Los Gatos, uncounted or future farmworkers in Los Gatos can still benefit from general programs and services for lower and moderate income households outlined in this Housing Element.

Figure B-45 Farm Operations and Farm Labor by County, Santa Clara County



Source: U.S. Department of Agriculture, Census of Farmworkers (2002, 2007, 2012, 2017), Table 7: Hired Farm Labor. For the data table behind this figure, please refer to the Data Packet Workbook, Table FARM-02.
Note: Universe: Hired farm workers (including direct hires and agricultural service workers who are often hired through labor contractors). Farm workers are considered seasonal if they work on a farm less than 150 days in a year, while farm workers who work on a farm more than 150 days are considered to be permanent workers for that farm.

Non-English Speakers

California has long been an immigration gateway to the United States, which means that many languages are spoken throughout the Bay Area. Since learning a new language is universally challenging, it is not uncommon for residents who have immigrated to the United States to have limited English proficiency. This limitation can lead to additional disparities if there is a disruption in housing, such as an eviction, because residents might not be aware of their rights or they might be wary to engage due to immigration status concerns.

In the Town of Los Gatos, 1.7 percent of residents five years and older identified as speaking English not well or not at all, which was below the proportion for Santa Clara County. Throughout the region the proportion of residents five years and older with limited English proficiency was eight percent. Figure B-46 shows population with limited English proficiency in the Town of Los Gatos, Santa Clara County, and the Bay Area as a whole.

Figure B-46 Population with Limited English Proficiency



Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B16005. Data from ABAG/MTC Housing Needs Data Packet Workbook, Table AFFH-03.
Note: Universe: Population 5 years and over.

Santa Clara County has approximately 23 emergency shelters, providing close to 800 beds year-round, with an additional 300 beds available during the winter months (November through March). There are also over 1,100 transitional housing beds throughout the County that offer a combination of stable housing and intensive, targeted support services for the mentally ill, those with chronic substance abuse, developmental disabilities, and other factors that prevent the homeless from returning to permanent housing situations. Transitional housing includes both single site and "scattered site" programs. Table B-8 below provides a summary of homeless facilities, emergency shelters and transitional housing near the Town of Los Gatos.

Table B-8 Homeless Facilities Near Los Gatos

Facility	Beds	Target Population	Location
Emergency Shelters			
Asian Americans for Community Involvement	12	Women with Children	San Jose
City Team Rescue Mission	52	Single men	San Jose
Hospitality House, Salvation Army	24	Single men	San Jose
Our House Youth Services HomeFirst	10	Homeless and run-away youth	San Jose
San Jose Family Shelter	143	Families	San Jose
Support Network for Battered Women	18	Domestic violence shelter- women and children	San Jose
Emergency Shelter/Transitional Housing			
InnVision	178	Working men, women & children, mentally ill men & women	San Jose
James Boccardo Reception Center	370	Families and single adults	San Jose
Transitional Housing			
Next Door- Women with Children	19	Domestic Violence Shelter -Women and children	San Jose
St. Josephs Cathedral	45	Worker housing- men, women and children	San Jose
YWCA- Villa Nueva	126	Women and children	San Jose

Source: Santa Clara County Consolidated Plan, 2010-2015

B.5 Fair Housing Compliance

Santa Clara County and the Town of Los Gatos are compliant with federal and State fair housing laws. Fair housing laws both the Town and County remain complaint with include:

- Title II of the Americans with Disabilities Act (ADA), prohibiting discrimination on the basis of disability in all public services, programs, and activities provided by state and local governments. The Town's Zoning Ordinance does contain a process for requesting reasonable accommodations;
- Senate Bill 2 (SB 2), requiring local governments to permit emergency shelters (in the CM zone) and transitional housing (in the LM zone) without any discretionary action. The provision for transitional and supportive housing in compliance with State law has been included as Implementation Program AP; and
- Senate Bill 520 (SB 520), adopting written reasonable accommodation procedures in the Town of Los Gatos' Zoning Ordinance.

Local Housing Policies and Programs

The Town has adopted and implemented a range of local housing policies to encourage housing production and affordable housing development. Specific to Town residents, Los Gatos has created programs to assist its special needs populations and/or collaborated with county organizations to improve resident services. Local policies include:

- Ordinance 2307 (2020), adopting an ordinance in compliance with State law to address barriers to the production of Accessory Dwelling Units (ADUs).and encourage ADU development by increasing the square footage under State law and increasing the allowable floor area by 10 percent.

Local Housing Policies and Programs

The Town of Los Gatos has not been engaged in any fair housing lawsuits, findings, settlements, judgements, or complaints in the last eight years.

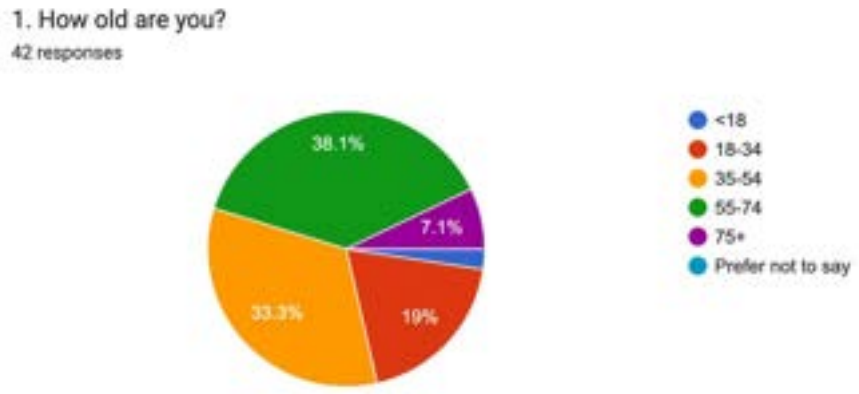
B.6 Renter's Survey Results

On November 15, 2022, the Town of Los Gatos published a Renter's Housing Survey to gather input from residents who are currently renting or have a history of renting in the Town. The goal of the survey was to inform the Town on renter household's needs and possible barriers to accessing housing. The survey was made available in English, Russian, and Spanish, and posted online at www.EngageLosGatosHousing.com. Additionally, the survey was distributed in print throughout the Town in collaboration with West Valley Community Services (WVCS). The chosen languages were determined in communicating with the Los Gatos-Monte Sereno Police Department as being the most encountered in their interactions with the community. The survey received a total of 62 responses. The following serves as a brief summary of responses.

Online Survey Results

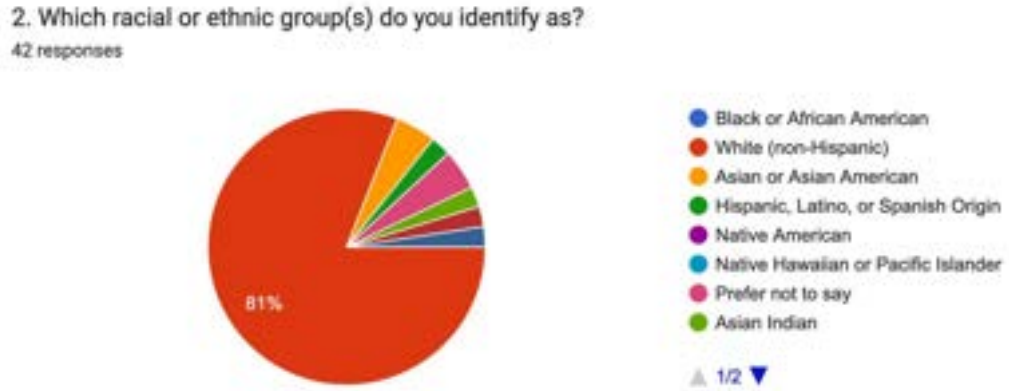
Respondent Demographics

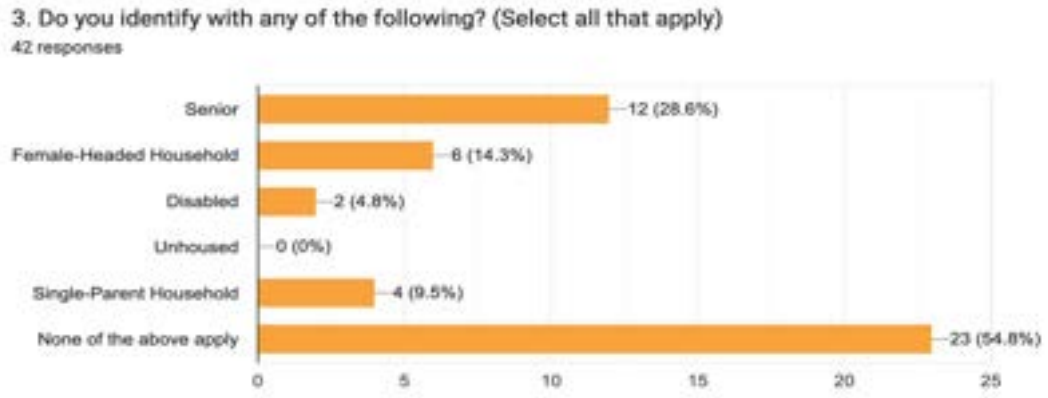
The Town collected 42 online responses via the English version of the survey. Of the respondents, 71 percent were between 35-74 years of age and 81 percent identified as non-Hispanic White. The annual income of respondents was diverse with the majority earning $200,000 or more (26 percent), $100,001-$200,000 (21 percent), and $75,001-$100,000 (19 percent). Seventeen (17) percent of the survey respondents preferred not to disclose their annual income.

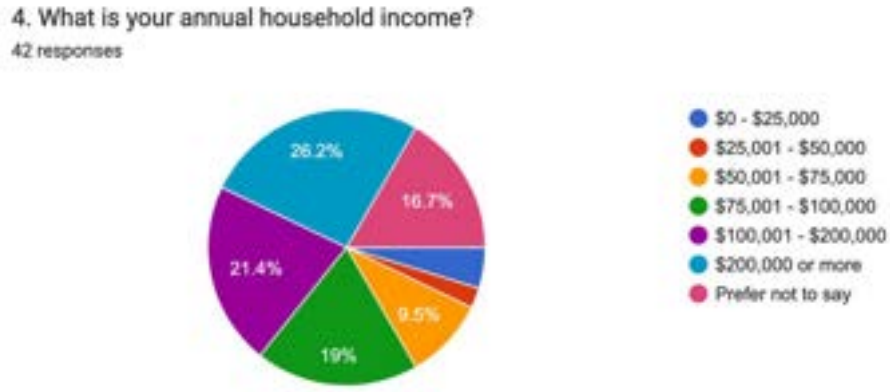


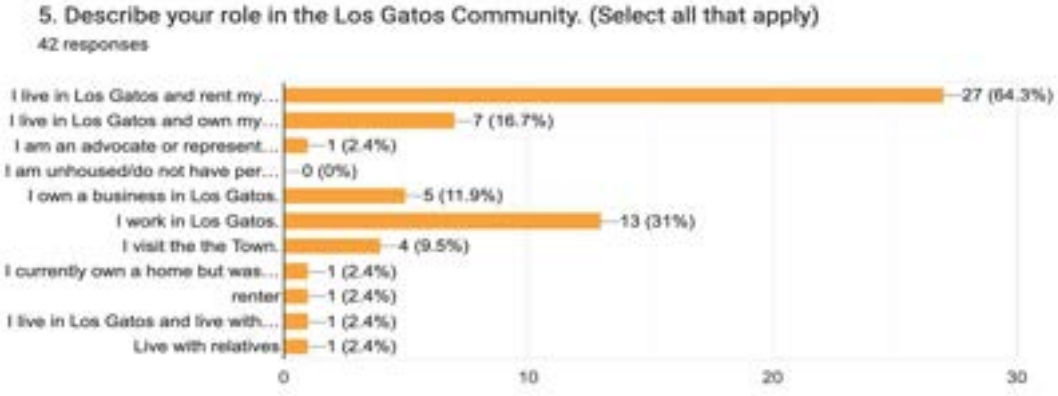
Respondent Role in the Town

Survey respondents were asked to identify their racial or ethnic group that they identify as, their annual household income, and their role in the Los Gatos community. The majority identified themselves as Los Gatos residents renting their homes (64 percent) compared to 17 percent owning their homes. Twelve (12) percent of respondents identified as business owners in the Town, 31 percent identified as working in the Town, and 10 percent identified as visitors. Zero percent of respondents identified as unhoused or lacking permanent housing.









Respondent Ideas to Enhance Housing in Los Gatos

Survey respondents were asked for ideas to make Los Gatos more welcoming to potential residents who currently cannot find housing. The most common responses include the following:

- Increase affordable rental housing stock;
- Encourage property owners to build ADUs/JADUs to increase affordable rental units;
- Affordable workforce housing;
- Add a variety of housing types for all income levels in Downtown Los Gatos and increase mixed-use development;
- Increase affordable housing stock specifically for single-person households;
- Increase rental stock that is accessible for persons with disabilities and other special needs groups;
- Expand Town support for cultural diversity;
- Increase community-centered public spaces (i.e.: community gardens, dog parks, place making, parks, etc.);
- Increase live/workspaces; and
- Repair historical past of racism and exclusionary practices.

6. I would like to live in Los Gatos, or I know someone who would like to live in Los Gatos. Here are some ideas for how to help Los Gatos be more welcoming to those who would like to live here, but currently cannot find housing.

21 responses

Town of Los Gatos is doing a great job making our town Welcoming. Greatly appreciated.

Make affordable housing?

Inherit a few million dollars or have parents that have a very large lot and will let you stay with them.

(Kidding but not kidding. It's pretty much impossible to find housing with a median level income)

BMP rent offered more

Provide more oportunities for low income / affordable housing to Single people over 50 years old. It is difficult for single people to aquire this type of housing due to the lottery system that gives more points to families. Thank you.

Rent prices are too high

Education, safety, etc.

6. I would like to live in Los Gatos, or I know someone who would like to live in Los Gatos. Here are some ideas for how to help Los Gatos be more welcoming to those who would like to live here, but currently cannot find housing.

21 responses

I know someone (actually many people) who would like to live in Los Gatos

CHEAPER RENT WOULD BE NICE

Affordable rent

It has always been known to harbor racists and I know more people who choose not to pursue housing here because of that history. So, work is needed on that front but I don't have any suggestions.

affordability

Lower rental rates and accept pets - Most rentals do not allow pets in LG

Encourage property owners to build ADU's and jADU's and rent at an affordable level.

- Greater emphasis on recognizing and celebrating diversity, important cultural events, etc.
- A wider variety of housing types (too many single-family homes, few smaller, cheaper options)
- Better treatment of homeless and deeply poor residents (more services, a heating/ cooling shelter, regular

6. I would like to live in Los Gatos, or I know someone who would like to live in Los Gatos. Here are some ideas for how to help Los Gatos be more welcoming to those who would like to live here, but currently cannot find housing.

21 responses

- Greater emphasis on recognizing and celebrating diversity, important cultural events, etc.
- A wider variety of housing types (too many single-family homes, few smaller, cheaper options)
- Better treatment of homeless and deeply poor residents (more services, a heating/ cooling shelter, regular outreach, showers more than once a week, regular food distribution)
- More community-centered public spaces like community gardens, a dog park, maker spaces, parks, etc.
- More subsidizing housing
- More live/ work options

build housing above existing structures in downtown los gatos. add parking garage and plaza. make better use of ugly street "village lane". do not build next to highway 17, no one deserves to live by the freeway. demo 208 Bachman Ave add new daycare or family friendly restaurant with outdoor space.

Bring the price down

Provide more affordable housing options.

i have bought a Condo in Los Gatos for my special needs son , because no rental property was available for him

6. I would like to live in Los Gatos, or I know someone who would like to live in Los Gatos. Here are some ideas for how to help Los Gatos be more welcoming to those who would like to live here, but currently cannot find housing.

21 responses

- More subsidizing housing
- More live/ work options

build housing above existing structures in downtown los gatos. add parking garage and plaza. make better use of ugly street "village lane". do not build next to highway 17, no one deserves to live by the freeway. demo 208 Bachman Ave add new daycare or family friendly restaurant with outdoor space.

Bring the price down

Provide more affordable housing options.

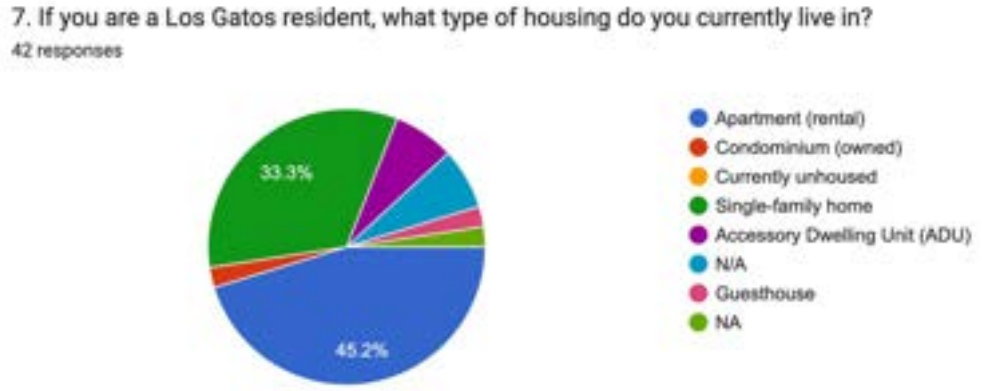
i have bought a Condo in Los Gatos for my special needs son , because no rental property was available for him

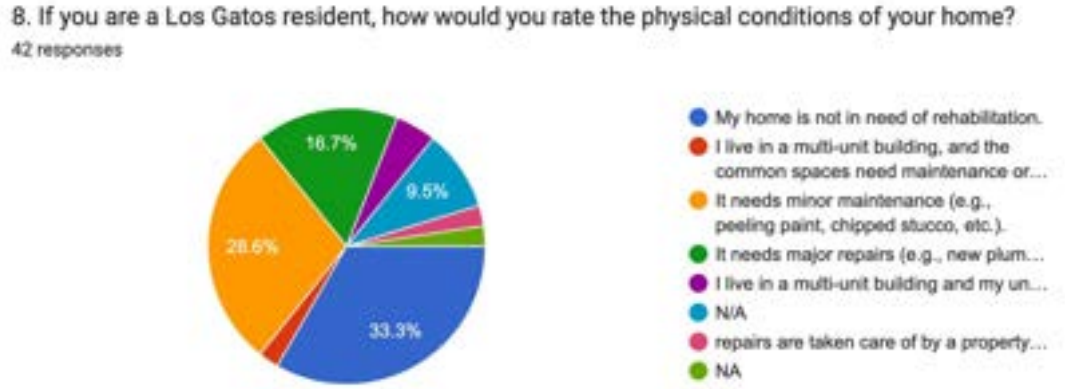
Missing middle housing downtown of course

More affordable housing would be ideal. One bedrooms that rent for $2000 or more are not affordable for teachers and other public servants.

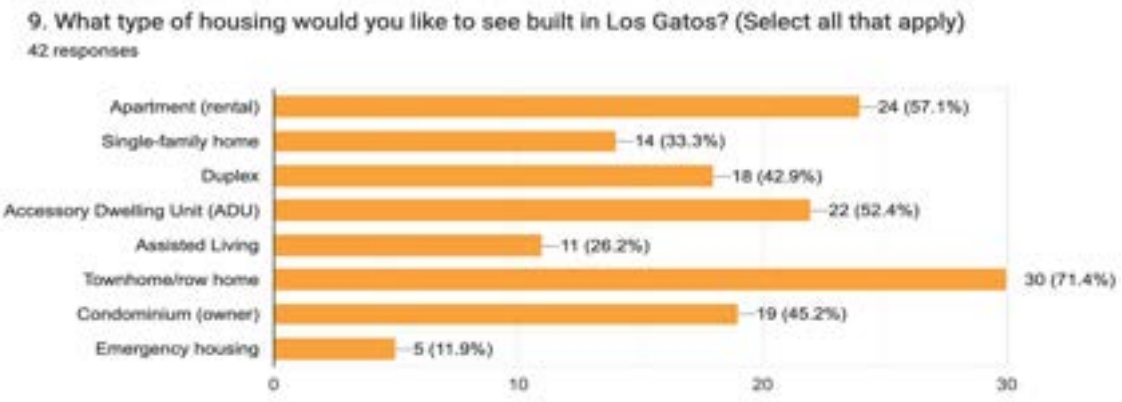
Respondent Housing Characteristics

Survey respondents were asked to identify what type of housing they currently reside in, of which approximately 45 percent identified as renting apartments, followed by 33 percent living in a guesthouse. When asked to rate the physical conditions of their home, 33 percent of respondents identified there was no need for rehabilitation of their home, while 29 percent indicated minor maintenance was needed (i.e.: peeling paint, chipped stucco, etc.). Seventeen (17) percent indicated major repairs to their home were needed (i.e.: new plumbing, new roof, new windows, etc.).





Survey respondents were also asked to identify what type of housing they would like to see built in Los Gatos. Seventy-one (71) percent of respondents indicated townhome/row homes were their preferred housing type to be built in the Town. Respondents also indicated preferences for apartment rental units (57 percent), ADUs (52 percent), and condominiums for purchase (45 percent).



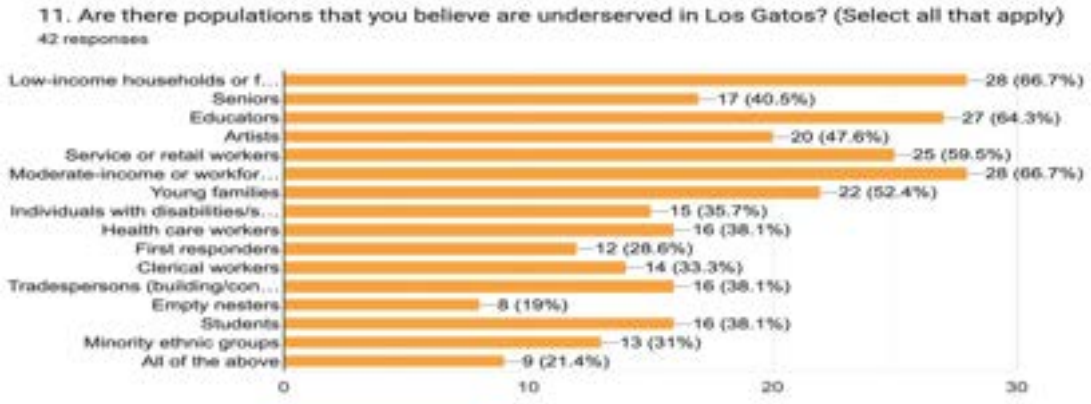
Housing Objectives and Goals for Los Gatos to Consider

When prompted to identify the top three most important housing objectives for Los Gatos (among a list of options provided), the majority of respondents chose the following:

- Providing more opportunities for home ownership at all income levels (79 percent);
- Encouraging developments with a mix of residential, commercial, and other compatible uses (48 percent);
- Encouraging development of small housing types, such as micro-units (48 percent); and
- Assisting senior and/or affordable housing developers with securing State or Federal funding (45 percent).

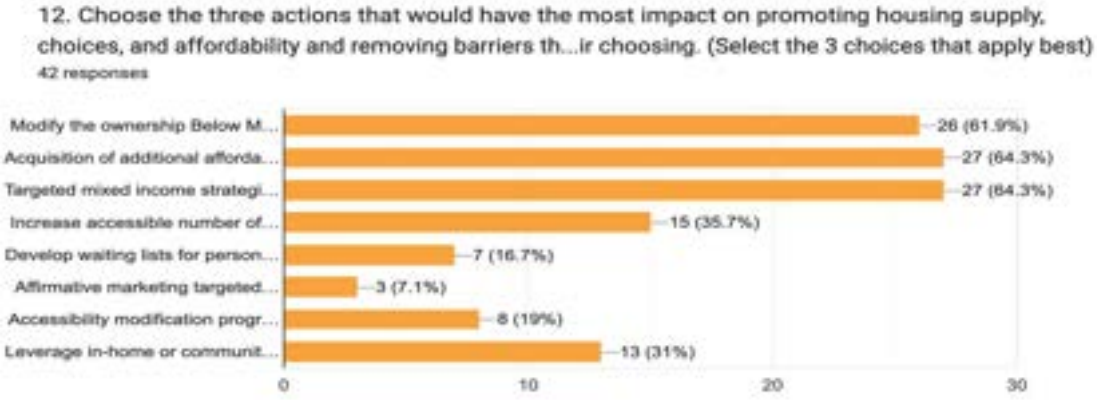


When respondents were asked if there are populations, they believe are underserved in Los Gatos the majority identified low-income households or families (67 percent), moderate-income or workforce-income households (67 percent), educators (64 percent), and service or retail workers (60 percent).



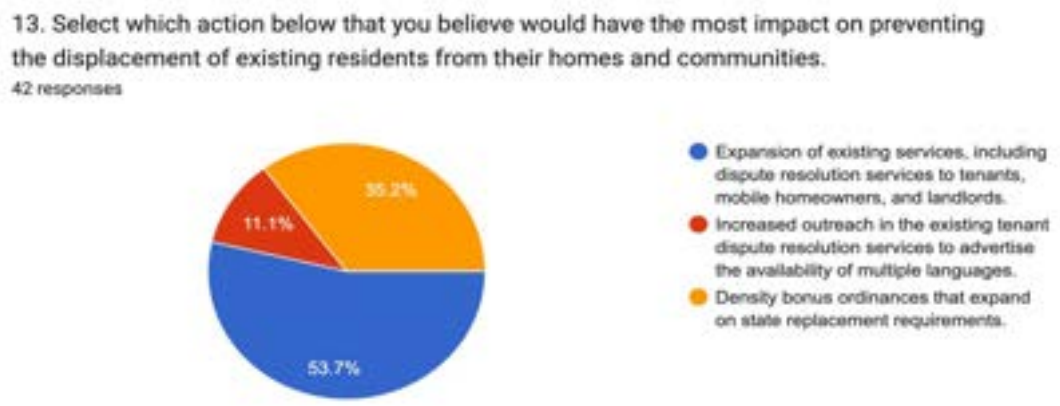
Survey respondents were asked to identify the three actions that would have the most impact on promoting housing supply, choice, and affordability and removing barriers to housing and neighborhoods of their choosing (among a list of options provided), the majority of respondents chose the following:

- Acquisition of additional affordable units in mixed income developments (64 percent);
- Targeted mixed income strategies (i.e.: funding, incentives, policies and programs, density) (64 percent); and
- Modify the ownership of the BMP Program by increasing the percentage of BMP units required in new developments or changing the income designations for greater affordability (62 percent).



Lastly, survey respondents were asked to identify which action they believed would have the most impact on preventing displacement of existing residents from their homes and communities (among a list of options provided). The following are the respondent's selections:

- Expansion of existing services, including dispute resolution services to tenants, mobile homeowners, and landlords would have the greatest impact (54 percent);
- Density bonus ordinances that expand on State replacement requirements (35 percent); and
- Increased outreach in the existing tenant dispute resolution services to advertise the availability of multiple languages (11 percent).



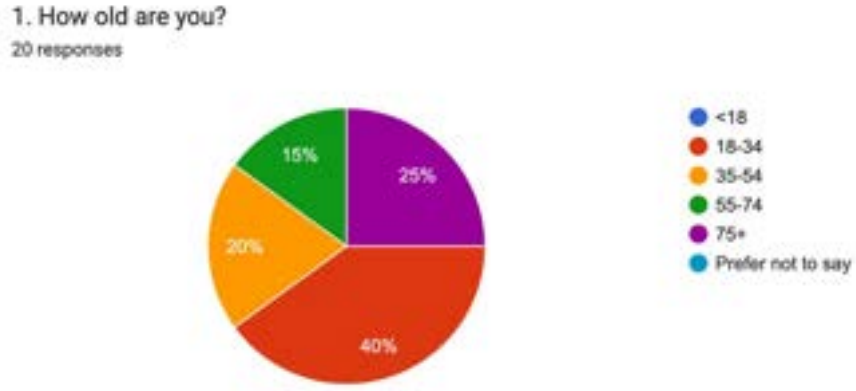
Summary and Conclusion

Overall, survey respondents indicated a need for; more affordable housing for renter households and special needs groups; increased housing types for smaller households; development of mixed-use space in the Downtown that accommodates mixed-income households; expansion of public services; and more opportunities for homeownership at all income levels.

In-Person Collected Survey Results

Respondent Demographics

In collaboration with West Valley Community Services (WVCS), the Town collected a total of 20 in-person responses from individuals. The survey was available in English, Spanish, and Russian, of which 13 in-person respondents spoke English and seven (7) spoke Russian. Forty (40) percent of respondents were between 18-34 years of age and 60 percent identified as non-Hispanic White. Seniors made up 25 percent of in-person respondents. The majority of respondents indicated earning an annual income between $0-$25,000 (56 percent).

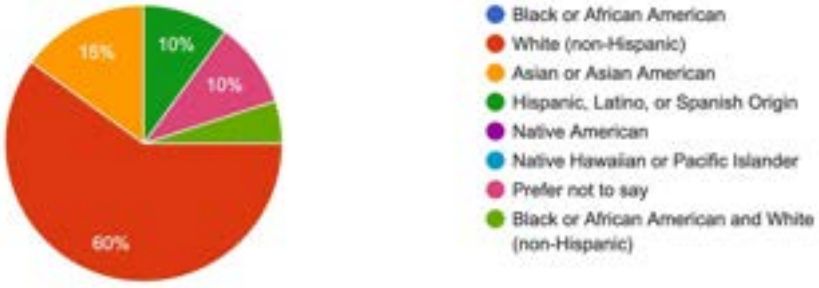


Respondent Role in the Town

In-person survey respondents were asked to identify their racial or ethnic group that they identify as, their annual household income, and their role in the Los Gatos community. The majority of respondents chose not to identify their role in the Los Gatos community. Of those that did respond, 31 percent identified visiting the Town, 25 percent identified living in Los Gatos and renting their home, and 6 percent identified as being unhoused or having no permanent housing. None of the in-person respondents identified as homeowners, business owners, or representing an advocacy group/organization.

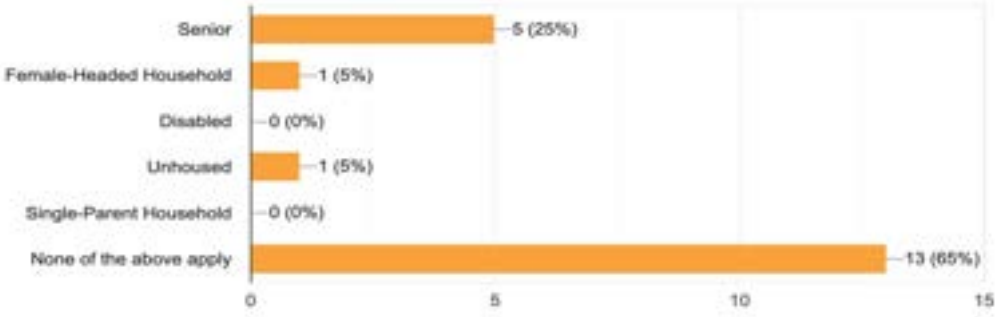
2. Which racial or ethnic group(s) do you identify as?

20 responses



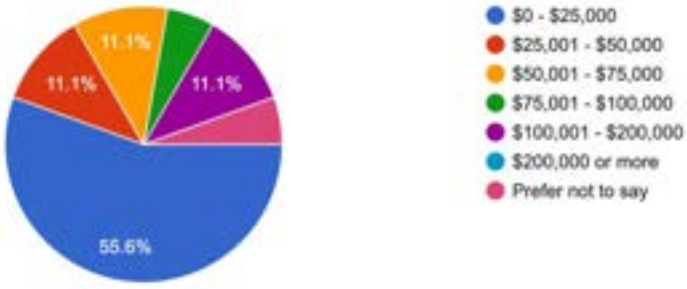
3. Do you identify with any of the following? (Select all that apply)

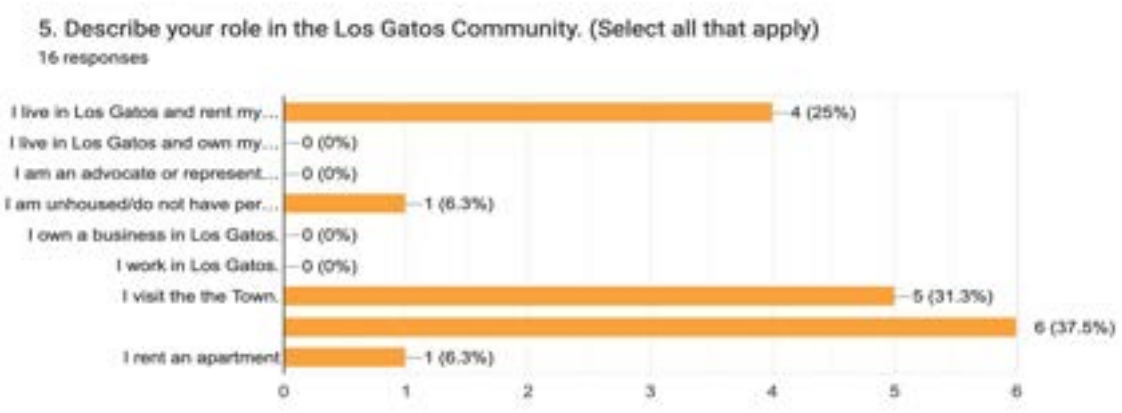
20 responses



4. What is your annual household income?

18 responses





Respondent Ideas to Enhance Housing in Los Gatos

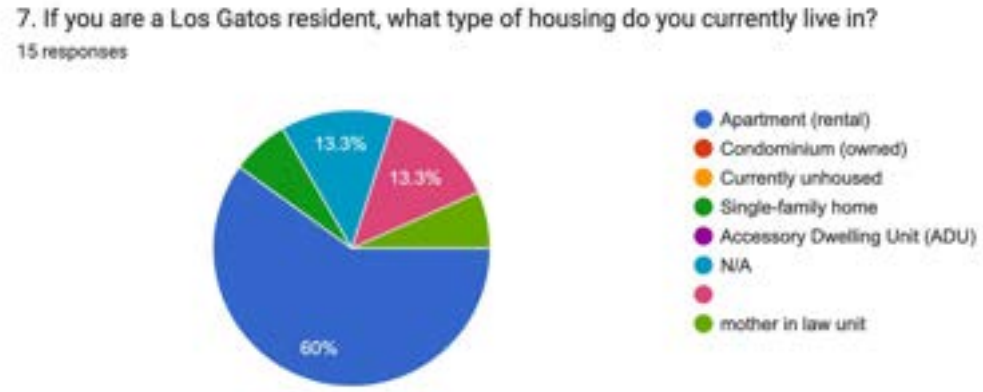
In-person survey respondents were asked for ideas to make Los Gatos more welcoming to potential residents who currently cannot find housing. The most common responses include the following:

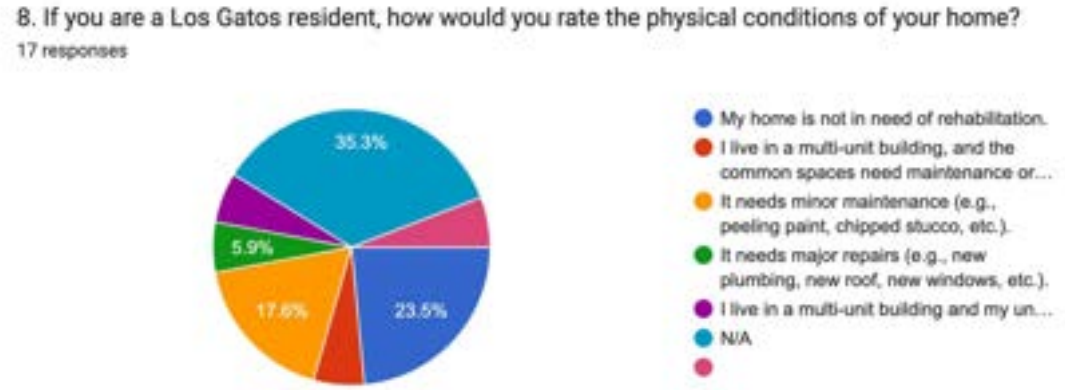
- Increase affordable housing stock specifically for single-person households;
- Develop shared housing programs;
- Advertise affordable housing on social media sites like Facebook Marketplace; and
- Develop a waiting list so potential residents may be notified when affordable housing is available.



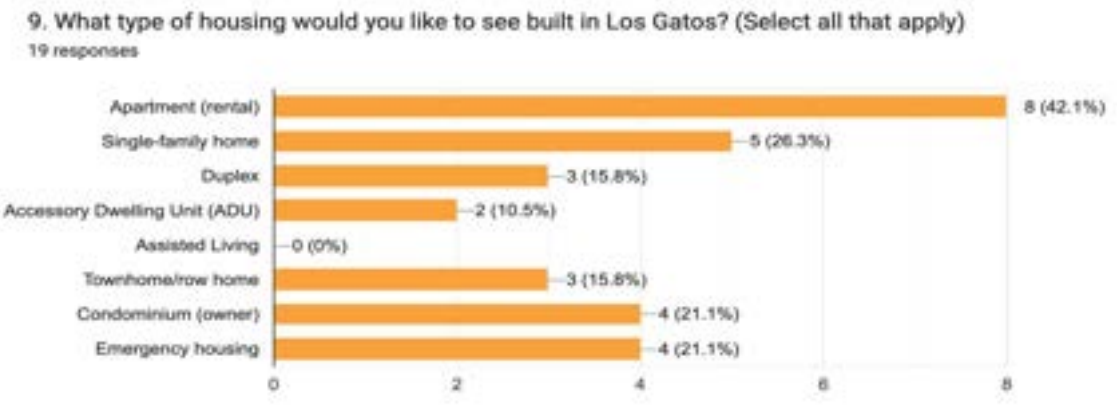
Respondent Housing Characteristics

In-person survey respondents were asked to identify what type of housing they currently reside in, of which 60 percent identified as renting apartments, followed by 27 percent not identifying. When asked to rate the physical conditions of their home, 35 percent of respondents chose not applicable, 24 percent indicated rehabilitation is not needed, and 18 percent indicated minor maintenance is needed (i.e.: peeling paint, chipped stucco, etc.). Six (6) percent indicated major repairs to their home are needed (i.e.: new plumbing, new roof, new windows, etc.).





In-person survey respondents were also asked to identify what type of housing they would like to see built in Los Gatos. Forty-two (42) percent of respondents indicated rental apartments were their preferred housing type to be built in the Town. Respondents also indicated preferences for single-family homes (26 percent), condominiums for purchase (21 percent), emergency housing (21 percent), duplexes (16 percent), townhome/row homes (16 percent), and ADUs (11 percent).



Housing Objectives and Goals for Los Gatos to Consider

When prompted to identify the top three most important housing objectives for Los Gatos (among a list of options provided), the majority of in-person respondents chose the following:

- Providing more opportunities for home ownership at all income levels (50 percent);
- Encouraging development of small housing types, such as micro-units (50 percent);
- Encouraging developments with a mix of residential, commercial, and other compatible uses (39 percent); and
- Assisting permanent supportive housing, transition housing, and/or emergency shelter projects with securing State or Federal funding (33 percent).

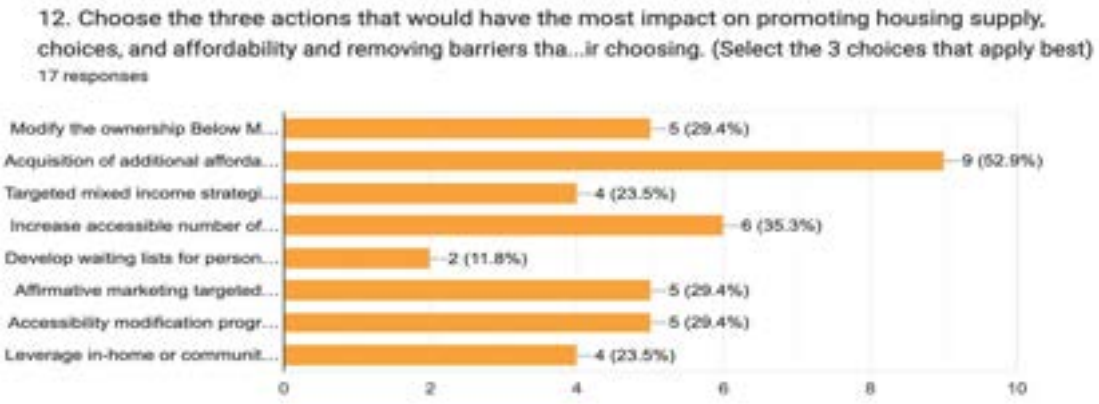


When respondents were asked if there are populations, they believe are underserved in Los Gatos the majority identified low-income households or families (44 percent), moderate-income or workforce-income households (28 percent), students (28 percent), and all of the above (28 percent).



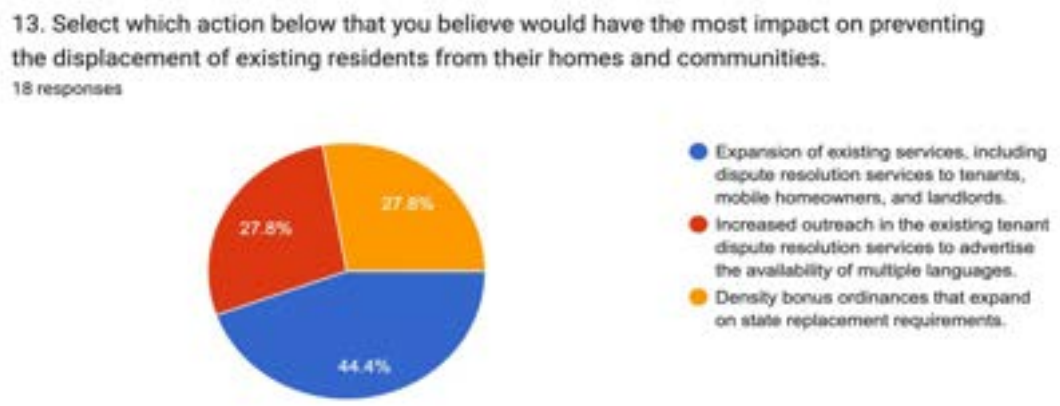
In-person survey respondents were asked to identify the three actions that would have the most impact on promoting housing supply, choice, and affordability and removing barriers to housing and neighborhoods of their choosing (among a list of options provided), the majority of respondents chose the following two actions:

- Acquisition of additional affordable units in mixed income developments (53 percent); and
- Increase accessible number of units above State law through incentives, policies, funding, and other similar measures (35 percent).



Lastly, survey respondents were asked to identify which action they believed would have the most impact on preventing displacement of existing residents from their homes and communities (among a list of options provided). The following are the respondent's selections:

- Expansion of existing services, including dispute resolution services to tenants, mobile homeowners, and landlords would have the greatest impact (44 percent);
- Density bonus ordinances that expand on State replacement requirements (28 percent); and
- Increased outreach in the existing tenant dispute resolution services to advertise the availability of multiple languages (28 percent).



Summary and Conclusion

Overall, in-person survey respondents indicated a need for more affordable housing for renter households and special needs groups, specifically seniors and persons with disabilities; emergency and transitional housing; expansion of public and supportive services; and more opportunities for homeownership at all income levels.

Governmental and Non-Governmental Constraints

C

APPENDIX

C.1 Governmental Constraints

Potential governmental constraints that impact housing development in Los Gatos include land use and zoning regulations, building code standards and code compliance, Town design and development standards, governmental fees and exactions, processing and permitting time, and local housing programs.

This appendix provides a full discussion of both governmental and non-governmental constraints that affect housing in Los Gatos. Governmental constraints are policies, requirements, or other actions imposed by various levels of government on land and housing ownership and development. In the Town, governmental constraints include General Plan Land Use designations, zoning code provisions, enforcement requirements, processing and permit procedures, fees, and on-site and off-site improvement requirements. These constraints are discussed further in the sections below.

Federal and State agency regulations that may constrain development are beyond the control of the Town and are therefore not addressed in this document. Non-governmental constraints are other conditions that impact housing development such as market factors, environmental setting, and construction costs.

Land Use

On June 30, 2022, the Town Council adopted the 2040 General Plan and accompanying Environmental Impact Report (EIR). As of September 27, 2022, the Land Use and Community Design Elements of the 2040 General Plan are suspended pending the results of a referendum. In the interim, the Town's 2020 General Plan Land Use and Community Design Elements will govern during the suspension period. This Appendix discusses and analyzes the 2020 General Plan, since it is the current document governing land use and development in the Town.

The Land Use Element could potentially create a constraint on housing production by limiting the densities for residential uses in the Town (irrespective of ADUs, JADUs, and SB 9 units), particularly for mixed-use and multi-family developments. However, the Town is actively addressing this limitation and seeking to meet its RHNA by increasing the maximum densities for the High Density Residential, Medium Density Residential, Mixed-Use, Neighborhood Commercial, and Central Business District land use designations as part of this Housing Element to provide for the development of housing for the sites in the Sites Inventory.

Residential Designations

- *HR, Hillside Residential.* The purpose of this designation is to provide for very low density single-family residential and accessory dwelling unit development on large lots or as part of a cluster development. This designation allows for development that is compatible with the unique mountainous terrain and rural nature of the hillside areas. Up to one dwelling unit per acre and maximum height of 25 feet is permitted.
    - Associated Zoning Designation: HR
- *LDR, Low Density Residential.* The purpose of this designation is to provide for accessory dwelling units and single-family residential development. It encourages single-family residential development in either the standard development established by standard zoning or by innovative forms obtained through a planned development. Densities range from 0 to five dwelling units per acre, a maximum height of 30 feet and up to 40 percent lot coverage.
    - Associated Zoning Designation: R-1
- *MDR, Medium Density Residential.* The purpose of this designation is to provide for accessory dwelling units, multi-family residential, duplexes, and/or small lot single-family homes. Mixed-use developments are not permitted in this designation. Densities range from five to 12 units per acre, maximum height up to 30 feet or 35 feet when the building has below grade parking and lot coverage up to 40 percent.
    - Associated Zoning Designations: R-1D, R-D, and R-M
- *HDR, High Density Residential*. The purpose of this designation is to provide for accessory dwelling units, and more dense multi-family residential development. Its objective is to provide quality housing in proximity to transit and/or commercial and business areas. Mixed-use developments are not permitted in this designation.

Densities range from 12 to 20 units per acre, maximum height up to 30 feet or 35 feet when the building has below grade parking and lot coverage up to 40 percent.

- Associated Zoning Designation: R-M

Commercial Designations

- *MU, Mixed-Use.* The purpose of this designation is to provide a mixture of commercial uses (including retail, office, hotel/lodging) and residential, along with allowing stand-alone commercial uses (including retail, office, hotel/lodging, service uses, recreational uses, and restaurants). Residential is only allowed when developed in a mixed-use format with retail, office, or hotel/lodging components on the site. Projects developed under this designation shall maintain primary orientation to arterial street frontages and proper transitions and buffers to adjacent residential properties. Densities range up to 20 units per acre, with a maximum height up to 35 feet, and lot coverage up to 50 percent.
  - Associated Zoning Designation: CH
- *NC, Neighborhood Commercial.* The purpose of this designation is to provide for necessary day-to-day commercial goods and services required by the residents of the adjacent neighborhoods. This designation encourages concentrated and coordinated commercial development at easily accessible locations. Residential uses, developed using a mixed-use format, are allowed in the designation. Densities range up to 20 units per acre, with a maximum height up to 35 feet, and lot coverage up to 50 percent.
  - Associated Zoning Designation: C-1
- *CDB, Central Business District*. The purpose of this designation is to encourage a mixture of community-orientated commercial goods and services within the Downtown CBD. This designation applies exclusively to the Downtown CBD, with the goal to accommodate and retain local merchants and preserve the Town's character. New development in the CBD shall integrate with existing structures of architectural and historical significance. Residential uses, developed using a mixed-use format, are allowed in the designation. Densities range up to 20 units per acre, maximum height up to 45 feet and a FAR up to 2.0.
  - Associated Zoning Designation: C-2

Employment Center Designations

- *OP, Office Professional*. The purpose of this designation is to provide for professional and general business offices, incubator spaces, and innovation centers. This designation applies to various locations throughout the Town, often in proximity to neighborhood- or community-oriented commercial facilities, or as a buffer between commercial and residential uses. The intent of this designation is to satisfy the community's need for general business and professional services, and local employment. Residential uses, developed using a mixed-use format, are allowed in the designation. Densities range up to 20 units per acre, with a maximum height up to 35 feet and lot coverage up to 50 percent.
  - Associated Zoning Designation: O

Specific Plan Designations

- *NF-SP, North Forty Specific Plan*. This designation applies to land within the North 40 Specific Plan Area, which includes the designation of mixed-use development (residential and commercial, open space amenities, and space for a hotel).
  - Associated Zoning Designation: NF-SP

Town Code

The Town of Los Gatos Municipal Code provides zoning regulations that are more specific than the General Plan Land Use designations. This section describes residential development standards, including accessory dwelling units, overlay zones, and density bonuses. This section also analyzes constraints on housing for persons with disabilities.

The Zoning Code directly shapes the form and intensity of residential development by providing controls over land use, density, building heights, setbacks, lot coverage, and floor area ratios, which regulate the bulk and mass of buildings on a site. While necessary to maintain the high quality of life in the Town, the development standards contained in the Zoning Code limit densities and control building form and are potential constraints on new housing production. However, the Town is actively addressing this limitation and seeking to meet its RHNA by creating a Housing Element Overlay Zone (HEOZ) as part of Implementation Program AQ to allow for and encourage multi-family and mixed-use developments.

Residential Development Standards

There are seven residential and five commercial zoning districts in Los Gatos that allow residential uses. Table C-1 provides the regulations for each zone.

- Resource Conservation (RC)
- Hillside Residential (HR)
- Single-Family Residential (R-1)
- Single-Family Residential Downtown (R-1 D)
- Duplex Residential (RD)
- Multi-family Residential (RM)
- Residential Mobile Home Park (RMH)
- Neighborhood Commercial (C-1)
- Central Business District (C-2)
- Highway Commercial (CH)
- Office (O)
- Commercial Industrial Zone (LM)

As shown in Table C-1, development standards for each residential district could impede a project's ability to develop housing at a density of at least 35 dwelling units per acre on a site. The 30-foot height limit for the majority of residential designations allows for up to three building stories and the maximum density of 20 dwelling units per acre in the RM zone limits development.

Table C-1 also provides the parking requirements for residential development in Los Gatos, by zoning district. Parking is often a significant component of the cost of residential development and can be viewed as a constraint to the provision of housing. The Town has provided some flexibility in its parking requirements, particularly for Planned Developments and for some developments providing affordable units for elderly and disabled persons. However, the visitor parking requirement of one additional space per unit effectively raises the parking requirement for multi-family developments to 2.5 spaces per unit. This is a potential constraint to housing development, particularly for smaller units. Therefore, this Housing Element Update proposes Zoning Code amendments to reduce constraints related to parking standards, including reducing guest parking requirements and reducing requirements for development near transit.

As part of the Housing Element Update, programs to amend the Zoning Code and General Plan to ensure adequate sites are available to accommodate the identified sites in the Sites Inventory are proposed and include:

- Amending the Zoning Code to include a Housing Element Overlay Zone (HEOZ) to apply to the sites included in the Site Inventory to modify the development standards (i.e., density, lot coverage, floor area ratio, height) on those sites;
- Amending the North Forty Specific Plan to allow for a density from 30 dwelling units per acre to 40 dwelling units per acre and an increase the total number of dwelling units allowed in the Specific Plan;
- Amending the General Plan to modify the designation of 16492 Los Gatos Boulevard and Parcel 532-07-086 from Low Density Residential to Neighborhood Commercial;
- Clarifying the text of the non-residential zones that the housing sites contained in the sites inventory table that are in these zones must include housing;
- Rezoning the Caltrans ROW (Site E3) from R-1:8 to R-M;

- Amending the General Plan to modify the designation of the Caltrans ROW from Low Density Residential to Medium Density Residential; and
- Allowing for housing developments that are 100 percent affordable by-right in the Mixed-Use General Plan designation.

Table C-1 Residential and Commercial Development Standards by Zoning District

Zoning District	Density	Minimum Lot Area	Maximum Height (Feet)	Front Yard Setback (Feet)	Side Yard Setback (Feet)	Rear Yard Setback (Feet)	Parking Per Unit (No. of Spaces)	Other
RC	1 unit per lot	20 acres	25	30	20	25	2	
HR	HR-1: 1-5 acres per unit HR-2.5: 2.5-10 acres per unit HR-5: 5-40 acres per unit HR-20: 20-160 acres per unit	40,000 sq. ft.	25	30	20	25	2	Density ranges are dependent on hillside slope calculations.
R-1	R-1:8: 1 unit per lot	8,000 sq. ft.	30	25	8	20	2	
	R-1:10: 1 unit per lot	10,000 sq. ft.	30	25	10	20	2	
	R-1:12: 1 unit per lot	12,000 sq. ft.	30	25	10	20	2	
	R-1:15: 1 unit per lot	15,000 sq. ft.	30	25	12	25	2	
	R-1:20: 1 unit per lot	20,000 sq. ft.	30	30	15	25	2	
	R-1:30: 1 unit per lot	30,000 sq. ft.	30	30	16	25	2	
R-1D	1 single-family or duplex unit per lot	5,000 sq. ft. for single-family 8,000 sq. ft. for duplex	30	15	5	20	2 for single-family and two-family dwellings	Architecture and Site is required for all new primary buildings.
R-D	R-M: 5-12: 5-12 units per acre	8,000 sq. ft.	30	25	8	20	2	
R-M	R-M: 5-12: 5-12 units per acre R-M: 5-20: 5-20 units per acre	8,000 sq. ft.	30	25	8-10	20	Resident: 1.5 per unit [a] Visitor: 1 per unit [b]	Maximum height is 30 feet, except when the building has below grade parking the maximum is 35 feet.
RMH	Up to 12 units per acre	5 acres	30	25	8-10	20	2	
C-1	Up to 20 units per acre	N/A	35	15	0	0 [c]	Dependent on unit size	Residential allowed with CUP.
C-2	Up to 20 units per acre	N/A	45	15 [c]	0 [c]	0 [c]	Resident: 1.5 per unit [a] Visitor: 1 per unit [b]	Residential allowed with CUP.
CH	Up to 20 units per acre	N/A	35	25 [c]	15 [c]	20 [c]		Residential allowed with CUP.
O	Up to 20 units per acre	8,000 sq. ft.	35	25	10	20		Residential allowed with CUP.
LM	Up to 20 units per acre	8,000 sq. ft.	35	15 [c]	0 [c]	0 [c]		Live/work allowed with CUP.

Notes:
[a] Single-family, residential condominiums, and two-family dwellings must provide two parking spaces for each living unit and one additional visitor space for each residential unit is required. See discussion below for information regarding required visitor spaces.
[b] The Town requires 1.5 parking spaces per unit for multiple-unit dwellings in all zones and two-family dwellings in the R-1D zone. One visitor parking space for each residential unit other than a detached single-family or two-family dwelling shall be required, unless the Planning Commission makes a finding that more or less visitor parking is necessary due to the size or type of housing unit(s).
[c] Setbacks vary depending on adjacent uses and streets for commercial designations.

North 40 Specific Plan Residential Development Standards

The North 40 Specific Plan consists of three Districts: the Lark District, Transition District, and Northern District. The Lark and Transition Districts allow for both standalone and mixed-use residential development, while the Northern District allows for residential development only when located above commercial uses as part of a mixed-use development. As adopted, the maximum allowable density in the Specific Plan is 20 units per acre and development capacity is limited to 270 units. The following development standards apply to development in the North 40 Specific Plan:

- Minimum lot area: None
- Maximum lot coverage: The maximum lot coverage for a mixed-use project is 50 percent. There is no lot coverage requirement for standalone residential projects.
- Maximum building height: The maximum building height is 35 feet throughout the Specific Plan Area, with the following exceptions:
    - 15 percent of development within the Lark District shall be a maximum of 25 feet and two stories in height.
    - The maximum height is 45 feet for projects containing at least 40 percent of units affordable to lower income households.
- Setback Requirements:
    - Front setbacks on primary streets: The Specific Plan lays out setback requirements for primary streets based on the street and district. The requirements are intended to provide for street trees, public sidewalks, landscape planters, and street parking, in some cases. Setbacks along primary streets range from 12 feet to 30 feet.
    - Front setbacks on interior (non-primary) streets:
        - For mixed use projects: 12 feet
        - For standalone residential projects, front setbacks on interior streets are determined through the Architecture and Site Review process.
    - Side and rear setbacks:
        - For mixed-use projects: None required, except a 20-foot setback is required when adjacent to a residential use.
        - For standalone residential projects, side and rear setbacks are determined through the Architecture and Site Review process.
- Parking Requirements:
    - For senior and/or affordable units: 0.5 spaces per unit.
    - For all other units: one space per one-bedroom unit; two spaces per unit with two or more bedrooms
    - Guest parking: 0.5 spaces per unit.
    - Tandem spaces are permitted for a residential development.
    - Mixed-use developments may apply for a Shared Parking Reduction through the Architecture and Site Review process. The reduction may be applied to the guest space requirement, but not the base unit requirement.
- Open Space Requirements: A minimum of 30 percent of the site shall be open space.

- For condominiums: 100 square feet per unit
- For other multi-family residential development: 200 square feet per unit

The greatest constraints on development in the Specific Plan Area are the maximum density and development capacity. The Housing Element includes a program to increase the maximum permitted density to 40 units per acre and increase the overall development capacity.

Restricted Commercial Highway (CH) Residential Development Standards

The CH zone is intended for development of vehicular-oriented activities and sales along highway frontages, intermingled with compatible retail, service and administrative activities. The applicable General Plan land use category for the CH zone is Mixed Use Commercial.

- Minimum lot area: None
- Maximum lot coverage: The maximum lot coverage is 50 percent for a mixed-use project.
- Maximum building height: The maximum building height is 35 feet for a mixed-use project.
- Setback requirements for a mixed-use project:

Front	15 feet
Side	None required
Rear	None required
Side Abutting Street	15 feet

The following minimum yard requirements apply along those property lines of a lot in the CH zone which abut or are across the street from a lot in a residential zone:

Front	25 feet
Side	15 feet
Rear	20 feet Plus, one foot for each foot of building height over 20 feet. A six-foot high masonry wall is required along the property line.

- Parking requirements for a mixed-use project: One and one-half times the number of living units in such dwellings, as well as one visitor parking space for each residential unit, unless the Planning Commission makes a finding that more or less visitor parking is necessary due to the size or type of housing unit(s).
- Open Space Requirements:
  - For condominiums: 200 square feet per unit for a ground floor unit. 120 square feet per unit for a dwelling unit above the ground floor.
  - Community recreation space: 100 square feet for each dwelling unit.

One of the greater constraints on development in the CH zone is the parking requirements for a mixed-use project. The Housing Element includes a program to initiate amendments to the Town Code to reduce parking requirements for projects near transit, to remove guest parking requirements, and allow parking to be unbundled from residential units.

Multiple-Family Residential (R-M) Residential Development Standards

The R-M zone applies to areas served by streets and other public improvements and services which are generally sufficient to sustain multiple residential development, and where the highest and best use of the subject property

and surrounding properties is multiple residential. The R-M zone is the major multiple residential zoning district in the Town and is designed to allow various density ranges. The applicable General Plan land use category for the R-M zone is High Density Residential.

- Minimum lot area: 8,000 square feet.
- Minimum lot width: 60 feet.
- Maximum lot coverage: The maximum lot coverage is 40 percent for a residential project.
- Maximum building height: The maximum building height is 30 feet for a residential project, except when the building has below grade parking the maximum is 35 feet.
- Setback requirements for a mixed-use project:

Front	25 feet
Rear	20 feet
Side, single-family and two-family dwellings	8 feet
Side, multiple-family dwellings. Provided that if the wall facing the side yard contains:	10 feet
a. Bedroom windows	12 feet
b. Living room windows	20 feet
Side abutting street	20 feet

- Parking requirements for a multi-family residential development: One and one-half times the number of living units in such dwellings, as well as one visitor parking space for each residential unit, unless the Planning Commission makes a finding that more or less visitor parking is necessary due to the size or type of housing unit(s).
- Location of buildings and courts:
    - 24 feet between buildings, provided that there is 40 feet between any wall of a building;
    - 20 feet between opposing walls for a court, provided that the opposing walls contain:
        - Living room windows, the minimum distance is 40 feet.
        - Bedroom windows, the minimum distance is 24 feet.
- Recreational open space for multiple-family dwellings:
    - For multi-family residential development: 200 square feet per unit.
    - For condominiums: 200 square feet per unit for a ground floor unit. 120 square feet per unit for a dwelling unit above the ground floor.

Cumulative Impacts of Development Standards

The Town generally requires two parking spaces per single-family unit (attached or detached) but 2.5 parking spaces (inclusive of guest parking) per multi-family unit. One of the greater constraints on development in the R-M zone is the parking requirements for multi-family residential development. The Housing Element includes a program to initiate amendments to the Town Code to reduce parking requirements for projects near transit, to remove guest parking requirements, and allow parking to be unbundled from residential units.

As for height, the Town permits 30 to 35 feet for housing up to 20 units per acre. This height limit is more than adequate to accommodate the allowable density. Within the new Housing Element Overlay Zone, the Very High Density Residential, Mixed Use Commercial, and North Forty Specific Plan have increased height to 45 feet accommodate the 30 to 40 dwelling units per acre. Furthermore, the Town Code does not limit height by the

number of stories. This approach allows the developers the flexibility to accommodate the allowable density and creative design (such as split-levels). The Town Code's definition of height excludes towers, spires, elevator and mechanical penthouses, cupolas, wireless telecommunication antennas, similar structures and necessary mechanical appurtenances that are not used for human activity or storage. Therefore, the height limit of 45 feet does not impede development of four-story buildings or the achievement of 40 units per acre.

For open space, the Town requires 200 square feet of open space per multi-family unit but only 120 square feet per above ground condominium unit. Requiring a higher open space standard for rental units than for ownership units may impede the development of rental housing. This Housing Element includes a program action to revise the open space requirements to ensure development standards facilitate multi-family housing production.

Overall, development standards in Los Gatos (including lot coverage and setbacks) do not impede developers from reaching the maximum allowable density. However, developments in the Town rarely reach the high end of the density range, primarily due to market reasons. For multi-family housing, lower density townhome developments with larger units typically command higher prices and profits. To facilitate a range of housing unit sizes and prices, this Housing Element includes a program action to establish a maximum average unit size for multi-family development over a certain size. This performance standard will moderate unit sizes but still allow developers the flexibility to include some large units.

Housing Types Permitted

The Town regulates the type, permitting requirements, and standards for development, which implements the General Plan and its land use designations, through the Town's Zoning Ordinance, Chapter 29 of the Municipal Code. This code section identifies residential zoning districts and allowable housing types as summarized in Table C-2 below.

Table C-2 Housing Types Allowed by Zoning District

Zoning District	Residential Permitted Uses	Residential Uses Allowed with a Conditional Use Permit
Resource Conservation Zone (RC)	• Single-family dwelling, provided that there is not more than one (1) principal residential structure on a lot • Accessory dwelling units • Junior accessory dwelling units • Residential care facility, small family home	• Residential care facility-large family home • Residential care facility-group home • Caretaker residence
Hillside Residential (HR)	• Single-family dwelling, provided that there is not more than one (1) principal residential structure on a lot • Accessory dwelling units • Junior accessory dwelling units • Residential care facility, small family home	• Residential care facility-large family home • Residential care facility-group home • Caretaker residence
Single-Family Residential Zone (R-1)	• Single-family dwelling, provided that there is not more than one (1) principal residential structure on a lot • Accessory dwelling units • Junior accessory dwelling units • Residential care facility, small family home	• Residential care facility-large family home • Residential care facility-group home

Zoning District	Residential Permitted Uses	Residential Uses Allowed with a Conditional Use Permit
Single-Family Residential Downtown Zone (R-1D)	• Single-family dwelling, provided that there is not more than one (1) principal residential structure on a lot • Two-family dwelling, provided that there is not more than one (1) principal residential structure on a lot • Residential care facility, small family home • Accessory dwelling units • Junior accessory dwelling units	• Residential care facility-large family home • Residential care facility-group home
Duplex Residential Zone (R-D)	• Single-family dwelling • Two-family dwelling • Residential care facility, small family home • Accessory dwelling units • Junior accessory dwelling units	• Residential care facility-large family home • Residential care facility-group home
Multiple - Family Residential Zone (R-M)	• Single-family dwelling • Two-family dwelling • Residential care facility, small family home • Multi-family dwelling • Transitional Housing facility as defined by Health and Safety Code section 50675.2 • Accessory dwelling units • Junior accessory dwelling units	• Residential care facility-large family home • Residential care facility-group home • Mobile home park • Conversion of a mobile park to any other use
Mobile Home Residential Zone (RMH)	• Mobile home parks for single-family dwelling uses • Residential quarters for use by manager or other park employees	• Conversion of a mobile park to any other use
Neighborhood Commercial Zone (C-1)		• Residential care facility-small family home • Residential care facility-large family home • Residential care facility-group home • One-family dwelling (in a mixed-use project) • Two-family dwelling (in a mixed-use project) • Multiple-family dwelling (in a mixed-use project) • Live/work units
Central Business District Commercial Zone (C-2)	• Single-family and two-family uses, in conjunction with the other uses permitted in this section	• Residential care facility-small family home • Residential care facility-large family home • Residential care facility-group home • Multiple-family dwelling (in a mixed-use project) • Live/work units
Restricted Highway Commercial Zone (CH)		• Residential care facility-small family home • Residential care facility-large family home • Residential care facility-group home • One-family dwelling (in a mixed-use project) • Two-family dwelling (in a mixed-use project) • Multiple-family dwelling (in a mixed-use project) • Live/work units
Office		• Residential care facility-small family home

Zoning District	Residential Permitted Uses	Residential Uses Allowed with a Conditional Use Permit
(O)		• Residential care facility-large family home • Residential care facility-group home • One-family dwelling (in a mixed-use project) • Two-family dwelling (in a mixed-use project) • Multiple-family dwelling (in a mixed-use project) • Live/work units
Commercial-Industrial Zone (LM)		• Live/work units
North Forty Specific Plan (NF-SP)	Lark District: • Townhomes/Garden Cluster • Rowhouses • Multi-Family • Condominiums • Live/work units Transition District: • Townhomes/Garden Cluster • Rowhouses • Multi-Family • Condominiums • Live/work units Northern District: • Multi-Family when located above commercial • Condominiums when located above commercial • Live/work units when located above commercial	Lark District: • Cottage Cluster

Source: Town of Los Gatos

The Town Code will be modified to add by-right housing as required by State law. Implementation Program AP, will modify the Town Code to allow Transitional and Supportive Housing development by-right in all zoning districts that permit residential uses. The program will also permit by-right Permanent Supportive Housing in zones where multi-family and mixed uses are permitted, including nonresidential zones permitting multi-family uses. The CUP requirement for residential care facilities for seven or more is a constraint to housing. Implementation Program AP, also includes a Zoning Code amendment to allow group homes of seven or more by right in all residential zones conforming with HCD's Group Home Technical Advisory (December 2022), no longer requiring a CUP and a zoning amendment to allow Employee Housing consisting of up to 36 beds or 12 units in zones that allow agricultural uses (per Health and Safety Code Section 17000, et seq.).

Overlay Zones

Currently there are three overlay zones in the Town Code, the Planned Development (PD) zone, the Landmark and Historic Preservation (LHP) zone, and the Public School Zone (PS), apply to housing development in Los Gatos.

Planned Development (PD)

The PD overlay zone was updated in 2018 and is intended to preserve, enhance, and/or promote development that highlights the Town's characteristics. This includes natural and historic resources, production of affordable housing, maximization of open space, and projects that provide a public benefit to the Town's citizens. As an incentive to housing development, the PD overlay provides alternative standards for housing developments with a minimum of 40 percent of the units affordable to households of very low, low, or moderate income.

Landmark and Historic Preservation (LHP)

The LHP overlay zone designation is applied to individual sites, structures, or areas deemed as architecturally or historically significant. There are five designated LHP overlay zones within the Town, including the Almond Grove, Downtown Commercial, Fairview Plaza, and University-Edelen districts. Existing and proposed structure(s) within these LHP overlay zones are subject to a special design standard and review process regarding their appearance, use, and maintenance before the Historic Preservation Committee.

Public School Zone (PS)

The PS Overlay Zone is intended to allow school buildings to be used for community and educational purposes, such as museums, community centers, and nurseries, without extensive exterior modifications. Any land owned by a public school district may be designated as a PS overlay zone.

Housing Element Overlay Zone (HEOZ)

In order to increase opportunities for housing development throughout the Town, the Housing Element includes creation of the HEOZ. The intent of the HEOZ is to provide modified development regulations for sites identified in the sites inventory, including increased density and height requirements, to encourage residential development. Table C-3 summarizes the maximum densities to be provided by the HEOZ in comparison to the maximum density currently permitted by the 2020 General Plan and the base zoning designation. In addition to increased densities, the HEOZ will allow for increased height and other flexibility in development standards to ensure that development is achievable at the desired maximum density.

Table C-3 Proposed HEOZ Densities by Underlying Land Use and Zoning Designation

General Plan Land Use Designation	Zoning Designation	2020 General Plan Density (units/acre)	Proposed Density for HEOZ Sites (units/acre)
Medium Density Residential	R-1D, R-D, and R-M	5–12	14–22; VHFHS Zones*: 5–12
High Density Residential	R-M	12–20	30–40
Mixed-Use Commercial	CH	<20	30–40
Neighborhood Commercial	C-1	<20	10–20
Central Business District	C-2	<20	20-30
Office Professional	O	<20	10–20
North Forty Specific Plan	(NF-SP)	<20	30–40

* VHFHS Zones = Very High Fire Hazard Severity Zones

Multi-family Housing

Multi-family housing is permitted in the R-M zone and is permitted in a mixed-use development with a Conditional Use Permit (CUP) in the following commercial zoning districts, C-1, C-2, and CH zones. One of the intents of these districts is to direct and facilitate housing of various density ranges. A permitting process that is more onerous or uncertain for multi-family units than for single-family presents a concern and could be considered a constraint on multi-family housing. In the R-M zone, the Town requires apartments include one and a half parking spaces per unit, regardless of the number of bedrooms in the unit, plus one visitor parking space for each apartment unit, unless the Planning Commission makes a finding that more or fewer visitor parking is necessary due to the size or type of housing unit(s). As previously noted, the Housing Element includes a program to reduce the parking requirements for multi-family projects in order to remove this constraint.

A CUP can increase risk and costs associated with the planning entitlement process act as a deterrent to housing developers. Long permit processing times or permit processes that have a high degree of uncertainty (i.e., discretionary reviews or processes with multiple public meetings) increase the cost of housing for developers, either by increasing their carrying costs as they wait for permits, or by increasing the chance that a project will be rejected after a long wait. In either case, a developer working in a jurisdiction with an onerous permitting process will demand higher profits to account for the increased risk, thereby increasing the overall development costs. In order to remove this regulatory constraint, the Housing Element includes an Implementation Program to remove the requirement for a CUP for residential development in zoning districts that currently allow multi-family uses with a CUP.

In Los Gatos, the predominant housing type in the Town is single family development which are allowed by right in the R-M zone. When single family residences are allowed in higher density residential zoning districts, the likelihood and ability of a developer constructing higher density residential units is diminished. Housing developers face higher risk, including neighborhood opposition, when single-family homes are present in multi-family zoning districts. As part of the new HEOZ, the Town will implement required minimum densities on HEOZ sites in order to address this potential constraint. Specifically, sites identified for accommodating lower income RHNA will have a minimum density of 20 units per acre as required by State law.

Manufactured Housing

Manufactured homes are houses that are transportable, built on a permanent chassis, and designed for use with or without a permanent foundation when attached to required utilities. Manufactured housing is also known as prefabricated, or factory-built homes. Manufactured homes do not include recreational vehicles. Due to the much lower cost of construction and labor costs needed to build a manufactured home, this housing type provides an affordable solution. Manufactured homes installed on permanent foundation are permitted by-right on all residentially zoned parcels. Examples of manufactured homes built in the Town have included ADUs, single-family homes, multi-family homes, and mobile homes.

Mobile Homes and Mobile Home Parks

Mobile homes are an affordable housing resource in the Town of Los Gatos. Mobile home parks are defined as "an area of land where two (2) or more mobile home sites are rented, or available for rent, to accommodate mobile homes used for human habitation, including areas of land zoned or otherwise approved for use as a mobile home park pursuant Chapter 29 of the Town Code or as defined in Health and Safety Code section 18214 (as it may be amended).

Mobile home parks are permitted with a conditional use permit in the Multiple-Family Residential Zone (R-M) and permitted by-right in the Mobile Home Residential Zone (RHM).

Mobile homes are often owned by seniors, households on fixed incomes, and households within the lower and moderate-income categories. Mobile home tenants are in the unique position of having made a substantial investment in a housing unit for which ground space is rented. The Town's Mobile Home Ordinance establishes rent increase control within mobile home parks to ensure that a variety of housing types, including mobile homes, remain viable options to lower and moderate-income households in the community. Rents in mobile home parks cannot be increased by more than five percent annually unless operations and maintenance expenses significantly increased within the most recent year in comparison to the previous year.

Mobile home parks are a valuable source of affordable housing. The Town currently has two mobile home parks within the Town boundaries. The Housing Element includes a program to continue to monitor, preserve, and retain affordable housing units in the Town, including mobile homes.

Transitional and Supportive Housing

Transitional housing refers to a housing facility with buildings configured as rental housing developments, but operated under program requirements that call for the termination of assistance and recirculation of the assisted unit to another eligible program recipient at some predetermined future point in time, which shall be no less than six (6) months as defined by Health and Safety Code section 50675.2(h). Currently transitional housing is allowed by-right in the Town's Multiple-Family Residential zone (R-M). According to California Health and Safety Code Section 50675.14, supportive housing is housing that is linked to on- or off-site services and is occupied by low-income persons with mental disabilities, chronic health issues or substance abuse issues, or persons with disabilities that were developed before age 18. Supportive housing has no limit on the length of stay for tenants. Supportive housing in Los Gatos consists of small family home residential care facilities, which are permitted in all residential zoning districts except Mobile Home Residential (RMH). In Los Gatos, licensed residential care facilities for six or less persons are allowed by-right in all residential districts consistent with California Health and Safety Code Section 1267.8.

As part of the Housing Element Update the Town has included Implementation Program AP that will update the Zoning Code to allow transitional housing and supportive housing developments by-right in all zoning districts that permit residential (per SB 2). The program will update the Municipal Code to accommodate the by-right,

streamlined, ministerial review of supportive and transitional housing developments as mandated by Assembly Bill (AB) 2162 (2019). AB 2162 requires local jurisdictions to permit the development of transitional/supportive housing by-right in any zoning district that permits multi-family and mixed uses. Additionally, jurisdictions must provide a ministerial review of transitional and supportive housing developments that only reviews these developments against standards for residential uses in that same district. As part of this streamlined, ministerial review, the Town will be required to notify applicants of their eligibility for streamlining within 30 days of application submittal. Proposed developments of up to 50 supportive housing units must be reviewed completely within sixty (60) days while developments proposing more than 50 units must be reviewed within one hundred and twenty (120) days.

Accessory Dwelling Unit (ADU)

Accessory dwelling units are independent housing units that can be either detached or attached from an existing single-family residence. Based on their relatively small size, and because they do not require paying for land or major new infrastructure, ADUs are considered affordable by design. ADUs can provide affordable housing options for family members, seniors, students, in-home health care providers, and other small household types. ADUs can also be useful to generate additional rental income for the homeowner, making homeownership more financially feasible.

In 2020 the Town adopted Ordinance 2307, amending the Town Code to further address barriers to the development of ADUs and to conform with a series of State bills aimed at encouraging single-family homeowners to add ADUs to their property. Permitted zones allowing the ADUs include the R-1, R-D, R-M, R-1D, RMH, HR and RC zones. ADUs are not to exceed 1,200 square feet and a minimum of 800 square feet must be allowed. One parking space is required per unit or bedroom, unless the ADU is located within half a mile of a transit stop. The Housing Element includes a program to direct the Town to amend the existing ADU ordinance to be consistent with State law by the end of 2023. Over the past three years (2020-2023), the Town has averaged 32 issued ADU building permits per year. As a conservative assumption, this Housing Element projects only 25 ADUs per year for 200 ADUs over eight years.

Accessory Dwelling Unit Incentives

Streamlined ADU Permitting Process and Elimination of Planning Fees

In response to changes in State law, and as part of the Town's ongoing efforts to increase efficiency for permit reviews, the Planning and Building Divisions have developed a new streamlined ADU Building permit application form and process. Residents who wish to build a new ADU or JADU can now submit a single application form and proceed through a single plan review process in order to obtain their Building Permit. The ADU planning fee has also been eliminated to provide an incentive to property owners.

Addition of 10 Percent FAR for ADU's

In addition to complying with recent State legislation, the Town's ADU ordinance also provides incentives to property owners by allowing an additional 10 percent in the FAR standards for all structures, excluding garages, for an ADU (minimum 800 square feet and maximum 1,200 square feet). This additional 10 percent can only be used for an ADU.

Waive Building Fees – Deed Restricted ADU

In order to further incentivize production of very low- and low-income ADU units, a program to eliminate Building fees if the unit is deed restricted for very low- and low-income households has been included in Implementation Program Q.

Pre-Approved ADU Plans

Implementation Program Q describes how the Town will develop three different pre-approved, "model" plans for ADUs that meet building and fire codes, height, and size requirements, including designs that are ADA accessible. The Town will work with the Santa Clara County Planning Collaborative on options to create a sub-regional program of pre-approved ADU plans that are available to all residents and cities in Santa Clara County.

The Town may also use models developed by other cities. The Town will conduct a media campaign to promote the pre-approved plans and plans will be available on the Town's website.

ADU Marketing

The Town will implement a marketing program, for homeowners, on the benefits of ADUs and the availability of resources (templates, cost calculators, technical support) to support ADU housing development through Implementation Program Q.

Building and Code Compliance

In addition to the General Plan land use designations and Town Code, Los Gatos has recently adopted updated building codes that enforce Town regulations with the purpose of protecting the lives, health, property, and public welfare of Los Gatos residents. Each Code is an enforcement of State and local standards and is not considered a constraint on housing production in Los Gatos. The following 2022 California Building Standards Codes have been adopted, as amended by the Town:

- Part 1 California Administrative Code.
- Part 2 California Building Code, Volumes 1 and 2, including Appendices I and J (local amendments).
- Part 2.5 California Residential Code including Appendices AH, AK, AO, AQ, AX, and AZ (local amendments).
- Part 3 California Electrical Code.
- Part 4 California Mechanical Code.
- Part 5 California Plumbing Code including Appendices A, B, D, G, I, K, and L (local amendments).
- Part 6 California Energy Code.
- Part 8 California Historical Building Code including Appendices A.
- Part 9 California Fire Code (local amendments).
- Part 10 California Existing Building Code including 2021 International Existing Building Code Chapter 14, as well as Appendices A2, A3, A4, and A5.
- Part 11 California Green Building Standards Code (CALGreen) Chapters 1 through 8 only (local amendments).
- Part 12 California Referenced Standards Code.
- 2022 International Property Maintenance Code.

The Town also has a Code Compliance Officer that enforces the Town's zoning regulations and building and safety codes. The program reviews and responds to code complaints. The Town has adopted the 2021 International Code for Property Maintenance and the 2022 California Existing Building Code, including 2021 International Existing Building Code Chapter14 and Appendices A2, A3, A4, and A5. Affordable units developed under the Below Market Price (BMP) Program must undergo an annual compliance audit.

On- and Off-Site Improvements

The Town requires standard on- and off-site improvements for development, which are intended to meet health and safety requirements of the community. Required improvements may include the dedication and construction of public streets, alleys, utility infrastructure, or other facilities required to maintain public safety and convenience. The Town's standards and requirements for streets, sidewalks, and other site improvements are found in the Municipal Code. These standard improvements are not considered a constraint on development because the Town does not include improvements beyond what is required to meet health and safety requirements. While on or off-site improvements may increase the costs of developing housing, such improvements are necessary to adequately provide the infrastructure and public facilities needed to support housing development. This infrastructure and these facilities are critical to balancing the health and safety of the public, with the development needs of the Town, without hindering housing development. Subdivision design standards for the Town, described in the Town Code starting at Section 29.10.06701, include the following on- and off-site improvements:

- Parking bays may be required on narrow streets where parking may be prohibited on either or both sides of the street.
- Roadways must be paved with asphalt concrete.
- Sidewalks are required on all streets in a subdivision unless the lots will be 20,000 feet in size or more.
- Curbs and gutters must be constructed on all streets.
- Culverts, storm drains, and drainage structures will be required in a subdivision.
- Sanitary sewers with house service laterals are required to serve each lot, with some exceptions in hillside areas.
- Underground utilities with connections are required for each lot.
- Street lighting shall be installed in accordance with Town standards

Design Guidelines

The Town has adopted Residential Design Guidelines for single-family and two-family dwelling units, which incorporate the Town's previous Residential Pre-1941 Design Guidelines for historically significant structures, sites, and historic districts in Los Gatos. The Town has also adopted Hillside Development Standards and Guidelines. These sets of development standards and design guidelines are used in the development and design review process for Los Gatos and complement the Town's zoning regulations. The Hillside Development Standards and Guidelines were adopted in January 2004 and modified in 2020. The Residential Design Guidelines were updated and adopted in 2008.

Residential Design Guidelines

Residential Design Guidelines in Los Gatos address the following design characteristics for single-family and two-family dwelling units in all zoning districts except for the RC and HR zones:

- **Historic Designations.** When necessitated by the designating ordinance, Historic Preservation Committee review of a development is required for developments that affect a historically designated property or are located in a historic district.
- **Site Development**. This section focuses on the design and layout of the housing development in relation to its site. Site planning issues addressed include site design, solar orientation, shadow effect, and easements and dedications. This section provides information on landscaping requirements, sensitivity to adjacent neighbors, and conformity to neighborhood street and sidewalk edges.
- **Building Design.** This section focuses on the design and layout of development in relation to the surrounding neighborhood. Issues addressed include harmony and compatibility with the streetscape and surrounding structures; the scale and mass of the development including second-story additions, significant remodels, demolitions and replacement structures, exterior material and colors, building components, energy conservation, and privacy. Neighborhood compatibility for replacement structures shall be based on the following criteria:
    - Existing architectural style of surrounding neighborhood.
    - Size of the lot on which the development is located.
    - Size of homes adjacent to the development and along the street on which the development is located.
    - Transitioning neighborhood.
    - Impacts on the site and surrounding property.
- Landscaping/Open Space. This section addresses tree preservation in accordance with Division 2 of the Town Code for adherence to the Town's Tree Protection Ordinance.

The Los Gatos Residential Design Guidelines promote safe, compatible, and well-designed housing in Los Gatos. These standards are not a constraint on single-family and two-family housing development.

Hillside Development Standards and Guidelines

The Hillside Development Standards and Guidelines are consistent with the Town's policies and complement and coordinate with the Town's Hillside Specific Plan. These standards and guidelines apply to all areas zoned HR, RC, and some lots zoned R-1 as noted on the Town's Hillside Area Map. The goal of these standards and guidelines is to encourage high-quality design that incorporates sustainable development and open space preservation.

The following summarizes the Hillside Development Standards and Guidelines for Los Gatos:

- **Constraints Analysis and Site Selection.** Developers must conduct a constraints analysis as deemed necessary by the Town, consult with neighbors, meet with Town staff to discuss the development site, and conduct a view analysis for the development site. The constraints analysis, as required by the Town, requires that developers of hillside property identify the Least Restrictive Development Area (LRDA), or areas deemed most feasible for development on hillsides. For the view analysis, developers must analyze aesthetic impacts; preserve hillside and ridgeline views; and preserve natural features, riparian corridors, and wildlife.
- **Site Planning.** This section describes site planning standards and guidelines that minimize physical and aesthetic impacts to the site topography. Standards and guidelines discuss grading, drainage, driveways and parking, and safety regarding geologic and fire hazards.
- **Development Intensity.** This section outlines the maximum allowable floor area of development based on lot size.
- **Architectural Design.** The following architectural design characteristics are addressed in this section:
    - Neighbor-friendliness.
    - Sustainability.
    - Fire safety.
    - Building height.
    - Bulk and mass.
    - Roofs.
    - Architectural features and detailing.
    - Materials and colors.
- **Site Elements.** The specific elements of a hillside development site are addressed:
    - Fences and walls.
    - Driveway entries.
    - Retaining walls.
    - Outdoor lighting.
    - Accessory buildings, swimming pools, and sport courts.
    - Impervious surfaces.
- **Landscape Design.** Because hillside sites are more prone to erosion, landslides, mudslides, and fire and water hazards than flatter sites in Los Gatos, the following concepts are addressed in the landscaping standards and guidelines for hillside development:
    - Fire safety.
    - Garden and turf locations and plant selection.
    - Irrigation.
    - Impervious surfaces.
    - Plant materials.
    - Tree preservation.

- **Planned Development Projects**. This section describes standards and guidelines that relate specifically to hillside Planned Developments (PDs) in Los Gatos. Additional restrictions are placed on the LRDA for PDs. This section includes standards and guidelines focusing on site preparation, drainage, lot configuration and building locations, street layout and driveways, and trail design.

Objective Design Standards

On November 15, 2022, the Town Council adopted the Objective Design Standards. The Town of Los Gatos developed Objective Design Standards for the review of multi-family housing and mixed-use development applications. This effort was in response to State legislation requiring jurisdictions to adopt objective standards and to implement them in a streamlined review of qualifying housing projects. Objective standards are defined under State law as "standards that involve no personal or subjective judgement by a public official and are uniformly verifiable by reference to an external and uniform benchmark or criterion available and knowable by both the development applicant or proponent and the public official prior to submittal" (California Government Code, Section 65913.4).

The purpose of the Objective Design Standards is to ensure that new qualifying multi-family and mixed-use projects in Los Gatos provide high-quality architecture, integrate with surrounding development, and include well-designed amenities and open spaces. The Objective Design Standards will:

- Comply with recent State housing legislation.
- Implement streamlined and ministerial review processes for qualifying projects.
- Ensure that qualifying projects align with the Town's expectations and vision to maintain and support the character of the Town.
- Provide a set of clear criteria to guide development.
- Establish an objective framework by which a qualifying project will be evaluated.

Governmental Fees and Exactions

Government policy at both the State and jurisdictional levels play a major role in determining the costs of building new housing. Regulations and permitting processes that result in lengthy or uncertain development carry higher risk and increased financing. Additionally, frequent delays in the entitlement and approval process directly increase costs, such as additional architectural work, inspections, and community meetings.

Streamlining permitting processes, applying permit application processes consistently, increasing interdepartmental cooperation, having adequately funded and staffed planning departments, and increasing by-right housing are all actions jurisdictions can take to reduce the constraints represented by fees and permit processing times.

Governmental fees can be a significant portion of the cost of housing development and can therefore be considered a constraint to housing development. Table C-5 and Table C-6 below provides all of the planning and development fees that may apply to residential development projects in Los Gatos, while Table C-4 shows how these fees are applied to three specific projects. Fees are due at the time an application is accepted by the Town, except for projects in the Affordable Housing Overlay Zone, which can waive or defer their fees as a development incentive.

Development fees are a standard component of new construction. Although these fees can add to the cost of residential development, they are necessary for new development to pay its fair share of municipal services and infrastructure for new development. Without adequate development fees, the Town would be unable to serve future growth with adequate municipal services.

According to the Town of Los Gatos' Community Development Department Planning Division, developing a new single-family home (non-hillside) in Los Gatos typically costs about $12,908 in planning fee plus an additional deposit of $2,500 for review by the Town's consulting architect and a deposit of $2,200 for a review by the Town's consulting arborist. The fee for a new two-family unit is $17,178. Multi-family units, three or more units typically cost $17,715 in planning fees and the same consulting architect and arborist fees are applicable. These fees include Planning Commission or Design Review Committee approval, fees associated with a Planned

Development that does not require a General Plan or Specific Plan amendment, and fees related to finalizing the map and Certificate of Compliance.

Table C-4 summarizes all of the development and permit fees required for residential development in the Town, including planning, building, public works, and external agency fees. It is important to note that fees vary based on project specifics, such as project valuation, square footage, and site characteristics. The table below provides fees for a recent single-family project, mixed-use project, and multi-family project within the Town. The applicant will be required to pay approximately $101,608 in Town and external agency fees for development of a new detached single-family home. For a mixed-use project with three residential units, the total fees were $289,695. When divided among the units, this equates to $96,565 per unit; however, the fees presented below are for the project in its entirety (including the commercial portion). For a multi-family project with three residential units, the total fees were $223,825. When divided among the units, this equates to $74,608 per unit; however, the fees presented below are for the project in its entirety. Notably, external agency fees, specifically school fees and sewer connection fees, comprise a significant portion of the total project fees (43 percent). Not only are these fees necessary to ensure ongoing provision of vital infrastructure and services, but the Town has no control over the fee amounts as they are set by the external districts.

Table C-4 Typical Fees for Single-Family and Multi-Family Development

Application Fees by Town Department	Single-Family Detached (2,500 sq. ft.)	Mixed-Use Project [1] (3 residential units)	Multi-Family Project (3 residential units)
Town Fees			
Planning			
Permit Application Fee (flat fee)	$12,908	$17,715	$17,715
Tentative Parcel Map	N/A	$16,814	$16,814
Consulting Architect Fee	$2,500	$2,500 [2]	$2,500 [2]
Consulting Arborist Fee	$2,200	$2,200	$2,200
Public Works			
Grading Permit	$16,061	$84,191	$84,191
Final Parcel Map	N/A	$4,117	$4,117
Surveyor Deposit for Final Parcel Map	N/A	$3,000	$3,000
Encroachment Permit	$1,542	$1,542	$1,542
Public Improvement Plans/Permit	N/A	$29,724	$29,724
Supplemental Deposit	$1,000	$1,000	$1,000
Geotech Review Fee [2]	$750	$900	$900
Geotech Review Deposit	$3,750	$3,600	$3,600
Performance Bond	100%	100%	100%
Labor Bond	100%	100%	100%
Building			
Demolition Permit	$563	N/A	$563
Building Permit Fee	$9,644	$9,604	$16,620
Building Permit Issuance Fee	$55	$55	$165
Plan Check Fee	$6,268	$6,619	$10,803
Additional Plan Check Fee *(After 2 plan review cycles)*	$240	$600	$2,520
Electrical, Plumbing, Mechanical	$1,857	$5,289	$1,065
Planning Plan Check Fee	$1,940	$1,932	$3,339
Engineering Plan Check and Review	$798	$795	$1,380
Construction Activities Mitigation – Residential	$1,718	$6,441	$9,327
Construction Activities Mitigation – Garage	$790	N/A	N/A
Construction Activities Mitigation – Commercial	N/A	$2,943	N/A
Capital Improvement Tax	$264	$991	$1,575
Underground Utility Tax	$264	$991	$1,129
Storm Drainage	$1,468	$2,515	$4,090
Park Fund Tax	$59	$220	$251
General Plan Maintenance Fee	$7,000	$6,953	$9,750
State Building Standards	$56	$56	$78
NPDES	$70	$70	$210
California Title 24 Part 2 Fee	$1,455	$1,449	$2,505

SMIP – Category 1 Residential	$182	$181	$253
SMIP – Category 2 Commercial	N/A	$389	$0
Non-Town Agency Fees			
School Fees			
Los Gatos Union School District *($3.48 per sq. ft.)*	$8,700	$21,631	$14,420
Campbell Union High School District *($1.44 per sq. ft.)*	$3,600	$8950	N/A
Sewer			
Permit Fee (assuming Sewer Lateral Inspection)	$425	$5,000	$27,383
Connection Fee ($10,786 per SF unit; $8,351 per Mixed-Use unit) ; $10,786 per MF unit)	$10,786	$25,053	$32,358
Sewer Treatment Plant Capacity Fee *($1,642 per SF unit; $1,271 per Mixed-Use unit) ; $1,642 per MR unit)*	$1,642	$11,439	$4,926
Fire Department			
Fire Plan Check *($0.0016 of Valuation)*	$1,053	$2,225	$3,120
Totals			
Subtotal - Town Fees	$75,402	$215,397	$141,618
Subtotal - Non-Town Agency Fees	$26,206	$74,298	$82,207
Total Fees	$101,608	$289,695	$223,825
Total Fees per Unit	**$101,608**	$96,565	$74,608
Notes: *1. Fees are for the total development, including the commercial portion of the project. Due to the existing fee structure, it is difficult to separate out fees for residential units from the project as a whole.* *2. Dependent upon the size of the structure, a larger deposit may be required*			

Table C-5 Community Development Department Fees Effective July 1, 2022

		Application Fee	4% Permit Tracking Fee	10% General Plan Update	10% Advance Planning Special Project	Engineering Dev Review Services Fee	Total Fee
1	**ZONING APPROVALS**						
A	Architecture and Site Applications						
1	Development Review Committee (DRC) Approval						
	a. New single-family detached (HR & RC zone)	$9,508.00	$380.32	N/A	$950.80	$4,396.00	$15,235.12
	b. New single-family detached (HR & RC zones) per unit, as part of a Planned Development	$6,603.00	$264.12	N/A	$660.30	$4,393.00	$11,920.42
	c. New single-family or two-family units	$6,552.00	$262.08	N/A	$655.20	$4,394.00	$11,863.28
	d. New single-family or two-family (any other zone) per unit, as part of a Planned Development	$4,682.00	$187.28	N/A	$468.20	$4,398.00	$9,735.48
	e. Minor projects (a development proposal that does not significantly change the size, mass, appearance or neighborhood impact of a structure, property or parking lot)	$2,375.00	$95.00	N/A	$237.50	$3,374.00	$6,081.50
2	Planning Commission Approval						
	a. Supplemental fee for DRC applications as determined in Section 1.A.(1) or minor residential development applications that require Planning Commission approval	$3,355.00	$134.20	N/A	$335.50	$1,225.00	$5,049.70
	b. New two-family unit	$9,994.00	$399.76	N/A	$999.40	$4,396.00	$15,789.16
	c. New nonresidential	$11,471.00	$458.84	N/A	$1,147.10	$4,396.00	$17,472.94
	d. New multi-family	$10,428.00	$417.12	N/A	$1,042.80	$4,394.00	$16,281.92
	e. All other	$5,815.00	$232.60	N/A	$581.50	$4,396.00	$11,025.10
B	Conditional Use Permits						
1	Conditional Use Permit	$6,726.00	$296.04	N/A	$672.60	$1,431.00	$9,098.64
C	Variance	$4,947.00	$197.88	N/A	$494.70	$1,431.00	$7,070.58
D	Rezoning (other than Planned Development						

		Application Fee	4% Permit Tracking Fee	10% General Plan Update	10% Advance Planning Special Project	Engineering Dev Review Services Fee	Total Fee
1	Without General Plan or Specific Plan Amendment	Actual Cost ($5,000 min.)	$200 (min.)	$500 (min.)	$500 (min.)	N/A	$6,200.00
2	With General Plan or Specific Plan Amendment	Actual Cost ($7,000 min.)	$280 (min.)	$700 (min.)	$700 (min.)	N/A	$8,680.00
E	Planned Development						
1	Without General Plan or Specific Plan Amendment	Actual Cost	YES	YES	YES	N/A	Varies
2	Without General Plan or specific Plan Amendment (HR or RC Underlying Zone)	Actual Cost	YES	YES	YES	N/A	Varies
3	With General Plan or Specific Plan Amendment	Actual Cost	YES	YES	YES	N/A	Varies
4	With General Plan or Specific Plan Amendment (HR or RC Underlying Zone)	Actual Cost	YES	YES	YES	N/A	Varies
5	Town Council Modification to a Planned Development	Actual Cost ($5,000 min.)	$200 (min.)	$500 (min.)	$500 (min.)	N/A	$6,200.00
6	DRC Modification to a Planned Development Zone	Actual Cost ($3,000 min.)	$120 (min.)	$300 (min.)	$300 (min.)	N/A	$3,720.00
7	Publication costs for the Planned Development Ordinance shall be paid by the applicant.						
8	Transcription Fee of PC Minutes	Actual Cost ($500 Deposit)	N/A	N/A	N/A	N/A	Varies
F	Minor Residential Development	$2,375.00	$95.00	N/A	$237.50	N/A	$2,707.50
G	Agricultural Preserve Withdrawal	$4,035.00	$161.40	N/A	$403.50	N/A	$4,599.90
H	Planning Division Certificates of Use and Occupancy						
3	Use/occupancy clearance if Conditional Use Permit is required or occupancy of a new secondary dwelling unit	No fee	No fee	No fee	No fee	No fee	No fee
M	Mobile Home Park Conversion Permit	Actual Cost ($5,000 deposit)	Varies	Varies	Varies	N/A	Varies
N	General Plan/Town Code Amendments	Actual Cost ($5,000 deposit)	N/A	N/A	N/A	N/A	Varies
O	Administrative Land Use Permit						
P	Two-Unit Housing Development	$1,340.00	$53.60	N/A	$134.00	N/A	$1,527.60
Q	Urban Lot Split	$1,340.00	$53.60	N/A	$134.00	N/A	$1,527.60
2	**SUBDIVISIONS**						

		Application Fee	4% Permit Tracking Fee	10% General Plan Update	10% Advance Planning Special Project	Engineering Dev Review Services Fee	Total Fee
A	Lot Line Adjustment (DRC Approval)	$2,254.00	$90.16	N/A	$225.40	$3,782.00	$6,351.56
B	4 Lots or Less (DRC Approval)	$9,081.00	$363.24	$908.10	$908.10	$4,194.00	$15,454.44
C	4 Lots or Less (as part of a Planned Development) (DRC Approval)	$3,750.00	$150.00	$375.00	$375.00	$4,398.00	$9,048.00
D	5 Lots or More	$10,230.00	$409.20	$1,023.00	$1,023.00	$5,420.00	$18,105.20
E	5 Lots or More (as part of a Planned Development) (DRC Approval)	$4,397.00	$175.88	$439.70	$439.70	$5,420.00	$10,872.28
F	Vesting Tentative Map	Actual Cost ($500 deposit)	N/A	N/A	N/A	N/A	Varies
G	Lot Merger and Reversion to Acreage (DRC Approval)	$1,117.00	$44.68	$ N/A	$111.70	$3,781.00	$5,054.38
H	Condominium	$7,884.00	$315.36	$788.40	$788.40	N/A	$9,776.16
I	Condominium (as part of a Planned Development)	$3,750.00	$150.00	$375.00	$375.00	N/A	$4,650.00
J	Certificate of Compliance (DRC Approval)	$3,257.00	$130.28	N/A	$325.70	$2,350.00	$6,062.98
K	VTM applications that require Town Council approval and/or DRC applications that require Planning Commission approval. This fee supplements the above established fees.	$2,991.00	$119.64	N/A	$299.10	N/A	$3,409.74
3	**MISCELLANEOUS APPLICATION FEES**						
A	Time Extensions to Approved Applications (excluding fees based on actual cost)	50% of Current Fee	Varies	Varies	Varies	Varies	Varies
B	Modification of Approved Application (excluding fees based on actual cost)	75% of Current Fee	Varies	N/A	Varies	Varies	Varies
D	Conceptual Development Advisory Committee Review	$2,966.00	$118.64	N/A	$296.60	N/A	$3,381.24
1	CDAC Special Noticing	Actual Cost ($500 Deposit)	N/A	N/A	N/A	N/A	Varies

		Application Fee	4% Permit Tracking Fee	10% General Plan Update	10% Advance Planning Special Project	Engineering Dev Review Services Fee	Total Fee
4	**ENVIRONMENTAL ASSESSMENT FEES**						
A	Categorical Exemption	No Fee	N/A	N/A	N/A	N/A	No Fee
B	Initial Study (Deposit)*	$5,000.00	N/A	N/A	N/A	Yes	Varies
C	Draft Initial Study Review Fee (or actual cost if part of a Planned Development, General Plan and/or Town Code Amendment)	$2,950.00	N/A	N/A	N/A	$2,045.00	$4,995.00
D	Environmental Impact Report (EIR)	Consultant's Fee	N/A	N/A	N/A	N/A	Varies
E	Draft EIR Review Fee	$12,184 Plus 10% EIR Cost	N/A	N/A	N/A	Varies	Varies
F	Impact Monitoring Program (AB3180)	Actual Cost on an hourly basis plus cost of Consultant (if necessary)	N/A	N/A	N/A	N/A	Varies
5	**OTHER**						
A	Pre-application Conference Fee	No fee	Varies	Varies	Varies	N/A	Varies
C	Peer/Technical Review	Actual Cost ($2,000 deposit)	N/A	N/A	N/A	N/A	Varies
D	Fees for Additional Tech Review and/or DRC Review DRC beyond 3 meetings, Planning Commission hearing beyond 2 meetings, Town Council hearing beyond 1 meeting	Actual Cost	N/A	N/A	N/A	N/A	Varies
F	Laserfiching Files	$1.25 per Sheet	N/A	N/A	N/A	N/A	Varies
G	Building Permit Plan Check Fee	20% of Building Fee	N/A	N/A	N/A	N/A	Varies
H	Surcharges						
1	Permit Tracking Maintenance and Update Surcharge	4% of Development Application Fee	N/A	N/A	N/A	N/A	Varies
2	General Plan Update Surcharge	.5% of Bldg. Valuation for new construction and additions or 10% of zone change & subdivision fee		N/A	N/A	N/A	Varies
3	Advanced Planning Projects	10% of Development Application Fee	N/A	N/A	N/A	N/A	Varies

		Application Fee	4% Permit Tracking Fee	10% General Plan Update	10% Advance Planning Special Project	Engineering Dev Review Services Fee	Total Fee
4	Administrative Fee	10% of Consultant Deposit	N/A	N/A	N/A	N/A	Varies
I	Applications for Work Unlawfully Completed	Double Current Application Fee	N/A	N/A	N/A	N/A	Varies
J	Consultation	Actual Cost on an hourly basis	N/A	N/A	N/A	N/A	Varies
N	Appeals						
1	Fee to Appeal Planning Commission Decision to Town Council	$464 per residential $1,867 per commercial, multi-family or tentative map	N/A	N/A	N/A	N/A	Varies
2	Fee to remand applications from Town Council to Planning Commission where no error was made by Planning Commission	Actual Cost	N/A	N/A	N/A	N/A	Varies
3	Fee to Appeal Director of Community Development or Development Review Committee decision to Planning Commission	$234 per residential $934 per commercial	N/A	N/A	N/A	N/A	Varies
4	Tree Appeals	$95.00	N/A	N/A	N/A	N/A	$95.00
5	Appeal Transcription fee of Planning Commission minutes	Actual Cost ($500 Deposit)	N/A	N/A	N/A	N/A	Varies
O	Research Services Minimum Charge	Actual Cost ($200 Deposit)	N/A	N/A	N/A	N/A	Varies
P	Zoning Research						
1	Basic zoning letter	$164.00	N/A	N/A	N/A	N/A	$164.00
2	Legal non-conforming verification	$688.00	N/A	N/A	N/A	N/A	$688.00
3	Reconstruction of legal non-conforming structures (Burndown Letter)	$292.00	N/A	N/A	N/A	N/A	$292.00
Q	Annexations						
1	One Lot	$3,188.00	$127.52	N/A	N/A	N/A	$3,315.52
2	Two Lots	$3,188.00	$63.76	N/A	N/A	N/A	$1,657.76
3	Three Lots	$3,188.00	$42.56	N/A	N/A	N/A	$1,106.56
4	Four Lots	$3,188.00	$32.00	N/A	N/A	N/A	$832.00
5	Five Lots or more	$3,188.00	$25.40	N/A	N/A	N/A	$660.40

		Application Fee	4% Permit Tracking Fee	10% General Plan Update	10% Advance Planning Special Project	Engineering Dev Review Services Fee	Total Fee
R	Special Noticing	Actual Cost ($500 deposit)	N/A	N/A	N/A	N/A	Varies

Source: Town of Los Gatos Comprehensive Fee Schedule Fiscal Year 2022/23.

The following table provides a comprehensive list of residential Town development fees.

Table C-6 Additional Development Fees Effective July 1, 2022

Building Permit Fees	Fee
Fee for issuing/reinstating a Building Permit	$58.00
Additional Building Permit Fee	$32.00
Demolition Permit	Residential: $281.00
	Commercial: $492.00
$1.00 to $500.00	$35.00
$501.00 to $2,000.00	$35.00 for the first $500.00 plus $4.53 for each additional $100.00 or fraction thereof, to and including $2,000.00
$2,001.00 to $25,000.00	$103.00 for the first $2,000.00 plus $20.82 for each additional $1,000.00 or fraction thereof, to and including $25,000.00
$25,001.00 to $50,000.00	$582.00 for the first $25,000.00 plus $15.02 for each additional $1,000.00 or fraction thereof, to and including $50,000.00
$50,001.00 to $100,000.00	$957.00 for the first $50,000.00 plus $10.41 for each additional $1,000.00 or fraction thereof, to and including $100,000.00
$100,001.00 to $500,000.00	$1,478.00 for the first $100,000.00 plus $8.32 for each additional $1,000.00 or fraction thereof, to and including $500,000.00
$500,001.00 to $1,000,000.00	$4,808.00 for the first $500,000.00 plus $7.06 for each additional $1,000.00 or fraction thereof, to and including $1,000,000.00
$1,000,001.00 and over	$8,339.00 for the first $1,000,000.00 plus $4.68 for each additional $1,000.00 or fraction thereof
Special Services & Inspections	
Inspection outside normal business hours (4 hr. minimum)	$203.00/hr.
Re-inspection fees	$169.00/hr.
Inspections for which no fee is specifically indicated (2 hr. minimum)	$169.00/hr.
Additional plan review required by changes, additions or revisions to plans (1 hr. minimum)	$161.00/hr
For use of outside consultants for plan checking and/or inspections	Actual Cost

Building Permit Fees	Fee
Services for which no fee is specifically indicated (1/2 hr. minimum)	$169.00/hr.
Permit/Plan check time extension (per permit) (applies to permits that have not expired)	$83.00
Express plan review or initial review (1 hr. minimum)	$169.00/hr.
Application for the Appeals Building Board Review	$289.00
Temporary Certificate of Occupancy	$1,160.00
Other Miscellaneous Factors to Determine Construction Valuation	
Convert Garage to habitable space	$124.00/sq.ft.
Convert unfinished basement or attic to habitable	$134.00/sq.ft.
Pools/Spas (gunite)	$80.00/sq.ft.
Siding - aluminum/vinyl/wood	$34.00/sq.ft.
Antennas & Towers	Const.Value As Applied under valuation schedule on page 6
Fence or Freestanding Wall (over 6" high)	Wood or metal $52.00/sq.ft.
	Masonry $90.00/sq.ft.
Decks/Balcony	$50.00/sq.ft.
Wood Deck	$21.00/sq.ft.
Re-roofs	$3.00/sq.ft.
Retaining Walls	$113.00/sq.ft.
Special Systems Fees	
Emergency generation, wind power, special HVAC systems, etc.	Plan Review (1 hr. minimum) $161.00/hr.
	Field Inspection (2 hr. minimum) $169.00/hr.
Photovoltaic - Roof & Ground Mounted – Residential	Plan Review (1/4 hr. minimum) $161.00/hr.
	Field Inspection (1 hr. minimum) $169.00/hr.
Photovoltaic - Roof & Ground Mounted - Commercial	Plan Review (1 hr. minimum) $161.00/hr.
	Field Inspection (2 hr. minimum) $169.00/hr.
Electrical Permit Fees	
Fee for issuing/reinstating an Electrical Permit	$58.00
Additional Electrical Permit Fee	$26.00
New Residential Construction (new buildings only, including garages)	$.11 sq. ft
Commercial Construction	$.08 sq. ft
Plan Review & Re-inspection Fees	
Plan review fee	25% of Electrical Permit Fee
Additional plan review	$161.00/hr.
Re-inspection fee	$169.00/hr.
System Fee Schedule	
Private swimming pools	$67.00
Temporary power poles	$83.00
Temporary distribution system & temporary lighting	$40.00
Unit Fee Schedule	
Receptacle, switch and lights	$2.00
Residential appliances/new circuits (cook top, oven, range, disposals, clothes dryers, or other motor operated appliances not exceeding one horsepower)	$6.00

Building Permit Fees	Fee
Nonresidential appliances/new circuits (medical & dental devices, food, beverage, drinking fountains, laundry machines, or other similar equipment) NOTE: for other types of air conditioners and other motor-driven appliances having larger electrical ratings, see Generators/Motors	$8.00
Photovoltaic system (residential)	$90.00
Solar systems (including controls)	$90.00
Power apparatus (generators, transformers, A/C, heat pumps, baking equipment)	Up to 10 KV, each $17.00
	Over 10 KV not over 50 KV, each $34.00
	Over 50 KV and not over 100 KV, each $67.00
	Over 100 KV, each $89.00
Motors	Up to 10 hp $17.00
	Up to 25 hp $34.00
	Up to 55 hp $67.00
	Over 55 hp $97.00
Transformers	Up to 5 KVA $17.00
	Up to 10 KVA $34.00
	Up to 50 KVA $56.00
	Over 50 KVA $82.00
Busways/conduits (per 100 ft)	$8.00
Service equipment	200 amps or less $83.00
	201 to 999 amps $114.00
	Sub-panels $40.00
Installation of spas or saunas	$40.00
Other Electrical Fees	
Duplicate job card	$26.00
Permit extension (applies to permits that have not expired)	$83.00
Mechanical Permit Fees	
Fee for issuing/reinstating a Mechanical Permit	$58.00
Additional Mechanical Permit Fee	$26.00
New Residential Construction (new buildings only, including garages)	$.11 sq. ft
Commercial Construction	$.08 sq. ft
Plan Review & Re-inspection Fees	
Plan review fee	25% of Mechanical Permit Fee
Additional plan review	$161.00/hr.
Re-inspection fee	$169.00/hr.
Unit Fee Schedule	
Installation, of each heating system, A/C, boiler, compressor or air handler	$40.00
Each duct repair or alteration	$12.00
Each fireplace appliance	$34.00
Each ventilating fan	$12.00
Installation of separate flue or vents not included with the installation of an appliance	$12.00
Installation of each hood with mechanical exhaust	Residential $34.00
	Commercial $121.00
Each new or repair of gas piping system	$74.00
Each additional gas outlet	$24.00
Installation of evaporative cooler	$34.00

Building Permit Fees	Fee
Other Mechanical Fees	
Duplicate job card	$26.00
Permit extension (applies to permits that have not expired)	$83.00
Plumbing Permit Fees	
Fee for issuing/reinstating a Plumbing Permit	$58.00
Additional Plumbing Permit Fee	$26.00
New Residential Construction (new buildings only, including garages)	$.11 sq. ft
Commercial Construction	$.08 sq. ft
Plan Review & Re-inspection Fees	
Plan review fee	25% of Plumbing Permit Fee
Additional plan review	$161.00/hr.
Re-inspection fee	$169.00/hr.
System Fee Schedule	
Private swimming pools (including heater, water piping, gas piping)	$97.00
Lawn sprinkler system on one meter	$40.00
Each new or repair of gas piping system	$74.00
Each drainage, sewer system	$40.00
Radiant floor heating system	$121.00
Unit Fee Schedule	
Each plumbing fixture or trap or set of fixtures on one trap	$12.00
Each sewer cleanout, backflow device	$12.00
Each septic system abatement	$121.00
Rainwater systems - per drain (inside building)	$12.00
Each water heater, water softener	$34.00
Each grease interceptor (750 gallon capacity)	$83.00
Each grease trap (1-4 fixtures)	$47.00
Residential water re-piping	$121.00
Each ejector/sump pump	$40.00
Each vacuum breaker/hose bib	$12.00
Each water piping system repair or replacement	$25.00
Each additional gas outlet	$25.00
Other Plumbing Fees	
Duplicate job card	$26.00
Permit extension (applies to permits that have not expired)	$83.00
Other Fees	
Duplicate Inspection Card	$32.00
NPDES Inspection Fee (Charged on all building permits with the potential to generate non-point source storm water runoff during construction)	$74.00
Engineering Plan Check Fee	
Application Fee	$519.00
Under $20,000.00	15.5% of valuation
$20,000.00 to $80,000.00	$3,283.00 plus 9% of valuation
Greater than $80,000	$9,002.00 plus 8.5% valuation
Each additional plan check beyond three reviews	Fully allocated hourly rate for all personnel
Inspection Fee	
Under $20,000.00	7.5% of valuation

Building Permit Fees	Fee
$20,000.00 to $80,000.00	$1,589.00 plus 6.5% of valuation
Greater than $80,000.00	$5,719.00 plus 4.0% of valuation
Work In or Use of Public Right of Way	
Encroachment Permit - Residential	Work up to $4,000.00 - $323.00
	Each additional $2,000.00 - $169.00
Encroachment Permit - Collector/Arterial Streets**	Work up to $4,000.00 - $1,673.00
	Each additional $2,000.00 - $365.00
Outside contractor underground utility locating surcharge (actual cost for outside contractor inspection fee may change)	$95.00
Temporary Encroachment Permit	$159.00
Dumpster Permit	$159.00
Storage Permit	$159.00***

** Work done at night or on weekends shall be charged the actual costs of staff*

*** Single-family residences located along collector and arterial streets to be charged the residential fees above*

NPDES	
Inspection Fee - Grading Permits	Single Family Residential $773.00
	Commercial or Multi Family Residential $1,202.00
Inspection Fee - Encroachment Permits and Some Storage Permits	Single Family Residential $212.00
	Commercial or Multi Family Residential $344.00
	Plus $514.00 per LID facility
Inspection of Storm Water Treatment Measures	$530.00 per facility
Annual Stormwater/Limited Impact Development (LID) Permit	Per Visit and 1st facility inspection $514.00
	Every additional facility inspection $169.00
C-3 Permit Hydrologic Calculation	Fully allocated hourly rate for all personnel plus any outside cost and initial deposit of $3,750.00
Engineering Subdivision Map Checking	
1-4 lots	$3,023.00*
5 or more lots	$4,231.00*
**Plus, initial $3,000 surveyor deposit. Additional deposit(s) of actual surveyor costs may be required for larger projects than 5 or more lots, additional map check review(s), or overall complexity of the map.*	
Traffic Impact Analysis or Parking Study	
Development Review (staff traffic impact analysis or Parking Study)	Actual Cost
	Consultant Report - Consultant Fee
Staff Review Fee	$703.00 plus 10% of the traffic consultant report cost
Site Distance Analysis	$189.00 per review not to exceed two hours. Actual cost for staff time when analysis exceeds two hours.
Traffic Impact Mitigation Fee	$1,015.00 per new average daily trip generated
Storm Drainage Fees	
Development Projects	Single family lots Section 24.60.035(b) (3): For subdivision whose lots exceed one acre, the fee shall not exceed that of one acre per lot $4,477.00/ac.

Building Permit Fees	Fee
	Multiple family dwelling units - initial unit $4,477.00/ac.
	Multiple family dwelling units - each unit after initial (not to exceed $4,622.00/ac.) $168.00
	Commercial, industrial, hospitals, churches, schools, and others $5,598.00/ac.
Building/Grading Permits (Building, Structures, & impervious areas)	New impervious surface area, per sq. ft. $1.00/sq. ft.
Street Improvement in-lieu fee	
Sidewalks	$20.00/sq.ft.
Curb and Gutter	$100.00/lf.
Other in-lieu fee	
Trail Improvements	$16.00/per sq. ft. or determined by Director
Construction Activities Mitigation Fee	
New Buildings and Additions	Residential (per square foot added) $1.26/sq.ft.*
	Non-residential (per square foot added) $1.26/sq.ft.*
**These two fees are adjusted based on the Building Cost Index*	
Other Engineering Fees	
Engineering Reversion to Acreage	$2,536.00 plus initial deposit of $2,500 for surveyor
Engineering Lot Merger	$3,685.00 plus surveyor deposit
Engineering Lot Line Adjustments	$3,685.00 plus surveyor deposit
Certificate of Compliance	$3,685.00 plus surveyor deposit
Abandon Excess Public Right-of-Way & Public Easement	$4,601.00 plus surveyor and valuation consultant and planning services
Geotechnical Peer Review Fees	Fully allocated hourly rate of all personnel plus any outside costs and initial $2,500 deposit. Larger projects require an initial deposit of $4,500 to allow for a site visit by the geotechnical peer review consultant.
Separate Instrument Dedication Fee (for dedication via grant deeds and not maps)	$762.00 plus initial deposit of $2,500 for surveyor
Slurry Seal Fee	$2.50 per sq.ft.
Flood Review Fee	Consultant Cost plus 25% Admin Fee
Miscellaneous Review Fee*	Actual Cost
Tree Related Fees	
Tree removal (one tree)	$250
Tree Removal (Each additional tree on same application)	$125
Illegal Tree Removal Administrative Fee	$300
15 gallon and each 24" Box Replacement Tree In-Lieu Fee	$250
36" Box Replacement Tree In-Lieu Fee	$500

Source: Town of Los Gatos Comprehensive Fee Schedule Fiscal Year 2022/23.

The following table provides fee comparisons of jurisdictions located in Santa Clara County.

Table C-7 Total Fees per Unit

Jurisdiction	Single-Family	Small Multi-family	Large Multi-family
Campbell	$72,556	$20,599	$18,541
Cupertino	$136,596	$77,770	$73,959
Gilroy	$69,219	$40,195	$39,135
Los Altos Hills	$146,631	N/A	N/A
Los Gatos	$11,202	$15,375	$15,375
Milpitas	$77,198	$74,326	$59,740
Monte Sereno	$33,445	$4,815	$4,156
Morgan Hill	$55,903	$41,374	$36,396
Mountain View	$90,423	$69,497	$82,591
San Jose	$9,919	$23,410	$23,410
Santa Clara	$72,034	$7,299	$3,048
Saratoga	$64,272	$17,063	$15,391
Sunnyvale	$133,389	$126,673	$98,292

Note: Inclusive of impact, building and entitlement fees. Source: SCCPC, 2022 citiesassociation.org/documents/constraints-survey-data-summary-2022 and Los Gatos staff.
Source: Cities Association of Santa Clara.

