

CC 05-14-2024

#1

Housing Element

Updated Final
Presentation

6th Cycle Housing Element Update Adoption

City Council
May 14, 2024



1

Agenda

- Housing Element Overview
- Outreach Summary
- RHNA/Priority Sites
- Policies and Strategies
- HCD Review and Comments
- Environmental Review
- Associated GP amendments
- Planning Commission Recommendation
- Staff Recommendation
- Project Update/Next steps



2

Housing Element Overview



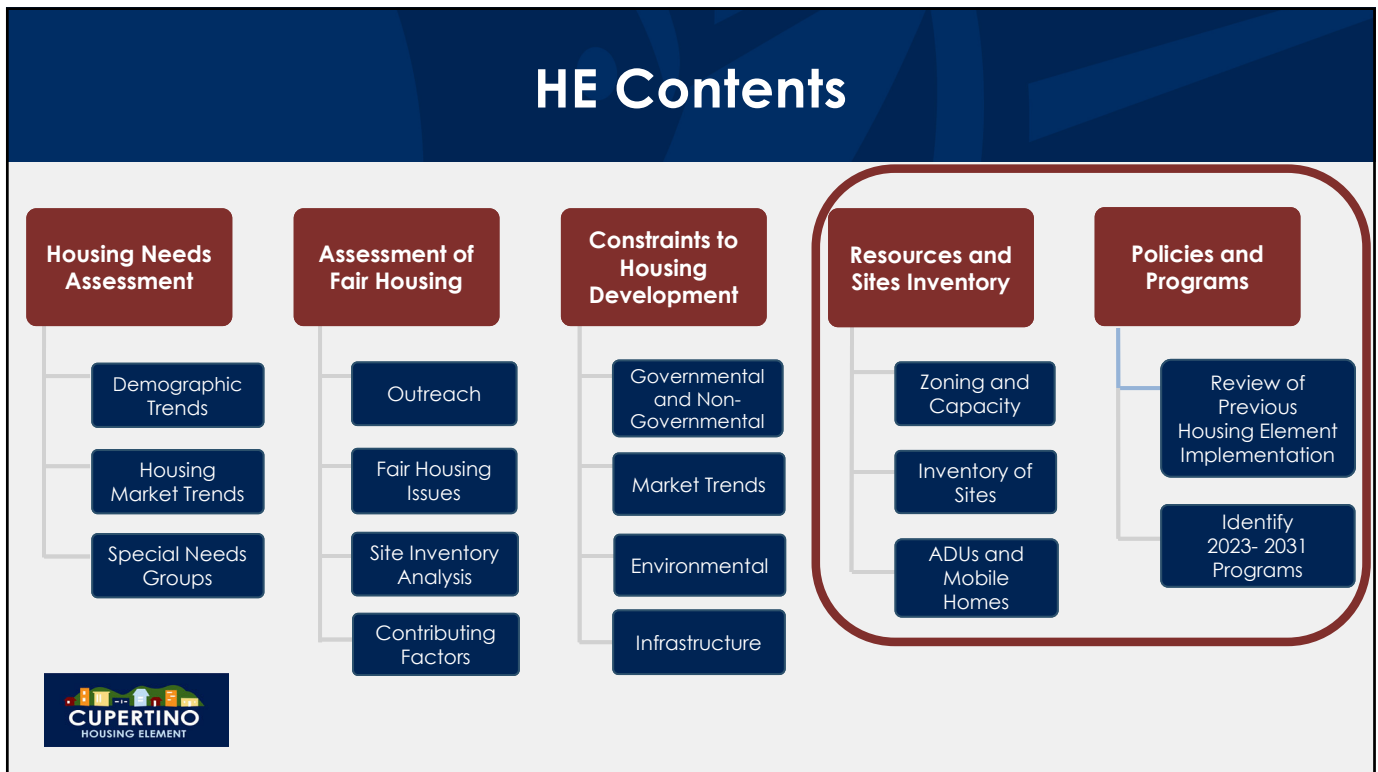
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What is a Housing Element? Why Update it?

- **What** is a Housing Element?
 - State-mandated Element of City's General Plan
- **Why** update it now?
 - Required to be updated every 8 years by law
- Update by **when**?
 - By Jan. 31, 2023 (**deadline passed**)
- Update it? **How**?
 - Study and plan for housing needs in community between 2023-2031, across all income levels
- **Who** certifies compliance?
 - CA Dept of Housing and Community Development (HCD)



4



5

Other updates

- Conforming General Plan changes:
 - Land Use and appendices – Internal consistency
 - Mobility and appendices – address environmental assessment/mitigations
- **Conforming Rezoning** - map and text
- State law requirements – Health and Safety Element
- Other – necessary to implement HE programs (e.g. Objective design standards for housing developments)

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6

6th Cycle vs. 5th Cycle

- RHNA 4x higher in Cupertino--4,588 vs. 1,064
- Few remaining undeveloped sites, reliance on redevelopment to meet RHNA
- 62 properties, 36 development sites
- 70% of properties 50 units/acre or more
- New legislation adds requirements in:
 - Developing policies/programs
 - Greater accountability to produce housing
 - Site selection
 - Less discretion approving housing developments
 - Affirmatively Furthering Fair Housing (AFFH)
 - More outreach and inclusion



7

Noncompliance

- What can happen if City does not have a certified Housing Element?
 - Loss of local land use and zoning control – Builder's Remedy projects
 - **Lawsuits and attorney fees**
 - Ineligibility for grant funding
 - Financial penalties, court issued fines
 - Streamlined ministerial approval of projects
 - Court receivership appointing an agent to bring City's Housing Element into compliance



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Affirmatively Furthering Fair Housing (AFFH)

- AB 686 (2018) defines AFFH as:
"taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics."
- Cupertino - **High** or **Highest** Resource for Access to Opportunities
- Housing anywhere in City would **regionally** further AFFH
- Must look to accommodate persons who currently **do not** reside in City
- Meeting RHNA alone **does not** equate to satisfying AFFH (HE-1.3.6: Missing Middle Strategy)
- Three community meetings focused on AFFH held May-September 2022



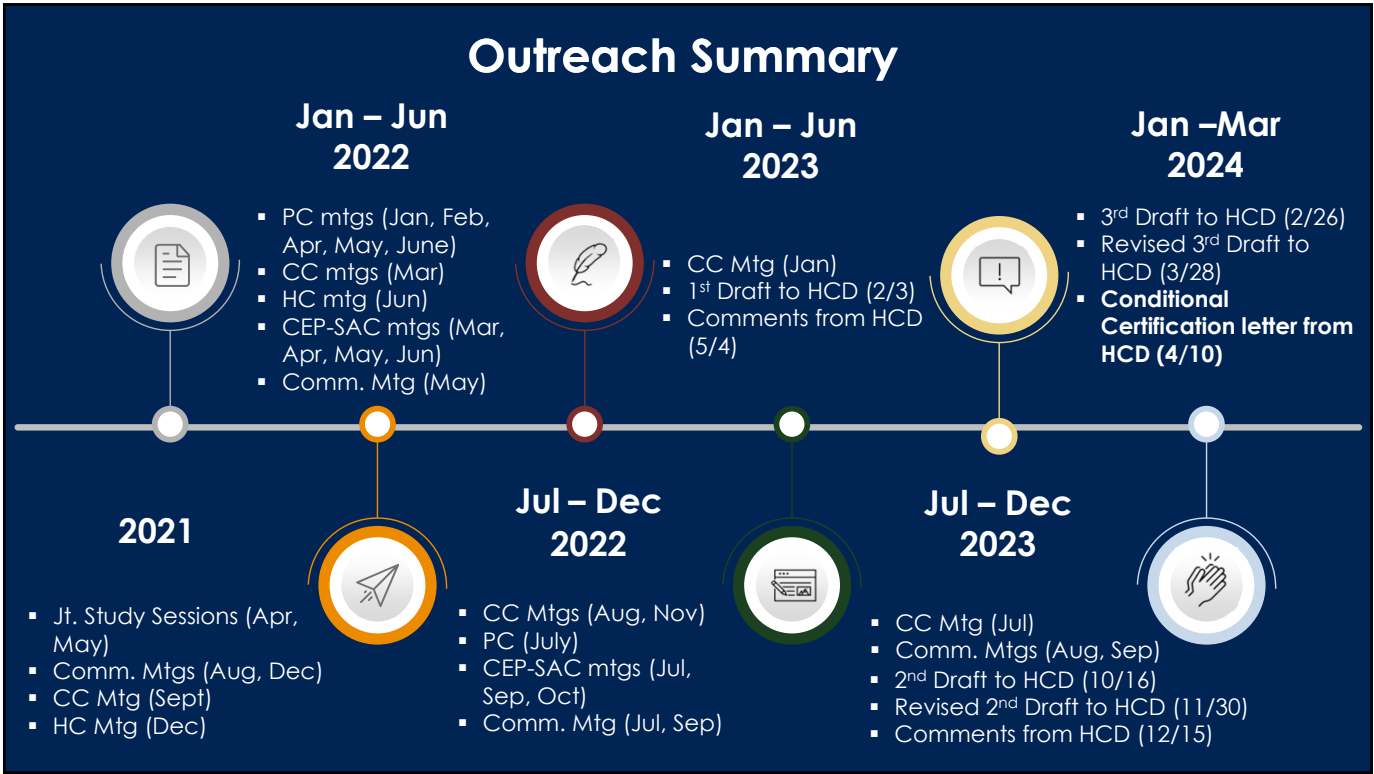
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Outreach Summary



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10



11



12

ABAG RHNA

- State-wide Housing Needs Determination made by HCD for each region within State
 - Cupertino in 9 County ABAG region
 - City's RHNA ~1% of ABAG region's RHNA and ~3.5% of county RHNA

ABAG Regional Housing Needs Determination from HCD

Income Category	Percent	Housing Unit Need
Very Low	25.9%	114,442
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13

City's 6th Cycle RHNA



Income Group	Units	% of total
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**Affordable
Units =
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Buffer ~ 20-30% particularly for lower income levels recommended to ensure city does not have to update sites inventory before next HE update for "no net loss" purposes. Current RHNA + Buffer accommodates over **6,200 units**.

14

Pipeline

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15



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 - Met HCD size criteria: 0.5 – 10 acres
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 - Owner interest a factor, but not required by HCD
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 - Less housing east of De Anza Blvd
- Locate housing sites to counteract declining school enrollment
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16

Policy Framework

- State laws: link land use and transportation (AB 32 and SB 375)
- Regional plans (Plan Bay Area 2050 and Regional Transportation Plan) align with state law
- AB 2011 (*eff. July 1, 2023*): Allows Residential development on Commercial-Office Corridors regardless of Zoning:
 - Density and building height varies depending on lot size and width of transportation corridor
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17

Current Site selection strategy

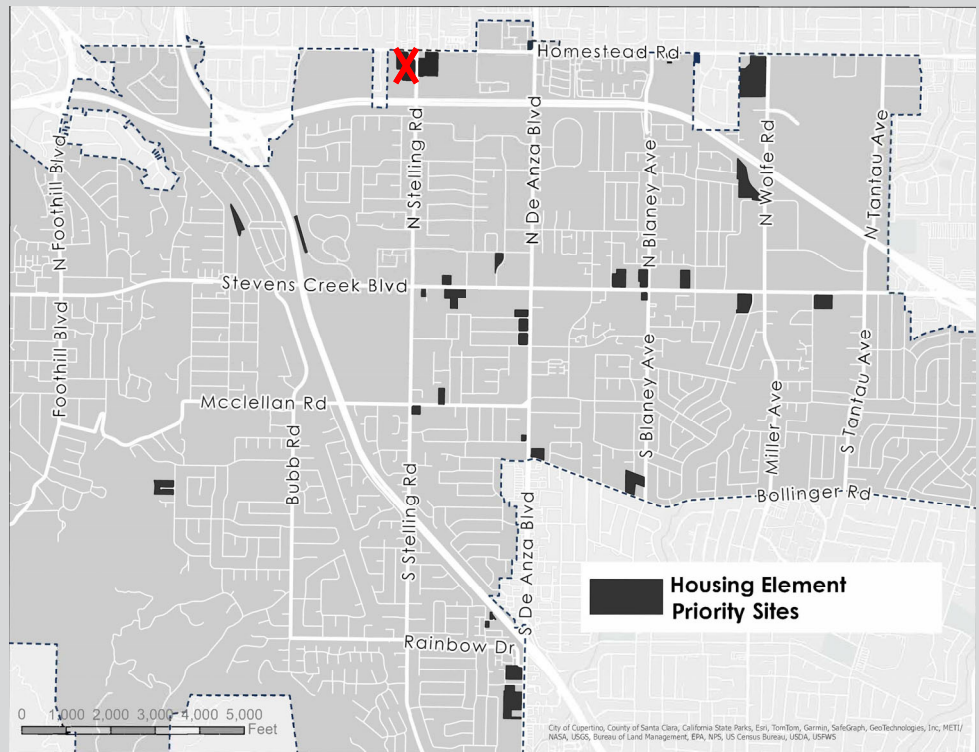
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- New State law realities – AB 2011/SB6
- Proximity to transportation – AB32/SB375
- Aligning with regional plans – PBA2050 & RTP
- City's existing policies – LU-1.1 & Climate Action Plan
- Consultant experience based on likelihood of site acceptance by HCD
- Size of sites – 0.5 acres (min.) to 10 acres (max.)
- Development potential of site



