



## COMMUNITY DEVELOPMENT DEPARTMENT

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### CITY COUNCIL STAFF REPORT

Meeting: March 21, 2023

#### **Subject**

2022 General Plan Annual Report and Housing Element Annual Progress Report (APR)

#### **Recommended Action**

Receive reports and authorize submittal to the Department of Housing and Community Development (HCD)

#### **Reasons for Recommendation**

##### *Background:*

State law requires of all cities that on or before April 1 of each year, an annual report, be provided to the City Council regarding the status of the General Plan and progress in its implementation, including meeting its share of regional housing needs and local efforts to remove governmental constraints to the maintenance, improvement, and development of housing. The law also requires that the report be sent to the Office of Planning and Research (OPR) and Department of Housing and Community Development (HCD). (Gov. Code, § 65400(a)(2)(A)-(J).) The Housing Element Annual Progress Report (APR) must be made using standards, forms, and definitions adopted by HCD and is therefore included as a separate Attachment B. (Gov. Code, § 65400(a)(2)(B).) The Planning Commission reviewed the General Plan Annual Report on December 13, 2022 and provided input.

##### *Analysis:*

##### **General Plan Annual Report**

The Planning Commission reviewed the General Plan Annual Report for the purpose of determining General Plan implementation status. The Planning Commission also provided suggestions on formatting and updating the content of the report. Attachment A incorporates the Planning Commission's suggestions and comments regarding the content of the General Plan Annual Report. Additionally, the Planning Commission suggested that the City consider adding policies in the next comprehensive General Plan

update regarding requiring telecommunication projects to meet 5G architectural standards, public health and safety/environmental changes, and Smart City initiatives.

The primary purpose of this annual report is to describe and document the progress that has been made implementing General Plan policies and objectives during the preceding year. The report is not intended to determine compliance with any specific General Plan policies. The list of policies and strategies in Attachment A is color-coded to indicate their current status, described below:

- Items highlighted in green are action items that the City has acted on.
- Items in yellow are items that are currently in progress.
- Items highlighted in orange are identified as action items, but on which no action has been initiated.
- Items highlighted in grey are ongoing implementation of policies/strategies through the City's Municipal Code, daily activities of staff or City programs.

A high-level time frame ("Immediate" (2019-2022) or "Long Range" (2022-2040)) has been identified for the action items while the ongoing policies and strategies have been identified as being "Continual."

Items with updates for the year 2022 have been identified in bold in the "Comments" column and have been reviewed by the Planning Commission.

#### Housing Element Annual Progress Report (APR)

The APR is a required report on the status of the City's housing programs. Pursuant to Government Code Section 65400, local governments must provide, each year, an annual report for the previous calendar year to the legislative body, OPR, and HCD. In past years, the report focused on building permits issued for new housing units. Since 2018, and every year after that, various state laws have expanded reporting requirements related to housing development projects, e.g. SB 35, state density bonus law and SB 330. HCD prepares the form template that cities must submit to comply with these statutory requirements. The City is on track to submit the 2022 APR to OPR and HCD in advance of the April 1, 2023 deadline. The same information will be provided to the Planning Commission in April. The information that was considered by City Council and any feedback received is included for Planning Commission's reference. No action is required.

The tables on the following page summarize the RHNA Generation by Developers (i.e. Building Permits issued between 2014 and 2022) (see Table 1) and the Project Entitlements by City between 2014 and 2022 (see Table 2).

**TABLE 1: BUILDING PERMITS ISSUED BY INCOME CATEGORY BETWEEN 2014 AND 2022**

		<b>Extremely Low/ Very Low (0-50% of AMI)</b>	<b>Low (51-80% of AMI)</b>	<b>Moderate (81-120% of AMI)</b>	<b>Above Moderate (over 120% AMI)</b>	<b>Total Units</b>
<b>Projected Need (RHNA)</b>		<b>356</b>	<b>207</b>	<b>231</b>	<b>270</b>	<b>1,064</b>
<i>Net New Units Entitled by City (Not Produced)</i>		362	847	75	2,086	3,370
<b>Building Permits Applied for By Developers and Issued by City</b>	2015*	-	-	14	164	178
	2016	-	-	18	9	27
	2017	-	-	12	16	28
	2018	19	-	15	2	36
	2019	-	-	15	24	39
	2020	-	-	19	1	20
	2021	29	19	41	1	90
	2022	-	-	24	104	128
<b>Total RHNA Production</b>		<b>48</b>	<b>19</b>	<b>158</b>	<b>321</b>	<b>546</b>
<b>Balance</b>		<b>308</b>	<b>188</b>	<b>73</b>	<b>0</b>	<b>518</b>
<i>* Includes production since June 2014</i>						

**TABLE 2: PROJECT ENTITLEMENTS APPROVED BY INCOME CATEGORY BETWEEN 2014 AND 2022**

		<b>Extremely Low/ Very Low (0-50% of AMI)</b>	<b>Low (51-80% of AMI)</b>	<b>Moderate (81-120% of AMI)</b>	<b>Above Moderate (over 120% AMI)</b>	<b>Total Units</b>
<b>Projected Need (RHNA)</b>		<b>356</b>	<b>207</b>	<b>231</b>	<b>270</b>	<b>1,064</b>
Total Building Permits Issued		48	19	158	321	546
<b>RHNA balance</b>		<b>308</b>	<b>188</b>	<b>73</b>	<b>0</b>	<b>518</b>
<b>Projects Entitled by City (Not Yet Produced)</b>	Hamptons	-	7	30	563	600
	The Oaks – BP under review	-	-	-	123	123
	Vallco (SB35)	361	840	-	1,201	2,402
	Alan Row/ Bateh Bros.	-	-	1	9	10
	Canyon Crossing	1	-	2	15	18
	McClellan subdivision	-	-	6	5	11
	Marina 2.0	-	-	36	170	206
<b>Total Projects Entitled by City</b>		<b>362</b>	<b>847</b>	<b>75</b>	<b>2,086</b>	<b>3,370</b>
<b>RHNA Balance* (if BPs were applied for and issued for all entitled projects)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

