



# Memorandum

To: Gian Martire, Senior Planner

From: Economic & Planning Systems, Inc. (EPS)

Subject: Fiscal Impact Peer Review for Cupertino Dividend Homes  
EPS #251059

Date: December 17, 2025

This memorandum provides a third-party peer review of a fiscal impact analysis concerning the proposed residential projects on two adjacent sites at 20045 & 20065 and 20085 & 20111 Stevens Creek Boulevard ("Project") from Dividend Homes ("Developer" or "Applicant"). The goal of the review is to evaluate the assumptions, findings, and methodology of a report ("Report") prepared by Keyser Marston Associates ("KMA") for the Applicant.<sup>1</sup> The City of Cupertino (City) engaged Economic & Planning Systems, Inc. (EPS) to conduct this peer review.

The KMA fiscal impact analysis estimates the effect of a proposed residential development on the City of Cupertino's General Fund budget, accounting for both new tax revenues and incremental public service costs. The analysis provides an estimate of ongoing net fiscal impact at project stabilization, once the project is fully built and occupied. All fiscal impact estimates cited are in constant dollars.

For this peer review, EPS prepared an independent fiscal impact analysis to evaluate KMA's results, and to test assumptions related to the Project and analytical baseline (i.e., existing office uses). EPS compares its analysis results to KMA's reported results. This memorandum describes key affirmations or differences in assumptions, methodology, and findings. The **Appendix** to this memorandum contains a table set that details the EPS fiscal analysis.

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<sup>1</sup> The original report is titled "Fiscal Impacts of the Proposed Dividend Homes Redevelopment Project to the City of Cupertino" ("Report"), dated December 12, 2024.

## Project Description

The Proposed Project would consist of 89 townhomes, of which 18 are designated as Below Market Rate (BMR) units consistent with the City's inclusionary requirements (nine units provided at Moderate income and nine at Median income). The Project is expected to increase the City's resident population by 254 persons. The site is currently occupied by approximately 68,000 square feet of commercial office space.<sup>2</sup> The fiscal impact of the existing office buildings at the site is treated as the baseline condition (i.e., fiscal effect in the absence of redevelopment) to measure net change affecting the General Fund.

The KMA analysis concludes that the fiscal impact of the Proposed Project is net positive, with a projected General Fund impact of \$47,400 annually at full buildout.

## Key Findings

1. *KMA's analysis concludes that the Proposed Project is likely to generate a net positive fiscal impact on the City's General Fund. EPS peer review and modeling corroborate this finding, with EPS results indicating an estimated impact that is more positive.*

EPS tested with the estimated "net-net" fiscal impact (i.e., the net fiscal impact of the proposed project minus that of the existing offices) presented in **Table 1**. EPS estimates that the annual fiscal impact at full buildout of the Proposed Project is approximately **\$64,500**. This impact estimate result exceeds KMA's estimate by \$17,100, largely due to differences in socioeconomic data used. EPS finds that Property Tax and Property Tax in lieu of Vehicle License Fees (VLF) are likely to be the largest sources of revenue, together accounting for roughly 74 percent of total estimated revenues.

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<sup>2</sup> Square footages reported by KMA.

**Table 1 Fiscal Impact Summary Results**

Item	Existing	Proposed	Net New
<b>GENERAL FUND</b>	<i>a</i>	<i>b</i>	<i>c = b - a</i>
<b>Annual Revenues [1]</b>			
Sales Tax	\$4,500	\$24,400	\$19,900
Property Tax in Lieu of VLF	\$11,300	\$54,200	\$42,900
Other Property Tax	\$22,700	\$109,200	\$86,500
Utility Tax	\$4,400	\$12,100	\$7,700
Franchise Fees	\$3,700	\$10,300	\$6,600
Business License	\$6,300	\$0	(\$6,300)
Property Transfer Tax	\$1,000	\$11,500	\$10,500
<b>Total General Fund Revenues</b>	<b>\$53,900</b>	<b>\$221,700</b>	<b>\$167,800</b>
<b>Annual Expenditures [2]</b>			
Council and Commissions	\$100	\$300	\$200
Administration	\$700	\$1,900	\$1,200
Law Enforcement	\$17,900	\$49,100	\$31,200
Administrative Services	\$800	\$2,200	\$1,400
Parks and Recreation	\$0	\$19,600	\$19,600
Community Development	\$6,200	\$16,900	\$10,700
Public Works	\$22,500	\$61,500	\$39,000
<b>Total General Fund Expenditures</b>	<b>\$48,200</b>	<b>\$151,500</b>	<b>\$103,300</b>
<b>Annual General Fund Surplus/(Deficit)</b>	<b>\$5,700</b>	<b>\$70,200</b>	<b>\$64,500</b>

Source: City of Cupertino FY 2023-24 Adopted Budget; EPS.

