



**BMR Program
1655 S De Anza Blvd Cupertino Project**

Community Development Department
City of Cupertino
10300 Torre Avenue
Cupertino, CA, 95014

Re: 1655 S. De Anza Housing Development Project Application
Affordable Housing Plan
1655 S. De Anza Blvd. & 7357 Prospect Rd. (APNs 366-10-061 & 126)
Development Permit, File# Dp-2021-002
Architectural and Site Approval, File# ASA-2021-004
Use Permit, File# U-2021-001
Tentative Map Permit, File# TM-2021-003
Tree Removal Permit, File # TR-2022-006

To Whom It May Concern:

This letter is in support of entitlement application for the above referenced permit on the property located at 1655 S. De Anza Blvd. & 7357 Prospect Rd. (APNs 366-10-061 & 126). This letter is responsive to the comments from Planning Division staff on August 24th, 2022.

Project Overview

In addition to proposing commercial uses approximately equal in size to existing commercial floor space, the Project proposes 34 residential units, with a base density of 25 units calculated based upon a base density of 15 du/ac at 1.68 gross acres.

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. To meet the city's Inclusionary Housing Requirement, the Project is required to provide Four (4) Below Market Rate ("BMR") units, or 15% of the base density (3.75 units), rounded up to the nearest whole number.



**BMR Program
1655 S De Anza Blvd Cupertino Project**

The BMR units provided in the Project are in the same proportion as the market rate units. The proportion of apartments to townhomes in this project is 68% and 32%. Therefore, the BMR unit mix should include Three (3) Apartment Units and One (1) Townhome Units, as shown in the table below.

Unit Types	Percent of Total	Units Required	Required Units
Townhomes	32%	1.29	1
Apartments	68%	2.71	3
	100%	4.00	4

Thus, of these four (4) BMR units, two (2) apartment units will be available to very low-income households at a very low-income rental price (the “Very Low-Income Units”), one (1) apartment unit will be available to low-income households at a low-income rental price (the “Low-Income Units”), one (1) townhome unit will be available to median-income households at median-income sales price, in all three cases as calculated by the City (The “Median-Income Units”).

The Project also provides One (1) additional Apartment at Very-Low Income Level. The extra Very-Low Income unit would be part of the State Density Bonus, and part of the City’s BMR program.

In total, the Project contains Five (5) BMR units, which is more than 15% of base units (measured against the base of 25 units) and thus is an affordable housing project within the meaning of the Housing Accountability Act, Govt. Code Sec. 65589.5(d). Meanwhile, the Project contains Three (3) Very Low-Income Units, which is more than 11% of the base units (measured against the base of 25 units). Thus, the Project qualifies for a 35% 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). Thirty five percent of the base density of 25 units is 8.75 units. Pursuant to Government Code Section 65915(f)(5), this number should round up to 9 bonus units, to yield a total of 34 units in the Project.

The location of the BMR units has been chosen with goals in mind: (1) to spread the units throughout the Project, and (2) to ensure comparability of size and unit type between BMR units and market rate units. With respect to distribution throughout the Project, please refer to Sheets A5.1 in the plan set, which may be summarized as follows:

First Floor: 1 median-income townhome unit

Second Floor: 1 two-bedroom and 1 three-bedroom apartment unit

Third Floor: 2 two-bedroom apartment unit



BMR Program

1655 S De Anza Blvd Cupertino Project

With respect to comparability of unit type and bedroom count in the unit for the apartment units, please refer to the following tables:

Unit Types	Total Units (%)	Proposed
2 Bedroom Apartment Units	16 (70%)	3 (75%)
3 Bedroom Apartment Units	7 (30%)	1 (25%)

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.

