

CC 2-03-2026

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Mary Ave Villas Project

Presentation

Mary Avenue Villas Project

Architectural & Site Approval, Property Exempt
Surplus Land Declaration, and Disposition and
Development Agreement

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Subject

Consideration of (i) an Architectural and Site Approval permit, (ii) adoption of a Notice of Exempt Surplus Land Act Declaration, and (iii) a Disposition and Development Agreement by and between the City of Cupertino, a municipal corporation and Mary Avenue, L.P., a California limited partnership in connection with the development of a 40-unit below market rate development (Mary Avenue Villas Project) on a Housing Element Site, of which 19 units are dedicated to the Intellectually Developmentally Disabled and 21 units reserved for extremely low, very low, and low income residents of the community, located on public property.

Background

- FY 2020-21, the City Work Program prioritized engaging with philanthropic organizations to develop extremely low-income housing (ELI) for the intellectually and developmentally disabled (IDD) community.
 - The FY 2021-22 City Work Program narrowed down to excess City-owned property within the Mary Avenue right-of-way.
- Since 2022, City has been working with Charities Housing to develop this site in accordance with the City Work Program.
- July 2024 - Priority Housing Site (HE Site 10) and amended the General Plan Land Use designation of the property to High/Very High Density (50-65 dwelling units per acre).
- Charities Housing submitted its development application (ASA-2025-006) for the 100% affordable housing project on April 3, 2025.

