

## C. POPULATION, EMPLOYMENT, AND HOUSING

This section describes population, employment, and housing statistics in the City of Cupertino and Santa Clara County, and evaluates the potential impacts associated with population, housing, and employment that could result from development of the proposed project.

### 1. Setting

The following section utilizes data from the U.S. Census Bureau, the California Department of Finance, the Association of Bay Area Governments (ABAG),<sup>1</sup> and the City of Cupertino Housing Element Update.<sup>2</sup>

**a. Population.** Incorporated as a city in 1955, Cupertino grew from an agricultural community into a suburban community during Silicon Valley’s expansion. As shown in Table V.C-1, Cupertino’s population grew rapidly over a 30-year period, increasing by approximately 177 percent from 1970 to 2000.<sup>3</sup> As shown in Figure V.C-1, between 1970 and 1980, Cupertino experienced a significant population increase due to the development of large housing tracts and the City’s annexation of land developed with residential uses from the City of San Jose. Between 1980 and 1990, population growth was mostly a result of the City’s annexation of large areas in Santa Clara County such as the Rancho Rinconada area, east of the City, and the Inspiration Heights area, west of the City. According to ABAG projection data, a small and steady population increase is expected to occur through the year 2030.

**Table V.C-1: City of Cupertino Historical Population Growth**

Year	Population	10-Year Percent Increase
1970	18,216	—
1980	34,015	86.7%
1990	40,263	18.4%
2000	50,546	25.5%
2010	58,302	15.3%

Source: U.S. Census, 2011.

ABAG provides an estimate of the amount of growth that may occur within Cupertino and Santa Clara County over the next 20 year period. As shown in Table V.C-2, between 2010 and 2020, the City’s population is estimated to increase by 2 percent, and between 2020 and 2030, the City’s population is expected to increase by 1.4 percent. Overall, ABAG estimates the City’s population will increase by 3.4 percent in 20 years.<sup>4</sup> Average annual growth rates under such projections would be approximately 0.17 percent.

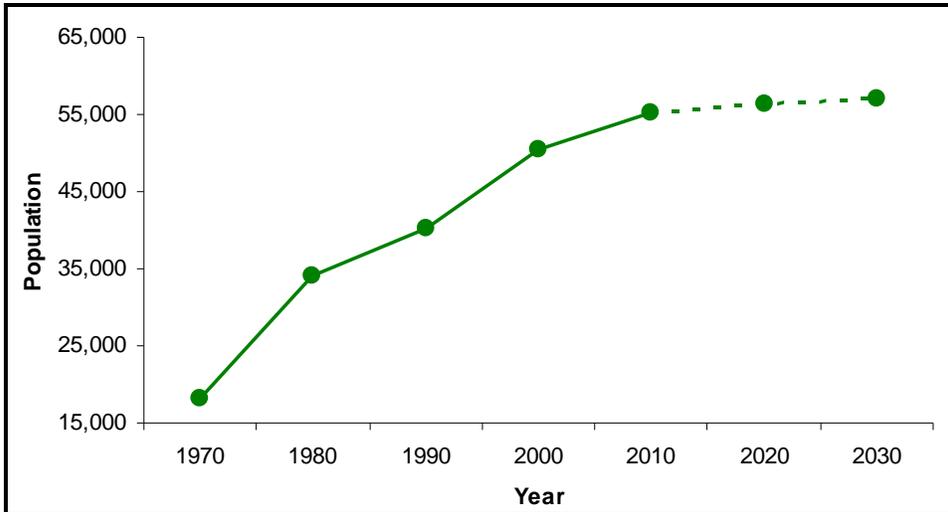
<sup>1</sup> Some ABAG data is for the City’s “subregional study area,” or its sphere of influence, and not its jurisdictional boundaries. Subregional data are only used when no City-level data is available. When subregional data are used, they are explicitly noted.

<sup>2</sup> Bay Area Economics, 2010. *City of Cupertino Housing Element Update, 2007-2014*. April.

<sup>3</sup> Association of Bay Area Governments, 2013. Bay Area Census. Website: [www.bayareacensus.ca.gov/cities/Cupertino.htm](http://www.bayareacensus.ca.gov/cities/Cupertino.htm) (accessed April 29).

<sup>4</sup> Association of Bay Area Governments, 2009. *Building Momentum, San Francisco Bay Area Population, Household, and Job Forecasts*.

**Figure V.C-1: City of Cupertino Population Growth Trend, 1970-2030**



Source: U.S. Census, 2011; ABAG, 2009. *Projections 2009*.

The population of Santa Clara County is expected to increase at a faster rate than in the City. Between 2010 and 2020, the County’s population is estimated to increase by approximately 13.2 percent, and between 2020 and 2030, the County’s population is expected to increase by 12 percent. Overall, the County’s population is expected to increase by 26.8 percent in 20 years.<sup>5</sup> Average annual growth rates under such projections would be approximately 1.34 percent, or approximately seven times the projected annual growth rate for Cupertino.

**Table V.C-2: ABAG Population and Household Projections for Cupertino and Santa Clara County 2010-2030<sup>6,7</sup>**

	2010		2020		2030	
	City	County	City	County	City	County
Population	55,200	1,822,000	56,300	2,063,100	57,100	2,310,800
Households	19,830	614,000	20,360	696,530	21,100	785,090

<sup>a</sup> For the purposes of this analysis, population is based on ABAG data only. Discrepancies in current population data are due to recent annexations of formerly unincorporated County land undertaken by the City.

Source: ABAG, 2009. *Projections 2009*.

<sup>5</sup> Ibid.

<sup>6</sup> California, State of, 2011a. Department of Finance. *E-1 Population Estimates for Cities, Counties and the State with Annual Percent Change January 1, 2010 and 2011*. May. According to California Department of Finance data, as of January 2011, Cupertino’s residential population is approximately 58,747, and Santa Clara County’s residential population is 1,797,375.