18

Current Housing Element Priority Housing Sites



19

Capacity compared to RHNA

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Total	4,588	2,452	1,855	1,727	192	6,226	1,638

20

Capacity compared to RHNA

Valley Church removed (4 parcels)

RHNA Category	2023-2031 RHNA	Pipeline Capacity	Residential Site Capacity with Rezone	Mixed Use Site Capacity with Rezone	Projected ADUs	Total Capacity	Surplus
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Total	4,588	2,452	1,510	1,727	192	5,881	1,294

21

Programs and Policies



22

Required Programs and Policies

- Programs to provide **Adequate Housing Sites**
- Programs to **Assist Lower-Income Housing Development**
- Programs to Address Housing **Constraints**
- Programs to **Conserve, Improve and Expand Housing Stock**
- Programs to **Affirmatively Further Fair Housing**
- Programs to **Preserve "at risk" Units**
- Programs for **ADUs/Second Units**



23

Housing Policy Areas

- Programs to **provide Adequate Housing Sites:**
 - Identify sites to accommodate RHNA
 - Create new land use designations to ensure RHNA can be accommodated
- Programs to **Assist Lower-Income Housing Development:**
 - Support Grant applications;
 - Provide technical support;
 - Issue NOFA for BMR Affordable Housing Funds



24

Housing Policy Areas (cont.)

- Programs to Address Housing **Constraints:**
 - Adopt Objective standards,
 - Continue fee waivers for affordable units and/or 100% affordable projects;
 - Evaluate Parking standards
- Programs to **Conserve, Improve and Expand City Housing Stock:**
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 - Continue to implement a BMR program
 - Disallow conversion of multi-family to Single Family homes;
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Housing Policy Areas (cont.)

- Programs to **Affirmatively Further Fair Housing:**
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 - Support teacher housing and ELI projects;
 - Continue to support the development of ADUs and adopt "missing middle" housing policies, which offer opportunities with modest increases in density (**HE Strategy-1.3.6**)



26

Housing Policy Areas (cont.)

- Programs to **Preserve "at risk" Units:**
 - Programs to meet with affordable housing operators annually
- Programs for **ADUs/Second Units:**
 - Continue to offer streamlined pre-approved plans;
 - Evaluate and participate in local and regional efforts on ADU programs



27

HCD Review and Comments



28

Process with HCD

- **February 3, 2023:** 1st submittal to HCD
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30

Environmental Assessment



31

Settlement/Environmental Assessment

- **February 2023:** California Housing Defense Fund/YIMBY Law sue City for noncompliant HE by adoption deadline
- **January 2024:** Stipulated Judgment entered into
 - Established schedule to complete HE update in compliance with State law
- **Gov't Code Sec. 65759(a)**
 - All actions related to adoption of HE and rezoning are exempt from CEQA



32

Environmental Issues Analyzed

- The following topics were evaluated in environmental assessment:
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 - Air Quality
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 - Hydrology and Water Quality
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 - Wildfire
- Any significant environmental impacts are avoided, minimized, rectified, reduced or eliminated, and/or compensated.
- The General Plan and Muni Code incorporates policies and strategies to protect, preserve, and/or enhance environmental resources.

33

Environmental Assessment Conclusions

- Program-level significant and unavoidable impacts for **air quality, greenhouse gas emissions, and transportation** (vehicle miles traveled).
 - Possible to have less-than-significant impacts in these areas for future projects that meet project-level thresholds.
 - No additional mitigation measures are available at this phase of project approval (i.e. adoption of HE and associated amendments)

34

Associated General Plan Amendments



35

Other General Plan Amendments

- Chapter 3, Land Use and Community Design Element and Appendix A, Land Use Designations:
 - Text changes to address state law requirements & Housing Element requirements
 - Figure changes – reflect density and heights reqd. for developing Priority Housing Sites
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- General Plan Land Use Map – conforming changes

36

Planning Commission Recommendation



37

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- April 29, Planning Commission recommended adoption of draft resolution on a 3-2 vote with minor change to remove a site (Dish n Dash) not allowed as a Priority Housing Site by HCD
- Missing middle strategy and parkland dedication fee study discussed. *HCD requirements to address AFFH and housing constraints*
- 8 members of public spoke – topics included
 - *validity of RHNA numbers,*
 - *missing middle strategy and parking impacts,*
 - *income restrictions for BMR AHF Funds for residential rehabilitation projects,*
 - *programs for seniors,*
 - *prevailing wage requirements*
 - *environmental review*

38

Staff Recommendation



39

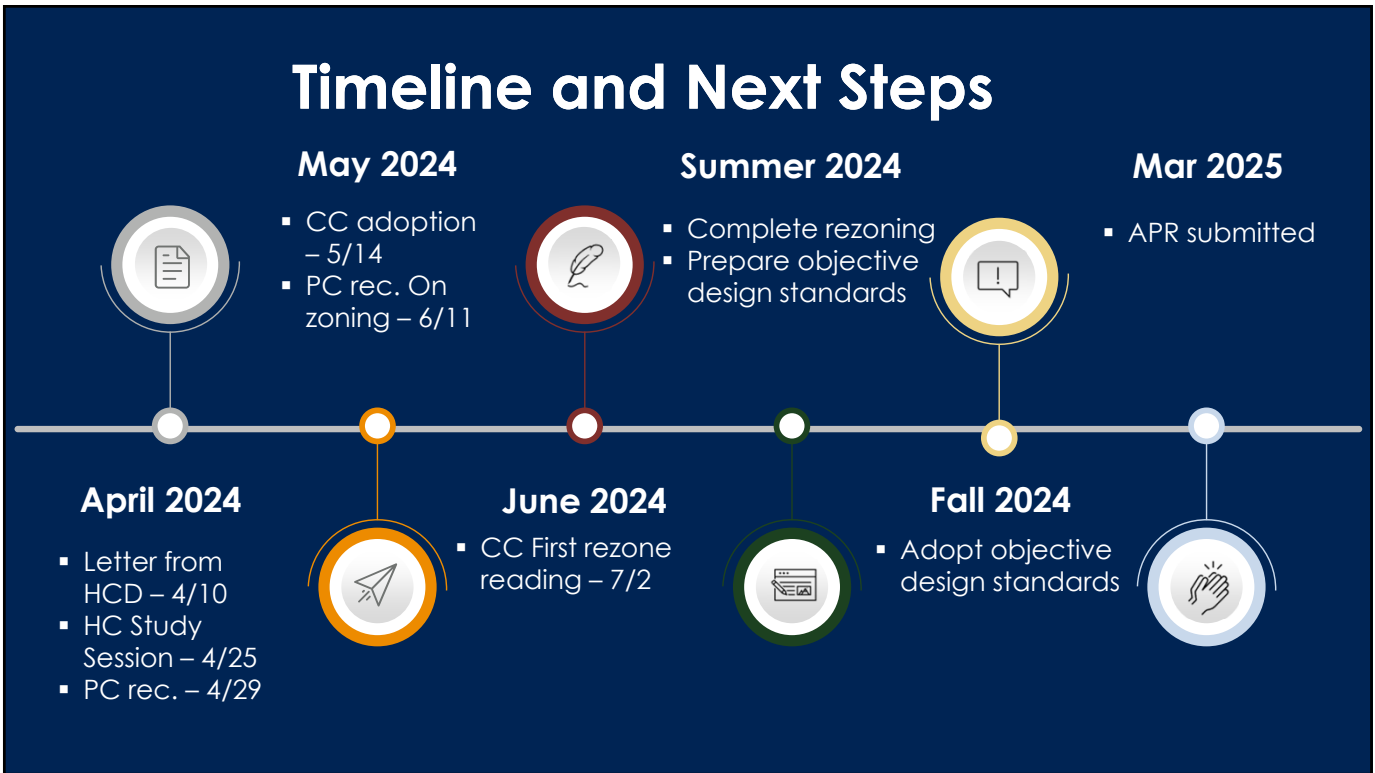
Recommendation

- Adopt Resolution:
 - Remove Site 48 (Dish n Dash) and Sites 13-16 (Valley Church) (*desk item*)
 - Adopt Chapter 4 (Housing Element), Appendices B (Housing Element Technical Report) and G (Environmental Assessment)
 - Changes to Chapters 3 (Land Use and Community Design) and 5 (Mobility), and Appendix A (Land Use Definitions)
 - Changes to Land Use Map (*desk item*)

40



41



42

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Housing Element

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HE Contents

Housing Needs Assessment

Demographic Trends

Housing Market Trends

Special Needs Groups

Assessment of Fair Housing

Outreach

Fair Housing Issues

Site Inventory Analysis

Contributing Factors

Constraints to Housing Development

Governmental and Non-Governmental

Market Trends

Environmental

Infrastructure

Resources and Sites Inventory

Zoning and Capacity

Inventory of Sites

ADUs and Mobile Homes

Policies and Programs

Review of Previous Housing Element Implementation

Identify 2023- 2031 Programs

Other updates

- Conforming General Plan changes:
 - Land Use and appendices – Internal consistency
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- **Conforming Rezoning** – Specific plan, map and text
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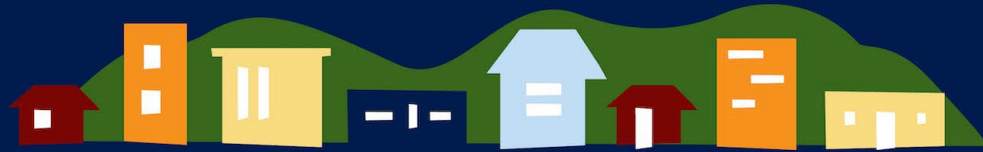
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Outreach Summary



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Outreach Summary

Jan – Jun
2022



- PC mtgs (Jan, Feb, Apr, May, June)
- CC mtgs (Mar)
- HC mtg (Jun)
- CEP-SAC mtgs (Mar, Apr, May, Jun)
- Comm. Mtg (May)

Jan – Jun
2023



- CC Mtg (Jan)
- 1st Draft to HCD (2/3)
- Comments from HCD (5/4)

Jan – Mar
2024



- 3rd Draft to HCD (2/26)
- Revised 3rd Draft to HCD (3/28)
- **Conditional Certification letter from HCD (4/10)**

2021

- Jt. Study Sessions (Apr & May)
- Comm. Mtgs (Aug & Dec)
- CC Mtg (Sept)
- HC Mtg (Dec)



Jul – Dec
2022

- CC Mtgs (Aug, Nov)
- PC (July)
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- Revised 2nd Draft to HCD (11/30)
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RHNA/Sites Inventory