Note: Values are rounded to the nearest \$100.

- 2. EPS finds KMA's methodology for estimating fiscal impacts follows generally accepted approaches, with sufficient documented calculations to enable EPS peer review of the study methodology and results.*

Key assumptions used in estimating fiscal costs and revenues are included, and the Report's summary tables are accompanied by narrative and detailed tables provided in later sections and appendices. Most estimates apply an average cost method to estimate impacts (i.e., average General Fund cost per unit of development) on a per service population basis. Selected categories alternatively use the case study approach (i.e., estimated using assumptions specific to the theoretical prototype land uses). Both methods are widely recognized and are considered standard practice for fiscal impact analyses.

KMA's methodology diverges from EPS's standard practice in a few respects, including the choice of data sources and the documentation of underlying assumptions. For example, KMA derives citywide employment estimates from ESRI data, producing a total of 25,849 employees, whereas the LEHD OnTheMap database reports 54,376 employees. Because LEHD integrates multiple administrative datasets, including employer payroll records, EPS considers it a more reliable representation of actual employment conditions. The resulting difference affects the estimated service population, and consequently, the expenditure and revenue multipliers, affecting total fiscal costs and revenues.

In addition, in instances where KMA references "KMA assumptions" without identifying the source documentation for these inputs, EPS applies data-supported assumptions or references EPS experience with comparable projects to validate assumptions. For example, the source of the estimated average square footage per business reported in **Table 11** is not documented. EPS referred to the suite configurations in the existing office buildings, found through property listings, to calculate the number of businesses that can be accommodated currently.

**3. *EPS and KMA adopt different methods or assumptions for key fiscal inputs, including revenue estimation, income assumptions, and treatment of existing use revenues.***

Notable differences were found in the calculation of new sales tax revenues and business license tax revenues for the existing commercial site. Key differences are summarized below:

- **Revenue Categories**  
KMA includes revenues from *Fines and Forfeitures* within its fiscal impact calculations, whereas EPS excludes this category. EPS notes that fines and forfeitures are typically incidental and not directly attributable to new development. Their inclusion may modestly overstate net new General Fund revenues in KMA's analysis by \$900.
- **Business License Tax Revenues**  
KMA's model calculates Business License Tax revenues based solely on the per-unit annual fee, omitting the additional per-square-foot component. EPS's approach includes both components, which results in a total estimated business license tax of approximately \$6,300 compared to KMA's estimated \$2,400.

- **Sales Tax and Retail Capture**

KMA assumes a 30 percent retail capture rate and an average weekly taxable sales figure of \$17 per employee, while EPS assumes a 40 percent capture rate and \$127 in weekly taxable sales per employee.<sup>3</sup> The EPS assumptions are consistent with previous Cupertino fiscal impact studies done by EPS. EPS relies on ICSC survey data concerning office workers' retail expenditures. KMA's lower capture and spending assumptions may understate potential sales tax revenue associated with the existing and proposed development.

- **Persons per Household (PPH)**

KMA applies an ESRI-sourced estimate of 2.89 persons per household, compared to EPS's 2.85, which is based on the State of California Department of Finance (E-5) data. The difference is minor and within reasonable demographic variance.

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<sup>3</sup> Retail capture rate of 40% is consistent with Cupertino retail square footage relative to trade area retail square footage, assuming most shopping occurs within an area defined by a 15-minute drive time.



Economic & Planning Systems, Inc.  
*The Economics of Land Use*

EPS #251059 ■ December 17, 2025

# DIVIDEND HOMES FISCAL PEER REVIEW

*CITY OF CUPERTINO*

# Cupertino Dividend Homes Project

## Fiscal Impact Analysis Peer Review

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**Table 1**  
**Cupertino Dividend Homes Project**  
**Fiscal Impact Analysis Peer Review**  
**Estimated Revenue and Expenditure Summary Comparison**

