



January 16, 2018

Mayor Rennie and Members of Los Gatos Town Council
c/o Mr. Joel Paulson, Community Development Director
Town of Los Gatos Planning Department
110 E. Main St.
Los Gatos, California 95031

Re: Town Council Meeting 1-16-18
Proposed North 40 Specific Plan Amendment

Dear Mayor Rennie and Members of Town Council:

It is evident that consensus is forming for a hotel on the North 40. We continue to test various concepts that would integrate a hotel into a development program that 1) is in line with the caliber of development that is expected in Los Gatos and the North 40; 2) consistent with the objective development guidelines that are contemplated in the amended Specific Plan, and 3) is financially viable for the project as well as the future hotel operator. While development of a hotel may be viable on the North 40, we agree with the Town's hotel consultant that other land uses on site are required to make it financially feasible.

After reading the January 10, 2018 staff report on the proposed North 40 Specific Plan Amendment, we are seeking clarification on what the proposed Amendment would allow for if the precise examples in the staff-run scenarios are not proposed. It is imperative that we have flexibility as we determine the appropriate land plan that is financially viable. As an example, if a 160,000-square foot hotel is proposed, the staff report indicates that 90,000 square feet of office would be available in addition to 117,000 square feet of retail. What if a proposal did not want to propose that much retail? Could additional office be proposed? What if the hotel was less than 160,000 square feet? How would other uses be allocated? It is assumed that the staff report is just providing data points to Council for conceptual plans but that we have the flexibility to allocate uses creatively to give the project the best chance of being financially viable. We suggest the amendment allow for this flexibility in land use allocation utilizing the design parameters in the Specific Plan and the limitations in the EIR to ensure the development program is in accordance with the Town's vision.

Although the North 40 has been envisioned to be a retail hub for decades, in recent years the headwinds against a 400,000+ square foot retail program on the North 40 have increased, causing some to shift their focus to other land uses. As the viability for office may be limited by trip generation and the parameters of the existing Specific Plan EIR in addition to the height restrictions, a viable land use that can be compatible with hospitality use is residential. We have heard, for example, that the community would support more move down housing. Increasing the residential entitlement would provide added flexibility and could provide the means to support a hotel on site. In addition to providing the flexibility to allocate land uses as discussed above, we would also request that additional residential be strongly considered.

Sincerely,

A handwritten signature in black ink, appearing to read "A. Don Capobres".

A. Don Capobres

cc: Steve Buster, Grosvenor Americas

Harmonie Park Development Company - 221 Bachman Avenue - Los Gatos, California 950030

408.355.9920 - www.harmoniepark.com

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