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HOUSING ELEMENT

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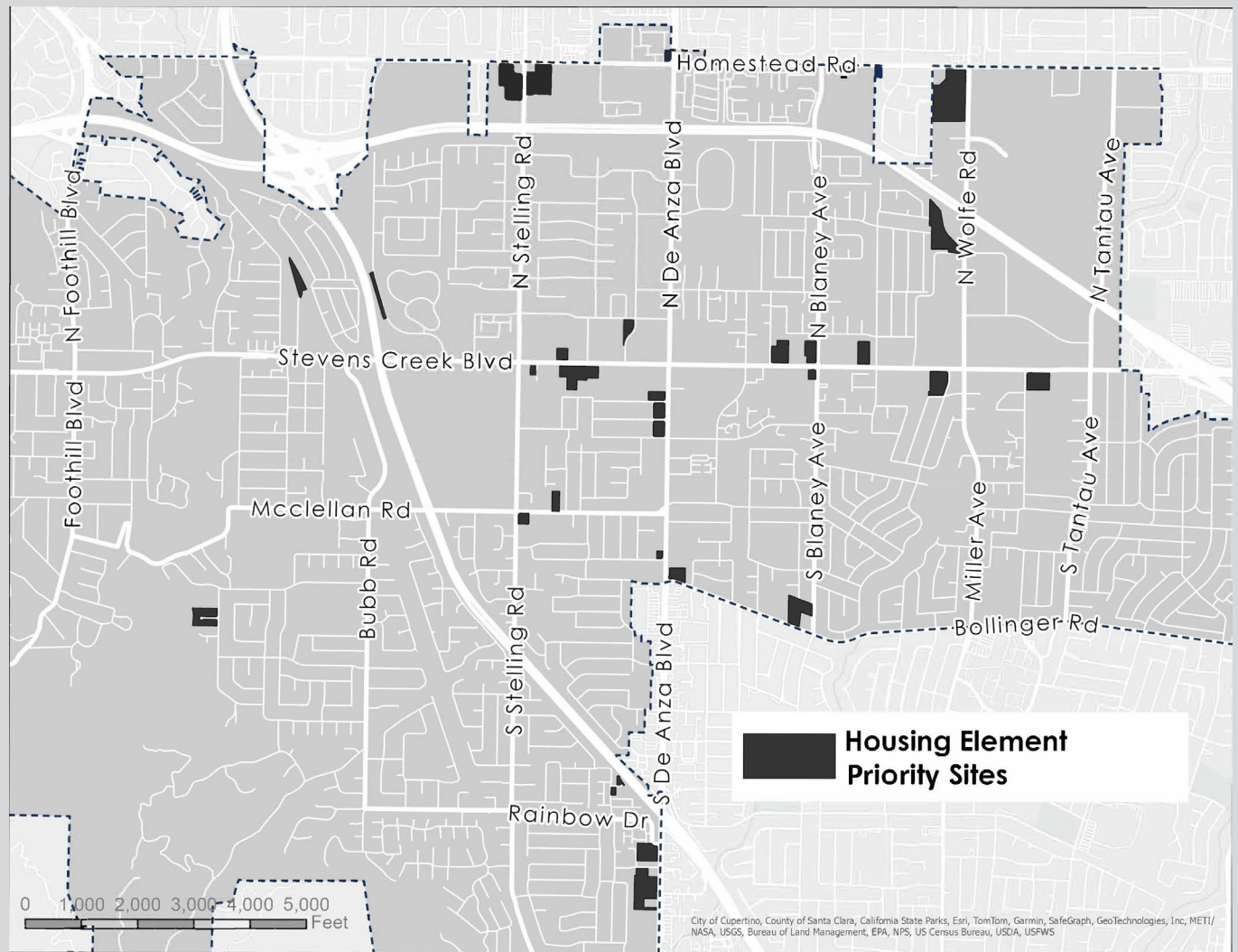
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Programs and Policies



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Required Programs and Policies

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HCD Review and Comments



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HOUSING ELEMENT

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- Any significant environmental impacts are avoided, minimized, rectified, reduced or eliminated, and/or compensated.
- The General Plan incorporates policies and strategies to protect, preserve, and/or enhance environmental resources.

Environmental Assessment Conclusions

- EA builds off 2015 General Plan EIR
 - Mitigation Measures for *air quality, biological resources, hazardous materials, transportation, and utilities and services systems.*
- Cupertino Municipal Code Chapter 17.04, Standard Environmental Protection Requirements
 - In 2019, Municipal Code codified 2015 GP EIR mitigation measures as environmental protection requirements for all construction projects.
- 2024 General Plan Policies and Strategies
 - Policies and strategies updated to reflect current best management practices to ensure that future development continues to reduce impacts from construction and operation phases (e.g. Mobility Element)

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Associated General Plan Amendments



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- Chapter 5: Text changes to minimize environmental impacts resulting from development
- General Plan Land Use Map – conforming changes

Planning Commission Recommendation



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HOUSING ELEMENT

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 - *missing middle strategy and parking impacts,*
 - *specify income restrictions for BMR AHF Funds for residential rehabilitation projects,*
 - *policies should cover programs for seniors,*
 - *prevailing wage requirements for development projects, and*
 - *questions about environmental review*

Next Steps



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Timeline and Next Steps

May 2024

- CC adoption – 5/14
- PC rec. On zoning – 5/28

Summer 2024

- Complete rezoning
- Prepare objective design standards

Mar 2025

- APR submitted

April 2024

- Letter from HCD – 4/10
- HC Study Session – 4/25
- PC rec. – 4/29

June 2024

- First reading – 6/18

Fall 2024

- Adopt objective design standards

Ignore slides from here on out



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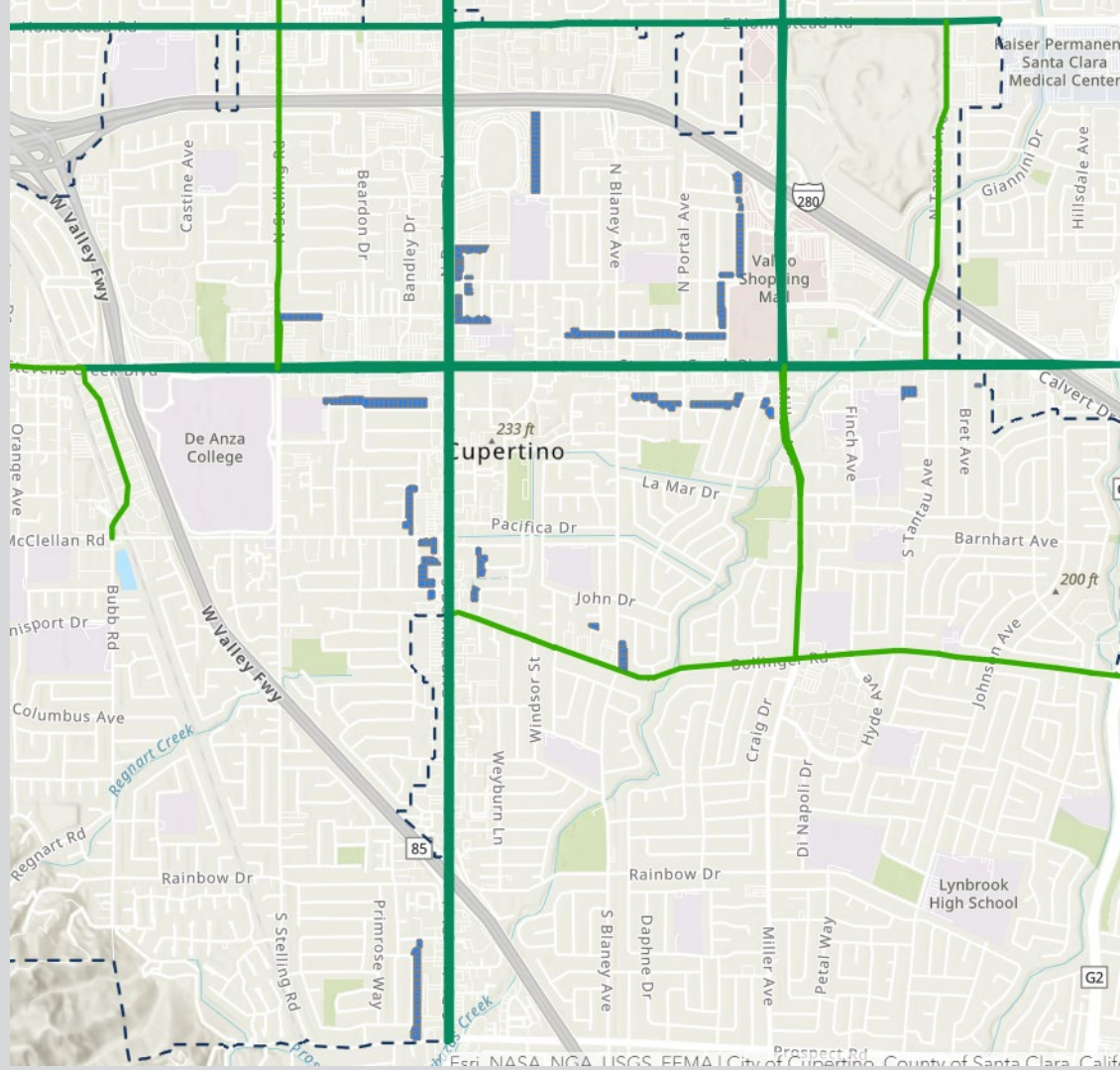
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 - State-mandated Element of City's General Plan
- Why update it now?
 - Required to be updated every 8 years by law
- Update it? How?
 - Study and plan for housing needs in community between 2023 & 2031, across all income levels
- Update by when?
 - By Jan. 31, 2023 (**deadline passed**)

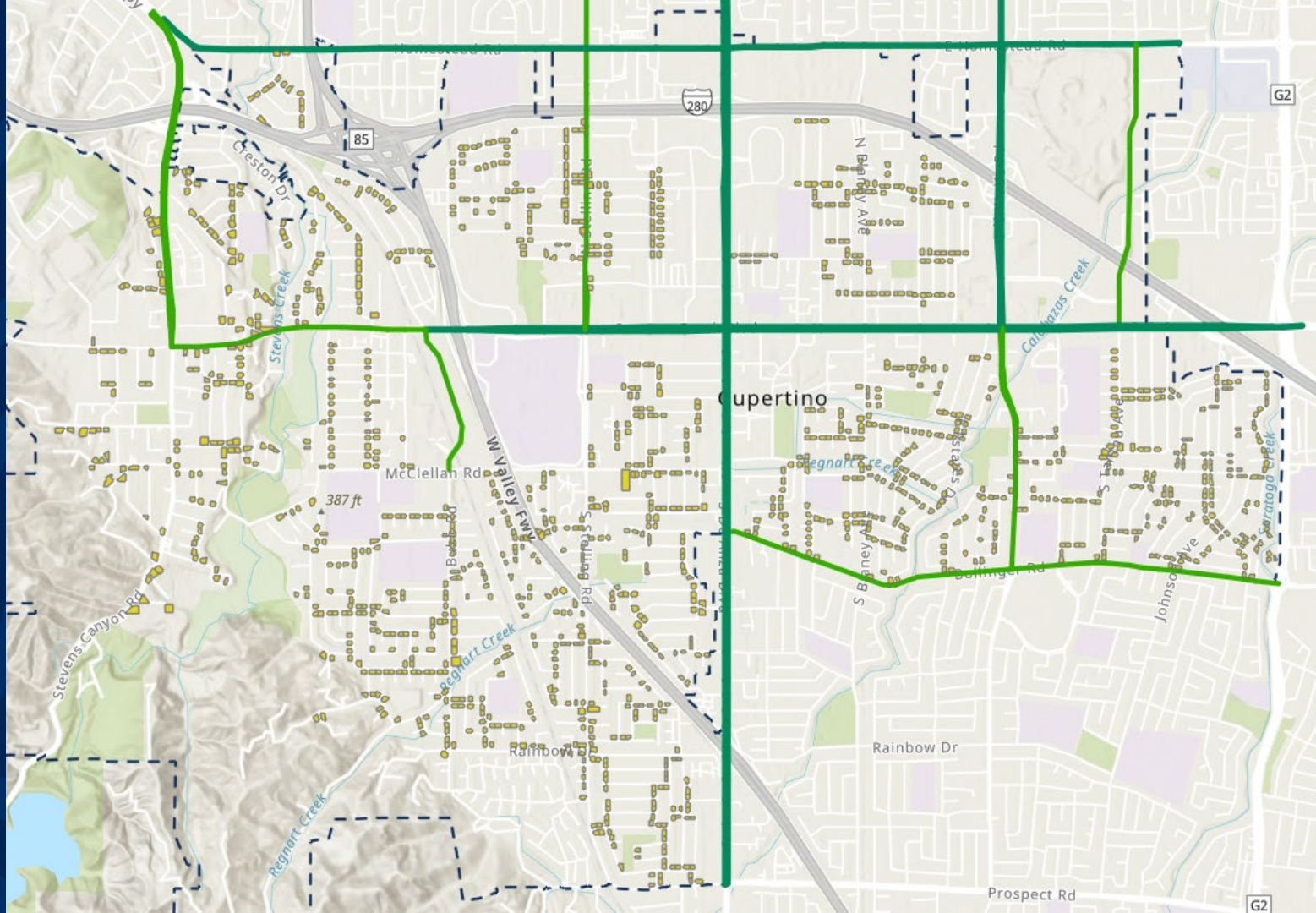
HE Overview

- 6th Cycle Housing Element update covers 2023-2031 Planning Period
- Certification deadline: Jan. 31, 2023 (passed)
- Six jurisdictions in Santa Clara County (15 cities/1 county) still do not have compliant Housing Elements
 - 38 of 109 ABAG jurisdictions not in compliance
 - 58 of 197 SCAG jurisdictions still out of compliance

