



Appendix B
HOUSING ELEMENT TECHNICAL REPORT

INTRODUCTION

Cupertino is a unique community with a high quality of life, a renowned school system, and a robust high-technology economy. The long-term vitality of Cupertino and the local economy depend upon the availability of all types of housing to meet the community's diverse housing needs. As Cupertino looks towards the future, increasing the range and diversity of housing options will be integral to the City's success. Consistent with the goal of being a balanced community, this Housing Element continues the City's commitment to ensuring new opportunities for residential development, as well as for preserving and enhancing our existing neighborhoods.

The Housing Element Technical Report describes the City of Cupertino's procedures and Municipal Code as of 2014. This Report does not limit the City's ability to amend or repeal the procedures or ordinances so long as these changes are not inconsistent with the policies in this Report.

1.1 Role and Content of Housing Element

This Housing Element is a comprehensive eight-year plan to address the housing needs in Cupertino. The Housing Element is the City's primary policy document regarding the development, rehabilitation, and preservation of housing for all economic segments of the population. 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 strategies 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

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serving various income levels

- Analyze potential constraints to new housing production
- Evaluate the Housing Element for consistency with other General Plan elements

Housing element law continually evolves. This element for the 2014-2022 planning period addresses all laws adopted since the element was last updated in 2010. SB 812 requires that the City assess the housing needs of developmentally disabled persons. SB 244, which does not pertain to the housing element per se but is triggered by a housing element update, requires that cities and counties address the infrastructure needs of disadvantaged unincorporated communities within the jurisdiction's designated sphere of influence. According to data from the California Department of Water Resources, Cupertino contains no disadvantaged communities within its sphere of influence.

This updated Housing Element focuses on housing needs from January 31, 2015 through January 31, 2023, in accordance with the housing element planning period for San Francisco Bay Area jurisdictions established by State law.

Relationship to the General Plan

State law requires that a General Plan and its constituent elements "comprise an integrated, internally consistent and compatible statement of policies." This implies that all elements have equal legal status; no one element is subordinate to any other element. This Housing Element must be consistent with the policies and proposals set forth by the General Plan, including the Land Use and Circulation Elements. Additionally, environmental constraints identified in the Health and Safety Element and the Environmental Resources/Sustainability Element are recognized in the

Housing Element. When an element in the General Plan is amended, the Housing Element will be reviewed and modified as necessary to ensure continued consistency among the various elements. The City will ensure that updates to these elements achieve internal consistency with the Housing Element as well.

1.2 Public Participation

This Housing Element has been developed with extensive participation from members of the Cupertino community. The public participation process described below engaged a diverse set of community stakeholders in a productive dialogue on housing issues. Participants included community members, property owners, housing developers, service providers, school districts, and the business community.

Meeting and workshop announcements and agendas, as well as presentation materials and web cast archives of all stakeholder and community meetings, were posted on the City's website. A postcard advertising meetings (February 19, March 4, March 11, and April 1) was direct mailed to all Cupertino addresses to ensure that all economic segments of the community were invited to participate. Email notification for all meetings was sent to persons requesting information about the General Plan Update (over 300 persons). The paragraphs below summarize the outreach activities and meetings in more detail.

Stakeholder Interviews

To inform the Cupertino Housing Element update and identify key housing needs, issues, and opportunities, the update team interviewed approximately 25 stakeholders. Most of the stakeholders were interviewed in small groups organized by interest, including community advocates, economic development, service providers, school districts, and property owners/developers. The team conducted six

group interviews and one individual interview. To ensure that the concerns of low- and moderate-income and special needs residents were addressed, agencies and organizations that serve the low- and moderate-income and special needs community were invited to participate in the stakeholder interviews. Section 7 includes a list of invited and interviewed parties as well as a summary of key themes and findings.

Joint Planning Commission/Housing Commission Workshop

On January 23, 2014 the Planning Commission and Housing Commission hosted a joint workshop to begin discussion on potential housing sites. Eleven participants broke into small groups and identified potential future sites and the criteria for increasing density in certain areas.

Housing Commission Workshop

On February 12, 2014, the Housing Commission hosted a workshop to continue the sites discussion and prioritize sites for inclusion in the Housing Element. Following a project update presentation, the 15 participants broke into groups to prioritize potential housing sites, with the goal of showing adequate capacity to achieve a housing production goal of 1,064 units, consistent with Cupertino's Regional Housing Needs Allocation (RHNA) for 2014-2022.

Planning Commission Open House and Study Session

On February 19, 2014, the Planning Commission hosted an open house and study session to provide a public forum to continue the Housing Element sites discussion. A public hearing was conducted on the item and the Planning Commission recommended criteria to focus the sites selection. Specifically, the Commission recommended removing sites that were viewed as unviable (successful shopping centers, sites with existing established

institutional uses, and small sites with low yield or no property owner interest). The Planning Commission recommended including sites that would further three goals:

- Distribute housing throughout the city
- Encourage development along the Priority Development Area designated by the One Bay Area plan
- Minimize impacts to schools

City Council Study Session

On March 4, 2014 the City Council held a study session to discuss the potential housing sites that would be analyzed in the environmental document to be prepared for the Housing Element update and parallel amendments to the Land Use and Circulation Elements. A public hearing was conducted and community members had the opportunity to comment on the Housing Element and housing sites.

Housing Commission Meeting on Housing Policy

On March 19, 2014, the Housing Commission held a study session to discuss revisions to housing goals, policies, and strategies associated with the Housing Element update. A public hearing was conducted on the item and five community members attended.

Joint City Council/Planning Commission Meeting on Housing Policy

On April 1, 2014, the Planning Commission and City Council held a joint study session to discuss revisions to housing goals, policies, and strategies included in the Housing Plan section of the 2014-2022 Housing Element. A public hearing was conducted on the item and community members had the opportunity to comment on the Housing Element Housing Plan.

Community Workshops

A community open house was held on September 16, 2014 to review goals, policies, and strategies outlined in the Housing Element and General Plan Amendment. In response to community concerns regarding housing and development, the City hosted a community workshop on November 20, 2014 to answer questions regarding the Housing Element and State Law requirements. At the workshop, the community was invited to participate in a discussion regarding the Housing Element requirements and the General Plan.

Draft Housing Element Hearings

On August 28, 2014, the Housing Commission reviewed the Draft Housing Element. On October 14 and 20, the Planning Commission reviewed and commented on the Draft Housing Element. On November 10, December 2, and December 3, 2014, the City Council reviewed the Draft Housing Element and authorized staff to forward the draft to the State Department of Housing and Community Development for their review.

1.3 Incorporation of Community Feedback

At the February 19, 2014 Planning Commission open house and study session, participants emphasized that future development should reflect the character of the City and neighborhoods in which they are located. They also expressed the need to distribute housing throughout Cupertino and for smaller unit affordable rental housing. In response, the range of residential sites inventory studied included sites outside the City's core as a means to distribute housing production citywide. The Housing Element also includes Policy HE-5: Range of Housing Types, which encourages the development of diverse housing stock that provides a range of housing types (including smaller, moderate cost housing) and affordability levels.

A concern about the viability of mixed use was also expressed during the community outreach activities. Participants and decision makers noted that developers are interested in developing the residential portion of a project and do not include substantial commercial uses. To reflect this concern, the site suitability analysis—conducted to identify appropriate sites for inclusion in the Housing Element—used locational criteria to select sites that could best facilitate mixed use development, especially at corner properties where commercial uses are most viable.

Participants at the March 19, 2014 Housing Commission Study Session suggested that energy conservation mechanisms can provide cost savings and result in more affordable housing costs. Existing goals and policies support energy conservation for all residential construction. In addition, the City will evaluate the potential to provide incentives for affordable development to exceed the minimum requirements of the California Green Building Code.

Community members and property owners were particularly involved in the site inventory. The inventory of residential opportunity sites was developed in consultation with the Housing Commission, Planning Commission, City Council, and members of the public. At numerous meetings, commissioners and council members, as well as members of the public, discussed the inventory. During these discussions, several sites were removed and new sites were added based on input from stakeholders. Decisions to add or remove sites were based on realistic expectations for sites to be redeveloped within the planning period.

School impacts were a common theme during the site selection process. Staff explained to participants and decision makers that impact to schools may not be a goal of the site selection exercise since Government Code Section 65995 preempts this issue. This law states

that school impact mitigation fees are presumed to fully mitigate any school impacts associated with development. To ensure the long-term sustainability of the schools in tandem with the preservation and development of vibrant residential areas, Strategy 26 in the Housing Plan directs the City to continue to coordinate with the Cupertino Union School District (CUSD), Fremont Union High School District (FUHSD), and Santa Clara Unified School District (SCUSD).

1.4 Organization of Housing Element

Following this introduction, the Housing Element includes the following components:

- An analysis of the City's current and future housing needs
- An analysis of governmental and non-governmental constraints to housing production
- An inventory and analysis of housing resources
- A housing plan setting forth goals, policies, strategies, and quantified objectives to address the City's housing needs

Included at the end of this appendix is a thematic summary of the stakeholder interviews, a review of the prior (2007-2014) Housing Element, and a parcel-specific residential sites inventory.

2. HOUSING NEEDS ASSESSMENT

The Housing Needs Assessment describes the housing, economic, and demographic conditions in Cupertino; assesses the demand for housing for households at all income levels; and documents the demand for housing to serve special needs populations. The Housing Needs Assessment is intended to assist Cupertino in developing housing goals and formulating policies and strategies that

address local housing needs.

To facilitate an understanding of how the characteristics of Cupertino are similar to, or different from, other nearby communities, this Housing Needs Assessment presents data for Cupertino alongside comparable data for all of Santa Clara County and, where appropriate, for the San Francisco Bay Area and the state of California.

This Needs Assessment incorporates data from numerous sources, including:

- United States Census Bureau and American Community Surveys (ACS)
- Association of Bay Area Governments (ABAG)
- State of California Department of Housing and Community Development (HCD)
- State of California Departments of Finance,
- State of California Employment and Development Department, State of California Department of Social Services
- State of California Department of Public Health
- United States Department of Housing and Urban Development (HUD) Comprehensive Housing Affordability Strategy (CHAS)
- Housing Authority of the County of Santa Clara
- Santa Clara County Homeless Census
- Veronica Tam and Associates (Housing Element Consultant)
- City of Cupertino Community Development Department (CDD)
- 211 Santa Clara County

- Craigslist.org
- Zillow.com
- DQNews.com

Specific data sources are identified in each table or figure.

2.1 Regional Context

Cupertino is a suburban city of 10.9 square miles located in Santa Clara County. The City incorporated in 1955 and grew from a small agricultural community into a suburban place during the expansion of Silicon Valley. The cities of Los Altos and Sunnyvale limit any potential of expansion of Cupertino to the north, the cities of Santa Clara and San Jose abut Cupertino to the east, and Saratoga is to the immediate west. Unincorporated areas of Santa Clara County form the southern and western boundaries of the City.

Cupertino's built environment is dominated by single-family subdivisions, with distinctive commercial and employment centers separated from the surrounding residential areas. Because of the suburban pattern, the city has a largely automobile-based land use and transportation system. Highway 85 functions as the main north/south traffic route through the city, and Interstate 280 is a major east/west route.

2.2 Population & Household Trends

Population

As presented in Table 2.1, between 2000 and 2010 the City of Cupertino's population increased by 15.3 percent, which is at a higher rate than Santa Clara County at 5.9 percent, San Francisco Bay area as a whole at 5.4 percent, and the State of California at 10 percent. During this period, Cupertino grew from 50,546 to 58,302 persons. An increase

of 15.3 percent, this growth was much more significant than the growth experienced by the region overall. However, a portion of this population growth can be attributed to the City's annexation of 168 acres of land between 2000 and 2008. Cupertino's annexation of Garden Gate, Monta Vista, and scattered County "islands" added 1,600 new residents. After removing the population increases from these annexations, the City of Cupertino experienced a 12-percent increase in its population during the previous decade. By comparison, Santa Clara County's population grew by 5.9 percent, while the nine-county Bay Area's population grew by 5.4 percent. Overall, the state of California's population grew more similarly to Cupertino's, with an overall increase of 10 percent.

Households

A household is defined as a person or group of persons living in a housing unit, as opposed to persons living in group quarters, such as dormitories, convalescent homes, or prisons. According to the American Community Survey (ACS), there were 20,181 households in Cupertino in 2010 (see Table 2.1). The City added approximately 2,000 new households between 2000 and 2010, an increase of 11 percent. Approximately 600 of these households, however, resulted from annexations. After adjusting for household increases due to annexation, the number of households in Cupertino grew by only eight percent between 2000 and 2010. During the same time period, the number of households increased by 6.8 percent in Santa Clara County, 5.8 percent in the Bay Area as a whole and 9.3 percent in the State of California.

Average Household Size

Average household size is a function of the number of people living in households divided by the number of occupied housing units in a given area. In Cupertino, the average household size in 2011 was 2.83, slightly higher

than the Bay Area as a whole at 2.69, but slightly lower than Santa Clara County at 2.89 and the State of California at 2.91 (see Table 2.1). Because population growth has outpaced the increase in households in Cupertino, the average household size has increased since 2000. The contrary is true for the County.

Household Type

Households are divided into two different types, depending on their composition. Family households are those consisting of two or more related persons living together. Non-family households include persons who live alone or in groups of unrelated individuals. As shown in Table 2.1, Cupertino has a large proportion of family households. In 2011, family households comprised 77.4 percent of all households in the city. Cupertino's family households figure is higher than Santa Clara County's family households figure at 70.8 percent and the Bay Area as a whole at 64.8 percent and the State of California at 68.6 percent. As of 2011, Cupertino's non-family households comprised of 22.6 percent of all households in the city. Cupertino's 22.6 percent is lower than Santa Clara County at 29.2 percent and the Bay Area as a whole at 35.2 percent and State of California at 31.4 percent.

Household Tenure

Households in Cupertino are more likely to own than rent their homes. According to Table 2.1, 62.6 percent of Cupertino households owned their homes in 2010, a minimal decrease from 2000. Comparing the City of Cupertino with other jurisdictions, as of 2010, 57.6 percent owned their home in Santa Clara County, 56.2 percent in the Bay Area as a whole and 55.9 percent in the State of California. As of 2010, renter households comprised 37.4 percent of all households in Cupertino, 42.4 percent in Santa Clara County, 43.8 percent in the Bay Area as a whole and 44.1 percent in the State of California.

TABLE 2.1: POPULATION AND HOUSEHOLD TRENDS, 2000-2010/2011

	2000	2010/2011	Total Change 2000-2010	Percent Change 2000-2011
City of Cupertino				
Population	50,546	58,302	7,756	15.3%
Households	18,204	20,181	1,977	10.9%
Average Household Size (a)	2.75	2.83		
Household Type (a)				
Families	74.8%	77.4%		
Non-Families	25.2%	22.6%		
Tenure				
Owner	63.6%	62.6%		
Renter	36.4%	37.4%		
Santa Clara County				
Population	1,682,585	1,781,642	99,057	5.9%
Households	565,863	604,204	38,341	6.8%
Average Household Size (a)	2.92	2.89		
Household Type (a)				
Families	69.9%	70.8%		
Non-Families	30.1%	29.2%		
Tenure				
Owner	59.8%	57.6%		
Renter	40.2%	42.4%		
Bay Area (b)				
Population	6,783,760	7,150,739	366,979	5.4%
Households	2,466,019	2,608,023	142,004	5.8%
Average Household Size (a)	2.69	2.69		
Household Type (a)				
Families	64.7%	64.8%		
Non-Families	35.3%	35.2%		
Tenure				
Owner	57.7%	56.2%		
Renter	42.3%	43.8%		
California				
Population	33,871,648	37,253,956	3,382,308	10.0%
Households	11,502,870	12,577,498	1,074,628	9.3%
Average Household Size (a)	2.87	2.91		
Household Type (a)				
Families	68.9%	68.6%		
Non-Families	31.1%	31.4%		
Tenure				
Owner	56.9%	55.9%		
Renter	43.1%	44.1%		

Notes:

(a) Average household size and household type figures from American Community Survey (ACS), 2007-2011.

(b) Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma Counties.

Source: Association of Bay Area Governments (ABAG), Housing Element Data Profiles, December 2013.

Age Distribution

Cupertino’s age distribution, shown in Table 2.2, is relatively similar to that of Santa Clara County, with a few notable exceptions. In both Cupertino and Santa Clara County, persons under 20 years old make up over a quarter of the overall population. In the City, the number and proportion of persons in this age group have increased slightly since 2000. However, compared to the County as a whole, Cupertino has a lower proportion of younger adults in the 25 to 34 age range but a higher proportion of older adults (persons 45 to 54 years old). In fact, from 2000 to 2010, the fastest growing segment of the Cupertino community was older adults in the 45 to 54 year old age category, which increased from 15.4 to 17.3 percent of the total population. In contrast, the proportion of other adults (those in the 25 to 44 age cohort) showed the sharpest decline between 2000 and 2010. In addition, Cupertino’s elderly population, residents age 65 and above, increased from 11 percent to 13 percent between 2000 and 2010.

TABLE 2.2: AGE DISTRIBUTION, 2000-2010

Age Cohort	City of Cupertino		Santa Clara County	
	2000	2010	2000	2010
Under 15	22.4%	22.5%	20.9%	20.2%
15 to 17	4.3%	5.1%	3.9%	3.9%
18 to 20	2.5%	2.8%	3.9%	3.8%
21 to 24	2.7%	2.8%	5.4%	5.1%
25 to 34	12.1%	8.6%	17.8%	15.1%
35 to 44	21.0%	18.2%	17.6%	15.6%
45 to 54	15.4%	17.3%	13.0%	14.8%
55 to 64	8.7%	10.2%	8.0%	10.4%
65 to 74	5.8%	6.2%	5.2%	6.0%
75 to 84	3.8%	4.0%	3.3%	3.5%
85 +	1.4%	2.2%	1.1%	1.5%
Median Age	37.9	39.9	34.0	36.2

Sources: Association of Bay Area Governments (ABAG), *Housing Element Data Profiles*, December 2013.

In 2010, the median age in Cupertino was 39.9, an increase from 37.9 in 2000. Santa Clara County experienced a similar aging of its population during this time period, as evidenced by an increase in the median age from 34.0 to 36.2 years.

Household Income

According to American Community Survey (ACS) estimates, the median household income in Cupertino in 2011 was \$124,825. This figure is significantly higher than the estimated median household income of \$89,064 for Santa Clara County.¹ Furthermore, 62.3 percent of Cupertino households earned more than \$100,000 in 2011, whereas only 45.0 percent of Santa Clara households and 39.0 percent of Bay Area households fall into this income category. On a per capita basis, Cupertino is also wealthier than Santa Clara County. In 2011, the per capita income in Cupertino was \$51,965, compared to \$40,698 in the County. Table 2.3 summarizes the distribution of household incomes for Cupertino, Santa Clara County, and the Bay Area.

The Housing Element law establishes five income categories according to Area Median Income (AMI) for purposes of evaluating housing assistance needs:

- Extremely Low Income (0-30 percent AMI)
- Very Low Income (31-50 percent AMI)
- Low Income (51-80 percent AMI)
- Moderate Income (81-120 percent AMI)
- Above Moderate Income (>120 percent AMI)

¹ Median household income and per capita income data are calculated fields by the Census Bureau based on raw data from the American Community Surveys. Without access to the raw data, median and per capita income cannot be calculated for customized region not identified as a Census Designated Place.

The State and Federal governments classify household income into various groups based upon its relationship to the County AMI and adjusted for household size. In 2010, 79.2 percent of Cupertino households earned moderate or above-moderate incomes, and only 20.8 percent of households earned lower incomes (see Table 2.4).² In comparison, 67.6 percent of County households earned moderate or above-moderate incomes and 32.4 percent earned lower incomes, including 12.6 percent who earned extremely low incomes.

2.3 Employment Trends & Jobs/Housing Balance

Local Employment Opportunities

Since 2000 there has been a net increase of over 1,200 jobs held by Cupertino residents, for a total of 25,200 employed residents in 2011. As shown in Table 2.5, the number of jobs held by Cupertino residents grew by 5.2 percent between 2000 and 2011. The City of Cupertino job growth percentage was far greater than the growth experienced by Santa Clara County as a whole at 0.8 percent between 2000 and 2011.

Despite this overall growth, most industry sectors experienced a decline in the number of jobs available. Between 2000 and 2011 the largest job losses in employment occurred in the manufacturing and retail trade sectors. These decreases were offset by growth in the professional, scientific, management, administrative, and waste management services industry, which added 1,748 jobs, and the educational, health, and social services industry, which added 1,144 jobs. Even with the recent changes to employment sectors during the previous decade, manufacturing remains the largest job sector for residents of both Cupertino and Santa Clara County. As

² Data were obtained from the Comprehensive Housing Affordability Strategy (CHAS) prepared for HUD by the Census Bureau using 2006-2010 American Community Survey (ACS) data.

TABLE 2.3: HOUSEHOLD INCOME DISTRIBUTION, 2011

Household Income	Cupertino		Santa Clara County		Bay Area (a)	
	Number	Percent	Number	Percent	Number	Percent
Less than \$24,999	1,844	9.1%	79,057	13.2%	404,254	15.7%
\$25,000 to \$49,999	1,933	9.6%	90,027	15.0%	440,575	17.1%
\$50,000 to \$74,999	1,965	9.7%	84,594	14.1%	403,087	15.6%
\$75,000 to \$99,999	1,874	9.3%	75,974	12.7%	324,123	12.6%
\$100,000 or more	12,560	62.3%	269,998	45.0%	1,005,441	39.0%
Total	20,176	100.0%	599,652	100.0%	2,577,480	100.0%
Median Household Income	\$124,825		\$89,064		(b)	
Per Capita Income	\$51,965		\$40,698		(b)	

Notes:

(a) Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma Counties.

(b) Median income data cannot be calculated from the ACS for Bay Area.

Source: Association of Bay Area Governments (ABAG), Housing Element Data Profiles, December 2013.

TABLE 2.4: HOUSEHOLDS BY INCOME CATEGORY, 2010

Income Category (% of County AMI)	Cupertino		Santa Clara County	
	Households	Percent	Households	Percent
Extremely Low (30% or less)	1,485	7.6%	75,395	12.6%
Very Low (31 to 50%)	1,320	6.7%	61,830	10.4%
Low (51 to 80%)	1,260	6.4%	56,325	9.4%
Moderate or Above (over 80%)	15,515	79.2%	403,195	67.6%
\$100,000 or more	19,580	100.0%	596,745	100.0%
Total	20,176	100.0%	599,652	100.0%

Source: Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS), based on American Community Survey (ACS), 2006-2010. Note: Data sources differ in Tables 2.3 and 2.4 resulting in slight deviations in totals.

of 2011, manufacturing jobs comprise 28.1 percent of all jobs held by Cupertino residents and 19.6 percent of jobs held by residents of Santa Clara County overall. The manufacturing sector includes the production of computer, electronic, and communication equipment, with such major employers as Apple and Hewlett-Packard.

With the 2008-2012 collapse of the financial and credit markets and the worldwide recession, Cupertino and the broader Silicon Valley region lost some of the gains in key sectors that were achieved between 2003 and 2007. The impacts of the economic downturn, although serious, were somewhat localized to particular sectors and industries such as construction, manufacturing, and retail/wholesale trade. Fortunately for Cupertino, high-tech employment did not decline at the same rate as the rest of the economy, and long-term prospects for this sector remain strong.

Unemployment

According to unemployment data provided by the State of California Employment Development Department, as of February 2014, the City of Cupertino had an unemployment rate of approximately 3.9 percent. The unemployment rate for the City was less than that of the County as a whole (6.1 percent). Since 2008, the unemployment rate has remained stable in both the City and the County, which had unemployment rates of 3.8 percent and 6.0 percent, respectively, at that time.

Long-term Projections

Table 2.6 presents population, household, and job growth projections for Cupertino, Santa Clara County, and the nine-county Bay Area region between 2010 and 2040. The figures represent the analysis conducted by the Association of Bay Area Governments (ABAG) using 2010 Census data and a variety of local sources.

TABLE 2.5: JOBS BY SECTOR, 2000-2011

Industry Sector	Cupertino				% Change	Santa Clara County				% Change
	2000		2011			2000		2011		
	Jobs	% Total	Jobs	% Total		Jobs	% Total	Jobs	% Total	
Agriculture, forestry, fishing and hunting, and mining	76	0.3%	36	0.1%	-52.6%	4,364	0.5%	4,425	0.5%	1.4%
Construction	642	2.7%	420	1.7%	-34.6%	42,232	5.0%	47,005	5.5%	11.3%
Manufacturing	7,952	33.2%	7,077	28.1%	-11.0%	231,784	27.5%	167,034	19.6%	-27.9%
Wholesale trade	628	2.6%	545	2.2%	-13.2%	25,515	3.0%	20,252	2.4%	-20.6%
Retail trade	2,056	8.6%	1,540	6.1%	-25.1%	83,369	9.9%	81,918	9.6%	-1.7%
Transportation and warehousing, and utilities	383	1.6%	425	1.7%	11.0%	23,546	2.8%	23,578	2.8%	0.1%
Information	1,462	6.1%	1,370	5.4%	-6.3%	39,098	4.6%	32,627	3.8%	-16.6%
Finance, insurance, real estate, and rental and leasing	1,246	5.2%	1,368	5.4%	9.8%	38,715	4.6%	44,015	5.2%	13.7%
Professional, scientific, management, administrative, and waste management services	4,667	19.5%	6,415	25.5%	37.5%	131,015	15.5%	152,960	18.0%	16.7%
Educational, health, and social services	3,063	12.8%	4,207	16.7%	37.3%	123,890	14.7%	157,349	18.5%	27.0%
Arts, entertainment, recreation, accommodation, and food services	832	3.5%	734	2.9%	-11.8%	49,186	5.8%	60,638	7.1%	23.3%
Other services (except public administration)	590	2.5%	715	2.8%	21.2%	29,987	3.6%	36,330	4.3%	21.2%
Public administration	362	1.5%	351	1.4%	-3.0%	21,211	2.5%	22,421	2.6%	5.7%
Total	23,959	100.0%	25,203	100.0%	5.2%	843,912	100.0%	850,552	100.0%	0.8%

Source: Association of Bay Area Governments (ABAG), Housing Element Data Profiles, December 2013.

Cupertino’s population is expected to grow by 12,898 residents—from 58,302 in 2010 to 71,200 in 2040. This translates into an increase of 22 percent over 30 years. ABAG projects both Santa Clara County and the ABAG region to experience much larger growth (36 percent and 31 percent over 30 years, respectively). Specifically, communities with lower housing costs have been experiencing influxes of residents in search of comparative affordable housing. As a community with high costs of housing, Cupertino has not experienced an influx of residents. Instead, Cupertino’s job growth is expected to continue to outpace population and household growth in Cupertino between 2010 and 2020, compounding the “jobs rich” nature of the City, resulting in a jobs-to-housing ratio of 1.40 by 2020 (up from 1.29 in 2010) but mirroring the regional average of 1.40. Furthermore, job growth is projected to level off after 2020 to a comparable pace with population and household growth. Similar trends are also projected for the County and the ABAG region as a whole.

TABLE 2.6: POPULATION, HOUSEHOLD, AND JOB PROJECTIONS, 2010-2040

	2010	2020	2030	2040	2010-2020	2020-2030	2030-2040
City of Cupertino							
Population	58,302	62,100	66,300	71,200	6.5%	6.8%	7.4%
Households	20,181	21,460	22,750	24,040	6.3%	6.0%	5.7%
Jobs	26,090	29,960	31,220	33,110	14.8%	4.2%	6.1%
Santa Clara County							
Population	1,781,642	1,977,900	2,188,500	2,423,500	11.0%	10.6%	10.7%
Households	604,204	675,670	747,070	818,400	11.8%	10.6%	9.5%
Jobs	926,270	1,091,270	1,147,020	1,229,520	17.8%	5.1%	7.2%
Bay Area (a)							
Population	6,432,288	7,011,700	7,660,700	8,394,700	9.0%	9.3%	9.6%
Households	2,350,186	2,560,480	2,776,640	2,992,990	8.9%	8.4%	7.8%
Jobs	3,040,110	3,579,600	3,775,080	4,060,160	17.7%	5.5%	7.6%

Notes:
 (a) Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma Counties. Source: Association of Bay Area Governments (ABAG), Housing Element Data Profiles, December 2013.

2.4 Housing Stock Characteristics

Housing Stock Conditions

The age of the housing stock in Cupertino is similar to that of Santa Clara County. As shown in Table 2.7, the largest proportion of homes in the city (26.7 percent) was built between 1960 and 1969. In both Cupertino and Santa Clara County, 1972 is the median year housing structures were built.

Typically, unless carefully maintained, older housing can create health, safety, and welfare problems for its occupants. Even with normal maintenance, dwellings over 40 years of age can deteriorate and require significant rehabilitation. However, while Cupertino's housing stock is older, most homes remain in relatively good condition, a testament to the relative wealth of the community and pride of home ownership.

Data on the number of units which lack complete plumbing and kitchen facilities are often used to assess the condition of a jurisdiction's housing stock. As Table 2.8 indicates, virtually all housing units contain complete plumbing and kitchen facilities. The 2007-2011 ACS indicates that less than one percent of the units lack these facilities.

To characterize the physical conditions of Cupertino's stock of older residential structures, a windshield survey was performed in 2009-2010 (inspecting exterior building components visible from the public right-of-way only). The windshield survey was conducted for the Rancho Rinconada residential neighborhood in the eastern part of Cupertino. This neighborhood, which is bordered by Lawrence Expressway, Bollinger Road, Miller Avenue, and Stevens Creek Boulevard, is one of the city's older neighborhoods, with many small, single-story homes built in the 1950s. The windshield survey reported on the exterior condition of the housing units in this neighborhood, including a

review of each unit's foundation, roofing, siding and/or stucco, and windows. The survey concluded that over half of the several dozen homes surveyed had shingles missing from the roof, while nearly all had siding or stucco that needed to be patched and repainted. Many of the homes surveyed were characterized by a lack of maintenance, with overgrown yards or garbage and debris on the property. No significant changes in the market conditions have occurred since the survey in 2009-2010 to have impacted the housing conditions in this neighborhood. The City offers rehabilitation assistance to lower and moderate income households to make necessary repairs and improvements.

The City also operates a Code Enforcement program that is primarily complaint/response driven. Between 2009 and 2014, Code Enforcement staff investigated over 1,200 code violations. During investigation of complaints, Code Enforcement officers assess the primary complaint as well as other visible code violations. Based on recent statistics on code enforcement activities, typical code violations in the City include dilapidated structures, trash and debris, hazardous vegetation, and exterior storage. Most violations are able to be resolved within a relatively short timeframe. Depending on the type of code violations, Code Enforcement officers would refer homeowners to the City's rehabilitation programs for assistance. Households are not displaced due to code enforcement activities unless there is a critical health and safety issue present. Since 2007, an estimated three residential units have been deemed unsafe due to health and safety issues.

TABLE 2.7: HOUSING STRUCTURES YEAR BUILT, CUPERTINO, 2011

Year Built	Cupertino		Santa Clara County	
	Number	Percentage	Number	Percentage
Built 2000 to Later	1,638	7.8%	59,880	9.5%
Built 1990 to 1999	2,520	12.0%	63,429	10.1%
Built 1980 to 1989	2,920	13.9%	79,409	12.6%
Built 1970 to 1979	4,374	20.8%	143,847	22.9%
Built 1960 to 1969	5,619	26.7%	121,349	19.3%
Built 1950 to 1959	3,216	15.3%	100,795	16.0%
Built 1940 to 1949	539	2.6%	27,495	4.4%
Built 1939 or earlier	232	1.1%	33,244	5.3%
Total	21,058	100.0%	629,448	100.0%
Median Year Built	1972		1972	

Source: Association of Bay Area Governments (ABAG), Housing Element Data Profiles, December 2013.

Distribution of Units by Structure Type

As shown in Table 2.9, a majority of housing units in Cupertino are single-family detached homes. As of 2013, 57.3 percent of total units in the City of Cupertino were single-family detached dwelling units (a decrease from the 61 percent recorded in 2000). As of 2013, the proportion of single-family homes in the City of Cupertino is still greater than Santa Clara County as a whole (54.1 percent) and the Bay Area as a whole at 53.6 percent.

Large multi-family buildings (defined as units in structures containing five or more dwellings) represent the second largest housing category at 21.0 percent of the total number of units in Cupertino as of 2013. As of 2013, multi-family housing (5+ units) represented 25.5 percent of housing units in Santa Clara County and 25.1 percent in the Bay Area as a whole.

TABLE 2.8: HOUSING CONDITIONS, CUPERTINO, 2011		
	Number	Percent of Total
Plumbing Facilities		
Owners		
Complete Plumbing Facilities	12,900	63.9%
Lacking Complete Plumbing Facilities	61	0.3%
Renters		
Complete Plumbing Facilities	7,215	35.8%
Lacking Complete Plumbing Facilities	0	0.0%
Total	20,176	100.0%
Kitchen Facilities		
Owners		
Complete Kitchen Facilities	12,923	64.1%
Lacking Complete Kitchen Facilities	38	0.2%
Renters		
Complete Kitchen Facilities	7,132	35.3%
Lacking Complete Kitchen Facilities	83	0.4%
Total	20,176	100.0%

Source: Association of Bay Area Governments (ABAG), Housing Element Data Profiles, December 2013.

Single-family attached homes comprised the third largest housing category in Cupertino, at 12.2 percent in 2013. By comparison, these homes made up 9.7 percent of the housing stock in all of Santa Clara County and 9.2 percent in the Bay Area as a whole. As of 2013, small multi-family homes (defined as units in structures containing 2 to 4 dwellings) represented 9.5 percent in the City of Cupertino, 7.7 percent in Santa Clara County and 9.9 percent in the Bay Area as a whole.

TABLE 2.9: HOUSING UNITS BY TYPE, 2000-2013

	2000		2013		Percent Change
	Number of Units	Percent of Total	Number of Units	Percent of Total	
City of Cupertino					
Single Family Detached	11,425	61.1%	12,056	57.3%	5.5%
Single Family Attached	2,028	10.8%	2,561	12.2%	26.3%
Multi-family 2-4 units	1,663	8.9%	2,002	9.5%	20.4%
Multi-family 5+ units	3,576	19.1%	4,422	21.0%	23.7%
Mobile Homes	9	0.0%	0	0.0%	-100.0%
Total	18,701	100.0%	21,041	100.0%	12.5%
Santa Clara County					
Single Family Detached	323,913	55.9%	346,145	54.1%	6.9%
Single Family Attached	52,739	9.1%	62,201	9.7%	17.9%
Multi-family 2-4 units	46,371	8.0%	48,923	7.7%	5.5%
Multi-family 5+ units	136,628	23.6%	163,124	25.5%	19.4%
Mobile Homes	19,678	3.4%	19,053	3.0%	-3.2%
Total	579,329	100.0%	639,446	100.0%	10.4%
Bay Area					
Single Family Detached	1,376,861	53.9%	1,505,153	53.6%	9.3%
Single Family Attached	224,824	8.8%	258,633	9.2%	15.0%
Multi-family 2-4 units	266,320	10.4%	278,450	9.9%	4.6%
Multi-family 5+ units	623,388	24.4%	705,899	25.1%	13.2%
Mobile Homes	61,011	2.4%	59,673	2.1%	-2.2%
Total	2,552,404	100.0%	2,807,808	100.0%	10.0%

Source: Association of Bay Area Governments (ABAG), Housing Element Data Profiles, December 2013.

Overcrowding

Overcrowding refers to a household with an average of more than one person per room (including bedrooms and dining rooms but not kitchens or bathrooms). Units with more than 1.5 persons per room are considered to be severely overcrowded. As shown in Table 2.10, as of 2011 the total percentage of overcrowding by tenure represented 5.2 percent for Cupertino households, which is slightly lower compared to 7.2 percent in Santa Clara County. Overcrowding was much more common in Cupertino's renter-occupied households, with 10.7 percent of these households considered to be overcrowded. By comparison, only 2.2 percent of owner-occupied households in the city were overcrowded. In Santa Clara County, 3.4 percent of owner-occupied households experienced overcrowding versus 12.5 percent of renter-households. Overcrowding conditions in Cupertino approximate regional averages, with a slightly higher level of overcrowding among renter-households than in the region.

