

III. HOUSING CONSTRAINTS

The provision of adequate and affordable housing can be constrained by a number of factors. This section assesses the various governmental, market, infrastructure and environmental factors that may serve as a potential constraint to housing development and improvement in Cypress.

A. GOVERNMENTAL CONSTRAINTS

1. Land Use Controls

The Cypress General Plan and Zoning and Subdivision Ordinance provide for a range of residential land use designations/zones in the City:

Low Density Residential (RS-15000; RS-6000) - Provides for development of low density detached single-family dwellings. Maximum density is 5 dwelling units per acre.

Medium Density Residential (RS-5000; RM-15) - Provides for development of medium density duplexes, townhomes, condominiums, and apartments. Single-family homes may also be appropriate. Maximum density is 15 dwelling units per acre.

High Density Residential (RM-20) - Provides opportunities for development of apartments, condominiums, townhouses, and other group dwellings in addition to single-family development. Maximum density is 20 dwelling units per acre.

Mobile Home Park (MHP-20A) - Provides for the development of mobile home parks subject to certain zoning restrictions. Maximum density is 12 spaces per gross acre.

Cypress' residential development standards are summarized in Table III-1. The City's standards are not excessive, are fairly comparable to other Orange County communities, and do not serve as a constraint to development.

**Table III-1
Residential Development Standards**

	RS-15000	RS-6000	RS-5000*	RM-15**	RM-20**	MHP-20A
Minimum Parcel Size	15,000	6,000	10,000	10,000	10,000	20 acres for park
Width (ft.)	100	60	50	100	100	250 for park
Minimum Setbacks						
Front (ft.) 1 st Story; 2 nd Story	30; 35	20; 25	10 from driveway	20	20	20
Side (ft.) 1 st Story; 2 nd Story	10; 15	5 on one side; 10 on the other side	0 on one side; 10 min bldg distance	5;10	5;10	10
Street Side (ft.)	10; 15	10; 15	15	10	10	10
Rear (ft.)	25	10	15	10	10	5;8
Maximum Height (ft.)						
Dwellings	35	35	30 or 2 stories	35	35	-
Accessory Structures	15	15	15	15	15	-
Minimum Unit Size (sq. ft.)	1,500	1,100	1,200	450 - bachelor; 600 - 1-bd; 750 - 2-bd; 900 - 3-bd		-
Density (du/acre)	2.5	5.0	8.712	15	20	12.4
Max. % Lot Coverage	35	40	40, excldng driveways	40	45	75
Minimum % Landscaped Open Area	N/A	N/A	N/A	35	35	20 per lot***
Parking Standards						
	Studio	1 bed	2 bed	3 bed	4 bed	5 bed
Single Family	2	2	2	2	2	3
Multi-Family	1	1 (plus .5 open)	2	2 (plus .5 open)	2 (plus .5 open)	2 (plus .5 open)
Guests – Multi-family	.25 per unit unassigned open spaces (4 or more units)					
Condominiums**** - Includes Detached 2 or fewer bdrms	1	1 (plus .5 open)	2	2 (plus .5 open)	2 (plus .5 open)	2 (plus .5 open)
Guests – Condos	.5 unassigned open spaces for each dwelling unit (2 or more units)					
Condominiums - Detached - 3+ bdrms (includes guest pkg)	See above	See above	See above	2 (2 open)	2 (2 open)	2 (2 open)
Mobile Home Parks	1 covered space; plus 1 space for each 6 mobile homes or sites					
Planned Residential Developments	2 garage spaces per unit, plus 1 open on site; 1 open space for guests (driveway parking included)					
Single-Family, small lots	2 garage spaces; plus 2 open spaces for each unit; plus 1 unassigned open space for guest					

* RS-5000 allows for zero lot line development and may incorporate common areas and private streets

** RM-15 and RM-20 allow buildings on existing lots with less than min parcel size or min width

*** MHP-20A requires a minimum recreation area of 150 square feet per lot/space and 200 square feet per lot/space if children allowed

**** Condominiums including townhouses, patio homes, and detached condominiums containing two or fewer bdrms

The City's development standards address minimum provisions for development of studio to 5-bedroom residential units. Minimum unit sizes are also provided for in multiple-family units. The maximum height in all residential zones, except RS-5000, is 35 feet. Since the RS-5000 zone district allows zero lot line development, the maximum height is 30 feet. The City allows development on existing lots smaller than 10,000 square feet in the RM-15 and RM-20 zone districts, provided the lot width is at least 50 feet and able to meet the parking, driveway and interior setback requirements.