Item	Existing	Proposed	Net New
<b>GENERAL FUND</b>	<i>a</i>	<i>b</i>	<i>c = b - a</i>
<b>Annual Revenues [1]</b>			
Sales Tax	\$4,500	\$24,400	\$19,900
Property Tax in Lieu of VLF	\$11,300	\$54,200	\$42,900
Other Property Tax	\$22,700	\$109,200	\$86,500
Utility Tax	\$4,400	\$12,100	\$7,700
Franchise Fees	\$3,700	\$10,300	\$6,600
Business License	\$6,300	\$0	(\$6,300)
Property Transfer Tax	\$1,000	\$11,500	\$10,500
<b>Total General Fund Revenues</b>	<b>\$53,900</b>	<b>\$221,700</b>	<b>\$167,800</b>
<b>Annual Expenditures [2]</b>			
Council and Commissions	\$100	\$300	\$200
Administration	\$700	\$1,900	\$1,200
Law Enforcement	\$17,900	\$49,100	\$31,200
Administrative Services	\$800	\$2,200	\$1,400
Parks and Recreation	\$0	\$19,600	\$19,600
Community Development	\$6,200	\$16,900	\$10,700
Public Works	\$22,500	\$61,500	\$39,000
<b>Total General Fund Expenditures</b>	<b>\$48,200</b>	<b>\$151,500</b>	<b>\$103,300</b>
<b>Annual General Fund Surplus/(Deficit)</b>	<b>\$5,700</b>	<b>\$70,200</b>	<b>\$64,500</b>

Source: City of Cupertino FY 2023-24 Adopted Budget; EPS.

Note: Values are rounded to the nearest \$100.

[1] See Table B-1 for details on revenue estimating procedures.

[2] See Table C-1 for details on expenditure estimating procedures.



**Table A-1**  
**Cupertino Dividend Homes Project**  
**Fiscal Impact Analysis Peer Review**  
**General Assumptions**

Item	Assumption
<b>General Assumptions</b>	
Base Fiscal Year [1]	FY 2024-25
<b>General Demographic Characteristics</b>	
<b>City of Cupertino</b>	
Population	59,471
Employees [2]	54,376
<b>City of Cupertino Persons Served [3]</b>	<b>86,659</b>

Source: California Department of Finance (DOF); California Employment Development Department (EDD); EPS.

- [1] Reflects the City of Cupertino Fiscal Year 2024-25 Adopted Budget. Revenues and expenditures are in 2025 dollars. This analysis does not reflect changes in value resulting from inflation or appreciation.
- [2] The LEHD program's Onthemap.ces.census.gov estimated a total of 54,376 jobs in Cupertino, CA in 2022.
- [3] Defined as total population plus half of total employees.

**Table A-2**  
**Cupertino Dividend Homes Project**  
**Fiscal Impact Analysis Peer Review**  
**Proposed Land Use Development Plan**

Land Use	Existing				Proposed			
	SF per Unit	Average Density	Dwelling Units	Nonres. [1] Bldg Sq. Ft.	SF per Unit	Average Density	Dwelling Units	Nonres. Bldg Sq. Ft.
<b>Residential Townhomes</b>		<u>DU/Ac.</u>				<u>DU/Ac.</u>		
<b>Type 1</b>					1,548			
Market-Rate							34	
BMR- Moderate							4	
BMR- Median							4	
<b>Type 2</b>					1,978			
Market-Rate							9	
BMR- Moderate							1	
BMR- Median							2	
<b>Type 3</b>					2,016			
Market-Rate							9	
BMR- Moderate							1	
BMR- Median							1	
<b>Type 4</b>					2,050			
Market-Rate							15	
BMR- Moderate							2	
BMR- Median							2	
<b>Type 5</b>					2,257			
Market-Rate							4	
BMR- Moderate							1	
BMR- Median							0	
Total Residential	0	0	0	0	161,163	0	89	0
<b>Nonresidential</b>		<u>FAR</u>				<u>FAR</u>		
Office				68,201				0
Total Nonresidential	0	0		68,201	0			0
<b>Total Land Uses [1]</b>	<b>0</b>			<b>68,201</b>	<b>161,163</b>			<b>0</b>

Source: California Department of Finance (DOF); California Employment Development Department (EDD); EPS.

[1] As reported in KMA study.