The following table provides a comparison as a percentage of total development costs of jurisdictions located in Santa Clara County.

Table C-8 Fees as a Percentage of Total Development Costs

Jurisdiction	Single-Family	Small Multi-family	Large Multi-family
Campbell	2.6%	2.7%	2.6%
Cupertino	2.9%	10.3%	10.5%
Gilroy	1.5%	5.3%	5.6%
Los Altos Hills	3.1%	N/A	N/A
Los Gatos	1.2%	0.8%	0.5%
Milpitas	2.8%	9.8%	8.5%
Monte Sereno	0.7%	0.6%	0.6%
Morgan Hill	2.0%	5.5%	5.2%
Mountain View	3.3%	9.2%	11.8%
San Jose	0.4%	3.1%	3.3%
Santa Clara	2.6%	1.0%	0.4%
Saratoga	1.4%	2.3%	2.2%
Sunnyvale	4.8%	16.8%	14.0%
Unincorporated County	0.9%	N/A	NA

Note: Calculation uses a county-wide average total development cost. Source: SCCPC, 2022 citiesassociation.org/documents/constraints-survey-data-summary-2022.
Source: Town of Los Gatos.

Permit fees and processing times are not significant constraints to housing production in Los Gatos. In the Spring of 2022, the Santa Clara County Planning Collaborative conducted a survey of fees and permit processing times in Santa Clara County. Fourteen of fifteen jurisdictions completed the survey, an excellent response rate. The results indicate that Los Gatos has overall permit fees that are within the average range of Santa Clara County jurisdictions.

The Town's fees also represent a relatively low percentage of the overall cost to develop housing in Los Gatos. Based on the Santa Clara County Planning Collaborative survey results and an analysis on housing development costs performed by Century Urban, a San Francisco based real estate consulting firm, the fees represent

approximately 1.2 percent of total development costs for a single-family home, 0.8 percent for a 10-unit multi-family development, and 0.5 percent for a 100-unit multi-family development. The fee structure does not disproportionally burden multi-family housing.

Development Impact Fees

In accordance with Assembly Bill (AB) 1483, detailed information on the residential development and permitting costs may be found on the Town's State Housing Law webpage.

The following sections provide an analysis of the type of fees the Town collects. New development is subject to the payment of development impact fees. The Town, like other municipalities, may collect development impact fees to fund the Town services and facilities that would be impacted by new construction, such as infrastructure, transportation improvements, fire services, police services, recreational services, and capital facilities. These fees are one-time charges that offset the increase in demand of services resulting from new development.

These fees are collected prior to building permit issuance or prior to certificate of occupancy. Although these impact fees increase the cost of development, they are necessary to ensure that infrastructure and services are in place to support the new development. Impact fees are factored into project costs for developers and are required across all jurisdictions.

Per State law requirements, ADUs less than 750 square feet cannot be charged development impact fees. ADUs are exempt from utility connection fees unless constructed with a new single-family residence. The exemption of impact fees and limitation on connection fees has reduced the costs of ADU development.

The Town collects three development impact fees to ensure that new residential development pays its fair share of funding for its impact to the Town's services, facilities, and infrastructure. Housing development in the Town is subject to the following impact fees:

1. Traffic Impact Mitigation Fee: The Traffic Impact Mitigation Fee assures that each new development or expansion pays for its fair share of the transportation improvements needed to accommodate the cumulative traffic impact. The fee, $1,015 per new average daily trip generated, is paid in full to the Town prior to issuance of the building permit for new development or expansion of use. The collected fee is held in the Traffic Mitigation Fee Fund. The Traffic Mitigation Fee Fund is used solely to fund transportation improvement projects related to mitigating the impacts of the new development. The funds cannot be used for routine repair or maintenance. The Town is currently in process to review and update the fee, which may include a Vehicle Miles Traveled (VMT) component in the future.

2. Construction Impact Activity Fee: The Construction Impact Activity Fee is assessed on construction projects based on the square footage of the project at a rate of $1.26 per square foot. These fees are intended to recover the damage caused to Town streets by construction traffic. The collected fee is held in the General Fund Appropriated Reserves.

3. Below-Market Prices (BMP) Housing Program In-Lieu Fee: BMP In-Lieu Fees are collected from residential development projects with five (5) or more units when construction of the BMP unit is impractical or there are unusual circumstances that make the construction of the unit inconsistent with Town policy. The required in-lieu fee is to be paid to the Town prior to issuance of the certificate of occupancy. The BMP In-Lieu Fee is equal to the amount of six percent of the building permit valuation for the entire project. The collected fees are held in the General Fund BMP Housing liability account and are restricted to be used solely for BMP Housing activities. See further discussion on the BMP Housing Program below.

Additional Housing Development Requirements and Fees

Additional requirements and costs associated with housing development in Town include the following:

Story Poles

The Town requires installation of height story poles and netting for all new residential (excluding single-story accessory structures) and non-residential buildings; residential second story additions; and nonresidential additions exceeding 100 square feet. This requirement is intended to provide a physical representation on the project site, the planned rooflines, heights and massing of the proposed structure(s), and provide visual notice to the community of a forthcoming land use hearing. The placement of story poles is extremely helpful and

important during the Town's review of applications for new development. Story poles enhance the understanding of the project for Town residents, staff, advisory bodies, and decision-makers. However, the cost of story pole and netting installation, maintenance throughout the public hearing process, and additional time added to the process for installation can be viewed as a constraint for development. The Housing Element includes a program to commit to reviewing the Town's Story Pole and Netting Policy and exploring options for residential or mixed-use projects with affordable housing to reduce the associated cost of installing story poles. The Planning Commission began discussions regarding changes to the Story Pole and Netting Policy with public meetings on April 26, 2023, and May 24, 2023. The Planning Commission recommendation for modifications to the Story Pole Policy was considered by Town Council on August 1, 2023 and developed the following preliminary modifications:

- Waive story pole requirements for projects with 30 percent Below Market Price housing or 20 percent Low Income or Very Low Income housing and in its place require signage with a QR code that links to renderings and videos of the project.
- Retain existing story pole guidelines for the Hillsides and sites in the Historic Inventory.
- Require story poles for single-family residential projects if the project includes a new two-story house or second story addition where both of the adjacent neighbors are single-story homes or if there is a request for variance or exception to physical development standards.
- Replace mesh netting requirement with double flagging as the default unless the applicant prefers to use mesh netting.
- Do not require full story poles for multi building projects, instead showing just the outside perimeter and the height of the tallest building.

On December 5, 2023, the Town Council modified the Story Pole Policy to further reduce the associated costs of installing story poles, by providing an option to provide video rendering or other visual methods in place of story poles for all multi-family and mixed-use projects to reduce constrains/cost and increase approval certainty.

Public Art for Private Developments

A robust public art program fosters economic development, creates vital public spaces, and promotes general health and welfare by contributing to a more desirable community in which to live, work, and recreate. Well-conceived and executed works of art that are integrated into their sites and accessible to the public enhance the value of development projects, create greater interest in leased space, promote cultural tourism, create a sense of place, and make a lasting visible contribution to the intellectual, emotional, and creative life of the community at large, thereby helping to mitigate the impacts of development. The experience of public art makes public areas of buildings and grounds more inviting and engaging. There is a growing national trend to require the incorporation of public art in private developments or requiring developers to pay into a public art fund. In California, more than 48 cities have such an ordinance or policy.

On May 4, 2021, the Town Council adopted Ordinance 2318 amending Chapter 25 of the Town Code to establish a public art requirement for private developments. The requirement for public art applies to the following types of development:

(a) New commercial developments (including mixed-use projects), including new construction, and additions and remodels that add more than 50 percent square footage; and
(b) New residential projects of three or more units, including new construction, and additions and remodels that add more than 50 percent square footage.

Notwithstanding subsections (a) and (b) above, this Chapter shall not apply to:

(i) Affordable housing developments, or, if affordable housing is a part of the development, the affordable housing units shall be subtracted from the valuation of the project as in subsection (d) below;
(ii) Historic renovations;
(iii) Repair or reconstruction of structures damaged by flood, fire, wind, earthquake, or other disaster;
(iv) Seismic retrofit projects;
(v) Single family and two-family residential units;
(vi) Accessory dwelling units or junior accessory dwelling units;
(vii) Any project exempted by Federal or State law;
(viii) Municipal facilities; and
(ix) Buildings or structures primarily used for religious worship.

A developer may satisfy the requirements of Chapter 25 of the Town Code by constructing or installing on-site public art valued at one percent of the building permit valuation. The developer may elect to make a monetary contribution to the Los Gatos Public Arts Fund, in lieu of installation of on-site public art. The amount of the contribution shall be the cost of the public art as required by Town Code. The in-lieu payment must be made prior to the issuance of any building permit.

The public art requirement for private developments can be viewed as a constraint to producing housing. Therefore, the Town's adopted Ordinance provides an exemption to the requirement for affordable housing developments. In addition, the Town Code allows for an exemption from the public art requirement if affordable housing is a part of the development and the affordable housing units shall be subtracted from the valuation of the project. Additional exemptions from the requirement for residential projects are described above.

Parks and Public Works Improvement Requirements

The Parks and Public Works Department may require in-street improvements or street improvement in-lieu fees, tree replacements or tree replacement in-lieu fees, and may require a Transportation Demand Management Program (TDM) depending on the scope of the residential development. The associated fees are described in Table C-4 above.

School District Fees

Local school districts charge a fee per square foot of new development that must be paid prior to the issuance of building permits. The purpose of the fee is to compensate school districts for the costs associated with the demand for additional services and classroom space generated by new residential development. The four districts that collect fees in the Town are the Los Gatos Union School District, which levies a fee of $3.48 per square foot for residential construction; the Union School District, which levies a fee of $3.79 per square foot for residential construction in the Town; and the Campbell Union High District, which levies a fee of $1.44 per square foot for residential construction and $0.234 for senior residential construction in the Town; and the Cambrian School District, which levies a fee of $3.35 per square foot for residential construction. School district fees increase the cost of development and may act as a potential constraint to development. However, they are necessary to ensure the provision school services to the community and the Town has no control over their imposition or rates.

Development Review Process and Permit Processing Time

Government policy at both the State and jurisdictional levels play a major role in determining the costs of building new housing. Regulations and permitting processes that result in lengthy or uncertain development carry higher risk and increased financing. Additionally, frequent delays in the entitlement and approval process directly increase costs, such as additional architectural work, inspections, and community meetings. Streamlining permitting processes, applying permit application processes consistently, increasing interdepartmental cooperation, having adequately funded and staffed planning departments, and increasing by-right housing are all actions jurisdictions can take to reduce the constraints represented by fees and permit processing times. The efficiency and timing of a jurisdiction's processes for review and approval of residential development has a significant impact on the amount and pace of housing construction. The procedures for development review and permitting in the Town of Los Gatos are described below.

Development Review Process

The requirements of the permit processing procedure have the potential to act as a constraint to the development of housing. The time and uncertainty of the review cycle can contribute significantly to the overall cost of the project, ability to obtain and maintain funding, and the cost of each dwelling unit. Certainty and consistency in permit processing procedures and reasonable processing times are important to ensure that the development review and approval process does not act as a constraint to development by adding excessive costs or discouraging housing development. It is important to note that ADUs and SB 9 units are reviewed ministerially, as required by State law, and are not subject to the review process described below.

Processing of a typical single- or multi-family housing or mixed-use housing project include the following steps:

1. Pre-Submittal: Prior to the formal submittal of a specific development application, it is recommended that an applicant contact or meet with a planner at the counter and various departments/divisions to determine specific requirements and to assess completeness of the proposal. Pre-submittal review can reduce the time required for processing the application by identifying any missing information, special circumstances, or potential issues early in the process.

2. File Application: Applicant will complete a pre-application, which includes submitting application forms, plans, documents, and other related project materials to the Town's Online Permitting Services. Staff will review the materials to ensure the files contain all materials necessary for project review. Once the assigned project planner reviews and finds the submittal requirements complete, the pre-application will become a full application. Application fees will be collected on-line by credit card or in the office.

3. Technical Review: Staff representatives of Town departments, which include Community Development (Planning and Building Divisions), Santa Clara County Fire Department, and Parks and Public Works (Engineering Division) meet with the project applicant within 21 days from applicant payment to ensure that the project:
    a. Is complete;
    b. Meets all code and policy requirements; and
    c. Meets the requirements of the California Environmental Quality Act.

    Each department will provide a comment letter deeming the application complete, or providing a list of project deficiencies, and general comments. Applications that do not meet all of the requirements are continued at this level until the application is complete.

    In addition to the staff listed above, applications may also be reviewed by the following Town Committees, consultants, or outside agencies when deemed appropriate:

    - Town's Historic Preservation Committee
    - Town's Environmental Consultant
    - Town's Consulting Architect
    - Town's Consulting Arborist
    - Town's Consulting Landscape Architect (WELO)
    - Town's Geotechnical Peer Reviewer
    - Town's Consulting Traffic Consultant
    - Santa Clara Valley Water District
    - County of Santa Clara – Health Department

4. Story Poles and Public Hearing Notices: Once a project is deemed complete the story poles and netting and project sign shall be installed prior to the neighborhood notification process and shall remain in place until the project has been acted upon and the appeal period has ended. Public notices will not be mailed and/or application(s) shall not be advertised until a Story Pole Plan has been approved by the project planner, the story poles and netting have been installed, and photographs have been submitted to the project planner. A licensed surveyor or civil engineer shall submit written verification that the height and position of the poles and netting accurately represent the height and location of the proposed structure(s) or addition.

    Public hearing notices will be sent out once the story pole process is complete. Public notices are sent out to property owners and tenants within 500 feet of the subject property for hillside zoned properties and 300 feet for non-hillside zoned properties.

5. Public Hearings: If a discretionary application is determined to require a public hearing, Division 7 of Chapter 29 of the Town Code assigns which hearing body has the authority to issue decisions for development applications. There are three types of public hearing bodies in the Town: Development Review Committee (DRC); Planning Commission (PC); and Town Council (TC).

Development Review Committee

The DRC consists of the following departments: Community Development (Planning and Building Divisions), Parks and Public Works, and Santa Clara County Fire. The Santa Clara County Environmental Health Department is also part of the DRC when certain matters require its input. The DRC has the authority to approve certain applications pursuant to Town Code and/or standards, that require no change in the General Plan or Zoning Code, meet the Zoning Code regulations, and meet the Residential Design Guidelines and/or Hillside Development Standard and Guidelines.

DRC meetings are held every Tuesday at 10:00 a.m. in the Town Council Chambers, located in the lower level of Town Hall. Applicants are sent a copy of the DRC agenda. The applicant and/or representative is required to be present, and members of the public are welcome to attend and participate.

If any applicant or an interested person as defined by the Town Code, wishes to appeal an action or decision of the DRC, such appeal must be made in writing with the required fee, to the Community Development Department within 10 calendar days of the DRC's action or decision. The matter will then be set for hearing on the next available Planning Commission agenda.

Planning Commission

The PC consists of seven residents of the Town of Los Gatos, appointed to serve a four-year term. Upon appointment, Planning Commissioners must demonstrate knowledge of the Town Code and its land use and planning policies. The PC has the authority to approve certain applications pursuant to Town Code and/or standards.

The PC performs duties and exercises power and authority with regard to planning, subdivisions, zoning, zoning administration, and other land use regulatory controls as prescribed by ordinance and State law. The PC reviews projects that require variances or exceptions from Town Code, projects that request exceptions from the Town Design standards, projects requiring Conditional Use Permits, hillside development applications depending on the scope of work, and appeals from the DRC. The Planning Commission is the deciding body for all types of projects which propose multi-family residential or mixed-use.

The PC meets on the second and fourth Wednesday of each month, in the Town Council Chambers, at 7:00 p.m. PC meetings are broadcast live on KCAT-15. Live and archived videos are also available on the Town's YouTube Channel. Applicants are sent a copy of the PC agenda. Meetings are hybrid, and participants may attend in person or via Zoom. The applicant and/or representative are required to attend through either platform. Members of the public are welcome to attend through either platform to participate.

If any applicant or an interested person as defined by the Town Code, wishes to appeal an action or decision of the PC, such appeal must be made in writing with the required fee, to the Town Clerk within 10 calendar days of the PC's action or decision. Pursuant to Town Ordnance the Town Clerk will set the TC hearing within 56 days of the date of the PC decision.

Town Council

The Town of Los Gatos operates under the Council/Manager form of government, a system that combines the policy leadership of elected officials in the form of a TC, with the professional, managerial, and leadership expertise of an appointed Town Manager. The TC is the legislative body for the Town of Los Gatos. The five members are elected to serve staggered four-year terms and can serve two consecutive four-year terms. Each year in December, the TC elects one of its members to serve as Mayor and Vice Mayor. The Town is a General Law City and operating under the provisions of the State Government Code. The TC reviews applications that require a change in the General Plan or Zoning Code, and appeals from the PC.

The TC meets regularly on the 1st and 3rd Tuesday of each month at 7:00 p.m., in the TC Chambers. TC meetings are broadcast live on KCAT-15. Live and archived videos are also available on the Town's YouTube Channel. Applicants are sent a copy of the TC agenda. Meetings are hybrid, and participants may attend in person or via Zoom. The applicant and/or representative are required to attend through either platform. Members of the public are welcome to attend through either platform to participate. All decisions made by the TC are final.

Required Findings and Considerations

Each application type requires the hearing body to make specific findings and/or considerations based on Town Code and, this varies depending upon the scope of project. See Findings and Permit Process Related to Housing, below on page C-39.

6. Appeal Period: Following the decision by the DRC or PC there is a ten-day appeal period during which the project may be appealed to the next hearing body. The Town Council decision is final.

7. Plan Check**:** Following the 10-day appeal period and required approvals, the construction plans may be submitted to the building division for plan check for building permits. The plans will be routed to the Town's Planning Division, Building Division, Engineering Division, and the Santa Clara County Fire Department. The project planner will review the plans for conformance with the Zoning Code, any required Conditions of Approval, and with the plans approved by the DRC, PC, or TC. The Building Division will verify that all building, ADA, mechanical, plumbing, and electrical code requirements are fulfilled in compliance with the Uniform Building Code and other State requirements.

8. Grading Permit: Depending upon the scope of the project the applicant may be required to apply for a Grading Permit per Town Code through the Engineering Division of the Parks and Public Works Department. Grading permits must be issued prior to the building permit being issued.

9. Building Permit: After the project plans receive approval from the relevant departments, the building division issues a building permit. Construction can begin after this point. Regular inspections are required throughout the construction process. The final inspection requires clearance from all relevant Town departments and the Santa Clara County Fire Department.

10. Occupancy Permit**:** Once the final inspection is complete, the developer needs to secure an occupancy permit. If Below Market Prices (BMP) fees, Traffic Impact Fees, or Tree Replacement In-Lieu fees are required, the remaining balance must be paid at this time. Buildings or structures cannot be used or occupied until the Building Official has issued a certificate of occupancy.

Permit Processing Time

Design and neighborhood compatibility issues also often lengthen the permitting and processing time. To address this problem, the Town contracts out to an architectural consultant to review plans and provide recommendations on development applications' compliance with the Residential Design Guidelines or Hillside Development Standards and Guidelines.

Architectural, geotechnical, and arborist reviews are conducted early in the development application process. These reviews are conducted simultaneously with the review of the Planned Development or Architecture and Site applications and do not lengthen the processing time. These reviews also streamline the public hearing process, allowing the Planning Commission to rely on the recommendations of Town staff and the Town's consultants to receive qualified input from an architect, arborist, and geotechnical consultant, leading to a more efficient approval process. The table below summarizes the approximate processing time for development applications in the Town.

Table C-9 Local Development Processing Time Frame

Application Type	Length of Approval
Architecture and Site Application for a single- or multi-family residential project	Three to six months *
Architecture and Site Application for a hillside residential project	Four to six months *
Architecture and Site Application for a mixed-use project	Four to eight months *
Conditional Use Permit Application	Two to four months
Subdivision Application	Two to four months
Variance Application	Two to four months

* Note: With environmental review, the process generally takes six to 18 months, depending on the size, complexity, level of CEQA review required.
Source: Town of Los Gatos.

Processing Time Relative to Santa Clara County

The Town's processing time for permits and development review is comparable to other jurisdictions in Santa Clara County. Qualifying affordable housing developments (SB 35) are eligible for ministerial review, which significantly reduces the length of the review process. The Town's processing times are not considered an undue constraint on housing development. In comparison to jurisdictions within Santa Clara County, the processing times for applications in the Town are generally aligned with the approximate time frames, as provide in Table C-10, below. Processing times represent general applications, and processing time may increase due to a variety of factors including the complexity of the site, applicant responsiveness and completeness of application materials, and studies required for environmental review. All jurisdictions face these factors which can modify the permit processing time due the scope the project and site conditions.

Table C-10 Processing Times (in months)

Jurisdiction	ADU Process	Ministerial By-Right	Discretionary By-Right	Discretionary (Development Review Committee)	Discretionary (Planning Commission)	Discretionary (Town Council)
Campbell	1	1	3	N/A	5	8
Cupertino	1 to 3	1 to 6	2 to 4	2 to 4	3 to 6	6 to 12
Gilroy	1 to 2	1 to 2	2 to 4	N/A	4 to 5	5 to 6
Los Altos Hills	1 to 2	0.5 to 2	2 to 3	3 to 4	4 to 6	5 to 8
Los Gatos	1 to 2	1 to 2	1 to 2	2 to 4	4 to 6	6 to 12
Milpitas	1 to 3	1 to 3	2 to 4	3 to 4	4 to 6	6 to 12
Monte Sereno	0.75	0.75	1	1 to 2	1 to 2	1 to 2
Morgan Hill	1 to 2	1 to 3	*2 to 3	2 to 3	4 to 6	4 to 6
Mountain View	3 to 5	4 to 6	2 to 3	*6 to 18	N/A	12 to 24
San Jose	2	1 to 3	7	7	7 to 11	5 to 12
Santa Clara	0 to 1	0 to 1	0 to 3	4 to 9	6 to 9	6 to 12
Saratoga	1	1 to 2	2 to 3	N/A	4 to 6	6 to 12
Sunnyvale	1 to 3	1 to 3	3 to 6	6 to 9	9 to 18	9 to 18
Unincorporated County	4 to 6	6 to 8	9 to 12	12 to 15	15 to 18	15 to 18

Entitlements Only. Source: SCCPC, 2022 citiesassociation.org/documents/constraints-survey-data-summary-2022.
Source: Town of Los Gatos.

In response to changes in State law as of January 1, 2023, and as part of the Town's ongoing efforts to increase efficiency for permit reviews, the Town's Planning and Building Divisions have developed a new Building permit application form and process. Residents who wish to build a new ADU or JADU can now submit a single application form and proceed through a single plan review process in order to obtain their Building Permit.

Jurisdictional permit processing procedures that are lengthy or uncertain can dissuade developers from building new housing or result in housing that is more expensive. Within Los Gatos, the permit processing times are within the average range for jurisdictions within Santa Clara County. The Town's permit process also does not disproportionally burden ADU applications or applications for multi-family housing.

Approval Body and Appellant Body for Housing Permits

The following table indicates the approval body and appellant body for each housing permit type.

Table C-11 Approval Body for Planning Permits

	Approval Body				
Permit Types	**Director**	**Development Review Committee (DRC)**	**Planning Commission (PC)**	**Town Council (TC)**	**Appellant Body**
ADU (Ministerial)	✓				--
SB 9 (Ministerial)	✓				--
General Plan Amendment			Recommendation to TC	✓	--
Rezone			Recommendation to TC	✓	--
Planned Development			Recommendation to TC	✓	--
Architecture and Site Application		✓ Pending scope	✓ Pending scope		PC and TC
Conditional Use Permit		✓ Pending scope	✓ Pending scope		PC and TC
Variance			✓		TC
Subdivision		✓ Pending scope	✓ Pending scope	✓ Pending scope	PC and TC
SB-330			✓ Pending scope	✓ Pending scope	TC
SB-35 – Streamline	✓				

Findings and Permit Processes Related to Housing

Housing permits fall into one of two categories: ministerial or discretionary. The following section discusses the types of residential development approved through ministerial and discretionary processes and the requirements for approval.

Ministerial/By-Right Permits

Ministerial permits, often referred to as by-right permits, are typically required for uses or structures that meet Town requirements. These permits do not require discretionary review and are approved by staff if the project complies with applicable regulations and ordinances.

Ministerial Housing Project Types:

- Accessory Dwelling Unit (ADU) – Building Permit Only

- Jr. Accessory Dwelling Unit (JADU) – Building Permit Only
- Senate Bill 9 (SB 9) – SB 9 Application Required

There are no required findings for ministerial projects as long as they meet the Town and State requirements.

Discretionary Permits

Discretionary permits require review and approval by a decision maker to allow a specific type of land use and/or allow for construction, modification, or use to a building. Examples of discretionary review include residential subdivisions, new residences, planned developments, and mixed-use residential development. As part of the discretionary review process, the project will be reviewed in conformance with applicable ordinances and regulations including the Town's General Plan, Zoning Ordinance, and when applicable the Town's Residential Design Guidelines (non-hillside), Hillside Development Standards and Guidelines (hillside), Objective Design Standards for Qualifying Multi-Family and Residential Mixed-Use Developments, Affordable Housing Overlay Design Guidelines, planned developments, and specific plans. In addition, the project will be reviewed for compliance with the California Environmental Quality Act (CEQA) which may require preparation of an environmental document and a public review period. A public hearing may also be required to issue a discretionary permit. Examples of discretionary permits related to housing include: Architecture and Site Applications; Conditional Use Permits; Variances; Subdivisions; Rezones; and General Plan Amendments.

Discretionary Permit Findings Related to Housing

The deciding body must make specific findings and or considerations based on Town Code, and this varies depending upon the scope of project and the type of discretionary permit required. The following describes the required findings and considerations for discretionary permits related to housing:

Discretionary Review - Architecture and Site Application

The goal of the Architecture and Site approval process is to ensure quality design and proper siting of residential and commercial structures which complement the Town environment and to preserve open spaces in the Town. Per Town Code Section 29.20.145, Architecture and Site approval is required for new construction of any principal building in any zone, including all new residential units. It is also required for exterior alterations or additions in some cases. The Architecture and Site approval process does not apply to ADUs, JADUs, SB 9 units, or projects qualifying for streamlined review pursuant to SB 35.

The DRC may be the approval authority for discretionary applications, such as an Architecture and Site application dependent upon the scope of the project and whether the project complies with the Residential Design Guidelines and/or Hillside Development Standard and Guidelines. Should a project request an exception(s) to the referenced Town documents, the discretionary application may go straight to the Planning Commission as the deciding body. Pursuant to Town Code Section 29.20.150, the approving body may shall consider the following factors in reviewing an Architecture and Site application:

(1) *Considerations relating to traffic safety and traffic congestion.* The effect of the site development plan on traffic conditions on abutting streets; the layout of the site with respect to locations and dimensions of vehicular and pedestrian entrances, exits, drives, and walkways; the adequacy of off-street parking facilities to prevent traffic congestion; the location, arrangement, and dimension of truck loading and unloading facilities; the circulation pattern within the boundaries of the development, and the surfacing, lighting and handicapped accessibility of off-street parking facilities.

a. Any project or development that will add traffic to roadways and critical intersections shall be analyzed, and a determination made on the following matters:

1. The ability of critical roadways and major intersections to accommodate existing traffic;
2. Increased traffic estimated for approved developments not yet occupied; and
3. Regional traffic growth and traffic anticipated for the proposed project one (1) year after occupancy.

b. The deciding body shall review the application for traffic roadway/intersection capacity and make one (1) of the following determinations:

1. The project will not impact any roadways and/or intersections causing the roadways and/or intersections to exceed their available capacities.
2. The project will impact a roadway(s) and/or intersection(s) causing the roadway(s) and/or intersection(s) to exceed their available capacities.

Any project receiving Town determination subsection (1)b.1. may proceed. Any project receiving Town determination subsection (1)b.2. must be modified or denied if the deciding body determines that the impact is unacceptable. In determining the acceptability of a traffic impact, the deciding body shall consider if the project's benefits to the community override the traffic impacts as determined by specific sections from the general plan and any applicable specific plan.

(2) Considerations relating to outdoor advertising. The number, location, color, size, height, lighting and landscaping of outdoor advertising signs and structures in relation to the creation of traffic hazards and the appearance and harmony with adjacent development. Specialized lighting and sign systems may be used to distinguish special areas or neighborhoods such as the downtown area and Los Gatos Boulevard.

(3) Considerations relating to landscaping. The location, height, and materials of walls, fences, hedges and screen plantings to ensure harmony with adjacent development or to conceal storage areas, utility installations, parking lots or unsightly development; the planting of ground cover or other surfacing to prevent dust and erosion; and the unnecessary destruction of existing healthy trees. Emphasize the use of planter boxes with seasonal flowers to add color and atmosphere to the central business district. Trees and plants shall be approved by the Director of Parks, Forestry and Maintenance Services for the purpose of meeting special criteria, including climatic conditions, maintenance, year-round versus seasonal color change (blossom, summer foliage, autumn color), special branching effects and other considerations.

(4) Considerations relating to site layout. The orientation and location of buildings and open spaces in relation to the physical characteristics of the site and the character of the neighborhood; and the appearance and harmony of the buildings with adjacent development. Buildings should strengthen the form and image of the neighborhood (e.g., downtown, Los Gatos Boulevard, etc.). Buildings should maximize preservation of solar access. In the downtown, mid-block pedestrian arcades linking Santa Cruz Avenue with existing and new parking facilities shall be encouraged, and shall include such crime prevention elements as good sight lines and lighting systems.

(5) Considerations relating to drainage. The effect of the site development plan on the adequacy of storm and surface water drainage.

(6) Considerations relating to the exterior architectural design of buildings and structures. The effect of the height, width, shape and exterior construction and design of buildings and structures as such factors relate to the existing and future character of the neighborhood and purposes of the zone in which they are situated, and the purposes of architecture and site approval. Consistency and compatibility shall be encouraged in scale, massing, materials, color, texture, reflectivity, openings and other details.

(7) Considerations relating to lighting and street furniture. Streets, walkways, and building lighting should be designed so as to strengthen and reinforce the image of the Town. Street furniture and equipment, such as lamp standards, traffic signals, fire hydrants, street signs, telephones, mail boxes, refuse receptacles, bus shelters, drinking fountains, planters, kiosks, flag poles and other elements of the street environment should be designated and selected so as to strengthen and reinforce the Town image.

(8) Considerations relating to access for physically disabled persons. The adequacy of the site development plan for providing accessibility and adaptability for physically disabled persons. Any improvements to a nonresidential building where the total valuation of alterations, structural repairs or additions exceeds a threshold value established by resolution of the Town Council, shall require the building to be modified to meet the accessibility requirements of title 24 of the California Administrative Code adaptability and accessibility. In addition to retail, personal services and health care services are not allowable uses on non-accessible floors in new nonresidential buildings. Any change of use to retail, health care, or personal service on a non-accessible floor in a nonresidential building shall require that floor to be accessible to physically disabled persons pursuant to the accessibility requirements of title 24 of the California Administrative Code and shall not qualify the building for unreasonable hardship exemption from meeting any of those requirements. This provision does not affect lawful uses in existence prior to the enactment of this chapter. All new residential developments shall comply with the Town's adaptability and accessibility requirements for physically disabled persons established by resolution.

(9) Considerations relating to the location of a hazardous waste management facility. A hazardous waste facility shall not be located closer than 500 feet to any residentially zoned or used property or any property then being used as a public or private school primarily educating persons under the age of 18. An application for such a facility will require an environmental impact report, which may be focused through the initial study process.

In addition to the Architecture and Site application considerations the following findings and considerations must be made with an Architecture and Site application.

- CEQA;
- Required consistency with the Town's General Plan;
- Compliance with Zoning Regulations;
- Compliance with the Residential Design Guidelines (non-hillside) or Hillside Development Standard and Guidelines (when applicable); and
- Compliance with the Objective Design Standards for the Review of Multi-Family Housing and Mixed-Use Development applications (when applicable).

As written, the scope of considerations that the approval authority may review during the decision-making process is broad and leaves significant room for interpretation. This process has served the community well in ensuring that projects reflect the Town's character and design values. However, the subjective nature of the "considerations" is a constraint to new residential development because it reduces the approval certainty for projects. Therefore, the Housing Element includes a program to modify the Zoning Code to require multi-family and mixed-use projects to be subject to the Town's objective design standards, rather than current the Architecture and Site considerations.

Discretionary Review - Conditional Use Permit

The Conditional Use Permit (CUP) process provides additional consideration to ensure compatibility for uses that have a potential to have a greater impact on surrounding uses. The following residential development types require a CUP:

- Residential units as part of a mixed-use project – Zones: O, C-1, C-2, and CH
- Mobile home park – Zone: RM
- Caretaker residence – Zones: RC and HR
- Conversion of a mobile home park to any other use – Zones: R-M and RHM
- Live/work units – Zones: O, C-1, C-2, CH and LM

The DRC or PC are the approval authority for CUP applications, depending on the scope of the project. Pursuant to Town Code Section 29.20.190, the approval authority must make the following findings when granting a CUP:

(1) The proposed uses of the property are essential or desirable to the public convenience or welfare;
(2) The proposed uses will not impair the integrity and character of the zone;

(3) The proposed uses would not be detrimental to public health, safety or general welfare; and
(4) The proposed uses of the property are in harmony with the various elements or objectives of the general plan and the purposes of this chapter.
(5) A hazardous waste facility proposal is subject to the California Health and Safety Code, Article 8.7, Section 25199—25199.14 and shall be consistent with the Santa Clara County Hazardous Waste Management Plan.

In addition to the Conditional Use Permit application findings following findings and considerations must be made:

- CEQA;
- Required consistency with the Town's General Plan; and
- Compliance with Zoning Regulations.

The required finding #2 – regarding integrity and character of the zone – is open to interpretation and therefore has the potential to constrain housing development. This Housing Element includes a program to revise the required findings for multi-family and mixed use projects to be based on objective standards that provide certainty in outcomes.

SB 9 California Housing Opportunity and More Efficiency (HOME) Act

SB 9, also known as the California Housing Opportunity and More Efficiency (HOME) Act, is a State bill that requires cities to allow one additional residential unit on parcels zoned for single-dwelling units. Since the adoption of this section of the Government Code, the Town has adopted a permanent ordinance implementing SB 9.

SB 35 Streamlining

(Government Code section 65913.4) allows qualifying development projects with a specified proportion of affordable housing units to move more quickly through the local government review process. The bill creates a streamlined approval process for qualifying infill developments in localities that have failed to meet their RHNA, requiring a ministerial approval process, removing the requirement for CEQA analysis, and removing the requirement for discretionary entitlements granted by the Planning Commission.

Since the adoption of this section of the Government Code, the Town has received one application under these provisions. The Town has included Program in the Housing Element to prepare an SB35 checklist and written procedures for processing SB35 applications.

Requests to Develop at Densities Below Those Permitted

New State Housing Element law now requires the non-governmental constraints analysis to evaluate developer requests to build at densities below the density identified in the Housing Element sites inventory. In Los Gatos, properties generally develop around the mid to high range of allowable densities. Requests to develop at densities below those permitted are not an issue in Los Gatos.

Length of time between Application Approval and Building Permit Issuance

New Housing Element law now also requires an examination of the length of time between receiving approval for a housing development and submittal of an application for building permits. The time between application approval and building permit issuance is influenced by a number of factors, none of which are directly impacted by the Town. Factors that may impact the timing of building permit issuance include: required technical or engineering studies; completion of construction drawings and detailed site and landscape design; securing construction and permanent financing; and retention of a building contractor and subcontractors.

The majority of residential permits in Los Gatos are for single-family homes, with building permit issuance generally taking eight to 14 months after Planning approvals. Hillside properties may take a few months longer due to the need for technical and engineering studies. Among the Town's recent multi-family developments, the time between approvals and permit issuance has averaged 12 to 18 months. In Los Gatos, most approved projects are constructed in a reasonable time period.

Infrastructure Constraints

To support growth under the Housing Element, it is critical that public infrastructure can accommodate new development. The Town of Los Gatos does not anticipate that the provision of public services, such as water, sewer, and storm drains is a constraint to the production of new housing.

Water

Water supply demand and infrastructure was analyzed under the 2040 General Plan Environmental Impact Report (EIR), which considered a larger population growth than proposed under the Housing Element Update. The San Jose Water Company provides water service to the Town. San Jose Water Company's 2015 Urban Water Management Plan (UWMP) outlines the availability of water supplies for the service area which includes the City of San Jose, the City of Cupertino, the City of Campbell, City of Monte Sereno, the City of Saratoga, the Town of Los Gatos, and parts of unincorporated Santa Clara County.

Pursuant to the 2015 UWMP, San Jose Water Company has enough water to supply capacity to meet current demands. The plan projects usage out to 2040, the same year as the General Plan horizon. From 2020 to 2040, the plan predicts that there would be adequate supply to meet water demand in a normal year. Projected water demand in a normal year for the San Jose Water Company service area in 2040 is 55,213 acre-feet per year (AFY) and future water storage is predicted to be 55,213 AFY. Approximately half of San Jose Water Company's long-term water supply is provided by the Santa Clara Valley Water District (SCVWD) each year, while approximately one-third is generally provided through groundwater. Water supply for the Town of Los Gatos is comprised primarily of imported water which serves the eastern Los Gatos area and approximately half is local surface water.

Sewer

The Town's wastewater is collected and treated by the West Valley Sanitation District (WVSD), which then transports wastewater to the San Jose-Santa Clara Regional Wastewater Facility (wastewater treatment plant). According to the 2040 General Plan EIR (Section 4.16, Utilities and Service Systems), the wastewater treatment plant treats an average of 110 million gallons per day (mgs), with a design capacity of up to 167 mgd.

The 2040 General Plan considered a larger population increase (approximately 8,971 residents) than considered by the Housing Element Update. According to the 2040 General Plan EIR, the West Valley Sanitation District's Capital Improvement Plan has ongoing plans for replacement and upgrade of old sewer lines and lift equipment. The general maintenance and correction of deficiencies are funded by user fees; therefore, new development would be required to pay impact fees for system expansion that would accommodate the increased growth of the Town. Impact fees on new development would ensure that the wastewater collection system receives necessary upgrades to accommodate the additional population.

C.2 Local Housing Programs

State Housing Element law requires that an analysis of governmental constraints on housing production include local government programs that regulate housing development in any way, including imposing housing cost limitations or encouraging changes in density. Los Gatos has six local housing programs that are potential constraints on market-rate housing production in the Town. The Below Market Price Program, Affordable Housing Fund, Rental Dispute Resolution Program, Density Bonus Program, State Density Bonus Program, and the Affordable Housing Overlay are discussed below.

Below Market Price (BMP) Program

The BMP Program implements the Town of Los Gatos' inclusionary zoning ordinance, which requires that a portion of new residential construction in Los Gatos be dedicated to affordable housing. Los Gatos' inclusionary zoning ordinance was adopted in 1979 as one of the first of such programs in California.

The BMP Program promotes the development of affordable housing units by providing standards and guidelines that require the development of a certain number of quality affordable units per rental or owner development project, based on the proposed number of market rate units. The BMP Program requires the development of affordable housing where sales and rents cannot be more than 80 percent of the current HUD Fair Market Rents

(FMR) as determined by the Santa Clara County Housing Authority. The BMP Program allows low- and moderate-income households the opportunity to purchase low- and moderate-income housing in Los Gatos.

The BMP Program requirements apply to all residential development projects that include five or more residential units or parcels which involve:

- New construction of ownership or rental housing units, including mixed-use developments and addition of units to existing projects.
- Subdivision of property for single family or duplex housing development.
- Conversion of rental apartments to condominiums or other common interest ownership.
- Conversion of non-residential use to residential use.

The intent of the BMP Program is to provide a supply of affordable housing for households who work or currently reside in Los Gatos. However, there may be circumstances when the construction of a BMP unit is impractical. The Town, in limited circumstances, at its sole discretion, may consider an in-lieu payment alternative to the required BMP for a project with an underlying zone of HR or a residential project, mixed-use project, multiple-family dwelling project, residential condominium project, condominium conversions, and all residential planned development projects with five to nine units with an underlying zone of HR. The required in-lieu fee shall be paid prior to or at time of final occupancy as follows:

Multi-Family Projects: Prior to occupancy of each phase, a proportional amount of fees shall be paid, as determined during the Planning approval process; and

Single-Family Projects: At time of final occupancy for each unit. The Town Council, in limited circumstances, at its sole discretion, may consider off-site construction of BMP units for continuum care facilities and for residential projects, mixed-use projects, multiple-family dwelling projects, residential condominium projects, condominium conversions, and residential planned development projects with five (5) to nine (9) units with an underlying zone of HR that have provided sufficient justification to the Town that an on-site BMP unit is not viable.

The developer of "for sale" BMP units shall enter into an affordability agreement with the Town. The agreement will ensure that the BMP units are sold to qualified buyers and will be released by the Town through the escrow process once the BMP is sold to a qualified buyer. Because the BMP Program regulates the number of affordable units required as part of new residential construction in Los Gatos, the program could be considered a constraint on market-rate housing development. However, because the BMP Program requires the construction of affordable units with every new qualifying development, the Town sees this program not as a constraint, but as an opportunity to create and preserve affordable housing for the community. Based on a track record of successful development and preservation of affordable housing through the BMP Program, Los Gatos does not consider the program to be a constraint on affordable housing development; nevertheless, the Town proposes an implementation program N to study the BMP Program and implement recommendations to augment and improve it in order to facilitate the construction of more units.

The program is also an incentive to encourage further residential development, as BMP units in a project are not included when calculating the allowable density. This Housing Element includes an action to amend Town's existing Density Bonus Ordinance to reflect current State Law and to conduct a study to evaluate the Town's Density Bonus Ordinance, the implementation of the ordinance, and its impact on producing affordable units, as well as providing for incentives beyond State requirements.

The 2013 court case, *Latinos Unidos del Valle de Napa y Solano v. County of Napa* found that inclusionary units required by a local jurisdiction's inclusionary ordinance qualify as affordable units for the purposes of Density Bonus Law. Therefore, developments that are subject to the Town's BMP requirements are able to benefit from incentives and concessions provided by State Density Bonus Law.

Number of Units Required Under the BMP Program

As described above, all residential projects that include five or more residential units or parcels are required to participate in the BMP Program. The requirements for participation increase by development size:

1. Five to 19 market rate units: The developer shall provide a minimum number of BMP units equal to 10 percent of the number of market rate units;

2. 20 to 100 market rates units: The developer shall provide a minimum of BMP units as determined by the following formula: Number of BMP units = (.225 x total # of market rate units) - 2.5. This formula acts to increase the number of BMP units required, as a percentage of market-rate units, from 10 percent to 20 percent over the range of 20 to 100 market rate units; and
3. 101 units or more: The developer shall provide a minimum number of BMP units equal to 20 percent of the number of market rate units.

BMP dwellings within a project of rental units should also be rental units. BMP units within a project of owner-occupied units should also be designated as units for purchase. BMP units within a project that contains both rental and owner-occupied units shall also be designated as both rental and as units for purchase, in a ratio similar to that of the market rate units. The Town and developer may negotiate to provide more BMP units than required by the guidelines.

Affordability Levels Under the BMP Program for Owner Occupied Units

BMP units shall be priced to be affordable to households in two income categories:

1. Moderate Income Households: Those whose income is above 80 percent, but no greater than 120 percent, of the Median Family Income (MFI); and
2. Low Income Households: Those whose income is above 50 percent, but no greater than 80 percent, of the MFI.

50 percent of the units in a project should be priced to be affordable to Moderate Income Households and 50 percent should be priced to be affordable to Low Income Households. Whenever the calculations result in fractional units, then the number of units priced to be affordable to Low Income Households shall be rounded up to the next whole number, and the number of units priced to be affordable to Moderate Income Households shall be rounded down to the next whole number, including zero. An example of this formula is provided below in Table C-12.

Table C-12 Inclusionary Requirements

Total Number of BMP Units in Project	Units Priced for Low Income Households	Units Priced for Median Income Households
1	1	0
2	1	1
3	2	1

Source: Town of Los Gatos, Below Market Price Program Guidelines.

In order to be eligible to purchase an owner-occupied BMP unit, an applicant's annual household income must be no greater than 120 percent of the MFI, adjusted for household size, as defined by the United States Department of Housing and Urban Development (HUD) for the San Jose, CA Primary Metropolitan Statistical Area (PMSA).

Affordability Levels Under the BMP Program for Rental Units

Rent for a BMP rental unit may not exceed 80 percent of the most current Fair Market Rents as determined by the Santa Clara County Housing Authority.

In order to be eligible to rent a BMP rental unit, a household's annual income must be no greater than one hundred and 120 percent of the MFI, adjusted for household size, as defined by the HUD for the San Jose, CA PMSA. Priority is given to those households whose income is less than 50 percent of the MFI.

Tenant selection is managed by the property owner or manager of the development. An application from a tenant selected by the property owner or manager is forwarded to the administrator of the Town's BMP Program for verification of income eligibility. Once a year, an annual re-certification of income is completed to verify that tenants are eligible to remain in the BMP rental unit.

Tenants of BMP rental units are eligible to receive conciliation and mediation services provided by Project Sentinel through the Town's Rental Dispute Resolution Program.

Affordable Housing In-Lieu Fee Fund

In-lieu fees are paid into the Town's Affordable Housing Fund and are calculated as six percent of building permit valuation as determined by the Building Official. As previously noted, these fees may be paid by developers instead of building an affordable housing unit(s) under the BMP Program, in limited circumstances and at the sole discretion of the Town. Use of the Below Market Price Housing In-lieu Fees includes, but is not limited to:

- Providing financial assistance for home repairs for lower income households, low-income seniors and low-income mobile homeowners (Implementation Programs I and AJ).
- Purchasing housing units to make them affordable to low and/or moderate-income households (Implementation Program P).
- Contributing funding to support countywide programs that provide home repair and accessibility improvements for lower income households (Implementation Program AU).
- Fee deferrals or reductions for affordable housing (Implementation Program O).
- Allocating a percentage of the funding to subsidize housing for extremely low-income households (Implementation Program N).
- Funding administration of the program, as approved by the Town Council in its annual budget process.
- Waiving building fees when an ADU is deed restricted for very low- and low-income households (Implementation Program Q).

The Town has not received negative feedback from developers on the Town's inclusionary ordinance requirements in terms of affecting project viability. The BMP Program is similar to surrounding cities with a sliding scale for the required number of affordable units, and is generally accepted by the regional development community, as shown in Table C-13. Developments that fall under the BMP Program requirement would be eligible for State density bonus provisions (Government Code § 65915) that help support the financial viability of providing affordable units. This additional fee levied on developers may be considered a constraint on housing development; however, the fees are paid into a fund that will be used to develop more affordable housing in Los Gatos. Given the low rate of construction of affordable units, the Town proposes to study the BMP Program and implement recommendations to augment and improve it in order to facilitate the construction of more units.

Table C-13 Inclusionary Requirements

Jurisdiction	Inclusionary Requirement
Campbell	15%
San Jose	15% (20% for off-site)
Los Gatos	10-20%
Cupertino	15-20%

Rental Dispute Resolution Program

The Los Gatos Rental Dispute Resolution Program provides conciliation, mediation and arbitration services for both renters and landlords in Los Gatos. The program is administered by Project Sentinel, a local non-profit organization contracted by the Town. This program is not considered a constraint on housing development in Los Gatos. Los Gatos renters may also contact Neighborhood Housing Services Silicon Valley for assistance.

The Town helps preserve affordable rental housing costs through the Rental Mediation and Dispute Resolution Ordinance which applies to rental complexes of three or more units. The ordinance sets an annual limit on rent increased to five percent unless the landlord is able to demonstrate capital or financing costs to justify a greater increase. The Town has similar rent controls for mobile home units.

Mobile homes are an affordable housing resource in the Town of Los Gatos. They are often owned by seniors, households on fixed incomes, and households within the lower and moderate-income categories. Mobile home tenants are in the unique position of having made a substantial investment in a housing unit for which ground space is rented. The Mobile Home Ordinance establishes rent increase control within mobile home parks to ensure that a variety of housing types, including mobile homes, remain viable options to lower and moderate-

income households in the community. Rents in mobile home parks cannot be increased by more than five percent annually unless operations and maintenance expenses significantly increased within the most recent year in comparison to the previous year.

State Mandated Density Bonus Ordinance

The Density Bonus Program allows qualified projects to add up to 100 percent of the units provided by the General Plan land use designation as long as these additional units are restricted to seniors, disabled persons, very low and/or low-income households.

Over the last Housing Element cycle, the Town approved the North 40 Phase One development which included 49 very-low income and one moderate-income manager unit as density bonus units.

The Town adopted the State Density Bonus Ordinance in June 2012. The program allows densities, incentives, concessions and maximum parking standards. In addition, the Town modified the program to apply to senior and physically handicap populations. The State Density Bonus Program provides opportunities to build additional, affordable units in Los Gatos; consequently, this program is not considered a constraint on housing development. The Town is including an implementation Program to amend the Density Bonus Ordinance to comply with new requirements of State law since the 2012 ordinance was adopted.

Constraints on Housing for Persons with Disabilities

State law requires that the Housing Element analyze governmental constraints to housing for persons with disabilities. How a jurisdiction defines "family" in its zoning regulations can be a potential constraint to facilitating housing for persons with disabilities. The existing definition of "family" in the Town Code is "one or more persons who comprise a single housekeeping unit" or "households of six or fewer persons living in a residential care facilities small family home as defined by the California Community Care Facilities Act."

In Los Gatos, group homes are defined by the Town Code as synonymous with small family home residential care facilities, which are defined by the Town Code as "a residential care facility in the dwelling of a licensee in which care or supervision is provided for six or fewer persons. Whether or not unrelated persons are living together, a residential facility that serves six or fewer persons shall be considered a residential use of property for the purposes of this article. In addition, the residents and operators of such a facility shall be considered a family for the purposes of any law or zoning ordinance which relates to the residential use of property." Group homes are permitted by right in all residential districts, consistent with State law, and are permitted with a CUP in the Office (O), Neighborhood Commercial (C-1), Central Business District (C-2), and Restricted Highway Commercial (CH) zones. The Town imposes no spacing or concentration requirements on any of the allowed residential care facilities. Large family home residential care facilities, which have a capacity for seven to 12 children or seven to 15 adults are allowed in all districts with a CUP, except where large family homes are prohibited in the RMH, LM, and CM districts.

The CUP requirement for residential care facilities for seven or more is a housing constraint. Implementation Program AP has been added to allow group homes of seven and more residents by-right in all residential zones conforming with HCD's Group Home Technical Advisory (Dec 2022).

Generally, the Town facilitates housing for persons with disabilities by following the accessibility requirements of the California Title 24 Multi-family Accessibility Regulations for multi-family housing of three or more units. Housing rehabilitation assistance and accessibility improvements are provided through the Town's Community Services and Community Development departments.

The Town encourages accessibility improvements by requiring that specific design features be incorporated into all new residential home projects as a condition of approval. These requirements include:

- A wooden backing that is no smaller than 2 inches by 8 inches in all bathroom walls, at water closets, showers, and bathtubs. It will be located 34 inches from the floor to the center of the backing, suitable for the installation of grab bars.
- All passage doors of at least 32 inches wide on the accessible floor.
- A primary entrance that is a 36-inch-wide door, including a five-foot by five-foot level landing, no more than one inch out of plane with the immediate interior floor level, with an 18-inch clearance.

In 2013, the Town adopted a procedure for requesting reasonable accommodation for persons with disabilities seeking equal housing access under the Federal Fair Housing Act and the California Fair Employment and Housing Act and in accordance with State housing law. A request for reasonable accommodation may include a modification or exception to the standards and practices for the siting, development, and use of housing or housing-related facilities that would eliminate regulatory barriers to accessible housing. Requests for reasonable accommodation shall be reviewed by the Planning Director within 45 days of the request. However, if the request is concurrent with a discretionary land use application, then the body overseeing the discretionary land use application will also make a determination on the reasonable accommodation request. There are seven mandatory criteria for granting a reasonable accommodation request:

- The housing will be used by an individual disabled under the Federal Fair Housing Act and the California Fair Employment and Housing Act.
- The request is necessary to make specific housing available to an individual with a disability.
- The request would not impose an undue financial or administrative burden on the Town.
- The request would not require a fundamental alteration in the nature of a Town program or law, including but not limited to land use and zoning.
- There would be no impact on surrounding uses.
- Due to physical attributes of the property or structures the request is necessary.
- There is no alternative reasonable accommodation which may provide an equivalent level of benefit.

By adopting a formal procedure, the Town has provided an objective process with clear directions for both the applicant and the decision makers. However, the criteria requiring “no impact on surrounding uses” is subjective and could be considered a constraint for granting a reasonable accommodation request. Therefore, Implementation Program AP has been added modifying Municipal Town Code Section 29.10.530(a) to remove criteria number five regarding impact on surrounding uses.

Emergency Shelters and Low Barrier Navigation Centers

An emergency shelter is a facility that provides shelter to homeless families and/or homeless individuals on a limited short-term basis. SB 2 (2007) requires that unless adequate shelter facilities are available to meet a jurisdiction's needs (based on the most recent point-in-time count of unsheltered persons), emergency shelters must be allowed by-right in at least one zone that has adequate capacity for development of new shelters. Emergency shelters are currently a permitted use in the CM (Controlled-Manufacturing) zone. However, newly enacted AB 2339 (2022) requires that emergency shelters be permitted by-right in a zone where other residential uses are permitted. While the CM zone allows for live/work units, based on further analysis, the LM (Commercial-Industrial) zone better fits the intent of the AB 2339 requirements. Therefore, a program has been added to the Housing Element to allow emergency shelters as a permitted use in the LM zone. The following analysis provides further information on the LM zone and its potential for shelter development.

According to the 2022 Point-in-Time Count for Santa Clara County, there were an estimated 58 unsheltered people residing in Los Gatos. Based on the Town’s maximum shelter size of twenty beds, a minimum of three shelters would be necessary to accommodate the unsheltered population. Based on the standard of approximately 200 square feet of site area per person established by AB 2339, a total of 11,600 square feet (0.27 acres) divided among three parcels is necessary. The LM zone consists of 55 parcels ranging from 4,600 square feet to 132,007 square feet. The LM parcels along University Avenue generally bounded by Blossom Hill Road to the north and Roberts Road/Andrews Street are appropriate for emergency shelter development. About 20 parcels in this area range in size from 4,600 square feet to 10,000 square feet. These parcels are located directly adjacent to multi-family residential zones to the east and C-1 zoned parcels to the west (where multi-family residential units are allowed as part of mixed-use projects). This area has access to services located in adjacent commercial areas and access to Valley Transportation Authority Route 27 bus stops within 0.25 miles. The median age of structures in this area is 65 years and there are eight parcels with an improvement-to-land value ratio (ILR) below 1.0. An ILR below 1.0 means the improvements on the site are worth less than the land, and generally indicates a lack of recent investment in repairs and renovations. For these reasons, staff believes that there is potential for adaptive reuse as shelters for these LM zoned parcels. Additionally, these parcels are not located in a Very High Fire Hazard Area or in an area at risk of flooding. Further, the majority of parcels in this area have service-related commercial uses and therefore, do not have the hazardous waste contamination concerns associated with some industrial uses.

Emergency shelters in Los Gatos are currently subject to the following requirements (Municipal Code Section 29.70.220(4)):

- Twenty (20) or fewer beds;
- Six (6) or fewer administrative staff members or employees;
- Operating hours limited from 5:00 p.m. to 9:00 a.m. daily;
- Conforming to all applicable building and housing codes, as determined by the Building Official.

As part of the implementation program, the Town will also review these standards against state law to ensure that they align with all State requirements.

AB 101, adopted in 2019, requires approval 'by right' of low barrier navigation centers that meet the requirements of State law. A "Low Barrier Navigation Center" means a Housing First, low barrier, service-enriched shelter focused on moving people into permanent housing that provides temporary living facilities while case managers connect individuals experiencing homelessness to income, public benefits, health services, shelter, and housing. If the City receives applications for these uses, it will process them as required by State law. Program AP, has been included in the Housing Element to develop by right procedures for processing low barrier navigation centers.

Employee Housing

California Health and Safety Code Section 17021.5 (Employee Housing Act) requires jurisdictions to permit employee housing for six or fewer employees as a single-family use. Employee housing shall not be included within the zoning definition of a boarding house, rooming house, hotel, dormitory, or other similar term that implies that the employee housing is a business run for profit or differs in any other way from a family dwelling. Jurisdictions cannot impose a CUP, variance, or other zoning clearance of employee housing that serves six or fewer employees that is not required of a family dwelling of the same type in the same zone. The Town's Zoning Code allows residential care facility, small family home by right in all residential zones.

Any zone in the Town that allow agriculture uses, must comply with California Health and Safety Code Section 17021.6, requiring employee housing consisting of no more than 12 units or 36 beds to be permitted in the same manner as other agricultural uses in the same zone. Implementation BC has been added to address this requirement.

Farmworkers

The Town of Los Gatos does not currently have any identified farmworkers. Given the lack of farmworkers in the community, the Town has not identified a need for specialized farmworker housing beyond overall programs for housing affordability.

C.3 Non-Governmental Constraints to Housing Development

Market constraints to housing development in Los Gatos are the primary non-governmental impediment to housing production. The Town is located near Silicon Valley jobs and offers residents desirable amenities such as an historic downtown and a school district in which student performance ranks in the top four percent of the State.

Development Costs

In January 2022, the Santa Clara County Planning Collaborative distributed a survey to Santa Clara County jurisdictions to better understand the fees and processing times involved in the development of single-family and multi-family housing. Fourteen out of sixteen jurisdictions responded with locally collected data, which

Collaborative staff used to identify major trends and produce data tables[1]. Additionally, the real estate economics consulting firm Century Urban conducted independent research on land and development costs[2]. Data and preliminary reports can be found on the Collaborative website: citiesassociation.org/constraints.

The cost of development is generally high in Santa Clara County and represents a significant constraint on the production of both single-family and multi-family housing. According to analysis by Century Urban, average development costs for single-family homes in the county range from $1,667,000 to $5,910,000. The cost of land and the size of the units are the two factors causing the most variance. Multi-family development costs are also quite high, though lower on a per unit basis compared to single family homes. Based on a survey of local development costs, Century Urban estimates the average cost per unit for a 10-unit prototype at $726,000 to $846,000. The average cost per unit to develop a 100-unit building ranges from $672,000 to $792,000.

Jurisdictions were asked to estimate development fees based on the following hypothetical housing types and related detailed assumptions:

- Single-Family: A new single-family house on an empty lot, 2,600 square feet or 5,000 square feet, in an existing neighborhood with no significant grading or other complicating factors.
- Small Multi-family: A project that includes 10 units in one building on one acre, where no zoning changes are required and permitting is by-right with medium complexity.
- Large Multi-family: A project that is comprised of 100 units on two acres, 80,000 total square feet, with construction type V over a concrete podium.

Century | Urban was engaged by Baird + Driskell, hired by Association of Bay Area Governments (ABAG) Planning Collaborative to perform research on the development costs of certain residential prototypes in Santa Clara County. The estimates shown below are based on data and sources including but not limited to: similar projects Century | Urban has underwritten and/or priced; specific project economics Century | Urban has reviewed; direct conversations with developers and cost estimators; database research including CoStar, MLS, Redfin, and title databases; online research sources including municipality and project websites; market reports compiled by real estate sales and research organizations; and, Century | Urban's general experience assessing residential project feasibility in the San Francisco Bay Area.

Land Costs

The price of land also varies across the county based on site conditions and location, but land costs in Santa Clara County are notably higher than costs in neighboring counties. Century Urban estimates the average land price in Santa Clara County for single-family homes (based on sales within the last three years) at $1,320,000. Land costs are lower for multi-family developments, estimated at $600,000 for small developments and $6,000,000 for large developments, or $60,000 per unit. The data does not include properties with existing homes or infrastructure that were redeveloped as new single-family homes, and the data for some cities is limited.

As the data collected is not comprehensive, summaries and averages may be valuable for reaching overall conclusions about the range of land prices in the counties, but they may or may not be representative of a given city's average or median land price or the land price for a given parcel. The information should therefore be reviewed noting the limited number of data points for certain cities, including Los Gatos where only 15 data points were available. Land prices vary substantially by location, topography, site conditions, shape of the parcel, neighboring uses, access, noise, and many other factors. In addition, completed sales are necessarily past transactions and may not represent the current state of the market and expected future land sale prices.

There are very few vacant parcels zoned for multi-family development, and such parcels demand premium prices because of the high demand to live in Los Gatos. Additionally, most parcels have existing improvements that

[1] Santa Clara County Planning Collaborative, 2022. Summary of Constraints Survey Data. citiesassociation.org/documents/constraints-survey-data-summary-2022

[2] Century Urban, 2022. San Mateo and Santa Clara Counties Development Cost & San Mateo County Unit Mix Research. citiesassociation.org/documents/development-cost-data.

increase acquisition costs. Countywide, the land costs for multi-family development sites cost approximately $60,000 per unit.

Hard and Soft Costs

Soft costs for housing development include the cost of architectural, engineering, accounting, legal and other professional services, as well as the cost of obtaining permits and paying government-imposed fees. Carrying costs and the cost of construction financing can also be considered soft costs. Century Urban's analysis finds that soft costs (such as impact fees and costs accumulated through permitting delays) are hard costs. Hard costs include the costs of labor and materials.

Hard costs are very high in Santa Clara County, and both the high cost of labor and the high cost of materials could be considered constraints on housing development. According to analysis by Century Urban, residential hard and soft costs do not vary significantly across Santa Clara County.

Hard and soft costs contribute significantly to the overall cost of developing new housing. Hard costs comprise over half of development costs for multi-family housing. Although hard costs are significant for single-family production as well, they comprise a lower percentage of overall costs because of the larger role of land costs in single-family construction. High hard costs are difficult for individual jurisdiction to mitigate.

- Single-family detached ~2,660 square feet: $81 to $965 per square foot.
- Single-family detached ~5,000 square feet: $714 to $1,174 per square foot.
- Multi-family apartments/condominiums less than 10 units on one acre: $726,500 to $846,500 per unit.
- Three- to four-story 100-unit multi-family apartment/condominiums with type V construction over a concrete podium parking: $672,500 to $792,500 per unit.

Availability of Financing

The residential real estate market is strong in the Town of Los Gatos. Local realtors and developers have noted that Los Gatos was affected by the home mortgage foreclosure crisis that plagued many communities in the last fifteen years. Adjustable-rate mortgages, jumbo loans (those above $417,000), and Government-insured Federal Housing Administration home purchase loans, in addition to all-cash offers, are common in Los Gatos. Adequate financing through local banks is available to the Los Gatos community.

The Housing Trust of Santa Clara County offer three low-interest, down payment or closing cost loan programs for income qualified buyers in Los Gatos. Participation in this program includes homebuyer education classes. The County of Santa Clara Office of Affordable Housing administers three homebuyer assistance programs. The Home Investment Partnerships Program offers down payment assistance for first-time buyers. The Mortgage Credit Certificate Program reduces the federal income taxes of qualified borrowers purchasing qualified homes, thus acting like a mortgage subsidy. The Down payment Assistance Program for First-time Buyers offers a subsidy for borrowers meeting a maximum income limit and maximum purchase price limit.

The Home Mortgage Disclosure Act (HMDA) requires the reporting of data on residential loan applications, which provides insight into the availability of financing in the community. Table C-12 summarizes HMDA data for the San Jose, Sunnyvale, Santa Clara MSA. As shown in the table below, approximately 25 percent of all loan applications for the lowest income group are denied.

Table C-13 Home Purchase and Improvement Loans

Income Group	Loan Applications	Loans Approved (Originated)		Loans Denied	
		#	%	#	%
>50% of MSA AMI	9,757	4,518	46.3%	2,550	26.1%
50-79% of MSA AMI	19,780	12,673	64.1%	2,683	13.6%
80-99% of MSA AMI	8,535	5,775	67.7%	852	10.0%
100-119% of MSA AMI	28,507	20,122	70.6%	2,361	8.3%
≥120 of MSA AMI	87,715	59,930	68.3%	6,951	7.9%
TOTAL	**154,294**	**103,018**	**66.8%**	**15,397**	**10.0%**

Source: Home Mortgage Disclosure Act (HMDA), 2020
MSA – Metropolitan Statistical Area
AMI – Area Median Income

Environmental Constraints

The environmental setting affects the feasibility and cost of residential development. These areas contain environmental constraints on development, such as steep slopes, landslide hazards, fire hazards, or flood hazards, and therefore, much of the undeveloped land has been set aside as open space. The Town is adjacent to other built out communities and nestled against the Santa Cruz Mountains, limiting opportunities for expansion. The following are environmental constraints and hazards that affect, in varying degrees, existing and future residential developments.

Urban and Wildland Fire Hazards

Wildfires are becoming an all too regular event in California, and both urban and wildland fires are a threat to the Town of Los Gatos. Wildfires that burn exclusively in uninhabited natural areas generally pose little risk to lives or property, although the smoke from such fires may cause respiratory problems for people nearby. Fires that occur along the wildland-urban interface (WUI) are much more of a hazard, as they can spread into urbanized areas. Wildfire risk is dependent on several factors, including the amount and type of vegetation in the area, weather, and local topography. Factors such as narrow, winding roads and vegetation also slow response to fires, increasing the risk of spread.

Based on the increased potential for devasting wildfires in Santa Clara County and the Town of Los Gatos, CAL FIRE developed and adopted “Fire Hazard Severity Zone” maps. These maps highlight that most of the County is located within the “high” fire severity zone, with smaller portions of the County within the “moderate” and “very high” fire severity zones. More than half of the southern portion of the Town is in the Very High Fire Hazard Severity Zone, with most of the areas to the south in the High or Moderate zones. The Town must therefore strongly incorporate fire hazard mitigation into its land use decisions and requirements to protect residents and property. Potential impacts are mitigated by policies in the 2040 General Plan Hazards and Safety Element including the following:

- Require new development, including additions to existing structures, located in or adjacent to fire hazard areas to minimize hazards to life and property, by using fire preventive site design, access, fire-safe landscaping, building materials, and incorporating defensible space and other fire suppression techniques.
- Minimize exposure to wildland and urban fire hazards through proactive code enforcement, public education programs, use of modern fire prevention measures, quick and safe access for emergency equipment and evacuation, and emergency management preparation.
- Restrict development in areas with inadequate water flow or emergency access.
- Monitor and remove excessive buildup of flammable vegetative materials on Town properties and along critical ingress/egress routes in the WUI.

Geological and Seismic Hazards

The San Francisco Bay Area is in one of the most active seismic regions in the United States. Los Gatos is near several active faults including the San Andreas, Hayward, and Calaveras Faults. Ground shaking is the primary risk in an earthquake and can set off a chain reaction of secondary landslides and liquefaction, or loss of soil strength. The region around the Lexington Reservoir also has higher risk of ground shaking should an earthquake occur. Implementation of applicable building codes and geotechnical investigations will minimize potential loss of life and damage to property from primary and secondary seismic hazards and siting essential structures and services outside high-risk areas will enable faster emergency response after an earthquake.

Seismic activity within or near the Santa Clara County region has historically caused significant damage to buildings and infrastructure in the Town of Los Gatos due to ground shaking and landslides. Five earthquakes have affected Los Gatos in the 20th century, with the 1906 San Francisco and 1989 Loma Prieta earthquakes having the highest magnitude. Potential impacts are mitigated by policies in the Draft 2040 General Plan Hazards and Safety including the following:

- Require new development to be sited away from high risk geologic and seismic hazard zones or, if located in a high-risk zone, incorporate construction techniques or specialized technologies to reduce risk. Restrict new development and redevelopment based on the levels of risk and potential severity of geologic hazards.
- Require geotechnical reports analyzing seismic hazards, grading, and construction methods.
- Require that a licensed geologic/geotechnical engineer complete the Town Geologic Hazards Checklist for all new proposed development to demonstrate that potential hazards have been identified and that proposed structures, including grading cuts and fills, will be designed to resist potential earthquake effects.
- Implement the Hillside Development Standards and Guidelines.

Flood and Inundation Hazards

Flooding can threaten life, safety, and property and can occur in a number of ways. The level in a body of water, such as a lake or creek, can rise higher than the water body's banks, causing it to overflow into nearby areas. Heavy precipitation can overwhelm the ability of soil to absorb water or storm drains to carry it away, causing water to build up on the surface. Localized flooding may also occur as a result of infrastructure failure, such as a burst water tank or pipe. In Los Gatos, the floods that are of most concern are from heavy rainfall causing local flooding or flash floods. Flooding puts various populations in Town at risk. A 500-year flood could affect upwards of 28,000 people and cause $10 billion of structural damage.

Beyond localized flooding, Los Gatos faces a flood threat from dam inundation. While less common, dam inundation is recognized in both the Town Emergency Operations Plan and Santa Clara County OAHMP. The Lexington Reservoir as contained by the James J. Lenihan Dam is the largest concern for dam inundation. Lexington Reservoir is the third largest reservoir in Santa Clara County storing 19,044 acre-feet of water. The potential inundation zone in the event of failure is significant, with the potential to affect over 3,000 people and damage over 1,000 structures. As future climate change-related impacts increase, localized flooding will become more common due to more extreme storms increasing the potential for more frequent and severe riverine flooding. Potential impacts are mitigated by policies in the Draft 2040 General Plan Hazards and Safety including the following:

- Require site planning and building design to mitigate identified flood and inundation hazards.
- Require that new development and substantial improvements to existing structures meet Federal and State standards when located within FEMA Flood Insurance Rate Maps (FIRMs) designated 100-year flood zones, as designated by current FEMA mapping.
- Cooperate with the Santa Clara Valley Water District to develop and maintain additional stormwater retention facilities in areas where they are needed or where the design capacity of existing retention facilities cannot be restored.

Hazards and Hazardous Materials

The use, manufacture, production, transportation, storage, treatment, disposal, and clean-up of hazardous materials and hazardous wastes present a potential threat to the health and safety of those who are using the

materials and those who could be affected by improper or accidental release or disposal. Hazardous materials include all toxic, flammable, combustible, corrosive, poisonous, and radioactive substances that possess the potential to bring harm to the public or the environment. The Town maintains a comprehensive list of Hazardous Waste and Substance sites where hazardous materials are present and cleanup activities are or may be necessary. Potential impacts are mitigated by policies in the 2040 General Plan Hazards and Safety Element.

Noise and Air Quality

Noise and air quality impacts associated with Highways 17 and 85, other high-volume arterial roadways, and the Union Pacific Railroad line parallel to and south of Highway 85 could potentially impact housing. The California Building Code and the Noise Element of the Los Gatos General Plan contain policies and standards that mitigate noise impacts, and the regulations of the Bay Area Air Quality Management District require careful study and mitigation of health risks from poor air quality. Potential impacts are mitigated by policies in the Draft 2040 General Plan Environment and Sustainability Element.

Environmental constraints to housing development are mitigated where public health, safety, and welfare can be protected.

Sites Inventory Analysis

D

APPENDIX

D.1 Vacant and Available Sites

The *Plan Bay Area 2050 Final Blueprint*[1] forecasts that the nine-county Bay Area will add 1.4 million new households between 2015 and 2050. For the eight-year time frame covered by this Housing Element Update, the Department of Housing and Community Development (HCD) has identified the region's housing need as 441,176 units. The total number of housing units assigned by HCD is separated into four income categories that cover housing types for all income levels, from very low-income households to market rate housing. This calculation, known as the Regional Housing Needs Allocation (RHNA), is based on population projections produced by the California Department of Finance as well as adjustments that incorporate the region's existing housing need. The adjustments result from recent legislation requiring HCD to apply additional adjustment factors to the baseline growth projection from California Department of Finance, in order for the regions to get closer to healthy housing markets. The adjustments focus on the region's vacancy rate, level of overcrowding, and the share of cost burdened households and seek to bring the region more in line with comparable areas. The new laws governing the methodology for how HCD calculates the RHNA resulted in a significantly higher number of housing units for which the Bay Area must plan compared to previous cycles.

D.2 Regional Housing Needs Allocation

In December 2021, ABAG adopted a Final Regional Housing Needs Allocation (RHNA) Methodology. For Los Gatos, the RHNA required to be planned for the 6th cycle Housing Element Update is 1,993 units, an increase of 322 percent from the last cycle.

RHNA Summary

Los Gatos' share of the regional housing need for the eight-year period from 2023 to 2031 is 1,993 units, which is a 322 percent increase over the 619 units required by the 2015 to 2023 RHNA. The housing need is divided into the four income categories of housing affordability. Table D-1 shows Los Gatos' RHNA for the planning period 2023 through 2031 in comparison to the RHNA distributions for Santa Clara County and the Bay Area region. With an update required every eight years by the State of California, this Housing Element covers a planning period from January 31, 2023, to January 31, 2031 (also referred to as the "6th cycle").

Table D-1 Los Gatos' Regional Housing Needs Allocation: 2023–2031

Income Group	Los Gatos Units	Percent	Santa Clara County Units	Percent	Bay Area Units	Percent
Very Low Income (<50% of AMI)	537	26.9%	32,316	24.9%	114,442	25.9%
Low Income (50%-80% of AMI)	310	15.6%	18,607	14.4%	65,892	14.9%
Moderate Income (80%-120% of AMI)	320	16.1%	21,926	16.9%	72,712	16.5%
Above Moderate Income (>120% of AMI)	826	41.4%	56,728	43.8%	188,130	42.6%
Total	1,993	100.0%	129,577	100.0%	441,176	100.0%

Source: ABAG 2021

[1] Plan Bay Area 2050 is a long-range plan charting the course for the future of the nine-county San Francisco Bay Area. It covers four key issues: the economy, the environment, housing and transportation

RHNA Credits Summary

The RHNA planning period for the ABAG region started on June 30, 2022. Housing units that were finaled, permitted, or approved after this date, or were under construction as of June 30, 2022, can be credited toward the RHNA.

A summary of the entitled/completed projects since June 30, 2022, permitted and finaled units, pipeline projects, and projected ADU's , is provided at the end of this appendix. The Town's RHNA requirements are included below in Table D-2 and RHNA credits total to 416 units, with a remaining RHNA of 1,577 units. The Town must identify adequate sites to accommodate the remaining RHNA.

Table D-2 RHNA Credits and Sites Strategies

RHNA Credit	Affordability Credit				
	Very Low-Income	Low-Income	Moderate-Income	Above-Moderate Income	Total
Entitled/Permitted/Under Construction/Finaled (June 30, 2022, to January 31, 2023)					
- Single-Family Units and Housing Projects	0	0	0	2	2
- ADUs	0	3	11	9	23
Pipeline Projects	0	1	0	190	191
Projected ADUs (1/1/2023-1/31/2031)	60	60	60	20	200
Total	60	64	71	221	416
RHNA	537	310	320	826	1,993
Remaining RHNA	477	246	249	605	1,577
Housing Element Overlay Zone (HEOZ) Sites	634	357	340	624	1,955
- Owner Interest/Conceptual Development Plans	480	283	264	304	1,331
- Additional Sites	154	74	76	320	624
Surplus above Remaining RHNA	157	111	91	19	378
% Surplus	33%	45%	37%	3%	24%

Source: Town of Los Gatos Community Development Department.

D.3 Sites Inventory

The purpose of the sites inventory is to identify and analyze specific sites that are available and suitable for residential development during the planning period between 2023-2031 in order to accommodate Los Gatos' assigned overall 1,993 RHNA units, specifically the 1,577 remaining units after taking into account units that can be credited against the RHNA. The Town does not build the housing but rather creates the implementation programs and policies to plan for where the housing can be located and how many units could be built on potential sites.

In 2017, Senate Bill (SB) 166 was signed into law and included new "no net loss" provisions that require communities to provide an ongoing, adequate supply of land resources for housing development during the entirety of the housing element update planning period. These provisions mean communities face risks of non-compliance should a housing site be developed with non-residential uses, lower residential densities, or residential uses at affordability levels higher than anticipated by the Housing Element. To avoid noncompliance, HCD advises communities to "buffer" their assigned RHNA numbers. The Sites Inventory includes 47 sites in order to have enough capacity for the RHNA and recommended buffer of at least 15 percent. The sites, calculated at their net, minimum density, in addition to Accessory Dwelling Unit (ADU) Projections, Pipeline Projects, and RHNA credits for housing units that were finaled, permitted, or approved after this date, or were

under construction as of June 30, 2022, have a total, net capacity of 2,371 units (1,993 units plus a 24 percent surplus).

D.4 Appropriate Density/Default Density

As a jurisdiction within a metropolitan statistical area of over 2 million, the Town's "default" density that can be assumed to accommodate lower income households is 30 dwelling units per acre (du/ac).[2] The following land use designations will allow for at least 30 du/ac within the Town for those sites within the proposed Housing Element Overlay Zone (HEOZ):

- High Density Residential: 30-40 du/ac
- Mixed Use Commercial: 30-40 du/ac
- North Forty Specific Plan: 30-40 du/ac

Table D-3 illustrates the proposed density, height, and FAR for the various districts within the HEOZ to facilitate additional housing. These changes to development regulations will significantly increase the viability of redeveloping existing uses.

[2] https://www.hcd.ca.gov/community-development/housing-element/housing-elementmemos/docs/default_2010census_update.pdf

Table D-3 Comparison of Development Regulations for the 2020 General Plan and Proposed HEOZ

	Density Range (du/ac)		Maximum Height (feet)		Lot Coverage (%)		Floor Area Ratio	
Land Use Designations	***2020 General Plan***	***HEOZ***	***2020 General Plan***	***HEOZ***	***2020 General Plan***	***HEOZ***	***2020 General Plan***	***HEOZ***
Low Density Residential	0 – 5	0 – 5	30*	30	40%*	Up to 50%	Pursuant to calculation in Section 29.40.075 of Town Code*	Pursuant to calculation in Section 29.40.075 of Town Code**
Medium Density Residential	5 – 12	14 – 22 or 5 – 12 if in VHFHS zone	30 or 35*	35	40%*	Up to 75%	Pursuant to calculation in Section 29.40.075 of Town Code or none*	Pursuant to calculation in Section 29.40.075 of Town Code**
High Density Residential	12 – 20	30 – 40	35*	45	40%*	up to 75%	None*	None**
Mixed-Use Commercial	10 – 20	30 – 40	35	45	Up to 50%	Up to 50%**	None*	Up to 3.0
Neighborhood Commercial	10 – 20	10 – 20	35	35	Up to 50%	Up to 50%**	None*	Up to 1.0
Central Business District	10 – 20	20 – 30	45	45	None*	None**	Up to 0.6	Up to 2.0
North Forty Specific Plan	20	30 – 40	As defined in Specific Plan	As defined in Specific Plan	As defined in Specific Plan	As defined in Specific Plan	As defined in Specific Plan	As defined in Specific Plan
* The 2020 General Plan is silent on this development standard. The applicable regulation under the Zoning Ordinance has been provided for context.								
** The 2023-2031 Draft Revised Housing Element is silent on this development standard and so development would be evaluated based on the underlying designation in the 2020 General Plan Land Use Element.								

Non-Vacant Capacity

The Town is relying on non-vacant sites to accommodate more than 50 percent of the RHNA for lower-income households. Because non-vacant sites comprise more than half of the Town's Sites Inventory, Government Code Section 65583.2(g)(2) requires that the Town analyze the extent to which existing uses may constitute an impediment to additional residential development, past experience in converting existing uses to higher density residential development, market trends and conditions, and regulatory or other incentives to encourage redevelopment. The Town will need to make findings based on substantial evidence that the existing use is not an impediment and will likely discontinue during the planning period. This section includes a description of the suitability of non-vacant sites, policies that will contribute to the development of nonvacant sites, and an overview of recent affordable residential development throughout the region.

Development Trends

The Town has experienced a high demand for residential projects given recent legislation aimed at creating housing in a more streamlined process. For example, Site I-1, located at 401-409 Alberto Way received Planning entitlement approval for an office building; however, based on the discussions regarding the Housing Element and recent State housing legislation, the property owner has chosen to pursue a multi-family housing project. In addition to the North Forty Phase I project, other examples of housing projects within the fifth cycle Housing Element that occurred in commercial zones (which allow for 100 percent nonresidential uses) include:

1. 375 Knowles Avenue: Approval of a rezone from Office (O) to Office: Planned Development and a General Plan amendment from Public to Office Professional to allow for the construction of 33 single-family detached homes; and
2. 258 Union Avenue: Approval of a mixed-use building with three attached housing units and six detached single-family units on property zoned Neighborhood Commercial (C-1).

Over the past three years, there were no development applications in Mixed Use Commercial and North Forty Specific Plan areas. The only active development project in these mixed-use areas is a residential-only project with construction underway (253 units have been finaled). Implementation programs in the 6th cycle Housing Element Update contain land use intensifications to encourage the development of housing by allowing for greater densities, height, lot coverage, and floor area. However, the Land Use Element is in referendum, the outcome of which is anticipated by fall 2024. Since September 18, 2023, five projects have submitted SB 330 preliminary applications on 14849 Los Gatos Boulevard (132 units), 14859 Los Gatos Boulevard (mixed use development with 437 units), 50 Los Gatos-Saratoga Road (158 units), 101 S. Santa Cruz Avenue (mixed-use development with 72 units), and 220 Belgatos Road (30 units). One formal SB 330 application for 405 Alberto Way (52 units) has been submitted to the Town. Given the interest in residential and mixed-use developments, it is expected that residential uses will redevelop with a greater frequency than the slower pace of the previous Housing Element cycles. There have been no 100 percent nonresidential development applications in the last few years.

Table D-4 on the following page summarizes recent residential development in the Town and nearby cities. It includes examples of denser residential redevelopment on single-family and multi-family uses, industrial uses, and commercial uses in the cities of Campbell and San Jose. The City of San Jose and City of Campbell examples are nearby to the Town and are included as examples of the types of existing uses that could be expected to be redeveloped in the Town based on the proposed Housing Element Overlay Zone (HEOZ). However, most of these projects have completed construction already and therefore, data on the site conditions (such as year built, building square footage, and improvement/land values, etc.) prior to redevelopment have already been deleted by the County Assessor's Office, and replaced with data for the new structures. Therefore, Table D-4 is intended to demonstrate the general trend of recycling in the Town and neighboring communities. Specific conditions of existing uses in Los Gatos that are conducive to redevelopment are discussed later under the subsection "Characteristics of Existing Uses" based on the characteristics of properties with SB 330 applications, as well as properties with expressed owner interests.

Table D-4 Development Trends in Los Gatos and Nearby Cities

Address	Project Type	Prior Use	Land Use	Zoning	Proposed Units	Proposed Density	Max Density
465 N. Santa Cruz Avenue	Pipeline Project	Commercial	Neighborhood Commercial	C-1	1	6	20
North Forty Phase I	Completed Project	Single-Family Residential, Commercial, and Agriculture	North Forty Specific Plan	North Forty Specific Plan	30*	20	20
14926 Los Gatos Boulevard	Pipeline Project	Vacant	Mixed-Use Commercial	R-1:10**	5	10	20
16179 E Mozart Avenue	Nearby Project in Campbell	Single-Family Residential	Low Density Residential	P-D	30	6	7.93
280 Dillon	Nearby Campbell Development	Industrial	Transit Oriented Mixed Use	P-D	118	27	22.64
300 Railway Avenue	Nearby Project in Campbell	Industrial, Vacant, Single-Family Residential	Commercial-Corridor Mixed Use	P-D	157	27	33.7
540 E Campbell Avenue	Nearby Project in Campbell	Industrial, Single-Family Residential	CC/Central Commercial	C-P-D	59	27	36.24
1725 S Bascom Avenue	Nearby Project in Campbell	Commercial	RCPO-Residential/Commercial/ Professional Office	P-D	168	27	36.45
14200 Union Avenue	Nearby Project in San Jose	Commercial	Neighborhood/ Community Commercial	CP (PD)	558	51	50
1410 S Bascom Avenue	Nearby Project in San Jose	Commercial	Neighborhood/ Community Commercial	CP (PD)	590	131	50
1312 El Paseo De Saratoga	Nearby Project in San Jose	Commercial	Regional Commercial	CP (PD)	930	87	N/A

* Mixed-use development consisting of 320 residential units, including 49 very low-income senior unit and one affordable manger unit.
** Applicant has requested approval for a Zone Change application from R-1:10 (Single-Family Residential with a minimum lot size of 10,000 square feet) to CH (Restricted Commercial Highway) for consistency with the General Plan land use designation of Mixed-Use Commercial

Property Owner Interest Form

As part of the Housing Element update outreach, the Town created a Property Owner Interest form that was made available on the Housing Element Update website to hear from property owners who may be interested in future housing development within the sixth cycle Housing Element update. The form contained 19 questions for the property owner to fill out, based on the criteria contained in HCD's Housing Element Sites Inventory Guidebook. Property owners were asked to identify the parcel size, present zoning, present use, existing site conditions, current lot configuration, availability of infrastructure, and the interest in the type of housing for the site. Parcels for which a Property Owner Interest Form was submitted to the Town are noted in the site details below.

There are 27 parcels with property owner interest. Of these parcels, four are reuse sites identified in prior housing elements (see Implementation Program AS). During the outreach for the 6th cycle Housing Element, the owners of 27 parcels expressed interest in developing housing on the sites that they own. Many property owners own more than one parcel that is contiguous to the other, and while each parcel may have its own APN, the parcels would likely be developed as a single, merged parcel. Of the sites on the inventory with owner interest in redevelopment, three include projects that have submitted pre-applications under SB 330.

Characteristics of Existing Uses

While the Town had not received applications for mixed use and multi-family development in the last few years, the characteristics of properties with SB 330 applications, as well as properties with expressed owner interests in redevelopment can be used to help identify similar properties with future redevelopment potential. These properties exhibit the following general characteristics:

- Improvement Value-to-Land Ratio (IVLR): As shown in Table D-5, the average IVLR of recent SB 330 properties and those with owner interest for redevelopment is 0.56, with the highest at 3.59. Typically, an IVLR of 1.00 of less is an indication of potential for redevelopment, as the building structures are worth less than the land. Most properties included in this sites inventory have very low improvement values compared to the land values (most are less than 1.0, with only a few hovering above 1.0). Among these properties that are non-vacant, the following general characteristics can be summarized:

  There are some exceptions. Commercial buildings often have high IVLR. For example, site C-8 is a dealership with a 20,000 square-foot showroom and other service areas. However, overall, the site has low utilization (FAR of only 0.24) and the structures are older. Sites F-1 and F-2 are commercial buildings that have higher than 1.0 IVLR with low site utilization (at 0.34 and 0.44 respectively).

- Floor Area Ratio (FAR): These sites have very low utilization of land with the average FAR being only 0.15, compared to the allowable between 1.0 and 3.0 for the proposed HEOZ, depending on base zoning. This analysis uses a threshold of less than 50 percent of the allowable FAR, if an FAR is set for the zone. If an FAR is not set for the zone, then 0.20 is used based on the average and range demonstrated by properties with owner interests.

- Age of Structures: Most buildings are at least 30 years old – the age where significant rehabilitation and system upgrades may be needed to modernize the buildings. This analysis uses a threshold of over 40 years.

- Number of Stories: Most properties with owner interest for redevelopment are just single-story buildings, except for site C-8 where there is 20,000 square-foot showroom and service areas. Existing buildings are below the 30-35 feet height allowable under the base zoning, and up to 45 feet for the proposed HEOZ. This analysis uses a threshold of building height less than the potential building height.

  In addition to having expressed interest from property owners to redevelop the sites within the next eight years, each of these sites also meet at least three of the four criteria described above. Table D-6 illustrates how the selected parcels meet these criteria.

Table D-5 Characteristics of Existing Uses on SB 330 Properties and Properties with Owner Interests

Site #	APNs	SB 330	Existing Uses	Average by Site			
				IVLR	FAR	Age of Structures	# of Stories
A-2	529-01-022	Yes	Post Office	0.79	0.34	56.0	1.00
A-3	529-04-083	No	Restaurant	1.14	0.28	53.0	1.00
B-1	529-24-001, 529-24-003, 529-24-032	Yes	Los Gatos Lodge	0.07	0.06	50.7	1.33
C-1	424-17-036	No	Ace Hardware	0.25	0.24	63.0	1.00
C-2	424-19-049, 424-19-048, 424-19-069	No	Office, personal services	0.34	0.22	55.3	1.33
C-3	424-19-067	No	Office, personal services	0.96	0.32	42.0	1.00
C-4	529-15-059	No	Retail commercial	1.04	0.33	60.0	1.00
C-5	529-16-069	No	Retail and auto related services	0.17	0.26	63.0	1.00
C-6	532-07-085, 532-07-086	No	Retail commercial, personal services	0.00	0.14	58.0	0.50
C-7	529-16-040	No	Car dealership	0.35	0.17	64.0	0.00
C-8	529-16-041	No	Car dealership	3.59	0.24	50.0	2.00
C-9	424-14-034, 424-14-035	No	Car dealership	0.51	0.07	56.0	0.50
D-1	424-07-094, 424-07-095, 424-07-053, 424-07-009, 424-07-081, 424-07-115, 424-07-116	Yes	Single-family homes and agricultural uses	0.55	0.03	49.9	0.83
D-6	424-07-064	Yes	Single-family home	1.16	0.03	103.0	1.00
G-1	527-49-048, 527-49-049	No	Gas station and retail	1.07	0.13	58.5	1.00
H-1	527-32-028	No	Gas station	0.26	0.05	53.0	1.00
I-1	529-23-018	Yes	Office buildings (already demolished)	0.00	0.38	57.0	3.00
Range				0.07-3.59	0.03-0.38	42.0-103.0	0.0-3.0
Average	(nonvacant parcels)			0.64	0.15	55.5	1.08

Table D-6 Sites Inventory Selection Criteria

Site #	APN	Proposed Zoning	Existing Uses	Vacant	Owner Interest	SB 330	Existing FAR	Max FAR	% Max FAR	Parcel IVLR < 1.0	Site IVLR <1.0	Age	Floors
A-2	52901022	C-2:HEOZ	Commercial		Y		0.34	2.00	17%	0.79	0.79	56	1
A-3	52904083	C-2:HEOZ	Commercial		Y		0.28	2.00	14%	1.14	1.14	53	1
B-1	52924001	CH:PD:HEOZ	Hotel/motel		Y	Y	0.02	3.00	1%	0.17	0.06	87	2
B-1	52924032	CH:PD:HEOZ	Hotel/motel		Y	Y	0.15	3.00	5%	0.04	0.06	65	2
B-1	52924003	CH:PD:HEOZ	Hotel/motel		Y	Y	0.00	3.00	0%	0.00	0.06	0	0
C-1	42417036	C-1:HEOZ	Commercial		Y		0.24	1.00	24%	0.25	0.25	63	1
C-2	42419048	CH:HEOZ	Commercial		Y		0.11	1.00	11%	0.10	0.39	61	1
C-2	42419049	CH:HEOZ	Commercial		Y		0.27	3.00	9%	0.35	0.39	62	1
C-2	42419069	CH:HEOZ	Commercial		Y		0.27	3.00	9%	0.58	0.39	43	2
C-3	42419067	CH:HEOZ	Commercial		Y		0.32	3.00	11%	0.96	0.96	42	1
C-4	52915059	CH:HEOZ	Commercial		Y		0.33	3.00	11%	1.04	1.04	60	1
C-5	52916069	CH:HEOZ	Commercial		N		0.26	3.00	9%	0.17	0.17	63	1
C-6	53207085	C-1:HEOZ	Commercial		Y		0.28	1.00	28%	0.00	0.11	58	1
C-6	53207086	C-1:HEOZ	Vacant	Y	Y		0.00	1.00	0%	0.00	0.11	0	0
C-7	52916040	CH:HEOZ	Commercial		Y		0.17	3.00	6%	0.35	0.35	64	1
C-8	52916041	CH:HEOZ	Commercial		Y		0.24	3.00	8%	3.59	3.59	50	2
C-9	42414034	CH:HEOZ	Commercial		Y		0.00	3.00	0%	0.00	0.88	0	0
C-9	42414035	CH:HEOZ	Commercial		Y		0.13	3.00	4%	1.02	0.88	56	1
D-1	42407009	North Forty Specific Plan:HEOZ	Residential		Y	Y	0.07	N/A	N/A	0.27	0.32	82	1
D-1	42407053	North Forty Specific Plan:HEOZ	Residential		Y	Y	0.10	N/A	N/A	1.22	0.32	62	1
D-1	42407081	North Forty Specific Plan:HEOZ	Residential		Y	Y	0.02	N/A	N/A	1.75	0.32	51	2
D-1	42407094	North Forty Specific Plan:HEOZ	Residential		Y	Y	0.03	N/A	N/A	0.24	0.32	68	1
D-1	42407095	North Forty Specific Plan:HEOZ	Vacant	Y	Y	Y	0.00	N/A	N/A	0.00	0.32	0	0
D-1	42407115	North Forty Specific Plan:HEOZ	Residential		Y	Y	0.01	N/A	N/A	0.35	0.32	86	1

Site #	APN	Proposed Zoning	Existing Uses	Vacant	Owner Interest	SB 330	Existing FAR	Max FAR	% Max FAR	Parcel IVLR < 1.0	Site IVLR <1.0	Age	Floors
D-1	42407116	North Forty Specific Plan:HEOZ	Vacant	Y	Y	Y	0.00	N/A	N/A	0.00	0.32	0	0
D-2	42406115	North Forty Specific Plan:HEOZ	Residential		N		0.03	N/A	N/A	0.21	0.21	71	1
D-2	42406116	North Forty Specific Plan:HEOZ	Vacant	Y	N		0.00	N/A	N/A	0.00	0.21	0	0
D-3	42407010	North Forty Specific Plan:HEOZ	Residential		N		0.07	N/A	N/A	1.34	1.34	77	1
D-4	42407052	North Forty Specific Plan:HEOZ	Residential		N		0.24	N/A	N/A	2.25	2.25	83	2
D-5	42407054	North Forty Specific Plan:HEOZ	Residential		N		0.10	N/A	N/A	0.59	0.19	81	1
D-5	42407063	North Forty Specific Plan:HEOZ	Residential		N		0.04	N/A	N/A	0.15	0.19	74	1
D-6	42407064	North Forty Specific Plan:HEOZ	Residential		N	Y	0.03	N/A	N/A	1.16	1.16	103	1
D-7	42407065	North Forty Specific Plan:HEOZ	Residential		N		0.07	N/A	N/A	0.00	0.00	91	1
E-1	42408017	R-M:5-12:HEOZ	Residential		N		0.04	N/A	N/A	0.15	0.56	93	2
E-1	42408021	R-M:5-12:HEOZ	Residential		N		0.01	N/A	N/A	0.20	0.56	42	1
E-1	42408029	R-1:8:HEOZ	Vacant	Y	N		0.00	N/A	N/A	0.00	0.56	0	0
E-1	42408057	R-1:8:HEOZ	Vacant	Y	N		0.00	N/A	N/A	0.00	0.56	0	0
E-1	42408058	R-1:8:HEOZ	Residential		N		0.07	N/A	N/A	13.80	0.56	43	1
E-1	42408059	R-1:8:HEOZ	Residential		N		0.00	N/A	N/A	0.00	0.56	0	0
E-1	42408060	R-1:8:HEOZ	Vacant	Y	N		0.00	N/A	N/A	0.00	0.56	0	0
E-2	42408074	R-1:8:HEOZ	Vacant	Y	N		0.00	N/A	N/A	0.00	0.00	0	0
E-3	CalTrans	R-M:HEOZ	Vacant	Y	N		0.00	N/A	N/A	0.00	0.00	0	0
F-1	42432077	CM: HEOZ	Commercial		N		0.34	1.00	34%	2.33	2.33	41	1
F-2	42432076	CM:HEOZ	Commercial		N		0.44	1.00	44%	2.33	2.33	42	2
G-1	52749048	C-1:HEOZ	Commercial		Y		0.07	1.00	7%	0.50	0.78	59	1
G-1	52749049	C-1:HEOZ	Commercial		Y		0.19	1.00	19%	1.63	0.78	58	1
H-1	52732028	C-1:HEOZ	Commercial		Y		0.05	1.00	5%	0.26	0.26	53	1
I-1	52923018	CH:HEOZ	Vacant	Y	Y	Y	0.00	3.00	0%	0.00	0.00	0	0

Site Capacity

On sites with Property Owner Interest and/or conceptual development plans submitted, 1,331 units are projected: 480 very low income; 283 low income; 264 moderate income; and 304 above moderate-income units. Additional vacant and underutilized sites add another 624 potential units: 154 very low income; 74 low income; 76 moderate income; and 320 above moderate income.

Small Parcels

While the Sites Inventory in this Housing Element includes a few small "parcels", no small "sites" less than 0.5 acre are used to accommodate lower income RHNA units. A site is typically comprised of a few parcels. In this Sites Inventory, only parcels that are already consolidated or under common ownership, totaling more than 0.5 acre, are used to meet the lower income RHNA. The majority of property owners who have expressed interest in redevelopment have either communicated their interest through submittal of a Property Owner Interest Form and/or a SB 330 preliminary and/or formal application, in which a future development would comprise of merging multiple parcels into a single parcel. Sites that include small parcels are:

- B-1: 3 parcels (7.04 acres; 1.49 acres; and 0.28 acre) under common ownership (Los Gatos Lodge) and with expressed interest from property owner to redevelop the site, including the merging of three parcels into a single parcel. Access to the site is provided through a single entrance fronting along Los Gatos-Saratoga Road which serves all three parcels and that all parcels are under common ownership;
- C-2: 3 parcels (0.34 acres; 1.20 acres; and 1.34 acres) under common ownership and with expressed interest from property owner to redevelop the site, including the merging of three parcels into a single parcel. Analysis of the parcels has shown that there is potential for shared access given the parcels location with frontage along Los Gatos Boulevard, partial frontage along Garden Lane, and that all parcels are under common ownership;
- D-1: 7 parcels (2.90 acres; 0.78 acres; 0.44 acres; 0.44 acres; 3.74 acres; 6.07 acres; and 1.02 acres) and with expressed interest from property owner to redevelop the site, including the merging of seven parcels into a single parcel. Analysis of the parcels has shown that there is potential for shared access given the parcels location with frontage along Los Gatos Boulevard, the previous development pattern of the North Forty Phase I, and that all parcels are under common ownership;D-2: 2 parcels (1.17 acres and 0.11 acre) under common ownership, including the merging of two parcels into a single parcel. Analysis of the parcels has shown that there is potential for shared access given the parcels location along Burton Road, the smaller parcel (0.11 acre) is located at a dead-end road and would be dependent on a lot merger to provide for sufficient development area, and that all parcels are under common ownership. While the Town did not receive a property owner interest form, the site is located within Phase II of the North Forty Specific Plan Area where recent significant housing development is underway and such development often involves the merging of parcels;
- D-5: 2 parcels (0.56 acre and 0.26 acre) under common ownership. Analysis of the parcels has shown that there is potential for shared access given the parcels location along Burton Road, partial frontage along Los Gatos Boulevard, and that all parcels are under common ownership; While the Town did not receive a property owner interest form, the site is located within Phase II of the North Forty Specific Plan Area where recent significant housing development is underway and such development often involves the merging of parcels;

No other small parcels are used to meet the Town's lower income RHNA.

The Town's efforts to facilitate lot consolidation will be completed through Implementation Program K and will include the following actions:

- Opportunity sites outreach: The Town will conduct outreach to property owners in these areas to identify meaningful incentives to facilitate lot consolidation, lot assemblage and redevelopment in mixed-use and commercial areas.
- Development Incentives: The Town will consider the development of a Lot Consolidation Ordinance to include specific incentives such as: flexible development standards such as reduced setbacks, increased lot coverage, increased heights, reduced parking, and reduced fees.
- Technical assistance: The Town will work with property owners that are receptive to lot consolidation/lot assemblage to assist them in facilitating the parcel merge process in a streamlined and timely manner.

Residential Uses

Of the 47 parcels selected, there are nine parcels that are designated to only allow residential uses:

- Site E-1: 14800 Oka Road, APN 424-08-029, APN 424-08-059, APN 424-08-060, APN 424-08-058, APN 424-08-017, APN 424-08-021, APN 424-08-074, and the Caltrans right-of-way adjacent to 14865 Oka Road.

The remaining sites are designated to allow for commercial and mixed-use opportunities. Given the interest that the Town has received as part of the sixth cycle Housing Element Update, there is a strong likelihood of development on these other sites will include an integration of residential units. This is demonstrated by the recently developed and underway projects in the Town and residential and mixed-use projects underway in neighboring jurisdictions.

Commercial Sites

There are 38 sites in commercially zoned areas, including the sites within the North Forty Specific Plan and 16 reuse sites identified in prior housing elements. Under Implementation Program BH, reuse sites can be developed under ministerial review if they are developed with 20 percent or more of the units set aside for lower-income households.

Many of these sites are developed with older, underutilized commercial and office uses, which have low floor area ratios (FAR). Many of these uses are on parcels that can be redeveloped with residential uses in a mixed-use format that would retain commercial or office use.

Examples of developer interest for construction of housing units on commercial sites in the Town include:

- 401-409 Alberto Way
- 50 Los Gatos-Saratoga Road
- 16203 Los Gatos Boulevard
- 101 S. Santa Cruz Avenue
- 15860 Winchester Boulevard

Two of these examples are properties where a planning entitlement for 100 percent commercial were approved within the last eight years, but with the changing State and local regulations the property owners have abandoned those approvals and are now instead proposing new development projects that are entirely or predominantly made up of residential units. As a result, the likelihood that the other commercial sites would redevelop without some residential component is clearly low.

Potential Findings (Non-Vacant Sites)

The Town can make the following findings to determine that the existing use on sites with underutilized commercial is likely to be discontinued:

- The property owners are interested in developing at least a portion of the site with housing;
- The value of these parcels to the property owner is mostly in the land, and residential uses will increase the value without substantially affecting improvement value;
- The buildings that will be demolished for new commercial and/or mixed-use will all be over 40 years old at time of 2023-2031 Housing Element adoption;
- The land use designations for these sites as part of Implementation Program AQ of the HEOZ will allow for higher densities to incentivize the redevelopment of the sites; and/or
- Adding a potential new use increases the value of the property.

Overview of Selected Sites

This section provides information on the current list of potential sites that show how the Town will accommodate the State's required minimum of 1,993 housing units. Please note that the site numbers listed here are added only as a way to reference the site and label it on a map. The site number is not an indication of preference or

priority. Figure D-1 shows an overview of the potential sites inventory map developed for Los Gatos' 6th cycle Housing Element Update. The following sites make up the Site Inventory, which is available as Appendix H.

Sites Details

This section provides information on each of the sites selected for inclusion in the Sites Inventory of vacant and available sites.

Figure D-1 Overall Area Parcel Locations

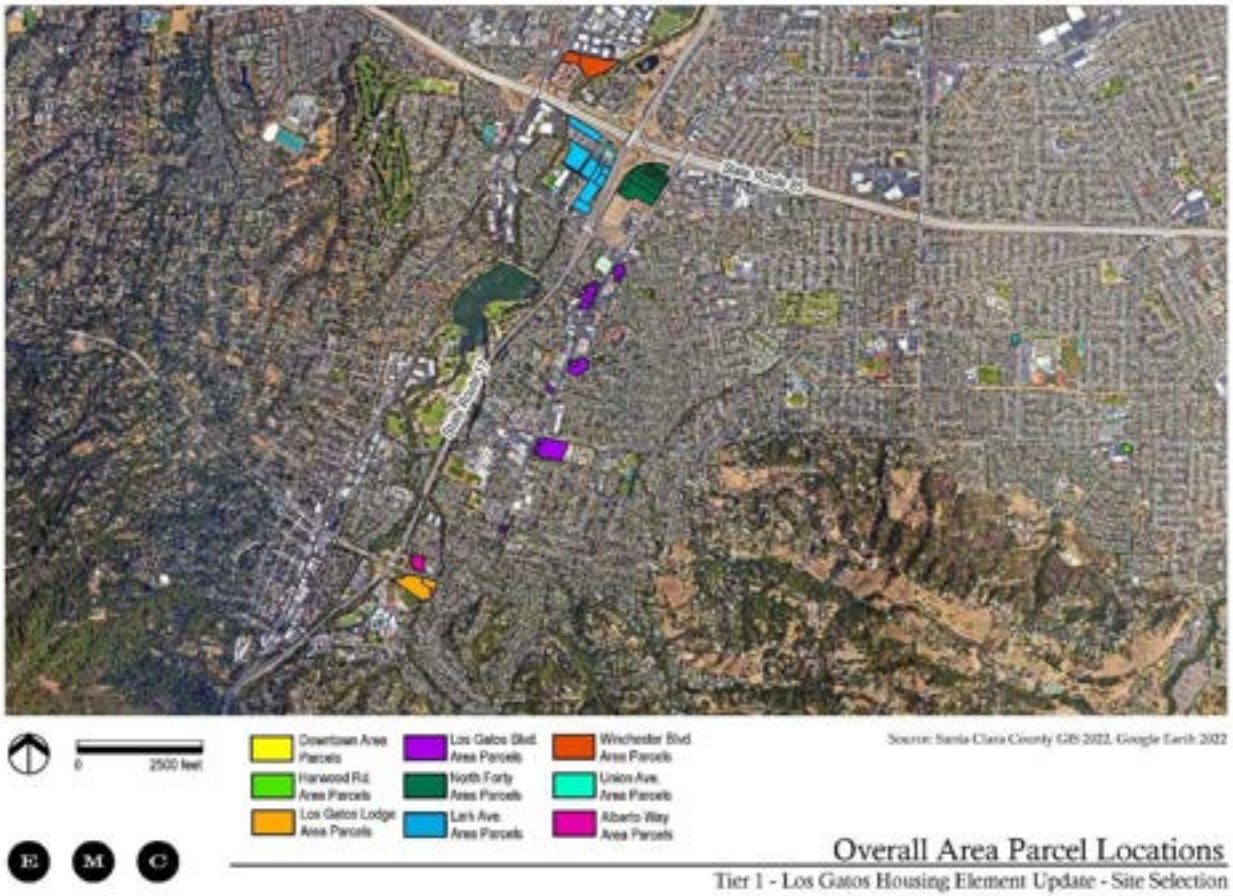


Figure D-2 Downtown Area

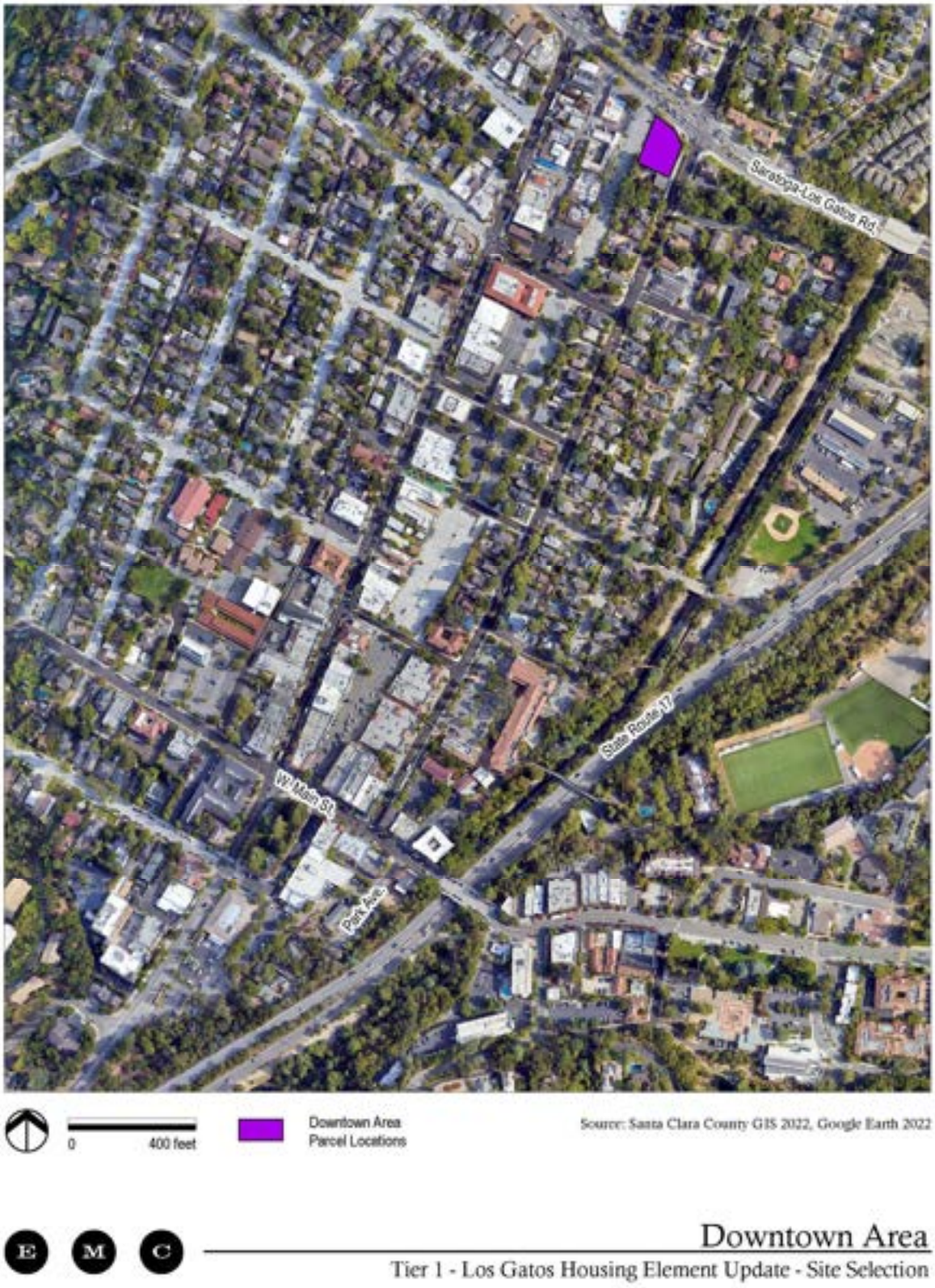
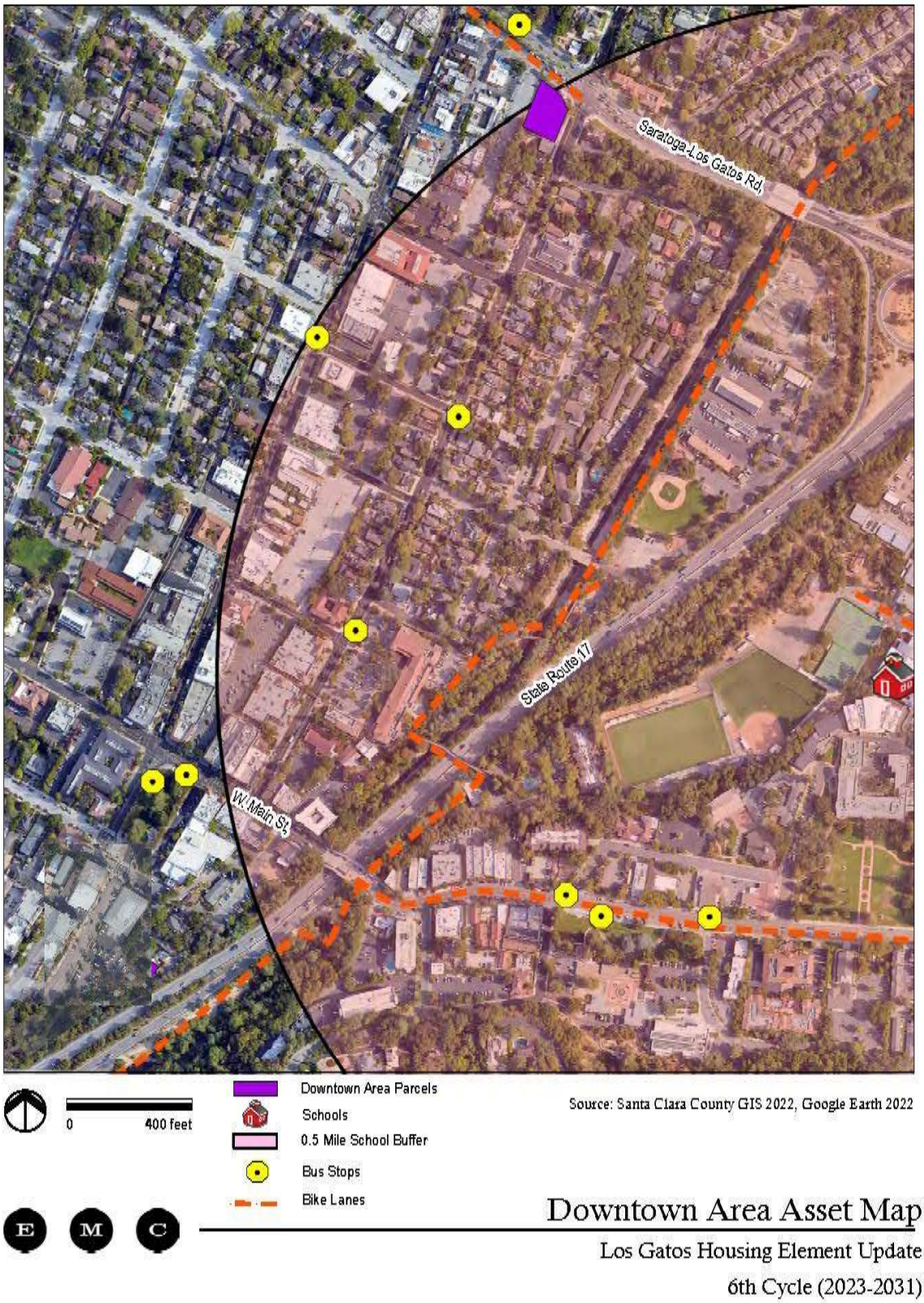


Figure D-3 Downtown Area Asset Map



Site A-3 University Avenue

Address: 165 Los Gatos-Saratoga Road

APN: 529-04-083

Number of Housing Units: 7

"By Right" + 20% Affordable: Not Required – Not used in previous cycle.

Description: The University Avenue Site (A-3) is located in the Downtown Area at the corner of Los Gatos-Saratoga Road and University Avenue on an occupied commercial site. Proximity to Downtown Los Gatos ensures that this site would provide pedestrian access to urban services. This site is designated as Central Business District and zoned C-2, which would allow seven housing units developed at a minimum density of 20 du/ac.

Amenities: The closest public school is Los Gatos High School and is approximately 0.8 miles away. The closest public transit line is a Valley Transporation Authority bus stop located at Saratoga-Los Gatos Road and University Avenue and is approximately 360 feet away.

Property Owner Interest Form Submitted: Yes.

Constraints: Existing commercial building would require demolition.

Figure D-6 University Avenue (Site A-3)

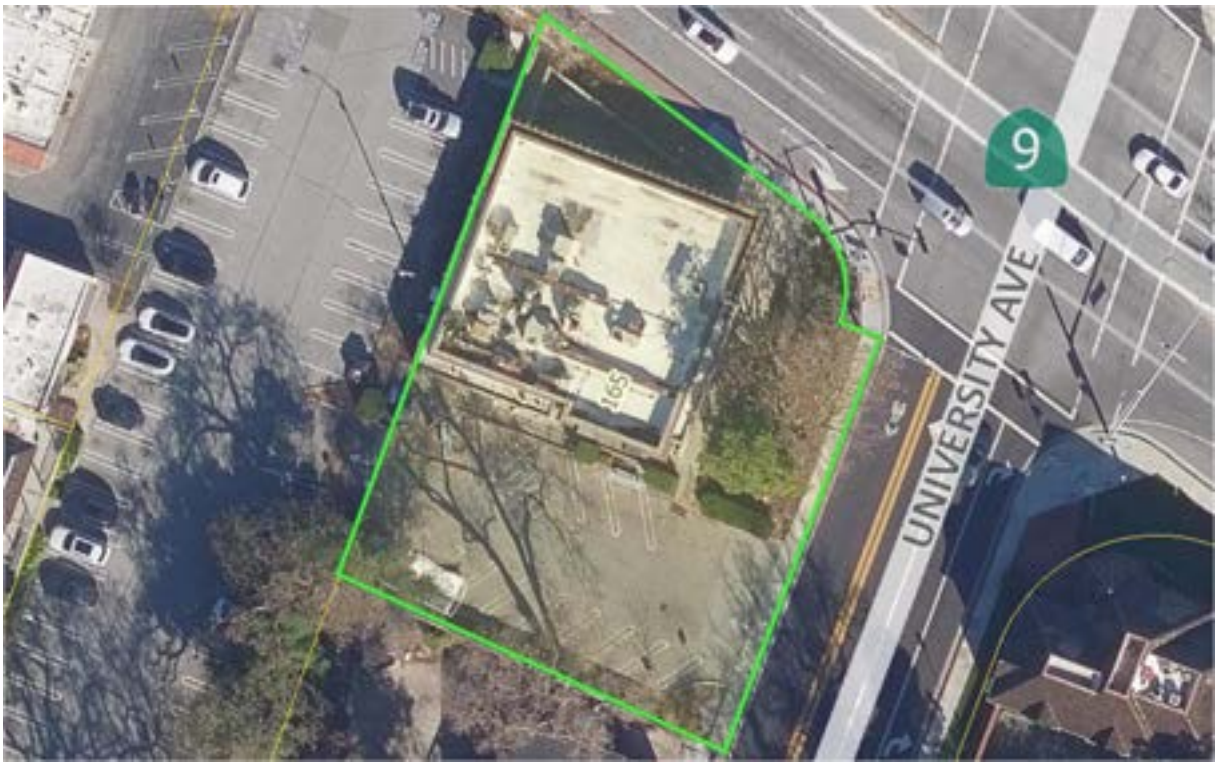


Figure D-7 Los Gatos Lodge Area



Figure D-8 Los Gatos Lodge Area Asset Map



Site B-1 Los Gatos Lodge

Address: 50 Los Gatos-Saratoga Road

APN: 529-04-083

Number of Net Housing Units: 262

"By Right" + 20% Affordable: Not Required – Not used in previous cycle.

