

PC 06-23-2026

#2

Study Session on Housing
Element update to add
capacity at all income levels

Presentations

Residential Density/Capacity

Planning Commission

June 23, 2026



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Agenda

- Background
- Post-HE Approval/SB166
- Updating the Priority Housing Sites Inventory

Background



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City's 6th Cycle RHNA

Income Group	Units	% of total
Very Low Income (<50% of AMI)	1,193	26.0
Low Income (50%-80% of AMI)	687	15.0
Moderate Income (80%-120% of AMI)	755	16.5
Above Moderate Income (>120% of AMI)	1,953	42.5
Total	4,588	100

**Affordable
Units =
2,635**
(~57% of
total)

Buffer ~ HCD recommends 15- 30%, particularly for lower income levels, to ensure city does not have to update sites inventory before next HE update for ongoing compliance with state law.

BMR Production vs. RHNA

- Affordable RHNA requirement = ~58%
 - Lower income = 41%
 - Moderate income = 16.5%
- BMR production
 - Lower income = 15% for rental
 - Moderate income = 20% for ownership
- Large gap between state requirements and production

RHNA/Sites Inventory



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Approved HE Capacity and Surplus

RHNA Category	Very Low	Low	Moderate	Above Moderate	Total
2023-2031 RHNA	1,193	687	755	1,953	4,588
Total Capacity*	2,037		847	2,997	5,881
Surplus	157		92	1,044	1,294

* Includes Pipeline projects, projected units on Priority Housing Sites and projected ADUs

2023-2031 (6th Cycle) Housing Element

- 58 individual properties on sites inventory. Many sites contiguous.
- 70% of properties (40 properties) – 50 units/acre or more.
- 15 sites – 20-35 units/acre.
- Sites divided fairly equally between Mixed-Use (27) and Residential only zones (31).

Post-HE Adoption – Project Approvals

SB 166



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Why evaluate Residential Density?

- City has received over 16 housing development applications since 2024
 - SB330 preliminary applications **locked in lower density**, prior to HE certification on Priority Housing Sites, **at townhome densities** (~20 or less du/ac) (*Summerhill I, Toll Brothers, Dividend I, SC Office Ctr.*)
 - Compliant projects on Priority Housing Sites proposed at **lowest end of density range**, ~20 du/ac (*Evulich*)
 - Only **one project** utilizing state Density Bonus law to include bonus units to **exceed HE expected capacity**
- Development either occurring at ~20 du/ac or ~80-100 du/ac

What is GCS 65863?

- Adopted by Legislature in 2002 to ensure:
 - No reduction in potential capacity of new residential development
 - Cities maintain sufficient supply of Priority Housing Sites throughout RHNA Planning period
- Amended in 2017 by SB166 to require cities to:
 - Maintain sufficient capacity to meet unmet RHNA **at all times, for each income category**
- Annual reporting requirements makes Housing Element more like an agreement with ongoing tracking than a final document

What must cities do to comply?

- If development is approved at different density or affordability mix, City must:
 - Find that existing Priority Housing sites are adequate to accommodate remaining unmet RHNA at all income levels
 - Quantify remaining unmet RHNA and capacity at each income level on existing Priority Housing Sites
- If shortfall is found, City must, **concurrently or within 180 days**, either:
 - Identify new Housing Element sites or
 - Upzone existing Housing Element sites

Current Status

- City unable to make GCS 65863 finding for Moderate units first December 2025
 - Approval of several townhome projects since then compensates
- Unable to make GSC 65863 finding for lower income due to Vallco/The Rise modification
- 180 days to correct inability to make No Net Loss finding



No Net Loss Table PG1

RHNA Category	Very Low	Low	Moderate	Above Moderate	Total
2023-2031 RHNA	1,193	687	755	1,953	4,588
Total Capacity	2,037		847	2,997	5,881
Total adopted Surplus (a)	157		92	1,044	1,294
Projection on HE/ Pipeline Sites entitled* (b)	756		153	1,535	2,444
Actual on HE/Pipeline Sites entitled* (c)	272		39	1,299	1,610
Remaining Deficit/ Surplus (a)-(b)+(c)	-327		-22	808	460

Slide 14

PG1

Needs to be updated.