~240 lots

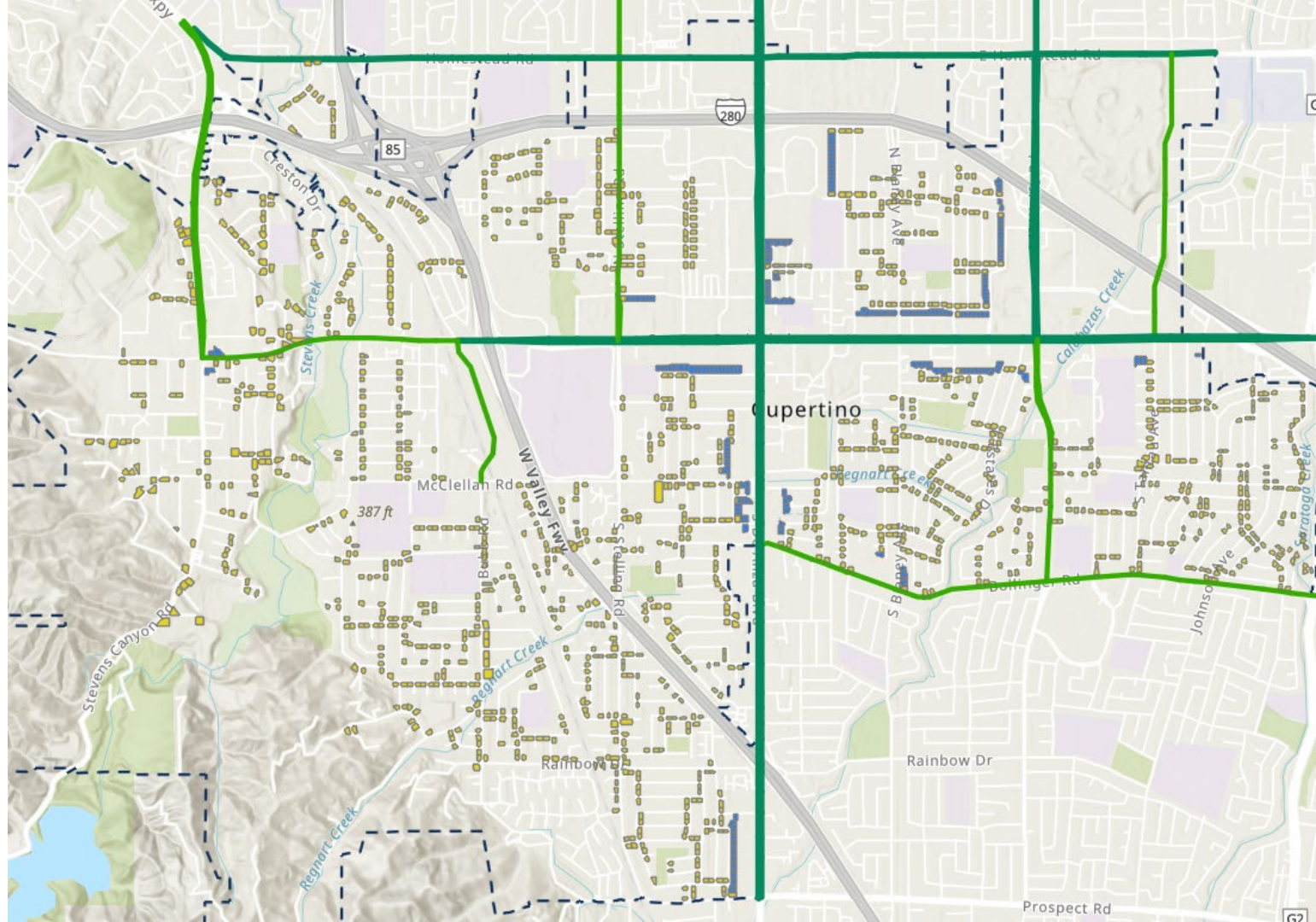


R1 corner
lots that
could
develop
with R2
standards
~1,440 lots



**R1 lots
adjacent to
commercial
& corner lots
that could
develop with
R2 standards**

~1,680 lots



What's happened so far?

- **Community meetings** – Aug & Dec 2021
- **AFFH focused** meetings:
 - May 2022 – Unhoused, Veterans & individuals with disabilities
 - Jul 2022 – Students and Seniors
 - Sept 2022 – Cash-poor/House rich and workers
- Council directs staff to submit Draft HE to HCD – Nov 2022
- Draft HE submitted to HCD – Feb 4, 2023
- New Consultant approved – Mar 2023
- NOP for EIR sent to OPR's clearinghouse – Apr 2023
- EIR scoping meeting – April 18, 2023
- Comments received from HCD – May 4, 2023

Public Meetings

- **Over 30 public meetings since Fall 2021**
- **Joint Study Sessions:** HC/PC/CC - April/May 2021 (2 *mtgs*).
- **Community meetings:** May 2022-Sept 2023, (5mtgs)
- **City Council:** Sept 2021 – July 2023 (9 *mtgs*)
- **Housing Commission:** Dec 2021, Jun/Jul 2022 (3 *mtgs*)
- **Planning Commission:** Jan 2022 – Jul 2022 (6 *mtgs*)
- **Community Engagement Plan – Strategic Advisory Committee*** – Mar 2022 – Oct 2022 (8 *mtgs*)

* Two councilmembers, HC Chair and PC Chair

RHNA Buffer

- Why do you need a RHNA Buffer?
 - SB166 (2017): No net loss law
 - Mandates that jurisdictions must maintain adequate site inventory to accommodate remaining unmet RHNA **by each income category** at all times
- How much is recommended?
 - ~ 25 - 35% particularly for lower income levels to ensure city does not have to update sites inventory before next HE update



Land use and Transportation

- State laws focus on linking land use and transportation to align with AB32 (2006) and SB375 (2008) – Climate Change and GHG reduction
- Regional plans (Plan Bay Area 2050 and Regional Transportation Plan) align with state law:
 - Identifies Heart of the City as Priority Development Area
 - Identifies transportation investment to support growth to reduce GHG
 - City's policies align

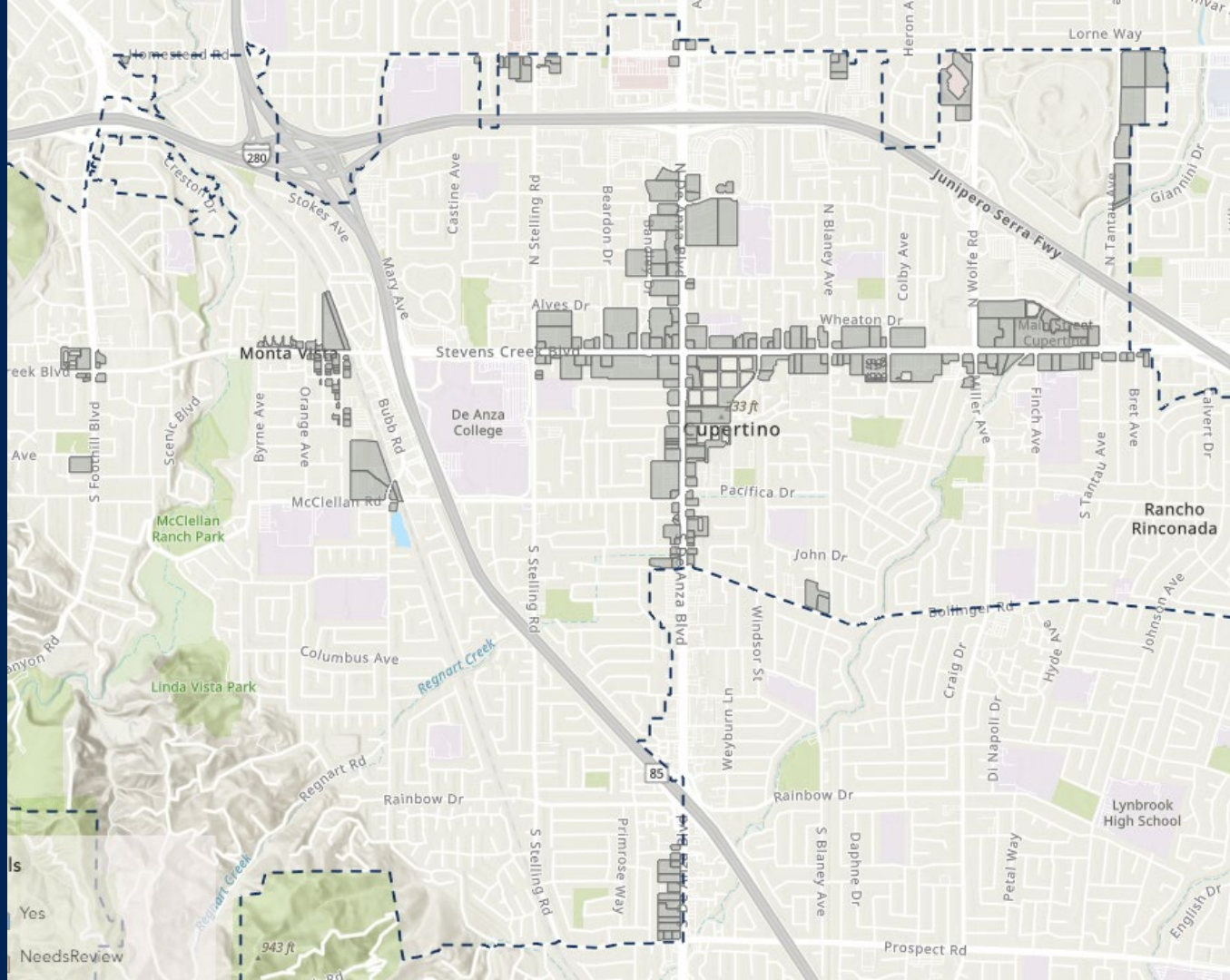
POLICY LU-1.1: LAND USE AND TRANSPORTATION

Focus higher land use intensities and densities within a half-mile of public transit service, and along major corridors. Figure LU-2 indicates the maximum residential densities for sites that allow residential land uses.

AB 2011/ SB 6

SITE	DENSITY
Site < one (1) acre	30 du/acre
Site > one (1) acre and Commercial Corridor right-of-way < 100 feet	40 du/acre
Site > one (1) acre and Commercial Corridor right-of-way > 100 feet	60 du/acre
Site within one half-mile of Major Transit Stop (<u>N/A in Cupertino</u>)	80 du/acre

AB 2011 Sites



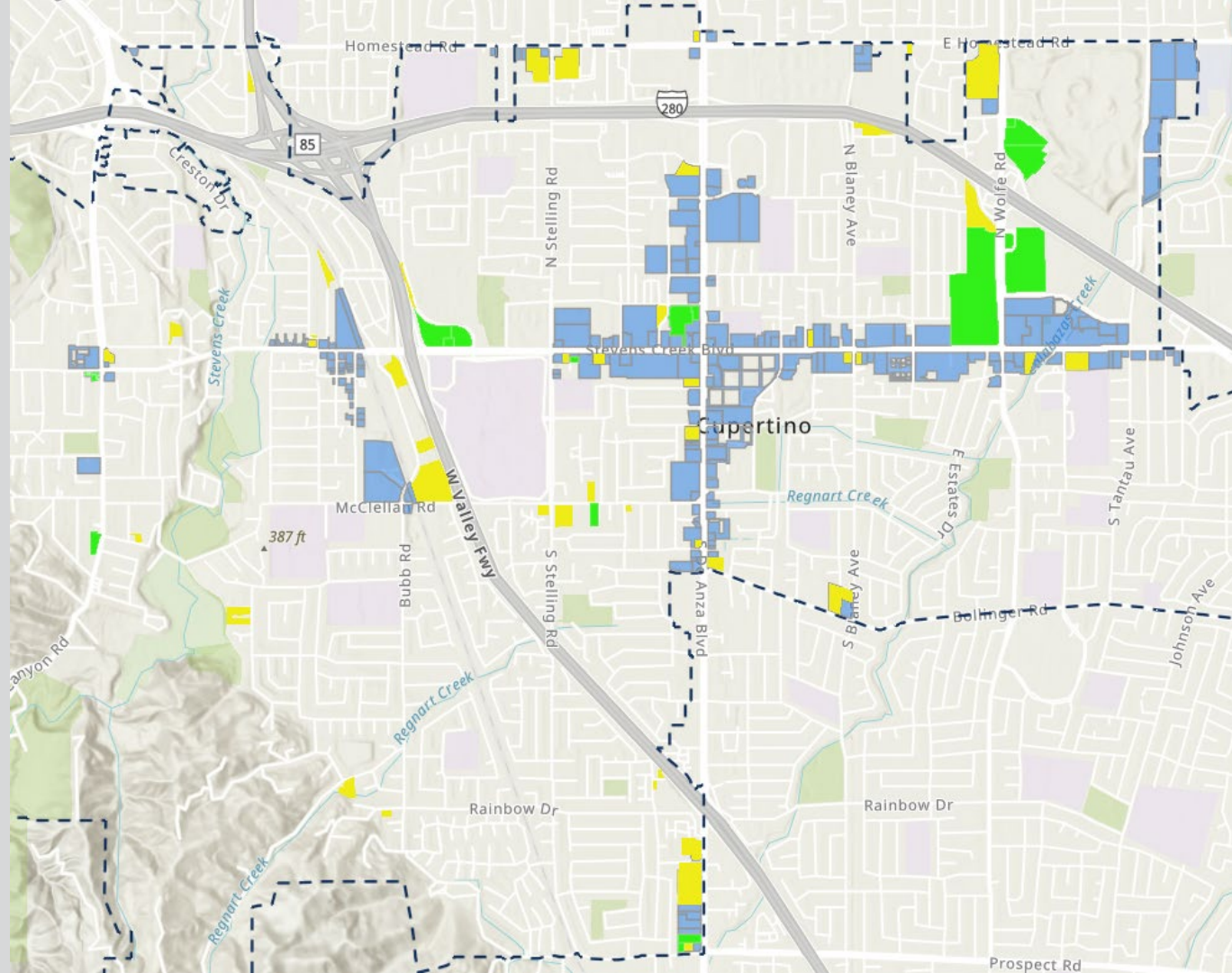
Pipeline Projects

- Account for 2,452 units in Draft HE
- Likely 1,779 units will be “allowed” at Vallco (west side only)
- Elimination of Hamptons (600 units) from pipeline
- If developed by 2031, City still gets credit for all built units