Description: The Los Gatos Lodge Site (B-1) is located in the Los Gatos Lodge Area immediately adjacent to the interchange of Highway 9 and Highway 17, east of Downtown Los Gatos. The site is the current location of the Los Gatos Lodge, with the Los Gatos High School sports fields to the south, lower-density residential uses across Bella Vista Avenue to the east, and Best Western Inn across Highway 9 on the north. This site is designated as Mixed-Use Commercial and zoned CH:PD, which would allow 264 housing units developed at a minimum density of 30 du/ac.

Amenities: The closest public school is Los Gatos High School and is approximately 0.1 miles away. The closest public transit line is a Valley Transporation Authority bus stop located at Los Gatos Boulevard and Stacia Street and is approximately 0.4 miles away.

Property Owner Interest Form Submitted: Yes.

Constraints: Existing commercial buildings would require demolition and removal or modification of the existing Planned Development Overlay to accommodate residential.

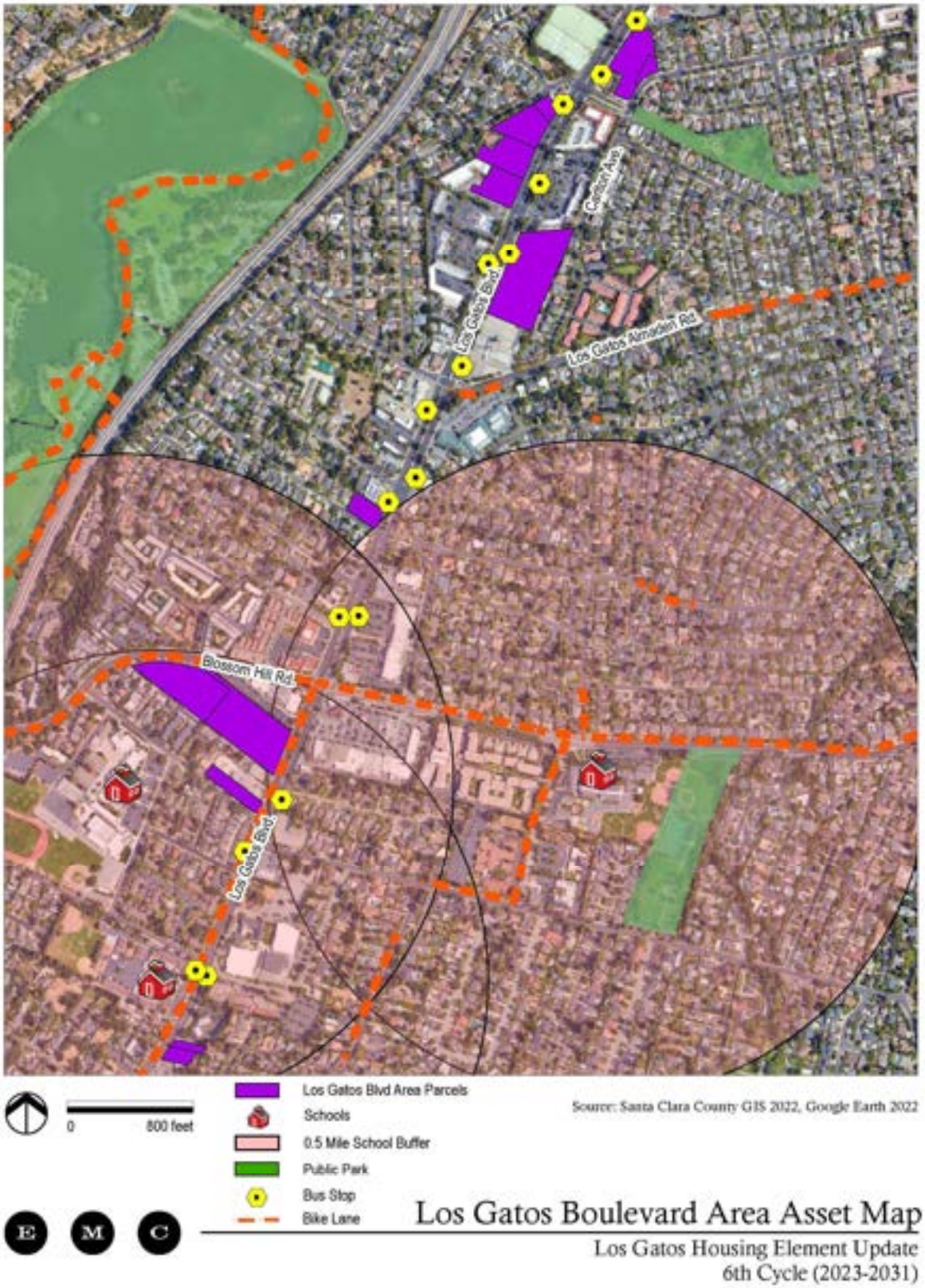
Figure D-9 Los Gatos Lodge (Site B-1)



Figure D-10 Los Gatos Boulevard Area



Figure D-11 Los Gatos Boulevard Area Asset Map



Site C-1 Ace Hardware

Address: 15300 Los Gatos Boulevard

APN: 529-04-083

Number of Housing Units: 48

"By Right" + 20% Affordable: Not Required – Not used in previous cycle.

Description: The Ace Hardware Site (C-1) is located in the Los Gatos Boulevard Area on the east side of Los Gatos Boulevard and north of Gateway Drive. The site is the current location of Ace Hardware, with commercial uses to the north, south, and west, and lower-density residential uses to the east. The site is designated as Mixed-Use Commercial and zoned C-1, which would accommodate 48 housing units developed at a minimum density of 30 du/ac.

Amenities: The closest public school is Raymond J. Fisher Middle School and is approximately 1.7 miles away. The closest public transit line is a Valley Transporation Authority bus stop located at Los Gatos Boulevard and Lark Avenue and is approximately 443 feet away.

Property Owner Interest Form Submitted: Yes.

Constraints: Existing commercial building would require demolition.

Figure D-12 Ace Hardware (Site C-1)



Site C-2 Los Gatos Boulevard

Address: 15349, 15367, and 15405 Los Gatos Boulevard

APN: 424-19-049, 424-19-048, 424-19-069

Number of Housing Units: 86

"By Right" + 20% Affordable: Required – Not used in previous cycle.

Description: The Los Gatos Boulevard Site (C-2) is located in the Los Gatos Boulevard Area on the west side of Los Gatos Boulevard, and south of Garden Lane. The site is the current location of multiple commercial uses, with commercial uses to the north, south, and east, and lower-density residential uses to the west. The site is designated as Mixed-Use Commercial and zoned CH, which would accommodate 86 housing units developed at a minimum density of 30 du/ac.

Amenities: The closest public school is Raymond J. Fisher Middle School and is approximately 1.1 miles away. The closest public transit line is a Valley Transporation Authority bus stop located at Los Gatos Boulevard and Garden Lane and is approximately 80 feet away.

Property Owner Interest Form Submitted: Yes.

Constraints: Existing commercial building would require demolition.

Figure D-13 Los Gatos Boulevard (Site C-2)



Site C-3 Los Gatos Boulevard

Address: 15425 Los Gatos Boulevard

APN: 424-19-067

Number of Housing Units: 33

"By Right" + 20% Affordable: Not Required – Not used in previous cycle.

Description: The Los Gatos Boulevard Site (C-3) is located in the Los Gatos Boulevard Area on the west side of Los Gatos Boulevard and east of Garden Lane. The site is the current location of office and commerical uses, with commercial uses located on all sides. The site is designated as Mixed-Use Commercial and zoned CH, which would accommodate 33 housing units developed at a minimum density of 30 du/ac.

Amenities: The closest public school is Raymond J. Fisher Middle School and is approximately one mile away. The closest public transit line is a Valley Transporation Authority bus stop located at Los Gatos Boulevard and Village Square and is approximately 395 feet away.

Property Owner Interest Form Submitted: Yes.

Constraints: Existing commercial building would require demolition.

Figure D-14 Los Gatos Boulevard (Site C-3)



Site C-4 Affordable Treasures

Address: 15795 Los Gatos Boulevard

APN: 529-15-059

Number of Housing Units: 19

"By Right" + 20% Affordable: Not Required – Not used in previous cycle.

Description: The Affordable Treasures Site (C-4) is located in the Los Gatos Boulevard Area at the northwest corner of Los Gatos Boulevard and Farley Lane. The site is the current location of Affordable Treasures Party Store with commercial uses located to the north, south, and east and lower-density residential uses located to the west. The site is designated as Mixed-Use Commercial and zoned CH, which would accommodate 19 housing units developed at a minimum density of 30 du/ac.

Amenities: The closest public school is Raymond J. Fisher Middle School and is approximately 0.6 miles away. The closest public transit line is a Valley Transporation Authority bus stop located at Los Gatos Bouelvard and Farley Road and is approximately 167 feet away.

Property Owner Interest Form Submitted: Yes.

Constraints: Existing commercial building would require demolition.

Figure D-15 Affordable Treasures (Site C-4)



Site C-5 Los Gatos Boulevard

Address: 16203 Los Gatos Boulevard

APN: 529-16-069

Number of Housing Units: 24

"By Right" + 20% Affordable: Not Required – Not used in previous cycle.

Description: The Los Gatos Boulevard Site (C-5) is located in the Los Gatos Boulevard Area at the northwest corner of Los Gatos Boulevard and Roberts Road. The site is the current location of NC Boardshop skateboard shop and Autobahn Los Gatos, with commercial uses located to the north, east, and west and medium-density residential uses located to the south. The site is designated as Mixed-Use Commercial and zoned CH, which would accommodate 24 housing units developed at a minimum density of 30 du/ac.

Amenities: The closest public school is Raymond J. Fisher Middle School and is approximately 0.2 miles away. The closest public transit line is a Valley Transporation Authority bus stop located at Los Gatos Bouelvard and Roberts Road and is approximately 400 feet away.

Property Owner Interest Form Submitted: No; however, a Conceptual Development Advisory Committee application for a mixed-use development was submitted on November 17, 2020 pending an anticipated density increase as part of the General Plan and Housing Element Updates.

Constraints: Existing commercial buildings would require demolition.

Figure D-16 Los Gatos Boulevard (Site C-5)



Site C-6 Los Gatos Boulevard

Address: 16492 Los Gatos Boulevard and Assessor Parcel Number 532-07-085

APN: 532-07-085, 532-07-086

Number of Housing Units: 6

"By Right" + 20% Affordable: Not Required – Not used in previous cycle.

Description: The Los Gatos Boulevard Site (C-6) is located in the Los Gatos Boulevard Area on the east side of Los Gatos Boulevard, north of Spencer Avenue. The site is the current location of LG Wines and Liquors and Happy Cleaners, with commercial uses located to the north, south, and west and low-density residential uses located to the east. The site is designated as Low Density Residential but zoned C-1, which would accommodate 6 housing units developed at a minimum density of 10 du/ac.

Amenities: The closest public school is Louise Van Meter Elementary School and is approximately 0.3 miles away. The closest public transit line is a Valley Transporation Authority bus stop located at Los Gatos Bouelvard and Nino Avenue and is approximately 0.1 miles away.

Property Owner Interest Form Submitted: Yes, and the owner has submitted written interest in changing the land use designation to Neighborhood Commercial.

Constraints: Existing commercial building would require demolition.

Figure D-17 Los Gatos Boulevard (Site C-6)



Site C-7 Los Gatos Boulevard

Address: 16151 Los Gatos Boulevard

APN: 529-16-040

Number of Housing Units: 106

"By Right" + 20% Affordable: Not Required – Not used in previous cycle.

Description: The Los Gatos Boulevard Site (C-7) is located in the Los Gatos Boulevard Area on the west side of Los Gatos Boulevard, south of Blossom Hill Road. The site currently serves as a car dealership with multiple on-site structures and commercial uses located to the north, south, and east. Low-density residential uses are located to the east and further south. The site is designated as Mixed-Use Commercial, but zoned CH, which would accommodate 106 housing units developed at a minimum density of 30 du/ac.

Amenities: The closest public school is Raymond J. Fisher Middle School and is approximately half a mile away. The closest public transit line is a Valley Transporation Authority bus stop located at Los Gatos Boulevard and Magneson Loop and is approximately 0.2 miles away.

Property Owner Interest Form Submitted: Yes.

Constraints: Existing commercial buildings would require demolition.

Figure D-18 Los Gatos Boulevard (Site C-7)



Site C-8 Blossom Hill Road

Address: 620 Blossom Hill Road

APN: 529-16-041

Number of Housing Units: 79

"By Right" + 20% Affordable: Not Required – Not used in previous cycle.

Description: The Blossom Hill Road Site (C-8) is located in the Los Gatos Boulevard Area on the south side of Blossom Hill Road, west of the Blossom Hill Road and Los Gatos Boulevard intersection. The site currently serves as a car dealership with multiple on-site structures and commercial uses located to the north and east. Residential uses are located to the north, south, and west. The site is designated as Mixed-Use Commercial, but zoned CH, which would accommodate 79 housing units developed at a minimum density of 30 du/ac.

Amenities: The closest public school is Raymond J. Fisher Middle School and is approximately 0.4 miles away. The closest public transit line is a Valley Transporation Authority bus stop located at Los Gatos Bouelvard and Blossom Hill Road and is approximately half a mile away.

Property Owner Interest Form Submitted: Yes.

Constraints: Existing commercial buildings would require demolition.

Figure D-19 Los Gatos Boulevard (Site C-8)



Site C-9 Los Gatos Boulevard

Address: 15480 Los Gatos Boulevard and 15500 Los Gatos Boulevard

APN: 424-14-034, 424-14-035

Number of Housing Units: 134

"By Right" + 20% Affordable: Not Required – Not used in previous cycle.

Description: The Los Gatos Boulevard Site (C-9) is located in the Los Gatos Boulevard Area on the east side of Los Gatos Boulevard, north of Los Gatos Almaden Road. The site currently serves as a car dealership with multiple on-site structures and commercial uses located to the north, south, and west. Residential uses are located to the east and further south. The site is designated as Mixed-Use Commercial, but zoned CH, which would accommodate 134 housing units developed at a minimum density of 30 du/ac.

Amenities: The closest public school is Raymond J. Fisher Middle School and is approximately one mile away. The closest public transit line is a Valley Transporation Authority bus stop located at Los Gatos and Garden opp Moore and is approximately 0.2 miles away.

Property Owner Interest Form Submitted: Yes.

Constraints: Existing commercial buildings would require demolition.

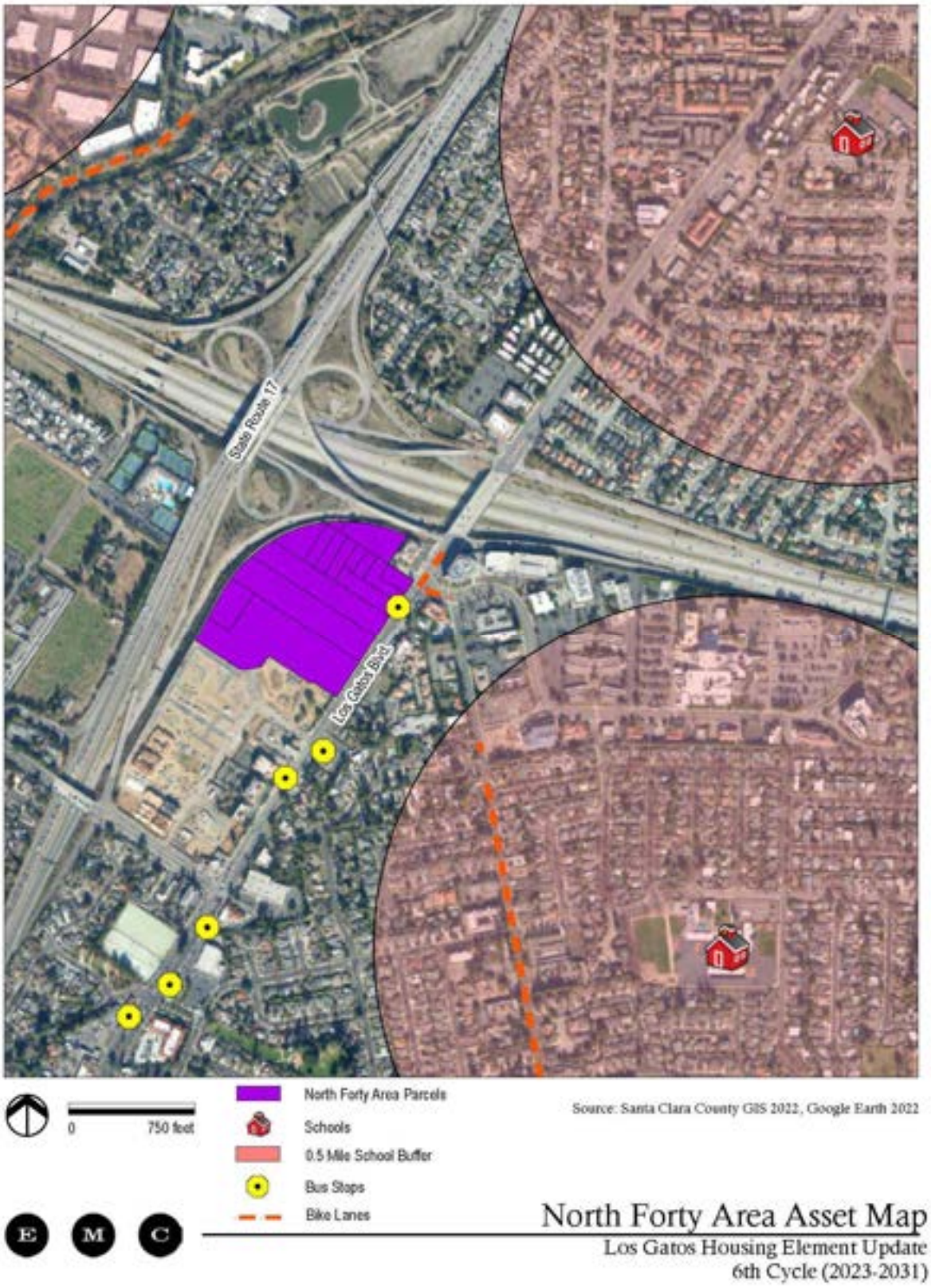
Figure D-20 Los Gatos Boulevard (Site C-9)



Figure D-21 North Forty Area



Figure D-22 North Forty Area Asset Map



Site D-1 North Forty Phase II

Address: 14859 Los Gatos Boulevard, et. al.

APN: 424-07-094, 424-07-095, 424-07-053, 424-07-009, 424-07-081, 424-07-115, 424-07-116

Number of Net Housing Units: 452

"By Right" + 20% Affordable: Required – Used in previous cycle.

Description: The North Forty Phase II Site (D-1) is located in the North Forty Area on the west side of Los Gatos Boulevard, south of Burton Road. The site contains existing single-family residences and agriculture uses. Commercial uses are located to the south and west and arterial highways located to the north and east. The site is designated and zoned as North Forty Specific Plan, which would accommodate 461 units at a minimum density of 30 du/ac.

Amenities: The closest public school is Farnham Elementary School and is approximately 0.8 miles away. The closest public transit line is a Valley Transporation Authority bus stop located at Los Gatos Bouelvard and Burton Road and is approximately 115 feet away.

Property Owner Interest Form Submitted: No; however, the property owner has been involved in attending Housing Element Advisory Board (HEAB) meetings and submitted written public comments regarding intent and interest in residential development on the site.

Constraints: Existing buildings would require demolition.

Figure D-23 North Forty Phase II (Site D-1)



Site D-2 North Forty Phase II

Address: 16245 Burton Road

APN: 424-06-115, 424-06-116

Number of Net Housing Units: 37

"By Right" + 20% Affordable: Required – Used in previous cycle.

Description: The North Forty Phase II Site (D-2) is located in the North Forty Area at the terminus of Burton Road, on the west side of Los Gatos Boulevard. The site is underutilized with a single-family residence. Commercial uses are located to the east and arterial highways located to the north and west. The site is designated and zoned as North Forty Specific Plan, which would accommodate 38 housing units developed at a minimum density of 30 du/ac.

Amenities: The closest public school is Farnham Elementary School and is approximately 0.8 miles away. The closest public transit line is a Valley Transporation Authority bus stop located at Los Gatos Bouelvard and Burton Road and is approximately 0.1 miles away.

Property Owner Interest Form Submitted: No; however, the parcel is located within Phase II of the North 40 Specific Plan Area where recent significant housing development is underway.

Constraints: Existing residential building would require demolition.

Figure D-24 North Forty Phase II (Site D-2)



Site D-3 North Forty (Phase II)

Address: 16240 Burton Road

APN: 424-07-010

Number of Net Housing Units: Seven

"By Right" + 20% Affordable: Required – Used in previous cycle.

Description: The North Forty Phase II Site (D-3) is located in the North Forty Area along Burton Road and adjacent to the Highway 17/Highway 85 interchange. The site contains a single-family residence. Other North Forty Specific Plan properties surround the site. The site is designated and zoned as North Forty Specific Plan, which would accommodate eight housing units developed at a minimum density of 30 du/ac.

Amenities: The closest public school is Farnham Elementary School and is approximately 0.8 miles away. The closest public transit line is a Valley Transporation Authority bus stop located at Los Gatos Bouelvard and Burton Road and is approximately 0.1 miles away.

Property Owner Interest Form Submitted: No; however, the parcel is located within Phase II of the North 40 Specific Plan Area where recent significant housing development is underway.

Constraints: Existing residential building would require demolition.

Figure D-25 North Forty Phase II (Site D-3)



Site D-4 North Forty Phase II

Address: 16270 Burton Road

APN: 424-07-052

Number of Net Housing Units: 12

"By Right" + 20% Affordable: Required – Used in previous cycle.

Description: The North Forty Phase II Site (D-4) is located in the North Forty Area at the end of Burton Road and immediately adjacent to the Highway 17/Highway 85 interchange. The site contains a single-family residence. Other North Forty Specific Plan properties surround the site. The site is designated and zoned as North Forty Specific Plan, which would accommodate 13 housing units developed at a minimum density of 30 du/ac.

Amenities: The closest public school is Farnham Elementary School and is approximately 0.8 miles away. The closest public transit line is a Valley Transporation Authority bus stop located at Los Gatos Bouelvard and Burton Road and is approximately 0.2 miles away.

Property Owner Interest Form Submitted: No; however, the parcel is located within Phase II of the North 40 Specific Plan Area where recent significant housing development is underway.

Constraints: Existing residential building would require demolition.

Figure D-26 North Forty Phase II (Site D-4)



Site D-5 North Forty Phase II

Address: 16210 Burton Road and 14831 Los Gatos Boulevard

APN: 424-07-054, 424-07-063

Number of Net Housing Units: 23

"By Right" + 20% Affordable: Required – Used in previous cycle.

Description: The North Forty Phase II Site (D-5) is located in the North Forty Area along Burton Road and on the west side of Los Gatos Boulevard. The site contains single-family residences. Other North Forty Specific Plan properties surround the site. The site is designated and zoned as North Forty Specific Plan, which would accommodate 25 housing units developed at a minimum density of 30 du/ac.

Amenities: The closest public school is Farnham Elementary School and is approximately 0.8 miles away. The closest public transit line is a Valley Transporation Authority bus stop located at Los Gatos Bouelvard and Burton Road and is approximately 0.1 miles away.

Property Owner Interest Form Submitted: No; however, the parcel is located within Phase II of the North 40 Specific Plan Area where recent significant housing development is underway.

Constraints: Existing residential building would require demolition.

Figure D-27 North Forty Phase II (Site D-5)



Site D-6 North Forty Phase II

Address: 14849 Los Gatos Boulevard

APN: 424-07-064

Number of Net Housing Units: 27

"By Right" + 20% Affordable: Required – Used in previous cycle.

Description: The North Forty Phase II Site (D-6) is located in the North Forty Area on the west side of Los Gatos Boulevard, south of Burton Road. The site contains a single-family residence. Other North Forty Specific Plan properties surround the site on the north, south, and west. East of the site, across Los Gatos Boulevard there are commercial uses. The site is designated and zoned as North Forty Specific Plan, which would accommodate 28 housing units developed at a minimum density of 30 du/ac.

Amenities: The closest public school is Farnham Elementary School and is approximately 0.8 miles away. The closest public transit line is a Valley Transporation Authority bus stop located at Los Gatos Bouelvard and Burton Road and is approximately 65 feet away.

Property Owner Interest Form Submitted: No; however, the parcel is located within Phase II of the North 40 Specific Plan Area where recent significant housing development is underway.

Constraints: Existing residential building would require demolition.

Figure D-28 North Forty Phase II (Site D-6)



Site D-7 North Forty Phase II

Address: 14823 Los Gatos Boulevard

APN: 424-07-065

Number of Net Housing Units: 10

"By Right" + 20% Affordable: Required – Used in previous cycle.

Description: The North Forty Phase II Site (D-7) is located in the North Forty Area at the southwest corner of Burton Road and Los Gatos Boulevard. The site contains a single-family residence. Other North Forty Specific Plan properties surround the site on the south and west. North of the site, across Burton Road, and east of the site, across Los Gatos Boulevard, there are commercial uses. The site is designated and zoned as North Forty Specific Plan, which would accommodate 11 housing units developed at a minimum density of 30 du/ac.

Amenities: The closest public school is Farnham Elementary School and is approximately 0.7 miles away. The closest public transit line is a Valley Transporation Authority bus stop located at Los Gatos Bouelvard and Burton Road and is approximately 120 feet away.

Property Owner Interest Form Submitted: No; however, the parcel is located within Phase II of the North 40 Specific Plan Area where recent significant housing development is underway.

Constraints: Existing residential building would require demolition.

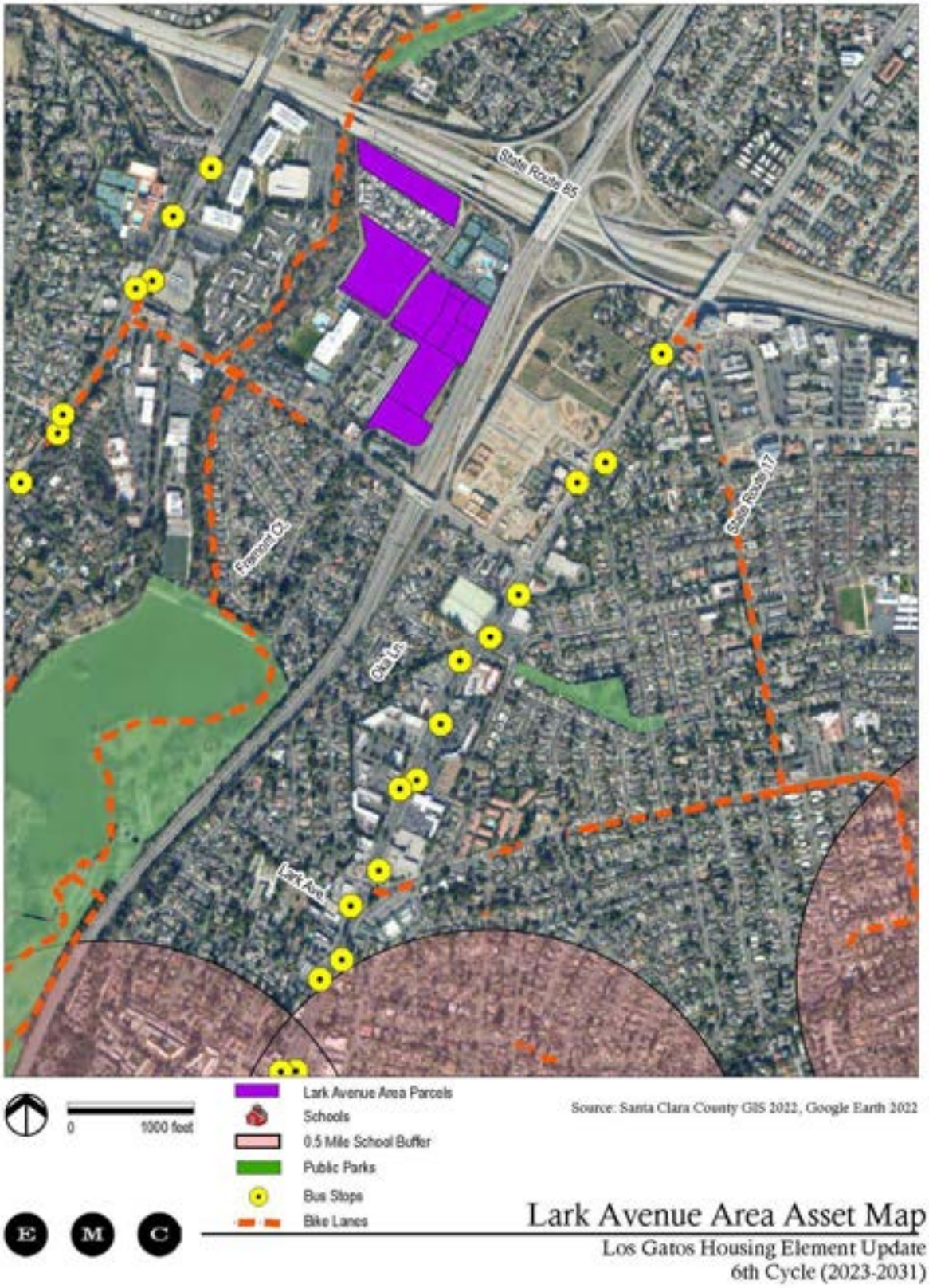
Figure D-29 North Forty Phase II (Site D-7)



Figure D-30 Lark Avenue Area



Figure D-31 Lark Avenue Area Asset Map



Site E-1 Oka Road

Address: Oka Road

APN: 424-08-057, 424-08-029, 424-08-059, 424-08-060, 424-08-058, 424-08-017, 424-08-021

Number of Net Housing Units: 121

"By Right" + 20% Affordable: Required – Used in previous cycle.

Description: The Oka Road Site (E-1) is located in the Lark Avenue Area on the east side of Oka Road, north of Lark Avenue. The site contains residential and agricultural uses. Major arterial highways are located north and east of the site, with the Los Gatos Swim and Racquet Club immediately north. Agricultural and commercial uses are located across Oka Road. The site is designated as Low-Density Residential and Medium-Density Residential. Parcels within the site are zoned R-1-8 and R-M:5-12, which would allow 124 housing units developed at a typical density of four du/ac for parcels designated as Low-Density Residential and at a typical minimum of 14 du/ac for parcels designated as Medium-Density Residential.

Amenities: The closest public school is Raymond J. Fisher Middle School and is approximately 1.9 miles away. The closest public transit line is a Valley Transporation Authority bus stop located at Los Gatos Bouelvard and Lark Avenue and is approximately 0.7 miles away.

Property Owner Interest Form Submitted: No; however the property owner has submitted a public comment to the HEAB regarding future development of the site.

Constraints: Existing buildings would require demolition.

Figure D-32 Lark Avenue (Site E-1)



Site E-2 Oka Lane

Address: Oka Lane

APN: 424-08-074

Number of Housing Units: 26

"By Right" + 20% Affordable: Required – Used in previous cycle.

Description: The Oka Lane Site (E-2) is located in the Lark Avenue Area on the west side of Oka Road, north of Lark Avenue. The site contains agricultural uses. Major arterial highways are located north and east of the site, with the Bonnie View mobile home park to the north. Agricultural and commercial uses are located across Oka Road. The site is designated as Low-Density Residential. The site is zoned R-1:8, which would allow 26 housing units developed at a typical density of 4 du/ac.

Amenities: The closest public school is Raymond J. Fisher Middle School and is approximately 1.8 miles away. The closest public transit line is a Valley Transporation Authority bus stop located at Winchester Bouelvard and Lark Avenue and is approximately 0.8 miles away.

Property Owner Interest Form Submitted: No; however the property owner has submitted a public comment to the HEAB regarding future development of the site.

Constraints: Proximity to adjacent highways.

Figure D-33 Oka Lane (Site E-2)



Site E-3 Caltrans Right of Way

Address: Caltrans Right of Way

APN: N/A

Number of Housing Units: 69

"By Right" + 20% Affordable: Not Required – Not used in previous cycle.

Description: The Caltrans Right of Way Site (E-3) is located in the Lark Avenue Area south and west of the Highway 17/Highway 85 interchange. The site is currently vacant. Major arterial highways are located north and east of the site. Commercial uses are located west of the site across Oka Road, and the Bonnie View mobile home park is located immediately south of the site. Should the site be annexed by the Town, it is designated as Medium-Density Residential and zoned as R-M, which would accommodate 69 housing units developed at a minimum density of 14 du/ac.

Amenities: The closest public school is Raymond J. Fisher Middle School and is approximately 2.1 miles away. The closest public transit line is a Valley Transporation Authority bus stop located at Los Gatos Bouelvard and Lark Avenue and is approximately 0.8 miles away.

Property Owner Interest Form Submitted: No, the Town has yet to reach out to Caltrans regarding future development of the site.

Constraints: Consultation with Caltrans for future development.

Figure D-34 Caltrans Right of Way (Site E-3)



Figure D-35 Winchester Boulevard Area



Figure D-36 Winchester Boulevard Area Asset Map



Site F-1 Knowles Drive

Address: 110 Knowles Drive

APN: 424-32-077

Number of Housing Units: 220

"By Right" + 20% Affordable: Required – Used in previous cycle.

Description: The Knowles Drive Site (F-1) is located in the Winchester Boulevard Area north and west of the Highway 17/Highway 85 interchange. The site contains industrial uses. Los Gatos Creek is immediately south and east of the site, with low-density residential uses located beyond. High-density residential uses are located south and west of the site. Commercial/industrial uses are located north of the site across Knowles Drive. The site is designated as High-Density Residential and zoned CM:AHOZ, which would accommodate 220 housing units developed at a minimum density of 30 du/ac.

Amenities: The closest public school is Daves Elementary School and is approximately 2.3 miles away. The closest public transit line is a Valley Transporation Authority bus stop located at Knowles Drive and Capri Drive and is approximately 0.3 miles away.

Property Owner Interest Form Submitted: No; however the site is located within the Affordable Housing Overlay Zone.

Constraints: Existing buildings would require demolition and adjacency to the Los Gatos Creek Trail.

Figure D-37 Knowles Drive (Site F-1)



Site F-2 Winchester Boulevard

Address: 206 Knowles Drive

APN: 424-32-076

Number of Housing Units: 72

"By Right" + 20% Affordable: Not Required – Not used in previous cycle.

Description: The Winchester Boulevard Site (F-2) is located in the Winchester Boulevard Area at the northeast intersection of A Street and Knowles Drive. The site contains office uses. Multi-family residential is located to the south and office uses are located to the north, south, and west of the site. The site is designated as High-Density Residential and zoned CM, which would accommodate 72 housing units developed at a minimum density of 30 du/ac.

Amenities: The closest public school is Daves Elementary School and is approximately 2.1 miles away. The closest public transit line is a Valley Transporation Authority bus stop located at Knowles Drive and Capri Drive and is approximately 0.1 miles away.

Property Owner Interest Form Submitted: No; however, the site is located immediately adjacent to 110 Knowles Drive (Site F-1), which has an Affordable Housing Overlay Zone.

Constraints: Existing buildings would require demolition and adjacency to the Los Gatos Creek Trail.

Figure D-38 Winchester Boulevard (Site F-2)



Figure D-39 Union Avenue Area



Figure D-40 Union Avenue Area Asset Map



Site G-1 Los Gatos-Almaden Road

Address: 440 Los Gatos Almaden Road

APN: 527-49-048, 527-49-049

Number of Housing Units: 8

"By Right" + 20% Affordable: Not Required – Not used in previous cycle.

Description: The Los Gatos-Almaden Road Site (G-1) is located in the Union Avenue Area at the northwest corner of Leigh Avenue and Los Gatos-Almaden Road. The site contains a gas station and commercial building. Low-density residential are located north, south, and west of the site. Leigh High School is located east of the site across Leigh Avenue. The site is designated as Neighborhood Commercial and zoned C-1, which would accommodate 8 housing units developed at a minimum density of 10du/ac.

Amenities: The closest public school is Leigh High School and is approximately 0.2 miles away. The closest public transit line is a Valley Transporation Authority bus stop located at Los Gatos-Almaden Road and Leigh Avenue and is approximately 240 feet away.

Property Owner Interest Form Submitted: Yes

Constraints: Existing gas station and commercial building would require demolition.

Figure D-41 Los Gatos-Almaden Road (Site G-1)



Figure D-42 Harwood Road Area

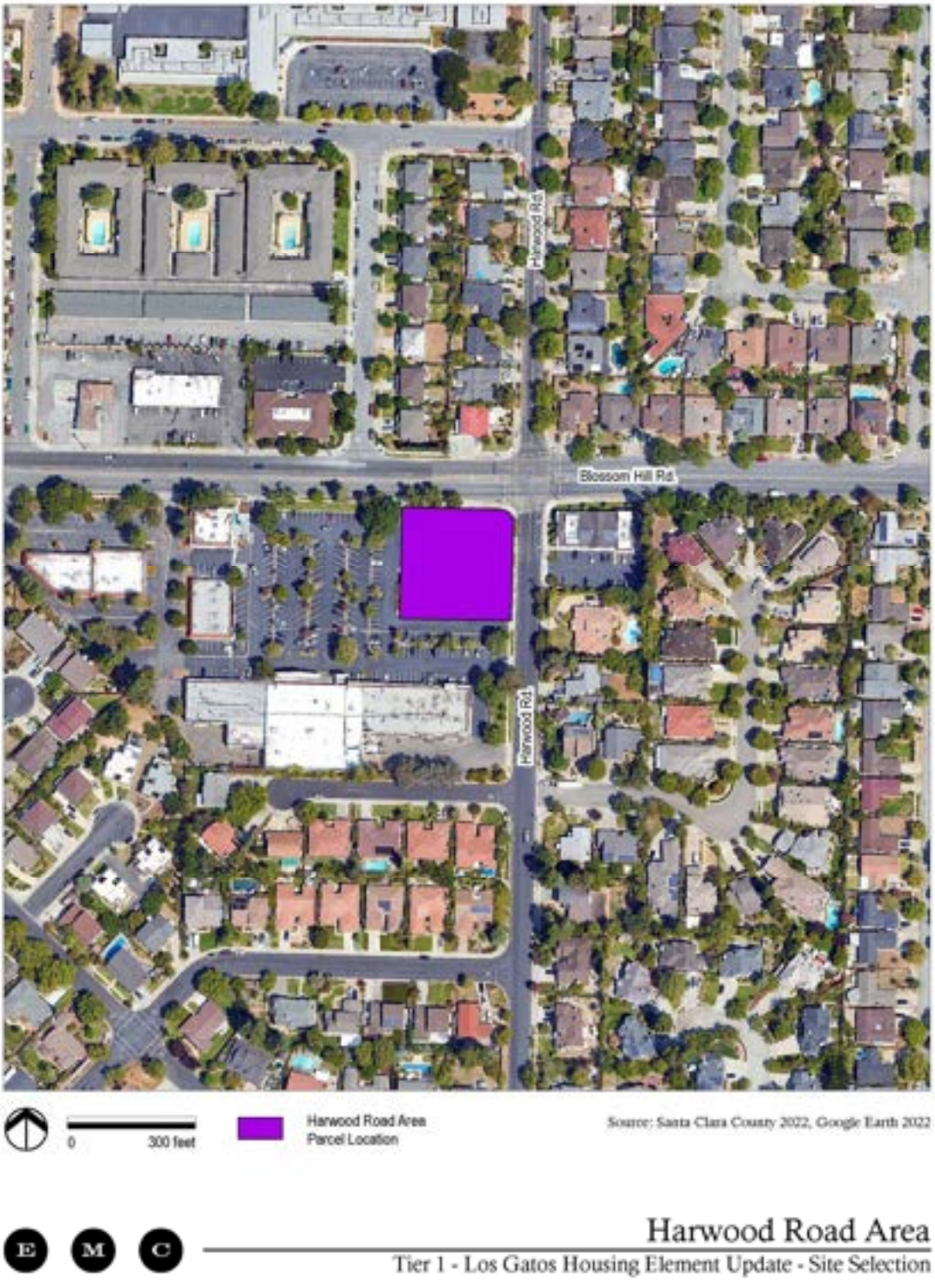


Figure D-43 Harwood Area Asset Map



Site H-1 Valero

Address: 14000 Blossom Hill Road

APN: 527-32-028

Number of Housing Units: 7

"By Right" + 20% Affordable: Not Required – Not used in previous cycle

Property Owner Interest Form Submitted:

Description: The Valero Site (H-1) is located in the Harwood Road Area at the southwest corner of Blossom Hill Road and Harwood Road. The site contains a gas station. Low-density residential are located north, south, and east of the site. Commercial uses are located immediately west of the site. The site is designated as Neighborhood Commercial and zoned C-1, which would accommodate 7 housing units developed at a minimum density of 10 du/ac.

Amenities: The closest public school is Noddin Elementary School and is approximately 0.2 miles away. The closest public transit line is a Valley Transporation Authority bus stop located at Blossom Hill Road and Harwood Road and is approximately 220 feet away.

Property Owner Interest Form Submitted: Yes.

Constraints: Existing gas station and commercial building would require demolition.

Figure D-44 Valero (Site H-1)



Figure D-45 Alberto Way Area



Figure D-46 Alberto Way Area Asset Map



Site I-1 Alberto Way

Address: 401-409 Alberto Way

APN: 529-23-018

Number of Housing Units: 60

"By Right" + 20% Affordable: Not Required – Not used in previous cycle.

Description: The Alberto Way Site (I-1) is located in the Alberto Way Area, located at the intersection of Alberto Way and Los Gatos-Saratoga Road. The site is currently vacant, where previous structures on site have already been cleared for development. Multi-family residential are located north and east of the site. Commercial uses are located immediately south and east of the site with Highway 17 to the west. The site is designated as Mixed Use Commercial and zoned CH, which would accommodate 60 housing units developed at a density of 27 du/ac based on a development application submitted by the property owner to the Town on December 6, 2022.

Amenities: The closest public school is Los Gatos High School and is approximately 0.8 miles away. The closest public transit line is a Valley Transporation Authority bus stop located at Los Gatos Boulevard and Caldwell Avenue and is approximately 0.4 miles away.

Property Owner Interest Form Submitted: Yes.

Constraints: Proximity to adjacent Highway 17 onramp.

Figure D-47 Alberto Way (Site I-1)



Accessory Dwelling Unit (ADUs and Junior ADUs) Projections

Address: Various Locations

Number of Housing Units: 200

"By Right" + 20% Affordable: Not required, instead a formula exists for projecting the next eight-year cycle, along with assumptions of 30 percent very-low income units, 30 percent low income units, 30 percent moderate income units, and 10 percent above moderate categories.

Description: In addition to the housing units identified in the Town's Sites Inventory the production of new accessory dwelling units are ulitizied in meeting the Town's RHNA requirements. The Town analyzed the total number of ADU buidilng permits that have been approved in the last three years to identify the average number of ADU units that will be developed over the eight year planning period.

Figure D-48 below includes an analysis of the Town's issued building permits for ADU's between the years 2020 to 2022. In 2020, the Town issued building permits for 27 new ADUs. In 2021, the Town issued 36 building permits for new ADUs. In 2022, the Town issued 35 building permits for new ADUs. The last three years of data results in an average of 32 approved ADU building permits per year, however utilizing a conservative estimate the Town is using annual ADU projection of 25 units. This results in a total of 200 dwelling units planned to be constructed over the eight year planning period of the Housing Element. Program Q: Accessory Dwelling Units has been included to monitor the number of ADU applications annually.

Based on ABAG's pre-approved ADU Affordability Survey, the income/affordability distribution for ADUs is: 30 percent very low income; 30 percent low income; 30 percent moderate income; and 10 percent above moderate income.

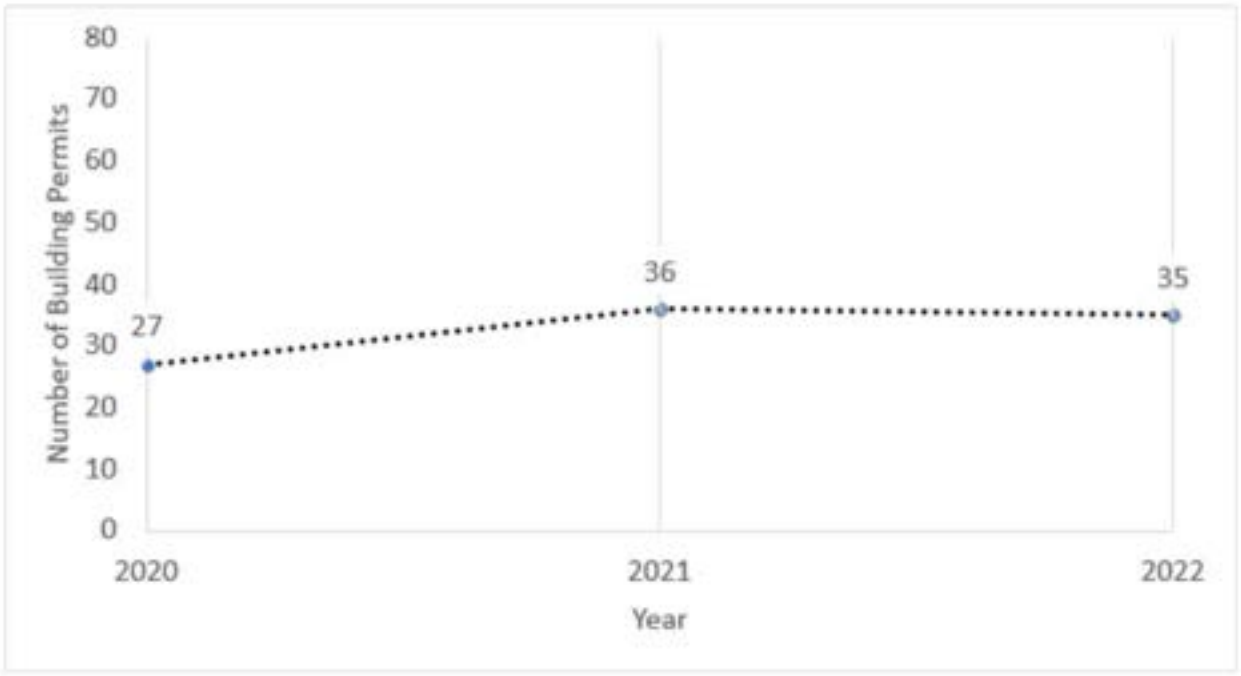
Furthermore, during the RHNA projection period prior to the start of the Housing Element planning period (i.e., between June 30, 2022 and January 30, 2023), 23 ADUs and JADUs were either issued building permits, under construction, or finaled. Among these units:

- 3 JADUs less than 400 square feet – average 243 square feet
- 11 JADUs and ADUs between 400 and 800 square feet – average 549 square feet
- 9 ADUs more than 800 square feet in size – average 1,027 square feet

The JADUs less than 400 square feet were assumed to be affordable to low income households given the small size. Other small size units (between 400 and 800 square feet) are assumed to be affordable to moderate income households, similar to small studio and one bedroom units. Units above 800 square feet are affordable to above moderate income households only.

Constraints: None.

Figure D-48 ADU Building Permits Issued 2020-2022



Source: Town of Los Gatos Community Development Department.

Units Entitled/Permitted/Under Construction/Finaled Since June 30, 2022, to January 31, 2023

Address: See addresses listed below in Table D-7

Number of Housing Units: 2 net new units

"By Right" = 20% Affordable: Not required.

Description: Units that are made available during the RHNA projection period (June 30, 2022, through January 31, 2031) can be credited toward the RHNA. Since June 30, 2022, the Town has entitled, permitted, and finaled a number of housing projects and one project was under construction. These projects added 2 housing units to the Town's inventory.

Table D-7 Entitled/Permitted/Under Construction/Finaled

Address	APN	Net Units	Very Low-Income Units	Low Income Units	Moderate Income Units	Above Moderate Income Units	BMP In-Lieu Fee Hillside PD	Project Description	Project Status
14335 La Rinconada Drive	409-14-026	1	0	0	0	1	N	Subdivision of one lot to two lots. Net one single family residential lot.	Planning Entitlements Approved.
14330 La Rinconada Drive 07/19/23	409-14-020	1	0	0	0	1	N	Subdivision of one lot to two lots. Net one single family residential lot.	Planning Entitlements Under Review.
Total Net Units		2	0	0	0	2			

Pipeline Projects

Address: See addresses listed below in Table D-8.

Number of Net Housing Units: 191

"By Right" = 20% Affordable: Not required.

Description: The Town has residential development applications that have either been approved or are currently under review and are expected to be built during the 2023-2031 planning period are referred to as "Pipeline Projects". Table D-8 shows these approved and planned projects. For each project, the table includes the address, accessor parcel number (APN), number of units by income category, project description, whether or not the project is subject to BMP In-Lieu Fees as part of a Hillside Planned Development (PD), and project status.

Several projects included demolition or renovation of existing residences. The inventory does not count replacement units or renovated units toward RHNA; rather, only the net new capacity is counted towards RHNA. Units are categorized by income level as follows:

- Projects with deed-restricted affordable units are counted towards the very low-, low- or moderate income RHNA, as applicable.
- Projects that include non-deed restricted market-rate rental multifamily units are assumed to meet the above moderate income RHNA.
- Projects that include market-rate attached ownership or single-family units are assumed to meet above moderate income RHNA based on recent home sale prices that are generally only affordable to above market-income households.
- Projects that are residential planned development projects with five (5) to nine (9) units with an underlying zone of Hillside Residential shall pay a Below Market Price In-Lieu fee prior to issuance of the certificate of occupancy. The in-lieu fee shall be equal to the amount of six (6) percent of the building permit valuation for the entire project.

As shown in Table D-8, there are 28 projects in the pipeline that will provide a total of 191 net new units.

Constraints: None.

Table D-8 Pipeline Projects

Address	APN	Net Units	Very Low-Income Units	Low Income Units	Moderate Income Units	Above Moderate Income Units	BMP In-Lieu Fee Hillside PD	Project Description	Project Status
246 Almendra Ave.	510-14-019	+1	0	0	0	1	N	One new single-family residence on a vacant lot.	Planning Entitlements Approved, Building Permit Under Review.
16466 Bonnie Ln.	532-02-053	+1	0	0	0	1	N	One new single-family residence on a vacant lot.	Subdivision Approved, Planning Entitlements for Development on Newly Created Lot Has Not Been Submitted.
2021 Foster Rd.	537-33-001	+1	0	0	0	1	Y	One new single-family residence on a vacant lot.	Planning Entitlements Approved, Building Permit Under Review.
16195 George St.	529-18-051	+3	0	0	0	3	N	Demo of an existing residence and construction of four new condos. Net of three units.	Planning Entitlements Approved, Building Permit Under Review.
16100 Greenridge Terrace	527-12-002	+8	0	0	0	8	Y	Subdivision of one vacant lot into eight hillside lots.	Subdivision Entitlements and Site Improvements Approved, Site Improvements Under Construction, Planning Entitlements for Development on Newly Created Lots Have Not Been Submitted.
200 Happy Acres Rd.	537-24-030	+1	0	0	0	1	N	One new single-family residence on a vacant lot.	Planning Entitlements Under Review.
16220 Harwood Rd.	567-18-051	+2	0	0	0	2	N	Subdivision of one lot into three lots, and a net of two new single-family residences.	Subdivision Approved, Planning Entitlements Under Review.
16461 S. Kennedy Rd.	532-17-027	+1	0	0	0	1	N	One new single-family residence on a vacant lot.	Planning Entitlements Approved, Building Permits Under Review.

Address	APN	Net Units	Very Low-Income Units	Low Income Units	Moderate Income Units	Above Moderate Income Units	BMP In-Lieu Fee Hillside PD	Project Description	Project Status
16484 S. Kennedy Rd.	532-20-012	+1	0	0	0	1	N	One new single-family residence on a vacant lot.	Planning Entitlements Approved, Building Permit Under Review.
300 Laurel Mountain Ln.	567-24-023	+1	0	0	0	1	N	One new single-family residence on a vacant lot.	Planning Entitlements Under Review.
14926 Los Gatos Blvd.	424-10-009	+5	0	1 Deed Restricted	0	4	N	Mixed-use building with five units. Net of five new units.	Planning Entitlements Under Review.
17200 Los Robles Way	532-36-075, -076, and -077.	+2	0	0	0	2	N	Lot line adjustment of three parcels showing development potential of two vacant parcels. Net of two lots.	Lot Line Adjustment Approved, Planning Entitlements for Newly Created Lots Have Not Been Submitted
15415 National Ave.	424-12-006	+1	0	0	0	1	N	Subdivision of one lot into two new lots. Net of one new single-family residence.	Subdivision Approved, Planning Entitlements for Development on Newly Created Lots Have Not Been Submitted.
105 Newell Ave. New addresses: (103, 104, 109, and 110 Sporleder Ct)	409-24-016	+4	0	0	0	4	N	Subdivision of one lot commercial lot into five lots. Net of four new single-family residential lots.	Planning Entitlements Approved, Building Permits Under Review.
120 Oak Meadow Dr.	529-10-131	+1	0	0	0	1	N	Subdivision of one lot into two lots and construction of a new single-family residence.	Planning Entitlements Under Review.
45 Reservoir Rd.	529-33-054	+1	0	0	0	1	N	One new single-family residence on a vacant lot.	Planning Entitlements Under Review.
16940 Roberts Rd.	529-18-053	+2	0	0	0	2	N	Demolition of an existing single-family residence, construction of three new condominium units. Net of two units.	Planning Entitlements Approved, Building Permits Approved.

Address	APN	Net Units	Very Low-Income Units	Low Income Units	Moderate Income Units	Above Moderate Income Units	BMP In-Lieu Fee Hillside PD	Project Description	Project Status
465 N. Santa Cruz Ave.	410-16-004	+1	0	0	0	1	N	Mixed-use project with one new dwelling unit in an existing commercial building.	Planning Entitlements Approved, Building Permits Approved and Under Construction.
15343 Santella Ct.	527-09-034	+1	0	0	0	1	Y	One new single-family residence on a vacant lot.	Planning Entitlements Under Review.
15415 Santella Ct.	527-09-022	+1	0	0	0	1	Y	One new single-family residence on a vacant lot.	Planning Entitlements Approved, Building Permit Under Review.
15365 Santella Ct.	527-09-36	+1	0	0	0	1	Y	One new single-family residence on a vacant lot.	Planning Entitlements Approved.
15665 Shady Ln.	527-11-009	+1	0	0	0	1	N	One new single-family residence on a vacant lot.	Planning Entitlements Approved, Building Permit Under Review.
14915 Shannon Rd.	537-27-047	+10	0	0	0	10	Y	Zone Change, General Plan Amendment, and the subdivision of one lot into 10 lots.	Planning Entitlements Under Review.
15215 Shannon Rd. New addresses: (116, 118, 120, 121 and 123 Rock Ridge Rd.)	537-25-036	+4	0	0	0	4	Y	Subdivision of one lot into five hillside lots. Net of four lots.	Subdivision Entitlements Approved Planning Entitlements for Development on Newly Created Lots Have Not Been Submitted.
400 Surmont Dr.	527-20-003	+2	0	0	0	2	N	Subdivision of one lot into three lots with two new hillside homes. Net of two units.	Planning Entitlements Approved.
15860 Winchester Blvd.	529-11-013, -038, -039, and -040	+103	0	0	0	103	N	113 assisted living units with kitchens (net increase of 103 units)	Planning Entitlements Under Review.

Address	APN	Net Units	Very Low-Income Units	Low Income Units	Moderate Income Units	Above Moderate Income Units	BMP In-Lieu Fee Hillside PD	Project Description	Project Status
144 Wood Rd.	510-47-044	+1	0	0	0	1	N	One new single-family residence on a vacant lot.	Planning Entitlements Approved.
North Forty Phase 1	424-07-100	+30	0	0	0	30	N	Mixed-use development consisting of 320 residential units, including 49 very low-income senior unit and one affordable caretakers' unit. 30 units have not received building permit approval yet.	Planning Entitlements Approved, Building Permits at Various Stages of Review and Approval and Construction.
Total Net Pipeline Units = 191									

Source: Town of Los Gatos Community Development Department.

Inventory of Vacant and Available Sites

This section provides the formal inventory of sites that the Town of Los Gatos will rely on in the 6th Housing Element planning cycle. Per State law and Housing Policy, the Town is required to maintain "no net loss" of the housing capacity represented by this list of parcels and the sites they comprise. To facilitate this, the inventory presented in Appendix H has been designed with excess capacity. This allows some degree of flexibility in decision making for individual development projects as they come forward for approval.

In short, with some limited flexibility, the Town is committed to permitting housing on each of the parcels listed in the table below, and in so doing ensuring that the number of units listed for each parcel in the table "planned capacity" is achieved. Should the Town approve development that is inconsistent with the parcel's planned capacity, it is then required as part of that approval to:

1. Find, based on quantitative evidence, that the remaining inventory of housing sites is still sufficient to meet the Town's 6th cycle RHNA; or
2. Identify one or more available sites with the realistic development capacity to replace the housing that would have otherwise been developed had consistency with planned capacity been achieved.

Appendix I provides details and capacity estimates for each of the parcels that comprise the Sites Inventory as identified in the section above.

D. 5Summary and Conclusions

The sites identified in this report are sufficient to accommodate Los Gatos' Regional Housing Needs Allocation for the 6th cycle planning period. The RHNA planning period for the ABAG region started on June 30, 2022, therefore housing units that were finaled, permitted, or approved after this date, or were under construction as of June 30, 2022, can be credited toward the current sixth cycle RHNA. RHNA credits for housing units that were finaled, permitted, or approved after this date, or were under construction as of June 30, 2022; ADU projections; and the Pipeline Projects amount to 416 units, with a remaining RHNA of 1,577 units.

The Sites Inventory accommodates a net capacity of approximately 1,955 units, a surplus of approximately 24 percent above the remaining RHNA of 1,577 units, which would equal capacity of approximately 378 additional units. These sites, in addition to Accessory Dwelling Units Projections, and Pipeline Projects have a total, net capacity of 2,371 units. This "cushion" for capacity above the base RHNA number is highly recommended because of the State's no-net-loss policy, which precludes jurisdictions from approving development that results in an overall housing site deficit. The "cushion" essentially provides a degree of flexibility for policy makers as they make development decisions. Many of the sites identified in this report have existing uses that would need to be demolished before new housing could be constructed.

For communities like Los Gatos that are largely built out and surrounded by other communities and undevelopable hillsides, redevelopment and densification is the only practical solution to providing a fair share of future housing for the San Francisco Bay Area. By its nature, such redevelopment is more costly and more time consuming than building new units on vacant land. To offset these constraints, higher densities are proposed in some areas. These higher densities act as a market incentive to offset the added cost and time required build new housing on redeveloped sites. Property owner interest will be pivotal for facilitating single-family site opportunities to add housing through construction of ADUs and use of SB 9 processes, which allow for up to four units on a property zoned for a single house.

Review of Previous Housing Element

E

APPENDIX

E.1 Introduction

In order to effectively plan for the future, it is important to reflect back on the goals of the previous Housing Element and to identify those areas where progress was made and those areas where continued effort is needed. State Housing Element guidelines require communities to evaluate their previous Housing Element according to the following criteria:

- Effectiveness of the Element.
- Progress on Implementation.
- Appropriateness in Goals, Objectives, and Policies.

E.2 Effectiveness of the Element

The Town of Los Gatos' 2015 Housing Element identified the following goals:

- Expand the choice of housing opportunities for all economic segments of the community by supporting the development of affordable housing in a variety of types and sizes, including a mixture of ownership and rental housing.
- Maintain and/or adopt appropriate land use regulations and other development tools to encourage the development of affordable housing that is compatible with the neighborhood and the community.
- Preserve existing residential opportunities, including the existing affordable housing stock.
- Ensure that all persons have equal access to housing opportunities.
- Retain and expand affordable housing opportunities for seniors.
- Mitigate Town governmental constraints to affordable and special needs housing development.
- Encourage residential construction that promotes green building and energy conservation practices.
- Ensure that the Town has sufficient resources and takes appropriate measures to implement the Housing Element.
- Maintain the Town's 2005 jobs-to-household ratio of 1.5 jobs per household.

In order to achieve these goals, the 2015 Housing Element listed a series of policies and programs. The policies covered a range of housing concerns, including appropriate zoning for lower and moderate-income households, assisting in developing affordable housing, removing governmental constraints, conserving the existing affordable housing stock, preventing the conversion of affordable units to market rate, and promoting equal housing opportunities for all persons. The policies comply with State housing law guidelines.

E.3 Progress on Implementation

To assess the Town's progress on implementing the 2015 Housing Element, the following key areas were reviewed:

- Adopted Programs;
- Production of Housing;
- Preservation of "At Risk" Units; and
- Rehabilitation of Existing Units.

Each of these areas is discussed in detail below.

Overview of Adopted Programs

Table E-1 below identifies all of the actions the Town committed to in the 2015 Housing Element. The table also includes a description of the progress that was made during the 2015 to 2023 planning period. Where a program is recommended to be continued in the current Housing Element, that program appears in Section 10.6 of Chapter 10. In updating the Housing Element, the Town took a critical evaluation of the 2015 Housing Element programs. Programs that are considered routine functions are removed from the 2023-2031 Housing Element as specific housing programs. Housing programs that are intended to achieve similar objectives are combined to eliminate redundanc

Table E-1 Overview of Adopted Programs

No.	Programs (The text provided in this column is a synopsis only; for complete program language refer to the 2015 Housing Element)	Achievements/Effectiveness	Continue/Modify/Delete
Goal HOU-1	**Expand the choice of housing opportunities for all economic segments of the community by supporting the development of affordable housing in a variety of types and sizes, including a mixture of ownership and rental housing.**		**Modify as Goal HE-1.**
Policy HOU-1.1	Develop and utilize all available housing funding resources in order to provide the maximum amount of affordable housing as feasible.		Modify as Policy HE-2.1.
Policy HOU-1.2	Work with nonprofit agencies and housing developers to plan and develop a mix of affordable housing opportunities in Los Gatos.		Modify as Policy HE-2.9.
	Actions/Implementation Programs		
1.1	Continue to implement the Below Market Price (BMP) program and evaluate it annually to ensure it is not a constraint to development.	BMP Program has been implemented on all residential projects that meet the criteria.	Modify as Implementation Program L.
1.2	Amend the Town Code to allow new deed restricted Accessory Dwelling Units (ADU) to be affordable to lower income households on non-conforming residential lots over 10,000 square feet and in the Hillside Residential Zone on sites that are larger than 5 acres.	Town Code has been amended to address this.	Delete.
1.3	Continue to provide up to a 100 percent density bonus for developments that include housing for elderly, handicapped, and/or very low and low-income households.	This is an incentive that has been available to projects that meet the criteria. There are still opportunities to fulfill this program and a modified version of this program will be continued.	Modify as Implementation Program R.
1.4	Using BMP in-lieu fees, implement the proposed programs and initiatives of the Town's Affordable Housing Strategies to increase and preserve affordable housing, such as purchasing affordability covenants in existing apartments.	Use of BMP in-lieu fees will be considered as opportunities arise and direction is provided to utilize the Town's BMP in-lieu fees. There are still opportunities to fulfill this program and a modified version of this program will be continued.	Modify as Implementation Program P.
1.5	Hold a periodic outreach meeting with affordable housing developers to discuss the development of housing affordable to extremely low-income households.	The Town will consider incentives when projects of this nature are proposed. There are still opportunities to fulfill this program and it is being continued but modified.	Modify as Implementation Program O.

No.	Programs (The text provided in this column is a synopsis only; for complete program language refer to the 2015 Housing Element)	Achievements/Effectiveness	Continue/Modify/Delete
1.6	Encourage the creation of housing that is affordable to extremely low-income households by considering allocating a percentage of the Town's Affordable Housing (Below Market Price) fund to subsidize housing for extremely low-income households.	Use of BMP in-lieu fees will be considered as opportunities arise and direction is provided to utilize the Town's BMP in-lieu fees.	Modify as Implementation Program N.
1.7	The Town will rezone 13.5 acres within the North 40 Specific Plan area within three years of Housing Element adoption at minimum a density of 20 dwelling units per acre to facilitate affordable housing production.	This was completed. 320 housing units were approved with a majority under construction.	Delete. The North Forty Specific Plan was adopted by the Town Council on June 17, 2015.
1.8	To assist the development of housing for lower income households on sites larger than ten acres, the Town will facilitate land divisions and lot line adjustments to result in parcels sizes between one to ten acres that facilitate multiple-family developments affordable to lower income households in light of state, federal and local financing programs.	When this type of project is submitted, it is given priority. There are still opportunities to fulfill this program and a modified version of this program will be continued.	Modify as Implementation Program K.
Goal HOU-2	**Maintain and/or adopt appropriate land use regulations and other development tools to encourage the development of affordable housing that is compatible with the neighborhood and the community.**		**Delete.**
Policy HOU-2.1	Continue to designate sufficient, residentially zoned land at appropriate densities to provide adequate sites to accommodate Los Gatos' RHNA for 2015–2023.		Modify as Policy HE-1.1.
Policy HOU-2.2	Ensure that the Town will provide sufficient land at appropriate zoning categories to meet its RHNA for very low-, and moderate-income households, as demonstrated in the Housing Sites Inventory analysis in Chapter 6 of the Housing Element Technical Appendix.		Delete.
Policy HOU-2.3	Encourage mixed–use developments that provide affordable housing close to employment centers and/or transportation facilities, particularly along Los Gatos Boulevard and within a ½-mile radius of the future Vasona light rail station.		Modify as Policy HE-2.3.
Policy HOU-2.4	Demonstrate that all new residential development is sufficiently served by public services and facilities, including pedestrian and vehicular circulation, water and wastewater services, police, fire, schools, and parks.		Modify as Policy HE-1.3.
Policy HOU-2.5	New single-family, multi-family, and mixed-use developments shall be compatible with the character of the surrounding neighborhood.		Modify as Policy HE-1.4.
Policy HOU-2.6	Strive to ensure that at least 30 percent of the housing stock is rental units.		Modify as Policy HE-2.4.
Policy HOU-2.7	Create new affordable housing opportunities through acquisition using Affordable Housing Funds.		Delete.

No.	Programs (The text provided in this column is a synopsis only; for complete program language refer to the 2015 Housing Element)	Achievements/Effectiveness	Continue/Modify/Delete
Actions/Implementation Programs			
2.1	Continue to implement the minimum density and affordable housing incentives within the AHOZ.	A project has not been submitted for 110 Knowles Avenue, the one parcel in Town with an AHOZ overlay.	The AHOZ will be removed from the Town Code and replaced with the Housing Element Overlay Zone. Currently the AHOZ only applies to one site in Town (Site F-1).
2.2	For multiple-family residential development within the North 40 and the Southbay AHOZ site, subject to by right development, the Town will amend the Town Code to add by right development findings that, among other item, state that if a project meets the objective review criteria contained in the AHOZ Design Guidelines or North Forty Specific Plan design guidelines the deciding body will approve the affordable housing proposal.	On August 1, 2017, the Town Council approved the Phase I application for the North Forty Specific Plan Area which included 320 residential units. A project for the Southbay AHOZ site was not submitted during the fifth cycle planning period.	Delete. Implementation Programs AQ and AR are proposed to modify the Zoning Code and General Plan to create the HEOZ for all sites located on the Sites Inventory. The AHOZ will be removed from the Town Code.
2.3	The Town Code (Zoning Regulations) will be amended to clarify that Transitional and Supportive Housing is permitted in all residential zones by right.	No projects were submitted during the fifth cycle for Transitional or Supportive Housing.	Modify as Implementation Program AP.
2.4	For multiple family residential development within the North 40 and the Southbay AHOZ site subject to by right development, the Town will amend the Town Code to add by right development findings that, among other item, state that if a project meets the objective review criteria contained in the AHOZ Design Guidelines or North Forty Specific Plan design guidelines the deciding body will approve the affordable housing proposal.	On August 1, 2017, the Town Council approved the Phase I application for the North Forty Specific Plan Area which included 320 residential units. A project for the Southbay AHOZ site was not submitted during the fifth cycle planning period.	Delete. Implementation Programs AQ and AR are proposed to modify the Zoning Code and General Plan to create the HEOZ for all sites located on the Sites Inventory. The AHOZ will be removed from the Town Code.
2.5	To ensure adequate residential capacity to accommodate the RHNA for each income category, the Town will develop and implement an ongoing formal evaluation procedure (project-by-project) of sites identified in the Sites Inventory.	If this situation arises the Town will comply with this requirement.	Continue as Implementation Program C.

No.	Programs (The text provided in this column is a synopsis only; for complete program language refer to the 2015 Housing Element)	Achievements/Effectiveness	Continue/Modify/Delete
Goal HOU-3	**Preserve existing residential opportunities, including the existing affordable housing stock.**		**Modify as Goal HE-4.**
Policy HOU-3.1	Encourage the maintenance and improvement of existing housing units.		Modify as Policy HE-4.1.
Policy HOU-3.2	Support the preservation and conservation of existing housing units that provide affordable housing opportunities for Town residents and workers.		Modify as Policy HE-4.4.
Policy HOU-3.3	Improve the quality of rental housing by acquisition and/or rehabilitation using Affordable Housing Fund.		Modify as Policy HE4-4.2.
Policy HOU-3.4	Preserve the affordability of units affordable to very low-, low-, and moderate-income households in Bonnie View Park, and enforce zoning regulations regarding conversion of mobile home parks in Los Gatos.		Continue as Policy HE-4.3.
	Actions/Implementation Programs		
3.1	Continue to monitor affordable, multi-family housing units in the Town to ensure that they retain their affordability status.	No units have been converted to market rate rents.	Continue as Implementation Program AG.
3.2	The Town will continue to implement Section 29.20.155 of the Town Code that addresses conversions of residential use, specifically Section 29.20.155(a)(2) that requires that any proposed conversion satisfy the housing goals and policies as set forth in the General Plan.	This will be considered if a conversion of residential uses is proposed.	Continue as Implementation Program AH.
3.3	Continue to participate in the County of Santa Clara Community Development Block Grant Joint Powers Authority so Town residents can participate in County CDBG Housing Rehabilitation programs.	The Town still participates in these programs.	Continue as Implementation Program AI.
3.4	Continue to support countywide programs that provide assistance with minor home repairs and accessibility improvements for lower-income households, including special needs households.	The Town continues to support these programs.	Continue as Implementation Program AI.
Goal HOU-4	**Ensure that all persons have equal access to housing opportunities.**		**Modify as Goal HE-6.**
Policy HOU-4.1	Support housing programs that protect individuals' rights.		Modify as Policy HE-6.1.
Policy HOU-4.2	Continue to provide assistance to service providers who support special needs households such as seniors, persons with disabilities (including developmental challenges), and the homeless, such as Project Sentinel, Santa Clara County Housing Authority, and Santa Clara County Office of Supportive Housing.		Continue as Policy HE-6.3.

No.	Programs (The text provided in this column is a synopsis only; for complete program language refer to the 2015 Housing Element)	Achievements/Effectiveness	Continue/Modify/Delete
Policy HOU-4.3	Continue to encourage Los Gatos households to participate in financial assistance programs provided in the County of Santa Clara.		Continue as Policy HE-6.2.
Actions/Implementation Programs			
4.1	Continue to provide a guide to developments that include affordable housing units as part of the Housing Resources Guide posted on the Town's website.	The Town Housing Resources Guide is updated when necessary and a modified version of this program will be continued.	Modify as Implementation Program AL.
4.2	Continue the administration of the Rental Dispute Resolution Program and consider revisions as necessary to make the program as effective as possible in protecting both tenants and landlords' rights.	The Town continues to use Project Sentinel to administer a Rental Dispute Resolution Program.	Continue as Implementation Program AM.
4.3	Continue to allow for an emergency shelter as a by-right permitted use in the Controlled Manufacturing (CM) zoning district, subject to appropriate development standards.	This program has been completed. The Town Code has been amended to address this.	Delete.
4.4	Continue to provide support for community and non-profit organizations providing supportive services for homeless persons in Los Gatos.	The Town continues to support organizations that provide supportive services for homeless persons.	Continue as Implementation Program Y.
4.5	Support the efforts of the Santa Clara County Fair Housing Consortium. Continue to make referrals through Project Sentinel and provide updated fair housing information on the Town's website and at public locations through the Town, such as the Adult Recreation Center and public kiosks.	Project Sentinel is a member of the Santa Clara County Fair Housing Consortium and administers the Town's Rental Dispute Resolution Program.	Modify as Implementation Program AM.
4.6	Support the efforts of non-profit affordable housing organizations that provide housing services in Los Gatos.	The Town has met with affordable housing organizations regarding potential development in Town and a modified version of this program will be continued.	Modify as Implementation Program Y.

No.	Programs (The text provided in this column is a synopsis only; for complete program language refer to the 2015 Housing Element)	Achievements/Effectiveness	Continue/Modify/Delete
4.7	Continue to support the County of Santa Clara's Continuum of Care plan, as well as the "Housing 1000" campaign by Destination: Home.	The Town continues to support Santa Clara County's Continuum of Care Plan and a modified version of this program will be continued.	Continue as Implementation Program U.
4.8	The Town shall amend the Town Code within one year of the Housing Element adoption to be consistent with the Employee Housing Act.	This program has been completed. The Town will comply with State Law if a project is proposed, or an issue comes up before the Town Code is amended.	Delete.
Goal HOU-5	**Retain and expand affordable housing opportunities for seniors.**		**Modify as Goal HE-2**
Policy HOU-5.1	Promote the Town's Housing Conservation Program to assist low-income seniors with basic home repairs and maintenance.		Delete.
Policy HOU-5.2	Allow and encourage small-scale living facilities of two to six seniors that may include nursing care services that can be integrated into existing neighborhoods as infill development.		Delete.
Policy HOU-5.3	Work with existing senior lifestyle living and assisted living facilities in Los Gatos, and support the development of new senior housing that includes continuum of care facilities within the Town.		Modify as Policy HE-2.7.
Actions/Implementation Programs			
5.1	Provide regularly updated senior housing resource materials at the Adult Recreation Center.	Senior resource materials are updated when necessary and this program will be continued.	Continue as Implementation Program I.
Goal HOU-6	**Mitigate Town governmental constraints to affordable and special needs housing development.**		**Modify as Goal HE-3**
Policy HOU-6.1	Continue expediting the permit processing system for affordable residential development applications.		Modify Policy HE-3.3.
Policy HOU-6.2	Encourage universal design features in all new residential developments, to supplement the Title 24 requirements.		Modify as Policy HE-1.6.
Policy HOU-6.3	Support the rehabilitation and modification of housing to allow accessible to people of all abilities.		Delete.

No.	Programs (The text provided in this column is a synopsis only; for complete program language refer to the 2015 Housing Element)	Achievements/Effectiveness	Continue/Modify/Delete
Policy HOU-6.4	Support the provision of permanent, affordable, and accessible housing that allows persons with special needs to live independent lives. For the purposes of this Housing Element "persons with special needs" include extremely low-income households, the elderly, overcrowded and large-family households, the homeless population, those in need of emergency shelter, youth aging out of foster care, female-headed or single-parent households, and persons with disabilities, including developmental challenges.		Continue as Policy HE-2.8.
Policy HOU-6.5	Support efforts to provide coordinated services for persons with special needs in the Town.		Modify as Policy HE-6.3.
Actions/Implementation Programs			
6.1	Regularly review Town planning and zoning regulations and remove affordable housing development constraints as appropriate.	The Town's Housing Element contains a number of items that limit or remove constraints and this program will be continued in multiple implementation programs to reduce constraints and encourage housing.	Modify as Implementation Programs B, AA, AC, AQ, and AR to reduce constraints and encourage housing.
6.2	Continue to enforce Section 29.10.505–530 of the Town Code to ensure equal access to housing for persons with disabilities under the Fair Housing Act and provide specific procedures for requesting and granting reasonable accommodations.	This has not yet been completed and this program will be continued.	Continue as Implementation Program W.
6.3	Remove constraints to housing for persons with disabilities and encourage accessible housing in new residential developments.	Removal of constraints is considered when necessary. A modified version of this program will be continued.	Modify as Implementation Program AP.
6.4	Give priority to special needs housing by allowing for reduced processing time and streamlined procedures for such appropriate zoning/land use applications.	If a project of this nature is submitted, it will be given priority and a modified version of this program will be continued.	Modify as Implementation Program AP.
6.5	Include preferential handling of special needs populations in management plans and regulatory agreements of funded projects.	Will be considered when plans are adopted, and projects are funded, and a modified version of this program will be continued.	Modify as Implementation Program X.

No.	Programs (The text provided in this column is a synopsis only; for complete program language refer to the 2015 Housing Element)	Achievements/Effectiveness	Continue/Modify/Delete
6.6	Explore opportunities to work with local and/or regional partners to provide rental assistance for persons with developmental challenges.	The Town will explore opportunities with local and/or regional partners during the Housing Element update process and a modified version of this program will be continued.	Modify as Implementation Program X.
6.7	Consider development of universal design enhancements to existing design guidelines and standards to encourage the inclusion of universal design features in new construction. Periodically study every two years and adopt as appropriate specific revisions or amendments to the Town's development documents as part of the Town Building Code.	This was completed. The Town considers enhancements to universal design and the Town requires universal design features in new construction consistent with Building Code requirements.	Delete.
6.8	Increase awareness of universal design principles by periodically educating the Town Council, Commissions, and Boards about universal design and making information available to residents and builders at the Community Development Counter.	This was completed. The Town takes appropriate actions to increase awareness of universal design principles.	Delete.
6.9	Continue to work with the local California Department of Developmental Services Regional Center to continue to inform families within Los Gatos on housing and services available for persons with developmental challenges.	The Town works with the California Department of Developmental Services to inform citizens of available services and a modified version of this program will be continued.	Modify as Implementation Program X.
6.10	On a biannual basis, continue to review, evaluate, update, and streamline as necessary, the development process for housing developments that will guarantee affordable units on a long-term basis for very low-, low-, and moderate-income households.	The Town considers improvements to the development review process for affordable housing projects when they are proposed.	Delete.
Goal HOU-7	**Encourage residential construction that promotes green building and energy conservation practices.**		**Continue as Goal HE-5**
Policy HOU-7.1	Encourage sustainable housing development throughout the Town using the Town's voluntary green building program by continuing to require that all residential development applications complete the Build It Green GreenPoint Rated Checklist as part of the development application package.		Modify as Policy HE-5.1.
Policy HOU-7.2	Promote the construction of energy efficient new homes utilizing the Energy Star Homes Program.		Delete.

No.	Programs (The text provided in this column is a synopsis only; for complete program language refer to the 2015 Housing Element)	Achievements/Effectiveness	Continue/Modify/Delete
	Actions/Implementation Programs		
7.1	Continue to enforce State of California Title 24 requirements for energy conservation.	The Town enforces Title 24 requirements, and this program will be continued.	Continue as Implementation Program AK.
Goal HOU-8	**Ensure that the Town has sufficient resources and takes appropriate measures to implement the Housing Element.**		**Delete.**
Policy HOU-8.1	All approvals of residential developments of three or more units shall include a finding that the proposed development is consistent with the Town's Housing Element and addresses the Town's housing needs as identified in the Housing Element.		Delete.
Policy HOU-8.2	Provide adequate management and staffing of affordable housing funds and programs.		Delete.
8.1	Prepare an annual housing report for the review of the Town Council including information on progress made towards achieving new construction need, affordable housing conserved/developed, effectiveness of existing programs and recommendations for improvement.	The Town prepares an annual housing report and this program will be continued.	This is a routine function and is deleted as a housing program.
8.2	Continue to fund staff for the management and planning of housing programs and funding for the Town.	The Town has contracted with HouseKeys to administer our affordable housing program and has staff that dedicate time to the Town's affordable housing program.	Delete.
8.3	Deliver the adopted Housing Element to the San Jose Water Company and the West Valley Sanitation District.	Town staff regularly work with the San Jose Water Company and West Valley Sanitation District on upgrades to their infrastructure and they are involved in development applications and environmental review.	Modify as Implementation Program H.

Production of Housing

The 2015 Housing Element identified a Regional Housing Needs Allocation (RHNA) of 619 housing units in Los Gatos between January 1, 2015, and June 30, 2023. The RHNA was divided into the following income categories:

- 100 units affordable to extremely low-income households.
- 101 units affordable to very low-income households.
- 112 units affordable to low-income households.
- 132 units affordable to moderate-income households.
- 174 units affordable to above moderate-income households.

As shown in Table A5-2, during the 2015–2023 planning period, 683 new units were added to the Town's housing stock, achieving approximately 110 percent of the Town's RHNA. Units affordable to moderate- and lower-income households that were created during the planning period include density bonus senior rental units (North Forty Phase I), an attached condominium (Union Avenue) and detached townhomes (Knowles Avenue) produced through the BMP program and accessory dwelling units.

Table E-2 Housing Units Produced, January 1, 2015, to December 30, 2022

Affordability	New Construction Need	Housing Units Produced	Percent Achieved
Extremely Low	100	0	0%
Very Low	101	49	48.5%
Low	112	3	2.7%
Moderate	132	156	118.2%
Above Moderate	174	475	272.9%
Total	**619**	**683**	110.3%

Source: HCD Annual Progress Report Dashboard (as of December 30, 2022).

Preservation of "At Risk" Units

According to the 2015 Housing Element, there were no affordable units at risk of converting to market rate within 10 years from the beginning of the 2015 to 2023 planning period.

Rehabilitation of Existing Units

The Town did not rehabilitate any housing units between 2015 and 2023.

Efforts to Address Special Housing Needs

Special needs populations include farmworkers, large families, female-headed single parent households, people experiencing homelessness, persons with disabilities, seniors, and households with extremely low incomes. Government Code Section 65588 requires that local governments review the effectiveness of the housing element goals, policies, and related actions to meet the community's special housing needs. As shown in Table E-1 above, the Housing Element included several programs that addressed senior housing needs, households with extremely low incomes, emergency shelters, and needs for persons with disabilities. Some of the accomplishments include:

- Phase I of the North Forty Specific Plan included 49 very low-income senior units and 1 moderate-income manager's unit.
- The Town's ADU Ordinance implemented a 10 percent increase in the allowable floor area for a new ADU to increase the production of smaller, more affordable units.

- On November 15, 2022, the Town Council adopted Resolution 2022-072 adopting Objective Standards for the review of qualifying multi-family and residential mixed-use developments.

E.4 Appropriateness of Goals, Objectives, and Policies

The goals, objectives, and policies identified in the 2015 Housing Element were appropriate for the 2015 to 2023 timeframe because they directly relate to the program requirements listed by the California Department of Housing and Community Development.

As for new construction, the greatest progress was made in producing housing in the moderate income and above moderate-income categories, where the Town permitted approximately 62 percent and 80 percent of the needed units, respectively. The Town permitted only about a quarter of its needed very low-income units and less than three percent of its low-income units. As was the case in the in prior years, the cost of housing continued to be high in Los Gatos, making affordable housing difficult to develop in the Los Gatos market. The Town successfully provided the governmental framework to encourage and facilitate affordable housing through a continuation of its BMP program and enhanced Accessory Dwelling Unit Ordinance.

E.5 Summary

During the 2015–2023 planning period, as of December 31, 2022, 683 new units were added to the Town's housing stock, achieving approximately 110 percent of the Town's RHNA. The Town exceeded the required housing units per RHNA in the moderate and above moderate-income categories; however, fell short in the low-income category. Many of the goals, policies, and programs added and modified in this document have the goal and objective of increasing the total production of very low- and low-income category housing units during the 6th Housing Element cycle.

Nonetheless, the goals, objectives, policies, and actions in the 2015 to 2023 Housing Element complied with State housing law that was in effect at the time and provided proper guidance for housing development in the Town. In the 2023 to 2031 Housing Element update, objectives for each of the goals will be modified as appropriate to more specifically respond to the current housing environment in Los Gatos. Policies will also be modified as needed to respond to current Housing Element law and existing, anticipated residential development conditions, and provide additional incentives to encourage the production of affordable housing.

List of Organizations Contacted

APPENDIX F

F.1 Introduction

This appendix provides the names of organizations and tribal units that were contacted, as well as social media outreach completed by the Town during the preparation of Los Gatos' 6th cycle Housing Element Update.

F.2 List of Organizations Contacted

1	Native American Heritage Commission Tribal Consultation List Santa Clara County 07/22/2020

1 **Amah Mutsun Tribal Band**
Valentin Lopez, Chairperson
P.O. Box 5272
Galt, CA 95632
Phone number (916) 743-5833
vlopez@amahmutsun.org

2 **Amah Mutsun Tribal Band of Mission San Juan Bautista**
Irenne Zwierlein, Chairperson
789 Canada Road
Woodside, CA 94062
Phone: (650) 851-7489
Fax: (650) 332-1526
amahmutsuntribal@gmail.com

3 **Indian Canyon Mutsun Band of Costanoan**
Ann Marie Sayers, Chairperson
P.O. Box 28
Hollister, CA 95024
Phone number (831) 637-4238
ams@indiancanyon.org

4 **Muwekma Ohlone Indian Tribe of the SF Bay Area**
Charlene Mijmeh, Chairperson
20885 Redwood Road, Suite 232
Castro Valley, CA 94546
Phone: (408) 464-2892
cnijmeh@muwekma.org

5 **Muwekma Ohlone Indian Tribe of the SF Bay Area**
Monica Arellano
20885 Redwood Road, Suite 232
Castro Valley, CA 94546
marellano@muwekma.org

6 **North Valley Yokuts Tribe**
Timothy Perez, MLD Contact
P.O. Box 717
Linden, CA 95236
Phone: (209) 662-2788
huskanam@gmail.com

7 **North Valley Yokuts Tribe**
Katherine Perez, Chairperson
P.O. Box 717
Linden, CA 95236
Phone: (209) 887-3415
canutes@verizon.net

8 **The Ohlone Indian Tribe**
Andres Galvan
P.O. Box 3388
Fremont, CA 94539
Phone: (510) 882-0527
Fax: (510) 687-9393
chochenyo@aol.com

9 **The Confederated Villages of Lisjan**
Corrina Gould, Chairperson
10926 Edes Avenue
Oakland, CA 94603
Phone: (510) 882-027
cvltribe@gmail.com

2 Additional List of Contacted Organizations

1 **Association of Bay Area Governments**
Bay Area Metro Center
375 Beale Street, Suite 700
San Francisco, CA 94105
housingTA@BayAreaMetro.gov
(415) 820-7900

2 **Aleli Sangalang**
Deputy Executive Director of Housing
Santa Clara County Housing Authortiy
505 W Julian Street
San Jose, CA 95110
(408) 275-8870

3 **Santa Clara County Social Services Agency**
353 West Julian Street
San Jose, CA 95110
clientcomments@ssa.sccgov.org
(408) 755-7100

4 **African American Community Service Agency**
304 N. 6th Street
San Jose, CA 95112
info@sjaacsa.org
(408) 292-3157

5 **Susan Alexander Kim**
Secretary
Korean American Community Services
1800-B Fruitdale Avenue
San Jose, CA 95128
info@kacssv.org
(408) 920-9733

6 **Lindsey Caldwell**
Division Director of Emergency Programs and Housing Services
Catholic Charaties of Santa Clara County
2625 Zanker Road
San Jose, CA 95134-2107
info@Catholiccharitiesscc.org

7 **Pancho Guevara**
Executive Director
Sacred Heart Community Service
1381 South First Street
San Jose, CA 95110
(408) 278-2160

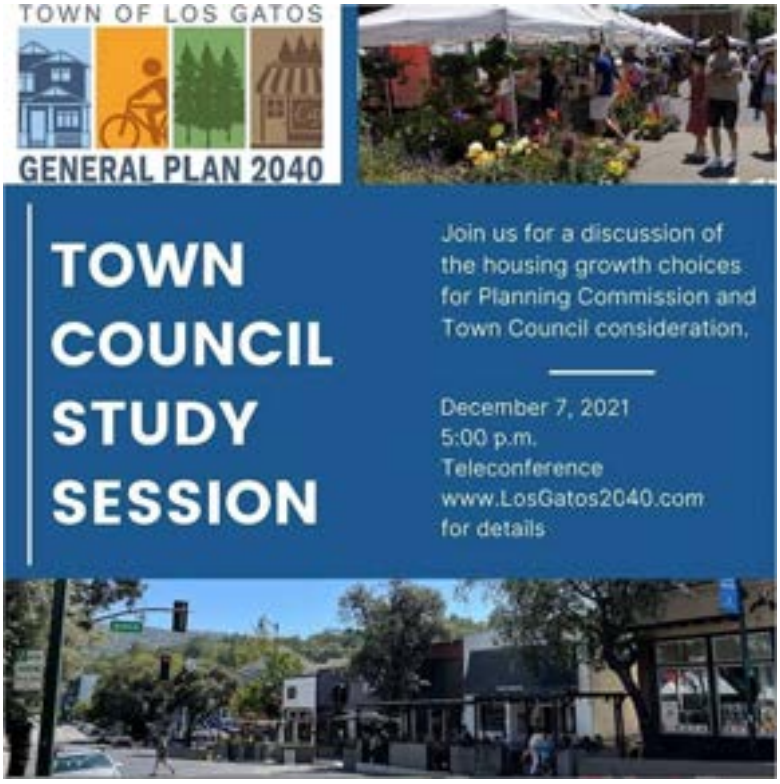
8 **Pancho Guevara**
Executive Director
Sacred Heart Community Service
1381 South First Street
San Jose, CA 95110
(408) 283-3700

9 **Bay Area Legal Aid**
4, N 2nd St. # 600
San Jose, CA 95113
(408) 283-3700

10 **United Way Bay Area**
1400 Parkmoor Avenue
San Jose, Ca 95126
(408) 345-4300

3	Engage Los Gatos Housing

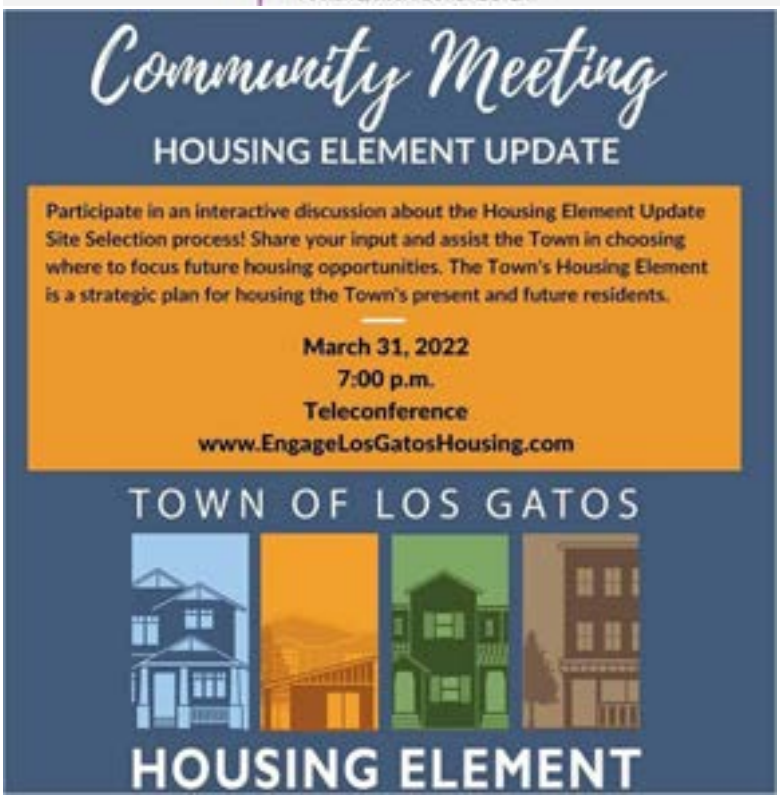





Housing Element
Advisory Board Meeting
TOWN OF LOS GATOS
HOUSING ELEMENT
Teleconference
December 16, 2021
7:00 pm
www.LosGatosCA.gov/HousingElementUpdate
The Town's Housing Element is a strategic plan for housing the Town's present and future residents. This meeting is being held to provide an opportunity for the public and the Housing Element Advisory Board to discuss the Housing Element update, key issues, and opportunities.


Housing Element
Advisory Board Meeting
TOWN OF LOS GATOS
HOUSING ELEMENT
Teleconference
February 17, 2022
7:00 pm
EngageLosGatosHousing.com
The Town is updating the Housing Element of the General Plan and invites the public to participate! The Housing Element is a strategic plan for housing the Town's present and future residents.


MARCH
2
WVCS Presents Envisioning an Inclusive Los Gatos: Housing Element 101
The Housing Element, part of a city's General Plan, shapes the future of the city by deciding what housing should look like for the next 8 years. With the Housing Element, Los Gatos has the opportunity to improve the community for everyone, ensuring an inclusive, diverse, and affordable Town.
Join community members, Housing Element experts, nonprofits, housing developers, and clients with lived experience in homelessness and affordable housing for a participatory conversation about the future of Los Gatos.
Featuring Panelists:
- Ande Flower, Principal Planner at EMC Planning
- Alison Cingolani, Policy & Research Associate at SV@Home
- Housing Developer
- Two WVCS Clients
MARCH 2, 6:00PM, ONLINE EVENT


Community Meeting
HOUSING ELEMENT UPDATE
Participate in an interactive discussion about the Housing Element Update Site Selection process! Share your input and assist the Town in choosing where to focus future housing opportunities. The Town's Housing Element is a strategic plan for housing the Town's present and future residents.
March 31, 2022
7:00 p.m.
Teleconference
www.EngageLosGatosHousing.com
TOWN OF LOS GATOS
HOUSING ELEMENT


Spring into Green
SAVE THE DATE
SUNDAY
APRIL 24
TOWN PLAZA PARK
10:00AM - 1:00PM
Los GATOS


Housing Element
Advisory Board Meeting
TOWN OF LOS GATOS
HOUSING ELEMENT
Teleconference
May 19, 2022
7:00 pm
www.LosGatosCA.gov/HousingElementUpdate
The Town's Housing Element is a strategic plan for housing the Town's present and future residents. An inventory of land adequately zoned or planned to be zoned to accommodate its fair share of housing allocation is a required part of a Housing Element. The Housing Element Advisory Board will be reviewing and discussing the Draft Site Inventory and the income category distribution associated with each of the sites.


This Sunday, stop by the
2040 GENERAL PLAN UPDATE BOOTH AT THE LOS GATOS FARMERS' MARKET
Town staff will be available to chat, answer questions, and provide information regarding the 2040 General Plan Update.
TOWN OF LOS GATOS
GENERAL PLAN 2040
GENERAL PLAN 2040
Sunday
May 22, 2022
Los Gatos Farmers' Market
Town Plaza Park


Housing Element Advisory Board Meeting
TOWN OF LOS GATOS
HOUSING ELEMENT
Teleconference
June 16, 2022
7:00 pm
www.LosGatosCA.gov/HousingElementUpdate
The Town's Housing Element is a strategic plan for housing the Town's present and future residents. On June 16, the Housing Element Advisory Board will be reviewing and discussing housing polices and programs to be included in the Housing Element update.


Housing Element
Advisory Board Meeting
TOWN OF LOS GATOS
HOUSING ELEMENT
Teleconference
July 7, 2022
7:00 pm
www.LosGatosCA.gov/HousingElementUpdate
The Town's Housing Element is a strategic plan for housing the Town's present and future residents. On July 7, the Housing Element Advisory Board will continue reviewing and discussing housing polices and programs to be included in the Housing Element update.


Housing Element
Advisory Board Meeting
TOWN OF LOS GATOS
HOUSING ELEMENT
Teleconference
August 4, 2022
7:00 pm
www.LosGatosCA.gov/HousingElementUpdate
The Town's Housing Element is a strategic plan for housing the Town's present and future residents. On August 4, the Housing Element Advisory Board will continue reviewing and discussing housing polices and programs to be included in the Housing Element update.


THIS SUNDAY, STOP BY THE
Housing Element Update
BOOTH AT THE FARMERS' MARKET
Town staff will be available to chat, answer questions, and provide information regarding the Draft Housing Element.
SUNDAY, SEPTEMBER 4, 2022
LOS GATOS FARMERS' MARKET
TOWN PLAZA PARK
TOWN OF LOS GATOS
HOUSING ELEMENT
FARMERS' MARKET
EVERY SUNDAY


Housing Element Advisory Board Meeting
TOWN OF LOS GATOS
HOUSING ELEMENT
Teleconference
September 15, 2022
7:00 pm
www.LosGatosCA.gov/HousingElementUpdate
On September 15, the Housing Element Advisory Board will receive public comments on the Initial Public Review Draft of the Housing Element (available at EngageLosGatosHousing.com).


TOWN OF LOS GATOS
HOUSING ELEMENT
The Initial Public Review Draft of the Town's 2023-2031 Housing Element is now available for public review at:
EngageLosGatosHousing.com
Written comments on the Initial Public Review Draft can be submitted through September 27, 2022, at 5:00 p.m. by email to HEUpdate@losgatosca.gov.


TOWN OF LOS GATOS
HOUSING ELEMENT
Housing Element Update
Let's break it down!
What Goals are included in the Draft Housing Element?
• Goal HE-1: Facilitate All Types of Housing Construction.
• Goal HE-2: Provide New Affordable Housing.
• Goal HE-3: Remove Barriers to the Production of Housing.
• Goal HE-4: Improve the Existing Housing Stock.
• Goal HE-5: Encourage Green Building and Energy Conservation.
• Goal HE-6: Publicize Fair Housing Resources, Including those for Special Needs Populations.
More at www.EngageLosGatosHousing.com


TOWN OF LOS GATOS
HOUSING ELEMENT
Housing Element Update
Let's break it down!
What Goals are included in the Draft Housing Element?
• Goal HE-1: Facilitate All Types of Housing Construction.
• Goal HE-2: Provide New Affordable Housing.
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• Goal HE-4: Improve the Existing Housing Stock.
• Goal HE-5: Encourage Green Building and Energy Conservation.
• Goal HE-6: Publicize Fair Housing Resources, Including those for Special Needs Populations.
More at www.EngageLosGatosHousing.com

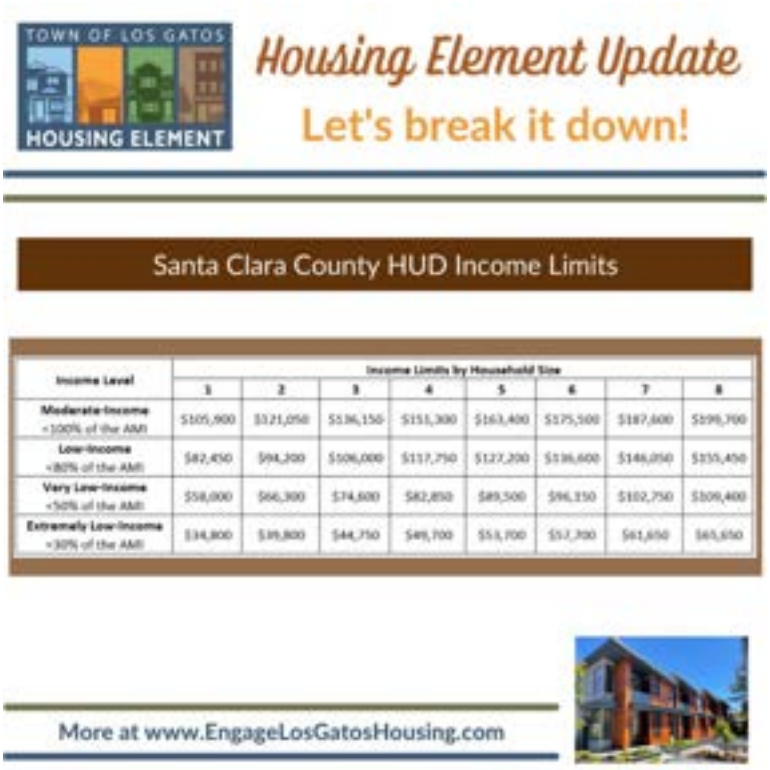

TOWN OF LOS GATOS
HOUSING ELEMENT
Housing Element Update
Let's break it down!
What is a Housing Element?
The Housing Element is a chapter of the General Plan which:
• Provides goals, policies, and programs to preserve, improve, and develop housing;
• Identifies and analyzes existing and future housing needs;
• Identifies sites for housing development within the eight-year housing cycle; and
• Must be certified (approved) by the State Department of Housing and Community Development (HCD).
More at www.EngageLosGatosHousing.com


TOWN OF LOS GATOS
HOUSING ELEMENT
Housing Element Update
Let's break it down!
Is the Town building the housing units?
No. The Housing Element sets the framework for the anticipated number of future housing units to be constructed by developers, non-profits, or homeowners. Updating the Housing Element gives the community the opportunity to strategize where and how to encourage construction of future housing, while also reviewing for and removing barriers to building at those planned locations.
More at www.EngageLosGatosHousing.com


Housing Element
Advisory Board Meeting
TOWN OF LOS GATOS
HOUSING ELEMENT
Teleconference
November 17, 2022
7:00 pm
www.LosGatosCA.gov/HousingElementUpdate
The Los Gatos Housing Element Advisory Board will discuss anticipated comments from the California Department of Housing and Community Development on the Town's Draft Housing Element.


Housing Element Update:
Renters' Survey Now Available!
The Town is in the process of updating its Housing Element, a strategic plan for housing the Town's present and future residents.
The Town welcomes input from residents who are currently renting, or have a history of renting in Los Gatos to complete an anonymous survey, available through January 12, 2023 at:
EngageLosGatosHousing.com
Hard copies are available at the Community Development Department and Library. The electronic and hard copy versions of the survey are also available in Spanish and Russian.
TOWN OF LOS GATOS
HOUSING ELEMENT
feedback


TOWN OF LOS GATOS
HOUSING ELEMENT
Housing Element Update
Let's break it down!
What is "affordable" housing?
Affordable housing, for the purposes of the Housing Element, refers to housing that is affordable to households at extremely low-income, very low-income, low-income, and moderate-income levels. Generally, housing that costs less than 30 percent of household income for rent/mortgage and utilities is considered affordable to these groups. Income limits are established to determine eligibility for affordable housing and define the categories used in regional housing needs allocations. Income limits are updated and published annually by the U.S. Department of Housing and Urban Development (HUD). The HUD income limits for Santa Clara County are provided on the next graphic.
More at www.EngageLosGatosHousing.com


TOWN OF LOS GATOS
HOUSING ELEMENT
Housing Element Update
Let's break it down!
Santa Clara County HUD Income Limits
Income Level
Income Limits by Household Size
1
2
3
4
5
6
7
8
Moderate-Income
<100% of the AMI
$105,900
$121,050
$136,150
$151,300
$163,400
$175,500
$187,600
$199,700
Low-Income
<80% of the AMI
$82,450
$94,200
$106,000
$117,750
$127,200
$136,600
$146,050
$155,450
Very Low-Income
<50% of the AMI
$58,000
$66,300
$74,600
$82,850
$89,500
$96,150
$102,750
$109,400
Extremely Low-Income
<30% of the AMI
$34,800
$39,800
$44,750
$49,700
$53,700
$57,700
$61,650
$65,650
More at www.EngageLosGatosHousing.com


THIS FRIDAY, STOP BY THE
Housing Element Update
TABLE AT THE LOS GATOS LIBRARY
Town staff will be available to discuss and answer questions regarding the Housing Element. A Renters' Survey is available at the Library and also on the Town's Housing Element website at EngageLosGatosHousing.com.
FRIDAY, NOVEMBER 18, 2022
LOS GATOS LIBRARY
10:30 AM - 12:30 PM
TOWN OF LOS GATOS
HOUSING ELEMENT

TOWN OF LOS GATOS
HOUSING ELEMENT

Housing Element Update

Let's break it down!

How much housing does Los Gatos need to plan for?

The Association of Bay Area Governments determines the number of housing units each city and county must plan for in its Housing Element. This number is called the Regional Housing Needs Allocation (RHNA).For the 2023-2031 Housing Element, Los Gatos must plan for a minimum of 1,993 housing units. This means that the Housing Element must identify specific locations for 1,993 units. Los Gatos' RHNA is broken down by income groups, as shown in the table on the next graphic.



More at www.EngageLosGatosHousing.com

TOWN OF LOS GATOS
HOUSING ELEMENT

Housing Element Update

Let's break it down!

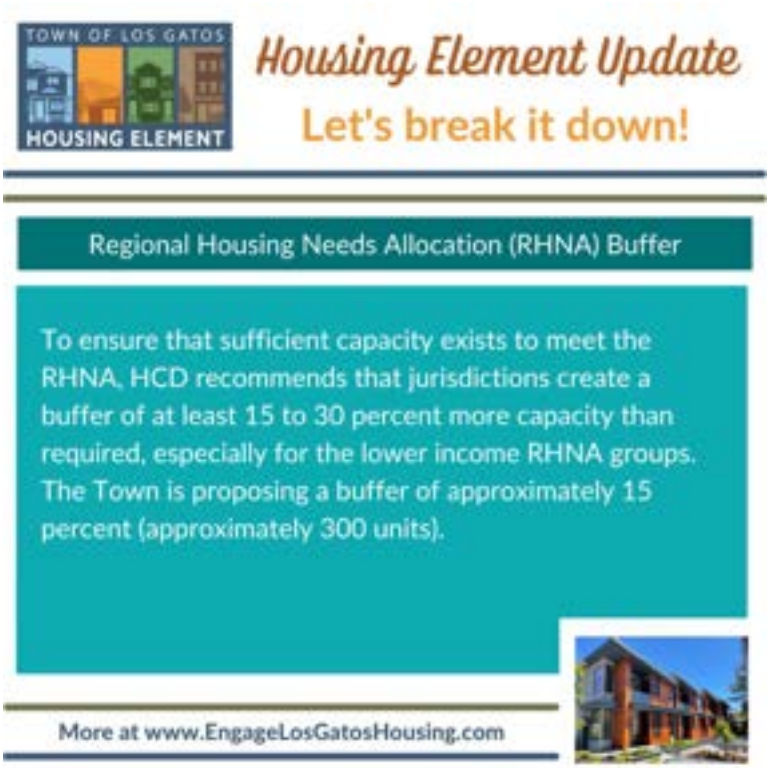
Los Gatos Regional Housing Needs Allocation (RHNA)

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 – Area Median Income

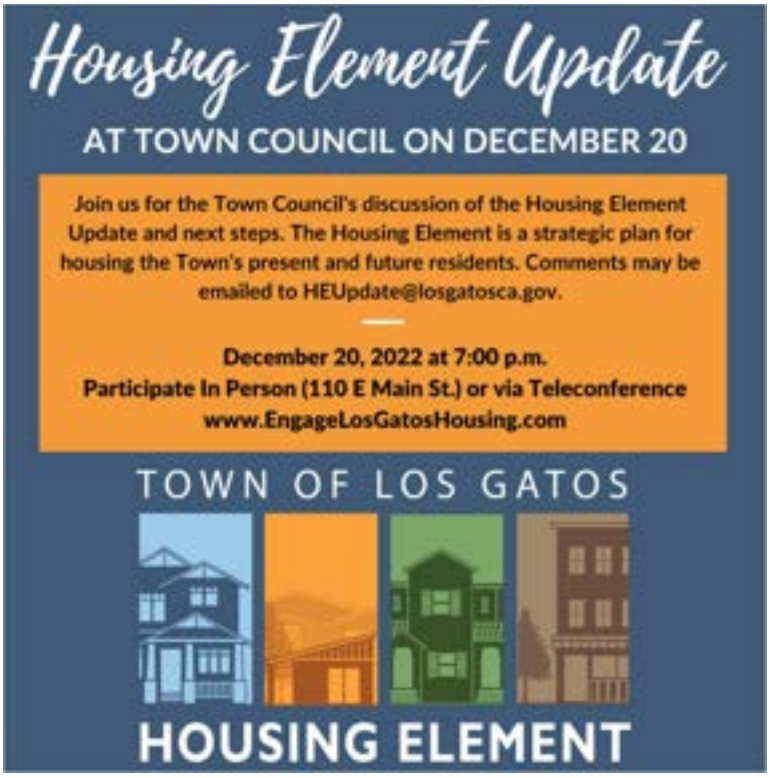


More at www.EngageLosGatosHousing.com


TOWN OF LOS GATOS
HOUSING ELEMENT
Housing Element Update
Let's break it down!
Regional Housing Needs Allocation (RHNA) Buffer
To ensure that sufficient capacity exists to meet the RHNA, HCD recommends that jurisdictions create a buffer of at least 15 to 30 percent more capacity than required, especially for the lower income RHNA groups. The Town is proposing a buffer of approximately 15 percent (approximately 300 units).
More at www.EngageLosGatosHousing.com

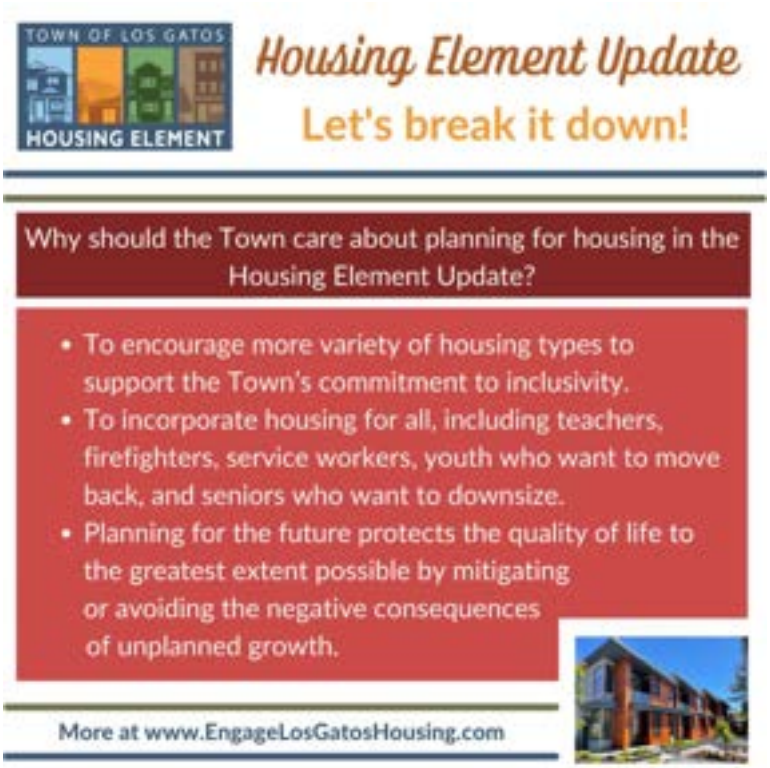

THIS SUNDAY, STOP BY THE
Housing Element Update
BOOTH AT THE FARMERS' MARKET
Town staff will be available to chat, answer questions, and provide information regarding the Draft Housing Element.
SUNDAY, DECEMBER 11, 2022
LOS GATOS FARMERS' MARKET
TOWN PLAZA PARK
TOWN OF LOS GATOS
HOUSING ELEMENT
FARMERS' MARKET
EVERY SUNDAY

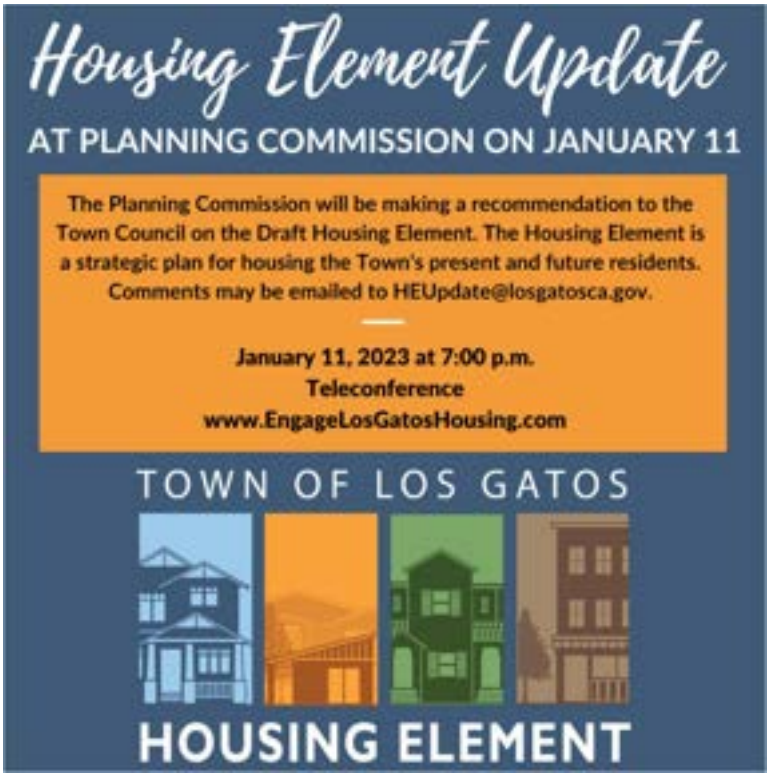

THIS FRIDAY, STOP BY THE
Housing Element Update
TABLE AT THE LOS GATOS LIBRARY
Town staff will be available to discuss and answer questions regarding the Housing Element. A Renters' Survey is available at the Library and also on the Town's Housing Element website at EngageLosGatosHousing.com.
FRIDAY, DECEMBER 16, 2022
LOS GATOS LIBRARY
10:30 AM - 12:00 PM
TOWN OF LOS GATOS
HOUSING ELEMENT

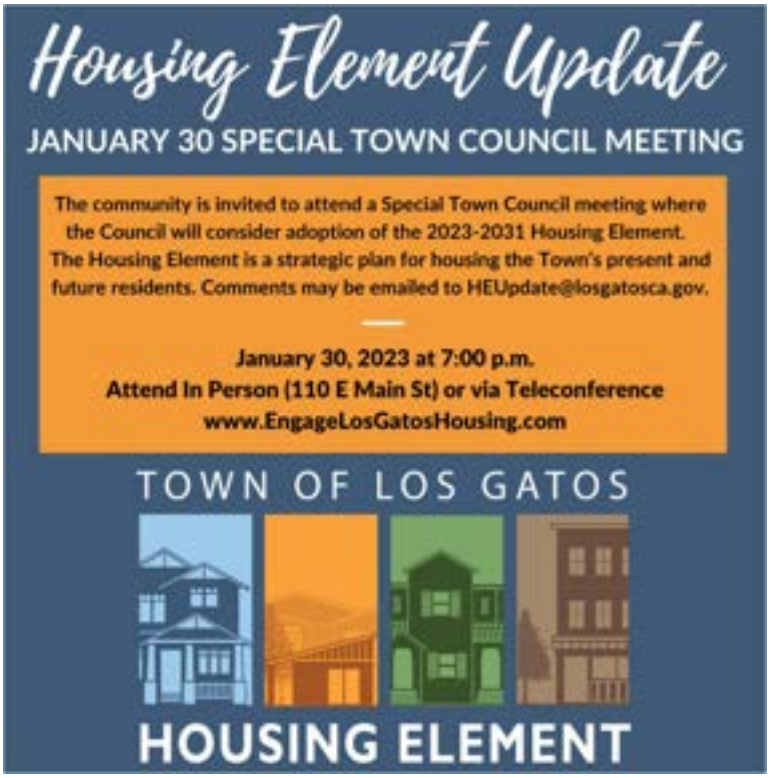

Housing Element Update
AT TOWN COUNCIL ON DECEMBER 20
Join us for the Town Council's discussion of the Housing Element Update and next steps. The Housing Element is a strategic plan for housing the Town's present and future residents. Comments may be emailed to HEUpdate@losgatosca.gov.
December 20, 2022 at 7:00 p.m.
Participate In Person (110 E Main St.) or via Teleconference
www.EngageLosGatosHousing.com
TOWN OF LOS GATOS
HOUSING ELEMENT


TOWN OF LOS GATOS
HOUSING ELEMENT
Housing Element Update
Let's break it down!
What is Affirmatively Furthering Fair Housing?
Assembly Bill 686 (2018) defines Affirmatively Furthering Fair Housing (AFFH) as, "taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based projected characteristics."
"The duty to affirmatively further fair housing extends to all of a public agency's activities and programs related to housing and community development."
[Gov. Code Section 8899.50, subd. (a)(1).]
More at www.EngageLosGatosHousing.com


TOWN OF LOS GATOS
HOUSING ELEMENT
Housing Element Update
Let's break it down!
Components of New Housing Element Requirements for AFFH
1. Outreach
2. Assessment of Fair Housing (AFH)
3. Site Inventory and Analysis
4. Identification and Prioritization of Contributing Factors
5. Goals, Policies, and Programs
More at www.EngageLosGatosHousing.com


TOWN OF LOS GATOS
HOUSING ELEMENT
Housing Element Update
Let's break it down!
Why should the Town care about planning for housing in the Housing Element Update?
• To encourage more variety of housing types to support the Town's commitment to inclusivity.
• To incorporate housing for all, including teachers, firefighters, service workers, youth who want to move back, and seniors who want to downsize.
• Planning for the future protects the quality of life to the greatest extent possible by mitigating or avoiding the negative consequences of unplanned growth.
More at www.EngageLosGatosHousing.com


Housing Element Update
AT PLANNING COMMISSION ON JANUARY 11
The Planning Commission will be making a recommendation to the Town Council on the Draft Housing Element. The Housing Element is a strategic plan for housing the Town's present and future residents. Comments may be emailed to HEUpdate@losgatosca.gov.
January 11, 2023 at 7:00 p.m.
Teleconference
www.EngageLosGatosHousing.com
TOWN OF LOS GATOS
HOUSING ELEMENT


Housing Element Update
JANUARY 30 SPECIAL TOWN COUNCIL MEETING
The community is invited to attend a Special Town Council meeting where the Council will consider adoption of the 2023-2031 Housing Element. The Housing Element is a strategic plan for housing the Town's present and future residents. Comments may be emailed to HEUpdate@losgatosca.gov.
January 30, 2023 at 7:00 p.m.
Attend In Person (110 E Main St) or via Teleconference
www.EngageLosGatosHousing.com
TOWN OF LOS GATOS
HOUSING ELEMENT


TOWN OF LOS GATOS
HOUSING ELEMENT
Housing Element Update
Let's break it down!
Has the Town Received Comments from the CA Department of Housing and Community Development (HCD) on the Draft Housing Element?
On January 12, 2023, the Town received HCD's findings/comment letter on the Draft Housing Element and additional public comments that were submitted directly to HCD. HCD determined that the Town's Draft Housing Element addresses many statutory requirements, but identified revisions necessary to comply with State Housing Element law. Both documents are available for review on Town's Housing Element Update website at www.EngageLosGatosHousing.com.
Town staff and the Town's Consultants are in the process of reviewing and addressing HCD's comments.
More at www.EngageLosGatosHousing.com


TOWN OF LOS GATOS
HOUSING ELEMENT
Housing Element Update
Let's break it down!
What Are the Next Steps in the Housing Element Process?
On January 11, 2023, the Planning Commission made a recommendation to the Town Council to adopt the Draft 2023-2031 Housing Element. The meeting can be viewed on the Town YouTube at www.LosGatosCA.gov/WatchMeetingsHere.
On January 12, 2023, the Town received HCD's findings/comment letter on the Draft Housing Element and public comments that were submitted directly to HCD. HCD determined that the Town's Draft Housing Element addresses many statutory requirements, but identified revisions necessary to comply with State Housing Element law. The documents are available for review on Town's Housing Element Update website at www.EngageLosGatosHousing.com. Town staff and the Town's Consultants are in the process of reviewing and addressing HCD's comments.
On January 30, 2023, the Town Council will hold a public hearing to consider adoption of the Draft 2023-2031 Housing Element.
More at www.EngageLosGatosHousing.com


TOWN OF LOS GATOS
HOUSING ELEMENT
Housing Element Update
Let's break it down!
Did the Town Council adopt the Housing Element on Monday, January 30, 2023?
Yes. The Town Council adopted the 2023-2031 Housing Element with modifications to the Sites Inventory.
A copy of this document showing modifications in track changes is now available online at www.LosGatosCA.gov/HousingElementUpdate for a seven-day review prior to submittal to California Department of Housing and Community Development (HCD).
The Town continues the work required to fully respond to the other comments received from HCD.
www.LosGatosCA.gov/HousingElementUpdate


Housing Element
Advisory Board Meeting
TOWN OF LOS GATOS
HOUSING ELEMENT
Teleconference
February 16, 2023
7:00 pm
www.LosGatosCA.gov/HousingElementUpdate
The Board will discuss the California Department of Housing and Community Development (HCD) findings/comment letter received by the Town on January 12, 2023 and how comments will be addressed.


