



## COMMUNITY DEVELOPMENT DEPARTMENT PLANNING DIVISION

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### CITY COUNCIL STAFF REPORT

Meeting: February 1, 2022

#### Subject

Study session to discuss the awarded PDA Planning Grant funds from the Association of Bay Area Governments/Metropolitan Transportation Commission (ABAG/MTC) for the Heart of the City Specific Plan Update in conjunction with the Housing Element Update.

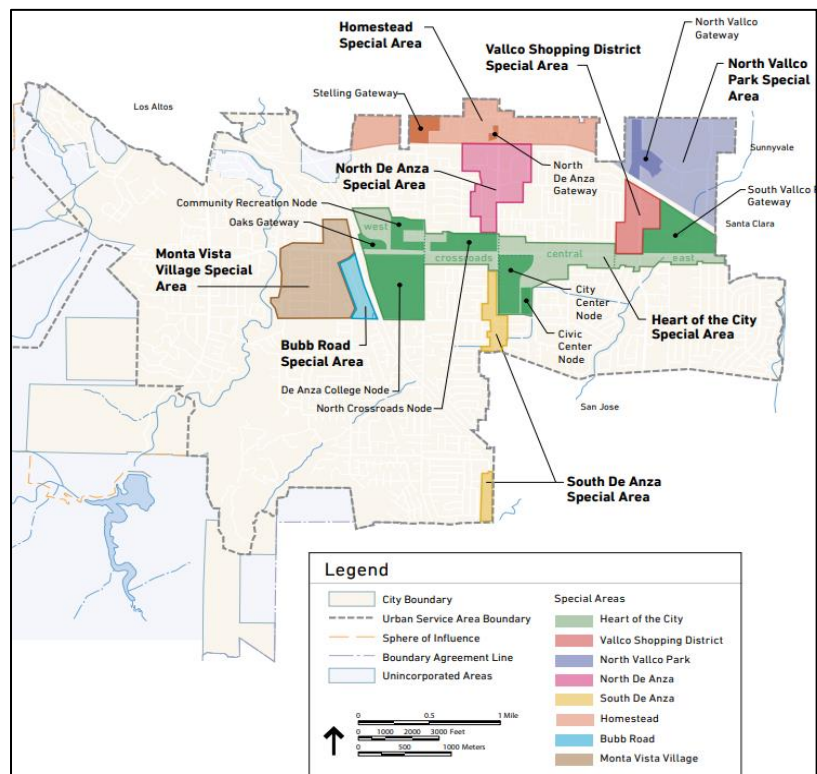
#### Recommended Action

That the City Council receive the report and provide input on the next steps.

#### Background

The Heart of the City (HOC) Specific Plan<sup>1</sup> was first adopted by City Council in 1995 with the purpose of guiding future development within the Special Area. The HOC Special Area is considered the most important commercial corridor in the City and spans approximately 596 acres from Highway 85 to the western border of the City of Santa Clara (see figure 1).

Figure 1. Special Area Map  
(General Plan, Figure PA-1)



<sup>1</sup> Heart of the City Specific Plan available here:

<https://www.cupertino.org/home/showpublisheddocument/415/636280426123030000>

As part of the City Work Program for fiscal year 2019-2020<sup>2</sup>, City Council directed staff to amend the HOC Specific Plan to include clarification on the minimum street side setback requirements on corner lots; review of the street tree requirements to allow larger trees, increase diversity of tree types, and encourage drought tolerant and native tree types; update sections such as transit corridors in the City; and maintain existing setbacks and consider minimum retail percentage to maintain a commercial strip. Furthermore, in 2019, in anticipation of the 6<sup>th</sup> Cycle Housing Element Update, the City issued a Letter of Confirmation for Priority Development Area (PDA) Planning to ABAG/MTC confirming the City's intent to complete an amendment to the HOC Specific Plan as well as related rezoning and environmental studies by 2025, in response to a call for Letters of Interest from ABAG/MTC (see Attachment A).

The HOC Special Area is nestled within the City's only PDA<sup>3</sup> identified in Plan Bay Area 2050 as a "VTA's Cores, Corridors, and Station Area PDA"<sup>4</sup>. The Final Plan Bay Area 2050<sup>5</sup> adopted in October 2021 focuses new development in growth areas, particularly in PDAs and in areas with higher quality transit, in an effort to reduce greenhouse gas emissions and to address regional housing needs.

In January 2021, ABAG/MTC invited jurisdictions to submit applications, through its second round of federally funded One Bay Area Grant Program (OBAG 2), for the PDA Planning Grant Program intended to fund new and amended specific plans for areas located within PDAs and the Technical Assistance Grant Program intended to support transportation related planning and initiatives. These programs are ABAG/MTC's way of distributing transportation funds it receives to support transportation and planning in the region from the Federal Highway Administration. The total available for these two grant programs administered by ABAG/MTC in this round of funding was \$7.68 million.

