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## PLANNING COMMISSION STAFF REPORT

Agenda Item No. 2

Agenda Date: February 19, 2014

**Application No.:** GPA-2013-02  
**Applicant:** City of Cupertino  
**Location/APN:** Citywide

### **SUBJECT:**

Study Session to review Housing Element requirements and sites to achieve the Regional Housing Needs Allocation (RHNA) for the upcoming 2014-2022 Housing Element

### **RECOMMENDATION:**

Staff recommends that the Planning Commission:

1. Review the report on potential Housing Element sites and
2. Discuss potential housing sites and provide comments on the priority housing sites to be studied in the joint General Plan Amendment and Housing Element Environmental Impact Report (EIR).

### **BACKGROUND:**

#### **Housing Element Overview**

In accordance with State law, California cities must have an adopted General Plan, which must contain a Housing Element. Housing Element law requires that all jurisdictions facilitate housing development by creating policies and adopting land use plans and regulatory schemes that provide opportunities for housing development, including units that could accommodate households with very low, low, moderate and higher incomes. For information on Housing Element content, please see Attachment PC-1.

State law requires that each city and county update its Housing Element on a pre-determined cycle; for this cycle, Housing Element updates must be adopted by January 31, 2015 (plus a 120-day grace period). If this adoption deadline is met, the planning period for this cycle extends from adoption to January 31, 2023 (or eight years). Otherwise, the City must update the Housing Element again in 2019 (every four years).

### ***Regional Housing Needs Allocation (RHNA)***

The RHNA is an estimate of projected needed housing units throughout the State and is based on Department of Finance population projections and regional population forecasts.

The RHNA identifies Cupertino's regional housing needs by income levels:

<b>Income Group</b>	<b>RHNA</b>
Very Low	356
Low	207
Moderate	231
Above Moderate	270
<b>Total</b>	<b>1,064</b>

The City is not obligated to construct the housing units identified by the RHNA. Rather, the City's responsibility is to demonstrate adequate capacity, by identifying specific sites, to satisfy the RHNA under existing zoning and land use policy. HCD generally requires jurisdictions to show a surplus of sites/units in order to guarantee that the City could realistically accommodate the RHNA allocations.

### **General Plan Amendment**

In addition to the Housing Element, the City is also processing a General Plan Amendment (GPA). The GPA was authorized by the City Council in August 2012 and begun in March 2013. The GPA includes an analysis of the following key topics:

- A. *Development Allocations* - The primary purpose of the GPA is to replenish, re-allocate, and increase citywide office, commercial, hotel, and residential allocations in order to plan for anticipated future development activity while keeping with the community's character, goals, and objectives.
  
- B. *Consolidate Review Of Individual GPA Requests* - The secondary purpose of the GPA is to consolidate development requests by several property owners for amendments to the General Plan. The community vision developed as part of the GPA process will help evaluate the development requests along with the associated General Plan amendments being requested. The consolidated General Plan amendment process also provides a unique opportunity for the community to provide input on the various requests received at a citywide level, instead of a site-by-site basis, which only looks at a limited scope.

Three draft General Plan Concept Alternatives have been prepared that outline different future scenarios. The alternatives were developed to reflect community input (workshops and online input) as well as to respond to regional economic growth factors and housing needs. The alternatives range from minimal change to the current 2005 General Plan (Alternative A) to more moderate growth (Alternative B) to a greater change in development criteria which reflect the various property owners' requests (Alternative C).

These changes in development intensity include changes to land uses, heights and development allocation. The alternatives specifically focus these changes on five major mixed-use corridors in the core of Cupertino – Homestead, North Wolfe, Heart of the City, North De Anza, and South De Anza.

## **DISCUSSION:**

### **Housing Element Sites Criteria**

#### *HCD Criteria*

HCD reviews each Housing Element's sites inventory to determine if adequate sites have been identified to meet the RHNA. Preparation of a "site suitability analysis" is an important step in addressing the adequate sites requirement. For additional details on HCD's site suitability requirements and criteria, please see Attachment PC-1. A key point to note in HCD's criteria are that sites with a net density lower than 20 dwelling units per acre do not qualify for meeting affordable housing requirements. Therefore, most sites discussed later in this report are in areas that are at or above this density.

