



**COMMUNITY DEVELOPMENT DEPARTMENT
PLANNING DIVISION**

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CITY COUNCIL STAFF REPORT

Meeting: March 19, 2024

Subject

2023 General Plan and Housing Element Annual Progress Report (APR)

Recommended Action

Receive the General Plan and Housing Element APRs.

Reasons for Recommendation

State law (Government Code Section 65400) requires that the City provide an annual report, on or before April 1 of each year, to the legislative body (the City Council in the case of Cupertino) 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 report must also be sent to the Office of Planning and Research and Department of Housing and Community Development (HCD). (See Government Code § 65400(a)(2)(A)-(J).)

On February 27, 2024, the Planning Commission received the draft General Plan and Housing Element APRs, where they had an opportunity to ask questions and discuss the reports.

General Plan APR

The current General Plan APR format has been used for the past several years. The Policies and Strategies that support the General Plan Goals in each Element are arranged in tabular form as the APR (See Attachment A). Most Strategies and Policies are implemented on an ongoing process through the Municipal Code and through development project review and are identified in the APR. Edits have been made to all sections of the report to reflect the work done by City staff in implementing General Plan policies and strategies. These edits are reflected in the attached document in bold and underlined text.

In addition to the review of planning and building permits, public counter service in the form of in-person and virtual appointments and email inquiries, the City's Planning staff also worked on several Municipal Code amendments in 2023, which were adopted by Council in February 2024, related to Accessory Dwelling Units (ADUs), certain two story homes/additions, and clarifying the process to allow certain uses in the BA zoning district.

Staff has also continued to work on preparing the Housing Element and associated amendments to implementing documents. Additional long range planning work continues into 2024, including the future planning for any portions of the Heidelberg Cement quarry that could be annexed into the City and other miscellaneous amendments to the Municipal Code.

Housing Element APR

The Housing Element APR must be completed on forms provided by HCD. Pursuant to Government Code Section 65400, local governments must provide, each year, an annual report for the previous calendar year to the legislative body (City Council), OPR, and HCD. HCD prepares the form template that cities must submit to comply with these statutory requirements.

In past years, the report focused on building permits issued for new housing units by affordability and a text narrative on how housing policies in the Housing Element were implemented. Since 2018, and every year after that, various state laws have expanded reporting requirements. In addition to data that has historically been requested, additional data is now requested including, but not limited to: Address and APN of projects, Date(s) including, Application deemed complete, Entitlement approval, Issuance of permits, and Occupancy, Tenure of units (ownership or rental), Type of units (ADUs, single family attached/detached, 5+units), Number of affordable units, Level of affordability, Length of affordability, Financing utilized for unit/project, Use of density bonus law, including which portions of the density bonus law are being utilized, description of waivers requested, incentives requested, parking reductions, and use of other state law provisions (such as SB35, AB2011, SB330, SB9 etc.), Justification of affordability of unit (inclusionary units or density bonus affordable units etc.).

All required data and progress in implementing existing Housing Element policies and strategies has been reported on the requisite forms and will be submitted to HCD prior to April 1 as required by state law (See Attachment B).

The City's progress on meeting its Regional Housing Needs Analysis (RHNA) goals is identified in Table B of Attachment B (page 36 of 57). Since the 2023 reporting period is the first report in the 6th RHNA Cycle, HCD allows the report to include building permits that have been issued by the City between 6/30/2022 and 12/31/2023. In summary, the City has issued 54 ADU permits and 123 non-ADU permits for a total of 177 building permits for new units during this reporting period.

The following tables summarize the RHNA Generation by Developers (i.e. Building Permits issued in the 2023 reporting period) (see Table 1) and the Pipeline Entitlements in the City (see Table 2).

TABLE 1: BUILDING PERMITS ISSUED BY INCOME CATEGORY DURING THE 2023 PERIOD

		Extremely Low/ Very Low (0-50% of AMI)	Low (51-80% of AMI)	Moderate (81-120% of AMI)	Above Moderate (> 120% AMI)	Total Units
Projected Need (RHNA)		1,193	687	755	1,953	4,588
<i>New Units Entitled by City (Not Produced)</i>		271	624	46	2,127	3,062
Building Permits Applied for By Developers and Issued by City	2023	10	10	29	128	177
Total RHNA Production		10	10	29	128	177
Balance		1,183	677	726	1,825	4,411

TABLE 2: PIPELINE ENTITLEMENTS APPROVED BY INCOME CATEGORY

		Extremely Low/ Very Low (0-50% of AMI)	Low (51-80% of AMI)	Moderate (81-120% of AMI)	Above Moderate (> 120% AMI)	Total Net New Units
Projected Need (RHNA)		1,193	687	755	1,953	4,588
Total Building Permits Issued		10	10	29	128	177
RHNA balance		1,183	677	726	1,825	4,411
Units Entitled by City * (Not Yet Produced)	Westport (<i>The Oaks</i>) – BP <i>under review</i>	-	-	-	123	123
	The Rise (Vallco)	267	623	-	1,779	2,669
	Canyon Crossing	1	-	2	15	18
	McClellan subdivision – BP <i>under review</i>	-	-	6	6	6
	Marina Plaza 2.0	-	-	36	170	206
	Coach House (S. De Anza)	3	1	1	29	34
	Bianchi Townhomes	-	-	1	6	7
Total Units Entitled by City		271	624	46	2,128	3,069
RHNA Balance** (if BPs were applied for and issued for all entitled units)		912	53	680	0	1,342

* The Hamptons project was approved with 7 LI, 30 Mod, and 871 Above-Mod units for a total of 942 units. Not included in pipeline.

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

In addition to the data collected by HCD, HCD requires an update on the activity conducted in the implementation of the Housing Policies and Strategies in the General Plan. This is reflected in both Attachment 1 and Attachment 2 (Table D). The City continues to support the production of housing, particularly affordable housing by providing technical support, and guidance. It also continues to implement its local Below Market Rate (BMR) Housing Program and the Non-residential BMR program. The City continues to allocate Community Development Block Group (CDBG) federal funds, Human Service Grant (HSG) funds and BMR Affordable Housing Fund (BMR AHF) funds to eligible and deserving projects and expenses.

Sustainability Impact

No sustainability impact as a result of preparation or submittal of these APRs.

Fiscal Impact

No fiscal impact as a result of preparation or submittal of these APRs.

California Environmental Quality Act

Not Applicable.

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Reviewed by: Luke Connolly, Acting Director of Community Development

Approved for Submission by: Pamela Wu, City Manager

Attachments:

A- 2023 General Plan APR

B- 2023 Housing Element APR