<sup>7</sup> California, State of, 2011b. Department of Finance. *E-5 Population and Housing Estimates for Cities, Counties, and the State, 2010-2011, with 2010 Benchmark*. May. As of January 2011, there are 20,194 households in Cupertino and 605,274 households in Santa Clara County.

**b. Housing.** The following section describes the housing characteristics of Cupertino and Santa Clara County. There are no existing housing units or residential population on the project site.

**(1) Households.** The City's Housing Element Update uses the U.S. Census Bureau's definition of a "household" as a person or group of persons living in a housing unit, as opposed to persons living in group quarters, such as dormitories, convalescent homes, or prisons. According to ABAG, in 2010, Cupertino had 19,830 households,<sup>8</sup> comprising approximately 3.2 percent of Santa Clara County households. By 2030, ABAG estimates the number of Cupertino households will increase by 6.4 percent to 21,100 households and represent 2.7 percent of Santa Clara County households. In 2010, Santa Clara County had 614,000 households, and by 2030, ABAG estimates the number of Santa Clara County households will increase by 27.9 percent to 785,090 households.

In 2000, the average household size in Cupertino was 2.75 and the average household size in Santa Clara County was 2.92.<sup>9</sup> According to the 2010 Census, the average household size in Cupertino was 2.87 persons per household, which was slightly less than the Santa Clara County average of 2.90 persons per household.<sup>10</sup>

**(2) Existing Housing Stock.** According to the California Department of Finance, as of January 2011, Cupertino's housing stock included a total of 21,041 units. Of the 21,041 units, 847 units are vacant, resulting in a vacancy rate of approximately 4 percent. According to the City's Housing Element Update, Cupertino's 2008 housing stock was characterized by a majority of single-family homes (approximately 71 percent of total), and a smaller percentage of multi-family homes (approximately 28 percent of total), with few mobile homes (less than 1 percent of total).<sup>11</sup> According to the City's demographics profile, the average sales price of an existing single-family home in Cupertino is \$1.06 million, and the average sales price for a condo/townhouse is \$620,000.<sup>12</sup>

**(3) Regional Housing Needs Allocation.** As required by State law, the Housing Element of the Cupertino General Plan discusses the City's "fair share allocation" of regional housing need by income group as projected by ABAG. ABAG's determination of the local share of regional housing takes into consideration the following factors: market demand for housing; employment opportunities; availability of suitable sites and public facilities; commuting patterns; type and tenure of housing need; and conversion of affordable units to market-rate units. The Housing Element Update was adopted by the City Council on April 9, 2010 and certified by the California Department of Housing and Community Development (HCD) on June 24, 2010.

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<sup>8</sup> The 2010 U.S. Census data shows there are currently approximately 20,000 households in the City. This analysis primarily relies on ABAG data for household numbers in order to retain source consistency for existing data and data projections.

<sup>9</sup> Bay Area Economics, 2010, op. cit.

<sup>10</sup> U.S. Census, 2010. 2010 Demographic Profile Data (DP-1), Profile of General Population and Housing Characteristics. Website: [factfinder2.census.gov](http://factfinder2.census.gov) (accessed January 27, 2012).

<sup>11</sup> Single-family homes include both attached and detached single-family homes.

<sup>12</sup> Cupertino, City of, 2011. City of Cupertino Demographics. Website: [www.cupertino.org/index.aspx?page=113](http://www.cupertino.org/index.aspx?page=113) (accessed October 3).

In May 2008, ABAG adopted the Final Regional Housing Needs Allocation (RHNA) for the period of 2007 to 2014, which allocates housing needs for different income levels among the jurisdictions within the nine-County Bay Area.<sup>13</sup> Cities and counties are required to account for the RHNA in the housing elements of their General Plans. Under State law, all housing elements must be reviewed by the HCD; housing elements are certified if they comply with State law and meet certain planning objectives. According to ABAG, some public agencies and private foundations will not provide funding for housing and redevelopment projects to jurisdictions that do not have a certified housing element. In addition, jurisdictions without certified housing elements have faced lawsuits from housing advocacy organizations. While HCD requires cities and counties to show through their housing elements that they can accommodate the projected housing need, the presence of adequate amounts of land designated for residential uses does not necessarily result in the actual construction of adequate housing supplies.

**Table V.C-3: City of Cupertino and Santa Clara County Regional Housing Needs Allocation, 2007-2014**

	Housing Units Allocation			
	Cupertino	Percent (%)	Santa Clara County	Percent (%)
Very Low Income	341	29.1	13,878	23.0
Low Income	229	19.6	9,567	16.0
Moderate Income	243	20.8	11,007	18.0
Above Moderate Income	357	30.5	25,886	43.0
<b>Total</b>	<b>1,170</b>	<b>100.0</b>	<b>60,338</b>	<b>100.0</b>

Source: ABAG, 2008. *San Francisco Bay Area Housing Needs Plan 2007-2014*.

Table V.C-3 shows the RHNA for Cupertino and Santa Clara County for the period of 2007-2014. Between 2007 and 2009, 547 units have been constructed or approved in the City.<sup>14</sup> The City exceeded its RHNA for above-moderate-income units, but has a remaining total allocation of 717 very low-, low-, and moderate-income units.<sup>15</sup> Of the remaining 717 units, 319 are very low-income units, 213 are low-income units, and 185 are moderate-income units. In order to meet the allocation during the remaining 2 years of the current planning period, the City proposed to adopt policies and programs to allow for residential development at appropriate densities on sites with no infrastructure constraints (see Policies 1 and 2 under the Housing Element Update in the “Regulatory Framework” subsection below). The City’s Housing Element Update identifies several sites located within the City that are zoned for housing and that would accommodate Cupertino’s fair share of housing obligations per the RHNA.<sup>16</sup> In addition, other potential housing sites in the City (along Stevens Creek Boulevard

<sup>13</sup> Association of Bay Area Governments, 2008. *San Francisco Bay Area Housing Needs Plan 2007-2014*. June.