**Table A-3**  
**Cupertino Dividend Homes Project**  
**Fiscal Impact Analysis Peer Review**  
**Estimated Service Population**

Land Use	Vacancy Rate [1]	Existing			Proposed		
		Occupied Dwelling Units/ Building Square Feet [2]	Resident/ Employee Densities [4]	Service Population [2]	Occupied Dwelling Units/ Building Square Feet [2]	Resident/ Employee Densities [4]	Service Population [2]
		<u>Occupied Units</u>	<u>Persons/HH</u>	<u>Residents</u>	<u>Occupied Units</u>	<u>Persons/HH</u>	<u>Residents</u>
<b>Residential</b>							
Market-Rate	0.0%	0	2.85	0	71	2.85	202
BMR- Moderate		0	2.85	0	9	2.85	26
BMR- Median		0	2.85	0	<u>9</u>	2.85	<u>26</u>
<b>Total Residential</b>		<b>0</b>		<b>0</b>	<b>89</b>		<b>254</b>
		<u>Occupied Bldg Sq. Ft.</u>	<u>Sq. Ft./Employee</u>	<u>Employees</u>	<u>Occupied Bldg Sq. Ft.</u>	<u>Sq. Ft./Employee</u>	<u>Employees</u>
<b>Nonresidential</b>							
Office	5.0%	68,201	350	185	0		
<b>Total Nonresidential</b>				<b>185</b>	<b>0</b>		<b>0</b>
<b>Persons Served [3]</b>				<b>93</b>			<b>254</b>

Source: LEHD OnTheMap 2022; Department of Finance; and EPS

[1] CoStar reports office vacancy in the submarket at 16.9%. EPS has assumed a stabilized vacancy rate of 5%.

[2] Existing employee count based total primary jobs on site from LEHD (OnTheMap 2022). Employment at Buildout based on occupied land uses and population and employment density assumptions in Table A-2.

[3] Persons Served defined as total project area population plus half of total project area employees.

[4] Office Sq.Ft/ Employee Density based on KMA assumption.

**Table B-1**  
**Cupertino Dividend Homes Project**  
**Fiscal Impact Analysis Peer Review**  
**Revenue-Estimating Procedures Based on City of Santa Clara FY 2024-25 Adopted Budget (2025\$)**

Item	Estimating Procedure	Case Study Reference	FY 2024-25 Budgeted Revenues	Service Population	Revenue Multiplier
<b>General Fund Revenues</b>					
Sales Tax	Case Study	Table B-5	\$11,648,962	NA	-
Property Tax	Case Study	Table B-3		NA	-
Property Tax in Lieu of VLF		-	\$10,894,681	NA	-
Other Property Tax		-	\$22,280,296	NA	-
Transient Occupancy Tax	[1]	-	\$7,731,947	NA	-
Utility Tax	Persons Served	-	\$4,130,140	86,659	\$47.66
Franchise Fees	Persons Served	-	\$3,509,346	86,659	\$40.50
Other Taxes	[1]	-	\$60,738	NA	-
Business License	Case Study	Table B-6	\$744,690	NA	-
Property Transfer Tax	Case Study	Table B-4	\$878,901	NA	-
Licenses & Permits	[1]	-	\$3,665,866	NA	-
Use of Money & Property	[1]	-	\$4,697,122	NA	-
Intergovernmental	[1]	-	\$2,471,990	NA	-
Charges for Services	[2]	-	\$15,102,136	NA	-
Fines & Forfeitures	[2]	-	\$395,000	NA	-
Miscellaneous	[1]	-	\$1,210,653	NA	-
Other Financing Sources	[1]	-	\$367,000	NA	-
Transfers In	[1]	-	\$15,000	NA	-
<b>Subtotal General Fund Revenues</b>			<b>\$89,804,468</b>		<b>-</b>

Source: City of Cupertino FY 2024-25 Adopted Budget; EPS.

[1] This revenues source is not expected to be affected by the Project and therefore no revenue multipliers are estimated in this analysis.

[2] This analysis assumes that all or part of these revenues are fully dedicated to specific General Fund departmental costs (offsetting revenues). Because these revenues are budget-neutral and are not discretionary, they are not included in estimating discretionary Project revenues.

**Table B-2**  
**Cupertino Dividend Homes Project**  
**Fiscal Impact Analysis Peer Review**  
**Estimated Annual Project Revenues at Buildout**

Item	Estimating Procedure	Source	Existing Project	Proposed Project
			Amount (Rounded)	Amount (Rounded)
Annual General Fund Revenues				
Sales Tax	Case Study	Table B-5	\$4,500	\$24,400
Property Tax	Case Study	Table B-3		
Property Tax in Lieu of VLF			\$11,300	\$54,200
Other Property Tax			\$22,700	\$109,200
Utility Tax	Persons Served	Table B-1	\$4,400	\$12,100
Franchise Fees	Persons Served	Table B-1	\$3,700	\$10,300
Business License	Case Study	Table B-6	\$6,300	\$0
Property Transfer Tax	Case Study	Table B-4	<u>\$1,000</u>	<u>\$11,500</u>
Annual General Fund Revenues			<b>\$53,900</b>	<b>\$221,700</b>

Source: City of Cupertino FY 2024-25 Adopted Budget; EPS.

