

ATTACHMENT B
BMR Program
Enhanced Senior and Family Living Project (REVISED)

Project Overview

Given the demand for senior affordable housing in Cupertino, as identified in the City's General Plan, KT Urban is proposing to develop a 48-unit affordable senior independent living development as a component of the overall 206 senior living units offered by the project. The City of Cupertino is enduring a housing crisis in which rising rents and a shortage of affordable units are driving the displacement of longtime residents. The project seeks to address the challenges created by the housing crisis and to help meet the housing demands of a segment of the population with unique housing needs (seniors).

The project exceeds the City's Density Bonus and Inclusionary (BMR) Housing Program by providing 48 units, or 20.3% of the allowed units, as on-site, below-market rate, senior housing units at deeper affordability rates. Twenty-nine (29) Units will be in the Very Low Income category (60% of BMR units). Nineteen (19) Units will be in the Low Income category (40% of BMR units). All affordable units are in Building 2 of the development.

Building 1 is a 158-unit, state licensed, senior assisted living facility. The size of the project allows for larger, top tier, senior living management firms to be interested in operating the project. Atria Senior Living is the facility management group in consideration for this component of the project.

Building 2 is a 48-unit senior independent living facility. BRIDGE Housing or an affordable housing developer with comparable senior living experience, is being considered for management of this portion of the project. This firm is being sought in order to have the expertise necessary to manage a facility of this caliber, obtain the requisite tax credit allocation and secure construction and permanent financing.

Under State of California Tax Credit Allocation Committee regulations, every household member must be 62 and older, not just head of household as allowed by HUD and under other regulations. All of the households will be restricted to incomes which range between 50% and 60% of Area Median Income.

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The development contains over 20% affordable units (measured against the base maximum of 237 units) and thus is an affordable housing project within the meaning of the Housing Accountability Act, Govt. Code Sec. 65589.5(d). It qualifies for a density bonus and waivers of development standards under the State Density Bonus Law (Govt. Code Sec. 65915) and the Cupertino Municipal Code (Ch. 19.56), by virtue of providing more than 11% very low income units. It also complies with the City's Below Market Rate (BMR) Housing Mitigation Program Procedural Manual by providing:

- *40% of the total units affordable to low income (60% AMI) households; **and***
- *60% of the total units affordable to very low income (50% AMI) households*

City Required Affordability	Proposed Affordability
60% at 50% AMI	60% at 50% AMI
40% at 80% AMI	40% at 60% AMI

Statutory Requirements

Statutory requirements support that affordable senior housing should not be dispersed, rather developed in senior dedicated buildings, and located within close proximity to common areas and city services. As provided for in the Unruh Act, Civil Code Sections 51.2 and 51.3, “Senior citizens need “special living environments and services.” (Civil Code Section 51.3(a)). The Act also states that a housing development for senior citizens constructed on or after January 1, 2001, shall be presumed to be designed to meet the physical and social needs of senior citizens by including specific design elements as listed under Section 51.2(d)(1) through 51.2(d)(7).

Specifically, Civil Code Section 51.2(d)(1) and (4) require extra accommodations for senior housing that would be financially infeasible to add to all the buildings should the units be dispersed throughout the project site (e.g., wheelchair accessibility and elevators for each senior unit). Similarly, Section 51.2 (d)(2) requires that walkways and hallways in commons area of the development shall be equipped with standard hand railings or grab bars to assist persons who have difficulty walking.

The statute also emphasizes the creation of a special environment designed to meet seniors’ physical and social needs. Within that context, Civil Code Section 51.2(d)(5) requires an accessible common area designed to encourage seniors to socialize with other seniors. Dispersal of the senior units in separate, non-senior living, buildings would require every

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building to have a common area specifically designed for seniors, even though the building may have few seniors due to dispersal. In addition, dispersal would make it such that seniors would have to migrate to other buildings to socialize with other seniors, thereby precluding the requirement to encourage social contact. This would also result in many of affordable senior units located at greater distance from other services such as the commercial, cultural (Senior Center) and transportation, which makes it particularly difficult and potentially unsafe for seniors with disabilities or handicaps. Thus, dispersal of the affordable senior units would not be consistent with statutory requirements.