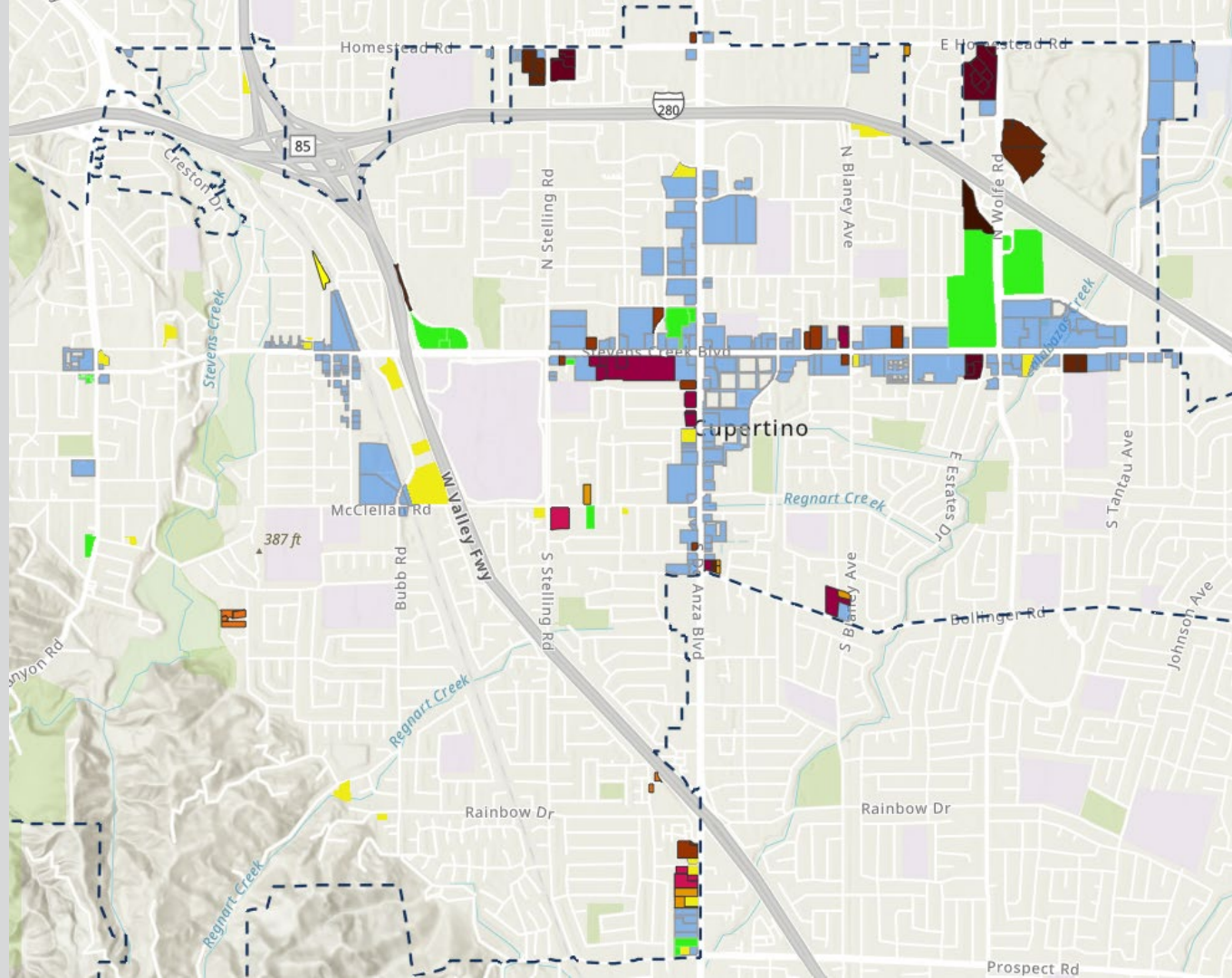
Upcoming HE Meetings

- **April 16: City Council Study Session** Overview and Policy Discussion
- **April 25: Housing Commission:** Study Session
- **April 29: Planning Commission meeting:** PC recommendation to Council
- **May 14: City Council meeting** Adopt HE, Amend GP including Environmental Assessment, Rezone Priority Housing Sites and related Code changes to implement HE

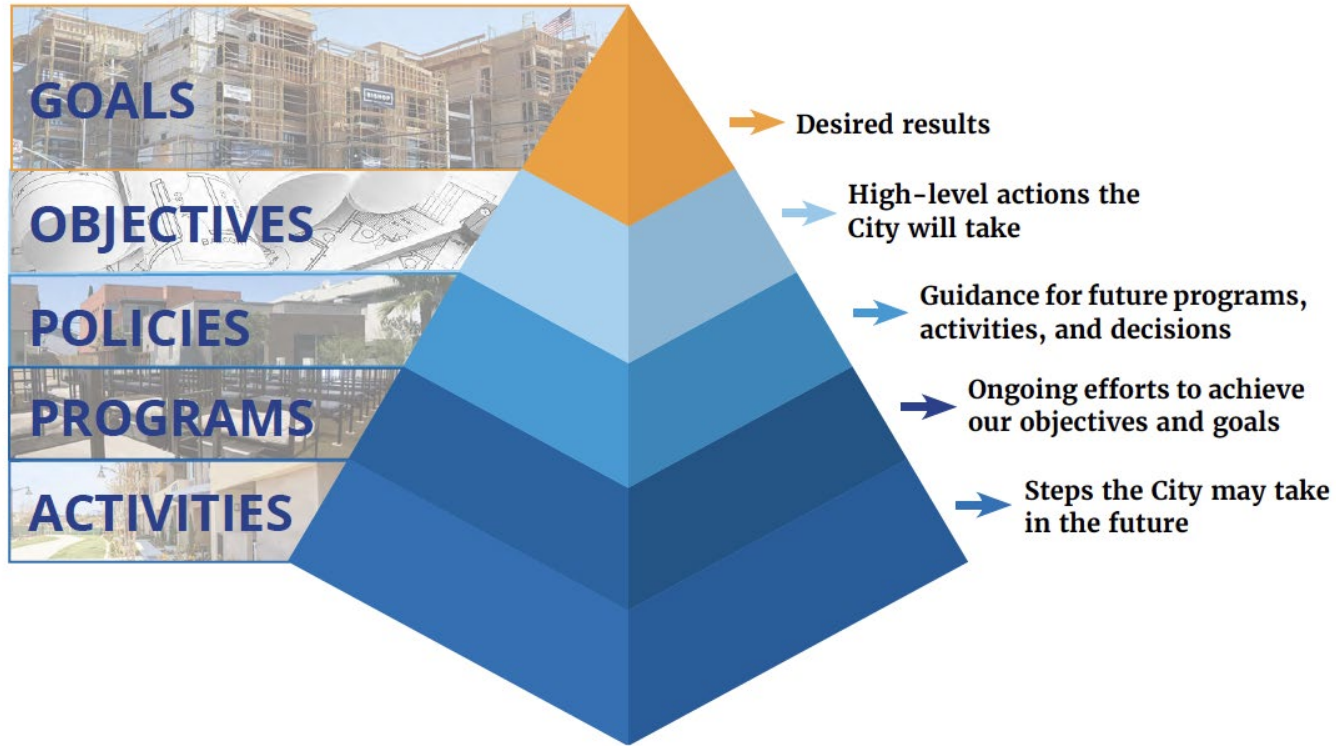
AB2011 with HCD size criteria & Aug 2022 sites



AB2011 with HCD size criteria with Housing Priority sites



Goals, Policies and Programs



Council Direction July 2023:

- In addition to refining site selection strategy, directed priority for housing policy areas among the following:
 - Assist lower income households
 - Address constraints
 - Conserve and Improve Housing Stock
 - Affirmatively Further Fair Housing
 - Preserve “at risk” units
 - ADUs/Second Units

Santa Clara County 6th RHNA Cycle

Jurisdiction	VERY LOW INCOME (<50% of Area Median Income)	LOW INCOME (50-80% of Area Median Income)	MODERATE INCOME (80-120% of Area Median Income)	ABOVE MODERATE INCOME (>120% of Area Median Income)	TOTAL
SANTA CLARA COUNTY					
Campbell	752	434	499	1,292	2,977
Cupertino	1,193	687	755	1,953	4,588
Gilroy	669	385	200	519	1,773
Los Altos	501	288	326	843	1,958
Los Altos Hills	125	72	82	210	489
Los Gatos	537	310	320	826	1,993
Milpitas	1,685	970	1,131	2,927	6,713
Monte Sereno	53	30	31	79	193
Morgan Hill	262	151	174	450	1,037
Mountain View	2,773	1,597	1,885	4,880	11,135
Palo Alto	1,556	896	1,013	2,621	6,086
San Jose	15,088	8,687	10,711	27,714	62,200
Santa Clara	2,872	1,653	1,981	5,126	11,632
Saratoga	454	261	278	719	1,712
Sunnyvale	2,968	1,709	2,032	5,257	11,966
Unincorporated Santa Clara	828	477	508	1,312	3,125