- [1] This revenues source is not expected to be affected by the Project and therefore no revenue multipliers are estimated in this analysis.
- [2] This analysis assumes that all or part of these revenues are fully dedicated to specific General Fund departmental costs (offsetting revenues). Because these revenues are budget-neutral and are not discretionary, they are not included in estimating discretionary Project revenues.

**Table B-3**  
**Cupertino Dividend Homes Project**  
**Fiscal Impact Analysis Peer Review**  
**Estimated Property Tax Revenues**

Item	Formula	Existing	Proposed
<b>1% Property Tax</b>			
Total Assessed Value of Project [1]	$a$	\$34,876,299	\$167,737,934
Property Tax Revenue (1% of Assessed Value)	$b = a * 1.00\%$	\$348,763	\$1,677,379
<b>Estimated Property Tax Allocation [2]</b>			
City of Cupertino	$c = b * 6.51\%$	\$22,704	\$109,197
Santa Clara County	$d = b * 19.85\%$	\$69,229	\$332,960
Other Agencies	$e = b * 73.64\%$	\$256,829	\$1,235,222
<b>Property Tax In Lieu of Vehicle In-Lieu Fee Revenue (VLF)</b>			
Total Citywide Assessed Value [3]	$f$	\$33,715,982,769	\$33,715,982,769
Percentage Change in AV	$g = a / f$	0.10%	0.50%
<b>Annual Increase in Property Tax In Lieu of VLF [4]</b>	$j = i * \$10,894,681$	<b>\$11,270</b>	<b>\$54,201</b>

Source: ParcelQuest; EPS.

[1] Assessed Value of Existing Office Complex reflect 2024/2025 secured land and improvement values of the property per KMA report. Proposed Assessed Value from Table D-2.

[2] See Table D-1.

[3] FY2024-2025 value based on Santa Clara County's Annual Assessor's Report.

[4] Property tax in lieu of VLF amount derived from the City of Cupertino FY 2024-25 Adopted Budget.

**Table B-4**  
**Cupertino Dividend Homes Project**  
**Fiscal Impact Analysis Peer Review**  
**Documentary Transfer Tax**

Description	Source/ Assumption	Formula	Existing Project	Proposed Project
<b>Assumptions</b>				
Rate per \$1,000 of AV [1]	\$0.55	$a = \$0.55$		
<b>Turnover Rate [2]</b>				
Owner-Occupied Homes	12.5%	$b = 12.5\%$		
Nonresidential Sq. Ft.	5.0%	$c = 5.0\%$		
<b>Assessed Value [3]</b>				
Market-Rate	Table D-2	$d$	\$0	\$167,737,934
Nonresidential	Table D-2	$e$	<u>\$34,876,000</u>	<u>\$0</u>
<b>Total Assessed Value</b>		$f = d + e$	<b>\$34,876,000</b>	<b>\$167,737,934</b>
<b>Annual Transfer Tax Revenue</b>				
Market-Rate		$g = (d / 1,000) * a * b$	\$0	\$11,532
Nonresidential		$h = (e / 1,000) * a * c$	<u>\$959</u>	<u>\$0</u>
<b>Total Annual Transfer Tax Revenue</b>		$i = g + h$	<b>\$959</b>	<b>\$11,532</b>

Source: City of Cupertino; EPS.

[1] Based on California Revenue and Taxation Code, §§ 11911-11929, which authorizes cities and counties to levy a real estate transfer tax at a rate of \$0.55 per \$1,000 value.

[2] Annual Turnover Rate based on assumption that Residential properties turn over one in every 8 years and one in 10 years for the nonresidential retail component.

[3] Assessed Values (AV) derived in Table D-2 note that assessed values are expressed in 2025\$ and include no real AV growth.

**Table B-5**  
**Cupertino Dividend Homes Project**  
**Fiscal Impact Analysis Peer Review**  
**Estimated Taxable Sales and Use Tax Revenue**

Item	Assumptions	Formula	Existing Project	Proposed Project
<b>Estimated Annual Taxable Sales (Rounded)</b>				
Annual Taxable Sales from New Market Support	Table B-5A		\$452,700	\$2,438,400
<b>Total Annual Taxable Sales</b>		<i>a</i>	<b>\$452,700</b>	<b>\$2,438,400</b>
<b>Annual Sales Tax Revenue</b>				
Bradley Burns Local Sales Tax Rate	1.00%	$b = a * 1.00\%$	\$4,500	\$24,400
<b>Total Sales Tax Revenue</b>			<b>\$4,500</b>	<b>\$24,400</b>

Source: California State Board of Equalization; City of Cupertino; EPS.