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Site Selection Strategies



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Affordable Housing Production

1. 100% affordable housing:
 - a. Mary Ave and County/Eden (Wolfe Rd)
 - Other affordable housing developers – need more density for other funding sources
2. BMR Program:
 - a. 15% lower income – rental projects
 - b. 20% moderate income – for sale projects
3. Non-deed restricted units rent/cost like BMR units
 - a. Affordable by design – generally for rent and smaller

Current Development Pattern

1. Lots of Townhomes at or **below** 20 du/ac (Summerhill, Dividend, Harvest Properties)
2. Rental project above 125 du/ac (Hanover)
3. No development in 20 – 100 du/ac range

Site Selection Consideration

- Identify sites at higher densities along major transportation corridors
 - Align with AB2011, other regional land use plans and General Plan
 - Existing residential densities along corridors already allow townhome densities
- Keeps denser development **out of neighborhoods**
- Requires **fewer sites**

Site Selection Consideration

- Consider:
 - **HE sites** at **minimum** densities of 65 du/ac to reduce site upzoning
 - Establish **minimum** densities of 20-25 du/ac for **non-HE sites**
- **Avoid** increasing densities along **constrained evacuation routes** – Bubb Rd, McClellan and Foothill/SCB west of 85.



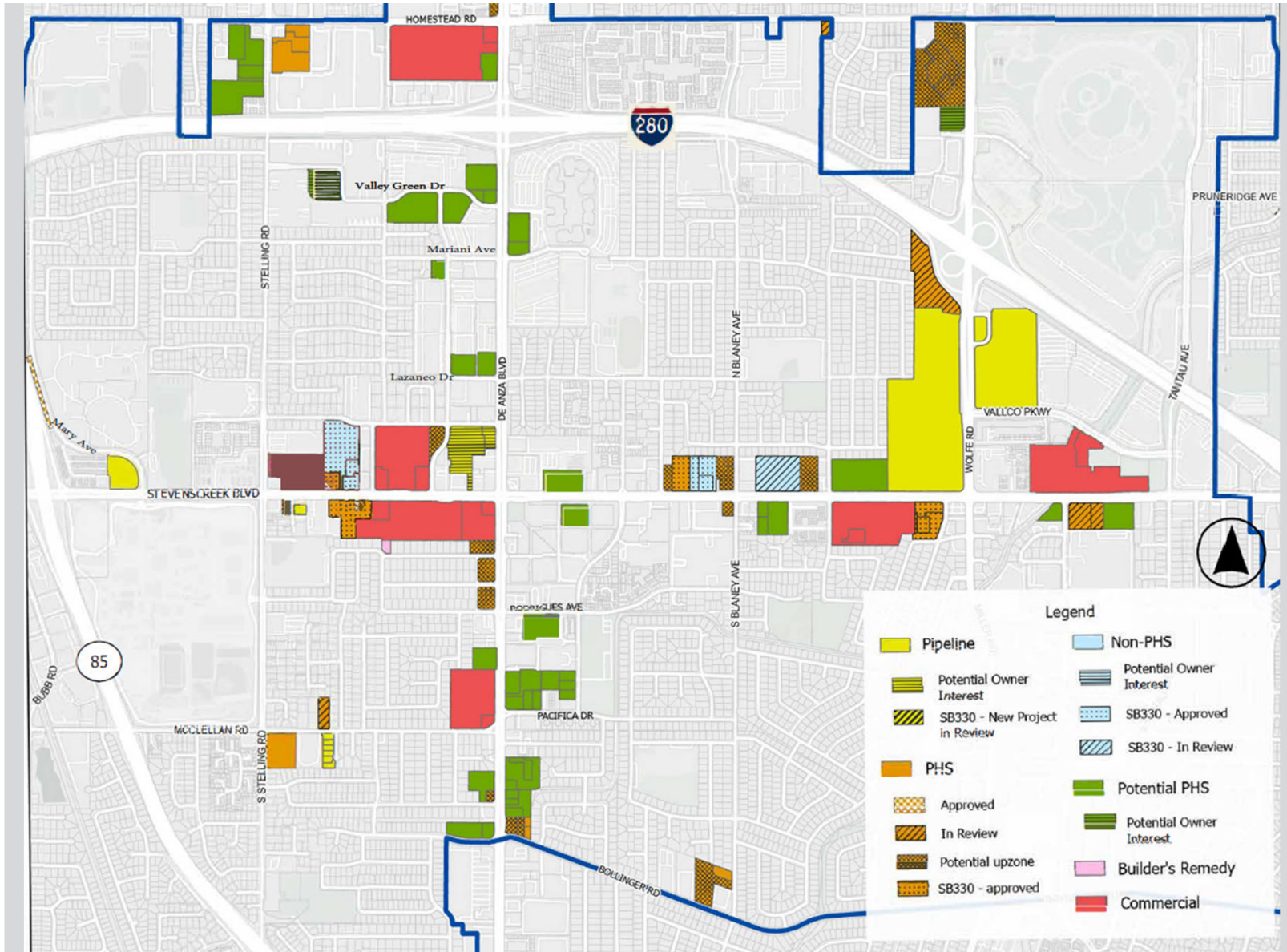
Related Density Considerations

- Council interested in developing retail and job retention strategy
- Options:
 - Onsite “density transfer” on existing retail sites identified for retail preservation
 - Increase density on a portion of site – potentially allow RHNA targets to be met, adjacent to retail
 - High density in proximity to retail may make retail more viable in long term

