

RESOLUTION NO. 25-_____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CUPERTINO ENCOURAGING THE BUILDING OF NEWLY CONSTRUCTED STUDENT HOUSING AND PRESERVING MULTIPLE-FAMILY USE HOUSING BY PREVENTING THE CONVERSION OF MULTIPLE-FAMILY USE HOUSING TO STUDENT HOUSING WITHIN THE CITY OF CUPERTINO

WHEREAS, the City has been informed that the Foothill-De Anza Community College District (“District”) is currently under contract to purchase McClellan Terrace Apartments (“McClellan Terrace”), a multiple-family use residential building that houses approximately ninety-four (94) families, with the intent to convert the property from multiple-family use housing to student housing, as defined below, and the closing of that transaction, with title transfer could occur at any time; and

WHEREAS, if the sale of McClellan Terrace closes and the District takes title to the apartment community, the District has stated that it will transition the apartment community to some form of student housing, as defined below, whereby current tenants will be displaced, such that tenants holding 12-month lease agreements will be forced to vacate their apartment homes upon the expiration of their leases, and tenants on month-to-month leases will be forced to vacate when their lease is up, but not earlier than 120 days from the date of the notice to vacate; and

WHEREAS, at the April 2, 2025 City Council meeting, tenants residing at McClellan Terrace, as well as many other community members expressed great concern about the displacement of 94 families, including approximately 60 school-age children and youth, highlighting the potential for significant community disruption and hardship; and

WHEREAS, many if not all of the school-age children and youth to be displaced by this forced transfer from their home at McClellan Terrace attend the nearby schools of Lincoln Elementary School, Kennedy Middle School, and Monta Vista High School, all high-performing schools; and

WHEREAS, the current threat of displacing residents at McClellan Terrace raises broader concerns regarding further loss of multiple-family use housing and potential displacement of renters within the City, and demonstrates the need for further studies evaluating the adoption of regulations prohibiting such conversions to student housing; and

WHEREAS, the City has long recognized the importance of protecting families and other residents from displacement, as reflected in the goals and policies of the City’s General Plan, which emphasizes that “new housing sites should avoid or minimize displacement of existing uses, particularly existing residential uses that would necessitate the relocation of residents,” with displacement being a significant concern, particularly for low- and moderate-income residents, and causing the loss of both homes and critical community support networks; and

WHEREAS, the City has previously adopted regulations in Cupertino Municipal Code Chapter 19.116 to address the harms associated with the conversions of multiple-family use housing by prohibiting most conversions of apartment projects to common interest developments, unless and until it can reasonably be demonstrated that comparable replacement housing exists within the housing market area within a similar price range. (CMC section 19.116.030 (A)(1)(a).)

WHEREAS, the Cupertino Municipal Code Chapter 19.116 further forbids such conversions when “the vacancy rate for apartment houses within the housing market area is less than five percent at the time at the time of application and has averaged five percent over the past six months...” (CMC section 19.116.030 (A)(1)(e).)

WHEREAS, the City has a compelling interest in protecting the public health, safety, and welfare of its citizens, residents, visitors and businesses, and in preserving housing, including multiple-family rental housing within the City by regulating the transition of multiple-family use housing to student housing, and thereby preventing the loss of multiple-family housing within City limits and preventing displacement of City residents; and

WHEREAS, today the City has no standards or regulations applicable to the transition of multiple-family housing to student housing and the impacts of such on the welfare of the City’s citizens, residents, visitors and businesses; and

WHEREAS, the City’s permissive regulatory environment towards the transition of multiple-family housing to student housing will: 1) result in the loss of essential housing, including rental housing, for families and others within the City, 2) displace current tenants, including families and families with school-age children and youth currently enrolled in local public schools, 3) disrupt established relationships between and among families and friends residing in the multiple-family use building or nearby residences who may be unable to find alternate housing within the neighborhood, school district or even within the City, 4) encourage the loss of multiple-family use housing in favor of student housing, 5) potentially increase the commute distance to and from work for tenants displaced by student housing potentially increasing Greenhouse Gas emissions; and 6) reduce the incentive for institutions of higher learning to build new student housing to accommodate the needs of the institutions’ students for local housing; and