<sup>14</sup> The 547 units include 22 very low-income units, 16 low-income units, 58 moderate-income units, and 451 above-moderate income units.

<sup>15</sup> Bay Area Economics, 2010, op. cit.

<sup>16</sup> Cupertino, City of, 2010. *Housing Element Technical Report Update 2007-2014*. April.

and De Anza Boulevard) that are not specifically identified in the Housing Element Update are zoned for mixed uses, including residential uses.<sup>17</sup>

**c. Employment.** Cupertino contains and is in close proximity to regional employment centers and major transportation thoroughfares. Two types of employment data are described below: 1) total jobs within the community; and 2) employed residents: the number of residents of working age who actively participate in the civilian labor force. A comparison of this data can provide an indication of commute patterns in a community (i.e., whether significant out-commuting or in-commuting occurs).

The civilian labor force includes: 1) those who are employed (except in the armed forces); and 2) those who are unemployed but actively seeking employment. Those who have never held a job, who have stopped looking for work, or who have been unemployed for a long period of time are not considered to be in the labor force. According to the California Employment Development Department, as of September 2011, an estimated 24,500 persons in Cupertino were in the labor force.<sup>18</sup>

**(1) Total Jobs.** According to ABAG's subregional study data, in 2010 Cupertino had 32,010 jobs, comprising approximately 3.5 percent of all jobs in Santa Clara County. Jobs in Cupertino's subregional study area are expected to increase by 16 percent between 2015 and 2035, from 32,790 to 37,890 jobs (see Table V.C-4).

Total jobs in Santa Clara County are projected to increase by 44 percent between 2015 and 2035, from 981,230 jobs to 1,412,620 jobs.<sup>19</sup> Jobs in Cupertino are expected to remain at approximately 3 percent of the County total and the City is expected to contribute to 1.2 percent of the total increase in County jobs through the year 2035.

**(2) Employed Residents.** ABAG defines employed residents as employed people who "live in the identified community or county but do not necessarily work there." Unemployed residents are not counted as employed residents, even if they are actively seeing employment. According to ABAG, the City's subregional study area contained 23,950 employed residents in 2010. Employed residents in Cupertino's subregional study area are expected to increase by 12 percent between 2015 and 2035, from 24,440 to 27,390 employed residents (see Table V.C-4).

According to ABAG, the County's subregional study area contained 815,800 employed residents in 2010. Residents employed in Cupertino represent approximately 3 percent of the County's total. Employed residents in Santa Clara County's subregional study area are expected to increase by 39 percent between 2015 and 2035, from 899,900 employed residents to 1,252,500 employed residents. The City is projected to contribute less than 1 percent of the total increase in County-employed residents through the year 2035.

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<sup>17</sup> Ghosh, Piu, 2012. Associate Planner, City of Cupertino Community Development Department. Personal communication with LSA Associates, Inc. January 24.

<sup>18</sup> California, State of, 2011. Employment Development Department. *Monthly Labor Force Data for Cities and Census Designated Places, September 2011-Preliminary*. Website: [www.labormarketinfo.edd.ca.gov](http://www.labormarketinfo.edd.ca.gov) (accessed November 9).

<sup>19</sup> Association of Bay Area Governments, 2009, op. cit.

**d. Jobs-to-Housing Balance.** The jobs-to-housing-units ratio is used to evaluate whether a community has an adequate number of jobs available to provide employment for residents within the community seeking employment. The jobs-to-housing-units ratio can be useful in understanding the interconnections among housing affordability, traffic flows, congestion, and air quality within a city and a larger region. However, the jobs-to-housing-units ratio is best analyzed at the sub-regional or regional level due to the tendency of people to commute to jobs outside of their community.

**(1) Methodology.** Typically, the term “jobs-to-housing balance” is used to refer to a relationship between jobs and housing units within a community. A jobs-to-housing-units ratio of 1.5 takes into account residents who do not participate in the labor force (e.g., those who are retired, disabled, or students). A 1.5 jobs-to-housing-units ratio indicates a community has an adequate number of jobs to meet the demand for employment by its residents, and therefore is in balance.

A more helpful indicator of balance, however, is the relationship between the number of jobs provided to the number of employed residents. An ideal jobs-to-employed-residents ratio is 1.0, which indicates that there is a job in the community for every employable resident.

A jobs-to-employed-residents ratio that is greater than 1.0 indicates that the community provides more jobs than it has residents with jobs. In this situation the community is likely to experience traffic congestion associated with people coming to jobs from outside the area, as well as intensified pressure for additional residential development to house the labor force. Conversely, a jobs-to-employed-residents ratio of less than 1.0 indicates that a community has fewer jobs than employable residents, indicating many residents would need to commute outside of the community (i.e., out-commute) for employment. The resulting commuting patterns can lead to traffic congestion and adverse effects on both local and regional air quality.

However, the jobs-to-housing-units ratio does not account for regional in- or out-commuting due to job/labor mismatches or housing affordability. Even if a community has a numerical balance between jobs and housing/employed residents, sizeable levels of in- and out-commuting are possible and even likely, especially where employment opportunities do not match local skills and/or the educational characteristics of the local labor force. In such instances, regional commuting tends to occur. For example, a numerically balanced community may have high housing costs and low-wage jobs, thus encouraging its residents to out-commute to their high wage jobs elsewhere, and its workers to in-commute from outside the community where housing costs are affordable in relation to their low wage incomes. This condition is often referred to as a jobs-to-housing mismatch. A jobs-to-housing match occurs when the types of jobs provided in a community “match” the income needs of the employed workers within the community.