The state licensing, physical operations, regulatory requirements and financing aspects outlined in the included June 25, 2020 letter from Atria Senior Living also define why the senior assisted living housing units must be separated from the affordable senior independent living units of Building 2. The letter is attached for reference.

Housing Element Goals

“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 critical housing concerns for seniors.”

--City of Cupertino Housing Element

In addition to meeting statutory requirements for senior housing, the proposed BMR Program will help the City achieve its goals under the City’s Housing Element. As part of the Housing Element update, the City identified five priority sites under Scenario A (see Table HE-5) for residential development. One of the housing priority sites is The Oaks with 30 BMR units identified for development.

Furthermore, in the Housing Element, the City recognizes the need to encourage a range of housing options in the community including special needs housing such as senior housing. One of the prominent goals of the housing element is to continue to offer flexible residential development standards in planned residential zoning districts, particularly for higher density and attached housing developments. Specifically, the Housing Element seeks to maintain and/or adopt appropriate land use regulations and other development tools to encourage the development of affordable housing.

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The Housing Element states that the City will continue to offer a range of incentives to facilitate the development of affordable housing including density bonus incentive and flexible development standards. The clustering of units employs flexible development standards, thereby helping the City to meet its stated goals.

BMR Housing Mitigation Program Procedural Manual

In accordance with the City's Housing Element, all new residential and/or non-residential developments are required to help mitigate project related impacts on affordable housing needs.

In accordance with Section 2.3.3 and 2.3.4, this program outlines how the project will comply with the City's BMR requirements. The plan has identified the BMR units in the development and the units will be comparable to market rate senior units in terms of unit type, number of bedroom types, quality of exterior appearance and overall quality of design. In addition, the interior features and finishes will be durable, of good quality and consistent with contemporary standards for new senior housing.

The proposed program also complies with Section 5 regarding rental residential development by providing for rent senior housing units onsite. However, because seniors require a unique set of physical design characteristics and services as discussed above, the program cannot comply with Section 2.3.4 (D) which requires the BMR units to be dispersed throughout the residential project.

Pursuant to Section 7 ("Alternatives to BMR Requirements"), the developer believes that the overall program demonstrates equivalency in all material aspects of the Housing Element and is requesting that the City utilize flexible development standards as outlined in the Housing Element to help the City achieve its stated goals in the Housing Element and its overall affordable housing objectives.

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Financing Considerations

Due to the competitive nature of obtaining tax credit financing and limited number of affordable housing construction financing alternatives available to Affordable Housing Developers, the affordable housing component of the project has been centralized in one building, Building 2. Clustering the affordable units in one building enhances the Affordable Housing Developer's efficiency in operating the project and improve the safety, security, and accessibility in providing senior services.

Project Characteristics

The senior living component of the project is comprised of a total of 206 senior living units, across Building 1 and 2. Both residential components of these buildings are dedicated to senior living.

The Senior Living /Commercial Building 1 has six stories of market rate, state licensed, senior, assisted-living with a total of 158 senior units. The building lobbies are located on the ground floor with 17,600 square feet of retail space. The residences range from studios to one-bedroom to two-bedroom units. There are also 27 memory care assist residences. The facility has on-site library, theater, lounge, restaurant, café, roof terraces, wellness services, and exercise rooms to provide a range of activity and support for senior residents. A vehicle drop-off / pick-up area is also incorporated into the design to assist with senior transportation.

The Senior Living/Commercial Building 2 comprises six stories of affordable senior, independent living, including three ground-floor affordable senior residences, and 2,400 SF of ground floor retail. This structure would accommodate 48 affordable senior living units, consisting of studio, one-bedroom and two-bedroom units. All will have required specialty design accessibility features. Twenty-nine of the units will be for Very Low Income seniors, with the remaining 19 for Low Income seniors. It also has an onsite community room and roof deck.