2.5 Market Conditions & Income Related to Housing Costs

This section of the Needs Assessment provides information on market conditions for housing in Cupertino. This information is important because it reveals the extent to which the private housing market is providing for the needs of various economic segments of the local population. Available data on housing market conditions are combined with information on the demographics of the local population to identify those segments of the population that may face difficulties in securing affordable housing in Cupertino.

TABLE 2.10: OVERCROWDED HOUSEHOLDS, 2011 (A)(B)

	Owners		Renters		Total Overcrowded	
	Households	Percent	Households	Percent	Households	Percent
Cupertino						
1.51 or more persons per room (Severely Overcrowded)	39	0.3%	73	1.0%	112	0.6%
1.01 to 1.50 (Overcrowded)	246	1.9%	700	9.7%	946	4.7%
1.00 or Less	12,676	97.8%	6,442	89.3%	19,118	94.8%
Total	12,961	100.0%	7,215	100.0%	20,176	100.0%
% Overcrowded by Tenure	2.2%		10.7%		5.2%	
Santa Clara County						
1.51 or more persons per room (Severely Overcrowded)	2,755	0.8%	11,799	4.8%	14,554	2.4%
1.01 to 1.50 (Overcrowded)	9,136	2.6%	19,213	7.8%	28,349	4.7%
1.00 or Less	340,006	96.6%	216,743	87.5%	556,749	92.8%
Total	351,897	100.0%	247,755	100.0%	599,652	100.0%
% Overcrowded by Tenure	3.4%		12.5%		7.2%	
ABAG Region						
1.51 or more persons per room (Severely Overcrowded)	9,620	0.7%	40,161	3.6%	49,781	1.9%
1.01 to 1.50 (Overcrowded)	32,632	2.2%	63,188	5.7%	95,820	3.7%
1.00 or Less	1,434,779	97.1%	997,100	90.6%	2,431,879	94.4%
Total	1,477,031	100.0%	1,100,449	100.0%	2,577,480	100.0%
% Overcrowded by Tenure	2.9%		9.4%		5.6%	

Notes:

(1) State HCD defines an overcrowded unit as one occupied by 1.01 persons or more (excluding bathrooms and kitchen). Units with more than 1.5 persons per room are considered severely overcrowded.

(2) The 2010 Census does not contain detailed data on household conditions. Overcrowding data in this table are based on the American Community Survey (ACS), which is comprised of a series of small surveys for jurisdictions taken at different intervals based on population size. The 2000 Census overcrowding data were developed based on the 100 percent survey. Therefore, the significant changes between the 2000 Census and ACS may be due in part to actual changes in overcrowding conditions, and in part to different survey methodologies.

Sources: U.S. Census, American Community Survey (ACS), 2007-2011.

Rental Market Characteristics and Trends

A review of rental market conditions in Cupertino was conducted for this Housing Element by reviewing advertised apartment listings. As shown in Table 2.11, a total of 170 units were listed, the majority of which were one- and two-bedroom units. The survey found that market-rate rents averaged:

- \$1,608 per month for studio units
- \$2,237 per month for one-bedroom units
- \$2,886 per month for two-bedroom units
- \$3,652 per month for three-bedroom units

Rental prices in Cupertino ranged from \$1,400 for a studio unit to \$5,895 for a five-bedroom unit. As can be expected, smaller units are more affordable than larger units. The overall median rental price for all unit sizes was \$2,830, and the average price was \$2,919.

TABLE 2.11: OVERVIEW OF RENTAL HOUSING MARKET, CUPERTINO, 2014 (a)

Size	Number Advertised	Median Rent	Average Rent	Rent Range
Studio	5	\$1,559	\$1,608	\$1,400-\$1,800
One-Bedroom	44	\$2,274	\$2,237	\$1,845-\$2,567
Two-Bedroom	80	\$2,844	\$2,886	\$1,950-\$3,820
Three-Bedroom	33	\$3,500	\$3,652	\$2,600-\$4,595
Four-Bedroom	6	\$4,999	\$4,683	\$3,700-\$5,300
Five-Bedroom	2	\$5,198	\$5,198	\$4,500-\$5,895
Total	170	\$2,830	\$2,919	\$1,400-\$5,895

Note: Search performed on Craigslist.org and Zillow.com of listings dated February 12 to March 7, 2014. Sources: Craigslist.org, 2014; Zillow.com, 2014.

Home Sale Trends

While other areas of the state and nation have experienced downturns in the housing market recently, Cupertino home values have continued to grow. During the depth of the housing market crash (between 2008 and 2010), median home price in Cupertino held steady at around \$1,000,000.

Since 2011, home prices in Cupertino have increased substantially. According to DQNews, the median sales price for single-family residences and condos increased by 28.6 percent from \$933,000 in 2011 to \$1,200,000 in 2013. As shown in Table 2.12, this increase was one of the highest in the region. Median home prices in Santa Clara County as a whole increased even more dramatically (by 36.5 percent) during the same time period. Figure B-1 shows that the City of Cupertino had the second highest median home sales price in the region during 2013 at \$1,200,000, behind only the City of Saratoga at \$1,600,000. The 2013 median home sales price of \$1,200,000 in Cupertino was also nearly double that of the County median price (\$645,000). Most recent sales data reported by DQNews.com compare sales records in the month of March 2014 with those in March 2013. Prices in Santa Clara County experienced a 15 percent increase over that one-year period, while Milpitas and Cupertino registered the largest increases in the County at 36 percent and 31 percent, respectively. Throughout 2014, Cupertino's median home sale price has continued on this upward trend—as of June 2014, the median single-family home price in Cupertino was \$1,550,000 and a townhome/condominium was selling for \$822,500.

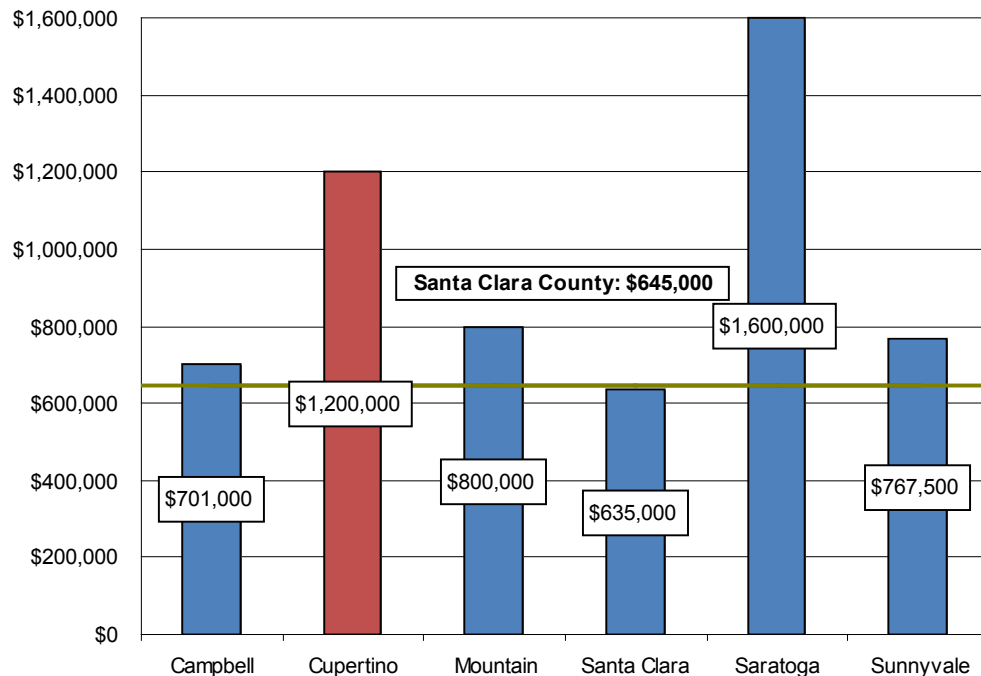
While home prices in the city steadily increased, the number of homes being sold declined slightly between 2012 and 2013, from 530 units to 512 units (Figure B-2). Neighboring jurisdictions also experienced similar declines in sales volume, with the largest decrease occurring in

TABLE 2.12: ANNUAL MEDIAN HOME SALE PRICES, 2011-2013

Jurisdiction	2011	2012	2013	% Change 2011-2012	% Change 2012-2013	% Change 2011-2013
Campbell	\$569,000	\$625,000	\$701,000	9.8%	12.2%	23.2%
Cupertino	\$933,000	\$1,045,750	\$1,200,000	12.1%	14.8%	28.6%
Mountain View	\$678,500	\$769,250	\$800,000	13.4%	4.0%	17.9%
Santa Clara	\$500,000	\$540,000	\$635,000	8.0%	17.6%	27.0%
Saratoga	\$1,377,500	\$1,527,500	\$1,600,000	10.9%	4.7%	16.2%
Sunnyvale	\$570,000	\$645,000	\$767,500	13.2%	19.0%	34.6%
Santa Clara County	\$472,500	\$525,000	\$645,000	11.1%	22.9%	36.5%

Source: DQNews.com, 2014.

Figure B-1
Annual Median Home Sale Price, 2013



Mountain View. Overall, the number of units sold in the County decreased slightly from 20,940 units in 2012 to 20,700 units in 2013, according to DQNews.com.

Vacancy Rates and Trends

The 2010 Census data as reported in ABAG's Housing Element Data Profiles indicate an overall vacancy rate of 4.0 percent in the City, which was slightly lower than the Santa Clara County vacancy rate of 4.4 percent (see Table 2.13). Specifically, Cupertino's rental vacancy rate was reported at 4.7 percent, compared to a vacancy rate of less than one percent (0.8 percent) for ownership housing. While the rental vacancy rate increased notably from the 1.8 percent reported by the 2000 Census, the homeowner vacancy rate stayed essentially the same. Despite the increase, the local vacancy rates were still below optimum. Typically, industry standards consider a rental vacancy rate of five to six percent and a vacancy rate for ownership housing of one to two percent to be adequate to facilitate mobility.

Housing Affordability

According to the federal government, housing is considered "affordable" if it costs no more than 30 percent of a household's gross income. Often, affordable housing is discussed in the context of affordability to households with different income levels. Households are categorized as extremely low income, very low income, low income, median income, moderate income, or above moderate income based on percentages of the AMI established annually by the California Department of Housing and Community Development. Income limits also vary by household size. Table 2.14 provides the maximum income limits for a four-person household in Santa Clara County in 2014. Extremely low-, very low- and low-income households are eligible for federal, state, and local affordable housing programs. Moderate-income households are eligible for

some state and local housing programs. These income categories are also used by ABAG in the Regional Housing Needs Allocation, or RHNA, process. In Cupertino, the Below Market Rate (BMR) Ordinance establishes an additional income range: median income (81 -100 percent of AMI).

Another way to think of the household income categories is to consider what types of jobs people in these different categories might have. Figure B-3 provides representative households in Santa Clara County, along with hypothetical jobs and family compositions.

Ability to Purchase/Rent Homes by Household Income

Table 2.15 shows affordability scenarios by income and household size for Santa Clara County. The following analysis compares the maximum affordable housing costs

Figure B-2
Home Sales Volume, 2012 - 2013

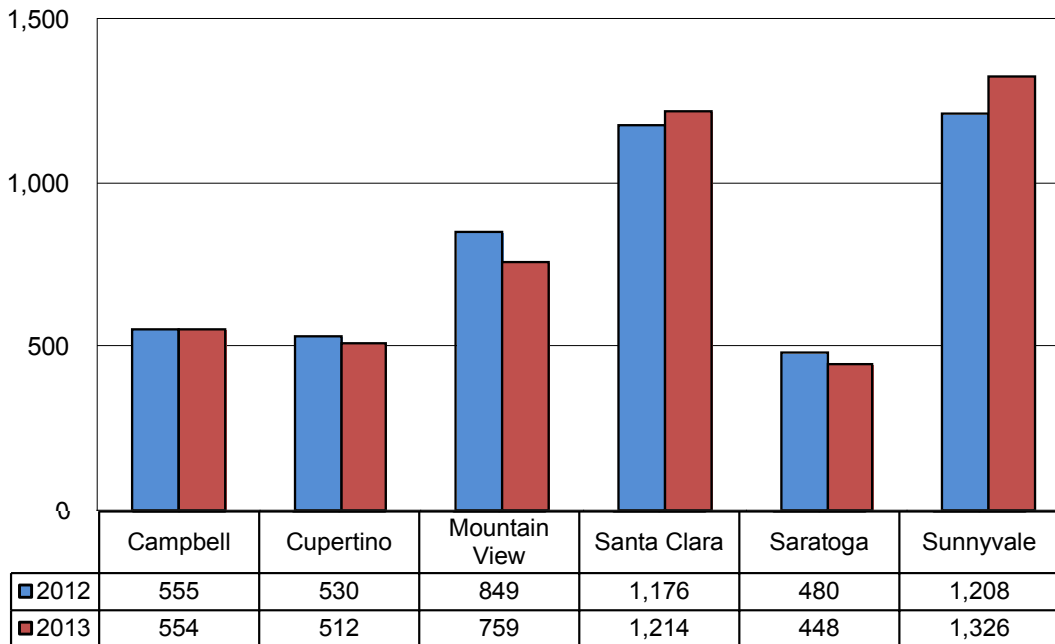


TABLE 2.13: HOUSING OCCUPANCY AND VACANCY STATUS, 2010

Occupancy Status	Cupertino		Santa Clara County		California	
	Number	Percent	Number	Percent	Number	Percent
Occupied Housing Units	20,181	96.0%	604,204	95.6%	12,577,498	91.9%
Vacant	846	4.0%	27,716	4.4%	1,102,583	8.1%
For Rent	373	1.8%	11,519	1.8%	374,610	2.7%
For Sale Only	108	0.5%	5,067	0.8%	154,775	1.1%
Rented Or Sold, Not Occupied	76	0.4%	2,222	0.4%	54,635	0.4%
For Seasonal, Recreational, or Occasional Use	125	0.6%	3,000	0.5%	302,815	2.2%
For Migrant Workers	3	0.0%	50	0.0%	2,100	0.0%
Other Vacant (a)	161	0.8%	5,858	0.9%	213,648	1.6%
Total	21,027	100.0%	631,920	100.0%	13,680,081	100.0%
Homeowner Vacancy Rate	0.8%		1.4%		2.1%	
Rental Vacancy Rate	4.7%		4.3%		6.3%	

Notes:

(a) If a vacant unit does not fall into any of the classifications specified above, it is classified as "other vacant." For example, this category includes units held for occupancy by a caretaker or janitor, and units held by the owner for personal reasons. Source: Association of Bay Area Governments (ABAG), Housing Element Data Profiles, December 2013.

for various households to the rental survey and median home sales price data for Cupertino shown earlier. The maximum affordable sales price was calculated using household income limits published by the California Department of Housing and Community Development, conventional financing terms, and assuming that households spend 30-35 percent of gross income on mortgage payments, taxes, and insurance.

When comparing the home prices and rents shown earlier in Table 2.11 and Table 2.12 with the maximum affordable housing costs presented in Table 2.15, it is evident that extremely low- and very low-income households in Cupertino have no affordable housing options. For example, a four-person very low income household could afford \$1,084 a month for rent, but the average rent for a two-bedroom unit was \$2,886, more than double what this household could afford. Even for low- and moderate-income households, adequately sized and affordable rental housing options are very limited. A four-person moderate income household could afford \$2,928 monthly for rent, barely above the average rent of a two-bedroom unit. Homeownership is generally beyond the reach of most lower- and moderate-income households.

TABLE 2.14: HOUSEHOLD INCOME LIMITS, SANTA CLARA COUNTY, 2014		
Income Category	% Of Area Median Income	Top of Income Range (a)
Extremely Low Income	0% to 30%	\$31,850
Very Low Income	31% to 50%	\$53,050
Low Income	51% to 80%	\$84,900
Moderate Income	81% to 120%	\$126,600
Santa Clara Median Income	100%	\$105,500

Notes:

(a) Based on HCD 2014 Household Income Limits for households of four persons in Santa Clara County.

Source: California Department of Housing and Community Development, 2014.

Figure B-3

Representative Households, Santa Clara County, 2014

Moderate Income Household (80% – 120% AMI)



Estimated Annual Income:
\$84,900 - \$126,000

Dad works as a paralegal, mom works as a home health aide; they have two children.

Low Income Household (50% – 80% AMI)



Estimated Annual Income:
\$53,050 - \$84,900

Dad works as a security guard, mom works as a teaching assistant; they have two children.

Very Low Income Household (Up to 50% AMI)



Estimated Annual Income:
Up to \$42,050

Mom works as a file clerk and is the only source of financial support in her family; she has one child.

Sources: California Employment and Development Department, 2014; and California Department of Housing and Community Development, 2014.

As shown in Table 2.15, a four-person moderate income household could afford a home of approximately \$625,800, just about half the price of a median-priced home in Cupertino.

To augment this analysis, the household incomes of select occupations were analyzed to evaluate these workers' ability to rent or purchase homes in Cupertino. Figure B-4 shows the average annual wages for a range of occupations in Santa Clara County, based on 2013 State Employment Development Department occupational employment and wage data. In general, low-paying occupations in the health care support and food preparation industries do not pay salaries high enough to allow their workers to afford housing in Cupertino. In addition, while those employed in higher-paying occupations may earn more, they may still have difficulty purchasing an adequately sized home.

COMMUNITY VISION 2040

City of Cupertino

TABLE 2.15: MAXIMUM AFFORDABLE HOUSING COSTS, SANTA CLARA COUNTY, 2013 (a, b, c)

Annual Income Limits		Affordable Housing Cost		Utilities, Taxes, Insurance, HOA Dues			Affordable Price	
		Rent	Ownership	Utilities Renter	Utilities Ownership	Taxes/ Insurance	Rent	Sale
Extremely Low Income (0-30% AMI)								
1-Person	\$22,300	\$558	\$558	\$137	\$149	\$195	\$421	\$41,840
2-Person	\$25,500	\$638	\$638	\$160	\$173	\$223	\$478	\$47,330
3-Person	\$28,650	\$716	\$716	\$182	\$198	\$251	\$534	\$52,465
4 Person	\$31,850	\$796	\$796	\$242	\$265	\$279	\$554	\$49,524
5 Person	\$34,400	\$860	\$860	\$290	\$316	\$301	\$570	\$47,649
Very Low Income (31-50% AMI)								
1-Person	\$37,150	\$929	\$929	\$137	\$149	\$325	\$792	\$89,158
2-Person	\$42,450	\$1,061	\$1,061	\$160	\$173	\$371	\$901	\$101,340
3-Person	\$47,750	\$1,194	\$1,194	\$182	\$198	\$418	\$1,012	\$113,325
4 Person	\$53,050	\$1,326	\$1,326	\$242	\$265	\$464	\$1,084	\$117,076
5 Person	\$57,300	\$1,433	\$1,433	\$290	\$316	\$501	1,143	\$120,617
Low Income (51-80% AMI)								
1-Person	\$59,400	\$1,108	\$1,292	\$137	\$149	\$452	\$973	\$135,504
2-Person	\$67,900	\$1,266	\$1,477	\$160	\$173	\$517	\$1,106	\$154,329
3-Person	\$76,400	\$1,424	\$1,662	\$182	\$198	\$582	\$1,242	\$172,959
4 Person	\$84,900	\$1,583	\$1,846	\$242	\$265	\$646	\$1,341	\$183,353
5 Person	\$91,650	\$1,709	\$1,994	\$290	\$316	\$698	\$1,419	\$192,177
Median Income (81-100% AMI)								
1-Person	\$73,850	\$1,662	\$1,939	\$137	\$149	\$678	\$1,525	\$217,864
2-Person	\$84,400	\$1,899	\$2,216	\$160	\$173	\$775	\$1,739	\$248,456
3-Person	\$94,950	\$2,136	\$2,492	\$182	\$198	\$872	\$1,954	\$278,851
4 Person	\$105,500	\$2,374	\$2,769	\$242	\$265	\$969	\$2,132	\$301,010
5 Person	\$113,950	\$2,564	\$2,991	\$290	\$316	\$1,047	\$2,274	\$319,248
Moderate Income (101-120% AMI)								
1-Person	\$88,600	\$2,031	\$2,369	\$137	\$149	\$829	\$1,894	\$272,771
2-Person	\$101,300	\$2,321	\$2,708	\$160	\$173	\$948	\$2,161	\$311,206
3-Person	\$113,950	\$2,611	\$3,046	\$182	\$198	\$1,066	\$2,429	\$349,445
4 Person	\$126,600	\$2,901	\$3,385	\$242	\$265	\$1,185	\$2,659	\$379,449
5 Person	\$136,750	\$3,133	\$3,656	\$290	\$316	\$1,279	\$2,843	\$403,961

Notes:
 (a) This table is intended for general information purposes only. Any proposed BMR unit initial sales prices shall be determined by the City based on Health and Safety Code requirements and available interest rates/conditions at the time of sale. (b) Assumptions for rental scenarios: 2014 HCD income limits; affordable housing costs pursuant to California Health & Safety Code Section 50053(b)(1)(2)(3)(4); utilities based on Housing Authority of Santa Clara 2013 County Utility Allowance (c) Assumptions for ownership scenarios: 2014 HCD income limits; affordable housing costs pursuant to California Health & Safety Code Section 50052.5(b)(1)(2)(3)(4); 35% of monthly affordable cost for taxes, insurance, monthly mortgage insurance and HOA dues; 5% downpayment, 5% interest rate; conventional 30 year fixed rate mortgage loan; utilities based on Housing Authority of Santa Clara 2013 County Utility Allowance. Sources: California Department of Housing and Community Development, 2014; California Health & Safety Code, 2014; Housing Authority of the County of Santa Clara, 2013; Veronica Tam and Associates, 2014.

Overpayment (Cost Burden)

According to Department of Housing and Urban Development (HUD) standards, a household is considered to be “cost-burdened” (i.e. overpaying for housing) if it spends more than 30 percent of gross income on housing-related costs. Households are “severely cost burdened” if they pay more than 50 percent of their income on housing cost. According to special data developed by the ACS for HUD, approximately 30 percent of renters and 37 percent of homeowners in Cupertino were overpaying for housing in 2010. By contrast, overpayment was much more common in Santa Clara County as a whole, with 42 percent of renters and 39 percent of homeowners classified as cost-burdened in 2010.

Housing cost burden was particularly pronounced for extremely low- and very low-income households in Cupertino. In 2010, 51 percent of Cupertino’s extremely low-income renters and 37 percent of its very low-income renters were severely cost burdened. This finding is consistent with the analysis of the local housing market, which revealed a significant gap between home prices and rents and the income of lower income households.

Figure B-4

Income Needed to Afford Housing Compared with Income

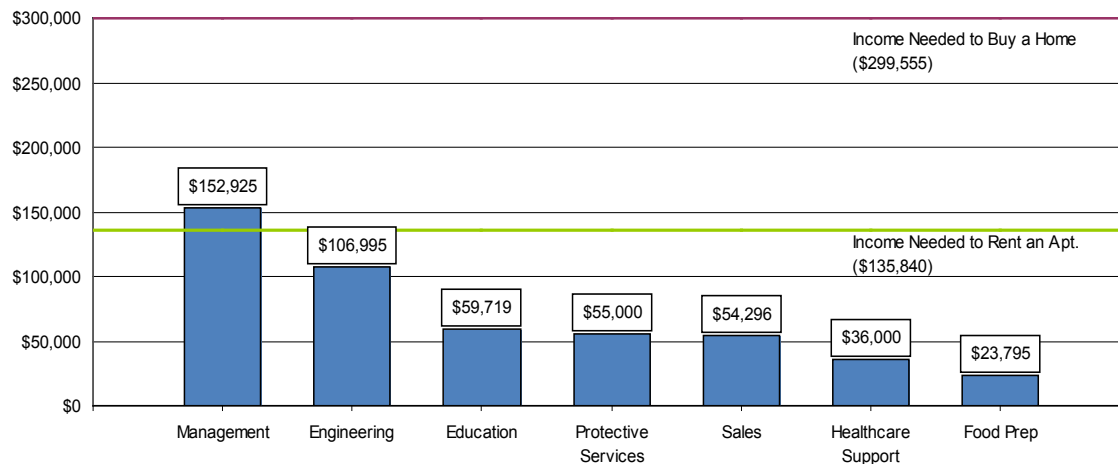


TABLE 2.16: HOUSING COST BURDEN BY TENURE AND HOUSEHOLD TYPE, CUPERTINO, 2010 (A)

Household by Type, Income, and Housing Problem	Renters				Owners			Total Households
	Seniors	Small Families	Large Families	Total	Seniors	Large Families	Total	
Extremely Low (0-30%)	300	310	10	820	370	10	665	1,485
With any housing problem	61.7%	69.4%	100.0%	64.6%	55.4%	100.0%	61.7%	63.3%
With cost burden >30%	61.7%	69.4%	100.0%	64.6%	55.4%	100.0%	61.7%	63.3%
With cost burden >50%	45.0%	62.9%	100.0%	56.1%	27.0%	100.0%	44.4%	50.8%
Very Low (31-50%)	75	300	25	485	555	40	835	1,320
With any housing problem	100.0%	70.0%	100.0%	81.4%	35.1%	100.0%	44.9%	58.3%
With cost burden >30%	100.0%	70.0%	40.0%	79.4%	36.0%	100.0%	45.5%	58.0%
With cost burden >50%	60.0%	30.0%	40.0%	43.3%	27.9%	100.0%	32.9%	36.7%
Low (51-80%)	55	150	55	450	500	30	810	1,260
With any housing problem	100.0%	76.7%	100.0%	76.7%	31.0%	0.0%	45.7%	56.7%
With cost burden >30%	100.0%	66.7%	90.9%	72.2%	31.0%	0.0%	42.6%	53.2%
With cost burden >50%	100.0%	43.3%	72.7%	46.7%	21.0%	0.0%	30.2%	36.1%
Moderate/Above Moderate (>80%)	265	3,515	385	5,170	1,990	1,025	10,345	15,515
With any housing problem	47.2%	24.9%	66.2%	28.7%	22.9%	40.0%	35.5%	33.3%
With cost burden >30%	47.2%	12.8%	0.0%	15.6%	21.4%	33.2%	33.7%	27.7%
With cost burden >50%	11.3%	0.0%	0.0%	0.6%	7.0%	2.4%	7.5%	5.2%
Total Households	695	4,275	475	6,925	3,415	1,105	12,655	19,580
With any housing problem	63.3%	33.1%	72.6%	39.8%	29.6%	41.6%	38.2%	38.7%
With cost burden >30%	63.3%	22.8%	14.7%	29.5%	28.8%	35.3%	36.5%	34.0%
With cost burden >50%	38.1%	8.2%	12.6%	13.1%	14.6%	6.8%	12.6%	12.8%

Notes:

(a) Data presented in this table are based on special tabulations from 2006-2010 American Community Survey (ACS) data. Due to the small sample size, the margins for error can be significant. Interpretations of these data should focus on the proportion of households in need of assistance rather than on precise numbers.

Source: HUD Comprehensive Housing Affordability Strategy (CHAS), based on the 2006-2010 ACS.

2.6. Assisted Housing at Risk of Conversion

State law requires local housing elements to include an inventory of affordable housing developments that could be at risk of conversion to market rates during the 10-year period that follows the adoption of the element. For those units found to be at risk of conversion, the element must estimate the cost to preserve or replace the at-risk units, to identify the resources available to help in the preservation or replacement of those units, and to identify those organizations that could assist in these efforts.

Inventory of Existing Affordable Units

Table 2.17 presents the inventory of affordable housing units in Cupertino and indicates the earliest dates of termination of affordability restrictions for each project. In 2011, the 10 below market rate (BMR) units in the Chateau Cupertino development expired. However, the City is committed to maintaining the long-term affordability of current BMR units. As such, in 2005 the City increased the minimum affordability term for BMR units in new developments to 99 years. Since 2010, 17 new units at the Markham Apartments have been added to the BMR inventory.

Units at Risk of Conversion During Next Ten Years

The affordable housing developments at risk of conversion to market rate during the next 10 years include those units whose affordability restrictions are set to expire January 31, 2025 or earlier. As presented in Table 2.17, the affordability restrictions for the eight-unit Beardon Drive project will expire in December 2024. In addition, certain affordability restrictions for Le Beaulieu Apartments are also set to expire during the next 10 years.

Cupertino Community Housing originally developed Le Beaulieu in 1984 and utilized HUD project-based Section 8 assistance. Mid-Peninsula Housing Coalition, a nonprofit organization, acquired and rehabilitated the project in

1998. Le Beaulieu contains 27 one- and two-bedroom units for adults with physical disabilities who are able to live independently. All units are handicap accessible and affordable to very low-income households (less than 50 percent of AMI).

The Le Beaulieu development is not considered to be at risk of converting to market rate because there are other funding sources tied to the property such as the City’s CDBG (30-year agreement) and CalHFA loan agreement.

TABLE 2.17: INVENTORY OF AFFORDABLE HOUSING UNITS					
	Number of Affordable Units	Household Income		Funding Source	Earliest Termination Date
		Very Low or Low	Moderate		
Affordable Developments					
Sunny View West 22449 Cupertino Rd.	100	100	0	HUD 202/811	3/31/2031
Stevens Creek Village 19140 Stevens Creek Blvd.	40	40	0	CHFA, HUD & HOME	6/30/2035
Le Beaulieu Apartments 10092 Bianchi Way	27	27	0	CalFHA/CDBG	2035 9/12/2015
WVCS Transitional Housing 10311-10321 Greenwood Ct.	4	4	0	CDBG	7/14/2026
Beardon Drive 10192-10194 Beardon Dr.	8	8	0	CDBG	12/21/2024
Senior Housing Solutions 19935 Price Avenue	1	1	0	CDBG	6/24/2066
Maitri Transitional Housing Undisclosed Location	4	4	0	CDBG	3/16/2064
Total	184	184	0		

TABLE 2.17: INVENTORY OF AFFORDABLE HOUSING UNITS (CONTINUED)

	Number of Affordable Units	Household Income		Funding Source	Earliest Termination Date
		Very Low or Low	Moderate		
Affordable Developments					
Biltmore Apartments 10159 South Blaney Ave.	2	2	0	BMR	6/30/2029
Park Center Apartments 20380 Stevens Creek Blvd.	4	4	0	BMR	7/8/2026
The Hamptons 19500 Pruneridge Ave.	34	34	0	BMR	10/20/2027
Arioso Apartments 19608 Pruneridge Ave.	20	20	0	BMR	1/29/2028
Forge-Homestead Apartments 20691 Forge Way	15	15	0	BMR	1/16/2027
Aviare Apartments 20415 Via Pavisio	20	20	0	BMR	7/8/2026
The Markham Apartments 20800 Homestead Road	17	17	0	BMR	2039
Lake Biltmore 19500 Pruneridge Ave.	2	2	0	BMR	2029
Vista Village 101144 Vista Drive	24	24	0	BMR	11/29/2056
Total	138	138	0		
Below Market Rate (BMR) For-Sale Units					
Total (a)	122	0	122	BMR	

Notes:

(a) Property addresses of BMR units are not listed in order to protect the privacy of homeowners. Source: City of Cupertino, 2014.

In addition, Mid-Peninsula Housing Coalition is committed to maintaining the property as affordable. Discussions with Mid-Peninsula Housing Coalition staff in early 2014 confirmed the organization is in the process of applying for a 20-year extension of the Section 8 contract. Renewal of Section 8 funding for senior and disabled housing has been prioritized by HUD and Mid-Peninsula Housing fully expects to be able to extend the Section 8 assistance. Furthermore, other affordability covenants on the project would require the project to remain as affordable housing well beyond this Housing Element planning period.

One property has been identified with expiring affordability restriction during this planning period – the Beardon Drive development. In 1994, Community Housing Developers Inc., a nonprofit housing provider, received a loan from the City's CDBG program for the acquisition of the Beardon Drive property. The loan agreement restricts the eight units for very low-income use for 30 years. As such, income restriction for this project would expire in 2024. As Beardon Drive is owned by a nonprofit housing provider, it is considered to be at low risk of converting to market-rate housing. Nevertheless, for the purpose of this Housing Element, options and costs to preserve these units are discussed below.

Preservation and Replacement Options

Typically, transferring the at-risk projects to nonprofit ownership would ensure the long-term affordability of the units. However, the Beardon Drive project is already owned by a nonprofit organization. Beardon Drive does not rely on ongoing rent subsidies (such as Section 8) to maintain affordable rents. A strategy to preserving this project as affordable housing is to ensure the financial status of the project (i.e., net operating income and reserve) is adequate to maintain the affordable rents. The City has included a strategy in the Housing Plan to provide rehabilitation

assistance to affordable housing projects to upkeep the housing quality standards and to reduce ongoing maintenance and operating expenses. The City may also choose to extend the loan repayment schedule in exchange for an extended affordability covenant.

Another strategy is to provide ongoing rental subsidies to the project. The estimated total amount needed to subsidize rents for existing tenants is shown in Table 2.18. Given the unit mix of all eight at-risk units, the total cost of subsidizing the rents for these units is estimated at \$61,152 annually. For a 10-year affordability covenant, a total subsidy of more than \$600,000 would be needed.

Construction of Replacement Units

In the unlikely event that Community Housing Developers, Inc. chooses to convert Beardon Drive from an affordable housing project to market-rate housing, the construction of new affordable housing units as a means of replacing the currently at-risk units may be an option for Cupertino. The cost of developing housing depends upon a variety of factors including the density and size of the units (i.e. square footage and number of bedrooms), location, land costs, and type of construction. Based on general assumptions for average construction costs, it would cost approximately \$940,000 to construct eight affordable replacement units, excluding land costs and other soft costs (such as architecture and engineering). When considering these additional costs, especially given the high cost of land in Cupertino, the total costs to develop replacement units would be significantly higher.

Financial Resources Available to the City to Assist in Preservation

Clearly, the costs of preserving or replacing affordable housing units are substantial. In light of this challenge, the City must consider what resources are available to

TABLE 2.18: RENTAL SUBSIDIES REQUIRED FOR AT-RISK UNITS						
Unit Size/ Household Size	Number of Units	Fair Market Rent (a)	Household Annual Income (b)	Affordable Housing Cost (c)	Monthly per Unit Subsidy (d)	Total Monthly Subsidy
Very Low Income (50% AMI)						
2-Bedroom/3- person household	8	\$1,649	\$47,750	\$1,012	\$637	\$5,096.00
Total Annual Subsidy				\$61,152		

Notes:

(a) Fair Market Rent (FMR) is determined by HUD. These calculations use the 2014 HUD FMR for Santa Clara County.

(b) Rents are restricted to 50% AMI for this development, which puts residents in the Very Low Income Category, set by the California Department of Housing and Community Development (HCD), 2014.

(c) The affordable housing cost is calculated based on 30% of the AMI, minus utilities for rentals.

(d) The monthly subsidy covers the gap between the FMR and the affordable housing cost Source: Veronica Tam and Associates, 2014.

TABLE 2.19: ESTIMATED NEW CONSTRUCTION COSTS				
Unit Size	(A)	(B)	(C)	(D)
	Total Units	Estimated Average Unit Size (sq. ft.)	Estimated Gross Building Size	Estimated Gross Building Costs
2 Bedroom	8	807	7,747	\$941,963
Average Per Unit Cost:			\$117,745	

Notes:

(C) = (A) x (B) x 1.20 (i.e. 20% inflation to account for hallways and other common areas). (D) = (C) x \$97.27 (per square foot construction costs) x 1.25 (i.e. 25% inflation to account for parking and landscaping costs). Source: Veronica Tam and Associates, 2014

help preserve or replace those units so that lower-income tenants are not displaced in the event that affordable units convert to market rate. The City has access to a range of different funds that could potentially assist in a preservation effort, including:

- City Below Market Rate (BMR) Affordable Housing Fund (AHF) (approximately \$6 million unencumbered as of 2014)
- CDBG Entitlement Funds (approximately \$150,000 unencumbered as of 2014)

- Santa Clara County HOME Consortium Funds (available through a competitive application process after the City joins the Consortium in 2014)
- Mortgage Revenue Bonds
- State Grant Programs
- Federal Grant Programs
- Low Income Housing Tax Credits
- HUD Section 8 “Mark to Market” Program

Once the City becomes aware of an impending conversion, staff will begin exploring the availability of funding from various sources. In many cases, the City will find it advantageous to collaborate with private affordable housing developers or managers to develop and implement a viable plan to preserve affordable housing units. Private developers can often bring additional expertise and access to funding, such as tax credits. The State Department of Housing and Community Development maintains a list of affordable housing developers and property managers who have expressed an interest in working with local communities to preserve affordable housing projects. This database lists organizations that are interested in working in any county within the State of California, including well-known affordable housing providers such as Mercy Housing, EAH, MidPen Housing, etc. The database also lists numerous organizations that have expressed interest in working on preservation projects in Santa Clara County in particular, including organizations such as BRIDGE Housing Corporation and Eden Housing. The organizations listed above are but a few of those listed in the HCD database that the City of Cupertino could consider as potential partners in the event that it becomes necessary to assemble a team to preserve an affordable housing project.