Housing Element
Advisory Board Meeting
TOWN OF LOS GATOS
HOUSING ELEMENT
March 16, 2023
7:00 pm
Council Chambers at 110 E Main St.
www.LosGatosCA.gov/HousingElementUpdate
The Board will review the updated version of the Town's Draft Housing Element addressing the California Department of Housing and Community Development's (HCD) findings/comment letter received by the Town on January 12, 2023.

AFFH Segregation Report Los Gatos

G

APPENDIX

AFFH SEGREGATION REPORT: LOS GATOS

UC Merced Urban Policy Lab and ABAG/MTC Staff

Version of Record: March 06, 15:57:57



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1 INTRODUCTION

The requirement to Affirmatively Further Fair Housing (AFFH) is derived from The Fair Housing Act of 1968, which prohibited discrimination concerning the sale, rental, and financing of housing based on race, color, religion, national origin, or sex—and was later amended to include familial status and disability.[1] The 2015 U.S. Department of Housing and Urban Development (HUD) Rule to Affirmatively Further Fair Housing and California Assembly Bill 686 (2018) mandate that each jurisdiction takes meaningful action to address significant disparities in housing needs and access to opportunity.[2][3] AB 686 requires that jurisdictions incorporate AFFH into their Housing Elements, which includes inclusive community participation, an assessment of fair housing, a site inventory reflective of AFFH, and the development of goals, policies, and programs to meaningfully address local fair housing issues. ABAG and UC Merced have prepared this report to assist Bay Area jurisdictions with the Assessment of Fair Housing section of the Housing Element.

Assessment of Fair Housing Components

The Assessment of Fair Housing includes five components, which are discussed in detail on pages 22-43 of HCD's AFFH Guidance Memo:

A: Summary of fair housing enforcement and outreach capacity

B: Integration and segregation patterns, and trends related to people with protected characteristics

C: Racially or ethnically concentrated areas of poverty

D: Disparities in access to opportunity

E: Disproportionate housing needs, including displacement risk

1.1 Purpose of this Report

This report describes racial and income segregation in Bay Area jurisdictions. Local jurisdiction staff can use the information in this report to help fulfill a portion of the second component of the Assessment of Fair Housing, which requires analysis of integration and segregation patterns and trends related to people with protected characteristics and lower incomes. Jurisdictions will still need to perform a similar analysis for familial status and populations with disability.

This report provides segregation measures for both the local jurisdiction and the region using several indices. For segregation between neighborhoods within a city (intra-city segregation), this report includes isolation indices, dissimilarity indices, and Theil's-H index. The isolation index measures

[1] https://www.justice.gov/crt/fair-housing-act-2
[2] HCD AFFH Guidance Memo
[3] The 2015 HUD rule was reversed in 2020 and partially reinstated in 2021.

segregation for a single group, while the dissimilarity index measures segregation between two groups. The Theil's H-Index can be used to measure segregation between all racial or income groups across the city at once. HCD's AFFH guidelines require local jurisdictions to include isolation indices and dissimilarity indices in the Housing Element. Theil's H index is provided in addition to these required measures. For segregation between cities within the Bay Area (inter-city segregation), this report includes dissimilarity indices at the regional level as required by HCD's AFFH guidelines. HCD's AFFH guidelines also require jurisdictions to compare conditions at the local level to the rest of the region; and this report presents the difference in the racial and income composition of a jurisdiction relative to the region as a whole to satisfy the comparison requirement.

1.2 Defining Segregation

Segregation is the separation of different demographic groups into different geographic locations or communities, meaning that groups are unevenly distributed across geographic space. This report examines two spatial forms of segregation: neighborhood level segregation *within* a local jurisdiction and city level segregation *between* jurisdictions in the Bay Area.

Neighborhood level segregation (*within* a jurisdiction, or *intra-city*): Segregation of race and income groups can occur from neighborhood to neighborhood *within* a city. For example, if a local jurisdiction has a population that is 20% Latinx, but some neighborhoods are 80% Latinx while others have nearly no Latinx residents, that jurisdiction would have segregated neighborhoods.

City level segregation (*between* jurisdictions in a region, or *inter-city*): Race and income divides also occur *between* jurisdictions in a region. A region could be very diverse with equal numbers of white, Asian, Black, and Latinx residents, but the region could also be highly segregated with each city comprised solely of one racial group.

There are many factors that have contributed to the generation and maintenance of segregation. Historically, racial segregation stemmed from explicit discrimination against people of color, such as restrictive covenants, redlining, and discrimination in mortgage lending. This history includes many overtly discriminatory policies made by federal, state, and local governments (Rothstein 2017). Segregation patterns are also affected by policies that appear race-neutral, such as land use decisions and the regulation of housing development.

Segregation has resulted in vastly unequal access to public goods such as quality schools, neighborhood services and amenities, parks and playgrounds, clean air and water, and public safety (Trounstine 2015). This generational lack of access for many communities, particularly people of color and lower income residents, has often resulted in poor life outcomes, including lower educational attainment, higher morbidity rates, and higher mortality rates (Chetty and Hendren 2018, Ananat 2011, Burch 2014, Cutler and Glaeser 1997, Sampson 2012, Sharkey 2013).

1.3 Segregation Patterns in the Bay Area

Across the San Francisco Bay Area, white residents and above moderate-income residents are significantly more segregated from other racial and income groups (see Appendix 2). The highest levels of racial segregation occur between the Black and white populations. The analysis completed for this report indicates that the amount of racial segregation both *within* Bay Area cities and *across* jurisdictions in the region has decreased since the year 2000. This finding is consistent with recent research from the Othering and Belonging Institute at UC Berkeley, which concluded that "[a]lthough 7

of the 9 Bay Area counties were more segregated in 2020 than they were in either 1980 or 1990, racial residential segregation in the region appears to have peaked around the year 2000 and has generally declined since."[4] However, compared to cities in other parts of California, Bay Area jurisdictions have more neighborhood level segregation between residents from different racial groups. Additionally, there is also more racial segregation *between* Bay Area cities compared to other regions in the state.

1.4 Segregation and Land Use

It is difficult to address segregation patterns without an analysis of both historical and existing land use policies that impact segregation patterns. Land use regulations influence what kind of housing is built in a city or neighborhood (Lens and Monkkonen 2016, Pendall 2000). These land use regulations in turn impact demographics: they can be used to affect the number of houses in a community, the number of people who live in the community, the wealth of the people who live in the community, and where within the community they reside (Trounstine 2018). Given disparities in wealth by race and ethnicity, the ability to afford housing in different neighborhoods, as influenced by land use regulations, is highly differentiated across racial and ethnic groups (Bayer, McMillan, and Reuben 2004).[5] ABAG/MTC plans to issue a separate report detailing the existing land use policies that influence segregation patterns in the Bay Area.

[4] For more information, see https://belonging.berkeley.edu/most-segregated-cities-bay-area-2020.
[5] Using a household-weighted median of Bay Area county median household incomes, regional values were $61,050 for Black residents, $122,174 for Asian/Pacific Islander residents, $121,794 for white residents, and $76,306 for Latinx residents. For the source data, see U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B19013B, Table B19013D, B19013H, and B19013I.

Definition of Terms - Geographies

Neighborhood: In this report, "neighborhoods" are approximated by tracts.[6] Tracts are statistical geographic units defined by the U.S. Census Bureau for the purposes of disseminating data. In the Bay Area, tracts contain on average 4,500 residents. Nearly all Bay Area jurisdictions contain at least two census tracts, with larger jurisdictions containing dozens of tracts.

Jurisdiction: Jurisdiction is used to refer to the 109 cities, towns, and unincorporated county areas that are members of ABAG. Though not all ABAG jurisdictions are cities, this report also uses the term "city" interchangeably with "jurisdiction" in some places.

Region: The region is the nine-county San Francisco Bay Area, which is comprised of Alameda County, Contra Costa County, Marin County, Napa County, San Francisco County, San Mateo County, Santa Clara County, Solano County, and Sonoma County.

[6] Throughout this report, neighborhood level segregation measures are calculated using census tract data. However, the racial dot maps in Figure 1 and Figure 5 use data from census blocks, while the income group dot maps in Figure 8 and Figure 12 use data from census block groups. These maps use data derived from a smaller geographic scale to better show spatial differences in where different groups live. Census block groups are subdivisions of census tracts, and census blocks are subdivisions of block groups. In the Bay Area, block groups contain on average 1,500 people, while census blocks contain on average 95 people.

2 RACIAL SEGREGATION IN TOWN OF LOS GATOS

Definition of Terms - Racial/Ethnic Groups

The U.S. Census Bureau classifies racial groups (e.g. white or Black/African American) separately from Hispanic/Latino ethnicity.[7] This report combines U.S. Census Bureau definitions for race and ethnicity into the following racial groups:

White: Non-Hispanic white

Latinx: Hispanic or Latino of any race[8]

Black: Non-Hispanic Black/African American

Asian/Pacific Islander: Non-Hispanic Asian or Non-Hispanic Pacific Islander

People of Color: All who are not non-Hispanic white (including people who identify as "some other race" or "two or more races")[9]

2.1 Neighborhood Level Racial Segregation (*within* Town of Los Gatos)

Racial dot maps are useful for visualizing how multiple racial groups are distributed within a specific geography. The racial dot map of Los Gatos in Figure 1 below offers a visual representation of the spatial distribution of racial groups within the jurisdiction. Generally, when the distribution of dots does not suggest patterns or clustering, segregation measures tend to be lower. Conversely, when clusters of certain groups are apparent on a racial dot map, segregation measures may be higher.

[7] More information about the Census Bureau's definitions of racial groups is available here: https://www.census.gov/topics/population/race/about.html.
[8] The term Hispanic has historically been used to describe people from numerous Central American, South American, and Caribbean countries. In recent years, the term Latino or Latinx has become preferred. This report generally uses Latinx to refer to this racial/ethnic group.
[9] Given the uncertainty in the data for population size estimates for racial and ethnic groups not included in the Latinx, Black, or Asian/Pacific Islander categories, this report only analyzes these racial groups in the aggregate People of Color category.

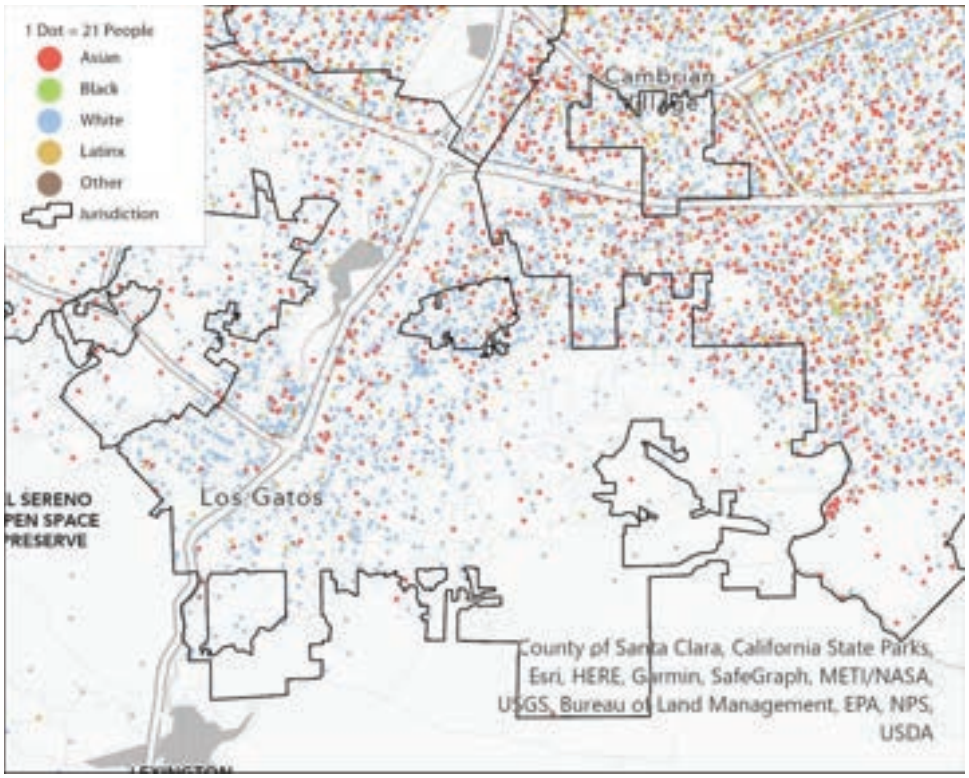


Figure 1: Racial Dot Map of Los Gatos (2020)

Universe: Population. Source: U.S. Census Bureau, 2020 Census State Redistricting Data (Public Law 94-171) Summary File, 2020 Census of Population and Housing, Table P002.
Note: The plot shows the racial distribution at the census block level for Town of Los Gatos and vicinity. Dots in each census block are randomly placed and should not be construed as actual placement of people.

There are many ways to quantitatively measure segregation. Each measure captures a different aspect of the ways in which groups are divided within a community. One way to measure segregation is by using an **isolation index**:

- The isolation index compares each neighborhood's composition to the jurisdiction's demographics as a whole.
- This index ranges from 0 to 1. Higher values indicate that a particular group is more isolated from other groups.
- Isolation indices indicate the potential for contact between different groups. The index can be interpreted as the experience of the average member of that group. For example, if the isolation index is .65 for Latinx residents in a city, then the average Latinx resident in that city lives in a neighborhood that is 65% Latinx.

Within Town of Los Gatos the most isolated racial group is white residents. Los Gatos's isolation index of 0.663 for white residents means that the average white resident lives in a neighborhood that is 66.3% white. Other racial groups are less isolated, meaning they may be more likely to encounter other racial groups in their neighborhoods. The isolation index values for all racial groups in Los Gatos for the years 2000, 2010, and 2020 can be found in Table 1 below. Among all racial groups in this jurisdiction, the white population's isolation index has changed the most over time, becoming less segregated from other racial groups between 2000 and 2020.

The "Bay Area Average" column in this table provides the average isolation index value across Bay Area jurisdictions for different racial groups in 2020.[10] The data in this column can be used as a comparison to provide context for the levels of segregation experienced by racial groups in this jurisdiction. For example, Table 1 indicates the average isolation index value for white residents across all Bay Area jurisdictions is 0.491, meaning that in the average Bay Area jurisdiction a white resident lives in a neighborhood that is 49.1% white.

Table 1: Racial Isolation Index Values for Segregation within Los Gatos

	Los Gatos			Bay Area Average
Race	**2000**	**2010**	**2020**	**2020**
Asian/Pacific Islander	0.079	0.118	0.197	0.245
Black/African American	0.009	0.012	0.022	0.053
Latinx	0.059	0.082	0.104	0.251
White	0.838	0.774	0.663	0.491

Universe: Population.
Source: IPUMS National Historical Geographic Information System (NHGIS). U.S. Census Bureau, 2020 Census State Redistricting Data (Public Law 94-171) Summary File, 2020 Census of Population and Housing, Table P002. Data from 2010 is from U.S. Census Bureau, Census 2010, Table P4. Data for 2000 is standardized to 2010 census tract geographies and is from U.S. Census Bureau, Census 2000, Table P004.

Figure 2 below shows how racial isolation index values in Los Gatos compare to values in other Bay Area jurisdictions. In this chart, each dot represents a Bay Area jurisdiction. For each racial group, the spread of dots represents the range of isolation index values among Bay Area jurisdictions. Additionally, the black line within each racial group notes the isolation index value for that group in Town of Los Gatos, and each dashed red line represents the Bay Area average for the isolation index for that group. Local staff can use this chart to contextualize how segregation levels for racial groups in their jurisdiction compare to other jurisdictions in the region.

[10] This average only includes the 104 jurisdictions that have more than one census tract, which is true for all comparisons of Bay Area jurisdictions' segregation measures in this report. The segregation measures in this report are calculated by comparing the demographics of a jurisdiction's census tracts to the jurisdiction's demographics, and such calculations cannot be made for the five jurisdictions with only one census tract (Brisbane, Calistoga, Portola Valley, Rio Vista, and Yountville).

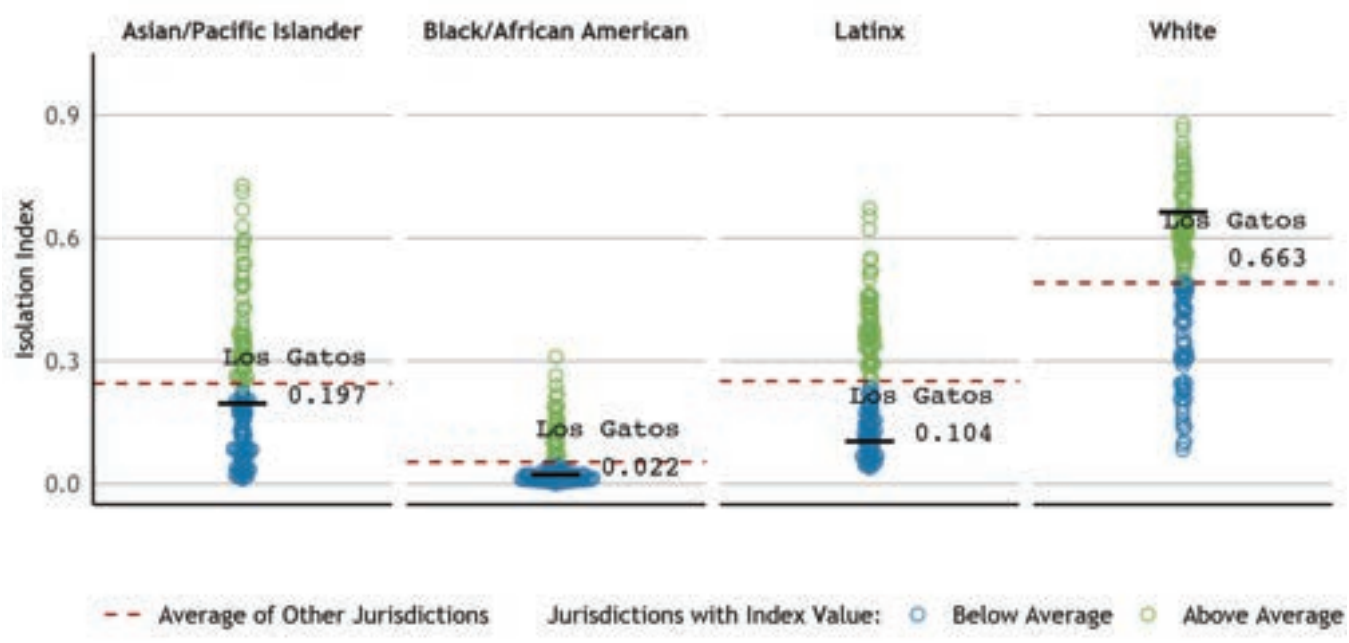


Figure 2: Racial Isolation Index Values for Los Gatos Compared to Other Bay Area Jurisdictions (2020)

Universe: Bay Area Jurisdictions.
Source: IPUMS National Historical Geographic Information System (NHGIS). U.S. Census Bureau, 2020 Census State Redistricting Data (Public Law 94-171) Summary File, 2020 Census of Population and Housing, Table P002.

Another way to measure segregation is by using a **dissimilarity index**:

- This index measures how evenly any two groups are distributed across neighborhoods relative to their representation in a city overall. The dissimilarity index at the jurisdiction level can be interpreted as the share of one group that would have to move neighborhoods to create perfect integration for these two groups.
- The dissimilarity index ranges from 0 to 1. Higher values indicate that groups are more unevenly distributed (e.g. they tend to live in different neighborhoods).

Dissimilarity Index Guidance for Cities with Small Racial Group Populations

The analysis conducted for this report suggests that dissimilarity index values are unreliable for a population group if that group represents approximately less than 5% of the jurisdiction's total population.

HCD's AFFH guidance requires the Housing Element to include the dissimilarity index values for racial groups, but also offers flexibility in emphasizing the importance of various measures. ABAG/MTC recommends that when cities have population groups that are less than 5% of the jurisdiction's population (see Table 4), jurisdiction staff use the isolation index or Thiel's H-Index to gain a more accurate understanding of their jurisdiction's neighborhood-level segregation patterns (*intra*-city segregation).

If a jurisdiction has a very small population of a racial group, this indicates that segregation between the jurisdiction and the region (*inter*-city segregation) is likely to be an important feature of the jurisdiction's segregation patterns.

In Town of Los Gatos, the Black/African American group is 0.9 percent of the population - so staff should be aware of this small population size when evaluating dissimilarity index values involving this group.

Table 2 below provides the dissimilarity index values indicating the level of segregation in Los Gatos between white residents and residents who are Black, Latinx, or Asian/Pacific Islander. The table also provides the dissimilarity index between white residents and all residents of color in the jurisdiction, and all dissimilarity index values are shown across three time periods (2000, 2010, and 2020).

In Los Gatos the highest segregation is between Black and white residents (see Table 2). Los Gatos's Black /white dissimilarity index of 0.369 means that 36.9% of Black (or white) residents would need to move to a different neighborhood to create perfect integration between Black residents and white residents. However, local jurisdiction staff should note that this dissimilarity index value is not a reliable data point due to small population size. See callout box above for more information.

The "Bay Area Average" column in this table provides the average dissimilarity index values for these racial group pairings across Bay Area jurisdictions in 2020. The data in this column can be used as a comparison to provide context for the levels of segregation between communities of color are from white residents in this jurisdiction.

For example, Table 2 indicates that the average Latinx/white dissimilarity index for a Bay Area jurisdiction is 0.207, so on average 20.7% of Latinx (or white residents) in a Bay Area jurisdiction would need to move to a different neighborhood within the jurisdiction to create perfect integration between Latinx and white residents in that jurisdiction.

Table 2: Racial Dissimilarity Index Values for Segregation within Los Gatos

	Los Gatos			Bay Area Average
Race	**2000**	**2010**	**2020**	**2020**
Asian/Pacific Islander vs. White	0.106	0.145	0.182	0.185
Black/African American vs. White	0.223*	0.246*	0.369*	0.244
Latinx vs. White	0.119	0.143	0.179	0.207
People of Color vs. White	0.093	0.124	0.157	0.168

Universe: Population.
Source: IPUMS National Historical Geographic Information System (NHGIS). U.S. Census Bureau, 2020 Census State Redistricting Data (Public Law 94-171) Summary File, 2020 Census of Population and Housing, Table P002. Data from 2010 is from U.S. Census Bureau, Census 2010, Table P4. Data for 2000 is standardized to 2010 census tract geographies and is from U.S. Census Bureau, Census 2000, Table P004.
Note: If a number is marked with an asterisk (*), it indicates that the index is based on a racial group making up less than 5 percent of the jurisdiction population, leading to unreliable numbers.

Figure 3 below shows how dissimilarity index values in Town of Los Gatos compare to values in other Bay Area jurisdictions. In this chart, each dot represents a Bay Area jurisdiction. For each racial group pairing, the spread of dots represents the range of dissimilarity index values among Bay Area jurisdictions. Additionally, the black line within each racial group pairing notes the dissimilarity index value in Los Gatos, and each dashed red line represents the Bay Area average for the dissimilarity index for that pairing. Similar to Figure 2, local staff can use this chart to contextualize how segregation levels between white residents and communities of color in their jurisdiction compare to the rest of the region. However, staff should be mindful of whether a racial group in their jurisdiction has a small population (approximately less than 5% of the jurisdiction's population), as the dissimilarity index value is less reliable for small populations.

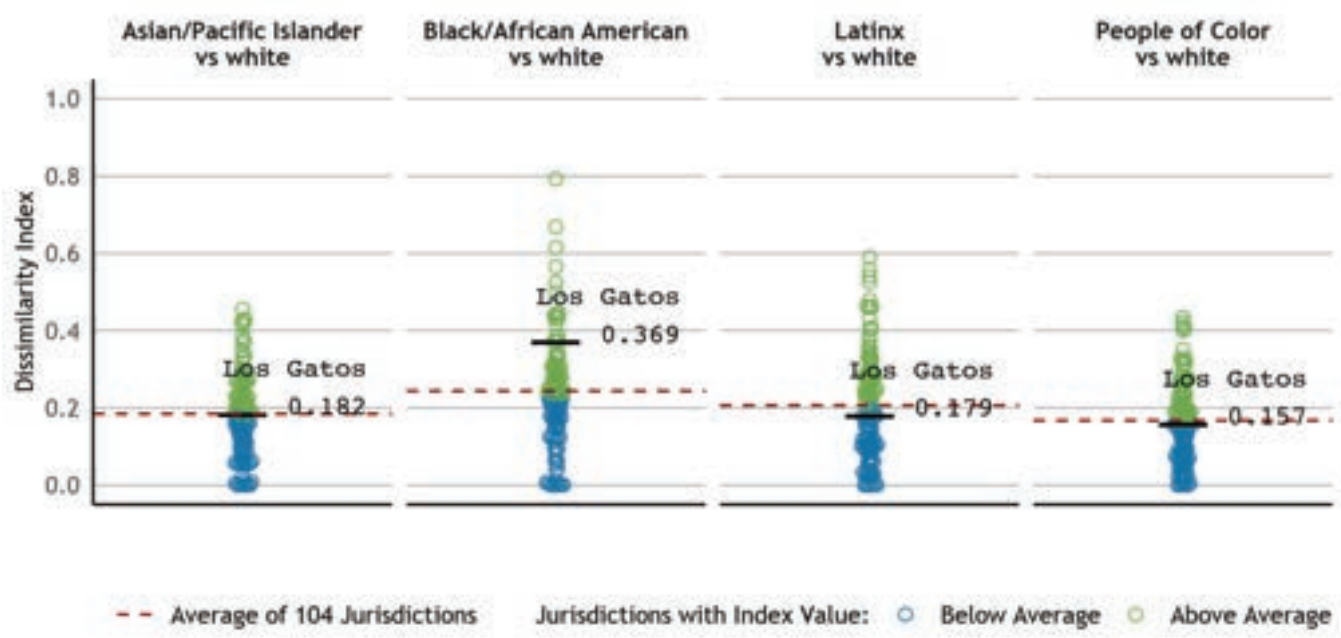


Figure 3: Racial Dissimilarity Index Values for Los Gatos Compared to Other Bay Area Jurisdictions (2020)

Universe: Bay Area Jurisdictions.
Source: IPUMS National Historical Geographic Information System (NHGIS). U.S. Census Bureau, 2020 Census State Redistricting Data (Public Law 94-171) Summary File, 2020 Census of Population and Housing, Table P002.
Note: The analysis conducted for this report suggests that dissimilarity index values are unreliable for a population group if that group represents approximately less than 5% of the jurisdiction's total population. ABAG/MTC recommends that when cities have population groups that are less than 5% of the jurisdiction's population (see Table 4), jurisdiction staff could focus on the isolation index or Thiel's H-Index to gain a more accurate understanding of neighborhood-level racial segregation in their jurisdiction.

The **Theil's H Index** can be used to measure segregation between all groups within a jurisdiction:

- This index measures how diverse each neighborhood is compared to the diversity of the whole city. Neighborhoods are weighted by their size, so that larger neighborhoods play a more significant role in determining the total measure of segregation.
- The index ranges from 0 to 1. A Theil's H Index value of 0 would mean all neighborhoods within a city have the same demographics as the whole city. A value of 1 would mean each group lives exclusively in their own, separate neighborhood.
- For jurisdictions with a high degree of diversity (multiple racial groups comprise more than 10% of the population), Theil's H offers the clearest summary of overall segregation.

The Theil's H Index values for neighborhood racial segregation in Los Gatos for the years 2000, 2010, and 2020 can be found in Table 3 below. The "Bay Area Average" column in the table provides the average Theil's H Index across Bay Area jurisdictions in 2020. Between 2010 and 2020, the Theil's H Index for racial segregation in Los Gatos increased, suggesting that there is now more neighborhood level racial segregation within the jurisdiction. In 2020, the Theil's H Index for racial segregation in Los

Gatos was lower than the average value for Bay Area jurisdictions, indicating that neighborhood level racial segregation in Los Gatos is less than in the average Bay Area city.

Table 3: Theil's H Index Values for Racial Segregation within Los Gatos

	Los Gatos			Bay Area Average
Index	**2000**	**2010**	**2020**	**2020**
Theil's H Multi-racial	0.011	0.015	0.023	0.042

Universe: Population.
Source: IPUMS National Historical Geographic Information System (NHGIS). U.S. Census Bureau, 2020 Census State Redistricting Data (Public Law 94-171) Summary File, 2020 Census of Population and Housing, Table P002. Data from 2010 is from U.S. Census Bureau, Census 2010, Table P4. Data for 2000 is standardized to 2010 census tract geographies and is from U.S. Census Bureau, Census 2000, Table P004.

Figure 4 below shows how Theil's H index values for racial segregation in Los Gatos compare to values in other Bay Area jurisdictions in 2020. In this chart, each dot represents a Bay Area jurisdiction. Additionally, the black line notes the Theil's H index value for neighborhood racial segregation in Los Gatos, and the dashed red line represents the average Theil's H index value across Bay Area jurisdictions. Local staff can use this chart to compare how neighborhood racial segregation levels in their jurisdiction compare to other jurisdictions in the region.

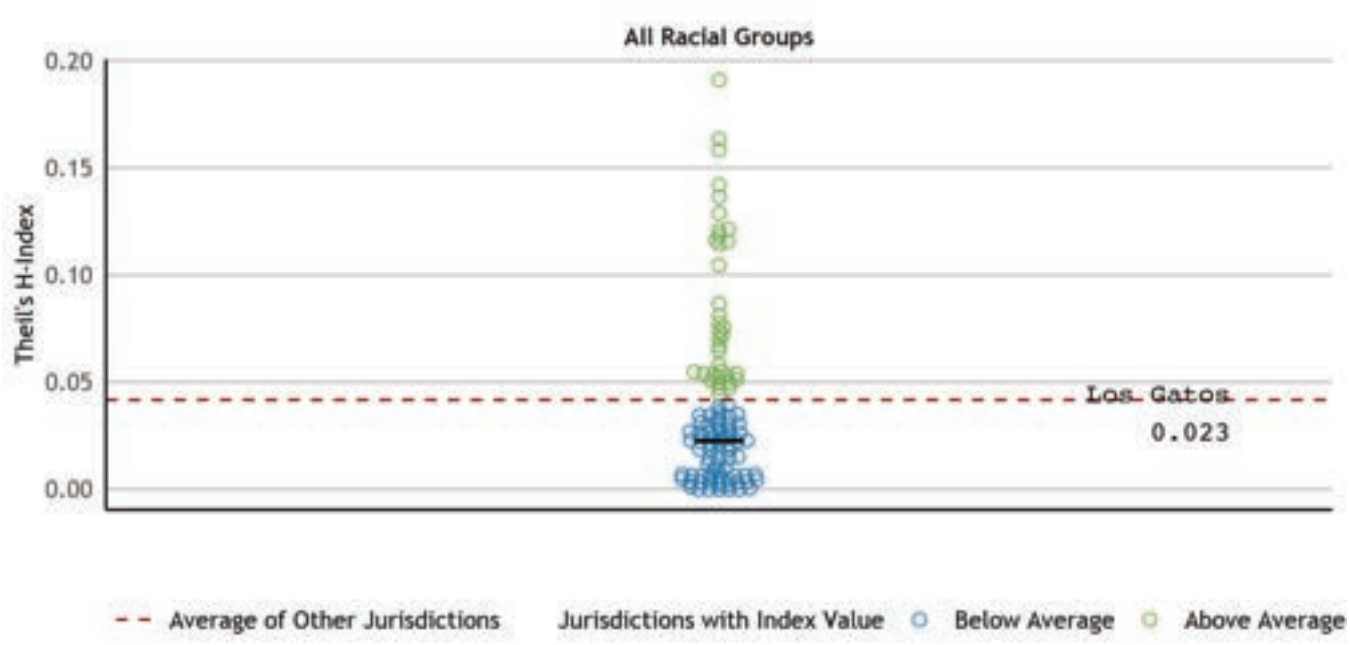


Figure 4: Theil's H Index Values for Racial Segregation in Los Gatos Compared to Other Bay Area Jurisdictions (2020)

Universe: Bay Area Jurisdictions.
Source: IPUMS National Historical Geographic Information System (NHGIS). U.S. Census Bureau, 2020 Census State Redistricting Data (Public Law 94-171) Summary File, 2020 Census of Population and Housing, Table P002.

2.2 Regional Racial Segregation (*between* Los Gatos and other jurisdictions)

At the regional level, segregation is measured between *cities* instead of between *neighborhoods*. Racial dot maps are not only useful for examining neighborhood racial segregation within a jurisdiction, but these maps can also be used to explore the racial demographic differences between different jurisdictions in the region. Figure 5 below presents a racial dot map showing the spatial distribution of racial groups in Los Gatos as well as in nearby Bay Area cities.

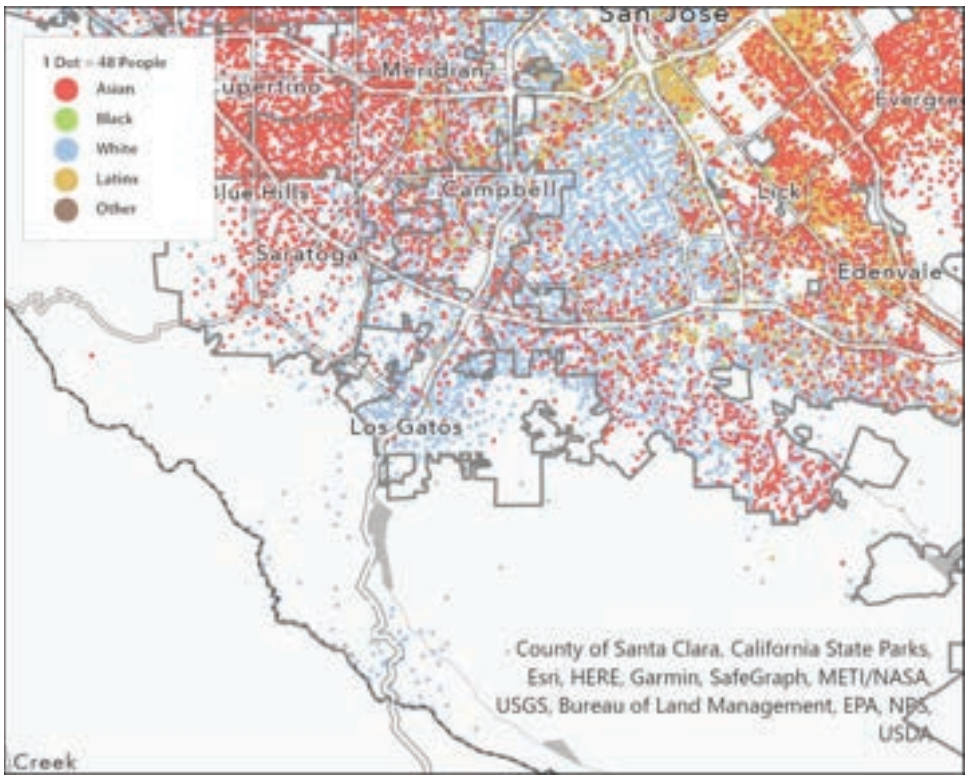


Figure 5: Racial Dot Map of Los Gatos and Surrounding Areas (2020)

Universe: Population.
Source: U.S. Census Bureau, 2020 Census State Redistricting Data (Public Law 94-171) Summary File, 2020 Census of Population and Housing, Table P002.
Note: The plot shows the racial distribution at the census block level for Town of Los Gatos and vicinity. Dots in each census block are randomly placed and should not be construed as actual placement of people.

To understand how each city contributes to the total segregation of the Bay Area, one can look at the difference in the racial composition of a jurisdiction compared to the racial composition of the region as a whole. The racial demographics in Los Gatos for the years 2000, 2010, and 2020 can be found in Table 4 below. The table also provides the racial composition of the nine-county Bay Area. As of 2020, Los Gatos has a higher share of white residents than the Bay Area as a whole, a lower share of Latinx residents, a lower share of Black residents, and a lower share of Asian/Pacific Islander residents.

Table 4: Population by Racial Group, Los Gatos and the Region

	Los Gatos			Bay Area
Race	**2000**	**2010**	**2020**	**2020**
Asian/Pacific Islander	7.6%	10.9%	18.3%	28.2%
Black/African American	0.8%	0.9%	0.9%	5.6%
Latinx	5.2%	7.2%	9.0%	24.4%
Other or Multiple Races	3.2%	4.0%	6.5%	5.9%
White	83.3%	77.0%	65.3%	35.8%

Universe: Population.
Source: IPUMS National Historical Geographic Information System (NHGIS). U.S. Census Bureau, 2020 Census State Redistricting Data (Public Law 94-171) Summary File, 2020 Census of Population and Housing, Table P002. Data from 2010 is from U.S. Census Bureau, Census 2010, Table P4. Data for 2000 is standardized to 2010 census tract geographies and is from U.S. Census Bureau, Census 2000, Table P004.

Figure 6 below compares the racial demographics in Los Gatos to those of all 109 Bay Area jurisdictions.[11] In this chart, each dot represents a Bay Area jurisdiction. For each racial group, the spread of dots represents the range of that group's representation among Bay Area jurisdictions. Additionally, the black line within each racial group notes the percentage of the population of Town of Los Gatos represented by that group and how that percentage ranks among all 109 jurisdictions. Local staff can use this chart to compare the representation of different racial groups in their jurisdiction to those groups' representation in other jurisdictions in the region, which can indicate the extent of segregation between this jurisdiction and the region.

[11] While comparisons of segregation measures are made only using the 104 jurisdictions with more than one census tract, this comparison of jurisdiction level demographic data can be made using all 109 jurisdictions.

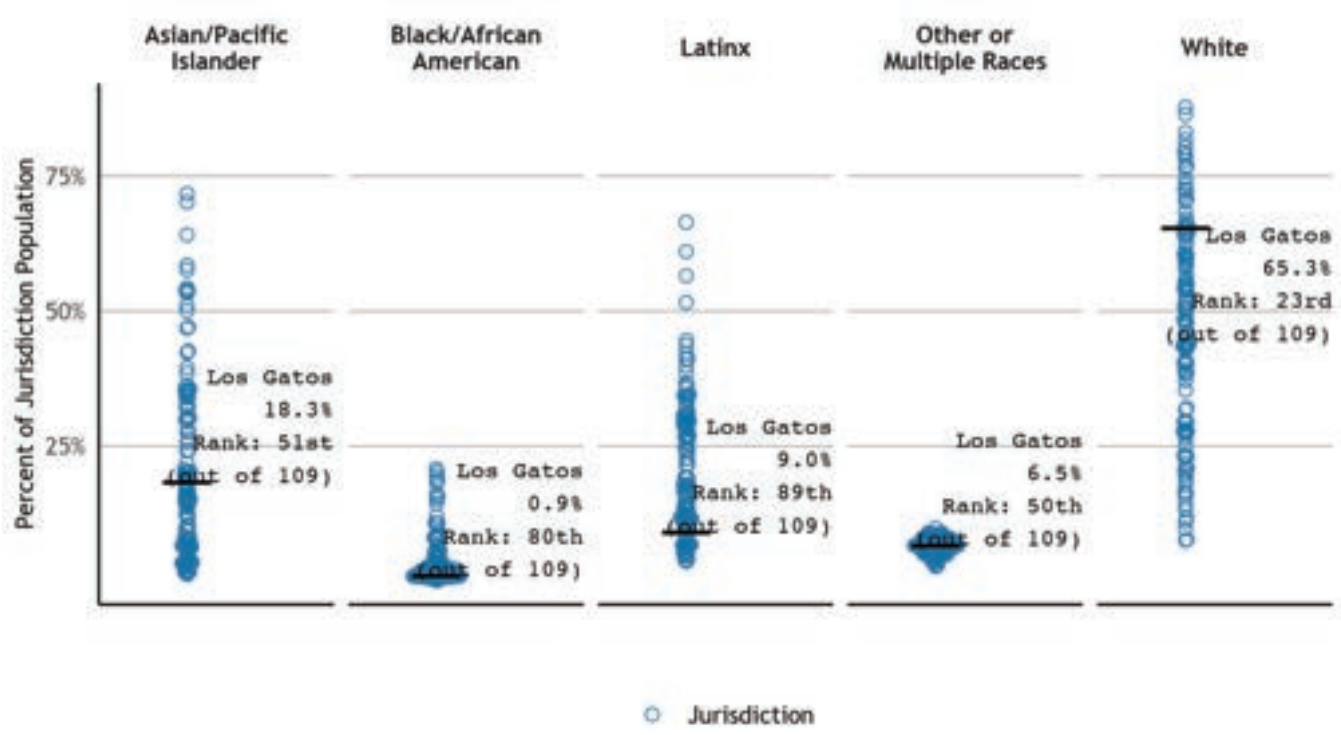


Figure 6: Racial Demographics of Los Gatos Compared to All Bay Area Jurisdictions (2020)

Universe: Bay Area Jurisdictions.
Source U.S. Census Bureau, 2020 Census State Redistricting Data (Public Law 94-171) Summary File, 2020 Census of Population and Housing, Table P002.

The map in Figure 7 below also illustrates regional racial segregation between Los Gatos and other jurisdictions. This map demonstrates how the percentage of people of color in Los Gatos and surrounding jurisdictions compares to the Bay Area as a whole:

- Jurisdictions shaded orange have a share of people of color that is less than the Bay Area as a whole, and the degree of difference is greater than five percentage points.
- Jurisdictions shaded white have a share of people of color comparable to the regional percentage of people of color (within five percentage points).
- Jurisdictions shaded grey have a share of people of color that is more than five percentage points greater than the regional percentage of people of color.



Figure 7: Comparing the Share of People of Color in Los Gatos and Vicinity to the Bay Area (2020)

Universe: Population.
Source: U.S. Census Bureau, 2020 Census State Redistricting Data (Public Law 94-171) Summary File, 2020 Census of Population and Housing, Table P002.
Note: People of color refer to persons not identifying as non-Hispanic white. The nine-county Bay Area is the reference region for this map.

Segregation between jurisdictions in the region can also be analyzed by calculating regional values for the segregation indices discussed previously. Table 5 presents dissimilarity index, isolation index, and Theil's H index values for racial segregation for the entire nine-county Bay Area in 2010 and 2020. In the previous section of this report focused on neighborhood level racial segregation, these indices were calculated by comparing the racial demographics of the census tracts within a jurisdiction to the demographics of the jurisdiction as a whole. In Table 5, these measures are calculated by comparing the racial demographics of local jurisdictions to the region's racial makeup. For example, looking at the 2020 data, Table 5 shows the white isolation index value for the region is 0.429, meaning that on average white Bay Area residents live in a jurisdiction that is 42.9% white in 2020. An example of regional dissimilarity index values in Table 5 is the Black/white dissimilarity index value of 0.459, which means that across the region 45.9% of Black (or white) residents would need to move to a different jurisdiction to evenly distribute Black and white residents across Bay Area jurisdictions. The dissimilarity index values in Table 5 reflect recommendations made in HCD's AFFH guidance for calculating dissimilarity at the region level.[12] The regional value for the Theil's H index measures how

[12] For more information on HCD's recommendations regarding data considerations for analyzing integration and segregation patterns, see page 31 of the AFFH Guidance Memo.

diverse each Bay Area jurisdiction is compared to the racial diversity of the whole region. A Theil's H Index value of 0 would mean all *jurisdictions* within the Bay Area have the same racial demographics as the entire region, while a value of 1 would mean each racial group lives exclusively in their own separate jurisdiction. The regional Theil's H index value for racial segregation decreased slightly between 2010 and 2020, meaning that racial groups in the Bay Area are now slightly less separated by the borders between jurisdictions.

Table 5: Regional Racial Segregation Measures

Index	Group	2010	2020
Isolation Index Regional Level	Asian/Pacific Islander	0.317	0.378
	Black/African American	0.144	0.118
	Latinx	0.283	0.291
	White	0.496	0.429
	People of Color	0.629	0.682
Dissimilarity Index Regional Level	Asian/Pacific Islander vs. White	0.384	0.369
	Black/African American vs. White	0.475	0.459
	Latinx vs. White	0.301	0.297
	People of Color vs. White	0.296	0.293
Theil's H Multi-racial	All Racial Groups	0.103	0.097

Universe: Population.
Source: IPUMS National Historical Geographic Information System (NHGIS). U.S. Census Bureau, 2020 Census State Redistricting Data (Public Law 94-171) Summary File, 2020 Census of Population and Housing, Table P002. Data from 2010 is from U.S. Census Bureau, 2010 Census of Population and Housing, Table P4.

3 INCOME SEGREGATION IN TOWN OF LOS GATOS

Definition of Terms - Income Groups

When analyzing segregation by income, this report uses income group designations consistent with the Regional Housing Needs Allocation and the Housing Element:

Very low-income: individuals earning less than 50% of Area Median Income (AMI)

Low-income: individuals earning 50%-80% of AMI

Moderate-income: individuals earning 80%-120% of AMI

Above moderate-income: individuals earning 120% or more of AMI

Additionally, this report uses the term "lower-income" to refer to all people who earn less than 80% of AMI, which includes both low-income and very low-income individuals.

The income groups described above are based on U.S. Department of Housing and Urban Development (HUD) calculations for AMI. HUD calculates the AMI for different metropolitan areas, and the nine county Bay Area includes the following metropolitan areas: Napa Metro Area (Napa County), Oakland-Fremont Metro Area (Alameda and Contra Costa Counties), San Francisco Metro Area (Marin, San Francisco, and San Mateo Counties), San Jose-Sunnyvale-Santa Clara Metro Area (Santa Clara County), Santa Rosa Metro Area (Sonoma County), and Vallejo-Fairfield Metro Area (Solano County).

The income categories used in this report are based on the AMI for the HUD metro area where this jurisdiction is located.

3.1 Neighborhood Level Income Segregation (*within* Los Gatos)

Income segregation can be measured using similar indices as racial segregation. Income dot maps, similar to the racial dot maps shown in Figures 1 and 5, are useful for visualizing segregation between multiple income groups at the same time. The income dot map of Los Gatos in Figure 8 below offers a visual representation of the spatial distribution of income groups within the jurisdiction. As with the racial dot maps, when the dots show lack of a pattern or clustering, income segregation measures tend to be lower, and conversely, when clusters are apparent, the segregation measures may be higher as well.

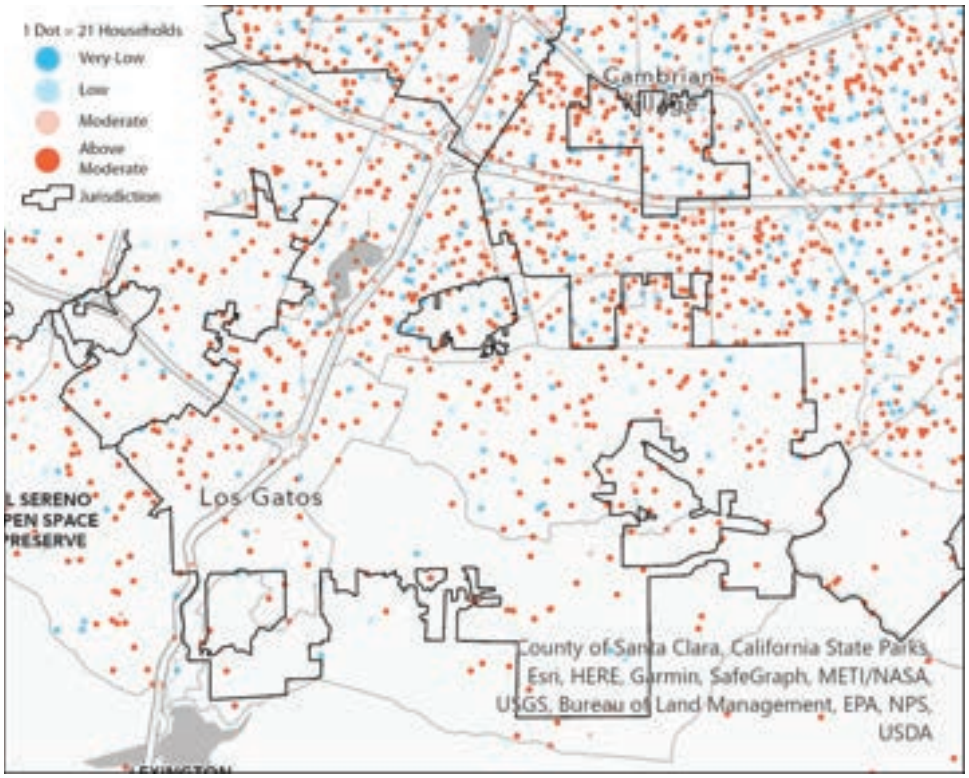


Figure 8: Income Dot Map of Los Gatos (2015)

Universe: Population.
Source: U.S. Department of Housing and Urban Development, American Community Survey 5-Year 2011-2015 Low- and Moderate-Income Summary Data.
Note: The plot shows the income group distribution at the census block group level for Town of Los Gatos and vicinity. Dots in each block group are randomly placed and should not be construed as actual placement of individuals.

The isolation index values for all income groups in Los Gatos for the years 2010 and 2015 can be found in Table 6 below.[13] Above Moderate-income residents are the most isolated income group in Los Gatos. Los Gatos's isolation index of 0.619 for these residents means that the average Above Moderate-income resident in Los Gatos lives in a neighborhood that is 61.9% Above Moderate-income. Among all income groups, the Above Moderate-income population's isolation index has changed the most over time, becoming less segregated from other income groups between 2010 and 2015.

Similar to the tables presented earlier for neighborhood racial segregation, the "Bay Area Average" column in Table 6 provides the average isolation index value across Bay Area jurisdictions for different income groups in 2015. The data in this column can be used as a comparison to provide context for the levels of segregation experienced by income groups in this jurisdiction. For example, Table 6 indicates the average isolation index value for very low-income residents across Bay Area jurisdictions is 0.269,

[13] This report presents data for income segregation for the years 2010 and 2015, which is different than the time periods used for racial segregation. This deviation stems from the data source recommended for income segregation calculations in HCD's AFFH Guidelines. This data source most recently updated with data from the 2011-2015 American Community Survey 5-year estimates. For more information on HCD's recommendations for calculating income segregation, see page 32 of HCD's AFFH Guidelines.

meaning that in the average Bay Area jurisdiction a very low-income resident lives in a neighborhood that is 26.9% very low-income.

Table 6: Income Group Isolation Index Values for Segregation within Los Gatos

	Los Gatos		Bay Area Average
Income Group	**2010**	**2015**	**2015**
Very Low-Income (<50% AMI)	0.125	0.162	0.269
Low-Income (50%-80% AMI)	0.067	0.115	0.145
Moderate-Income (80%-120% AMI)	0.135	0.166	0.183
Above Moderate-Income (>120% AMI)	0.728	0.619	0.507

Universe: Population.
Source: Data for 2015 is from U.S. Department of Housing and Urban Development, American Community Survey 5-Year 2011-2015 Low- and Moderate-Income Summary Data. Data for 2010 is from U.S. Department of Housing and Urban Development, American Community Survey 5-Year 2006-2010 Low- and Moderate-Income Summary Data.

Figure 9 below shows how income group isolation index values in Los Gatos compare to values in other Bay Area jurisdictions. In this chart, each dot represents a Bay Area jurisdiction. For each income group, the spread of dots represents the range of isolation index values among Bay Area jurisdictions. Additionally, the black line within each income group notes the isolation index value for that group in Los Gatos, and each dashed red line represents the Bay Area average for the isolation index for that group. Local staff can use this chart to contextualize how segregation levels for income groups in their jurisdiction compare to the rest of the region.

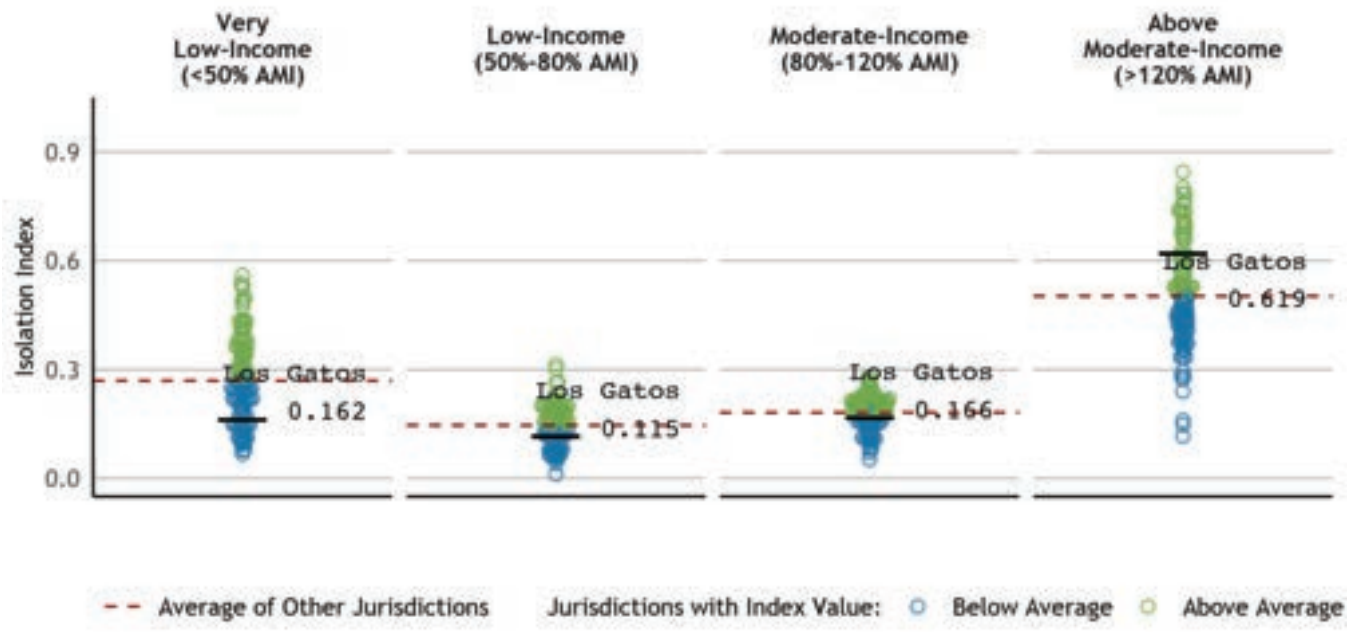


Figure 9: Income Group Isolation Index Values for Los Gatos Compared to Other Bay Area Jurisdictions (2015)

Universe: Bay Area Jurisdictions.
Source: U.S. Department of Housing and Urban Development, American Community Survey 5-Year 2011-2015 Low- and Moderate-Income Summary Data.

Table 7 below provides the dissimilarity index values indicating the level of segregation in Los Gatos between residents who are lower-income (earning less than 80% of AMI) and those who are not lower-income (earning above 80% of AMI). This data aligns with the requirements described in HCD's AFFH Guidance Memo for identifying dissimilarity for lower-income households.[14] Segregation in Los Gatos between lower-income residents and residents who are not lower-income increased between 2010 and 2015. Additionally, Table 7 shows dissimilarity index values for the level of segregation in Albany between residents who are very low-income (earning less than 50% of AMI) and those who are above moderate-income (earning above 120% of AMI). This supplementary data point provides additional nuance to an analysis of income segregation, as this index value indicates the extent to which a jurisdiction's lowest and highest income residents live in separate neighborhoods.

Similar to other tables in this report, the "Bay Area Average" column shows the average dissimilarity index values for these income group pairings across Bay Area jurisdictions in 2015. For example, Table 7 indicates that the average dissimilarity index between lower-income residents and other residents in a Bay Area jurisdiction is 0.198, so on average 19.8% of lower-income residents in a Bay Area jurisdiction would need to move to a different neighborhood within the jurisdiction to create perfect income group integration in that jurisdiction.

[14] For more information, see page 32 of HCD's AFFH Guidance Memo.

In 2015, the income segregation in Los Gatos between lower-income residents and other residents was higher than the average value for Bay Area jurisdictions (See Table 7). This means that the lower-income residents are more segregated from other residents within Los Gatos compared to other Jurisdictions in the region.

Table 7: Income Group Dissimilarity Index Values for Segregation within Los Gatos

	Los Gatos		Bay Area Average
Income Group	**2010**	**2015**	**2015**
Below 80% AMI vs. Above 80% AMI	0.142	0.226	0.198
Below 50% AMI vs. Above 120% AMI	0.194	0.234	0.253

Universe: Population.
Source: Data for 2015 is from U.S. Department of Housing and Urban Development, American Community Survey 5-Year 2011-2015 Low- and Moderate-Income Summary Data. Data for 2010 is from U.S. Department of Housing and Urban Development, American Community Survey 5-Year 2006-2010 Low- and Moderate-Income Summary Data.

Figure 10 below shows how dissimilarity index values for income segregation in Los Gatos compare to values in other Bay Area jurisdictions. In this chart, each dot represents a Bay Area jurisdiction. For each income group pairing, the spread of dots represents the range of dissimilarity index values among Bay Area jurisdictions. Additionally, the black line within each income group pairing notes the dissimilarity index value in Los Gatos, and each dashed red line represents the Bay Area average for the dissimilarity index for that pairing. Local staff can use this chart to contextualize how segregation levels between lower-income residents and wealthier residents in their jurisdiction compared to the rest of the region.

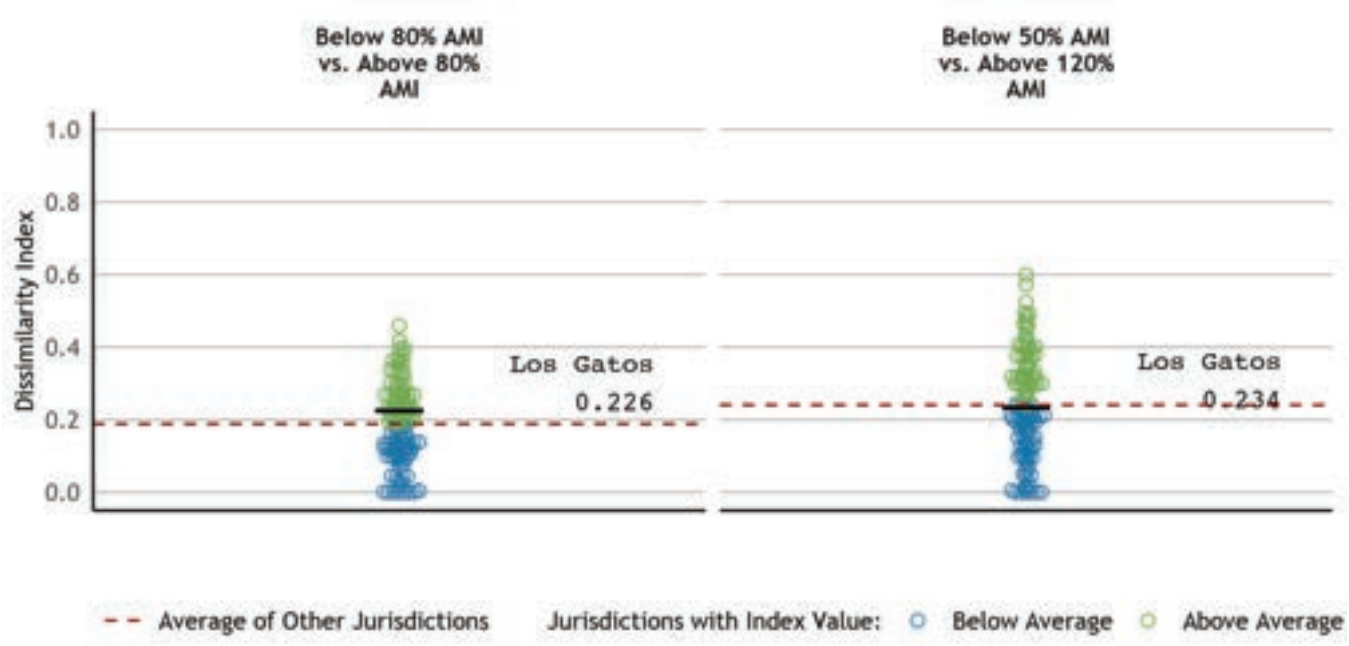


Figure 10: Income Group Dissimilarity Index Values for Los Gatos Compared to Other Bay Area Jurisdictions (2015)

Universe: Bay Area Jurisdictions.
Source: U.S. Department of Housing and Urban Development, American Community Survey 5-Year 2011-2015 Low- and Moderate-Income Summary Data.

The Theil's H Index values for neighborhood income group segregation in Los Gatos for the years 2010 and 2015 can be found in Table 8 below. The "Bay Area Average" column in this table provides the average Theil's H Index value across Bay Area jurisdictions for different income groups in 2015. By 2015, the Theil's H Index value for income segregation in Los Gatos was about the same amount as it had been in 2010. In 2015, the Theil's H Index value for income group segregation in Los Gatos was lower than the average value for Bay Area jurisdictions, indicating there is less neighborhood level income segregation in Los Gatos than in the average Bay Area city.

Table 8: Theil's H Index Values for Income Segregation within Los Gatos

	Los Gatos		Bay Area Average
Index	**2010**	**2015**	**2015**
Theil's H Multi-income	0.030	0.028	0.043

Universe: Population.
Source: Data for 2015 is from U.S. Department of Housing and Urban Development, American Community Survey 5-Year 2011-2015 Low- and Moderate-Income Summary Data. Data for 2010 is from U.S. Department of Housing and Urban Development, American Community Survey 5-Year 2006-2010 Low- and Moderate-Income Summary Data.

Figure 11 below shows how Theil's H index values for income group segregation in Los Gatos compare to values in other Bay Area jurisdictions in 2015. In this chart, each dot represents a Bay Area jurisdiction. Additionally, the black line notes the Theil's H index value for income group segregation in Los Gatos, and the dashed red line represents the average Theil's H index value across Bay Area jurisdictions. Local staff can use this chart to compare how neighborhood income group segregation levels in their jurisdiction compare to other jurisdictions in the region.

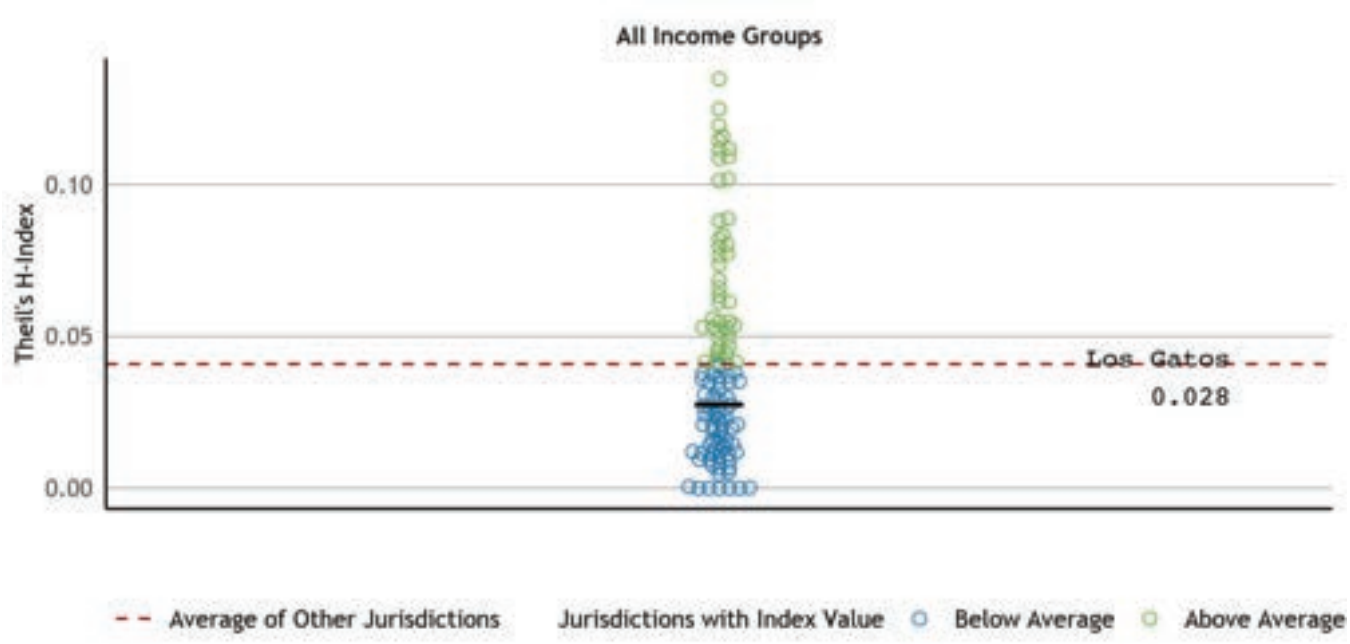


Figure 11: Income Group Theil's H Index Values for Los Gatos Compared to Other Bay Area Jurisdictions (2015)

Universe: Bay Area Jurisdictions.
Source: U.S. Department of Housing and Urban Development, American Community Survey 5-Year 2011-2015 Low- and Moderate-Income Summary Data.

3.2 Regional Income Segregation (*between* Los Gatos and other jurisdictions)

At the regional level, segregation is measured between jurisdictions instead of between neighborhoods. Income dot maps are not only useful for examining neighborhood income segregation within a jurisdiction, but these maps can also be used to explore income demographic differences between jurisdictions in the region. Figure 12 below presents an income dot map showing the spatial distribution of income groups in Los Gatos as well as in nearby Bay Area jurisdictions.

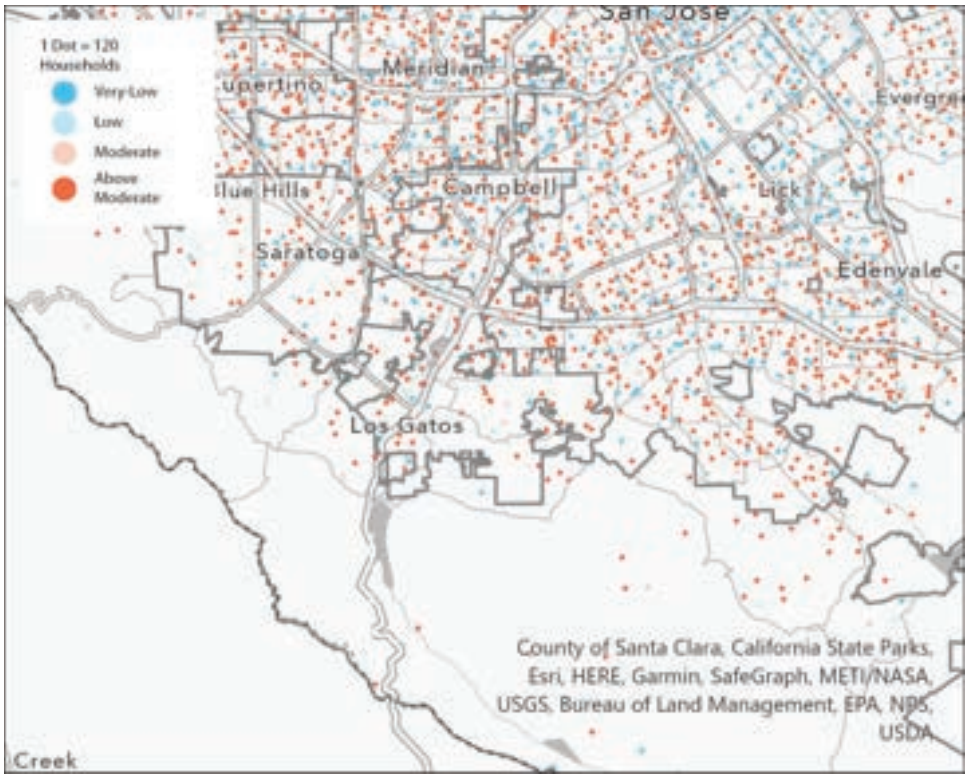


Figure 12: Income Dot Map of Los Gatos and Surrounding Areas (2015)

Universe: Population.
Source: U.S. Department of Housing and Urban Development, American Community Survey 5-Year 2011-2015 Low- and Moderate-Income Summary Data.
Note: The plot shows the income group distribution at the census block group level for Town of Los Gatos and vicinity. Dots in each block group are randomly placed and should not be construed as actual placement of individuals.

When looking at income segregation between jurisdictions in the Bay Area, one can examine how Los Gatos differs from the region. The income demographics in Los Gatos for the years 2010 and 2015 can be found in Table 9 below. The table also provides the income composition of the nine-county Bay Area in 2015. As of that year, Los Gatos had a lower share of very low-income residents than the Bay Area as a whole, a lower share of low-income residents, a lower share of moderate-income residents, and a higher share of above moderate-income residents.

Table 9: Population by Income Group, Los Gatos and the Region

	Los Gatos		Bay Area
Income Group	**2010**	**2015**	**2015**
Very Low-Income (<50% AMI)	10.83%	14.29%	28.7%
Low-Income (50%-80% AMI)	6.56%	10.57%	14.3%
Moderate-Income (80%-120% AMI)	11%	16.34%	17.6%
Above Moderate-Income (>120% AMI)	71.62%	58.8%	39.4%

Universe: Population.
Source: Data for 2015 is from Housing U.S. Department of and Urban Development, American Community Survey 5-Year 2011-2015 Low- and Moderate-Income Summary Data. Data for 2010 is from U.S. Department of Housing and Urban Development, American Community Survey 5-Year 2006-2010 Low- and Moderate-Income Summary Data.

Figure 13 below compares the income demographics in Los Gatos to other Bay Area jurisdictions.[15] Like the chart in Figure 3, each dot represents a Bay Area jurisdiction. For each income group, the spread of dots represents the range of that group's representation among Bay Area jurisdictions. The smallest range is among jurisdictions' moderate-income populations, while Bay Area jurisdictions vary the most in the share of their population that is above moderate-income. Additionally, the black lines within each income group note the percentage of Los Gatos population represented by that group and how that percentage ranks among other jurisdictions. Local staff can use this chart to compare the representation of different income groups in their jurisdiction to those groups' representation in other jurisdictions in the region, which can indicate the extent of segregation between this jurisdiction and the region.

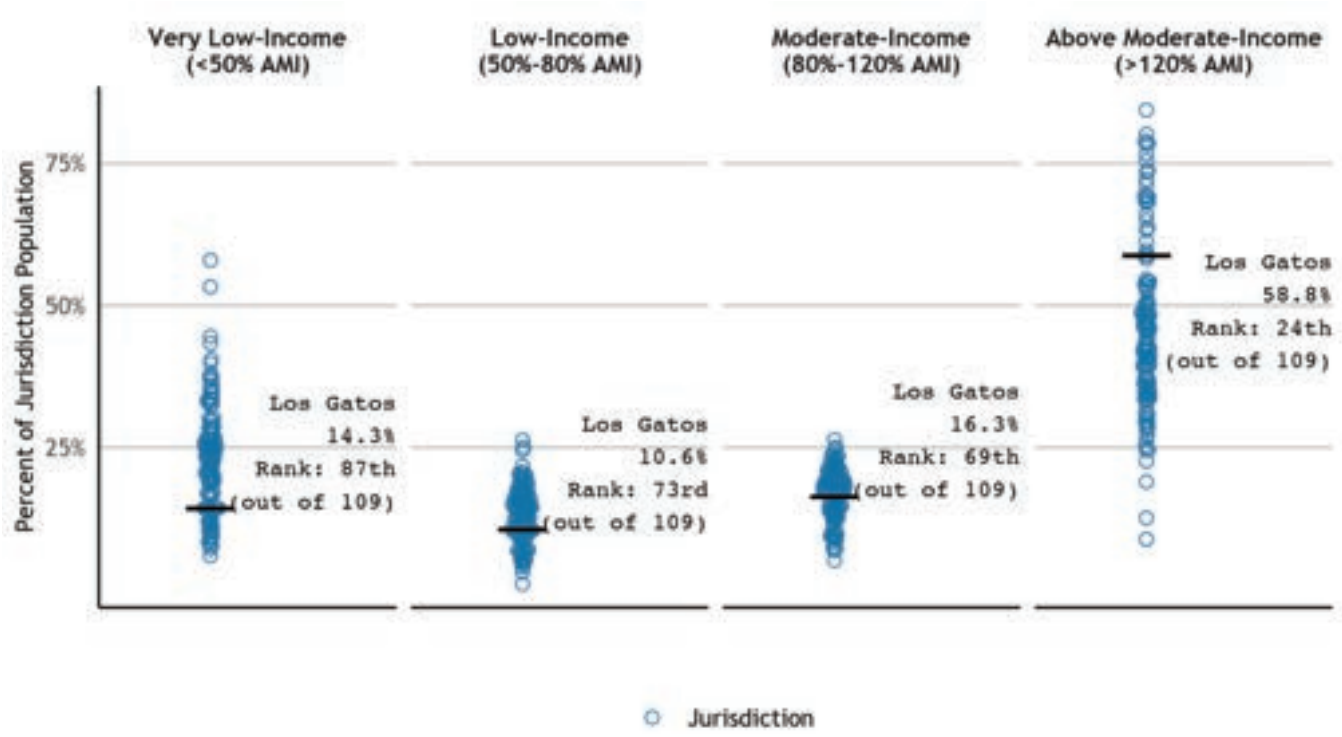


Figure 13: Income Demographics of Los Gatos Compared to Other Bay Area Jurisdictions (2015)

Universe: Bay Area Jurisdictions.
Source: U.S. Department of Housing and Urban Development, American Community Survey 5-Year 2011-2015 Low- and Moderate-Income Summary Data.

[15] While comparisons of segregation measures are made only using the 104 jurisdictions with more than one census tract, this comparison of jurisdiction level demographic data can be made using all 109 jurisdictions.

Income segregation between jurisdictions in the region can also be analyzed by calculating regional values for the segregation indices discussed previously. Similar to the regional racial segregation measures shown in Table 5, Table 10 presents dissimilarity index, isolation index, and Theil's H index values for income segregation for the entire nine-county Bay Area in 2010 and 2015. In the previous section of this report focused on neighborhood level income segregation, segregation indices were calculated by comparing the income demographics of the census tracts within a jurisdiction to the demographics of the jurisdiction as a whole. In Table 10, these measures are calculated by comparing the income demographics of local jurisdictions to the region's income group makeup. For example, looking at 2015 data, Table 10 shows the regional isolation index value for very low-income residents is 0.315 for 2015, meaning that on average very low-income Bay Area residents live in a jurisdiction that is 31.5% very low-income. The regional dissimilarity index for lower-income residents and other residents is 0.194 in 2015, which means that across the region 19.4% of lower-income residents would need to move to a different jurisdiction to create perfect income group integration in the Bay Area as a whole. The regional value for the Theil's H index measures how diverse each Bay Area jurisdiction is compared to the income group diversity of the whole region. A Theil's H Index value of 0 would mean all jurisdictions within the Bay Area have the same income demographics as the entire region, while a value of 1 would mean each income group lives exclusively in their own separate jurisdiction. The regional Theil's H index value for income segregation decreased slightly between 2010 and 2015, meaning that income groups in the Bay Area are now slightly less separated by the borders between jurisdictions.

Table 10: Regional Income Segregation Measures

Index	Group	2010	2015
Isolation Index Regional Level	Very Low-Income (<50% AMI)	0.277	0.315
	Low-Income (50%-80% AMI)	0.157	0.154
	Moderate-Income (80%-120% AMI)	0.185	0.180
	Above Moderate-Income (>120% AMI)	0.467	0.435
Dissimilarity Index Regional Level	Below 80% AMI vs. Above 80% AMI	0.186	0.194
	Below 50% AMI vs. Above 120% AMI	0.238	0.248
Theil's H Multi-income	All Income Groups	0.034	0.032

Universe: Population.
Source: Data for 2015 is from U.S. Department of Housing and Urban Development, American Community Survey 5-Year 2011-2015 Low- and Moderate-Income Summary Data. Data for 2010 is from U.S. Department of Housing and Urban Development, American Community Survey 5-Year 2006-2010 Low- and Moderate-Income Summary Data.

4 APPENDIX 1: SUMMARY OF FINDINGS

4.1 Segregation in Town of Los Gatos

- The isolation index measures the segregation of a single group, and the dissimilarity index measures segregation between two different groups. The Theil's H-Index can be used to measure segregation between all racial or income groups across the city at once.
- As of 2020, white residents are the most segregated compared to other racial groups in Los Gatos, as measured by the isolation index. White residents live in neighborhoods where they are less likely to come into contact with other racial groups.
- Among all racial groups, the white population's isolation index value has changed the most over time, becoming less segregated from other racial groups between 2000 and 2020.
- According to the dissimilarity index, within Los Gatos the highest level of racial segregation is between Black and white residents.[16] However, local jurisdiction staff should note that this dissimilarity index value is not a reliable data point due to small population size.
- According to the Theil's H-Index, neighborhood racial segregation in Los Gatos increased between 2010 and 2020. Neighborhood income segregation stayed about the same between 2010 and 2015.
- Above Moderate-income residents are the most segregated compared to other income groups in Los Gatos. Above Moderate-income residents live in neighborhoods where they are less likely to encounter residents of other income groups.
- Among all income groups, the Above Moderate-income population's segregation measure has changed the most over time, becoming less segregated from other income groups between 2010 and 2015.
- According to the dissimilarity index, segregation between lower-income residents and residents who are not lower-income has increased between 2010 and 2015. In 2015, the income segregation in Los Gatos between lower-income residents and other residents was higher than the average value for Bay Area jurisdictions.

4.2 Segregation Between Town of Los Gatos and Other jurisdictions in the Bay Area Region

- Los Gatos has a higher share of white residents than other jurisdictions in the Bay Area as a whole, a lower share of Latinx residents, a lower share of Black residents, and a lower share of Asian/Pacific Islander residents.

[16] The analysis conducted for this report suggests that dissimilarity index values are unreliable for a population group if that group represents approximately less than 5% of the jurisdiction's total population. ABAG/MTC recommends that when cities have population groups that are less than 5% of the jurisdiction's population (see Table 15 in Appendix 2), jurisdiction staff could focus on the isolation index or Thiel's H-Index to gain a more accurate understanding of neighborhood-level racial segregation in their jurisdiction.

- Regarding income groups, Los Gatos has a lower share of very low-income residents than other jurisdictions in the Bay Area as a whole, a lower share of low-income residents, a lower share of moderate-income residents, and a higher share of above moderate-income residents.

5 APPENDIX 2: SEGREGATION DATA

Appendix 2 combines tabular data presented throughout this report into a more condensed format. This data compilation is intended to enable local jurisdiction staff and their consultants to easily reference this data and re-use the data in the Housing Element or other relevant documents/analyses.

Table 11 in this appendix combines data from Table 1, Table 2, and Table 3 in the body of the report. Table 12 in this appendix combines data from Table 6, Table 7, and Table 8 in the body of the report. Table 13 represents a duplication of Table 5 in the body of the report; Table 14 represents a duplication of Table 10 in the body of the report; Table 15 in this appendix represents a duplication of Table 4 in the body of the report, while Table 16 represents a duplication of Table 9 in the body of the report.

Table 11: Neighborhood Racial Segregation Levels in Los Gatos

		Los Gatos			Bay Area Average
Index	**Race**	**2000**	**2010**	**2020**	**2020**
Isolation	Asian/Pacific Islander	0.079	0.118	0.197	0.245
	Black/African American	0.009	0.012	0.022	0.053
	Latinx	0.059	0.082	0.104	0.251
	White	0.838	0.774	0.663	0.491
Dissimilarity	Asian/Pacific Islander vs. White	0.106	0.145	0.182	0.185
	Black/African American vs. White	0.223*	0.246*	0.369*	0.244
	Latinx vs. White	0.119	0.143	0.179	0.207
	People of Color vs. White	0.093	0.124	0.157	0.168
Theil's H Multi-racial	All	0.011	0.015	0.023	0.042

Universe: Population.
Source: IPUMS National Historical Geographic Information System (NHGIS). U.S. Census Bureau, 2020 Census State Redistricting Data (Public Law 94-171) Summary File, 2020 Census of Population and Housing, Table P002. Data from 2010 is from U.S. Census Bureau, 2010 Census of Population and Housing, Table P4. Data for 2000 is standardized to 2010 census tract geographies and is from U.S. Census Bureau, Census 2000, Table P004.
Note: If a number is marked with an asterisk (*), it indicates that the index is based on a racial group making up less than 5 percent of the jurisdiction population, leading to unreliable numbers.

Table 12: Neighborhood Income Segregation Levels in Los Gatos

		Los Gatos		Bay Area Average
Index	**Income Group**	**2010**	**2015**	**2015**
Isolation	Very Low-Income (<50% AMI)	0.125	0.162	0.269
	Low-Income (50%-80% AMI)	0.067	0.115	0.145
	Moderate-Income (80%-120% AMI)	0.135	0.166	0.183
	Above Moderate-Income (>120% AMI)	0.728	0.619	0.507
Dissimilarity	Below 80% AMI vs. Above 80% AMI	0.142	0.226	0.198
	Below 50% AMI vs. Above 120% AMI	0.194	0.234	0.253
Theil's H Multi-racial	All	0.030	0.028	0.043

Universe: Population.
Source: Income data for 2015 is from U.S. Department of Housing and Urban Development, American Community Survey 5-Year 2011-2015 Low- and Moderate-Income Summary Data. Data for 2010 is from U.S. Department of Housing and Urban Development, American Community Survey 5-Year 2006-2010 Low- and Moderate-Income Summary Data.

Table 13: Regional Racial Segregation Measures

Index	Group	2010	2020
Isolation Index Regional Level	Asian/Pacific Islander	0.317	0.378
	Black/African American	0.144	0.118
	Latinx	0.283	0.291
	White	0.496	0.429
	People of Color	0.629	0.682
Dissimilarity Index Regional Level	Asian/Pacific Islander vs. White	0.384	0.369
	Black/African American vs. White	0.475	0.459
	Latinx vs. White	0.301	0.297
	People of Color vs. White	0.296	0.293
Theil's H Multi-racial	All Racial Groups	0.103	0.097

Universe: Population.
Source: IPUMS National Historical Geographic Information System (NHGIS). U.S. Census Bureau, 2020 Census State Redistricting Data (Public Law 94-171) Summary File, 2020 Census of Population and Housing, Table P002. Data from 2010 is from U.S. Census Bureau, 2010 Census of Population and Housing, Table P4.

Table 14: Regional Income Segregation Measures

Index	Group	2010	2015
Isolation Index Regional Level	Very Low-Income (<50% AMI)	0.277	0.315
	Low-Income (50%-80% AMI)	0.157	0.154
	Moderate-Income (80%-120% AMI)	0.185	0.180
	Above Moderate-Income (>120% AMI)	0.467	0.435
Dissimilarity Index Regional Level	Below 80% AMI vs. Above 80% AMI	0.186	0.194
	Below 50% AMI vs. Above 120% AMI	0.238	0.248
Theil's H Multi-income	All Income Groups	0.034	0.032

Universe: Population.
Source: Data for 2015 is from U.S. Department of Housing and Urban Development, American Community Survey 5-Year 2011-2015 Low- and Moderate-Income Summary Data. Data for 2010 is from U.S. Department of Housing and Urban Development, American Community Survey 5-Year 2006-2010 Low- and Moderate-Income Summary Data.

Table 15: Population by Racial Group, Los Gatos and the Region

	Los Gatos			Bay Area
Race	**2000**	**2010**	**2020**	**2020**
Asian/Pacific Islander	7.55%	10.95%	18.28%	35.8%
Black/African American	0.76%	0.86%	0.89%	5.6%
Latinx	5.21%	7.21%	9%	28.2%
Other or Multiple Races	3.16%	3.95%	6.55%	24.4%
White	83.31%	77.03%	65.29%	5.9%

Universe: Population.
Source: IPUMS National Historical Geographic Information System (NHGIS). U.S. Census Bureau, 2020 Census State Redistricting Data (Public Law 94-171) Summary File, 2020 Census of Population and Housing, Table P002. Data from 2010 is from U.S. Census Bureau, 2010 Census of Population and Housing, Table P4. Data for 2000 is standardized to 2010 census tract geographies and is from U.S. Census Bureau, Census 2000, Table P004.

Table 16: Population by Income Group, Los Gatos and the Region

	Los Gatos		Bay Area
Income Group	**2010**	**2015**	**2015**
Very Low-Income (<50% AMI)	10.83%	14.29%	28.7%
Low-Income (50%-80% AMI)	6.56%	10.57%	14.3%
Moderate-Income (80%-120% AMI)	11%	16.34%	17.6%
Above Moderate-Income (>120% AMI)	71.62%	58.8%	39.4%

Universe: Population.
Source: Data for 2015 is from U.S. Department of Housing and Urban Development, American Community Survey 5-Year 2011-2015 Low- and Moderate-Income Summary Data. Data for 2010 is from U.S. Department of Housing and Urban Development, American Community Survey 5-Year 2006-2010 Low- and Moderate-Income Summary Data.

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Sites Inventory Form

APPENDIX H

Please Start Here, Instructions in Cell A2, Table in A3:B17	Form Fields
Site Inventory Forms must be submitted to HCD for a housing element or amendment adopted on or after January 1, 2021. The following form is to be used for satisfying this requirement. To submit the form, complete the Excel spreadsheet and submit to HCD at sitesinventory@hcd.ca.gov. Please send the Excel workbook, not a scanned or PDF copy of the tables.	
General Information	
Jurisidiction Name	LOS GATOS
Housing Element Cycle	6th
Contact Information	
First Name	Joel
Last Name	Paulson
Title	Community Development Director
Email	Jpaulson@losgatosca.gov
Phone	4083546879
Mailing Address	
Street Address	110 East Main Street
City	Los Gatos
Zip Code	94538
Website	
	https://www.losgatosca.gov/897/Planning

Table A: Housing Element Sites Inventory, Table Starts in Cell A2 For Santa Clara County jurisdictions, please format the APNs as follows: 999-99-999

Jurisdiction Name	Site Address/Intersection	5 Digit ZIP Code	Assessor Parcel Number	Consolidated Sites	General Plan Designation (Current)	Zoning Designation (Current)	Minimum Density Allowed (units/acre)	Maximum Density Allowed (units/acre)	Parcel Size (Acres)	Existing Use/Vacancy	Infrastructure	Publicly-Owned	Site Status	Identified in Last/Last Two Planning Cycle(s)	Lower Income Capacity	Moderate Income Capacity	Above Moderate Income Capacity	Total Capacity	Optional Information1	Optional Information2	Optional Information3
LOS GATOS																		0			

Table B: Candidate Sites Identified to be Rezoned to Accommodate Shortfall Housing Need, Table Starts in Cell A2

For Santa Clara County jurisdictions, please format the APNs as follows: 999-99-999

Jurisdiction Name	Site Address/Intersection	5 Digit ZIP Code	Assessor Parcel Number	Very Low-Income	Low-Income	Moderate-Income	Above Moderate-Income	Type of Shortfall	Parcel Size (Acres)	Current General Plan Designation	Current Zoning	Proposed General Plan (GP) Designation	Proposed Zoning	Minimum Density Allowed	Maximum Density Allowed	Total Capacity	Vacant/ Nonvacant	Description of Existing Uses	Infrastructure	Optional Information1	Optional Information2	Optional Information3
LOS GATOS	165 Los Gatos-Saratoga Road	95030	529-04-083	0	0	0	7	Shortfall of Sites	0.37	Central Business Dis	C-2	Central Business Dis	C-2:HEOZ	20	30	7	Non-Vacant	Commercial	YES - Current	Housing Element Overlay Zone	Property Owner Interest Form Sub	A-3
LOS GATOS	50 Los Gatos-Saratoga Road	95030	529-24-032	76	75	51	9	Shortfall of Sites	7.04	Mixed Use Commerc	CH:PD	Mixed Use Commerc	CH:PD:HEOZ	30	40	211	Non-Vacant	Hotel/motel	YES - Current	Housing Element Overlay Zone	Property Owner Interest Form Sub	B-1
LOS GATOS	Los Gatos-Saratoga Road	95030	529-24-001	9	9	9	18	Shortfall of Sites	1.49	Mixed Use Commerc	CH:PD	Mixed Use Commerc	CH:PD:HEOZ	30	40	45	Non-Vacant	Hotel/motel	YES - Current	Housing Element Overlay Zone	Property Owner Interest Form Sub	B-1
LOS GATOS	Los Gatos-Saratoga Road	95030	529-24-003	1	2	2	1	Shortfall of Sites	0.28	Mixed Use Commerc	CH:PD	Mixed Use Commerc	CH:PD:HEOZ	30	40	6	Non-Vacant	Hotel/motel	YES - Current	Housing Element Overlay Zone	Property Owner Interest Form Sub	B-1
LOS GATOS	15300 Los Gatos Boulevard	95032	424-17-036	19	9	10	10	Shortfall of Sites	1.6	Mixed Use Commerc	C-1	Mixed Use Commerc	C-1:HEOZ	30	40	48	Non-Vacant	Commercial	YES - Current	Housing Element Overlay Zone	Property Owner Interest Form Sub	C-1
LOS GATOS	15349 Los Gatos Boulevard	95032	424-19-049	4	2	2	2	Shortfall of Sites	0.34	Mixed Use Commerc	CH	Mixed Use Commerc	CH:HEOZ	30	40	10	Non-Vacant	Commercial	YES - Current	Housing Element Overlay Zone	Property Owner Interest Form Sub	C-2
LOS GATOS	15367 Los Gatos Boulevard	95032	424-19-048	15	7	7	7	Shortfall of Sites	1.2	Mixed Use Commerc	CH	Mixed Use Commerc	CH:HEOZ	30	40	36	Non-Vacant	Commercial	YES - Current	Housing Element Overlay Zone	Property Owner Interest Form Sub	C-2
LOS GATOS	15405 Los Gatos Boulevard	95032	424-19-069	16	8	8	8	Shortfall of Sites	1.34	Mixed Use Commerc	CH	Mixed Use Commerc	CH:HEOZ	30	40	40	Non-Vacant	Commercial	YES - Current	Housing Element Overlay Zone	Property Owner Interest Form Sub	C-2
LOS GATOS	15425 Los Gatos Boulevard	95032	424-19-067	13	6	7	7	Shortfall of Sites	1.09	Mixed Use Commerc	CH	Mixed Use Commerc	CH:HEOZ	30	40	33	Non-Vacant	Commercial	YES - Current	Housing Element Overlay Zone	Property Owner Interest Form Sub	C-3
LOS GATOS	15795 Los Gatos Boulevard	95032	529-15-059	7	4	4	4	Shortfall of Sites	0.64	Mixed Use Commerc	CH	Mixed Use Commerc	CH:HEOZ	30	40	19	Non-Vacant	Commercial	YES - Current	Housing Element Overlay Zone	Property Owner Interest Form Sub	C-4
LOS GATOS	16203 Los Gatos Boulevard	95032	529-16-069	9	5	5	5	Shortfall of Sites	0.79	Mixed Use Commerc	CH	Mixed Use Commerc	CH:HEOZ	30	40	24	Non-Vacant	Commercial	YES - Current	Housing Element Overlay Zone	Conceptual Development Advisory	C-5
LOS GATOS	16492 Los Gatos Boulevard	95032	532-07-086	0	0	0	2	Shortfall of Sites	0.23	Low Density Reside	C-1	Low Density Reside	C-1:HEOZ	10	20	2	Non-Vacant	Commercial	YES - Current	Housing Element Overlay Zone	Property Owner Interest Form Sub	C-6
LOS GATOS	Los Gatos Boulevard	95032	532-07-085	0	0	0	4	Shortfall of Sites	0.38	Neighborhood Comm	C-1	Neighborhood Comm	C-1:HEOZ	10	20	4	Vacant	Vacant	YES - Current	Housing Element Overlay Zone	Property Owner Interest Form Sub	C-6
LOS GATOS	16151 Los Gatos Boulevard	95032	529-16-040	42	21	21	22	Shortfall of Sites	3.52	Mixed Use Commerc	CH	Mixed Use Commerc	CH:HEOZ	30	40	106	Non-Vacant	Commercial	YES - Current	Housing Element Overlay Zone	Property Owner Interest Form Sub	C-7
LOS GATOS	620 Blossom Hill Road	95032	529-16-041	31	16	16	16	Shortfall of Sites	2.64	Mixed Use Commerc	CH	Mixed Use Commerc	CH:HEOZ	30	40	79	Non-Vacant	Commercial	YES - Current	Housing Element Overlay Zone	Property Owner Interest Form Sub	C-8
LOS GATOS	15480 Los Gatos Boulevard	95032	424-14-034	7	3	3	4	Shortfall of Sites	0.56	Mixed Use Commerc	CH	Mixed Use Commerc	CH:HEOZ	30	40	17	Non-Vacant	Commercial	YES - Current	Housing Element Overlay Zone	Property Owner Interest Form Sub	C-9
LOS GATOS	15500 Los Gatos Boulevard	95032	424-14-035	47	23	23	24	Shortfall of Sites	3.9	Mixed Use Commerc	CH	Mixed Use Commerc	CH:HEOZ	30	40	117	Non-Vacant	Commercial	YES - Current	Housing Element Overlay Zone	Property Owner Interest Form Sub	C-9
LOS GATOS	14859 Los Gatos Boulevard	95032	424-07-094	35	17	17	16	Shortfall of Sites	2.9	North Forty Specific I	North Forty Specific I	North Forty Specific I	North Forty Specific I	30	40	85	Non-Vacant	Residential	YES - Current	Housing Element Overlay Zone	Property Owner has been involved	D-1
LOS GATOS	16392 Los Gatos Boulevard	95032	424-07-095	9	4	5	5	Shortfall of Sites	0.78	North Forty Specific I	North Forty Specific I	North Forty Specific I	North Forty Specific I	30	40	23	Non-Vacant	Vacant	YES - Current	Housing Element Overlay Zone	Property Owner has been involved	D-1
LOS GATOS	16260 Burton Road	95032	424-07-053	5	2	3	2	Shortfall of Sites	0.44	North Forty Specific I	North Forty Specific I	North Forty Specific I	North Forty Specific I	30	40	12	Non-Vacant	Residential	YES - Current	Housing Element Overlay Zone	Property Owner has been involved	D-1
LOS GATOS	16250 Burton Road	95032	424-07-009	5	2	3	2	Shortfall of Sites	0.44	North Forty Specific I	North Forty Specific I	North Forty Specific I	North Forty Specific I	30	40	12	Non-Vacant	Residential	YES - Current	Housing Element Overlay Zone	Property Owner has been involved	D-1
LOS GATOS	14917 Los Gatos Boulevard	95032	424-07-081	45	22	22	22	Shortfall of Sites	3.74	North Forty Specific I	North Forty Specific I	North Forty Specific I	North Forty Specific I	30	40	111	Non-Vacant	Residential	YES - Current	Housing Element Overlay Zone	Property Owner has been involved	D-1
LOS GATOS	14925 Los Gatos Boulevard	95032	424-07-115	73	36	36	33	Shortfall of Sites	6.07	North Forty Specific I	North Forty Specific I	North Forty Specific I	North Forty Specific I	30	40	178	Non-Vacant	Residential	YES - Current	Housing Element Overlay Zone	Property Owner has been involved	D-1
LOS GATOS	Los Gatos Boulevard	95032	424-07-116	12	6	6	7	Shortfall of Sites	1.02	North Forty Specific I	North Forty Specific I	North Forty Specific I	North Forty Specific I	30	40	31	Non-Vacant	Vacant	YES - Current	Housing Element Overlay Zone	Property Owner has been involved	D-1
LOS GATOS	16245 Burton Road	95032	424-06-115	14	7	7	6	Unaccommodated N	1.17	North Forty Specific I	North Forty Specific I	North Forty Specific I	North Forty Specific I	30	40	34	Non-Vacant	Residential	YES - Current	Housing Element Overlay Zone	No; however, the parcel is located	D-2
LOS GATOS	Burton Road	95032	424-06-116	2	0	0	1	Unaccommodated N	0.11	North Forty Specific I	North Forty Specific I	North Forty Specific I	North Forty Specific I	30	40	3	Vacant	Vacant	YES - Current	Housing Element Overlay Zone	No; however, the parcel is located	D-2
LOS GATOS	16240 Burton Road	95032	424-07-010	0	0	0	7	Unaccommodated N	0.26	North Forty Specific I	North Forty Specific I	North Forty Specific I	North Forty Specific I	30	40	7	Non-Vacant	Residential	YES - Current	Housing Element Overlay Zone	No; however, the parcel is located	D-3
LOS GATOS	16270 Burton Road	95032	424-07-052	0	0	0	12	Unaccommodated N	0.43	North Forty Specific I	North Forty Specific I	North Forty Specific I	North Forty Specific I	30	40	12	Non-Vacant	Residential	YES - Current	Housing Element Overlay Zone	No; however, the parcel is located	D-4
LOS GATOS	16210 Burton Road	95032	424-07-054	3	1	2	1	Unaccommodated N	0.26	North Forty Specific I	North Forty Specific I	North Forty Specific I	North Forty Specific I	30	40	7	Non-Vacant	Residential	YES - Current	Housing Element Overlay Zone	No; however, the parcel is located	D-5
LOS GATOS	14831 Los Gatos Boulevard	95032	424-07-063	7	3	3	3	Unaccommodated N	0.56	North Forty Specific I	North Forty Specific I	North Forty Specific I	North Forty Specific I	30	40	16	Non-Vacant	Residential	YES - Current	Housing Element Overlay Zone	No; however, the parcel is located	D-5
LOS GATOS	14849 Los Gatos Boulevard	95032	424-07-064	11	5	6	5	Shortfall of Sites	0.93	North Forty Specific I	North Forty Specific I	North Forty Specific I	North Forty Specific I	30	40	27	Non-Vacant	Residential	YES - Current	Housing Element Overlay Zone	No; however, the parcel is located	D-6
LOS GATOS	14823 Los Gatos Boulevard	95032	424-07-065	0	0	0	10	Unaccommodated N	0.37	North Forty Specific I	North Forty Specific I	North Forty Specific I	North Forty Specific I	30	40	10	Non-Vacant	Residential	YES - Current	Housing Element Overlay Zone	No; however, the parcel is located	D-7
LOS GATOS	14800 Oka Road	95032	424-08-057	0	0	0	12	Unaccommodated N	2.97	Low Density Reside	R-1:8	Low Density Reside	R-1:8:HEOZ	0	5	12	Vacant	Vacant	YES - Current	Housing Element Overlay Zone	No; however the property owner h	E-1
LOS GATOS	Oka Lane	95032	424-08-029	0	0	0	1	Unaccommodated N	0.31	Low Density Reside	R-1:8	Low Density Reside	R-1:8:HEOZ	0	5	1	Vacant	Vacant	YES - Current	Housing Element Overlay Zone	No; however the property owner h	E-1
LOS GATOS	Oka Lane	95032	424-08-059	0	0	0	4	Unaccommodated N	1.01	Low Density Reside	R-1:8	Low Density Reside	R-1:8:HEOZ	0	5	4	Vacant	Vacant	YES - Current	Housing Element Overlay Zone	No; however the property owner h	E-1
LOS GATOS	Oka Lane	95032	424-08-060	0	0	0	5	Unaccommodated N	1.29	Low Density Reside	R-1:8	Low Density Reside	R-1:8:HEOZ	0	5	5	Vacant	Vacant	YES - Current	Housing Element Overlay Zone	No; however the property owner h	E-1
LOS GATOS	14800 Oka Road	95032	424-08-058	0	0	0	5	Unaccommodated N	1.41	Low Density Reside	R-1:8	Low Density Reside	R-1:8:HEOZ	0	5	5	Non-Vacant	Residential	YES - Current	Housing Element Overlay Zone	No; however the property owner h	E-1
LOS GATOS	16603 Lark Avenue	95032	424-08-017	0	0	0	34	Unaccommodated N	2.48	Medium Density Res	R-M:5-12	Medium Density Res	R-M:5-12:HEOZ	14	22	34	Non-Vacant	Residential	YES - Current	Housing Element Overlay Zone	No; however the property owner h	E-1
LOS GATOS	14840 Oka Road	95032	424-08-021	0	0	0	60	Unaccommodated N	4.32	Medium Density Res	R-M:5-12	Medium Density Res	R-M:5-12:HEOZ	14	22	60	Vacant	Vacant	YES - Current	Housing Element Overlay Zone	No; however the property owner h	E-1
LOS GATOS	Oka Lane	95032	424-08-074	0	0	0	26	Unaccommodated N	6.41	Low Density Reside	R-1:8	Low Density Reside	R-1:8:HEOZ	0	5	26	Vacant	Vacant	YES - Current	Housing Element Overlay Zone	No; however the property owner h	E-2
LOS GATOS	Oka Road (Cal Trans ROW)	95032	37.256167, -121.959	0	0	0	69	Unaccommodated N	4.9	Low Density Reside	R-1:8	Medium Density Res	R-M:HEOZ	14	22	69	Vacant	Vacant	YES - Current	Housing Element Overlay Zone	(HEOZ) implementation prograr	E-3
LOS GATOS	110 Knowles Drive	95032	424-32-077	88	44	44	44	Shortfall of Sites	7.34	High Density Reside	CM:AHOZ	High Density Reside	CM:HEOZ	30	40	220	Non-Vacant	Commercial	YES - Current	Housing Element Overlay Zone	No; however the site is located wit	F-1
LOS GATOS	206 Knowles Drive	95032	424-32-076	29	14	14	15	Unaccommodated N	2.41	High Density Reside	CM	High Density Reside	CM:HEOZ	30	40	72	Non-Vacant	Commercial	YES - Current	Housing Element Overlay Zone	No; however, the site is located im	F-2
LOS GATOS	440 Los Gatos Almaden Road	95032	527-49-048	0	0	0	5	Shortfall of Sites	0.52	Neighborhood Comm	C-1	Neighborhood Comm	C-1:HEOZ	10	20	5	Non-Vacant	Commercial	YES - Current	Housing Element Overlay Zone	Property Owner Interest Form Sub	G-1
LOS GATOS	445 Leigh Avenue	95032	527-49-049	0	0	0	3	Shortfall of Sites	0.29	Neighborhood Comm	C-1	Neighborhood Comm	C-1:HEOZ	10	20	3	Non-Vacant	Commercial	YES - Current	Housing Element Overlay Zone	Property Owner Interest Form Sub	G-1
LOS GATOS	14000 Blossom Hill Road	95032	527-32-028	0	0	0	7	Shortfall of Sites	0.69	Neighborhood Comm	C-1	Neighborhood Comm	C-1:HEOZ	10	20	7	Non-Vacant	Commercial	YES - Current	Housing Element Overlay Zone	Property Owner Interest Form Sub	H-1
LOS GATOS	401-409 Alberto Way	95032	529-23-018	0	4	4	52	Shortfall of Sites	2.19	Mixed Use Commerc	CH	Mixed Use Commerc	CH:HEOZ	30	40	60	Vacant	Vacant	YES - Current	Housing Element Overlay Zone (HE	Property Owner Interest Form Sub	I-1

Table C: Land Use, Table Starts in A2

Zoning Designation From Table A, Column G and Table B, Columns L and N (e.g., "R-1")	General Land Uses Allowed (e.g., "Low-density residential")
R-1D	Single-family dwelling, provided that there is not more than one principal residential structure on a lot, two-family dwelling, provided that there is not more than one principal residential structure on a lot, family daycare home, and residential care facility, small family home.
C-1	Retailing, including formula retail up to six thousand (6,000) square feet, Personal service businesses and service businesses necessary for the conduct of households, Office activities, Limited manufacturing activities when a majority of sales are made, on site, to the ultimate consumer, Activities permitted in the LM zone which were approved on or before February 1, 1993, provided any change of use must be a conforming use in the C-1 zone, and Group classes, and single-family, two-family, and multi-family in a mixed-use project through a CUP.
C-2	Retailing, including formula retail up to six thousand square feet, Office activities subject to subsection (c), Limited manufacturing activities when a majority of sales are made, on site, to the ultimate consumer, Wholesaling without warehousing on the premises, Single-family and two-family uses, in conjunction with the other uses permitted in this section and multi-family in a mixed-use project through a CUP
CH	Retailing, including formula retail up to six thousand square feet, Personal service businesses and service businesses necessary for the conduct of households, Office activities, Limited manufacturing activities when a majority of sales are made on site to the ultimate consumer, Group classes, and single-family, two-family, and multi-family in a mixed-use project through a CUP
CH:PD	Hotel up to 300 rooms, a conference facility containing approximately 10,000 square feet, and an underground parking facility
North Forty Specific Plan	Retail, Restaurant, Personal Service, Office, Hotel, Townhomes, Rowhouses, Multi-Family, Condominiums, Live/Work Lofts, Park, Public Transpiration and Parking Facilities, Small Family Daycare, Alternating Use/Shared Parking, and Botanical Nursery
R-1:8	Single-family dwelling, provided that there is not more than one principal residential structure on a lot, raising of trees, vegetables and horticultural specialties, but not including commercial greenhouses, retail nurseries, or storage of landscaping equipment, products or supplies for commercial uses, family daycare home, and residential care facility, small family home.
R-M:5-12	Single-family dwelling, two-family dwelling, family daycare home, residential care facility, small family home, multi-family dwelling, and a transitional Housing facility as defined by Health and Safety Code section 50675.2
CM	Activities involving controlled manufacturing, research and development, wholesaling, warehousing, and other light industrial uses, Sales to the ultimate consumer of articles manufactured on the premises to the customer's order, Professional and administrative offices, Emergency shelters as defined by Health and Safety Code section 50801
R-1D:HEOZ	Housing Element Overlay Zone Implementation Program to apply to the sites included in the Site Inventory to modify the development standards (i.e., density, lot coverage, FAR, height) on those sites
C-1:HEOZ	Housing Element Overlay Zone Implementation Program to apply to the sites included in the Site Inventory to modify the development standards (i.e., density, lot coverage, FAR, height) on those sites
C-2:HEOZ	Housing Element Overlay Zone Implementation Program to apply to the sites included in the Site Inventory to modify the development standards (i.e., density, lot coverage, FAR, height) on those sites
CH:HEOZ	Housing Element Overlay Zone Implementation Program to apply to the sites included in the Site Inventory to modify the development standards (i.e., density, lot coverage, FAR, height) on those sites
CH:PD:HEOZ	Housing Element Overlay Zone Implementation Program to apply to the sites included in the Site Inventory to modify the development standards (i.e., density, lot coverage, FAR, height) on those sites
North Forty Specific Plan:HEOZ	Housing Element Overlay Zone Implementation Program to apply to the sites included in the Site Inventory to modify the development standards (i.e., density, lot coverage, FAR, height) on those sites
R-1:8:HEOZ	Housing Element Overlay Zone Implementation Program to apply to the sites included in the Site Inventory to modify the development standards (i.e., density, lot coverage, FAR, height) on those sites
R-M:HEOZ	Housing Element Overlay Zone Implementation Program to apply to the sites included in the Site Inventory to modify the development standards (i.e., density, lot coverage, FAR, height) on those sites
R-M:5-12:HEOZ	Housing Element Overlay Zone Implementation Program to apply to the sites included in the Site Inventory to modify the development standards (i.e., density, lot coverage, FAR, height) on those sites
CM:HEOZ	Housing Element Overlay Zone Implementation Program to apply to the sites included in the Site Inventory to modify the development standards (i.e., density, lot coverage, FAR, height) on those sites
CM:HEOZ	Housing Element Overlay Zone Implementation Program to apply to the sites included in the Site Inventory to modify the development standards (i.e., density, lot coverage, FAR, height) on those sites

Public Comments

APPENDIX I

I.1 Public Comments

Public Comment Review Period

Pursuant to Assembly Bill (AB) 215, the Initial Public Review Draft Housing Element must undergo a draft review process subject to a 30-day public comment period, and if comments are received, an additional 10-day consideration and revision period prior to Housing and Community Development (HCD) submittal. For any subsequent revisions, the local government must post the draft revisions on its website and email a link to all individuals and organizations that have previously requested notices relating to the local government's housing element at least seven days before submitting the draft revision to HCD.

Government Code 65585(b)(1) indicates that the purpose of the public review process includes the following:

- Disclosing agency analysis;
- Discovering public concerns; and
- Incorporating public comments.

The following document outlines all public comments received during the public comment periods as well as responses and revisions to the Draft Housing Element prior to each submittal and resubmittal to HCD.

Public Comments on the October 2022 Initial Draft Housing Element

As required by HCD, the Initial Public Review Draft Housing Element was posted on the Town website and the Housing Element Update website (EngageLosGatoshousing.com) for a 30-day public review period from August 29, 2022, to September 27, 2022, during which the Town received 11 written public comments. A Housing Element Advisory Board meeting was held via Zoom on September 15, 2022, to accept verbal public comment on the Initial Public Review Draft Housing Element. Three people provided verbal comments at that meeting.

Comment Response for the Initial Public Review Draft Housing Element

This response to public comments for the Initial Public Review Draft Housing Element has been prepared to address comments received during the public comment period.

Written Comments

The following written comments were received during the 30-day public comment period:

1. Mary Pope-Handy, email dated August 29, 2022;
2. Phil Koen, email dated September 4, 2022;
3. Phil Koen, email dated September 4, 2022;
4. Phil Koen, email dated September 4, 2022;
5. William Walker, Engage Los Gatos website comment dated September 4, 2022;
6. Adam Mayer, email dated September 13, 2022;
7. Edward Morimoto, email dated September 15, 2022;
8. Phill Keon, emailed dated September 26, 2022;
9. Bill Ehlers, email dated September 26, 2022;
10. Don Capobres, email dated September 27, 2022; and
11. Keith Diggs, email dated September 27, 2022.

Verbal Comments

Verbal comments were received at a Housing Element Advisory Board meeting on September 15, 2022, from the following participants:

1. Mitch Vinciguerra;
2. Susan Burnett; and
3. Brian Handy.

Written Draft Housing Element Comments

Written comments on the Draft Housing Element and responses to those comments are presented on the following pages.

Comment Letter # 1

From: Mary Pope-Handy <[redacted]>
Sent: Monday, August 29, 2022 4:51 PM
To: Housing Element <HEUpdate@losgatosca.gov>
Subject: Comments on the LOS GATOS HOUSING ELEMENT

Hello Community Development Department,

Thank you for the time and hard work put into the Los Gatos Housing Element. We do need more housing, particularly affordable housing, in our town.
I'd like to suggest that in addition to adding residential units, we factor in the health impacts of various potential locations for housing. A number of the locations specified in the draft are up against busy streets or even freeways. These locations have health risks associated with them and it would be better if those areas were not homes.

The EPA has a **publication** on these health risks (please click on link to get the EPA report). Additional links: Living near major roads linked to risk of dementia, Parkinson's, Alzheimer's and MS University of British Columbia- ScienceDaily. ScienceDaily, 23 January 2020.

Living near busy road stunts children's lung growth, study says - article in The Guardian (British publication), with links to the academic studies Kids living near major roads at higher risk of developmental delays - (American study) ScienceDaily.com April 9, 2019 Living Near Highways and Air Pollution - Lung.org by the American Lung Association. We do have other options for housing. For example, rather than putting townhomes at Blossom Hill and Harwood, but them at Harwood and Almond Blossom, where there's far less traffic. Right now there's a small, empty school sitting there that would be better as a few residences. The town could also incentivize putting two homes on one lot, or turning a house into a duplex, by providing tax breaks or other assistance.
It would also make sense to add housing over single story strip malls, particularly as they would be more set back from busy roads than a gas station would be. In real estate, the most important factor is always location. We should not aspire to build homes in locations that are likely to have long term, negative consequences to the health of their occupants. If homes must be built in those locations, mitigation efforts should include robust air purifiers and sound buffers such as triple pane windows.

Sincerely,

Mary Pope-Handy
Town resident and Realtor

[redacted]
Mary Pope-Handy
REALTOR®, ABR, AHWD, CIPS, CRS, SRES
[redacted] | Move2SiliconValley.com
LiveInLosGatos.com | PopeHandy.com
[redacted]
SanJoseRealEstateLosGatosHomes.com ValleyofHeartsDelight.com

Response to Comment #1

- **Health risks of living near highways (high traffic sites)**
    - Numerous factors were considered through the site selection process, including feedback received during the development of the 2040 General Plan, public discussion at HEAB meetings, and on June 7, 2022, the Town Council accepted the draft Site Inventory as recommended by the HEAB. The Site Inventory has since been modified based on the receipt of a new Property Owner Interest Form and a request to be removed by a property owner.
    - The International Building Code includes requirements that mitigate some effects of buildings in close proximity to highways, including maximum noise standards.
- **Implementing Senate Bill 9 (SB 9) and Accessory Dwelling Units (ADUs) as additional housing with incentives**
    - ADU's and SB 9 projects are included in the Town's Site Inventory to assist at achieving the Town's RHNA plus HCD's recommended 15 percent buffer.
    - The following approaches were included within the Draft Housing Element to incentivize multiple homes on single-family residential lots:
        - Policy HE-1.7: Infill Opportunities in Single-Family Neighborhoods;
        - Policy HE-2.6: Promote Accessory Dwelling Unit Construction;
        - Policy HE-6.5: Infill Opportunities in Single-Family Neighborhoods;
        - Implementation Program Q: Accessory Dwelling Units to waive building fees when an ADU is deed restricted for very low- and low-income households; and
        - Implementation Program AO: Educate Single-Family Property Owners Regarding In-Fill Housing Options.
- **Consider school-owned property to be converted to housing**
    - The Housing Element Advisory Board (HEAB) discussed and considered including a program to encourage public school-site conversions and chose not to include any school owned property as the Town does not have jurisdiction on public school property.
    - The subject site is a private school located on private property and has an active Conditional Use Permit for a private school use and is zoned for single-family residential uses.
    - Town staff has recently received an inquiry from a potential new tenant for the private school site, therefore the Town does not have justification to assume that the site would redevelop for housing within the next eight years.

Comment Letter #2

9/6/22, 11:47 AM [redacted]

above e-mail address.

Think Green, please consider the environment before printing this e-mail.

From: Phil Koen <[redacted]>
Sent: Sunday, September 4, 2022 9:52 AM
To: Housing Element <HEUpdate@losgatosca.gov>
Subject: Fwd: Agenda item #2 - HEAB Meeting August 18, 2022

EXTERNAL SENDER

I am submitting these comments because the public draft HE has not been fully corrected. These comments were originally submitted on August 17, 2022 to the HEAB.

Thank you.