The comments states that the Affordable Housing Plan shall describe how the Project “will comply with the City’s Below Market Rate (BMR) Program requirements set forth in the BMR Housing Mitigation Program Procedural Manual.”¹ The following is a discussion of how the Project complies with each of the chapter in the City’s BMR Manual:

- Chapter 1 (Introduction): Not applicable.
- Chapter 2 (Housing Mitigation Program):
 - Section 2.3.1 requires that for-rent projects shall provide 60% of required BMR units as Very Low-Income Units and 40% as Low-Income Units. And, for-sale projects shall provide 50% of required BMR units as Moderate Units and 50% as Median Units. If a single BMR unit is provided, it shall be designated for median income. The unit affordability provided in the Project will be a mix to be consistent with the BMR manual. According to the formula above, the Project is required be project One (1) Townhome at Median Income Level, Two (2) Apartments at Very-Low Income Level, One (1) Apartment at Low Income Level. The Project provides the BMR units at above mentioned affordability. The Project also provides One (1) additional Apartment at Very-Low Income Level. The extra Very-Low Income unit would be part of the State Density Bonus, and part of the City’s BMR program. Thus, this unit does not need to confirm to 60-40 split because it is in addition to the inclusionary housing requirement.
 - Section 2.3.2.A requires that where the number of BMR units required by a project results in a fractional unit between 0.5 and 0.99, then the number of BMR units shall be rounded up. As indicated above and under the discussion below regarding Chapter 4 of the BMR Manual, the Project’s BMR obligation is

BMR Program**1655 S De Anza Blvd Cupertino Project**

15% of base density, which equals 3.75 units. Therefore, per Section 2.3.2.A, the Project is required to provide 4 BMR units. The Project meets this requirement by proposing 5 BMR units.

- Section 2.3.3 requires the Applicant to submit an affordable housing plan. This letter, together with the pages of the plan set identified in it, which are hereby incorporated into this letter by reference, sets forth the Project's affordable housing plan.
- The BMR units will comply with Section 2.3.4 pursuant to conditions of approval and an Affordable Housing Agreement with the City. The BMR units will be dispersed throughout the Project. The BMR Units will be comparable to market rate units in terms of unit type, number of bedrooms per unit, quality of exterior appearance and overall quality of design, as discussed in the Project Overview above. In addition, the interior features and finishes will be durable, of good quality and consistent with contemporary standards for new housing
- The Applicant understands its obligations pursuant to Sections 2.3.5, 2.3.6, and 2.3.7 to price the BMR units at an affordable rental/sales price and to guaranty their long-term affordability pursuant to an Affordable Housing Agreement with the City and resale agreements governing individual units for the required term of 99 years.
- Chapter 3 (Mitigation Requirements for Non-Residential Developments): This Chapter requires payment of a commercial linkage fee for non-residential space within the Project. The Project proposes commercial space not exceeding the size of the existing shopping center, so that the Applicant does not anticipate owing commercial linkage fees. If fees are due, they will be paid at the appropriate time pursuant to conditions of project approval.
- Chapter 4 (Mitigation Requirements of Ownership Residential Developments) & Chapter 5 (Mitigation Requirements of Rental Residential Developments): These chapter requires 15% of base density in rental projects to be provided as BMR units, as indicated above in the discussion regarding Chapter 2. Fifteen percent of 25 units is 3.75 units. The Project proposes 5 BMR units to meet this requirement. 3 apartment units will be Very Low-Income level. 1 apartment unit will be Low-Income level. 1 townhome unit will be Median-Income level. Therefore, the inclusionary requirement will be met.
- Chapter 7 (Alternatives to the BMR Requirements). Not applicable. The Project does not propose any alternative to meeting the City's BMR requirements. The Applicant believes that the overall program demonstrates equivalency in all aspects of the Housing Element and is requesting that the City utilize flexible development standards as



BMR Program

1655 S De Anza Blvd Cupertino Project

outlined in the Housing Element to help the City achieve its stated goals in the Housing Element and its overall affordable housing objectives.

- Chapter 8 (City Incentives): The Project requests a density bonus, and the Applicant welcomes any additional incentives the City may be willing to provide.

Project Characteristic

The proposed project includes (34) residential units and approximately 7,600 square feet of commercial/retail area. The commercial/retail space will be combined into a 3-story mixed-use building that will also include (23) residential apartments. The remaining (11) residential units will be within 3-story townhomes located behind the mixed-use building and on the portion of the site that extends to Prospect Road.

In summary, this is an exemplary project that will revitalize an inefficient, aging shopping center, and transform it into a variety of needed housing types for the City, including market rate and affordable units, along with ancillary retail uses.

Very truly yours,

Propriis,

A handwritten signature in blue ink, appearing to read 'Brandon Arioli'.

Brandon Arioli

Email: Barioli@propriis.com