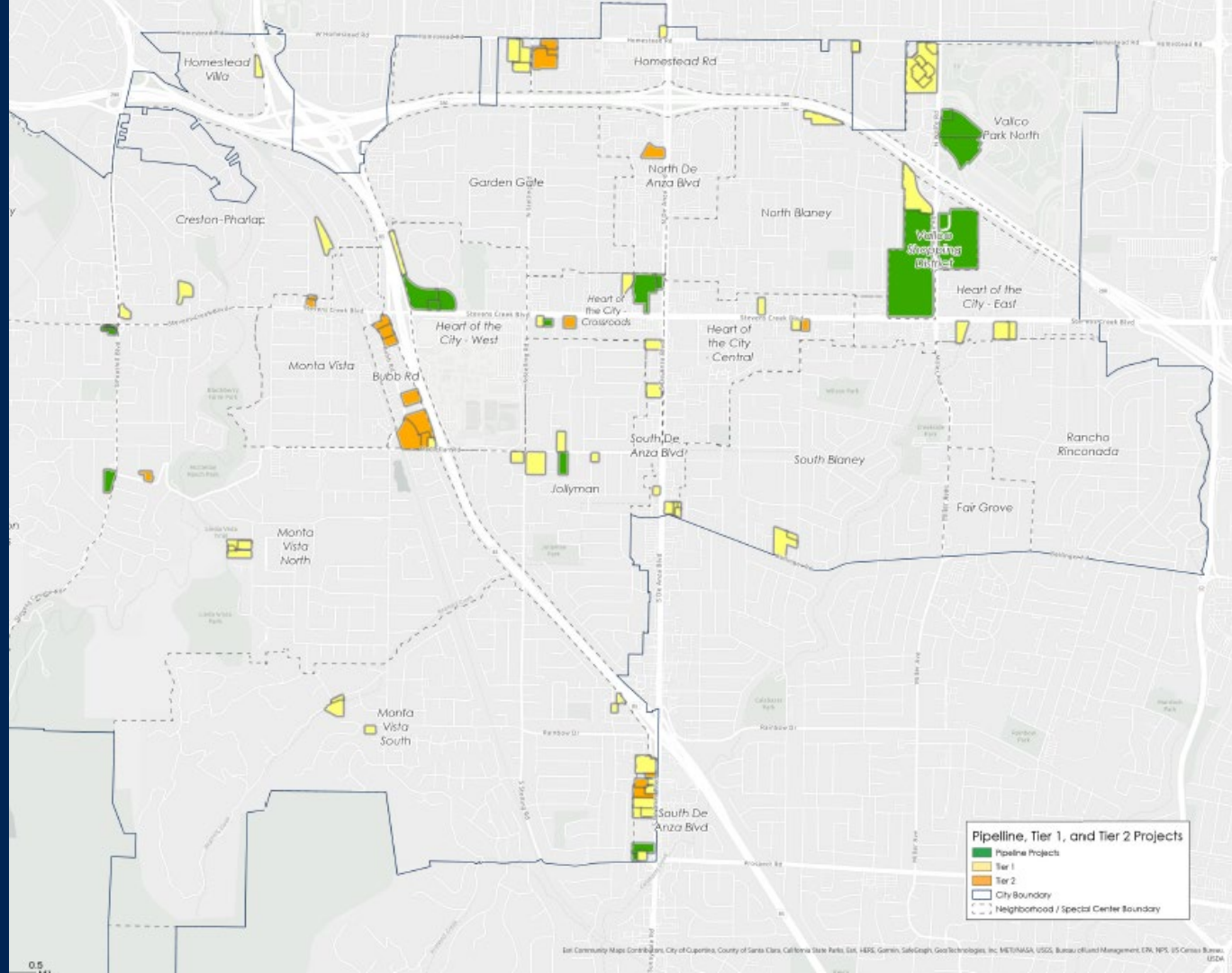


Cupertino's 6th Cycle RHNA

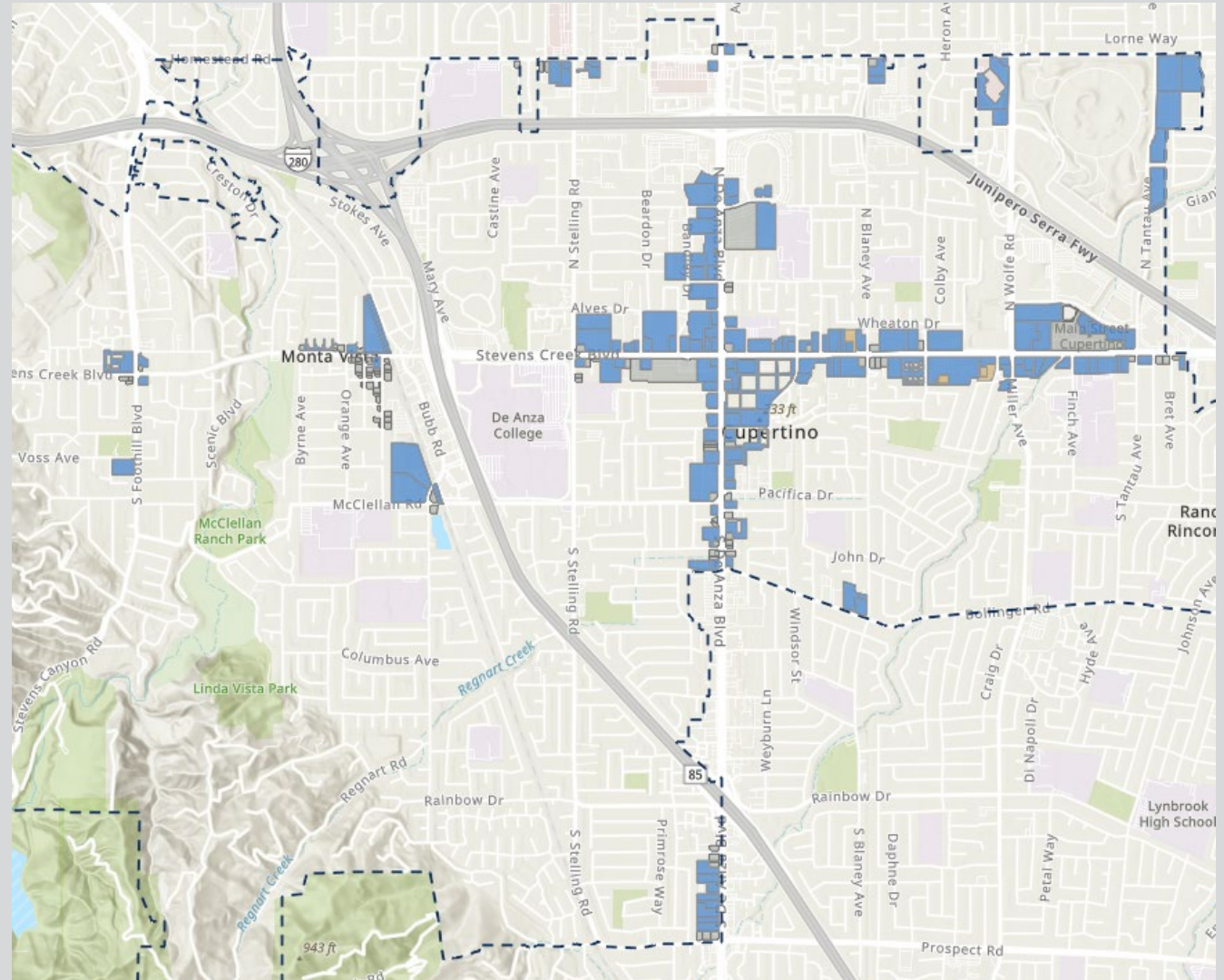
Income Group	Units	% of total
Very Low Income (<50% of AMI)	1,193	26.0
Low Income (50%-80% of AMI)	687	15.0
Moderate Income (80%-120% of AMI)	755	16.5
Above Moderate Income (>120% of AMI)	1,953	42.5
Total	4,588	100

Affordable
Units =
2,635

Sites - August 2022



AB2011 with HCD size criteria



Initial HCD comments

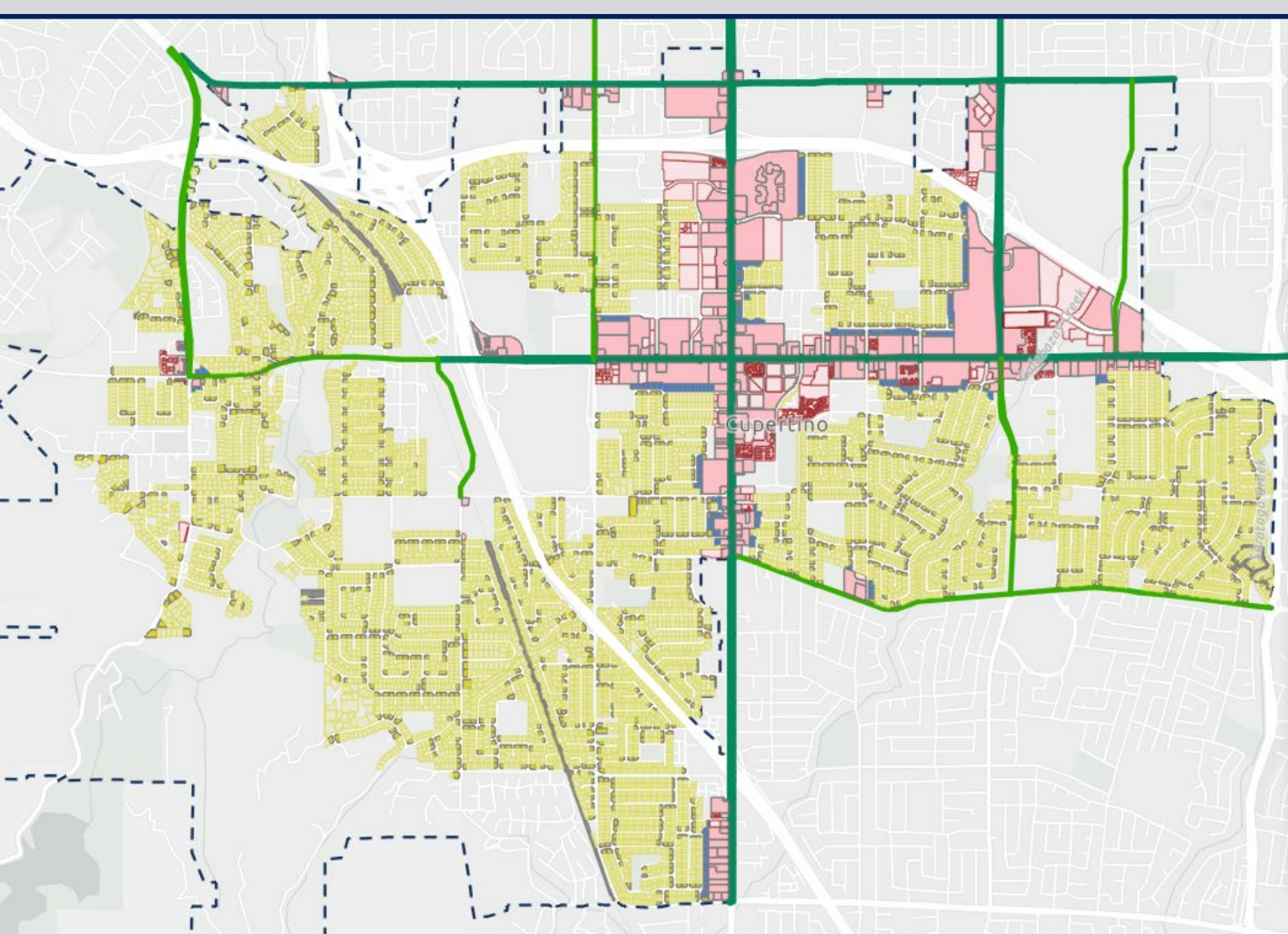
- Received May 4, 2023
- General in nature, but comprehensive
- Asks for more analysis in several areas
- Some comments do not apply to City (e.g. manufactured homes/ADUs)
- No specific feedback on Sites Inventory, except pipeline (*discussed earlier*)

Second Draft HCD comments

- Received December 15, 2023
- Fewer comments and more specific in nature
- Still asks for more analysis in a few areas, particularly regarding sites' development potential within 6th Cycle timeframe
- Some feedback on Sites Inventory, other than pipeline

Recent informal comments from HCD

- Strengthen Missing Middle Policies for Fair Housing purposes (Strategy HE 1-3-6)
- Provide additional site analysis-Improvement to Land Value and support for sites where redevelopment is less certain
- Continue to streamline and promote development of ADUs
- Take more proactive approach to ensure housing is produced



Layers









Layer



Legend

Housing Element Property Search

Parameter

-  CG - With Frontage to Arterials or Major Collectors
-  R1 - Adjacent to CG w Frontage to Arterial or Major Collector
-  R1 Corner Lot
-  CG - No Frontage to Arterials or Major Collectors
-  R1 Lot - Not Corner
-  others