**(2) Jobs-to-Employed Residents in Cupertino and Santa Clara County.** According to ABAG, Cupertino’s jobs-to-employed-residents ratios in 2005 and 2010 of 1.47 and 1.34, respectively, indicate that the community had moved slightly toward a balance over the 5-year period. The reduction in employees on the project site (as Hewlett-Packard has consolidated operations at its Palo Alto campus and Apple has transitioned employees from Ridgeview Court to other sites in anticipation of campus redevelopment activities) may have contributed to the downward-trending jobs-to-employed-residents ratios. By 2035, ABAG projects that Cupertino’s jobs-to-employed-residents ratio will slightly increase to 1.38, indicating that in the future, the City’s job growth is expected to outpace the City’s growth in employed residents (see Table V.C-4). In Santa Clara County, the jobs-to-employed-residents ratio will remain relatively constant through 2035 at 1.13, with slightly more

jobs than workers Countywide. Table V.C-4 provides housing and employment data for Cupertino and Santa Clara County. This table also provides data indicating projected jobs-to-housing units and jobs-to-employed-residents ratios.

**Table V.C-4: Housing and Employment Data – Cupertino and Santa Clara County<sup>a</sup>**

	2005		2015		2025		2035	
	City	County	City	County	City	County	City	County
Total Jobs	31,260	872,860	32,790	981,230	34,520	1,177,520	37,890	1,412,620
Employed Residents	21,310	734,000	24,440	899,900	25,840	1,074,500	27,390	1,252,500
Housing Units	19,530	595,700	20,350	653,810	21,040	739,820	21,800	827,330
Jobs-to-Housing-Units Ratio (Ideal is 1.5)	1.60	1.47	1.61	1.50	1.64	1.59	1.74	1.71
Jobs-to-Employed-Residents Ratio (Ideal is 1.0)	1.47	1.19	1.34	1.09	1.34	1.10	1.38	1.13

<sup>a</sup> ABAG data are from the subregional study area.

Source: ABAG, 2009. *Projections 2009*.

**e. Regulatory Framework.** The following describes the regulatory framework associated with population, employment and housing.

**(1) The Office and Industrial Mitigation Program.** This City program, which is part of the City’s Housing Mitigation Program, requires payment of fees from project developers to support the development of affordable housing for families and individuals who work in Cupertino but live elsewhere.<sup>20</sup> The mitigation fee is determined by the City Council and deposited into the Affordable Housing Fund. The Affordable Housing Fund provides financial assistance to affordable housing developments in Cupertino. The options for uses of the fee include, but are not limited to, the following: development of new affordable units; conversion of existing market rate units to affordable units; down payment assistance programs; and second mortgage programs.

**(2) Jobs/Housing Program.** This City program requires the sponsors of major new office/ industrial development to build housing as part of new development projects. Under this program, the City evaluates the impact of any application that would produce additional jobs in Cupertino and identifies housing that would need to be built to accommodate increased demand and maintain the desired jobs/housing balance.

**(3) City of Cupertino General Plan.** The City’s General Plan also contains policies related to population, housing, and employment that are applicable to the proposed project. Applicable population, housing, and employment policies from the General Plan Housing Element Update and Land Use/Community Design Element are listed below.

<sup>20</sup> The Office and Industrial Mitigation Program was adopted by the City Council in 2007. The City adopted a Housing Mitigation fee of \$2.38 per square foot for office and research development projects in Planned Industrial, P(MP) zoned areas, which includes the project site. All fees are adjusted annually based on the Consumer Price Index.

### *Housing Element Update*

#### **Policy 1: Sufficiently Residentially Zoned Land for New Construction Need**

Designate sufficient residentially-zoned land at appropriate densities to provide adequate sites that will meet ABAG's estimate of Cupertino's Regional Housing Needs Allocation (RHNA) of 1,170 units for 2007-2014.

#### **Policy 2: Housing Mitigation Program**

The Housing Mitigation Program is based on a nexus study prepared by the City that demonstrated that all new developments, including market-rate residential developments, create a need for affordable housing.

#### **Program 4: Housing Mitigation Program – Office and Industrial Mitigation**

The City will continue to implement the "Office and Industrial Mitigation" fee program. This program requires that developers of office, commercial, and industrial space pay a fee, which will then be used to support affordable housing for families who work in Cupertino but live elsewhere. These fees are collected and deposited in the City's Affordable Housing Fund.

#### **Program 10: Jobs/Housing Balance Program**

Require major new office/industrial development to build housing as part of new development projects. As part of the development review process, the City will evaluate the impact of any application that will produce additional jobs in the community. The purpose of the evaluation is to describe the impacts of the new jobs on the City's housing stock, especially in relation to the jobs/housing ratio in the City.

#### **Program 15: Residential and Mixed Use Opportunities in or Near Employment Centers**

The City will encourage mixed use development and the use of shared parking facilities in or near employment centers. In addition to the development opportunities available through the "Heart of the City" Specific Plan, the City will evaluate the possibility of allowing residential development above existing parking areas except where mixed use is herein excluded. In specific, these areas would be near or adjacent to employment centers and could provide additional opportunities for housing.

### *Land Use/Community Design Element*

#### **Policy 2-19: Jobs/Housing Balance**

Strive for a more balanced ratio of jobs and housing units.

#### **Policy 2-44: Maintaining Cohesive Commercial Centers and Office Parks**

Cohesive commercial centers and office parks are necessary to maintain a healthy sales tax base for the city and to retain opportunities for existing businesses to expand in response to changing business trends. Cupertino's major retail commercial centers are located at Vallco Fashion Park, The Marketplace and Portal Plaza centers, Cupertino Village, the Oaks and the Crossroads Commercial District; the office parks are located at Vallco (North of Highway 280), North De Anza Boulevard and Bubb Road.

## **2. Impacts and Mitigation Measures**

This section includes an analysis of impacts related to population, housing, and employment that could result from implementation of the proposed project. The section begins with the criteria of significance, which establish the thresholds to determine whether an impact is significant. The latter part of this section presents the impacts associated with the proposed project and identifies mitigation measures, as appropriate.