The primary goals of the PDA Planning Grant Program include:

- Increasing housing supply (particularly affordable housing) and jobs;
- Boosting transit ridership and reducing vehicle miles traveled (VMT);
- Increasing alternative modes of transportation (e.g., walking, bicycling, carpooling and carsharing); and
- Retaining and expanding community assets and locating key services and retail within the planning area.

Staff applied for the PDA Planning Grant funds based on the prior Letter of Interest submitted to ABAG/MTC in 2019, which indicated the City's intent to complete the HOC

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<sup>2</sup> FY 2019-2020 City Work Program available at:

<https://www.cupertino.org/home/showpublisheddocument/25486/637084805735570000>

<sup>3</sup> PDAs are areas with convenient public transit service prioritized by local governments for housing, jobs, and services.

<sup>4</sup> ABAG/MTC PDA map available at: <https://arcg.is/0eyDO80>

<sup>5</sup> Final Plan Bay Area 2050 available at:

[https://www.planbayarea.org/sites/default/files/documents/Plan\\_Bay\\_Area\\_2050\\_October\\_2021.pdf](https://www.planbayarea.org/sites/default/files/documents/Plan_Bay_Area_2050_October_2021.pdf)

Specific Plan amendment, and the Technical Assistance Grant funds for eligible costs related to the City's efforts to adopt Vehicle Miles Traveled (VMT) standards.

ABAG/MTC staff evaluated the PDA Planning Grant applications using objective criteria that included: location within a Community of Concern; implementation of Plan Bay Area 2050, particularly transportation and housing strategies; support for housing production at all income levels; and protection of existing PDA residents at risk of displacement. For Technical Assistance Grants, preference was given to proposals that demonstrated innovation and regional replicability, increased pedestrian and bicyclist safety, and updated transportation impact review standards to assess VMT rather than Level of Service (LOS), as required by Senate Bill 743. Ultimately, in Spring 2021, ABAG/MTC awarded funding to 12 out of the 32 PDA Planning Grant applications received and ten out of the 48 PDA Technical Assistance Grant applications received.

Cupertino was awarded \$400,000 in funding through the PDA Planning Grant but not awarded any Technical Assistance Grant funds. Similar to other grant funds awarded to the City, the PDA Planning Grant funding is reimbursement-based.

## **Discussion**

### **Scope of Work**

The purpose of the PDA Planning Grant Program is to provide funding to local jurisdictions to allow them to amend specific plans within PDAs to encourage housing development in the PDA thereby reducing VMT. It is anticipated that the HOC Specific Plan might need updates in conjunction with the Housing Element Update for the necessary rezoning to accommodate some of the City's Regional Housing Needs Allocation (RHNA) of 4,588 net new units in this Special Plan Area. It is anticipated that there may be some priority sites along the Heart of the City transit corridor in keeping with the State's requirements for meeting greenhouse gas (GHG) targets and the City's obligations to meet GHG emission goals under Assembly Bill 32 and Senate Bill 375. While the current 6<sup>th</sup> Cycle Housing Element Update and HOC Specific Plan Update are separate efforts, both are expected to run along parallel tracks.

The draft scope of work (Attachment B) for the HOC Specific Plan Update was prepared, with input from ABAG/MTC staff, to comply with ABAG/MTC's PDA Planning Grant Guidance: Planning Process & Elements (Attachment C). The draft scope of work includes the following tasks, analyses, and new and revised documents, much of which overlaps the Housing Element Update:

- Public Engagement (*required per ABAG/MTC*)
  - Community Involvement Strategy
  - Community Advisory Council
  - Technical Advisory Committee
  - Project Outreach Material

- Public Workshops
- Additional Engagement Events
- Elected & Appointed Official Engagement
- Community Assessment & Policy Development (*required per ABAG/MTC*)
  - Equity Assessment
  - Affordable Housing & Jobs Assessment
  - Mobility Assessment
  - Community Assets, Services, & Infrastructure Assessment
  - Resilience & Climate Adaption Assessment
  - Objective Design Standards Assessment (*Optional*)
- Adopted Plan Documents
  - Specific Plan Update
  - Environmental Impact Report (EIR)
  - Plan Adoption, Zoning Code Update, & General Plan Amendment (*if needed*)

It is important to note that in order to be eligible for and utilize the PDA Planning Grant funds, the HOC Specific Plan Update must incorporate the assessments described above under “Community Assessment & Policy Development.” Additionally, a Community Advisory Council and Technical Advisory Committee are required under the “Public Engagement” task to inform the planning process and provide technical input throughout the process. Please see Attachment B for additional information.

