



OFFICE OF COMMUNITY DEVELOPMENT

CITY HALL

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CITY COUNCIL INFORMATIONAL MEMORANDUM

Date: February 13, 2025

To: Cupertino City Council

From: Piu Ghosh, Planning Manager

Luke Connolly, Assistant Director of Community Development

Benjamin Fu, Director of Community Development

CC: Chad Mosely, Director of Public Works

Pamela Wu, City Manager

Chris Jensen, City Attorney

Re: Parkland Dedication fees

Background

At the September 4, 2024, City Council meeting, Councilmember Chao requested an informational memorandum regarding:

1. The amount of parkland impact fees the City currently has; and
2. The amount of parkland impact fees generated by:
 - a. Previously entitled projects
 - b. Pending projects
 - c. Units planned in the Housing Element

This memorandum summarizes this information.

Summary

The City imposes fees on new development under the Quimby Act to support the construction of park and recreational improvements. Under the Quimby Act, parkland dedication fees can be used “only for the purpose of developing new or rehabilitating existing neighborhood or community park or recreational facilities.” (Gov. Code, § 66477(a)(3).) Cupertino Municipal Code section 13.08.100(B) provides that parkland dedication fees are due “[a]t the time of building permit issuance or recordation of a final subdivision map, whichever is earliest.” If a project approved by the City expires or does not apply for building permits, the City does not receive these fees.

The Park Dedication Fund began Fiscal Year (FY) 2024-25 with an opening fund balance of \$19,046,081, as reported in the FY 2023-24 Annual Comprehensive Financial Report. Accounting for budgeted revenues of \$478,000 and expenditures of \$5,940,456, the available balance to date is \$13,583,625.

Parkland dedication fees are based on the density of development with the fee decreasing with an increase in density per Chapter 13.08, Parkland Dedication, of the Municipal Code. Residential development projects that involve the demolition of existing units receive a credit for the units that were demolished, the fee applies only to additional units that are developed. Additionally, in-lieu of parkland dedication fees are waived for affordable units. Finally, if a density bonus for units is requested pursuant to Density Bonus law, additional in-lieu of parkland dedication fees would apply to the bonus units. Therefore, the projections provided in this memo may need to be revised based on actual project metrics at the time of building permit issuance.

Tables 1 and 2 below indicate the projected in-lieu-of parkland dedication fees for the projects that have been previously entitled by the City and pending projects respectively.

Table 1: Projected In-lieu of Parkland Dedication Fees for Entitled Projects				
Project Name	Unit Count	Density (du/ac)	Parkland Fee estimate	Notes
Bianchi Townhomes	7 total, 6 market rate, 1 affordable	20.36	\$84,000	Project has parkland credit for existing units. Building permits under review.
Vallco	2,669 total, 1,779 market rate, 890 affordable	47.25	\$0	Parkland will be dedicated per Municipal Code Chapter 13.08.
Marina	206 total, 170 market rate, 36 affordable	40.39	\$9,180,000	No building permits submitted.
Hamptons	943 total, 872 market rate, 71 affordable	75	\$11,587,968	Fee set by Development Agreement due to expire in 2026. No building permits submitted.
Coach House	34 units, 29 market rate, 5 affordable	20.23	\$1,566,000	No building permits submitted. Property for sale
Total	3,859 units, 2,856 market rate, 1,003 affordable		\$22,417,968	

Table 2: Projected In-lieu of Parkland Dedication Fees for Pending Projects				
Project Name	Unit Count	Density (du/ac)	Parkland Fee estimate	Notes
Vista Heights	35 units, 28 market rate, 7 affordable	< 5	\$2,940,000	Builder's Remedy Project
Scofield condos	20 units, 16 market rate, 4 affordable	58	\$864,000	Builder's Remedy Project. Credit for existing unit.
Summer Hill Staples*	59 units, 47 market rate, 12 affordable	20.3	\$2,538,000	SB 330
Toll Brothers United Furniture*	55 units, 44 market rate, 11 affordable	20.22	\$2,376,000	SB 330
Stevens Creek Office Center*	122 units, 98 market rate, 24 affordable	17.6	\$5,880,000	SB 330
McClellan Road Townhomes	27 units, 23 market rate, 4 affordable	27	\$1,242,000	Housing Element site. Credit for existing unit.
Dividend Homes* (20085 & 20111 SCB)	57 units, 46 market rate, 11 affordable	21.9	\$2,430,000	Builder's Remedy
Evulich Ct	51 units, 41 market rate, 10 affordable	20.2	\$1,794,000	Housing Element site. Credit for existing units.
11841 Upland Wy	6 units, 4 market rate, 2 affordable	4	\$420,000	Builder's Remedy
Total	432 units, 346 market rate, 86 affordable		\$20,484,000	
<i>* No decisions made regarding whether the City will accept a parkland in-lieu of fee or a parkland dedication.</i>				

The Housing Element anticipates the development of 3,237 new units (not including previously entitled units). If all projects complied with the City's Below-Market-Rate (BMR) program, 20% of the units would be affordable and eligible to receive waivers for in-lieu of parkland dedication fees. Therefore, 2,590 units would be required to pay in-lieu of parkland dedication fees. Since most development would occur in the 20+ du/ac density range, the development of these units would potentially bring in **\$140,030,400** in in-lieu of parkland dedication fees at the currently established fee.

It should be noted that the City adopted Strategy HE-2.3.9 and HE-3.3.5 in the 6th Cycle Housing Element update as follows "to ensure that impact fees are not a constraint on the development of housing, the City will • Review and revise impact

fees by researching surrounding jurisdictions to determine other possible fee structures, grant funding opportunities and similar funding sources, review of average persons per unit at higher densities of development and will consider: » Alternatives, such as privately owned, publicly accessible (POPA) areas, or allowing parkland credit for pedestrian connections and trails.....” and “The City will review and revise its Park Land Ordinance to reduce any potential constraints on residential development while maintaining access to quality open space. The City will review requirements for higher-density projects and evaluate the possibility of open space credits.” Should the City consider lowering fees for developments at higher densities, the projected in-lieu of parkland dedication fees may need to be revised.