2.7. Special Housing Needs

This section of the needs assessment profiles populations with special housing needs, including seniors, large households, single parent households, persons with disabilities (including persons with developmental disabilities), farm workers, persons living in poverty, and homeless persons.

Table 2.20 summarizes the special needs groups in Cupertino

Special Needs Group	Persons or Household	Renter	Owner	Percent of Total
Senior-Headed Households	3,983	785 (19.7%)	3,198 (80.3%)	19.7%
Households with a Senior Member	5,069	n/a	n/a	25.1%
Seniors Living Alone	1,612	516 (32.0%)	1,096 (68.0%)	8.0%
Large Households	1,883	619 (32.9%)	1,264 (67.1%)	9.3%
Single-Parent Households	883	n/a	n/a	4.4%
Female Single-Parent Households	667	n/a	n/a	6.9%
Persons with Disabilities (a)	3,445	n/a	n/a	5.9%
Agricultural Workers (b)	36	n/a	n/a	<1%
Persons living in Poverty (b)	2,330	n/a	n/a	4.0%
Homeless (c)	112	n/a	n/a	<1%

Notes:

(a) 2010 Census data not available for persons with disabilities. Estimate is from the 2008-2012 ACS. Estimate is for persons 5 years of age and older.

(b) 2010 Census data not available. Estimate is from the 2007-2011 ACS.]

(c) 2010 Census data not available. Estimate is from 2013 Santa Clara County Homeless Point-In-Time Census and Survey Comprehensive Report. Of the 112 homeless persons counted in Cupertino in 2013, 92 persons were unsheltered and 20 were sheltered.

Sources: Association of Bay Area Governments (ABAG), Housing Element Data Profiles, December 2013; U.S. Census, American Community Survey (ACS), 2008-2012; 2013 Santa Clara County Homeless Point-In-Time Census and Survey Comprehensive Report.

Seniors

Many senior residents face a unique set of housing needs, largely due to physical limitations, fixed incomes, and health care costs. Affordable housing cost, unit sizes and accessibility to transit, family, health care, and other services are important housing concerns for the seniors.

As Table 2.21 shows, in 2010, 19.7 percent of Cupertino householders were 65 years old or older, comparable to the proportion of senior households in Santa Clara County (18.5 percent). A large majority of these senior households owned their homes (80.3 percent). In Cupertino, homeownership is much more common among seniors than for any other age group. Just 58.2 percent of householders under 64 years old owned their homes.

Comprehensive Housing Affordability Strategy (CHAS) data shown in Table 2.16 indicates that among Cupertino's senior households, renters were more likely to be lower income than homeowners. Nearly 62 percent of senior renter-households earned less than 80 percent of the median family income compared to only 42 percent of senior homeowners.

Seniors across the country are often required to dedicate a larger portion of their income to housing costs. Among all of the renter-households in Cupertino, the proportion of seniors overpaying for housing in 2010 was more than double the proportion for the general population: 63 percent versus 30 percent, respectively (see Table 2.16 on page A-40). For homeowners, however, the proportion of senior owner-households overpaying for housing was much more on par with the general population (29 percent versus 34 percent, respectively). During the community outreach process for developing the Housing Element, the need for senior housing options in Cupertino was highlighted by many residents.

TABLE 2.21: ELDERLY HOUSEHOLDS BY TENURE AND AGE, 2010				
	Cupertino		Santa Clara County	
	Number	Percent	Number	Percent
Under 64 Years Old				
Owner	9,429	58.2%	265,727	54.0%
Renter	6,769	41.8%	226,517	46.0%
Total	16,198	100.0%	492,244	100.0%
65 Plus Years Old				
Owner	3,198	80.3%	82,571	73.8%
Renter	785	19.7%	29,389	26.2%
Total	3,983	100.0%	111,960	100.0%
Total Households	20,181		604,204	
Percent Householders 65 Plus Years	19.7%		18.5%	

Source: Association of Bay Area Governments (ABAG), Housing Element Data Profiles, December 2013.

Resources Available

Cupertino offers a number of resources for seniors. As shown in Table 2.22, there are five residential care facilities for the elderly and three skilled nursing facilities in the city. Residential care facilities for the elderly (RCFEs), also known as “assisted living” or “board and care” facilities, provide assistance with some activities of daily living while still allowing residents to be more independent than in most nursing homes. Skilled nursing facilities—also known as nursing homes—offer a higher level of care, with registered nurses on staff 24 hours a day.

In addition to assisted living facilities, there are two subsidized independent senior housing developments in the city. As shown in Table 2.22, there are a total of 100 units of affordable senior housing in Cupertino. Furthermore in 2011, the City utilized CDBG funds to rehabilitate a home that provides accommodation to five low-income

seniors. Demand for these subsidized units is high. Staff at Sunny View estimate that over 700 people are on the waiting list, and the turnover rate for available units is about 10 to 15 per year.

The Cupertino Senior Center also serves as an excellent resource for seniors. The many different services at the center help seniors to obtain resources in the community that will assist them to continue to remain independent and safe in their own homes. Available programs include various social and recreation activities, special events, travel programs, transportation discounts, drop-in consultation, case management, medical, and social services.

Additionally, the Senior Adult Day Care (Cupertino Center) provides frail, dependent, low-income Cupertino seniors with specialized programs of recreation, mental stimulation, exercise, companionship and nutritious meals during the day. This facility is operated by Live Oak Adult Day Care a local non-profit organization.

In addition, the City supports a number of programs with Community Development Block Grant (CDBG), General Fund Human Service Grants (HSG) and Below Market-Rate (BMR) Affordable Housing Fund (AHF) funds that provide services specifically for seniors in the community. The Long-Term Care Ombudsman Program, operated by Catholic Charities, provides advocacy for Cupertino seniors in long-term care facilities to ensure they have a voice in their own care and treatment. The program receives, investigates and resolves any complaints associated with the care of long-term care facility residents. A legal assistance program for seniors is provided by Senior Adults Legal Assistance (SALA) which provides free legal services to low- and very low-income seniors at the Cupertino Senior Center. Legal services provided are in the area of consumer complaints, housing, elder abuse, and simple wills. The Live Oak

Adult Day Care receives partial financial assistance to help operate the Senior Adult Day Care (Cupertino Center).

TABLE 2.22: HOUSING RESOURCES FOR THE ELDERLY

Residential Care Facilities for the Elderly	Location	Capacity
The Forum at Rancho San Antonio	23500 Cristo Rey Drive	741
Paradise Manor 4	19161 Muriel Lane	6
Pleasant Manor of Cupertino	10718 Nathanson Avenue	6
Purglen of Cupertino	10366 Miller Avenue	12
Sunny View Manor (a)	22445 Cupertino Road	190
Total		955
Skilled Nursing Facilities		
Health Care Center at Forum at Rancho San Antonio	23600 Via Esplendor	48
Cupertino Healthcare & Wellness Center	22590 Voss Avenue	170
Sunny View Manor	22445 Cupertino Road	48
Total		266
Subsidized Independent Senior Rental Housing		
Sunny View West	22449 Cupertino Road	99
Senior Housing Solutions	19935 Price Avenue	1
Total		100
Adult Day Care		
Live Oak Adult Day Services	20920 McClellan Road	30
Cupertino Senior Center	21251 Stevens Creek	N/A

Notes:

(a) Sunny View Manor has 115 units for independent and assisted (RCFE) living. All 115 units are licensed as RCFE units, but residents may choose between independent and assisted living options. The distribution of independent and assisted living units varies over time. Sources: California Department of Social Services, Community Care Licensing Division Facility Search Form, 2014; California Department of Public Health, Health Facilities Search, 2014.

Large Households

Large households are defined as those with five or more members. Large households are identified as a special needs group because of limited opportunities for adequately sized and affordable housing. Cupertino has a smaller proportion of large households than Santa Clara County as a whole. As shown in Table 2.23, 9.3 percent of all households in Cupertino were comprised of five or more persons in 2010. In Santa Clara County, about 14.8 percent of households were considered large. Large households were more likely to be homeowners (1,264 households, 67 percent) than renters (619 households, 33 percent).

While Cupertino has a smaller proportion of large households than Santa Clara County, its housing stock is comprised of a larger proportion of homes with three or more bedrooms. As shown in Table 2.24, about 64 percent of the housing units in Cupertino had three or more bedrooms while only 59 percent of Santa Clara County homes had three or more bedrooms.

TABLE 2.23: HOUSEHOLD SIZE BY TENURE, 2010

	Owner		Renter		Total	
	Number	Percent	Number	Percent	Number	Percent
Cupertino						
1- 4 Persons	11,363	90.0%	6,935	91.8%	18,298	90.7%
5+ Persons	1,264	10.0%	619	8.2%	1,883	9.3%
Total	12,627	100.0%	7,554	100.0%	20,181	100.0%
Santa Clara County						
1- 4 Persons	297,385	85.4%	217,578	85.0%	514,963	85.2%
5+ Persons	50,913	14.6%	38,328	15.0%	89,241	14.8%
Total	348,298	100.0%	255,906	100.0%	604,204	100.0%

Source: Association of Bay Area Governments (ABAG), Housing Element Data Profiles, December 2013.

TABLE 2.24: EXISTING HOUSING STOCK BY NUMBER OF BEDROOMS, 2011

	Owner Households		Renter Households		Total	
	Number	Percent	Number	Percent	Number	Percent
Cupertino						
No Bedroom	0	0.0%	208	2.9%	208	1.0%
1 Bedroom	468	3.6%	1,554	21.5%	2,022	10.0%
2 Bedrooms	1,530	11.8%	3,491	48.4%	5,021	24.9%
3 Bedrooms	4,782	36.9%	1,609	22.3%	6,391	31.7%
4 Bedrooms	4,785	36.9%	314	4.4%	5,099	25.3%
5 or More Bedrooms	1,396	10.8%	39	0.5%	1,435	7.1%
Total	12,961	100.0%	7,215	100.0%	20,176	100.0%
Santa Clara County						
No Bedroom	1,091	0.3%	16,371	6.6%	17,462	2.9%
1 Bedroom	7,477	2.1%	74,195	29.9%	81,672	13.6%
2 Bedrooms	54,461	15.5%	94,453	38.1%	148,914	24.8%
3 Bedrooms	147,933	42.0%	45,456	18.3%	193,389	32.3%
4 Bedrooms	109,892	31.2%	13,875	5.6%	123,767	20.6%
5 or More Bedrooms	31,043	8.8%	3,405	1.4%	34,448	5.7%
Total	351,897	100.0%	247,755	100.0%	599,652	100.0%

Source: Association of Bay Area Governments (ABAG), Housing Element Data Profiles, December 2013.

Resources Available

Large households in Cupertino can benefit from the general housing programs and services offered by the City, such as the BMR Program and housing rehabilitation programs. Other programs include Mortgage Credit Certificates and Housing Choice Vouchers administered by the County, and homebuyer assistance offered by the Housing Trust Silicon Valley.

Single-Parent Households

Single-parent households often require special consideration and assistance because of their greater need for affordable housing and accessible day-care, health care, and other supportive services. Female-headed single-parent households with children, in particular, tend to have a higher need for affordable housing than other family households in general. In addition, these households are more likely to need childcare since the mother is often the sole source of income and the sole caregiver for the children in the household. In 2010, there were 667 female-headed single-parent households with children under 18 years of age in Cupertino, representing 3.3 percent of all households in the City (Table 2.25). A significant proportion of these households were living in poverty in 2011 (21 percent). The U.S. Census Bureau sets poverty level thresholds each year and they are often used to establish eligibility for federal services.

The number of female-headed single-parent households declined slightly from 2000, but these households continue to make up the same proportion of all households in the City. Compared to Santa Clara County, the City's proportion of female-headed single-parent households was lower (five percent versus three percent, respectively).

TABLE 2.25: FAMILY CHARACTERISTICS, CUPERTINO, 2010		
Household Type	Number	Percent of Total
1-Person Household	3,544	17.6%
Male Householder	1,472	7.3%
Female Householder	2,072	10.3%
2 or More Person Household	16,637	82.4%
Family Households:	15,776	78.2%
Married-Couple Family	13,802	68.4%
With Own Children Under 18 Years	8,392	41.6%
Other Family:	1,974	9.8%
Male Householder, no Wife Present	581	2.9%
With Own Children Under 18 Years	216	1.1%
Female Householder, no Wife Present	1,393	6.9%
With Own Children Under 18 Years	667	3.3%
Nonfamily Households:	4,405	21.8%
Male Householder	1,472	7.3%
Female Householder	2,072	10.3%
Total Households	20,181	100.0%

Source: U.S. Census, 2010.

Resources Available

Single-parent households in Cupertino can benefit from City programs and services that provide assistance to lower income households in general, such as the BMR, CDBG and HSG Programs. Single-parent households can also benefit from supportive and childcare services available to County residents through various organizations, including Catholic Charities of Santa Clara County, Choices for Children, Grail Family Services, InnVision Shelter Network, Second Harvest Food Bank, and West Valley Community Services, among others.³

³ David Rosen. "Inclusionary Housing and Its Impact on Housing and Land Markets." NHC Affordable Housing Policy Review 1(3). 2004.

TABLE 2.26: POVERTY STATUS, CUPERTINO, 2011

Families Below Poverty Line	Number	Percent
Married-Couple Family	237	57.5%
With Own Children Under 18 Years	115	27.9%
Other Family		
Male Householder	26	6.3%
With Own Children Under 18 Years	7	1.7%
Female Householder	149	36.2%
With Own Children Under 18 Years	87	21.1%
Total Families Below Poverty Line	412	100.0%

Source: U.S. Census, American Community Survey (ACS), 2007, 2011

Persons with Disabilities

A disability is a physical or mental impairment that limits one or more major life activities. Persons with a disability generally have lower incomes and often face barriers to finding employment or adequate housing due to physical or structural obstacles. This segment of the population often needs affordable housing that is located near public transportation, services, and shopping. Persons with disabilities may require units equipped with wheelchair accessibility or other special features that accommodate physical or sensory limitations. Depending on the severity of the disability, people may live independently with some assistance in their own homes, or may require assisted living and supportive services in special care facilities.

According to the 2008-2012 ACS, about six percent of Cupertino residents and eight percent of Santa Clara County residents had one or more disabilities (Table 2.27). Hearing, ambulatory, and independent living difficulties were the most common disabilities among seniors, while cognitive difficulties were more common among persons

aged 18 to 64 with disabilities. Overall, ambulatory difficulties were the most prevalent (45.2 percent). Table 2.28 shows that among persons with disabilities aged 18 to 64, the majority (55.8 percent) in both the City and County were not in the labor force. About one-third of both City and County residents (aged 18 to 64) with disabilities were employed.

Persons with Developmental Disabilities

A recent change in State law requires that the Housing Element discuss the housing needs of persons with developmental disabilities. As defined by the Section 4512 of the Welfare and Institutions Code, “developmental disability” means “a disability that originates before an individual attains age 18 years, continues, or can be expected to continue, indefinitely, and constitutes a substantial disability for that individual. As defined by the Director of Developmental Services, in consultation with the Superintendent of Public Instruction, this term shall include mental retardation, cerebral palsy, epilepsy, and autism.

This term shall also include disabling conditions found to be closely related to mental retardation or to require treatment similar to that required for individuals with mental retardation, but shall not include other handicapping conditions that are solely physical in nature. This definition also reflects the individual’s need for a combination and sequence of special, interdisciplinary, or generic services, individualized supports, or other forms of assistance that are of lifelong or extended duration and are individually planned and coordinated.

TABLE 2.27: PERSONS WITH DISABILITIES BY DISABILITY TYPE, 2012

Disability Type	% of Disabilities Tallied			
	Age 5 to 17	Age 18 to 64	Age 65+	Total
Cupertino				
With a hearing difficulty	17.8%	21.6%	55.3%	40.8%
With a vision difficulty	5.3%	16.4%	10.9%	12.7%
With a cognitive difficulty	36.2%	40.3%	21.9%	29.5%
With an ambulatory difficulty	30.3%	32.1%	55.0%	45.2%
With a self-care difficulty	57.9%	19.6%	20.0%	21.5%
With an independent living difficulty	--	32.0%	46.0%	38.6%
Total Persons with Disabilities (a)	152	1,313	1,980	3,445
% of Total Population				6%
Santa Clara County				
With a hearing difficulty	11.8%	20.1%	41.4%	29.8%
With a vision difficulty	14.6%	16.4%	17.4%	16.7%
With a cognitive difficulty	69.4%	41.7%	28.0%	36.9%
With an ambulatory difficulty	17.5%	42.3%	61.9%	50.1%
With a self-care difficulty	28.5%	17.2%	26.9%	22.6%
With an independent living difficulty	--	36.8%	51.4%	41.5%
Total Persons with Disabilities (a)	8,691	62,221	65,554	136,466
% of Total Population				8%

Note:

(a) Total does not include population under 5 years of age. Source: U.S. Bureau of the Census, American Community Survey (ACS), 2008-2012.

The Census does not record developmental disabilities. However, according to the U.S. Administration on Developmental Disabilities, an accepted estimate of the percentage of the population that can be defined as developmentally disabled is 1.5 percent. This equates to approximately 875 persons with developmental disabilities residing in the City of Cupertino, based on the 2010 Census population.

TABLE 2.28: PERSONS AGE 18 TO 64 WITH DISABILITIES BY EMPLOYMENT STATUS, 2012

Persons With a Disability	Cupertino		Santa Clara County	
	Number	Percent of Total Population	Number	Percent of Total Population
Total Population Age 18-64 (a)	1,313	100.0%	62,221	100.0%
Employed	480	36.6%	22,566	36.3%
Unemployed	101	7.7%	4,932	7.9%
Not in Labor Force	732	55.8%	34,723	55.8%

Note:

(a) Total does not include population under 18 years of age or over 65 years. Source: U.S. Bureau of the Census, American Community Survey (ACS), 2008-2012.

According to the State’s Department of Developmental Services, as of September 2013, approximately 303 Cupertino residents with developmental disabilities were being assisted at the San Andreas Regional Center. Most of these individuals were residing in a private home with their parent or guardian, and 196 of these persons with developmental disabilities were under the age of 18.

Many developmentally disabled persons can live and work independently within a conventional housing environment. More severely disabled individuals require a group living environment where supervision is provided. The most severely affected individuals may require an institutional environment where medical attention and physical therapy are provided. Because developmental disabilities exist before adulthood, the first issue in supportive housing for the developmentally disabled is the transition from the person’s living situation as a child to an appropriate level of independence as an adult.

Resources Available

Table 2.29 summarizes the licensed community care facilities in Cupertino that serve special needs groups.

Adult residential facilities offer 24-hour non-medical care for adults, ages 18 to 59 years old, who are unable to provide for their daily needs due to physical or mental disabilities. Group homes, small residential facilities that serve children or adults with chronic disabilities, also provide 24-hour care by trained professionals. In addition, a 27-unit multi-family residential property (Le Beaulieu) offers affordable housing to very low-income persons with disabilities.

TABLE 2.29: COMMUNITY CARE FACILITIES IN CUPERTINO, 2014

Adult Residential Facilities	Location	Capacity
Paradise Manor 2	19133 Muriel Lane	6
Paradise Manor 3	19147 Muriel Lane	6
Total		12
Group Homes		
Pace-Morehouse	7576 Kirwin Lane	6
Pacific Autism Center for Education Miracle House	19681 Drake Drive	6
Total		12

Source: California Department of Social Services, Community Care Licensing Division Facility Search Form, 2014

Farmworkers

Farmworkers are traditionally defined as persons whose primary incomes are earned through agricultural labor. They have special housing needs because of their relatively low income and also because of the often transient and seasonal nature of their jobs. The 2011 ACS reported that 36 Cupertino residents were employed in the agriculture, farming, fishing and forestry occupations, making up less than 0.1 percent of the City's population.

Resources Available

To the extent that farmworkers may want to live in Cupertino, their need for affordable housing would

be similar to that of other lower income persons, and their housing needs can be addressed through general affordable housing programs for lower-income households, such as BMR, CDBG and HSG programs.

Residents Living Below the Poverty Level

Families with incomes below the poverty level, specifically those with extremely low and very low incomes, are at the greatest risk of becoming homeless and often require assistance in meeting their rent and mortgage obligations in order to prevent homelessness. The 2007-2011 ACS found that four percent of all Cupertino residents were living below the poverty level. Specifically, about three percent of family households and two percent of families with children were living below the poverty level. These households may require specific housing solutions such as deeper income targeting for subsidies, housing with supportive services, single-room occupancy units, or rent subsidies and vouchers.

Resources Available

Persons living with incomes below the poverty level can benefit from City programs and services that provide assistance to lower-income households in general, such as BMR, CDBG and HSG programs. Households with incomes below the poverty level can also benefit from supportive services available to County residents through various organizations, including Catholic Charities of Santa Clara County, Choices for Children, InnVision Shelter Network, Second Harvest Food Bank, and West Valley Community Services, among others.

Homeless

Demand for emergency and transitional shelter in Cupertino is difficult to determine given the episodic nature of homelessness. Generally, episodes of homelessness

among families or individuals can occur as a single event or periodically. The 2013 Santa Clara County Homeless Census & Survey reported a point-in-time count of 7,631 homeless people on the streets and in emergency shelters, transitional housing, and domestic violence shelters. This estimate includes 112 homeless individuals in the City of Cupertino. The count, however, should be considered conservative because many unsheltered homeless individuals may not be visible at street locations, even with the most thorough methodology.

There is no data presently available documenting the increased level of demand for shelter in Santa Clara County or Cupertino during particular times of the year. Due to the relatively mild climate, the only time of year when increased demand appears to be a factor is during the winter months (November to March). The annual homeless count always takes place in the last week of January, a period when demand for shelter typically is at its highest. Since the year-round need described above is based on the annual count, the need for emergency shelter either year-round or seasonally is not likely to be greater than that found during the annual homeless count.

Resources Available

Table 2.31 lists facilities within Santa Clara County that serve the needs of homeless. Emergency shelters provide temporary shelter for individuals and families while transitional shelters serve families making a transition from homelessness to permanent housing. In Cupertino, West Valley Community Services (WVCS) offers supportive services and the Transitional Housing Program (THP) through its Haven to Home Program. The Haven to Home Program helps homeless individuals and families work towards stability by providing access to resources such as food, transportation, toiletries and other such items. The

program has the capacity to provide housing for 12 single men and six single mothers with one child under the age of six. Residents of THP sign a six-month lease, which may be renewed depending on the resident’s case plan and progress. For supportive services, a case manager is available to provide intensive case management for up to 21 homeless households at a time. The THP typically has a waiting list of 10 to 30 households, while the waiting list for supportive services generally has five to 20 households. Given the increase in requests for emergency shelter over the past few years, WVCS staff believes that there is a need for additional emergency shelter services in Cupertino. This need is particularly high for families with children.

Additionally, Faith in Action Silicon Valley Rotating Shelter operates a rotating shelter program which accommodates up to 15 homeless men. The shelter rotates locations, which include various Cupertino congregation and community partner locations. Additional services offered by the program include case management, meals, shower facilities, bus passes, job development and counseling, and other supportive services.

TABLE 2.30: SANTA CLARA COUNTY HOMELESS CENSUS AND SURVEY, 2013 (a)

Jurisdiction	Individuals	% Total
Cupertino		
Unsheltered (b)	92	82.1%
Sheltered (c)	20	17.9%
Total	112	100.0%
Santa Clara County		
Unsheltered (b)	5,674	74.4%
Persons in Family Households	1,011	13.2%
Sheltered (c)	1,957	25.6%
Persons in Family Households	56	0.7%
Total	7,631	100.0%

Notes:

(a) This Homeless Census and Survey was conducted over a two day period from January 29 to January 30, 2013

This survey, per HUD new requirements, does not include people in rehabilitation facilities, hospitals or jails due to more narrow HUD definition of point-in-time homelessness. (b) Individuals found living on the streets, in parks, encampments, vehicles, or other places not meant for humanhabitation. (c) Individuals who are living in emergency shelters or transitional housing programs. Source: 2013 Santa ClaraCounty Homeless Point-In-Time Census & Survey, Comprehensive Report.

2.8. Needs Assessment Summary

- Cupertino grew faster than Santa Clara County and the Bay Area between 2000 and 2010. The local population increased by 15 percent from 50,600 people to 58,300. However, some of this growth was due to the annexation of 168 acres of unincorporated land in Santa Clara County between 2000 and 2008.
- ABAG projects Cupertino will grow to 71,200 residents by 2040. Cupertino and Santa Clara County are anticipated to experience the same rate of population increase (nearly 21 percent) between 2010 and 2040; the Bay Area's population is expected to increase by 28 percent during the same time.
- Cupertino has an aging population. The median age in Cupertino rose from 37.9 years old in 2000 to 39.9 years old in 2010. The percent of elderly residents, aged 65 years old and older, increased from 11 percent to 13 percent.
- The City has a high percentage of family households; in 2010, family households comprised 77 percent of all households in Cupertino, compared with 71 percent of Santa Clara County households and 65 percent of Bay Area households.
- Large households comprised 9.3 percent of the City's total households, the majority of which were owner-households. Overall, the proportion of large households in the City was lower than countywide average.
- Approximately 3.3 percent of all households in the City were single-parent households, with 21 percent living below the poverty level. However, the proportion of single-parent households in the City has declined since 2000.

- About six percent of the City's population aged five and above had one or more disabilities, lower than the countywide average of eight percent. According to the State Department of Developmental Services, 303 residents were being assisted at the San Andreas Regional Center.
- Cupertino, along with Santa Clara County, is becoming an increasingly jobs-rich city. ABAG projects the number of jobs in Cupertino will increase by 25 percent between 2010 and 2040, resulting in a jobs-to-household ratio of 1.38 by 2040, up from the ratio of 1.29 in 2010.
- The local housing stock is dominated by single-family detached homes; 57 percent of homes were single-family detached dwellings in 2013. Although the number of multi-family housing units experienced the most rapid growth between 2000 and 2013, Cupertino still has a smaller proportion of multi-family housing units than Santa Clara County (28 percent in the city versus 32 percent in the County overall). One affordable housing project – Beardon Drive (eight units) – is considered at risk of converting to market-rate housing during the next ten years.
- Housing costs continue to rise in Cupertino. Median home sales prices rose by approximately 29 percent between 2011 and 2013, after plateauing between 2008 and 2010 during the depth of the housing market crisis. Homeownership in Cupertino is generally out of reach for most except the highest-earning households.
- Affordable rental housing is equally difficult to obtain. The current median market rent rate of \$3,500 for a three-bedroom unit exceeds the maximum affordable monthly rent for lower- and moderate-income households.

TABLE 2.31: HOMELESS FACILITIES IN SANTA CLARA COUNTY, 2014

Organization	Facility	Address	Total Capacity
Emergency Shelters			
Asian Americans For Community Involvement of Santa Clara County, Inc.	Emergency (Victims of Domestic Violence - Women and Children)	Asian Women's Home 2400 Moorpark Avenue, Suite 300 San Jose, 95128	12 persons
EHC LifeBuilders	Emergency	Boccardo Reception Center (BRC) 2011 Little Orchard San Jose, 95125	200 Persons (Year Round) 250 Persons (December 2 to March 31)
EHC LifeBuilders	Emergency	Sunnyvale National Guard Armory 620 E. Maude Sunnyvale, 94086	125 Persons
EHC LifeBuilders	Emergency (Veterans)	Boccardo Reception Center (BRC) 2011 Little Orchard San Jose, 95125	40 Persons (December 2 to March 31)
EHC LifeBuilders	Emergency (Youth)	Sobrato House Youth Center 496 S. Third Street San Jose, CA 95112	10 beds
Family Supportive Housing	Emergency (Families)	San Jose Family Shelter 692 North King Road San Jose, CA, 95133-1667	35 Families
Faith In Action Silicon Valley Rotating Shelter	Emergency	Faith In Action Silicon Valley Rotating Shelter 1669-2 Hollenbeck Ave. #220 Sunnyvale, CA 94087	15 Persons
InnVision	Emergency	Julian Street Inn 546 West Julian Street San Jose, CA, 95110	70 Beds
InnVision	Emergency (Women and Children)	260 Commercial Street San Jose, CA, 95112	55 Persons
Next Door Solutions to Domestic Violence	Emergency (Victims of Domestic Violence - Women and Children)	The Shelter Next Door Santa Clara County (a)	20 Persons

TABLE 2.31: HOMELESS FACILITIES IN SANTA CLARA COUNTY, 2014

Organization	Facility	Address	Total Capacity
Transitional Housing			
EHC LifeBuilders	Transitional (Families With Children)	Boccardo Family Living Center 13545 Monterey Road San Martin, CA 95046	26 Units
EHC LifeBuilders	Transitional (Veterans)	Boccardo Regional Reception Center 2011 Little Orchard St. San Jose, CA 95125	20 Beds
EHC LifeBuilders	Transitional (Youth)	Sobrato House Youth Center 496 S. Third Street San Jose, CA 95112	9 Units
Family Supportive Housing	Transitional (Families)	Scattered Sites in Santa Clara County	Not available
InnVision	Transitional	Montgomery Street Inn 358 N. Montgomery Street San Jose, CA 95110	85 Persons
InnVision	Transitional (Women and Children)	Villa 184 South 11th Street San Jose, CA 95112	55 Persons
Next Door Solutions to Domestic Violence	Transitional (Victims of Domestic Violence - Women and Children)	The HomeSafes in San Jose and Santa Clara (a)	48 Units
West Valley Community Services	Transitional (Men and Single Mothers)	10311-10321 Greenwood Ct. Cupertino, CA 95014	12 Single Men and 6 Single Mothers
Maitri	Transitional (Women and Children)	N/A (address is confidential)	9 Beds

Note:
(a) Location is confidential. Source: 211 Santa Clara County, 2014.

- In 2010, 30 percent of renters and 37 percent of homeowners were overpaying for housing in Cupertino.
- In 2010, 63 percent of elderly renter-households were overpaying for housing, the highest rate among any household type regardless of tenure.
- The 2013 Santa Clara County Homeless Survey reported a point-in-time count of 7,631 homeless people on the streets and in emergency shelters, transitional housing, and domestic violence shelters, including 112 individuals in the City of Cupertino.

3. REGIONAL HOUSING NEEDS DETERMINATIONS 2014-2022

This section discusses the projected housing needs for the current planning period, which runs from January 1, 2014 through October 31, 2022.

3.1. Regional Housing Needs Allocation (RHNA)

Pursuant to California Government Code Section 65584, the state, regional councils of government (in this case, ABAG), and local governments must collectively determine each locality's share of regional housing need. In conjunction with the state-mandated housing element update cycle that requires Bay Area jurisdictions to update their elements by January 31, 2015, ABAG has allocated housing unit production needs for each jurisdiction within the Bay Area. These allocations set housing production goals for the planning period that runs from January 1, 2014 through October 31, 2022.

The following summarizes ABAG's housing need allocation for Cupertino, along with housing production data for the 2014-2022 time period. The City of Cupertino may count housing units constructed, approved, or proposed since

January 1, 2014 toward satisfying its RHNA goals for this planning period. Table 3.1 presents a summary of ABAG’s housing needs allocation for Cupertino for 2014 to 2022.

TABLE 3.1: RHNA, CUPERTINO, 2014-2022

Income Category	Projected Need	Percent of Total
Extremely Low/Very Low (0-50% of AMI)	356	33.5%
Low (51-80% of AMI)	207	19.5%
Moderate (81-120% of AMI)	231	21.7%
Above Moderate (over 120% AMI)	270	25.4%
Total Units	1,064	100.0%

Source: ABAG Regional Housing Needs Assessment, 2014.

3.2 Housing Needs for Extremely Low-Income Households

State law requires housing elements to quantify and analyze the existing and projected housing needs of extremely low-income households. HUD defines an extremely low-income household as one earning less than 30 percent of AMI. These households encounter a unique set of housing situations and needs, and may often include special needs populations or represent families and individuals receiving public assistance, such as social security insurance (SSI) or disability insurance.

As discussed in the Needs Assessment section, approximately eight percent of all Cupertino households earned less than 30 percent of AMI in 2010. Extremely low-income households represented 12 percent of all renter-households and five percent of all owner-households.

To estimate the projected housing need for extremely low income households, state law allows either assuming 50

percent of the very low-income households as extremely low income, or to apportion the very low-income households based on Census-documented distribution. Using the allowable even split, 50 percent of Cupertino's 356 very low-income RHNA units are assumed to serve extremely low-income households. Based on this methodology, the city has a projected need of 178 units for extremely low-income households.

Extremely low-income households often rely on supportive or subsidized housing as a means of transitioning into stable, more productive lives. Supportive housing combines housing with supportive services such as job training, life skills training, substance abuse programs, and case management services. Subsidized housing can include programs such as the Section 8 Housing Choice Voucher Program or tenant-based rental assistance (TBRA) which ensures that the tenant does not pay more than 30 percent of their gross income on housing by paying a portion of the tenants rent. Efficiency studios and BMR rental units can also provide affordable housing opportunities for extremely low-income households.

4. HOUSING CONSTRAINTS

Section 65583(a)(4) of the California Government Code states that the housing element must analyze "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."

In addition to government constraints, this section assesses other factors that may constrain the production of affordable housing in Cupertino. These include infrastructure

availability, environmental features, economic and financing constraints, market conditions and community acceptance of different housing types and densities. Recent court rulings have removed some of the mechanisms local government traditionally has used to require developers to provide affordable housing, thus exacerbating the difficulty of meeting the number of units determined necessary by the regional housing needs assessment.

4.1. Government Constraints

Government regulations can affect housing costs by limiting the supply of buildable land, setting standards and allowable densities for development, and exacting fees for the use of land or the construction of homes. The increased costs associated with such requirements are often passed on to consumers in the form of higher home prices and rents. Potential regulatory constraints include local land use policies (as defined in a community's general plan), zoning regulations and their accompanying development standards, subdivision regulations, growth control ordinances or urban limit lines, and development impact and building permit fees. Lengthy approval and processing times also may be regulatory constraints.

General Plan

The General Plan provides the policy and program direction necessary to guide land use decisions in the first two decades of the 21st century. The existing General Plan is current and legally adequate and is not considered an impediment to housing production.

As required by state law, the General Plan includes a land use map indicating the allowable uses and densities at various locations in the city. The Land Use/Community Design section identifies five categories of residential uses

based on dwelling unit density, expressed as the number of dwelling units permitted per gross acre.

- The “Very Low Density” classification, intended to protect environmentally sensitive areas from extensive development and to protect human life from hazards associated with floods, fires, and unstable terrain, applies one of four slope-density formulas to determine allowable residential density.
- The “Low Density” and “Low/Medium Density” categories promote traditional single-family development, allowing densities of one to five units per gross acre, and five to 10 units per gross acre, respectively.
- The “Medium/High Density” and the “High Density” categories provide for a wide range of multi-family housing opportunities at densities of 10 to 20 units per gross acre and 20 to 35 units per gross acre, respectively.

In addition to the five residential categories, the General Plan allows for residential uses in the “Industrial/Residential,” “Office/Commercial/Residential,” “Commercial/Residential” and “Neighborhood Commercial/Residential” land use categories.

None of the City’s General Plan policies have been identified as housing constraints. The General Plan does not define whether residential units are to be rented or owned or whether they are to be attached or detached. The General Plan’s land use policies incorporate housing goals, including the following:

Policy LU-1.1: Land Use and Transportation

Focus higher land use intensities and densities within a half-mile of public transit service, and along major corridors.