Both buildings provide direct access to retail on the ground level with outdoor patio and seating amenities. The south frontage of the buildings looks out onto the Stevens Creek

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Boulevard landscaped promenade. Designed under the concept of an Oak Alley and under Cupertino's the Heart of the City Plan, this amenity provides a walkable connection to other retail and recreation opportunities along Stevens Creek Boulevard. There is also over 40,000 square feet of landscaped open space as part of the overall site/ community development. This includes 31,500 square feet of Central Green with adjacent retail and commercial shopping. The building is also adjacent to a diverse mixture of housing types, allowing seniors an opportunity to be connected to people of all ages.

In Building 1, 20% of the units are studios, 56% are one-bedroom units and 24% are two-bedroom units. Memory care assist units (one-bedroom) comprise 17% of the building, however they are not included in the mix count. It will be designed to provide accessibility features for seniors throughout the units and facility. The building will have additional features required for a state licensed, senior assisted living facility, including providing residents with three meals a day, housekeeping services, educational and social activities and programming, transportation (individual and organized), emergency alert systems (Ecall, pull cords, wearables), utilities, and access to care services such as bathing, grooming and medication management. On-site, it has a library, theater, lounge, restaurant, medical offices, and exercise rooms to provide a range of activity, support and community for senior residents. Residents will have access to roof terraces and a controlled terrace and wing for memory care residents.

In Building 2, 19% of the units are studios, 58% of the units are one-bedroom units and 23% of the units are two-bedroom units. All units will be reserved for seniors 62 and older and will be affordable. All units are served by an elevator and the buildings will be wheelchair accessible. There is an office for property management/service delivery. Community amenity space will be located on the ground floor, adjacent to the residential entry. Each senior living unit contains a complete, wheelchair accessible kitchen and wheelchair accessible bathroom. Unit finishes will be contemporary and consistent in quality with local new housing. Each unit has private outdoor space with all upper level units having a private balcony. The building features a roof deck. A vehicle drop-off / pick-up area is also incorporated into the design to assist with senior transportation.

Both facilities will feature Green Building elements, such as energy star appliances, low flow plumbing fixtures, energy efficient lighting. Drought tolerant landscaping with minimal irrigation will be incorporated into the project.

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Parking for Building 1 and Building 2 is in a dedicated underground parking garage. Eighty-one (81) parking stalls (0.5 parking space per bedroom) are allocated for residents of Building 1. Thirty (30) parking stalls (0.5 parking space per bedroom), will be provided for residents of Building 2. An Accessible Car and Van Accessible stalls are provided along with electronic vehicle charging stations. The parking garages can be directly accessed via elevators in Building 1 and in Building 2. Short-Term bicycle parking and Long-Term bicycle storage is provided on-site. Non-residential parking spaces are located adjacent to the north and east sides of the building at grade. A drop-off / loading zone is also provided at the entrance to each building, to create a location for residents to wait for transportation, pick up mail and provide easy and obvious access for the public.

The property is well served by the on-site neighborhood retail, proximity to public transportation on Stevens Creek Boulevard, its location directly across the street from Cupertino's Memorial Park and Senior Center on Mary Avenue, the Flint Center for Performing Arts and DeAnza Community College directly across Stevens Creek Boulevard. These activity centers provide walkable social, cultural, and educational opportunities for seniors to remain active and engaged in the community.

Accordingly, the project was located and designed with the target senior population in mind, utilizing statutory and best practice design standards for senior housing. The senior units are located in dedicated senior living buildings, either in a licensed, assisted living senior facility, Building 1, or in an independent living senior facility, Building 2. This will enhance the efficiency in operating the project and in delivering appropriate senior support services. This will also help ensure the privacy, safety and security of the senior residents. In addition, the location of the buildings adjacent to Stevens Creek Boulevard and the Central Green area will help promote engagement with the neighborhood and provide optimal access to services for its senior residents.