Phil Koen
[redacted]

Sent from my iPhone

Begin forwarded message:

From: Phil Koen [redacted]>
Date: August 17, 2022 at 4:47:00 PM GMT+1
To: [redacted]
Cc: [redacted]
Subject: Agenda item #2 - HEAB Meeting August 18, 2022

Dear Members of the HEAB,

Please accept the following comments on the Draft 2023 – 2031 Housing Element

1. Page B-10: The comment at the bottom of the page referencing Figure B-8 and discussing jobs per employed ratio is incorrect. Figure B-8 shows Jobs-Household ratio and not Jobs-Employed Resident ratio. Additionally, the comment that the Town of Los Gatos is a "net importer of workers" is misleading. The Town is a "net importer of workers" only in the low wage category. At the high wage category, the Town is a "net exporter of workers". There is a bar bell distribution by wage category and care needs to be exercised in explaining this distribution. Lastly, the comment that the jobs per employed resident ratio has increased from 1.32 in 2002 to 1.59 in 2018 is factually incorrect. These are the numbers of Jobs-Household ratio from schedule POPEMP-13 not the numbers for jobs per employed resident ratio.
2. Page D – 2: Table D-2 has not been completed, yet the data is available in the site inventory analysis. There are a total of 179 pending units which can be applied to the RHNA. In addition, the Town can credit the 200 planned ADU toward the RHNA. This brings the remaining RHNA units to 1,913 which includes a 15% buffer.
3. Pages D-22 – D-30: These pages discuss sites that were previously used in the 5th cycle. According to the HCD Site Inventory Guidebook, for sites that were used in a prior housing element planning period, a program requiring rezoning within three years of the beginning of the planning period to allow residential use by right at specified densities for housing development in which at least 20 percent of the units are affordable to lower income households must be included in the Housing Element. Does this requirement apply to these sites?
4. Pages D-40 – D-44: Attached please find an example of the site inventory prepared by the City of Sunnyvale. Sunnyvale has included in their inventory analysis a realistic buildout density based on development

9/6/22, 11:47 AM [redacted]

standards, market trends and recent development to calculate capacity. This complies with HCD's requirements to demonstrate that the projected development is likely to occur. Additionally, the Sunnyvale analysis also includes a redevelopment likelihood which further informs the reader of the suitability of the identified sites. The Town's analysis does not contain any such analysis and therefore most likely overstates the development capacity. Would it be prudent for the Town to revisit the site selection inventory and include realistic buildout density and redevelopment likelihood in the analysis?

5. Pages D-40 – D-44: It is not clear from these tables if the Town is relying on nonvacant sites to accommodate 50 percent or more of the RHNA for lower income households. If the Town is relying on nonvacant sites to accommodate 50 percent or more of its RHNA for lower income households, the nonvacant site's existing use is presumed to impede additional residential development, unless the housing element describes findings based on substantial evidence that the use will likely be discontinued during the planning period. Has the HEAB been able to determine if the Town is relying on 50 percent or more of the identified nonvacant sites to accommodate RHNA for lower income households?

6. Page E-3: Table E-1 states for program 1.2 that the Town amended the Town Code to address this program. While the Town Code was amended, it does not appear that it was amended as specified in the program 1.2 and further detailed by the Enhanced Second Unit Program on page 19 of the 2015-2023 Housing Element. The enhanced second unit program for Hillside Residentially zoned lots 5 acres and greater required "as a prerequisite for obtaining approvals in the Second Unit Program expanded area, participating homeowners would be required to record a deed restriction on the title record of properties specifying that the second unit shall be offered at a reduced rent that is affordable to a lower income renter (i.e. less than 80 percent of AMI) if the unit is occupied by someone other than a member of the household". At that time, the Town did not allow second units on any non-conforming residential lots or in hillside areas. In exchange for allowing such second units, the participating homeowner would be required to record a deed restriction. The amended Town Code does not appear to include this prerequisite. The Town Attorney should review the amended Town Code to verify the accuracy of program 1.2 results.

Lastly, we wish to inform the HEAB as of yesterday afternoon the Los Gatos Community Alliance delivered to the Town Clerk 3,417 signatures on 159 petitions regarding a Referendum Against a Resolution Passed by the Town Council. The required number of signatures based upon 10% of 21,978 registered voters is 2,198. 3,147 signatures exceed the minimum number of signatures required in order to qualify for filing said petition.

Given this development, the HEAB may wish to reconsider the site inventory analysis and include a rezoning program for the specific sites identified in the site inventory that will allow for development potential consistent with the Town's RHNA requirements. We have attached an example of a rezoning program that was included in the City of Saratoga's draft Housing Element for your consideration.

We want to thank the HEAB for their hard work and dedication in assisting the Town in preparing the 6th cycle Housing Element.

Thank you for considering our comments.

Los Gatos Community Alliance

Comment Letter #2 Attachment #1

Table 5-8: City of Sunnyvale, 2023-2031 Housing Element, Lawrence Station Area Plan

Site Number	Assessor Parcel Number (APN)	Address	Size (Gross Acres)	General Plan Land Use Designation	Zoning	Maximum Achievable Density [1]	Realistic Density [2]	Tier	Redevelopment Likelihood	Total Units	Lower-Income Units	Moderate-Income Units	Above Moderate-Income Units	Subject to AB 1397 by-right policy?	Description of Existing Use/Status
LSAP-1	20550024	1171 Sonora Ct	1.3	Transit Mixed Use	MXD-I/S	80	76	1	100%	99	59	15	25		Site includes existing office building. City provided funding for site purchase to support proposed future MidPen Housing affordable housing development.
LSAP-2	21627068	1382-1388 Kifer Rd	3.56	Transit Mixed Use	MXD-II	68	65	3	25%	57	34	9	14		Research and development building, built in 1999, City has received interest from brokers, residential redevelopment likely in 2nd half of planning period.
LSAP-3	21627069	1400 Kifer Rd	6.34	Transit Mixed Use	MXD-II	68	65	3	25%	102	61	15	26		Existing data center. City has received interest from brokers, residential redevelopment likely in 2nd half of planning period.
LSAP-4	21627047	111 Uranium Dr	5.79	Transit Mixed Use	MXD-II	68	65	3	25%	94	56	14	23		Existing data center. Built in 1970. Most recently sold in 2019. City has received interest from brokers, residential redevelopment likely in 2nd half of planning period.
LSAP-5	21301002	1165 Reed Ave	0.96	Transit Mixed Use	MXD-IV	45	43	1	100%	41	25	6	10	Yes	Existing grocery store, restaurant, auto repair and print shop. Constructed from 1961-1972. All three parcels under same ownership. Property owner has expressed interest in mixed-use redevelopment.
	21301003	1155 Reed Ave	1.54	Transit Mixed Use	MXD-IV	45	43	1	100%	66	40	10	16	Yes	
	21301004	1164 Willow Ave	0.34	Transit Mixed Use	MXD-IV	45	43	1	100%	15	9	2	4	Yes	
	Site Total		2.84							122	74	18	30		
LSAP-6	20550019	1175 Sonora Ct	1.31	Transit Mixed Use	MXD-I/S	80	76	2	25%	25	15	4	6		Existing office space for lease. Built in 1976. Potential for mixed-use development likely in 2nd half of planning period.
LSAP-7	20550028	1135 Sonora Ct	1.47	Transit Mixed Use	MXD-I/S	80	76	1	100%	112	67	17	28		Existing office space. Built in 1977. Property owner expressed interest in mixed-use redevelopment.
LSAP-8	21627037	1360 Kifer Rd	14.58	Transit Mixed Use	MXD-I	80	76	3	25%	277	166	42	69		Existing industrial space and data center. Constructed in 1979. Fully leased. Property owner interested in residential conversion. This is a large site. The inventory assumes 60 percent lower-income, 15 percent moderate-income, and 25 percent above moderate-income development.
TOTAL			**37.2**							**888**	**532**	**134**	**221**		

[1] Maximum achievable density includes density bonus points received through the LSAP incentive program but excludes density bonus points available through the City's Green Building Program and the State density bonus.

[2] Realistic densities are calculated at 95 percent of maximum achievable density.

Source: Ascent, 2021.

Comment Letter #2 Attachment #2

- Exhibited developer and/or property owner interest to develop residential uses at greater densities and intensities than currently permitted.
- Presence of existing infrastructure adjacent or in proximity to sites due to the location of sites within existing urbanized portions of the city. While some sites may require lateral connections or expansions of existing utilities, these improvements are considered standard improvements and routine of redevelopment projects in urbanized areas. Such improvements will be done at the expense of developers.

Individual parcels comprising housing sites may be "vacant" by definition (i.e., undeveloped with little to no physical improvements), but are grouped as "non-vacant" resources due to their anticipated consolidated development along with other parcels that are developed and "non-vacant."

A complete list of the City of Saratoga's non-vacant land resources is included in Table 6-8 below.

Rezoning Program

Pursuant to Government Code Section 65583.2(c) several of the City of Saratoga's non-vacant housing sites, as described above, will be included within a proposed rezoning program to allow for development potential consistent with the city's RHNA requirements. This rezoning program will consist of the creation, and adoption of three new mixed-use zoning districts: "Mixed Use" (MU), "Mixed Use High Density" (MU/HD), and "Mixed Use Very High Density" (MU/VHD). These new zoning districts will allow for mixed-use residential development at greater densities throughout the city than currently permitted, require at least 50 percent of building floor area, and allow for up to 100 percent of building floor area, to be dedicated to residential uses. These new mixed use zoning districts are summarized below in Table 6-8. Sites which are proposed to be rezoned to one of the new zoning designations as part of this Update are indicated in the Non-Vacant Inventory included within Table 6-9.

TABLE 6-8: SARATOGA REGIONAL HOUSING NEEDS ALLOCATION (2023-2031)

PROPOSED REZONING DISTRICTS	ALLOWABLE DENSITY	MAXIMUM BUILDING HEIGHT
MIXED-USE (MU)	15-25 du/acre	2 Stories
MIXED-USE HIGH DENSITY (MU/HD)	30-40 du/acre	3 Stories
MIXED-USE VERY HIGH DENSITY (MU/VHD)	80-150 du/acre	10 Stories

Source: City of Saratoga Community Development Department.

City of Saratoga
General Plan Update

TABLE 6-9: NON-VACANT/UNDERUTILIZED LAND INVENTORY

APN	ADDRESS	ACRES	EXISTING USE	EXISTING GENERAL PLAN	EXISTING ZONING	PROPOSED REZONING	PROPOSED DENSITY (DU/ACRE)	REALISTIC CAPACITY VLI	LI	MI	AMI	TOTAL
EXISTING SENIOR HOUSING SITE												
FELLOWSHIP PLAZA HOUSING SITE												
39712016	14500 Fruitvale Ave.*	10.47	Senior Housing	CFS	R-1-40,000	-	20	80	0	0	0	80
MULTI-FAMILY HOUSING SITES												
MIXED USE MULTI-FAMILY HOUSING SITES												
GATEWAY NORTH HOUSING SITE												
36622022	12029 Saratoga Sunnyvale Rd.	2.54	Commercial Center	CR	CN	MU	15-25	0	0	19	19	22
36622023	12015 Saratoga Sunnyvale Rd.	0.38	Gas Station	CR	CN	MU	15-25	0	0	3	3	22
SUBTOTAL		2.92						0	0	22	22	44
HIGH DENSITY MULTI-FAMILY HOUSING SITES												
GATEWAY SOUTH HOUSING SITE												
36612066	12361 Saratoga Sunnyvale Rd.	0.32	Commercial Building	CR	CV	MUHO	30-40	3	2	1	5	10
36612065	12341 Saratoga Sunnyvale Rd.	0.94	Funeral Home	CR	CV	MUHO	30-40	7	4	2	14	28
36612054	12333 Saratoga Sunnyvale Rd.	1.01	Commercial Building	CR	CV	MUHO	30-40	8	5	2	15	30
36612072	12299 Saratoga Sunnyvale Rd.	3.08	Storage	CR	CV	MUHO	30-40	25	14	7	46	92

* Please Note that the Fellowship Plaza Housing Site shares the same Street address as the Saratoga Retirement Community Site identified within the "Pending Projects" Section of this Report. Both the Saratoga Retirement Community and the Fellowship Plaza Housing Development are owned by the independent Order of the Odd Fellows (IOOF), but are two separate, distinct developments. Accordingly, while the two developments share the same street address, they have unique APN values.

DRAFT

HOUSING ELEMENT | 6-16

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APN	ADDRESS	ACRES	EXISTING USE	EXISTING GENERAL PLAN	EXISTING ZONING	PROPOSED REZONING	PROPOSED DENSITY (DU/ACRE)	REALISTIC CAPACITY				
								VLI	LI	MI	AMI	TOTAL
38653031	12312 Saratoga Sunnyvale Rd.	1.23	Office Building	CR	CV	MU/HD	30-40	10	6	3	18	37
SUBTOTAL		6.58						52	30	16	98	197
SARATOGA AVENUE HOUSING SITE												
38906017	13025 Saratoga Ave.	9.76	Vacant	PA	PA	MU/HD	30-40	79	44	47	123	293
38906007	12961 Village Dr.	0.45	Office Building	PA	PA	MU/HD	30-40	4	2	2	6	14
38906006	12943 Village Dr.	0.38	Vacant	PA	PA	MU/HD	30-40	3	2	2	5	11
38906008	Village Dr.	0.49	Vacant	PA	PA	MU/HD	30-40	4	2	2	6	15
38906016	12989 Saratoga Ave.	0.37	Vacant	PA	PA	MU/HD	30-40	3	2	2	5	11
SUBTOTAL		11.45						93	52	55	144	344
VILLAGE EAST HOUSING SITE												
39727028	14320 Saratoga Sunnyvale	0.46	Commercial Center	CR	CV	MU/HD	30-40	4	2	2	6	14
39727029	20440 Arbeleche Ln.	0.83	Multi-Family	RMF	R-M-4000	MU/HD	30-40	7	4	4	10	25
39727001	Arbeleche Ln. (city parcel)	0.28	Parking Lot (City)	CR	CV	MU/HD	30-40	2	1	1	4	8
39731020	14395 Saratoga Ave.	0.49	Office Building	PA	PA	MU/HD	30-40	4	2	2	6	15
39731011	14375 Saratoga Ave.	0.56	Office Building	PA	PA	MU/HD	30-40	5	3	3	7	17
39731008	14363 Saratoga Ave.	0.28	Office Building	PA	PA	MU/HD	30-40	2	1	1	4	8
SUBTOTAL		2.90						23	13	14	37	87

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APN	ADDRESS	ACRES	EXISTING USE	EXISTING GENERAL PLAN	EXISTING ZONING	PROPOSED REZONING	PROPOSED DENSITY (DU/ACRE)	REALISTIC CAPACITY				
								VLI	LI	MI	AMI	TOTAL
VERY HIGH-DENSITY MULTI-FAMILY HOUSING SITE												
PROSPECT LAWRENCE HOUSING SITE												
38610043	18562 Prospect Rd.	2.14	Commercial Center	CR	C-N(RHD)	MU/VHD	80-150	46	26	27	72	171
38610004	18560 Prospect Rd.	0.87	Carwash	CR	C-N(RHD)	MU/VHD	80-150	19	10	11	29	70
38610055	18522 Prospect Rd.	0.30	Auto Repair	CR	C-N(RHD)	MU/VHD	80-150	6	4	4	10	24
38610006	18506 Prospect Rd.	0.94	Auto Parts	CR	C-N(RHD)	MU/VHD	80-150	20	11	12	32	75
38610007	18480 Prospect Rd.	0.87	Commercial Building	CR	C-N(RHD)	MU/VHD	80-150	19	10	11	29	70
SUBTOTAL		5.12						111	61	66	172	410
SINGLE FAMILY HOUSING SITES												
WARDELL HOUSING SITE												
36614041	20851 Wardell Rd.	7.35	Non-Vacant	RHC	HR	R-1-12,500	1.36	0	0	0	10	10
ALLENDALE/CHESTER HOUSING SITE												
39701071	14001 Chester Ave.	12.13	Agriculture	RVLD	A	0 R-1-20,000	1.98	0	0	0	24	24
QUITO/POLLARD HOUSING SITE												
40322016	14076 Quito Rd.	3.56	Vacant	RVLD	R-1-40,000	R-1-10,000	2.81	0	0	0	10	10
TOTAL								359	156	172	517	1,204

Notes: VLI = Very Low Income, LI = Low Income, MI = Moderate Income, AMI = Above Moderate Income
Source: City of Saratoga Community Development Department

Response to Comment #2

- **Employment characteristics**
  - The employment characteristics (jobs-households ratio) have been corrected on pages B10 and B11.
  - Table D-2 has been deleted.
- **RHNA data and Site Inventory**
  - The Town's Site Inventory can be found in Appendix H and a summary of identified vacant/partially vacant and available sites, ADUs, SB 9 units, and pipeline projects to meet the Town's RHNA plus 15 percent buffer can be found in Appendix D of the HCD Draft Initial Review Housing Element.
- **Site reuse from 5th Cycle Housing Element requirements**
  - There are three sites that were previously used in the Town's 5th Cycle Housing Element. Implementation Program AS has been added to the Draft Housing Element. This program states that the Town will rezone those sites to allow housing developments by right pursuant to Government Code section 65583.2(i) when 20 percent or more of the units are affordable to lower income households on the following sites as identified in Appendix H to accommodate the lower income RHNA that was previously identified in past housing elements: Parcel 424-08-074; Parcel 424-08-057; and Parcel 424-08-21.
- **Site Inventory, typical density for residential**
  - The Housing Element Sites Inventory Form located in Appendix H and the Overview of Selected Sites located in Appendix D have both been updated utilizing the typical density identified in 2040 General Plan Residential Buildout Table.
- **Percentage of nonvacant sites for low-income housing to accommodate the RHNA**
  - The Town is relying on non-vacant sites to accommodate 50 percent or more of the RHNA for lower income households. Property owner interest forms have been submitted on a majority of the non-vacant sites showing property owner interest in of residential redevelopment within the 6th cycle planning period.
- **Accessory Dwelling Unit incentive program**
  - On April 7, 2020, the Town Council adopted Ordinance 2307, amending the Zoning Code of the Town Code regarding ADUs to comply with State law. The Town has provisions in the Town Code that include an incentive program [Town Code, Section 29.10.320(a)] *Incentive program. Any accessory dwelling unit developed under an Incentive Program which may be established by Resolution of the Town Council shall be made affordable to eligible applicants pursuant to the requirements of the Incentive Program. A deed restriction shall be recorded specifying that the accessory dwelling unit shall be offered at a reduced rent that is affordable to a lower income renter (less than eighty (80) percent AMI) provided that the unit is occupied by someone other than a member of the household occupying the primary dwelling.*
  - The current incentive program is applicable to any accessory dwelling unit meeting the requirements of the Town's ADU incentive program. The incentive program expands the eligibly to all units rather than just non-conforming residential lots over 10,000 square feet or in the Hillside Residential Zone on sites that are larger than five acres as described in Action HOU-1.2 of the 2015-2023 Housing Element.
- **Implementation Program, Housing Element Overlay Zone (HEOZ)**
  - On June 30, 2022, the Town Council adopted the 2040 General Plan. As of September 27, 2022, the Land Use and Community Design Elements of the 2040 General Plan are suspended pending the results of a referendum. In the interim, the 2020 General Plan Land Use and Community Design Elements will govern during the suspension period. The Draft Housing Element includes Programs AQ and AR, requiring amendment of the Zoning Code and 2020 General Plan Land Use Element to include a Housing

Element Overlay Zone (HEOZ) to apply to the sites included in the Sites Inventory to modify the development standards on those sites as a more targeted use of increase in height and density included in the 2040 General Plan Land Use Element as needed to meet the Town's RHNA and 15 percent buffer.

Comment Letter #3

From: Phil Koen <[redacted]>
Sent: Sunday, September 4, 2022 10:12 AM
To: Jocelyn Shoopman <jshoopman@losgatosca.gov>; Housing Element <HEUpdate@losgatosca.gov>
Cc: Erin Walters <EWalters@losgatosca.gov>; Jennifer Armer <JArmer@losgatosca.gov>; Joel Paulson <jpaulson@losgatosca.gov>; Gabrielle Whelan <GWhelan@losgatosca.gov>
Subject: Re: Town of Los Gatos 6th Cycle 2023-2031 Initial Public Review Draft Housing Element Now Available For Review

Hello Ms. Shoopman,

In reviewing the Initial Public Review Draft Housing Element, it appears the document is incomplete and contains known errors which were not corrected prior to releasing for public comment.

My question is why has the Town released an incomplete document for public review? How can the public be properly informed if this draft document contains known errors and omissions? What is the standard of completeness and accuracy that Town used to determine the draft is actually ready for public comment?

Thank you.

Phil Koen
[redacted]

Sent from my iPhone

Response to Comment #3

- **Initial Public Draft of the Housing Element**
    - Assembly Bill 215 (AB 215) was signed by the Governor on September 28, 2021. AB 215 requires that a local government make the first draft version of the Housing Element available for public comment for at least 30 days and, if any comments are received, take at least 10 additional business days to consider and incorporate public comments into the draft Housing Element before submitting it to HCD. On August 29, 2022, the Town of Los Gatos released the Initial Public Review Draft of the 2023-2031 Housing Element for a 30-day public comment period which ran from August 29, 2022, to September 27, 2022.

Comment Letter #4

9/6/22, 12:10 PM [redacted]

From: Phil Koen [redacted]>
Sent: Sunday, September 4, 2022 10:55 AM
To: Housing Element <HEUpdate@losgatosca.gov>
Cc: [redacted]
Subject: HE Public Comment

EXTERNAL SENDER

In reviewing the Housing Element public draft, Table B-1 on page B-3 does not show the Town's estimated population through 2040. Please see the attached document from the City of Redwood City which was included in their draft 6th Cycle Housing Element.

To provide the public with a complete view and understanding of the estimated population growth, schedule B-1 should be updated to include the California Department of Finances estimate for the Town's 2040 population as reported in the E-5 series.

For ease of reference, the estimated 2040 population for Los Gatos and Santa Clara County are 31,635 and 1,986,340 respectively.

No where in the draft Housing Element is there a projection for the Town's 2040 population. Since the Housing Element is an integral part of the 2040 General Plan update, a 2040 projection should be included to conform with the General Plans 20 year time frame.

Thank you,

Phil Koen
[redacted]

Sent from my iPhone

Comment Letter #4 (Sender Revision)

9/6/22, 12:05 PM [redacted]

From: Phil Koen [redacted]
Sent: Sunday, September 4, 2022 11:03 AM
To: Housing Element <HEUpdate@losgatosca.gov>
Cc: [redacted]
Subject: HE Public comment

EXTERNAL SENDER

Please see the attached document which is page H1-1 from the city of Redwood City's housing element. I inadvertently attached the entire Housing Element document to my prior email when I intended to only send this one page.

I apologize.

Phil Koen
[redacted]

Needs Assessment

Population and Employment Trends

To best understand the types of housing that are needed to meet existing and future demand, Housing Element law requires that the Housing Element assess local population demographics and housing stock characteristics. Characteristics such as age, ethnicity, and employment influence the type and cost of housing needed or in high demand. Tracking changes in demographics can also help City leaders better respond to or anticipate changing housing demand. This section evaluates the various population characteristics that affect Redwood City's housing needs.

Current Population and Population Growth

Between 2010 and 2020, as reported by the U.S. Census, the population of Redwood City grew by approximately 13 percent, from 76,815 to 86,754 residents. This growth rate was greater in Redwood City than San Mateo County as a whole (7.6 percent). The Association of Bay Area Governments (ABAG) forecasts continued population growth through 2040. From 2020 to 2045, ABAG estimates that the City's population will grow by 20 percent, while countywide population is expected to increase by 18.5 percent (Table H1-1).

Table H1-1: Population Growth and Projected Growth

	2010	2020	2040	% Change 2010-2020	% Change 2020-2040
Redwood City	76,815	86,754	103,940	12.9%	19.8%
San Mateo County	718,451	773,244	916,590	7.6%	18.5%

Sources: Association of Bay Area Governments and Metropolitan Transportation Commission Housing Element Data Package and Projections 2040

In addition to population projections, several other demographic characteristics and trends define housing needs. Among these characteristics are age composition, racial and ethnic composition, and employment.

Age

Patterns indicate that different age groups have varying housing needs. As such, housing choice often correlates to the age of residents. Table H1-2 shows the age distribution of Redwood City residents. In 2019, the 25-44 year old age group constituted the largest age group at approximately 33 percent, followed by the 45-64 years old age group at 26 percent. Of note, certain segments of the population are increasing more rapidly than others, resulting in variations in total population make-up of the city. For example, the share of the population represented by seniors (65 years old and above) increased by two percentage points over the past 10 years, while the youth share of the population (0-14 age group) decreased by two percentage points.

Response to Comment #4

- **Population projections**
    - The Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC) has complied demographic, economic, and housing stock data required by HCD for each Bay Area jurisdiction. Each jurisdiction received a data packet that can be used in the Housing Needs section of the draft Housing Element. Population data sets and associated graphics were provided for year 1990 to 2020. The Town will contact ABAG/MTC to see if population data and updated graphics can be provided for the year 2040, but no additional data is available at this time.

Comment Letter #5

Feedback on Town of Los Gatos 6th Cycle 2023-2031 Housing Element
William Walker September 4, 2022

I will give feedback referenced by section.

10.1.1 California's Housing Crisis
The document states that there is a housing crisis, but there is no reference to any peer-reviewed academic study demonstrating a crisis. Last time California had a housing crisis was 2007-2008, when housing prices plummeted due to sub-prime mortgages. Many families were bankrupted.

The second paragraph states that Santa Clara County is projected to add 169,450 jobs, but again there is no reference to where the projection originated. My understanding is that California lost population in the previous several years (https://www.macrotrends.net/states/california/population(External link)), and that Santa Clara county population has declined since 2020. Also some large companies such as Charles Schwab, Tesla, HP, Oracle have relocated their headquarters out of state. Moreover, the advent of work-at-home has resulted in workers relocating to lower cost states. So I am very skeptical that population will continue to increase as in the past.

In my opinion, historically low interest rates in the previous few years resulted in excessive housing demand. The real housing crisis is likely to be a repeat of 2007-2008, which we are already starting to see as increasing interest rates cause a recession and falling house prices. Adding more housing will make the crisis worse, as it did in 2007-2008.
I find the final paragraph is really puzzling. When I moved to Los Gatos in 1983, it was highly segregated, indeed many neighborhoods built before 1963 excluded racial minorities from home ownership. It is right to condemn those bad old days. But times have completely changed, my neighborhood, and Los Gatos as a whole is highly integrated now. There is no problem to solve here.

10.1.2
Same comments as the previous section, I am highly skeptical of the projected increase in households. The actual data from last year indicates California's population is declining
(https:// www.macrotrends.net/states/california/population(External link)).
At least here there is a reference to where the data came from, but I don't believe the data.

10.1.3 Affirmatively Furthering Fair Housing
I don't understand how California is supposed to enforce replacement of segregated living patterns with integrated living patterns. Will Cupertino be forced to kick out Chinese residents? It's an unfortunate part of human nature that many people prefer to live in neighborhoods with their affinity groups. I'm not one of them, I like the melting pot and oppose multiculturalism, but I also believe in freedom of association. Based on the racial make-up of my neighborhood, I'm very skeptical of the statement that "racial segregation in Los Gatos increased between 2010 and 2020". Los Gatos is a model community for racial integration.

Ironically, when I went to college at Cal in the 1970s, the student Co-op where I lived was completely integrated. Now, if you visit the Berkeley Student Co-op website, you will find that many of the Co-op houses have "themes", such as people-of-color, and LGBT, and students are encouraged to segregate themselves to live with their affinity groups. O brave new world, that has such people in it! Segregation has become fashionable again.

10.1.4 Overview of Planning and Legislative Efforts
I'm sorry my feedback to the general plan was not adopted by the Town Council. Most importantly, the vast expansion of housing adopted by the general plan flies in the face of sound city planning practice, and will result in environmental destruction and a deterioration of the quality of life in Los Gatos and throughout the bay area. An environmentally sensitive plan would have advocated to decrease the population of outlying suburbs with no access to public transportation, such as Los Gatos, and to increase the population density within 1km of mass transit hubs, such as Cal Train stations. This is how planning is done in Japan (where my wife and I have a second home). Most of the northeastern states, such as New York, historically have very low population densities once you leave the big cities, California was built out as a continuous suburb. We need to make California look

more like Japan or New York. The Los Gatos general plan doubles down on the environmentally unsustainable continuous suburb model.

I understand the California legislature has mandated certain housing policies, but the solution is to push back by banding together with other outlying suburbs and rural communities to fight environmentally destructive mandates.

Of course Los Gatos is segregated from other communities by income. Los Gatos is a luxury brand, with vacant lots running over $1 million. Forcing low income housing into Los Gatos is like asking Daimler Benz to build an economy car, their cost structure doesn't allow it. Los Gatos land costs can't sustain low cost housing. You don't need to travel far from Los Gatos to get to areas with lower land prices, for example, Santa Clara, San Jose, Morgan Hill, Milpitas.
Finally, building high-density low-income housing in Los Gatos will violate the original covenants and restrictions on existing housing and degrade its value. I view the covenants and restrictions as a contract I signed onto when I bought my house. I don't see any proposal in this document to compensate existing residents for degrading their property values. Again, the town needs to push back against legislative mandates that don't make sense.

10.1.5 Public Participation
Public disclosure of new regulations by the Town Council is inadequate. Many residents do not subscribe to social media, do not read newspapers, shop at Safeway rather than at the farmer's market, and avoid using the internet as much as possible. For instance, my neighbor bought a gas leaf blower one week before the town banned them. A proper form of disclosure is by USPS, every resident needs to receive a hard-copy in the mail.
But more importantly, when radical proposals that completely and irrevocably change the town's character are proposed, the citizens of the town should be given an opportunity to vote.

This was not done with the 2040 General Plan.

10.2 Overview of Housing Need and Constraints
This section is largely repeating and expanding on what was already written in the previous section. My comments above apply.

10.2.6 Special Housing Needs
This section is mostly free of data, and what little data is presented lacks citations.
I'm a senior, but I question the section about senior household affordability. My understanding is that seniors are the wealthiest Americans (https://www.lexingtonlaw.com/blog/finance/average-net-worth-by(External link)-age.html). Seniors also benefit from Medicare, Social Security, Prop. 13 property tax reductions, and senior discounts.

The section on homelessness lacks data, and the reasons stated for homelessness are wrong. My understanding of the homeless crisis in California, as documented in Michael Shellenberger's book San Fransicko, is that it is almost entirely a crisis of drug addiction and untreated mental illness. Organizations advocating personal liberty such as the ACLU, together with progressive prosecutors, have made it impossible to solve the homeless crisis. Open borders have increased the supply of Fentanyl. And it is a real crisis: in San Francisco more people died of drug overdoses than Covid in the last two years.

10.4 Energy and Resource Conservation
Solar roof panels are not a means of reducing energy costs. Considering the maintenance and depreciation, I believe (I am an electrical engineer specializing in semiconductor physics) they generating very expensive power. If the town really believes solar roof panels are a good investment, then the numbers should be presented in this document. Although I am an SVCE customer, and own an electric car I have not experienced any reduction of my power costs.
Indeed, California has some of the most expensive power in the US.
The figures touting 99% reduction in utility-related emissions by providing clean energy are patently false. When the energy required to manufacture solar panels is accounted for and amortized over their life, and recognition of the fact they are manufactured in China using high-carbon coal power, the numbers are nowhere near as good. Moreover, solar power is not generated during the peak demand period between 4PM and 9PM. Back-up power

capital equipment needs to be kept on-line, and that adds to the cost. Failure to do so has led to California's current energy crisis, and caused my electric car to be charged with out-of-state coal power brought in to alleviate the crisis.

A better way and less expensive way to reduce power costs is to install a light colored roof, insulate your attic, and plant deciduous trees to shade your house. Fenestration should be minimized. I notice that most houses being remodeled these days are styled as retro mid-century modern with black roofs and huge windows, which is very bad from an energy efficiency standpoint.

California has shut down two of its three nuclear plants in the last few years, with Diablo Canyon scheduled to be taken off-line in 2024-2025. The result is an increase in the proportion of carbon- spewing power generation, and higher energy costs from renewables. According to Wikipedia, Diablo Canyon generates electricity at six cents per kW hour, one fourth of what I pay for so-called SVCE clean power. And nuclear generates power 24/7.

10.5 Goals, Policies, and Implementation Programs
Basically, I oppose almost all of the policy recommendation in this section. Here are my proposed replacement policies.
1. The town should advocate for the state to electrify CalTrain and eliminate all grade crossings. The money saved from killing the bullet train can be reallocated for this project. Once Caltrain is electrified, San Jose to San Francisco is a 30 minute commute (electric express trains without grade crossings can travel at 80 MPH). California is way behind on electric commuter trains.
2. The town should recommend a 1km circle centered around each major CalTrain station be re-zoned for ultra-high-density housing. The entire housing needs of San Mateo and Santa Clara county can be met for many years. People can walk to train stations in five minutes, eliminating the need to expand freeways. Similar zoning changes would be beneficial for BART.
3. Towns and suburbs not served by mass transit hubs should be encouraged to down-size or remain stagnant to alleviate the burden on highways and reduce car-miles, exactly the opposite of what the town is currently advocating.
4. The town should request that Diablo Canyon not be closed. San Onofre nuclear power station decommissioning should be stopped immediately, and the power station should be rebuilt and brought back on line. Third-generation nuclear power stations should be built to replace windmills and photovoltaics, which are not viable sources of carbon-free power. Reasons for advocating this position can be found in Michael Shellenberger's book Apocalypse Never.
5. The town recognizes that the VTA light rail system is a failure. It is slow, expense, unreliable, doesn't stop near your office or home, and needs to be fixed or dismantled. Google buses are an alternative. The town should recommend to study how to get people to work without cars. Bicycles are not a good option.

Response to Comment #5

The public comment includes multiple topics, including: projected housing; racial segregation; planning and legislative efforts; public participation; quality of data; energy conservation; and goals, policies, and programs. However, most of the suggested changes are either: not within the Town's authority; not consistent with the Town's 2040 General Plan Vision and Guiding Principles; not aligned with the stated goals for Affirmatively Furthering Fair Housing (AFFH); or would not result in a greater likelihood of housing production for the next eight-year cycle. Therefore, no changes to the Draft Housing Element were included in response to these comments.

Comment Letter #6

From: Adam Mayer
Sent: Tuesday, September 13, 2022 11:28 PM
To: Housing Element <HEUpdate@losgatosca.gov>
Cc: Joel Paulson [redacted]>; Jocelyn Shoopman <[redacted]; Jennifer Armer <[redacted]>; Erin Walters <[redacted]>
Subject: Re: Comments re: Los Gatos Draft Housing Element

Hi Planning Staff,

First of all, thank you for delivering the hard copy of the Draft Housing Element - this has been very helpful in evaluating the document. Just have a few comments in anticipation of the upcoming Housing Element Advisory Board meeting on Thursday (9/15):

Downtown District

I realize this is something we discussed early on in the Housing Element process. Still, I would like to revisit the site inventory for the Downtown District because I feel like we are missing an opportunity to plan for the potential to add housing units in the most pedestrian-friendly and resource-rich part of the Town. I think there are ways to strategically do this that keep the charming character of Downtown without changing the fundamental nature of the surrounding historic residential districts.

Furthermore, according to the "Vision 2040" of the 2040 General Plan's Community Design Element, The Downtown District:

"emphasizes first floor retail and restaurant uses and encourages office and residential units above the first floor. It is through this mixed-use development that residential growth is accommodated. Multi-story mixed-use transitions in scale seamlessly with nearby residential, which includes growth through small multi-unit housing while maintaining the charm and character of these neighborhoods.

The Downtown District provides a truly walkable environment, where sidewalks are wide and pedestrian friendly. The expanded sidewalks accommodate additional space for outdoor dining, public art, and street furniture. Enhancing the visitor experience in the Downtown District, digital display informational kiosks with establishment directories provide a 21st-century amenity. Updated building signage, a Downtown wayfinding system, and gateway entrance signs mark the Downtown as the core of the community.

The Downtown District thrives as one of the most beloved areas of the Town, one that has stood the test of time and continues to do so"

This is a lovely vision that the GPAC came up with here, but the Housing Element Site Inventory for the Downtown District leaves much to be desired. In fact, given the current site inventory, I don't think achieving the vision of a genuinely mixed-use Downtown will come to pass.

Currently, the Housing Element has identified only three sites in the Downtown District at opposite ends of Santa Cruz Avenue (the site of the former Hult's restaurant on the north and the Post Office and the Park Avenue parcel on the south). These three sites only account for 45 housing units or a mere 2% of the RHNA number.

Early in the process, I suggested evaluating the bank sites on Santa Cruz Avenue (see attached markup with sites highlighted in orange) - Bank of America, Bank of the West, Wells Fargo, US Bank - as

candidates.

Now while I understand that these sites are not currently vacant (and perhaps is the reason they are not included in the site inventory, which prioritizes vacant/partially vacant sites), given the outlook of where the banking sector is trending with regard to digitization, physical bank branches might become obsolete within the next 10-20 years (and even if they don't become obsolete right away, there is nothing that would preclude a bank branch from occupying the ground floor commercial retail space of a mixed-use building that has residential units above). The HCD website has some good tips about how to analyze "Existing Uses" for Non-vacant sites: https://www.hcd.ca.gov/analysis-of-sites-and-zoning

Even if these sites are not added to the site inventory, they will not see any multi-family residential in the future if they remain zoned as they currently are (C-2 Central Business District Commercial Zone), which does not allow multi-family residential use.

In case my comments get misinterpreted here (as often happens in these discussions about land use), I would like to clarify that I am not suggesting that we raze Downtown Los Gatos and its surrounding historic districts and build high-density housing everywhere.

The approach I am proposing is careful and thoughtful - any proposed development should go through the proper Planning and Historic evaluations to ensure that Los Gatos gets the highest quality projects possible and that the Downtown is enhanced and beautified by any new building that is introduced to the district.

Los Gatos Boulevard Area

In contrast to the Downtown Area, the Los Gatos Boulevard area site inventory accounts for 427 new residential units, or about 21% of the RHNA. As has been mentioned by other members of the HEAB, this presents an excellent opportunity to turn Los Gatos Blvd into a grand boulevard. The "Vision 2040" of the 2040 General Plan's Community Design Element, Los Gatos Boulevard District, does a good job of laying this out:

"The Los Gatos Boulevard District reflects a comprehensive transformation from a 1950s automobile-oriented corridor to a multi-modal District with 21st-century amenities. The Los Gatos Boulevard District includes high-density residential living over retail and commercial offices. It is a pedestrian-oriented district with clearly defined bike lanes, wider sidewalks, and mid-block pedestrian crossings. Increased landscaping provides visual consistency between the Boulevard and the scenic backdrop of the Santa Cruz Mountains."

Now the state has given us a new tool to help realize this vision, Assembly Bill 2011 (AB 2011), which, according to this SF Examiner piece: *"rezones commercial areas on major boulevards for three-to-six story residential development. And it permits those buildings 'by right,' meaning they will not be subject to discretionary reviews from neighbors or lawsuits under the California Environmental Quality Act."*

AB 2011 is based on the "Grand Boulevards" concept by Berkeley planner/architect Peter Calthorpe. More can be read about this concept here: https://www.hdrinc.com/insights/grand-boulevards-plan-solve-californias-housing-crisis

Alignment Between the Housing Element, General Plan (Land Use Element & Community Design Element), current Town Zoning Code and State Laws

One underlying reality that has left me uneasy throughout the Housing Element process is the alignment

between the different documents that will guide the Town's Land Use in the coming years (and decades).

We can now identify inconsistencies between the current Town Zoning Code and the new General Plan and Draft Housing Element. Add on top of that the new legislation coming from the state in Sacramento and the potential repealing of parts of the 2040 General Plan by signature collection here locally in Los Gatos.

Which document or legislation *legally* has the final say in local land use? As I am not an attorney, I don't have the answer to that, but I know that much of the state legislation is written to override local rules. So even if the signature collection to repeal parts of the 2040 General Plan are successful, and the Land Use Element has to be reconsidered, what guides us in the interim? Do we have to wait to update the Town Zoning Code? HCD will be watching like a hawk to ensure that the implementation programs from the Housing Element are progressing.

I don't have an answer to any of these questions, but I only bring them up because I think they're important to consider. I understand Town Staff is under a lot of pressure to clarify everything while remaining proactive, so these questions are not being raised to try and make your life more difficult (the situation is complex as it is).

Best,
Adam Mayer
Housing Element Advisory Board Member

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STUDIO—AMA

Adam N. Mayer AIA, LEED AP BD+C, WELL AP

Comment Letter #6 Attachment #1

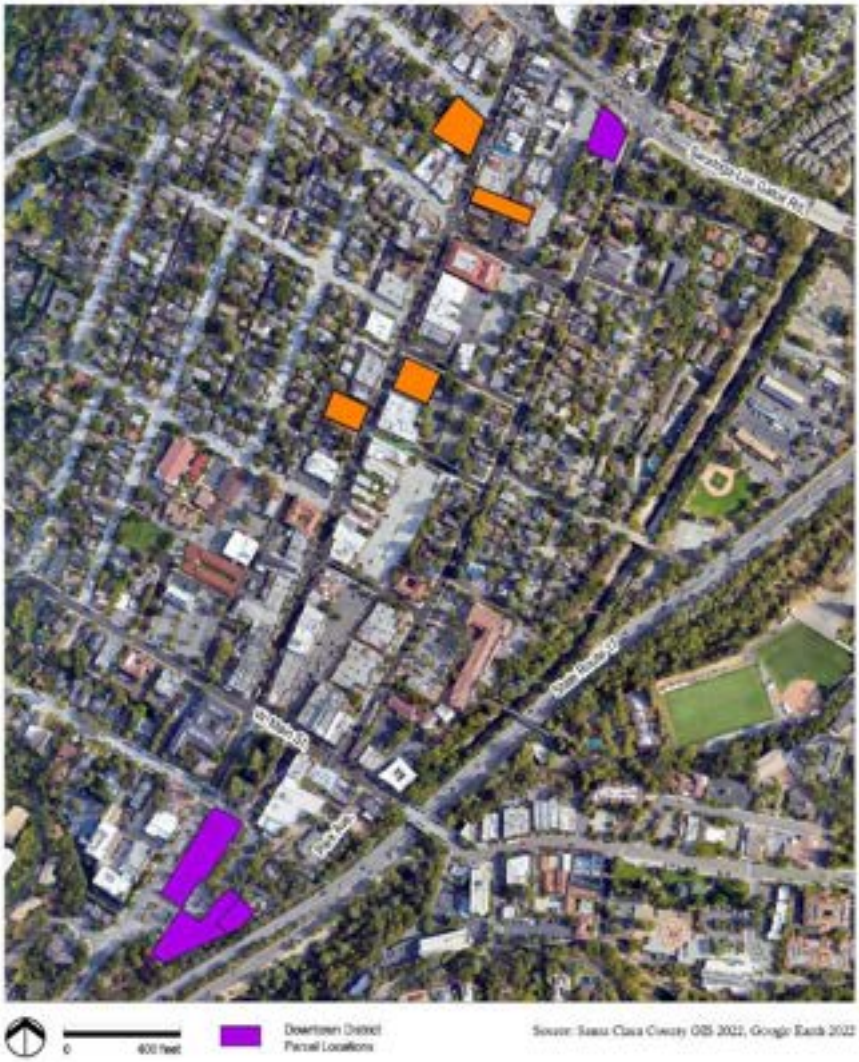


Figure 1
Downtown District
Tier 1 - Los Gatos Housing Element Update - Draft Site Selection
6th Cycle (2023-2031)

Response to Comment #6

- **Downtown site additions to Site Inventory**
    - The HEAB discussed this subject at a public meeting and collectively determined to continue moving forward with the Downtown sites in the Draft Site Inventory as recommended by the HEAB.
    - The bank sites located in the Downtown on Santa Cruz Avenue Areas, and referenced with this comment, were placed in the Town's third tier of potential sites based on their gross lot area of less than half an acre and because the Town has not received any Property Owner Interest Forms for residential development on those sites.
- **Recent changes to State laws**
    - The Town is committed to learning more about recent changes to State laws and how these may impact the Town zoning and contribute to opportunities for affordable housing construction and will incorporate them where appropriate.

Comment Letter #7

To: Town of Los Gatos, Community Development
(via email to: HEUpdate@losgatosca.gov)

From: Edward S. Morimoto
[redacted]

CC: Joel Paulson, Director, Community Development (via email)
Katharine Hardt-Mason, Esq. (via email)

Date: September 15, 2022

Re: Town of Los Gatos 2023-2031 Housing Element – comments on the Initial Public Review Draft

Thank you to Town Staff, the Housing Element Advisory Board and the Planning Commission/Town Council for all the hard work that has gone into this important, albeit challenging, planning exercise. Solving for decades of housing production dramatically outstripped by economic/job growth in the South Bay now reflected in RHNA allocations and stricter state mandates is nothing short of a Herculean task that will require not only creativity, but compromise & open-mindedness.

As a resident of the Town and a beneficiary of the prosperity that has given rise to this burden, I would expect any solution to call on my neighbors and I to be accepting that our neighborhood may need to evolve to meet this challenge. And as the owners of the parcels on Oka Road identified in the Draft Housing Element site inventory as E-1 and E-2, we should similarly be open to evolving land use for our properties.

However, I also believe for the Town to succeed in addressing housing needs, planning cannot rely upon imposing unrealistic or unfair land uses, and it is through that lens I would like to express a number of concerns with the Housing Element with regards to the Oka Road sites:

- ***Yielding 5 du/ac in the LDR (Low-Density Residential) parcels with an 8000 sf minimum lot size is unrealistic.*** Although mathematically five, 8000 sf parcels could be created from a single acre (43,560 sf), real-world site geometries, infrastructure & access needs and other development constraints makes this a practical impossibility. Prior efforts to test-fit the 6.2 acre E-2 site has yielded 20 compliant residential parcels (8000 sf+) which equates to 3.2 du/ac (and this did not account for the large utility easement impacting the North side of the property). Absent a reduction in minimum lot size, we believe the Element should account for yielding no more than 3 du/ac on the R-1/LDR parcels in E-1 and E-2.
- ***Accounting for 22 du/ac on the parcels currently zoned R-M:5-12 (HDR under the new General Plan) is not economically realistic.*** In addition to space concerns similar to those expressed above on the LDR parcels, we believe a density of 22 du/ac is a bit of a "tweener" and is dangerously close to a "no man's land" between economically feasible building types – too dense for townhomes but not dense enough for multi-story, multifamily. For these reasons, we believe it is more realistic to use the "Typical Density" of 18 du/ac as described in the 2040 General Plan for HDR in the Housing Element.
- ***The extremely high proportion of affordable units ascribed to sites E-1 & E-2 is an unfair burden.*** I understand from Town Staff this level of assignment was made in error, so I hope this is corrected in the version submitted for review to HCD. With building costs as high as they are, the Town's standard 20% BMP

requirement for larger sites is challenging enough to fulfill, but the levels in the Draft Element are completely unrealistic and, if enforced, would be tantamount to an uncompensated taking.

Although I understand the Housing Element is primarily a planning vehicle which should not preclude land use consistent with underlying zoning & the General Plan (even if it falls short of Housing Element targets), we believe the Town should correct these shortcomings for a number of reasons:

- While legal interpretation varies, our counsel advises "no net loss" provisions create a potential liability on landowners to backfill shortfalls even if the initial planning numbers were unrealistic.
- The imposition of unrealistic targets gives further reason for would-be housing producers to be wary of undertaking projects in Los Gatos, an already notoriously challenging jurisdiction for development.
- Inevitably, production targets in the Element have the potential to color the judgement, whether consciously or unconsciously, of the Town's land use decision-makers and introduce headwinds to housing projects consistent with the Town's zoning/General Plan but short of unrealistic Housing Element targets.
- History shows us that when developers fail to meet unrealistic Housing Element targets, the public can interpret this as a nefarious act – a misperception the Town has been either unable or unwilling to correct. This further erodes public trust in those working to produce housing and undermines our collective goal of addressing housing shortfalls.

Thank you for the opportunity to provide comments on the Draft Housing Element. I sincerely hope the issues raised above are addressed in a future draft to produce an Element that is fair and realistic. Not only will this help ensure the Element is approved by HCD but also support the broader objective of making meaningful progress chipping away at the regions housing shortage.

Regards,



Edward Morimoto

[redacted]

2

Response to Comment #7

- **Site Inventory, typical density**
  - The Housing Element Sites Inventory Form located in Appendix H and the Overview of Selected Sites located in Appendix D have been updated utilizing the typical density identified in 2040 General Plan Residential Buildout, rather than the maximum allowed density.
- **High number of affordable units assigned**
  - The Town acknowledges the property owner's concern with the proposed estimated income distribution and capacity estimate for the sites. This is an estimate and has been modified in response to comments received.
- **No net loss law**
  - The Town acknowledges that there is a concern by property owners that they will bear the required burden of the No Net Loss Law. However, per Government Code section 65863, the No Net Loss Law requires a jurisdiction to maintain a sufficient supply of adequate sites in its Housing Element at all times throughout the Housing Element planning period to meet a jurisdiction's remaining unmet share of the RHNA for each income category. To comply with the No Net Loss Law, jurisdictions must ensure their actions do not create a shortfall of available sites. When making decisions regarding zoning and land use (e.g., downzoning) and/or when approving housing development projects, jurisdictions must assess the impacts those actions have on their ability to accommodate new housing on the remaining sites in their Housing Element Sites Inventories. If, at any time during the planning period, the jurisdiction finds that their remaining sites are insufficient to accommodate its remaining RHNA, the jurisdiction must take immediate action to correct the shortfall by amending its Housing Element Sites Inventory to increase capacity by either adding previously unidentified sites or rezoning remaining sites to correct for the shortfall. If a development is approved at a lower density or income distribution than what was assumed in the Sites Inventory of the Housing Element, No Net Loss Law requires a jurisdiction to make written findings and identify additional site capacity. The No Net Loss Law is not the responsibly of the property owner.

Comment Letter #8

From: Phil Koen [redacted]>
Sent: Monday, September 26, 2022 10:28 AM
To: Housing Element <HEUpdate@losgatosca.gov>; [redacted]
Cc: [redacted]
Subject: Housing Element Update comments on Appendix E

EXTERNAL SENDER

Hello Joel,

In addition to my previous comments submitted regarding the Housing Element, please accept these additional comments on Appendix E.

1. Addendix E discusses the production of housing for the 5th RHNA cycle. The write up states the Town "achieved approximately 83 percent of the Town's RHNA". While mathematically correct, it is grossly misleading because it fails to explain the 83% is driven by an extreme barbell distribution of production achievement for extremely low, very low and low affordability levels vs. moderate and above moderate levels. It would be the equivalent of having one foot in boiling water and the other foot in freezing water and claiming the average water temperature was 83 degrees. In fact, the Town achieved a dismal 16.7% of the RHNA for extremely low, very low and low affordability housing. At the other end of the barbell, the Town achieved an amazing 150% of the RHNA for moderate and above moderate housing (reference Table A5-2). The point is the Town does not have an issue with the production of above market rate housing. Rather the massive problem is with the production of below market rate housing. As written, the reader is misinformed as to the core issue facing the Town. Given the income levels for the extremely low, very low, and low income groups, to be affordable the purchase price must be approximately $550 per square foot which is substantially below the current market rate price of approximately $1,000 per square foot in Los Gatos. This "affordability gap" needs must be addressed by effective goals, objectives and policies which will increase the odds of below market rate housing production. Please add additional language which fully explains the Town's 83% housing production metric and highlights for the reader the lack of below market rate housing production for the extremely low, very low, and low income groups and the over achievement in production of market rate housing.
2. Appendix E additionally discusses the appropriateness of goals, objectives and policies identified in the 2015 Housing Element. Again, the concept of affordable housing and below market rate housing seems to be conflated. Affordable housing is defined by income level for various income groups, whereas below market rate vs. market rate housing is defined by the current going rate of housing in Los Gatos. They are very different concepts and should be discussed separately. Given the very high price of housing in Los Gatos as measure by price per square foot, it is safe to say that for almost all families in the extremely low, very low, and low income groups, market rate housing is beyond their reach – it is not affordable. By definition, the only housing within their reach will be below market rate housing. On the other end of the spectrum, the vast majority of families in the moderate and above moderate income levels living in Los Gatos are able to find market rate housing that fits their affordability level. This is why the focus needs to be on the production of below market rate housing as opposed to a generalize concept of "affordability". Because of this conflation, I

believe the conclusion the Town has made that "the Town successfully provided the governmental framework to encourage and facilitate affordable housing through a continuation of its BMP program and enhanced Accessory Dwelling Unit Ordinance" is simply wrong. As written the statement suggests that by simply "providing a governmental framework" the Town is able to claim success with no regard to the actual outcomes. however when measured by the actual production of below market rate housing that would be affordable to the lowest and most needy income groups there is no objective evidence that can remotely substantiate this claim. I suggest that the Town rewrite this section to reflect the actual results achieved.

3. In a previous note, I pointed out that the achievement noted in Table E-1 for policy 1.2 is factually incorrect and misleading. Rather than again detail this point, I would suggest you refer to my prior notes on this matter.

Thank you.

Phil Koen

Response to Comment #8

- **Production of below market rate housing units**
    - The Town recognizes the historic challenges of producing below market rate housing units within the Town. One of the primary purposes of this update of the Town of Los Gatos Housing Element is to increase production of below market rate housing. Goal HE-2: "Provide New Affordable Housing" is supported by 12 policies and numerous implementation programs.

- **Defining affordable housing**
    - The Town utilizes the Department of Housing and Community Development (HCD)'s definition of affordability housing thresholds through the income categories assigned through Town's RHNA. 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. Los Gatos's allocation is 1,993 units, which is broken down by income category, as shown in the table below:

      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

- **Accessory dwelling unit incentive program**
    - See response to Comment #2, Accessory Dwelling Unit Incentive Program.

Comment Letter #9

-----Original Message-----
From: Bill Ehlers [redacted]>
Sent: Monday, September 26, 2022 9:23 PM
To: Housing Element <HEUpdate@losgatosca.gov>
Subject: Public Input

EXTERNAL SENDER

Good day.
I would like to submit the following public comments.

In general, having many sites east of Highway 17 greatly limits the access of these sites to the Los Gatos Creek Trail.
There are no less stress ways for users of active transportation to cross Highway 17, east to west.
This is a missed opportunity to encourage active transportation modes.

Overall, I support the plan.

Bill Ehlers
Resident of Los Gatos
These comments are provided as a member of the public.

Town affiliation:
Vice Chair of the Complete Streets and Transportation Commission

[redacted]

Response to Comment #9

The recently adopted 2040 General Plan includes numerous goals, policies, and implementation programs to increase access to alternative transportation modes throughout Town. These comments do not raise an issue with the Draft Housing Element; therefore, no changes to the draft Housing Element are necessary.

Comment #10

harmonie

September 27, 2022

Via Email: HEUpdate@losgatosca.gov

Town of Los Gatos
Community Development Department
110 E. Main Street
Los Gatos, CA 95030

SUBJECT: Comments on the Initial Public Review Draft Housing Element

I am writing representing the interests of Grosvenor Americas (Grosvenor). Grosvenor is very interested in developing housing on site D-1 of the North Forty District, formerly identified as Site E-1 in previous Housing Element documents provided for review.

As we have expressed in past public comments, we agree that including site D-1 of the North Forty District in the Town's Housing Element Site Inventory makes sense, and we believe that it will be feasible to develop *at least* 200 housing units on the site during the sixth RHNA cycle's upcoming eight-year planning period. However, the Initial Public Review Draft Housing Element (Draft Element) appears to unintentionally limit site D-1's development potential, and it does not yet include clarifying changes that are necessary for the Housing Element to reflect the intent of Town Council, staff, and the public.

On Page D-19 of Appendix D, the Draft Element says that the *maximum* number of permitted housing units is 200, and that "The site is designated and zoned as North Forty Specific Plan, which would accommodate a maximum of 200 units at a density of 13 du/ac." This information is repeated on Page D-39 of Appendix D, where the Draft Element says that the 2040 General Plan allows 13 du/ac for a maximum of 200 units, with 130 units assumed to be available as affordable to low and very low income households.

Not only is the above information incorrect, but it directly contradicts the Draft Element's Implementation Programs, which are required to identify how the Town will achieve its housing goals. Specifically, Program D on Draft Element Page 10-30 says that the Town will amend the North Forty Specific Plan (which includes site D-1) "to increase the maximum allowable density from 20 dwelling units per acre to more than 30 dwelling units per acre and increase the total number of dwelling units allowed in the Specific Plan." It is our understanding that this Program D accurately reflects the Town's intent, and the conflicting misstatements in Appendix D should be corrected.

Note that we agree that it is appropriate for the Town to take credit for up to 200 units of housing on site D-1, as that is what is currently economically feasible. However, it would be a mistake to characterize this as a "maximum" or to limit the density to preclude additional housing should market conditions change before Grosvenor submits its application. We also note that the Town would be unable to support its affordability assumptions if it maintains the current density designations in Appendix D. Under the Government Code's and HCD's current default densities appropriate to accommodate lower-income households, a density of at least 30 du/ac would be necessary to support the Town's affordability assumptions.

Harmonie Park Development | 221 Bachman Avenue | Los Gatos, CA 95030

Accordingly, we request the following edits to the Draft Element, Appendix D:

- Page D-19's header text should be revised to reflect a maximum unit count of 462 units (15.4 acres x 30 du/ac) and a projected unit count of 200 units.
- The text on Page D-19 should be revised as follows: "The site is designated and zoned as North Forty Specific Plan where it is projected to include at least 200 units and that the Town will amend to permit up to 30 du/ac. ~~which would accommodate a maximum of 200 units at a density of 13 du/ac~~."
- The table on Page D-39 should reflect a maximum density of 30 du/ac, rather than 13 du/ac.

Although we do not think that buildout of more than 200 units is feasible under current market conditions, as expressed in prior communications, we remain interested in providing additional housing should conditions change in the future. Designating Site D-1 for 30 du/ac (as discussed in the Draft Element's Implementation Programs) will preserve the flexibility to deliver more than 200 units in the future, which would help take development pressure off of other sites in the Town's Housing Element site inventory. Moreover, to maintain the ability to create 200 units as part of a mixed-use development, it may be necessary to go above 13 du/ac on parts of the site, while devoting other parts of the site to commercial uses.

Finally, we also note that the Draft Element assumes that 130 of the 200 units be planned as affordable for very low, low, and moderate income households. This is higher than the Town previously considered. Although when the property develops we fully expect to meet the Town's generally applicable affordability requirements, and we are open to possibly exceeding them to the extent feasible, we do not anticipate developing a project that includes the exact affordability mix shown. Therefore, if the Town elects to keep the affordability mix as shown to help with its current planning obligations, it likely will need to make "no net loss" findings when it takes action to approve residential development on Site D-1.

Thank you for your consideration and your efforts to ensure that the Town has a legally compliant and realistic Housing Element, and we look forward to continuing to work with the Town to deliver much needed housing in the coming years.

Thank you for your consideration.

Sincerely,

Don Capobres

cc: Steve Buster, Grosvenor Americas
Whitney Christopoulos, Grosvenor Americas
Eric Phillips, BWS Law
Jennifer Renk, Sheppard Mullin

PUBLIC COMMENT ITEM 23 - JUNE 7, 2022 TOWN COUNCIL HEARING 2

Response to Comment #10

- **Site D-1, maximum allowable density and maximum number of housing units**
    - Site D-1 has been updated to reflect a maximum of 461 units at a minimum density of 30 dwelling units per acre (Appendix D and Appendix H). Implementation Program D includes amending the North Forty Specific Plan to increase the maximum allowable density from 20 dwelling units per acre to 30 dwelling units per acre and increase the total number of dwelling units allowed in the Specific Plan (Sites D-1, D-2, D-3, D-4, D-5, D-6 and D-7) as discussed in the update process for the 2040 General Plan.
- **Meeting affordability requirements**
    - The distribution of affordability levels in the Site Inventory is an estimate prepared based on a combination of factors including lot size; vacancy; property owner interest; minimum and maximum density; and other development regulations. The Site Inventory includes a 15 percent buffer to allow flexibility in consideration of development proposals without triggering the No Net Loss provisions of State law. In addition, please see Response to Comment #7, No Net Loss Law.

Comment Letter #11



Campaign for Fair Housing Elements
fairhousingelements.org



YIMBY LAW

The Town of Los Gatos
Via email: HEUpdate@losgatosca.gov
Cc: HousingElements@hcd.ca.gov

September 27, 2022

Re: Los Gatos's Draft Housing Element

To the Town of Los Gatos:

YIMBY Law appreciates the Town's recognition that "densification is the only practical solution to providing [its] fair share of future housing." (Los Gatos Draft Housing Element, pp.10-22, D-41.) The Town is correct that it (and the region) will become "less competitive" if it fails to stem the housing crisis (*id.* p.10-2); the South Bay's shrinking population warns us that its decline may have begun. Los Gatos effectively failed to produce any multifamily housing in the 2010s; overall home production peaked six decades ago. (*Id.* pp.B-22 to -23.) The Town must address this humanitarian disaster by throwing out the constraints it created to produce it. (Gov. Code § 65583(c)(3).)

We reject the Californian planning folklore that towns like Los Gatos are "largely built out." (Contra Draft, pp.10-22, D-41.) This just isn't true. Vast swathes of Los Gatos are zoned R-1, with building illegal on half of any lot (see *id.* p.C-1), and the Town enforces wasteful lot sizes far beyond any household's wildest needs (*id.* p.C-4; cf. *id.* p.A-9 [euphemizing lot sizes as "generous"]). The Town also charges thousands of dollars just to redraw the imaginary lines that prevent homes from being built. (*Id.* p.C-13.)

State law requires none of this. It *does* require that affordable housing in Los Gatos be allowed to develop at at least 30 homes per acre (HCD Default Densities, p.18), and we call for the Town's affordable-housing overlay (Draft, p.C-5) to be raised to at least that level. Better still, legalize density across the Town. Similarly, the Town should *exceed*

what SB 9 already requires with respect to lot splits. (See *id.* pp.10-22.) Doing so would show that Policies HE-1.2, -1.7, and -6.5 are serious. (*Id.* pp.10-24, -28.)

Besides density, processing time is a major known contributor to the housing shortage. We thank the Town for publishing that it takes 1–1½ years to permit an approved multifamily development. (*Id.* p.C-20.) While this is on par with other Santa Clara County jurisdictions (*id.* p.C-19), there's no inherent reason the process should take so long: safe, dense, and affordable cities preexist our modern approval processes by millennia. Be bold and dismantle any nonsafety design standards.

Finally, we appreciate the Town's confirmation that the owners of several opportunity sites "ha[ve] expressed interest in residential redevelopment." (See *id.* pp.D-2 to -36.) It appears, however, that the owners of many other sites have not. (See *ibid.*) We question whether it is in fact realistic that those sites will see housing in this cycle.

We look forward to the City's next draft. Please contact me with questions.

Sincerely,



Keith Diggs
Housing Elements Advocacy Manager, YIMBY Law
[redacted]

Response to Comment #11

- Replacement of Affordable Housing Overlay Zone (AHOZ) with the Housing Element Overlay Zone (HEOZ) with increased density
    - The AHOZ Overlay Zone has been replaced with the HEOZ Overlay Zone, which provides increased density for residential and residential mixed-use development.
- Enable SB-9 projects in excess of minimum State standards
    - The Town is currently in process to update their SB 9 regulations to implement as a permanent ordinance with clear standards and processes which comply with State law and include provisions in excess of the minimum required, for example, allowing an additional 10 percent FAR for use by the first primary housing unit developed through a Two Unit Housing Development application to encourage these additional housing units.
- Reduce permit process time
    - The Draft Housing Element includes:
        - Policy HE-3.1 Regulatory Incentives for Affordable Housing: Facilitate the development of affordable housing through regulatory incentives and concessions, and/or financial assistance. Continue expediting the permit processing system for affordable residential development applications and proactively seek out new models and approaches in the provision of affordable housing.
        - Policy HE-3.3 Efficient Development Processing: Explore continued improvements to the entitlement process to streamline and coordinate the processing of permits, design review, and environmental clearance.
        - Implementation Program F: Update Permit Software System to better monitor average processing times for ministerial and discretionary development permits. Use data to set baselines timelines to drive improvements. Update the Town planning and zoning regulations and remove permit processing constraints as appropriate.
        - Implementation Program K: Lot Consolidation: The Town will conduct outreach to property owners in these areas to identify meaningful incentives to facilitate lot consolidation, lot assemblage and redevelopment in mixed-use and commercial areas. Based on this feedback, within two years of Housing Element adoption, the Town will consider the development of a Lot Consolidation Ordinance to include specific incentives such as: flexible development standards such as reduced setbacks, increased lot coverage, increased heights, reduced parking, and reduced fees. Streamlined permit processing through administrative staff review. Upon adoption of the Ordinance, the Town will work with property owners that are receptive to lot consolidation/lot assemblage to assist them in facilitating the parcel merge process in a streamlined and timely manner.
        - Implementation Program AP: Special Needs Housing: Prioritize special needs housing by allowing for reduced processing times and streamlined procedures for applicable zoning/land use applications. Include preferential handling of special needs populations in management plans and regulatory agreements of funded projects.

- **Verbal Draft Housing Element Comments**

- Verbal comments were received on the Draft Housing Element at a HEAB meeting held on Thursday, September 15, 2022, via Zoom. The verbal comments and responses to those comments are presented below.

- ***Verbal Comment #1 Mitch Vinciguerra***

- The speaker stated three standards that should be included in the Housing Element including: labor standards; healthcare standards; and apprenticeship program standards. The speaker suggested labor standards be implemented to ensure developers are paying area standard wages so skilled workers can afford to live in the local community. Additionally, the speaker emphasizes the value of local hiring to ensure money generated by new developments stay in the community in the form of sales and property tax revenue. Secondly, the speaker touched on workers' reliance on emergency rooms resulting in taxing an overburdened system. Lastly, the speaker suggested the use of apprentice programs to assist individuals in obtaining employment at no cost to taxpayers.

- ***Response to Verbal Comment #1***

- Many of these topics are part of State laws recently enacted or currently under consideration. The Town will comply with State law. These comments do not raise an issue with the Draft Housing Element; therefore, no changes to the Draft Housing Element are necessary.

- ***Verbal Comment #2 Susan Burnett***

- The speaker stated concerns regarding the number of proposed units for the Downtown Area and existing congestion. The speaker noted that an increase of housing units is likely to result in exacerbated parking, traffic, and overall density challenges in an already small, congested area.

- ***Response to Verbal Comment #2***

- The Housing Element Advisory Board (HEAB) discussed this subject at a public meeting and collectively determined to continue moving forward with including these sites on the Site Inventory List as accepted by Town Council.

- ***Verbal Comment #3 Brian Handy***

- The speaker stated two concerns including: potential health impacts associated with the proximity of proposed housing sites to major roadways; and the privacy and protection of backyards for multi-story buildings.

- ***Responses to Verbal Comment #3***

- While there are trade-offs for housing opportunity locations, several factors have been considered through the site selection process, including locations that have existing infrastructure and access to services, even though those locations are often near major roadways. On June 7, 2022, the Town Council accepted the draft Site Inventory as recommended by the HEAB. The Site Inventory has since been modified based on the receipt of a new Property Owner Interest Form and a request to be removed by a property owner. The International Building Code includes some requirements that mitigate effects of buildings in close proximity to highways, including maximum noise standards. Objective Design and Development Standards can be a tool for local communities to affect future land-use compatibility in the built environment, and the Town is currently in the process of developing Objective Standards for multi-family and mixed-use developments which includes standards related to privacy.

- **Modifications to the Draft Housing Element in Response to Public Comments**

- Pursuant to AB215, following the 30-day public comment period, the public comments received by the Town were considered during the 10-day consideration and revision period prior to the Housing and Community Development (HCD) submittal for first comments.
- The following modifications were made to the Town's Draft Housing Element in response to public comments:
- Added Implementation Program AS – Provide Adequate Sites for Lower Income Households on Nonvacant and Vacant Sites Previously Identified in the 5th Cycle Housing Element;
- Revised the housing density for the Sites Inventory to be consistent with the typical density identified in the 2040 General Plan Residential Buildout;
- Increased the density within the North Forty Specific Plan area to align with the related Implementation Program D;
- Increased the density for residential and mixed-use residential developments through the creation of the Housing Element Overlay Zone (HEOZ) as described in Implementation Program AQ and AR; and
- Corrected employment characteristics.

Public Comments on the 2023-2031 Housing Element Adopted on January 30, 2023

On January 30, 2023, the Los Gatos Town Council adopted the 2023-2031 Housing Element with modifications to the Sites Inventory. The Adopted 2023-2031 Housing Element was posted showing modifications from the October 2022 Initial Draft Housing Element to the Town's Housing Element website (EngageLosGatoshousing.com). Notification was provided to all individuals and organizations that previously requested notices, as well as all parties on the Town's notification list, including those who have previously commented on the Draft Housing Element for the seven-day public review period. The public review period was from February 3, 2023, to February 10, 2023, seven days prior to submittal of the adopted Housing Element to HCD for review consistent with AB 215 requirements, during which the Town received four written public comments.

Comment Response for the 2023-2031 Adopted Housing Element

This response to public comments for the Adopted 2023-2031 Housing Element has been prepared to address comments received during the seven-day public review period.

Written Comments

The following written comments were received during the seven-day public review period:

1. Linda Swenberg, email dated February 3, 2023;
2. Jeffrey Barnett, email dated February 3, 2023;
3. Eric S. Phillips on behalf of Burke, Williams, and Sorensen, LLP, email dated February 10, 2023; and
4. Jak Van Nada on Behalf of the Los Gatos Community Alliance, email dated February 10, 2023.

Written Draft Housing Element Comments

Written comments on the Adopted 2023-2031 Housing Element and responses to those comments are presented on the following pages.

Comment Letter #1

From: Linda Swenberg <[redacted]>
Sent: Friday, February 3, 2023 11:48 AM
To: Housing Element <HEUpdate@losgatosca.gov>
Subject: Error in Housing element

On page 10-6 above the table, the document states:

Figures 10-2 and 10-3 identify HCD Fair Housing Inquiries by bias for the period 2013 through 2021 and a list of Fair Housing Assistance organizations within Santa Clara County. Figure 10-2 shows that a total of eight fair housing inquiries for Los Gatos were submitted with two submittals citing race as a bias and six cases citing no specific bias.

This is an error and needs to be corrected. There were no cases citing race as a bias according to the table. There were two cases citing, familial status as a bias.

Linda Swenberg
[redacted], Los Gatos, CA 95032
[redacted]

Response to Comment #1

- **Fair housing inquires based on race**
  - The error was corrected.

Comment Letter #2

From: Jeffrey Barnett <[redacted]>
Sent: Friday, February 3, 2023 2:57 PM
To: Housing Element <HEUpdate@losgatosca.gov>
Subject: Proposed Revisions to the Housing Element - HE-6.1

Dear Friends.

I previously suggested certain changes to Policy HE-6.1 in the Housing Element to make more complete the list of classes protected against discrimination. The modifications were presented to the Planning Commission as an Addendum Report for the January 11th Meeting. During the Planning Commission hearing I agreed to defer consideration of these proposed revisions to a date following the January 31st deadline for Council submission of the Element to HCD.

I propose consideration now of my suggestions as part of the current review.

A slightly modified version of the Desk Item is attached.

Thank you in advance.

Jeffrey A. Barnett

Comment Letter #2 - Attachment

Proposed Changes to the Los Gatos Draft Housing Element 6th Cycle 2023-2031

Policy HE-6.1 Fair Housing Page 10.38.

Current Language:

Support and publicize housing programs that protect individuals' rights and enforce fair housing laws prohibiting arbitrary discrimination in the building, financing, selling or renting of housing on the basis of race, color, ancestry, religion, national origin, sex, sexual orientation, age, disability/medical condition, familial status, marital status, source of income or other such factors.

Proposed revisions:
1. After "sexual orientation" add "gender identification or expression".
2. Add "genetic information".
3. Add "primary language".
4. Add "citizenship".
5. Change disability/medical condition" to "disability, medical condition".
6. Add "immigration status"
7. Add "military or veteran status".
8. Change "other factors" to "other arbitrary factors". Marina Point , Ltd. V. Wolfson (1982) 30 Cal3rd 721, 736.

These recommendations are based on the following:

A. California Civil Code Section 51:

(a) This section shall be known, and may be cited, as the Unruh Civil Rights Act.
(b) All persons within the jurisdiction of this state are free and equal, and no matter what their sex, race, color, religion, ancestry, national origin, disability, medical condition, genetic information, marital status, sexual orientation, citizenship, primary language, or immigration status are entitled to the full and equal accommodations, advantages, facilities, privileges, or services in all business establishments of every kind whatsoever.
(c) This section shall not be construed to confer any right or privilege on a person that is conditioned or limited by law or that is applicable alike to persons of every sex, color, race, religion, ancestry, national origin, disability, medical condition, marital status, sexual orientation, citizenship, primary language, or immigration status, or to persons regardless of their genetic information.
(d) Nothing in this section shall be construed to require any construction, alteration, repair, structural or otherwise, or modification of any sort whatsoever, beyond that construction, alteration, repair, or modification that is otherwise required by other provisions of law, to any new or existing establishment, facility, building, improvement, or any other structure, nor shall anything in this section be construed to augment, restrict, or alter in any way the authority of the State Architect to require construction, alteration, repair, or modifications that the State Architect otherwise possesses pursuant to other laws.

(e) For purposes of this section:

(1) "Disability" means any mental or physical disability as defined in Sections 12926 and 12926.1 of the Government Code.

(2) (A) "Genetic information" means, with respect to any individual, information about any of the following:
(i) The individual's genetic tests.
(ii) The genetic tests of family members of the individual.
(iii) The manifestation of a disease or disorder in family members of the individual.
(B) "Genetic information" includes any request for, or receipt of, genetic services, or participation in clinical research that includes genetic services, by an individual or any family member of the individual.
(C) "Genetic information" does not include information about the sex or age of any individual.
(3) "Medical condition" has the same meaning as defined in subdivision (i) of Section 12926 of the Government Code.

(4) "Religion" includes all aspects of religious belief, observance, and practice.
(5) "Sex" includes, but is not limited to, pregnancy, childbirth, or medical conditions related to pregnancy or childbirth. "Sex" also includes, but is not limited to, a person's gender. "Gender" means sex and includes a person's gender identity and gender expression. "Gender expression" means a person's gender-related appearance and behavior whether or not stereotypically associated with the person's assigned sex at birth.
(6) "Sex, race, color, religion, ancestry, national origin, disability, medical condition, genetic information, marital status, sexual orientation, citizenship, primary language, or immigration status" includes a perception that the person has any particular characteristic or characteristics within the listed categories or that the person is associated with a person who has, or is perceived to have, any particular characteristic or characteristics within the listed categories.
(7) "Sexual orientation" has the same meaning as defined in subdivision (s) of Section 12926 of the Government Code.
(f) A violation of the right of any individual under the federal Americans with Disabilities Act of 1990 (Public Law 101-336) shall also constitute a violation of this section.
(g) Verification of immigration status and any discrimination based upon verified immigration status, where required by federal law, shall not constitute a violation of this section.
B. Government Code Section 1139.8(a)(2): "California's robust nondiscrimination laws include protections on the basis of sexual orientation, gender identity and gender expression, among other characteristics".

C. Government Code 12920:

"Further, the practice of discrimination because of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, veteran or military status, or genetic information in housing accommodations is declared to be against public policy.

D. AFFH Report, Appendix A at Page 65

A.6 Fair Housing Enforcement and Outreach Capacity

"This section discusses fair housing legal cases and inquiries, fair housing protections and enforcement, and outreach capacity. Fair housing legal cases and inquiries. California fair housing law extends beyond

the protections in the Federal Fair Housing Act (FHA). In addition to FHA protected classes—race, color, ancestry/national origin, religion, disability, sex, and familial status—California law offers protections for age, sexual orientation, gender identity or expression, genetic information, marital status, military or veteran status, and source of income (including Federal housing assistance vouchers).

E. https://calcivilrights.ca.gov/housing/#whoBody:
California law protects individuals from illegal discrimination by housing providers based on the following:
Race, color
Ancestry, national origin
Citizenship, immigration status
Primary language*
Age
Religion
Disability, mental or physical
Sex, gender
Sexual orientation
Gender identity, gender expression
Genetic information
Marital status
Familial status
Source of income
Military or veteran status

F. Protection against discrimination on the basis of gender identification or expression is also present in laws found in the Education Code, Insurance Code, Welfare and Institutions Code and the Health and Safety Code.

Response to Comment #2

- **Expand List of Classes Protected by Discrimination**
  - Policy HE-6.1 was modified to include an expanded list of classes protected against discrimination.

Comment Letter #3

burke
BURKE, WILLIAMS & SORENSEN, LLP
1 California Street - Suite 3050
San Francisco, California 94111-5432
voice 415.655.8100 - fax 415.655.8099
www.bwslaw.com

Direct No.: 415.655.8114
ephillips@bwslaw.com

February 10, 2023

VIA E-MAIL: HEUPDATE@LOSGATOSCA.GOV

Joel Paulson, Director
Community Development Department
Town of Los Gatos
110 E Main Street,
Los Gatos, CA 95030

Re: Comments on 2023-2031 Housing Element Update

Dear Mr. Paulson:

Our firm represents Grosvenor USA Limited ("Grosvenor") in connection with housing and land use matters for development of the North Forty Specific Plan Area in the Town of Los Gatos (the "Town"). As you are aware, Grosvenor has expressed interest in developing the North Forty Phase II site included as Site D-1 in the Town's recently adopted 2023-2031 Housing Element. We commend the Town on taking the first step towards achieving its housing goals, and the Grosvenor team looks forward to working with the Town to deliver much needed housing during the planning period.

Although the Town adopted its Housing Element, we understand that it will be reviewing HCD's January 12, 2023 letter during the February 16, 2023 Housing Element Advisory Board meeting and considering further refinements to the adopted Housing Element in response . As HCD expressed in its letter, the Housing Element does not yet meet all of the requirements of State Housing Element Law (Government Code Article 10.6). We submit this comment letter to bring the Town's attention to two particular governmental constraints and to suggest that the Town include programs to mitigate these constraints in future revisions of its Housing Element.

As HCD points out in its comment letter, the Housing Element must include an analysis of potential and actual governmental constraints upon the maintenance, improvement, or development of housing for all income levels, 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(a)(5).) Additionally, the Housing Element must propose programs to

address and remove constraints to the maintenance, improvement, and development of housing. (Gov. Code, § 65583(c)(3).)

The Town has included an analysis of the governmental constraints to housing development in Appendix C of its adopted 2023-2031 Housing Element; however, it has not addressed all of the development standards, requirements, and fees that impose constraints on development in Los Gatos. Without an analysis of these constraints or implementation of programs to address and remove these constraints, Grosvenor and other developers will find it difficult to build in Los Gatos and the Town will be unlikely to meet its RHNA requirements.

Specifically, the Town's Housing Element should include an analysis of the constraints created by the requirement to install story poles before development begins and by the imposition of fees that are not tied to specific impact mitigation requirements such as the TDM Program Fee. In addition, the Town must include programs to remove these constraints in the Housing Element as high-priority implementation items.

1. Story Poles

Requiring installation of story poles on a site before any development can begin imposes a significant financial and political obstacle to housing development. The Town has stated that the primary purposes of this requirement are to help illustrate proposed building locations and heights for pending development applications and to help alert the community of development applications that are scheduled for consideration at a public hearing. There are significantly less burdensome ways to achieve these goals.

First, installing story poles is extremely expensive. Installing story poles for Phase 1 of the North 40 development cost hundreds of thousands of dollars and took weeks to install, only to be later uninstalled before development could begin. Modern tools such as 3D renderings could just as effectively illustrate the proposed building locations and heights for a fraction of the cost and time. Moreover, while members of the public must physically travel to the development site during a finite period to "see" the proposed development, 3D renderings could be made available online for members of the public to view from anywhere at any time, and would provide specific detail regarding the aesthetics of the proposed buildings rather than requiring viewer speculation.

Requiring story poles also creates unnecessary tension within the community and can create false expectations about the Town's ability to deny or modify design

elements such as height or massing that are consistent with the Town's development standards.

For example, during Phase 1 of the North 40 development, acres and acres of unsightly story poles stirred enough angst among community members to temporarily derail the approval process. However, given that the Phase 1 development (and many other housing developments) are protected by state laws that prevent the Town from denying or reducing the density of housing development projects, including the Housing Accountability Act and the State Density Bonus Law, the story poles do nothing more than create unnecessary opposition to projects that are legally entitled to move forward, which in turn can create an impediment for projects to achieve the full density ostensibly allowed by the Town's development standards.

Story poles are an ineffective way to put the community on notice of proposed developments, and the cost and time delays created by story poles pose significant hurdles to development in Los Gatos. The Town should consider allowing simpler, less burdensome ways of providing notice, such as through large informational signs posted onsite and using 3-D renderings, fly-through videos, and other technological methods that convey similar information without unreasonably burdening development projects.

2. Development Impact Fees and Program Exactions

As HCD's letter notes, the Town's Housing Element does not identify the full stack of fees that comprise the total amount of exactions applicable to housing projects, nor does the Housing Element evaluate those fees' impacts on development. The Town's multitude of fees disincentivizes development in Los Gatos and increases housing costs for renters and buyers. These additional development costs are then passed onto renters and buyers in the form of increased rents and purchase prices once development is complete, contributing to the high cost of housing in Los Gatos.

By way of illustration, the Town imposed a TDM Program Fee after discretionary entitlements were completed on Phase I of the North 40. This fee was in addition to the developer proposing to implement TDM measures that met or exceeded the Town's desired trip reductions, as well as paying significant traffic impact fees. This TDM Program Fee was imposed without a nexus study being completed. It is our understanding that a VMT Impact Fee Nexus Study has since been commissioned by the Town but has not yet been completed. Imposing a new fee -- in addition to requiring projects to implement a TDM plan that will meet the trip-reduction percentages recently established by the Town -- is superfluous and an example of the types of exactions that could impede housing development feasibility without further reducing impacts. Multiple

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exactions and fees devoted to similar purposes serve to drive up the cost of development throughout the Town, and the Housing Element should include a program to ensure that fees remain at a level that is compatible with development feasibility and that Conditions of Approval imposed on discretionary approvals have a clear nexus to project impacts.

We hope that as the town works with HCD to achieve a fully certified housing element, it enhances its housing element with additional programs that reduce these constraints so that the Town is able to successfully meet its required housing obligations.

Sincerely,

Eric S. Phillips

cc: Jose Armando Jauregui, HCD
Don Capobres, Harmonie Park
Jennifer Renk, Sheppard Mullin
Whitney Christopoulos, Grosvenor
Louis Liss, Eden Housing

Response to Comment #3

- **Governmental constraints - story poles**
  - Added Story Poles discussion under the government constrains section of Appendix C. Story poles are a balance of both governmental constraints and a benefit to the community. Program AW was added to review the Story Pole and Netting Policy and explore options for residential or mixed-use projects with affordable housing to reduce the associated costs of installing story poles. The program's objective is to consider reducing the cost of development by modifying story pole requirements for affordable housing projects.

- **Governmental constraints - development impact fees and program exactions**
  - Added discussion in Appendix C, Governmental Constraints, regarding TDM Program Fees, VMT Impact Fees, and Transportation Impact Fees.

Comment Letter #4



Dear Mayor Ristow and Council Members,

Re: Housing Element and Public Comment Period

We are writing to provide our comments as part of the seven-day public review of the 6th cycle Housing Element that was adopted by the Town Council on January 30, 2023.

This is a challenging process for all involved, and we appreciate the work that has been put forth by many individuals over the past 18 months. The Los Gatos Community Alliance, like all residents, is highly desirous of the Town developing and adopting a 6th cycle Housing Element that is in substantial compliance with State Law and is certified by the California Housing and Community Development Department (HCD) within the state-mandated deadline. We believe this outcome is at risk because the Housing Element adopted by the Town Council does not meet State Law and – unless modified appropriately – will not be certified by HCD.

Having adopted the Housing Element on January 30, 2023, the Town must now be found in substantial compliance (meaning a letter from HCD affirming compliance with Housing Element Law) within 120 days of the January 31, 2023 statutory deadline. If the Town is not found to be in substantial compliance within 120-days of the statutory deadline, all rezoning required within the housing element must be completed within one year of the housing element due date (as opposed to three years) to maintain housing element compliance. Additionally, having a certified Housing Element will make the Town eligible for a variety of State grants, including funds for affordable housing, parks, and infrastructure. It cannot be stressed enough how critical it is to receive HCD certification by May 31, 2023.

With this understanding we offer the following comments and recommendations:

Comment # 1 – The Planning Commission failed to meet any reasonable standard of objective review of the draft Housing Element.

On January 11, 2023, the Planning Commission held a meeting to consider and make a recommendation to the Town Council on the draft of the Housing Element that the Town submitted to HCD on October 14, 2022. At that meeting there was considerable discussion regarding whether the draft was in substantial compliance with State Law as well as the expectation that the Town would receive HCD's comment letter the very next day - January 12, 2023. Also at that meeting, Staff did not present the HCD's "Housing Element Completeness Checklist" to ensure that every housing element at least "substantially complies" with the statutory requirements for housing elements.

Additionally, at that meeting the Chair of the Planning Commission stated after reviewing letters received by other jurisdictions from HCD that for the Town, "there are certainly some modifications that have to happen to make sure we're in compliance with State Law." Staff also testified that "the verbal comments we received were, that there is additional work to be done, but the term 'substantial

1

compliance' was never brought up or discussed." Why Staff would not raise the question directly to HCD regarding substantial compliance is baffling. This was the primary reason for submitting the draft Housing Element to HCD.

The Planning Commission after this discussion proceeded to find that the draft Housing Element submitted to HCD was in substantial compliance with State Law and voted unanimously to recommend to the Town Council to adopt the draft Housing Element that had been submitted to HCD with only slightly revised site inventory analysis and site inventory forms. The revisions to the site inventory added two additional sites and used minimum density for sites that accommodate affordable units. This resulted in the total units in the site inventory declining from 2,371 units to 2,312 units. The difference between the housing element and RHNA plus 15% buffer declined from 79 to 20 units. This was not discussed by the Planning Commission.

The very next day, on January 12, 2023, the Town received HCD's findings/comment letter on the Draft Housing Element. The letter, as anticipated by the Planning Commission, included the finding that "revisions will be necessary to comply with State Housing Element Law." The letter was 11 pages in length and contained numerous findings **that substantive changes were necessary** to bring the Town's housing element into compliance with Article 10.6 of the Government Code. The revisions were required to make the draft Housing Element compliant in respect to the substance essential to the objectives of State Law (as distinguished from mere technical imperfections.)

We are deeply troubled by the Planning Commission's actions. The Commission failed to meet any reasonable standard of objective review of the draft Housing element. The fact that the Planning Commission intentionally chose to proceed with a vote knowing the very next day HCD's letter would be received, and the likelihood that the letter would advise the Town that the draft Housing Element was not in substantial compliance, clearly shows the Planning Commission's analysis was pre-ordained, arbitrary, capricious, and entirely lacking in evidentiary support. If the Planning Commission had received and reviewed HCD's letter prior to taking their action, it is inconceivable that a finding of substantial compliance could have been made based on substantial evidence in the record.

Recommendation #1 - The Planning Commission's findings must be based on substantial evidence in the Public Record and a reasonable standard of review. As part of a reasonable review process, The Planning Commission should complete the HCD's recommended "Housing Element Completeness Checklist" and review the HCD Comment Letter before making any finding of substantial compliance.

Comment #2 – Table 10-3 is not updated and does not provide the information necessary to summarize the site inventory analysis

The Town Council adopted a site inventory that identified a total of 2,312 units, not the 2,371 shown in Table 10-3. Additionally, the table should show the affordability level of each component of the site inventory. The components of 2,312 units are:

Site Inventory	1,840 units
ADU	200
SB 9 units	96
Pipeline units	176

With a total of 2,312 units, there is an excess of only 20 units over the RHNA plus 15% buffer of 2,292. This was not disclosed.

Recommendation #2 – In any subsequent Housing Element drafts, ensure that Table 10 is updated to (i) comport with the site inventory (ii) break out the total into the affordability level of each component and (iii) disclose the relationship between the site inventory and the RHNA requirements.

Comment #3 – There are substantial development constraints regarding the North 40 sites D1 – D7 which have not been considered and properly analyzed.

HCD's comment letter specifically stated that the analysis of land use controls for the North Forty required additional analysis to evaluate the ability to achieve the maximum densities in the site inventory analysis. We agree.

The North Forty development is governed by a North Forty Specific Plan. Under the Specific Plan a total of 270 units are allowed to be developed. And, in accordance with the adopted EIR a maximum of 455 housing units was analyzed under the alternative #2 – increased residential/ reduced commercial.

Under Phase 1 of the North Forty Specific Plan, a total of 320 units was approved. This was composed of 237 baseline units plus 83 density bonus units. This means that under the Specific Plan only 33 additional units (270 units less 237 baseline units) are permitted to be developed.

The Specific Plan does allow for amendments either through a developer agreement or amendment to the Specific Plan. This will be a long and complicated process and potentially subject to legal challenges, as was the case for the Phase 1 development of the North 40.

The North Forty is the single largest and best area in the Town to make meaningful additions to low-income housing. Therefore, the focus of the North forty site inventory analysis is to make sure that the sites designated for lower income housing are adequate and have a reasonable chance of development during the 6th housing cycle. The Town is not required to ensure that housing will be built, but the Town's conclusions regarding the development of low-income housing must be supported by substantial evidence in the public record.

A major failing of the Town's 5th cycle Housing Element was due to the Town inappropriately proposing 270 units, of which 240 units were for low-income groups, on the North Forty toward the Town's 619 5th Cycle RHNA units. The 5th cycle Housing Element programmed 77% of the total low-income group housing for the North Forty. The subsequent history shows that this was not supported by any evidence and was simply a "paper planning" exercise for which there was no reasonable expectation of success.

The North Forty development that occurred during the 5th cycle completely failed to achieve the targeted low-income housing. There were 240 low-income units planned for development in the 5th cycle, yet only 50 units (21%) were developed. As a result, the Town failed to meet its 5th cycle low-income housing target.

On the other end of the spectrum, of the 30 moderate- and above-income units (all market rate housing) planned for development, a total of 270 units or 9x the planned amount, were developed. This clearly is proof that the prior planning exercise was deeply flawed and must not be repeated in the 6th cycle.

The Los Gatos Community Alliance for some time has been deeply concerned about the site inventory analysis for the North Forty. If the Town again fails to properly analyze the site and fails to identify development constraints, the Town will be facing the same outcome realized in the 5th RHNA cycle. It will again completely miss the required low-income housing target. This must be avoided.

The site inventory for parcels D1 – D7 show a total of 584 units planned for development. Adding these units to the 320 Phase 1 units, a total of 904 units would be planned (before any allowed bonus densities) for the entire North Forty site. This clearly exceeds the maximum 270 units under the North Forty Specific Plan.

The draft Housing Element Program D mentions the need to "increase the total number of dwelling units allowed in the Specific Plan" but fails to disclose the magnitude of this increase (more than 3x the current Specific Plan maximum units). It also does not analyze the complexity of completing this task. Additionally, Program D does not disclose that the 904 units would exceed the 455 maximum units studied by the EIR, and that even if it is possible to amend the Specific Plan to achieve this increase, it is likely that a new EIR would be required. This will create an additional constraint.

Based on this, we believe that the public record does not provide substantial evidence that Program D can be accomplished. This means that the site inventory for the North Forty has not been properly analyzed and adjustments are needed if the Town is to have any reasonable chance of developing the low-income housing assigned by RHNA (much less the higher number in the Town's original General Plan).

Recommendation #3 –For subsequent Housing Element drafts, perform the required detailed analysis of all development constraints, especially including any assumptions of development of the North 40 site that conflict with the current Specific Plan. Also perform a detailed analysis of why the 5th Cycle so badly missed its low-income housing targets and ensure that the 6th Cycle Housing Element does not contain similar flaws.

Comment #4 – Site D-1 has not been properly analyzed and adjustments are needed to the total units and low-income units to reflect realistic development potential.

The site inventory has allocated a total of 461 units, with 299 units low-income, 69 units moderate income and 93 units above moderate. The site is governed by the Specific Plan and controlled by a developer who has not submitted a property owner interest form but has been active in providing public comment to the Housing Element Update. Additionally, the site was included in the prior 5th cycle RHNA, is non-vacant and subject to "by right with 20% affordable" development and is planned to be rezoned to 30 D/U per acre.

The developer has submitted a letter to the Town dated September 27, 2022, stating that due to market conditions, the site development is projected to be 200 units and not the 461 units in the site inventory. Furthermore, the developer has stated they will "meet the Town's generally applicable affordability requirements" which is the Town's BMP program. This is further supported by the development that has occurred on the Phase 1 property of the North Forty.

The only control the Town has to meet affordability levels in the Specific Plan is the requirement that a minimum 20 percent of residential units must be below market price (BMP) units. The Town's BMP guidelines require for sale BMP units to be **equally split between the moderate and low affordability**

categories. If an applicant applies for a density bonus, then the affordability categories are typically low, very low and/or extremely low.

Based on the substantial evidence in the record, and mindful of the actual development on Phase 1 of the North Forty, it is difficult to understand how the Staff, Planning Commission and Town Council could conclude that there is substantial evidence in the record to support the allocation of 461 units in total and 299 low-income units to site D-1. To the contrary, there appear to be substantial development constraints that will prevent the development of D-1 as planned in the site inventory. Assuming the higher numbers currently in site D-1 appears to be another example of a paper planning exercise with no evidence to support it and for which there is no reasonable expectation of success.

Recommendation #4 – Adjust the site inventory to be to reflect the realistic development potential of site D-1.

Comment #5 – Sites D2 – D7 have no evidence that they will be redeveloped during the 6th cycle

Sites D-2 through D-7 have a total of 123 units allocated with 78 units for low-income groups. All sites are non-vacant, and no owner forms have been submitted. While the sites are part of the North Forty Specific Plan, they are separately owned and not controlled by the developer currently developing Phase 1.

The HCD letter discusses the need to include an analysis demonstrating the potential for additional development of nonvacant sites. Under Government Code section 65583.2 subsection (g) (2) the housing element must demonstrate existing uses are not an impediment to additional residential development and **will likely discontinue** in the planning period. Absent findings based on substantial evidence in the record, the existing uses will be presumed to impede additional residential development and must not be utilized to demonstrate adequate sites exist to accommodate the RHNA requirement.

A review of the record clearly shows there is no evidence supporting the Town Council findings outlined in paragraph 4 of the adopted resolution that sites D-2 through D-7 do not constitute an impediment to the planned residential development. The Town Council's findings were arbitrary and lacked any evidentiary support.

Recommendation #5 – Exclude sites D-2 through D-7 from the site inventory. Alternatively, provide substantial evidence that the existing uses will be discontinued during the planning period and do not provide substantial constraints to the development anticipated by the Housing Element.

Comment #6 – Non-vacant sites accommodate 98% of lower-income units and there is no evidence in the record that supports a finding that all existing uses will likely discontinue during the planning period.

If the Housing Element relies on nonvacant sites to accommodate more than 50% of the RHNA for lower-income households, the element must demonstrate existing uses are not an impediment to additional residential development and will likely discontinue in the planning period. Of the 972 lower-income units in the site inventory analysis, 951 units are on 38 non-vacant parcels. Of these 38 parcels, 20 parcels (with 321 planned low-income units) had no property owner interest form submitted. The resolution passed by the Town Council stated that substantial evidence in the record was solely based

on the submittal of property owner interest forms. Therefore, lacking this form, substantial evidence does not exist for these 20 parcels.

Recommendation #6 – Adjust the site inventory analysis to reflect the impact of excluding these 20 parcels.

Concluding Comment

As a concluding comment we feel it is important to highlight the public comment process regarding the recently adopted Housing Element. As discussed by HCD, public participation in the development, adoption and implementation of the housing element is essential to effective housing planning. The HCD goes further in stating that during the revision process, the Town must continue to engage the community by making information regularly available.

Since receiving HCD's comment letter on January 12, 2023, and prior to the adoption of the draft Housing element on January 30, the Town hosted a booth at the Los Gatos Farmers Market (no results published) on January 15, and "attended" a Democracy Tent meeting on January 19. That is the total extent of the public engagement process after receiving the HCD letter.

Regrettably, there were no meetings with non-profit organizations that work in the community facing homelessness, nor any community-wide study sessions to discuss necessary revisions, nor any meetings with senior groups or even the Los Gatos Chamber of Commerce.

Worse, the housing element that was adopted was substantially identical to the housing element HCD found not to be in substantial compliance. There was no real effort to substantively address HCD's findings and to submit a revised Housing Element that would be compliant with State Law. Other than adding two parcels and adjusting for minimum densities for sites accommodating low-income groups on the site inventory, no other changes were made to the body of the draft Housing Element. Yet such changes are clearly required by the HCD letter.

As a result, we fully expect the adopted Housing Element will not be certified by HCD and numerous revisions will be required to obtain certification. The Los Gatos Community Alliance welcomes the opportunity to engage in ongoing discussions as the Housing Element moves through the certification process. We remained concerned about the Town's ability to meet the May 31, 2023 certification deadline. We share the goal of obtaining certification from HCD and addressing the Town's overall housing needs, with a strong focus on below market rate housing that historically has been underprovided.

Thank you for receiving our comments. For questions, Mr. Koen is our primary contact.

Jak Van Nada, On Behalf of the

Los Gatos Community Alliance

Response to Comment #4

- **Planning Commission to provide reasonable standard of objective review of the Draft Housing Element**
  - On January 11, 2023, the Planning Commission made a recommendation to the Town Council to adopt the Draft 2023-2031 Housing Element with the revised Sites Inventory Analysis and revised Sites Inventory Form. No modifications to the Housing Element are required in response to this comment.

- **Table 10-3 to be updated and additional information added**
  - Updated Table 10-3, Summary of Vacant and Underutilized Housing Sites.

- **Substantial development constraints for North 40 sites D1 – D7**
  - Program D amends the North Forty Specific Plan to increase the maximum allowable density from 20 dwelling units per acre to 40 dwelling units per acre and increase the total number of dwelling units allowed in the Specific Plan.
  - Added new section "Appropriate Density/Default Density" in Appendix D, starting on page D-2 describes the development trends of in residential development in the Town and nearby jurisdictions, capacity information on non-vacant and commercial sites, and examples of residential development that occurred in non-residentially zoned parcels in the Town.
  - Added new text to Appendix C, Governmental Constraints or Non-Governmental Constraints to Housing Development.
  - Updated achievements and effectiveness of the 5th Cycle Housing Element Programs was added in Appendix E.

- **Total units and low-income units not adequately analyzed and need adjustment to reflect realistic development for site D-1**
  - The distribution of units per income level is implemented consistent with State law for sites with a density of 30 or more dwelling units per acre.

- **Sites D2-D7 have no evidence of redevelopment for the 6th cycle**
  - A new section providing examples of affordable and market-rate residential developments that have occurred on sites that were less than half an acre (small sites) will be added.
  - Program K, Lot Consolidation, facilitates outreach to property owners to identify meaningful incentives to facilitate lot consolidation, lot assemblage and redevelopment in mixeduse and commercial areas. Based on this feedback, within two years of Housing Element adoption, the Town will consider the development of a Lot Consolidation Ordinance to include specific incentives such as: flexible development standards such as reduced setbacks, increased lot coverage, increased heights, reduced parking, reduced fees, and streamlined permit processing through administrative staff review. Upon adoption of the Ordinance, the Town will work with property owners that are receptive to lot consolidation/lot assemblage to assist them in facilitating the parcel merge process in a streamlined and timely manner.

- **Non-vacant sites accommodate 98% of lower income units and no evidence is provided that existing uses will is continue during the 6th cycle**
  - Added new section "Appropriate Density/Default Density" in Appendix D, describing development trends in residential development in the Town and nearby jurisdictions, details of the questions provided on the Town's Property Owner Interest Forms in relation to HCD's Sites Inventory Guidebook, and provides construction age of most commercial buildings within the Sites Inventory.

Modifications to the 2023-2031 Adopted Housing Element in Response to Public Comments

Pursuant to AB215, following the seven-day public comment period, the public comments received by the Town were considered prior to the Housing and Community Development (HCD) submittal for second comments.

The following modifications were made to the 2023-2031 Adopted Housing Element in response to public comments:

- The summary describing the types of Fair Housing Inquires for bias was updated in Chapter 10.
- Policy HE-6.1 was modified to include an expanded list of classes protected against discrimination.
- Added Story Poles discussion under the government constraints section of Appendix C. Program AW was added to review the Story Poles and Netting Policy and explore options for residential or mixed-use projects with affordable housing to reduce the associated costs of installing story poles.
- Added discussion in Appendix C, Governmental Constraints, regarding TDM Program Fees, VMT Impact Fees, and Transportation Impact Fees.
- Updated Table 10-3, Summary of Vacant and Underutilized Housing Sites.
- Added new section “Appropriate Density/Default Density” in Appendix D, starting on page D-2 describes the development trends of in residential development in the Town and nearby jurisdictions, capacity information on non-vacant and commercial sites, and examples of residential development that occurred in non-residentially zoned parcels in the Town.
- Added new text to Appendix C, Governmental Constraints or Non-Governmental Constraints to Housing Development.
- Updated achievements and effectiveness of the 5th Cycle Housing Element Programs was added in Appendix E.
- Added new section providing examples of affordable and market-rate residential developments that have occurred on site that were less than half an acre (small sites),
- Added new section “Appropriate Density/Default Density” in Appendix D, describing development trends in residential development in the Town and nearby jurisdictions, details of the questions provided on the Town’s Property Owner Interest Forms in relation to HCD’s Sites Inventory Guidebook, and provides construction age of most commercial buildings within the Sites Inventory.

Public Comments on the March 2023, Draft Revised 2023-2031 Housing Element

On January 30, 2023, the Los Gatos Town Council adopted the 2023-2031 Housing Element with modifications to the Sites Inventory, making the finding that it is in substantial compliance with State law. On February 13, 2023, the Town submitted the adopted 2023-2031 Housing Element to HCD for review and comment. As described in the February 13, 2023, letter to HCD, the Town modified Appendix D (Sites Inventory Analysis), and Appendix H (Sites Inventory Form), to assume development at a minimum density. The letter described that the Town was in process of addressing the remaining comments found in the January 12, 2023, HCD Findings/Comment Letter and would be resubmitting a revised Housing Element after the revisions have been completed.

The Draft Revised 2023-2031 Housing Element was posted showing modifications to the Adopted 2023-2031 Housing Element to the Town's Housing Element website (EngageLosGatoshousing.com). Notification was provided to all individuals and organizations that previously requested notices, as well as all parties on the Town's notification list, including those who have previously commented on the Draft Revised 2023-2031 Housing Element for the seven-day public review period. The public review period was from March 23, 2023, to March 30, 2023, seven days prior to submittal of the adopted Housing Element to HCD for review consistent with AB 215 requirements, during which the Town received one written public comment.

Comment Response for the Draft Revised 2023-2031 Housing Element

This response to public comments for the Draft Revised 2023-2031 Housing Element has been prepared to address comments received during the seven-day public review period.

Written Comments

The following written comment was received during the seven-day public review period:

1. Phil Koen, email dated March 30, 2023.

Written Draft Housing Element Comments

The written comment provided on the Draft Revised 2023-2031 Housing Element and the response to the comment is presented on the following pages.

Comment Letter #1

From: Phil Koen <[redacted]>
Sent: Thursday, March 30, 2023 1:26 PM
To: Gabrielle Whelan <GWhelan@losgatosca.gov>
Cc: [redacted]; Rick Van Hoesen <[redacted]>; Jocelyn Shoopman <jshoopman@losgatosca.gov>; Joel Paulson <jpaulson@losgatosca.gov>; Laurel Prevetti <LPrevetti@losgatosca.gov>; Erin Walters <EWalters@losgatosca.gov>
Subject: RE: Town of Los Gatos Seven-Day Public Review of the Revised Draft 6th Cycle Housing Element

[EXTERNAL SENDER]
Hello Gabrielle,

Thank you for your reply. I agree with your suggestion to add clarifying information to the website and staff reports to make sure the public understands the Town is now in the process of modifying the adopted Housing Element. There is a material difference in revising a draft element as opposed to modifying an adopted element. What has not been adequately explained to the public is the rational for now modifying the adopted Housing Element when the Town Council just found the element to be "substantially compliant" with State Law and passed a resolution on January 30, 2023, stating the recitals were true and correct.

Furthermore, on February 13, 2023, the Town submitted to HCD the adopted element for their certification stating the "Housing Element responds to the comment and feedback from the State Department of Housing and Community Development's (HCD) July 12, 2023 (sic January 12, 2023) letter". The Town is now waiting to hear whether HCD will certify the adopted element. HCD's response should be received within 60 days of February 13.

The public deserves a full and complete explanation as to why any amendments are now required, given we are in the middle of the certification process. If the Staff truly believes the adopted element does comply with State Law, wouldn't it be prudent to wait for HCD's review to be completed and receive their comments before making any proposed amendments?

The only logical reason I can think of to amend the adopted element prior to any written feedback from HCD would be because the Staff believes the adopted housing element does not comply with State Law and material changes are in fact required to obtain HCD certification. This conclusion would be at direct odds with the resolution that was passed on January 30, 2023, and the findings that were made. If this is the case, and the Staff believes an error has been made and material and extensive changes are now needed to comply with State Law, then the Staff needs to be fully transparent with the public on this point and provide a full and complete explanation.

Based on my understanding, the housing element was adopted pursuant to Govt. Code Section 65585 (f) (2) which allows a local jurisdiction to adopt a draft element **without changes** even though HCD had found the draft element did not substantially comply with State Law. As you know, HCD's January 12, 2023, letter contained an eleven-page appendix that detailed multiple statutory requirements that were not met and HCD concluded "revisions **will be necessary** to comply with State Housing Element Law". To be very clear, the inventory of land suitable and available for residential development was only one of many issues discussed in HCD's letter and was not deemed by HCD to be their "primary concern". This language simply does not exist in the HCD letter.

In my opinion it is misleading to suggest that making a very minor change of the Town's site inventory would be sufficient to address the multitude of statutory issues discussed in HCD's eleven-page document. There doesn't appear to be any reasonable basis for making the finding that the minor change in the site inventory, while ignoring all HCD's other substantive comments, would be sufficient to conclude, based on substantial evidence in the record, the adopted element was indeed compliant with State Law. This is a problem.

I would greatly appreciate a clear and full explanation as to why the Town is now amending the adopted element before receiving HCD's response on certification. If an error was made and the Staff now believes the adopted element is legally deficient, then please clearly state this. The public deserves full transparency on this matter.

Lastly, it is highly unlikely Town will meet the statutory deadline of adopting a compliant housing element by May 31, 2023, given the timing of this amendment and HCD's 60-day response deadline. This is a serious matter, and the Staff needs to fully explain to the public the consequences of missing this deadline including potential impacts on receiving federal, state, and regional funding and the likelihood of successfully completing all rezoning mandated by the Housing Element by January 31, 2024. Missing the January 31, 2024, rezoning deadline would be catastrophic for the Town.

I look forward to your reply.

Thank you,

Phil Koen

From: Gabrielle Whelan <GWhelan@losgatosca.gov>
Sent: Tuesday, March 28, 2023 9:53 AM
To: Phil Koen <[redacted]>
Cc: [redacted]; Rick Van Hoesen <[redacted]>; Jocelyn Shoopman <jshoopman@losgatosca.gov>; Joel Paulson <jpaulson@losgatosca.gov>; Laurel Prevetti <LPrevetti@losgatosca.gov>
Subject: RE: Town of Los Gatos Seven-Day Public Review of the Revised Draft 6th Cycle Housing Element

Hello, Mr. Koen.

I believe that the posted document description is factually accurate in that the document posted is a draft only and proposes revisions to the Housing Element. In order to clarify that the proposed draft revisions will amend the Town's adopted Housing Element, staff is going to add information to both the Town's website and the staff report to make it clear that the document being considered is a proposed amendment to the Town's adopted Housing Element.

When the Housing Element was adopted, the Town made the finding that the Housing Element was in "substantial compliance" with state law in that the sites inventory had been revised to

assure that adequate sites were available for development. This addressed HCD's primary concern. At the same time, the Town committed to work with HCD to make the additional revisions requested by HCD. Now that those additional revisions have been completed, staff is recommending adoption of the revised Housing Element.

Government Code Section 65585(h)(3) provides that HCD has 60 days to provide findings on proposed amendments to adopted Housing Elements.

With regard to process, staff proposed to take the Housing Element revisions to HCD first for comments. That way, when the revised Housing Element comes to the Town Council for review, the Town Council will know that HCD is prepared to certify the revised Housing Element if adopted. That said, a Town Council discussion of the Housing Element has been added to the 4/4 Town Council agenda.

Please let me know if you have any follow-up questions. Thank you.

Gabrielle Whelan • Town Attorney
Town Attorney's Office • 110 E Main Street, Los Gatos, CA 95030
Desk: 408.354.6818 • gwhelan@losgatosca.gov
www.losgatosca.gov • https://www.facebook.com/losgatosca

From: Phil Koen <[redacted]>
Sent: Thursday, March 23, 2023 3:46 PM
To: Gabrielle Whelan <GWhelan@losgatosca.gov>
Cc: [redacted] Rick Van Hoesen <[redacted]>; Jocelyn Shoopman <jshoopman@losgatosca.gov>; Joel Paulson <jpaulson@losgatosca.gov>; Laurel Prevetti <LPrevetti@losgatosca.gov>
Subject: Fwd: Town of Los Gatos Seven-Day Public Review of the Revised Draft 6th Cycle Housing Element

[EXTERNAL SENDER]

Hello Gabrielle,

Please note that the document posted for public comment is a proposed amendment to the legally adopted housing element. To reference the document as a "revised draft" is factually incorrect. Please correct this so the public fully understands the nature of the document being posted for public comment.

The 6th Cycle Housing Element was adopted by the Town Council on January 30, 2023 pursuant to Govt. Code Section 65585 (f) (2). The changes now being proposed are numerous, wide ranging and material in nature. In fact, the changes are exactly what was recommended by HCD in their January 12, 2023 letter. This calls into question why these changes are now being made if the housing element was adopted pursuant to the code cited above which specifically discuses the adoption of a housing element without making changes recommended by HCD.

At the time of adoption, the Council made a finding that the Housing Element was in substantial compliance with State Law despite the findings of HCD. Is it the Town's determination that those findings are now incorrect and as such the amendment is now required to be compliant with State Law? The public needs to fully understand why this amendment is now necessary.

Under Govt. Code Section 65585 (h) HCD will have 90 days to review the draft amendment and report its findings once the proposed amendment is filed. Please make sure the Town Council is aware of the 90 day response time because it will be past the May 31, 2023 deadline. To the best of our knowledge this has never been disclosed.

Lastly, would you please clarify why the Planning Commission and Town Council are not approving this amendment prior to being submitted to HCD? This seems to put the cart before the horse and is not consistent with other local jurisdictions who have adopted housing elements and are now revising them in order to be certified by HCD.

We look forward to your reply.

Thank you.

Phil Koen

Begin forwarded message:

From: Jocelyn Shoopman <jshoopman@losgatosca.gov>
Date: March 23, 2023 at 8:40:44 PM GMT+1
Cc: Jennifer Armer <JArmer@losgatosca.gov>, Joel Paulson <jpaulson@losgatosca.gov>, Erin Walters <EWalters@losgatosca.gov>
Subject: Town of Los Gatos Seven-Day Public Review of the Revised Draft 6th Cycle Housing Element

Hello,

On March 16, 2023, the Housing Element Advisory Board reviewed the revised Draft 2023-2031 Housing Element with modifications in response to the California Department of Housing and Community Development's (HCD) Findings and Comment letter received by the Town on January 12, 2023. Following their review, they recommended that staff resubmit the revised Draft Housing Element to HCD with additional modifications.

The revised Draft 2023-2031 Housing Element is available to the public for a seven-day review period prior to HCD re-submittal. The seven-day public review period ends on March 30, 2023. The following items can be viewed on the Town's Housing Element Update website at:
https://www.losgatosca.gov/1735/General-Plan---Housing-Element

1. Revised Draft 2023-2031 Housing Element – Clean Copy
2. Revised Draft 2023-2031 Housing Element – Track Changes Copy
3. Response Memorandum to HCD's Findings and Comment Letter

Written comments (including name, affiliation, telephone number, and contact information) can be submitted through March 30, 2023, by email to HEUpdate@losgatosca.gov or by mail to:

Town of Los Gatos
Community Development Department
110 E. Main Street
Los Gatos, CA 95030

Sincerely,

Jocelyn Shoopman • Associate Planner
Community Development Department • 110 E Main Street, Los Gatos CA 95030
Ph: 408.354.6875 • JShoopman@losgatosca.gov
www.losgatosca.gov • https://www.facebook.com/losgatosca

COMMUNITY DEVELOPMENT HOURS:
Counter Hours: 8:00 AM – 1:00 PM, Monday – Friday
Phone Hours: 8:00 AM – 5:00 PM, Monday – Friday

All permit submittals are to be done online via our Citizen's Portal platform. All other services can be completed at the counter. For more information on permit submittal, resubmittal, and issuance, please visit the Building and Planning webpages.

TOWN OF LOS GATOS
GENERAL PLAN 2040

General Plan Update, learn more at www.losgatos2040.com

TOWN OF LOS GATOS
HOUSING ELEMENT

Housing Element Update, learn more at https://www.losgatosca.gov/1735/General-Plan---Housing-Element

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Response to Comment #1

- **Provide clarification regarding modification of adopted housing element**
  - The Town's Housing Element website and the staff report was updated to clarify that the document being considered is a proposed amendment to the Town's Adopted Housing Element.

- **Why is the adopted housing element being amended?**
  - On February 13, 2023, the 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 addressing the January 12, 2023, HCD findings/comment letter were completed.
  - On February 16, 2023, the Housing Element Advisory Board met to review and discuss the HCD findings/comment letter, and how the comments and findings would be addressed.
  - On March 16, 2023, the Housing Element Advisory Board 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.

Modifications to the Draft Revised 2023-2031 Housing Element in Response to Public Comments

Pursuant to AB215, following the seven-day public comment period, the public comments received by the Town were considered prior to the Housing and Community Development (HCD) submittal for second comments.

The following modifications were made to the Draft Revised 2023-2031 Housing Element in response to public comments:

- The Town's Housing Element website and the staff report was updated to clarify that the document being considered is a proposed amendment to the Town's Adopted Housing Element.

Public Comment Received on August 22, 2023, Regarding the Los Gatos 2023-2031 Housing Element

On August 22, 2023, the Town received the following email and attachments from Matthew D. Francois on behalf of the Los Gatos Community Alliance. HCD was copied on the email and attachments. The attached letter suggests that the Town needs to expand the sites inventory as preliminary applications for SB 330 have been submitted with less low-income housing than is anticipated in the Draft Revised Housing Element.

Written Draft Housing Element Comments

The written comment provided on the Draft Revised 2023-2031 Housing Element and the response to the comment is presented on the following pages.

Comment Letter #1

From: Respicio, Maryknol <[redacted]>
Sent: Tuesday, August 22, 2023 12:39 PM
To: Joel Paulson <jpaulson@losgatosca.gov>
Cc: Phil Koen ([redacted]) <[redacted]>; Town Manager <Manager@losgatosca.gov>; Attorney <Attorney@losgatosca.gov>; Paul.McDougall@hcd.ca.gov; jose.jauregui@hca.ca.gov; Francois, Matthew <[redacted]>
Subject: Los Gatos 2023-2031 Housing Element

[EXTERNAL SENDER]
Dear Mr. Paulson:

Attached please find a letter regarding Los Gatos 2023-2031 Housing Element issues.

Please let Matt Francois if you have any questions.

Thank you.

Maryknol Respicio
Assistant to Matthew D. Francois
Five Palo Alto Square, 3000 El Camino Real, Ste. 200 | Palo Alto, CA 94306
O. (650) 320-1500 | D. (650) 320-1500 x7723
mrespicio@rutan.com | www.rutan.com
RUTAN
RUTAN & TUCKER, LLP

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RUTAN
RUTAN & TUCKER, LLP

Matthew D. Francois
Direct Dial: (650) 798-5669
E-mail: mfrancois@rutan.com

August 22, 2023

VIA E-MAIL - jpaulson@losgatosca.gov

Joel Paulson
Community Development Director
Town of Los Gatos
110 E. Main Street
Los Gatos, CA 95030

Re: Los Gatos 2023-2031 Housing Element

Dear Mr. Paulson:

We write on behalf of the Los Gatos Community Alliance ("LGCA"), a group of concerned citizens, in regard to the Los Gatos 2023-2031 Housing Element (the "Housing Element"). In previous correspondence to the Town of Los Gatos (the "Town"), LGCA expressed concern that the Housing Element Sites Inventory overstated the development potential on two key sites—Los Gatos Lodge and North 40 Phase II—in light of SB 330 Preliminary Applications submitted for both sites which vest development rights at overall lower densities with far fewer affordable units than assumed by the Sites Inventory. LGCA also expressed concerns with the reasonableness of development capacity on North 40 Phase II given that the site is more than 10 acres and a comparable development (the adjacent North 40 Phase I) was developed at an overall lower density with less affordable units than assumed by the prior housing element. The reductions are significant enough that the Town would not meet its Regional Housing Needs Allocation ("RHNA") for very low and moderate income units. As the Town prepares its fourth revision to the Housing Element, LGCA writes to request that the Town update the Sites Inventory and make other changes to the Housing Element so as to comply with State Housing Element Law.

1. Background

Faced with a January 31, 2023 deadline to adopt a compliant Housing Element, the Town submitted its first draft Housing Element to the State Department of Housing & Community Development ("HCD") on October 14, 2022. In its January 12, 2023 comment letter HCD found that this first submittal was not compliant with State Housing Element Law. The Town Council nonetheless proceeded to adopt a slightly revised version of the Housing Element and submitted it to HCD on February 13, 2023. HCD responded to this second submittal on April 14, 2023 indicating that it too was not compliant with State Housing Element Law. On March 31, 2023, the Town sent its third submittal to HCD on March 31, 2023.