Policy LU-1.4: Land Use in all Citywide Mixed-Use Districts

Encourage land uses that support the activity and character of mixed-use districts and economic goals.

Policy LU-5.2: Mixed-Use Villages

Where housing is allowed along major corridors or neighborhood commercial areas, development should promote mixed-use villages with active ground-floor uses and public space. The development should help create an inviting pedestrian environment and activity center that can serve adjoining neighborhoods and businesses.

Policy LU-8.3: Incentives for Reinvestment

Provide incentives for reinvestment in existing, older commercial areas, including considering mixed use and reduced/shared parking.

Policy LU-13.3: Parcel Assembly

Heart of the City Special Area: Encourage the assembly of parcels to foster new development projects that can provide high-quality development with adequate buffers for neighborhoods.

Policy LU-19.1: Vallco Shopping District Specific Plan

Create a Vallco Shopping District Specific Plan prior to any development on the site that lays out the land uses, design standards and guidelines, and infrastructure improvements required.

The General Plan contains very few policies addressing the siting of housing, other than those pertaining to hillside and other sensitive areas. Land use policies limit development in hillside areas to protect hillside resources but allows

for low-intensity residential development in the foothills. The General Plan also encourages the clustering of new development away from sensitive areas such as riparian corridors, wildlife habitat and corridors, public open space preserves and ridgelines. Thus, even in hillside and sensitive areas, the General Plan creates opportunities for housing production.

Zoning Ordinance

The Cupertino Zoning Ordinance establishes development standards and densities for new housing in the City. These regulations include minimum lot sizes, maximum number of dwelling units per acre, lot width, setbacks, lot coverage, maximum building height, and minimum parking requirements. These standards are summarized in Table 4.1. As required by state law, the Zoning Map is consistent with the General Plan. The residential zoning districts and their respective permitted densities and development standards are summarized below. Residential development is permitted by right in residential zones.

R-1 Single Family Residential

The R-1 District is intended to create, preserve, and enhance areas suitable for detached single-family dwellings. The R-1 District includes sub-areas with varying minimum lot size requirements. Residential structures in the R-1 District are limited in size by a maximum lot coverage of 45 percent and a maximum floor area ratio of 45 percent. Setbacks are 20 feet in the front and rear yards and a combined 15 feet of side yards, with no one side yard setback less than 5 feet. The maximum building height of 28 feet allows for a wide range of single family housing types on flat terrain. Structures in R-1 Districts with an “i” designation at the end are limited to one story (18 feet).

TABLE 4.1: SUMMARY OF CITY ZONING STANDARDS

Zone District	Bldg. Ht. (ft.)	Min. Lot Width (ft.)	Minimum Yard Setback			Min. Lot Area (sq. ft.)	Site Coverage
			Front	Side	Rear		
A	18-28	50-60	30	20	25	215,000	N/A
A-1	20-28	200	30	20	20-25	43,000-215,000	40%
R-1	28	60	20-25	10-15	20	5,000-20,000	45%
R-2	15-30	60-70	20	6-12	20 ft./20% lot depth, whichever is greater	8,500-15,000	40%
R-3	30	70	20	6-18	20 ft./20% lot depth, whichever is greater.	9,300	40%
RHS	30	70	20-25	10-15	25	20,000-400,000	45%
R-1C	30	N/A	N/A	N/A	N/A	N/A	N/A

Note: (a) Maximum number of units cannot exceed that allowed by the General Plan, pursuant to the Zoning Ordinance. Source: Cupertino Municipal Code, 2014.

Two-story structures in the R-1 District require a Two-Story Residential Permit. The Director of Community Development may approve, conditionally approve, or deny applications for a two-story residential permit. Projects must be “harmonious in scale and design with the general neighborhood.”

R-2 Residential Duplex

The R-2 District is intended to allow a second dwelling unit under the same ownership as the initial dwelling unit on a site. The residential duplex district is intended to increase the variety of housing opportunities within the community while maintaining the existing neighborhood character. Minimum lot area is 8,500 square feet; building heights in this district cannot exceed 30 feet. The R-2 District limits lot coverage by all buildings to 40 percent of net lot area. Setbacks are 20 feet in the front yard and the greater of 20 feet and 20 percent of lot depth in the rear yard; the minimum side yard setback is 20 percent of the lot width.

Structures in R-2 Districts with an “i” designation at the end are limited to one story (18 feet).

The development standards for the R-2 District do not constrain the development of duplexes. The 30-foot height limit is appropriate because many R-2 zoned areas abut single-family residential development. Furthermore, 30 feet in height is sufficient for duplex development. The 40 percent maximum lot coverage has also not constrained the development of duplexes in Cupertino. None of the residential opportunity sites included in this Housing Element fall within the R-2 zone.

R-3 Multi-Family Residential

The R-3 District permits multi-family residential development. This District requires a minimum lot area of 9,300 square feet for a development with three dwelling units and an additional 2,000 square feet for every additional dwelling unit. The minimum lot width in the R-3 District is 70 feet, and lot coverage may not exceed 40 percent of net lot area. For single-story structures, required setbacks are 20 feet in the front yard, six feet in the side yard, and the greater of 20 feet or 20 percent of lot depth in the rear yard; the minimum side yard setback for two-story structures is nine feet. The maximum height any building is two stories and may not exceed 30 feet. This height limit is used because many R-3 districts abut single-family residential neighborhoods. Basements (fully submerged below grade except for lightwells required for light, ventilation and emergency egress, which may have a maximum exterior wall height of two feet between natural grade and ceiling) are permitted and are not counted towards the height requirements. For these reasons, the height standards in the R-3 district are not considered a constraint to housing production. Furthermore, the development standards for the R-3 District are on par with standards present in neighboring jurisdictions.

The development standards for the R-3 District do not unreasonably constrain the development of multi-family housing. Multi-family residential uses are permitted uses in the R-3 District without the need for a Use Permit. Developments are able to achieve close to the maximum allowable densities under existing development standards, including the height limit and maximum lot coverage. This can be demonstrated by a back-of-the-envelope calculation of the number of developable units on a one-acre parcel. As shown in Table 4.2, the maximum density allowed on a one-acre parcel is 20 units. With a maximum lot coverage of 40 percent and assuming two stories of residential development, approximately 35,000 square feet of residential development can be achieved. Using conservative assumptions of 20 percent common area space and large unit sizes of 1,400 square feet, 20 units can be developed under this scenario. This analysis demonstrates that projects would be able to achieve the maximum allowable density in the R-3 District under the development standards.

This Housing Element includes a strategy to monitor the development standards to facilitate a range of housing options (Strategy 1 - See General Plan Chapter 4: Housing Element).

RHS Residential Hillside

The RHS District regulates development in the hillsides to balance residential uses with the need to preserve the natural setting and protect life and property from natural hazards. Dwelling unit density is determined by the slope-density standards outlined in the General Plan. Minimum lot size ranges from 20,000 square feet to 400,000 square feet. The minimum lot width in the RHS District is 70 feet, with an exception for lots served by a private driveway and which do not adjoin a public street. Development applications in the RHS District must include topographical information,

TABLE 4.2: R3 DISTRICT DEVELOPMENT EXAMPLE

		Assumptions	
Parcel Size (Sq. Ft.)	43,560		
Maximum Density	20.13	9,300 sq. ft. of lot area for 3 units, 2,000 sq. ft. for each additional unit.	
Parking and circulation (sq. ft.)	19,602	Parking and circulation	45% of lot area
Open space (sq. ft.)	6,534	Open space	15% of lot area
Lot Coverage (sq. ft.)	17,424	Lot Coverage %	40% of lot area
Residential Sq. Ft.	34,848	Stories of Residential	2
Less Common Area (hallways, stairs)	(6,970)	Common Area %	20% of total building area
Sq. Ft. for Units	27,878		
Number of Units	20	Unit Size (Sq. Ft.)	1,400

Source: City of Cupertino, 2014.

including whether the proposed structure is on or in the site line of a prominent ridgeline. The City has established a process to allow for exceptions to development requirements in the RHS zone if certain stated findings can be made.

R-1C Residential Single Family Cluster

The purpose of the R-1C District is to provide a means for reducing the amount of street improvements and public utilities required in residential development, to conserve natural resources, and encourage more creative development and efficient use of space. The owner of a property within Cupertino may submit an application for single-family residential cluster zoning or rezoning to the Planning Commission. Alternatively, the Planning

Commission and/or the City Council may initiate a public hearing to rezone specific properties to the R-1C District.

The allowable density on a parcel is determined by the existing land use designations in place prior to the rezoning. Density ranges are determined based on the relationship with and impacts to surrounding neighborhoods, streets, infrastructure and natural areas as well as the quality of design and relationship to adopted Housing Element goals. While the maximum height in the district is 30 feet, a height increase may be permitted if the City Council or Planning Commission determines that it would not have an adverse impact on the immediately adjacent neighborhood. The R-1C District also regulates site design and private streets within the cluster. Development requirements for proposed R-1C developments can be waived or modified, if the Planning Commission and City Council find that the site is constrained but substantially meets the zoning standards or if the proposal provides for low-moderate income and senior citizen housing.

Planned Development

The P district is intended to provide a means for guiding land development that is uniquely suited for planned coordination of land uses and to provide for a greater flexibility of land use intensity and design. The planned development zoning district is specifically intended to encourage variety in the development pattern of the community; to promote a more desirable living environment; to encourage creative approaches in land development; to provide a means of reducing the amount of improvements required in development through better design and land planning, to conserve natural features, to facilitate a more aesthetic and efficient use of open spaces, and to encourage the creation of public or private common open space.

All P districts are identified on the zoning map with the letter P followed by a specific reference to the type of use allowed in the particular planned development district. For example, a P(Res) district allows for residential uses. Developments within a P district are generally required to comply with the height and density regulations associated with the underlying use. Additionally, the P District contains specific provisions allowing the densities shown on sites designated as Priority Housing Sites. Beyond density and height regulations, the P district allows for a greater degree of flexibility around other development standards. The increased flexibility in the P zones allow a project to be designed to the special characteristics of a site (such as corner parcels, proximity to a creek or open space, etc) without requiring variances or exceptions. Such sites can include a combination of multiple housing types, open space and a mix of uses in a single area. Examples include the Main Street Cupertino and Rose Bowl mixed use developments.

A majority of the housing sites proposed to accommodate the RHNA are located in the P district, which specifically allows the densities shown on these sites. The majority of the P districts are governed by a Specific or Conceptual Plan which provides additional guidance to facilitate development review and provide more certainty regarding community expectations. For example, the Heart of the City Specific Plan provides detailed guidelines for residential and mixed-use developments (including orientation, design, setbacks, landscaping, buffers, and transitions to neighboring properties).

Prior to development within a P (Res/R3) district, applicants must submit a definitive development plan to the Planning Commission or City Council. Upon recommendation of the Planning Commission, the City Council reviews

larger developments, including those with eight or more residential units. Multi-family residential developments within a P(Res/R3) district are permitted uses by right. Development plans focus on site and architectural merits and typically take between two to four months to obtain approvals. The Municipal Code was amended in 2011 to clarify that the development plan for residential uses only requires a planned development permit and not a conditional use permit as residential developments are permitted uses within a P(Res) district.

A Agricultural and A-1 Agricultural-Residential

Agricultural zones are intended to preserve agriculture or forestry activities in areas suited to that purpose, and to include incidental residential development of a rural or semi-rural character. Single-family dwellings and residences for farmworkers and their families are permitted in the A and A-1 Districts.

Minimum lot area corresponds to the number (multiplied by one thousand square feet) following the A zoning symbol. For example, A1-43 requires a minimum 43,000 square foot lot. The minimum lot size for the A District is 215,000 square feet (with or without incidental residential use) and 215,000 square feet for A-1 with no incidental residential use. Incidental residential uses require a minimum of 43,000 square feet per dwelling unit. The District requires setbacks of 30 feet in the front yard, 20 feet in the side yards, and 20-25 feet in the rear yard. The maximum building height of 28 feet allows for a wide range of single family housing types on flat terrain. Structures in the A District with an "i" designation at the end are limited to one story (18 feet).

Other Districts

In addition to the districts discussed above, limited residential uses are allowed in other zoning districts. Often

the housing in these non-residential districts is limited to housing for employees or caretakers. The permitted residential uses in non-residential districts are discussed below.

ML Light Industrial

Residential dwellings for caretakers or watchmen are permitted for those employed for the protection of the principal light industrial permitted use. The residential dwellings must be provided on the same lot as the principal permitted use.

PR Park and Recreation

The PR District regulates publicly owned parks within the City. Single-family residences for the purpose of housing a caretaker for the park are permitted in this District. A caretaker is defined as a person who maintains surveillance of the park areas during and after the hours of park operation. The residence may take the form of a mobile home or a permanent residential structure.

Heart of the City

The Heart of the City Specific Plan provides specific development guidance for one of the most important commercial corridors in the City of Cupertino. This Specific Plan is intended to carefully guide development, with the purpose of creating a clear sense of place and community identity in Cupertino. The Specific Plan contains streetscape design, development standards and design guidelines for multi-unit residential and commercial/office projects.

Any new residential development within the Heart of the City Specific Plan area is required to include a nonresidential component (that is, horizontal or vertical mixed use is required if residential uses are proposed). For mixed use developments in the Heart of the City Specific Plan area,

residential development density calculations are required to be based on net density, excluding parking and/or land areas devoted to the commercial portion of the development. This requirement can significantly reduce the number of units a proposed project may provide, and may constrain new development, although it will forward City goals for balanced and complementary land uses. However, for sites designated as Priority Housing Sites in the Housing Element, the P District has been amended to allow the densities shown in the Housing Element as a permitted use.

Parking

Excessive parking requirements may serve as a constraint of housing development by increasing development costs and reducing the amount of land available for project amenities or additional units. Off-street residential parking requirements vary by zone. As shown in Table 4.3, the parking ratio ranges from two parking spaces per dwelling unit to four spaces per dwelling unit.

TABLE 4.3: OFF-STREET PARKING REQUIREMENTS

Housing Type	Zone	Parking Ratio
Single-Family	R-1, RHS, A-1, P	4 / DU (2 garage, 2 open)
Small Lot Single-Family, Townhouse	P	2.8 / DU (2 garage, 0.8 open)
Duplex	R-2	3 / DU (1.5 enclosed, 1.5 open)
High Density Multi-Family	R-3, P	2 / DU (1 covered, 1 open)

Source: Cupertino Zoning Ordinance, 2014.

Cupertino’s parking requirements are higher than many other jurisdictions, particularly for single-family homes. Given the high cost of land and parking, the high parking standards may serve as a constraint to housing provision, although projects are able to attain the maximum permitted density even with these parking requirements. The Zoning Ordinance does not include parking reductions for senior housing, affordable housing, or group homes, unless

State Density Bonus law applies, in which case reductions are available for senior housing and projects that include affordable housing. Often, vehicle ownership among elderly and lower-income households is lower than other populations, making reductions in parking requirements appropriate. As established in Strategy 11 of this Housing Element, the City will offer a range of incentives to facilitate the development of affordable housing, including parking standards waivers.

The Zoning Ordinance allows for shared parking in mixed-use developments. For example, residential projects with a retail or commercial component will have a lower parking requirement because residential users may use some retail parking spaces in the evening. The Zoning Ordinance provides a formula for calculating the parking reduction in mixed-use developments. In addition, the Planning Commission or City Council may allow further reduction in the parking requirement as part of a use permit development plan or parking exception based on shared parking arrangements, parking surveys, and parking demand management measures.

According to interviews conducted as part of the Housing Element update in 2013, market-rate and non-profit developers perceive policies and regulations such as parking requirements, height limits, and variances for density as barriers to developing and adding units to the market. One interviewee noted that Cupertino's parking requirements are relatively stringent compared to other cities on the Peninsula that are moving towards more flexibility and lower requirements. To address this concern, the City offers reduced parking requirements as incentives to facilitate affordable housing (Strategy 11) and has updated the Density Bonus Ordinance (Strategy 12) consistent with State law to allow for reduced

parking and one to three regulatory concessions that would result in identifiable cost reductions and which are needed to make proposed housing affordable.

Provisions for a Variety of Housing Types

Housing element law specifies that jurisdictions must identify adequate sites through appropriate zoning and development standards to encourage the development of various types of housing. This includes single- and multi-family housing, homeless shelters, group homes, supportive and transitional housing, SROs, mobile and manufactured homes, among others.

Homeless Shelters

The Zoning Ordinance allows for permanent and rotating homeless shelters in the Quasi Public Building (BQ) zone. Rotating homeless shelters are permitted within existing church structures in the BQ zone for up to 25 occupants. The operation period of rotating shelters cannot exceed two months in any one-year span at a single location. Permanent emergency shelter facilities are permitted in the BQ zone if the facility is limited to 25 occupants, provides a management plan, and if occupancy is limited to six months or fewer. The City included Strategy 22 in the Housing Element to ensure continued facilitation of housing opportunities for special needs persons through emergency housing options.

Group Homes and Transitional and Supportive Housing

Pursuant to state law, licensed residential care facilities for six or fewer residents are permitted by right in all residential districts (including A, A-1, R-1, R-2, R-3, RHS, R-1C). Licensed small group homes are not subject to special development requirements, policies, or procedures which would impede such uses from locating in a residential district. Furthermore, small group homes (with six or fewer

persons) with continuous 24-hour care are permitted by right in all residential districts. Transitional and supportive housing is treated as a residential use and subject only to those restrictions that apply to other residential uses in the same zone. Large group homes (with more than six residents) are conditionally permitted uses in the R-1 District, subject to Planning Commission approval.

Single-Room Occupancy Units (SROs)

SRO units are one-room units intended for occupancy by a single individual. They are distinct from a studio or efficiency unit, in that a studio is a one-room unit that must contain a kitchen and bathroom. Although SRO units are not required to have a kitchen or bathroom, many SROs have one or the other. The Cupertino Zoning Ordinance does not contain specific provisions for SRO units. SRO units are treated as a regular multi-family use, subject to the same restrictions that apply to other residential uses in the same zone.

Manufactured Housing

Manufactured housing and mobile homes can be an affordable housing option for low- and moderate-income households. According to the Department of Finance, as of 2013, there are no mobile homes in Cupertino. Pursuant to State law, a mobile home built after June 15, 1976, certified under the National Manufactured Home Construction and Safety Act of 1974, and built on a permanent foundation may be located in any residential zone where a conventional single-family detached dwelling is permitted subject to the same restrictions on density and to the same property development regulations.

Farmworker and Employee Housing

Pursuant to the State Employee Housing Act, any employee housing consisting of no more than 36 beds in a group

quarters or 12 units or spaces designed for use by a single family or household shall be deemed an agricultural land use. No conditional use permit, zoning variance, or other zoning clearance shall be required of this employee housing that is not required of any other agricultural activity in the same zone. The permitted occupancy in employee housing in a zone allowing agricultural uses shall include agricultural employees who do not work on the property where the employee housing is located. The Employee Housing Act also specifies that housing for six or fewer employees be treated as a residential use. In 2014, the City amended the Zoning Ordinance to be consistent with the State Employee Housing Act, permitting employee housing for six or fewer residents in all residential zoning districts and employee group quarters in the A and A-1 districts, and in the RHS district with approval of an Administrative CUP.

Second Dwelling Units

A second dwelling unit is an attached or detached, self-contained unit on a single-family residential lot. These units are often affordable due to their smaller size. To promote the goal of affordable housing within the City, Cupertino's Zoning Ordinance permits second dwelling units on lots in Single-Family Residential (R-1), Residential Hillside (RHS), Agricultural (A), and Agricultural Residential (A-1) Districts. Second dwelling units on lots of 10,000 square feet or more may not exceed 800 square feet, while units on lots smaller than 10,000 square feet cannot exceed 640 square feet. All second dwelling units must have direct outside access without going through the principal dwelling. If the residential lot encompasses less than 10,000 square feet, the second dwelling unit must be attached to the principal dwelling unless otherwise approved by the Director of Community Development through Architectural Review.

Second dwelling units are subject to an architectural review

by the Director of Community Development. The design and building materials of the proposed second unit must be consistent with the principal dwelling. In addition, the second dwelling unit may not require excessive grading which is visible from a public street or adjoining private property. The architectural review is done at the ministerial (building permit) level and is intended to ensure that the second unit is consistent with the architecture, colors, and materials of the primary house.

One additional off-street parking space must be provided if the principal dwelling unit has less than the minimum off-street parking spaces for the residential district in which it is located. Second dwelling units must also comply with the underlying site development regulations specified by the zoning district.

Density Bonus

State law requires cities and counties to grant a density bonus of up to 35 percent and one to three incentives or concessions to housing projects which contain one of the following:

- At least 5% of the housing units are restricted to very low income residents
- At least 10% of the housing units are restricted to lower income residents
- At least 10% of the housing units in a for-sale common interest development are restricted to moderate income residents

A density bonus, but no incentives or concessions, must be granted to projects that contain one of the following:

- The project donates at least one acre of land to the city or county large enough for 40 very low income units, the land has the appropriate general plan designation,

zoning, permits and approvals, and access to public facilities needed for such housing, funding has been identified, and other requirements are met

- The project is a senior citizen housing development (no affordable units required)
- The project is a mobile home park age restricted to senior citizens (no affordable units required)

The City adopted amendments to the Municipal Code in 2014 to conform with State law. Strategy 12 in the Housing Plan commits the City to implementation of the Density Bonus Ordinance.

Site Improvement Requirements

Residential developers are responsible for constructing road, water, sewer, and storm drainage improvements on new housing sites. Where a project has off-site impacts, such as increased runoff or added congestion at a nearby intersection, additional developer expenses may be necessary to mitigate impacts. These expenses may be passed on to consumers.

Chapter 18 of the Cupertino Municipal Code (the Subdivision Ordinance) establishes the requirements for new subdivisions, including the provision of on- and off-site improvements. The ordinance requires that subdivisions comply with frontage requirements and stormwater runoff be collected and conveyed by an approved storm drain system. Furthermore, each unit or lot within the subdivision must be served by an approved sanitary sewer system, domestic water system, and gas, electric, telephone, and cablevision facilities. All utilities within the subdivision and along peripheral streets must be placed underground.

Common residential street widths in Cupertino range from 20 feet (for streets with no street parking) to 36 feet (for

those with parking on both sides). The City works with developers to explore various street design options to meet their needs and satisfy public safety requirements. Developers are typically required to install curb, gutters, and sidewalks, however, there is a process where the City Council can waive the requirement. The City prefers detached sidewalks with a landscaped buffer in between the street and the pedestrian walk to enhance community aesthetics and improve pedestrian safety. However, the City does work with developers to explore various frontage improvement options depending on the project objectives, taking into consideration factors such as tree preservation, land/design constraints, pedestrian safety, and neighborhood pattern/compatibility. This is especially true in Planned Development projects, where the City works with the developer to achieve creative and flexible street and sidewalk designs to maximize the project as well as community benefits. The Subdivision Ordinance also includes land dedication and fee standards for parkland. The formula for dedication of park land for residential development is based on a standard of three acres of parkland per 1,000 persons. The developer must dedicate parkland based on this formula or pay an in lieu fee based on the fair market value of the land.

In addition to parkland dedication, the City Council may require a subdivider to dedicate lands to the school district(s) as a condition of approval of the final subdivision map. If school site dedication is required and the school district accepts the land within 30 days, the district must repay the subdivider the original cost of the dedicated land plus the cost of any improvements, taxes, and maintenance of the dedicated land. If the school district does not accept the offer, the dedication is terminated.

The developer may also be required to reserve land for a

park, recreational facility, fire station, library, or other public use if such a facility is shown on an adopted specific plan or adopted general plan. The public agency benefiting from the reserved land shall pay the developer the market value of the land at the time of the filing of the tentative map and any other costs incurred by the developer in the maintenance of the area. The ordinance states that the amount of land to be reserved shall not make development of the remaining land held by the developer economically unfeasible.

The City of Cupertino's site improvement requirements for new subdivisions are consistent with those in surrounding jurisdictions and do not pose a significant constraint to new housing development.

Building Codes and Code Enforcement

The City of Cupertino has adopted the 2013 Edition of the California Building Code, the 2013 California Electrical Code and Uniform Administrative Code Provisions, the International Association of Plumbing Officials Uniform Plumbing Code (2013 Edition), the California Mechanical Code 2013 Edition, and the 2013 California Fire Code and the 2013 Green Building Standard Code. The City also enforces the 1997 Edition of the Uniform Housing Code, the 1998 Uniform Code for Building Conservation, and the 1997 Uniform Code for the Abatement of Dangerous Buildings Code.

Cupertino has adopted several amendments to the 2013 California Building Code. The City requires sprinkler systems for new and expanded one- and two-family dwellings and townhouses; underhanging appendages enclosed with fire-resistant materials; roof coverings on new buildings and replacement roofs complying with the standards established for Class A roofing, the most fire resistant type of roof covering. The amendments also establish minimum

standards for building footings, seismic reinforcing on attached multi-family dwellings, and brace wall panel construction. These amendments apply more stringent requirements than the California Building Code. The California Building Code and the City's amendments to it have been adopted to prevent unsafe or hazardous building conditions. The City's building codes are reasonable and would not adversely affect the ability to construct housing in Cupertino.

The City's code enforcement program is an important tool for maintaining the housing stock and protecting residents from unsafe or unsightly conditions. The Code Enforcement Division is responsible for enforcing the provisions of the Cupertino Municipal Code and various other related codes and policies. Code Enforcement Division staff work to achieve compliance through intervention, education, and enforcement, partnering with the community to enforce neighborhood property maintenance standards.

Code Enforcement staff investigate and enforce City codes and State statutes based on complaints received. Violation of a code regulation can result in a warning, citation, fine, or legal action. If a code violation involves a potential emergency, officers will respond immediately; otherwise, Code Enforcement staff responds to complaints through scheduled inspections. The City has had to declare only three units unfit for human occupancy since 2007 and most complaints are resolved readily. Code Enforcement activities are not considered a constraint to development of housing in Cupertino.

Constraints for Persons with Disabilities

California Senate Bill 520 (SB 520), passed in October 2001, requires local housing elements to evaluate constraints for persons with disabilities and develop programs which accommodate the housing needs of disabled persons.

Procedures for Ensuring Reasonable Accommodation

Both the federal Fair Housing Act and the California Fair Employment and Housing Act impose an affirmative duty on cities and counties to make reasonable accommodations in their zoning and land use policies when such accommodations are necessary to provide equal access to housing for persons with disabilities and do not impose significant administrative or financial burdens on local government or undermine the fundamental purpose of the zoning law. Reasonable accommodations refer to modifications or exemptions to particular policies that facilitate equal access to housing. Examples include exemptions to setbacks for wheelchair access structures or to height limits to permit elevators.

The City of Cupertino adopted an ordinance in April 2010 for people with disabilities to make a reasonable accommodations request. Chapter 19.25 provides a procedure to request reasonable accommodation for persons with disabilities seeking equal access to housing under the Federal Fair Housing Act, the Federal Fair Housing Amendments Act of 1988, and the California Fair Employment and Housing Act.

Zoning and Other Land Use Regulations

In conformance to state law, licensed residential care facilities for six or fewer residents are permitted by right in all residential districts (including A, A-1, R-1, R-2, R-3, RHS, R-1C). Licensed small group homes are not subject to special development requirements, policies, or procedures which would impede such uses from locating in a residential district. Furthermore, small group homes (with six or fewer persons) with continuous 24-hour care are permitted by right in all residential districts, as are transitional and supportive housing. Large group homes (with more than six residents) are conditionally permitted uses in the R-1 District, subject to Planning Commission approval.

The Zoning Ordinance contains a broad definition of family. A family means an individual or group of persons living together who constitute a bona fide single housekeeping unit in a dwelling unit. Families are distinguished from groups occupying a hotel, lodging club, fraternity or sorority house, or institution of any kind. This definition of family does not limit the number of people living together in a household and does not require them to be related.

Building Codes and Permitting

The City's Building Code does not include any amendments to the California Building Code that might diminish the ability to accommodate persons with disabilities.

Below Market Rate Mitigation Program

The City's BMR Residential Mitigation Program requires all new residential developers to either provide below market rate units or pay a mitigation fee, which is placed in the City's Below Market-Rate (BMR) Affordable Housing Fund (AHF). The BMR Mitigation Program is based on a nexus study prepared by the City that demonstrated that all new developments create a need for affordable housing. Under this program, developers of for-sale housing where units may be sold individually must sell at least 15 percent of units at a price affordable to median- and moderate-income households. Projects of seven or more units must provide on-site BMR units. Developers of projects of six units or fewer can either build a unit or provide pay the Housing Mitigation fee.

To be consistent with recent court decisions and the State Costa-Hawkins Act regarding rent control, the City modified the BMR Mitigation Program so that developers of market-rate rental units, where the units cannot be sold individually, pay the Housing Mitigation fee to the Affordable Housing Trust Fund. In 2014, the fee was \$3.00 per square foot on residential. The BMR Office and Industrial Mitigation Program also acknowledges housing needs created by the

development of office and industrial projects and provide fees to support the development of affordable housing. In 2014, the fee was \$6.00 per square foot on office/industrial, hotel, and retail, and \$3.00 per square foot in the Planned Industrial zone.⁴

Although concerns exist that inclusionary housing programs like Cupertino's BMR Mitigation Program may constrain production of market rate homes, studies have shown evidence to the contrary. The cost of an inclusionary housing requirement must ultimately be borne by either: 1) developers through a lower return, 2) landowners through decreased land values, or 3) other homeowners through higher market rate sale prices. In fact, the cost of inclusionary housing and any other development fee "will always be split between all players in the development process."⁵ However, academics have pointed out that, over the long term, it is probable that landowners will bear most of the costs of inclusionary housing, not other homeowners or the developer.⁶ In addition, a 2004 study on housing starts between 1981 and 2001 in communities throughout California with and without inclusionary housing programs evidences that inclusionary housing programs do not lead to a decline in housing production. In fact, the study found that housing production actually increased after passage of local inclusionary housing ordinances in cities as diverse as San Diego, Carlsbad, and Sacramento.⁷

Recognizing the need for a financially feasible program that

⁴ The housing mitigation fee is updated periodically. Developers should check with the Community Development Department for the most current fee amount.

⁵ W.A. Watkins. "Impact of Land Development Charges." *Land Economics* 75(3). 1999.

⁶ Mallach, A. "Inclusionary Housing Programs: Policies and Practices." New Brunswick, NJ: Center for Urban Policy Research, Rutgers University. 1984. Hagman, D. "Taking Care of One's Own Through Inclusionary Zoning: Bootstrapping Low- and Moderate-Income Housing by Local Government," *Urban Law and Policy* 5:169- 187. 1982. Ellickson, R. 1985. "Inclusionary Zoning: Who Pays?" *Planning* 51(8):18-20.

⁷ David Rosen. "Inclusionary Housing and Its Impact on Housing and Land Markets." *NHC Affordable Housing Policy Review* 1(3). 2004.

does not constrain production, some jurisdictions allow developers to pay a fee for all units, regardless of project size. As discussed previously, Cupertino's BMR Mitigation Program requires large for-sale developments (with seven or more units) to provide units.

A 2009 court case (Palmer v. the City of Los Angeles) has resulted in cities suspending or amending the portion of their Housing Mitigation program requiring affordable units to be included in market rate rental developments. There also have been a number of court cases related to affordable housing requirements (decided and those that are still being litigated). Due to uncertainty regarding the legal standard applicable to affordable housing requirements, the Governor vetoed an Assembly Bill (AB 1229) which aimed to reverse the decision in the Palmer case. Currently pending in the California Supreme Court is a challenge to the City of San Jose's inclusionary ordinance. The Building Industry Association asserts that all programs requiring affordable housing, whether for sale or for rent, must be justified by a nexus study showing that the affordable housing requirement is "reasonably related" to the impacts of the project on the need for affordable housing. In a previous California Supreme Court case, Sterling Park v. City of Palo Alto, the Court ruled that affordable housing requirements were a type of exaction that could be challenged under the protest provisions of the Mitigation Fee Act.

The City of Cupertino has long justified its Housing Mitigation program as based on the impacts of market rate housing on the need for affordable housing and continues to require rental housing developments to pay a mitigation fee. However, the fee is based on an older nexus study. The City intends to update its nexus study on the BMR mitigation fees by the end of 2015 to determine appropriate housing mitigation fees (Strategy 8).

Park Impact Fees

The City assesses park impact fees for new residential development. The fee ranges from \$14,850 per unit of high density residential development (at 20 dwelling units per acre or more) and for apartments with ten or more units to \$28,875 per single-family unit (where the density is 0 to 5 units per acre). Park impact fees for senior/elderly housing is \$4,500 per unit.

Cupertino's park fees are comparable to or lower than similar requirements established in other Santa Clara County jurisdictions. Mountain View and San Jose require park land dedication or the payment of a park in-lieu fee. The in-lieu fee in both cities is based on fair market value of the land. San Jose's park fees for single-family detached units ranged from approximately \$15,000 to \$38,550, depending on building square footage and the area of the city. Park fees for multi-family units in San Jose ranged from \$7,650 to \$35,600, depending on location and the size of the development. In Mountain View, park in-lieu fees are approximately \$25,000 for each residential unit, depending on the value of the land. The City of Palo Alto's park dedication requirements vary depending on whether the project involves a subdivision or parcel map, and also depending on the size of the unit. Palo Alto collects \$10,638-\$15,885 per single-family unit and \$3,521-\$6,963 per multi-family unit.

Fees and Exactions

Like cities throughout California, Cupertino collects development fees to recover the capital costs of providing community services and the administrative costs associated with processing applications. New housing typically requires payment of school impact fees, sewer and water connection fees, building permit fees, wastewater treatment plant fees, and a variety of handling and service charges. Typical

fees collected are outlined in Table 4.4. The total cost of permits, city fees, and other professional services fees (such as project-specific architecture and engineering designs and schematics) has been estimated to equate to 20 percent of construction costs, or approximately 10 percent of total project costs.

The Bay Area Cost of Development Survey 2010-2011 conducted by the City of San Jose surveyed six jurisdictions in the region with sample development projects to determine associated entitlement, construction, and impact fees. For a multi-family development, total fees identified by this survey ranged from \$4,841 per unit for the County of Santa Clara to \$42,183 per unit for the City of Palo Alto. These fees have likely increased since the time of the survey, and therefore a conservative indication that Cupertino's fees (estimated at \$30,851 for a similar building type) are consistent with, and often less than, fees in surrounding jurisdictions.

Permit Processing

The entitlement process can impact housing production costs, with lengthy processing of development applications adding to financing costs, in particular.

Planning Commission and City Council Approvals

The Planning Commission and City Council review applications for zoning amendments and subdivision approvals. The Planning Commission holds a public hearing about proposed zoning changes or subdivisions and makes a recommendation to the City Council to approve, conditionally approve, or deny the application. Upon receipt of the Planning Commission's recommendation, the City Council holds a public hearing before making a final decision on the proposed zoning change or subdivision.