**Table B-5A**  
**Cupertino Dividend Homes Project**  
**Fiscal Impact Analysis Peer Review**  
**Estimated Annual Taxable Sales, Hybrid Market Support Method**

Item Description	Source/ Assumption	Existing Project	Source/ Assumption	Proposed Project
<b>Annual Taxable Sales from New Occupied Households</b>				
<b>Occupied Residential Units</b>	<i>Table A-3</i>		<i>Table A-3</i>	
<b>Residential Subtotal</b>		<b>\$0</b>		<b>89</b>
<b>Taxable Retail Expenditures [1]</b>	<i>Table D-3</i>		<i>Table D-3</i>	
<b>Type 1</b>				
Market-Rate	-	\$0	\$65,800 per HH	\$2,237,200
BMR- Moderate	-	\$0	\$36,900 per HH	\$147,600
BMR- Median	-	\$0	\$25,500 per HH	\$102,000
<b>Type 2</b>				
Market-Rate	-	\$0	\$87,200 per HH	\$784,800
BMR- Moderate	-	\$0	\$36,900 per HH	\$36,900
BMR- Median	-	\$0	\$25,500 per HH	\$51,000
<b>Type 3</b>				
Market-Rate	-	\$0	\$88,000 per HH	\$792,000
BMR- Moderate	-	\$0	\$36,900 per HH	\$36,900
BMR- Median	-	\$0	\$25,500 per HH	\$25,500
<b>Type 4</b>				
Market-Rate	-	\$0	\$88,900 per HH	\$1,333,500
BMR- Moderate	-	\$0	\$39,500 per HH	\$79,000
BMR- Median	-	\$0	\$27,300 per HH	\$54,600
<b>Type 5</b>				
Market-Rate	-	\$0	\$93,900 per HH	\$375,600
BMR- Moderate	-	\$0	\$39,500 per HH	\$39,500
<b>Residential Subtotal</b>		<b>\$0</b>		<b>\$6,096,100</b>
<b>Taxable Sales from New Households</b>				
Estimated Retail Capture in City of Cupertino [2]	40%	<b>\$0</b>	40%	<b>\$2,438,440</b>
<b>Annual Taxable Sales from Employees</b>				
<b>Employees</b>	<i>Table A-3</i>	185	<i>Table A-3</i>	0
Average Weekly Taxable Sales per Employee [2]	\$127		\$0	
Work Weeks per Year	48		48	
<b>Total City Taxable Sales from New Employees</b>		<b>\$1,131,654</b>		<b>\$0</b>
<b>Taxable Sales from New Employees</b>				
Estimated Retail Capture in City of Cupertino [2]	40%	<b>\$452,662</b>	40%	<b>\$0</b>
<b>Total Annual City Taxable Sales from Market Support</b>		<b>\$452,662</b>		<b>\$2,438,440</b>

Source: International Council of Shopping Centers; Bureau of Labor Statistics; California Department of Tax and Fee Administration; and EPS.

[1] See Table D-3 for estimated retail expenditures per household (values rounded to nearest thousand). Proposed Project value column multiplies per household amount by total households in Project.

[2] EPS Assumption.

**Table B-6**  
**Cupertino Dividend Homes Project**  
**Fiscal Impact Analysis Peer Review**  
**Estimated Business License Tax**

Item	Source	Existing		Proposed	
		Assumptions	Project	Assumptions	Project
<b>Non-Residential Bldg. Sq. Ft.</b>	<i>Table A-2</i>				
Office		68,201	\$68,201	0	\$0
Estimated Number of Businesses [1]		17		0	\$0
Base Tax [2]		\$181	\$3,077	0	\$0
Annual Fee per Sq. Ft. [3]					
0 - 5,000 SF		\$0.0485 per SF	\$2,629	0	\$0
5,001 - 25,000 SF		\$0.0422 per SF	<u>\$591</u>	0	<u>\$0</u>
<b>Total Annual Business License Tax</b>			<b>\$6,297</b>		<b>\$0</b>

Source: City of Cupertino; Economic & Planning Systems

[1] Based on data from available office suites in the property as reported by commercial leasing agents.

[2] City of Cupertino Business License Tax for FY 2024 includes a base tax and an annual rental tax per SF.

[3] Suites at 20111 and 20045–20065 Stevens Creek are each under 5,000 SF. At 20085 Stevens Creek, approximately 14,000 SF is available for a single tenant. EPS used the corresponding rates to calculate the annual fee.