#### *Other Secondary Criteria (Sustainable Communities Strategy/One Bay Area Plan and Cupertino General Plan)*

In addition to the State-wide criteria that HCD uses to determine site suitability, the Sustainable Communities Strategy/One Bay Area Plan contribute additional criteria regarding what makes a desirable housing site in the ABAG region. The region's Sustainable Communities Strategy and the One Bay Area Plan focuses development in Priority Development Areas (PDA). The City's General Plan policies are generally consistent with the strategies in the One Bay Area Plan. For additional details on the other secondary criteria and PDA's please see Attachment PC-1. Cupertino's PDA has been identified with a yellow outline on Attachment PC-2.

### **Potential Housing Element Sites**

Consideration of Housing Element sites is still in the preliminary stages. Through this study session, the City will continue to discuss sites with the public. Additional sites may be identified via public input and Commissioner discussion. While several sites are discussed in the report, the City is only obligated to pick sites enough to cumulatively add up to 1,064 units. The cumulative total of the realistic yield of all the sites proposed to date far exceeds the City's RHNA. A map has been prepared (see Attachment PC-2) that identifies all the sites proposed to date. An accompanying table (Attachment PC-3) provides additional information about each site. Sites are not in any particular order of priority.

Sites in three categories have been identified on the map:

- ***Existing Housing Element sites*** – Seven sites identified in the 2007-2014 Housing Element are currently available. The others have either been redeveloped or do not meet the criteria.
  - *Lot Consolidation Potential* – Sites adjacent to existing Housing Element sites that could be considered for addition into the Housing Element for more cohesive development.

- *Sites Proposed By Property Owners* – Ten property owners have indicated an interest in being included in the Sites Inventory. Most of the developers have indicated a density range higher than that currently allowed by the General Plan and zoning for their site.
- *Sites Proposed By Workshop Participants* – Workshop participants at the January 23, 2014 workshop identified 21 sites which could potentially be included in the Sites Inventory.

### **Environmental Review**

An Environmental Impact Report (EIR) is being prepared for this project. The preparation of the EIR will commence once the City Council provides its comments on the sites to be analyzed as part of each alternative studied in the EIR at its March 4, 2014 meeting. The 30-day Notice of Preparation (NOP) period will commence soon after the City Council meeting, with a scoping session scheduled for March 11, 2014.

It is anticipated that preparation of the Draft EIR will take about four months and will be released for public review in Summer 2014. A community open house is planned during the 45-day public review period. Following the close of the public review period, a Final EIR will be prepared. The recommendation from the Environmental Review Committee, public hearing for the Planning Commission and public hearing for the Council EIR review and certification are tentatively scheduled for Fall 2014.

### **DISCUSSION:**

#### **Summary of February 12 Housing Commission Workshop**

On February 12, the Housing Commission hosted a workshop to continue the Housing Element Sites discussion and prioritize sites for inclusion in the Housing Element. Following a project update presentation, approximately fifteen (15) participants broke into three groups and discussed identification of new sites and prioritizing potential housing sites to meet the RHNA of 1,064.

The groups generally seemed to agree that sites with multiple access points, minimal impacts to schools and generate minimal level of neighborhood concerns would be appropriate as Housing Element sites. Some of these included sites previously identified in this report. Some participants also added new sites to the list. Some of the sites were prioritized by one group but not by others and some of sites were only acceptable if new development was a mixed use one. The balance of the sites have been left on the list since there was no consensus on whether to keep or remove the sites. These have all been included in Attachments PC-2 and PC-3.

#### *Comments from the Public*

The following is a summary of the key points made at the February 12 meeting:

- Building heights should reflect the character of the City.
- Impacts of new housing on schools and traffic need to be carefully considered in the siting of housing.
- A balance of retail/restaurants and housing needs to be achieved. Do not eliminate places where residents shop and dine out.

- New housing should be distributed throughout Cupertino.
- Provide opportunities for different forms of housing that may not be in Cupertino today, particularly for senior residents and recent college graduates who do not need as much living space.
- Given that the city is virtually built out, ensure that in future RHNA processes that Cupertino is not overburdened by a commitment to accommodate even more housing.
- The Hampton site is a good location to accommodate a large portion of the current RHNA.
- The current stock of affordable housing needs to be preserved to the extent possible.

The Housing Commission recommended forwarding the sites highlighted by the workshop participants. Attachments PC-2 and PC-3 highlight the sites that the Housing Commission recommended forwarding to the Planning Commission for consideration.

### **EIR Alternatives and Density Considerations for Sites**

The California Environmental Quality Act (CEQA) requires that alternatives to a project be studied. These must avoid or substantially lessen at least one of the significant impacts of the Proposed Project. In addition, CEQA does not permit projects to be analyzed incrementally.