TABLE 4.4: FEES AND EXACTIONS

	Fee Amount	Single-Family (a)	Townhouse (b)	Multi-Family (c)
Sanitary Connection Permit (d)	\$76 permit fee or \$77.50 with backflow plus additional \$300 inspection fee	\$376	\$378	\$378
Water Main Existing Facilities Fee (e)	Fees based on construction costs with large variation dependent on fire safety requirements and size of water line.	\$7,000	\$6,900	\$2,300
Parcel Map (1-4 lots) - Planning Fee	\$7,461	N/A	N/A	N/A
Tract Map (> 4 lots) - Planning Fee	\$15,974	\$1,597	\$1,597	N/A
Residential Design Review/Architectural and Site Approval	\$2,400/\$7,461	\$2,400	\$746	\$149
Development Permit Fee	\$15,974	\$1,597	\$1,597	\$319
Parcel Map (1-4 lots) - Engineering Fee	\$4,254	N/A	N/A	N/A
Tract Map (> 4 lots) - Engineering Fee	\$8,831	\$883	\$883	N/A
Engineering Plan Review Fee		\$736	\$368	\$124
Grading Permit Fee		\$750	\$350	\$601
Master Storm Drainage Area Fee	Varies	\$906	\$555	\$378
Storm Management Plan Fee	\$715	\$71.50	\$71.50	\$71.50
Park Impact Fee	Varies by density	\$28,875	\$16,500	\$14,850
Housing Mitigation In-Lieu Fee	\$3.00 / Sq. Ft.	\$6,000	\$4,800	\$4,200
Cupertino Union School District Fee	\$2.02 / Sq. Ft.	\$4,040	\$3,232	\$2,828
Fremont Union High School District Fee	\$1.34 / Sq. Ft.	\$2,680	\$2,144	\$1,876
Plan Check and Inspection (Engineering)	\$655	\$655	\$655	\$655
Building Permit Fee (f)	Based on scope of project	\$7,409	\$6,473	\$2,121
Total (g)		\$65,976	\$47,250	\$30,851

Notes:

- (a) Fees estimated for a 3,150 square foot, 3 bedroom home in a 10 unit subdivision with 7,000 sq. ft. lots over 2 acres.
- (b) Fees estimated for a 2,200 square foot, 3 bedroom/2.5 bathroom townhouse in a 10 unit subdivision over one acre.
- (c) Fees estimated for a 50 unit apartment development with 1,680 gross square foot (1,400 net), 2 bedroom apartment units over 2.2 acres
- (d) Average of fees charged in the four Cupertino Sanitary District zones.
- (e) Connection fee for San Jose Water, which serves the largest area of Cupertino. Cal Water and Cupertino Municipal also serve parts of the City.
- (f) Includes all fees payable to the Building Department. Includes Plan check and standard inspection fees, and Construction Tax.
- (g) Reflects 2014 adopted fees. Fees are subject to change.

Sources: City of Cupertino, 2014; San Jose Water, 2014; Cupertino Sanitary District, 2014; MIG 2014

Local developers have noted that the entitlement process in Cupertino can be a time consuming and protracted process. While the active public may add complexity to the entitlement process, Cupertino values public outreach and is committed to development of community leadership, local partnerships, an active populace and making government more accessible and visible to residents.

Design Review

Cupertino has not adopted citywide residential design guidelines. However, all Planned Development Zoning Districts, the R1 District, RHS District, the Heart of the City Specific Plan Area, and the North De Anza Boulevard Conceptual Plan Area are subject to design guidelines. These design guidelines pertain to features such as landscaping, building and roof forms, building entrances, colors, outdoor lighting, and building materials. The design guidelines are intended to ensure development is consistent with the existing neighborhood character and are generally not considered significant constraints to housing production.

The Heart of the City Specific Plan design guidelines are intended to promote high-quality private-sector development, enhance property values, and ensure that both private investment and public activity continues to be attracted to the Stevens Creek Boulevard Special Area. Design guidelines promote retention and development viability of single-family residential sized lots in the transition area between Stevens Creek Boulevard fronting development and single-family neighborhoods.

The City requires design review for certain residential developments to ensure that new development and changes to existing developments comply with City development requirements and policies. These include:

- Variances in the R-1 District
- Two-story residential developments in the R-1 District where second floor to first floor area ratio is greater than 66 percent and/or where second story side yard setback(s) are less than 15 feet to a property line
- Two-story addition, new two-story home, and/or second story deck in the R1-a zone
- Any new development or modifications in planned development residential or mixed-use residential zoning districts
- Single-family homes in a planned development residential zoning district
- Modifications to buildings in the R1-C or R-2 zoning districts
- Signs, landscaping, parking plans, and modifications to buildings in the R-3 zoning district

The City has detailed Two-Story Design Principles incorporated in the R-1 District. These design principles help integrate new homes and additions to existing homes with existing neighborhoods by providing a framework for the review and approval process. Two-story homes with a second story to first floor ratio greater than 66 percent and homes with second story side setbacks less than 15 feet must offset building massing with designs that encompass higher quality architectural features and materials.

Design Review may occur at the Staff or Design Review Committee level, depending on the scope of the project. Staff and the Design Review Committee, consisting of the Planning Commission Vice Chair and one other Planning Commissioner, consider factors such as building scale in relation to existing buildings, compliance with adopted

height limits, setbacks, architectural and landscape design guidelines, and design harmony between new and existing buildings to determine design compliance.

TABLE 4.5: TYPICAL PERMIT PROCESSING TIME (a)

Type of Approval	Typical Processing Time
Ministerial Review	2-4 weeks
Two-Story Residential Permit	2-3 months
Conditional Use Permit	2-4 months
Zoning Change	4-6 months
General Plan Amendment	4-6 months
Architectural and Site Review	2-4 months
Design Review	2-3 months
Tentative or Parcel Map	2-4 months
Initial Environmental Study	2 months
Negative Declaration	3-6 months
Environmental Impact Report	9-15 months

Notes:

(a) Processing time accounts for time involved in the preliminary consultation and/or conceptual review phase. Applications for multiple approval types may be processed concurrently. Processing time would depend on time required to prepare environmental documents. Sources: City of Cupertino, 2014

Processing Time

Table 4.5 presents the typical permit processing time for various approvals in Cupertino. As shown, actions requiring ministerial review are usually approved within two to four weeks. Other approvals have longer processing time frames. Developments requiring multiple approvals involve joint applications and permits that are processed concurrently. All approvals for a particular project are reviewed in a single Planning Commission and/or City Council meeting. The typical permit processing times in Cupertino are similar to or lower than those in other jurisdictions and do not pose a major constraint to new development in the City.

Cupertino is able to process applications in a timely manner because City staff works closely with applicants during a pre-application process. The pre-application is free of charge and its duration may vary depending on the completeness and/or the complexity of the project. Typical pre-application process may consist of the following:

- Initial preliminary consultation with property owners/ developers to go over project objectives and City development standards
- Submittal and review of conceptual development plans
- Preliminary consultations with relevant City departments (i.e., Fire, Building, Public Works) as deemed necessary
- Submittal and review of pre-submittal materials and final plans

Table 4.6 summarizes the typical approvals required for various housing types. One-story single-family homes in properly zoned areas do not require approvals from the Community Development Department. However, two-story single-family homes require a two-story permit, which are approved by the Director of the Community Development Department and take two to three months to process. Residential subdivisions require a tentative parcel map or tentative subdivision map, depending on the number of units in the development, and take two to four months to receive approvals. Multi-family residential developments in R3 or Planned Development (PD) Districts are typically approved in two to four months.

Building Permit

Standard plan check and building permit issuance for single-family dwellings in Cupertino takes approximately 10

TABLE 4.6: TYPICAL PROCESSING PROCEDURES BY PROJECT TYPE

	Typical Approvals Required	Time Frame*
Single-Family		
One-Story (No Planning Permit required)	Building Permit	2-4 weeks
One-Story (Minor Residential or Exception Permit required)	Minor Residential Permit/ R1 Exception	1-2 months
Two-Story	Two-Story Permit	2-3 months
Residential Hillside (no Exception)	Building Permit	2-6 weeks
Residential Hillside (with Exception)	Hillside Exception	2-3 months
Subdivision		
< 5 units	Tentative Parcel Map	2-3 months
≥ 5 units	Tentative Subdivision Map	3-4 months
Multi-Family – R2, R3		
No re-zoning	Development Permit, Architectural Site Approval	2-3 months
<5 parcels	Tentative Parcel Map	2-3 months
≥5 parcels	Tentative Subdivision Map	3-4 months
Re-zoning	Rezoning Application	4-6 months
	Development Permit, Architectural Site Approval	
	Tentative or Parcel Map (depending on number of parcels)	
Multi-Family – PD		
No re-zoning	Development Permit	3-4 months
	Architectural Site Approval	
	Tentative or Parcel Map	
Re-zoning	Zoning change	4-6 months
	Development Permit	
	Architectural Site Approval	
	Tentative or Parcel Map	

* May vary based on on level of Environmental Review required.

business days. Plan checks for large additions, remodels, and major structural upgrades for single-family homes are also processed within 10 days. If a second review is necessary, the City will take approximately five business days to complete the review. Prior to the final building permit inspection for two-story additions and new two-story homes, applicants must submit a privacy protection plan, which illustrates how views into neighboring yards second story windows will be screened by new trees and/or shrubs. The plan check process may take longer for projects which entail off-site street improvements.

Over-the-counter plan checks are available for small residential projects (250 square feet or less). Building Department staff typically review these projects in less than 30 minutes during normal business hours. In addition, an express plan check is offered for medium-sized residential projects (500 square feet or less) and takes approximately five days. Plan review can take from four weeks to several months for larger projects, depending on the size. Examples of this type of plan check include apartments and single-family residential subdivisions over 10 units. Cupertino's building permit procedures are reasonable and comparable to those in other California communities.

Tree Preservation

The City of Cupertino has a Protected Tree Ordinance that is intended to preserve trees for their environmental, economic and aesthetic importance. The City seeks to retain as many trees as possible, consistent with the individual rights to develop, maintain, and enjoy their property.

The ordinance protects heritage trees, which are identified as significant for their historic value or unique characteristics, and certain trees that have a minimum single-trunk diameter of 10 inches or a minimum multi-trunk

diameter of 20 inches when measured at 4.5 feet from natural grade. These trees include native oak tree species, California Buckeye, Big Leaf Maple, Deodar Cedar, Blue Atlas Cedar, Bay Laurel or California Bay, and Western Sycamore trees.

Trees protected by this ordinance may not be removed from private or public property without first obtaining a tree removal permit. Applications for tree removal permits are reviewed by the Community Development Director. The Director may approve, conditionally approve, or deny applications. In some cases, the City may require tree replacement as a condition of permit approval.

Because a large share of residential development in Cupertino involves infill development involving demolition and replacement, building footprints are often already in place and tree preservation issues do not often arise as a major concern to developers.

4.2 Economic and Market Constraints

In addition to governmental constraints, non-governmental factors may constrain the production of new housing. These could include economic and market related conditions such as land and construction costs.

Availability of Financing

While the housing market has rebounded since the recession that began in 2008, many developers still face difficulty securing project financing. In interviews completed as part of the Housing Element update process in 2013, it was stated that small developers in particular still have trouble, and some lenders do not understand how to finance mixed-use development.

Project Funding

In stakeholder interviews in late 2013, affordable housing developers and service providers discussed the hardships

caused by the dissolution of the Redevelopment Agencies. This action eliminated a major source of funding for affordable housing, and that these funds have not yet been replaced by other tools. Federal and state funding sources (including Sections 202 and 811) have been eliminated or reduced so there is greater reliance on local sources.

Land Availability and Costs

Land costs in Cupertino are very high due to high demand and extremely limited supply of available land. Cupertino has seen a number of smaller detached infill housing projects where single-family homes are constructed on remnant lots or lots that have previously been developed with older homes. Multi-family development often requires lot consolidation and/or removing existing uses. A review of available real estate listings indicated one residentially zoned vacant property for sale as of May 2014. This 0.22 acre property is zoned P(R-3) and had a listed price of \$1,095,000. Based on this listing, an acre of residentially zoned land could be listed at close to \$5 million.

Construction Costs

Construction costs vary significantly depending on building materials and quality of finishes. Parking structures for multi-family developments represent another major variable in the development cost. In general, below-grade parking raises costs significantly. Soft costs (architectural and other professional fees, land carrying costs, transaction costs, construction period interest, etc.) comprise an additional 10 to 40 percent of the construction and land costs. Owner-occupied multi-family units have higher soft costs than renter-occupied units due to the increased need for construction defect liability insurance. Permanent debt financing, site preparation, off-site infrastructure, impact fees, and developer profit add to the total development cost of a project. Construction costs run about \$100 per

square foot for Type 5 construction (wood and stucco over parking) for multi-family units and \$110 per square foot for single family units⁸. Residential developers indicate that construction costs in the Bay Area may far exceed these national averages, and can reach \$200 per square foot for larger (four- to six-story) developments.

Key construction costs have risen nationally in conjunction with economic recovery and associated gains in the residential real estate market. Figure B-6 illustrates construction cost trends for key materials based on the Producer Price Index, a series of indices published by the U.S. Department of Labor Bureau of Labor Statistics that measures the sales price for specific commodities and products. Both steel and lumber prices have risen sharply since 2009, as have finished construction products.

4.3. Environmental, Infrastructure & Public Service Constraints

Environmental Constraints

The majority of Cupertino land area has been urbanized and now supports roadways, structures, other impervious surfaces, areas of turf, and ornamental landscaping. In general, urbanized areas tend to have low to poor wildlife habitat value due to replacement of natural communities, fragmentation of remaining open space areas and parks, and intensive human disturbance. There are no significant wetland or environmental resource issues of concern that would constrain development in areas designated for residential development in Cupertino.

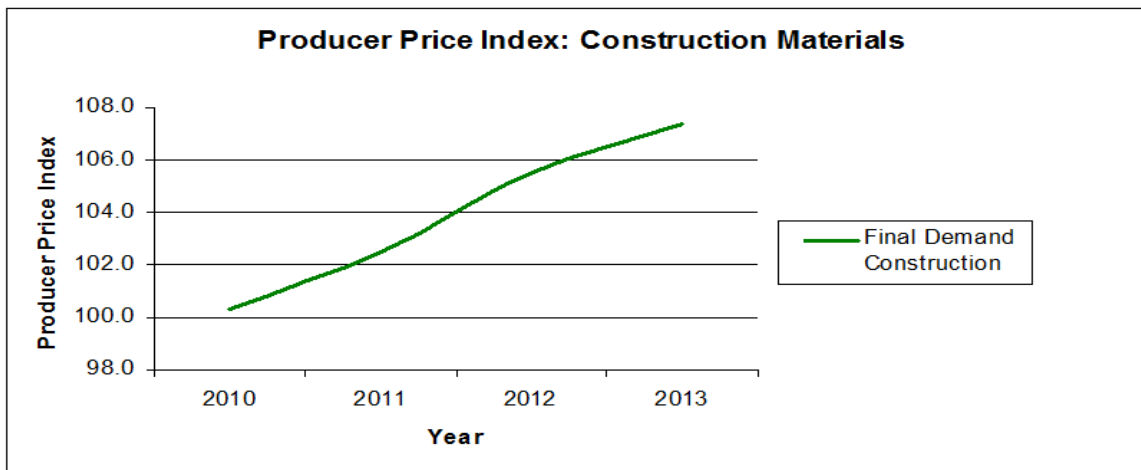
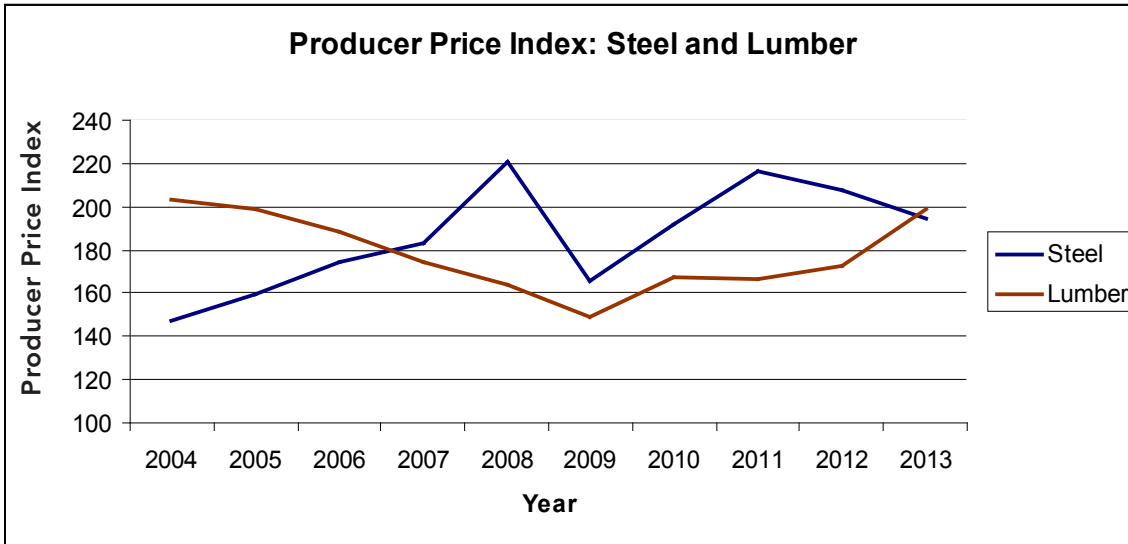
Roads

Due to the urbanized nature of Cupertino, existing roads are in place to serve the potential infill residential

⁸ International Code Council Building Valuation Data for Type V construction, February 2014

Figure B-5

Producer Price Index for Key Construction Costs



Source: U.S. Department of Labor, Bureau of Labor Statistics, 2014; MIG, 2014

development identified in this Housing Element. The amount of traffic or congestion on a roadway is measured in terms of Level of Service (LOS) ranging from A to F, with A representing intersections that experience little or no congestion and F representing intersections with long and unacceptable delays. Cupertino has established a policy of maintaining a minimum of LOS D for major intersections during the morning and afternoon peak traffic hours, with some exceptions. The LOS standard for the Stevens Creek and De Anza Boulevard intersection, the Stevens Creek and Stelling Road intersection, and the De Anza Boulevard and Bollinger Road intersection is LOS E+.

The environmental assessment of individual residential projects considers any associated traffic impacts. If the study finds that the project could cause an intersection to deteriorate, mitigation may be required. This usually consists of improvements to adjacent roads and intersections, but may also include changes to the number of units in the project, or to site design and layout. However, SB 743, signed into law in 2013, started a process that could fundamentally change transportation impact analysis as part of CEQA compliance. These changes will include the elimination of auto delay, level of service (LOS), and other similar measures of vehicular capacity or traffic congestion as a basis for determining significant impacts in many parts of California (if not statewide). As such, potential costs to new development associated with roadway mitigation may be reduced or eliminated.

Water

Two water suppliers provide service to the City: the California Water Company and the San Jose Water Company. The San Jose Water Company also has a lease agreement to operate and maintain the City of Cupertino's water system until 2022. Both of these providers derive

the vast majority of their water from the Santa Clara Valley Water District. According to the 2014 General Plan Amendment and Housing Element EIR, California Water Company and San Jose Water Company have sufficient water supplies to accommodate increased growth associated with the GPA and Housing Element under normal, single dry, or multiple dry years. Future development associated with the Housing Element would be located within already developed urban areas and would therefore connect to an existing water distribution system. No new water treatment facilities or the expansion of existing facilities would be required to accommodate the RHNA.

Wastewater

Cupertino Sanitary District (CSD) serves as the main provider of wastewater collection and treatment services for Cupertino, while the City of Sunnyvale serves a small portion of the Cupertino Urban Service area on the east side of the city. The City of Sunnyvale Wastewater Treatment Plant has a daily treatment capacity of 29 mgd capacity, of which approximately 15 mgd are being utilized in 2014. The CSD has a contractual treatment allocation with the San Jose/Santa Clara Water Pollution Control Plant of 7.85 million gallon per day (mgd), on average. Current wastewater flow to San Jose/Santa Clara Water Pollution Control Plant is 5.3 mgd. The CSD prepared a flow capacity analysis in 2008 and determined that 0.6 mgd capacity remained for development beyond that previously allocated and planned for under the General Plan. The 2014 General Plan Amendment and Housing Element EIR identifies this as a significant and unavoidable impact, as the combined 2014 project would generate an estimated 1.45 mgd of wastewater flows upon buildout, resulting in a deficit of 0.85 mgd beyond the current contractually available treatment capacity. However, both the SJ/

SCWPCP and City of Sunnyvale treatment plants have excess capacity that could potentially treat new wastewater flows associated with development pursuant to Housing Element policy.

With regard to sewer capacity, some capacity deficiencies exist in certain areas of Cupertino, including sewer lines serving the City Center area and lines on Stelling Road and Foothill Boulevard. To accommodate wastewater from major new developments, the lines running at or new capacity in these areas will have to be upgraded. Under current practice, the CSD requires developers of substantial projects to demonstrate that adequate capacity exists, or to identify and fund the necessary mitigations. CSD is, as of 2014, performing a capacity analysis of their entire collection system. Improvements required to mitigate system deficiencies as well as to accommodate future development will be identified and added to their Capital Improvement Program (CIP). Capacity fees will then be developed to fund the CIP. New development that increases wastewater transmission and treatment demand would be required to contribute towards system capacity enhancement improvements through payment of the capacity fee. In this manner, CSD would be responsible for upgrading their system rather than placing the responsibility on the developers of the largest wastewater generators, as is currently the case. If and when this fee is developed and implemented, it will create a more reliable and equitable mitigation for new development.

Storm Drainage

Cupertino's storm drain system consists of underground pipelines that carry surface runoff from streets to prevent flooding. Runoff enters the system at catch basins found along curbs near street intersections and is discharged into City creeks. The capacity of the storm drain facilities within Cupertino was evaluated and documented in the 1993

Storm Drain Master Plan, which identifies the areas within the system that do not have the capacity to handle runoff during the 10-year storm event, which is the City's design standard. The City requires that all new developments conform to this standard.

Open Space

Cupertino's General Plan outlines a policy of having parkland equal to three acres for every 1,000 residents. Currently, Cupertino has approximately 162 acres of parkland. Future development in Cupertino would increase the need for new park land. The General Plan identified an additional 49 acres of potential neighborhood and community parks, which would be more than enough to maintain the standard of three acres for every 1,000 residents. In addition, Cupertino's park impact fees of \$8,100 to \$15,750 per unit would generate funding for the City to purchase new parkland and maintain existing recreational resources.

Community Acceptance

Other constraints to housing production in the City include community acceptance, specifically concerns about impacts on the school districts, traffic, and parks. In particular, neighbors have indicated resistance to the development of buildings taller than two stories. Density and height are more acceptable if buildings are well designed and along corridors or adjacent to higher-density development.

In 2013 interviews, many stakeholders indicated that multi-family projects tend to generate community opposition and that there is some general fear of growth and increased density in the City. Opposition from the community tends to increase with the size and height of the project, as well as the proximity to existing single-family neighborhoods. To facilitate residential development and meet the RHNA for this fifth cycle update, the City conducted an extensive

community outreach process to identify appropriate and feasible sites for residential and mixed use development over the next eight years. One of the objectives of this process is to address community concerns.

Schools

Cupertino Union School District (CUSD) and Fremont Union High School District (FUHSD) are among the best in the state. In addition, a portion of the City, in the northeast corner, is also served by the Santa Clara Unified School District. Residents are particularly concerned about the impacts of new housing on schools. However, State law (Government Code Section 65995[3][h]) provides that payment of school impact fees fully mitigates impacts, and as such, the City's ability to require additional mitigation is limited by State law.

CUSD is a rapidly growing school district. Enrollment has increased every year during the last decade, increasing from 15,575 in the fall of 2001 to 19,058 in the fall of 2013. CUSD serves students from Cupertino and parts of San Jose, Sunnyvale, Saratoga, Santa Clara, and Los Altos at 20 elementary schools and five middle schools. Approximately 44 percent of CUSD's students reside in Cupertino. In total, 3,325 CUSD students (17 percent of total enrollment) attend schools other than the school of their attendance area. FUHSD served 10,657 students from Cupertino, most of Sunnyvale and parts of San Jose, Los Altos, Saratoga, and Santa Clara. The Santa Clara District is a medium size district; as a unified district its 15,394 students are spread from kindergarten through high school.

Operating Costs and Finances

Most of CUSD revenues are tied to the size of enrollment. The State Department of Education guarantees CUSD a

certain level of operations funding known as the “revenue limit.” The Revenue Limit is established annually by the State based on the District’s average daily attendance (ADA).

The revenue limit is composed of State funding and local property tax revenues. If the District’s property tax revenue falls below the revenue limit in any given year, the state will increase its contribution to make up the difference. CUSD therefore relies on gradual, steady increases in enrollment to maintain its financial health over time. Because the revenue limit makes up the majority of CUSD revenues, and this limit is tied directly to enrollment, the District needs predictable, ongoing student growth to keep up with costs. Declines in enrollment would require the District to cut costs. The 2013-2014 school year operating budget was \$155.6 million. With the total of 19,053 enrolled students districtwide, the operating cost per student for the school year was approximately \$8,167.

In contrast, FUHSD relies on property taxes for most of its revenue. FUHSD receives property taxes in excess of its revenue limit. FUHSD keeps these additional revenues for operations. As a result, the state does not provide annual per-ADA funding. Therefore, FUHSD counts on a growing property tax base to keep up with costs and maintain per-student funding. New development helps promote a healthy tax base over time. Multi-family development can be particularly beneficial to the tax base, generating higher revenues per acre than single-family homes. This translates into more revenue for FUHSD. The FUHSD’s operating budget for the school year 2013-2014 was \$115 million. With the total of 10,657 students enrolled, operating cost per student was approximately \$10,800.

TABLE 4.7: COMPARISON OF FUHSD PROPERTY TAX REVENUE PER ACRE

	Multi-family Housing	Single-family housing
Value per Unit (a)	\$822,500	\$1,550,000
Density (Units/Acre)	20	5
Total Value/Acre	\$16,450,000	\$7,750,000
Property Taxes to FUHSD per Acre (b)	\$27,965	\$13,175

Notes:

(a) Median sales prices from July 2013 to June 2014

(b) FUHSD receives approximately 17% of 1% of assessed value.

Source: School House Services, 2014.

Moreover, property taxes from new multi-family housing can exceed the cost to FUHSD to serve students. Table 4.8 illustrates this point, using previously built projects as examples. Nonetheless, FUHSD stresses that the impacts of new residential development should be evaluated on a case-by-case basis to mitigate any undue effects on the District.

Enrollment and Facilities

Each of the local school districts expects to continue growing over the next 10 years. CUSD and FUSD project that a total of 1,321 new housing units would be built in Cupertino in the years 2014 through 2023, and expects enrollment to grow accordingly. It is important to note that this growth comes from the other cities that the districts serve, in addition to Cupertino. Cupertino-based students comprise about 60 percent of enrollment in each district. In addition to this housing growth, the recent surge in enrollment at CUSD has been primarily in the younger grades and these larger classes are now entering middle school. Accordingly, by 2020 high school enrollment at FUSD is projected to increase by over 1,000 students. SCUSD anticipates a 13 percent increase in enrollment by 2023.

TABLE 4.8: FINANCIAL IMPACTS OF CUPERTINO DEVELOPMENTS ON FREMONT UNION HIGH SCHOOL DISTRICT

	Montebello	City Center	Travigne	Metropolitan	Civic Park
FUHSD REVENUE					
Assessed Value of Dev't	\$ 113,486,674	\$ 38,480,698	\$ 25,106,837	\$ 65,788,586	\$ 116,329,797
Property Tax Revenue (a)	\$ 252,958	\$ 85,745	\$ 57,086	\$ 145,477	\$ 258,480
FUHSD COSTS					
Number of Students in Dev't	7	17	2	6	13
Cost to Serve Students (b)	\$ 75,600	\$ 183,600	\$ 21,600	\$ 64,800	\$ 140,400
NET SURPLUS/(DEFICIT)	\$ 177,358	(\$ 97,855)	\$ 34,486	\$ 80,677	\$ 118,080

Notes:

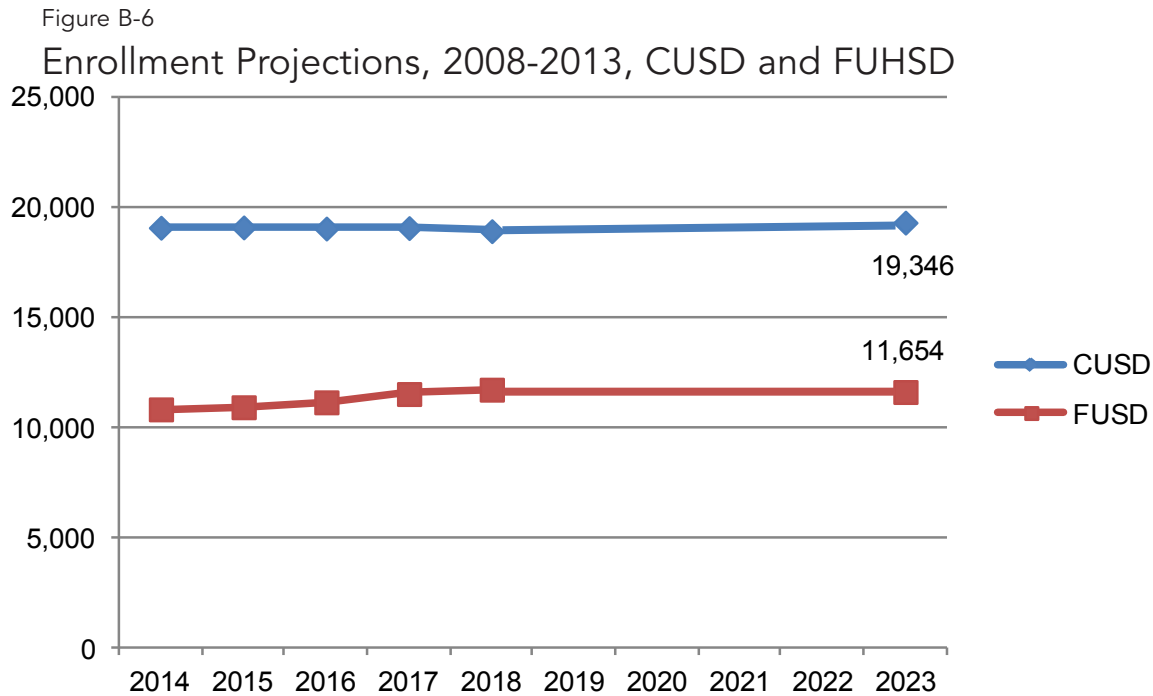
(a) Percentage of base 1.0 percent property tax FUHSD receives (after ERAF shift) in TRA 13-003: 17%

(b) FUHSD Operating Cost per Student, FY 13-14: \$10,800

Sources: Santa Clara County Assessor, Enrolment Projections Consultants, School House Services, 2014.

The districts will continue to use their facilities efficiently to accommodate projected growth. CUSD and FUHSD report that their ability to absorb new students is not unlimited, and rapid growth does pose a challenge. However, they will strive to make space and maintain student-teacher ratios through creative solutions such as relocating special programs, adjusting schedules, selectively using modular classrooms, and other approaches. In addition, FUHSD is developing a plan to dedicate the \$198 million raised from Measure B (authorized in 2008) for facility improvements. These include athletic facilities, solar power, IT systems, infrastructure, classrooms, labs, and lecture halls.

The districts also augment their facilities using impact fees from new development. CUSD receives \$2.02 per square foot in fees from residential development. FUHSD receives \$1.34 per square foot from new residential development. In addition to the development impact fee, voters have approved multiple bond measures for school facility improvements. The districts can also address impacts on



a case-by-case basis, establishing partnerships with home builders to construct new facilities or expand existing schools.

Higher-density housing generally generates fewer students per unit. Table 4.9 illustrates this trend among recently-built projects in Cupertino. On average, the school districts report that new single-family homes and townhouses generate 0.8 K-12 students per unit, while new multi-family homes generate 0.3 K-12 students per unit. In addition, most enrollment growth comes from existing homes that are either sold or rented to families with children, not new development. Nonetheless, the districts indicate that new housing will contribute to future demand for classroom space, which the districts must address through the strategies outlined above.

A comprehensive analysis of school impacts was completed as part of the 2014 General Plan Amendment and

TABLE 4.9: STUDENT GENERATION IN CUPERTINO DEVELOPMENTS				
	Higher Density	Lower Density		
	Montebello	Travigne	Metropolitan	Civic Park
Density (Units/Acre)	96	24	30	31
Students/Unit				
CUSD (a)	0.22	0.26	0.29	0.33
FHUSD (a)	0.03	0.04	0.06	0.10
Total	0.25	0.30	0.35	0.43

Notes:

(a) Student enrollment data as of October 2013, provided by Enrolment Projection Consultants. Sources: City of Cupertino; EPC 2014.

2015-2023 Housing Element drafting. Four alternatives were analyzed, consistent with the Environmental Impact Report for the combined project. The existing General Plan and Alternative A would result in the same level of residential development. Alternatives B and C change the General Plan designation and zoning for some sites to make more units possible. The analysis presented here pertains to the portion of residential development estimated to take place between 2015 and 2023 under each growth scenario, to be consistent with the Housing Element time period.

The projections in Table 4.10 are based on the rates of generation of apartments built since 1995 in Cupertino, which have a relatively small number of middle and high school students in them. The largest numbers of potential units and students are in the Garden Gate and Collins elementary school attendance areas, in the Lawson Middle School area, and in the Cupertino and Monta Vista High School areas. Collins and Garden Gate Elementary Schools and Cupertino High are, or will be, among the schools with the greatest enrollment stress. The projected student enrollment from new units is a small fraction of the projected student enrollment from the existing units in the City.

TABLE 4.10: ESTIMATED STUDENT ENROLLMENT FROM NEW UNITS, 2015-2023

	Existing Conditions	Minimal Growth A	Moderate Growth B	Most Growth C
By 2023				
Number of Units Expected	1,140	1,140	1,060	1,993
CUSD Students Expected	365	365	339	638
FUHSD Students Expected	80	80	74	140
Total Students*	445	445	413	778

* SCUSD enrollment impacts are relatively small, possibly either positive or negative.

Capital costs to add capacity related to rising enrollment are significant, and development impact fees from residential development only cover a quarter of this cost. Table 4.11 indicates the estimated cost deficits related to needed capital improvements associated with increases in enrollment. This analysis does not include impact fee revenue from non-residential development; as such, cost deficits may be somewhat overstated.

TABLE 4.11: ESTIMATED CAPITAL FACILITIES NET IMPACTS (IN \$ MILLIONS)

	Existing Conditions	Minimal Growth A	Moderate Growth B	Most Growth C
By 2023				
CUSD Net Capital Facilities Cost Deficit	\$8.76	\$8.76	\$8.13	\$15.31
FUHSD Net Capital Facilities Cost Deficit	\$4.02	\$4.02	\$3.71	\$7.03

* SCUSD receives large capital facilities and operating revenue benefits if development is significant.

4.4. Opportunities for Energy Conservation

Maximizing energy efficiency and incorporating energy conservation and green building features can contribute to reduced housing costs for homeowners and renters. In addition, these efforts promote sustainable community design and reduced dependence on vehicles, and can significantly contribute to reducing greenhouse gas emissions. In addition to compliance with state regulations, the Environmental Resources/Sustainability, Land Use, and Circulation Elements of the Cupertino General Plan includes policies related to energy conservation and efficiency. In particular, the Land Use Element provides for higher-density housing in proximity to employment centers and transportation corridors and includes mixed use development where appropriate. In addition, the City is undertaking an effort to prepare a Climate Action Plan (CAP) by modifying the Regional Climate Action Plan to suit the City's needs in order to reduce greenhouse gas emissions. The CAP will meet the regulatory requirements of the California Global Warming Solutions Act, commonly known as AB 32. The Plan will include community-vetted measures to reduce greenhouse gas (GHG) emissions in the region and locally to foster a healthy and resilient Cupertino. Through extensive research and community input, the CAP will meet statewide emission mitigation targets and identify opportunities to reduce emissions that impact the local environment.

The City adopted a Green Building Ordinance in 2012. The ordinance aligns with the California Green Building Standards Code (CALGreen) which sets the threshold of building codes at a higher level by requiring development projects to incorporate green building practices. Cal Green requires every new building built after January 1, 2011 to meet a certain baseline of efficiency and sustainability standards. The ordinance aims to promote green practices

(e.g., water, energy and resource conservation) through the design, construction and maintenance of new buildings and existing buildings undergoing major renovations. The City's Green Building Ordinance applies to all new residential and non-residential buildings and structures, additions, renovations, and tenant improvements where CalGreen and minimum green building measures are applicable. For residential development the ordinance differentiates between smaller projects of nine or less units and large projects with more than nine units. The Ordinance requires larger development projects to earn certification per the Leadership in Energy and Environmental Design (LEED) or Green Point Rating (GPR) standards. Smaller developments must meet Cal Green's minimum thresholds as established by the state.

Utility providers serving Cupertino also encourage energy and water conservation. The Santa Clara Valley Water District offers rebate programs that can help residents and businesses save both water and energy. Examples include rebates for high-efficiency toilets and clothes washers, converting high-water using landscape to low water using landscape, and connecting a clothes washer to a graywater irrigation system. Pacific Gas and Electric Company (PG&E) offers energy efficiency rebates to property owners and managers of multifamily dwellings that contain two or more units. The program encourages owners of existing properties to upgrade to qualifying energy-efficient products in individual tenant units and in the common areas of residential apartment buildings, mobile home parks and condominium complexes.