The parking standards for single family units are a minimum 2-car garage for up to 4-bedrooms. New single-family residences with more than 4-bedrooms require at least a 3-car garage. The multiple-family zones require an increasing number of spaces as the unit has an increasing number of bedrooms – from 1 enclosed space for a studio or 1-bedroom unit to 2 spaces for units with 2 or more bedrooms. Additional open parking of 0.5 spaces per unit is required for 1- and 3-bedroom units. Guest parking, at 0.25 - 0.5 open spaces per unit, is also required for apartments and condominiums, respectively. Detached condominiums with three or more bedrooms mimic small lot single-family residential and are required to provide 2 open parking spaces per unit.

The City's standards have not served as a constraint to the provision of housing, with recently completed or approved projects ranging in size from 2 to 16 units in the multiple family zones (RM-15 and RM-20). Since January 2006, there have been at least three projects completed in each of the RM-15 and RM-20 zones. Two of the developments in the RM-15 zone included demolition of a single unit to build 4-6 new condominium units; the third was construction of a duplex. Three developments in the RM-20 zone also involved demolition of single units in order to build 3-13 new condominium units. Since 2000, 19 tentative tract maps have been approved in the RM-15 and RM-20 zones. Of these maps, nine were on single lots and 10 were lot consolidations. As would be expected, the lot consolidations generally created more units than the single lots, though a maximum of 19 units was present on both a single lot and a consolidated lot. The majority of the tract maps involved development of five or six units, with two 19 unit projects.

During the current post-2006 planning cycle, recently approved projects include two five-unit condominium developments in the RM-15 zone, as well as a three unit and a 16 unit condominium project in the RM-20 zone. The 16 unit development, located at 4852 Lincoln, within the Lincoln Avenue Specific Plan area, achieved the maximum 20 units per acre density, with attached 2-bedroom units. The RM-20 development standards support the achievement of 20 units per acre on at least two consolidated lots and an attached product. However, up until the recent downturn in the for-sale market, developers have preferred to build detached 3-4 bedroom condominium units in the RM-15 and RM-20 zones, resulting in projects below the maximum permitted densities.

With the decreasing market prices of condominiums, and continued growth in market rents, staff has witnessed a shift in development interest from condominiums to a rental product. One of the major incentives offered in the zoning ordinance to consolidate RM-15 and RM-20 parcels and thus maximize densities in the multi-family rental housing

is the provision of a single 24-foot wide access driveway. A single driveway shared by two or more consolidated parcels allows for increased lot coverage and room for living area at grade level, thereby increasing the unit potential on the lot. The City will promote this lot consolidation incentive, as well as redesignating sites for higher densities along Lincoln Avenue, as a means of facilitating the development of rental housing during the planning period.

Cypress has adopted numerous provisions in its Zoning Ordinance that facilitate a range of residential development types and encourage affordable housing:

Affordable Housing Density Bonus

Article 3, Section 12 of the Cypress Zoning Code sets forth the City's density bonus provisions for affordable housing, last updated in November 2004. In summary, applicants of residential projects of five or more units may apply for a 25% density bonus and additional incentive(s) if the project provides for one of the following: 20% of units for lower income households; 10% of units for very low income households; or 50% of units for senior citizens. In addition to the density bonus, eligible projects shall receive at least one development incentive or concession. The Cypress Zoning Code identifies the following list of eligible incentives and concessions:

Incentives:

- a. Subsidized development fees
- b. Mixed-use zoning
- c. Waiver of certain development fees
- d. Direct financial participation by the city

Concessions:

- a. Increases in parcel coverage
- b. Decreases in minimum parcel size allowed for development
- c. Reduction in side setbacks
- d. Reduction in rear setbacks
- e. Coordination of placement/responsibilities for public works improvements
- f. Reduction in local building standards to minimums approved by the state
- g. Reduction in the number of required off-street parking spaces
- h. Waiver of certain fee or dedication requirements

During the 1980s and 1990s, density bonuses were used extensively in Cypress, largely in conjunction with available mortgage revenue bond financing available through the County. Since 2000, one density bonus project has been developed, providing one ownership unit affordable to a moderate income household. However, with the Agency's Inclusionary Housing Policy now requiring 15 percent affordable units to be provided on a project-by-project basis within Redevelopment Project Areas, density bonuses offer a means of offsetting the financial burden of compliance.