Rutan & Tucker, LLP | 455 Market Street, Suite 1870
San Francisco, CA 94105 | 650-263-7900 | Fax 650-263-7901
Orange County | Palo Alto | San Francisco | Scottsdale | www.rutan.com

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After the third submittal had been sent to HCD, the Town received two SB 330 Preliminary Applications for two key sites on the Sites Inventory—Los Gatos Lodge (Site B1) and North 40 Phase II (Site D1)—on which the Housing Element proposes to accommodate more than 50 percent of the Town's low and very low RHNA.[1] As illustrated by the chart below, the SB 330 Preliminary Applications include a greatly reduced number of affordable housing units from that assumed in the Sites Inventory. The reductions are significant enough that the Town would not meet its RHNA for very low and moderate income units. The Town's RHNA for very low units is 537 units and for moderate units is 320. With the reductions associated with the SB 330 Preliminary Applications, the Town only has 396 very low units and 253 moderate units.

Project	**Housing Element Sites Inventory**	**SB 330 Preliminary Applications Submitted**
Los Gatos Lodge (Site B-1)	Very Low: 86 Low: 86 Moderate: 62 Above-Moderate: 30 Total: 264	Very Low: 0 Low: 32 Moderate: 0 Above-Moderate: 126 Total: 158
North 40-Phase II (Site D-1)	Very Low: 184 Low: 89 Moderate: 92 Above-Moderate: 96 Total: 461	Very Low: 0 Low: 88 Moderate: 0 Above-Moderate: 349 Total: 437

In its May 30, 2023 letter, HCD again found that the Town's third submittal of the Housing Element to be non-compliant with State Housing Element Law. In pertinent part, HCD stated that the Housing Element needed to be revised to, among others, contain an accurate Sites Inventory accounting for: (1) the likelihood of 100 percent nonresidential development in zones allowing 100 percent nonresidential uses and (2) the realistic potential for additional development on non-vacant sites. As to the first point, HCD indicated that the Town should consider the development activity of 100 percent nonresidential uses, stating the element should analyze all development activity in these nonresidential zones, how often residential development occurs and adjust residential capacity calculations, policies, and programs accordingly. As to the second point, HCD stated that the element should address "the extent to which existing uses may constitute an impediment to additional residential development, the Town's past experience with converting existing uses to higher density residential development,

[1] True and correct copies of these applications for Site B1 and Site D1 are attached hereto as Exhibit A and Exhibit B, respectively.

the current market demand for the existing use, an analysis of any existing leases or other contracts that would perpetuate the existing use or prevent redevelopment of the site for additional residential development, development trends, market conditions, and regulatory or other incentives or standards to encourage additional residential development on these sites."

2. Housing Element Law Requires A Sites Inventory That Reflects Realistic Capacity And Properly Accounts For Large And Nonvacant Sites.

Government Code Section 65583 requires that a housing element "identify adequate sites for housing" and "make adequate provision for the existing and projected needs of all economic segments of the community." Specifically, a housing element must contain "[a]n 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, and an analysis of the relationship of the sites identified in the land inventory to the jurisdiction's duty to affirmatively further fair housing." (Gov. Code § 65583(a)(3).)

The sites inventory shall be used to identify sites throughout the community that can be developed for housing within the planning period and that are sufficient to provide for the jurisdiction's share of the regional housing need for all income levels. (Gov. Code § 65583.2(a).) An agency is required to determine whether each site in its inventory can accommodate the development of some portion of its share of the regional housing need by income level during the planning period. (Gov. Code § 65583.2(c).) A local agency must demonstrate how the number of units determined for a particular site in the inventory will be accommodated. (Gov. Code § 65583.2(c)(1).) The number of units shall be adjusted as necessary based on land use controls and site improvements, the realistic development capacity for the site, typical densities of existing or approved residential developments at a similar affordability level in the jurisdiction, and the current and planned availability and accessibility of sufficient water, sewer, and dry utilities. (Gov. Code § 65583.2(c)(2).)

Parcels larger than 10 acres are considered inadequate to accommodate housing affordable to lower income households, unless the local agency demonstrates that sites of equivalent size were successfully developed during the prior planning period for an equivalent number of lower income housing units as projected for the site, or there is other evidence that the site is realistic and feasible for lower income housing.[2] (Gov. Code § 65583.2(c)(2)(B).) "A site

[2] Such evidence may include developer interest, proposed specific-plan development, potential for subdivision, the jurisdiction's role or track record in facilitating lot splits, or other information that can demonstrate to HCD the feasibility of the site for development. (HCD's Housing Element Site Inventory Guidebook (May 2020), p. 17.)

may be presumed to be realistic for development to accommodate lower income housing need if, at the time of the adoption of the housing element, a development affordable to lower income households has been proposed and approved for development on the site." (Gov. Code § 65583.2(c)(2)(C).)

When a housing element relies on nonvacant sites to accommodate more than 50 percent of the RHNA for lower income households, it must demonstrate that existing uses are not an impediment to additional residential development and will likely discontinue in the planning period. (Gov. Code § 65583.2(g)(2).) Absent findings based on substantial evidence, the existing uses will be presumed to impede additional residential development and cannot be used to demonstrate adequate sites to accommodate the agency's RHNA. (*Id.*)

3. The Housing Element Does Not Comply with State Housing Element Law.

The Sites Inventory has not been revised to reflect the SB 330 Preliminary Applications for Los Gatos Lodge and North Forty Phase II. The inventory assumes that these two sites will provide more than 50 percent of the RHNA for low and very low income units. But since these two sites can legally be developed in accordance with their SB 330 Preliminary Applications, the Town would have a shortfall of 141 very low units and 67 moderate units.[3] The Sites Inventory does not meet the Town's RHNA obligations and the capacity assumed for Sites B-1 and D-1 is not realistic.

Los Gatos Lodge (Site B-1) is comprised of three parcels totaling 8.81 acres and identified as having a realistic capacity of 264 units. Of these 264 units, 86 are identified as very low, 86 as low, 62 as moderate, and 30 as above-moderate. The Los Gatos Lodge site is occupied by an existing motel and thus nonvacant. It has a proposed General Plan designation of Mixed Use Commercial and a proposed Zoning designation of CH-PD HEOZ, which would allow minimum densities of 30 units per acre. The Housing Element incorrectly refers to this site as already containing these designations. (Housing Element, Appendix D, p. D-15.)[4]

A SB 330 Preliminary Application was submitted for Los Gatos Lodge on June 30, 2023. Because the Town does not have a certified Housing Element, the project is subject to the "builder's remedy" and can proceed irrespective of its non-conformity with current planning and zoning designations. (Gov. Code § 65589.5(d).) Any subsequently enacted planning or zoning

[3] Where there would still be a nominal surplus of 58 low income units, this would only be 8 percent above the Town's RHNA allocation, falling far short of HCD's recommended 15-30 percent buffer. (HCD's Housing Element Site Inventory Guidebook (May 2020), p. 22.)

[4] References herein to the Housing Element are to the Interim Working Draft Revised Housing Element dated July 2023.

changes would not legally apply to the project proposed on Site B-1.[5] The Preliminary Application includes a total of 158 units. Of these 158 units, 126 are identified as market rate (or above-moderate) units and 32 are identified as low income units. Thus, Site B-1 is subject to a vested development application for 106 overall fewer units and 86 less very low, 54 less low, and 62 less moderate units than assumed by the Sites Inventory.

North 40 Phase II (Site D-1) is comprised of seven parcels totaling 15.39 acres and identified as having a realistic capacity of 461 units. Of these 461 units, 184 are identified as very low, 89 as low, 92 as moderate, and 96 as above-moderate. The North 40 Phase II site is occupied by single-family residences and agricultural uses and thus nonvacant. It is planned and zoned North Forty Specific Plan. The Specific Plan currently allows for a maximum of 270 units. (Specific Plan, Table 2-2 and Section 2.7.3.) Phase I was developed with 270 above-moderate units, 1 moderate unit, and 49 very low units.

A SB 330 Preliminary Application was submitted for North 40 Phase II on April 17, 2023. Because the Town does not have a certified Housing Element, the project is subject to the "builder's remedy" and can proceed irrespective of its non-conformity with current planning and zoning designations. (Gov. Code § 65589.5(d).) Any subsequently enacted planning or zoning changes would not legally apply to the project proposed on Site D-1. The Preliminary Application includes a total of 437 units. Of these 437 units, 349 are identified as market rate (or above-moderate) units and 88 are identified as low income units. Thus, Site B-1 is subject to a vested development application for 24 overall fewer units and 184 less very low, 1 less low, and 92 less moderate units than assumed by the Sites Inventory.

Town Staff has indicated that these are just preliminary applications and do not need to be factored into the analysis as to whether the capacity is realistic. Such a response significantly downplays the legal significance of the SB 330 Preliminary Applications submitted. Moreover, the Town itself used such an application for Site I-1 (405 Alberto Way) as the basis for the overall density and number of affordable units in its Sites Inventory. Also, other agencies with certified Housing Elements, such as the City of Campbell, considered SB 330 Preliminary Applications when preparing their Housing Sites Inventory.[6]

In addition, Site D-1 is 15.39 acres. Per State Housing Element Law, such a large site is considered inadequate to accommodate housing affordable to lower income households, unless

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[5] A Preliminary Application allows a developer to "freeze" the applicable ordinances, policies, and standards in place at the time of submittal thus preventing later changes to development requirements that could impact the project. (Gov. Code §§ 65589.5(o), 65941.1.)

[6] Specifically, Campbell's Housing Element included a discussion of requests to develop housing below identified densities as a non-government constraint to housing. (Campbell Housing Element, p. H.II-172.)

the Town demonstrates that sites of equivalent size were successfully developed during the prior planning period for an equivalent number of lower income housing units as projected for the site. (Gov. Code § 65583.2(c)(2)(B).) The Housing Element contains no such supporting analysis. The reality is that there is no such supporting evidence. For instance, while North 40 Phase I was planned for 270 units (156 very low, 84 low, 30 moderate, and 0 above-moderate), what was actually built was 270 above-moderate units, 49 very low units, and 1 moderate unit.

Further, the Town's Housing Element relies almost exclusively on nonvacant sites to accommodate its RHNA for lower income households.[7] By law, the existing uses on these sites are deemed to be an impediment to residential development absent substantial evidence to the contrary. (Gov. Code § 65583.2(g)(2).) Most of the projects the Town relies on to support its claim that the existing uses are not an impediment are in other jurisdictions. The Housing Element states that development in those other jurisdictions provide examples of "the type of development that could be projected to be developed in the Town based on the proposed Housing Element Overlay Zone." (Housing Element, Appendix D, p. D-3.) But there is no evidence to support this statement nor is there any indication that the proposed overlay zone would pass legal muster.[8] As to the few sites in Los Gatos, most appear to be lower density, single-family developments. (*Id.* at pp. D-3 to D-4.) Further, the Housing Element cites to property interest forms without including or detailing the information on those forms, as HCD previously requested. (*Id.* at pp. D-4 to D-5.) Absent findings based on substantial evidence, the existing uses will be presumed to impede additional residential development and cannot be used to demonstrate adequate sites to accommodate the RHNA. (*Id.*)

Finally, it is unclear whether the Housing Element complies with Government Code Section 65583.2(h). That section requires that at least 50 percent of the very low income and low income housing be located on sites designated for residential use only except that an agency may accommodate all of its very low and low income housing need on sites designated for mixed use if those sites allow 100 percent residential use and require that residential use occupy 50 percent of the total floor area of a mixed use project. Of the 50 housing opportunity sites, only 11 are designated to allow residential units only; the remaining 39 are designed to allow for commercial and mixed-use opportunities. (Housing Element, Appendix D, p. D-5.) Citing a mere two previously entitled commercial development projects for which residential development projects have since been proposed, the Housing Element state that the likelihood that commercial or mixed-use sites would redevelop without some residential component is "clearly low." (*Id.* at p. D-6.) The law requires more than this. The planning and zoning

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[7] The only exception appears to be for two very low income units on one vacant parcel: APN 424-06-116.

[8] (*See Martinez v. City of Clovis* (2023) 90 Cal. App.5th 193 [housing element's reliance on a regional housing need overlay zone district failed to comply with State Housing Element Law because the base zoning allowed development at a density lower than the statutory minimum].)

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designations for those sites must allow 100 percent residential use and require at least 50 percent residential floor area in a mixed-use development.

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We understand that the Town is in the process of preparing its fourth submittal to HCD and plans to do so by early October 2023. We also understand that a meeting between HCD Staff and Town Staff is scheduled for early September 2023 on the fourth submittal. We wish to see the fourth submittal be successful and along those lines provide what we hope are constructive comments on the Housing Element. Given that state funding, rezoning deadlines, and/or development approval authority are at stake, we urge the Town to take these comments seriously and undertake all necessary actions to ensure that its Housing Element conforms with State Housing Element law.

Thank you for your consideration of LGCA's views on these important matters. Please do not hesitate to contact me with any questions concerning this correspondence.

Very truly yours,

RUTAN & TUCKER, LLP

Matthew D. Francois

MDF:mtr

cc: Phil Koen
Laurel Prevetti, Town Manager
Gabrielle Whelan, Town Attorney
Paul McDougall, Senior Program Manager, State HCD
Jose Armando Jauregui, Housing Policy Analyst, State HCD

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EXHIBIT A

SB 330 PRELIMINARY APPLICATION SUBMITTAL CHECKLIST

California Government Code Section §65941.1 (a): An applicant for a housing development project, as defined in paragraph (2) of subdivision (h) of Section §65589.5, shall be deemed to have submitted a Preliminary Application upon providing all of the following information about the proposed project to the city, county, or city and county from which approval for the project is being sought and upon payment of the permit processing fee:

- ☑ The specific location, including parcel numbers, a legal description, and site address.
- ☑ The existing uses on the project site and identification of major physical alterations to the property on which the project is to be located.
- ☑ A site plan showing the building location(s) on the property; elevations of each building showing design, color, and material; and the massing, height, and approximate square footage, of each building that is to be occupied.
- ☑ The proposed land uses by number of units and square feet of residential and nonresidential development using the categories in the applicable zoning ordinance.
- ☑ The proposed number of parking spaces.
- ☑ Any proposed point sources of air or water pollutants.
- ☑ Any species of special concern known to occur on the property.
- ☑ Any historic or cultural resources known to exist on the property.
- ☑ The number of proposed below market price units and their affordability levels.
- ☑ The number of bonus units and any incentives, concessions, waivers, or parking reductions requested pursuant to Section §65915.
- ☑ Whether any approvals under the Subdivision Map Act, including, but not limited to, a parcel map, a tentative map, or a condominium map, are being requested.
- ☑ The applicant's contact information and, if the applicant does not own the property, consent from the property owner to submit the application.
- ☑ The number of existing residential units on the project site that will be demolished and whether each existing unit is occupied or unoccupied.
- ☑ A site plan showing a stream or other resource that may be subject to a streambed alteration agreement pursuant to Chapter 6 (commencing with Section §1600) of Division 2 of the Fish and Game Code and an aerial photograph showing existing site conditions of environmental site features that would be subject to regulations by a public agency, including creeks and wetlands.

SB 330 PRELIMINARY APPLICATION SUBMITTAL CHECKLIST

☑ The location of any recorded public easement, such as easements for utilities, storm drains, water lines, and other public rights-of-way.

☑ Whether a portion of the property is located within any of the following:

Yes	No	
☐	☑	A very high fire hazard severity zone, as determined by the Department of Forestry and Fire Protection pursuant to Section §51178.
☐	☑	Wetlands, as defined in the United States Fish and Wildlife Service Manual, Part 660 FW 2 (June 21, 1993).
☐	☑	A hazardous waste site that is listed pursuant to Section §65962.5 or a hazardous waste site designated by the Department of Toxic Substances Control pursuant to Section §25356 of the Health and Safety Code.
☐	☑	A special flood hazard area subject to inundation by the one (1) percent annual chance flood (100-year flood) as determined by the Federal Emergency Management Agency in any official maps published by the Federal Emergency Management Agency.
☐	☑	A delineated earthquake fault zone as determined by the State Geologist in any official maps published by the State Geologist, unless the development complies with applicable seismic protection building code standards adopted by the California Building Standards Commission under the California Building Standards Law [Part 2.5 (commencing with Section §18901) of Division 13 of the Health and Safety Code], and by any local building department under Chapter 12.2 (commencing with Section §8875) of Division 1 of Title 2.
☐	☑	A stream or other resource that may be subject to a streambed alteration agreement pursuant to Chapter 6 (commencing with Section §1600) of Division 2 of the Fish and Game Code.

SENATE BILL 330 PRELIMINARY APPLICATION

PURPOSE

This form serves as the Preliminary Application for housing development projects seeking vesting rights pursuant to SB 330, the Housing Crisis Act of 2019.

GENERAL INFORMATION

An applicant for a housing development project that includes (1) residential units (2) a mix of commercial and residential uses with two-thirds of the project's square footage used for residential purposes; or (3) transitional or supportive housing, shall be deemed to have submitted a Preliminary Application upon provision of all of the information listed in this Preliminary Application form and payment of the permit processing fee to the agency from which approval for the project is being sought.

After submitting this Preliminary Application to the local agency, an applicant has 180 days to submit a full application or the Preliminary Application will expire.

Notes:

1. California Environmental Quality Act (CEQA) and Coastal Act standards apply.
2. After submittal of all of the information required, if the development proponent revises the project to change the number of residential units or square footage of construction changes by 20 percent or more, excluding any increase resulting from Density Bonus Law, the development proponent must resubmit the required information so that it reflects the revisions.
3. Submittal of all the information listed and payment of the permit processing fee freezes fees and development standards as of the date that the Preliminary Application is "deemed submitted," unless exceptions per Government Code § 65889.5(o) are triggered.
4. Record keeping pertaining to which standards and fees apply at date of submittal is imperative, as penalties may apply for imposing incorrect standards.

SITE INFORMATION

1. **PROJECT LOCATION** – The specific location, including parcel numbers, a legal description, and site address, if applicable.

   Street Address 50 Los Gatos-Saratoga Road, Los Gatos, et al. Unit/Space Number _____

   Legal Description (Lot, Block, Tract) Attached? YES ☑ NO ☐

   See Attachment 2, Exhibit A.

   Assessor Parcel Number(s) 529-24-001, 529-24-003, 529-24-032

2. **EXISTING USES** – The existing uses on the project site and identification of major physical alterations to the property on which the project is to be located (if you have attached a site plan that clearly depicts all existing uses and proposed physical alterations, please enter "See Attached Plan" below).

   The Project site is currently occupied by Los Gatos Lodge, a hotel/motel. Onsite operations consist of temporary (less than 30 days) lodging of hotel guests, meeting and event rooms, recreational areas, dining areas, routine facility maintenance, accessory office uses and a duplex dwelling unit for hotel staff. In addition to the buildings and other structures, the Project site is improved with asphalt-paved parking/drive areas, concrete-paved patios and walkways, a swimming pool, and landscaped areas. (See also Attachment 3.) With the exception of the duplex dwelling unit, all existing structures and improvements will be removed for the Project.

3. **SITE PLAN** – A site plan showing the building(s) location on the property and approximate square footage of each building that is to be occupied.

   Attached? YES ☑ NO ☐

4. **ELEVATIONS** – All elevations of all buildings showing design, color, material, and the massing and height of each building that is to be occupied.

   Attached? YES ☑ NO ☐

5. **PROPOSED USES** – The proposed land uses by number of units and square feet of residential and nonresidential development using the categories in the Zoning Ordinance.

   SummerHill proposes to develop 158 new three-story for-sale attached townhouses in 28 buildings (multiple-family dwellings) on a portion of an approximately 8.81-acre tract of land, with associated amenities, landscaping, private streets, utilities and other infrastructure improvements. The living area of the townhouses will range from approximately 1,270 to 2,230 square feet, with a total living area of approximately 282,931 square feet and a total gross floor area of approximately 352,919 square feet. Each townhome will have assigned parking, either in an attached garage or in a shared parking area. The boundaries of the individual townhomes will be established through a condominium plan, and the community will be governed by a professionally managed homeowners association.

a. **RESIDENTIAL DWELLING UNIT COUNT**:

Please indicate the number of dwelling units proposed, including a breakdown of levels by affordability, set by each income category.

	Number of Units
Market Rate	126 Units
Manager Unit(s) - Market Rate	0
Extremely Low Income (%)	0
Very Low Income (%)	0
Low Income (%)	32 Units (20.3%)
Moderate Income (%)	0
Total Number of Units	158 Units
Total Number of Affordable Units	32 Units
Total Number of Density Bous Units	5 Units

Other notes on units:

SummerHill will use a density bonus to achieve 158 units, if necessary. The existing duplex dwelling unit is not included in the unit counts listed above.

6. **FLOOR AREA** – Provide the proposed floor area and square footage of residential and nonresidential development, by building. (Attach relevant information by building and totals here. If more space is needed, enter "See Attached," and attach a modified table.):

	Residential	Nonresidential	Total
Floor Area (Zoning)	352,919 SF	0	352,919 SF
Square Footage of Construction	352,919 SF	0	352,919 SF

7. **PARKING** – The proposed number of automobile parking spaces:

Residential	Nonresidential	Total Automobile Parking
351 spaces	0	351 spaces

8. **AFFORDABLE HOUSING INCENTIVES, WAIVERS, CONCESSIONS AND PARKING REDUCTIONS** – Will the project proponent seek Density Bonus incentives, waivers, concessions, or parking reductions pursuant to California Government Code Section 65915?

YES ☑ NO ☐

If "YES," please describe:

SummerHill may utilize: (1) a density bonus, if necessary to achieve 158 units; (2) a concession or waiver to eliminate mixed-use requirements, if necessary; (3) parking reductions; and/or (4) waivers or reductions of development standards necessary for the development of the project, potentially including, without limitation: an increase in the height limit to 45 feet, a reduction of the required private open space and community recreation open space, a modification of set-to requirements, and/or a waiver of the requirement to provide a primary entrance for each building. SummerHill reserves the right to request additional concessions, waivers or reductions pursuant to Gov. Code section 65915.

9. **SUBDIVISION** – Will the project proponent seek any approvals under the Subdivision Map Act, including, but not limited to, a parcel map, a vesting or tentative map, a condominium map?

YES ☑ NO ☐

If "YES," please describe:

SummerHill will seek approval of a vesting tentative map and a final map and will record a condominium map.

10. **POLLUTANTS** – Are there any proposed point sources of air or water pollutants?

YES ☐ NO ☑

If "YES," please describe:

11. **EXISTING SITE CONDITIONS** – Provide the number of existing residential units on the project site that will be demolished and whether each existing unit is occupied or unoccupied. Provide attachment, if needed.

	Occupied Residential Units	Unoccupied Residential Units	Total Residential Units
Existing	2 Units	0	2 Units
To Be Demolished	0	0	0

12. **ADDITIONAL SITE CONDITIONS** –

a. Whether a portion of the property is located within any of the following:

i. A very high fire hazard severity zone, as determined by the Department of Forestry and Fire Protection, pursuant to Section 51178?

YES ☐ NO ☑

ii. Wetlands, as defined in the United States Fish and Wildlife Service Manual, Part 660 FW 2 (June 21, 1993)?

YES ☐ NO ☑

iii. A hazardous waste site that is listed pursuant to Section 65962.5, or a hazardous waste site designated by the Department of Toxic Substances Control pursuant to Section 25356 of the Health and Safety Code?

YES ☐ NO ☑

iv. A special flood hazard area subject to inundation by the 1 percent annual chance flood (100-year flood) as determined by any official maps published by the Federal Emergency Management Agency?

YES ☐ NO ☑

v. A delineated earthquake fault zone as determined by the State Geologist in any official maps published by the State Geologist, unless the development complies with applicable seismic protection building code standards adopted by the California Building Standards Commission under the California Building Standards Law (Part 2.5 (commencing with Section 18901) of Division 13 of the Health and Safety Code), and by any local building department under Chapter 12.2 (commencing with Section 8875) of Division 1 of Title 2?

YES ☐ NO ☑

vi. A stream or other resource that may be subject to a streambed alteration agreement pursuant to Chapter 6 (commencing with Section 1600) of Division 2 of the Fish and Game Code?

YES ☐ NO ☑

IF YOU CHECKED "YES" FOR ITEM (vi), ATTACH A SITE MAP SHOWING THE LOCATION OF ANY SUCH STREAM OR OTHER RESOURCE. REGARDLESS OF WHETHER YOU CHECKED "YES," PROVIDE AN AERIAL PHOTOGRAPH SHOWING EXISTING ENVIRONMENTAL SITE FEATURES SUBJECT TO REGULATIONS BY A PUBLIC AGENCY, INCLUDING CREEKS AND WETLANDS.

Check here to indicate you have read this statement and have attached the required materials ☑

If "YES" to any, please describe:

None known at this time.

b. Does the project site contain historic and/or cultural resources?

YES ☐ NO ☑

If "YES," please describe:

None known at this time. Some of the existing structures are more than 50 years old but none have been identified as historically or culturally significant.

c. Does the project site contain any species of special concern, such as special status flora or fauna, protected trees, or wildlife?

YES ☐ NO ☑

If "YES," please describe:

None known at this time.

d. Does the project site contain any recorded public easement, such as easements for storm drains, water lines, electricity, and other public rights-of-way?

YES ☐ NO ☑

If "YES," please describe:

The Project site does not contain any recorded public easements such as easements for storm drains, water lines, electricity and other public rights-of-way. However, the Project site contains public restrictions and private and/or utility easements for water, road and sewer purposes. See Attachments 2 & 5.

IF "YES," PROVIDE A SITE PLAN SHOWING THE LOCATION OF ANY SUCH EASEMENTS. Check here to indicate you have read this statement and, if applicable, have attached the required materials ☑

13. **PROJECT TEAM INFORMATION** – The applicant's contact information and, if the applicant does not own the property, consent from the property owner to submit the application.

APPLICANT:

Name John Hickey, Vice President of Development Company/Firm SummerHill Homes LLC

Address 777 S. California Ave. Unit/Space Number

City Palo Alto State CA Zip Code 94304

Telephone 650-842-2360 Email jhickey@shhomes.com

Are you in Escrow To Purchase The Property? YES ☐ NO ☑

PROPERTY OWNER: ☐ Same as applicant ☑ Different from applicant

Name Keet Nerhan

Company/Firm Los Gatos Lodge, LLC

Address 210 San Mateo Road Unit/Space Number 201

City Half Moon Bay State CA Zip Code 94019

Telephone 650-726-4457 Email

OPTIONAL: Agent/Representative

Name Company/Firm

Address Unit/Space Number

City State Zip Code

Telephone Email

OPTIONAL: Other

Name David J. Bugatto Company/Firm The Bugatto Group, Inc.

Address 300 University Avenue Unit/Space Number Suite 230

City Sacramento State CA Zip Code 95825

Telephone 916-648-7718 Email david@thebugattogroup.com

Primary Contact for Project: ☐ Owner ☑ Applicant ☐ Agent/Representative ☐ Other

PROPERTY OWNER AFFIDAVIT

Before the application can be accepted, the owner of each property involved must provide a signature to verify the Preliminary Application is being filed with their knowledge. Staff will confirm ownership based on the records of the County Assessor. In the case of partnerships, corporations, LLCs or trusts, the agent for service of process or an officer of the ownership entity so authorized may sign as stipulated below.

- **Ownership Disclosure.** If the property is owned by a partnership, corporation, LLC or trust, a disclosure identifying the agent for service or process or an officer of the ownership entity must be submitted. The disclosure must list the names and addresses of the principal owners (25 percent interest or greater). The signatory must appear in this list of names. A letter of authorization, as described below, may be submitted provided the signatory of the letter is included in the Ownership Disclosure. Include a copy of the current partnership agreement, corporate articles, or trust document as applicable.
- **Letter of Authorization (LOA).** A LOA from a property owner granting someone else permission to sign the Preliminary Application form may be provided if the property is owned by a partnership, corporation, LLC or trust, or in rare circumstances when an individual property owner is unable to sign the Preliminary Application form. To be considered for acceptance, the LOA must indicate the name of the person being authorized to file, their relationship to the owner or project, the site address, a general description of the type of application being filed and must also include the language in items 1-3 below. In the case of partnerships, corporations, LLCs or trusts, the LOA must be signed by the authorized signatory as shown on the Ownership Disclosure or in the case of private ownership by the property owner. Proof of Ownership for the signatory of the LOA must be submitted with said letter.
- **Grant Deed.** Provide Copy of the Grant Deed if the ownership of the property does not match local records. The Deed must correspond exactly with the ownership listed on the application.
- **Multiple Owners.** If the property is owned by more than one individual (e.g., John and Jane Doe, or Mary Smith and Mark Jones) signatures are required of all owners.

1. I hereby certify that I am the owner of record of the herein previously described property located in the Town of Los Gatos which is involved in this Preliminary Application, or have been empowered to sign as the owner on behalf of a partnership, corporation, LLC, or trust as evidenced by the documents attached hereto.
2. I hereby consent to the filing of this Preliminary Application on my property for processing by the Town of Los Gatos Community Development Department for the sole purpose of vesting the proposed housing project subject to the Planning and Zoning ordinances, policies, and standards adopted and in effect on the date that this Preliminary Application is deemed submitted.
3. Further, I understand that this Preliminary Application will be terminated and vesting will be forfeited if the housing development project is revised such that the number of residential units or square footage of construction increases or decreases by 20 percent or more, exclusive of any increase resulting from the receipt of a density bonus, incentive, concession, waiver, or similar provision, and/or an application requesting approval of an entitlement is not filed with Town of Los Gatos Community Development Department within 180 days of the date that the Preliminary Application is deemed complete.
4. By my signature below, I certify that the foregoing statements are true and correct.

Signature _____ Signature _____

Printed Name _____ Printed Name _____

Date _____ Date _____

SIGNATURES ON FOLLOWING PAGE

PROPERTY OWNER AFFIDAVIT

SIGNATURE PAGE

PROPERTY: Parcel One of Tract One, as more particularly described in Exhibit A to Attachment 2.

PROPERTY OWNER: KEET NERHAN

By: x _____

Name: Keet Nerhan

Date: x 6-27-23

PROPERTY: Parcels Two, Three and Four of Tract One, as more particularly described in Exhibit A to Attachment 2.

PROPERTY OWNER: LOS GATOS LODGE, LLC

By: x _____

Name: Keet Nerhan, its Managing Member

Date: x 6-27-23

PROPERTY: Tract Two, as more particularly described in Exhibit A to Attachment 2.

PROPERTY OWNER: KEET S. NERHAN

By: x _____

Name: Keet S. Nerhan

Date: x 6-27-23

Attachment 1 to SB 330 Preliminary Application

50 Los Gatos-Saratoga Road, Los Gatos

PROPERTY LOCATION: Parcel One of Tract One, as more particularly described in Exhibit A to Attachment 2.

PROPERTY OWNER: Keet Nerhan, a married man as his sole and separate property

Street Address: 210 San Mateo Road #201
City: Half Moon Bay State: CA Zip Code: 94019
Phone Number: (650) 726-4457

I hereby certify that I am the owner of record of the property described in "Property Location" above, and that I approve of the action requested in the Preliminary Application to which this Attachment 1 is attached.

x _____

Keet Nerhan

Date: x 6-27-23

PROPERTY LOCATION: Parcels Two, Three and Four of Tract One, as more particularly described in Exhibit A to Attachment 2.

PROPERTY OWNER: Los Gatos Lodge, LLC

Street Address: 210 San Mateo Road #201
City: Half Moon Bay State: CA Zip Code: 94019
Phone Number: (650) 726-4457

I hereby certify that I am the owner of record of the property described in "Property Location" above, and that I approve of the action requested in the Preliminary Application to which this Attachment 1 is attached.

LOS GATOS LODGE, LLC

By: x _____

Keet Nerhan, its Managing Member

Date: x 6-27-23

Attachment 1 to SB 330 Preliminary Application
50 Los Gatos-Saratoga Road, Los Gatos

PROPERTY LOCATION: Tract Two, as more particularly described in Exhibit A to Attachment 2.

PROPERTY OWNER: Keet S. Nerhan, a married man, as his sole and separate property

Street Address: 210 San Mateo Road #201
City: Half Moon Bay State: CA Zip Code: 94019
Phone Number: (650) 726-4457

I hereby certify that I am the owner of record of the property described in "Property Location" above, and that I approve of the action requested in the Preliminary Application to which this Attachment 1 is attached.

x _____
Keet S. Nerhan
Date: x 6-27-23

2 2023-06-21

Attachment 2 to SB 330 Preliminary Application

50 Los Gatos-Saratoga Road, Los Gatos

SUPPLEMENTAL RESPONSES

1. **Project Location** – The specific location of the Project, including parcel numbers, a legal description, and site address:

   Primary Address: 50 Los Gatos-Saratoga Road, Los Gatos, California

   Other Addresses:

   - 92 Los Gatos-Saratoga Road[1]
   - 96 Los Gatos-Saratoga Road[2]
   - 225 Bella Vista Avenue
   - 227 Bella Vista Avenue

   APNs:

   - 529-24-001
   - 529-24-003
   - 529-24-032

   Legal Description:

   - See Exhibit A (Legal Description of Project Site).

2. **Existing Uses** – The existing uses on the project site and identification of major physical alterations to the property on which the project is to be located:

   The Project site is currently occupied by Los Gatos Lodge, a hotel/motel. Onsite operations consist of temporary (less than 30 days) lodging of hotel guests, meeting and event rooms, recreational areas, dining areas, routine facility maintenance, accessory office uses and a duplex dwelling unit for hotel staff. In addition to the buildings and other structures, the Project site is improved with asphalt-paved parking/drive areas, concrete-paved patios and walkways, a swimming pool, and landscaped areas. With the exception of the duplex dwelling unit, all existing structures and improvements will be removed for the Project. See also Attachment 3 (ALTA/ACSM Land Title Survey).

3. **Site Plan** – A site plan showing the building location(s) on the property and approximate square footage of each building that is to be occupied:

   See Attachment 4 (Site Plan & Elevations).

[1] See https://tlggis.losgatosca.gov/. Address not used.
[2] See https://tlggis.losgatosca.gov/. Address not used.

Attachment 2 to SB 330 Preliminary Application
50 Los Gatos-Saratoga Road, Los Gatos

4. **Elevations** – Elevations of each building showing design, color, material, and the massing and height of each building that is to be occupied:

   See Attachment 4 (Site Plan & Elevations). SummerHill welcomes comments from the Town of Los Gatos regarding the proposed architectural style. SummerHill is open to the possibility of a more traditional architectural style if that would be preferred.

12.a.iv. Special Flood Hazard Area – Is the site in a special flood hazard area subject to inundation by the 1 percent annual chance flood (100-year flood) as determined by any official maps published by the Federal Emergency Management Agency?

No, the site is not in a Special Flood Hazard Area. However, as with a substantial portion of Los Gatos between Los Gatos Boulevard and N. Santa Cruz Avenue, the site is in an area of potential flooding due to dam failure.

12.a.v. Earthquake Fault Zone – Is the site in a delineated earthquake fault zone as determined by the State Geologist in any official maps published by the State Geologist?

No, the site is not in in a delineated earthquake fault zone as determined by the State Geologist in any official maps published by the State Geologist.

According to the Geology Chapter of the General Plan Background Report, fault traces belonging to numerous faults, including the Shannon and Monte Vista Faults, are located in the vicinity of Los Gatos. As a result, significant bands of both high and moderate fault rupture hazard cover most of the Town of Los Gatos. These zones are generally northwest/southeast running, in conformance with the direction of the surrounding San Andreas and Monte Vista Fault systems. Nearly the entire southern portion of the Town is an area of high fault rupture hazard. Smaller portions of central Los Gatos are of moderate rupture hazard, while a large zone of high rupture hazard intersects the northern portion of Town. The Public Record indicates only small portions of northern, central and southern Los Gatos lie outside of fault rupture areas.

The project will comply with applicable seismic protection building code standards adopted by the California Building Standards Commission under the California Building Standards Law and by the Town of Los Gatos under Chapter 12.2 of Division 1 of Title 2 of the Government Code.

12.a.vi. Aerial Photograph – Provide an aerial photograph showing existing environmental site features subject to regulation by a public agency, including creeks and wetlands.

See Attachment 5 (Record Boundary Exhibit & Aerial Photograph). The Project site does not contain any creeks, wetlands or other environmental site features subject to regulation by a public agency.

12.d. Recorded Public Easements – Does the project site contain any recorded public easements, such as easements for storm drains, water lines, electricity, and other public rights-of-way?

The Project site does not contain any recorded public easements such as easements for storm drains, water lines, electricity and other public rights-of-way. However, the Project site contains the following public restrictions and private easements for water, road and sewer purposes:

Attachment 2 to SB 330 Preliminary Application
50 Los Gatos-Saratoga Road, Los Gatos

1. An easement for water pipe lines and aqueducts and incidental purposes, recorded May 25, 1870 in Book 18 of Deeds, Page 88, between John Goldsworthy et al. and San Jose Water Company.
2. The fact that the ownership of said land does not include any right of ingress or egress to or from the highway contiguous thereto, said rights have been condemned by final decree of condemnation, a certified copy of which was recorded March 08, 1955 in Book 3108, Page 322, of Official Records.
3. A waiver of any claims for damages by reason of the location, construction, landscaping or maintenance of a contiguous freeway, highway, roadway or transit facility as contained in the document recorded March 17, 1955 as Book 3117, Page 135 of Official Records.
4. The terms and provisions contained in the document entitled "Agreement" for road and sewer purposes, recorded November 05, 1957 as Book 3930, Page 579 of Official Records, between Joseph Moucressey et al. and Milton K. Lepetich et al.
5. The fact that the land lies within the boundaries of the Central Los Gatos Redevelopment Project Area, as disclosed by the document recorded December 05, 1991 as Book L955, Page 1734 in Instrument No. 11155292 of Official Records.
6. The terms, provisions and easement(s) contained in the document entitled "Grant of Easement" recorded November 07, 2012 as Document No. 21942580 of Official Records, by and between Los Gatos Lodge LLC and San Jose Water Company.

For further detail, please see Attachment 5 (Record Boundary Exhibit and Aerial Photograph).

3 2023-06-21

SUMMERHILL HOMES℠

COMMUNITIES OF DISTINCTION

June 30, 2023

VIA ELECTRONIC MAIL

Joel Paulson
Community Development Director
Town of Los Gatos
110 E. Main Street
Los Gatos, CA 95030
jpaulson@losgatosca.gov

Re: SB 330 Preliminary Application
50 Los Gatos-Saratoga Road, Los Gatos
APN 529-24-001, -003 & -032

Dear Mr. Paulson:

Thank you for the collaboration the Town of Los Gatos has extended to us through your Department regarding our inquiries in connection with our proposed development project at 50 Los Gatos-Saratoga Road.

SummerHill Homes hereby submits a Preliminary Application for a proposed housing development project at 50 Los Gatos-Saratoga Road. This letter and the enclosed information constitute the submittal materials required to satisfy the application checklist for a Preliminary Application under Government Code section 65941.1(a). We have been told by the Planning Department that no permit processing fee is due for Preliminary Applications submitted on or before June 30, 2023.

SummerHill proposes to develop 158 new three-story for-sale townhouses on a portion of an approximately 8.81-acre tract of land (APN 529-24-001, -003 & -032), with associated amenities, landscaping, private streets, utilities and other infrastructure improvements. The living area of the townhouses will range from approximately 1,270 to 2,230 square feet, with a total living area of approximately 282,930 square feet. Each townhome will have assigned parking, either in an attached garage or in a shared parking area. The boundaries of the individual townhomes will be established through a condominium plan, and the community will be governed by a professionally managed homeowners association. SummerHill will work with the Town to modify or refine the proposed architectural style through the design review process.

SummerHill intends to designate 20 percent of the townhomes in the Project for lower income households. As a result, the Project is a housing development project protected by the provisions of the Housing Accountability Act (Gov. Code § 65589.5), including without limitation the provisions of Section 65589.5(d)(5). (The Project does not fall within the provisions of Section 65589.5(d)(1) through (4).) The Project is also entitled to the benefits of the State Density Bonus Law (Gov. Code § 65915 *et seq.*).

777 S. California Avenue, Palo Alto, CA 94304 **phone** 650.857.0122 **fax** 650.857.1077 SHHomes.com

The Project site is designated as Mixed Use in the Town's currently applicable 2020 General Plan and is zoned CH (Restricted Commercial Highway) with a PD (Planned Development) overlay. SummerHill anticipates that the Project may require City approval of a vesting tentative subdivision map, a conditional use permit, and architecture and site approval, with review generally limited to compliance with applicable objective development standards in effect as of the date of this Preliminary Application and applicable state and federal law. SummerHill also may use the benefits available under the State Density Bonus Law, as preliminarily outlined in the enclosed materials (subject to refinement as the Project application proceeds). SummerHill intends to submit a full application for all required entitlements within 180 days of this Preliminary Application.

SummerHill is excited to work with the Town to provide much needed housing for the community. We have met individually with members of the Town Council about the Project, and we appreciate the comments and observations that we've received. We would be happy to discuss the Project with you further. Please let us know if you have any questions.

Sincerely,

John Hickey
Vice President of Development

cc: Los Gatos Planning Department (planning@losgatosca.gov)
Kevin Ebrahimi, Senior Vice President of Development
Keet Nerhan, Los Gatos Lodge, LLC
David J. Bugatto, The Bugatto Group, Inc.

Attachments:

SB 330 Preliminary Application Checklist & Form
1. Property Owner Information and Consent
2. Supplemental Responses
3. ALTA/ACSM Land Title Survey
4. Site Plan & Elevations
5. Record Boundary Exhibit & Aerial Photograph

TOWN OF LOS GATOS
COMMUNITY DEVELOPMENT DEPARTMENT
PLANNING DIVISION
(408) 354-6872 Fax (408) 354-7593

CIVIC CENTER
110 E. MAIN STREET
LOS GATOS, CA 95030

July 6, 2023

John Hickey, Vice President of Development
SummerHill Homes LLC
777 California Avenue
Palo Alto, CA 94304-1179
Via email

RE: **50 Los Gatos-Saratoga Road**
Senate Bill 330 Preliminary Application PRE23-00824
Preliminary Application Under Senate Bill (SB) 330 for Construction of a Residential Development (158 Residential Units) on Property Zoned CH:PD. APNs 529-24-001, -003, and -032.
PROPERTY OWNER: Keet Nerhan. APPLICANT: John Hickey, SummerHill Homes LLC.

Thank you for submitting your SB 330 preliminary application for a proposed project at 50 Los Gatos-Saratoga Road. The preliminary application materials were received on June 30, 2023. The preliminary application has been determined to be compliant with the submittal requirements of California Government Code §65941.1 (a) and is deemed submitted as of July 6, 2023. Your submittal invokes Government Code Section 65589.5(d)(5). Please note that the Town adopted its Housing Element on January 30, 2023.

Pursuant to California Code §65941.1 (d)(1), a formal application for development must be submitted within 180 calendar days after submitting a preliminary application with all the required information. The formal application must be received no later than **January 2, 2024**. If a formal application is not received within 180 days, this preliminary application is considered expired.

The Town looks forward to receiving your formal application.

Best regards,

Jennifer Armer, AICP
Planning Manager
JArmer@losgatosca.gov
(408) 399-5706

cc: David Bugatto, The Bugatto Group, Inc., Owner Representative

EXHIBIT B

HOUSING CRISIS ACT of 2019 – SB 330

PRELIMINARY APPLICATION FORM

PURPOSE

This form serves as the preliminary application for housing development projects seeking vesting rights pursuant to SB 330, the Housing Crisis Act of 2019.

GENERAL INFORMATION

An applicant for a housing development project that includes (1) residential units (2) a mix of commercial and residential uses with two-thirds of the project's square footage used for residential purposes; or (3) transitional or supportive housing, shall be deemed to have submitted a preliminary application upon provision of all of the information listed in this Preliminary Application form and payment of the permit processing fee to the agency from which approval for the project is being sought.

After submitting this Preliminary Application to the local agency, an applicant has 180 days to submit a full application or the Preliminary Application will expire.

Submittal Date Stamp[*1,2]**:**

[*1]Submittal of all the information listed and payment of the permit processing fee freezes fees and development standards as of this date, unless exceptions per Government Code § 65889.5(o) are triggered.

[*2]Note: Record keeping pertaining to which standards and fees apply at date of submittal is imperative, as **penalties may apply for imposing incorrect standards**

Notes:

1. California Environmental Quality Act (CEQA) and Coastal Act standards apply.
2. After submittal of all of the information required, if the development proponent revises the project to change the number of residential units or square footage of construction changes by 20 percent or more, excluding any increase resulting from Density Bonus Law, the development proponent must resubmit the required information so that it reflects the revisions.

SITE INFORMATION

1. **PROJECT LOCATION** - The specific location, including parcel numbers, a legal description, and site address, if applicable.

Street Address 14859 Los Gatos Blvd., et al. Unit/Space Number _____

Legal Description (Lot, Block, Tract) Attached? YES ☑ NO ☐

See legal description on page 11 of the attached Preliminary Title Report

Assessor Parcel Number(s) 424-07-009/053/095/094/081/115/116

2. **EXISTING USES -** The existing uses on the project site and identification of major physical alterations to the property on which the project is to be located.

There are a total of 8 occupied rental residential units on site. There is also a two-story barn which will be re-purposed.

3. **SITE PLAN -** A site plan showing the building(s) location on the property and approximate square footage of each building that is to be occupied.

Attached? YES ☑ NO ☐

4. **ELEVATIONS -** Elevations showing design, color, material, and the massing and height of each building that is to be occupied.

Attached? YES ☑ NO ☐

5. **PROPOSED USES -** The proposed land uses by number of units and square feet of residential and nonresidential development using the categories in the applicable zoning ordinance.

PROGRAM AREA	FLOOR AREA (ZONING)	SQUARE FOOTAGE OF CONSTRUCTION	UNITS
Multi-Family Housing	290,166	441,360	350
Eden Affordable Housing	74,817	75,696	68
Townhome	232,363	315,112	119
Commercial/Retail	14,869	14,869	
Community/Civic	4,340	4,340	
Total Residential Use	597,346	834,168	437
Total Commercial Use	19,209	19,209	

*28% Affordable Housing in Eden Housing plus a portion of Multi-Family Housing

a. **RESIDENTIAL DWELLING UNIT COUNT:**

Please indicate the number of dwelling units proposed, including a breakdown of levels by affordability, set by each income category.

	Number of Units
Market Rate	348
Managers Unit(s) – Market Rate	1
Extremely Low Income	
Very Low Income	
Low Income	88 (portion may be VLI)
Moderate Income	
Total No. of Units	437
Total No. of Affordable Units	88
Total No. of Density Bonus Units	44

Other notes on units:

20 percent of the total units will be rented to lower income households as defined in Section 50079.5 of the Health and Saftey Code at a monthly cost that does not exceed 30 percent of 60 percent of area median income. Very Low Income affordability may be achieved on some units but number will be determined at later date.

6. **FLOOR AREA** - Provide the proposed floor area and square footage of residential and nonresidential development, by building (attach relevant information by building and totals here):

	Residential	Nonresidential	Total
Floor Area (Zoning)	597,346	19,208	616,554
Square Footage of Construction	836,168	19,208	855,376

7. **PARKING -** The proposed number of parking spaces:

492 plus 238 garage spaces within Townhomes for a total of 730 parking spaces.

8. **AFFORDABLE HOUSING INCENTIVES, WAIVERS, CONCESSIONS and PARKING REDUCTIONS** - Will the project proponent seek Density Bonus incentives, waivers, concessions, or parking reductions pursuant to California Government Code Section 65915?

YES ☑ NO ☐

If "YES," please describe:

Please see separate attachment

9. **SUBDIVISION –** Will the project proponent seek any approvals under the Subdivision Map Act, including, but not limited to, a parcel map, a vesting or tentative map, or a condominium map?

YES ☑ NO ☐

If "YES," please describe:

Project will seek a Vesting Tentative Map

10. **POLLUTANTS** – Are there any proposed point sources of air or water pollutants?

YES ☐ NO ☑

If "YES," please describe:

11. **EXISTING SITE CONDITIONS –** Provide the number of existing residential units on the project site that will be demolished and whether each existing unit is occupied or unoccupied. Provide attachment, if needed.

	Occupied Residential Units	Unoccupied Residential Units	Total Residential Units
Existing	8	0	8
To Be Demolished	8	0	8

12. **ADDITIONAL SITE CONDITIONS –**

a. Whether a portion of the property is located within any of the following:

i. A very high fire hazard severity zone, as determined by the Department of Forestry and Fire Protection, pursuant to Section 51178?

YES ☐ NO ☑

ii. Wetlands, as defined in the United States Fish and Wildlife Service Manual, Part 660 FW 2 (June 21, 1993)?

YES ☐ NO ☑

iii. A hazardous waste site that is listed pursuant to Section 65962.5, or a hazardous waste site designated by the Department of Toxic Substances Control pursuant to Section 25356 of the Health and Safety Code?

YES ☐ NO ☑

iv. A special flood hazard area subject to inundation by the 1 percent annual chance flood (100-year flood) as determined by any official maps published by the Federal Emergency Management Agency?

YES ☐ NO ☑

v. A delineated earthquake fault zone as determined by the State Geologist in any official maps published by the State Geologist, unless the development complies with applicable seismic protection building code standards adopted by the California Building Standards Commission under the California Building Standards Law (Part 2.5 (commencing with Section 18901) of Division 13 of the Health and Safety Code), and by any local building department under Chapter 12.2 (commencing with Section 8875) of Division 1 of Title 2?

YES ☐ NO ☑

vi. A stream or other resource that may be subject to a streambed alteration agreement pursuant to Chapter 6 (commencing with Section 1600) of Division 2 of the Fish and Game Code?

YES ☐ NO ☑

If "YES" to any, please describe:

b. Does the project site contain historic and/or cultural resources?

YES ☐ NO ☑

If "YES," please describe:

There are no Federal or State existing historical resources on site. Although not a formally designated resource, the project site contains a Barn that is of particular interest to the community. The Barn will be re-purposed consistent with the treatment called for in the North 40 Specific Plan.

c. Does the project site contain any species of special concern?

YES ☐ NO ☑

If "YES," please describe:

d. Does the project site contain any recorded public easement, such as easements for storm drains, water lines, and other public rights of way?

YES ☑ NO ☐

If "YES," please describe:

Please see attached Preliminary Title Report for description of easements.

e. Does the project site contain a stream or other resource that may be subject to a streambed alteration agreement pursuant to Chapter 6 (commencing with Section 1600) of Division 2 of the Fish and Game Code? Provide an aerial site photograph showing existing site conditions of environmental site features that would be subject to regulations by a public agency, including creeks and wetlands.

YES ☐ NO ☑

If "YES," please describe and depict in attached site map:

13. **COASTAL ZONE -** For housing development projects proposed to be located within the coastal zone, whether any portion of the property contains any of the following: Does not apply

a. Wetlands, as defined in subdivision (b) of Section 13577 of Title 14 of the California Code of Regulations.

YES ☐ NO ☐

b. Environmentally sensitive habitat areas, as defined in Section 30240 of the Public Resources Code.

YES ☐ NO ☐

c. A tsunami run-up zone. YES ☐ NO ☐

d. Use of the site for public access to or along the coast. YES ☐ NO ☐

14. **PROJECT TEAM INFORMATION -** The applicant's contact information and, if the applicant does not own the property, consent from the property owner to submit the application.

Applicant's Name Steve Buster

Company/Firm Grosvenor USA Limited

Address One California Street Unit/Space Number 3000

City San Francisco State CA Zip Code 94111

Telephone (415) 434-0175 Email steve.buster@grosvenor.com

Are you in escrow to purchase the property? YES ☐ NO ☑

Property Owner of Record ☐ Same as applicant ☑ Different from applicant

Name (if different from applicant) Yuki Farms, LLC

Address 15495 Los Gatos Blvd. Unit/Space Number 11

City Los Gatos State CA Zip Code 95032

Telephone _____ Email _____

Optional: Agent/Representative Name Don Capobres

Company/Firm Harmonie Park Development Group LLC

Address 221 Bachman Avenue Unit/Space Number _____

City Los Gatos State CA Zip Code 95030

Telephone 415-710-7640 Email don@harmoniepark.com

Optional: Other (Specify Architect, Engineer, CEQA Consultant, etc.) _____

Name _____

Company/Firm _____

Address _____ Unit/Space Number _____

City _____ State _____ Zip Code _____

Telephone _____ Email _____

Primary Contact for Project: ☐ Owner ☐ Applicant ☑ Agent/Representative ☐ Other

PROPERTY OWNER AFFIDAVIT

Before the application can be accepted, the owner of each property involved must provide a signature to verify the Preliminary Application is being filed with their knowledge. Staff will confirm ownership based on the records of the City Engineer or County Assessor. In the case of partnerships, corporations, LLCs or trusts, the agent for service of process or an officer of the ownership entity so authorized may sign as stipulated below.

- **Ownership Disclosure.** If the property is owned by a partnership, corporation, LLC or trust, a disclosure identifying the agent for service or process or an officer of the ownership entity must be submitted. The disclosure must list the names and addresses of the principal owners (25 percent interest or greater). The signatory must appear in this list of names. A letter of authorization, as described below, may be submitted provided the signatory of the letter is included in the Ownership Disclosure. Include a copy of the current partnership agreement, corporate articles, or trust document as applicable.
- **Letter of Authorization (LOA).** A LOA from a property owner granting someone else permission to sign the Preliminary Application form may be provided if the property is owned by a partnership, corporation, LLC or trust, or in rare circumstances when an individual property owner is unable to sign the Preliminary Application form. To be considered for acceptance, the LOA must indicate the name of the person being authorized to file, their relationship to the owner or project, the site address, a general description of the type of application being filed and must also include the language in items 1-3 below. In the case of partnerships, corporations, LLCs or trusts, the LOA must be signed by the authorized signatory as shown on the Ownership Disclosure or in the case of private ownership by the property owner. Proof of Ownership for the signatory of the LOA must be submitted with said letter.
- **Grant Deed.** Provide Copy of the Grant Deed if the ownership of the property does not match local records. The Deed must correspond exactly with the ownership listed on the application.
- **Multiple Owners.** If the property is owned by more than one individual (e.g., John and Jane Doe, or Mary Smith and Mark Jones) signatures are required of all owners.

1. I hereby certify that I am the owner of record of the herein previously described property located in Primary address as 14925 Los Gatos Blvd.Los Gatos, CA which is involved in this Preliminary Application, or have been empowered to sign as the owner on behalf of a partnership, corporation, LLC, or trust as evidenced by the documents attached hereto.
2. I hereby consent to the filing of this Preliminary Application on my property for processing by the Department of Los Gatos Community Development for the sole purpose of vesting the proposed housing project subject to the Planning and Zoning ordinances, policies, and standards adopted and in effect on the date that this Preliminary Application is deemed complete.
3. Further, I understand that this Preliminary Application will be terminated and vesting will be forfeited if the housing development project is revised such that the number of residential units or square footage of construction increases or decreases by 20 percent or more, exclusive of any increase resulting from the receipt of a density bonus, incentive, concession, waiver, or similar provision, and/or an application requesting approval of an entitlement is not filed with The Town of Los Gatos within 180 days of the date that the Preliminary Application is deemed complete.
4. By my signature below, I certify that the foregoing statements are true and correct.

Signature		Signature	
Printed Name	Edward Morimoto	Printed Name	
Date	April 10, 2023	Date	

Housing Crisis Act of 2019 (SB 330) Preliminary Application Form *(Revised April 9, 2020)* Page 8 of 8

North 40 Phase II – SB 330 Pre-Application

8. Affordable Housing Incentives, Waivers, Concessions and Parking Reductions – Will the project proponent seek Density Bonus incentives, waivers, concessions, or parking reductions pursuant to California Government Code Section 65915?

The Project proponent will seek bonus units, incentives or concessions, waivers, and parking reductions pursuant to the State Density Bonus Law (Gov. Code § 65915). The Project is designated for 461 units in the Town's adopted Housing Element, which equates to a density of approximately 30 dwelling units per acre (du/ac). The Project is consistent with the density specified in the Housing Element, as it proposes 437 units on the 15.3-acre project site for a gross density of 28.6 du/ac and a net density of 33.36 du/ac, assuming a 13.1 acres developable site after removing area for roadway widths. With the bonus units the Project is eligible for under the State Density Bonus Law, the Project is consistent the Town's density limit established in the Housing Element.

As explained elsewhere in this Preliminary Application, the Project will dedicate 88 of its 437 units, twenty percent of the total, as units that will be sold or rented to lower income households, as defined in Section 50079.5 of the Health and Safety Code at a monthly cost that does not exceed 30 percent of 60 percent of the area median income. By providing this level of affordability, the Project is entitled to the following benefits under State Density Bonus Law:

- A density bonus of 35% above the otherwise maximum allowable residential density (Gov. Code § 65915(f)(1);
- Two incentives or concessions (Gov. Code § 65915(d)(2)(B); for purposes of the State Density Bonus Law, the terms "incentives" and "concessions" are interchangeable, and this summary will use "concession" going forward);
- Waivers or reductions for "any development standard that will have the effect of physically precluding the construction of a development" that provides enough affordable housing to qualify for the State Bonus Law (Gov. Code § 65915(e)); and
- Minimum parking requirements, inclusive of guest parking and including paring provided in uncovered or tandem spaces, that do not exceed the following ratios:
    - Zero to one bedroom: one onsite parking space
    - Two to three bedrooms: one and one-half onsite parking spaces
    - Four and more bedrooms: two and one-half parking spaces (Gov. Code § 65915(p)).

As detailed below, the Project proponent will request to use the State Density Bonus Law's bonus units, concessions, waivers, and parking reduction benefits to allow the development of the Project as proposed. The discussion below is intended to identify anticipated State Density Bonus Law requests in connection with the Preliminary Application; further discussion and analysis will be provided in connection with the Project's formal development application. In addition, although the discussion below is complete for purposes of the anticipated State Density Bonus Law requests at this time, the Project proponent reserves the right to modify the request to include different or additional concessions and waivers if needed to address additional, applicable development standards.

4860-2020-1565 v1

1

Bonus Units

The Housing Element establishes a base density of approximately 30 du/ac. Applied to the 13.1 net acres of the Project site, this would result in 393 units. The 35% density bonus entitles the Project to up to 530 units. The Project proposes 437 units, well within the density permitted by the Housing Element and State Density Bonus Law.

Concessions

1. *Allow residential uses on the ground floor of buildings*. Section 2.5.10c of the North 40 Specific Plan prohibits residential uses on the ground floor of buildings in the Northern District, which covers the Project site. Because the Housing Element designates the Project site as a site that is suitable for very low, low-, or moderate-income households at a residential density of 30 du/ac, inconsistency with this zoning standard is not a basis to deny the Project under Government Code section 65589.5(d)(5)(A). Accordingly, we do not believe that this standard is applicable to the Project. However, to the extent it applies, the Project proponent requests a concession to allow residential uses on the ground floor of buildings. Although portions of the Project incorporate commercial elements, it is not financially feasible to develop commercial spaces in the ground floor of all the buildings on the Project site. Therefore, eliminating this development standard will result in cost savings to help provide the level of affordability proposed.

2. *Relief from Intersection Improvement Standards*. Section 4.6 of the North 40 Specific Plan calls for the first developer in the Northern District of the Specific Plan Area to improve the Los Gatos Boulevard/Samaritan Drive/Burton Road intersection by converting the existing eastbound lane on Burton Road to a through/left turn lane, adding one dedicated eastbound left turn lane and one eastbound right turn lane on Burton Road at Los Gatos Boulevard (including widening Burton Road for about 200 feet west from Los Gatos Boulevard), and making Burton Road a through road. Although the Project proponent would be the first developer in the Northern District of the Specific Plan Area, the improvements require expanding the right-of-way over property that the Project proponent does not own or control, and the Project proponent proposes to limit Burton Road to emergency vehicle access only. Accordingly, eliminating this development standard will result in cost savings by removing the need to acquire additional land for intersection improvements; moreover, by limiting Burton Road to EV access, there is no longer a need to implement the intersection improvements previously identified.

Waivers

1. *Increased Maximum Height*. Section 2.5.2 of the North 40 Specific Plan sets a maximum building height of 30 feet across the Project site. The Project requires a waiver to allow the Affordable Multifamily units to achieve a maximum height of 60 feet, the Townhome units to achieve a maximum height of 37 feet, and the Mixed-Income Multifamily units to achieve a maximum height of 94 feet. The Specific Plan's development standards do not accommodate the Project's proposed density of 28.6 du/ac, which is allowed pursuant to

the adopted Housing Element. Increased height is necessary for each proposed building typology to accommodate the proposed unit count and necessary parking facilities across the Project site.

2. *Modified Street Sections*. Section 4.13.3 of the North 40 Specific Plan defines a 40' road section for Section 6d of North A Street with two 12' drive lanes and two 8' parking lanes. The Project proposes wider sidewalks, bicycle lanes, and reduced lane widths; accommodating all of the proposed facilities in the street would require additional right of way that would reduce the amount of developable area for buildings, resulting in a lower unit count. Therefore, the Project proponent requests a waiver from the required street section dimensions.

3. *Deviations from Objective Design Standards*. The Town adopted "Objective Design Standards for Qualifying Multi-Family and Mixed-Use Residential Development" that applies to multi-family and residential mixed-use developments. The Standards provide that these standards are only to be used for review of qualifying projects where Town review, approval, and/or denial is limited to only objective design standards. For projects that will proceed through the standard review process, the objective design standards would not apply. The Project has been designed to comply with as many of the objective design standards as feasible while meeting the unit count called for in the Housing Element; however, to physically fit the Project as designed at the density allowed, the following standards must be waived:
    - A.2. Short-Term Bicycle Parking requirements cannot be accommodated for residential uses while maintaining adequate space for buildings and open space.
    - 3.4.e: dimensions of long-term bicycle spaces are proposed to be accommodated with stacked parking to save space for residential units.
    - A.11.1.b: The Affordable Multifamily building cannot accommodate balconies and cannot meet the private open space requirements while maintaining the unit count; the Mixed-Income Multifamily building can accommodate balconies on only 50% of the units
    - A.12.1: The Townhomes deviate from the continuous frontage requirement
    - B.1.2: Upper story stepbacks reduce the residential unit count
    - B.4.3: The Affordable Multifamily Building cannot reach 16 points through street-facing façade plan variation while maintaining its unit count
    - B.4.5: The Townhomes do not change materials at the inside corners
    - B.4.11: The Mixed-Income Multifamily Building's balconies extend into the airspace beyond the building footprint

Parking Reduction

Based on the bedroom count for the proposed residential units, Section (p)(1) of the State Density Bonus Law requires 592 parking spaces for the Project's 437 units. Section 2.5.8 of the North 40 Specific Plan requires 50 additional spaces for the Project's commercial uses, for a total of 642 spaces. The Project proposes 730 parking spaces, which satisfies the applicable parking requirements.

TOWN OF LOS GATOS
COMMUNITY DEVELOPMENT DEPARTMENT
PLANNING DIVISION
(408) 354-6872 Fax (408) 354-7593

CIVIC CENTER
110 E. MAIN STREET
LOS GATOS, CA 95030

April 18, 2023

Steve Buster
Grosvenor USA Limited
One California Street, Suite 3000
San Francisco, CA 95032
Via email

RE: **14859 Los Gatos Boulevard**
Senate Bill 330 Preliminary Application PRE23-00472

Preliminary Application Under Senate Bill (SB) 330 for Construction of a Mixed-Use Development (437 Residential Units) on Property Zoned North Forty Specific Plan.
APN 424-07-009, -053, -081, -094, -095, -115, and -116.
PROPERTY OWNER: Yuki Farms, LLC
APPLICANT: Steve Buster, Grosvenor USA Limited

Thank you for submitting your SB 330 preliminary application for a proposed project at 14859 Los Gatos Boulevard. The preliminary application materials were received on April 17, 2023. The preliminary application has been determined to be compliant with the submittal requirements of California Government Code §65941.1 (a) and is deemed submitted as of April 18, 2023.

Pursuant to California Code §65941.1 (d)(1), a formal application for development must be submitted within 180 calendar days after submitting a preliminary application with all the required information. The formal application must be received no later than **October 15, 2023**. If a formal application is not received within 180 days, this preliminary application is considered expired.

The Town looks forward to receiving your formal application.

Best regards,

Jennifer Armer, AICP
Planning Manager
JArmer@losgatosca.gov
(408) 399-5706

cc: Don Capobres, Harmonie Park Development Group LLC

N:\DEV\PLANNING PROJECT FILES\Los Gatos Boulevard\14859\PRE23-00472 (SB 330 Preliminary App)\Los Gatos Boulevard, 14859 - Deemed Submitted - 04-18-23.docx

Response to Comment #1

- **SB 330 Preliminary Applications**
    - The SB 330 preliminary applications have not been included in the Sites Inventory as they are preliminary and not formal applications and they have not been approved. 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" 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. The Town intends to comply with the "no net loss" provisions if a project approval results in a shortfall.

Public Comment Received on July 31, 2023, Regarding Story Pole Policy Modifications

On July 31, 2023, the Town received the following email and attachment from Eric S. Phillips, Partner with Burke, Williams and Sorensen, LLP, representing Grosvenor USA Limited, regarding the Town Council's consideration of the Town's Story Pole Policy Modification scheduled for the August 1, 2023, Town Council meeting. HCD was copied on the email and attachments. The attached email describes that Grosvenor USA Limited is the developer for the proposed North Forty Phase II residential development and has interest in the outcome of the Town's proposed story policy modifications and suggestions.

Written Draft Housing Element Comments

The written comment regarding the story pole policy modification and the response to the comment is presented on the following pages.

Comment Letter #1

From: Phillips, Eric S. [redacted]>
Sent: Monday, July 31, 2023 1:30 PM
To: Council <Council@losgatosca.gov>
Cc: [redacted]; Whitney Christopoulos [redacted]>; Don Capobres <[redacted]>; Louis Liss <[redacted]>; Jennifer Renk <[redacted]>; McDougall, Paul@HCD <paul.mcdougall@hcd.ca.gov>; jose.jauregui@hcd.ca.gov
Subject: 8/1/23 Agenda Item 15 - Story Pole Policy Modification

[EXTERNAL SENDER]
Dear Town Council Members,

Attached is public comment for your consideration regarding the Town's Story Pole Policy Modification scheduled to be heard as Item 15 at your August 1, 2023 Meeting.

Thank you,

Eric S. Phillips | Partner
Pronouns: he, him, his
[redacted] | San Francisco, CA 94111
[redacted]
ephillips@bwslaw.com | vCard | bwslaw.com
BURKE, WILLIAMS & SORENSEN, LLP

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burke
BURKE, WILLIAMS & SORENSEN, LLP
1 California Street · Suite 3050
San Francisco, California 94111-5432
voice 415.655.8100 · fax 415.655.8099
www.bwslaw.com

Direct No.: 415.655.8114
ephillips@bwslaw.com

July 31, 2023

Mayor Maria Ristow and
Los Gatos Town Council
Town of Los Gatos
110 E. Main Street
Los Gatos, CA 95030

Re: Agenda Item 15: Story Pole Policy Modifications

Dear Honorable Mayor and Council Members:

Our firm represents Grosvenor USA Limited ("Grosvenor") in connection with housing and land use matters for development of the North Forty Specific Plan Area in the Town of Los Gatos (the "Town"). Grosvenor has submitted a preliminary application to the Town to develop the North Forty Phase II site in manner consistent with the policies and assumptions applicable to the site as an opportunity site for housing development for lower income households included in the Town's 2023-2031 Housing Element. Because Grosvenor's housing development project will be affected by the Town's policy regarding height pole and netting requirements (collectively, the "Story Pole Policy"), we have been following the Town's process to update its Story Pole Policy with interest.

The current proposed Story Pole Policy modifications presented in your agenda packet for the August 1, 2023 Town Council Meeting represent an improvement over the Town's current requirements. However, without further revisions, the Story Pole Policy will continue to be an impediment on projects that seek to deliver much needed housing at all income levels, including projects with a significant percentage of affordable housing. In its May 30, 2023 letter to Community Development Director Joel Paulson regarding legal deficiencies with the Town's 2023-2031 Housing Element, the State Department of Housing and Community Development ("HCD") directed the Town to "commit to an actual outcome" regarding Story Pole Policy modifications that will reduce housing costs and "establish alternatives or modifications [to the Story Pole Policy] that promote approval certainty." HCD suggested removing the Story Pole Policy or allowing for its requirements to be satisfied though an alternative such as visual renderings.

burke
BURKE, WILLIAMS & SORENSEN, LLP

The proposed Story Pole Policy revisions fall short of HCD's direction and do not fully mitigate the Story Pole Policy's constraint on housing production in the Town. Requiring installation of height poles and netting on a site before any development can begin imposes a significant financial and political obstacle to housing development.

First, installing story poles is extremely expensive. Installing story poles for Phase 1 of the North 40 development cost hundreds of thousands of dollars and took weeks to install, only to be later uninstalled before development could begin. Modern tools such as 3D renderings could just as effectively illustrate the proposed building locations and heights for a fraction of the cost and time. Moreover, while members of the public must physically travel to the development site during a finite period to "see" the proposed development, 3D renderings could be made available online for members of the public to view from anywhere at any time. Renderings have the added advantage of giving the public information about building design and views from within the interior of a site that may otherwise be unavailable to the public when a project is proposed and would provide specific detail regarding the aesthetics of the proposed buildings rather than requiring viewer speculation.

Second, requiring story poles also creates unnecessary tension within the community and can create false expectations about the Town's ability to deny or modify design elements such as height or massing that are consistent with the Town's development standards. For example, during Phase 1 of the North 40 development, acres and acres of unsightly story poles stirred enough angst among community members to temporarily derail the approval process for a project that satisfied all of the Town's development criteria specified in its adopted Specific Plan. However, given that the Phase 1 development (and many other housing developments) are protected by state laws that prevent the Town from denying or reducing the density of housing development projects, including the Housing Accountability Act and the State Density Bonus Law, the story poles do nothing more than create unnecessary opposition to projects that are legally entitled to move forward, which in turn can create an impediment for projects to achieve the full density ostensibly allowed by the Town's development standards.

The Planning Commission recommended that the Story Pole Policy continue to require height poles and netting for proposed residential and non-residential buildings "[i]f proposed project includes a variance or exception to the physical characteristics of the primary structure." The language referencing an "exception to the physical characteristics of the primary structure" could be interpreted to apply to projects that are legally entitled to incentives, concessions, or waivers under the State Density Bonus Law. This would impose a requirement specifically on projects that include affordable

burke
BURKE, WILLIAMS & SORENSEN, LLP

housing, and it creates an economic and political barrier discouraging use of the State Density Bonus Law. The Story Pole Policy should be amended so that receipt of incentives, concessions, or waivers under the State Density Bonus Law does not trigger height pole and netting requirements.

The Planning Commission recommended that the Story Pole Policy include an exemption for projects that include a "high level of affordable housing" without specifying how much affordable housing would trigger the exemption. Staff has recommended that projects must double the Town's below market price program ("BMP") requirements in order to qualify for an exemption, which would mean that projects could be required to provide as much as 40 percent of their units as BMP units. This means that the Story Pole Policy would continue to apply to many projects that would be eligible for "by-right" approval under Government Code Section 65583.2(i) by virtue of providing 20 percent of their units as affordable to lower income households on opportunity sites included in the Housing Element. The Story Pole Policy should be amended to include an exception for all projects that include at least 20 percent of their units as affordable to lower income households.

The Planning Commission also recommended that flag rope be allowed in place of netting when buildings are over 35 feet tall and to reduce the number of poles required for multi-building developments to only include the tallest structure and those along the perimeters of the site. These are clear improvements over the current Story Pole Policy, but they remain more burdensome that other available alternatives. Projects with more than one building should be allowed to comply using 3-D renderings and project identification signs that comply with Sections II.G and III of the Story Pole Policy.

Amending the Story Pole Policy is an important step towards helping the Town achieve its housing production goals and comply with HCD's direction to adopt a legally adequate Housing Element that includes programs to eliminate development constraints. We encourage the Town Council to make further amendments to the Story Pole Policy as suggested above to fully comply with HCD's direction while still achieving the Town's goal of informing Town residents, staff, and decision-makers about a project's proposed massing.

burke
BURKE, WILLIAMS & SORENSEN, LLP

Thank you for considering our suggested revisions. The Grosvenor team looks forward to working with the Town to deliver much needed housing during the planning period.

Sincerely,

Eric S. Phillips

cc: Steve Buster, Senior Vice President, Grosvenor
Whitney Christopoulos, Senior Development Manager, Grosvenor
Don Capobres, Principal, Harmonie Park Development
Louis Liss, Associate Director of Real Estate Development, Eden Housing
Jennifer Renk, Esq., Partner, Sheppard Mullin
Paul McDougall, HCD Senior Program Manager
Jose Armando Juaregui, HCD Housing Policy Analyst

Response to Comment #1

- **Regarding Story Pole and Netting Policy Modifications**
    - The Housing Element includes a discussion on the Town's Story Pole and Netting Policy in the government constrains section of Appendix C. Story poles are a balance of both governmental constraints and a benefit to the community. Program AW's objective is to update the Story Pole and Netting Policy and create options for residential or mixed-use projects with affordable housing to reduce the associated costs of installing story poles. Modifications already approved by Town Council on August 1, 2023, include: use of flag rope instead of netting; reduce story pole requirements for multi-building projects to just represent perimeter of site and tallest buildings; and removal of story pole requirements for projects with 30 percent Below Market Rate housing or 20 percent Low Income or Very Low Income housing. Additional modifications to further reduce impacts of the story pole policy are scheduled for review by the Town Council on December 5, 2023.

Modifications to the 2023-2031 Adopted Housing Element in Response to Public Comments

The following modifications were made to the 2023-2031 Adopted Housing Element in response to public comments:

- Program AW was updated, as described above, to reflect Town Council's approved modifications to the Story Pole and Netting Policy.

Public Comments on the September 2023, Draft Revised 2023-2031 Housing Element

Pursuant to Government Code 65585(b)(1), the Town has posted the modifications to the Town's Housing Element website and provided notification to all individuals and organizations that previously requested notices, as well as all parties on the Town's notification list, including those who have previously commented on the Housing Element. The Draft Revised Housing Element was posted September 22, 2023, through September 29, 2023, seven days prior to the October 2, 2023, submittal of the Draft Revised Housing Element to HCD for review. During the public comment period the Town received eight written comments.

Comment Response for the September 2023, Draft Revised 2023-2031 Housing Element

This response to public comments for the September 2023 Draft Revised 2023-2031 Housing Element has been prepared to address comments received during the seven-day public review period.

Written Comments

The following written comment was received during the seven-day public review period:

1. Lee Qunitana, email dated September 29, 2023;
2. Phil Koen, email dated September 29, 2023 (4:08 p.m.);
3. Phil Koen, email dated September 29, 2023 (1:45 p.m.);
4. Anne Paulson, email dated September 29, 2023;
5. Phil Koen, email dated September 28, 2023;
6. Judy L, email dated September 27, 2023;
7. Steve Piasecki, email dated September 27, 2023; and
8. Jak Van Nada, email dated August 26, 2023.

Written Draft Housing Element Comments

The written comments provided on the September 2023 Draft Revised 2023-2031 Housing Element and the response to comments is presented on the following pages.

Comment Letter #1

From: Lee Quintana <[redacted]>
Sent: September 29, 2023
To: Housing Element <HEUpdate@losgatosca.gov>
Subject: Comments on revised Housing Element Draft.

While I am submitting comments on the Draft that expand on the comments I made at the September 8th HEAB Meeting because they are submitted after HAEBs recommendation to The Planning Commission, but before the deadline for comments on the Draft in a sense they are meaning less.

COMMENTS: On HCD Draft Revised 2023-2031 Housing Element and Appedicies

Public Comments: (Appendix I)

Make one master list for all comments and indicate the page at which they can be viewed.

Create a separate Appendix for 330 applications

Should address more than response to comments to Drafts - ie comments from pervious hearings of the HEAB

Table of Contents:

Add a list of Tables and Figures

If a table is more than one page long repeat the titlel and the heading at the top oa all pages

Modify order of appendices: Group related Appendix A, B and G together

Section 10 of the General Plan - Housing Element

Above Introduction of 10:

The sentence that was deleted or language close to it appears elsewhere in Housing Element and its Appendices. *Recommend:* Delete all similar language throughout the Housing Elements and its Appendices

10.1.5 Housing Element Public Participation:

Summarize the information in this section and move the details to Appendix F. Delete existing Appendix F and replace it with a new one. Any information not currently in the detailed information moved from the Housing Element should be added back in.

Note: While this is an impressive list; it does not accurately reflect the number of different individuals who participated in the process.

HE 10.2.2: Los Gatos Overview

Replace with the 12 Preliminary Finding of Appendix A, Section A.45

10.1.4 Overview of Planning and Legislative Efforts

E:ffectiveness of Previous Element:

The topic deserves more than one short paragraph buried under 10.1.e Overview of Planning and Legislative Efforts

Recommend: Create a separate section that expands and the di include a more detailed discussion of the effectiveness of the 5th Cycle Housing Element.. Include a Table with data through the end of the 5th cycle. (be consistent with Cycle 5

numbers throughout the Housing Element and its appendices.) and Include answers to the following questions:

- How many sites listed in the 5th cycle site inventory were developed?
- How many of the inventory sites were carried over to the 6th cycle?
- How many BMP units were built?
- Were any BMP in-lieu funds collected? Were any in-liew funds utilized?
- How many units were developed under the Town's Density Bonus?
- How many units were developed under the State Density?
- How many "At Risk" Units were preserved? *
- How many units were rehabilitated?.*
- How were Special Housing Needs addressed?*
- What programs were completed during the cycle?
- What programs were being carried forward to the 6th cycle?
- What programs are not being carried forward and why not

There is also a short discussion in Appendix E

Table 10.3 RHNA Credits and Site Strategies

This Table is difficult to understand.

Recommend revising or split into several tables

I think The Site Inventory (table of), the HEOZ standards that apply to the site inventory are critical to the understanding of the Housing Element as a whole.

Recommend : Adding this information to the Housing Element, Element 10 of the General Plan

Appendix A

Page A-159:

A-169 to end Especially Summary "The Town's RHNA .....to the greatest extent possible given the overall character of Los Gato

Appendix C

Table C-1 Does not show a density for R-D. Is this an oversight or intentional? Explain why. *Consider* combining Table C-1 and C-5

Appendix C (C-1) : HR, R-1 have multiple "associated"zoning districts; and R-M falls into two different General Plan Designations: Medium Density and High Density: confusing

Table C-1: deft out density for R-D: Density is not defined by number of units per lot - rather # units per minimum lot size: More useful is orientation changed and combined with Table C-2

D-2: Clarify if units in the overlap period are also counted to 5th cycle

Where more than 2 parcels in a site suggest indicating the parcel number on the figure

Figure 10-5 problematic: Elsewhere in document (iw appendices) are more specific information about vouchers. It indicates 107 vouchers in los gatos - which equals the number of units in the HUD assisted Villa Vasona. Yet figue 10-5 in HE (and in AFFH) indicates 0-5% in the eastern side of Los Gatos
Separate out 330 applications into a separate Appendix
Comment Letters and REsponses - make a master list of names for all responses and refer to location of letter and staff response

Appendix D

D-2: Clarify whether units that overlap in the 5th and 6th Cycle period are credited to both cycles.
Figures in Appendix D : Where more than 2 parcels in a site suggest indicating the parcel number on the figure

Appendix E

- Table E- may be useful for HUD's evaluation but not necessarily for the publics understanding.
- Include a more robust discussion of the effectiveness of the 5th cycle that provides answers to the following questions:
    - How many sites listed in the 5th cycle site inventory were developed?
    - How many of the inventory sites were carried over to the 6th cycle?
    - How many BMP units were built?
    - Were any BMP in-lieu funds collected? Were any in-liew funds utilized?
    - How many units were developed under the Town's Density Bonus?
    - How many units were developed under the State Density?
    - How many "At Risk" Units were preserved? *
    - How many units were rehabilitated?.*
    - How were Special Housing Needs addressed?*
    - What programs were completed during the cycle?
    - What programs were being carried forward to the 6th cycle?
    - What programs are not being carried forward and why not

Include the above information in Chapter 10 Housing Element

Other Comments/questions

What town ordinances need to be updated to be consistent with State Housing Law and what changes need to be made to make them consistent. SB-9

Table 10-4 Quantified Objectives is completely revised but there is little to no explanation of why the changes were made. There is a table D-7 of new projects credited to the 6th (not in HE) cycle Nor is there a table of the RHNA sites! Which has a considerable number of changes on it. But no explanation of how or why changes were made

3.Given that the Housing Element at the bottom of page 10-1 states that a HE is considered to be out of compliance with State Housing Law if one of the following two applies: still puzzled by Towns stance

- It has not been revised and updated by the statutory deadline; or
- Its contents do not substantially comply with the statutory requirements.

Response to Comment #1

- **Formatting**
  - Acknowledges public comment on suggested document format changes.
- **Edits and Clarifications**
  - The density for RD has been added to Table C-1. Appendix C. The density is 5-12 dwelling units per acre (2020 General Plan Land Use Category - Medium Density Residential).
  - The number of units that were entitled, permitted, under construction, and finaled from June 30, 2022, to January 31, 2023, as listed in Table 10-3, Table D-2, and Table D-7 of the Draft Revised Housing Element (November 2023) were modified to remove units that were reported to the California Department of Finance.
  - Programs AD, AP, and AQ, describe the required Zoning Code amends to comply with State law.

Comment Letter #2

From: Phil Koen <[redacted]>
Sent: Friday, September 29, 2023 4:08:55 PM
To: Joel Paulson <jpaulson@losgatosca.gov>; Laurel Prevetti <LPrevetti@losgatosca.gov>; Gabrielle Whelan <GWhelan@losgatosca.gov>
Subject: Public Comment on the draft Housing Element

Mr. Paulson,

You might find this FAQ produced by the City of Del Mar helpful. I would draw your attention to questions 16 and 17.

Thank you,

Phil Koen

Sent from my iPhone

CITY OF DEL MAR
HOUSING ELEMENT UPDATE

Frequently Asked Questions (FAQ)

Revised 10/2/2020

1. What is the Housing Element?
2. What is the Regional Housing Needs Assessment (RHNA)?
3. Why is the City updating its Housing Element?
4. Does an updated Housing Element require a Community Plan amendment?
5. Where can I find more information about the Housing Element process?
6. Is there an Environmental Impact Report (EIR) being prepared?
7. Where can I find the data from the online Community Housing Survey?
8. What is the 6th Cycle Housing Element Update Ad-Hoc Citizens Task Force?
9. Are all of the "High Priority" recommendations from the Citizens' Task Force Housing Production and Preservation Subcommittee Report analyzed in the Final Program EIR?
10. Are all of the "Medium Priority" recommendations from the Task Force Housing Production and Preservation Subcommittee Report analyzed in the Final Program EIR?
11. Why are some of the "Extremely Low" options from the Task Force Housing Production and Preservation Subcommittee report included in the Final Program EIR?
12. Why isn't there a greater focus on Accessory Dwelling Units (ADUs) in the Final Program EIR?
13. The City has had success in applications for ADUs. Does the Pilot Program and the ADU program count toward the RHNA numbers in the 5th Cycle? Have these been permitted yet to count? Would the new ADUs count towards the 6th Cycle?
14. In the City's current 5th Cycle Housing Element, was the City's goal for the eight-year planning period (2013-2021) to allow an accommodation for 55 affordable housing units?
15. During the current 5th Cycle Housing Element, what is the exact number of affordable units that were "produced" over the eight-year planning period (2013-2021) that will count towards this goal? Where are they located?
16. What date does the 5th Cycle actually end?
17. If the units that were to be produced in the 5th Cycle are actually produced at the start of the 6th Cycle, will these units count towards the City's 163 unit requirement plus carryover units required in the 6th Cycle?
18. How many affordable units will carryover from the 5th Cycle into the 6th Cycle?
19. Would units built as of June 30, 2020 count toward 5th Cycle fulfillment?
20. Would all units built after June 30, 2020 count toward 6th Cycle fulfillment?
21. How many RHNA affordable units were to come from the proposed "Watermark" project, which is related to Program 2-G in the 5th Cycle Housing Element? City staff

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has stated 19 in one of the Citizens' Task Force meetings when discussing the estimated 41 to 46 carryover included in the Draft PEIR. Is this correct? If not, what is the correct number? What exactly is the estimated 41 to 46 unit carryover made up of?

22. I was told that the developer of the proposed "Watermark" development disclosed that the City of Del Mar's representative actually approached the developer for development. I did not realize the City's scope was to source development. Is this standard practice?

23. What happened to the proposed "Watermark" project? The developer was supposed to come back with a plan and it has been a couple of years and nothing has happened. If and when this project happens, will the number of units built count in the housing cycle when units are built? In other words, if the date completed is after the 5th Cycle is over, which seems likely, will these units count to either lower the carryover for the 6th Cycle or count towards the 6th Cycle number which is 163 plus carryover?

24. If Program 2-G is one of the programs the City is expecting to complete, what will be the completion date?

25. The proposed "Watermark" project requires a rezone of two contiguous parcels. How many votes are required by the City Council to approve a rezone – three or four? What happens if the rezone does not pass?

26. With regard to Programs 2-E (North Commercial) and 2-F (Professional Commercial) from the 5th Cycle Housing Element, what happens if the City does not complete these two programs, specifically the ramifications?

27. When these amendments were questioned in one of the Citizens' Task Force meetings, it was explained that the previous City Council in 2012 had approved the Housing Element and, therefore, the Community Plan was changed. However, given that these amendments require an EIR in order to be approved by the current City Council, how could a City Council, based on the process City staff has shared with the prior Citizens' Task Force, make such a decision without knowing the EIR impact to the proposal and then expected it will be completed if in fact the EIR does not support the recommendation?

28. When is the next Housing and Community Development (HCD) meeting? Do the two City Council Housing Liaison's (Gaasterland/Worden) attend these meetings with staff as they do for the Fairgrounds and with other agencies? My thought is that when a case is made on pending issues or negotiations, our elected officials may carry more weight with HCD.

29. I note after reading an article recently published that in the State of California, only 26 jurisdictions completed their Housing Elements and were certified. Most all did not and it was stated HCD is working with them. So, if we are not certified because we did not complete, say, all programs for the 5th Cycle, what are those ramifications for our City, and are there any for our City's Planning staff performance and careers?

30. What are the proposed changes to development standards in the North Commercial (NC), Professional Commercial (PC), and Central Commercial (CC) zones for the 6th Cycle Housing Element?

31. What is the current Floor Area Ratio (FAR), lot coverage limit, and height limit in the North Commercial (NC) Zone?

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32. What is the current FAR, lot coverage limit, and height limit in the PC Zone?
33. What are the current FAR, lot coverage, and height limit in the downtown CC zone?
34. If the "Watermark" property is developed under the 2-E/2-F/2-G up-zone, and if they submit a plan for 46 units and thus meet the "by right" conditions, they could ask for and get from the State an increase in FAR and/or coverage and/or density and/or height and/or what else? Formulas in the State code will kick in to specify the "by right" details. Would the development not go through the Design Review Board (DRB), Planning Commission, or Council?
35. Regardless of a "Watermark" development being "by-right" or subject to the City's discretionary process, would it still be subject to the Coastal Commission's review?
36. The 5th Cycle Housing Element depended on Programs 2-E and 2-F to create capacity to fulfill the City's RHNA allocation. If Programs 2-E and 2-F are not accomplished, there may be consequences including losing certification of the 5th Cycle Housing Element, which in turn opens up possible enforcement by the State. Is that correct?
37. Separately from "Watermark", Del Mar will be penalized for some of all of the 19 (of 22) assigned 5th Cycle affordable housing units that were not built. 22 were assigned. Three received discretionary permits and are underway, leaving 19 unbuilt.
38. The draft 6th Cycle Housing Element Update refers to a NC zone amendment at 20 du/ac. Program 2-G in the current 5th Cycle Housing Element calls for 20-25 du/ac "by right" on the "Watermark" parcels which is also part of the NC zone. How are these two reconciled?
39. Does the State have to abide by the City's zoning regulations on the State-owned Fairgrounds property?
40. If residential becomes an allowed primary use in a commercial zone, does this mean short-term rentals (STRs) could also be allowed and operated?
41. Why does the draft 6th Cycle Housing Element plan for 113 affordable units when the City's RHNA allocation was 101 affordable units?
42. Is the penalty for the private Watermark property not being developed during the 5th Cycle 9 affordable units?
43. Is it correct that the City's 6th Cycle RHNA requirement for moderate and above moderate units can be achieved without rezoning? How many of these units can be achieved by ADUs?
44. How many moderate and above moderate units could be achieved in the 6th Cycle with the preservation of existing duplexes and possible creation of new duplexes in the R1-5B zone?
45. Where and why is it required that the City would have to up-zone for 50% (not 100%) of the City's 6th Cycle RHNA requirement of 101 affordable units?
46. Is it true that at most 20% of an up-zoned parcel can be affordable units? Is that a cap imposed by the State or by the City of Del Mar?
47. Is there a way for an up-zoned parcel in Del Mar to be given a cap of 30% affordable units or even more (e.g., 40% or 50% has been done elsewhere - Los Gatos has 50% and Corte Madera has 30%)?

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48. Is there a new density bonus law that was recently signed by the Governor and, if so, does it allow density bonus increases up to 50%?
49. Assuming zoning that allows residential at 20 du/ac under the new AB2345 law (50% density bonus), what would the new maximum number of units be on sites zoned at 20 dwelling unit per acre for the following areas considered in the 6th Cycle Housing Element Update: NC Zone, PC Zone, the North Bluff, and the South Stratford properties?
50. A letter was submitted to the Planning Commission for their September 19, 2020 meeting from the owners of the South Stratford properties. Does this correspondence impact how HCD would view the potential for that property?
51. How long does an affordable unit need to be deed restricted as affordable?
52. Of the potential candidate sites considered, specifically vacant sites, why were the vacant sites on San Dieguito Road not included in the proposed 6th Cycle Housing Element Update?
53. Was sufficient noticing provided to the public for the housing related items on the October 5, 2020 City Council meeting (6th Cycle Housing Element Update and NC Amendments)?
54. Can an amendment to the Community Plan be brought to a public hearing without fully noticing the community? Is an ad in the Del Mar Times sufficient to let people know?
55. Did the ad that the City placed in the Del Mar Times appear last week (September 24), or this week (October 1), or both?
56. Could consideration of the two items on October 5, 2020 be delayed to the next hearing to allow for additional mailed noticing?

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1. What is the Housing Element?

The Housing Element is a State-mandated policy document within the Del Mar Community Plan (General Plan) that provides direction for the implementation of various programs to meet existing and projected future housing needs for all income levels within the Del Mar community. The Housing Element provides policies, programs, and actions that accommodate growth, produce opportunity for the development of new housing units, preserve existing housing stock, and assist the existing population.

The City's stated housing goal is to: *"Inspire a more diverse, sustainable, and balanced community through implementation of strategies and programs that will result in economically and socially diversified housing choices that preserve and enhance the special character of Del Mar."*

2. What is the Regional Housing Needs Assessment (RHNA)?

The Regional Housing Needs Assessment (RHNA) is mandated by State law to quantify the need for housing throughout the State and each city in the San Diego region. This will inform Del Mar's local planning process to address existing and future housing need resulting from the San Diego region's projected growth in population, employment, and households.

The San Diego Association of Governments (SANDAG) is responsible for overseeing the RHNA process for the San Diego region. SANDAG is currently overseeing the 6th Cycle RHNA, which covers the 2021-2029 planning period.

For the 2021-2029 planning period, the City of Del Mar was allocated 163 units at various income levels that the City must create adequate sites and accommodate capacity for. The Housing Element must identify the City's ability to accommodate the assigned RHNA through available sites and appropriate zoning. The 6th Cycle RHNA for Del Mar is as follows:

6th Cycle RHNA Allocation by Income Category

Income Category	Income Range*		RHNA Allocation
	Min	Max	Housing Units
Very Low (31% to 50%)	$26,753	$43,150	**37 units**
Low (51% to 80%)	$43,151	$69,040	**64 units**
Moderate (81% to 120%)	$69,041	$103,560	**31 units**
Above Moderate (120% or more)	$103,560	> $103,560	**31 units**
		TOTAL	**163 units**

* Income range is based on the 2019 San Diego County Area Median Income of $86,300

3. Why is the City updating its Housing Element?

The City is required by State Housing law to update its Housing Element every eight years. The Housing Element is part of the City's Community Plan (General Plan). The current certified 5th Cycle Housing Element is for the 2013-2021 planning period. The City is in the process of preparing its 6th Cycle Housing Element for the 2021-2029 planning period.

4. Does an updated Housing Element require a Community Plan amendment?

The Housing Element is a part of the City's General Plan (Community Plan). When the City updates its Housing Element every eight years to meet State law, a Community Plan amendment

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is required. Per State law, a Community Plan amendment requires that the Planning Commission hold a hearing to provide a recommendation to the City Council. The City's local Ordinance that adopted the Community Plan stipulated that amendments to the Community Plan shall require approval by a supermajority of the Council (4/5 vote for approval). That approval requirement is more restrictive than what is required by the State, which by comparison only requires a simple majority (3/5 vote for approval). If the City's more restrictive local approval process for Community Plan amendments ends up being a governmental constraint to fair housing in violation of State mandates, then the State can impose enforcement penalties per Govt Code section 65585.

5. Where can I find more information about the Housing Element process?

The City has a dedicated webpage for the 6th Cycle Housing Element Update that can be viewed at the following link: www.delmar.ca./HousingElement

6. Is there an Environmental Impact Report (EIR) being prepared?

Pursuant to the California Environmental Quality Act (CEQA), the City of Del Mar is considered the "lead agency" for the proposed 6th Cycle Housing Element Update and, therefore, is subject to environmental review under CEQA. CEQA Guidelines §15063 provides that if a lead agency determines that an EIR will clearly be required for a project, an Initial Study is not required. Pursuant to CEQA, the Housing Element Update is considered a "project" because it is a program characterized by a series of actions. The City has already determined that an EIR will need to be prepared based on the Project's potential to create short-term, long-term, and cumulative impacts associated with other development. Therefore, a draft and final "Program-level" EIR (PEIR) was prepared and can be viewed at the following link: www.delmar.ca.us/HousingElement. The draft PEIR was circulated for public review and comment for 60 days (July 2, 2020 through August 31, 2020). The Final PEIR will be considered by the City Council at their meeting on October 5, 2020. A copy of the agenda and related information for that meeting is available here: www.delmar.ca.us/AgendaCenter

7. Where can I find the data from the online Community Housing Survey?

One of the tools used during development of the Housing Element Update was an online Community Survey that took place from March 16 to April 20, 2020. The Survey was designed to gather feedback and preferences for a variety of topics related to housing production, candidate housing sites, impediments to housing production, and community assistance programs. The data from the Survey is available in excel format via the links below (click underlined titles to access Excel sheets) or at www.delmar.ca.us/HousingElement (scroll to bottom and click on tab "Reports & More"):

Priority Program Data (Excel) In this section of the survey, participants were asked to click through three individual slides and provide various program areas with a 1 to 5-star rating (1 being least appealing, 5 being most appealing). Each slide consisted of five potential programs targeted at a specific goal. The slides covered the topic areas of preservation of existing housing stock, production of housing stock, and community assistance programs. See: www.delmar.ca.us/DocumentCenter/View/6768/1---Priority-Programs

Potential Housing Location Data (Excel) In this section of the survey, eight different areas of the City were listed where future housing could be located. Participants were asked to select at least three areas where they would like to see housing be

developed. Of the three selected, participants were also asked to rank them in order: #1 being most desirable location, #2 being the second most desirable, and #3 being the third most desirable. See: www.delmar.ca.us/DocumentCenter/View/6769/2---Potential-Housing-Locations

Removing Constraints Data (Excel) In this section of the survey, eight different incentives were listed with the goal of addressing potential constraints to developing housing. Participants were given a total of 45 stars or "chips", and asked to distribute the chips amongst the potential incentives that interested them the most. See: www.delmar.ca.us/DocumentCenter/View/6770/3---Removing-Constraints

Wrap-up Slide Comments and Inputs (Excel) See: www.delmar.ca.us/DocumentCenter/View/6771/Wrap-Up-Slide-Comments-and-Inputs

8. What is the 6th Cycle Housing Element Update Ad-Hoc Citizens Task Force?

A Citizens' Task Force was appointed by the City Council on January 13, 2020. The mission of the 6th Cycle Housing Element Ad-Hoc Citizens' Task Force (Task Force) was to:

- Aid the City in preparation of the associated environmental document for the 6th Cycle Housing Element Update in compliance with CEQA;
- Provide a public forum to help inform and encourage Housing Element participation amongst fellow Del Mar citizens; and
- Discuss and provide feedback on potential goals, policies, programs, and objectives to be included within the 6th Cycle Housing Element.

As part of their overall work effort, the Task Force divided themselves into three separate subcommittees: Communications; Community Assistance; and Housing Production and Preservation. Each subcommittee produced a report that can be viewed at: www.delmar.ca.us/HousingElement (scroll to bottom and click on tab "Reports & More").

The Task Force held nine meetings that were open to the public generally every other week for approximately four months; and held a Community Workshop on Saturday, February 29, 2020. The Citizens' Task Force completed its scope in May 2020 and presented a final summary of its work to the City Council at their June 15, 2020 meeting. The Citizens' Task Force is no longer an active committee. You can view past meetings of the Task Force and their meeting minutes here: www.delmar.ca.us/AgendaCenter

9. Are all of the "High Priority" recommendations from the Citizens' Task Force Housing Production and Preservation Subcommittee Report analyzed in the Final PEIR?

Yes, all nine High Priority recommendations (ten including Accessory Dwelling Units or ADUs) are sufficiently analyzed in the Program EIR (PEIR) at the program-level. The nine priorities consist of five City properties; three Fairgrounds properties; and the Central Commercial (CC) zone, all of which are listed below:

1. Zuni Water Tank / 12th Street and Luneta Drive Vacant Lot – see Public Facilities/City owned land Focus Area
    a. The Zuni water tank site is sufficiently covered under both the North Commercial (NC)/Professional Commercial (PC) Final PEIR certified by the City Council on September 8, 2020 as well as the Final PEIR at a program-level prepared for the 6th Cycle Housing Element Update

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   b. However, the 12th Street and Luneta Vacant Parcel that was added by the Subcommittee in the final iteration of their report under #1 is listed as a "Park" in the Recreation Element of the City's Community Plan. This parcel was purchased/accepted by the City with a deed restriction reserving it as passive use open space; therefore, it cannot be relied upon for future housing
2. City Owned 28th Street Property – see Public Facilities/City owned land Focus Area
   a. The 28th Street site is sufficiently covered under both the NC/PC Final PEIR as well as the Final PEIR prepared for the 6th Cycle Housing Element Update
   b. Site is located in the Floodplain Overlay Zone
3. City Hall Expansion Site – see Public Facilities/City owned land Focus Area
   a. The City Hall expansion site is sufficiently covered under both the NC/PC PEIR as well as the Final PEIR at a program-level prepared for the 6th Cycle Housing Element Update
4. Surf and Turf R.V. Park – see Fairgrounds Focus Area
   a. The Site is located within the City of San Diego and FEMA floodplain and is sufficiently analyzed in the Final PEIR at a program-level for residential use
   b. Fairgrounds makes up 78% of total candidate site acreage (266 out of 304 acres)
   c. Concept for the City to provide all housing at fairgrounds is addressed in the Final PEIR Alternatives
5. Residential in CC zone – see Downtown Village Focus Area
   a. CC Zone is sufficiently covered in the Final PEIR at a program-level for residential development up to 20 dwelling units per acre (DU/AC) (one acre is equivalent to 43,560 square feet)
   b. The Downtown Village Focus area also includes the Del Mar Hotel Specific Plan (HSP) and Del Mar Plaza Specific Plan (PSP)
   c. The draft Housing Element Update set for City Council's review on October 5, 2020 includes a program to explore potential for future partnerships/agreements to locate small affordable units on sites with existing hotels, retail, and multiple-dwelling units
6. Pine Needles Water Tank – see Public Facilities/City owned land Focus Area
   a. The site is sufficiently covered under both the NC/PC Final PEIR as well as the Final PEIR at a program-level prepared for the 6th Cycle Housing Element Update
   b. Is located in the Wildland Urban Interface (WUI) area
7. 10th Street / Highland Water Tank – see Public Facilities/City owned land Focus Area
   a. The site is sufficiently covered under both the NC/PC Final PEIR as well as the Final PEIR at a program-level prepared for the 6th Cycle Housing Element Update
8. Convert Del Mar Fairgrounds track housing to affordable units – see Fairgrounds Focus Area
   a. The Site is sufficiently analyzed in the Final PEIR at a program-level for residential use
   b. Fairgrounds makes up 78% of the City's total candidate site acreage (266 out of 304 acres)
   a. Concept for the City to provide all housing obligations at Fairgrounds is considered in the Alternatives Section of the Final PEIR
9. Convert an existing Fairgrounds livestock / horse barn to housing – see Fairgrounds Focus Area
   a. The Site is sufficiently analyzed in the Final PEIR at a program-level for residential use

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b. Fairgrounds makes up 78% of th3 City's total candidate site acreage (266 out of 304 acres)
a. Concept for the City to provide all housing obligations at Fairgrounds is considered in the Alternatives Section of the Final PEIR

10. Accessory Dwelling Units (ADUs) in General – ADUs are a required component of the Housing Element per State Housing law
    a. ADUs are currently required to be allowed via a ministerial process (exempt from CEQA and City discretionary review, such as Design Review) in all zones where residential is allowed
    b. ADUs are not more detailed in the Final PEIR because they are currently allowed by-right under City ordinance and are considered a "Baseline" condition for the housing analysis per CEQA
    c. Housing Element Update includes multiple ADU-related programs relating to an amnesty program and to extend/enhance the existing Pilot Incentive Program to produce deed restricted affordable ADUs

The referenced Subcommittee report is available here:
www.delmar.ca.us/DocumentCenter/View/6921/Housing-Production-and-Preservation-Subcommittee-Report

10. Are all of the "Medium Priority" recommendations from the Task Force Housing Production and Preservation Subcommittee Report analyzed in the Final PEIR?

Yes, all of the Medium Priority recommendations from the Subcommittee are sufficiently analyzed in the Final PEIR at a program-level. The Medium Priorities from the Report are listed below:

1. The northeast corner of Shores Park that includes the Del Mar Community Connections (DMCC) and Del Mar Foundation (DMF) offices on 9th Street
2. Jimmy Durante / Via de la Valle Right-of-Way – This option could not happen without the incorporation of State-owned Fairgrounds property which is sufficiently analyzed in the Final PEIR at a program-level
3. Site that includes the water tower on Crest Road

11. Why are some of the "Extremely Low" options from the Task Force Housing Production and Preservation Subcommittee report included in the Final PEIR?

The larger "park" portion of Shores Park and the City Hall's northeast corner on 11th Street were excluded from the PEIR analysis. However, to meet the requirements of State Housing law, the City must show capacity for a minimum of 50% of the City's lower income RHNA (101 units) on vacant land over 0.5 acres and under 10 acres in size. The sites which meet this criteria are the North Bluff and South Stratford Focus Areas described in the Final PEIR. The only way for the City to exclude these sites as a potential rezone program at 20 dwelling units per acre (du/ac) per State Housing law is if there is a clear path for production of all required affordable units that is identified with agreements already secured. To date, the City does not have these types of agreements in place. The City can gain Housing Element certification if it includes this required rezone program, but does not necessarily need to follow through with implementation of the program if the City is able to successfully produce agreements for affordable units on alternative sites such as the Fairgrounds.

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12. Why isn't there a greater focus on Accessory Dwelling Units (ADUs) in the Final Program EIR?

ADUs are not addressed in more detail in the Final PEIR because they are considered a Baseline condition (i.e., already incorporated in the City's codes at the time the Notice of Preparation of the Draft EIR was published in February 2020). That said it is important to remember that the Final PEIR (i.e., environmental analysis pursuant to CEQA) and the Housing Element Update (i.e., Community Plan policy document for 6th Cycle planning period) are two different documents. ADUs are a required component of the Housing Element Update and will be a key strategy to accommodate a portion of the City's RHNA. Future actions relating to an amnesty program and extension/enhancement of the Pilot Incentive Program were identified in the Final PEIR together with other potential action programs. The absence of other creative ADU-related program ideas put forth by the Task Force Housing Production and Preservation Subcommittee within the Final PEIR did not mean that they would not be considered or included in the Housing Element Update. It just meant that they did not need further environmental analysis or classification as capacity-related action programs.

13. The City has had success in applications for ADUs. Does the Pilot Program and the ADU program count toward the RHNA numbers in the 5th Cycle? Have these been permitted yet to count? Would the new ADUs count towards the 6th Cycle?

This statement incorrectly assumes that the City has had success with Accessory Dwelling Units (ADUs) overall. The low production of ADUs over a 20+ year period since the applicable second unit and ADU laws have been in effect is not considered to be a success by the State. The City has only produced two ADUs to date. One ADU was produced in 2018 and the other was an existing unpermitted unit that was legalized as a Junior ADU (JrADU) in 2020. The City does not have confirmation from either property owner as to how either of these ADUs are being used, or if they are even being used as housing units.

Any ADUs or JrADUs produced (i.e., been issued building permits) since June 30, 2020 will be reported to HCD for credit towards the 6th Cycle progress reports. The most critical point that HCD cares about is whether or not the units will be deed restricted affordable (i.e., to be counted towards the City's obligation for the 6th Cycle allocation of 101 assigned lower income RHNA units + 12 estimated carryover affordable units). To date, the City has only one permit approval for a deed restricted affordable ADU; and that one affordable ADU unit has not yet been constructed. This unit is credited toward the City's 5th Cycle RHNA and is the only affordable unit (of 22 required) credited to that cycle. The City can try to obtain data via a survey of property owners with ADUs; however the State made it clear that the City cannot require a response to those surveys from the property owners or residents, and there is no guarantee that ADUs or JrADUs without a recorded deed restriction can be counted as affordable units towards the City's RHNA obligation.

14. In the City's current 5th Cycle Housing Element, was the City's goal for the eight-year planning period (2013-2021) to allow an accommodation for 55 affordable housing units?

No, the City's goal and obligation per State Housing law was to create adequate sites to accommodate production of 22 affordable units, which included the 12 lower income units (7 Very Low and 5 Low) assigned to the City through the 5th Cycle Regional Housing Needs Assessment

(RHNA) process and an additional 10 Low income penalty units that were assessed because the City failed to comply with its 4th Cycle housing obligations.

15. During the current 5th Cycle Housing Element, what is the exact number of affordable units that were "produced" over the eight-year planning period (2013-2021) that will count towards this goal? Where are they located?

The City did not meet its obligations for creation of adequate sites or production of RHNA affordable units in its 5th Cycle (production period ended on June 29, 2020). Of the 22 affordable units required, the City produced 0 of 7 Very Low income units and 1 of 15 Low income units. During the 5th Cycle production period, a building permit was approved for the one affordable ADU (that will be deed restricted for rent to a low-income household for 30 years.) The approved low income unit is approved for construction and will be located in the North Hills community plan district. HCD will confirm how approval of the one affordable ADU will be counted towards the City's overall housing obligation, which includes the assigned 6th Cycle RHNA plus carryover obligations and penalties anticipated for the deficit associated with the 5th Cycle.

16. What date does the 5th Cycle actually end?

The production period for the 5th Cycle ended on June 29, 2020, meaning that any unit which obtains building permits from June 30, 2020 forward would be credited toward the City's 6th Cycle housing cycle.

17. If the units that were to be produced in the 5th Cycle are actually produced at the start of the 6th Cycle, will these units count towards the City's 163 unit requirement plus carryover units required in the 6th Cycle?

Units are considered "produced" when building permits are issued. Production toward the 6th Cycle started on June 30, 2020.

18. How many affordable units will carryover from the 5th Cycle into the 6th Cycle?

As noted in prior responses, City staff has been diligently trying to obtain confirmation from HCD staff as to the exact number of carryover units for the 6th Cycle. It is City staff's understanding that 12 carryover affordable units from the City's 5th Cycle RHNA will be required by HCD. As such, the Housing Element Update to be considered by the City Council on October 5, 2020 is referencing a requirement of 113 affordable units (i.e., 101 affordable units from 6th Cycle RHNA + 12 carryover affordable units).

19. Would units built as of June 30, 2020 count toward 5th Cycle fulfillment?

Units produced (i.e., issued building permits) starting June 30, 2020 through April 15, 2021 count towards the 6th Cycle, so units produced June 29, 2020 and earlier count toward the 5th Cycle.

20. Would all units built after June 30, 2020 count toward 6th Cycle fulfillment?

Yes, at the time building permits are issued.

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21. How many RHNA affordable units were to come from the proposed "Watermark" project, which is related to Program 2-G in the 5th Cycle Housing Element? City staff has stated 19 in one of the Citizens' Task Force meetings when discussing the estimated 41 to 46 carryover included in the Draft PEIR. Is this correct? If not, what is the correct number? What exactly is the estimated 41 to 46 unit carryover made up of?

The confusion has to do with the number of required "adequate sites" for affordable units versus the deficit of adequate sites and total units produced that would be required by HCD as a carryover into the 6th Cycle. City staff has been diligently trying to confirm the number of total units required for the carryover of 5th Cycle Housing Program 2-G into the 6th Cycle Housing Element; however, Program 2-G is a program mandated by the State in the City's 5th Cycle Housing Element to account for 10 affordable units from the City's 4th Cycle Housing Element that did not get accommodated. Though related, these 10 affordable units are separate from the City's 5th Cycle RHNA of 12 affordable units. For the sake of the draft environmental analysis in the 6th Cycle Draft PEIR, City staff assumed an estimated carryover of adequate sites for 46 total units, which is based on the calculation of 2.3 acres and 20 du/ac (totals 46 units, which includes affordable units) due to the City's failure to rezone the two vacant lots owned by Watermark LP for 5th Cycle Housing Element pursuant to Program 2-G. The total affordable units required from the 5th Cycle was 22 units. It is City staff's understanding that 12 carryover affordable units will be required by HCD for its 5th Cycle RHNA, but that the City is still obligated to implement Program 2-G to account for its 4th Cycle carryover. As such, the Housing Element Update to be considered by the City Council on October 5, 2020 is referencing a requirement of 113 affordable units (i.e., 101 affordable units from 6th Cycle RHNA + 12 5th Cycle carryover affordable units).

22. I was told that the developer of the proposed "Watermark" development disclosed that the City of Del Mar's representative actually approached the developer for development. I did not realize the City's scope was to source development. Is this standard practice?

This question relates to the 5th Cycle Housing Element Update process that occurred prior to the later proposed "Watermark" project that had been submitted via a Specific Plan. It also occurred at a time when the City's current housing team was not involved. City staff is not sure of the alleged events, but can confirm that the City had failed to meet its obligations for the 4th Cycle Housing Element and was in need of solutions for its 5th Cycle to minimize risk and avoid additional penalties beyond the 10 low income penalty units that were assessed at the time. Also, it is important to note that Program 2-G and the "Watermark" project are not the same project or required action even though they involve the same two parcels. Program 2-G requires a rezone action to create capacity for adequate sites on two parcels for "by-right" (or "ministerial" meaning no discretionary processing such as Design Review) residential development with an affordable housing component; whereas the "Watermark" project that was submitted later was for approval of a Specific Plan and the development of dwelling units through a discretionary approval process.

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23. What happened to the proposed "Watermark" project? The developer was supposed to come back with a plan and it has been a couple of years and nothing has happened. If and when this project happens, will the number of units built count in the housing cycle when units are built? In other words, if the date completed is after the 5th Cycle is over, which seems likely, will these units count to either lower the carryover for the 6th Cycle or count towards the 6th Cycle number which is 163 plus carryover?

The Watermark Del Mar Specific Plan is a private development application intended to implement the rezone required by 5th Cycle Housing Element Program 2-G. This has been an active development application for several years; however, staff is not certain of the applicant's intentions for continuing to process the application. City staff understands that the project applicant has been working with Coastal Commission staff to address their comments submitted on that project's earlier Draft EIR that was initially circulated since the project would require an amendment to the City's certified Local Coastal Program (LCP). If 5th Cycle Housing Element Program 2-G is not completed, it will trigger the "no net loss" provision per State Housing law. This has associated penalties that will be assessed to the City if not completed. See Govt Code Sec. 65585.

24. If Program 2-G is one of the programs the City is expecting to complete, what will be the completion date?

The proposed "Watermark" project is a private development application to implement a required Housing Element rezone program (Program 2-G) that was necessary to meet the City's obligation for adequate sites with the 5th Cycle Housing Element and to meet the assigned RHNA obligation for affordable housing. The City is still obligated to implement Program 2-G to account for its 4th Cycle carryover. If not completed, that result would have associated penalties for the City. See Govt Code Sec. 65585.

25. The proposed "Watermark" project requires a rezone of two contiguous parcels. How many votes are required by the City Council to approve a rezone – three or four? What happens if the rezone does not pass?

Rezone actions that amend the City's Zoning Ordinance (Title 30 of the Del Mar Municipal Code) and certified LCP require a simple majority vote (3 of 5) of the City Council to pass, which is consistent with State law. The proposed "Watermark" project involves two contiguous parcels. As explained above, a decision to not implement Program 2-G would result in associated penalties for the City. See Govt Code Sec. 65585. Note that a super-majority vote (4 of 5) is only required for amendments to the City's Community Plan (General Plan), not amendments to the Zoning Ordinance or LCP.

26. With regard to Programs 2-E (North Commercial) and 2-F (Professional Commercial) from the 5th Cycle Housing Element, what happens if the City does not complete these two programs, specifically the ramifications?

The agenda report for the September 8, 2020 City Council meeting summarizes the ramifications for not completing these programs (view the report at www.delmar.ca.us/AgendaCenter). On September 8, 2020, the City Council approved amendments to the Community Plan, Zoning Code, and LCP for Program 2-F (Professional Commercial), but did not approve the amendments

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required for Program 2-E (North Commercial) that would have amended the NC land use designation and zone to allow residential as a primary use up to a maximum density of 20 du/ac. This action resulted in the City not implementing a required program of its current Housing Element, thereby limiting the number of zones that would sufficiently allow for multiple dwelling unit housing in the purview of the State. Without capacity for housing in the NC zone, the City is unable to demonstrate to the State how it will accommodate enough adequate sites to meet its 5th Cycle (and continuing into its 6th Cycle) affordable housing obligation. Further, this means the City is in violation of State Housing law until action is taken to implement the required housing program or replace it with an equivalent program that is acceptable to HCD.

27. **When these amendments were questioned in one of the Citizens' Task Force meetings, it was explained that the previous City Council in 2012 had approved the Housing Element and, therefore, the Community Plan was changed. However, given that these amendments require an EIR in order to be approved by the current City Council, how could a City Council, based on the process City staff has shared with the prior Citizens' Task Force, make such a decision without knowing the EIR impact to the proposal and then expected it will be completed if in fact the EIR does not support the recommendation?**

It is correct that the 5th Cycle actions amended the City's Community Plan when the 5th Cycle Housing Element was adopted because the Housing Element is a required component of the City's Community Plan. However, formal implementation of Programs 2-E and 2-F did not occur as part of the earlier City Council's adoption of the 5th Cycle Housing Element – that was a later step to follow once the Housing Element had been certified by HCD. This is similar to the process the City is currently in with its 6th Cycle. The City Council will consider various programs and strategies at the "program-level" with timeframes for formal implementation during the next eight-year planning period (2021-2029). As those actions are then proposed for implementation during the next eight-year planning period, as was the recent case now with Programs 2-E and 2-F for our current eight year planning period (2013-2021), evaluation under CEQA is required based on the most recent information known at that time. The outcome of what level of environmental review is required is not always known at the time a Housing Element is first adopted by a local agency. As such, several years following HCD certification of the City's 5th Cycle Housing Element, an EIR was determined to be the appropriate level of environmental review necessary for consideration of Program 2-E and 2-F implementation for reasons described in that NC/PC Final EIR. Note that the City's current housing team was not part of the 5th Cycle process.

28. **When is the next HCD meeting? Do the two City Council Housing Liaison's (Gaasterland/Worden) attend these meetings with staff as they do for the Fairgrounds and with other agencies? My thought is that when a case is made on pending issues or negotiations, our elected officials may carry more weight with HCD.**

City staff has the opportunity to request a half-hour, staff-level meeting with HCD staff each month following the joint SANDAG-HCD monthly trainings related to the Housing Element Update process. These are not meetings with elected officials of any of the participating state or local agencies. These meetings do not involve negotiations. They are staff coordination meetings to help reach understanding on what the various State mandates mean in the context of the local jurisdiction. Meanwhile, the City Council Housing Liaisons are appropriately investigating options

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with elected officials of the State and other local agencies on a separate, but parallel track, to try and meet the housing objectives of the City.

29. I note after reading an article recently published that in the State of California, only 26 jurisdictions completed their Housing Elements and were certified. Most all did not and it was stated HCD is working with them. So, if we are not certified because we did not complete, say, all programs for the 5th Cycle, what are those ramifications for our City, and are there any for our City's Planning staff performance and careers?

The agenda report for the September 8, 2020 City Council meeting summarizes the ramifications for not completing these programs (view the report at www.delmar.ca.us/AgendaCenter). Compliance with Housing Element law is a stated priority of the State to address the State's declaration of a statewide housing crisis. This is best exhibited by the package of Housing-related laws that went into effect January 2020 and again on September 29, 2020. As such, the 6th Cycle process is already shaping out to be more involved and complex than earlier cycles – not to mention that HCD has been further empowered with enforcement capabilities. HCD staff has explained that the ramifications and State enforcement authority is set forth in Govt Code section 65585. To date, City staff has observed that the State initiates enforcement actions on jurisdictions when local actions are taken in conflict with State law. For further research, the State recently made examples of Huntington Beach and the City of Encinitas. As previously mentioned, HCD staff has indicated to City staff that the State is aware that the City did not fulfill its obligations for the 4th Cycle or 5th Cycle Housing Elements.