The Housing Element contains policies and strategies to promote energy conservation. For example, the City will evaluate the potential to provide incentives, such as waiving or reducing fees, for energy conservation improvements at affordable housing projects (including both existing

and new developments that have fewer than ten units) to exceed the minimum requirements of the California Green Building Code.

4.5. Summary

- Cupertino’s General Plan and Zoning Ordinance are not development constraints to new housing production. The Land Use/Community Design Element of the General Plan identifies four categories of residential use and four mixed use categories, while the Zoning Ordinance permits residential development in seven districts, plus planned development districts.
- The Zoning Ordinance allows rotating and permanent homeless shelters in the BQ Zone in compliance with State law.
- The Zoning Ordinance permits employee housing for workers and their families in residentially zoned districts.
- Site improvement, building code requirements, and permit processing time in Cupertino are comparable to surrounding communities and are not a development constraint.
- Development fees in Cupertino are comparable to those in neighboring jurisdictions.
- The lack of state and local funding sources for affordable housing and limited access to financing, in conjunction with the high cost and low supply of land, may constrain housing development in the near term.
- A potential constraint to housing development is road capacity. Residential projects may be required to undertake mitigation measures if developments result in traffic impacts.

- The stormwater drainage, water distribution, and water supply systems are adequate to accommodate anticipated growth in Cupertino and are not considered constraints to development. Wastewater treatment is reaching capacity in the area; however, existing plants have some excess capacity to treat new wastewater flows associated with development pursuant to Housing Element policy. Some sewer line capacity deficiencies also exist in certain areas of Cupertino—the Cupertino Sanitary District is in the process of assessing deficiencies and developing capacity fees intended to fund necessary improvements.
- Capacity and fiscal impacts to the Cupertino Union School District, Fremont Union High School District and the Santa Clara Unified School District must be evaluated on a case-by-case basis. State law provides that payment of school impact fees fully mitigates impacts, and as such, the City’s ability to require additional mitigation is limited by State law.
- Community acceptance may serve as a constraint to housing development. Over the past several years, multi-family projects have been successfully opposed by residents.

5. HOUSING RESOURCES

5.1. Overview of Available Sites for Housing

The purpose of the adequate sites analysis is to demonstrate that the City of Cupertino has a sufficient supply of land to accommodate its fair share of the region’s housing needs during the RHNA projections period (January 1, 2014 – October 31, 2022). The Government Code requires that the Housing Element include an “inventory of land suitable for residential development, including vacant sites and sites having the potential for redevelopment” (Section 65583(a)(3)). It further requires

that the element analyze zoning and infrastructure on these sites to ensure housing development is feasible during the planning period.

Demonstrating an adequate land supply, however, is only part of the task. The City must also show that this supply is capable of accommodating housing demand from all economic segments of the community. High land costs in the Bay Area make it difficult to meet the demand for affordable housing on sites that are zoned at relatively low densities. Pursuant to Government Code Section 65583.2(c)(3)(B), local governments may utilize “default” density standards (e.g. the “Mullen Densities”) to provide evidence that “appropriate zoning” is in place to accommodate the development of housing for very-low and low-income households . The purpose of this law is to provide a numerical density standard for local governments, resulting in greater certainty in the housing element review process. Specifically, if a local government has adopted density standards that comply with the criteria provided in the law, no further analysis is required to establish the adequacy of the density standard. The default density standard for Cupertino and other suburban jurisdictions in Santa Clara County to demonstrate adequate capacity for low and very low income units is 20 dwelling units per acre or more.

5.2. Progress towards the Regional Housing Needs Allocation (RHNA)

California General Plan law requires each city and county to have land zoned to accommodate its fair share of the regional housing need. Pursuant to California Government Code Section 65584, the state, regional councils of government (in this case, ABAG) and local governments must collectively determine each locality’s share of regional housing need. The major goal of the RHNA is to ensure a fair distribution of housing among cities and counties in the

State so that every community provides for a mix of housing for all economic segments. The housing allocation targets are not building requirements; rather, they are planning goals for each community to accommodate through appropriate planning policies and land use regulations. Allocation targets are intended to ensure that adequate sites and zoning are made available to address anticipated housing demand during the planning period.

The RHNA for the ABAG region was adopted in July 2013. This RHNA covers an 8.8-year projection period (January 1, 2014 through October 31, 2022)⁹ and is divided into four income categories: very low, low, moderate, and above moderate. As determined by ABAG, the City of Cupertino's fair share allocation is 1,064 new housing units during this planning cycle, with the units divided among the four income categories as shown in Table 5.1. Since the RHNA uses January 1, 2014 as the baseline for growth projections for the 2014-2022 projection period, jurisdictions may count toward the RHNA housing units developed, under construction, or approved since January 1, 2014. Between January 1 and May 31, 2014, building permits for 14 single-family housing units and three second units were approved in Cupertino. In addition, six single-family homes and seven apartments received Planning approvals (Table 5.1).

Also included in the RHNA credits are 32 second units (also known as accessory dwelling units) projected to be developed within the planning period. As provided in Government Code Section 65583(c)(1), in addition to identifying vacant or underutilized land resources, the City can address a portion of the RHNA through an estimate of the number of second units that may be permitted during the planning period. The City approves an average of four second units per year. Considering this track record, the

⁹ The Housing Element planning period differs from the RHNA projection period—the period for which housing demand was calculated. The Housing Element covers the planning period of January 31, 2015 through January 31, 2023.

City estimates that 32 second units will be approved over eight-year planning period. Cupertino's Zoning Ordinance permits second dwelling units on lots in Single-Family Residential (R-1), Residential Hillside (RHS), Agricultural (A), and Agricultural Residential (A-1) Districts. Permit approval and architectural review are done at the ministerial (building permit) level.

Consistent with Government Code Section 65583(c)(1) and HCD technical guidance documents, the City is applying the second unit estimate towards its moderate income RHNA. HCD has indicated that second unit affordability can be determined by examining market rates for reasonably comparable rental properties and applying these rates to estimate the anticipated affordability of second units. A review of rental market conditions in Cupertino conducted for this Housing Element found that the average cost of a studio apartment is \$1,608 and the average cost of a one-bedroom apartment is \$2,237. These rental rates are in the range of moderate income rents as determined by HUD (see Table 2.15: Maximum Affordable Housing Costs, Santa Clara County, 2013). As these units are comparable in size and occupancy to second units, it is reasonable to assume that current rents for second units fall within affordability levels for one-person moderate-income households. Therefore, second units in the pipeline and the anticipated 32 second units are credited against the moderate income RHNA. Furthermore, recent research in the San Francisco Bay Area has found that a sizable fraction of secondary units are rented to acquaintances, friends or family, in some cases for free and in other cases, for reduced rents¹⁰. This research suggests that second units may in fact be a source of affordable housing in the City at affordability levels lower than the moderate-income level they are credited against. Applying the projected 32 second units toward the

¹⁰ Chapple, Karen and Jake Wegmann. Understanding the Market for Secondary Units in the East Bay. UC Berkeley: Institute of Urban and Regional Developmental. Oct 2012.

moderate income category is a conservative approach, and is consistent with State law and HCD technical guidance documents.

With these credits, the City has a remaining RHNA of 1,002 units: 356 extremely low/very low-income units, 207 low-income units, 196 moderate-income units, and 243 above moderate-income units.

TABLE 5.1: REMAINING RHNA, CUPERTINO, 2014-2022

Units Constructed/Under Construction/Permits Issued	Extremely and Very Low Income (0-50% AMI)	Low Income (51-80% AMI)	Moderate Income (81-120% AMI)	Above Moderate Income (121%+ AMI)	Total
Various Single-Family Units (Building Permits)	---	---	---	14	14
Various Single-Family Units (Planning Permits)	---	---	---	6	6
Multi-Family Units (Planning Permits)	---	---	---	7	7
Second Units Permitted (Building Permits)	---	---	3*	---	3
Estimated Second Unit Production	---	---	32*	---	32
Total	---	---	35	27	62
2014-2022 RHNA	356	207	231	270	1,064
RHNA Credits	---	---	35	27	62
Remaining 2014-2022 RHNA	356	207	196	243	1,002

Source: ABAG Regional Housing Needs Allocation, 2014; City of Cupertino, 2014

Notes:

*These units do not have affordability restrictions. Market rate rents and sale prices for similar units fall within levels affordable to the households earning moderate incomes (81-120% AMI) and are allocated as such.

5.3. Residential Capacity Analysis

Methodology

Like many cities in the Bay Area, Cupertino is largely built out. As a result, opportunities for residential units will be realized through the redevelopment of sites with existing buildings. City staff undertook a deliberate site selection process to ensure that future residential development on the sites would: 1) have community support (see description of community process below), 2) achieve community goals of affordability and walkability, and 3) create a livable environment for new residents and neighbors. To ensure this, sites were selected based on the following criteria:

- Proximity to transportation corridors
- Proximity (preferably within walking distance) to amenities such as schools, neighborhood services, restaurants and retail
- Ability to provide smaller, more affordable units; sites were selected in higher density areas to achieve this
- Create a livable community with the least impact on neighborhoods; sites that had the most in common with successfully developed sites were selected
- Corner lot location; such parcels provide the most flexibility to accommodate mixed-use developments and avoid impeding parking and connectivity between mid-block parcels

In addition to the state-wide criteria that HCD uses to determine site suitability, the Sustainable Communities Strategy/One Bay Area Plan contributed additional criteria regarding what makes a desirable housing site in the ABAG

region. The One Bay Area Plan is a long-range integrated transportation and land-use/housing strategy through 2040 for the San Francisco Bay Area. The plan focuses development in Priority Development Areas (PDAs) which are locally designated areas within existing communities that have been identified and approved by local cities or counties for future growth. These areas are typically accessible to public transit, jobs, recreation, shopping and other services, and absorb much of the growth anticipated in the region. In Cupertino, a PDA is located along Stevens Creek Boulevard between Highway 85 and the City of Santa Clara and along De Anza Boulevard between Stevens Creek Boulevard and Highway 280. Key criteria in the Sustainable Communities Strategy/One Bay Area Plan include:

- Location along major transportation routes with access to transit or within ½ mile of a Valley Transit Authority-designate PDA
- Proximity to employment and activity centers
- Proximity to amenities

With the selection criteria in mind, City staff conducted a thorough study evaluating underutilized land in Cupertino. These parcels included residentially zoned land as well as other designations such as commercial and mixed use.

Community Involvement

To ensure that both community members and property owners support of the Housing Element—and sites inventory in particular—City staff engaged in an in-depth community involvement process. The inventory of residential opportunity sites was developed in consultation with the Housing Commission, Planning Commission, City Council, and members of the public. The Housing Element and sites inventory were discussed at 12 workshops, study sessions, and hearings in 2014. At each meeting,

commissioners and council members, as well as members of the public, discussed the inventory. During these discussions, several sites were removed and new sites were added based on input from these various stakeholders. Decisions to add or remove sites were based on realistic expectations for sites to be redeveloped within the planning period.

In addition to consultation with various community stakeholders, City staff reached out to individual owners whose properties were identified as housing opportunity sites. Each affected owner received a letter informing them that their property had been identified by the City to be included in its Housing Element as a housing opportunity site. The letter provided information about the process and the opportunity to provide feedback or express concerns. The sites with property owner development interest were evaluated against the criteria described above. Sites that did not meet the criteria were not included in the inventory. Sites where the owner objected to inclusion were not included in the final inventory.

While residential development may occur on other sites not included in this inventory, the sites ultimately included in this Housing Element are those the City believes have the most realistic chance of redeveloping into housing within the planning period. As a result of the community engagement process, the sites inventory represents a list of residential opportunity sites that the community has thoroughly reviewed.

Determination of Realistic Capacity

Sites inventory capacity must account for development standards such as building height restrictions, minimum setbacks, and maximum lot coverage, as well as the potential for non-residential uses in mixed-use areas. A survey of recent developments (Table 5.2) indicates that recent multi-family residential projects have built to between 82 percent and 99.5 percent of the maximum allowable density. To ensure that the sites inventory provides a “realistic capacity” for each site, estimates for maximum developable units on each site are conservatively reduced by 15 percent.

TABLE 5.2 MIXED USE/MULTI FAMILY RESIDENTIAL PROJECT EXAMPLES

Project Name:	Rose Bowl Mixed Use	Biltmore Adjacency	Oak Park	Adobe Terrace	Metropolitan
Site Area (acres)	5.9	3.24	1.6	1.0	3.3
Max. Density (dwelling units per acre)	35	25	35	25	35
Max. Developable Units	205	81	56	25	116
Actual Units Developed	204	74	46	23	107
Actual/Max. Units	99.5%	91.3%	82%	92%	92%
Commercial Sq. Ft. as % of Total Sq. ft.	37%	2%	NA	8%	4%

Source: City of Cupertino, 2014

Because of the desirability and high value of residential property in Cupertino, developers are reluctant to include ground floor commercial space in residential buildings, even when land is zoned for mixed-use development. The City must often encourage or request that ground-floor commercial space be included in projects and commercial space typically represents a small proportion of the total

development. Staff anticipates that this trend will continue, and land zoned for mixed-use will achieve residential densities at or above 85 percent of the maximum with ground floor commercial space along the street frontage.

This trend is evident in the three mixed-use project examples that contained ground floor commercial development. The Biltmore Adjacency, Metropolitan and Adobe Terraces projects are typical mixed-use, multi-family developments in Cupertino. In both cases, the commercial component represented a small portion of the total square footage (between 2 and 8 percent). Even with the provision of ground floor commercial space, these developments were able to achieve 91 to 92 percent of the maximum allowable residential units. The height limit of developments in most of the major transportation corridors is 45 feet at the minimum. Based on the development experiences at the completed projects described above, the density assumptions for mixed-use residential projects at 85 percent of the maximum allowed is realistic.

The assumption that sites will achieve 85 percent of the maximum allowable density is also realistic for sites that allow for a variety of uses, including 100 percent commercial development, in addition to residential development and mixed-use development. This is because of the high market value of available properties for residential development. As discussed above, the desirability and high value of residential property in Cupertino encourages residential or mixed-use development over exclusively commercial development. All five example projects presented above were developed in a zone that allows a mix of uses including exclusively commercial and office development, further demonstrating the strength of residential development over commercial development in Cupertino.

5.4. Residential Sites Inventory - Scenario A

Cupertino has residential development opportunities with sufficient capacity to meet and exceed the identified housing need (Figure B-7). The opportunities shown in the sites inventory consist predominantly of underutilized sites that can accommodate 1,400 residential units on properties zoned for densities of 20 dwelling units to the acre or more. The sites inventory is organized by geographic area and in particular, by mixed use corridors. As shown, sites identified to meet the near-term development potential lie within the North Vallco Park Special Area, the Vallco Shopping District Special Area, and the Heart of the City Special Area.

As indicated in a market study completed in 2014, there is a healthy demand for new housing and long-term trends indicate market potential for additional development in key areas throughout the city. The 2014 market study further found that existing demand is greatest for smaller, more affordable units adjacent to services, retail, and entertainment options. All sites in the Housing Element to meet the RHNA are identified on major mixed-use corridors, close to services and major employers.

As demonstrated previously, City leaders have a strong record of supporting and facilitating the development of residential projects in mixed-use areas and of intensifying residential uses where appropriate within the context of the general plan land use allocations. Regulatory standards, including the revised Density Bonus Ordinance, are intended to encourage additional residential development on these sites. Altogether, the five sites ensure that adequate sites beyond the remaining RHNA are provided for in the planning period.

A parcel-specific listing of sites is included in Section 7.3: Sites Inventory Table. Four of the sites in the Residential

Sites inventory may be developed without a Conditional Use Permit with the number of units identified in this Housing Element.

The City has identified one key opportunity site that will involve substantial coordination for redevelopment (Vallco Shopping District, Site A2). Due to the magnitude of the project, the City has established a contingency plan to meet the RHNA if a Specific Plan is not adopted within three years of Housing Element adoption. This contingency plan, called Scenario B, is discussed later in this document (see Section 5.5 Residential Sites Inventory - Scenario B).

North Vallco Park Special Area

The North Vallco Park Special Area encompasses 240 acres and is an important employment center for Cupertino and the region. The area is located in the northeastern corner of the City, bounded by Homestead Road to the north and Interstate 280 to the south. The area is defined by Apple Campus 2 and the North Vallco Gateway. The North Vallco Gateway includes a medium to high-density multi-family residential project east of Wolfe Road and two hotels and the Cupertino Village Shopping Center west of Wolfe Road. The North Vallco Park area is envisioned to become a sustainable office and campus environment surrounded by a mix of connected, high-quality and pedestrian-oriented neighborhood center, hotel, and residential uses.

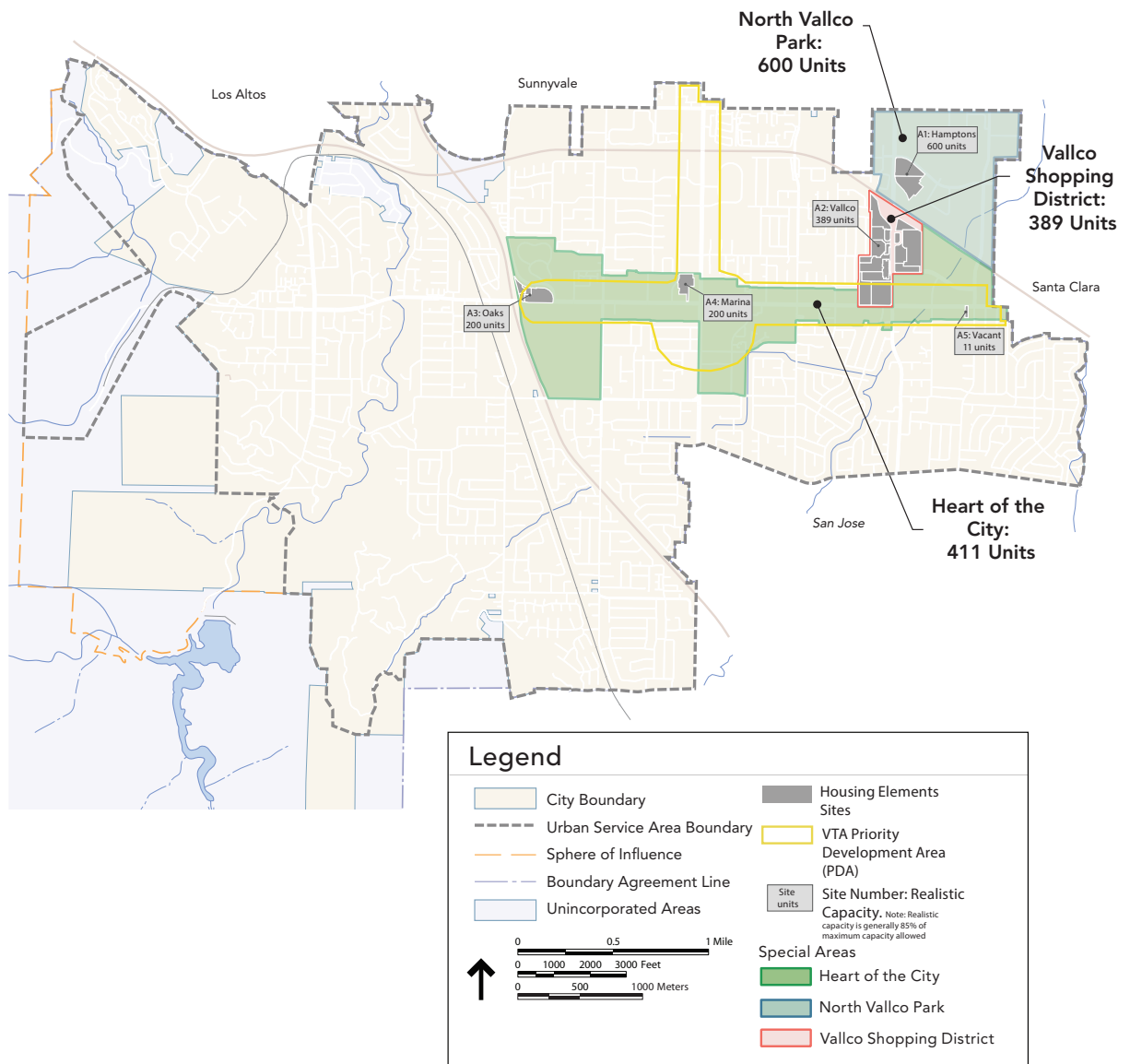
The Apple 2 Campus is expected to be a significant catalyst for residential development in this vicinity. The area accordingly presents a prime opportunity for redevelopment.

Site A1 (The Hamptons)

Site A1 is located at the southeast corner of the intersection of Pruneridge Avenue and North Wolfe Road, adjacent to the recently approved Apple Campus 2. The site is comprised of two parcels totaling 12.44 acres and is currently occupied with a 342-unit multi-family housing development

Figure B-7
Priority Housing Element Sites - Scenario A

Applicable if Vallco Specific Plan is adopted by May 31, 2018
If Vallco Specific Plan is not adopted by May 31, 2018, the designated Priority Housing Element Sites will be as shown in General Plan Appendix B, Section 5.5: Residential Sites Inventory - Scenario B.



and surface parking lots. The site's property owners have expressed interest in redeveloping the site with significantly higher residential densities than what exists today. Such a redevelopment will create an opportunity to reduce vehicle trips for employees living within walking and bicycling distance to this regional employment hub. The property owner has publically voiced interest in redevelopment of the property to provide additional residential units, and has issued a letter indicating this intent to the City.

The site has a land use designation of High Density (greater than 35 du/ac), zoned Planned Development (P [Res]), and allows for a maximum density of 85 units per acre. The City has approved increased heights to facilitate development of the Hamptons property at the densities identified.

Assuming realistic capacity of 85 percent of maximum density is achieved, Site A1 has the potential to yield 600 net units, for a total of 942 units on site. The close proximity to major transportation routes (freeway) and adjacency to a major new employment center (Apple Campus 2), coupled with the high demand for multi-family residential units in Cupertino, make this site ideal for intensification.



Site A3: The Hamptons

Vallco Shopping District Special Area

The Vallco Shopping District is centrally located in the City. The property was originally developed as an indoor mall in the 1970s for retail uses, anchored by Macy's, Sears, JC Penny, and AMC Theaters. The property has been remodeled several times since it was built. Despite being the largest retail project in the City, the Mall is largely vacant, save for the anchor tenants. According to stakeholders interviewed for a retail strategy report completed in 2014, Vallco represents not only one of the best-located properties in the City, but also one of the City's largest redevelopment opportunities.

Site A2 (Vallco Shopping District)

The Vallco Shopping District is physically divided by North Wolfe Road, but connected via an elevated bridge. Up until 2014, the approximately 58.7-acre site was divided between five property owners on 14 parcels, representing a combination of investors and anchor tenants. In 2014, all parcels of the property were purchased by a single developer who intends to pursue a Specific Plan and redevelopment of the site.

The 2014 retail strategy report noted that there is an oversupply of mall space in the United States, which is affecting Vallco's performance. The Mall operates in a competitive environment with successful projects to the north (Stanford Shopping Center), east (Valley Fair and Santana Row), and south (Westgate Shopping Center). In addition, the nearby Main Street mixed-use development will add an additional 125,000 square feet of retail, further contributing to the market feasibility of alternate (residential) uses on this site.

To revitalize this area, the City envisions a complete redevelopment of the existing Vallco Fashion Mall into a



Site A2: Vallco Shopping District

vibrant mixed-use “town center” that is a focal point for regional visitors and the community. The site has a high potential for redevelopment due to expressed property owner interest to redevelop, high retail vacancy rates, close proximity to major transportation routes (freeway), and the potential to provide a considerable number of units at the site. The high potential development capacity and close proximity to two recently constructed mixed-use projects (Rosebowl and Main Street) further support redevelopment of the Vallco Shopping District and the inclusion of this site in the Housing Element.

The site is designated Regional Shopping/Office/Residential

in the General Plan and zoned Planned Development with Regional Shopping and Commercial (P[Regional Shopping and P[CG]). Strategy 1 provides that the City will adopt a Specific Plan for the Vallco site by May 31, 2018 that would permit 389 units by right at a minimum density of 20 units per acre. The zoning for the site would be modified as part of the Specific Plan process to allow residential uses as part of a mixed-use development at a maximum density of 35 units per acre. If the Specific Plan is not adopted, the City will schedule hearings consistent with Government Code Section 65863 to consider removing Vallco Shopping District as a Priority Housing Site and replacing it with the sites shown in Scenario B.

Heart of the City Special Area

The Heart of the City Special Area is a key mixed-use, commercial corridor in Cupertino. Development within this Special Area is guided by the Heart of the City Specific Plan, which is intended to create a greater sense of place, community identity, and a positive and memorable experience for residents, workers and visitors in Cupertino. The area encompasses approximately 635 acres along Stevens Creek Boulevard between Highway 85 and the eastern city limit. The Stevens Creek Boulevard corridor functions as Cupertino's main mixed-use, commercial and retail corridor.

A majority of the Heart of the City Special Area is located within a Priority Development Area (PDA). PDAs are the result of a regional initiative that identifies areas where new development will support the day-to-day needs of residents and workers in a pedestrian-friendly environment served by transit. PDAs are critical components for implementing the region's proposed long term growth strategy. The level of growth in each PDA reflects its role in achieving regional objectives and how it fits into locally designated priority

growth plans. Cupertino's PDA area, shown on Figure B-7, includes properties within a quarter mile of Stevens Creek Boulevard from Highway 85 to the City's eastern border and a portion of North and South De Anza Boulevards.

To meet the RHNA, three sites encompassing over 15 acres have been identified within the Heart of the City Special Area boundaries; these sites can accommodate 411 units at densities greater than 20 units per acre. Two sites are underutilized infill properties, one site is vacant. For underutilized parcels, the age of onsite buildings and the parcels' improvement-to-land value (I/L) ratio suggest that these sites are prime opportunities for redevelopment. In addition, the redevelopment capacity of identified sites is predicated on interest articulated by property owners and recent development approvals in the area, including the Metropolitan (107 units), Adobe Terrace (23 units), Main Street (120 units), and Rose Bowl (204 units) mixed-use projects.

Site A3 (The Oaks Shopping Center)

Site A3 is located on the north side of Stevens Creek Blvd between Highway 85 and Mary Avenue in the Oaks Gateway within the Heart of the City Special Area. The site is comprised of four parcels (with two owner entities that function under the same ownership) totaling 7.9 acres. The site is occupied by the Oaks Shopping Center, which is comprised of various small-scale commercial and restaurant tenants. Although the Center is in relatively good condition, it was originally constructed in 1976 as a single story structure with ample surface parking, and has a resulting low floor-area ratio. The I/L ratio for the consolidated property is estimated at 0.31. The property owners are very interested in redevelopment of the site with a mixed-use (residential and commercial) product, and have issued a letter indicating this intent to the City. The zoning for this

property allows residential in addition to commercial uses.

The site presents a strong potential for a redevelopment project that includes residential units based on its large size, potential residential capacity, adjacent freeway access, and location adjacent to residential development. A retail strategy report completed for Cupertino in 2014 identifies the Oaks as a site well positioned for redevelopment, perhaps as a retail-residential mixed-use project. Its location on Stevens Creek Boulevard adjacent to Highway 85 and in the Heart of the City District makes high-density multi-family residential development feasible at this site. Several relatively high-density mixed-use, residential projects are



Site A3: The Oaks Shopping Center

in close proximity on Stevens Creek Boulevard. Site A3 is located within a Priority Development Area.

The site is designated for Commercial/Residential in the General Plan, zoned Planned Development with General

Commercial and Residential (P[CG, Res]), and allows for a maximum density of 30 units per acre. Site A3 has the potential to yield 200 units.

Site A4 (Marina Plaza)

Site A4 is located at the Bandle Drive/Alves Drive intersection near the Stevens Creek Boulevard and North De Anza Boulevard intersection, a major intersection in the North Crossroads Node within the Heart of the City Special Area. The site is comprised of one large (6.86-acre) parcel and is occupied by a single-story commercial strip mall and surface parking lot. The primary shopping center tenant is an ethnic grocery store. The site is considered underutilized given its prime location at a major intersection and along one of the major corridors in Cupertino, in close proximity to services and public transportation and adjacent to existing residential neighborhoods. The location and configuration of the site allow for access from Stevens Creek Boulevard, North De Anza Boulevard, Bandle Drive, and Alves Drive. The property owner has expressed interest in redeveloping the site to include residential uses. The maximum density permitted on this site was increased in 2014 from 25 to 35 units per acre to facilitate this type of redevelopment.

Site A4 is designated as Commercial/Office/Residential (C/O/R), zoned as Planned Development with General



Site A4: Marina Plaza

Commercial and Residential (P[CG, Res]), and allows for a maximum density of 35 units per acre. Site A4 has the potential to yield 200 units.

Site A5 (Barry Swenson)

Site A5 is a vacant 0.55-acre property located along the south side of Stevens Creek Boulevard, mid-block between Finch Avenue and North Tantau Avenue. The site is located across the street from the 17.4-acre Main Street mixed-use project constructed in 2014. Main Street is a high-intensity development expected to be major community focal point. Although Site A5 is relatively small compared to other sites included in the inventory, its location on Stevens Creek Boulevard and in the Heart of the City Special Area is conducive to relatively dense multi-family residential development. Furthermore, high-density multi-family development has been built on parcels of less than one acre in Cupertino, including the 23-unit Adobe Terrace project. The site is located along one of the major transportation corridors in Cupertino, and in close proximity to services and public transportation in the Heart of the City Special Area.



Site A5: Barry Swenson Property

The owner of the property has expressed interest in developing with residential uses, including affordable products. Site A5 is located within a Priority Development Area.

Site A5 was included in the 2007 Housing Element. The site is designated in the General Plan for Commercial/ Office/Residential and is zoned Planned Development with General Commercial and Residential uses (P[CG, Res]), which allows for a maximum density of 25 units per acre. Site A4 has the potential to yield 11 units.

Adequacy of Sites for RHNA - Scenario A

The sites inventory under Scenario A identifies capacity for 1,400 units, all of which are on sites suitable for development

TABLE 5.3: SUMMARY OF PRIORITY HOUSING SITES - SCENARIO A

Site	Adopted General Plan/ Zoning	Max Density (DUA)	Acres	Realistic Capacity (units)	Affordability Level
Site A1 (The Hamptons)	High Density P(Res)	85	12.44	600	Very Low/Low
Site A2 (Vallco Shopping District)	RS/O/R P(Regional Shopping) & P(CG) ^(a)	35	58.7	389	Very Low/Low
Site A3 (The Oaks Shopping Center)	C/R P(CG, Res)	30	7.9	200	Very Low/Low
Site A4 (Marina Plaza)	C/O/R P(CG, Res)	35	6.86	200	Very Low/Low
Site A5 (Barry Swenson)	C/O/R P(CG, Res)	25	0.55	11	Very Low/Low
Total			86.51	1,400	

Notes:

(a) Zoning to be determined by Specific Plan to allow residential uses.

(b) Realistic capacity for Sites A1, A3, A4 and A5 reduces the maximum developable units by 15 percent. Realistic capacity for Site A2 is the amount allocated to the site in the Housing Element; a specific plan will be required for Site A2 prior to any new development.

(c) Identified capacity of sites that allow development densities of at least 20 units per acre are credited toward the lower-income RHNA based on State law. Pursuant to Government Code Section 65583.2(c)(3)(B), local governments may utilize “default” density standards to provide evidence that “appropriate zoning” is in place to support the development of housing for very-low and low-income households. The default density standard for Cupertino and other suburban jurisdictions in Santa Clara County is 20 dwelling units per acre (DUA) or more.

(d) Residential capacity for Site A1 reflects the net increase in units.

Source: City of Cupertino, 2014

TABLE 5.4: COMPARISON OF SITES AND RHNA - SCENARIO A

Income Category	Sites	Remaining RHNA	Surplus/ Shortfall(+/-)
Extremely Low and Very Low	1,400	356	
Low	--	207	
Moderate	--	196	
Above Moderate	--	243	
Total	1,400	1,002	+398

Source: City of Cupertino, 2014

of affordable housing at densities greater than 20 units per acre. Overall, identified housing sites have the ability to adequately accommodate the remaining RHNA of 1,002 units. Table 5.3 and 5.4 summarize the RHNA status.

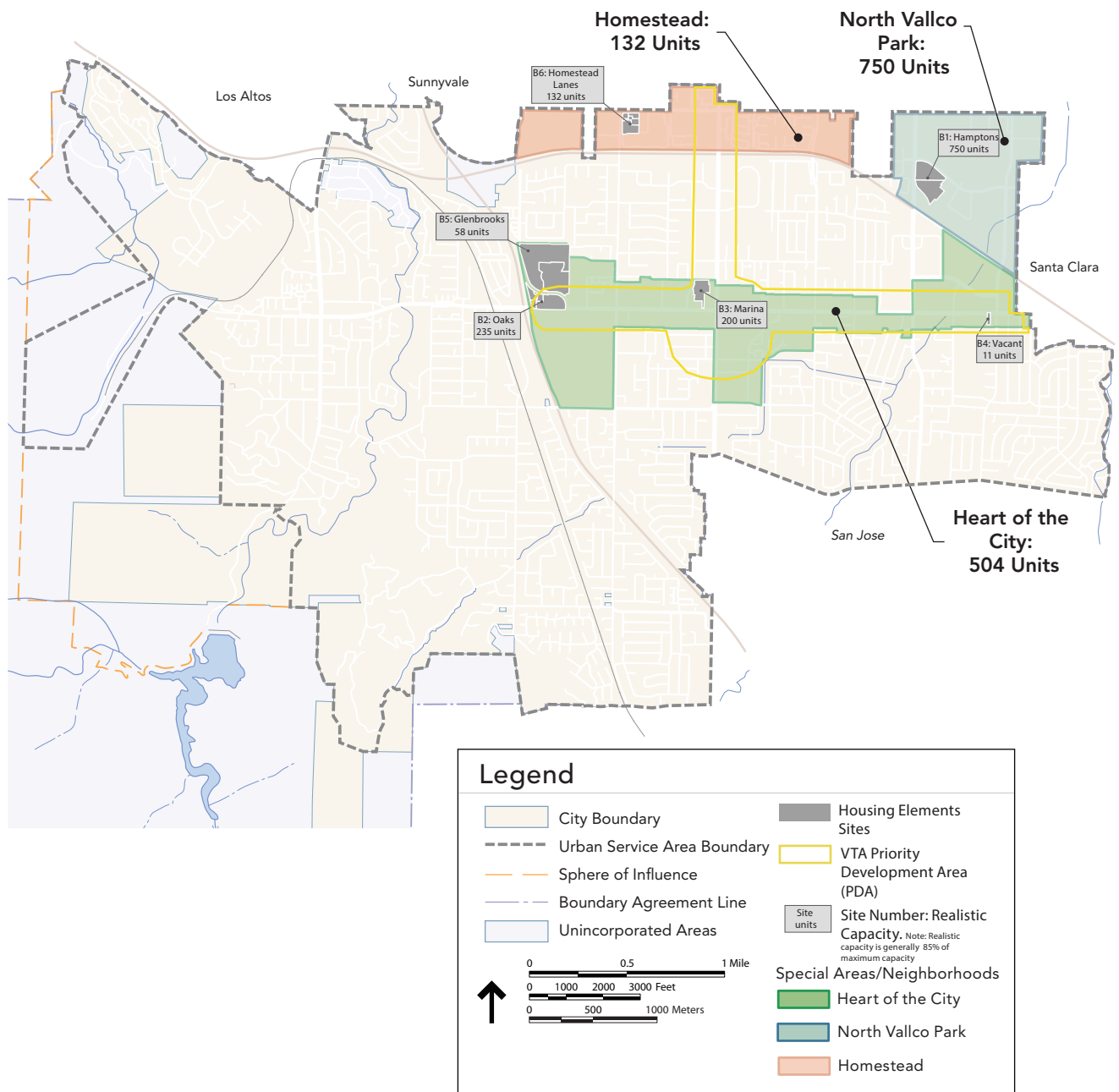
5.5. Residential Sites Inventory - Scenario B

As noted above, one particular site identified in Scenario A will involve substantial coordination for redevelopment (Vallco Shopping District, Site A2). Due to the magnitude of the project, the City has established a contingency plan to meet the RHNA if a Specific Plan is not adopted by May 31, 2018. This contingency plan (referred to here as Scenario B), involves the City removing Vallco Shopping District, adding more priority sites to the inventory, and also increasing the density/allowable units on other priority sites.