Cypress last updated its density bonus provisions in November 2004 as a means of implementing State density bonus law. However, when the State legislature passed SB 1818 (effective January 2005), major changes were made to State density bonus requirements, including significantly reducing the number of affordable units that a developer must provide to receive a density bonus. A program has been added to the Housing Element which identifies the parameters of the new density bonus program and establishes a time frame for Cypress to update its current ordinance to conform to current State requirements.

Inclusionary Housing Policy

In March 2003, the Cypress Redevelopment Agency adopted an Inclusionary Housing Policy (Resolution CRA -109). The policy requires that all housing newly constructed or substantially rehabilitated within Cypress' merged and amended Redevelopment Project Area meets the State mandated inclusionary housing obligations triggered by their development. The Inclusionary Policy mirrors the State redevelopment requirement of 15 percent inclusionary housing with 6 percent of the units reserved for very low income households and 9 percent reserved for low or moderate income households. Single-family homes are exempt from this requirement, unless constructed as part of a single-family subdivision.

The Agency may determine through review of the project's Impact Analysis Pro Forma that the mandatory inclusionary units impose a significant financial hardship on the development, and thus have identified the following incentives to offset the financial burden:

- Calculated in lieu fee
- Alternative affordable unit income mixes
- Streamlined processing of development and permit applications
- Flexibility in development standards for on-site or off-site improvement requirements
- Reduction in square footage of affordable units
- Payment by the Agency of certain development fees (such as sewer, water, and drainage)
- Technical assistance to a developer applying for public funds or gap financing for a project
- Direct financial assistance from the Agency
- Other creative and lawful means of offsetting the cost of providing affordable units

The option to use the in lieu fee is determined on a case-by-case basis by the Agency. Factors considered may include the economic profile of the development, review of site conditions, analysis of the proposed number of units, and likelihood that payment of the fee will enable the Agency to meet the inclusionary housing obligation. The amount of the fee for an ownership unit is based on a ratio of three quarters (3/4) of the gap between the actual market rate price for a unit and the affordable unit price. The in lieu fee for rental projects is calculated based on the difference between the market rental stream to pay for the unit over time and the rental stream that would flow from a project with affordable rents. The in lieu fee formula for an ownership unit is:

$$\textit{In lieu fee} = \textit{(Market rate unit price - affordable unit price) X .75}$$

Cypress' Inclusionary Housing Policy also provides for the Agency to offer a developer reasonable equivalent alternatives to providing inclusionary units or paying the in lieu fee. These alternatives may include off-site construction of inclusionary units, land dedication, or other options.

Since the Cypress Redevelopment Agency adopted the Inclusionary Housing Policy in 2003, four for-sale residential projects have been developed within a Redevelopment Project Area and have been subject to the Agency's inclusionary requirements. Three of the projects, totaling 83 units, have included 22 affordable units, providing 7 very low income, 2 low income, and 13 moderate income homeownership units. The fourth project, with 7 units, paid an in-lieu fee of \$35,000 to provide for one affordable unit. The very low income ownership units were developed by Habitat for Humanity. Habitat is able to reduce the cost of development through volunteer labor and donated materials.

