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MEMORANDUM

DATE October 28, 2009
TO GPC Members
FROM Chad Markell
RE **HCD Comments regarding the Housing Sites Inventory and Inclusion of Oka Road/Lark Avenue "Site G"**

DC&E consulted with the State Department of Housing and Community Development (HCD), which regulates and certifies Housing Elements, on outstanding questions that the Town staff and GPC members had regarding the housing sites inventory analysis. This memo is intended to provide additional context for making the decision to include Site G in this draft of the Sites Inventory. The following is a summary of the information and recommendations provided by HCD.

Accommodating the Regional Housing Need Allocation (RHNA)

According to HCD, a housing sites inventory should have a sufficient "buffer" of sites to accommodate the Regional Housing Need Allocation (RHNA), both to prevent real estate speculation on identified sites and to address the likelihood that not every site will develop and not every project will be built at the maximum allowed density. However, there is no formal buffer requirement in State law. As a general rule of thumb, a sites inventory should include enough sites to accommodate at least 20 percent more units than the total RHNA. For Los Gatos, this would mean enough sites to accommodate 625 units.

HCD considers sites that are vacant and zoned for residential uses as ideal housing sites. If the identified housing sites are non-vacant, non-residential sites, then HCD would prefer a larger buffer, or a larger number of sites in the inventory exceeding the RHNA numbers. If fewer sites are identified in the inventory, HCD is more likely to scrutinize in-depth each identified site. If the Town were not to include Oka Road/Lark Avenue "Site G," the Town would exceed its total RHNA by 18 percent. If the Town were to include Site G, the Town would exceed its total RHNA by 30 percent.

HCD Recommendation

HCD recommends that the Town retain Oka Road/Lark Avenue "Site G" in its housing sites inventory in order to provide a larger buffer since six of the seven potential housing sites are already developed and four of the sites are zoned public or mixed use commercial.

Carrying Over Sites to the Next Housing Cycle

Housing sites can be carried over to the next Housing Element cycle as long as the Town can show that the sites are strong candidates for housing development within the next cycle. Sites that are considered ideal, strong candidates for housing development include vacant, residential sites that are larger than one acre and have sufficient infrastructure and access to Town services. Non-vacant, non-residential sites can still be considered strong candidates for housing development as long as the Town can demonstrate that the site can be realistically developed. Realistic development capacity can be shown in a number of ways, including:

- Providing a history of residential projects with affordable housing that have been successfully built at or above the default density, which is 20 dwelling units per acre for Los Gatos.
- Providing reasonable explanation that a site is ready for development or redevelopment, such as documentation of proactive discussions with the property owner, who shows strong interest in developing housing on-site or including sites located in the Redevelopment Project Area.
- Including sites with pending development applications.

HCD Recommendation

HCD recommends considering all reasonable, potential housing sites in the sites inventory for this Housing Element cycle. Because sites can be carried over to the next cycle, the Town should not be concerned about withholding sites for the next Housing Element Update.

Inclusion of Oka Road/Lark Avenue “Site G”

Based on DC&E's conversation with HCD, it is clear that HCD would prefer to have “Site G” included in the Sites Inventory. The inclusion of “Site G” in the Sites Inventory demonstrates the Town's good faith effort to work with HCD and their recommended guidance. It should be noted that there is no guarantee that the inclusion of “Site G” *would or would not* result in comments from HCD on the adequacy of the sites selection.

Once the Sites Inventory has been approved by the GPC, DC&E will begin the process of conducting the CEQA-required environmental analysis for the General Plan, Housing Element and North 40 Specific Plan. This assessment will include an evaluation of traffic and circulation based on the additional development potential of the Sites Inventory and buildout envelope of the North 40.

If “Site G” is not included in the initial traffic evaluation and HCD later requires the inclusion of “Site G” and additional sites, the traffic evaluation may need to be done again to include any additional sites. However, the inclusion of “Site G” in the initial traffic evaluation will result in a more conservative estimate of traffic impacts, reducing the potential need to create a revised analysis. Of course, the need to revise the traffic evaluation would depend on the location and amount of additional sites.