Four of the sites discussed in Scenario A above are also included in Scenario B, with some modifications to density and realistic capacity on two of these sites. Two additional sites are added to the inventory, one of which was included in the 2007-2014 Housing Element sites inventory.

Figure B-8
Priority Housing Element Sites - Scenario B

Applicable if Vallco Specific Plan is **not** adopted by May 31, 2018



Site B1 (The Hamptons Apartments)

Existing conditions, redevelopment potential, and developer interest for the Hamptons Apartments are discussed in detail under Scenario A (Site A1). For Scenario B, if the Vallco Shopping District Specific Plan is not adopted by May 31, 2018, the density for the Hamptons would be increased to 99 units per acre and the associated realistic capacity would result in a net increase of 750 units, for a total of 1,092 units on that site.

Site B2 (The Oaks Shopping Center)

Information regarding redevelopment potential and existing uses for the Oaks Shopping Center is provided in detail under Scenario A (Site A3). For Scenario B, if the Vallco Shopping District Specific Plan is not adopted by May 31, 2018, the realistic capacity for The Oaks Shopping Center would be increased to 235 units. This would be associated with an increase in density from 30 units per acre to 35 units per acre.

Site B3 (Marina Plaza)

Marina Plaza is discussed in detail under Scenario A (Site A4). No changes are proposed to this site in Scenario B.

Site B4 (Barry Swenson Property)

The vacant property owned by Barry Swenson is discussed in detail under Scenario A (Site A5). No changes are proposed to this site in Scenario B.

Site B5 (Glenbrook Apartments)

Site B5 contains the Glenbrook Apartments that are not built to the maximum allowed density in the Heart of the City Special Area. The apartment complex has large open spaces that exceed open space requirements established

in the Zoning Code. As such, additional units could be built on the site without removing existing uses. Spanning 31.3 acres, the site could accommodate 626 units under existing zoning, which allows for a density of 20 dwelling units to the acre. However, the Glenbrook Apartments only contains 517 units, resulting in additional potential for up to 109 residential units. Given the existing uses on the site, realistic capacity was conservatively estimated at 46 percent. Assuming Glenbrook Apartments is able to achieve 54 percent of the site's remaining capacity, the realistic net yield for Site B5 is 58 new units. A similar type of infill development that involves the expansion of garden apartment complexes has previously been approved and completed in Cupertino at the Markham (formerly known as Villa Serra) and Biltmore developments. At the Biltmore, carports were demolished and new units constructed above ground-floor parking. New units and additional parking were added to the Markham complex in surplus open space and recreational areas. The Biltmore project added 29 units for a total project size of 179 units, while the Villa Serra development added 117 units to achieve a total of 506 units. In both cases, existing units were not destroyed to accommodate the expansion. Furthermore, in 2013 the Biltmore added six units by demolishing existing carports and has received entitlements to add seven more units above a clubhouse serving the development in an existing open space area in 2014.

Similar to the Biltmore Apartments, the Glenbrook Apartments complex has large areas of land dedicated to carports. As was done in the Biltmore development, the carport areas can be converted to ground floor parking with new units above. Additional units could be constructed without affecting existing residential units at the site.

This site was recommended by members of the public and the community supports the expansion of the Glenbrook Apartments. The trend of adding new units to existing garden apartment complexes is expected to continue in

Cupertino due to the limited supply of vacant land and the high demand for residential units in the city. The financial feasibility of additional units on Site A5 is particularly strong because the property has long-time landowners who purchased the land when prices were much lower. Site B5 was included in the 2007 Housing Element.

The site is designated in the General Plan as Medium Density (10 to 20 dwelling units per acre) and zoned Multi-Family Residential (R3), allowing for a maximum density of 20 units per acre. Site B5 has the potential to yield 58 new units.



Site B5: Glenbrook Apartments
Site B6 (Homestead Lanes)

Site B6 is located in the Stelling Gateway within the Homestead Special Area and bounded by the Markham Apartments to the east, additional apartments and I-280 to the south, and the city boundary with the City of Sunnyvale to the west. The Homestead Special Area includes commercial uses and several low-, medium-, and high-density residential neighborhoods. Site B6 is comprised of four parcels totaling 5.1 acres and is currently occupied by a strip mall commercial center and surface parking. The Homestead Bowl bowling alley is the primary site tenant. Additional site tenants include small-scale restaurants and a nail salon. The northwest corner of the

site is occupied by a McDonalds Restaurant. I/L ratios for the parcels (ranging from 0 to 1.29) indicate that, except for the McDonalds Restaurant, the land value far exceeds the value of buildings on the site. Site B6 represents a strong redevelopment opportunity as a mixed-use site based on the I/L ratios, combined with the large size of the site, deferred maintenance on the primary site, the close proximity to a major transportation route (freeway), the low-intensity and marginal nature of most of the current uses, and its corner location.

The site is designated as Commercial/Residential (C/R), zoned Planned Development with General Commercial and Residential (P[CG, Res]), and has a maximum permitted density of 35 dwelling units per acre. Site B6 has the potential to yield 132 units.



Site B6: Homestead Lanes and Adjacency

Adequacy of Sites for RHNA - Scenario B

The sites inventory under Scenario B identifies capacity for 1,386 units, all of which are on sites suitable for development of affordable housing. Overall, identified housing sites have the ability to adequately accommodate the remaining RHNA of 1,002 units. Table 5.5 and 5.6 summarize the RHNA status for Scenario B.

TABLE 5.5: SUMMARY OF PRIORITY HOUSING SITES - SCENARIO B

Site	Special Area/ Neighborhood	General Plan/Zoning	Max Density (DUA)	Acres	Realistic Capacity (units)	Affordability Level
Site B1 (Hamptons)	North Vallco Park	High Density P(Res)	99 ^(a)	12.44	750	Very Low/ Low
Site B2 (The Oaks Shopping Center)	Heart of the City	C/R P(CG, Res)	35 ^(b)	7.9	235	Very Low/ Low
Site B3 (Marina Plaza)	Heart of the City	C/O/R P(CG, Res)	35	6.86	200	Very Low/ Low
Site B4 (Barry Swenson)	Heart of the City	C/O/R P(CG, Res)	25	0.55	11	Very Low/ Low
Site B5 (Glenbrook Apartments)	Heart of the City	Medium Density R3(10-20)	20	31.3	58	Very Low/ Low
Site B6 (Homestead Lanes and Adjacency)	Homestead	C/R ^(c) P(CG, Res) ^(c)	35 ^(c)	5.1	132	Very Low/ Low
Total				64.24	1,386	

Notes:

- (a) A General Plan Amendment and zoning change will be necessary to allow the increase in density from 85 to 99 units per acre on Site B1.
- (b) A General Plan Amendment and zoning change will be necessary to allow the increase in density from 30 to 35 units per acre on Site B2.
- (c) A General Plan Amendment and zoning change will be necessary to allow residential uses at 35 units per acre on Site B6. Existing zoning for Site B6 is P(Rec, Enter).
- (d) Realistic capacity reduces the maximum developable units by 15 percent on Sites B1, B2, B3, B4, and B6. Realistic capacity of Site B5 is (d) reduced by 46 percent due to existing site constraints.
- (e) Identified capacity of sites that allow development densities of at least 20 units per acre are credited toward the lower-income RHNA based on State law. Pursuant to Government Code Section 65583.2(c)(3)(B), local governments may utilize "default" density standards to provide evidence that "appropriate zoning" is in place to support the development of housing for very-low and low-income households. The default density standard for Cupertino and other suburban jurisdictions in Santa Clara County is 20 dwelling units per acre (DUA) or more.
- (f) Realistic capacity for sites B1 and B5 represent net new units.

Source: City of Cupertino, 2014

TABLE 5.6: COMPARISON OF SITES AND RHNA - SCENARIO B

Income Category	Sites	Remaining RHNA	Surplus/ Shortfall(+/-)
Extremely Low and Very Low	1,386	356	
Low	--	207	
Moderate	--	196	
Above Moderate	--	243	
Total	1,386	1,002	+384

Source: City of Cupertino, 2014

5.6. Environmental Constraints

The sites inventory analysis reflects land use designations and densities established in the General Plan Land Use and Community Design Element. Thus, any environmental constraints that would lower the potential yield have already been accounted for. Sites identified to meet the RHNA are located in urbanized areas on previously developed sites; as such, there are no wetlands or other important biological issues of concern.

Any additional constraints that would occur on a more detailed site review basis would be addressed as part of the individual project review process. The capacity to meet the regional share and individual income categories are not constrained by any environmental conditions.

5.7. Availability of Site Infrastructure and Services

Site development potential indicated in the sites inventory is consistent with (and in most cases lower than) the development capacity reported in the Land Use and Community Design Element. Full urban-level services are available throughout the city and specifically to each site in the inventory. Such services are more than adequate for the

potential unit yield on each site. As indicated in the EIR for the General Plan Amendment and the Housing Element, there are sufficient water supplies available to serve the sites identified to meet the RHNA. With regard to sewer capacity, some capacity deficiencies exist in certain areas of Cupertino, including sewer lines serving the City Center area and lines on Stelling Road and Foothill Boulevard. As a result, the Cupertino Sanitary District requires developers of substantial projects to demonstrate that adequate capacity exists, or to identify the necessary mitigations. Development within these areas is reviewed on a case-by-case basis to ensure that adequate sewer capacity exists.

5.8. Zoning for Emergency Shelters and Transitional and Supportive Housing

To facilitate the development of emergency housing and comply with State law, the City amended the Zoning Code in 2010 to address emergency shelters and transitional and supportive housing.

Emergency Shelters

An emergency shelter is a facility that provides temporary housing with minimal supportive services and is limited to occupancy of six months or less. State law requires Cupertino to permit emergency shelters without discretionary approvals in at least one zoning district in the City.

The BQ zone is suitable to include permanent emergency shelters as a permitted use, and has historically allowed for rotating emergency shelters. Other uses currently permitted in the BQ zone with a conditional use permit include religious, civic, and comparable organizations, public utility companies, lodges, country clubs, child care facilities, residential care facilities, congregate residences, hospitals, and vocational and specialized schools.

As discussed in the Needs Assessment, the 2013 Santa Clara County Homeless Survey identified 112 homeless

individuals on the streets and in emergency shelters, transitional housing, and domestic violence shelters in the city of Cupertino. The homeless facilities in Cupertino have a capacity to house 20 individuals. As a result, there is a need to accommodate at least 92 more homeless individuals in the City.

There are several underutilized parcels within the BQ zone that could accommodate a permanent emergency shelter that serves 92 or more individuals. In particular, a number of churches in BQ zones own more land than they currently use. Surplus lands owned by churches include large parking lots and recreational spaces like fields and tennis courts. There are at least five parcels with approximately 154,000 square feet of vacant land in the BQ zone that could accommodate a permanent emergency shelter. These sites range from 19,000 square feet to 50,000 square feet, with an average lot size of 31,000 square feet. Parcels of this size would be able to accommodate a permanent emergency shelter that meets the needs of Cupertino.

Those parcels with surplus land area in the BQ zone are primarily located on or near Cupertino's main arterial corridors, providing for easy access to public transportation and essential services. In total, 12 bus lines and 131 bus stops serve the City of Cupertino. Numerous bus lines run along Stevens Creek Boulevard, providing connections to many destinations throughout Silicon Valley. West Valley Community Services, a nonprofit organization that provides homeless services, is located within 1.5 miles of these parcels. In addition, the Kaiser Santa Clara Medical Center is located within 2.5 miles of the parcels. Many of the City's retail and personal services are concentrated along Cupertino's major corridors. As such, the underutilized BQ parcels are appropriate locations for future emergency shelters. Opportunities for the conversion of existing buildings in the BQ zone into permanent emergency shelters is more limited because there are currently no vacant

buildings in the zone. However, if vacancies arise within the BQ zones, rehabilitation and reuse for emergency shelters could be explored.

Emergency homeless shelters are designated as a permitted use in the Quasi Public Building (BQ) zone. The ordinance includes the following emergency shelter operational regulations:

- The number of occupants does not exceed 25
- Adequate supervision is provided
- Fire safety regulations are met
- A management plan is provided which includes a detailed operation plan
- Shelter is available to any individual or household regardless of their ability to pay
- Occupancy is limited to six months or less.

Housing Element Strategy 22 states that the City will continue to facilitate housing opportunities for special needs persons by allowing emergency shelters as a permitted use in the "BQ" Quasi-Public zoning district.

In addition, rotating homeless shelters are also permitted within existing church structures in the BQ zone under similar conditions. The operation period of rotating shelters cannot exceed two months in any one-year span at a single location.

Transitional and Supportive Housing

Transitional housing is defined as rental housing for stays of at least six months but where the units are re-circulated to another program recipient after a set period. Supportive housing has no limit on the length of stay, and is linked to onsite or offsite services. Senate Bill 2 clarified that transitional housing and supportive housing constitute residential uses. Zoning ordinances must treat transitional

and supportive housing as a proposed residential use and subject only to those restrictions that apply to other residential uses of the same type in the same zone. In Cupertino, transitional and supportive housing developments are treated as residential land uses subject to the same approval process and development standards as other residential uses. The Zoning Code lists transitional and supportive housing as a permitted use in all zones allowing residential. These facilities are subject to the same development standards and permit processing criteria required for residential dwellings of the same type in the same zones.

5.9. Financial Resources for Housing

The City of Cupertino has access to a variety of funding sources for affordable housing activities. These include programs from federal, state, local, and private resources.

Community Development Block Grant (CDBG) Program

Through the Community Development Block Grant (CDBG) program, the federal Department of Housing and Urban Development (HUD) provides funds to local governments for funding a wide range of housing and community development activities for low-income persons. During the 2013 fiscal year, the City of Cupertino received \$342,702 in CDBG funds. CDBG funds are used for public services, site acquisition, housing rehabilitation, and fair housing/housing counseling activities.

HOME Investment Partnership Program (HOME)

The City of Cupertino entered into a multi-city HOME Consortium with the County of Santa Clara. As such, developers of eligible affordable housing projects within the City of Cupertino can competitively apply annually to the County of Santa Clara for HOME Funds for City of Cupertino affordable housing projects. The initial program year in which

HOME funds will become eligible to the City of Cupertino will begin July 1, 2015. Eligible HOME activities may include, but are not limited to acquisition, construction, rehabilitation and tenant based rental assistance (TBRA).

Redevelopment Agency Set-Aside Funds

Redevelopment Agency (RDA) housing set-aside funds, which used to be a primary local funding source for affordable housing, are no longer available to assist in new affordable housing development or acquisition/rehabilitation of existing units for conversion into affordable housing. This loss is associated with the Governor's 2011 state budget revisions and subsequent court cases, and as a result, funding sources for affordable housing are significantly more constrained. Cupertino's Redevelopment Agency dissolved as of February 1, 2012 according to state law. The City elected to become a Successor to the Redevelopment Agency (Successor Agency) in order to manage the wind-down of remaining contracts and obligations of the former Redevelopment Agency. The City does not have any available housing bond funds remaining from this source nor is it anticipated to receive program income in the future.

Low Income Housing Tax Credits (LIHTC)

Created by the 1986 Tax Reform Act, the LIHTC program has been used in combination with City and other resources to encourage the construction and rehabilitation of rental housing for lower-income households. The program allows investors an annual tax credit over a 10-year period, provided that the housing meets the following minimum low-income occupancy requirements: 20 percent of the units must be affordable to households at 50 percent of AMI or 40 percent of the units must be affordable to those at 60 percent of AMI. The total credit over the 10-year period has a present value equal to 70 percent of the qualified construction and rehabilitation expenditure. The tax credit is typically sold to large investors at a syndication value.

Mortgage Credit Certificate (MCC) Program

The Mortgage Credit Certificate (MCC) Program was created by the federal government, but the program is locally administered by the County of Santa Clara to assist first-time homebuyers in qualifying for a mortgage. The IRS allows eligible homebuyers with an MCC to take 20 percent of their annual mortgage interest as a dollar-for-dollar tax credit against their federal personal income tax. This enables first-time homebuyers to qualify for a larger mortgage than otherwise possible, and thus can bring home ownership within reach. In 1987, the County of Santa Clara established an MCC Program that has since assisted over 200 low and moderate-income first time homebuyers in Cupertino to qualify for a mortgage. However, as housing prices continue to rise in Cupertino, use of MCC has become less feasible. During the last Housing Element period, the MCC Program assisted three Cupertino low- and moderate-income residents.

Housing Choice Voucher Program

The Housing Choice Voucher Program (formerly known as Section 8 Rental Assistance) is a federal program that provides rental assistance to very-low income persons in need of affordable housing. This program offers a voucher that pays the difference between the current fair market rent and what a tenant can afford to pay (e.g. 30 percent of their income). The voucher allows a tenant to choose housing that may cost above the payment standard but the tenant must pay the extra cost.

Housing Trust Silicon Valley

Housing Trust Silicon Valley provides loans and grants to increase the supply of affordable housing, assist first-time homebuyers, prevent homelessness and stabilize neighborhoods. The Housing Trust's Affordable Housing Growth Fund intakes funds from local jurisdictions and provides matching grants for predevelopment activities, acquisition, and construction and rehabilitation of multi-family affordable housing developments. The City of

Cupertino has contributed to the Fund through its former Redevelopment Agency.

Below Market Rate (BMR) Affordable Housing Fund (AHF)

The City of Cupertino has a Below Market Rate Affordable Housing Fund that provides financial assistance to affordable housing projects, programs and services. The City requires payment of an Office and Industrial Mitigation fee, which is assessed on developers of office and industrial space and a Housing Mitigation fee, which is assessed on developers of market-rate rental housing to mitigate the need for affordable housing created by new development. Developers of for-sale housing with six or fewer units are required to pay the Housing Mitigation fee. Developers of market-rate rental units, where the units cannot be sold individually, must pay the Housing Mitigation fee to the Affordable Housing Trust Fund to be consistent with recent court decisions and the State Costa-Hawkins Act regarding rent control. All affordable housing mitigation fees are deposited into the City's Below Market-Rate (BMR) Affordable Housing Fund (AHF). Recent funding activities have included loans and grants to non-profit developers for acquisition and rehabilitation activities and public services such as landlord/tenant mediation services provided through Project Sentinel, and assistance to very low income persons and families provided through West Valley Community Services. As of 2014, there is approximately \$7 million in the BMR Affordable Housing Fund.

General Fund Human Service Grants (HSG) Program

Annually, the City of Cupertino provides approximately \$40,000 to non-profit agencies providing needed services to Cupertino residents. HSG Program funds are proposed to be allocated on a competitive basis toward eligible public service activities. Recent recipients have used the funds to provide transitional housing for domestic violence victim, senior adult day care services and legal assistance services to seniors.

6. ANALYSIS OF CONSISTENCY WITH GENERAL PLAN

The City's various General Plan components were reviewed to evaluate their consistency with the policies and strategies outlined in the Housing Element Update. The following section summarizes the goals of each General Plan element and identifies supporting Housing Element policies and strategies. This analysis demonstrates that the policies and strategies of this Housing Element provide consistency with the policies set forth in the General Plan and its associated elements. When amendments are made to the safety, conservation, land use, or other elements of the City's General Plan, the housing element will be reviewed for internal consistency.

Section 6.1. Land Use/Community Design

Goals

- Create a cohesive, connected community with a distinctive center and an identifiable edge
- Ensure a compact community boundary that allows efficient delivery of municipal services
- Establish a high sense of identity and community character
- Maintain a thriving and balanced community
- Promote thriving and diverse businesses that bring economic vitality to the community, while balancing housing, traffic and community character impacts
- Protect hillsides and promote regional planning coordination
- Expand City-wide access to community facilities and services

- Protect historically and archaeologically significant structures, sites and artifacts
- Promote a civic environment where the arts express an innovative spirit, celebrate a rich cultural diversity and inspire individual and community participation
- Create a full range of park and recreational resources that link the community, provide outdoor recreation, preserve natural resources and support public health and safety

Supporting Housing Element Policies

Policies HE-2, HE-3, HE-4, HE-5, and HE-13

Supporting Housing Element Strategies

HE Strategies 1 and 26

Section 6.2. Circulation

Goals

- Advocate for regional transportation planning decisions that support and complement the needs of Cupertino
- Increase the use of public transit, carpools, bicycling, walking and telecommuting
- Create a comprehensive network of pedestrian and bicycle routes and facilities
- Increased the use of public transit service and encourage the development of new rapid transit service
- Maintain roadway designs that accounts for the needs of motorists, pedestrians, bicycles and adjacent land uses
- Minimize adverse traffic and circulation impacts on residential neighborhoods

Supporting Housing Element Policies

Policy HE-3 and HE-14

Supporting Housing Element Strategies

HE Strategies 3 and 26

Section 6.3 Environmental Resources/ Sustainability

Goals

- Ensure a sustainable future for the City of Cupertino
- Reduce the use of non-renewable energy resources
- Improve energy conservation and building efficiency
- Maintain healthy air quality levels for the citizens of Cupertino through local planning efforts
- Protect specific areas of natural vegetation and wildlife habitation to support a sustainable environment
- Ensure mineral resource areas minimize community impacts and identify future uses
- Ensure the protection and efficient use of water resources
- Improve the quality of storm water runoff
- Reduce locally produced solid waste in order to reduce energy, protect resources and meet or exceed state requirements
- Ensure adequate sewer capacity
- Ensure adequate public infrastructure for existing uses and planned growth

Supporting Housing Element Policies

Policies HE-10 and HE-14

Supporting Housing Element Strategies

HE Strategies 20, 21 and 26

Section 6.4 Health and Safety

Goals

- Reduce hazard risks through regional coordination and mitigation planning
- Reduce risks associated with geologic and seismic hazards
- Protect the community from hazards associated with wildland and urban fires through efficient and effective fire and emergency services
- Minimize the loss of life and property through appropriate fire prevention measures
- Create an all-weather emergency road system to serve rural areas
- Ensure available water service in the hillside and canyon areas
- Ensure high quality police services that maintain the community's low crime rate and ensure a high level of public safety
- Protection people and property from the risks associated with hazardous materials and exposure to electromagnetic fields
- Ensure a high level of emergency preparedness to cope with both natural or human-caused disasters
- Protect people and property from risks associated with floods
- Maintain a compatible noise environment for existing and future land uses
- Reduce the noise impact from major streets and freeways on Cupertino residents

- Protect residential areas as much as possible from intrusive non-traffic noise
- Design buildings to minimize noise

Supporting Housing Element Policies

N/A

Supporting Housing Element Strategies

N/A

7. SUPPLEMENTAL MATERIALS

7.1 Stakeholder Interviews

Stakeholder interviews were conducted on December 11 and 12, 2013 to solicit input from stakeholders ranging from community members, property owners, housing developers, service providers, School Districts and the business community. The following agencies were invited to participate (bolded agencies and persons participated, totaling 25 people):

Advocates for a Better Cupertino

CARe (Cupertino Against Rezoning)

CCC (Concerned Citizens of Cupertino)

Cupertino Citizens for Fair Government (CCFG)

De Anza College

Silicon Valley Leadership Group

Cupertino Chamber of Commerce

Asian American Business Council

West Valley Community Services

League of Women Voters

HBANC (Bay Area Building Industry Association)

Housing Choices Coalition

Organization of Special Needs Families

Silicon Valley Association of Realtors**Catholic Charities of Santa Clara County****Eden Council for Hope and Opportunity**

Live Oak Adult Day Services

Maitri

Senior Adults Legal Assistance (SALA)

Rotary Club

Rebuilding Together Silicon Valley

Senior Housing Solutions

Charities Housing

YWCA Silicon Valley-Support Network Department

United Way Silicon Valley

Outreach and Escort

Santa Clara Family Health Foundation

Support Network for Battered Women

Institute for Age-Friendly Housing

Senior Citizens Commission

Santa Clara County Council of Churches

Mid Pen Housing**Habitat For Humanity East Bay/Silicon Valley**

Chinese American Realtors Association

Fremont Union High School District

Cupertino-Fremont Council of PTA

Cupertino Union School District

Modena Investments LP, Sunnyvale Holding LLC

Altos Enterprises Inc., Alpha Investments & Property Management Co.

LPMD Architects

Unaffiliated builders, lenders, and property owners

A summary of common themes from the interviews is summarized below. All comments and ideas are reported in aggregate and not attributed to any individual or organization.

Housing Needs:

- Overall housing affordability and the difference between housing demand and supply at all income levels
- Need for diversity of affordable rental units at all income levels and all household types
- Need to accommodate a growing aging population
- Smaller units including innovative housing models (e.g. dorms/boarded houses, senior care homes, efficiency studios, shared & co-housing, micro units)

Community acceptance:

- Acceptance is low due to impacts on schools, privacy, parking, noise and traffic
- Support for mixed use development in the style of Santana Row and Downtown Mountain View
- Improved local governmental transparency and community development

Type of development:

- Developers and advocates felt that three to five story development is appropriate for adding units but community representatives are concerned about increased height of multi-family development

Barriers to development of affordable housing include:

- Financial constraints, particularly due to the dissolution of Redevelopment Agencies and elimination of many federal and state funding sources and
- Lack of community and political support for housing

Community and Business Groups:

- Housing is a “choke point” in regional economy since it is hard to attract and retain employees in a highly competitive housing market
- Several interviewees felt that private employers should be obligated to provide more resources to housing
- Many felt that while employers feel concerned about schools and housing, they generally work to limit fees and taxes to businesses

School Districts:

- Schools in the northern part of the City are impacted due to higher student generation rates in existing housing while capacity in the south of the city is declining, likely due to aging households.
- Capacity, where needed, is being expanded by adding new buildings or, preferably, temporary and modular units.
- Currently using programs, centers and busing to distribute students
- Reluctant to re-district since homeowners purchase homes based on the school service areas

- Most of the Apple Campus 2 school impact fees will be allocated to the Santa Clara Unified School District while they expect that most employees who move to the area will reside within the CUSD service

7.2. Review of Previous Housing Element

A thorough review of the City’s housing plan constitutes an important first step in updating the Cupertino Housing Element. This section provides an evaluation of the City’s progress towards achieving housing goals and objectives as set forth in the prior Housing Element, and analyzes the efficacy and appropriateness of the City’s housing policies and programs. This review forms a key basis for restructuring the City’s housing plan to meet the housing needs of the Cupertino community. Table 7.1 provides a detailed summary of the City’s progress in implementing the programs outlined in the 2007-2014 Housing Element and Table 7.2 summarizes the City’s progress toward its RHNA.

TABLE 7.1: SUMMARY OF ACCOMPLISHMENTS OF 2007-2014 HOUSING ELEMENT IMPLEMENTATION PROGRAMS		
2007-2014 Housing Element Goals, Policies and Programs	2007-2014 Housing Element Program Accomplishments	Continued Appropriateness for 2014-2022 Housing Element
Goal A: An Adequate Supply of Residential Units for All Economic Segments		
Policy 1: Sufficiently Residentially Zoned Land for New Construction Need		
Program 1: Zoning and Land Use Designations Rezone one property (APN: 326-10-046) of 7.98 acres from 10 units per acre to 25 units per acre to accommodate up to 199 units.	The City completed the rezoning of 7.98 acres of land from 10 du/ac to 25 du/ac in 2010. The City is currently updating the Land Use Element concurrent with the Housing Element update. The Land Use Element update will likely result in additional sites for residential and mixed use development to accommodate the fifth cycle RHNA of 1,064 units.	This program is proposed to be included and revised in the 2014-2022 Housing Element to reflect the need to maintain an inventory of sites to accommodate the new RHNA of 1,064 units.
Program 2: Second Dwelling Unit Ordinance Continue to implement ordinance to achieve 25 second units	Between 2007 and 2013, 31 second units were constructed in the City.	This program continues to be appropriate for the City and is proposed to be included in the 2014-2022 Housing Element.
Program 3: Encourage Lot Consolidation Continue to encourage lot consolidation through master plans. Provide technical assistance to property owners.	The City continues to provide assistance to property owners regarding lot consolidation.	This is an ongoing activity and is proposed to be included and revised in the 2014-2022 Housing Element.

TABLE 7.1: SUMMARY OF ACCOMPLISHMENTS OF 2007-2014 HOUSING ELEMENT IMPLEMENTATION PROGRAMS

2007-2014 Housing Element Goals, Policies and Programs	2007-2014 Housing Element Program Accomplishments	Continued Appropriateness for 2014-2022 Housing Element
Goal B: Housing is Affordable for a Diversity of Cupertino Households		
Policy 2: Housing Mitigation Plan		
<p>Program 4: Housing Mitigation Plan – Office and Industrial Mitigation</p> <p>Continue to implement Office and Industrial Mitigation fee program.</p>	<p>Between 2007 and 2013, \$1,195,414 had been collected through the Housing Mitigation Program (Office/Industrial and Residential) and deposited to the Below Market-Rate (BMR) Affordable Housing Fund (AHF).</p>	<p>This program represents a key financing mechanism for affordable housing in Cupertino and is proposed to be included and revised in the 2014-2022 Housing Element.</p>
<p>Program 5: Housing Mitigation Program – Residential Mitigation</p> <p>Continue to implement the “Housing Mitigation” program to mitigate the need for affordable housing created by new market-rate residential development.</p>	<p>Between 2007 and 2013, 20 Below Market Rate (BMR) units were created through the Residential Housing Mitigation Program:</p> <ul style="list-style-type: none"> • 17 BMR rental units (Markham) • 3 BMR ownership units (Las Palmas) <p>The City contracts with West Valley Community Services (WVCS) to administer the Below Market-Rate (BMR) Affordable Housing Program which includes placing eligible households in the City’s BMR units.</p> <p>Between 2007 and 2013, \$1,195,414 had been collected through the Housing Mitigation Program (Office/Industrial and Residential) and deposited to the City’s Below Market-Rate (BMR) Affordable Housing Fund (AHF).</p>	<p>This program represents a key mechanism for affordable housing in Cupertino and is proposed to be included and revised in the 2014-2022 Housing Element.</p>
<p>Program 6: Affordable Housing Fund</p> <p>Provide financial assistance to affordable housing developments. Expend housing funds in the following manner:</p> <ul style="list-style-type: none"> • Finance affordable housing projects. • Establish a down payment assistance plan that may be used in conjunction with the BMR program or to make market rate units more affordable. • Establish a rental subsidy program to make market rate units more affordable. 	<p>Between 2007 and 2013, \$1,195,414 had been collected through the Housing Mitigation Program (Office/Industrial and Residential) and deposited to the City’s Below Market-Rate (BMR) Affordable Housing Fund (AHF). These funds were used to support affordable housing projects, programs and services such as:</p> <ul style="list-style-type: none"> • Project Sentinel – Landlord/Tenant Mediation Services • West Valley Community Services (WVCS) – BMR Program Administration • 19935 Price Avenue – Acquisition of affordable housing residential rental property. <p>However, the City did not establish a downpayment assistance program or a rental subsidy program.</p>	<p>The City will continue to utilize the Below Market-Rate (BMR) Affordable Housing Fund (AHF) to support affordable housing projects, programs and services. This program is proposed to be included and revised in the 2014-2022 Housing Element with a revised expanded list of potential eligible uses of funds.</p>

TABLE 7.1: SUMMARY OF ACCOMPLISHMENTS OF 2007-2014 HOUSING ELEMENT IMPLEMENTATION PROGRAMS

2007-2014 Housing Element Goals, Policies and Programs	2007-2014 Housing Element Program Accomplishments	Continued Appropriateness for 2014-2022 Housing Element
Policy 3: Range of Housing Types		
<p>Program 7: Mortgage Credit Certificate (MCC) Program</p> <p>Participate in the countywide MCC program to assist one to two households annually.</p>	<p>The County of Santa Clara continues to operate this program. However, given the high home prices in Cupertino, the potential of utilizing this program is limited. As of 2013, the maximum purchase price limits were \$570,000 for resale properties and \$630,000 for new units.</p>	<p>This program is proposed to be included in the 2014-2022 Housing Element as a new program – Referral to Housing Resources.</p>
<p>Program 8: Move-In for Less Program</p> <p>Program is offered by the Apartments Association.</p>	<p>This program offered by the Tri-County Apartment Association was discontinued in 2010.</p>	<p>This program is proposed to be removed from the 2014-2022 Housing Element.</p>
<p>Program 9: Surplus Property for Housing</p> <p>Explore opportunities on surplus properties as follows:</p> <ul style="list-style-type: none"> • In conjunction with local public agencies, school districts and churches, develop a list of surplus property or underutilized property that have the potential for residential development. • Encourage long-term land leases of property from churches, school districts corporations for construction of affordable units. • Evaluate the feasibility of developing special housing for teachers or other employee groups on the surplus properties. • Review housing programs in neighboring school districts that assist teachers for applicability in Cupertino 	<p>As part of the 2014-2022 Housing Element update and concurrent Land Use Element update, the City has explored and prioritized various vacant and underutilized properties with potential residential and mixed use development within the next eight years. These properties are included in the sites inventory for the Housing Element</p>	<p>This program is proposed to be included and revised in the 2015-2023 Housing Element.</p>
<p>Program 10: Jobs/Housing Balance Program</p> <p>Require major new office/industrial development to build housing as part of new development projects.</p>	<p>The City’s General Plan and 2007-2014 Housing Element offer adequate capacity to accommodate the City’s RHNA for the planning period. The City continues to implement its Housing Mitigation Program to enhance the jobs/housing balance in the community.</p>	<p>This program is proposed to be included and revised in the 2014-2022 Housing Element as key elements of three new programs – Land Use Policy and Zoning Provisions, Housing Mitigation Plan – Office and Industrial Mitigation and Housing Mitigation Plan – Residential Mitigation.</p>

TABLE 7.1: SUMMARY OF ACCOMPLISHMENTS OF 2007-2014 HOUSING ELEMENT IMPLEMENTATION PROGRAMS

2007-2014 Housing Element Goals, Policies and Programs	2007-2014 Housing Element Program Accomplishments	Continued Appropriateness for 2014-2022 Housing Element
Policy 4: Housing Rehabilitation		
<p>Program 11: Affordable Housing Information and Support Provide information, resources and support to developers who can produce affordable housing</p>	<p>The City continues to provide information, resources, and support to developers.</p>	<p>This program is proposed to be included in the 2014-2022 Housing Element.</p>
Policy 5: Development of Affordable Housing		
<p>Program 12: Density Bonus Program Allow for a density bonus and additional concessions for development of 6 or more units that provide affordable housing for families and seniors</p>	<p>As part of the 2015-2023 Housing Element update, the City is also amending its Zoning Code to revise the Density Bonus Ordinance to be consistent with State law.</p>	<p>This program is proposed to be included and revised in the 2015-2023 Housing Element. A new revised Density Bonus Ordinance was adopted in 2014.</p>
<p>Program 13: Regulatory Incentives for Affordable Housing Provide regulatory incentives for affordable housing, such as waiving park dedication fees and construction tax for affordable units, or reducing parking requirement for mixed use developments.</p>	<p>The City continues to waive park dedication fees and provide parking ordinance waivers for affordable developments.</p>	<p>This program is proposed to be included in the 2014-2022 Housing Element.</p>
<p>Program 14: Extremely Low Income Housing Encourage the development of adequate housing to meet the needs of extremely low-income households by providing assistance and funding for affordable housing developments</p>	<p>The City continues to support the development of housing affordable to extremely low income households.</p>	<p>This program is proposed to be included and revised in the 2014-2022 Housing Element. The proposed revision will include Housing for Persons with Special Needs to be added to this program.</p>
<p>Program 15: Residential and Mixed Use Opportunities in or Near Employment Centers Encourage mixed use development and the use of shared parking facilities in or near employment centers. Evaluate the possibility of allowing residential development above existing parking areas.</p>	<p>As part of the 2015-2023 Housing Element update and concurrent Land Use Element update, the City has explored and prioritized various vacant and underutilized properties with potential residential and mixed use development within the next eight years. These properties are included in the sites inventory for the Housing Element.</p>	<p>This program is proposed to be added as a policy statement to Goal A: An Adequate Supply of Residential Units for All Economic Segments for the 2014-2022 Housing Element to encourage mixed use development.</p>

TABLE 7.1: SUMMARY OF ACCOMPLISHMENTS OF 2007-2014 HOUSING ELEMENT IMPLEMENTATION PROGRAMS		
2007-2014 Housing Element Goals, Policies and Programs	2007-2014 Housing Element Program Accomplishments	Continued Appropriateness for 2014-2022 Housing Element
Program 16: Expedited Permit Procedures		
Expedite permit processing for housing developments that contain at least 20 percent of units for lower-income households, or 10 percent of units for very low-income households, or 50 percent of units for senior citizens.	The City continues to offer expedited permit processing for affordable housing projects meeting the State Density Bonus requirements.	This program is proposed to be included but revised in the 2014-2022 Housing Element as a new program - Incentives for Affordable Housing Development
Policy 6: Tax Increment Funds		
Program 17: Redevelopment Housing Set Aside Fund		
Develop policies and objectives for the use of those Low and Moderate Income Housing Funds.	The Redevelopment Agency was dissolved in 2012, pursuant to AB1X26 and AB1X27.	Program is proposed to be removed from the 2014-2022 Housing Element.
Policy 7: Housing Densities		
Program 18: Flexible Residential Standards		
Allow flexible residential development standards in planned residential zoning districts, such as smaller lot sizes, lot widths, floor area ratios and setbacks, particularly for higher density and attached housing developments.	The City continues to offer flexible development standards.	Policy 7 and this program are proposed to be included in the 2014-2022 Housing Element under Goal A to facilitate a range of housing options in the community.
Program 19: Residential Development Exceeding Maximums		
Allow residential developments to exceed planned density maximums if they provide special needs housing	The City continues to provide this regulatory incentive to facilitate affordable housing for persons with special needs. However, no development utilized this incentive between 2007 and 2013.	This program is proposed to be included and revised in the 2014-2022 Housing Element as part of a new program – Housing for Extremely Low Income Households and Persons with Special Needs
Program 20: Monitor R-3 Development Standards		
Monitor the R-3 development standards on a regular basis to ensure that the requirements do not constrain new housing production.	The City continues to monitor its development standards. Future residential development is likely to focus in mixed use areas in the City. As part of the Land Use Element update process conducted concurrent with the Housing Element update, the City reviewed and proposed modifications to development standards to facilitate multi-family and mixed use development.	This program is proposed to be included in the 2014-2022 Housing Element as part of a new program – Land Use Policy and Zoning Provisions.
Program 21: Clarify Language of Planned Development (P) District		
Amend the zoning ordinance to clarify that residential development in P (Res/R3) zones will require a planned development permit and not a conditional use permit.	The Zoning Ordinance was amended in 2010 to clarify that residential development in the P (Res/R3) zones require a planned development permit.	This program was completed in 2010 and is proposed to be removed from the 2014-2022 Housing Element.