A combined Environmental Impact Report will be prepared for the General Plan Amendment as well as the 2014-2022 Housing Element. The EIR will analyze the following key issues:

- The General Plan Amendments – As mentioned earlier in this staff report, the City is currently processing a General Plan Amendment. Three draft General Plan Concept Alternatives ranging from minimal change to the current 2005 General Plan (Alternative A) to more moderate growth (Alternative B) to a greater change in development criteria which reflect the various property owners' requests (Alternative C), have been prepared for analysis in the EIR. Alternatives A and B avoid or substantially lessen at least one of the significant impacts of the Proposed Project (Alternative C).

At this time, no sites are proposed to be eliminated from the study except as discussed below for each alternative. The preferred sites will be noted when a review and decision on the final list of sites is made by the City Council. The final decision on the list of sites is expected in Fall when the information on the EIR is available. It should be noted a lower density on a site will increase the number of sites that need to be picked to cumulatively reach the 1,064 units RHNA obligation.

- Alternative A will include potential housing sites only within existing density ranges in the General Plan. Therefore, Alternative A will not include sites that propose a minimum density exceeding that allowed in the 2005 General Plan.

The only change to this concept is in the South Sunnyvale-Saratoga area (De Anza Boulevard area south of Highway 85), which is proposed to be combined with the South De Anza Boulevard Conceptual Plan (West side of De Anza Boulevard between Stevens

Creek Boulevard and Bollinger Road). The density in the South Sunnyvale-Saratoga area will change from 15 dwelling units per acre to 25 dwelling units per acre to be consistent with the density in the South De Anza Boulevard Conceptual Plan Area. One site proposed by the property owner (Yamagami's Nursery) is located in this area and will be studied in this Alternative.

- Alternative B represents moderate growth along five mixed use transit corridors. Therefore, in this Alternative, sites proposed by property owners along major transit corridors, and selected by the City Council for inclusion, will be studied at a density between that in Alternative A and Alternative C (highest density alternative). In this alternative, these sites would be studied at a density of 35 dwelling units per acre instead of 25 dwelling units per acre. In general, the current General Plan allows 25 dwelling units per acre except in the South Vallco Area where it is 35 dwelling units per acre.

One property owner (the Hamptons at Wolfe Road and Hwy 280) has proposed a density ranging from 65 to 110 dwelling units per acre on their site. Therefore, their site is the only one selected at the lower end of the density at 65 dwelling units per acre. The reason this site has been included at a higher density than 35 dwelling units per acre, is that it is located near the freeway and will cause minimal neighborhood and school impacts (this site is served by the Santa Clara Unified School District).

- Under Alternative C (the proposed project), Housing Element sites proposed by Property Owners, and selected by the City Council to satisfy the RHNA requirement, will be studied at the maximum density requested by the property owner.
- Finally, CEQA requires the analysis of the No Project Alternative. The No Project Alternative assumes no change to the current General Plan. The analysis for this alternative will include buildout of the current 2005 General Plan. Therefore, only the existing housing element sites will be included in the analysis. Under this scenario, there are no changes to existing land use policies, height limits, land use designations, or any additional development allocation for office, commercial, hotel and residential units. No new sites will be studied.

## **Other Housing Element Requirements**

### *Update Housing Policies*

The update of the Housing Element has been divided into two areas of review. The first area of review is the subject of this meeting - identification of adequate sites appropriately zoned in the City to accommodate the City's RHNA.

The second area of review is an analysis and update of the existing policies and programs which will be presented at a later date (tentatively April 1, 2014 at a Joint Planning Commission/City Council meeting.)

### *Streamlined HCD Review*

HCD allows for streamlined review of the Housing Element if the jurisdiction meets certain criteria. This provides for priority review for jurisdictions that are eligible over jurisdictions that are eligible for standard review and limits the areas in which the HCD staff can comment on. These criteria include the adoption of an HCD-certified Housing Element, the adoption of a Density Bonus ordinance that conforms with State Law, the completion of re-zoning of all Housing Element sites that needed re-zoning with the 2007-2014 Housing Element update, the adoption of adequate zoning to permit emergency shelters and transitional/supportive housing, and the establishment of a reasonable accommodation procedure. If a jurisdiction is not eligible for the streamlined review, HCD's review generally takes longer—up to the 60 day period they are permitted by law to review the documents, thereby potentially delaying the adoption of the Housing Element. The adoption deadline remains January 31, 2015 (plus a 120-day grace period.)

