



COMMUNITY DEVELOPMENT DEPARTMENT

CITY HALL
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CITY COUNCIL STAFF REPORT

Date: April 7, 2026

Subject

Award of a consultant agreement with PlaceWorks, not to exceed \$468,450, to prepare a Housing Element update (and internal consistency updates to the General Plan), related rezoning, and all necessary environmental review as required under State law, and associated budget modification in the amount of \$660,00, to address requirements of Government Code Section 65863 (No Net Loss) and authorize no-cost contract change orders.

Recommended Action

That the City Council:

1. Adopt Resolution No. ____ (Attachment A) to approve Budget Modification #2526-436 to increase appropriations in 100-71-702 750-101 (Fiscal Year 2025-26 Adopted Budget) by \$660,000 for the fiscal year 2025-26 for the project.
2. Award a consultant agreement with PlaceWorks for an amount not to exceed \$468,450 for a Housing Element update, internal consistency updates to the General Plan, related rezoning, and all necessary environmental review as required under State law (Attachment B) and authorize execution thereof by the City Manager;
3. Authorize the City Manager to approve contract amendments with PlaceWorks, up to an amount not to exceed \$515,425 for additional unanticipated work that is related to the scope of the agreement.

Background

Government Code Section 65863 (No Net Loss) requires that when a city approves a development on a parcel identified in its Housing Element sites inventory with fewer units, or a different mix of affordability levels, than shown in its Housing Element, the city must either:

1. Make findings that the Housing Element's remaining sites have sufficient capacity to accommodate the remaining unmet RHNA by each income level, or
2. Identify additional sites to again have sufficient Housing Priority Sites to accommodate the remaining unmet RHNA for each income category
3. Upzone existing Priority Housing Sites to accommodate additional residential capacity, so long as that upzoning can be realistically developed.

Due to the City's approval of several residential developments on Housing Element Priority Housing Sites at both lower densities and with proportionally lower levels of lower and moderate income units than anticipated in the Housing Element, the City has been unable to make the No

Net Loss findings required by State law since mid-December 2025. Under State law, the City has 180 days from the date (December 16, 2025) that it was initially unable to make the No Net Loss findings to amend its Housing Element and bring it into compliance as it relates to SB 166 (No Net Loss law).

Since identification of the No Net Loss compliance issue, an informational memo¹ was prepared and provided to City Council in January 2026 and a City Council study session was held to further discuss the issue on March 3, 2026². At the March 3 study session, Council discussed the item and provided general direction to staff. Since that meeting, staff has refined the scope and budget with PlaceWorks.

Reasons for Recommendation and Available Options

Staff recommends that the Council award this agreement to the selected consultant, PlaceWorks, since they were the principal consultant that prepared the City's 6th Cycle Housing Element, certified by HCD in September 2024. PlaceWorks knowledge about the City's Housing Element makes them uniquely capable of completing the project given the accelerated No Net Loss compliance timeline.

The scope of work includes:

1. Determining the current Housing Element site capacity and identifying additional capacity options, including preparing a site inventory
2. Rezoning assistance
3. Updating the Housing Element and coordinating HCD review
4. Addressing public comments
5. Consultant attendance at up to six outreach meetings
6. Environmental review
7. Tribal consultations, as required by state law
8. Attending up to four public meetings regarding adoption
9. Project management and coordination

The proposal contemplates dual environmental review pathways, since additional housing site locations have yet to be determined. The current contract amount, scope of work and budget appropriation contemplates the preparation of an Environmental Impact Report (EIR), should future analysis as the project evolves necessitate it. An EIR is the highest-level environmental review document that can be prepared, so the overall cost of the project and time spent working on it could be reduced if preparation of an EIR is not required.

Sustainability Impact

None.

¹ Informational Memo dated January 30, 2026 re: Housing Element No Net Loss Law Requirements <https://www.cupertino.gov/Your-City/City-Council/Council-Informational-Memos#docaccess-6ad879b60c69cfbe85060c41fbd24401479528acee6414081c5061679532e974>

² Staff report, meeting materials and video of meeting available online at calendar.cupertino.org/agenda and at this link: .

Fiscal Impact

This scope of work to address No Net Loss was not foreseen and was, therefore, not budgeted for in the FY25-26 Adopted Budget. As a result, staff is requesting Budget Modification No. 2526-436 to authorize an appropriation in the amount of \$660,000 in 100-71-702 750-101 to account for estimated consultant costs (including a contingency for consultant work), project noticing (e.g. legal ads, notices, etc.), legal review fees, and an overall project contingency. These appropriations will be funded from the unassigned fund balance in the General Fund.

<u>Estimated expenses</u>	
Maximum Consultant (PlaceWorks) Costs ³	\$515,295
Noticing	\$8,705
Legal Review Fees	\$50,000
Project Contingency (~15%) ⁴	\$86,000
Totals	\$660,000

City Work Program (CWP) Item/Description

None

Council Goal

Housing

California Environmental Quality Act

Award of this contract or Council’s action related to the appropriation is not a project under CEQA.

Prepared by: Piu Ghosh, Planning Manager

Reviewed by: Luke Connolly, Acting Director of Community Development

Floy Andrews, Interim City Attorney

Approved for Submission by: Tina Kapoor, City Manager

Attachments:

A – Draft Resolution

B – Contract, Scope of Work, & Fee estimate

³ Consultant total includes CEQA EIR Option, Associated Rezoning and ~10% contingency.

⁴ Project contingency to account for additional meetings, outreach, noticing, and/or subconsultants.