**a. Criteria of Significance.** The proposed project would have a significant impact on population, housing, and employment if it would:

- Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure);
- Displace substantial numbers of existing housing units, necessitating the construction of replacement housing elsewhere; or
- Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere.

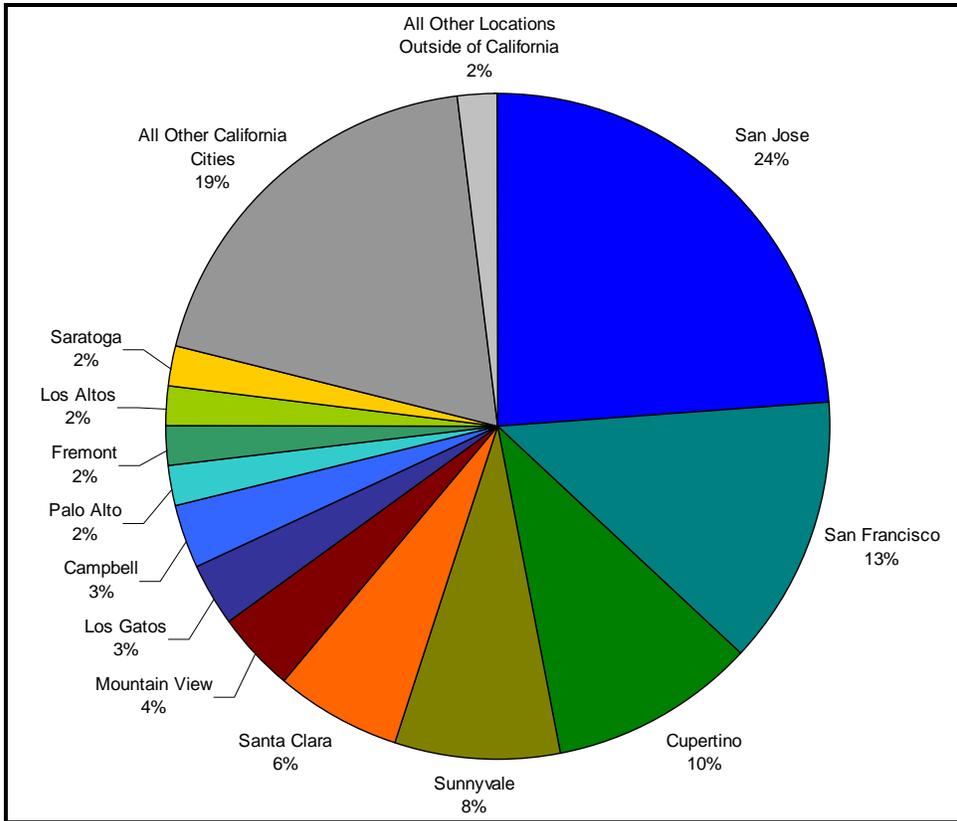
**b. Less-Than-Significant Impacts.** The following discussion examines potential less-than-significant impacts of the proposed project.

**(1) Directly Induce Substantial Population Growth.** While the project site has a total capacity of 9,800 employees and has historically operated near this capacity, as of August 2011 (when the Notice of Preparation for this EIR was filed) approximately 4,844 Apple and Hewlett-Packard employees work on the project site. Historically, the project site accommodated a significant portion of Hewlett-Packard employees, with up to approximately 5,000 employees during the early 2000s. Because Hewlett-Packard had been consolidating its operations at its Palo Alto campus, the number of Hewlett-Packard employees on the project site in August 2011 had substantially decreased from its peak. Similarly, Apple's Ridgeview Court campus, located in the southern portion of the project site, has capacity to accommodate 4,800 employees. In anticipation of campus redevelopment, Apple is in the process of transitioning employees from Ridgeview Court to other sites in Sunnyvale and Mountain View. Due to the evolving business needs of Apple and Hewlett-Packard and the need for employees to frequently work off-site, the number of employees on the project site fluctuates over time. The August 2011 employee estimate provides a conservative estimate of the number of employees on the project site.

The proposed project would replace 2,657,000 square feet of building space with 3,420,000 square feet of office, research, and development uses; 245,000 square feet of auditorium, fitness center, and Valet Parking Reception uses; 92,000 square feet of utility plants; and parking and ancillary buildings (such as security receptions and landscape maintenance buildings). The project would result in a net increase of approximately 9,356 employees over the number of current employees on the site (and an increase of approximately 4,400 employees over the total capacity of the project site). The employee growth associated with the project would occur incrementally, as Apple employees at off-site locations are transferred to the site and Apple's demand for new employees grows.

The proposed project would not include any new residential units, and therefore would not directly generate housing-related population growth. However, theoretically, population growth could be induced by the development of land uses that generate new employment since developers generally see the opportunity to provide housing for new employees. The location of approximately 9,356 new employees on the site could cause people to move to Cupertino or surrounding communities, which could generate additional housing demand in the region. To estimate how many employees would likely move to Cupertino as a result of the project, the following analysis assumes that new employees would have the same geographic distribution (in terms of primary residence) as existing Apple employees currently on the project site (see Figure V.C-2 and Table V.C-5).

**Figure V.C-2: Residential Location of Current Employees on the Project Site**



Source: LSA Associates, Inc., 2011.

As of 2011, of the 4,844 employees on the project site, approximately 10 percent live in Cupertino, while a large percentage live in San Jose (24 percent) and San Francisco (13 percent).<sup>21</sup> For the analysis shown in Table V.C-5, the following assumptions were made: 1) new employees would have the same geographic distribution (in terms of primary residence) as existing employees; 2) every new project-generated employee would move to the area from elsewhere; 3) none of the new project-generated employees would be existing Cupertino residents; and 4) none of the new project-generated employees would share households. Under these assumptions, the analysis concludes that approximately 936 employees would be residents of Cupertino as a result of project implementation.