Arterials and Major Collector

-  Arterials
-  Major Collectors

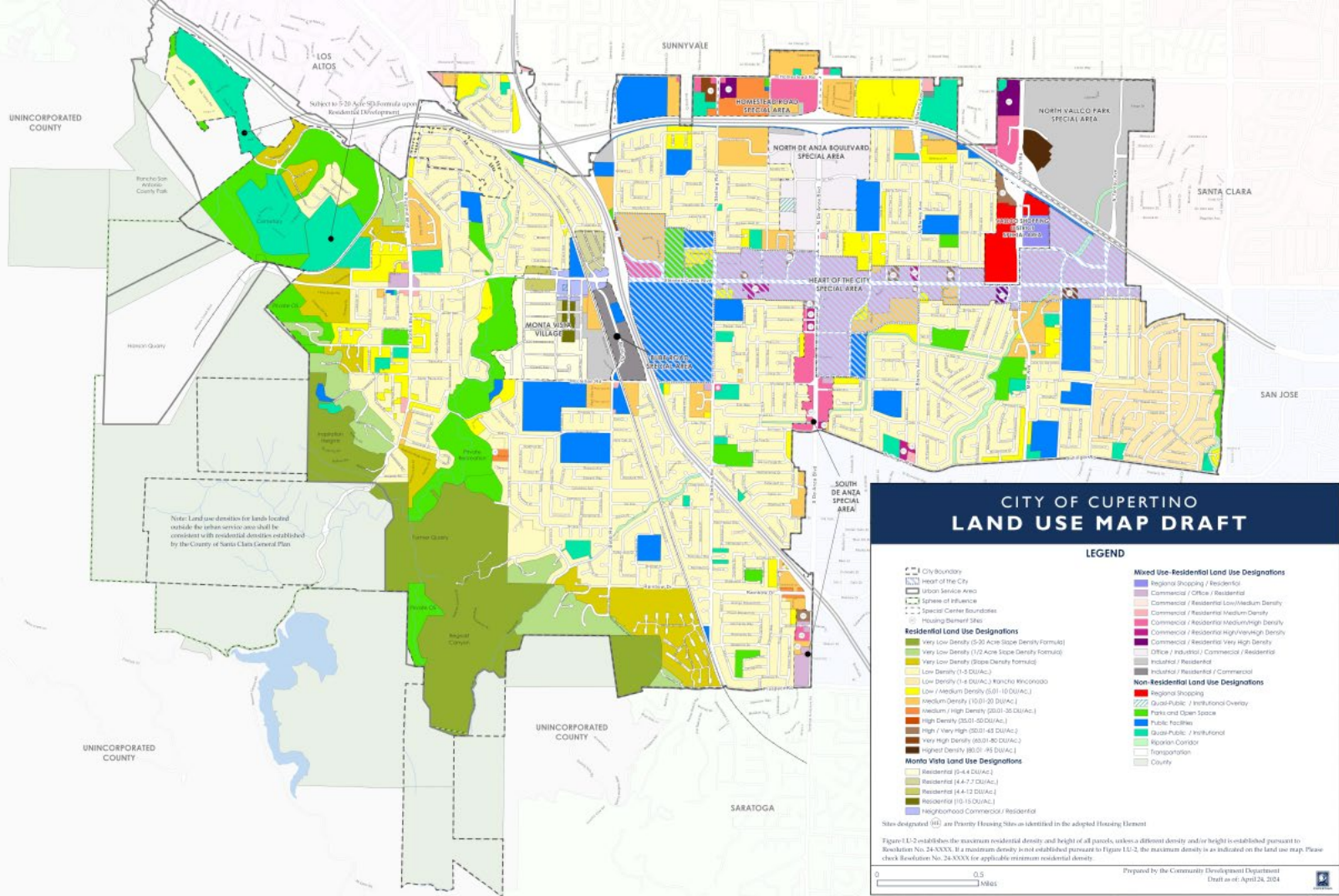
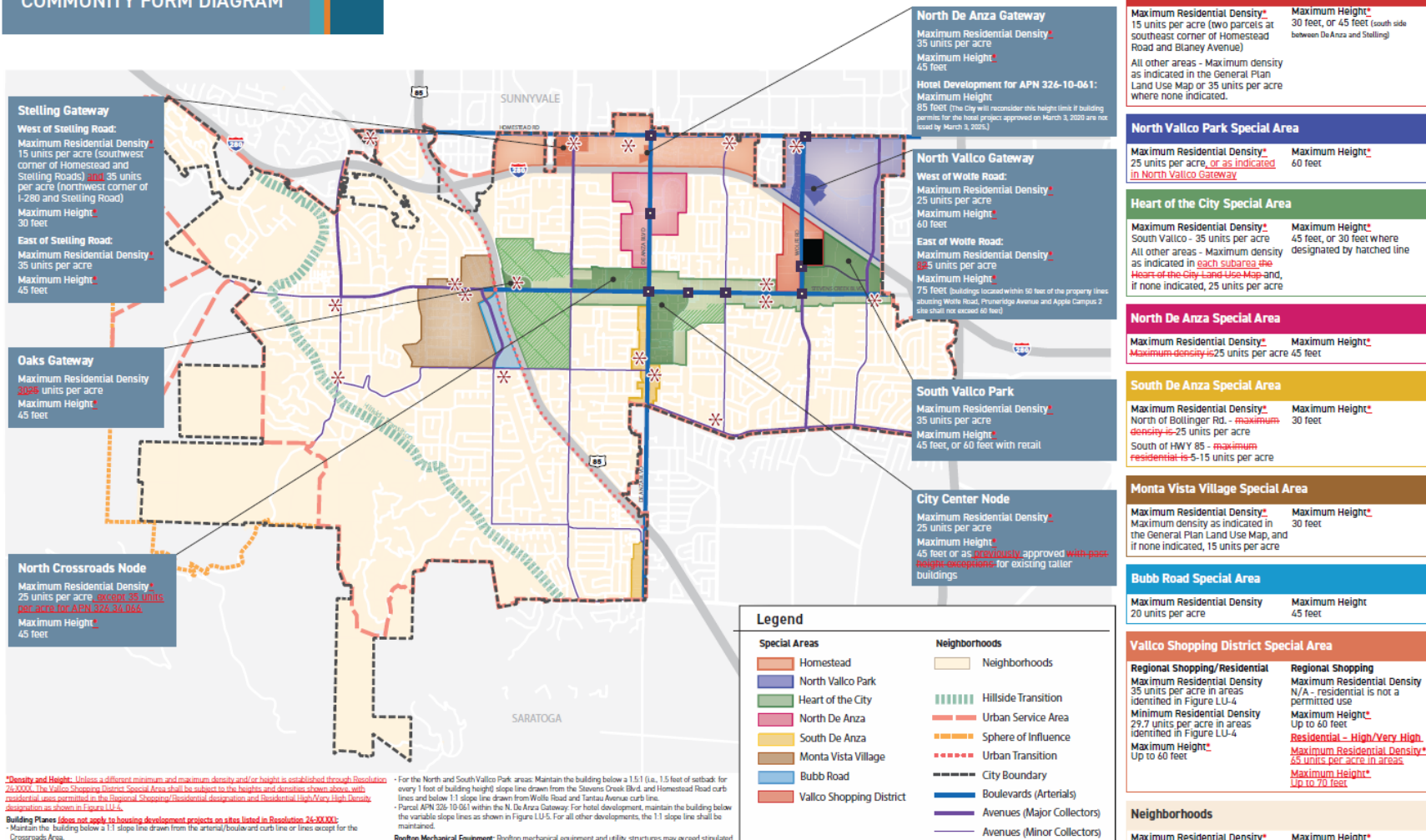
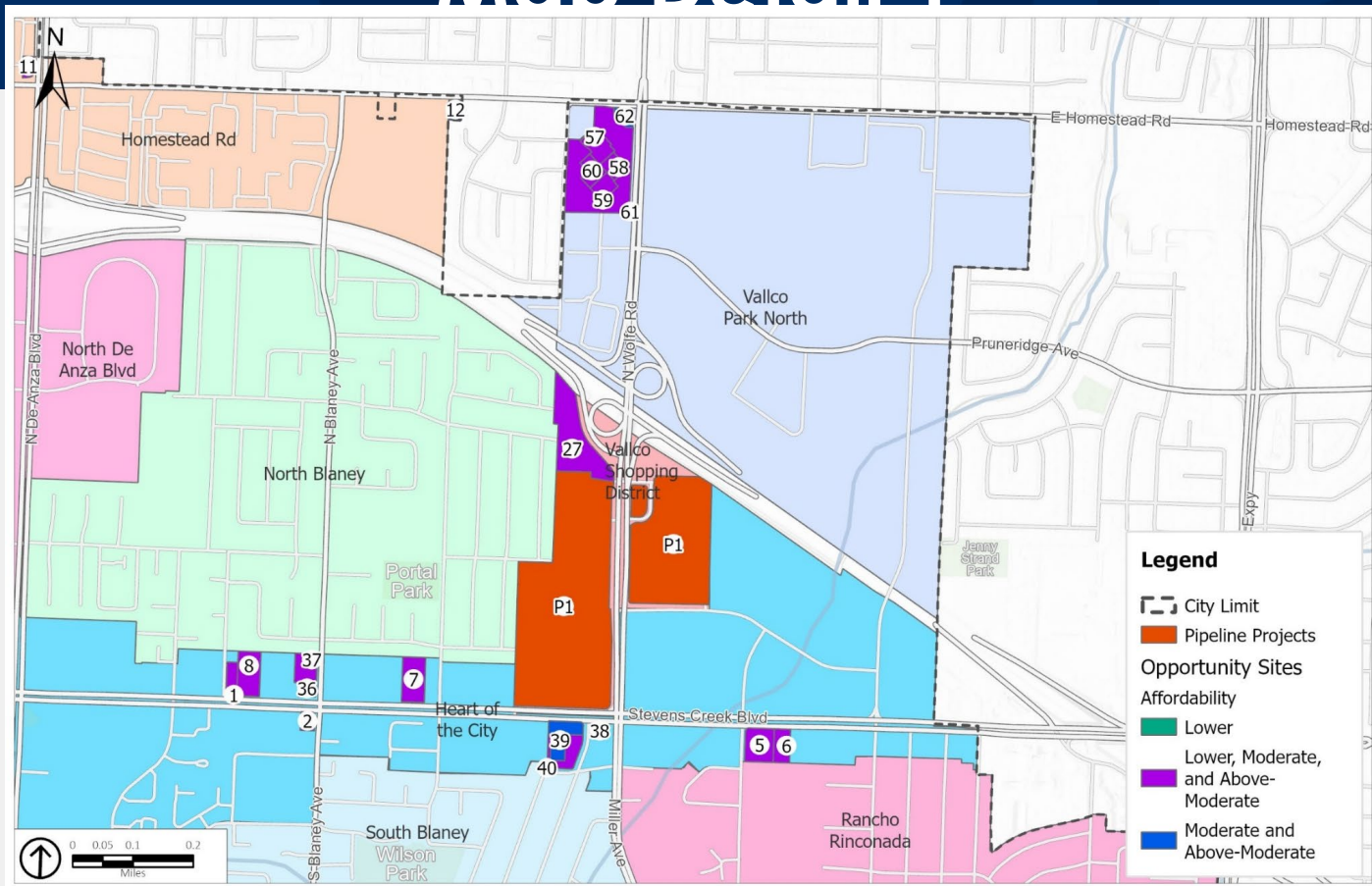