**Table C-1**  
**Cupertino Dividend Homes Project**  
**Fiscal Impact Analysis Peer Review**  
**Expenditure-Estimating Procedures Based on City of Cupertino FY 2024-25 Adopted Budget**

Item	Estimating Procedure	FY 2024-25 Net City Expenditures	Population or Persons Served	Net Expenditure Multiplier	Adjustment Factor [1]	Adjusted Expenditure Multiplier
<b>General Fund Expenditures</b>						
Council and Commissions	Persons Served Multiplier	\$1,113,918	86,659	\$12.85	10%	\$1.29
Administration	Persons Served Multiplier	\$6,553,963	86,659	\$75.63	10%	\$7.56
Law Enforcement	Persons Served Multiplier	\$18,648,806	86,659	\$215.20	90%	\$193.68
Innovation & Technology	Persons Served Multiplier	\$3,122,993	86,659	\$36.04	0%	\$0.00
Administrative Services	Persons Served Multiplier	\$7,537,109	86,659	\$86.97	10%	\$8.70
Parks and Recreation	Per Capita	\$6,126,441	59,471	\$103.02	75%	\$77.26
Community Development	Persons Served Multiplier	\$11,525,304	86,659	\$133.00	50%	\$66.50
Public Works	Persons Served Multiplier	\$28,040,398	86,659	\$323.57	75%	\$242.68
Non-Departmental	[2]	<u>\$7,372,862</u>	-	-	-	<u>\$0.00</u>
<b>Total Annual General Fund Expenditures [3]</b>		<b>\$90,041,794</b>				<b>\$597.66</b>

Source: City of Cupertino FY 2024-25 Adopted Budget; EPS.

[1] Adjustment factor recognizes some department costs are fixed.

[2] Not expected to be affected by the Project and is not evaluated in this analysis.

**Table C-2**  
**Cupertino Dividend Homes Project**  
**Fiscal Impact Analysis Peer Review**  
**Estimated Annual Project Expenditures at Buildout**

Expenditures	Estimating Procedure	Source	Existing Project	Proposed Project
			Amount (Rounded)	Amount (Rounded)
General Fund				
Council and Commissions	Persons Served Multiplier	Table C-1	\$100	\$300
Administration	Persons Served Multiplier	Table C-1	\$700	\$1,900
Law Enforcement	Persons Served Multiplier	Table C-1	\$17,900	\$49,100
Administrative Services	Persons Served Multiplier	Table C-1	\$800	\$2,200
Parks and Recreation	Per Capita	Table C-1	\$0	\$19,600
Community Development	Persons Served Multiplier	Table C-1	\$6,200	\$16,900
Public Works	Persons Served Multiplier	Table C-1	<u>\$22,500</u>	<u>\$61,500</u>
Annual General Fund Expenditures			<b>\$48,200</b>	<b>\$151,500</b>

Source: City of Cupertino FY 2024-25 Adopted Budget; EPS.

Note: Values are rounded to the nearest \$100.

**Table D-1**  
**Cupertino Dividend Homes Project**  
**Fiscal Impact Analysis**  
**Property Tax Allocations**

		<b>013-003</b>
<b>FUND</b>		Post-ERAF & RDA Shift
<b>City and County</b>		
	Bay Area Air Quality Management District	0.00180
	Central Fire Protection District	0.15180
	City of Cupertino	0.06510
	Cupertino Union Elementary	0.24750
	Educational Revenue Augmentation Fund	0.07700
	Foothill-DeAnza Community College	0.06380
	Fremont Union High	0.16710
	Midpeninsula Regional Open Space District	0.01550
	Santa Clara County	0.13680
	Santa Clara County Importation Water-Misc District	0.00490
	Santa Clara County Library	0.02570
	Santa Clara County Office of Education	0.03110
	Santa Clara Valley Water District	0.00160
	Santa Clara Valley Water District North Central Zone	0.00900
	Santa Clara Valley Water District West Zone 4	0.00130
	<b>Totals</b>	<b>1.00000</b>

Source: KMA Study; EPS.

[1] Represents the percentage allocation of the 1% ad valorem property tax for Tax Rate Area (TRA) 013003 in which the project is located, as reported by KMA.