The “Projected Project-Related Housing Demand” numbers in Table V.C-5 were calculated by multiplying, for each city, the “Residential Location of Current Apple Employees (percent of total)” by the total number of net new employees that would be generated by the proposed project (9,356). The “Projected Housing Demand as Percent of Household Growth” numbers were calculated by dividing, for each city, the “Projected Project-Related Housing Demand” by “Projected Household

<sup>21</sup> For the purpose of this analysis, it is assumed that Hewlett-Packard employees in the area have approximately the same geographic distribution of Apple employees.

Growth (2015-2020).” The resulting numbers represent a cautious estimate of project-related housing demand generated by full buildout of the project. Prior to project buildout and full occupancy of the project site, project-related housing demand would be lower than shown in Table V.C-5 (both in total and as a percentage of projected household growth).

**Table V.C-5: Projected Housing Demand by City Based on Residential Location of Current Apple Employees**

City	Residential Location of Current Apple Employees (percent of total) <sup>a</sup>	Projected Household Growth (2015-2020) <sup>b</sup>	Projected Project-Related Housing Demand	Projected Housing Demand as Percent of Household Growth
Cupertino	10%	330	936	284% <sup>c</sup>
San Jose	24%	26,080	2,245	9%
San Francisco	13%	13,580	1,216	9%
Sunnyvale	8%	2,590	748	29%
Santa Clara	6%	3,430	561	16%
Mountain View	4%	2,000	374	19%
Los Gatos	3%	130	281	216% <sup>c</sup>
Campbell	3%	770	281	36%
Palo Alto	2%	1,470	187	13%
Fremont	2%	3,130	187	6%
Los Altos	2%	210	187	89%
Saratoga	2%	30	187	624% <sup>c</sup>
<b>Top 12 Cities Total</b>	<b>79%</b>	<b>53,750</b>	<b>7,391</b>	–
All Other California Cities	19%	–	1,778	–
All Other Locations Outside of California	2%	–	187	–
<b>Total</b>	<b>100%</b>	–	<b>9,356</b>	--

<sup>a</sup> Employee data provided by Apple. Percentages have been rounded up for this analysis.

<sup>b</sup> The year 2020 was chosen because it would be the approximate time of full occupancy of the proposed project. Projections obtained from: ABAG, 2009. Building Momentum: San Francisco Bay Area Population, Household, and Job Forecast.

<sup>c</sup> The housing production in each community would rely in part on local zoning and community goals, which would be unlikely to undergo substantial change as a result of the proposed project. Therefore, the large growth rates associated with the project, as shown above, are unlikely to occur.

Source: LSA Associates, Inc., 2011.

Because this analysis is based on the conservative assumptions described in the preceding paragraph, it is likely that at least a portion of “new” Cupertino-dwelling employees would already be Cupertino residents and/or would share households; therefore, it is important to note that this analysis likely over-estimates the number of new residents in Cupertino and other cities in the region that would be associated with the proposed project. Since no housing is proposed as part of the proposed project, it is expected that over time, future Apple employees would move into existing housing units in the City that have been sold, or new homes that have been built. The potential for new housing developments in Cupertino and neighboring communities is low due to the lack of available land that is appropriate for substantial residential development. As a result, vacancies of existing housing units in this area would be absorbed quickly. The presence of new employees may result in additional housing demand in the City, as shown in Table V.C-5 and described in the following paragraphs. However,

this increase in demand would occur over many years (as the project is developed in phases and employees move to the area from elsewhere) and associated effects would not be acute. Housing supply (in the United States in general, and in the Bay Area in particular) is generally inelastic, meaning that it typically takes a long time for housing supply to meet growing demand, due to the length of time needed to secure financing, acquire land, secure the necessary permits, and complete construction. In addition, any new housing development in Cupertino would be subject to independent environmental analysis, which also contributes to the inelasticity of the housing supply, and would ensure that the physical effects of new housing development would be identified and mitigated, where necessary.

According to this analysis (Table V.C-5), induced housing demand in Cupertino associated with the project would be 284 percent of the household growth expected by ABAG between 2015 and 2020. Expected housing demand would also substantially exceed expected household growth over the 5-year period in the smaller communities of Los Gatos and Saratoga. It should be noted that the large growth rates associated with the project in these cities would largely be a function of the relatively small size of these places, and low expected growth rates under no-project conditions. However, in jurisdictions other than these, the housing demand that could be induced by the proposed project would not exceed ABAG projections for household growth.

While the indirect population growth associated with project-related housing demand may exceed ABAG projections in Cupertino, Los Gatos, and Saratoga, based on the assumption that the geographic distribution of future Apple employees would remain the same as existing employees, it should be noted that each of these communities has specific housing production goals, which would not likely be changed as a result of the proposed project. Since no housing is proposed as part of the proposed project, it is expected that over time (approximately 10 to 15 years), if future Apple employees move into these communities, they would likely move into existing homes that have been sold or new homes that have been built. Additionally, it is more likely that new future Apple employees would move to locations in the region where housing is available and affordable.

Overall indirect population growth associated with the project would not be considered significant when evaluated on a regional or sub-regional level. The total population growth associated with the project (9,356) would be a relatively small percentage (approximately 7.9 percent) of the population growth expected in Santa Clara County between 2015 and 2020 (117,800).<sup>22</sup> Because much of the growth induced by the project would occur outside the County, the growth associated with the project would be an even smaller percentage of region-wide growth, and would be considered less than significant. The total population growth associated with the project would comprise 2.7 percent of the population growth expected in the Bay Area region between 2015 and 2020 (340,500).<sup>23</sup>

In addition, the project site – which is designated in the General Plan as an employment center – is an appropriate location for employment growth. The City's General Plan policies also support retaining and intensifying employment at this location (Policies 2-1, 2-13, 2-35 and 2-44, and Strategy 3 of Policy 2-20). For these reasons, employment growth at the site would be considered desirable and less than significant.