As part of the Planning Department's current directive from City Council, City staff was tasked with obtaining certification of the 6th Cycle Housing Element Update to meet the State mandate. City staff understands that by the City not approving Program 2-G (a "rezone program" that obligated the City, within 12 months of City Council adoption of the 5th Cycle Housing Element, to rezone the two adjacent/vacant Watermark parcels in the NC zone to allow "by right" residential development of the properties at a density of 20-25 du/ac) or Program 2-E (a program to allow residential as a primary use in the NC zone at a density of 20 du/ac), the City now risks decertification of its Housing Element and/or other penalties that could reduce local control (e.g., fines, requirements for more "by-right" development that could conflict with the existing Community Plan, four-year Housing Element cycles in lieu of eight-year cycles)

30. What are the proposed changes to development standards in the North Commercial (NC), Professional Commercial (PC), and Central Commercial (CC) zones for the 6th Cycle Housing Element?

None as proposed and recommended by City staff and the Planning Commission (September 15, 2020 hearing). There are no proposed changes to development standards (e.g., setbacks, height, lot coverage, etc.) other than the required density of 20 du/ac to meet the State mandate. Consistent with the Community Plan, the ongoing application of the City's development standards would continue to preserve the special residential character and small-town atmosphere of Del Mar. The intent of proposed programs is to maintain local control over all future housing development, including application of the City's Design Review process, to the maximum extent feasible and allowed by State Housing law.

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31. What is the current Floor Area Ratio (FAR), lot coverage limit, and height limit in the North Commercial (NC) Zone?

1. Setbacks: None, except that no development shall be located closer than 25 feet from a floodway zone, and that a minimum ten-foot wide landscaped setback shall be required on any NC zoned property along any common boundary or residentially zoned property
2. Height: 26 feet
3. Floor area ratio: 30 percent
4. Maximum lot coverage: 40 percent
Code reference:
https://library.municode.com/ca/del_mar/codes/municipal_code?nodeId=TIT30ZO_CH30.24NOCOZONC_30.24.070DEST

32. What is the current FAR, lot coverage limit, and height limit in the Professional Commercial (PC) Zone?

1. Setbacks: None, except that a minimum ten-foot wide landscape setback shall be required on PC zoned property along any common boundary of residentially zoned property
2. Height: 26 feet, except all structures fronting on the west side of Camino del Mar shall not exceed fourteen feet in height above the curb level adjacent to the site on Camino del Mar
3. Floor area ratio: 60 percent
4. Maximum lot coverage: 75 percent
Code reference:
https://library.municode.com/ca/del_mar/codes/municipal_code?nodeId=TIT30ZO_CH30.25PRCOZOPC_30.25.070DEST

33. What are the current FAR, lot coverage, and height limit in the downtown Central Commercial (CC) zone?

1. Setbacks: Every lot having a common boundary with property zoned R1, RM, R2 shall have a minimum ten-foot wide landscaped setback from such common boundary
2.Height: No structure shall exceed a height of 26 feet. Except, structures fronting the west side of Camino del Mar shall not exceed a height of 14 feet measured from the elevation of the curb level adjacent to the structure on Camino del Mar
3. Floor Area: No development shall exceed a floor area-to-lot area ratio of 45 percent or 2,000 square feet, whichever is greater
4. Lot Coverage: No development shall exceed a lot coverage of more than 60 percent or 2,500 square feet, whichever is greater
Code reference:
https://library.municode.com/ca/del_mar/codes/municipal_code?nodeId=TIT30ZO_CH30.22CECOZO_30.22.080BUDEST

34. If the "Watermark" property is developed under the 2-E/2-F/2-G up-zone, and if they submit a plan for 46 units and thus meet the "by right" conditions, they could ask for and get from the State an increase in FAR and/or coverage and/or density and/or height and/or what else? Formulas in the State code will kick in to specify the "by right" details. Would the development not go through the DRB, Planning Commission, or Council?

The ramifications for the City not completing Program 2-G will be formally determined by HCD. On September 30, 2020, HCD sent an enforcement letter to the City with written findings outlining

the City's failure to implement Program 2-G as well as Program 2-E. This enforcement letter is included as an attachment to the October 5, 2020 City Council report. . At this point, the City is still obligated to complete Program 2-G or else it risks associated penalties by the State. See Govt Code Sec. 65585. As discussed in earlier questions, the City Council approved Program 2-F (PC) on September 8, 2020, but did not approve Program 2-E (NC) to allow residential as a primary use at a density of 20 du/ac in the NC zone, which is the zone that applies to the Watermark parcels. Programs 2-E and 2-F do not change the City's permit process. Assuming Program 2-F is certified by the Coastal Commission (next step after local approval), any future development projects would still be subject to the City's discretionary process including Design Review. Any development that is considered "by-right" in Del Mar, including Accessory Dwelling Units (ADUs), is exempt from the City's discretionary processes as it is classified as "ministerial" development. Discretionary review includes Design Review. By-right or ministerial development is still subject to the City's Zoning requirements (i.e., development standards), except as modified by Density Bonus, and also subject to the City's Building and Fire Codes.

That being said, if a permit application meets the eligibility requirements for a State law density bonus, the City is required to apply the State's density bonus provisions in DMMC Chapter 30.90. As noted in DMMC Section 30.90.110, *"It is the purpose of this Chapter to increase the production of housing for a wide range of residential needs in the community, including housing for very-low, low- and moderate-income households and for seniors. It is also the purpose of this Chapter to accommodate a wide range of housing consistent with the goals, objectives, and policies expressed by the City in the Del Mar Community Plan, including its Housing Element component. Finally, it is also the purpose of this Chapter is to establish procedures for implementing State density bonus requirements, as set forth in California Government Code §§ 65915—65918, as amended."* DMMC Section 30.90.050 provides the concessions/incentives available for applicants to request when processing a density bonus application.

35. Regardless of a "Watermark" development being "by-right" or subject to the City's discretionary process, would it still be subject to the Coastal Commission's review?

Given that 5th Cycle Housing Program 2-E was not approved by the City Council on September 8, 2020, the City will be subject to enforcement penalties for non-compliance with the 5th Cycle Housing Element; and per HCD, the City would still be obligated to implement Program 2-G that requires by-right approval of residential development (20-25 du/ac) for projects with an affordable housing component. If the State ends up imposing this by-right requirement on the City, confirmation from the California Coastal Commission (CCC) and HCD will be needed to understand what if anything needs to be processed and submitted to CCC (relating to housing development projects and/or Housing Element Program 2-G). If the private applicant for the Watermark Specific Plan application continues processing, an approved Specific Plan by the City would require an amendment to the City's Local Coastal Program and certification approval from CCC. Staff understands that a density bonus application, if submitted, would also require CCC review and approval.

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36. The 5th Cycle Housing Element depended on Programs 2-E and 2-F to create capacity to fulfill the City's RHNA allocation. If Programs 2-E and 2-F are not accomplished, there may be consequences including losing certification of the 5th Cycle Housing Element, which in turn opens up possible enforcement by the State. Is that correct?

The 5th Cycle Housing Element was adopted by City Council on May 20, 2013 and covers the planning period 2013-2021. As HCD staff has explained to City staff to-date, implementation of Program 2-E (NC) and Program 2-G (two "Watermark" parcels) are still outstanding 5th Cycle commitments that the State expects the City to complete. On September 30, 2020, HCD sent an enforcement letter to the City with this respect. City staff understands that the City's failure to not implement Program 2-G and the City Council's decision on September 8, 2020 to not implement Program 2-E (NC) has rendered the City out of compliance with its 5th Cycle Housing Element and the City now risks decertification of its Housing Element and/or other penalties that could reduce local control (e.g., fines, requirements for more "by-right" development that could conflict with the existing Community Plan, four-year Housing Element cycles in lieu of eight-year cycles).

37. Separately from "Watermark", Del Mar will be penalized for some of all of the 19 (of 22) assigned 5th Cycle affordable housing units that were not built. 22 were assigned. Three received discretionary permits and are underway, leaving 19 unbuilt.

The City did not meet its RHNA affordable units in its 5th Cycle (production period ended on June 29, 2020). Of the 22 affordable units required, the City produced 0 of 7 Very Low income units and 1 of 15 Low income units, for a total of 1 of 22 completed. The three units in question (resulting in 19) is assumed to be credited from the one deed restricted ADU on Luzon Avenue and two units from the 941 CDM project recently approved by the City. However, only the ADU has received building permits so only one is reported in the 5th Cycle, not three.

The City is responsible for meeting the obligations in its Housing Element. The private development application in process for the "Watermark" sites would have helped the City had it been timely implemented, but it will not be completed before the City takes action on the 6th Cycle Housing Element Update. The City did not meet its RHNA units in the 4th Cycle or the 5th Cycle, which will have implications for the 6th Cycle.

38. The draft 6th Cycle Housing Element Update refers to a North Commercial (NC) zone amendment at 20 du/ac. Program 2-G in the current 5th Cycle Housing Element calls for 20-25 du/ac "by right" on the "Watermark" parcels which is also part of the NC zone. How are these two reconciled?

On October 5, 2020, the City Council will be considering an amendment to 20 du/ac to the NC zone to satisfy 5th Cycle Program 2-E. Watermark is located in the NC zone and would be subject to any changes applicable to the NC zone. The City did not implement the required rezone on the Watermark properties per 5th Cycle Program 2-G. Staff's understanding is that because the City has not implemented Program 2-G and per the City Council's action on September 8, 2020 that resulted in a decision to not amend the NC zone to allow 20 du/ac, it triggered "no net loss" provisions under State Housing law and penalties related to the fact that the City did not create or maintain any adequate sites to accommodate affordable housing during the 5th Cycle. City staff understands that Watermark LP as the affected owner of the properties in the Housing Element rezone Program 2-G has a right to develop per that rezone program even though the City did not process the rezone.

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39. Does the State have to abide by the City's zoning regulations on the State-owned Fairgrounds property?

No, the State-owned property which makes up the Fairgrounds is State property that is referred to as being "white-holed". This means that the City does not have any zoning development standards that apply to the property; and the City has no land use control over the development of the respective parcels.

40. If residential becomes an allowed primary use in a commercial zone, does this mean short-term rentals (STRs) could also be allowed and operated?

Yes, STR is a commercial use that would be considered an allowed use in commercial zones, which is consistent with the City Council's interpretation for the existing code's allowance for STRs in commercial zones, specifically including the Residential-Commercial (RC) commercial zone. STRs are a visitor accommodations/commercial use type, in most commercial zones where similar uses are allowed. This is also consistent with the previous Short Term Rental Ordinance that, as adopted by the City Council but not in effect, would have allowed STRs in commercial zones with no limitations. Amendments to allow residential as a primary use in a commercial zone would require certification by the Coastal Commission and this change is consistent with the policies in the Coastal Act and certified LCP related to this use type allowed to be operated in commercial zones, regardless of whether or not these amendments occur because of the provisions in the DMMC related to commercial zones (e.g., that the allowed uses in the respective zones include "any similar enterprise or business which conforms to the description and purpose of the Zone, and is not detrimental to the welfare of the community".

41. Why does the draft 6th Cycle Housing Element plan for 113 affordable units when the City's RHNA allocation was 101 affordable units?

113 affordable units is correct. In the 5th Cycle, the City was required to produce a total of 22 affordable units (12 low income assigned by RHNA and 10 low income units as a penalty for failure to produce any affordable units in the 4th Cycle). HCD staff provided explanation to this in a letter to the City dated July 31, 2020. Based on our discussions with HCD staff, City staff estimates that 12 RHNA units from the 5th Cycle are required to "carry over" into the 6th Cycle.

42. Is the penalty for the private Watermark property not being developed during the 5th Cycle 9 affordable units?

See discussion above. The City was responsible for processing a rezone of the Watermark properties to create adequate sites for affordable housing. No penalty has been assessed from HCD to the City at this point; however, the City risks enforcement by the State for not implementing Program 2-G. City staff understands that the uncompleted 5th Cycle programs and 12 RHNA units from the 5th Cycle are required to "carry over" into the 6th Cycle.

43. Is it correct that the City's 6th Cycle RHNA requirement for moderate and above moderate units can be achieved without rezoning? How many of these units can be achieved by Accessory Dwelling Units (ADUs)?

The 6th Cycle RHNA requirement for moderate and above moderate is 62 units (31 units for each category). It is correct that no rezoning is required to accomplish this. The City can accommodate the 31 above moderate units via existing zones and the 31 moderate units via the allowances for

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ADUs. The draft 6th Cycle Housing Element Update projects at least 77 ADUs during the 6th Cycle, which is well over the 31 moderate requirement.

44. How many moderate and above moderate units could be achieved in the 6th Cycle with the preservation of existing duplexes and possible creation of new duplexes in the R1-5B zone?

As mentioned above, the City does not need any additional programs or strategies (such as these types of programs in the R1-5 or R1-5B zone) to accommodate the City's 6th Cycle RHNA requirements for above moderate and moderate units. Also note, if the goal is to credit units toward the City's RHNA obligation, the addition of "preservation" strategies to the HEU would provide any RHNA credit. The proposed HEU already includes preservation strategies; however, additional preservation strategies in these zones could be included as a matter of local policy. This is an example of a program that would be an additional special project that the City Council could consider adding to the Housing Element or later as a special project if desired.

45. Where and why is it required that the City would have to up-zone for 50% (not 100%) of the City's 6th Cycle RHNA requirement of 101 affordable units?

This is not an accurate statement. State Housing law requires that all jurisdictions create and maintain a sufficient capacity of "adequate sites" available throughout the Housing Cycle to meet the jurisdiction's assigned RHNA. It is important to note that "adequate sites" is a critical term in understanding how the State's Housing laws impact Del Mar. Currently, the City does not have adequate sites to produce affordable housing in the eyes of the State as implemented by State Housing law because the City does not have any parcels with a minimum of 20 dwelling units/acre (du/ac). As such, the State considers this as an impediment to affordable housing production. "Impediment" is also a critical term in understanding how the State's Housing laws impact Del Mar. It is City staff's understanding from the State that this is the reason why HCD has considered the City to have been out of compliance since March 2015 during the 5th Cycle (March 2015 was the deadline for completing the North Commercial/Program 2-E and Professional Commercial/Program 2-F housing programs so that the City would have adequate sites, thereby removing a key impediment to affordable housing production). In addition, as a result of State Housing law (including those most recently implemented January 2020), the City currently lacks vacant land between 0.5 acre and 10 acres in a zone that allows at least 20 du/ac. As a result, the State requires the City's Housing Element to contain a rezone program that allows for residential at least 20-25 dwelling units per acre for development of housing with an affordable housing component by-right. This is a requirement of a January 2020 State law – Assembly Bill AB1397. The rezone program (or multiple rezone programs) must accommodate at least half (minimum of 50%) of each jurisdictions assigned RHNA for lower income households. For Del Mar, 50% is 51 units. This is why the City has to have a rezone program or programs on North Bluff and South Stratford (vacant land between 0.5 acre and 10 acre) in the 6th Cycle in order to gain Housing Element certification. In addition, a jurisdiction like Del Mar that does not have a sufficient capacity of adequate sites must also take action to up-zone or rezone as needed to create sites that allow the State's minimum density. In the case of Del Mar, the State requires that the zones allow at least 20 du/ac. This is the minimum, in the eyes of the State, for what may be considered an adequate site(s) for affordable housing production as required by State Housing law. This is why the North Commercial/Program 2-E and Professional Commercial/Program 2-F housing programs were required to be included in the 5th Cycle Housing Element for it to gain State certification, and also why the Central Commercial (CC) zone is an additional program that

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must be considered for the 6th Cycle to gain certification. The applicable Government Code Sections are all cited and referenced in the letter that was submitted to the City by HCD on July 31, 2020. A copy of the letter is attached to the October 5, 2020 City Council Agenda Report available at: www.delmar.ca.us/AgendaCenter.

46. Is it true that at most 20% of an up-zoned parcel can be affordable units? Is that a cap imposed by the State or by the City of Del Mar?

Not true. This question refers to a discussion City staff has had in public meetings about what types of assumptions were considered when determining the number of affordable units in the 6th Cycle Housing Element Update. The City's "inclusionary housing" requirement is set forth in DMMC Chapter 24.21 (inclusionary housing), which specifies the City's minimum requirements for how many affordable units must be set aside as part of a multiple dwelling unit project. The number of affordable units required varies depending on how many total units are proposed in a development project. In summary, projects proposing 2-9 units require one affordable unit; projects with 10 or more units require a set aside of 20% of the units for rent as affordable units. There is no maximum number of affordable units that a project can propose. A project could be 100 percent affordable. However, the point is that the City's code only requires either the one affordable unit for small projects of 2-9 units or 20% affordable for projects with 10 or more units. Therefore, City staff's assumptions of affordable units are based on what is required of proposed development. It should not be interpreted as a "cap". As far as assumptions, HCD is not likely to accept any assumptions from Del Mar of a greater affordable unit yield per project unless the City can also provide supporting documentation to show what permit or contract/agreement supports such assumptions. As mentioned above, the City has regulatory impediments in place that do not support the production of affordable housing because the City does not have any zones that allow 20 du/ac and the City does not have sufficient vacant land in a zone that allows at least 20 du/ac. The State is expecting the City to address these impediments as part of its 6th Cycle proposal to the State.

47. Is there a way for an up-zoned parcel in Del Mar to be given a cap of 30% affordable units or even more (e.g., 40% or 50% has been done elsewhere - Los Gatos has 50% and Corte Madera has 30%)?

This would be a question for the City Attorney as to whether or not it is a legal option. From a policy perspective, it would seem that if the City were to add a "cap" on affordable units, this would be considered a new impediment to affordable housing in the eyes of the State. As such, this would be in the opposite direction of where the City needs to go to show the State progress on affordable unit production. City staff is not clear why it would be a benefit to Del Mar to preclude the option of a project developed with 100 percent affordable units. From a practical perspective, the City including an action to further limit affordable housing would not be supported by HCD since the City cannot demonstrate the production of affordable units at this point in Del Mar. City staff is unaware of the referenced cities noted above – Los Gatos or Corte Madera – and how they obtained a higher affordable percentage.

48. Is there a new density bonus law that was recently signed by the Governor and, if so, does it allow density bonus increases up to 50%?

On September 29, 2020, Governor Newsom signed a package of housing-related bills into law, of which AB2345 was included. This new law modifies the State's density bonus law and now allows a 50% density bonus when 24% of a project's total units are reserved as low income

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affordable units. Currently, the City's code requires a 20% inclusionary requirement as the minimum set aside, so a project complying with this minimum could still be eligible for a 35% density bonus. However, if an applicant chose to increase their set aside to 24%, that project could be eligible for a 50% density bonus. Note that density bonus law still only applies to projects with 5 or more units (does not apply to projects with 2 to 4 units total).

49. Assuming zoning that allows residential at 20 du/ac under the new AB2345 law (50% density bonus), what would the new maximum number of units be on sites zoned at 20 dwelling unit per acre for the following areas considered in the 6th Cycle Housing Element Update: North Commercial Zone, Professional Commercial Zone, the North Bluff, and the South Stratford properties?

Assuming 20 du/ac, the following is what City staff understands to be a potential breakdown of units in context to AB2345:

North Commercial Zone:

- Lots with an 8 unit maximum due to their lot size could be eligible for a 3 unit density bonus at 35% if the 11 unit project reserves 20% (2 units) as low income affordable units; or could be eligible for a 4 unit density bonus at 50% if the 12 unit project reserves 24% (3 units) as low income affordable units. This would apply to the following sites: 2148 JDB (Matthews) and 2236 JDB (Marten vacant lot) – these sites have been included as adequate sites in the draft Housing Element Update (HEU).
- Lots with a 10 unit maximum due to their lot size could be eligible for a 4 unit density bonus at 35% if the 14 unit project reserves 20% (3 units) as low income affordable units; or could be eligible for a 5 unit density bonus at 50% if the 15 unit project reserves 24% (4 units) as low income affordable units. This would apply to the following site: 2126 JDB (Read Family LLC) – this site has been included as an adequate site in the draft HEU.
- Lots with an 18 unit maximum due to their lot size could be eligible for a 6 unit density bonus at 35% if the 24 unit project reserves 20% (5 units) as low income affordable units; or could be eligible for a 9 unit density bonus at 50% if the 27 unit project reserves 24% (6 units) as low income affordable units. This would apply to the following site: 2120 JDB (Knorr Trust) – if needed, this site is an alternative option available to the Council to identify as an adequate site.
- Lots with a 28 unit maximum due to their lot size could be eligible for a 10 unit density bonus at 35% if the 38 unit project reserves 20% (8 units) as low income affordable units; or could be eligible for a 14 unit density bonus at 50% if the 42 unit project reserves 24% (10 units) as low income affordable units. This would apply to the following site: 2002 JDB (Westech Realty) – this site has been included as an adequate site in the draft HEU.
- Lots with a 42 unit maximum due to their lot size could be eligible for a 15 unit density bonus at 35% if the 57 unit project reserves 20% (11 units) as low income affordable units; or could be eligible for a 21 unit density bonus at 50% if the 63 unit project reserves 24% (15 units) as low income affordable units. This would apply to the following site: 2010 JDB (Bungalows LLC) – if needed, this site is an alternative option available to the Council to identify as an adequate site.

Professional Commercial Zone:

- Lots with a 5 unit maximum due to their lot size could be eligible for a 2 unit density bonus at 35% if the 7 unit project reserves 20% (1 unit) as low income affordable units; or could

be eligible for a 3 unit density bonus at 50% if the 8 unit project reserves 24% (2 units) as low income affordable units. This would apply to the following site: 322 8th Street.

- Lots with a 6 unit maximum due to their lot size could be eligible for a 2 unit density bonus at 35% if the 8 unit project reserves 20% (2 units) as low income affordable units; or could be eligible for a 3 unit density bonus at 50% if the 9 unit project reserves 24% (2 units) as low income affordable units. This would apply to the following site: 807 CDM.
- Lots with an 11 unit maximum due to their lot size could be eligible for a 4 unit density bonus at 35% if the 15 unit project reserves 20% (3 units) as low income affordable units; or could be eligible for a 6 unit density bonus at 50% if the 17 unit project reserves 24% (4 units) as low income affordable units. This would apply to the following site: 853 CDM.

North Bluff sites:

- Total units at 20 du/ac is 248 units for a zone compliant "project" (it's important to note that this breakdown shows the extreme because, particularly, the lots on North Bluff have or could have different ownerships and may not be submitted as one "project". If submitted as smaller projects, a project would end up yielding fewer units overall even with a density bonus). As such, 248 units could be eligible for an 87 unit density bonus at 35% if the 335 unit "project" reserves 20% (67 units) as low income affordable; or could be eligible for a 124 unit density bonus at 50% if the 372 unit "project" reserves 24% (89 units) as low income affordable.

South Stratford sites:

- Total units at 20 du/ac is 99 units for a zone compliant project. As such, 99 units could be eligible for a 35 unit density bonus at 35% if the 134 unit project reserves 20% (27 units) as low income affordable units; or could be eligible for a 50 unit density bonus at 50% if the 149 unit project reserves 24% (36 units) as low income affordable units.

50. A letter was submitted to the Planning Commission for their September 19, 2020 meeting from the owners of the South Stratford properties. Does this correspondence impact how HCD would view the potential for that property?

The submitted letter raises an objection to a potential increase in the City's inclusionary housing requirement from 20% (under current code) to 25% (to be considered by City Council). Note that both North Bluff and the South Bluff properties are needed to cover the number of affordable units to meet the City's RHNA obligation and carryover units totaling 113 affordable units. The correspondence submitted by the property owners of South Stratford is included as an attachment to the October 5, 2020 City Council report available here: www.delmar.ca.us/AgendaCenter

51. How long does an affordable unit need to be deed restricted as affordable?

DMMC Section 24.21.045 stipulates that each affordable unit set aside for rental at below-market rates pursuant to the requirements of DMMC Chapter 24.21 shall be no less than 55 years, commencing from the date of the City's written authorization for occupancy of the unit.

CITY OF DEL MAR
HOUSING ELEMENT UPDATE

52. Of the potential candidate sites considered, specifically vacant sites, why were the vacant sites on San Dieguito Road not included in the proposed 6th Cycle Housing Element Update?

These sites were not included as adequate sites in the 6th Cycle Housing Element Update because they are located on a steep slope with biological resources in a low density area without existing direct access.

53. Was sufficient noticing provided to the public for the housing related items on the October 5, 2020 City Council meeting (6th Cycle HEU and NC Amendments)?

The noticing conducted by the City for the two upcoming items for the City Council is consistent with the City's standard practice, and has been done in accordance with what is legally required for noticing these types of Council actions. The public notice provided included additional notification above what is legally required – both in printed form and through electronic communications. To satisfy the legal requirement, the City follows State noticing requirements for amendments to the Community Plan (General Plan), Zoning Code, and Local Coastal Program (Citations: Government Code Sections 65350-65362, specifically 65353; and Government Code Sections 65090-65096, specifically 65090 and 65091).

On the NC item, this item was placed on the City Council's agenda for October 5 by Mayor Haviland and Councilmember Worden under City Council Policy 301; the item was not scheduled by City staff. Noticing was provided through the same procedure provided for the September 8 City Council meeting. Mailed notices were provided (again) to all property owners in the NC zone and vicinity, in addition to interested parties that have requested to be notified, public agencies, and tribal groups. Further, legal ads were published in the Del Mar Times, which has long been considered the City's "newspaper of general circulation" per State law. The Del Mar Times is the same newspaper the public is used to seeing for all City notices, including City Council items, Design Review Board items, Planning Commission items, and CEQA, etc. Specifically, because this NC item includes an amendment to the Local Coastal Program, the City also published a legal ad in the San Diego Union-Tribune in advance of the Del Mar Times published notice. Similar to the September 8 meeting, the City did not provide mailed notice to the entire City for consideration of the NC and Professional Commercial (PC) items. Noticing the entire City has a significant cost implication and the City has not budgeted for this type of voluntary expanded mailed noticing.

On the 6th Cycle Housing Element, the October 5 City Council date has been sufficiently advertised, disclosed, and promoted since the original work program timing was laid out in January 2020 through many means. This has always been one of the significant milestone dates for this important work effort and mentioned repeatedly in various City meetings including City Council, Planning Commission, and prior Task Force meetings. Aside from the required legal noticing in preparation for October 5, additional notification has been provided in print form and electronic through City notifications, articles, Weekly Update, agenda postings, etc., not to mention a dedicated City webpage for this work effort with a schedule on that home page that has laid out the upcoming hearing dates (www.delmar.ca.us/HousingElement) and a mailer sent citywide to all owners with the mailing of utility bills. As for additional mailed noticing to the entire City, this has a significant cost implication and the City's 6th Cycle work effort is running on an already reduced budget resulting City budget reductions on June 1, 2020 which removed $38,000 from the 6th Cycle Housing Element special project budget.

CITY OF DEL MAR
HOUSING ELEMENT UPDATE

54. Can an amendment to the Community Plan be brought to a public hearing without fully noticing the community? Is an ad in the Del Mar Times sufficient to let people know?

The noticing conducted for the October 5, 2020 City Council hearing is consistent with the City's standard practice for noticing and meets the legal requirement for these types of actions. See further explanation above. The City has satisfied legal noticing requirements as well as provided additional notification of the proposed Community Plan amendments through various means – printed and electronic.

55. Did the ad that the City placed in the Del Mar Times appear last week (September 24), or this week (October 1), or both?

The legal ad has been published two times in the Del Mar Times prior to the meeting on October 5 (September 24 and October 1). Further, due to the LCP amendment component related to the NC item, a legal ad was also published in the San Diego Union-Tribune on September 21, 2020.

56. Could consideration of the two items on October 5, 2020 be delayed to the next hearing to allow for additional mailed noticing?

These items are time sensitive, and the standard and legal requirements for noticing have been met. The City has also provided further notification through various means – printed and electronic. The item related to the NC Zone has been placed on the Council Agenda for October 5 by Mayor Haviland and Councilmember Worden under City Council Policy 301, not City staff. As such, all noticing requirements were met and notices were mailed to the same individuals that received noticing earlier for the September 8 City Council meeting. City staff does not have the discretion to pull these items from the agenda to undertake additional courtesy noticing. The direction to hold off on considering either of these items would need to be provided by the City Council at the meeting on October 5.

Response to Comment #2

Clarification on 5th cycle Units Carried over to 6th cycle:

- After further clarification from HCD the number of units that were entitled, permitted, under construction, and finaled from June 30, 2022, to January 31, 2023, as listed in Table 10-3, Table D-2, and Table D-7 of the Draft Revised Housing Element (November 2023) were modified to remove units that were reported to the California Department of Finance.

Comment Letter #3

From: Phil Koen <[redacted]>
Sent: Friday, September 29, 2023 1:45 PM
To: Joel Paulson <jpaulson@losgatosca.gov>; Laurel Prevetti <LPrevetti@losgatosca.gov>; paul.mcdougall@hcd.ca.gov <paul.mcdougall@hcd.ca.gov>; jose.jauregui@hca.ca.gov <jose.jauregui@hca.ca.gov>; Gabrielle Whelan <GWhelan@losgatosca.gov>
Cc: [redacted] <[redacted]>; Rick Van Hoesen ([redacted])
<[redacted]>
Subject: 7 day comment period - draft Housing Element

Dear Mr. Paulson,

At last night's HEAB meeting, Staff made the statement that it was appropriate to credit the 6th cycle RHNA with units that are made available during the RHNA projection period (June 30, 2022, through January 31, 2031). The Staff referenced page 5 of the HCD Site Selection Guidebook as the authority for doing this. In reviewing page 5 (which is attached), the referenced language appears under the heading "Pending, approved, or permitted development".

On Table 10-3 (attached) there is a line item which is labeled "pipeline projects" which is described as "residential development applications that have either been approved or are currently under review and are expected to be built during the 2023-2031 planning period". This totals 191 housing units. Comparing this language to the HCD Site Selection Guidebook, it appears the line item fits with the Guidebook's description for "pending, approved, or permitted development".

There is another line item in Table 10-3 which is labeled "entitled/permitted/under construction/finaled since June 30, 2022, to January 31, 2023". This totals 227 units, which included 49 very low-income units. All these units appear to have been permitted **before** the current RHNA production period, which commenced on June 30, 2022. This is substantiated by the 2022 Annual Element Progress Report (which is attached) which shows in addition to the 49 low-income units recorded in 2020, 75 above moderate units were recorded in 2021, 185 above moderate units were recorded in 2021 and 145 above moderate units were recorded in 2022. Many of these units are attributed to parcel APN 424-07-100 which is the North 40 Phase 1 (refer to Table D-7 and the 20220, 2021 and 2022 Annual Element Progress Reports). The date of production is triggered by the permitting date, not the completion date.

As such, it does not appear that any of these 227 units qualify as a credit toward the 6th cycle RHNA because they were permitted prior to the June 30, 2022, commencement date. Additionally, all these units have been recorded against the 5th cycle RHNA, and are being double counted.

In closing I have attached a memorandum from HCD to ABAG dated January 12, 2022 (also attached) which substantiates the above statement. This memo makes it clear that RHNA credits toward the 6th cycle only apply for "new units approved, permitted and/or built **beginning from** the start date of the RHNA projection period June 30, 2022".

We would recommend that Table 10-3 be amended by eliminating all 227 units identified as "entitled/permitted/under construction/finaled" and thus avoid doubling counting these units in both the 5th and 6th cycles.

Thank you,
Phil Koen

PART A: IDENTIFICATION OF SITES

Step 1: Identification of Developable Sites
Government Code section 65583.2(a)

Generally, a site is a parcel or a group of parcels that can accommodate a portion of the jurisdictions RHNA. A jurisdiction must identify, as part of an inventory, sites within its boundaries (i.e., city limits or a county's unincorporated area)[2] that could have the potential for new residential development within the eight- or five-year timeframe of the housing element planning period.

Types of sites include:

- Vacant sites zoned for residential use.
- Vacant sites zoned for nonresidential use that allow residential development.
- Residentially zoned sites that are capable of being developed at a higher density (nonvacant sites, including underutilized sites).
- Sites owned or leased by a city, county, or city and county.
- Sites zoned for nonresidential use that can be redeveloped for residential use and a program is included to rezone the site to permit residential use.

Pending, approved, or permitted development:

Projects that have been approved, permitted, or received a certificate of occupancy since the beginning of the RHNA projected period may be credited toward meeting the RHNA allocation based on the affordability and unit count of the development. For these projects, affordability is based on the actual or projected sale prices, rent levels, or other mechanisms establishing affordability in the planning period of the units within the project (See Part E). For projects yet to receive their certificate of occupancy or final permit, the element must demonstrate that the project is expected to be built within the planning period.

Definition of Planning Period: The "Planning period" is the time period between the due date for one housing element and the due date for the next housing element (Government Code section 65588(f)(1).) For example, the San Diego Association of Governments' 6th Cycle Planning Period is April 15, 2021 to April 15, 2029.

Definition of Projection Period: "Projection period" is the time period for which the regional housing need is calculated (Government Code section 65588(f)(2).). For example, the San Diego Association of Governments' 6th Cycle Projection Period is June 30, 2020 to April 15, 2029.

Please note, sites with development projects where completed entitlements have been issued are no longer available for prospective development and must be credited towards the RHNA based on the affordability and unit count of the development. "Completed entitlements" means a housing development or project which has received all the required land use approvals or entitlements necessary for the issuance of a building permit. This

[2] In some cases, jurisdictions may want to include sites anticipated to be annexed in the planning period. Annexation is considered a rezoning effort to accommodate a shortfall of sites. For more information on annexation please see Part E, Step 3.

Site Inventory Guidebook Page 5 May 2020

STATE OF CALIFORNIA - BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY GAVIN NEWSOM, Governor

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT
2020 W. El Camino Ave
Sacramento, CA 95833-1829
(916) 263-2911 FAX: (916) 263-7453
www.hcd.ca.gov

January 12, 2022

Therese W. McMillan, Executive Director
Association of Bay Area Governments
375 Beale Street, Suite 700
San Francisco, CA 94105

Dear Executive Director Therese W. McMillan:

RE: Review of Adopted 2023-2031 Regional Housing Need Allocation Plan

Thank you for submitting the adopted Association of Bay Area Government's (ABAG) Sixth Cycle Regional Housing Need Allocation (RHNA) Plan. Pursuant to Government Code Section 65584.05(h), the California Department of Housing and Community Development (HCD) is required to review RHNA plans for consistency with statutory requirements.

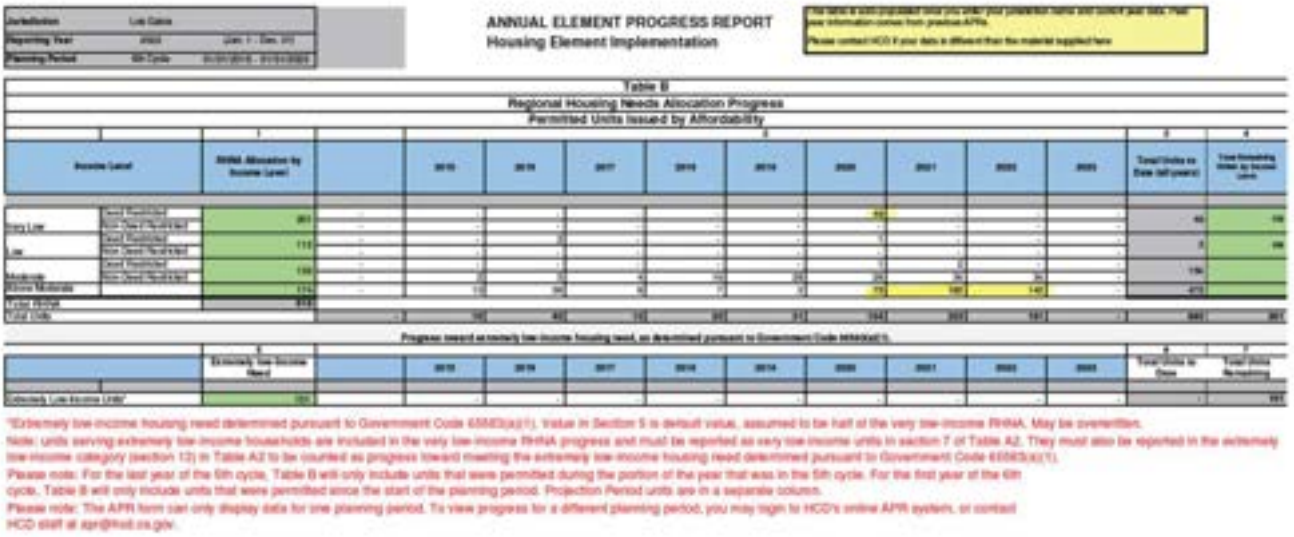
HCD has completed its review and is pleased to approve ABAG's adopted RHNA Plan, upon finding it consistent with HCD's June 9, 2020 regional housing need determination of 441,176 housing units. Please distribute the RHNA Plan to inform all local governments of their share of new housing need to address their sixth cycle Housing Element by January 31, 2023. In updating their Housing Elements, local governments may take RHNA credit for new units approved, permitted, and/or built beginning from the start date of the RHNA projection period, June 30, 2022.

HCD is committed to assisting ABAG's local governments in preparing and implementing updated Housing Elements to effectively address the region's housing need. Local governments are encouraged to develop local land use strategies to maximize land resources and encourage affordable housing and a variety of housing types, thus furthering the state's economic, fair housing, and environmental objectives.

We appreciate ABAG's efforts in completing the RHNA process. If HCD can provide any additional assistance, or if you, or your staff, have any questions please contact Tom Brinkhuis, Housing Policy Senior Specialist, by email at tom.brinkhuis@hcd.ca.gov.

Sincerely,

Tyrone Buckley
Assistant Deputy Director



ANNUAL ELEMENT PROGRESS REPORT
Housing Element Implementation

Table B
Regional Housing Needs Allocation Progress
Permitted Units Issued by Affordability

Income Level		RHNA Allocation by Income Level		2015	2016	2017	2018	2019	2020	2021	2022	2023	Total Units to Date (all years)	Total Remaining RHNA by Income Level
Very Low	Deed Restricted	261	-	-	-	-	-	-	42	-	-	-	42	219
	Non-Deed Restricted		-	-	-	-	-	-	-	-	-	-	-	
Low	Deed Restricted	113	-	-	-	-	-	-	-	-	-	-	-	106
	Non-Deed Restricted		-	-	-	-	-	-	-	-	-	-	-	
Moderate	Deed Restricted	130	-	-	-	-	-	-	-	-	-	-	-	
	Non-Deed Restricted		-	20	20	40	100	20	20	20	20	-	156	
Above Moderate		174	-	110	94	82	77	82	75	140	140	-	472	
Total RHNA		678												
Total Units			-	130	114	122	177	102	137	160	160	-	800	325

Progress toward extremely low-income housing need, as determined pursuant to Government Code 65583(a)(1).

	Extremely Low-Income Need		2015	2016	2017	2018	2019	2020	2021	2022	2023	Total Units to Date	Total Units Remaining
Extremely Low-Income Units*	131											-	131

*Extremely low-income housing need determined pursuant to Government Code 65583(a)(1). Value in Section 5 is default value, assumed to be half of the very low-income RHNA. May be overwritten.
Note: units serving extremely low-income households are included in the very low-income RHNA progress and must be reported as very low-income units in section 7 of Table A2. They must also be reported in the extremely low-income category (section 13) in Table A2 to be counted as progress toward meeting the extremely low-income housing need determined pursuant to Government Code 65583(a)(1).
Please note: For the last year of the 5th cycle, Table B will only include units that were permitted during the portion of the year that was in the 5th cycle. For the first year of the 6th cycle, Table B will only include units that were permitted since the start of the planning period. Projection Period units are in a separate column.
Please note: The APR form can only display data for one planning period. To view progress for a different planning period, you may login to HCD's online APR system, or contact HCD staff at apr@hcd.ca.gov.

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Table 10-3 RHNA Credits and Sites Strategies

RHNA Credit	Affordability Credit				
	Very Low-Income	Low-Income	Moderate-Income	Above-Moderate Income	Total
Entitled/Permitted/Under Construction/Finaled (June 30, 2022, to January 31, 2023)					
- Single-Family Units and Housing Projects	49	0	2	176	227
- ADUs	0	3	11	9	23
Pipeline Projects	0	1	0	190	191
Projected ADUs (1/1/2023-1/31/2031)	60	60	60	20	200
SB 9 Units	0	0	0	96	96
Total	109	64	73	491	737
RHNA	537	310	320	826	1,993
Remaining RHNA	428	246	247	335	1,256
Housing Element Overlay Zone (HEOZ) Sites	634	357	340	640	1,971
- Owner Interest/Conceptual Development Plans	480	283	264	320	1,347
- Additional Sites	154	74	76	320	624
Surplus above Remaining RHNA	206	111	93	305	715
% Surplus	48%	45%	38%	91%	57%

Source: Town of Los Gatos

10.3.3 Summary of Quantified Objectives

While the Town cannot control the amount of housing that is built during any specific period of time, the Town does intend to make an effort to achieve housing production at a level that is consistent with its RHNA.

Many programs and policies reduce barriers and create opportunities for a balanced community. These goals are essential to meeting the Town's housing needs, but are more qualitative in nature. The sites, calculated at their net, minimum density, in addition to Accessory Dwelling Unit (ADU) Projections, Senate Bill (SB) 9 Projections, Pipeline Projects, and RHNA credits for housing units that were finaled, permitted, or approved after this date, or were under construction as of June 30, 2022, have a total, net capacity of 2,708 units and are sufficient to meet the Town's RHNA of 1,993 units. Between Implementation Programs I, AI, and AJ, it is assumed that 48 housing units will be rehabilitated, and all existing affordable units will be conserved or preserved. Los Gatos reasonably expects that a net capacity total of 2,708 units will be developed, as described in the tables below:

Table 10-4 2023-2031 Quantified Objectives

Income Category	New Construction	Rehabilitation	Conservation/Preservation
Very Low Income	743	24	49
Low Income	421	24	136
Moderate Income	413	0	179
Above Moderate Income	1,131	0	114
Totals	2,708	48	478

Source: Town of Los Gatos

- **New Construction Objective:** Reflects the Town's 2023-2031 RHNA.
- **Rehabilitation Objective:** Reflects goal to assist a total of 48 very low-income and low-income households through Implementation Programs I, AI, and AJ.

Response to Comment #3

Clarification on 5th cycle Units Carried over to 6th cycle:

- After further clarification from HCD the number of units that were entitled, permitted, under construction, and finaled from June 30, 2022, to January 31, 2023, as listed in Table 10-3, Table D-2, and Table D-7 of the Draft Revised Housing Element (November 2023) were modified in yellow highlight to remove units that were reported to the California Department of Finance.

Comment Letter #4

From: Anne Paulson <[redacted]>
Sent: Friday, September 29, 2023 1:40 PM
To: HousingElements@hcd.ca.gov; Housing Element <HEUpdate@losgatosca.gov>
Subject:

29 September 2023

Dear Town of Los Gatos and HCD reviewers,

I've reviewed the Town of Los Gatos' latest revision of their Housing Element. Its Site Inventory is strong: it is composed of properties where the site owner has expressed interest in building, and those sites are to be upzoned. Unfortunately, the Programs section and the plans to Affirmatively Further Fair Housing are underpowered, and the Below Market Priced Housing Program seems to be far underfunded for the actions that are proposed.

Programs

In general, the Programs section of the Los Gatos draft Housing Element is weak. Instead of committing to actual reforms with listed timelines, the document merely says Los Gatos might do something, employing words like "consider," "study," "pursue opportunities."

Program E, Affordable Development on Town-Owned Property. The Town says it will make an "ongoing effort" to "pursue opportunities" for affordable housing on Town-owned properties. This is a commitment to nothing. If the Town wants to build housing on its own property, it merely has to commit to a date where the Town will release the RFP for affordable developers, and it should do so.

Program G, Study Detached Single-Family Condominium Option. The Town commits to "study[ing]" a new floor area ratio (FAR) standard for multifamily development for detached condos by December 2024, but not actually changing anything. It's not clear what problem this is supposed to solve. Apparently the FAR is thought to be too small for these units. If that is so, instead of studying the issue with no promise about doing anything, the Town should commit, right in the housing element, to increasing the FAR, by a specified amount, by a date certain. The time for study is over; that's what the planning period was for. Housing Elements should have actions, with deadlines.

Program J, Small Multi-Unit Housing. The Town commits to updating the Zoning Code to facilitate low rise multi-family structures in a certain zone, but what the update might be, and why it would facilitate more housing, is absent from the document. The Town needs to commit to specific actions by specific dates.

Program O, Affordable Housing Development. The Town commits to providing incentives for affordable housing, but doesn't commit to any particular incentives. This program needs more details, and deadlines. The Town commits to reviewing impact fees, by January 2026, but doesn't commit to lowering them. The deadline is too far away, and the commitment to action is missing.

Program R, Density Bonus. The Town commits to amending their local Density Bonus Ordinance to conform with state law. Then the Town will "conduct a study," which will recommend some improvements, and the Town will adopt those unspecified improvements by December 2029, at the end of the planning period. So, the Town will do nothing beyond following state law during the 6th Cycle, and then at the end of the cycle might do something unspecified.

Program T, Nonprofit Affordable Housing Providers. The Town commits to doing nothing in specific to support nonprofit affordable housing providers, beyond meeting with them once a year.

Program Y, Supportive Services for the Homeless. Again, a program that commits to nothing.

Program Z, Increased Range of Housing Opportunities for the Homeless. The Town commits to "continu[ing] to support" the County in its homeless efforts. Not with money, though, or with any other specified support. It's unclear what the "support" is supposed to be. This is a commitment to nothing.

Program AA, Reduce Parking Standards. The town will "initiate a study to determine specific updates." The time for study is over. The Town should list the new parking standards and the date they will be changed.

Program AQ, Zoning Code Amendments. The code revisions are specific. The text should be amended to make clear that that the rapidly approaching deadline for rezoning, January 2024, also applies to its commitment to eliminate the currently-required reviews by the Historic Preservation Committee, the Environmental Consultant, the Consulting Architect, the Consulting Arborist, the Consulting Landscape Architect, the Geotechnical Peer Reviewer, and the Consulting Traffic Consultant. The applicant currently must undergo and pay for all of these reviews.

Program AV, Senate Bill 9 Monitoring. Los Gatos' RHNA plan calls for 96 permits for units on lots using SB 9. On page D-66 of the Housing Element, the Town writes, "Since the adoption of the Town's SB 9 Ordinance, the Town has received a total of four Two-Unit Housing Development applications and seven Urban Lot Split applications (between January 2022 and January 2023). The applications result in a total of 13 net new housing units a year."

But housing permits are the relevant metric, not applications. A look at Table D-7, which would contain the housing recently entitled, permitted, under construction or finaled using SB 9, shows one lot with a completed entitlement of an SB 9 subdivision, and one lot where an SB 9 subdivision is being reviewed. That's all. There are no issued permits using SB 9. The town didn't issue its projected 13 new housing unit permits last year under SB 9. It issued none. Already, the Town is far behind.

For that reason, the Town should have a prompt and robust plan to replace those potentially missing SB 9 units with other RHNA units. Instead, the Town offers, "Evaluate effectiveness of SB 9 approvals every year beginning in 2023; and identify additional incentives and/or site capacity, if needed by 2025" and "consider additional efforts to incentivize SB 9 applications and reassess and revise the overall sites strategy for the RHNA within one year through adjusting SB 9 capacity assumptions with actual permitted units, and/or identifying additional sites to expand

site capacity to the extent necessary to accommodate the RHNA." This is not a plan; it is a notion to wait until the middle of the cycle, and then possibly make a plan, and then possibly implement the plan some time before the end of the cycle. Or maybe after the cycle ends. It's remarkably non-committal.

The Town needs a plan now for replacing planned-for SB 9 units, to be implemented at the end of 2024 or any following year if SB 9 permits are not coming through at 12 permits per year.

Below Market Program in-lieu funding

Los Gatos has an inclusionary zoning program for multifamily homes, and in cases where the developer can't build the inclusionary units on site, the developer instead pays in-lieu fees, which are restricted to use by the Below Market Priced Housing Program (BMP Fund). The most recently available statement for the account shows a balance of $3,698,538 as of June 30, 2022, and both it and the previous year's statement show no revenue from fees. Evidently most developers build their inclusionary units rather than paying an in-lieu fee. Further, these fees appear to be the only source of revenue for the Below Market Priced Housing Program.

Meanwhile, the Housing Element shows the BMP Fund funding the following programs. New or expanded programs are denoted by an asterisk.

Program I, assist low income seniors with money for home repairs
Program N*, subsidize extremely low income housing
Program O*, reduce fees for affordable housing development
Program P*, purchase affordability covenants to create affordable units or make already affordable units more deeply affordable
Program Q, waive building fees for low income ADUs
Program AI, fund county efforts for home repairs and accessibility improvements
Program AJ*, assist lower income homeowners with funding for home repairs and improvements (expansion of existing Program I?)
* = new or expanded program

The BMP Fund does not appear to be getting much ongoing funding, and several of the programs, notably N and P, would be expensive if done at a meaningful level. Program N, for example, promises to subsidize three developments which include extremely low income housing. A single unit of subsidized housing costs over a million dollars to build in the Los Gatos area; a meaningful subsidy for three different developments will cost millions of dollars. Program P promises to purchase affordability covenants for three housing units; again, this is an expensive undertaking. And the Town is also committing to continue existing programs using the BMP Fund. The $3.7 million appears inadequate to cover what the Town says it's going to do. The Town needs to identify an alternative source of funding for these programs, for example by charging affordable housing fees to builders of single family homes. Moreover the Town needs to be specific about how much money will go towards Program N; otherwise the Town could give a dollar each to three different developments and claim it had satisfied its obligation.

Affirmatively Furthering Fair Housing

As is documented in the Housing Element, Los Gatos is a majority white, high income town. Affirmatively Furthering Fair Housing (AFFH) is therefore particularly important for the Town. The listed strategies are inadequate to the task. For AFFH, Los Gatos commits to all the strategies in the BMP program, plus:

Program A: Establish an annual meeting between staff and developers.
Program U: Continue to support the County of Santa Clara's Continuum of Care plan. This "support" doesn't include any money; the funding source is listed as "County CDBG."
Program V: Make some zoning changes for people with disabilities. Most of the changes are required by state law.
Program W: Rental dispute resolution program
Program X: Work with the local and regional partners to provide rental assistance for people with developmental challenges. This assistance doesn't include money; the funding source is listed as "none required."
Program Y: Supportive Services for the Homeless: Support (in some unspecified way that doesn't seem to include money or transfer of property) community and nonprofit organizations, continue to fund local nonprofits with an annual grant
Program Z: Stabilize rents: The Town commits to nothing specific, merely "study[ing] and implement[ing] recommendations."

This is not nearly enough. The Town needs substantial programs to deal with a substantial issue, and they haven't provided them.

In the Sites Inventory, the Sites for the biggest amounts of low income housing are all located on arterials and near freeways (15500 & 16151 Los Gatos Boulevard) or near highway interchanges where two major freeways meet (14917 & 14925 Los Gatos Boulevard, 110 Knowles, 50 Los Gatos-Saratoga Road). The pleasant neighborhoods not near loud, polluted freeways and arterials do not allow denser buildings; people who are not extremely wealthy cannot live in those neighborhoods. Los Gatos has a minimum lot size, in the flatter, lower fire risk areas, of 8000 square feet, a constraint that the document doesn't mention. Allowing denser housing on some of these lots, by for example allowing duplexes everywhere without the SB 9 restrictions, or reducing the minimum lot size, would be a way to affirmatively further fair housing.

In the Programs section, the Below Market funding programs, and Affirmatively Furthering Fair Housing, the scale of Los Gatos' solution does not approach the scale of the problem. To get approval, the Town needs to offer more.

Sincerely,

Anne Paulson

Response to Comment #4

- Programs
    - The Housing Element now includes a matrix with actions to ensure the Town's Housing Element goals affirmatively further fair housing. This matrix includes specific actions, geographic targeting, timelines, and eight-year metrics that aim to address fair housing concerns including fair housing outreach and enforcement, housing mobility, place-based strategies for neighborhood improvement, new housing opportunities in high resource areas, and tenant protection and anti-displacement.
    - Program E – The program's objective is to pursue opportunities to work with an affordable housing developer to construct affordable housing on two of the Town owned properties. The number of affordable units has been increased.
    - Program G – The program's objective is to increase the floor area ratio to promote higher density housing development. A preliminary study will be completed by December 2024 to achieve this objective.
    - Program J – The program's objective is to increase the number of low-rise multi-family developments from the previous year. The number of units has been increased.
    - Program O – Additional objectives are now included, including a reduction in development impact fees and an increase in the total number of affordable housing units.
    - Program R – The program amends the Density Bonus Ordinance per State law by December 2024 and will recommend changes to increase the number of units constructed.
    - Program T – The program commits annually meeting with nonprofit groups on an annual basis to discuss constraints to development and develop strategies and actions for affordable housing development, especially meeting affordable housing needs for extremely low-income households and developing incentives for affordable housing.
    - Program Y – The program describes the Town's commitment to continue to provide funding to WVCS for homeless persons services.
    - Program Z – The program is to study and implement recommendations with regard to the Town's Rental Dispute Mediation and Arbitration Ordinance 2128 to help further stabilize rents for long-term residents. The study will be completed by January 2025 and implemented into the Town Code by June 2025.
    - Program AA – The program commits to initiate a study to determine specific updates for the Municipal Code to address reduction in parking requirements including: align parking requirements with the preparation of the Objective Design Standards; reduce parking requirements near transit, remove guest parking requirements; and allow parking to unbundled from residential units. The study is to be completed by January 2025 and implemented into the Town Code by June 2025.
    - Program AQ – The rezonings and creation of the Housing Element Overlay Zone (HEOZ) has been recommended by Planning Commission and introduced by Town Council on November 7, 2023. The rezoning is scheduled to be adopted by Town Council on November 21, 2023.
    - Program AV, Senate Bill 9 Monitoring - The inclusion of Senate Bill 9 units in the Housing Element towards meeting the Town's RHNA was removed from the Draft Revised Housing Element (November 2023).
- BMP Housing Program In-Lieu Fees
    - The Below Market Price Housing Program In-Lieu fees are allocated as directed by Town Council through the Town's annual Strategic Priorities. Every year the Town Council identifies their Strategic Priorities as an initial step in the budget development process. The Town Council has made affordable housing partnerships a 2023-2025 Strategic Priority.

- Affirmatively Furthering Fair Housing
    - AFFH – Goals to affirmatively further fair housing have been strengthened through specific actions, geographic targeting, and eight-year metrics outlined in a new implementation table. The Town has outlined place-based strategies for neighborhood improvement with geographic targeting to ensure areas with additional need, including areas with proposed lower income RHNA units, are adequately served.
- Sites Inventory Locations
    - The sites within the Sites Inventory were based on property owner interest to develop residential within the planning period. The sites in the Sites Inventory do not saturate one specific set of income category in a specific location, rather they are spread throughout the Town. The sites in the Sites Inventory are spread throughout Town and were selected for their proximity to Town services and amenities, such as parks, high quality schools, shopping, and local Valley Transportation Authority bus transit that links to regional light rail transit.
- Minimum Lot Size for Single Family
    - The Town's minimum residential lot size is 5,000 square feet in the R-1D zone.
    - SB 9 allows for a minimum residential lot size of 1,200 square feet.
- Duplexes/Two-Family Dwellings
    - Two family dwelling units are permitted in the R-1D , R-D, and R-M zones.
    - ADUs and Junior ADUs are permitted in the RC, HR, R-1, R-1D, R-D, R-M zones in conjunction with a single-family home, resulting up to three units per parcel.
    - SB 9 is allowed on a legal parcel located within a single-family residential zone (R-1 or Single-Family Residential Zone; R-1D or Single-Family Residential Downtown Zone; HR or Hillside Residential Zone), excluding historic properties, hazardous waste sites, sites withing earthquake fault zones, flood zone, natural habitat, prime farmland, and wetlands. SB 9 allows up to four units per parcel.

Comment Letter #5

From: Phil Koen [redacted]
Sent: Thursday, September 28, 2023 9:28 AM
To: Joel Paulson <jpaulson@losgatosca.gov>; Laurel Prevetti <LPrevetti@losgatosca.gov>; Gabrielle Whelan <GWhelan@losgatosca.gov>; Wendy Wood <WWood@losgatosca.gov>
Cc: [redacted] Rick Van Hoesen [redacted]
Maria Ristow <MRistow@losgatosca.gov>; Mary Badame <MBadame@losgatosca.gov>; Matthew Hudes <MHudes@losgatosca.gov>; Rob Rennie <RRennie@losgatosca.gov>; Rob Moore <RMoore@losgatosca.gov>
Subject: Public Comment on the draft Housing Element 2023-2031 and Agenda Item 2 HEAB Meeting September 28th

[EXTERNAL SENDER]

Dear Mr. Paulson,

Attached please find a comment letter from the Los Gatos Community Alliance regarding the Los Gatos 2023-2031 draft Housing Element. Would you please include it in the HEAB meeting package so that it can be discussed at tonight's meeting. This is also a public comment on the draft Housing Element.

Thank you for allowing us to provide our comments for you consideration.

Phil Koen

September 28, 2023

Dear Mr. Paulson and Members of the Housing Element Advisory Board,

The Los Gatos Community Alliance is writing to you as a group of concerned residents regarding the draft 2023-2031 Housing Element which was recently released for the 7-day public comment period. We understand Staff is aggressively pushing to file a fourth submittal as quickly as possible to begin HCD's next 60-day review cycle.

This has led to commencing the 7-day public comment this past Friday, 6 days before a HEAB meeting which is scheduled to review and discuss the draft Housing Element. We believe this is not in the spirit of maximizing public participation because it departs from the Town's prior approach where the mandatory public review period **commenced after** the Town Council or the HEAB had publicly reviewed the drafts.

For many residents, being able to listen to the Town Council's or HEAB's discussion will lead to valuable comments and recommendations. The members of the public become better informed about a document they have largely not been involved with, by listening to the deliberative process of the Town Council or HEAB.

Under the current timing, after listening to the HEAB's discussion, the public will have less than 24 hours to submit their comments before the closing of the public review period. We find this to be a barrier to public involvement and runs counter to the goal of maximizing public participation. The 7-day public comment period should commence after the HEAB meeting, just like it was done for all prior HCD submissions. We would request that a new 7-day public comment period commence after the HEAB meeting to allow concerned residents the opportunity to knowledgeable comment on the proposed draft.

Additionally, we have several comments that we would urge you to seriously consider and take all necessary actions to ensure the Housing Element conforms to State Housing Element Law. Below are our comments for your review.

Comment One – Review and consider the letter previously sent by Rutan and Tucker

On August 22, 2023 our legal advisor, Matthew Francois of the firm Rutan and Tucker, LLP sent you and Paul McDougal and Jose Armando Jauregui of the State HCD, a very thoughtful 7-page letter with numerous exhibits, which outlined serious concerns the Los Gatos Community Alliance had regarding the Housing Element Site Inventory and the Housing Element compliance with State Housing Element Law. We note that in the current draft, on page 1-115 there is a one paragraph response to this letter.

Frankly, this is not a serious response to the numerous legal issues that were identified and furthermore, fails to explain how the Town has taken the comments into consideration in preparing the current draft.

We do not intend here to cover these points again, but rather are resubmitting the letter (attachment 1) as part of the current public comment period with the hope the Town will undertake a serious review and completely address the numerous legal issues that are discussed.

Comment Two – Make all required revisions to Table 10-3 – RHNA Credits and Site Strategies and ensure there are sufficient parcels to make up the shortfall in very low and moderate units to meet the 6th cycle RHNA by income category.

The Los Gatos Community Alliance has specific comments regarding Table 10-3. We have taken the liberty to rearrange Table 10-3 in a format (see attachment 2) more easily understood than the one presented.

The current draft of the Housing Element makes the claim that "Los Gatos **reasonably expects** that a net capacity total of 2,708 units will be developed"(reference page 10-33). This is shown in Part A of the schedule on the row marked "total credits and HEOZ sites". We disagree with this, and address this in more detail below.

The Table also shows the distribution by income category of these "reasonably developed " units as 743 units (27.4%) Very Low, 421 units (15.5%) Low, 413 units (15.3%) Moderate and 1,131 units (41.8%) Above Moderate. Furthermore, on page I-39 in response to Harmonie Park's comment letter (the developer of site D-1 - North 40 Phase II), the Town states "the distribution of affordability levels in the Site Inventory is an **estimate** prepared based on a combination of factors including lot size, vacancy, **property owner interest**, minimum and maximum density and **other development regulations**".

Unfortunately, there is no evidence in the draft Housing Element which supports the "reasonable expectation" that 1,164 units, representing 75% (1,164/1,544) of the estimated market rate units, will be below market rate housing. The SB 330 filings associated with parcels B-1 and D-1 reflect substantially less below market units (e.g. property owner interest), and the Town's own Below Market Program (e.g. development regulations) which mandates a developer of more than 101 units **to provide a minimum of below market rate units equal to 20% of the number of market rate units** provide substantial evidence that the site inventory estimate of 1,164 below market rate units is wildly unreasonable and not supported by any objective evidence in the record.

Developers will not voluntarily exceed the minimum 20% requirement because there is little economic incentive to produce below market rate units above this threshold. This is confirmed by all SB 330 applications and the inclusion of Program L – Below Market Price Program whose goal is to evaluate the existing BMP Program to increase the number of BMP units constructed.

And yet the draft Housing Element ignores this economic reality and unexplainably "reasonably expects" the number of below market rate units developed will be 75% of the number of market rate units. This is not a reasonable assumption and is not supported by any evidence in the record. The site inventory must be corrected to reflect a reasonable distribution of development by income category.

In addition to the problem of realistic income distribution of the developed units, Table 10-3 also contains specific errors which must be corrected. Unfortunately, the sum of the errors results in an

overstatement of the estimated development of below market rate units. Once corrected, the Town does not meet the 6th cycle RHNA by income category. We will now address each error.

1 – Single Family and Housing units entitled – June 30, 2022 to January 31, 2023

On D-64 of the Housing Element it is stated that "units that are made available during the RHNA projection period (June 30, 2022 through January 31, 2031) can be credited toward the RHNA". Table 10-3 reflects 227 housing units that the Town claims were "finaled, permitted, or approved after June 30, 2022 or were under construction as of June 30, 2022". Unfortunately, this does not conform to the instructions in the comment letter HCD issued to ABAG on January 12, 2022 (see attachment 3).

According to the comment letter, "local governments may take RHNA credit for new units approved, permitted, and/or built **beginning from the start date** of the RHNA projection period, June 30, 2022". Of the 227 units 194 units were permitted prior to the start date of the projection period. This includes the 49 below market rate units on the North 40 Phase 1 parcel (APN 424-07-100). In addition, all 194 units have been included in the 5th cycle results (refer to page E-12) and reported in either the 2020, 2021 or 2022 Annual Progress Reports to HCD. Based on this, all 194 units need to be excluded from Table 10-3 and need to be deducted from the total credits.

2. Projected ADU Affordability

On D-60 of the Housing Element it is disclosed that the income distribution for ADU's is 30% very low, 30% low, 30% moderate and 10% above moderate income. This distribution was based on "ABAG's pre-approved ADU Affordability Survey".

We have attached (attachment 4) the referenced survey which in fact was released as a "draft" survey prepared by ABAG dated September 8, 2021. While the draft report was reviewed by HCD, HCD did not formally accept it and did not raise objections to the conclusions. HCD believed the conclusions were generally accurate and added that jurisdictions should ensure the information reflects local conditions. To that end, HCD stated jurisdictions should provide opportunity for stakeholders to comment on any assumptions, including affordability assumptions based on the draft report. ABAG did not expect to receive any additional guidance from HCD.

The survey does include a recommendation for ADU's income distribution as discussed in the Housing Element. However, the survey also recommends a more conservative distribution for jurisdictions with fair housing concerns, which Los Gatos clearly has. This distribution is 5% very low, 30% low, 50% moderate and 15% above. This distribution more accurately reflects open market rentals, excluding units made available to family and friends. This distribution is validated by data in the survey which shows the following distribution of ADU market rate units on the Peninsula – 6% very low, 31% low, 48% moderate and 15% above.

Lastly, the Town's actual experience for ADUs permitted between June 30, 2022 and January 30, 2023 shows the following income distribution – 0% very low, 12% low, 48% moderate and 40% above. Based on this we believe a more reasonable income distribution for ADUs would be 5% very low, 30% low, 50% moderate and 15% above, which was the recommendation for jurisdictions with fair housing concerns.

Adopting this distribution would result in 50 units deducted from the very low category and 40 units added to the moderate category and 10 units added to the above category. We made this adjustment to Table 10-3.

3. Site B-1 adjustment to reflect SB 330 application

On page D-21 there is a description of site B-1, the Los Gatos Lodge. The site inventory programmed this 8.81-acre site for 262 units at a planned development density of 30 DU per acre. The income distribution of these units is 86 units very low, 86 units low, 62 units moderate and 28 units above.

The property owner has filed a preliminary SB 330 application which vests the development rights of the parcel and a final application is expected to be received by January 2, 2024. The SB 330 application calls for the development of 158 units at a development density of 17.9 DU per acre. It should be pointed out this development density is materially below the 30 DU minimum density programmed by the HEOZ zoning. The Housing Element does not discuss the difference in development densities and raises questions regarding Program AQ – Zoning Code Amendments since there is no mention as to a minimum allowable development density and appears to be inconsistent with Table C-3 - Proposed HEOZ Densities by underlying Land Use and Zoning Designation.

Based on the SB 330 application, it appears that a reasonable development assumption should be 0 units very low, 32 units low, 0 units moderate and 126 above for a total of 158 units. This would result in 86 units being deducted from very low units, 54 units being deducted from low units, 62 units being deducted from moderate, and 98 units being added to above. We made this adjustment to Table 10-3.

4. Site D-1 adjustment to reflect SB 330 application

On page D-35 there is a description of site D-1, North 40 Phase II. The site inventory programmed this 15.6-acre site for 452 net units at a planned development density of approximately 30 DU per acre. The income distribution of these units is 184 units very low, 89 units low, 92 units moderate and 87 units above.

The property owner has filed a final SB 330 application which vests the development rights of the parcel. The SB 330 final application calls for the development of 451 units at a development density of 28.6 DU per acre. It should be pointed out this development density is below the 30 DU minimum density programmed by the HEOZ zoning. The Housing Element does not address the difference in development densities and raises a question regarding Program D – Additional Housing Capacity for the North 40 Specific Plan, Program AQ – Zoning Code Amendment and appears to be inconsistent with Table C-3 - Proposed HEOZ Densities by underlying Land Use and Zoning Designation.

Based on the SB 330 application, it appears that a reasonable development assumption should be 0 units very low, 91 units low, 1 unit moderate and 359 above for a total of 451 units. This would result in 184 units being deducted from very low units, 2 units being added to low, 91 units being deducted from moderate, and 272 units being added to above. We made this adjustment to Table 10-3.

5. Site I-1 adjustment to reflect SB 330 application

On page D-59 there is a description of site I-1, Alberto Way. The site inventory programmed this 2.15-acre site for 60 units at a planned development density of approximately 27.9 DU per acre. The income distribution of these units is 0 units very low, 4 units low, 4 units moderate and 52 units above. The site inventory reflects the preliminary SB 330 application development plan. This is inconsistent with how the site inventory planned site B-1, which ignored the SB 330 preliminary application.

The property owner has filed a final SB 330 application which vests the development rights of the parcel. The SB 330 application calls for the development of 52 units at a development density of 24.1 DU per acre. It should be pointed out this development density is below the 30 DU minimum density programmed by the HEOZ zoning. The Housing Element does not address the difference in development densities and appears to be inconsistent with Table C-3 - Proposed HEOZ Densities by underlying Land Use and Zoning Designation.

Based on the SB 330 application, it appears that a reasonable development assumption should be 0 units very low, 8 units low, 0 unit moderate and 44 above for a total of 52 units. This would result in 4 units being added to low, 4 units being deducted from moderate, and 8 units being deducted from above. We made this adjustment to Table 10-3.

Summary and Conclusion

Summing all the adjustments noted above, materially reduces the total credits and HEOZ sites shown in Table 10-3. On an adjusted basis it is reasonably expected that there will be 2,401 units developed during the 6th cycle. In addition, reflecting the above adjustments the income distribution will be 374 very low units, 373 low units, 295 moderate units and 1,359 above units.

Given this level of development, the Town will fail to meet the 6th cycle RHNA of 537 very low units and 320 moderate units. The adjusted Table 10-3 shows the surplus and deficit for each income category compared to the 6th cycle RHNA. This result clearly does not meet the desired outcome of Program AS, which was to provide adequate sites for housing, RHNA rezoning and lower income households on nonvacant and vacant sites, while providing a 25% buffer. Only the above moderate-income group meets this program's goals.

The Housing Elements concluding comment that "the sites identified in this report are sufficient to accommodate Los Gatos' Regional Housing Needs Allocation for the 6th cycle planning period" is clearly incorrect. The current draft as constructed contains numerous errors, which incorrectly inflated the "reasonable development" estimate for very low-, low- and moderate-income categories. The sites inventory does not accommodate a net capacity of 1,971 units but rather a net capacity based on the developers SB 330 applications of 1,858. Furthermore, the sites inventory does not accommodate a net capacity of 634 very low income, 357 low income and 340 moderate income units but rather a capacity of 364 very low, 309 low and 183 moderate income units.

The unmistakable conclusion is the Town must identify more parcels to be included in the site inventory and rezoned as part of the HEOZ to meet the 6th cycle RHNA by income category. If this is not done, it is unlikely the HCD will certify this fourth submission.

Thank you for allowing us to provide our comments. At the end of the day, we all want the same thing – a Housing Element that fully complies with State Housing Law and is certified by HCD as quickly as possible.

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Los Gatos Community Alliance

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RUTAN & TUCKER, LLP

Matthew D. Francois
Direct Dial: [redacted]
E-mail: [redacted]

August 22, 2023

VIA E-MAIL - jpaulson@losgatosca.gov

Joel Paulson
Community Development Director
Town of Los Gatos
110 E. Main Street
Los Gatos, CA 95030

Re: Los Gatos 2023-2031 Housing Element

Dear Mr. Paulson:

We write on behalf of the Los Gatos Community Alliance ("LGCA"), a group of concerned citizens, in regard to the Los Gatos 2023-2031 Housing Element (the "Housing Element"). In previous correspondence to the Town of Los Gatos (the "Town"), LGCA expressed concern that the Housing Element Sites Inventory overstated the development potential on two key sites—Los Gatos Lodge and North 40 Phase II—in light of SB 330 Preliminary Applications submitted for both sites which vest development rights at overall lower densities with far fewer affordable units than assumed by the Sites Inventory. LGCA also expressed concerns with the reasonableness of development capacity on North 40 Phase II given that the site is more than 10 acres and a comparable development (the adjacent North 40 Phase I) was developed at an overall lower density with less affordable units than assumed by the prior housing element. The reductions are significant enough that the Town would not meet its Regional Housing Needs Allocation ("RHNA") for very low and moderate income units. As the Town prepares its fourth revision to the Housing Element, LGCA writes to request that the Town update the Sites Inventory and make other changes to the Housing Element so as to comply with State Housing Element Law.

1. Background

Faced with a January 31, 2023 deadline to adopt a compliant Housing Element, the Town submitted its first draft Housing Element to the State Department of Housing & Community Development ("HCD") on October 14, 2022. In its January 12, 2023 comment letter HCD found that this first submittal was not compliant with State Housing Element Law. The Town Council nonetheless proceeded to adopt a slightly revised version of the Housing Element and submitted it to HCD on February 13, 2023. HCD responded to this second submittal on April 14, 2023 indicating that it too was not compliant with State Housing Element Law. On March 31, 2023, the Town sent its third submittal to HCD on March 31, 2023.

Rutan & Tucker, LLP | 455 Market Street, Suite 1870
San Francisco, CA 94105 | 650-263-7900 | Fax 650-263-7901
Orange County | Palo Alto | San Francisco | Scottsdale | www.rutan.com

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After the third submittal had been sent to HCD, the Town received two SB 330 Preliminary Applications for two key sites on the Sites Inventory—Los Gatos Lodge (Site B1) and North 40 Phase II (Site D1)—on which the Housing Element proposes to accommodate more than 50 percent of the Town's low and very low RHNA.[1] As illustrated by the chart below, the SB 330 Preliminary Applications include a greatly reduced number of affordable housing units from that assumed in the Sites Inventory. The reductions are significant enough that the Town would not meet its RHNA for very low and moderate income units. The Town's RHNA for very low units is 537 units and for moderate units is 320. With the reductions associated with the SB 330 Preliminary Applications, the Town only has 396 very low units and 253 moderate units.

Project	**Housing Element Sites Inventory**	**SB 330 Preliminary Applications Submitted**
Los Gatos Lodge (Site B-1)	Very Low: 86 Low: 86 Moderate: 62 Above-Moderate: 30 Total: 264	Very Low: 0 Low: 32 Moderate: 0 Above-Moderate: 126 Total: 158
North 40-Phase II (Site D-1)	Very Low: 184 Low: 89 Moderate: 92 Above-Moderate: 96 Total: 461	Very Low: 0 Low: 88 Moderate: 0 Above-Moderate: 349 Total: 437

In its May 30, 2023 letter, HCD again found that the Town's third submittal of the Housing Element to be non-compliant with State Housing Element Law. In pertinent part, HCD stated that the Housing Element needed to be revised to, among others, contain an accurate Sites Inventory accounting for: (1) the likelihood of 100 percent nonresidential development in zones allowing 100 percent nonresidential uses and (2) the realistic potential for additional development on non-vacant sites. As to the first point, HCD indicated that the Town should consider the development activity of 100 percent nonresidential uses, stating the element should analyze all development activity in these nonresidential zones, how often residential development occurs and adjust residential capacity calculations, policies, and programs accordingly. As to the second point, HCD stated that the element should address "the extent to which existing uses may constitute an impediment to additional residential development, the Town's past experience with converting existing uses to higher density residential development,

[1] True and correct copies of these applications for Site B1 and Site D1 are attached hereto as Exhibit A and Exhibit B, respectively.

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the current market demand for the existing use, an analysis of any existing leases or other contracts that would perpetuate the existing use or prevent redevelopment of the site for additional residential development, development trends, market conditions, and regulatory or other incentives or standards to encourage additional residential development on these sites."

2. Housing Element Law Requires A Sites Inventory That Reflects Realistic Capacity And Properly Accounts For Large And Nonvacant Sites.

Government Code Section 65583 requires that a housing element "identify adequate sites for housing" and "make adequate provision for the existing and projected needs of all economic segments of the community." Specifically, a housing element must contain "[a]n 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, and an analysis of the relationship of the sites identified in the land inventory to the jurisdiction's duty to affirmatively further fair housing." (Gov. Code § 65583(a)(3).)

The sites inventory shall be used to identify sites throughout the community that can be developed for housing within the planning period and that are sufficient to provide for the jurisdiction's share of the regional housing need for all income levels. (Gov. Code § 65583.2(a).) An agency is required to determine whether each site in its inventory can accommodate the development of some portion of its share of the regional housing need by income level during the planning period. (Gov. Code § 65583.2(c).) A local agency must demonstrate how the number of units determined for a particular site in the inventory will be accommodated. (Gov. Code § 65583.2(c)(1).) The number of units shall be adjusted as necessary based on land use controls and site improvements, the realistic development capacity for the site, typical densities of existing or approved residential developments at a similar affordability level in the jurisdiction, and the current and planned availability and accessibility of sufficient water, sewer, and dry utilities. (Gov. Code § 65583.2(c)(2).)

Parcels larger than 10 acres are considered inadequate to accommodate housing affordable to lower income households, unless the local agency demonstrates that sites of equivalent size were successfully developed during the prior planning period for an equivalent number of lower income housing units as projected for the site, or there is other evidence that the site is realistic and feasible for lower income housing.[2] (Gov. Code § 65583.2(c)(2)(B).) "A site

[2] Such evidence may include developer interest, proposed specific-plan development, potential for subdivision, the jurisdiction's role or track record in facilitating lot splits, or other information that can demonstrate to HCD the feasibility of the site for development. (HCD's Housing Element Site Inventory Guidebook (May 2020), p. 17.)

may be presumed to be realistic for development to accommodate lower income housing need if, at the time of the adoption of the housing element, a development affordable to lower income households has been proposed and approved for development on the site." (Gov. Code § 65583.2(c)(2)(C).)

When a housing element relies on nonvacant sites to accommodate more than 50 percent of the RHNA for lower income households, it must demonstrate that existing uses are not an impediment to additional residential development and will likely discontinue in the planning period. (Gov. Code § 65583.2(g)(2).) Absent findings based on substantial evidence, the existing uses will be presumed to impede additional residential development and cannot be used to demonstrate adequate sites to accommodate the agency's RHNA. (*Id.*)

3. The Housing Element Does Not Comply with State Housing Element Law.

The Sites Inventory has not been revised to reflect the SB 330 Preliminary Applications for Los Gatos Lodge and North Forty Phase II. The inventory assumes that these two sites will provide more than 50 percent of the RHNA for low and very low income units. But since these two sites can legally be developed in accordance with their SB 330 Preliminary Applications, the Town would have a shortfall of 141 very low units and 67 moderate units.[3] The Sites Inventory does not meet the Town's RHNA obligations and the capacity assumed for Sites B-1 and D-1 is not realistic.

Los Gatos Lodge (Site B-1) is comprised of three parcels totaling 8.81 acres and identified as having a realistic capacity of 264 units. Of these 264 units, 86 are identified as very low, 86 as low, 62 as moderate, and 30 as above-moderate. The Los Gatos Lodge site is occupied by an existing motel and thus nonvacant. It has a proposed General Plan designation of Mixed Use Commercial and a proposed Zoning designation of CH-PD HEOZ, which would allow minimum densities of 30 units per acre. The Housing Element incorrectly refers to this site as already containing these designations. (Housing Element, Appendix D, p. D-15.)[4]

A SB 330 Preliminary Application was submitted for Los Gatos Lodge on June 30, 2023. Because the Town does not have a certified Housing Element, the project is subject to the "builder's remedy" and can proceed irrespective of its non-conformity with current planning and zoning designations. (Gov. Code § 65589.5(d).) Any subsequently enacted planning or zoning

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[3] Where there would still be a nominal surplus of 58 low income units, this would only be 8 percent above the Town's RHNA allocation, falling far short of HCD's recommended 15-30 percent buffer. (HCD's Housing Element Site Inventory Guidebook (May 2020), p. 22.)

[4] References herein to the Housing Element are to the Interim Working Draft Revised Housing Element dated July 2023.

changes would not legally apply to the project proposed on Site B-1.[5] The Preliminary Application includes a total of 158 units. Of these 158 units, 126 are identified as market rate (or above-moderate) units and 32 are identified as low income units. Thus, Site B-1 is subject to a vested development application for 106 overall fewer units and 86 less very low, 54 less low, and 62 less moderate units than assumed by the Sites Inventory.

North 40 Phase II (Site D-1) is comprised of seven parcels totaling 15.39 acres and identified as having a realistic capacity of 461 units. Of these 461 units, 184 are identified as very low, 89 as low, 92 as moderate, and 96 as above-moderate. The North 40 Phase II site is occupied by single-family residences and agricultural uses and thus nonvacant. It is planned and zoned North Forty Specific Plan. The Specific Plan currently allows for a maximum of 270 units. (Specific Plan, Table 2-2 and Section 2.7.3.) Phase I was developed with 270 above-moderate units, 1 moderate unit, and 49 very low units.

A SB 330 Preliminary Application was submitted for North 40 Phase II on April 17, 2023. Because the Town does not have a certified Housing Element, the project is subject to the "builder's remedy" and can proceed irrespective of its non-conformity with current planning and zoning designations. (Gov. Code § 65589.5(d).) Any subsequently enacted planning or zoning changes would not legally apply to the project proposed on Site D-1. The Preliminary Application includes a total of 437 units. Of these 437 units, 349 are identified as market rate (or above-moderate) units and 88 are identified as low income units. Thus, Site B-1 is subject to a vested development application for 24 overall fewer units and 184 less very low, 1 less low, and 92 less moderate units than assumed by the Sites Inventory.

Town Staff has indicated that these are just preliminary applications and do not need to be factored into the analysis as to whether the capacity is realistic. Such a response significantly downplays the legal significance of the SB 330 Preliminary Applications submitted. Moreover, the Town itself used such an application for Site I-1 (405 Alberto Way) as the basis for the overall density and number of affordable units in its Sites Inventory. Also, other agencies with certified Housing Elements, such as the City of Campbell, considered SB 330 Preliminary Applications when preparing their Housing Sites Inventory.[6]

In addition, Site D-1 is 15.39 acres. Per State Housing Element Law, such a large site is considered inadequate to accommodate housing affordable to lower income households, unless

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[5] A Preliminary Application allows a developer to "freeze" the applicable ordinances, policies, and standards in place at the time of submittal thus preventing later changes to development requirements that could impact the project. (Gov. Code §§ 65589.5(o), 65941.1.)

[6] Specifically, Campbell's Housing Element included a discussion of requests to develop housing below identified densities as a non-government constraint to housing. (Campbell Housing Element, p. H.II-172.)

the Town demonstrates that sites of equivalent size were successfully developed during the prior planning period for an equivalent number of lower income housing units as projected for the site. (Gov. Code § 65583.2(c)(2)(B).) The Housing Element contains no such supporting analysis. The reality is that there is no such supporting evidence. For instance, while North 40 Phase I was planned for 270 units (156 very low, 84 low, 30 moderate, and 0 above-moderate), what was actually built was 270 above-moderate units, 49 very low units, and 1 moderate unit.

Further, the Town's Housing Element relies almost exclusively on nonvacant sites to accommodate its RHNA for lower income households.[7] By law, the existing uses on these sites are deemed to be an impediment to residential development absent substantial evidence to the contrary. (Gov. Code § 65583.2(g)(2).) Most of the projects the Town relies on to support its claim that the existing uses are not an impediment are in other jurisdictions. The Housing Element states that development in those other jurisdictions provide examples of "the type of development that could be projected to be developed in the Town based on the proposed Housing Element Overlay Zone." (Housing Element, Appendix D, p. D-3.) But there is no evidence to support this statement nor is there any indication that the proposed overlay zone would pass legal muster.[8] As to the few sites in Los Gatos, most appear to be lower density, single-family developments. (*Id.* at pp. D-3 to D-4.) Further, the Housing Element cites to property interest forms without including or detailing the information on those forms, as HCD previously requested. (*Id.* at pp. D-4 to D-5.) Absent findings based on substantial evidence, the existing uses will be presumed to impede additional residential development and cannot be used to demonstrate adequate sites to accommodate the RHNA. (*Id.*)

Finally, it is unclear whether the Housing Element complies with Government Code Section 65583.2(h). That section requires that at least 50 percent of the very low income and low income housing be located on sites designated for residential use only except that an agency may accommodate all of its very low and low income housing need on sites designated for mixed use if those sites allow 100 percent residential use and require that residential use occupy 50 percent of the total floor area of a mixed use project. Of the 50 housing opportunity sites, only 11 are designated to allow residential units only; the remaining 39 are designed to allow for commercial and mixed-use opportunities. (Housing Element, Appendix D, p. D-5.) Citing a mere two previously entitled commercial development projects for which residential development projects have since been proposed, the Housing Element state that the likelihood that commercial or mixed-use sites would redevelop without some residential component is "clearly low." (*Id.* at p. D-6.) The law requires more than this. The planning and zoning

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[7] The only exception appears to be for two very low income units on one vacant parcel: APN 424-06-116.

[8] (*See Martinez v. City of Clovis* (2023) 90 Cal. App.5th 193 [housing element's reliance on a regional housing need overlay zone district failed to comply with State Housing Element Law because the base zoning allowed development at a density lower than the statutory minimum].)

RUTAN

Joel Paulson
August 22, 2023
Page 7

designations for those sites must allow 100 percent residential use and require at least 50 percent residential floor area in a mixed-use development.

****

We understand that the Town is in the process of preparing its fourth submittal to HCD and plans to do so by early October 2023. We also understand that a meeting between HCD Staff and Town Staff is scheduled for early September 2023 on the fourth submittal. We wish to see the fourth submittal be successful and along those lines provide what we hope are constructive comments on the Housing Element. Given that state funding, rezoning deadlines, and/or development approval authority are at stake, we urge the Town to take these comments seriously and undertake all necessary actions to ensure that its Housing Element conforms with State Housing Element law.

Thank you for your consideration of LGCA's views on these important matters. Please do not hesitate to contact me with any questions concerning this correspondence.

Very truly yours,

RUTAN & TUCKER, LLP

Matthew D. Francois

MDF:mtr

cc: Phil Koen
Laurel Prevetti, Town Manager
Gabrielle Whelan, Town Attorney
Paul McDougall, Senior Program Manager, State HCD
Jose Armando Jauregui, Housing Policy Analyst, State HCD

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EXHIBIT A

SB 330 PRELIMINARY APPLICATION SUBMITTAL CHECKLIST

California Government Code Section §65941.1 (a): An applicant for a housing development project, as defined in paragraph (2) of subdivision (h) of Section §65589.5, shall be deemed to have submitted a Preliminary Application upon providing all of the following information about the proposed project to the city, county, or city and county from which approval for the project is being sought and upon payment of the permit processing fee:

- ☑ The specific location, including parcel numbers, a legal description, and site address.
- ☑ The existing uses on the project site and identification of major physical alterations to the property on which the project is to be located.
- ☑ A site plan showing the building location(s) on the property; elevations of each building showing design, color, and material; and the massing, height, and approximate square footage, of each building that is to be occupied.
- ☑ The proposed land uses by number of units and square feet of residential and nonresidential development using the categories in the applicable zoning ordinance.
- ☑ The proposed number of parking spaces.
- ☑ Any proposed point sources of air or water pollutants.
- ☑ Any species of special concern known to occur on the property.
- ☑ Any historic or cultural resources known to exist on the property.
- ☑ The number of proposed below market price units and their affordability levels.
- ☑ The number of bonus units and any incentives, concessions, waivers, or parking reductions requested pursuant to Section §65915.
- ☑ Whether any approvals under the Subdivision Map Act, including, but not limited to, a parcel map, a tentative map, or a condominium map, are being requested.
- ☑ The applicant's contact information and, if the applicant does not own the property, consent from the property owner to submit the application.
- ☑ The number of existing residential units on the project site that will be demolished and whether each existing unit is occupied or unoccupied.
- ☑ A site plan showing a stream or other resource that may be subject to a streambed alteration agreement pursuant to Chapter 6 (commencing with Section §1600) of Division 2 of the Fish and Game Code and an aerial photograph showing existing site conditions of environmental site features that would be subject to regulations by a public agency, including creeks and wetlands.

SB 330 PRELIMINARY APPLICATION SUBMITTAL CHECKLIST

☑ The location of any recorded public easement, such as easements for utilities, storm drains, water lines, and other public rights-of-way.

☑ Whether a portion of the property is located within any of the following:

Yes	No	
☐	☑	A very high fire hazard severity zone, as determined by the Department of Forestry and Fire Protection pursuant to Section §51178.
☐	☑	Wetlands, as defined in the United States Fish and Wildlife Service Manual, Part 660 FW 2 (June 21, 1993).
☐	☑	A hazardous waste site that is listed pursuant to Section §65962.5 or a hazardous waste site designated by the Department of Toxic Substances Control pursuant to Section §25356 of the Health and Safety Code.
☐	☑	A special flood hazard area subject to inundation by the one (1) percent annual chance flood (100-year flood) as determined by the Federal Emergency Management Agency in any official maps published by the Federal Emergency Management Agency.
☐	☑	A delineated earthquake fault zone as determined by the State Geologist in any official maps published by the State Geologist, unless the development complies with applicable seismic protection building code standards adopted by the California Building Standards Commission under the California Building Standards Law [Part 2.5 (commencing with Section §18901) of Division 13 of the Health and Safety Code], and by any local building department under Chapter 12.2 (commencing with Section §8875) of Division 1 of Title 2.
☐	☑	A stream or other resource that may be subject to a streambed alteration agreement pursuant to Chapter 6 (commencing with Section §1600) of Division 2 of the Fish and Game Code.

SENATE BILL 330 PRELIMINARY APPLICATION

PURPOSE

This form serves as the Preliminary Application for housing development projects seeking vesting rights pursuant to SB 330, the Housing Crisis Act of 2019.

GENERAL INFORMATION

An applicant for a housing development project that includes (1) residential units (2) a mix of commercial and residential uses with two-thirds of the project's square footage used for residential purposes; or (3) transitional or supportive housing, shall be deemed to have submitted a Preliminary Application upon provision of all of the information listed in this Preliminary Application form and payment of the permit processing fee to the agency from which approval for the project is being sought.

After submitting this Preliminary Application to the local agency, an applicant has 180 days to submit a full application or the Preliminary Application will expire.

Notes:

1. California Environmental Quality Act (CEQA) and Coastal Act standards apply.
2. After submittal of all of the information required, if the development proponent revises the project to change the number of residential units or square footage of construction changes by 20 percent or more, excluding any increase resulting from Density Bonus Law, the development proponent must resubmit the required information so that it reflects the revisions.
3. Submittal of all the information listed and payment of the permit processing fee freezes fees and development standards as of the date that the Preliminary Application is "deemed submitted," unless exceptions per Government Code § 65889.5(o) are triggered.
4. Record keeping pertaining to which standards and fees apply at date of submittal is imperative, as penalties may apply for imposing incorrect standards.

SITE INFORMATION

1. **PROJECT LOCATION** – The specific location, including parcel numbers, a legal description, and site address, if applicable.

   Street Address 50 Los Gatos-Saratoga Road, Los Gatos, et al. Unit/Space Number _____

   Legal Description (Lot, Block, Tract) Attached? YES ☑ NO ☐

   See Attachment 2, Exhibit A.

   Assessor Parcel Number(s) 529-24-001, 529-24-003, 529-24-032

2. **EXISTING USES** – The existing uses on the project site and identification of major physical alterations to the property on which the project is to be located (if you have attached a site plan that clearly depicts all existing uses and proposed physical alterations, please enter "See Attached Plan" below).

   The Project site is currently occupied by Los Gatos Lodge, a hotel/motel. Onsite operations consist of temporary (less than 30 days) lodging of hotel guests, meeting and event rooms, recreational areas, dining areas, routine facility maintenance, accessory office uses and a duplex dwelling unit for hotel staff. In addition to the buildings and other structures, the Project site is improved with asphalt-paved parking/drive areas, concrete-paved patios and walkways, a swimming pool, and landscaped areas. (See also Attachment 3.) With the exception of the duplex dwelling unit, all existing structures and improvements will be removed for the Project.

3. **SITE PLAN** – A site plan showing the building(s) location on the property and approximate square footage of each building that is to be occupied.

   Attached? YES ☑ NO ☐

4. **ELEVATIONS** – All elevations of all buildings showing design, color, material, and the massing and height of each building that is to be occupied.

   Attached? YES ☑ NO ☐

5. **PROPOSED USES** – The proposed land uses by number of units and square feet of residential and nonresidential development using the categories in the Zoning Ordinance.

   SummerHill proposes to develop 158 new three-story for-sale attached townhouses in 28 buildings (multiple-family dwellings) on a portion of an approximately 8.81-acre tract of land, with associated amenities, landscaping, private streets, utilities and other infrastructure improvements. The living area of the townhouses will range from approximately 1,270 to 2,230 square feet, with a total living area of approximately 282,931 square feet and a total gross floor area of approximately 352,919 square feet. Each townhome will have assigned parking, either in an attached garage or in a shared parking area. The boundaries of the individual townhomes will be established through a condominium plan, and the community will be governed by a professionally managed homeowners association.

a. **RESIDENTIAL DWELLING UNIT COUNT:**

Please indicate the number of dwelling units proposed, including a breakdown of levels by affordability, set by each income category.

	Number of Units
Market Rate	126 Units
Manager Unit(s) - Market Rate	0
Extremely Low Income (%)	0
Very Low Income (%)	0
Low Income (%)	32 Units (20.3%)
Moderate Income (%)	0
Total Number of Units	158 Units
Total Number of Affordable Units	32 Units
Total Number of Density Bous Units	5 Units

Other notes on units:

SummerHill will use a density bonus to achieve 158 units, if necessary. The existing duplex dwelling unit is not included in the unit counts listed above.

FLOOR AREA – Provide the proposed floor area and square footage of residential and nonresidential development, by building. (Attach relevant information by building and totals here. If more space is needed, enter "See Attached," and attach a modified table.):

	Residential	Nonresidential	Total
Floor Area (Zoning)	352,919 SF	0	352,919 SF
Square Footage of Construction	352,919 SF	0	352,919 SF

PARKING – The proposed number of automobile parking spaces:

Residential	Nonresidential	Total Automobile Parking
351 spaces	0	351 spaces

8. **AFFORDABLE HOUSING INCENTIVES, WAIVERS, CONCESSIONS AND PARKING REDUCTIONS** – Will the project proponent seek Density Bonus incentives, waivers, concessions, or parking reductions pursuant to California Government Code Section 65915?

YES ☑ NO ☐

If "YES," please describe:

SummerHill may utilize: (1) a density bonus, if necessary to achieve 158 units; (2) a concession or waiver to eliminate mixed-use requirements, if necessary; (3) parking reductions; and/or (4) waivers or reductions of development standards necessary for the development of the project, potentially including, without limitation: an increase in the height limit to 45 feet, a reduction of the required private open space and community recreation open space, a modification of set-to requirements, and/or a waiver of the requirement to provide a primary entrance for each building. SummerHill reserves the right to request additional concessions, waivers or reductions pursuant to Gov. Code section 65915.

9. **SUBDIVISION** – Will the project proponent seek any approvals under the Subdivision Map Act, including, but not limited to, a parcel map, a vesting or tentative map, a condominium map?

YES ☑ NO ☐

If "YES," please describe:

SummerHill will seek approval of a vesting tentative map and a final map and will record a condominium map.

10. **POLLUTANTS** – Are there any proposed point sources of air or water pollutants?

YES ☐ NO ☑

If "YES," please describe:

11. **EXISTING SITE CONDITIONS** – Provide the number of existing residential units on the project site that will be demolished and whether each existing unit is occupied or unoccupied. Provide attachment, if needed.

	Occupied Residential Units	Unoccupied Residential Units	Total Residential Units
Existing	2 Units	0	2 Units
To Be Demolished	0	0	0

12. **ADDITIONAL SITE CONDITIONS** –

a. Whether a portion of the property is located within any of the following:

i. A very high fire hazard severity zone, as determined by the Department of Forestry and Fire Protection, pursuant to Section 51178?

YES ☐ NO ☑

ii. Wetlands, as defined in the United States Fish and Wildlife Service Manual, Part 660 FW 2 (June 21, 1993)?

YES ☐ NO ☑

iii. A hazardous waste site that is listed pursuant to Section 65962.5, or a hazardous waste site designated by the Department of Toxic Substances Control pursuant to Section 25356 of the Health and Safety Code?

YES ☐ NO ☑

iv. A special flood hazard area subject to inundation by the 1 percent annual chance flood (100-year flood) as determined by any official maps published by the Federal Emergency Management Agency?

YES ☐ NO ☑

v. A delineated earthquake fault zone as determined by the State Geologist in any official maps published by the State Geologist, unless the development complies with applicable seismic protection building code standards adopted by the California Building Standards Commission under the California Building Standards Law (Part 2.5 (commencing with Section 18901) of Division 13 of the Health and Safety Code), and by any local building department under Chapter 12.2 (commencing with Section 8875) of Division 1 of Title 2?

YES ☐ NO ☑

vi. A stream or other resource that may be subject to a streambed alteration agreement pursuant to Chapter 6 (commencing with Section 1600) of Division 2 of the Fish and Game Code?

YES ☐ NO ☑

IF YOU CHECKED "YES" FOR ITEM (vi), ATTACH A SITE MAP SHOWING THE LOCATION OF ANY SUCH STREAM OR OTHER RESOURCE. REGARDLESS OF WHETHER YOU CHECKED "YES," PROVIDE AN AERIAL PHOTOGRAPH SHOWING EXISTING ENVIRONMENTAL SITE FEATURES SUBJECT TO REGULATIONS BY A PUBLIC AGENCY, INCLUDING CREEKS AND WETLANDS.

Check here to indicate you have read this statement and have attached the required materials ☑

If "YES" to any, please describe:

None known at this time.

b. Does the project site contain historic and/or cultural resources?

YES ☐ NO ☑

If "YES," please describe:

None known at this time. Some of the existing structures are more than 50 years old but none have been identified as historically or culturally significant.

c. Does the project site contain any species of special concern, such as special status flora or fauna, protected trees, or wildlife?

YES ☐ NO ☑

If "YES," please describe:

None known at this time.

d. Does the project site contain any recorded public easement, such as easements for storm drains, water lines, electricity, and other public rights-of-way?

YES ☐ NO ☑

If "YES," please describe:

The Project site does not contain any recorded public easements such as easements for storm drains, water lines, electricity and other public rights-of-way. However, the Project site contains public restrictions and private and/or utility easements for water, road and sewer purposes. See Attachments 2 & 5.

IF "YES," PROVIDE A SITE PLAN SHOWING THE LOCATION OF ANY SUCH EASEMENTS. Check here to indicate you have read this statement and, if applicable, have attached the required materials ☑

13. **PROJECT TEAM INFORMATION** – The applicant's contact information and, if the applicant does not own the property, consent from the property owner to submit the application.

APPLICANT:

Name John Hickey, Vice President of Development Company/Firm SummerHill Homes LLC

Address 777 S. California Ave. Unit/Space Number

City Palo Alto State CA Zip Code 94304

Telephone 650-842-2360 Email jhickey@shhomes.com

Are you in Escrow To Purchase The Property? YES ☐ NO ☑

PROPERTY OWNER: ☐ Same as applicant ☑ Different from applicant

Name Keet Nerhan

Company/Firm Los Gatos Lodge, LLC

Address 210 San Mateo Road Unit/Space Number 201

City Half Moon Bay State CA Zip Code 94019

Telephone 650-726-4457 Email

OPTIONAL: Agent/Representative

Name Company/Firm

Address Unit/Space Number

City State Zip Code

Telephone Email

OPTIONAL: Other

Name David J. Bugatto Company/Firm The Bugatto Group, Inc.

Address 300 University Avenue Unit/Space Number Suite 230

City Sacramento State CA Zip Code 95825

Telephone 916-648-7718 Email david@thebugattogroup.com

Primary Contact for Project: ☐ Owner ☑ Applicant ☐ Agent/Representative ☐ Other

PROPERTY OWNER AFFIDAVIT

Before the application can be accepted, the owner of each property involved must provide a signature to verify the Preliminary Application is being filed with their knowledge. Staff will confirm ownership based on the records of the County Assessor. In the case of partnerships, corporations, LLCs or trusts, the agent for service of process or an officer of the ownership entity so authorized may sign as stipulated below.

- **Ownership Disclosure.** If the property is owned by a partnership, corporation, LLC or trust, a disclosure identifying the agent for service or process or an officer of the ownership entity must be submitted. The disclosure must list the names and addresses of the principal owners (25 percent interest or greater). The signatory must appear in this list of names. A letter of authorization, as described below, may be submitted provided the signatory of the letter is included in the Ownership Disclosure. Include a copy of the current partnership agreement, corporate articles, or trust document as applicable.
- **Letter of Authorization (LOA).** A LOA from a property owner granting someone else permission to sign the Preliminary Application form may be provided if the property is owned by a partnership, corporation, LLC or trust, or in rare circumstances when an individual property owner is unable to sign the Preliminary Application form. To be considered for acceptance, the LOA must indicate the name of the person being authorized to file, their relationship to the owner or project, the site address, a general description of the type of application being filed and must also include the language in items 1-3 below. In the case of partnerships, corporations, LLCs or trusts, the LOA must be signed by the authorized signatory as shown on the Ownership Disclosure or in the case of private ownership by the property owner. Proof of Ownership for the signatory of the LOA must be submitted with said letter.
- **Grant Deed.** Provide Copy of the Grant Deed if the ownership of the property does not match local records. The Deed must correspond exactly with the ownership listed on the application.
- **Multiple Owners.** If the property is owned by more than one individual (e.g., John and Jane Doe, or Mary Smith and Mark Jones) signatures are required of all owners.

1. I hereby certify that I am the owner of record of the herein previously described property located in the Town of Los Gatos which is involved in this Preliminary Application, or have been empowered to sign as the owner on behalf of a partnership, corporation, LLC, or trust as evidenced by the documents attached hereto.
2. I hereby consent to the filing of this Preliminary Application on my property for processing by the Town of Los Gatos Community Development Department for the sole purpose of vesting the proposed housing project subject to the Planning and Zoning ordinances, policies, and standards adopted and in effect on the date that this Preliminary Application is deemed submitted.
3. Further, I understand that this Preliminary Application will be terminated and vesting will be forfeited if the housing development project is revised such that the number of residential units or square footage of construction increases or decreases by 20 percent or more, exclusive of any increase resulting from the receipt of a density bonus, incentive, concession, waiver, or similar provision, and/or an application requesting approval of an entitlement is not filed with Town of Los Gatos Community Development Department within 180 days of the date that the Preliminary Application is deemed complete.
4. By my signature below, I certify that the foregoing statements are true and correct.

Signature _____ **Signature** _____

Printed Name _____ **Printed Name** _____

Date _____ **Date** _____

SIGNATURES ON FOLLOWING PAGE

PROPERTY OWNER AFFIDAVIT

SIGNATURE PAGE

PROPERTY: Parcel One of Tract One, as more particularly described in Exhibit A to Attachment 2.

PROPERTY OWNER: KEET NERHAN

By: x

Name: Keet Nerhan

Date: x 6-27-23

PROPERTY: Parcels Two, Three and Four of Tract One, as more particularly described in Exhibit A to Attachment 2.

PROPERTY OWNER: LOS GATOS LODGE, LLC

By: x

Name: Keet Nerhan, its Managing Member

Date: x 6-27-23

PROPERTY: Tract Two, as more particularly described in Exhibit A to Attachment 2.

PROPERTY OWNER: KEET S. NERHAN

By: x

Name: Keet S. Nerhan

Date: x 6-27-23

Attachment 1 to SB 330 Preliminary Application

50 Los Gatos-Saratoga Road, Los Gatos

PROPERTY LOCATION: Parcel One of Tract One, as more particularly described in Exhibit A to Attachment 2.

PROPERTY OWNER: Keet Nerhan, a married man as his sole and separate property

Street Address: 210 San Mateo Road #201
City: Half Moon Bay State: CA Zip Code: 94019
Phone Number: (650) 726-4457

I hereby certify that I am the owner of record of the property described in "Property Location" above, and that I approve of the action requested in the Preliminary Application to which this Attachment 1 is attached.

x _____
Keet Nerhan
Date: x 6-27-23

PROPERTY LOCATION: Parcels Two, Three and Four of Tract One, as more particularly described in Exhibit A to Attachment 2.

PROPERTY OWNER: Los Gatos Lodge, LLC

Street Address: 210 San Mateo Road #201
City: Half Moon Bay State: CA Zip Code: 94019
Phone Number: (650) 726-4457

I hereby certify that I am the owner of record of the property described in "Property Location" above, and that I approve of the action requested in the Preliminary Application to which this Attachment 1 is attached.

LOS GATOS LODGE, LLC
By: x _____
Keet Nerhan, Its Managing Member
Date: x 6-27-23

Attachment 1 to SB 330 Preliminary Application
50 Los Gatos-Saratoga Road, Los Gatos

PROPERTY LOCATION: Tract Two, as more particularly described in Exhibit A to Attachment 2.

PROPERTY OWNER: Keet S. Nerhan, a married man, as his sole and separate property

Street Address: 210 San Mateo Road #201
City: Half Moon Bay State: CA Zip Code: 94019
Phone Number: (650) 726-4457

I hereby certify that I am the owner of record of the property described in "Property Location" above, and that I approve of the action requested in the Preliminary Application to which this Attachment 1 is attached.

x
Keet S. Nerhan
Date: x 6-27-23

Attachment 2 to SB 330 Preliminary Application

50 Los Gatos-Saratoga Road, Los Gatos

SUPPLEMENTAL RESPONSES

1. **Project Location** – The specific location of the Project, including parcel numbers, a legal description, and site address:

   Primary Address: 50 Los Gatos-Saratoga Road, Los Gatos, California

   Other Addresses:

   - 92 Los Gatos-Saratoga Road[1]
   - 96 Los Gatos-Saratoga Road[2]
   - 225 Bella Vista Avenue
   - 227 Bella Vista Avenue

   APNs:

   - 529-24-001
   - 529-24-003
   - 529-24-032

   Legal Description:

   - See Exhibit A (Legal Description of Project Site).

2. **Existing Uses** – The existing uses on the project site and identification of major physical alterations to the property on which the project is to be located:

   The Project site is currently occupied by Los Gatos Lodge, a hotel/motel. Onsite operations consist of temporary (less than 30 days) lodging of hotel guests, meeting and event rooms, recreational areas, dining areas, routine facility maintenance, accessory office uses and a duplex dwelling unit for hotel staff. In addition to the buildings and other structures, the Project site is improved with asphalt-paved parking/drive areas, concrete-paved patios and walkways, a swimming pool, and landscaped areas. With the exception of the duplex dwelling unit, all existing structures and improvements will be removed for the Project. See also Attachment 3 (ALTA/ACSM Land Title Survey).

3. **Site Plan** – A site plan showing the building location(s) on the property and approximate square footage of each building that is to be occupied:

   See Attachment 4 (Site Plan & Elevations).

[1] See https://tlggis.losgatosca.gov/. Address not used.
[2] See https://tlggis.losgatosca.gov/. Address not used.

4. **Elevations** – Elevations of each building showing design, color, material, and the massing and height of each building that is to be occupied:

   See Attachment 4 (Site Plan & Elevations). SummerHill welcomes comments from the Town of Los Gatos regarding the proposed architectural style. SummerHill is open to the possibility of a more traditional architectural style if that would be preferred.

12.a.iv. **Special Flood Hazard Area** – Is the site in a special flood hazard area subject to inundation by the 1 percent annual chance flood (100-year flood) as determined by any official maps published by the Federal Emergency Management Agency?

   No, the site is not in a Special Flood Hazard Area. However, as with a substantial portion of Los Gatos between Los Gatos Boulevard and N. Santa Cruz Avenue, the site is in an area of potential flooding due to dam failure.

12.a.v. **Earthquake Fault Zone** – Is the site in a delineated earthquake fault zone as determined by the State Geologist in any official maps published by the State Geologist?

   No, the site is not in in a delineated earthquake fault zone as determined by the State Geologist in any official maps published by the State Geologist.

   According to the Geology Chapter of the General Plan Background Report, fault traces belonging to numerous faults, including the Shannon and Monte Vista Faults, are located in the vicinity of Los Gatos. As a result, significant bands of both high and moderate fault rupture hazard cover most of the Town of Los Gatos. These zones are generally northwest/southeast running, in conformance with the direction of the surrounding San Andreas and Monte Vista Fault systems. Nearly the entire southern portion of the Town is an area of high fault rupture hazard. Smaller portions of central Los Gatos are of moderate rupture hazard, while a large zone of high rupture hazard intersects the northern portion of Town. The Public Record indicates only small portions of northern, central and southern Los Gatos lie outside of fault rupture areas.

   The project will comply with applicable seismic protection building code standards adopted by the California Building Standards Commission under the California Building Standards Law and by the Town of Los Gatos under Chapter 12.2 of Division 1 of Title 2 of the Government Code.

12.a.vi. **Aerial Photograph** – Provide an aerial photograph showing existing environmental site features subject to regulation by a public agency, including creeks and wetlands.

   See Attachment 5 (Record Boundary Exhibit & Aerial Photograph). The Project site does not contain any creeks, wetlands or other environmental site features subject to regulation by a public agency.

12.d. **Recorded Public Easements** – Does the project site contain any recorded public easements, such as easements for storm drains, water lines, electricity, and other public rights-of-way?

   The Project site does not contain any recorded public easements such as easements for storm drains, water lines, electricity and other public rights-of-way. However, the Project site contains the following public restrictions and private easements for water, road and sewer purposes:

Attachment 2 to SB 330 Preliminary Application
50 Los Gatos-Saratoga Road, Los Gatos

1. An easement for water pipe lines and aqueducts and incidental purposes, recorded May 25, 1870 in Book 18 of Deeds, Page 88, between John Goldsworthy et al. and San Jose Water Company.
2. The fact that the ownership of said land does not include any right of ingress or egress to or from the highway contiguous thereto, said rights have been condemned by final decree of condemnation, a certified copy of which was recorded March 08, 1955 in Book 3108, Page 322, of Official Records.
3. A waiver of any claims for damages by reason of the location, construction, landscaping or maintenance of a contiguous freeway, highway, roadway or transit facility as contained in the document recorded March 17, 1955 as Book 3117, Page 135 of Official Records.
4. The terms and provisions contained in the document entitled "Agreement" for road and sewer purposes, recorded November 05, 1957 as Book 3930, Page 579 of Official Records, between Joseph Moucressey et al. and Milton K. Lepetich et al.
5. The fact that the land lies within the boundaries of the Central Los Gatos Redevelopment Project Area, as disclosed by the document recorded December 05, 1991 as Book L955, Page 1734 in Instrument No. 11155292 of Official Records.
6. The terms, provisions and easement(s) contained in the document entitled "Grant of Easement" recorded November 07, 2012 as Document No. 21942580 of Official Records, by and between Los Gatos Lodge LLC and San Jose Water Company.

For further detail, please see Attachment 5 (Record Boundary Exhibit and Aerial Photograph).

3 2023-06-21

SUMMERHILL HOMES
COMMUNITIES OF DISTINCTION

June 30, 2023

VIA ELECTRONIC MAIL

Joel Paulson
Community Development Director
Town of Los Gatos
110 E. Main Street
Los Gatos, CA 95030
jpaulson@losgatosca.gov

Re: SB 330 Preliminary Application
50 Los Gatos-Saratoga Road, Los Gatos
APN 529-24-001, -003 & -032

Dear Mr. Paulson:

Thank you for the collaboration the Town of Los Gatos has extended to us through your Department regarding our inquiries in connection with our proposed development project at 50 Los Gatos-Saratoga Road.

SummerHill Homes hereby submits a Preliminary Application for a proposed housing development project at 50 Los Gatos-Saratoga Road. This letter and the enclosed information constitute the submittal materials required to satisfy the application checklist for a Preliminary Application under Government Code section 65941.1(a). We have been told by the Planning Department that no permit processing fee is due for Preliminary Applications submitted on or before June 30, 2023.

SummerHill proposes to develop 158 new three-story for-sale townhouses on a portion of an approximately 8.81-acre tract of land (APN 529-24-001, -003 & -032), with associated amenities, landscaping, private streets, utilities and other infrastructure improvements. The living area of the townhouses will range from approximately 1,270 to 2,230 square feet, with a total living area of approximately 282,930 square feet. Each townhome will have assigned parking, either in an attached garage or in a shared parking area. The boundaries of the individual townhomes will be established through a condominium plan, and the community will be governed by a professionally managed homeowners association. SummerHill will work with the Town to modify or refine the proposed architectural style through the design review process.

SummerHill intends to designate 20 percent of the townhomes in the Project for lower income households. As a result, the Project is a housing development project protected by the provisions of the Housing Accountability Act (Gov. Code § 65589.5), including without limitation the provisions of Section 65589.5(d)(5). (The Project does not fall within the provisions of Section 65589.5(d)(1) through (4).) The Project is also entitled to the benefits of the State Density Bonus Law (Gov. Code § 65915 *et seq.*).

777 S. California Avenue, Palo Alto, CA 94304 **phone** 650.857.0122 **fax** 650.857.1077 SHHomes.com

The Project site is designated as Mixed Use in the Town's currently applicable 2020 General Plan and is zoned CH (Restricted Commercial Highway) with a PD (Planned Development) overlay. SummerHill anticipates that the Project may require City approval of a vesting tentative subdivision map, a conditional use permit, and architecture and site approval, with review generally limited to compliance with applicable objective development standards in effect as of the date of this Preliminary Application and applicable state and federal law. SummerHill also may use the benefits available under the State Density Bonus Law, as preliminarily outlined in the enclosed materials (subject to refinement as the Project application proceeds). SummerHill intends to submit a full application for all required entitlements within 180 days of this Preliminary Application.

SummerHill is excited to work with the Town to provide much needed housing for the community. We have met individually with members of the Town Council about the Project, and we appreciate the comments and observations that we've received. We would be happy to discuss the Project with you further. Please let us know if you have any questions.

Sincerely,

John Hickey
Vice President of Development

cc: Los Gatos Planning Department (planning@losgatosca.gov)
Kevin Ebrahimi, Senior Vice President of Development
Keet Nerhan, Los Gatos Lodge, LLC
David J. Bugatto, The Bugatto Group, Inc.

Attachments:

SB 330 Preliminary Application Checklist & Form
1. Property Owner Information and Consent
2. Supplemental Responses
3. ALTA/ACSM Land Title Survey
4. Site Plan & Elevations
5. Record Boundary Exhibit & Aerial Photograph

TOWN OF LOS GATOS
COMMUNITY DEVELOPMENT DEPARTMENT
PLANNING DIVISION
(408) 354-6872 Fax (408) 354-7593

CIVIC CENTER
110 E. MAIN STREET
LOS GATOS, CA 95030

July 6, 2023

John Hickey, Vice President of Development
SummerHill Homes LLC
777 California Avenue
Palo Alto, CA 94304-1179
Via email

RE: **50 Los Gatos-Saratoga Road**
Senate Bill 330 Preliminary Application PRE23-00824
Preliminary Application Under Senate Bill (SB) 330 for Construction of a Residential Development (158 Residential Units) on Property Zoned CH:PD. APNs 529-24-001, -003, and -032.
PROPERTY OWNER: Keet Nerhan. APPLICANT: John Hickey, SummerHill Homes LLC.

Thank you for submitting your SB 330 preliminary application for a proposed project at 50 Los Gatos-Saratoga Road. The preliminary application materials were received on June 30, 2023. The preliminary application has been determined to be compliant with the submittal requirements of California Government Code §65941.1 (a) and is deemed submitted as of July 6, 2023. Your submittal invokes Government Code Section 65589.5(d)(5). Please note that the Town adopted its Housing Element on January 30, 2023.

Pursuant to California Code §65941.1 (d)(1), a formal application for development must be submitted within 180 calendar days after submitting a preliminary application with all the required information. The formal application must be received no later than **January 2, 2024**. If a formal application is not received within 180 days, this preliminary application is considered expired.

The Town looks forward to receiving your formal application.

Best regards,

Jennifer Armer, AICP
Planning Manager
JArmer@losgatosca.gov
(408) 399-5706

cc: David Bugatto, The Bugatto Group, Inc., Owner Representative

EXHIBIT B

HOUSING CRISIS ACT of 2019 – SB 330
PRELIMINARY APPLICATION FORM

PURPOSE

This form serves as the preliminary application for housing development projects seeking vesting rights pursuant to SB 330, the Housing Crisis Act of 2019.

GENERAL INFORMATION

An applicant for a housing development project that includes (1) residential units (2) a mix of commercial and residential uses with two-thirds of the project's square footage used for residential purposes; or (3) transitional or supportive housing, shall be deemed to have submitted a preliminary application upon provision of all of the information listed in this Preliminary Application form and payment of the permit processing fee to the agency from which approval for the project is being sought.

After submitting this Preliminary Application to the local agency, an applicant has 180 days to submit a full application or the Preliminary Application will expire.

Submittal Date Stamp*[1,2]:

*[1]Submittal of all the information listed and payment of the permit processing fee freezes fees and development standards as of this date, unless exceptions per Government Code § 65889.5(o) are triggered.

*[2]Note: Record keeping pertaining to which standards and fees apply at date of submittal is imperative, as **penalties may apply for imposing incorrect standards**

Notes:

1. California Environmental Quality Act (CEQA) and Coastal Act standards apply.
2. After submittal of all of the information required, if the development proponent revises the project to change the number of residential units or square footage of construction changes by 20 percent or more, excluding any increase resulting from Density Bonus Law, the development proponent must resubmit the required information so that it reflects the revisions.

SITE INFORMATION

1. **PROJECT LOCATION** - The specific location, including parcel numbers, a legal description, and site address, if applicable.

   Street Address 14859 Los Gatos Blvd., et al. Unit/Space Number _____

   Legal Description (Lot, Block, Tract) Attached? YES ☑ NO ☐

   See legal description on page 11 of the attached Preliminary Title Report

   Assessor Parcel Number(s) 424-07-009/053/095/094/081/115/116

2. **EXISTING USES** - The existing uses on the project site and identification of major physical alterations to the property on which the project is to be located.

   There are a total of 8 occupied rental residential units on site. There is also a two-story barn which will be re-purposed.

3. **SITE PLAN** - A site plan showing the building(s) location on the property and approximate square footage of each building that is to be occupied.

   Attached? YES ☑ NO ☐

4. **ELEVATIONS** - Elevations showing design, color, material, and the massing and height of each building that is to be occupied.

   Attached? YES ☑ NO ☐

5. **PROPOSED USES** - The proposed land uses by number of units and square feet of residential and nonresidential development using the categories in the applicable zoning ordinance.

PROGRAM AREA	FLOOR AREA (ZONING)	SQUARE FOOTAGE OF CONSTRUCTION	UNITS
Multi-Family Housing	290,166	441,960	350
Town Manifolds Housing	74,817	75,656	68
Townhome	232,353	319,112	119
Commercial/Retail	14,860	14,860	
Community/Civic	4,340	4,340	
Total Residential Use	597,346	836,168	437
Total Commercial Use	19,200	19,200	

*30% Affordable Housing in Alden Housing plus a portion of Multi-Family Housing

a. **RESIDENTIAL DWELLING UNIT COUNT:**

Please indicate the number of dwelling units proposed, including a breakdown of levels by affordability, set by each income category.