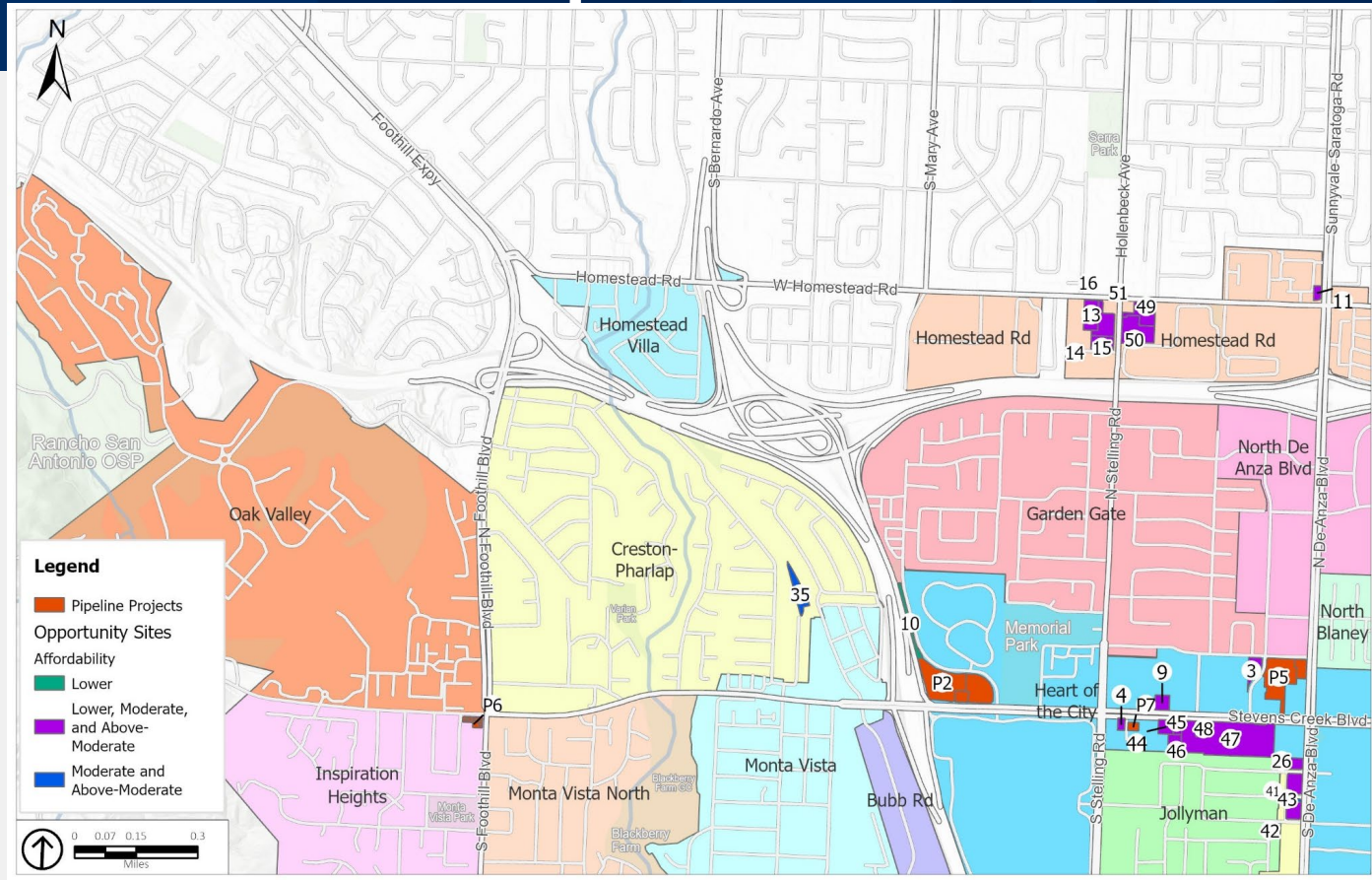
Figure LU-2
COMMUNITY FORM DIAGRAM



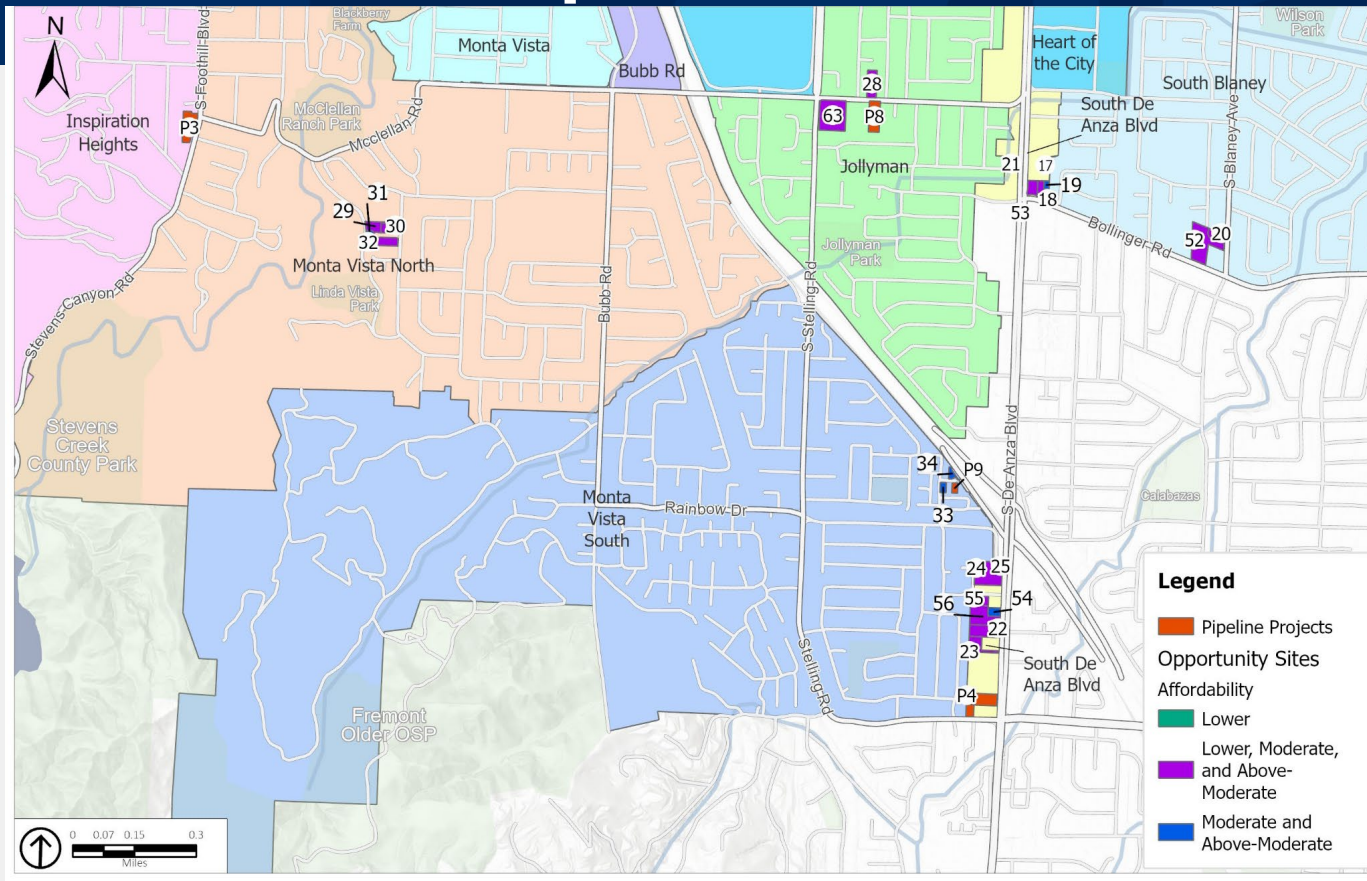
Map Detail 1



Map Detail 2



Map Detail 3



Revisions to address HCD comments

Review of Previous Housing Element

- More info in implementation of previous actions, including impact on housing for persons with special needs

Fair Housing Analysis

- Expanded discussion on trends, patterns, and data to further fair housing including displacement risk and fair housing sites analysis

Housing Sites Inventory

- Revised site analysis including adding likelihood of development, realistic capacity, utility providers, small sites analysis, analysis re: ADUs to align with HCD accepted methodology

Housing Needs Assessment and Constraints

- Identified need to comply with State law for several housing types (SROs, shelters)
- Expanded discussion regarding permit processing and how current land use controls are not a constraint and identify constraints such as housing for persons with disabilities, conversion-risk-estimate, and non-governmental related impacts

Revisions to address HCD comments

Housing Strategies

- Revise rezone strategy to ensure compliance with State law and create new zoning and GP land uses to implement rezone. (Strategies 1.3.2, 1.3.3)
- Added strategies to encourage and facilitate:
 - Mixed use development (Strategy 1.3.5)
 - Development of non-vacant sites (Strategy 1.3.4)
 - Development of affordable housing (Strategy 1.3.4, 1.3.5, 1.3.6, 1.3.7, 1.3.8, 1.3.10, 2.3.1, 2.3.2, 2.3.4, 2.3.6, 2.3.7, 2.3.10, 2.3.11,)
 - Development on small lots (<0.5 acres) (Strategy 1.3.7)
 - Development on Surplus Properties and Faith Based-Housing (Strategy 2.5.6)
 - Live/Work Units (Strategy 2.3.12)

Revisions to address HCD comments

Housing Strategies

- Track Housing Production and complete a mid-term evaluation on production. (Strategy 1.3.12)
- Establish priority processing and granting fee waivers or deferrals for affordable housing developments. (Strategies 1.3.4, 1.3.5, 1.3.7, 1.3.8, 2.3.1, 2.3.9 2.3.11)
- Revise programs to AFFH including adding fair housing metrics, geographic targeting, actions to promote mobility and increase housing choices ((Strategies 6.1.1, 6.1.2, 6.1.3 and metrics to all strategies)
- Revised to establish incentives beyond ADU law and monitor affordability (Strategy 1.3.8).
- Study rent stabilization and tenant protection ordinances in California (Strategy 3.3.6)

Revisions to address HCD comments

Housing Strategies

- Added strategies to comply with State law concerning:
 - Emergency Shelters (Strategy 5.1.1)
 - Low Barrier Navigation Centers and Supportive Housing (Strategy 5.1.4)
 - Residential Care Facilities (Strategy 5.1.5)
 - Manufactured Homes (Strategy 5.1.6)
 - Density Bonus (Strategy 2.3.8)
 - Accessory Dwelling units (Strategy 1.3.8)
- Added actions to encourage missing middle housing types (Strategy 1.3.6)
 - including duplexes, triplexes, courtyard apartments
 - Allowing corner lots in R1 to develop with R2 standards
 - Allowing R1 lots that abut property that fronts an arterial or major collector that is zoned and used for commercial or mixed-use development, to develop using R2 standards

Revisions to address HCD comments

Housing Strategies

- Review and revise development standards (Strategy 1.3.9)
 - Parking, setbacks, lot coverages, height limits, etc. in the new R-4 and PDA
- Explore innovative and family –friendly housing options (Strategy 1.3.10)
 - Promote housing designs and unit mix to attract multigenerational households
 - Research possibility of a Home Sharing program that would help to match “providers” with spare room(s) with “seekers” who are looking for affordable places to live.

Quantified Objectives

- Revised objectives for housing rehabilitation and conservation and to address fair housing.

Consistency with General Plan

- Added a program to review for consistency throughout planning period.



Significant and Unavoidable

- The General Plan meets regional goals, objectives, and best management practices for reducing environmental impacts.
- Program-level significant and unavoidable impacts were determined for **air quality**, **greenhouse gas emissions**, and **transportation (vehicle miles traveled)**.
- Program-level significant and unavoidable impacts are based on:
 - Unknown project-specific details of future proposed development projects
 - Consistency with regional plans that have yet to be updated
 - Human behavior

Direction Pre-HE submittal

- More interest in accommodating housing west of De Anza Blvd and south of Highway 85
- Less interest in accommodating housing east of De Anza Blvd due to recent approvals
- Locate housing sites to counteract declining school enrollment
- Avoid displacement of existing residents through redevelopment of residential properties

Affirmatively Furthering Fair Housing (AFFH)

- Cupertino

- City is designated High or Highest Resource regarding Access to Opportunities
- Housing anywhere in City would regionally Affirmatively Further Fair Housing
- City must look to accommodate persons who currently do not reside here
- Meeting RHNA alone does not equate to satisfying AFFH (Missing Middle Strategy)

CC 05-14-2024

#2

Fiscal Year 2024-25 Fee
Schedule

Presentation

FY 2024-25 Fee Schedule Update & Cost Recovery Policy

May 14, 2024



CUPERTINO

Agenda

- Background
 - What is a Fee?
 - Fee Study
 - Fee Rates
- New Fees & Other Changes
- Fiscal Impact
- User Fee Cost Recovery Policy
- Staff Recommendation

Background - What is a Fee?

A fee or rate charged to an individual or group that receives a *private benefit* from services provided by the City.

Background – Fee Study

2016 & 2023 Fee Studies

Cost Allocation Plan

Cost of Services

- Sets the cap on city-provided services

Background - Fees for City Services

Fee Schedule	Description
Schedule A - General Fees	Miscellaneous fees not associated with one department(abatement fees, false alarms, PRA request, etc.)
Schedule B - Engineering Fees	Public Works – Engineering: Design and Inspection Services
Schedule C - Planning Fees	Community Development – Planning: Current, Mid, and Long-Term Planning
Schedule D - Building Fees	Community Development – Building: General Building, Construction Plan Check, and Building Code Enforcement
Schedule E - Parks & Recreation Fees	Parks & Recreation Services Fees are market driven

New Fees & Other Changes



Citywide Fees

Credit Card Transaction Fee

- 3.4% of transaction

Technology Use Fee

- 5.8% of permit costs

Schedule A – General Fees

Restructured Fees

- Code Enforcement Fees

Schedule B – Engineering Fees

New Fees

- Crane Lift Encroachment Permits
- Planning Application Fee
- Environmental Programs Plan Review
- VMT Monitoring Fee

Schedule C – Planning Fees

New Fees

- Project Review Meeting
- Preliminary Application Reviews
- Planning Inspections
- Special Events
- Sign Permits
- Mercury News Ads

Schedule D – Building Fees

New Fees

- *Larger Additions*
- *Solar Thermal Systems*
- *Accessory Buildings (sheds)*

Restructured

- *Plan Review & Inspection Fee Table*
- *MEP Fee*

Fiscal Impact

Fee Schedule	Estimated Additional Revenue	Factor and Basis
Schedule A – General Fees	Nominal amount	Cost-recovery plus 2.4% CPI
Schedule B – Engineering Fees	\$60,829	Cost-recovery plus 0.7% CCI, 1.0% Labor
Schedule C – Planning Fees	\$171,191	Cost-recovery plus 0.7% CPI, 1.0% Labor
Schedule D – Building Fees	\$542,659	Cost-recovery plus 1.0% Labor

User Fee Cost Recovery Policy

Incorporated Elements

- Cost Allocation Plan and User Fee Study Cycle
- Annual update mechanism
- Phase-in period
- Target Cost Recovery Ranges

User Fee Cost Recovery Policy

Cost Recovery Range

Schedule/Service Area	Target Cost Recovery Range
Schedule A – General	100%
Schedule B – Engineering (PW)	75-100%
Schedule C – Building	80-100%
Schedule D – Planning	50-80%
Schedule E – Recreation*	Market-driven

Staff Recommendation

Adopt Resolution approving FY 2024-25 Fee
Schedules effective July 14, 2024,
and User Fee Cost Recovery Policy