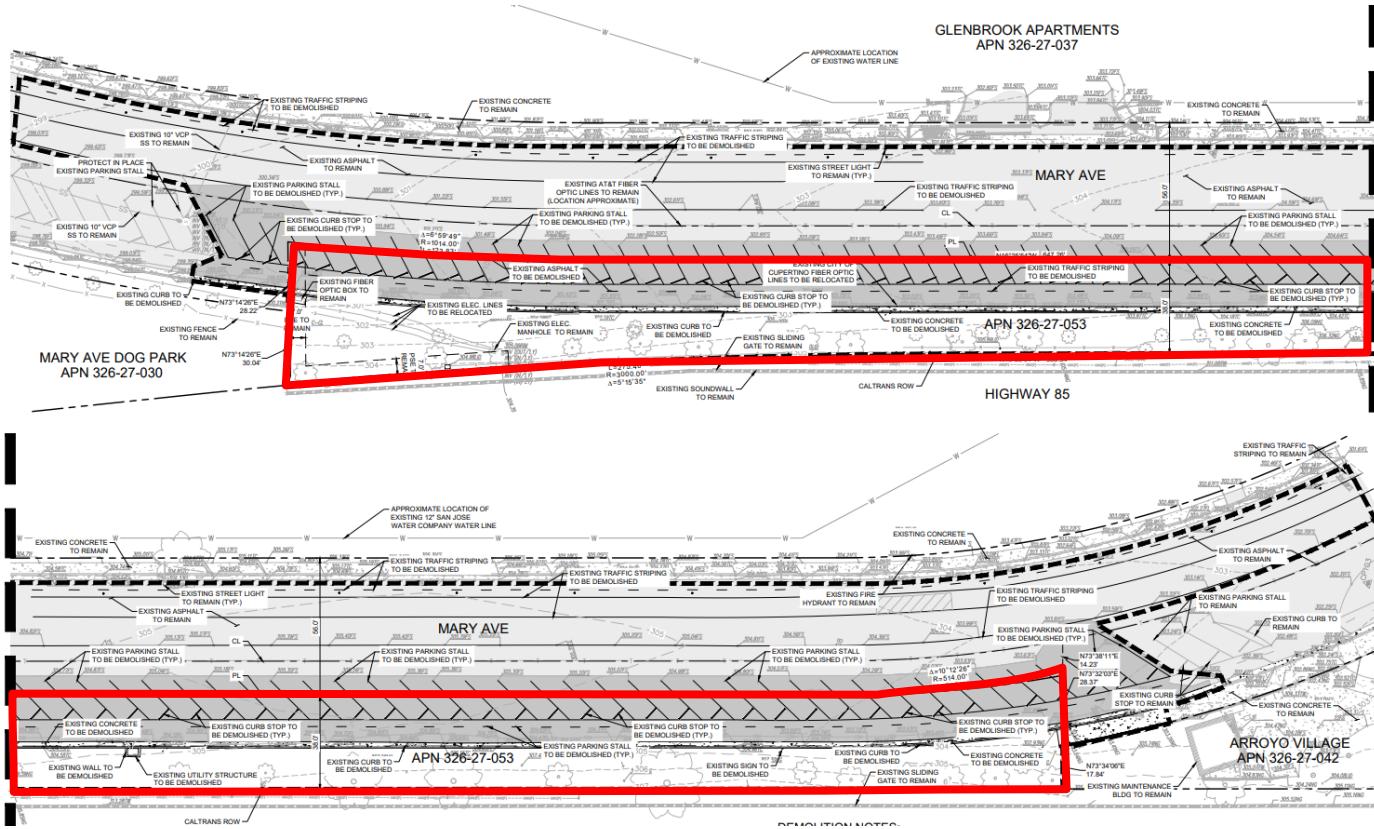
Project Description

- 40-unit 100% affordable special needs housing project
- At least 45% of units for Intellectually Developmentally Disabled population
- Affordability: 30–60% AMI
- Two, two-story buildings with a 22-parking stalls onsite.
- Net lot area - .76 acres