TABLE 7.1: SUMMARY OF ACCOMPLISHMENTS OF 2007-2014 HOUSING ELEMENT IMPLEMENTATION PROGRAMS

2007-2014 Housing Element Goals, Policies and Programs	2007-2014 Housing Element Program Accomplishments	Continued Appropriateness for 2014-2022 Housing Element
Goal C: Enhance Residential Neighborhoods		
Policy 8: Maintenance and Repair		
<p>Program 22: Apartment Acquisition and Rehabilitation</p> <p>Provide financial assistance to eligible very low and low-income homeowners to rehabilitate their housing units.</p>	<p>The City continues to assist non-profits with the acquisition and rehabilitation of affordable housing units such as:</p> <ul style="list-style-type: none"> • Maitri Transitional Housing Rehabilitation: CDBG funds were used to rehabilitate this four-unit transitional housing for victims of domestic violence. Project was completed in 2010. • Senior Housing Solutions – 19935 Price Avenue: Acquisition and rehabilitation of this property using the Below Market-Rate (BMR) Affordable Housing Fund (AHF) and Community Development Block Grant (CDBG) funds and was completed in 2011. This home is now occupied by five low income seniors. 	<p>Preserving and improving the quality of housing for lower income households is important to the City. This program is proposed to be included and revised in the 2014-2022 Housing Element to incorporate both rehabilitation efforts for both single-family and multi-family rehabilitation.</p>
Policy 9: Conservation of Housing Stock		
<p>Program 23: Preservation of "At Risk Units"</p> <p>Monitor owners of at-risk projects on an ongoing basis to determine their interest in selling, prepaying, terminating or continuing participation in a subsidy program. Work with owners, tenants, and nonprofit organizations to assist in the nonprofit acquisition of at-risk projects to ensure long-term affordability of developments where appropriate.</p>	<p>The City did not experience a loss of any "at risk" affordable units converting to market-rate during the planning period</p>	<p>The City works to preserve its affordable housing stock. This program is proposed to be included and revised in the 2014-2022 Housing Element.</p>
<p>Program 24: Condominium Conversions</p> <p>Continue to implement to Condominium Conversion Ordinance.</p>	<p>The City continues to implement the Condominium Conversion Ordinance.</p>	<p>This program is proposed to be included and revised in the 2014-2022 Housing Element.</p>

TABLE 7.1: SUMMARY OF ACCOMPLISHMENTS OF 2007-2014 HOUSING ELEMENT IMPLEMENTATION PROGRAMS

2007-2014 Housing Element Goals, Policies and Programs	2007-2014 Housing Element Program Accomplishments	Continued Appropriateness for 2014-2022 Housing Element
<p>Program 25: Rental Housing Preservation Program</p> <p>Develop and adopt a program that would grant approval only if at least two of the following three circumstances exist:</p> <ul style="list-style-type: none"> • The project will comply with the City’s BMR Program based on the actual number of new units constructed, not the net number of units; and/or • The number of rental units to be provided on the site is at least equal to the number of existing rental units; and/or • No less than 20 percent of the units will comply with the City’s BMR Program. 	<p>The City has explored the extent to which the proposed Rental Housing Preservation Program is consistent with State laws such as the Ellis Act and the Costa Hawkins Act.</p>	<p>The City will continue to explore the extent to which existing rental housing can be preserved consistent with State law as part of the 2014-2022 Housing Element.</p>
<p>Program 26: Conservation and Maintenance of Affordable Housing</p> <p>Develop a program to encourage the maintenance and rehabilitation of residential structures to preserve the older, more affordable housing stock.</p>	<p>The City contracts with Rebuilding Together Silicon Valley (RTSV) to provide home safety repairs and mobility/ accessibility improvements to income-qualified owner-occupants using CDBG funds. The focus of this program is on the correction of safety hazards. Between 2007 and 2013, 31 households were assisted through this program.</p>	<p>The City recognizes the importance of maintaining and improving its existing housing stock. This program is proposed to be included in the 2014-2022 Housing Element as a new program - Residential Rehabilitation.</p>
<p>Program 27: Neighborhood and Community Clean Up Campaigns</p> <p>Continue to encourage and sponsor neighborhood and community clean up campaigns for both public and private properties.</p>	<p>The Environmental Services division organizes an annual city-wide garage sale to encourage reuse of items which ordinarily might end up in the landfill. Also, the division organizes community creek clean-up campaigns.</p>	<p>This is an ongoing program and is proposed to be included in the 2014-2022 Housing Element.</p>
<p>Policy 10: Energy Conservation</p>		
<p>Program 28: Energy Conservation Opportunities</p> <p>Continue to enforce Title 24 requirements for energy conservation and evaluate utilizing suggestions as identified in the Environmental Resources/Sustainability element.</p>	<p>The City continues to enforce Title 24.</p>	<p>This is a function of the Building Division and is proposed to be included as a separate housing program in the 2014-2022 Housing Element.</p>

TABLE 7.1: SUMMARY OF ACCOMPLISHMENTS OF 2007-2014 HOUSING ELEMENT IMPLEMENTATION PROGRAMS

2007-2014 Housing Element Goals, Policies and Programs	2007-2014 Housing Element Program Accomplishments	Continued Appropriateness for 2014-2022 Housing Element
<p>Program 29: Fee Waivers or Reduction for Energy Conservation</p> <p>Evaluate and implement the potential to provide incentives, such as waiving or reducing fees, for energy conservation improvements to residential units (existing or new).</p>	<p>The City adopted a Green Building Ordinance in 2013 to facilitate energy conservation efforts. Residential and nonresidential new construction, addition, and renovation are required to comply with the Green Building Ordinance.</p>	<p>This program is proposed to be included and revised in the 2014-2022 Housing Element.</p>
<p>Program 30: Energy Efficiency Audits</p> <p>Offer free energy efficiency audits for residential units under a contract with Acterra.</p>	<p>Energy audits were offered through an ARRA grant by the Public Information Office through a contract with Actera.</p>	<p>The ARRA program expired in 2012. This program is proposed to be removed from the 2014-2022 Housing Element.</p>
<p>Program 31: Energy Conservation in Residential Development</p> <p>Continue to encourage energy efficient residential development and provide technical assistance to developers who are interested in incorporating energy efficient design elements into their program.</p>	<p>The City also adopted a Green Building Ordinance in 2012 to encourage energy conservation efforts.</p>	<p>This program is proposed to be included in the 2014-2022 Housing Element.</p>
Goal D: Services for Special Needs Households		
Policy 11: Special Needs Households		
<p>Program 32: Emergency Shelters</p> <p>Revise the Zoning Ordinance to allow permanent emergency shelter facilities in "BQ" Quasi-Public zoning districts as a permitted use.</p>	<p>The City revised the Zoning Ordinance in 2010 to permit emergency shelters in the "BQ" Quasi-Public zoning districts as a permitted use.</p>	<p>The City updated the Zoning Ordinance in 2014 to remove the requirement that emergency shelters be located in churches. A program is proposed to be included in the 2014-2022 Housing Element to continue to facilitate this type of housing.</p>
<p>Program 33: Rotating Homeless Shelter</p> <p>Continue to support the rotating emergency shelter operated by West Valley Community Services</p>	<p>West Valley Community Services (WVCS) successfully managed the Rotating Shelter Program for 18 years. The Rotating Shelter Program is now operated through Faith in Action Silicon Valley.</p>	<p>The City recognizes the critical need to provide homeless prevention and emergency shelter services for the homeless in the region. This program is proposed to be included in the 2014-2022 Housing Element.</p>
<p>Program 34: Transitional and Supportive Housing</p> <p>Amend its zoning ordinance to comply with the requirements of SB2. Transitional and supportive housing will be treated as residential uses and be subject to the same development standards and restrictions that apply to similar housing types in the same zone.</p>	<p>The City revised the Zoning Ordinance in 2010 to provide transition and supportive housing as a residential use to be permitted in similar manners as similar uses in the same zones.</p> <p>In 2008, the City contributed \$800,000 to Maitri, a non-profit agency providing transitional housing to victims of domestic violence, for the purchase of a four-plex in Cupertino. The project was completed in 2010.</p>	<p>The Zoning Ordinance amendment program was completed in 2010. This program is proposed to be removed from the 2014-2022 Housing Element.</p>

TABLE 7.1: SUMMARY OF ACCOMPLISHMENTS OF 2007-2014 HOUSING ELEMENT IMPLEMENTATION PROGRAMS

2007-2014 Housing Element Goals, Policies and Programs	2007-2014 Housing Element Program Accomplishments	Continued Appropriateness for 2014-2022 Housing Element
<p>Program 35: Catholic Social Services (Single Parents)</p> <p>Provide help, Catholic Social Services, to place single parents in shared housing situations through the Santa Clara County Urban County programs.</p>	<p>Catholic Charities continues to provide the shared housing services through the Urban County CDBG program.</p>	<p>The City will continue to provide a range of supportive services to its residents, especially those with special needs, in order to foster a suitable living environment. A new program is proposed to be included and revised in the 2014-2022 Housing Element to reflect the range of services that may be supported by the City.</p>
<p>Program 36: Flexible Parking Standards</p> <p>Consider granting reductions in off-street parking on a case-by-case basis for senior housing.</p>	<p>The City continues to offer reductions in parking requirements on a case-by-case basis for senior housing. However, no new senior housing project was developed between 2007 and 2013.</p>	<p>This program is proposed to be included in the 2014-2022 Housing Element.</p>
Goal E: Equal Access to Housing Opportunities		
Policy 12: Housing Discrimination		
<p>Program 37: Santa Clara County Fair Housing Consortium</p> <p>Distribute fair housing materials at all public facilities throughout the City and also has a booth at public events to distribute materials.</p>	<p>The City continues to participate in the Fair Housing Consortium. Fair housing materials distributed by various organizations are available at public counters.</p>	<p>This program is proposed to be included and revised in the 2014-2022 Housing Element</p>
<p>Program 38: Fair Housing Outreach</p> <p>Continue to contract with ECHO Housing to provide fair housing outreach services.</p>	<p>The City continues to contract with Eden Council for Hope and Opportunity (ECHO) to provide fair housing services, including outreach and education, counseling, and investigation of fair housing complaints. Also Project Sentinel provides tenant/landlord mediation services under contract for the City.</p>	<p>This program is proposed to be included in the 2014-2022 Housing Element as a new program - Fair Housing Services.</p>
<p>Program 39: Reasonable Accommodation Ordinance</p> <p>Adopt a written reasonable accommodation ordinance to provide persons with disabilities exceptions in zoning and land-use for housing.</p>	<p>The City adopted the Reasonable Accommodation Ordinance in 2010</p>	<p>This program was completed in 2010 and is proposed to be removed from the 2014-2022 Housing Element.</p>
Goal F: Coordination with Local School Districts		
Policy 13: Coordination with Local School Districts		
<p>Program 40: Coordination with Local School Districts</p> <p>Form a new committee of key staff from the City and the school districts to meet on a bi-monthly basis or as needed to review City planning initiatives, development proposals and School capital facilities and operating plans.</p>	<p>City staff continues to meet with the school districts to discuss facility needs. However, no formal committee was established.</p>	<p>The City recognizes the importance of addressing development impacts on the school districts. This program is proposed to be included and revised in the 2014-2022 Housing Element. In addition, the proposed new revised program will reflect coordination with other agencies, organizations, and neighboring jurisdictions to address regional housing issues.</p>

TABLE 7.2: PROGRESS TOWARD RHNA, 2007-2013

	Very Low	Low	Moderate	Above Moderate	Total
RHNA	341	229	243	357	1170
Construction	25	23	27	587	662
% of RHNA	7.3%	10.0%	11.1%	164.4%	56.6%

Sources: City of Cupertino, 2014; ABAG, 2014

In the 2007-2013 period, many factors restricted the development of lower income housing, including the dissolution of redevelopment agencies, diminished local, state, and federal funding, legal challenges against inclusionary housing policies, the Palmer decision invalidating inclusionary requirements for rental housing, and a depressed housing market for the majority of the planning period. As a result, affordable housing production statewide was seriously impacted. For example, at the State level, some affordable housing programs either did not issue Notices of Funding Availability (NOFAs) or the funding levels and grant award amounts were substantially diminished. At the federal level, CDBG and HOME funds have been consistently reduced over the last several years.

According to ABAG, regionally, only 41 percent of the RHNA was met and only about 22 percent of the lower income RHNA was met. Furthermore, the majority of the lower income units were constructed in San Francisco and in the cities of Oakland and San Jose.

Despite the challenges with funding limitations, market conditions, and legal constraints, the City of Cupertino remains committed to affordable housing. Given the competitive nature of affordable housing funding at the State and federal levels, generating local funding through its Housing Mitigation Program (Non-residential and Residential) is an important strategy to the City. The City is in the process of updating its Nexus Study, currently progressing on a fast track, with an anticipated adoption in 2015. The new Nexus Study would allow the City to continue to implement its Housing Mitigation Program and to impose reasonable and appropriate fees that reflect the local housing market conditions.

7.3. Parcel-Specific Sites Inventory Table

Local housing elements must identify sites that can accommodate the city’s share of the regional housing need as well as quantify the housing unit capacity of those sites. Moreover, the sites must be suitable, appropriate and available within the planning period to accommodate the housing needs of all income groups. The sites inventory must be presented on a parcel-specific basis.

TABLE 7.3: RESIDENTIAL SITES INVENTORY TO MEET THE 2014 RHNA - SCENARIO A						
Site Identifier	APN	Adopted General Plan	Adopted Zoning	Max Allowable Density (DUA)	Size (Acres)	Realistic Capacity
A1: The Hamptons	316 06 032	High Density	P(Res)	85	6.33	600
A1: The Hamptons	316 06 037	High Density	P(Res)	85	6.11	
A2: Vallco Shopping District	316 20 107	Regional Shopping/ Office/Residential	P(Regional Shopping) and P(CG) Zoning to be determined by Specific Plan to allow residential uses.	35	58.7	389
A2: Vallco Shopping District	316 20 080			35		
A2: Vallco Shopping District	316 20 081			35		
A2: Vallco Shopping District	316 20 088			35		
A2: Vallco Shopping District	316 20 101			35		
A2: Vallco Shopping District	316 20 106			35		
A2: Vallco Shopping District	316 20 104			35		
A2: Vallco Shopping District	316 20 105			35		
A2: Vallco Shopping District	316 20 100			35		
A2: Vallco Shopping District	316 20 099			35		
A2: Vallco Shopping District	316 20 092			35		
A2: Vallco Shopping District	316 20 094			35		
A2: Vallco Shopping District	316 20 095			35		
A2: Vallco Shopping District	316 20 082			35		
A3: Oaks Shopping Center	326 27 040	Commercial/Residential	P(CG,Res)	30	0.64	200
A3: Oaks Shopping Center	326 27 039	Commercial/Residential	P(CG,Res)	30	5.40	
A3: Oaks Shopping Center	common area	Commercial/Residential	P(CG,Res)	30	0.72	
A3: Oaks Shopping Center	326 27 041	Commercial/Residential	P(CG,Res)	30	1.20	
A4: Marina Plaza	326 34 066	Commercial/Office/ Residential	P(CG,Res)	35	6.86	200
A5: Barry Swenson Site	375 07 001	Commercial/Office/ Residential	P(CG,Res)	25	0.55	11
				Total	86.51	1,400

Note: Realistic capacity for Sites A1, A3, A4 and A5 reduces the maximum developable units by 15 percent. Realistic capacity for Site A2 is the amount allocated to the site in the Housing Element; a specific plan will be required for Site A2 prior to any new development. Residential capacity for Site A1 reflects the net increase in units.

Source: City of Cupertino, 2014

Cupertino's sites inventory to meet the 2014-2022 RHNA allocation identifies a total of 1,400 units. Detailed information on each parcel included in the inventory is presented in Table 7.3 and Table 7.4 for both Scenario A and Scenario B.

TABLE 7.3: RESIDENTIAL SITES INVENTORY TO MEET THE 2014 RHNA - SCENARIO A (CONTINUED)

Site Identifier	Infrastructure Capacity	Current Use	PDA	Potential CEQA Streamlining
A1: The Hamptons	Yes	Multi family housing	--	--
A1: The Hamptons	Yes	Multi family housing	--	--
A2: Vallco Shopping District	Yes	Shopping center	--	Plan EIR
A2: Vallco Shopping District	Yes	Shopping center, parking	--	Plan EIR
A2: Vallco Shopping District	Yes	Shopping center, parking	--	Plan EIR
A2: Vallco Shopping District	Yes	Shopping center	--	Plan EIR
A2: Vallco Shopping District	Yes	Shopping center	--	Plan EIR
A2: Vallco Shopping District	Yes	Shopping center	--	Plan EIR
A2: Vallco Shopping District	Yes	Shopping center	--	Plan EIR
A2: Vallco Shopping District	Yes	Shopping center	--	Plan EIR
A2: Vallco Shopping District	Yes	Shopping center	--	Plan EIR
A2: Vallco Shopping District	Yes	Shopping center, parking	--	Plan EIR
A2: Vallco Shopping District	Yes	Parking	--	Plan EIR
A2: Vallco Shopping District	Yes	Shopping center, parking	--	Plan EIR
A2: Vallco Shopping District	Yes	Shopping center	--	Plan EIR
A2: Vallco Shopping District	Yes	Shopping center, parking	--	Plan EIR
A3: Oaks Shopping Center	Yes	Parking	VTA PDA	Plan EIR
A3: Oaks Shopping Center	Yes	Shopping center	VTA PDA	Plan EIR
A3: Oaks Shopping Center	Yes	Shopping center	VTA PDA	Plan EIR
A3: Oaks Shopping Center	Yes	Parking	VTA PDA	Plan EIR
A4: Marina Plaza	Yes	Shopping center	VTA PDA	Plan EIR
A5: Barry Swenson Site	Yes	Vacant	VTA PDA	Plan EIR

Note: Realistic capacity for Sites A1, A3, A4 and A5 reduces the maximum developable units by 15 percent. Realistic capacity for Site A2 is the amount allocated to the site in the Housing Element; a specific plan will be required for Site A2 prior to any new development. Residential capacity for Site A1 reflects the net increase in units.

Source: City of Cupertino, 2014

TABLE 7.4: RESIDENTIAL SITES INVENTORY TO MEET THE 2014 RHNA - SCENARIO B						
Site Identifier	APN	General Plan	Zoning	Max Allowable Density (DUA)	Size (Acres)	Realistic Capacity
B1: The Hamptons	316 06 032	High Density	P(Res)	99(a)	6.33	750
B1: The Hamptons	316 06 037	High Density	P(Res)	99 (a)	6.11	
B2: Oaks Shopping Center	326 27 040	Commercial/Residential	P(CG,Res)	35 (b)	0.64	235
B2: Oaks Shopping Center	326 27 039	Commercial/Residential	P(CG,Res)	35 (b)	5.40	
B2: Oaks Shopping Center	common area	Commercial/Residential	P(CG,Res)	35 (b)	0.72	
B2: Oaks Shopping Center	326 27 041	Commercial/Residential	P(CG,Res)	35 (b)	1.20	
B3: Marina Plaza	326 34 066	Commercial/Office/Residential	P(CG,Res)	35	6.86	200
B4: Barry Swenson Site	375 07 001	Commercial/Office/Residential	P(CG,Res)	25	0.55	11
B5: Glenbrook Apartments	326 27 036	Medium Density	R3(10-20)	20	11.62	58
B5: Glenbrook Apartments	326 27 037	Medium Density	R3(10-20)	20	19.72	
B6: Homestead Lanes	326 09 061	Commercial/Residential (c)	P(CG,Res) (c)	35 (c)	1.13	132
B6: Homestead Lanes	326 09 051	Commercial/Residential (c)	P(CG,Res) (c)	35 (c)	0.48	
B6: Homestead Lanes	326 09 052	Commercial/Residential (c)	P(CG,Res) (c)	35 (c)	0.74	
B6: Homestead Lanes	326 09 060	Commercial/Residential (c)	P(CG,Res) (c)	35 (c)	2.74	
				Total	64.24	1,386

Note:

(a) A General Plan Amendment and zoning change will be necessary to allow the increase in density from 85 to 99 units per acre on Site B1.

(b) A General Plan Amendment and zoning change will be necessary to allow the increase in density from 30 to 35 units per acre on Site B2.

(c) A General Plan Amendment and zoning change will be necessary to allow residential uses at 35 units per acre on Site B6. Existing Zoning for this site is P(Rec, Enter)

(d) Realistic capacity reduces the maximum developable units by 15 percent on Sites B1, B2, B3, B4, and B6. Realistic capacity of Site B5 is reduced by 46 percent due to existing site constraints.

(e) Residential capacity for Sites B1 and B5 reflect the net increase in units.

Source: City of Cupertino, 2014

TABLE 7.4: RESIDENTIAL SITES INVENTORY TO MEET THE 2014 RHNA - SCENARIO B (CONTINUED)

Site Identifier	Infrastructure Capacity	Current Use	PDA	Potential CEQA Streamlining
B1: The Hamptons	Yes	Multi family housing	--	--
B1: The Hamptons	Yes	Multi family housing	--	--
B2: Oaks Shopping Center	Yes	Parking	VTA PDA	Plan EIR
B2: Oaks Shopping Center	Yes	Shopping center	VTA PDA	Plan EIR
B2: Oaks Shopping Center	Yes	Shopping center	VTA PDA	Plan EIR
B2: Oaks Shopping Center	Yes	Parking	VTA PDA	Plan EIR
B3: Marina Plaza	Yes	Shopping center	VTA PDA	Plan EIR
B4: Barry Swenson Site	Yes	Vacant	VTA PDA	Plan EIR
B5: Glenbrook Apartments	Yes	Multi family housing	--	Plan EIR
B5: Glenbrook Apartments	Yes	Multi family housing	--	Plan EIR
B6: Homestead Lanes	Yes	Shopping center, parking	--	--
B6: Homestead Lanes	Yes	Restaurant	--	--
B6: Homestead Lanes	Yes	Shopping center, parking	--	--
B6: Homestead Lanes	Yes	Bowling alley, parking	--	--

Note:

- (a) A General Plan Amendment and zoning change will be necessary to allow the increase in density from 85 to 99 units per acre on Site B1.
- (b) A General Plan Amendment and zoning change will be necessary to allow the increase in density from 30 to 35 units per acre on Site B2.
- (c) A General Plan Amendment and zoning change will be necessary to allow residential uses at 35 units per acre on Site B6.
- (d) Realistic capacity reduces the maximum developable units by 15 percent on Sites B1, B2, B3, B4, and B6. Realistic capacity of Site B5 is reduced by 46 percent due to existing site constraints.
- (e) Residential capacity for Sites B1 and B5 reflect the net increase in units.

Source: City of Cupertino, 2014

7.4. Comment Letter to HCD

During the 60-day HCD review period, one comment letter was submitted to HCD from the Law Foundation of Silicon Valley. The following responses provide information pertaining to each of the comments in the letter:

Comment 1: The HE Fails to Analyze Cupertino’s Failure to Produce Affordable Units During the Past Planning Period.

Local jurisdictions are obligated to identify adequate sites with appropriate densities and development standards to accommodate the RHNA. State Housing Element law recognizes that cities and counties do not have control over market conditions and often do not have adequate resources to produce the number of lower income units identified in the Regional Housing Needs Allocation (RHNA). The RHNA is a planning goal and not a production obligation for local jurisdictions.

Despite the challenges with funding limitations, market conditions, and legal constraints, the City of Cupertino remains committed to affordable housing. The City has added additional information to address this comment on page B-179 of the Housing Element Appendix.

Comment 2: The HE Should Address Non-Governmental Constraints on Housing Development

While the Housing Element law specifies that local jurisdictions must evaluate non-governmental constraints on housing development, the law is also clear that local jurisdictions must “address and, where appropriate and legally possible, remove governmental constraints to the maintenance, improvement, and development of housing” [Gov’t Code 65583(c)(3)], but the same is not required for nongovernmental constraints.

Economic Displacement

As a built out community, housing development in Cupertino has primarily occurred through recycling of existing underutilized commercial/mixed use properties. During the last Housing Element period, no housing project involving the demolition of existing multi-family housing occurred, resulting in no direct displacement of existing residents.

For the 2014-2022 Housing Element, future housing is expected to occur primarily on mixed use properties and by infilling existing residential developments. The Hamptons site is the only site with the potential to displace some existing tenants. The Hamptons has a total of 34 Below Market Rate (BMR) units within its development and has expressed to the City that they intend to maintain and preserve the 34 BMR units. Additionally, Strategy 18, Housing Preservation Program, provides that if a proposed development would cause a loss of multifamily housing, the development must comply with the City's BMR program, provide at least as much housing in the new development as currently exists, and mitigate adverse impacts on displaced tenants.

The City's housing policies are designed to increase the supply of housing in the City so that the supply of housing can better meet the demand, and costs will, over time, be moderated. Strategy 7, the City's Housing Mitigation program, will ensure that each new residential and commercial development will either provide affordable housing or pay housing mitigation fees to increase the supply of affordable housing. The City has added additional information to address this comment on page HE-39 of the Housing Element, under Strategy 18 (Housing Preservation Program).

Community Resistance to Affordable Housing

The 2014-2022 Housing Element was developed with extensive consultation with the community. The overall residential sites strategy, including priority and opportunity sites, was vetted through the public participation process and provides adequate capacity for the City's new RHNA.

Opposition to affordable housing typically focuses on concentration, density, and quality. The 2014-2022 Housing Element includes a program to address community opposition to affordable housing – the City's well-received Housing Mitigation Program. With the funding generated by this program, the City has been able to provide assistance to the underserved segments of the community, including the elderly, disabled, and first-time buyers. The City is in the process of updating the Nexus Study that supports the implementation of the Housing Mitigation Program. This update will enhance the effectiveness of the program and expected to be completed in 2015.

Comment 3: The HE's Quantified Objective and Programs Require Additional Specificity

Programs Lack Meaningful Timeframes

The Draft 2014-2022 Housing Element has been revised to provide additional specificity:

- Strategy 8 (Below Market-Rate (BMR) Affordable Housing Fund (AHF): clarified the time frame to solicit projects annually and updated the time frame for the Nexus Study (from 2016 to 2015).
- Strategy 11 (Incentives for Affordable Housing Development): clarified the time frame to solicit projects annually.
- Strategy 15 (Residential Rehabilitation): clarified the time frame to solicit projects annually.

- Strategy 16 (Preservation of At-Risk Housing Units): added language related to conducting outreach to tenants of any potential conversion and available affordable housing assistance programs.

The Housing Element has an eight-year planning period, with many programs to be implemented on an ongoing basis. Annually, through the City's reporting to the State HCD on the implementation of the Housing Element, the City also makes necessary adjustments to ensure more effective implementation of Housing Element programs.

Include Affordable Housing Goals in the Heart of City Specific Plan

Strategy 7, the Residential Housing Mitigation Program, already establishes a citywide affordable housing goal of 15 percent.

Strengthen Strategy 8 – Nexus Study to Update Mitigation Fees

The City is expending significant resources in implementing its housing programs and commitments. Specifically, the City is fast tracking the update to the Nexus Study for the Housing Mitigation Program, with an anticipated adoption in 2015, and Strategy 8 has been revised to show that the Study will be completed in 2015.

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January 20, 2015

SENT VIA E-MAIL: hilda.sousa@hcd.ca.gov

Hilda Sousa
Housing and Policy Division
Housing and Community Development
1800 3rd Street
PO Box 952053
Sacramento, CA 94252-2053

Re: Comments on Cupertino's Housing Element

Dear Ms. Sousa:

The following comments on the City of Cupertino's ("City") Draft 2015-2023 Housing Element ("Housing Element") are offered by the Public Interest Law Firm and the Fair Housing Law Project (programs of the Law Foundation of Silicon Valley), Urban Habitat, West Valley Community Services, and Neighborhood Housing Services of Silicon Valley, on behalf of low-income residents of Cupertino. We also support the comments provided by Non-Profit Housing to HCD regarding Cupertino's Housing Element. We appreciate your willingness to consider these comments during your review.

The Housing Element fails to analyze Cupertino's failure to produce affordable units during the past planning period.

The draft Housing Element does not adequately analyze the progress and outcomes from the prior Housing Element, which was quite disappointing in some respects. Most prominently, during the prior planning period, production of affordable homes lagged far behind Cupertino's RHNA for very low-, low- and moderate-income families. This failure was by a very large margin; only 25 of the 341 VLI units allocated to Cupertino—a woeful 7.3%—were created. The percentages are not substantially better for other lower-income categories; the City only met 10% of its allocation for low-income units, and 11.1% of its obligation for moderate income units¹.

There is no analysis as to why housing production in Cupertino for low-income individuals and families fell nearly 90% short of its affordable housing allocations under the past planning period's RHNA.² The Housing Element does not list the locations and addresses of the units that were developed during the planning period. HCD should require the City to do a better analysis of the progress and outcomes from the prior Housing Element and require that the City to analyze the reasons for the small number of units created during the last planning period, and to recommend programs that will encourage the development of affordable housing.

The Housing Element should address non-governmental constraints on housing development.

¹ Revised Public Draft Housing Element, 177.

² Id.

Economic Displacement & Rent Burden

We are greatly concerned with the economic displacement of low-income residents from the City of Cupertino. With no policies protecting low-income residents from rent increases or displacement, many low-income residents are being forced out of the City. As described in its Housing Element, the City has some of the highest rents in the area.³ The Housing Element has no analysis of the economic displacement of low-income individuals in Cupertino. We believe that this economic displacement is a pressing issue that is only superficially addressed in the Housing Element. The Housing Element should do a deeper analysis of the economic displacement and recommend policies that will prevent displacement of low-income residents.

Community Resistance to Affordable Housing

The Housing Element should include a program to address community resistance (NIMBYism --“Not-in-My-Back-Yard”) to the development of affordable housing in the City, and resistance to new housing in general. Many residents have spoken out against new development, and specifically against affordable housing.⁴ Although the City acknowledges NIMBYism as a constraint, the Housing Element does not contain any programs to address it. The City should adopt a program to address NIMBYism and educate the public about the benefits of affordable housing.⁵

The Housing Element’s quantified objectives and housing programs require additional specificity.

To meet its obligations in an admittedly challenging environment for affordable housing development, we encourage the City to engage in robust, creative, and strategic programs that will encourage the development of affordable housing. In general, the qualified objectives and housing programs currently in the Housing Element lack specific time frames or actions, and require changes to make them effective tools for development.

The Draft’s **programs lack meaningful timeframes**, which makes it difficult to determine whether the programs will have beneficial impacts during the planning period. State law requires that the Draft contain programs that set forth a schedule of actions during the planning period, each with a timeline for implementation, such that there will be beneficial impacts of the programs within the planning period. (Government Code § 65583(c).)

Cupertino’s **programs also lack clarity and specificity**, which makes it extremely difficult for members of the public to understand what steps Cupertino will take to achieve its goals and how and when the public can engage with Cupertino staff. Per HCD, “programs must include a specific time frame for implementation, identify the agencies or officials responsible for implementation and describe the jurisdiction’s specific role in implementation.” (Housing Programs: Conserve and Improve the Existing Housing Stock, Required Components of Program Actions, http://www.hcd.ca.gov/hpd/housing_element2/PRO_conserve.php.) Some of the suggested activities are described below:

³ Revised Public Draft Housing Element, HE-9.

⁴ Donato-Weinstein, Nathan, “Cupertino plans for housing, adds office capability to Vallco,” Silicon Valley Business Journal, December 5, 2014, available at <http://www.bizjournals.com/sanjose/news/2014/12/05/cupertino-plans-for-housing-adds-office-capability.html?page=all>

⁵ Revised Public Draft, B-114.

- **Include Affordable Housing Goals in the Heart of the City Specific Plan**

HCD should encourage the City to include affordable housing goals in the Heart of City Specific Plan.⁶ The Heart of the City Specific Plan guides the City’s commercial development during the next planning period. Much of the housing identified in the sites inventory is in the Heart of City Specific Plan. Given the low affordable housing production numbers during the last planning period, the City should adopt an affordable housing goal for the Specific Plan. For example, the City could have a goal that 15 or 20 percent of the units developed in the Heart of the City Specific Plan be affordable. As this goal applies to a plan, and not a specific project, the plan designation would not be restricted by the *Palmer* decision.

- **Strengthen Strategy 8 – Nexus Study to update Mitigation Fees**

We support the City’s Strategy 8—which is to update its Nexus Study for the Housing Mitigation Plan—and encourage the City to consider raising its impact fees. Cupertino’s impact fees are among the lowest in Santa Clara County, and many other jurisdictions (for example, Sunnyvale and Mountain View) have recently increased their fees or are seriously considering doing so. We also would encourage the City to update its Nexus Study within the first year of the planning period, as opposed to by the end of 2016 as currently stated in the Housing Element, and consider collaborating taking part in a county-wide “grand nexus” study which is under development.

We would be happy to speak with you to discuss these comments further. If you have any questions, please feel free to contact Nadia Aziz at (408) 280-2453.

Sincerely,

/s/

Nadia Aziz
Fair Housing Law Project, Law Foundation of Silicon Valley

Naomi Nakano-Matsumoto
West Valley Community Services

Matt Huerta
Neighborhood Housing Services, Silicon Valley

Tony Roshan Samara
Urban Habitat

Fred Yoshida, Student
De Anza College

⁶ Revised Public Draft, B-83.

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