



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 10/07/2025

ITEM NO: 14

ADDENDUM

DATE: October 6, 2025
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: **Adopt a Resolution to Modify Town Council Policy 1-08: "Transportation Impact Policy"**

RECOMMENDATION: Adopt a Resolution to Modify Town Council Policy 1-08: "Transportation Impact Policy" to Update the Project List, Modify Charges for Affordable Housing, Allow for Charges on Accessory Dwelling Units (ADUs) in Excess of 750 Square Feet, and Adjust How Credits are Calculated.

REMARKS:

Attachment 3 contains the staff presentation and Attachment 4 contains public comment received before 11:00 a.m., Monday, October 6, 2025.

Attachments Received with the Staff Report:

1. Draft Resolution to Modify Town Council Policy 1-08, "Transportation Impact Policy"
2. Redline of Proposed Changes to Town Council Policy 1-08

Attachments Received with this Addendum:

3. Staff Presentation
4. Public comment received before 11:00 a.m., Monday, October 6, 2025.

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

Transportation Impact Policy Modification

Presented To: Town Council
October 7, 2025
Item 14

PURPOSE AND INTENT

Adopt a Resolution to Modify Town Council Policy 1-08: “Transportation Impact Policy” to:

- 1) Update the Project List;
- 2) Modify Charges for Affordable Housing;
- 3) Allow for Charges on Accessory Dwelling Units ADUs in Excess of 750 Square Feet; and
- 4) Clarify how credits might be issued.

Summary Version of Updated Project List

Project Name	Category
State Route 17 Corridor Congestion Relief Project	Safety and Capacity Improvements
Shannon Rd Widening and Safety Improvements	Safety and Capacity Improvements
Union Avenue Widening and Sidewalks	Complete Streets (Carryover)
Traffic Signal Modernization Program	Traffic Signal
Highway 17 Bicycle & Pedestrian Overcrossing	BPMP Priority Projects
Kennedy Sidewalk & Bike Lanes	BPMP Priority Projects
Sidewalk Gap Filling Projects	Other BPMP Projects - New Facilities
New and Expanded Bicycle and Pedestrian Facilities (Non Priority Projects)	Other BPMP Projects - New Facilities
Los Gatos Almaden Road Complete Streets Improvements	Complete Streets (Carryover)
Los Gatos Boulevard Multimodal Widening	Complete Streets (Carryover)
Parking Program Implementation	Lighting and Signage
Bicycle and Pedestrian Improvements Program -Safety Improvements	Other BPMP Projects - Bicyclist and Pedestrian Safety
Priority Projects from Bicycle and Pedestrian Master Plan	BPMP Priority Projects
Blossom Hill Road Traffic Safety Project	Safety and Capacity Improvements

Affordable Housing Credits

Proposed Policy:

All deed restricted extremely-low and very low income housing units will be charged at 50% of the current fee (which is adjusted annually for inflation)

Current Policy:

Town Council may exempt very-low, low, and moderate income housing from all or a portion of the fee if Council finds significant community benefit from the project

Accessory Dwelling Unit Fees

Proposed Policy:

ADU's of 750 square feet or larger will be charged a Transportation Impact Fee

Current Policy:

Does not address the issue of ADU fees

Credit Calculations

Proposed Policy:

1. For projects on the Project List constructed by a developer, credit can be given for actual project costs up to the amount of the fee due;
2. Credit will be given for right-of-way dedications for projects on the list; and
3. Trip generation from within the last three years can be considered as existing traffic, potentially reducing the amount of new trips generated by a proposed re-development.

Current Policy:

1. For projects on the Project List, credit can be issued for an amount up to the amount on the list;
2. No credit for right of way dedications needed to construct projects on the list; and
3. Credit for existing land use is on a case-by-case basis.

RECOMMENDATION

Adopt a Resolution to Modify Town Council Policy 1-08: “Transportation Impact Policy” Per the Redline Policy in the Staff Report

From: Linda S
Sent: Friday, October 3, 2025 5:33 PM
To: Clerk <Clerk@losgatosca.gov>
Cc: Council <Council@losgatosca.gov>; Town Manager <Manager@losgatosca.gov>
Subject: October 7 Town Council Meeting Public Comment Item #14

[EXTERNAL SENDER]

Dear Clerk,

I have some concerns regarding the proposed changes to the Transportation Impact Fees, specifically how the change would apply to ADU conversions. These are existing habitable structures for which homeowners have been paying property taxes for many years. They probably already were assessed impact fees when they were originally constructed. It is unclear from the new policy whether simply converting an existing structure to a legal ADU would result in a transportation impact fee assessment.

For example, there are pool houses in our town that could be fairly simply converted to ADUs by the addition of a full kitchen with no modifications to the building envelope whatsoever. Some of these existing structures may be greater than 750 square feet, which would exempt them from the expansion of the transportation impact fee.

My husband and I own a property with a fully permitted "habitable pool house." This was given a certificate of occupancy by Los Gatos in 2003. According to the drawings that we have for the home, the pool house is just over 750 square feet. At the time that it was constructed, the Town did not permit kitchens to be built in such structures. Obviously, things have changed a lot since those years and the Town is now required to allow these structures to be converted to ADUs. Currently, we have an elderly relative comfortably living in the pool house. Although we wish to install a kitchen to convert it to an ADU, we have decided to delay any work on this so as not to disrupt the peaceful living environment that now exists.

It is disappointing that we might now be penalized for this necessary delay. This seems unfair and contrary to what the Town would want to incentivize.

It is understandable that an impact fee could apply to any new construction greater than 750 square feet, whether the new floor area be an addition to the primary home or a new ADU. However, the proposed modification to the Transportation Impact Policy does not appear to exclude ADU conversions of existing structures, which do not involve new construction or expansion of habitable building area on a property.

The policy as proposed would disincentivize simple conversions. Please consider adding language to address this.

Regards,
Linda Swenberg