Density Incentive Overlay District

This overlay zoning district is designed to address development of larger parcels of residential land in the City, either existing or newly combined. The intent is two-fold: (1) to ensure maintenance of the low-density residential character of the area while accommodating larger parcels of land; and (2) to provide for the option of multi-family residential development in single-family districts by providing density increases up to 11 units per acre for combining parcels. The following development standards apply to the Density Incentive Overlay:

➤ Minimum Parcel Size	13,000 square feet
➤ Minimum Structure Site per Unit	3,950 square feet
➤ Minimum Parcel Width	100 feet
➤ Minimum Parcel Depth	130 feet
➤ Front and Rear Setbacks	20 feet
➤ Sideyard Setback	5 feet (single-story), 10 feet (two-story)
➤ Street Setback	10 feet
➤ Maximum Parcel Coverage	40%
➤ Maximum Structure Height	35 feet
➤ Minimum Dwelling Unit Size	450 sq ft – Studio 600 sq ft - 1 Bedroom 750 sq ft - 2 Bedroom 900 sq ft - 3 Bedroom

The Density Incentive Overlay was used for a 3 unit detached condominium project completed in September 2007. The Density Incentive Overlay is used rarely, about once every two years, due primarily to the need to consolidate parcels to achieve the minimum 13,000 square foot parcel required.

Small Lot Development

The City established the RS-5000 zone district as a means of facilitating small lot development, and has established the following standards to regulate such development and ensure quality design and neighborhood compatibility:

Mandatory Requirements

- Projects consisting of fifteen (15) or more dwelling units shall provide internal sidewalks adjacent to all private roads.
- Access onto adjoining streets shall be limited.

- Perimeter setbacks shall be increased to a minimum of fifteen (15) feet where adjacent property is zoned RS-6000. The setbacks shall include a minimum five-foot buffer area, to be planted with upright trees and shrubs.
- The dwelling units shall be oriented to maximize privacy.
- Long, continuous rows of identical dwelling units shall be avoided.
- Open space shall consist of landscaping, patios, and recreational areas.
- Private open space shall consist of a minimum of 600 square feet for each dwelling unit. Projects with 15 units or more are required to provide a common recreational open space area at a minimum size of 100 square feet for each dwelling unit.
- Masonry walls at least six feet in height shall be required along all rear and side property lines.

Design Guidelines

- Decorative paving for private roads and access driveways is encouraged.
- Widened private road and driveway entrances are encouraged.
- Private roads and access driveways wider than the twenty-four-foot minimum is encouraged.
- The use of joint access between projects is encouraged.
- Varied streetscape is encouraged both along public streets and private roads and driveways.
- Building design shall incorporate varying setbacks, projecting architectural features (e.g., columns, offset roof planes, windows) and other features that create both vertical and horizontal articulation.

Special Purpose Zoning Districts

The Cypress zoning code establishes special purpose zones for public and semi-public (PS), planned residential (PRD) and planned community (PC) development. These special purpose zoning districts permit design and development standards that are tailor-made for planned project areas with unique character and attributes. The PS zoning district sets aside properties to be developed with public uses, other than street rights-of-way. The district is also intended to identify and preserve historic and community significance for the enjoyment of future generations. Senior housing is a conditionally permitted use in the PS zone. The PRD zoning district is established to provide flexibility in the design of residential projects. The district allows for more creative and innovative residential subdivision and unit design, promoting more economical and efficient use of the land, a higher level of urban amenities, and preservation of the natural and scenic qualities associated with open spaces. The PC zoning district is established to provide opportunities for the design and development of integrated, master-planned projects in specific areas of the City. The district permits a compatible use of land uses, planned commercial developments, and business parks, and a variety of housing styles and densities.

Multi-Family Housing in Commercial Zones

The Cypress zoning code provides for the development of multi-family housing and mixed-use (residential over retail/office) in all commercial zone districts, with a conditional use permit. These zones include the Office Professional (OP); Commercial Neighborhood (CN); Commercial General (CG); and Commercial Heavy (CH). Live/Work Facilities are also allowed with a conditional use permit in the OP and CN zone districts.

