

November 5, 2020

Ms. Ella Sun
Operating Partner
Homestead Homes
Via E-Mail

Dear Ella,

This letter summarizes the feasibility for a 4-home subdivision proposal on the property at 19820 Homestead Road in Cupertino. It is not intended to be a comprehensive review of legal, title, or constructability issues but rather an assessment of the appropriateness and feasibility of the proposed use, particularly in relation to the challenges posed by the site adjacencies.

The property is uniquely situated within the City, because Homestead Road is a busy multi-lane arterial and the neighboring property is an industrial PG&E corporation yard. At first glance, one might think this property is best suited for conversion to industrial uses, to take advantage of its adjacency to PG&E and its location on a multi-lane arterial. However, the property shares a property line on the *other* side with three one-story single-family homes – whose address is NOT Cupertino but in Sunnyvale. Introducing light or heavy industrial uses adjacent to residential properties (regardless of jurisdiction) would not be in conformance with the General Plan as this is not a Priority Development Area and not designated for focused Employment growth.

I further evaluated the property for conversion to commercial and retail uses, which would match the nearby use of the Oakmont Square Shopping Center. Eventually, it could complement an eventual long-term re-use of the PG&E property to infill mixed-use. However, the size of the property (less than .5 acres) again renders this difficult if not infeasible. Best practices in land use planning and economic development strategies will cluster retail uses, rather than stringing them out along auto-centric arterials. Main Street Cupertino is an example of the right way to introduce more retail and commercial uses into a community by concentrating retail, restaurant, hotel, and commercial uses as a community destination. Bricks-and-mortar retail is now projected to take several cycles to recover from the COVID-induced recession, and the city is better off focusing on economic recovery for its existing small retail centers rather than trying to expand or create new. Furthermore, the General Plan designates this for residential use, and adjacency to the single-family homes on Homestead and Heron point to the long-term use of this property for low- or medium-density residential use.

I investigated whether it would be feasible to position this property as a multi-family rental apartment (either market-rate or low-income units). Multi-family apartments can sometimes help with transitions from single-family homes to the industrial and commercial uses to the west. But at less than .5 acres, and due to the need for fire truck access and common open space as required by the City's zoning code, the resulting building would be 5 stories in order to provide automobile parking, private open space, and staging areas for trash service. The property abuts single-family homes which are in a neighboring jurisdiction, so all Emergency Vehicle Access would have to be from Homestead Road (no opportunity for an EVA in order to have ladder access to upper levels); and no alley or "back of house" for trash servicing and pick-up would be feasible. These physical limitations do not take into account the community character, privacy, and light-and-shadow issues of constructing a 5-story building adjacent to single-family homes.

Another benefit of the proposed medium density housing project (6 units total) is that it will help the City of Cupertino fulfill its obligations to add housing units in conformance with its Regional Housing Needs Allocation (RHNA). In the past 7 years, Cupertino was expected to add slightly more than 1,000 total new homes, but has produced less than half of that requirement. Preliminary allocations for the 6th RHNA cycle (which begins in 2023) have allocated a requirement for over 5,000 new homes in Cupertino before 2030. Taking advantage of underutilized and over-sized lots such as this one, particularly as it is adjacent to commercial and industrial uses, to introduce modest numbers of new homes that are complementary to the traditional single-family neighborhoods is one of the best ways to begin chipping away at the city's pronounced jobs-housing imbalance.

Your proposal to construct 4 single-family homes and two Accessory Dwelling Units (ADUs) for a total of 6 residential units is an excellent transition between the existing single-family homes (in adjacent Sunnyvale) and the industrial use of the PG&E corporation yard. The current General Plan designation is for single-family low-density residential use, and your proposal for medium density residential use is a good transition from the existing homes. In Cupertino, requests for General Plan Amendments sometimes include an offer of a Voluntary Community Amenity. Typically, Voluntary Community Amenities are offered when the proposed use will have a measurable negative impact on provision of city services or other public resources such as school facilities. Today, the Cupertino school district is currently projecting a *decrease* in student enrollment subjecting it to closing schools, plus you will be obligated to pay the school district fee of \$29,425; you are also building a new sidewalk, improving a decrepit lot, and dedicating a large amount of your private property to the city for use in future frontage improvements. Given that your proposed use is modest, generally conforms with the city's allowed uses, and because you are making land dedications and also paying the \$29,425 school fee, I do not recommend you make any further "voluntary" community amenity offerings. The increase in taxable value and the provision of much-needed new homes in a city which


is struggling to meet even half of its state-mandated housing goals is sufficient amenity in my opinion.

In conclusion, I believe your 4-home proposal represents the optimal use of the property in light of its adjacencies, the desire to keep the property residential, and to introduce a variety of homes at varying price points. The proposed site plan:

- Results in lots of approximately 4,000 square feet each, which is typical for the region.
- Provides a range of housing sizes that contribute to naturally occurring affordability through “Missing Middle” housing types. One 6,000-square foot home on a 21,000+ square foot lot would not contribute to the diversity and affordability of Cupertino’s housing stock. Four homes with 2 ADUs results in gentle density that aligns with established housing goals without negatively impacting the neighborhood.
- The 4 proposed homes comply with the City’s objective standards for height, setback, parking allocation, open space and other key metrics. This is a modest but meaningful step toward increasing housing yield on streets serviced by public transit and with an industrial/commercial neighbor that does not negatively impact existing uses.
- Will complete the pedestrian circulation by constructing a code-compliant and accessible sidewalk (where none exists today) and providing additional dedicated land for future Homestead Road public improvements.

I commend your team for developing a site plan which meets so many of the City’s objectives – gentle density; range of residential home sizes to accommodate Missing Middle homes; private outdoor space for every unit; and complying with objective standards such as setback and height to maintain community character. Please let me know if I may answer questions you may have.

Sincerely,



Kelly Snider, M.C.P.

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