**Table D-2**  
**Cupertino Dividend Homes Project**  
**Fiscal Impact Analysis Peer Review**  
**Estimated Assessed Valuation at Buildout**

Item	Existing			Proposed		
	Assessed Value per Unit/Bldg	Development	Total Assessed Value [2]	Assessed Value per Unit/Bldg Sq. Ft.	Development	Total Assessed Value [2]
<b>Residential</b>				<i>Per Unit</i>	<i>Units</i>	
<b>Type 1</b>						
Market-Rate				\$1,875,000	34	\$63,750,000
BMR- Moderate				\$648,349	4	\$2,593,396
BMR- Median				\$408,752	4	\$1,635,008
<b>Type 2</b>						
Market-Rate				\$2,500,000	9	\$22,500,000
BMR- Moderate				\$648,349	1	\$648,349
BMR- Median				\$408,752	2	\$817,504
<b>Type 3</b>						
Market-Rate				\$2,525,000	9	\$22,725,000
BMR- Moderate				\$648,349	1	\$648,349
BMR- Median				\$408,752	1	\$408,752
<b>Type 4</b>						
Market-Rate				\$2,550,000	15	\$38,250,000
BMR- Moderate				\$699,302	2	\$1,398,604
BMR- Median				\$441,835	2	\$883,670
<b>Type 5</b>						
Market-Rate				\$2,695,000	4	\$10,780,000
BMR- Moderate				\$699,302	<u>1</u>	<u>\$699,302</u>
<b>Total</b>					<b>89</b>	<b>\$167,737,934</b>
<b>Nonresidential</b>	<i>Per Sq. Ft.</i>	<i>Bldg Sq. Ft.</i>		<i>Per Sq. Ft.</i>	<i>Bldg Occupied Sq. Ft.</i>	
Office	\$511	68,201	\$34,876,000	\$0	0	\$0
<b>Total Nonresidential</b>		<b>68,201</b>	<b>\$34,876,000</b>		<b>0</b>	<b>\$0</b>
<b>Total Assessed Value [2]</b>			<b>\$34,876,000</b>			<b>\$167,737,934</b>

Source: EPS; KMA

[1] Residential assessed value per unit based on estimated sale price of unit reported in KMA Study. For retail assessed value per sq. ft. see Table D-3.

[2] Assessed Value of Existing Office Complex reflect 2024/2025 secured land and improvement values of the property per KMA report.

[3] Total proposed assessed value expressed in 2025\$ and include no real AV growth.

**Table D-3**  
**Cupertino Dividend Homes Project**  
**Fiscal Impact Analysis Peer Review**  
**Household Income and Expenditure Assumptions**

Land Use	Assessed Value [1]	Estimated Annual Income per Household [2]	Taxable HH Expenditures [3]	
			as % of HH Income	Average Annual Exp.
<b>Residential</b>	<i>Per Unit</i>			
<b>Type 1</b>				
Market-Rate	\$1,875,000	\$459,000	14.3%	\$65,800
BMR- Moderate	\$648,349	\$167,000	22.1%	\$36,900
BMR- Median	\$408,752	\$109,000	23.4%	\$25,500
<b>Type 2</b>				
Market-Rate	\$2,500,000	\$608,000	14.3%	\$87,200
BMR- Moderate	\$648,349	\$167,000	22.1%	\$36,900
BMR- Median	\$408,752	\$109,000	23.4%	\$25,500
<b>Type 3</b>				
Market-Rate	\$2,525,000	\$614,000	14.3%	\$88,000
BMR- Moderate	\$648,349	\$167,000	22.1%	\$36,900
BMR- Median	\$408,752	\$109,000	23.4%	\$25,500
<b>Type 4</b>				
Market-Rate	\$2,550,000	\$620,000	14.3%	\$88,900
BMR- Moderate	\$699,302	\$179,000	22.1%	\$39,500
BMR- Median	\$441,835	\$117,000	23.4%	\$27,300
<b>Type 5</b>				
Market-Rate	\$2,695,000	\$655,000	14.3%	\$93,900
BMR- Moderate	\$699,302	\$179,000	22.1%	\$39,500

Source: California Department of Finance; U.S. Census Bureau, 2022 American Community Survey 1-Year Estimates; U.S. Bureau of Labor Statistics; KMA; EPS.

[1] Assessed value information for residential uses based on sales price provided in KMA Study.

[2] Market Rate household income assumptions:

Assumes that annual mortgage payments, plus property taxes and insurance are 30% of income.

Mortgage payments assume a 20% down payment, 30-yr term, 5% fixed interest.

Taxes and insurance are assumed to equal 2% of home value.

Includes a \$300/month estimate for HOA dues.

[3] Taxable expenditures as a percentage of income derived from the 2022 BLS Consumer Expenditure Survey.