Lincoln Avenue Specific Plan

Lincoln Avenue serves as one of Cypress' commercial thoroughfares. In order to facilitate revitalization and economic investment on Lincoln Avenue, in 1990 the City adopted a Redevelopment Plan for Lincoln Avenue, and in 1999, adopted the Lincoln Avenue Specific Plan. One of the key purposes of the Specific Plan is to encourage both higher density multi-family residential and mixed-use development as a means of stimulating pedestrian and transit-oriented activity along Lincoln Avenue. The Plan permits residential densities of 20 units per acre throughout the corridor, with bonus densities provided for projects with an affordable component, and floor area ratio (FAR) bonuses of 0.5 for development of high density residential/commercial mixed-use within certain districts. The Specific Plan defines four districts along Lincoln Avenue which encourage residential infill and mixed use: Residential Mixed Use (RM), Commercial Mixed Use (CM), Campus Village (CV), and Downtown (D). Building heights of up to 50 feet are permitted in the Campus Village and Commercial Mixed Use districts, and 35 feet within the Residential Mixed Use and Downtown Districts. Table III-2 provides the development standards for the Lincoln Avenue Specific Plan and these four districts which encourage residential infill and mixed-use development.

The Specific Plan includes the following incentives (Section 7.3.1) to encourage lot consolidation:

- No fee processing
- Reduction of parking and landscaping requirements
- Left-turn ingress/egress
- Redevelopment Agency assistance
- Street furnishing amenities
- Density bonus
- Increased floor area ratio and lot coverage

The City has completed an extensive streetscape improvement project that significantly upgraded the visual image of the Lincoln Avenue corridor. With the specific plan and the streetscape amenities in place, as well as efforts to revitalize and intensify housing development along the corridor, Lincoln Avenue has become a focal point for economic development and is positioned for significant change. Since the Lincoln Avenue Specific Plan was adopted in December 1998, Cypress has been successful in attracting several residential developments to Lincoln Avenue. Densities in developed

projects vary based on the product type, and have ranged from 13 units per acre for a detached condominium project, 15-22 units per acre for attached condominiums, and 55 units per acre for senior apartments. As residential development has been realized in the Specific Plan, the City has modified certain development standards to better facilitate development. For example, the City has reduced the front yard setback for residential projects in the Specific Plan area.

As indicated in the programs section of the Housing Element, the City intends to amend the Specific Plan to increase permitted densities to 30 units per acre to better facilitate the provision of affordable units. As part of the amendment to the Specific Plan, current development standards will be reviewed and revised as necessary to ensure achievement of these higher densities in both exclusively residential and mixed-use developments . Staff has already identified the following standards which will likely require modification: increased Floor Area Ratios for residential development; increased heights in the RM and R30 districts; and allowance for common parking garages, rather than the current requirement of enclosed garages for each unit.

**Table III-2
Lincoln Avenue Specific Plan
Development Standards**

	Residential Mixed Use	Commercial Mixed Use	Campus Village	Downtown
Minimum Parcel Size (square feet)	10,000	10,000	20,000	10,000
Minimum Lot Frontage (feet)	150	150	300	100
Maximum Floor Area Ratio (FAR)	0.5:1	0.5:1	0.5:1	0.5:1
Maximum FAR with Density Bonus*		1:1	1:1	
Maximum Height (ft.)	35	50	50	35
Max. % Lot Coverage	-	-	-	60
Maximum Front Setback (ft)	-	-	10	10
Minimum Setbacks				
Front (ft.) **	10	10	2	2
Side (ft.)	5	5	5	5
Side - adj to residential zone (ft.)	20	20	20	20
Rear (ft.)	5	5	5	5
Rear - adj to residential zone (ft.)	20	20	20	20
Minimum Unit Size (sq. ft.)	450 - bachelor; 600 - 1-bd; 750 - 2-bd; 900 - 3-bd			
Density (du/acre)	15-20	20	20	20

* An FAR of 1:1 can only be achieved with a one acre parcel and either a mix of high density residential, retail, restaurant, cultural/entertainment in the CV or a mix of high density residential and commercial in the CM districts.

** Buildings may encroach into the front 10' landscape setback area, but no closer than 24" from the boundary of the public right-of-way. Parking shall not encroach into the 10' landscaped setback area.

2. Provision for a Variety of Housing Types

Housing Element law specifies that jurisdictions must identify adequate sites to be made available through appropriate zoning and development standards to encourage the development of various types of housing for all economic segments of the population. Table III-2 summarizes the housing types permitted in each of the Cypress zoning districts.