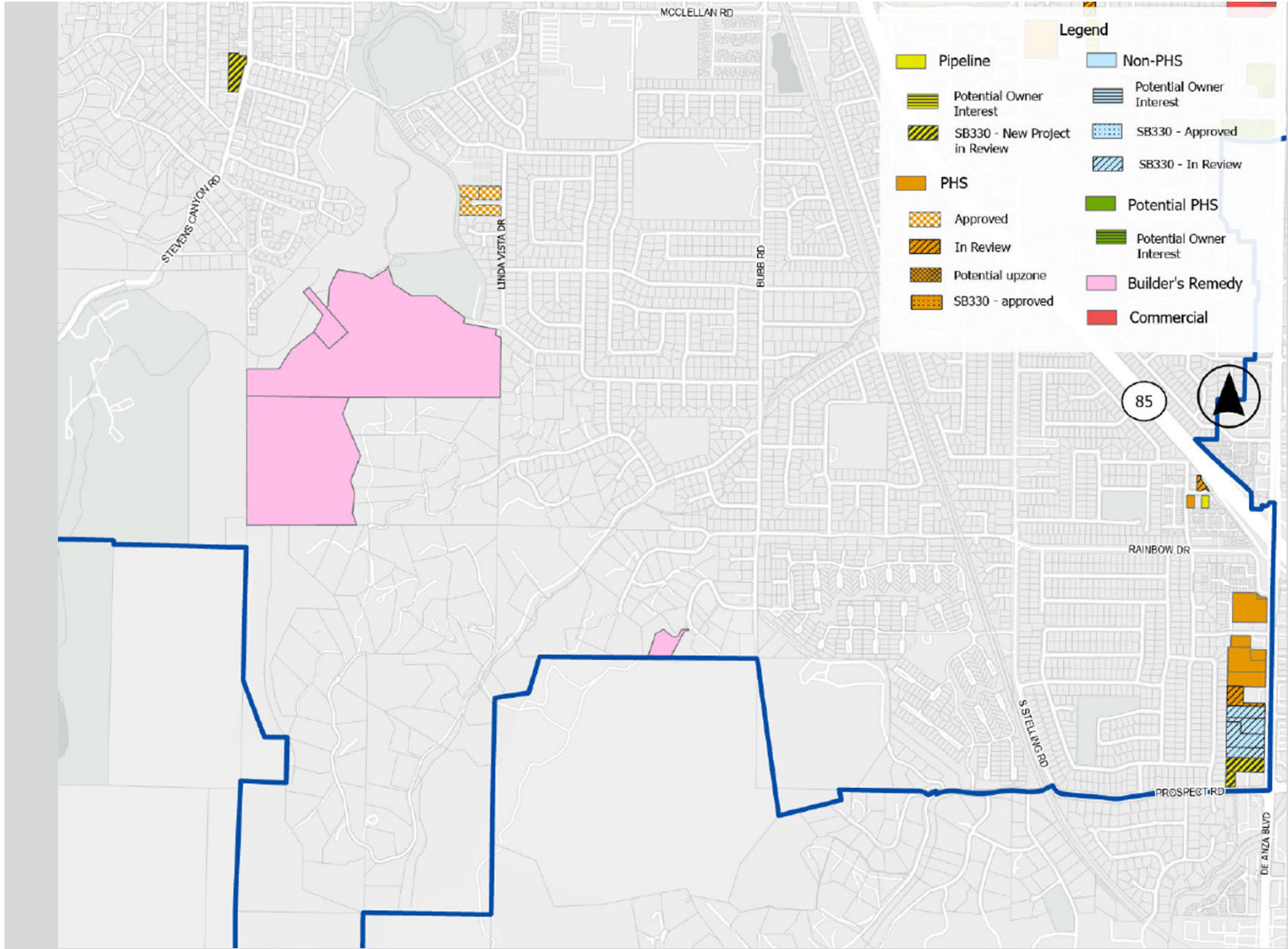
Key takeaway

- Higher density = fewer sites = less acreage upzoned = more feasible development

Potential Sites Overview – Central, East and North



Potential Sites Overview – South



Potential Sites Overview – West