	Number of Units
Market Rate	348
Managers Unit(s) – Market Rate	1
Extremely Low Income	
Very Low Income	
Low Income	88 (portion may be VLI)
Moderate Income	
Total No. of Units	437
Total No. of Affordable Units	88
Total No. of Density Bonus Units	44

Other notes on units:

20 percent of the total units will be rented to lower income households as defined in Section 50079.5 of the Health and Saftey Code at a monthly cost that does not exceed 30 percent of 60 percent of area median income. Very Low Income affordability may be achieved on some units but number will be determined at later date.

6. **FLOOR AREA** - Provide the proposed floor area and square footage of residential and nonresidential development, by building (attach relevant information by building and totals here):

	Residential	Nonresidential	Total
Floor Area (Zoning)	597,346	19,208	616,554
Square Footage of Construction	836,168	19,208	855,376

7. **PARKING** - The proposed number of parking spaces:

492 plus 238 garage spaces within Townhomes for a total of 730 parking spaces.

8. **AFFORDABLE HOUSING INCENTIVES, WAIVERS, CONCESSIONS and PARKING REDUCTIONS** - Will the project proponent seek Density Bonus incentives, waivers, concessions, or parking reductions pursuant to California Government Code Section 65915?

YES ☑ NO ☐

If "YES," please describe:

Please see separate attachment

9. **SUBDIVISION** – Will the project proponent seek any approvals under the Subdivision Map Act, including, but not limited to, a parcel map, a vesting or tentative map, or a condominium map?

YES ☑ NO ☐

If "YES," please describe:

Project will seek a Vesting Tentative Map

10. **POLLUTANTS** – Are there any proposed point sources of air or water pollutants?

YES ☐ NO ☑

If "YES," please describe:

11. **EXISTING SITE CONDITIONS** – Provide the number of existing residential units on the project site that will be demolished and whether each existing unit is occupied or unoccupied. Provide attachment, if needed.

	Occupied Residential Units	Unoccupied Residential Units	Total Residential Units
Existing	8	0	8
To Be Demolished	8	0	8

12. **ADDITIONAL SITE CONDITIONS** –

a. Whether a portion of the property is located within any of the following:

i. A very high fire hazard severity zone, as determined by the Department of Forestry and Fire Protection, pursuant to Section 51178?

YES ☐ NO ☑

ii. Wetlands, as defined in the United States Fish and Wildlife Service Manual, Part 660 FW 2 (June 21, 1993)?

YES ☐ NO ☑

iii. A hazardous waste site that is listed pursuant to Section 65962.5, or a hazardous waste site designated by the Department of Toxic Substances Control pursuant to Section 25356 of the Health and Safety Code?

YES ☐ NO ☑

iv. A special flood hazard area subject to inundation by the 1 percent annual chance flood (100-year flood) as determined by any official maps published by the Federal Emergency Management Agency?

YES ☐ NO ☑

v. A delineated earthquake fault zone as determined by the State Geologist in any official maps published by the State Geologist, unless the development complies with applicable seismic protection building code standards adopted by the California Building Standards Commission under the California Building Standards Law (Part 2.5 (commencing with Section 18901) of Division 13 of the Health and Safety Code), and by any local building department under Chapter 12.2 (commencing with Section 8875) of Division 1 of Title 2?

YES ☐ NO ☑

vi. A stream or other resource that may be subject to a streambed alteration agreement pursuant to Chapter 6 (commencing with Section 1600) of Division 2 of the Fish and Game Code?

YES ☐ NO ☑

If "YES" to any, please describe:

b. Does the project site contain historic and/or cultural resources?

YES ☐ NO ☑

If "YES," please describe:

There are no Federal or State existing historical resources on site. Although not a formally designated resource, the project site contains a Barn that is of particular interest to the community. The Barn will be re-purposed consistent with the treatment called for in the North 40 Specific Plan.

c. Does the project site contain any species of special concern?

YES ☐ NO ☑

If "YES," please describe:

d. Does the project site contain any recorded public easement, such as easements for storm drains, water lines, and other public rights of way?

YES ☑ NO ☐

If "YES," please describe:

Please see attached Preliminary Title Report for description of easements.

e. Does the project site contain a stream or other resource that may be subject to a streambed alteration agreement pursuant to Chapter 6 (commencing with Section 1600) of Division 2 of the Fish and Game Code? Provide an aerial site photograph showing existing site conditions of environmental site features that would be subject to regulations by a public agency, including creeks and wetlands.

YES ☐ NO ☑

If "YES," please describe and depict in attached site map:

13. **COASTAL ZONE -** For housing development projects proposed to be located within the coastal zone, whether any portion of the property contains any of the following: Does not apply

a. Wetlands, as defined in subdivision (b) of Section 13577 of Title 14 of the California Code of Regulations.

YES ☐ NO ☐

b. Environmentally sensitive habitat areas, as defined in Section 30240 of the Public Resources Code.

YES ☐ NO ☐

c. A tsunami run-up zone. YES ☐ NO ☐

d. Use of the site for public access to or along the coast. YES ☐ NO ☐

14. **PROJECT TEAM INFORMATION -** The applicant's contact information and, if the applicant does not own the property, consent from the property owner to submit the application.

Applicant's Name Steve Buster

Company/Firm Grosvenor USA Limited

Address One California Street Unit/Space Number 3000

City San Francisco State CA Zip Code 94111

Telephone (415) 434-0175 **Email** steve.buster@grosvenor.com

Are you in escrow to purchase the property? YES ☐ NO ☑

Property Owner of Record ☐ Same as applicant ☑ Different from applicant

Name (if different from applicant) Yuki Farms, LLC

Address 15495 Los Gatos Blvd. Unit/Space Number 11

City Los Gatos State CA Zip Code 95032

Telephone _____ Email _____

Optional: Agent/Representative Name Don Capobres

Company/Firm Harmonie Park Development Group LLC

Address 221 Bachman Avenue Unit/Space Number _____

City Los Gatos State CA Zip Code 95030

Telephone 415-710-7640 Email don@harmoniepark.com

Optional: Other (Specify Architect, Engineer, CEQA Consultant, etc.) _____

Name _____

Company/Firm _____

Address _____ Unit/Space Number _____

City _____ State _____ Zip Code _____

Telephone _____ Email _____

Primary Contact for Project: ☐ Owner ☐ Applicant ☑ Agent/Representative ☐ Other

PROPERTY OWNER AFFIDAVIT

Before the application can be accepted, the owner of each property involved must provide a signature to verify the Preliminary Application is being filed with their knowledge. Staff will confirm ownership based on the records of the City Engineer or County Assessor. In the case of partnerships, corporations, LLCs or trusts, the agent for service of process or an officer of the ownership entity so authorized may sign as stipulated below.

- **Ownership Disclosure.** If the property is owned by a partnership, corporation, LLC or trust, a disclosure identifying the agent for service or process or an officer of the ownership entity must be submitted. The disclosure must list the names and addresses of the principal owners (25 percent interest or greater). The signatory must appear in this list of names. A letter of authorization, as described below, may be submitted provided the signatory of the letter is included in the Ownership Disclosure. Include a copy of the current partnership agreement, corporate articles, or trust document as applicable.
- **Letter of Authorization (LOA).** A LOA from a property owner granting someone else permission to sign the Preliminary Application form may be provided if the property is owned by a partnership, corporation, LLC or trust, or in rare circumstances when an individual property owner is unable to sign the Preliminary Application form. To be considered for acceptance, the LOA must indicate the name of the person being authorized to file, their relationship to the owner or project, the site address, a general description of the type of application being filed and must also include the language in items 1-3 below. In the case of partnerships, corporations, LLCs or trusts, the LOA must be signed by the authorized signatory as shown on the Ownership Disclosure or in the case of private ownership by the property owner. Proof of Ownership for the signatory of the LOA must be submitted with said letter.
- **Grant Deed.** Provide Copy of the Grant Deed if the ownership of the property does not match local records. The Deed must correspond exactly with the ownership listed on the application.
- **Multiple Owners.** If the property is owned by more than one individual (e.g., John and Jane Doe, or Mary Smith and Mark Jones) signatures are required of all owners.

1. I hereby certify that I am the owner of record of the herein previously described property located in Primary address as 14925 Los Gatos Blvd Los Gatos, CA which is involved in this Preliminary Application, or have been empowered to sign as the owner on behalf of a partnership, corporation, LLC, or trust as evidenced by the documents attached hereto.
2. I hereby consent to the filing of this Preliminary Application on my property for processing by the Department of Los Gatos Community Development for the sole purpose of vesting the proposed housing project subject to the Planning and Zoning ordinances, policies, and standards adopted and in effect on the date that this Preliminary Application is deemed complete.
3. Further, I understand that this Preliminary Application will be terminated and vesting will be forfeited if the housing development project is revised such that the number of residential units or square footage of construction increases or decreases by 20 percent or more, exclusive of any increase resulting from the receipt of a density bonus, incentive, concession, waiver, or similar provision, and/or an application requesting approval of an entitlement is not filed with The Town of Los Gatos within 180 days of the date that the Preliminary Application is deemed complete.
4. By my signature below, I certify that the foregoing statements are true and correct.

Signature		Signature	
Printed Name	Edward Morimoto	Printed Name	
Date	April 10, 2023	Date	

Housing Crisis Act of 2019 (SB 330) Preliminary Application Form *(Revised April 9, 2020)* Page 8 of 8

North 40 Phase II – SB 330 Pre-Application

8. Affordable Housing Incentives, Waivers, Concessions and Parking Reductions – Will the project proponent seek Density Bonus incentives, waivers, concessions, or parking reductions pursuant to California Government Code Section 65915?

The Project proponent will seek bonus units, incentives or concessions, waivers, and parking reductions pursuant to the State Density Bonus Law (Gov. Code § 65915). The Project is designated for 461 units in the Town's adopted Housing Element, which equates to a density of approximately 30 dwelling units per acre (du/ac). The Project is consistent with the density specified in the Housing Element, as it proposes 437 units on the 15.3-acre project site for a gross density of 28.6 du/ac and a net density of 33.36 du/ac, assuming a 13.1 acres developable site after removing area for roadway widths. With the bonus units the Project is eligible for under the State Density Bonus Law, the Project is consistent the Town's density limit established in the Housing Element.

As explained elsewhere in this Preliminary Application, the Project will dedicate 88 of its 437 units, twenty percent of the total, as units that will be sold or rented to lower income households, as defined in Section 50079.5 of the Health and Safety Code at a monthly cost that does not exceed 30 percent of 60 percent of the area median income. By providing this level of affordability, the Project is entitled to the following benefits under State Density Bonus Law:

- A density bonus of 35% above the otherwise maximum allowable residential density (Gov. Code § 65915(f)(1);
- Two incentives or concessions (Gov. Code § 65915(d)(2)(B); for purposes of the State Density Bonus Law, the terms "incentives" and "concessions" are interchangeable, and this summary will use "concession" going forward);
- Waivers or reductions for "any development standard that will have the effect of physically precluding the construction of a development" that provides enough affordable housing to qualify for the State Bonus Law (Gov. Code § 65915(e)); and
- Minimum parking requirements, inclusive of guest parking and including paring provided in uncovered or tandem spaces, that do not exceed the following ratios:
    - Zero to one bedroom: one onsite parking space
    - Two to three bedrooms: one and one-half onsite parking spaces
    - Four and more bedrooms: two and one-half parking spaces (Gov. Code § 65915(p)).

As detailed below, the Project proponent will request to use the State Density Bonus Law's bonus units, concessions, waivers, and parking reduction benefits to allow the development of the Project as proposed. The discussion below is intended to identify anticipated State Density Bonus Law requests in connection with the Preliminary Application; further discussion and analysis will be provided in connection with the Project's formal development application. In addition, although the discussion below is complete for purposes of the anticipated State Density Bonus Law requests at this time, the Project proponent reserves the right to modify the request to include different or additional concessions and waivers if needed to address additional, applicable development standards.

Bonus Units

The Housing Element establishes a base density of approximately 30 du/ac. Applied to the 13.1 net acres of the Project site, this would result in 393 units. The 35% density bonus entitles the Project to up to 530 units. The Project proposes 437 units, well within the density permitted by the Housing Element and State Density Bonus Law.

Concessions

1. *Allow residential uses on the ground floor of buildings*. Section 2.5.10c of the North 40 Specific Plan prohibits residential uses on the ground floor of buildings in the Northern District, which covers the Project site. Because the Housing Element designates the Project site as a site that is suitable for very low, low-, or moderate-income households at a residential density of 30 du/ac, inconsistency with this zoning standard is not a basis to deny the Project under Government Code section 65589.5(d)(5)(A). Accordingly, we do not believe that this standard is applicable to the Project. However, to the extent it applies, the Project proponent requests a concession to allow residential uses on the ground floor of buildings. Although portions of the Project incorporate commercial elements, it is not financially feasible to develop commercial spaces in the ground floor of all the buildings on the Project site. Therefore, eliminating this development standard will result in cost savings to help provide the level of affordability proposed.

2. *Relief from Intersection Improvement Standards*. Section 4.6 of the North 40 Specific Plan calls for the first developer in the Northern District of the Specific Plan Area to improve the Los Gatos Boulevard/Samaritan Drive/Burton Road intersection by converting the existing eastbound lane on Burton Road to a through/left turn lane, adding one dedicated eastbound left turn lane and one eastbound right turn lane on Burton Road at Los Gatos Boulevard (including widening Burton Road for about 200 feet west from Los Gatos Boulevard), and making Burton Road a through road. Although the Project proponent would be the first developer in the Northern District of the Specific Plan Area, the improvements require expanding the right-of-way over property that the Project proponent does not own or control, and the Project proponent proposes to limit Burton Road to emergency vehicle access only. Accordingly, eliminating this development standard will result in cost savings by removing the need to acquire additional land for intersection improvements; moreover, by limiting Burton Road to EV access, there is no longer a need to implement the intersection improvements previously identified.

Waivers

1. *Increased Maximum Height*. Section 2.5.2 of the North 40 Specific Plan sets a maximum building height of 30 feet across the Project site. The Project requires a waiver to allow the Affordable Multifamily units to achieve a maximum height of 60 feet, the Townhome units to achieve a maximum height of 37 feet, and the Mixed-Income Multifamily units to achieve a maximum height of 94 feet. The Specific Plan's development standards do not accommodate the Project's proposed density of 28.6 du/ac, which is allowed pursuant to

the adopted Housing Element. Increased height is necessary for each proposed building typology to accommodate the proposed unit count and necessary parking facilities across the Project site.

2. *Modified Street Sections*. Section 4.13.3 of the North 40 Specific Plan defines a 40' road section for Section 6d of North A Street with two 12' drive lanes and two 8' parking lanes. The Project proposes wider sidewalks, bicycle lanes, and reduced lane widths; accommodating all of the proposed facilities in the street would require additional right of way that would reduce the amount of developable area for buildings, resulting in a lower unit count. Therefore, the Project proponent requests a waiver from the required street section dimensions.

3. *Deviations from Objective Design Standards*. The Town adopted "Objective Design Standards for Qualifying Multi-Family and Mixed-Use Residential Development" that applies to multi-family and residential mixed-use developments. The Standards provide that these standards are only to be used for review of qualifying projects where Town review, approval, and/or denial is limited to only objective design standards. For projects that will proceed through the standard review process, the objective design standards would not apply. The Project has been designed to comply with as many of the objective design standards as feasible while meeting the unit count called for in the Housing Element; however, to physically fit the Project as designed at the density allowed, the following standards must be waived:
    - A.2. Short-Term Bicycle Parking requirements cannot be accommodated for residential uses while maintaining adequate space for buildings and open space.
    - 3.4.e: dimensions of long-term bicycle spaces are proposed to be accommodated with stacked parking to save space for residential units.
    - A.11.1.b: The Affordable Multifamily building cannot accommodate balconies and cannot meet the private open space requirements while maintaining the unit count; the Mixed-Income Multifamily building can accommodate balconies on only 50% of the units
    - A.12.1: The Townhomes deviate from the continuous frontage requirement
    - B.1.2: Upper story stepbacks reduce the residential unit count
    - B.4.3: The Affordable Multifamily Building cannot reach 16 points through street-facing façade plan variation while maintaining its unit count
    - B.4.5: The Townhomes do not change materials at the inside corners
    - B.4.11: The Mixed-Income Multifamily Building's balconies extend into the airspace beyond the building footprint

Parking Reduction

Based on the bedroom count for the proposed residential units, Section (p)(1) of the State Density Bonus Law requires 592 parking spaces for the Project's 437 units. Section 2.5.8 of the North 40 Specific Plan requires 50 additional spaces for the Project's commercial uses, for a total of 642 spaces. The Project proposes 730 parking spaces, which satisfies the applicable parking requirements.

TOWN OF LOS GATOS
COMMUNITY DEVELOPMENT DEPARTMENT
PLANNING DIVISION
(408) 354-6872 Fax (408) 354-7593

CIVIC CENTER
110 E. MAIN STREET
LOS GATOS, CA 95030

April 18, 2023

Steve Buster
Grosvenor USA Limited
One California Street, Suite 3000
San Francisco, CA 95032
Via email

RE: **14859 Los Gatos Boulevard**
Senate Bill 330 Preliminary Application PRE23-00472

Preliminary Application Under Senate Bill (SB) 330 for Construction of a Mixed-Use Development (437 Residential Units) on Property Zoned North Forty Specific Plan.
APN 424-07-009, -053, -081, -094, -095, -115, and -116.
PROPERTY OWNER: Yuki Farms, LLC
APPLICANT: Steve Buster, Grosvenor USA Limited

Thank you for submitting your SB 330 preliminary application for a proposed project at 14859 Los Gatos Boulevard. The preliminary application materials were received on April 17, 2023. The preliminary application has been determined to be compliant with the submittal requirements of California Government Code §65941.1 (a) and is deemed submitted as of April 18, 2023.

Pursuant to California Code §65941.1 (d)(1), a formal application for development must be submitted within 180 calendar days after submitting a preliminary application with all the required information. The formal application must be received no later than **October 15, 2023**. If a formal application is not received within 180 days, this preliminary application is considered expired.

The Town looks forward to receiving your formal application.

Best regards,

Jennifer Armer, AICP
Planning Manager
JArmer@losgatosca.gov
(408) 399-5706

cc: Don Capobres, Harmonie Park Development Group LLC

Attachment 2

Part A

Table 10-3 RHNA Credits and Site Strategies	**VL**	**L**	**M**	**A**	**Total**
Entitled/Permitted/Under Construction - Single-Family and Housing Projects	49	0	2	176	227
Entitled/Permitted/Under Construction - ADU's	0	3	11	9	23
Pipeline Projects	0	1	0	190	191
Projected ADU's	60	60	60	20	200
SB 9 Units	0	0	0	96	96
HEOZ Sites	634	357	340	640	1,971
>> Total Credits and HEOZ sites	743	421	413	1,131	2,708
RHNA	537	310	320	826	1,993
Surplus/(Deficit) over RHNA	206	111	93	305	715
% Surplus/(Deficit)	38.4	35.8	29.1	36.9	35.9

Part B

Adjusted Table 10-3 RHNA Credits and Site Strategies

Total Credits and HEOZ sites (carry down from Part A)	743	421	413	1,131	2,708
Less adjustments:					
1) Single Family and Housing Projects units permited and counted in RHNA 5th cycle	(49)	0	(1)	(144)	(194)
2) Projected ADU affordability adjustement to reflect market conditions and AFFH Concerns	(50)	0	40	10	0
3) Site B-1 to conform affordability levels to filed SB 330 application	(86)	(54)	(62)	98	(104)
4) Site D-1 to conform affordability levels to filed SB 330 final application	(184)	2	(91)	272	(1)
5) Site I-1 to conform affordability levels to filed SB 330 final application	0	4	(4)	(8)	(8)
>> Total adjustments	(369)	(48)	(118)	228	(307)
Adjusted Total Credits and HEOZ sites	374	373	295	1,359	2,401
RHNA	537	310	320	826	1,993
Surplus/(Deficit) over RHNA	(163)	63	(25)	533	408
% Surplus/(Deficit)	(30.4)	20.3	(7.8)	64.5	20.5

STATE OF CALIFORNIA - BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY GAVIN NEWSOM, Governor
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT
2020 W. El Camino Ave
Sacramento, CA 95833-1829
(916) 263-2911 FAX: (916) 263-7453
www.hcd.ca.gov

January 12, 2022

Therese W. McMillan, Executive Director
Association of Bay Area Governments
375 Beale Street, Suite 700
San Francisco, CA 94105

Dear Executive Director Therese W. McMillan:

RE: Review of Adopted 2023-2031 Regional Housing Need Allocation Plan

Thank you for submitting the adopted Association of Bay Area Government's (ABAG) Sixth Cycle Regional Housing Need Allocation (RHNA) Plan. Pursuant to Government Code Section 65584.05(h), the California Department of Housing and Community Development (HCD) is required to review RHNA plans for consistency with statutory requirements.

HCD has completed its review and is pleased to approve ABAG's adopted RHNA Plan, upon finding it consistent with HCD's June 9, 2020 regional housing need determination of 441,176 housing units. Please distribute the RHNA Plan to inform all local governments of their share of new housing need to address their sixth cycle Housing Element by January 31, 2023. In updating their Housing Elements, local governments may take RHNA credit for new units approved, permitted, and/or built beginning from the start date of the RHNA projection period, June 30, 2022.

HCD is committed to assisting ABAG's local governments in preparing and implementing updated Housing Elements to effectively address the region's housing need. Local governments are encouraged to develop local land use strategies to maximize land resources and encourage affordable housing and a variety of housing types, thus furthering the state's economic, fair housing, and environmental objectives.

We appreciate ABAG's efforts in completing the RHNA process. If HCD can provide any additional assistance, or if you, or your staff, have any questions please contact Tom Brinkhuis, Housing Policy Senior Specialist, by email at tom.brinkhuis@hcd.ca.gov.

Sincerely,

Tyrone Buckley
Assistant Deputy Director

Association of Bay Area Governments

Technical Assistance for Local Planning

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DRAFT Affordability of Accessory Dwelling Units

A report and recommendations for RHNA 6

Prepared by the ABAG Housing Technical Assistance Team with Funding from REAP

9/8/2021

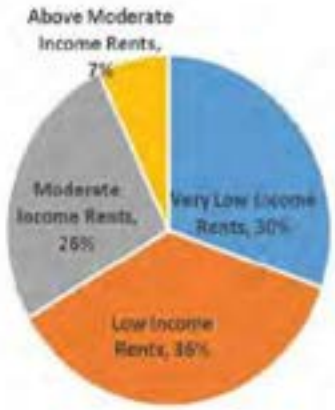
1. Overview

Accessory dwelling units (ADUs) are independent homes on a residential property with their own cooking and sanitation facilities and outside access. They can either be part of or attached to the primary dwelling or can be free standing/detached from the primary dwelling. Given their smaller size, typically between 400-1000 square feet (Source: Implementing the Backyard Revolution), they frequently offer a housing option that is more affordable by design. They also offer infill development opportunities in existing neighborhoods and a potential supplemental income source for homeowners. Similar are Junior ADUs (JADUs), which are even smaller living units enclosed within a single-family structure. JADUs have independent cooking facilities and outside access, however they may share sanitation facilities with the primary home. Both have become an increasingly popular housing type in recent years.

Recent California legislation has facilitated policy changes at the local level that encourage ADU development by streamlining the permitting process and shortening approval timelines. State law requires jurisdictions to allow at least one ADU and JADU per residential lot. These legislative and policy changes have increased ADU development across many California communities.

In 2020, the Center for Community Innovation at the University of California at Berkeley (UC Berkeley) undertook a comprehensive, statewide survey of ADUs, resulting in a document entitled "*Implementing the Backyard Revolution: Perspectives of California's ADU Homeowners*", released on April 22, 2021. This memo uses and extends that research, providing a foundation that Bay Area jurisdictions may build upon as they consider ADU affordability levels while developing their Housing Element sites inventory analyses. This report's affordability research has been reviewed by the California Department of Housing and Community Development (HCD). While they have not formally accepted it, in initial conversations they did not raise objections to the conclusions. Give HCD's workload, it is unlikely we will receive additional guidance.

Figure 1: Affordability of ADUs



1 DRAFT Affordability of Accessory Dwelling Units

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Figure 1 presents a summary of ADU affordability and Table 1 presents a recommendation for assumptions for Housing Elements. See the main body of the report for more information on methodology and assumptions.

We are recommending a conservative interpretation that assumes more moderate and above moderate ADUs than the research found. These assumptions represent a floor for most jurisdictions. If the market conditions in a particular jurisdiction warrant higher assumptions, then additional analysis can be provided to HCD for consideration.

Table 1: Affordability Recommendations for ADUs for Housing Elements

Income	Recommendation
Very Low Income (0-50% AMI)	30%
Low Income (51-80% AMI)	30%
Moderate Income (81-120% AMI)	30%
Above Moderate Income (120+ AMI)	10%

Notes: AMI = Area Median Income. See below for more information on assumptions.

Affirmatively Furthering Fair Housing Concerns

Although ADUs are often affordable, jurisdictions should be cautious about relying on them too heavily because of fair housing concerns. Many ADUs are affordable to lower and moderate income households *because* they are rented to family and friends of the homeowners. If minorities are underrepresented among homeowners, the families and potentially friends of the homeowners will be primarily white. Therefore, relying too heavily on ADUs could inadvertently exacerbate patterns of segregation and exclusion. Additionally, ADUs often do not serve large families, another important fair housing concern. Conversely, ADUs accomplish an important fair housing goal by adding new homes in parts of the city that are more likely to be areas of opportunity.

Jurisdictions with fair housing concerns may want to use more conservative assumptions based on open market rentals, excluding units made available to family and friends, as summarized below:

Table 1: Affordability Recommendations for ADUs for Jurisdictions with Fair Housing Concerns

Income	Recommendation
Very Low Income	5%
Low Income	30%
Moderate Income	50%
Above Moderate Income	15%

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Further Outreach and Data

Although HCD has reviewed this memo and believes the conclusions are generally accurate, it is still important for jurisdictions to ensure the information reflects local conditions. As part of ground truthing the conclusions, jurisdictions should provide opportunity for the stakeholders to comment on any assumptions, including affordability assumptions based on this memo.

2. UC Berkeley Survey

In the Fall and Winter of 2020, the University of California at Berkeley's Center for Community Innovation, in collaboration with Baird + Driskell Community Planning, conducted a statewide survey of homeowners who had constructed ADUs in 2018 or 2019[1]. Over 15,000 postcards were mailed to households directing them to an online survey. The overall response rate was approximately 5%, but Bay Area response rates were higher, up to 15% in some counties. In total, 387 ADU owners from the Bay Area completed they survey, with 245 of those units available on the long term rental market.

Key takeaways include:

- Just under 20% of Bay Area ADUs are made available at no cost to the tenant.
- An additional 16% are rented to friends or family, presumably at a discounted rent, though the survey did not ask.
- Market-rate ADUs tend to rent at prices affordable to low and moderate income households in most markets.

3. Methodology

ABAG further analyzed the raw data from the UC Berkeley survey, because the authors of *Implementing the Backyard Revolution* did not present their results according to income categories (e.g. very low income, low income, etc.).

This ABAG summary uses the affordability calculator published by the California Department of Housing and Community Development (link) to define maximum income levels. HCD defines an affordable unit as one where a household pays 30 percent or less of their annual pre-tax income on housing.

The definition of affordable rents shifts with income category (Low, Very Low, etc.), household size/unit size, and geography. The income categories are as follows: Very Low = under 50% of Area Median Income (AMI), Low Income = 50-60% AMI, Moderate = 60-110% AMI.[2]

[1] A summary is available here - http://www.aducalifornia.org/implementing-the-backyard-revolution/

[2] Please note, these assumptions are more conservative than is typically used, but match HCD's recommendations.

Because some counties have different median incomes, the results are adjusted accordingly. 2020 AMIs were used because the survey was completed in 2020.

Additionally, ABAG made the following assumptions regarding persons per unit, which matched HCD's recommendations:

- Studios 1 person
- 1 Bedrooms 2 people
- 2 Bedrooms 3 people
- 3 Bedrooms 4 people

See the following document for information on HCD's assumptions.
https://www.hcd.ca.gov/community-development/housing-element/docs/affordability-calculator-2020.xlsx

4. Summary of ADU Use

Table 2, below, shows the usage of ADUs. Because this report concerns affordability of available dwelling units, those not available for rent (short term rentals, home office and other) are excluded from further analysis.

Table 3. Usage of Accessory Dwelling Units

Region	Friend/ Family Rental	Family - No Rent	Long Term Rental (Open Market)	Short Term Rental	Home Office	Other
East Bay	12%	19%	27%	2%	14%	27%
Peninsula	16%	18%	28%	4%	14%	20%
North Bay	13%	16%	33%	2%	8%	28%
Bay Total (9 Counties)	14%	18%	29%	3%	13%	24%
Statewide Total	16%	19%	30%	2%	12%	21%

Other includes homeowners who live in the ADU, needs repairs, empty, used as extra bedroom, etc. The response rate in San Francisco was too low for meaningful comparison so it is not presented separately, but is included in the Bay Area total. East Bay includes Alameda and Contra Costa Counties, Peninsula includes San Mateo and Santa Clara Counties, North Bay includes Marin, Sonoma and Napa Counties.

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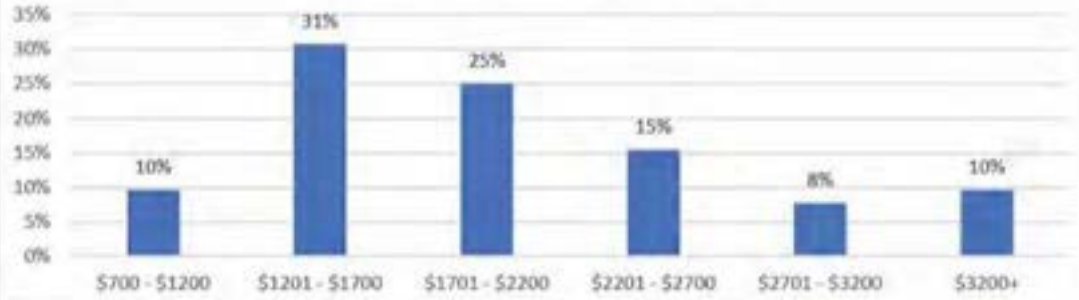
5. Affordability of ADUs

Rental Data

The analysis found that many ADUs are made available to family members, often at no rent. The survey did not query the rent of family/friend rentals, only asking if rent was charged.

Of those ADUs available on the open market (not rented to family or friends), most charged rents between $1,200 and $2,200, as shown in in Figure 2.

Figure 2. Average Monthly Rent



Assigning ADUs to Income Categories

This report's affordability analysis has two parts:

1. Market Rate ADUs: Those not rented to friends or family; and
2. Discount Rate ADUs: Those rented to family or friends for discounted or no rent

Market Rate ADUs

Market rate ADUs were usually affordable to low or moderate income households, based on the methodology identified above. Depending on the part of the region, the ABAG analysis found:

- Very Low Income: 0-7% of market rate units were affordable to very low income
- Low Income: 15-44% of market rate units were affordable to low income
- Moderate income: 40-70% of market rate units were affordable to moderate income households.
- Above moderate: 9-15% of market rate units were affordable to above moderate income households.

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The data is summarized in the chart below.

Table 4. Affordability of Market Rate Units

	Very Low	Low	Moderate	Above Moderate
East Bay	0%	15%	70%	15%
Peninsula	6%	31%	48%	15%
North Bay	7%	44%	40%	9%

This chart only shows ADUs rented on the open market. The response rate in San Francisco was too low for meaningful comparison so it is excluded from this analysis.

Discount Rate ADUs

Based on previous HCD precedent, this analysis uses actual rents to determine affordability. The occupant's relationship to the owner is secondary, the relevant factor is the rent charged. (Please note the potential fair housing concerns that can arise from this approach). Specifically, this analysis assigns units made available to family or friends available at no rent as very low income. Additionally, this analysis assigns units *rented* to family or friends as low income[3].

Combined Market and Affordable ADUs

Table 5, below, combines the information for discounted and market rate ADUs.

Table 5. Usage of No Rent/Discount Rent ADUs and Affordability - Combined

Region	Friend/ Family Rental	Family - No Rent	Very Low Income Rents	Low Income Rents	Moderate Income Rents	Above Mod. Income Rents
East Bay	20%	33%	0%	7%	33%	7%
Peninsula	24%	28%	3%	15%	23%	7%
North Bay	20%	25%	4%	24%	22%	5%
Bay Total (9 Counties)	22%	28%	2%	14%	26%	7%
State-Wide Total	24%	28%	1%	9%	23%	14%

The response rate in San Francisco was too low for meaningful comparison so it is not presented separately, but is included in the Bay Area total.

[3] The survey did not ask the rent of units that were rented to family members.

Assigning the family/friends ADUs to income categories produces the following results:

Table 6. Affordability Including Family/Friends Rentals

Region	Very Low Income Rents	Low Income Rents	Moderate Income Rents	Above Mod. Income Rents
East Bay	33%	27%	33%	7%
Peninsula	31%	39%	23%	7%
North Bay	29%	44%	22%	5%
Bay Total (9 Counties)	30%	36%	26%	7%
Statewide Total	29%	33%	23%	14%

This chart combines ADUs made available for free with Very Low Income and ADUs available for a discount with the Low Income category. The response rate in San Francisco was too low for meaningful comparison so it is not presented as its own line, but is included in the SF Bay Are Total.

Figure 2 shows affordability levels for the region. It is a graphical representation of the Bay Area as a whole.

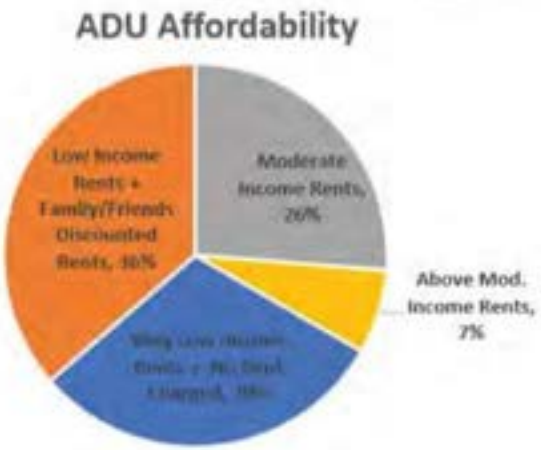


Figure 2: Results shown for 9-county Bay Area. "Very low" rents include units available to family or friends at no cost. "Low" rents include discounted family rentals.

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6. Additional Research and Considerations

In general, ADUs are affordable for several reasons:

- Many units are available for no or low cost rent to family members or friends. Additionally, a smaller number of owners intentionally rent their ADUs below market because they believe affordable housing is important. Source: Implementing the Backyard Revolution
- ADUs tend to be fewer square feet than units in apartment buildings after controlling for bedroom size, which results in lower prices. Source: Wegmann & Chapple (2012)
- ADU owners tend to prefer their choice of tenant versus maximizing rent. Additionally, they will often not significantly raise rents once they have a tenant they like. Source: Baird + Driskell homeowner focus groups.
- ADU owners often do not know the value of their unit so they may underprice it unintentionally. Source: Baird + Driskell homeowner focus groups.

A number of other studies have found that many ADUs are used as housing for friends or family for free or very low cost, consistent with the UC Berkeley Report. A selection of these are outlined below:

- A 2012 UC Berkeley publication entitled "Scaling up Secondary Unit Production in the East Bay" indicates that approximately half of all secondary dwelling units are available for no rent.[4]
- A 2018 report entitled "Jumpstarting the market for ADUs" surveyed ADUs in Portland, Seattle, and Vancouver and found that approximately 17% of ADUs were occupied by a friend or family member for free.[5]
- A 2014 analysis entitled "Accessory dwelling units in Portland, Oregon: evaluation and interpretation of a survey of ADU owners" found that "18% of Portland ADUs are occupied for free or extremely low cost."[6]

7. Notes

This report was funded by the Regional Early Action Grant, which the state legislature provided to ABAG and other council of governments. Analysis was conducted by Baird + Driskell Community Planning.
Please contact Josh Abrams, abrams@bdplanning.com for more information.

[4] https://communityinnovation.berkeley.edu/sites/default/files/scaling_up_secondary_unit_production_in_the_east_bay.pdf?width=1200&height=800&iframe=true
[5] http://ternercenter.berkeley.edu/uploads/ADU_report_4.18.pdf
[6] https://accessorydwellings.files.wordpress.com/2014/06/adusurveyinterpret.pdf

Response to Comment #5

- SB 330 Applications
  - The Town has received direction from HCD that No Net Loss law is only applicable once a project has been approved. The preliminary and formal SB 330 applications that the Town has received have not been approved.

- Clarification on 5th cycle Units Carried over to 6th cycle:
  - After further clarification from HCD the number of units that were entitled, permitted, under construction, and finaled from June 30, 2022, to January 31, 2023, as listed in Table 10-3, Table D-2, and Table D-7 of the Draft Revised Housing Element (November 2023) were modified in yellow highlight to remove units that were reported to the California Department of Finance.

- ADU Income Distribution
  - ADU income distribution is based guidance provided in the "Using ADU's to Satisfy RHNA" Technical Memo provided by the Association of Bay Area Governments.

Comment Letter #6

From: Judy L <[redacted]>
Sent: Wednesday, September 27, 2023 11:12 PM
To: Housing Element <HEUpdate@losgatosca.gov>
Subject: Public Comment on Revised Draft 2023-2031 Housing Element

To the Housing Element Advisory Board,

Thank you for posting the Revised Draft Housing Element.

I have a few concerns and comments on the draft.

1) Building height in CH zone is limited to 35' per Los Gatos Planning website, which applies to the 401-409 Alberto Way property. The newest plan for this property is to build 4 floors, so that the building is 50'. Please consider building only 2 or 3 floors, so that the buildings meet the 35' limit. This will also keep the small town feel of Los Gatos, because the buildings will match other home properties on Alberto Way which are only 2 floors.

2) Have you considered working with the owner of the property at Los Gatos Blvd and Los Gatos-Almaden Rd, near 15600 Los Gatos Blvd? The property no longer has an active business. Using this land to meet HCD requirements would be ideal. Future homeowners would be walking distance to businesses and thus more easily support the local economy. By using this land, you can decrease the number of units built on Los Gatos Lodge property and Alberto Way property. Neighbors near Los Gatos Lodge and Alberto Way properties will be more agreeable to your plans.

Thank you for reading, and I look forward to hearing your response.

-Judy Lee
[redacted]

Response to Comment #6

- **Building Height**
  - The Alberto site is located in the Town's Sites Inventory and was rezoned with a Housing Element Overlay Zone (HEOZ). The HEOZ overlay in a CH allows for a 45-foot-tall building height to encourage residential development. The property owner has applied for a formal SB 330 application which proposes an approximately 50-foot tall building. Under State law the applicant has asked for a waiver for height. The application is pending.
- **Alternative Site**
  - The two sites located north of the 15600 Los Gatos Boulevard property are in the Housing Element's Site's Inventory as Site C-9 (15480 Los Gatos Boulevard and 15550 Los Gatos Boulevard).

Comment Letter #7

From: Steve [redacted]
Sent: Wednesday, September 27, 2023 3:13 PM
To: Housing Element <HEUpdate@losgatosca.gov>
Subject: Comments regarding the Drat Revised Housing Element

Housing Element Advisory Board Members,

I believe the "constraints" section of the Appendix D Site Inventory Analysis, should be used to alert potential developers to major issues that need to be addressed with their development proposals instead of advising them of the obvious need to demolish existing buildings. These major issues would include traffic mitigations measures requiring street dedications and improvements and mitigation measures for noise and air pollution on sites that are adjacent to Highway 17. Examples of affected sites include Oka Road, the North 40 and on the Los Gatos Lodge and Alberto Way sites.

In the case of the Los Gatos Lodge and Alberto Way sites, there is an opportunity to provide a secondary vehicular connection from the high school parking lot out to the intersection with Alberto Way. Currently, the high school parking lot is at the end of a cut de sac. Consequently, students choose to park on surrounding residential streets and walk to their vehicles, rather than queue up for the long procession out of the parking lot at the end of the school day. Also, Los Gatos Boulevard regularly backs up in the morning and afternoon with school traffic because there are limited options into and out of the high school. The Alberto Way connection would provide an alternative route directly to and from Los Gatos/Saratoga Road. This alternative would help the school traffic and be critical if the parking lot and/or surrounding neighborhood needed to be evacuated during an emergency. Similarly Oka Road is a cul de sac that currently connects to Lark Avenue at an uncontrolled intersection. With new development it may be necessary to provide a signalized intersection to safely accommodate the exiting traffic.

Similarly the major concern of residents on Alberto Way will be traffic impacts from any new development. There may be an opportunity to provide multiple exit lanes out of Alberto Way including a dedicated freeway lane to relieve queuing backup onto Alberto Way. This improvement would likely require dedication of right of way and improvements directly affecting the Alberto Way site.

Potential developers should be given the courtesy of an early warning to study and help the Town to identify and fund the best solutions to minimize traffic impacts from new developments and to address the noise and air pollution issues for sites adjacent to Highway 17.

Thank you,

Steve Piasecki

Response to Comment #7

- **New Development**
  - Each project will be evaluated independently depending upon the site and proposed scope of work. Traffic, noise, air mitigations, off-site improvements, and dedications, etc. will be evaluated through development review and CEQA review.

Comment Letter #8

From: [redacted]
Sent: Saturday, August 26, 2023 5:26 PM
To: Housing Element <HEUpdate@losgatosca.gov>; Clerk <Clerk@losgatosca.gov>; Town Manager <Manager@losgatosca.gov>
Subject: Fwd: HEAB meeting followup 8-24-23

[EXTERNAL SENDER]

Hi Wendy, I am not sure exactly how to get a follow-up email to the HEAB following the last meeting on the 24th. Hopefully this follows protocol

This is a follow-up to VC Janoff when she asked what I perceived happened if the Town did not get the HE certified by 1/31/23.

Ms. Whelen is correct that it is the HE Zoning that must be completed by then. Just a point of clarification.... The Town needs to complete all rezoning required by a compliant (eg certified by HCD) Housing Element by January 31, 2024. It isn't a deadline for getting the HE certified- just a deadline for completing the rezoning of the parcels identified in the site inventory list. A question that needs to be explored is how does the Town know that the rezoning is sufficient and complete until the HE is certified including the site inventory? It feels like putting the cart before the horse.

Until the Town gets the HE certified by HCD AND completes the rezoning, the Town is still exposed to the builders remedy. Both need to be done before the Town is no longer exposed to the builders remedy.

What I was referring to at the 8/24 meeting are spelled out in the attachment. I am referring the letter from HCD to the city of Del Mar who was also headed for their fourth attempt at certification. This was the list of the ***potential penalties for not getting certified*** *that I was referencing*. There in no "date certain" that I can find. My concern is that Los Gatos may be headed in the direction of Del Mar if we don't get it right this time.

We are actually hoping that the Town has a certifiable HE by 1/31/24. We all have a win of sorts depending on what the HCD judges the status of the SB 330's to be. Based on what we know, we're still of the opinion that those favor the developer regardless of what happens on the 31st and we'll be stuck with 4 builders remedies.

STATE OF CALIFORNIA - BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY GAVIN NEWSOM, Governor

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT
2020 W. El Camino Avenue, Suite 500
Sacramento, CA 95833
(916) 263-2911 / FAX (916) 263-7453
www.hcd.ca.gov

August 25, 2022

Ashley Jones, City Manager
City of Del Mar
1050 Camino del Mar
Del Mar, CA 92014

Dear City Manager Ashley Jones:

RE: City of Del Mar Failure to Adopt a Compliant 6th Cycle Housing Element – Letter of Inquiry

The purpose of this letter is to inquire about the status of the City of Del Mar's (City) 6th cycle planning period housing element pursuant to Government Code section 65588, subdivision (e). As you are aware, the 6th cycle update was due April 15, 2021, and the City is out of compliance with State Housing Element Law (Article 10.6 (commencing with section 65580) of Chapter 3 of the Government Code). The Department of Housing and Community Development (HCD) is requesting the City provide a specific timeline for (1) submitting an updated draft housing element and (2) obtaining compliance with State Housing Element Law no later than September 25, 2022.

6th Cycle Housing Element Submission and Review History

The 6th cycle planning period for the City is April 15, 2021, through April 15, 2029. The City failed to submit a compliant adopted housing element by its 6th cycle due date of April 15, 2021, pursuant to Government Code section 65588. HCD records are as follows:

- On October 20, 2020, the City submitted a draft housing element to HCD for review.
- On December 17, 2020, HCD issued a findings letter to the City noting multiple revisions necessary for the housing element to be compliant with Housing Element Law.
- On March 4, 2021, the City submitted informal draft revisions for technical assistance to HCD.
- On April 12, 2021, the City submitted an element adopted March 25, 2021, to HCD for review.
- On July 9, 2021, HCD issued a second findings letter to the City noting revisions were still necessary for the housing element to be compliant with State Housing Element Law.

- On December 21, 2021, the City submitted an element adopted December 13, 2021, to HCD for review.
- On March 21, 2022, HCD issued a third findings letter to the City noting revisions were still necessary for the housing element to be compliant with State Housing Element Law.

AB 1398, Statutes of 2021

Please note, pursuant to Assembly Bill 1398 (Chapter 358, Statutes of 2021), a jurisdiction that failed to adopt a compliant housing element within one year from the statutory deadline cannot be found in compliance until any rezones necessary to accommodate a shortfall of sites pursuant to Government Code section 65583, subdivision (c)(1)(A), and Government Code section 65583.2, subdivision (c) are completed.

Consequences of Noncompliance

There are various consequences that may apply if the City does not have a housing element in compliance with State Housing Element Law. First, noncompliance will result in ineligibility or delay in receiving state funds that require a compliant housing element as a prerequisite, including, but not limited to the following:

- Permanent Local Housing Allocation Program
- Local Housing Trust Fund Program
- Infill Infrastructure Grant Program
- SB 1 Caltrans Sustainable Communities Grants
- Affordable Housing and Sustainable Communities Program

Second, jurisdictions that do not meet their housing element requirements may face additional financial and legal ramifications. HCD may notify the California Office of the Attorney General, which may bring suit for violations of State Housing Element Law. Further, statute provides for court-imposed penalties for persistent noncompliance, including financial penalties. Government Code section 65585, subdivision (l)(1), establishes a minimum fine of $10,000 per month, up to $100,000 per month. If a jurisdiction continues to remain noncompliant, a court can multiply the penalties up to a factor of six. Other potential ramifications could include the loss of local land use authority to a court-appointed agent.

In addition to these legal remedies available in the courts, under the Housing Accountability Act (Gov. Code § 65589.5, subd. (d)), jurisdictions without a substantially compliant housing element cannot rely on inconsistency with zoning and general plan

standards as a basis for denial of a housing project for very low-, low-, or moderate-income households.[1]

Conclusion

As a reminder, housing elements are essential to developing a blueprint for growth and are a vital tool to address California's prolonged housing crisis. Accordingly, state law has established clear disincentives for local jurisdictions that fail to comply with State Housing Element Law. To meet the 6th cycle update requirements for a substantially compliant housing element, the City must consider HCD's written findings from previous drafts, adopt the housing element, and submit it to HCD for review and certification before it can be considered compliant. (Gov. Code § 65585.)

HCD will consider any written response before taking further action authorized by Government Code section 65585, subdivision (j), including referral to the California Office of the Attorney General. If you have any questions or would like to discuss the content of this letter, please contact Kevin Hefner of our staff at Kevin.Hefner@hcd.ca.gov.

Sincerely,

Melinda Coy
Senior Housing Accountability Manager

[1] For purposes of the Housing Accountability Act, housing for very low-, low-, or moderate-income households is defined as having at least 20 percent of units set aside for low-income residents or 100 percent of units set aside for middle-income residents. (Gov. Code § 65589.5, subd. (h)(3).)

Response to Comment #8

- **Penalties**

The Town knowledges the public comment expressing concerns regarding penalties for not having a certified housing element, including potential builder's remedy projects. Staff and the Town's Consultant continue to work diligently with the Town's HCD reviewer to address HCD's comments to achieve a certified Housing Element as quickly as possible.

Summary Modifications to the Draft Revised 2023-2031 Housing Element in Response to Public Comments

Pursuant to AB215, following the 7-day public comment period, the public comments received by the Town were considered prior to resubmitting to HCD. The following modifications were made to the Town's Draft Housing Element in response to public comments:

- The density for RD has been added to Table C-1. Appendix C. The density is 5-12 dwelling units per acre (2020 General Plan Land Use Category- Medium Density Residential).
- The number of units that were entitled, permitted, under construction, and finaled from June 30, 2022, to January 31, 2023, as listed in Table 10-3, Table D-2, and Table D-7 of the Draft Revised Housing Element (November 2023) were modified to remove units that were reported to the California Department of Finance.
- The Housing Element now includes a matrix with actions to ensure the Town's Housing Element goals affirmatively further fair housing. This matrix includes specific actions, geographic targeting, timelines, and eight-year metrics that aim to address fair housing concerns including fair housing outreach and enforcement, housing mobility, place-based strategies for neighborhood improvement, new housing opportunities in high resource areas, and tenant protection and anti-displacement.
- Programs objectives and timelines modified. The inclusion of SB 9 units in the Housing Element towards meeting the Town's RHNA was removed from the Draft Revised Housing Element (November 2023).
- Goals to affirmatively further fair housing have been strengthened through specific actions, geographic targeting, and eight-year metrics outlined in a new implementation table. The Town has outlined place-based strategies for neighborhood improvement with geographic targeting to ensure areas with additional need, including areas with proposed lower income RHNA units, are adequately served.

Public Comments on the November 2023, Draft Revised 2023-2031 Housing Element

Pursuant to Government Code 65585(b)(1), the Town has posted the modifications to the Town's Housing Element website and provided notification to all individuals and organizations that previously requested notices, as well as all parties on the Town's notification list, including those who have previously commented on the Housing Element. The Draft Revised Housing Element was posted November 16, 2023, through November 27, 2023, seven days prior to the November 28, 2023, submittal of the Draft Revised 2023-2031 Housing Element, implementing changes in response to comments in the Draft Preliminary Review Matrix provided by HCD on November 7, 2023, to HCD for review. During the public comment period the Town received one written comment.

Comment Response for the November 2023, Draft Revised 2023-2031 Housing Element

This response to public comments for the November 2023 Draft Revised 2023-2031 Housing Element, implementing changes in response to comments in the Draft Preliminary Review Matrix provided by HCD on November 7, 2023, has been prepared to address comments received during the seven-day public review period.

Written Comments

The following written comment was received during the seven-day public review period:

1. Los Gatos Community Alliance ("LGCA")

Written Draft Housing Element Comments

The written comments provided on the November 2023 Draft Revised 2023-2031 Housing Element, implementing changes in response to comments in the Draft Preliminary Review Matrix provided by HCD on November 7, 2023, and the response to comments are presented on the following pages.

Comment Letter #1

LOS GATOS COMMUNITY ALLIANCE

November 27, 2023

Joel Paulson
Community Development Director
Town of Los Gatos
110 E. Main Street
Los Gatos, CA 95030

RE: November revised draft of Los Gatos 2023-2031 Housing Element

Dear Mr. Paulson:

The Los Gatos Community Alliance (LGCA) is a group of concerned residents writing to you regarding the revised draft 2023-2031 Housing Element submitted to HCD on November 16, 2023 (the "November draft HE").

Pursuant to AB 215, the Town is required, at least seven days before submitting to HCD any draft revisions, to post any proposed revisions on its internet website and to email a link to such revisions to all individuals and organizations that have previously requested notices relating to the Town's housing element. In a November 13 email and subsequent clarifying email sent on November 14, 2023 to the LGCA, Ms. Whelan, Town Attorney, confirmed that the seven-day public review period did not occur as required by AB 215. Ms. Whelan also stated that the Town staff would contact HCD to request HCD to consider the date of the submittal to be November 27th rather than November 17th. We have not received confirmation that the Town has made this request of HCD; however for the purposes of this public comment letter we have assumed such a request was made.

This is not the first time we have raised concerns regarding the Town's obligations under Govt Code Section 65585(b)(1). One of the purposes of the public review process is to allow the Town to discover public concerns and, when appropriate, to incorporate public comments into its draft revised Housing Elements prior to submission to HCD. In a public comment letter dated September 28, 2023 commenting on the September draft of the revised 2023-2031, LGCA raised specific concerns regarding double-counting of permitted units in both the 5th and 6th cycle. To substantiate this concern, we submitted Table B from the 2022 Annual Element Progress Report along with a comment letter issued by HCD to ABAG dated January 12, 2022 which discussed this very point. Yet the Town ignored the LGCA comment and proceeded to submit the September draft to HCD on Monday October 2, 2023, the very next business day after closing the 7-day public comment period on September 29th without disclosing why it chose to do so.

Then apparently the Town saw the light. In the November draft HE the Town revises the figures to eliminate the inappropriate double-counting of permitted units. Yet instead of crediting the changes to the comment letter provided by LGCA, the Town attributes the changes to, "further clarification from HCD," that permitted units could not be double counted in both 5th and 6th cycle RHNA. We point this out to draw your attention to the Town's legal obligation to consider and act, if appropriate, upon public comments when they are received. The fact that the Town ignored the LCGA comment and submitted the September draft double-counting permitted units in both the 5th and 6th cycle despite the overwhelming information provided to the Town that this was not allowed implies that the Town ignored

the comments and filed the Housing Element revision without giving any consideration to the public comments it received.

The fact that the Town submitted the most recent draft HE on November 17, and subsequently asked HCD to consider the submittal date to be November 27 appears to formalize the Town's policy to ignore public comments. If permitted, it would also make it impossible for the Town to comply with HCD's prior admonishment to, "summarize all public comments and describe how they were considered and incorporated into the element." This comment, among others related to Public Comments, was included HCD's comment letter of May 30, 2023.

On November 22 we requested of the Town's attorney that the Town rescind its inappropriate submission of the November draft HE, and resubmit it to HCD only after it receives and gives appropriate consideration to these and any other public comments. As of this writing, the Town has not responded to that request.

We also note that the Town's posting of the revised Housing Element on November 17 did not include a copy of the transmittal letter that accompanied the submittal. As we know, HCD has asked that such transmittal letters include information regarding any public comments that have been received, as well as how the Town has considered and, if appropriate, incorporated such comments into the submittal. Of course it was not possible to include such information in the submittal of November 17 because the public comment period had not yet commenced.

In light of these facts, and by copy of these comments to HCD, we are requesting HCD to reject (or to require the Town of Los Gatos to rescind) the draft revised Housing Element the Town originally submitted to HCD on November 17, and further to direct the Town to give due consideration to these comments and to any other comments it receives in the public comment period and to, "summarize all public comments and describe how they were considered and incorporated into the element," before resubmitting the draft Housing Element to HCD.

With this background, LGCA is submitting this public comment letter regarding the November draft of the revised 2023-2031 Housing Element, even though such draft has previously – and inappropriately – been submitted to HCD in violation of Govt Code section 65585 (b) (1).

1. Table 10-3 incorrectly computes the RHNA "buffer" percentage and overstates % RHNA surplus

Table 10-3 in the November draft shows a "% Surplus" which is meant to show the surplus or deficit as a percentage of units above the 6th cycle RHNA by income category. However, the percentage has been computed using a "Remaining RHNA" figure that reflects "credits" for projected ADU production and pipeline projects netted against the RHNA. By using "Remaining RHNA" the "% Surplus" is materially overstated (24% vs 19%).

While at first glance this might seem like a minor error, it is important to note HCD has discussed the importance of having a sufficient "buffer" in percentage terms to ensure sufficient capacity exists in the Housing Element to accommodate shortfall of sites to accommodate its remaining RHNA especially in very low- and low-income categories. This is discussed in Govt Code Section 65863 – No Net Loss Law.

There is no reason to compute the % surplus using a "Remaining RHNA" figure except to mislead the reader into believing there is a larger surplus buffer percentage than actually exists.

This creates confusion regarding Program AS – Provide Adequate Sites for Housing, RHNA Rezoning, Lower Income Households on Nonvacant and Vacant Sites Previously Identified. This program calls for rezoning sites to accommodate a 25% buffer above RHNA (not "Remaining RHNA") to allow for compliance with the No Net Loss Provisions of SB 166.

The following table shows the buffer percentages as presented in the Town's draft revised November HE submission, as well as the corrected buffer percentages calculated using the appropriate RHNA figures:

	Very Low-Income	Low-Income	Moderate Income	Above-Moderate Income	Total
Single-Family Units & Housing Projects	0	0	0	2	2
ADUs	0	3	11	9	23
Pipeline Projects	0	1	0	190	191
Projected ADUs	60	60	60	20	200
Total	60	64	71	221	416
RHNA	537	310	320	826	1,993
Remaining RHNA	477	246	249	605	1,577
HEOZ Sites	634	357	340	624	1,955
Owner Interest / Conceptual Development Plans	480	283	264	304	1,331
Additional Sites	154	74	76	320	624
Surplus above Remaining RHNA	157	111	91	19	378
% Surplus [vs "Remaining RHNA" as presented in the Town's November 17 submission]	33%	45%	37%	3%	24%
% Surplus [corrected - vs RHNA]	29%	36%	28%	2%	19%

As noted in this table, based on the proper calculation, the total surplus buffer of 19% is less than the 25% goal outlined in program AS.

The Town should change the calculation of the % Surplus to reflect the excess or deficit over the RHNA units by income category and properly reflect this throughout the Housing Element, including Table 10-3. This will also make Los Gatos consistent with every other ABAG jurisdiction's calculation of a buffer percentage over RHNA.

2. Projected ADU Affordability is inappropriately optimistic

On page D-60 of the November draft Housing Element it is disclosed that the income distribution for projected ADU production is assumed to be 30% very low, 30% low, 30% moderate and 10% above moderate income. This distribution is overly optimistic with reference to the production of very low-income and is not supported by the Town's actual experience of issued building permits for ADUs

between the years 2020 to 2022. Over this time a total of 98 building permits were issued and none of them were for very low- or low-income units. This fact is not disclosed in the November draft.

If we include the 23 ADU units permitted from June 30, 2022 to January 31, 2023 there were zero very low-income units and 3 low-income units out of a total of 23 issued building permits. That would bring the total over the 3½ years to 121 ADUs permitted with zero being very low income and 3 low-income units for a total of less than 3%. In light of this history, it does not appear that the Town has adopted a reasonable assumption that over the 6th cycle, 60% of projected ADU production would be very low- or low-income units.

LGCA made this same comment on the September draft HE, which had the same ADU income distribution assumption. The Town's reply was that the ADU income distribution was based on guidance provided in the, "Using ADUs to Satisfy RHNA," Technical memo provided by ABAG.

However, the technical memo cited by the Town was prepared to help jurisdictions justify the use of ADUs to help satisfy their RHNA requirements by income category. It was not a study of affordability levels of ADUs. ABAG, however, did complete a study of ADU affordability levels. It published draft results on September 8, 2021 in a technical assistance memo entitled, "Affordability of Accessory Dwelling Units." We now refer to that study (copy attached). This study is highly relevant to establishing a projection of ADU production by affordability level.

The study included a specific recommendation for income distribution of ADUs for jurisdictions with fair housing concerns, which Los Gatos clearly has. **This distribution is 5% very low, 30% low, 50% moderate and 15% above.** This distribution more accurately reflects open market rentals, excluding units made available to family and friends, and has been adopted by other ABAG jurisdictions. This distribution is further validated by data in the survey showing the following distribution of ADU market rate units on the Peninsula: 6% very low, 31% low, 48% moderate and 15% above.

By overestimating the production of very low-income ADU units, the Town is inappropriately reducing its 6th cycle RHNA requirement for this income category to a level not supported by the evidence. This is unfair to all other jurisdictions in ABAG with similar affordable housing concerns, such as the City of Los Altos, which adopted the more appropriate income distribution assumption. We hypothesize the Town used this more aggressive assumption in order to reduce the amount of land required to be rezoned to achieve the Town's 6th cycle very low income RHNA units. By our calculation the Town would need to rezone approximately 10% more land if the study recommendation had been adopted. This is fundamentally wrong and needs to be corrected.

Adopting the distribution recommended for jurisdictions with affordable housing concerns would result in the number of projected ADU units shown in Table 10-3 being adjusted to 10 units for very low income, 60 units for low income, 100 units for moderate and 30 units for above moderate-income categories. More importantly the surplus above RHNA for very low-income units would be reduced to 107 units from 157, reducing the buffer over RHNA from 29% to 20%.

Combining the corrections from item 1 above with these adjustments, Table 10-3 should be presented as follows:

	Very Low-Income	Low-Income	Moderate Income	Above-Moderate Income	Total
Single-Family Units & Housing Projects	0	0	0	2	2
ADUs	0	3	11	9	23
Pipeline Projects	0	1	0	190	191
Projected ADUs	10	60	100	30	200
Total	10	64	111	231	416
RHNA	537	310	320	826	1,993
Remaining RHNA	527	246	209	595	1,577
HEOZ Sites	634	357	340	624	1,955
Owner Interest / Conceptual Development Plans	480	283	264	304	1,331
Additional Sites	154	74	76	320	624
Surplus above RHNA	107	111	131	29	378
% Surplus above RHNA	20%	36%	41%	4%	19%

3. SB 330 impact on development densities should be added to Section D. 4 – Appropriate Density/Default Density

Section D. 4 discusses default density and development trends. The discussion is out of date and fails to fully disclose the number of SB 330 development applications that have been filed and the potential impact on development densities.

Since December 1, 2022 there have been 8 SB 330 pre-applications filed compared to none over the past 3 years. Two of the 8 applications (405 Alberto Way-52 units and 14859 Los Gatos Blvd-437 units) were final applications as of the date the November draft was submitted to HCD and a third (50 Los Gatos-Saratoga Road-158 units) will be finaled by January 4, 2024 before the January 31, 2024, statutory deadline for rezoning of parcels in the HEOZ. None of the remaining 5 SB 330 applications will be finaled by January 31, 2024. All three of the applications noted above are for parcels included in the Housing Element Site Inventory.

SB 330 applications which allow for the development of parcels at densities below those anticipated in the Housing Element act as a constraint to housing development and an impediment to achieving its RHNA. None of the parcels noted above will be developed at the minimum development density of 30 DU/acre established by the HEOZ. Rather the parcels will be developed at densities ranging from 17.9 DU/acre to 28.8 DU/acre.

As a result of the vested lower densities, these three parcels will reduce the projected development units from the HEOZ from 1,955 to 1,842 units and the total net capacity will be reduced to 2,258 units which is RHNA of 1,993 units plus 265 units for a 13.3 percent buffer, not the 24 percent reported in Table 10-3.

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As a result, Programs AQ and AS will not accomplish the goal to accommodate the Town's RHNA and a 25 percent buffer by the end of January 31, 2024.

4. No Net Loss Buffer of 33% for Very-Low-income category is wrong and does not comply with Govt Code Section 65863 – No Net Loss Law

Recent changes to state law require jurisdictions to continually maintain adequate capacity in their site inventories to always meet their RHNA by income category throughout the entire planning period. On page 10-32 the Housing Element discusses the need to maintain a HCD recommended buffer of 15 percent above RHNA to provide a "cushion" if a site is developed below the density projected in the Housing Element or at a different income than projected. This cushion provides the Town with additional sites available to accommodate the remaining balance of the RHNA. Table 10-3 reports a % Surplus of 33% for very-low-income units which we believe is incorrectly determined.

In our September 2023 comment letter, we raised concerns regarding the No Net Loss Law. The Town never responded to that letter. In the November draft submitted to HCD, the Town stated "the Town has received direction from HCD that No Net Loss Law is **only applicable** once a project has been **approved.** The preliminary and formal SB 330 applications that the Town has received have not been approved".

The Town's position is based on Govt Code Section 65863 (c) (2) which does address **the approval** of a development project resulting in fewer units by income. However, Govt Code Section 65863 (a) also requires the Town "**shall ensure** that its housing inventory" or "its housing element programs to make sites available" which "**can accommodate at all times throughout the planning period, its remaining unmet share of regional housing need".**

Adopting a site inventory, which is an administrative action, that is known to be unable to accommodate the Town's RHNA units for very low-income category because existing regulatory conditions present a barrier to development violates this requirement. The Town intentionally ignores the impact of SB 330 applications on Program AQ and on sites included in the Housing Element site inventory. The Town fails to determine if SB 330 sites finaled before January 31, 2024, which are subject to vested development rights, are sufficient to provide for the Town's share of RHNA need for all income levels.

We also direct you to the flow chart "No Net Loss Law Decision Flow Chart" in HCD's No Net Loss comment letter dated October 2, 2019. The flow chart's first step is to determine what type of action is being considered. The second step is to determine if the location of the proposed development is included in the Housing Element site inventory. The third step is to determine "**would approval** of the proposed project result in a lower density than was assumed in the housing element or create a shortfall of capacity to accommodate the RHNA by income group".

Using this flowchart as our basis for analysis, it is clear the SB 330 applications for 14859 Los Gatos Blvd (437 units) and 50 Los Gatos-Saratoga Road (158 units) would result in a shortfall of HEOZ capacity to accommodate the very low income RHNA category as explained in Program AS. Based on the SB 330 applications, 14859 Los Gatos Blvd would have 184 less very low income units and 50 Los Gatos-Saratoga Road would have 86 less very low income units than projected in the site inventory for a total "net loss" of 270 very low income units.

In comparing the 270 unit "net loss" for very low-income category and adjusting for the overstatement of ADU projection for very low-income units discussed above, the site inventory does not have a 157-unit surplus or 33% buffer as shown in Table 10-3 but rather has a 163 units shortfall of capacity for very low-income category for a deficit of 30%. The "net loss" impact of SB 330 on the projected development of very low-income units is well known by Staff and was openly acknowledged by the Town's Housing Element consultant at the most recent Planning Commission meeting held November 15, 2023.

The lack of sites to accommodate the Town's RHNA represents a fundamental alteration to the Town's ability to meet Housing Element Law. To ensure that sufficient capacity exists in the Housing Element to accommodate the RHNA throughout the planning period, a much larger buffer than 15% of very low-income sites needs to be created and more importantly the 30% deficit eliminated.

5. Programs I, N, P and AJ create an obligation to provide financial assistance from the Town's Affordable Housing Fund (BMP Programs funds) which has over the past three years realized less than $100,000 "in lieu fees" paid in.

The programs noted above create an obligation for the Town to provide financial assistance, monetary subsidies, funding of home repairs and purchasing affordability covenants for the 6th cycle which the Town has not analyzed as to the financial viability of the programs. The only funding source for these programs is "in lieu fees" that the Town collects only if a developer elects to pay these fees in lieu of building affordable housing under the Town's BMP program. In limited circumstances, the Town can solely determine payment. Over the past 3 years less than $100,000 has been paid into the Towns Affordable Housing Fund (BMP Program funds) and as of June 30, 2023 the Affordable Housing Fund had a balance $3.7m.

Without knowing whether these programs are financially viable, it is inappropriate for the Town to include these programs in the Housing Element. Creating programs where it is unknown whether sufficient financial resources to implement the programs exist is a meaningless paper exercise and does not affirmatively further fair housing in the Town.

This issue was raised in another resident comment letter dated September 29, 2023. The Town's response that "BMP Housing in-lieu fees were allocated as directed by Town Council through the Town's annual strategic priorities" does not address the fundamental lack of income received from "in-lieu fees" to fund the financial obligation created by the above-mentioned programs. The financial viability of these programs must be fully analyzed before a commitment can be made.

Summary

Thank you for allowing us to provide our comments. At the end of the day, we all want the same outcome – a Housing Element that fully complies with State Housing Law and is certified by HCD as quickly as possible.

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Association of Bay Area Governments

Technical Assistance for Local Planning

DRAFT Affordability of Accessory Dwelling Units

A report and recommendations for RHNA 6

Prepared by the ABAG Housing Technical Assistance Team with Funding from REAP

9/8/2021

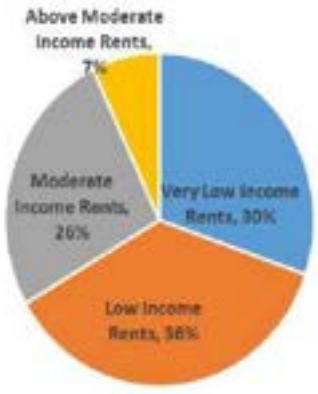
1. Overview

Accessory dwelling units (ADUs) are independent homes on a residential property with their own cooking and sanitation facilities and outside access. They can either be part of or attached to the primary dwelling or can be free standing/detached from the primary dwelling. Given their smaller size, typically between 400-1000 square feet (Source: Implementing the Backyard Revolution), they frequently offer a housing option that is more affordable by design. They also offer infill development opportunities in existing neighborhoods and a potential supplemental income source for homeowners. Similar are Junior ADUs (JADUs), which are even smaller living units enclosed within a single-family structure. JADUs have independent cooking facilities and outside access, however they may share sanitation facilities with the primary home. Both have become an increasingly popular housing type in recent years.

Recent California legislation has facilitated policy changes at the local level that encourage ADU development by streamlining the permitting process and shortening approval timelines. State law requires jurisdictions to allow at least one ADU and JADU per residential lot. These legislative and policy changes have increased ADU development across many California communities.

In 2020, the Center for Community Innovation at the University of California at Berkeley (UC Berkeley) undertook a comprehensive, statewide survey of ADUs, resulting in a document entitled "*Implementing the Backyard Revolution: Perspectives of California's ADU Homeowners*", released on April 22, 2021. This memo uses and extends that research, providing a foundation that Bay Area jurisdictions may build upon as they consider ADU affordability levels while developing their Housing Element sites inventory analyses. This report's affordability research has been reviewed by the California Department of Housing and Community Development (HCD). While they have not formally accepted it, in initial conversations they did not raise objections to the conclusions. Give HCD's workload, it is unlikely we will receive additional guidance.

Figure 1: Affordability of ADUs



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Figure 1 presents a summary of ADU affordability and Table 1 presents a recommendation for assumptions for Housing Elements. See the main body of the report for more information on methodology and assumptions.

We are recommending a conservative interpretation that assumes more moderate and above moderate ADUs than the research found. These assumptions represent a floor for most jurisdictions. If the market conditions in a particular jurisdiction warrant higher assumptions, then additional analysis can be provided to HCD for consideration.

Table 1: Affordability Recommendations for ADUs for Housing Elements

Income	Recommendation
Very Low Income (0-50% AMI)	30%
Low Income (51-80% AMI)	30%
Moderate Income (81-120% AMI)	30%
Above Moderate Income (120+ AMI)	10%

Notes: AMI = Area Median Income. See below for more information on assumptions.

Affirmatively Furthering Fair Housing Concerns

Although ADUs are often affordable, jurisdictions should be cautious about relying on them too heavily because of fair housing concerns. Many ADUs are affordable to lower and moderate income households *because* they are rented to family and friends of the homeowners. If minorities are underrepresented among homeowners, the families and potentially friends of the homeowners will be primarily white. Therefore, relying too heavily on ADUs could inadvertently exacerbate patterns of segregation and exclusion. Additionally, ADUs often do not serve large families, another important fair housing concern. Conversely, ADUs accomplish an important fair housing goal by adding new homes in parts of the city that are more likely to be areas of opportunity.

Jurisdictions with fair housing concerns may want to use more conservative assumptions based on open market rentals, excluding units made available to family and friends, as summarized below:

Table 1: Affordability Recommendations for ADUs for Jurisdictions with Fair Housing Concerns

Income	Recommendation
Very Low Income	5%
Low Income	30%
Moderate Income	50%
Above Moderate Income	15%

Further Outreach and Data

Although HCD has reviewed this memo and believes the conclusions are generally accurate, it is still important for jurisdictions to ensure the information reflects local conditions. As part of ground truthing the conclusions, jurisdictions should provide opportunity for the stakeholders to comment on any assumptions, including affordability assumptions based on this memo.

2. UC Berkeley Survey

In the Fall and Winter of 2020, the University of California at Berkeley's Center for Community Innovation, in collaboration with Baird + Driskell Community Planning, conducted a statewide survey of homeowners who had constructed ADUs in 2018 or 2019[1]. Over 15,000 postcards were mailed to households directing them to an online survey. The overall response rate was approximately 5%, but Bay Area response rates were higher, up to 15% in some counties. In total, 387 ADU owners from the Bay Area completed they survey, with 245 of those units available on the long term rental market.

Key takeaways include:

- Just under 20% of Bay Area ADUs are made available at no cost to the tenant.
- An additional 16% are rented to friends or family, presumably at a discounted rent, though the survey did not ask.
- Market-rate ADUs tend to rent at prices affordable to low and moderate income households in most markets.

3. Methodology

ABAG further analyzed the raw data from the UC Berkeley survey, because the authors of *Implementing the Backyard Revolution* did not present their results according to income categories (e.g. very low income, low income, etc.).

This ABAG summary uses the affordability calculator published by the California Department of Housing and Community Development (link) to define maximum income levels. HCD defines an affordable unit as one where a household pays 30 percent or less of their annual pre-tax income on housing.

The definition of affordable rents shifts with income category (Low, Very Low, etc.), household size/unit size, and geography. The income categories are as follows: Very Low = under 50% of Area Median Income (AMI), Low Income = 50-60% AMI, Moderate = 60-110% AMI.[2]

[1] A summary is available here - http://www.aducalifornia.org/implementing-the-backyard-revolution/
[2] Please note, these assumptions are more conservative than is typically used, but match HCD's recommendations.

Because some counties have different median incomes, the results are adjusted accordingly. 2020 AMIs were used because the survey was completed in 2020.

Additionally, ABAG made the following assumptions regarding persons per unit, which matched HCD's recommendations:

- Studios 1 person
- 1 Bedrooms 2 people
- 2 Bedrooms 3 people
- 3 Bedrooms 4 people

See the following document for information on HCD's assumptions.
https://www.hcd.ca.gov/community-development/housing-element/docs/affordability-calculator-2020.xlsx

4. Summary of ADU Use

Table 2, below, shows the usage of ADUs. Because this report concerns affordability of available dwelling units, those not available for rent (short term rentals, home office and other) are excluded from further analysis.

Table 3. Usage of Accessory Dwelling Units

Region	Friend/ Family Rental	Family - No Rent	Long Term Rental (Open Market)	Short Term Rental	Home Office	Other
East Bay	12%	19%	27%	2%	14%	27%
Peninsula	16%	18%	28%	4%	14%	20%
North Bay	13%	16%	33%	2%	8%	28%
Bay Total (9 Counties)	14%	18%	29%	3%	13%	24%
Statewide Total	16%	19%	30%	2%	12%	21%

Other includes homeowners who live in the ADU, needs repairs, empty, used as extra bedroom, etc. The response rate in San Francisco was too low for meaningful comparison so it is not presented separately, but is included in the Bay Area total. East Bay includes Alameda and Contra Costa Counties, Peninsula includes San Mateo and Santa Clara Counties, North Bay includes Marin, Sonoma and Napa Counties.

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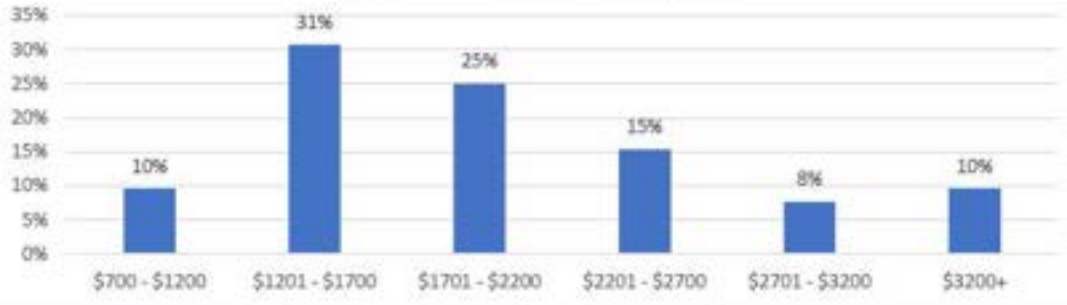
5. Affordability of ADUs

Rental Data

The analysis found that many ADUs are made available to family members, often at no rent. The survey did not query the rent of family/friend rentals, only asking if rent was charged.

Of those ADUs available on the open market (not rented to family or friends), most charged rents between $1,200 and $2,200, as shown in in Figure 2.

Figure 2. Average Monthly Rent



Assigning ADUs to Income Categories

This report's affordability analysis has two parts:

1. Market Rate ADUs: Those not rented to friends or family; and
2. Discount Rate ADUs: Those rented to family or friends for discounted or no rent

Market Rate ADUs

Market rate ADUs were usually affordable to low or moderate income households, based on the methodology identified above. Depending on the part of the region, the ABAG analysis found:

- Very Low Income: 0-7% of market rate units were affordable to very low income
- Low Income: 15-44% of market rate units were affordable to low income
- Moderate income: 40-70% of market rate units were affordable to moderate income households.
- Above moderate: 9-15% of market rate units were affordable to above moderate income households.

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The data is summarized in the chart below.

Table 4. Affordability of Market Rate Units

	Very Low	Low	Moderate	Above Moderate
East Bay	0%	15%	70%	15%
Peninsula	6%	31%	48%	15%
North Bay	7%	44%	40%	9%

This chart only shows ADUs rented on the open market. The response rate in San Francisco was too low for meaningful comparison so it is excluded from this analysis.

Discount Rate ADUs

Based on previous HCD precedent, this analysis uses actual rents to determine affordability. The occupant's relationship to the owner is secondary, the relevant factor is the rent charged. (Please note the potential fair housing concerns that can arise from this approach). Specifically, this analysis assigns units made available to family or friends available at no rent as very low income. Additionally, this analysis assigns units *rented* to family or friends as low income[3].

Combined Market and Affordable ADUs

Table 5, below, combines the information for discounted and market rate ADUs.

Table 5. Usage of No Rent/Discount Rent ADUs and Affordability - Combined

Region	Friend/ Family Rental	Family - No Rent	Very Low Income Rents	Low Income Rents	Moderate Income Rents	Above Mod Income Rents
East Bay	20%	33%	0%	7%	33%	7%
Peninsula	24%	28%	3%	15%	23%	7%
North Bay	20%	25%	4%	24%	22%	5%
Bay Total (9 Counties)	22%	28%	2%	14%	26%	7%
State-Wide Total	24%	28%	1%	9%	23%	14%

The response rate in San Francisco was too low for meaningful comparison so it is not presented separately, but is included in the Bay Area total.

[3] The survey did not ask the rent of units that were rented to family members.

Assigning the family/friends ADUs to income categories produces the following results:

Table 6. Affordability Including Family/Friends Rentals

Region	Very Low Income Rents	Low Income Rents	Moderate Income Rents	Above Mod. Income Rents
East Bay	33%	27%	33%	7%
Peninsula	31%	39%	23%	7%
North Bay	29%	44%	22%	5%
Bay Total (9 Counties)	30%	36%	26%	7%
Statewide Total	29%	33%	23%	14%

This chart combines ADUs made available for free with Very Low Income and ADUs available for a discount with the Low Income category. The response rate in San Francisco was too low for meaningful comparison so it is not presented as its own line, but is included in the SF Bay Are Total.

Figure 2 shows affordability levels for the region. It is a graphical representation of the Bay Area as a whole.

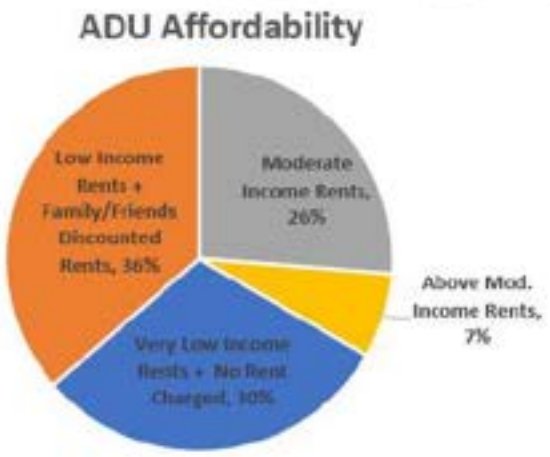


Figure 2: Results shown for 9-county Bay Area. "Very low" rents include units available to family or friends at no cost. "Low" rents include discounted family rentals.

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Technical Assistance for Local Planning

6. Additional Research and Considerations

In general, ADUs are affordable for several reasons:

- Many units are available for no or low cost rent to family members or friends. Additionally, a smaller number of owners intentionally rent their ADUs below market because they believe affordable housing is important. Source: Implementing the Backyard Revolution
- ADUs tend to be fewer square feet than units in apartment buildings after controlling for bedroom size, which results in lower prices. Source: Wegmann & Chapple (2012)
- ADU owners tend to prefer their choice of tenant versus maximizing rent. Additionally, they will often not significantly raise rents once they have a tenant they like. Source: Baird + Driskell homeowner focus groups.
- ADU owners often do not know the value of their unit so they may underprice it unintentionally. Source: Baird + Driskell homeowner focus groups.

A number of other studies have found that many ADUs are used as housing for friends or family for free or very low cost, consistent with the UC Berkeley Report. A selection of these are outlined below:

- A 2012 UC Berkeley publication entitled "Scaling up Secondary Unit Production in the East Bay" indicates that approximately half of all secondary dwelling units are available for no rent.[4]
- A 2018 report entitled "Jumpstarting the market for ADUs" surveyed ADUs in Portland, Seattle, and Vancouver and found that approximately 17% of ADUs were occupied by a friend or family member for free.[5]
- A 2014 analysis entitled "Accessory dwelling units in Portland, Oregon: evaluation and interpretation of a survey of ADU owners" found that "18% of Portland ADUs are occupied for free or extremely low cost."[6]

7. Notes

This report was funded by the Regional Early Action Grant, which the state legislature provided to ABAG and other council of governments. Analysis was conducted by Baird + Driskell Community Planning. Please contact Josh Abrams, abrams@bdplanning.com for more information.

[4] https://communityinnovation.berkeley.edu/sites/default/files/scaling_up_secondary_unit_production_in_the_east_bay.pdf?width=1200&height=800&iframe=true

[5] http://ternercenter.berkeley.edu/uploads/ADU_report_4.18.pdf

[6] https://accessorydwellings.files.wordpress.com/2014/06/adusurveyinterpret.pdf

Response to Comment #1

- RHNA Surplus
    - The method for calculating the percentage of the surplus is consistent with other Santa Clara County jurisdictions who have received certification of their Housing Element. Additionally, this method has been utilized by the Town's Housing Element consultant with approximately 40 jurisdictions who have received certification of their Housing Element. The buffer of 25 percent, as identified in Implementation Program AS is a reflection of the March 2023 version of the Draft Revised Housing Element and could be revised to reflect the November 2023 version of the Draft Revised Housing Element, which provides a 24 percent buffer.

- Projected ADU Affordability
    - The income and affordability distribution of ADU's in the Housing Element was based on a technical memorandum prepared by the Association of Bay Area Governments (ABAG), titled 'Using ADU's to Satisfy RHNA Technical Memo.' The ABAG information provided by the LGCA was a draft version. The Town is utilizing the recommended percentages, provided in the final version of the ABAG technical memorandum.

- SB330 Impact
    - The Town has received direction from HCD that No Net Loss law is only applicable once a project has been approved. The preliminary and formal SB 330 applications that the Town has received have not been approved. If and when a formal application is submitted and the project is approved that will trigger the "no net loss" requirements, and the Town will comply with the "no net loss" requirements.

- No Net Loss Buffer
    - As discussed in the response to comment #3, the Town has received direction from HCD that No Net Loss law is only applicable once a project has been approved. The preliminary and formal SB 330 applications that the Town has received have not been approved. If and when a formal application is submitted and the project is approved that will trigger the "no net loss" requirements, and the Town will comply with the "no net loss" requirements.

- Program References to Town's Affordable Housing In Lieu Fund
    - The Below Market Price (BMP) housing in-lieu fees must be used for affordable housing purposes and are allocated as directed by the Town Council as part of the budgeting process. Every year the Town Council identifies their strategic priorities as an initial step in the budget development process. The Town Council has made affordable housing partnerships a 2023-2025 Strategic Priority.

Summary Modifications to the November 2023, Draft Revised 2023-2031 Housing Element in Response to Public Comments

Pursuant to AB215, public comments provided during the seven-day public comment period above were considered prior to resubmitting to HCD and it was determined that no revisions were required to the Draft Revised 2023-2031 Housing Element (November 2023).

Public Comments on the March 2024, Draft Revised 2023-2031 Housing Element

Pursuant to Government Code 65585(b)(1), the Town has posted the modifications to the Town's Housing Element website and provided notification to all individuals and organizations that previously requested notices, as well as all parties on the Town's notification list, including those who have previously commented on the Housing Element. The Draft Revised Housing Element was posted March 7, 2024, through March 14, 2024, seven days prior to the March 18, 2024, submittal of the Draft Revised Housing Element to HCD for review. During the public comment period the Town received two written comments.

Comment Response for the March 2024, Draft Revised 2023-2031 Housing Element

This response to public comments for the March 2024 Draft Revised 2023-2031 Housing Element has been prepared to address comments received during the seven-day public review period.

Written Comments

The following written comment was received during the seven-day public review period:

1. Rick Van Hoesen for the Los Gatos Community Alliance, email dated March 14, 2024 (7:40 a.m.); and
2. John Hickey for SummerHill Homes, email dated March 14, 2024 (10:56 a.m.).

Written Draft Housing Element Comments

The written comments provided on the March 2024 Draft Revised 2023-2031 Housing Element and the response to comments is presented on the following pages.

Comment Letter #1

LOS GATOS COMMUNITY ALLIANCE

March 14, 2024

Joel Paulson
Community Development Director
Town of Los Gatos
110 E. Main Street
Los Gatos, CA 95030
via email

Re: March revised draft of Los Gatos 2023-2031 Housing Element

Dear Mr. Paulson,

The Los Gatos Community Alliance (LGCA) is a group of concerned residents writing to you regarding the March 2024 revised draft of the 2023-2031 Housing Element. We respectfully offer the following comment regarding Program J, which is attached (Attachment 1).

Program J

Program J was created in response to HCD's concerns regarding the adequacy of the Town's goals to address affirmatively furthering fair housing (AFFH). HCD requested that actions furthering AFFH and enhancing housing mobility (e.g., choices and affordability) be added to the Housing Element to better promote inclusive neighborhoods throughout the Town. HCD pointed out that this was particularly important because the Town is wholly a racially concentrated area of affluence, highest resource, and highest median incomes in contrast to the rest of the region. We understand HCD's concerns regarding AFFH and agree with the goal to enhance housing mobility by providing increased choices and affordability. While there is no disagreement with the goal (the what), LCGA does have concerns as to how to achieve the goal (the how).

The objective of Program J is to increase the number of housing units in a variety of neighborhoods by modifying the zoning code to facilitate the development of ADUs, JADUs, and small multi-family units such as duplexes, triplexes and fourplexes, to name a few. Success in Los Gatos will be measured by the Town's ability to facilitate over the next eight years the development of 150 units including the combination of ADUs, JADUs and small multi-unit housing, including 30 of these units being affordable for low and very-low-income groups, in low to medium density designations and high-median income areas.

Program J replicated policies LU 1.1 and LU 1.2 from the 2040 General Plan Land Use Element. The Land Use Element is subject to a referendum and has been suspended until the referendum is resolved. The legal implication of including LU 1.1 and LU 1.2 into the Housing Element while the Land Use Element is in dispute is unclear and the Town should consider this.

More importantly, while Program J may appear on its face to be a reasonable concept, the Town has not analyzed the feasibility of the program to determine whether the stated goals can be achieved in the specified manner. In assessing feasibility, it is critical to determine whether the "financially feasible"

LOS GATOS COMMUNITY ALLIANCE

outcomes are attainable at area median income levels and not just the highest median income levels. Unless the additional housing units delivered by Program J are truly attainable by most of the population, the Program is unlikely to achieve its equity goals. This is the heart of what the Housing Element is addressing.

That is why the LGCA is writing to you today; to bring to your attention the fact the Town has not done a needed feasibility analysis to be reasonably assured Program J will deliver the desired outcomes.

Background

In 2021 the City of San Jose commissioned the consulting firms Strategic Economics and Opticos Design to evaluate the feasibility of 2–4-unit housing development projects on parcels within one-half mile of transit-oriented locations. The City also evaluated the potential for 2-4 multi-family units citywide due to equity concerns.

The locations were envisioned as walkable, bikeable, and transit-rich neighborhoods while generally maintaining zoning setbacks and heights. The report included an evaluation with a site design lens the extent to which certain Missing Middle housing types, such as a stacked fourplex, could be built in residential neighborhoods.

To evaluate the feasibility of 2–4-unit housing development across the City of San Jose, Strategic Economics mapped the housing market for ownership and rental housing in 12 San Jose sub-areas. Each sub-area was further categorized into a market tier. This allowed for the study to reflect the fact that different areas of the city have different land values, sales prices, and rents, all of which affect the likelihood of 2–4-unit housing development projects being built.

Three tiers were established based on the strength of the housing prices and rents. Tier 1 represented the highest value market tier, while Tier 3 was the lowest. Tier 1 included sub-areas West Valley, Willow Glen, Central and North. Tier 1 would be the closest to Los Gatos in terms of relative strength of housing prices and rents, with most of Los Gatos having substantially higher land values, sales prices and rents.

Results

The study focused on four units in one house-form as the optimal building type to evaluate. This form is called a "stacked fourplex" and consists of two units on the ground floor and two units stacked directly above. This form was chosen because significant parts of San Jose could accommodate the required lot size of lots with 50-to-60-foot widths and 125 feet deep. A typical unit was 1,080 square feet with 1.25 parking spaces per unit. The development density was approximately 23 DU/acre. A stacked fourplex was determined to be a logical baseline building type for analysis.

The 2040 Land Use Element, Figure 3-5 (Attachment 2) illustrates how on a typical block a 2–4-unit housing could be developed in Town. A stacked fourplex is shown as one of the housing forms. It provides four units, but within an overall footprint that is comparable to single-family homes. Therefore, a stacked fourplex was an ideal housing type to deliver attainability due to smaller unit sizes and due to its massing and orientation that works well in single-family neighborhoods.

LOS GATOS COMMUNITY ALLIANCE

However, the financial feasibility analysis concluded that this type of unit was financially infeasible for both rental and for-sale products. As a result, this type of unit was unlikely to contribute to additional housing of the desired types in San Jose.

We have attached (Attachment 3) the resulting financial model. Because of the high land acquisition cost of the redevelopment site, the residual land value less the typical acquisition cost is negative for all tiers and for both rental and for-sale products. Normalizing for property values in Los Gatos, the negative residual land costs would even be larger.

Conclusion

The San Jose study strongly indicates that Program J will not deliver the desired objectives for 2–4-unit development projects Town wide. Program J would not create housing attainable by many residents, further increasing housing inequity, and no affordable units for low and very low-income groups would be developed. The solution proposed by Program J fails to address the feasibility of redevelopment that makes the problem challenging in the first place. The current program, with the intent to broadly expand multi-family units and promote housing equity Town wide, would in fact fail to achieve these goals. Instead it is likely to result in the production of more (and denser) market-rate housing attainable by only the highest income groups.

A more thoughtful approach would be to identify appropriate areas within one-half mile of transit points, which are walkable, bikeable, and near services, and which have the highest feasibility of redevelopment. Once identified, the Town should create a new low-medium density residential land use to encourage multi-family development with density ranges between 6 and 13 units per acre. LGCA has long advocated for policies that will deliver affordable housing to those in most need as opposed to policies that will result in more (and denser) market-rate housing attainable by only the highest income groups and ultimately exacerbating housing inequity.

Los Gatos Community Alliance

HCD Draft Revised *2023-2031 Housing Element*

Programs		
	the San Jose Water Company and the West Valley Sanitation District so that they can prioritize current and future resources or services for housing development that helps meet Los Gatos' RHNA for lower income households.	Community Development Department Timeframe Upon adoption of the Housing Element Funding Source None required Quantified Objective Deliver Housing Element Performance Metric(s) Delivery of Housing Element
I	**Senior Housing Resources** Provide financial assistance for health, safety, emergency and accessibility home repairs to low-income seniors and low-income mobile homeowners through the Below Market Price Program funds, subject to availability of Program funds. Provide regularly updated senior housing resource materials at the Adult Recreation Center, Library, and Farmers' Market.	Implementation Policies HE-1.6 Universal Design HE-2.7 Senior Housing HE-2.8 Equal Housing and Special Needs HE-6.1 Fair Housing HE-6.2 Financial Assistance HE-6.3 Housing for Persons with Special Needs HE-6.4 Affordable Housing Awareness Responsible Department/Review Authority Responsible Department/Review Authority Community Development Department and the Town Council Timeframe Ongoing and annual effort Update materials annually Funding Source Town Affordable Housing Funds Quantified Objective Maintain the existing housing stock by funding three home repairs to lower income seniors annually Performance Metric(s) Measure the number of units assisted versus the need
J	**Small Multi-Unit Housing, "Missing Middle"** The Housing Element supports the land use goal of providing opportunities for housing that can accommodate the needs, preferences, and financial capabilities of current and future residents in terms of different housing types, tenures, density, sizes, and costs. Specifically, the Town aims to create mixed residential neighborhoods through	Implementation Policies HE-1.5 Variety of Housing Choices HE-2.4 Rental Housing HE-3.3 Efficient Development Processing Responsible Department/Review Authority Community Development Department Timeframe December 2024 Funding Source

Programs		
	new and innovative housing types that meet the changing needs of Los Gatos households and expand housing in a variety of neighborhoods. These housing types include, but are not limited to, single dwelling units, multifamily dwelling units, accessory dwelling units, small and micro units, use of pre-fabricated homes, and clustered housing/cottage housing. The Town will also promote small multi-unit housing that increases density. This includes multi-family units or clustered residential buildings that provide relatively smaller, less expensive units within existing neighborhoods. Modify the Zoning Code to facilitate small multi-unit housing in certain low and medium density designations. This includes creating mixed residential neighborhoods through new and innovative housing types that meet the changing needs of Los Gatos households and expand housing choices in a variety of neighborhoods. Housing types include, but are not limited to single dwelling units, multifamily dwelling units, accessory dwelling units, small and micro units, use of prefabricated homes, and clustered/cottage housing. The modification of the Zoning Code to facilitate the development of small multi-unit housing will occur in a variety of neighborhoods throughout the Town except for in the Very High Fire Hazard Severity Zones, hillside residential zones, and historic districts. Small multi-unit housing is defined as multiple units on a single parcel (whether attached or detached) that are compatible in scale and form with detached single-family homes. Common housing types include duplexes; triplexes; fourplexes; courtyard apartments; cottage courts; townhomes; triplex stacked (vertical); and live-work spaces. Promote this program through publication, to include the following information: Low rise multi-family dwelling units ranging from two to 10 units can help meet the needs of families, seniors and students. Permit processing times tend to be shorter than larger multi-family buildings	None required **Quantified Objective** Increase the number of housing units, including the combination of small multi-unit housing, religious institutions, Junior Accessory Dwelling Unit (JADU), and SB 10 by 150 units (including 30 of these units as being affordable) over eight years with the goal of achieving 100% of the units in low to medium density designations and high median income areas. **Performance Metric(s)** Complete Zoning Code amendment by December 2024 and track the number of entitled Planning applications received per year

HCD Draft Revised *2023-2031 Housing Element*

Programs		
	due to the low-rise nature of the structures. Research existing regulatory impediments to the creation of new housing types that have the potential to fulfill unmet housing needs (e.g., tiny homes, co-housing developments) and if necessary, amend applicable ordinances and development standards to facilitate and allow for their development at the maximum density. Pursue establishment of a maximum average unit size as a tool to moderate unit sizes for developments over a certain size but to allow flexibility for a range of unit sizes.	
K	**Lot Consolidation** The Town will conduct outreach to property owners in these areas to identify meaningful incentives to facilitate lot consolidation, lot assemblage and redevelopment in mixed use and commercial areas. Based on this feedback, within two years of Housing Element adoption, the Town will adopt the development of a Lot Consolidation Ordinance to include specific incentives such as: flexible development standards such as reduced setbacks, increased lot coverage, increased heights, reduced parking, reduced fees, and streamlined permit processing through administrative staff review. Upon adoption of the Ordinance, the Town will work with property owners that are receptive to lot consolidation/lot assemblage to assist them in facilitating the parcel merge process in a streamlined and timely manner.	Implementation Policies HE-3.4 Lot Consolidation Responsible Department/Review Authority Community Development Department Timeframe June 2025 Funding Source None required Quantified Objective Facilitate nine lot consolidations. Performance Metric(s) Complete Zoning Code amendment
L	**Below Market Price Program** Conduct a study to evaluate the existing BMP Program and recommend changes to the program to increase the number of lower-income units and units for special needs groups constructed townwide. The study will include evaluation of the implementation of the BMP Program to date, including impacts to market rate housing related to current market conditions, project applications, estimated affordable housing requirements, fee collection, and actual construction of	Implementation Policies HE-2.7 Senior Housing HE-3.1 Regulatory Incentives for Affordable Housing HE-4.1 Property and Housing Conditions HE-4.2 Multi-family Housing Acquisition Improvement Responsible Department/Review Authority Community Development Department Timeframe Complete study by June 2025 and implement recommended policy actions by December 2028

Based on current (2020) persons per household in Los Gatos of 2.4 persons/household, this increase in units will increase the community's population by 7,584 persons.

3.2 Implementing Small Multi-Unit Housing

How to Meet the Housing Needs of Los Gatos

While housing and residential neighborhoods form the fabric that makes the Town a cohesive community, finding a place to call home in Los Gatos has been unattainable for many. The Town is not affordable for many prospective residents, and there are a lack of unit types and sizes to accommodate varied households. The aging population has also faced issues with the shortage of smaller dwelling units to allow aging in place within the community. The domination of single-family neighborhoods and the trend towards building larger and larger homes has further contributed to the housing issues in the Town.

These housing issues are not unique to Los Gatos and are seen throughout the Bay Area and many communities in California. The State of California has been working with communities to help meet the number and affordability of housing units needed in the State. As part of the Housing Element process, the State dictates the number of units, at a variety of income levels, that a jurisdiction must plan for. For Los Gatos, this is expected to be approximately 2,000 dwelling units of various affordability levels over the next eight-year cycle (2023-2031).

To address the diversity of housing needed in Los Gatos and meet the requirements of State law, the Town needs to look beyond the current process used to plan for housing. The Los Gatos planning process has typically focused on two categories of housing: detached single-family homes; and attached high-density multi-family apartments. To meet the diverse needs of the community, Los Gatos, like other communities nationwide, needs to strive for communities that are a heterogeneous mix of housing types and price points. This housing, which lies within High Density Residential (HDR- 14-22 units/acre) is often referred to as small multi-unit housing and can include a mix of housing types including duplexes, triplexes, fourplexes, cottage courts/clusters, and townhomes (illustrated on Figure 3-4). Through design, these units are expected to be compatible in form and appearance with detached single-family homes.

Figure 3-4 Small Multi-Unit Housing Concept Illustrated



As part of the 2040 General Plan, a goal, policies, and implementation programs are included to support the development of Small Multi-Unit Housing within existing Los Gatos neighborhoods. Figure 3-5 illustrates this concept using a variety of Small Multi-Unit Housing types. In the graphic below, the two blocks were laid out to be identical relative to lot lines and existing structures, with the dwelling units shaded in white being existing dwelling units in a variety of sizes, but all being single-family detached homes. The portion of the graphic on the bottom (labeled "With Small Multi-Unit Housing") shows that same block with future development. The white shaded structures are those current units remaining and the gold shaded structures are new Small Multi-Unit Housing types. Some are in addition to existing structures ("A" and "F"), one is a replacement structure on an existing lot ("C"), and two show the consolidation of two lots to create one larger lot ("B" and "D").

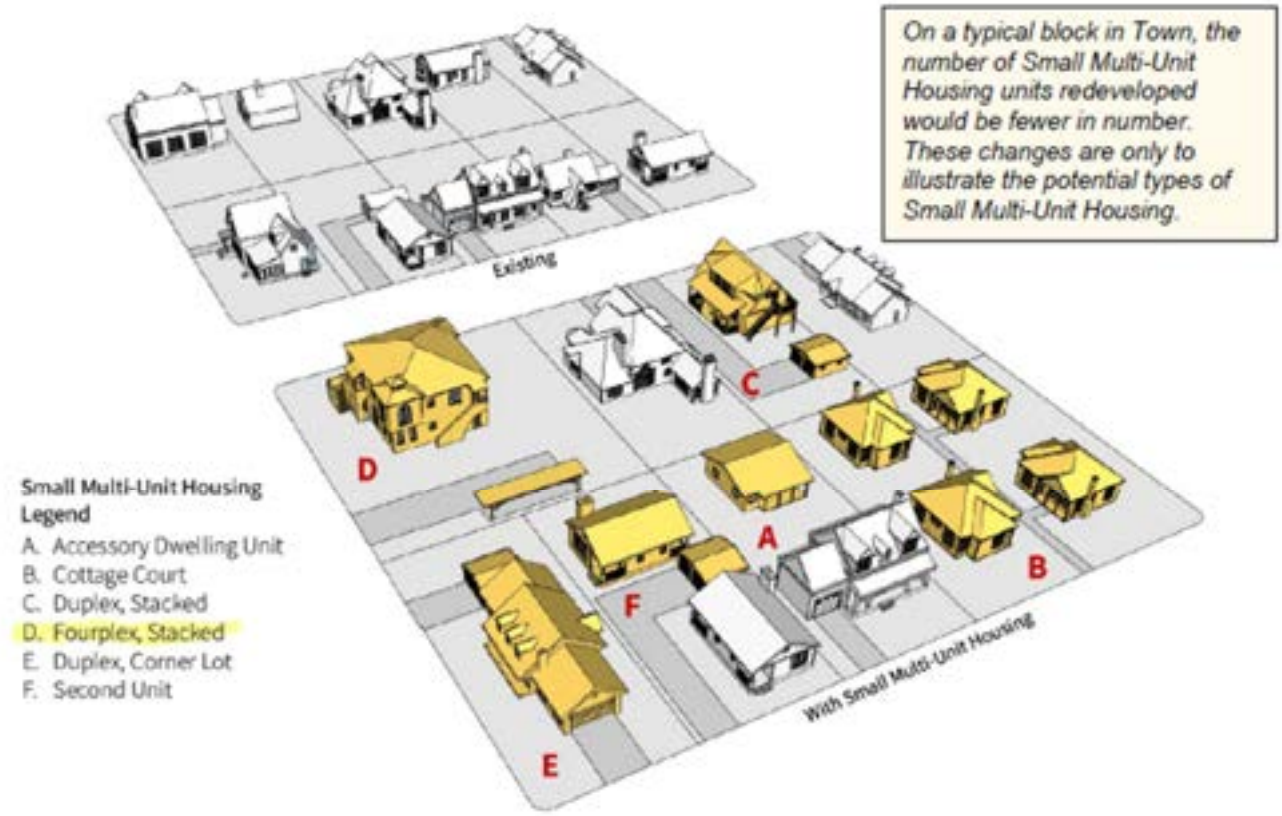


Figure 3-5 **Small Mult-Unit Housing Types Illustrated (Sample Concepts)**

This illustration is designed to show potential ideas for how to incorporate a range of housing types and sizes into an existing neighborhood. In addition to different types, the Small Multi-Unit Housing concepts would also support the production of a variety of unit sizes in the 500 to 1,000 square-foot range.

The following goal and policies will provide guidance on creation of small multi-unit housing.

LU-1	Provide opportunities for housing that can accommodate the needs, preferences, and financial capabilities of current and future residents in terms of different housing types, tenures, density, sizes, and costs.

LU-1.1 **Mixed Residential Neighborhoods**
Encourage creation of mixed residential neighborhoods through new and innovative housing types that meet the changing needs of Los Gatos households and expand housing choices in all neighborhoods. These housing types include, but are not limited to, single dwelling units, multi-family dwelling units, accessory dwelling units, small and micro units, use of pre-fabricated homes, and clustered housing/cottage housing.

LU-1.2 **Small Multi-Unit Housing**
Support housing types and designs that increase density while remaining consistent with the building scale and character present in existing neighborhoods. This includes multi-family units or clustered residential buildings that provide relatively smaller, less expensive units within existing neighborhoods.

3.3 A Plan for Neighborhood Connectivity

Recent community design in California has been heavily influenced by the automobile. Instead of looking at providing easy access to goods and services near our homes, we have focused on moving in the larger region as our priority, where travel over significant distances in a short period of time was the primary design factor. This has led to an increased use of land for transportation systems and parking, the isolation of neighborhoods by placement of wide arterial streets, and the concentration of essential services and shopping in a more distant, regional context. This differs significantly from the earlier designs of communities that focused on a more complete neighborhood with easy access and close proximity to goods and services.

This concept, first formulated by Carlos Moreno of Pantheon Sorbonne University in Paris, was designed to look at creating a "15-minute city;" in the United States, this has also been framed using a 20-minute distance. For Los Gatos, the desire is to have goods and services within a distance that would support easy access by walking or biking. To support these different modes of travel, a distance of one mile from a residence was used to represent easy access for filling basic, daily needs. This design has three defining features:

- **Proximity**. Uses must be in close proximity to each other.
- **Diversity**. Land uses need to provide a mix of residential and commercial services.
- **Density**. Success requires a density of residential uses to support the commercial services.

As part of the Town's future, the 2040 General Plan will shift focus to reestablishing more complete neighborhood areas that meet the daily needs of residents to be located within a one-mile distance.

The following goal and policy will provide guidance on neighborhood connectivity.

LU-2	Provide for a community fabric that supports a robust housing mix and convenient access to goods and services that meet daily needs.

LU-2.1 **Mixed Uses and Convenience**
Promote a mix of compatible uses in and adjacent to residential neighborhoods to serve the basic, daily needs of nearby residents. This should include neighborhood shopping and services available within one mile of all non-hillside residential areas in the following categories:

- Convenience retail;
- Access to healthy food choices;
- Health services;
- Schools;
- Parks and open space;
- Access to transit; and
- Employment opportunities.

3.4 Land Use Diagram, Designations, and Standards

The core of the Land Use Element is the description of land use designations to classify and distinguish the various land uses needed within the Town. Corresponding levels of intensity, density, and allowable uses, as required by Government Code Section 65302(a), are defined in this section.

VII. APPENDIX A: DETAILED PRO FORMA RESULTS

The full pro formas for each prototype are included below. Scenarios that are considered feasible are highlighted in green.

Set 1 Results

FIGURE 31. PRO FORMA RESULTS: STACKED FOURPLEX RENTAL

	Tier 1	Tier 2	Tier 3
Revenues			
Annual Gross Scheduled Income	**$172,800**	**$162,259**	**$146,880**
Less Vacancy	-$8,640	-$8,113	-$7,344
Less Expenses	**-$51,840**	**-$48,678**	**-$44,064**
Net Operating Income	$112,320	$105,468	$95,472
Capitalized Value	**$2,642,824**	**$2,481,611**	**$2,246,400**
Development Costs			
Site Prep	**$75,000**	**$75,000**	**$75,000**
Vertical Hard Costs	$1,320,000	$1,320,000	$1,320,000
Contingency	**$69,750**	**$69,750**	**$69,750**
Soft Costs	$161,600	$161,600	$161,600
Municipal Fees (excl. Parkland, Site Development)	**$63,327**	**$63,327**	**$63,327**
Parkland In-Lieu Fee	$76,167	$38,425	$40,600
Site Development Permit Fees	**$17,588**	**$17,588**	**$17,588**
Financing Costs	$57,371	$57,371	$57,371
Total Development Cost	**$1,840,803**	**$1,803,061**	**$1,805,236**
Minimum Return	$156,468	$153,260	$153,445
Residual Land Value	**$645,552**	**$525,290**	**$287,719**
Typical Site Acquisition Cost	$1,275,000	$1,162,500	$975,000
Residual Land Value Less Typical Acquisition Cost	**-$629,448**	**-$637,210**	**-$687,281**

Source: Strategic Economics, 2021.

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FIGURE 32. PRO FORMA RESULTS: STACKED FOURPLEX CONDO

	Tier 1	Tier 2	Tier 3
Revenues			
Gross Sales Revenue	$3,324,000	$2,916,000	$2,644,000
Less Marketing Costs	-$132,960	-$116,640	-$105,760
Net Sales Revenue	$3,191,040	$2,799,360	$2,538,240
Development Costs			
Site Prep	$75,000	$75,000	$75,000
Vertical Hard Costs	$1,440,000	$1,440,000	$1,440,000
Contingency	$75,750	$75,750	$75,750
Soft Costs	$171,200	$171,200	$171,200
Municipal Fees (excl. Parkland and Site Development)	$63,327	$63,327	$63,327
Parkland In-Lieu Fee	$61,667	$51,600	$38,175
Site Development Permit Fees	$17,588	$17,588	$17,588
Financing Costs	$61,612	$61,612	$61,612
Total Development Costs	$1,966,143	$1,956,077	$1,942,652
Feasibility Summary			
Net Revenue Less Development Costs	$1,224,897	$843,283	$595,588
Minimum Return	$353,906	$352,094	$349,677
Residual Land Value	$870,991	$491,190	$245,911
Typical Site Acquisition Cost	$1,275,000	$1,162,500	$975,000
Residual Land Value Less Typical Acquisition Cost	-$404,009	-$671,310	-$729,089

Source: Strategic Economics, 2021.

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Missing Middle Housing Types

Missing Middle Housing types offer a palette of house-form multi-unit housing options that are compatible with the range of two to four units per lot being considered for Opportunity Housing in San Jose.

Why Definition Matters

Building form will be an important consideration when establishing policies to deliver multi-unit housing into San Jose's existing primarily single-family neighborhoods in a way that expands housing options and also has a positive impact on the surrounding neighborhood.

Building form is an essential component of the concept of **Missing Middle Housing**, which is why several Missing Middle housing types have been considered for this study. Defined as *"a range of multi-unit or clustered housing types (ranging from two to 19 units per lot) that are compatible in scale with single-family homes, Missing Middle Housing types help meet the growing demand for walkable urban living, respond to shifting household demographics, and meet the need for more housing choices at different price points."*[1]

Beginning with a specific building type in mind such as a stacked duplex or a stacked fourplex enables sharp economic analysis and a clear and communicable vision for the built results of any proposed policy change for Opportunity Housing.

Since the upper threshold established by the San Jose Opportunity Housing Task Force is of four housing units per lot, a stacked fourplex is an important prototype to consider for both its unit count and also its form characteristics.



8 Opportunity Housing Citywide Analysis

Summary Report — October 2021

What Is A Stacked Fourplex?

A Missing Middle Housing type with four units in one house-form building, a stacked fourplex is an optimal building type to study the implications of allowing four units per lot in Opportunity Housing Areas.

A Building Type, Not Just Unit Count

In this study, the term *fourplex* and *stacked fourplex* have been used interchangeably. Both refer to the Missing Middle housing type, and not (as the term is sometimes used) to just any configuration of four housing units on a lot. A stacked fourplex is defined as **"a small to medium-sized structure that consists of two units on the ground floor and two units stacked directly above them."**[1] Delivering four units as a stacked fourplex has many benefits: it can be built on smaller lots, it lives much like a single-family home, and its small-to-medium footprint and two-story height is compatible in scale with existing single-family neighborhoods.

What Is *Not* a Stacked Fourplex

Other ways to deliver four units on a lot may include four side-by-side townhouses, oriented to face the street, or perpendicular to the street with a driveway on one side (sometimes called a "slot home"); or even as four detached units. These alternatives do deliver housing but typically have larger unit sizes than the stacked fourplex, and are thus likely not available at attainable price points. Also, not all configurations of four units on a lot may contribute to good urban form and an active public realm.

[1] Parolek, Dan. *Missing Middle Housing: Thinking Big and Building Small to Respond to Today's Housing Crisis*



Typical Lot Dimensions	
Lot Width	50' - 100'
Lot Depth	100' - 150'
Resultant Density (du/acre)	
Without ADU	12 - 36
With ADU	18 - 55

Stacked Fourplex



- *Two units are located on the ground floor and two other units are stacked above them*
- *A common stoop and entrance is used to access all four units*
- *Has the form and scale of one house*

Not a Stacked Fourplex



- *Units are located side-by-side, not stacked*
- *Each unit has distinct massing and a separate entrance*
- *Much wider than one house*

Round 1 Test an "idealized" housing type and additions

Stacked Fourplex



This lot test used a typical stacked fourplex building type, known to promote livability and attainability. A typical fourplex has smaller individual units, with an overall building footprint that closely matches that of a medium-to-large single-family house. For achieving the equity goals of Opportunity Housing, it was important to test this type.

However, the financial model showed this prototype to be financially infeasible, for both rental and for-sale products. **As a result, this type is unlikely to contribute to additional housing in San Jose.** A variation tested was a larger side-by-side duplex. **This type was found to be feasible as a for-sale product in two of the three submarket tiers.** However, the larger unit sizes indicate that attainability may be an issue with this prototype.

Lot + Building Specifications	
Lot size	*7,500 sf*
Lot dimensions	*60 ft x 125 ft*
# of units	*4*
# of parking spaces	*5 (1.25 per unit)*
Unit types	*2 bd / 2 ba*
Unit sizes	*1,080 sf*
Density	*23 du/ac*
FAR	*0.64*

Feasibility by Submarket

Note: Calculated based on residual value to acquisition cost ratio

	For-Sale	*Rental*
Tier 1	*Not feasible*	*Not feasible*
Tier 2	*Not feasible*	*Not feasible*
Tier 3	*Not feasible*	*Not feasible*

Attainability **Feasibility** **Livability**



Variation Tested (not shown here)

Two-Story Side-by-Side Large Duplex. This was tested as a for-sale product and was feasible in Tiers 1 and 2.

Response to Comment #1

- Programs J and AY
    - Through the implementation of Programs J and AY, the Town will study and analyze a modification to the Zoning Code to allow small multi-unit housing in a variety of neighborhoods in certain low and medium density designations, except for in the Very High Fire Hazard Severity Zones, hillside residential zones, and historic districts. The quantified objective for Program J to increase the number of housing units can be achieved through the combination of single dwelling units, accessory dwelling units, prefabricated homes, clustered/cottage housing, duplexes, triplexes, fourplexes, courtyard apartments, cottage courts, townhomes, triplex stacked (vertical), and live-work spaces.

    - 2040 General Plan Land Use ElementPrograms J and AY differ from the Land Use Element of the 2040 General Plan in that they do not propose to allow small multi-unit housing in all low to medium density designations of the Town.

Comment Letter #2

SUMMERHILL HOMES
COMMUNITIES OF DISTINCTION

March 14, 2024

Via email: HEUpdate@losgatosca.gov

Jocelyn Shoopman
Associate Planner
Town of Los Gatos
Community Development Department
110 E. Main Street
Los Gatos, CA 95030

RE: Town of Los Gatos Seven-Day Public Review of the Draft Revised 6th Cycle Housing Element

Dear Ms. Shoopman,

Thank you for the opportunity to review and comment on the March 2024 Draft Revised 2023-2031 Housing Element. As a local residential development company that has been building communities of distinction in the Bay Area for more than 40 years, including more than 200 homes in Los Gatos, SummerHill supports the Town's efforts to address its housing needs.

SummerHill Homes respectfully requests that the Town update the draft Housing Element to reflect the number of proposed residential projects and housing units currently in the Town's entitlement pipeline. Currently, the draft Housing Element indicates that only one formal SB 330 application has been submitted to the Town since September 2023 (see the discussion of Development Trends on page D-5 of Appendix D), but there is at least one additional formal SB 330 application currently in the entitlement pipeline.

In June 2023, SummerHill submitted an SB 330 preliminary application to develop housing at 50 Los Gatos-Saratoga Road. In December 2023, SummerHill submitted its formal application to develop 154 housing units in the project, and in February 2024, SummerHill resubmitted the formal application to address Technical Comments from Staff and increase the number of proposed housing units to 155. The application is currently pending, and SummerHill expects the project to be considered by the Town for approval in 2024.

SummerHill proposes to designate 16 of the 155 units as Below Market Price (BMP) units for Low Income households, 12 of the units as BMP units for Moderate Income households, and the remaining units as market-price units (likely affordable to Above Moderate Income households). With concessions and waivers pursuant to the State Density Bonus Law, the proposed project is consistent with the Town's General Plan and zoning regulations.

SummerHill respectfully requests that the discussion of 50 Los Gatos-Saratoga Road (Site B-1) on page D-19 of Appendix D and the data for Site B-1 (APNs 529-24-032, 529-24-001, 529-24-003) in Table B of

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Appendix H be updated to reflect the number of units in the entitlement pipeline (overall and by affordability level) for the site, which is a more accurate representation of realistic capacity given the SB 330 application on file in accordance the 2020 General Plan.

Please let us know if you have any questions.

Thank you.

Sincerely,

John Hickey
Vice President of Development

cc: Jennifer Armer, Planning Manager
Sean Mullin, Senior Planner
Kevin Ebrahimi, Senior Vice President of Development

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Response to Comment #2

- Senate Bill 330 (SB 330) Impact
    - The Town has received direction from HCD that No Net Loss law is only applicable once a project has been approved. The formal SB 330 application that the Town has received has not been approved. If and when the formal application is approved that will trigger the "no net loss" requirements, and the Town will comply with the "no net loss" requirements.

Summary Modifications to the March 2024, Draft Revised 2023-2031 Housing Element in Response to Public Comments

Pursuant to AB215, public comments provided during the seven-day public comment period above were considered prior to resubmitting to HCD and it was determined that no revisions were required to the Draft Revised 2023-2031 Housing Element (March 2024).