*\*Balance cannot be less than zero and cannot be applied to other income levels if there is excess production in any one income level.*

The following provides an overview of the information and tables included in the HCD APR. The City has made progress towards meeting the production requirements in its Fifth Cycle Housing Element covering the 2014-2022 planning period, which is different from the Sixth Cycle Housing Element Update that is underway.

*Table A- Housing Development Applications Submitted*

This table includes data on housing units and developments for applications submitted and deemed complete. An “application” is a formal submittal of a project for approval, either for a discretionary entitlement (i.e., projects that require approval through a public hearing), or where only a ministerial process is required (e.g., zoned by right), such as the application for a building permit.

The City completed processing a total of 4 development applications, which included 240 units (Marina, Alan Row, Canyon Crossing, McClellan subdivision). The City received the Coach House redevelopment, which is currently under review by the City and includes rental and ownership units for a total of 34 units. The City additionally reviewed 62 ADU applications, 21 replacement single family homes applications, and 8 homes on lots created by subdivision.

*Table A2- Annual Building Activity Report Summary - New Construction, Entitled, Permits and Completed Units*

This table requires information for very-low, low, moderate and above-moderate income housing and for mixed-income projects. This includes data on net new housing units and developments that have received a development entitlement, a building permit, a certificate of occupancy, or other form of readiness that would result in the construction of a new housing unit.

The City entitled a total of 263 net new units, issued building permits for 128 net new units, of which 7 are net new single-family dwellings, 23 are new ADUs, and 98 are new multi-family 5+ unit developments. Additionally, the City issued certificates of occupancy to 33 new and replacement units.

*According to HCD’s instructions, if a project application was determined to be complete and received entitlements, building permits, and/or certificates of occupancy during the reporting year, that project would be listed in both Table A and Table A2.*

*Table B- RHNA Progress – Permitted Units based on level of Affordability*

This is an auto-populated summary of prior permitting activity in the current planning cycle, including permitting activity for 2022.

*Table C- Sites Identified or Rezoned to Accommodate Shortfall Housing Needs*

Reporting is required when a city or county identified an unaccommodated need of sites from the previous planning period. Cupertino, however, has more than sufficient sites zoned to accommodate RHNA numbers, so this is not applicable to the City.

*Table D- Program Implementation Status*

This is detailed information on the status and progress of Housing Element program and policy implementation for all programs described in the Fifth Cycle Housing Element. Cupertino is currently implementing all 26 programs and policies in the Housing Element.

*Table E- Commercial Development Bonus Approved*

Reporting is required if a jurisdiction has approved any commercial development bonuses during the reporting year. Commercial development bonus means a modification of development standards mutually agreed upon by the City and a commercial developer that is provided to an eligible commercial development. The City did not approve any commercial development bonuses in 2022.

*Table F- Units Rehabilitated, Preserved and Acquired for Alternate Adequate Sites*

This section reports units that have been substantially rehabilitated, converted from non-affordable to affordable by acquisition, and preserved as affordable housing. Projects must be mentioned in the Housing Element as a program-specific site in order to be listed. This is not applicable to Cupertino because specific sites are not included in the Housing Element; however, the City has gone beyond the Housing Element and provided \$1,400,050 in loans/grants for affordable housing rehabilitation projects from 2014 – 2022.

*Table F2 – Above Moderate-Income Units Converted to Moderate-Income (NEW)*

This section reports the number of units in an existing multi-family building that were converted to deed-restricted rental housing for moderate-income households by the imposition of affordability covenants. No such projects happened in 2022.

*Table G- Locally Owned Lands included in Housing Element Sites Inventory*

This is a report of sites that are owned by the reporting jurisdiction and have been sold, leased, or otherwise disposed of during the reporting year. Sites must be included in the Housing Element Sites Inventory. No such sites are located within the City of Cupertino.

*Table H- Locally Owned Surplus Sites Inventory*

This is an inventory of surplus lands, and all lands in excess of its foreseeable needs, if any, located in all urbanized areas and urban clusters. This is not applicable to Cupertino, since there are no sites identified as surplus lands within the City.

*Table I – Units Constructed and Applications for Lot Splits*

This section reports SB9 projects only. This table applies to lot-splits applied for and units constructed. On November 15, 2022, the City Council approved an ordinance establishing objective standards and processes for development and subdivision under SB9. However, there were no such project applications received, approved or constructed in 2022.

*Table J – Student Housing Development for Lower Income Students with Density Bonus*

This section reports student housing projects with a density bonus. No such project applications were received, approved or constructed in 2022.

**Sustainability Impact**

Preparation and submittal of these reports does not result in a sustainability impact.

**Fiscal Impacts**

Preparation and submittal of these reports does not result in a fiscal impact.

**California Environmental Quality Act (CEQA)**

Preparation of these reports is not considered a project under CEQA.

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Reviewed by: Benjamin Fu, Director of Community Development

Approved for Submission by: Pamela Wu, City Manager

**Attachments:**

A - General Plan Annual Report

B - Housing Element Annual Progress Report