**Table III-3
Housing Types by Residential Zone Category**

Housing Types Permitted	Zoning District							
	RS-15000	RS-6000	RS-5000	RM-15	RM-20	MHP-20A	CH	PS-1A
Single-Family	P	P	P	CC	P			
Multiple-Family								
2 - 4 units				P	P		CC	
5 - 9 units				CC	CC		CC	
10 or more units				CC	CC		CC	
Condominiums, Townhouses, or Condominium Conversions				CC	CC		CC	
Single Room Occupancy (SRO)							CC	
Manufactured Housing	P	P	P	P	P	P		P
Second Units (up to 640 sq.ft.)	P	P	P					
Second Units (>640 sq. ft.)	CC	CC	CC					
Community Care Facilities (6 or fewer)	P	P	P	P	P			
Community Care Facilities (7 or more)				CC	CC			
Transitional Housing/ Supportive Housing	Not currently defined, but allowed as Community Care Facilities (7 or more)							
Emergency Shelters	Defined, but not currently allowed, other than battered women's shelters as Community Care Facilities							
Farmworker Housing	N/A							

P = Permitted CC = CUP by City Council

Second Units

The passage of AB 1866 (effective July 2003) requires local governments to use a ministerial process for second unit applications for the purpose of facilitating production of affordable housing. AB 1866 does allow cities to impose development standards on second units addressing issues such as building size, parking, height, setbacks, and lot coverage. In order to comply with the new law, the Cypress City Council adopted Section 3.17.200 of the Zoning Code, updated in 2006, to permit second units as an accessory use in all single-family residential zone districts. The City's regulations comply with State Government Code Section 65852.2. One bedroom second units up to 640 square feet in size are permitted by right in accordance with state law. The City also allows for larger second units through a Conditional Use Permit (CUP) process. An additional parking space is required for each bedroom in the second unit. The City will review its existing second unit program to ensure that the CUP criteria for larger second units is only ancillary to the ministerial consideration required by Chapter 1062.

The second unit may be within, attached to, or detached from the primary dwelling unit. The unit must fulfill the following conditions:

- The unit shall conform to the development standards applicable to the primary unit and be architecturally compatible with the primary unit or the architecture of the area
- A legal, conforming, primary dwelling unit shall exist on the parcel
- Any building code violations in the primary dwelling unit shall be corrected
- The applicant shall be the owner of the primary unit and shall occupy either the primary or second dwelling unit and shall record a covenant preventing rental of both units simultaneously
- The second unit shall not be sold independently of the primary dwelling unit
- The second unit shall not be on separate meters for any utilities

The Cypress Zoning Code also provides for a "granny unit" as a second unit either attached to or detached from a primary residence that is intended for occupancy by up to two seniors (at least 62 years old). The unit cannot exceed 1,200 square feet.

Single Room Occupancy (SRO)

Single Room Occupancy (SRO) residences are small, one room units occupied by a single individual, and may either have shared or private kitchen and bathroom facilities. SROs are rented on a monthly basis typically without rental deposit, and can provide an entry point into the housing market for extremely low income individuals, formerly homeless and disabled persons

The City has adopted provisions in its Zoning Code (Section 3.17.210) to accommodate and regulate establishment of single room occupancy (SRO) uses in the Commercial Heavy (CH) zone district, and within the Lincoln Avenue Specific Plan Commercial

Mixed Use and Campus Village districts. A Conditional Use Permit is required for single room occupancy development. The City requires the following for SRO's:

- Submittal of a Management Plan outlining policies and procedures; as well as an annual report to the City
- Resident Manager available on a 24-hour basis for 16 or more units
- Requirement for weekly or monthly tenancies
- Restricted occupancy to very low and low income households at affordable rents
- Single occupancy rooms must be 175-220 square foot in size; double occupancy rooms must be 275-450 square foot in size and be not more than 10 percent of all rooms in the development
- All rooms shall include a kitchen, bathroom, and closet
- Each SRO project shall have one monitored entrance, storage spaces, laundry facilities, and mailboxes for each room

These requirements provide flexibility in unit sizes and reflect common practice for SRO developments. The City's CUP requirement does not place an undue timing or financial hardship on development of SRO projects.