Project Description



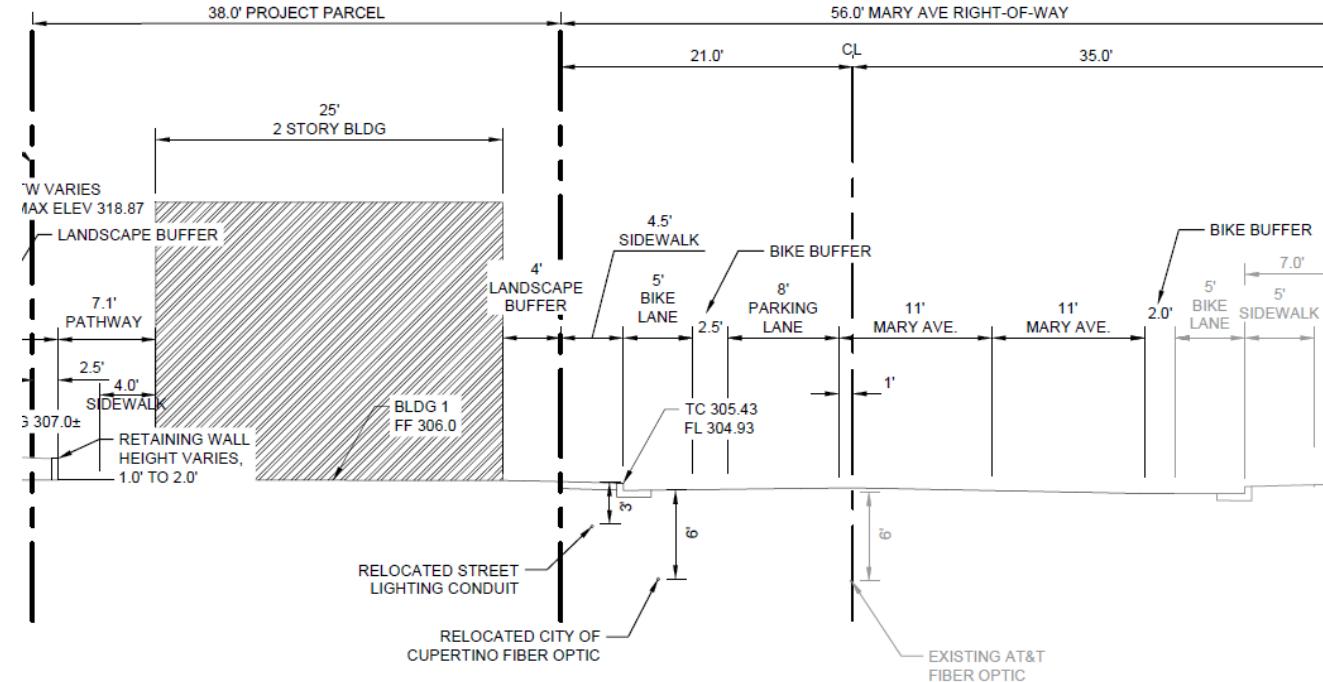
Project Description



Project Description

- Right-of-way modifications necessary with net loss of 89 parking spaces.
 - Parking on westside of Mary Ave. parallel.
 - Parking on eastside of Mary Ave. removed.
- Vehicle travel lanes 11-feet in width.
- Maintaining bicycle lanes in both direction, and adding a sidewalk on westside of Mary Ave.

Project Description



Architecture and Site Design



General Plan Compliance

- Housing Element identifies site as Priority Housing Site
- Housing Element has Policies & Strategies that encourage housing for low income and special needs communities:
 - HE-2.3 - Development of Affordable Housing and Housing for Persons with Special Needs.
 - HE-2.3.1 - Support Affordable Housing Development
 - HE-2.3.10 - Extremely Low-income Housing
 - HE-2.3.11- Assistance For Persons with Developmental Disabilities

Density Bonus

- Statutory Parking Reduction.

Number of Units	Parking Spaces under State Density Bonus Law	Parking Spaces Provided
40	12	22

- Waivers
 - Reduction of front, side, and rear setbacks.
 - Private outdoor space.
 - Vehicles in front and side setback.
 - Bicycle parking (Class I)
- Concessions
 - Alternative to Electric Vehicle Charging requirement.
 - Removal of private artwork onsite or in-lieu.

Legal: Right-of-Way Vacation Process

- Non-summary vacation of right-of-way required prior to transfer of title
- Planning Commission reviews conformity (within 40 days of submission)
 - February 10, 2026
- Council hearing after 15-day notice period
 - March 3, 2026
- If Council adopts the resolution, it will be recorded to complete the vacation

Legal: Surplus Land Act Compliance

- Property must be declared "surplus" or "exempt surplus"
- Project has been structured to meet the exemption criteria under Gov. Code §54221(f)(1)(F)(i-ii) - for a housing development which restricts 100% of the residential units to households of low or moderate income
- Notice to HCD required 30+ days before disposition

Legal: City Financing

The City shall provide the following financial assistance:

- Selling the property for \$1.00;
- BMR Loan of \$3,000,000;
- CDBG Grant of \$174,567.37;
- PLHA loan of \$908,683; and
- Waiver of Park Development Fees in the amount of \$2,160,000.

Legal: Regulatory Agreement

- 99-year term
- Eligibility limited to low, very low, or extremely low income households; 19 units limited to IDD households
- Priority to tenants qualified through City's BMR program
- Developer is required to provide ongoing evidence of compliance
- Tenants receive notice of upcoming expiration at least 3-years in advance

Legal: Option to Reacquire

- City has the option (but not the obligation) to reacquire the Property upon expiration of the Regulatory Agreement
- Reacquisition price is equivalent to fair market value of the improvements at the time of reacquisition
- Upon notice from developer, City will receive 12-months to exercise option

Environmental Review

- California Government Code § 65583.2(i) and City Code Section 19.12.030, the proposed entitlement is not considered a "project" subject to CEQA. The development meets all statutory requirements for this exemption, specifically regarding its location on a Housing Element site, its programming as a 100% affordable status, and it's with a density of over 20 dwelling units per acre.
- The proposed DDA is not a development project, however, it would facilitate the construction and operation of a future 100% affordable housing development (future development) in Cupertino that is exempt from CEQA. The proposed DDA project qualifies for an exemption under State CEQA Guidelines Section 15332 (Class 32: Infill Development Projects) and, as a result, would not have a significant effect on the environment.

Recommended Actions

- Find the project exempt from the California Environmental Quality Act (CEQA)
- Adopt Resolution No. 26-__ approving Architectural & Site Approval Permit (ASA-2025-006);
- Adopt Resolution No. 26-__ declaring the Property Exempt Surplus Land pursuant to the Surplus Land Act Adopt Resolution No. 26-__ approving the Disposition and Development Agreement



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