The City currently complies with almost all of the requirements to qualify for the streamlined review – the City has a HCD certified Housing Element that has been adopted, all the re-zoning that was required with the last Housing Element cycle was completed at the same time as adoption of the Housing Element, completed updates to the municipal code to allow adequate emergency shelter and transitional/supportive housing and the establishment of a reasonable accommodation procedure. The final requirement – the adoption of a Density Bonus ordinance that conforms to State Law – needs to be completed prior to forwarding the draft of the Housing Element for HCD review. The City would have to comply with State Law with or without an updated ordinance. However, having an updated ordinance will allow the City to be eligible for streamlined review. Staff anticipates preparing this ordinance for Planning Commission review and Council adoption at the time of presenting the Draft Housing Element for forwarding to the HCD for its review in Fall 2014.

## **PUBLIC NOTICING & OUTREACH**

In addition to the workshop at the Housing Commission meeting on February 12, 2014, the following outreach efforts have been undertaken on this project to date.

### *Stakeholder Interviews*

Stakeholder interviews were conducted on December 11 & 12, 2013 to solicit input from stakeholders ranging from community members, property owners, housing developers, service providers, School Districts and the business community. The following is a summary of comments from the interviews:

- Overall housing affordability and the gap between housing demand and supply at all income levels
- Need diversity of affordable rental units at all income levels and all household types
- Need to accommodate a growing aging population
- Smaller units including innovative housing models
- Support for mixed-use similar to Santana Row or downtown Mountain View
- Should be low impacts to schools, privacy, parking, noise and traffic
- Significant financial constraints to affordable housing developers due to dissolution

of Redevelopment

- School Districts north of the city are impacted due to higher student generation rates
- Looking to increase capacity by adding new buildings and temporary, modular units
- Most of the Apple Campus 2 school impact fee allocated to Santa Clara Unified District while the expectation is that most employees who move will reside within the CUSD service area.

*Summary of January 23 Joint PC/HC Workshop*

On January 23, the Planning Commission and Housing Commission hosted a joint workshop to begin the Housing Element Sites discussion. Eleven participants broke into small groups and identified potential future sites for housing and criteria for increased density in certain areas including community benefits. Participants drew on maps and placed stickers to identify potential housing sites. The following is a summary of comments from the meeting:

- Demand for market-rate small-sized units (limited bedrooms) to cater to people working at Apple
- Add levels to school buildings to increase capacity
- Concerns about:
  - Churches now having to be considered Housing Element sites
  - Sustainability of the One Bay Area Plan
  - Size of the City's RHNA obligation
  - Loss of community amenities to housing

The following table summarizes the noticing for this meeting.

Notice	Agenda
<ul style="list-style-type: none"><li>▪ Email sent to all interested parties signed up through the project website</li><li>▪ Letters sent to current Housing Element site property owners and interested property owners</li></ul>	<ul style="list-style-type: none"><li>▪ Posted on the City's official notice bulletin board (<i>one week prior to the hearing</i>)</li><li>▪ Posted on the City of Cupertino's Web site (<i>one week prior to the hearing</i>)</li><li>▪ Posted on the project Website (<i>one week prior to hearing</i>)</li></ul>

**NEXT STEPS**

The goal for this study session is to review the Housing Commissions' input and sites presented to date, identify any other new potential sites for consideration, to place the sites in order of preference.

The City Council will meet on March 4, 2014 to provide staff with final direction on the Housing Element sites and densities to be studied in the EIR. The policy portion of the review of the Housing Element will be present to the Housing Commission in March 2014 and the Planning Commission and City Council at the Joint meeting on April 1, 2014.



Upon completion of the Final EIR, the Draft Housing Element will be reviewed by the Planning Commission and adopted by the Council in Fall 2014 for forwarding to HCD. The Draft Housing Element will include: housing policies as well as the final list of housing sites as well as the related General Plan Amendments and rezoning for the sites. In addition, in order to comply with streamlined HCD review, a Density Bonus Ordinance, will be prepared for review and adoption. Upon HCD review and potential certification, the final Housing Element will be presented for Planning Commission review and City Council decision in early 2015.

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#### **Attachments**

- PC-1. Housing Commission Staff Report
- PC-2. Potential 2014-2022 Housing Element Sites Map, with HC Priorities Indicated
- PC-3. Potential 2014-2022 Housing Element Sites Summary Table, with HC Priorities Indicated