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<sup>22</sup> Association of Bay Area Governments, 2009, op. cit.

<sup>23</sup> Ibid.

(2) **Displacement of Housing.** There are no existing housing units on the project site, and as a result, development of the proposed project would not result in the displacement of housing, and therefore, would not necessitate the construction of replacement housing elsewhere. Table V.C-6 shows that the required RHNA housing units expected to be constructed in the near-term would more than satisfy the demand for housing associated with the proposed project. As discussed in the Setting section, RHNA units comprise housing units affordable to a range of households, from very low-income households to above moderate-income households.

**Table V.C-6: Project Housing Demand Compared To RHNA**

City	ABAG RHNA (2007-2014) <sup>a</sup>	Projected Demand from Proposed Project	Proposed Project Housing Demand as Percent of Required RHNA Development
Cupertino	1,170	936	80.0 %
San Jose	34,721	2,245	6.5 %
San Francisco	31,193	1,216	3.9 %
Sunnyvale	4,426	748	16.9 %
Santa Clara	5,873	561	9.6 %
Mountain View	2,599	374	14.4 %
Los Gatos	562	281	50.0 %
Campbell	892	281	31.5 %
Palo Alto	2,860	187	6.5 %
Fremont	4,380	187	4.3 %
Los Altos	317	187	59.0 %
Saratoga	292	187	64.0%

<sup>a</sup> Association of Bay Area Governments, 2008. San Francisco Bay Area Housing Needs Plan 2007-2014. June. ABAG RHNA = Association of Bay Area Governments Regional Housing Needs Allocation.

Source: LSA Associates, Inc., 2011.

As described in Chapter IV, Planning Policy, the project would involve the development of office and research and development uses on the 7.78-acre portion of the site zoned Planned Development (Planned Industrial, Residential) (P(MP, Res)). This zone allows for the planned development of light industrial and residential uses.<sup>24</sup> The development of non-residential uses on land zoned – at least in part – for residential uses could slightly constrain the City’s future housing supply. Although the proposed project would reduce the amount of land in the City available for the development of housing, this reduction would not result in significant adverse environmental effects, as the project would not constrain the supply of land available for the development of residential uses such that the City’s future supply of housing or the availability of potential housing sites to meet the City’s fair share of housing obligations would be substantially compromised. Additionally, although the City Council adopted a lower Housing Mitigation fee (Office and Industrial Mitigation Program fee) rate

<sup>24</sup> Prior to 2005, this portion of the site was zoned Planned Industrial (P(MP)). In November 2005, the area was approved for a townhouse development consisting of 130 townhomes and a 1.1-acre public park. At that time, the area was rezoned as Planned Residential (P(Res)) and Public Park/Recreation (PR). Apple purchased the area in 2006 and in 2009 Apple applied for a rezoning of the P(Res) zoned parcels to allow for the development of planned industrial uses in addition to residential uses. The City granted the rezoning to P(MP, Res). As part of the Apple Campus 2 Project, Apple does not propose to remove the residential zoning designation on the site.

for the North Vallco Area at 50 percent of the rate for commercial, office, and hotel development in the rest of the City, Apple would pay 100 percent of the fee. This amounts to twice the amount that a project in the North Vallco Area would be required to pay as Housing Mitigation fees (Program 4 under Policy 2 of the City’s Housing Element Update). Through this voluntary payment, Apple would pay approximately \$5 million in Housing Mitigation fees that would fund the development of affordable housing in the City, and would further reduce the less-than-significant impact on housing supplies associated with the project.

**(3) Displacement of People.** As previously described, there are no existing housing units on the project site and the project site does not contain residential units. Therefore, the proposed project would not displace residents, necessitating the construction of replacement housing elsewhere.

**(4) Jobs/Housing/Employed Residents Ratios.** The following discussion of the jobs-to-housing-unit and jobs-to-employed-residents ratios that would result from the proposed project is provided for informational purposes; changes in the ratios on the local or County levels are not expected to result in substantial physical environmental impacts.

**Jobs-to-Housing Units Ratio.** The proposed project would result in the creation of 9,356 net new jobs in Cupertino, based on existing employment conditions on the project site. (As noted above, while the project site has a total capacity of 9,800 employees and has historically operated near this capacity, as of August 2011 approximately 4,844 Apple and Hewlett-Packard employees work on the project site.) Table V.C-7 provides 2010 (existing) and 2035 (projected) housing and employment data for the City and Santa Clara County, with and without the proposed project. As described above, a small percentage of Apple employees may move to Cupertino after development of the proposed project (and could increase demand for housing). The jobs/housing balance could improve if future Apple employees already live in Cupertino but do not currently work in the City. Table V.C-7 was thus developed to illustrate the “worst case” effects of the proposed project on the City’s jobs/housing balance.

**Table V.C-7: Housing and Employment Data – Without and With Project <sup>a</sup>**

	2010 (without project)		2010 (with project) <sup>b</sup>		2035 (without project)		2035 (with project)	
	City	County	City	County	City	County	City	County
Total Jobs	32,010	906,270	41,366	915,626	37,890	1,412,620	47,246	1,421,976
Employed Residents	23,950	815,800	23,950	815,800	27,390	1,252,500	27,390	1,252,500
Housing Units	20,120	614,000	20,120	614,000	21,800	827,330	21,800	827,330
Jobs-to-Housing-Units Ratio (Ideal is 1.5)	1.59	1.48	2.06	1.49	1.74	1.71	2.17	1.72
Jobs-to-Employed-Residents Ratio (Ideal is 1.0)	1.34	1.11	1.73	1.12	1.38	1.13	1.72	1.14

<sup>a</sup> Data are from the subregional study area. The ABAG demographic data used here represent the best available baseline/projections data.

<sup>b</sup> Under existing conditions, employment on the project site could expand to 9,500 employees.

Source: ABAG, 2009. *Projections 2009*.

