



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 06/16/2020

ITEM NO: 9

DATE: June 10, 2020
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Local Government Planning Support Grant Program Funds
a. Adopt a Resolution to Authorize Application for, and Receipt of, Local Government Planning Support Grant Program Funds.
b. Authorize FY 2020/21 Revenue and Expenditure Budget Adjustments in the Amount of \$150,000 to Recognize Receipt and Expenditure of California Department of Housing and Community Development Grant Funds.

RECOMMENDATION:

Local Government Planning Support Grant Program Funds

- a. Adopt a Resolution to Authorize Application for, and Receipt of, Local Government Planning Support Grant Program Funds.
- b. Authorize FY 2020/21 Revenue and Expenditure Budget Adjustments in the Amount of \$150,000 to Recognize Receipt and Expenditure of California Department of Housing and Community Development Grant Funds.

BACKGROUND:

On January 27, 2020, the California Department of Housing and Community Development (HCD) released a Notice of Funding Availability (NOFA) for approximately \$119,040,000 as part of the Local Early Action Planning (LEAP) Grants Program (Attachment 2). The LEAP Grants Program is part of the broader program known as the Local Government Planning Support Grants Program, which was established in the 2019-2020 Budget Act. The 2019-20 Budget Act provides a spectrum of support, incentives, resources, and accountability to meet California housing goals.

PREPARED BY: Erin Walters
Associate Planner

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

BACKGROUND (continued):

Similar to the permanently funded SB2 Planning Grants Program (PGP), which was approved for the Town of Los Gatos in 2020 to update planning documents and land-use ordinances, the LEAP Grants Program provides one-time funds to local jurisdictions to prepare planning activities that will accelerate housing production. The LEAP Grants Program funds are to be utilized to facilitate compliance in implementing the sixth cycle of the regional housing needs assessment (RHNA).

LEAP Grants Program funding amounts are determined based on population size. The Town of Los Gatos may receive up to \$150,000 in LEAP Grants Program funds. Applications will be accepted through July 1, 2020.

DISCUSSION:

To qualify for funding, jurisdictions must demonstrate that proposed planning activities will facilitate accelerated housing production. Eligible activities include preparing and adopting Housing Elements that include an implementation component to facilitate compliance with the sixth RHNA cycle.

Under California law, the Housing Element is one of the required elements of the General Plan. The Housing Element is required to be updated every eight years, unlike other General Plan Elements, which are typically updated every 10 to 20 years.

All regional planning bodies in California are given RHNA targets for the duration of the Housing Element. The regional planning body for the Bay Area is the Association of Bay Area Governments (ABAG). The sixth-cycle RHNA from HCD is expected to be released in Summer 2020. The Bay Area RHNA is expected to be much higher than the previous cycles. ABAG anticipates that the region's allocation could increase by 200 percent.

In the fifth RHNA cycle (2015-2023), the Town of Los Gatos received a RHNA of 619. The table below provides the distribution of the Town's RHNA across income categories.

Town of Los Gatos Regional Housing Needs Allocation for 2015-2023	
Income Category	Number of Units
Very Low	201
Low	112
Moderate	132
Above Moderate	174
Total	619

DISCUSSION (continued):

The sixth RHNA cycle will take effect in 2024, and jurisdictions will begin their planning activities, including preparation for a comprehensive update to their Housing Elements, beginning in 2020.

Although the Town has not yet been assigned its final RHNA, the Town has begun planning for an additional 2,000 housing units in the General Plan update process. On April 7, 2020, the Town Council approved Preferred Land Use Alternative C, which will be used to develop the 2040 General Plan. Alternative C provides for a diverse housing stock to meet the needs of a diversifying community, while slightly exceeding the goal of planning for 2,000 new housing units (2,939 new units).

Final RHNA allocations to individual jurisdictions are tentatively anticipated from ABAG in the Fall of 2021, and the updated Housing Element must be submitted to HCD by December 15, 2022. Given the likely increase in allocated RHNA numbers, jurisdictions have been encouraged to begin their planning for the sixth RHNA cycle now.

The Town of Los Gatos may receive up to \$150,000 in LEAP funds based on population size. Staff recommends requesting the full amount to support preparation of the Housing Element update and all actions required to comply with the sixth RHNA cycle by hiring a planning consultant to complete this work with the Town. The resolution would authorize the Town Manager to submit the application, enter into, execute, and deliver on behalf of the Town a State of California Agreement, and any other documents required or deemed necessary or appropriate to evidence and secure the LEAP grant. A planning consultant would be selected to prepare the Housing Element update through a Request for Qualifications (RFQ) process, and the Council would approve the award of the consultant contract at a future date.

CONCLUSION:

Approval of this item would allow Town staff to submit an application for the non-competitive LEAP funds in the amount of \$150,000 by July 1, 2020, with the intent of receiving funds to be used to support the preparation of the Housing Element update, including all actions required to comply with the sixth RHNA cycle.

COORDINATION:

The preparation of this report was coordinated with the Finance Department and the Town Manager's Office.

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FISCAL IMPACT:

The receipt of LEAP funds will support the Town in the associated costs of preparing and adopting the 2023-2031 Housing Element of the General Plan that includes an implementation component to facilitate compliance with the sixth RHNA cycle. Once received, the funds will be incorporated in the adopted FY 2020/21 Operating and Capital budget. Approval of this action will allow for the necessary budgetary actions to receive the funds.

ENVIRONMENTAL ASSESSMENT:

The project is Categorically Exempt pursuant to the adopted Guidelines for the Implementation of the California Environmental Quality Act, Section 15061(b)(3), in that it can be seen with certainty that there is no possibility that the proposed amendments to the Town Code will have a significant effect on the environment.

Attachments:

1. Draft Resolution
2. Notice of Funding Availability – LEAP Grants Program