Furthermore, while the scope of work for the PDA Planning Grant does not match Council’s amendment requests in the FY 2019-2020 City Work Program, some ideas, such as maintaining viable services and retail uses within the HOC area, could be addressed following the analysis and assessments required with the funding.

#### Consultant & Timeline

While the City may choose to issue a separate Request for Proposal (RFP) for a different HOC Specific Plan Update consultant, there appear to be no grant requirements, or separately, City requirements to issue a new RFP for this work. Since a small amount of money is earmarked for zoning related tasks in the Heart of the City in the City’s Housing Element consultants’ scope of work and budget, and due to the anticipated overlap in scope of work (e.g., community engagement and education, analysis, rezoning, etc.) between the two projects, staff recommends that the City’s current Housing Element Update consultant, EMC Planning Group (EMC), lead the effort for the update to the HOC Specific Plan. Pairing this work with the current Housing Element Update under the same lead consultant may prove beneficial in terms of related cost, timing, and outreach efforts as some anticipated costs are already included in EMC’s existing contract. A contract amendment to expand the scope of work and associated budget modification would be required should Council choose to proceed with the HOC Specific Plan Update led by EMC.

All work for the HOC Specific Plan Update that is done in conjunction with the Housing Element Update, including but not limited to, rezoning, environmental studies, and public outreach is expected to be completed by January 31, 2023, as mandated by the State. Any additional tasks, beyond what is required as a result of the Housing Element Update, outlined in the PDA Planning Grant scope of work for the HOC Specific Plan Update are anticipated to be completed within three years of contract approval as required by ABAG/MTC. A draft schedule with tentative dates is provided below and included in the scope of work.

DELIVERABLE	EXPECTED DATE OF COMPLETION (Tentative)
Task 1 – Public Engagement	
1.1 – Kick-Off Meeting with City Staff	Early '22
1.2 – Community Involvement Strategy	Early '22
1.3 – Project Outreach Materials	Ongoing thru Early '23
1.4 – Public Workshops & Engagement Events	Ongoing thru Early '23
1.5 – Elected & Appointed Official Engagement	Ongoing thru Early '23
Task 2 – Community Assessment & Policy Development	
2.1 – Document Research	Early '22/Spring '22
2.2 – Meeting with City Staff	Early '22
2.3 – Policy & Program Recommendations	Spring '22
Task 3 – Adopted Plan Documents	
3.1 – Administrative Draft	Spring '22/ Summer '22
3.2 – Draft Specific Plan	Summer '22
3.3 – Final Specific Plan	Fall '22
3.4 – Environmental Analysis	Fall '22
3.5 – Meetings with City Staff	Summer '22/Fall '22
3.6 – Public Hearings	Winter '22/Early '23

### **Sustainability Impact**

No sustainability impact.

### **Fiscal Impact**

On September 21, 2021<sup>6</sup>, Council awarded a consultant agreement for the 6<sup>th</sup> Cycle Housing Element Update to EMC for an amount not to exceed \$748,040; and approved a total project budget of \$1,069,248 for all work related to the Housing Element Update. Should Council wish to accept the \$400,000 in PDA Planning Grant funds from

<sup>6</sup> 9/21/21 meeting available at: <https://cupertino.legistar.com/LegislationDetail.aspx?ID=5139085&GUID=49F1DF23-27A3-4725-9BC5-DAE83FA58A66&Options=&Search=>

ABAG/MTC and proceed with the HOC Specific Plan Update, a revised consultant agreement and subsequent budget modification will be required for the expanded scope of work.

### **Next Steps**

Staff is requesting Council's direction as to whether to accept the awarded PDA Planning Grant funds from ABAG/MTC and proceed with an update to the HOC Specific Plan in conjunction with the Housing Element Update and as outlined in the scope of work.

All work for the HOC Specific Plan Update related to the Housing Element Update, including but not limited to, rezoning, environmental studies, and public outreach is expected to be completed by the Housing Element Update deadline (January 31, 2023 as mandated by the State.) As previously mentioned, any additional tasks, beyond what is required by the Housing Element that are identified in the scope of work and/or by Council, are anticipated to be completed within three years of contract approval should Council choose.

If Council wishes to proceed with the PDA Planning Grant and HOC Specific Plan Update, staff will return to Council with EMC Planning Group and budget/contract materials in March 2022.

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Approved by: Dianne Thompson, Assistant City Manager

### **Attachments:**

Attachment A – Letter of Confirmation for Priority Development Area Planning

Attachment B – Draft Scope of Work – HOC Specific Plan Update

Attachment C - PDA Planning Grant Guidance: Planning Process & Elements