WHEREAS, the City encourages institutions of higher education located within or near its boundaries to prioritize the development of new on-campus student housing to meet the growing demand for student accommodation; and

WHEREAS, the transfer of McClellan Terrace to the District, a public entity, along with the transition to student housing, will have substantial negative financial consequences for the City because the new owner, the District—a public entity—is exempt from paying assessed property tax, yet at the same time the population of McClellan Terrace will increase substantially with the new student housing use, resulting in greater use of City services at a greater cost to the City; and

WHEREAS, the City is committed to prioritizing the development of new housing, including student housing, rather than permitting the conversion of existing multiple-family use housing to student housing; and

WHEREAS, the City's failure to protect multiple-family use housing for families and others within the City could add to the shortage of permanent housing options within the City, impacting the City's population; and

WHEREAS, rental housing market is tight. with vacancy rates in the greater Santa Clara Valley region, including the City are tight. The Department of Housing and Urban Development issued a regional report finding vacancy rates at 4% in 2020; and

WHEREAS, absent clear regulation, the transition of multiple-family use housing to student housing within the City poses a threat to the public peace, health, and safety, and unless the City takes regulatory action to curtail such transition, the impacts described above are likely to occur; and

WHEREAS, the City is aware of other cities in the area and region that have developed ordinances to manage or eliminate the transition of multiple-family use housing to student housing, which could be good models for the City and City staff to study, but the City and City staff need time to study these ordinances and issues and develop appropriate regulations consistent with the City's unique needs, as well as State and federal law; and

WHEREAS, the City encourages institutions of higher education located within or near its boundaries to prioritize the development of new on-campus student housing to meet the growing demand for student accommodations; and

WHEREAS, the transfer of McClellan Terrace to the District, a public entity, along with the transition to student housing, will have substantial negative financial consequences for the City because the new owner, the District—a public entity—is exempt from paying assessed property tax, yet at the same time the population of McClellan Terrace will increase substantially with the new student housing use, resulting in the use of City services and greater impacts to the City; and

WHEREAS, the City is committed to prioritizing the development of new housing, including student housing, rather than permitting the conversion of existing multiple-family use housing to student housing; and

WHEREAS, on-campus student housing reduces pressure on the City's existing multiple-family use housing stock and supports both student success and broader community housing stability; and

WHEREAS, the City's failure to protect multiple-family use housing for families and others within the City could add to the shortage of housing options within the City, impacting the City's population; and

WHEREAS, by preserving the City's existing multiple-family use housing stock and encouraging the development of student housing on campus, the City aims to prevent displacement of families and long-term residents, while supporting institutions of higher education in providing dedicated housing for their students.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CUPERTINO, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The foregoing recitals are true and correct and are incorporated herein by reference.

SECTION 2. Direct City staff to study possible solutions to ensure multiple-family use housing stock is not converted to student housing, and perhaps bring forward recommendations for amendments to Title 19 of the Cupertino Municipal Code pertaining to zoning, such as establishing dedicated student housing zones within the City, for consideration.

SECTION 3. Direct City staff to consider possible mechanisms to encourage higher education to focus on building permanent on-campus housing that supports student success and safety; utilize extended-stay hotels as temporary, affordable options when appropriate without displacing multiple-family use housing; and reaffirm the City's commitment to maintaining a healthy balance between student housing needs and community stability.

SECTION 4. The City Clerk shall certify to the adoption of this Resolution.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Cupertino this ____ day of _____, 2025, by the following vote:

Members of the City Council

AYES:

NOES:

ABSENT:

ABSTAIN:

SIGNED

Liang Chao, Mayor
City of Cupertino

Date

ATTEST:

Kirsten Squarcia, City Clerk

Date

APPROVED AS TO FORM:

Floy E. Andrews, City Attorney

Date