As previously stated, 1.5 is the most desirable jobs-to-housing units ratio. As shown in Table V.C-7, the addition of 9,356 jobs with no net change in housing units could cause the City's estimated 2010 jobs-to-housing-units ratio to increase from 1.59 to 2.06, and would slightly increase the County's ratio from 1.48 to 1.49. This slight increase in the jobs-to-housing units ratio would not be considered a significant impact on a regional level. On the City level, in both the short-term and long-term, the addition of 9,356 jobs on the project site would make the ratio marginally more unbalanced. In other words, the proposed project could contribute to an increase in the City's jobs-to-housing units ratio. However, as noted above, Apple has agreed to pay 100 percent, or twice the base fee, of the City's Housing Mitigation fee, as required in the North Vallco Area. This fee would ensure the future development of additional affordable housing in Cupertino and would moderate the local jobs/housing unit imbalance to which the project would make a less-than-significant contribution.

In addition, the jobs/housing balance in Cupertino is addressed in the City's General Plan (see Policy 2-19). In conjunction with the City's Housing Element Update, the City identified housing developments and sites that would ultimately accommodate a total of 1,170 residential units, in conformance with the City's RHNA allocation.<sup>25</sup> Furthermore, the City has the ability to construct additional residential units in conformance with the Housing Element Update to balance its jobs-to-housing units ratio. Thus project-related employment growth (and indirect population growth) would not conflict with the General Plan.

On the County level, the proposed project would incrementally affect the jobs-to-housing units ratio in the short- and long-term, but the effect would be minor and would not substantially change patterns of commuting or housing demand.

**Jobs-to-Employed Residents Ratio.** As noted above, 1.0 is the most desirable jobs-to-employed residents ratio. Assuming no future Apple employees move to Cupertino, the jobs generated by the proposed project would increase the City's 2010 estimated jobs-to-employed residents ratios from 1.34 to 1.73 and would increase the City's 2035 ratio from 1.38 to 1.72. The proposed project would cause the City to have a more unbalanced jobs-to-employed residents ratio in the short- and long-term, indicating that with the addition of the jobs created by the proposed project, the City would provide more jobs than it has employed residents.

However, the increase in jobs from the proposed project would only incrementally increase the County's projected ratios (by less than 1 percent) in the short- and long-term, indicating that on a regional level, the proposed project would not substantially adversely affect the jobs-to-employed residents ratio.

As discussed above, in conjunction with the City's Housing Element Update, the City identified housing developments and sites that would ultimately accommodate a total of 1,170 residential units, in conformance with the City's RHNA allocation. Thus project-related employment growth (and indirect population growth) would not conflict with the General Plan, and Apple's payment of twice

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<sup>25</sup> 179 of these units would be in the North Vallco Area and would likely not be developed with implementation of the project. Nevertheless, the City's other identified housing developments and sites have substantial capacity for the development of additional residential housing.

the required Housing Mitigation fee would further reduce the less-than-significant impacts of the project on the local jobs-to-employed residents ratio.

In addition, while Table V.C-7 assumes an increase in jobs in the City, it does not take into account the increase in employed residents that would likely be associated with the proposed project because it is not known exactly how many employees would become residents of Cupertino. It is likely that if these additional employed residents were taken into account, the ratio would be slightly more balanced.

**c. Significant Impacts.** Implementation of the proposed project would not result in any significant population, employment, or housing impacts.

**d. Cumulative Impacts.** The proposed project is not expected to cumulatively cause a substantial amount of population growth in the City and Santa Clara County. According to ABAG, Cupertino's Citywide population is expected to increase by 5,020 residents between 2015 and 2035. Countywide population is expected to increase by 431,390 residents during the same 20-year period. Based on conservative assumptions that would likely over-estimate the number of new residents generated by the project, the project could result in approximately 936 new residents in Cupertino and 9,356 total new residents in the region, based on existing Apple employee housing trends. The addition of 936 new residents would represent approximately 19 percent of Citywide growth during the 2015-2035 period. The addition of 9,356 new residents would represent approximately 1.9 percent of Countywide growth during the same time period (the region-wide percentage would be even lower).<sup>26</sup> Approved and foreseeable development in the area would also increase the population of Cupertino and Santa Clara County. However, because the project would account for such a small percentage of the anticipated regional population growth during the 20-year period, and would not cumulatively exceed 2035 growth projections for population, it would not make a significant contribution to cumulative population growth.

The proposed project, in conjunction with other projects, would increase employment in the City. The 9,356 net new jobs created by the proposed project (based on existing employment conditions on the site, which reflect a low rate of utilization of existing commercial space) would exceed Citywide job growth (5,070 jobs) projected by ABAG between 2015 and 2035 by 4,286 jobs. However, the proposed project would represent only 2 percent of Countywide job growth projected by ABAG between 2015 and 2035. The jobs that would be created by the proposed project and other proposed developments would be within ABAG's projected growth for the County. Therefore, the proposed project would not substantially contribute to a cumulative impact related to employment growth. In addition, as previously described, the proposed project would be consistent with General Plan policies that seek to retain and intensify employment on the project site. Therefore, the project's contribution to regional employment would be beneficial.

Based on housing patterns of existing Apple employees, approximately 936 project employees would be expected to live in Cupertino, which could increase demand for housing. In conjunction with other office and commercial development projects, housing demand is generally expected to increase in the area. However, as illustrated in Table V.C-6, the RHNA housing units expected to be constructed in the City and region in the near-term would more than satisfy the demand for housing associated with

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<sup>26</sup> Ibid.

the proposed project. In addition, Apple has agreed to pay 100 percent of the City's Housing Mitigation fee, or twice the base rate, which is designed to increase the local supply of affordable housing. As a result, the proposed project would not make a significant contribution to cumulative impacts related to the shortage of housing. Lastly, as noted above, the project would not displace people or housing from the site and thus would not contribute to cumulative impacts in those areas.

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