While the City has not had any applications for SROs, several of the older, long-term stay motels on Lincoln Avenue present potential opportunities for conversion. The City's SRO ordinance can facilitate the provision of housing affordable to extremely low and very low income households.

Residential Care Homes

The Lanterman Developmental Disabilities Services Act (Lanterman Act) is that part of California law that sets out the rights and responsibilities of persons with developmental disabilities. The Lanterman Act impacts local zoning ordinances by requiring the use of property for the care of six or fewer disabled persons to be classified as a residential use under zoning. More specifically, a State-authorized, certified or licensed family care home, foster home, or a group home serving six or fewer disabled persons or dependent and neglected children on a 24-hour-a-day basis is considered a residential use that is to be permitted in all residential zones. No local agency can impose stricter zoning or building and safety standards on these homes. Due to the unique characteristics of larger (more than six persons) residential care facilities, most jurisdictions require a Use Permit to ensure neighborhood compatibility in the siting of these facilities.

The Cypress Zoning Code identifies "residential care homes, small" (24-hour non-medical care for six or fewer occupants) as a permitted use in all residential zoning districts. "Residential care homes, large" (24-hour non-medical care for seven or more persons) is conditionally permitted in the RM-15 and RM-20 zoning districts. The Conditional Use Permit requires findings that the proposed location is consistent with the General Plan and Zoning Ordinance; that the proposed location and conditions for

operation would not be detrimental to the public health, safety, or general welfare, nor would be materially injurious to properties or improvements in the vicinity; and that the proposed use would comply with the Zoning Ordinance. The Conditional Use Permit is aimed to regulate the use, but not the users of the site. The City imposes no spacing requirements between residential care facilities. The City does not define “family”, so does not restrict occupancy based on familial relationships.

Review of the California Community Care Licensing Division inventory of community care facilities identifies four adult residential facilities in Cypress that provide 24-hour non-medical care for adults ages 18-59 who are unable to provide for their own daily needs, providing capacity for 23 adults. The City has 10 residential care homes for the elderly, providing 60 beds for seniors age 60+ requiring 24-hour assisted living. The City’s regulations have served to provide needed housing opportunities for seniors and persons with disabilities, and do not treat such housing for persons differently based on the personal characteristics of the residents.

Manufactured Housing and Mobile Home Parks

In compliance with State law, the Cypress Zoning Code permits manufactured housing in any residential zoning district where single-family detached units are permitted. Manufactured housing is treated the same as single-family dwellings, and is subject to the same property development standards and permitting process. The City’s Zoning Code requires manufactured housing to be architecturally compatible (roofing overhangs, roofing materials, exterior siding, stucco, etc.) with adjoining single-family dwellings.

Manufactured housing is also permitted in the Mobile Home Park (MHP-20A) zone district. The MHP-20A zone permits the development of mobile home parks subject to the standards presented in Table III-1 as incorporated from State law. Cypress contains two mobile home parks comprising approximately 360 mobile homes.

Transitional Housing, Supportive Housing and Emergency Shelters

Transitional housing is temporary housing (generally six months to two years) for a homeless individual or family who is transitioning to permanent housing. This housing can take several forms, including group housing or multi-family units, and often includes a supportive services component to allow individuals to gain necessary life skills in support of independent living. Cypress currently permits transitional housing as a “Residential Care Home”. With six or fewer persons, this use is permitted by right in all residential zones. With more than six persons, this use is permitted in the RM-15, RM-20, and all commercial zone districts, subject to a Conditional Use Permit.

Supportive housing is generally defined as permanent, affordable housing with on-site services that help residents transition into stable, more productive lives. Services may include childcare, after-school tutoring, career counseling, etc. Most transitional housing includes a supportive services component. The City of Cypress regulates

supportive housing as a residential use, provided supportive services are ancillary to the primary use.

The Cypress Zoning Code does not specifically define either transitional or supportive housing. Therefore, the City has included a program in this Housing Element to both provide definitions for transitional and supportive housing consistent with the State Health and Safety Code definitions, and permit these uses as “Community Care Facilities” within residential zoning districts subject to the same standards as other residential uses.

The Cypress Zoning Code defines an emergency shelter as “a facility that provides immediate and short-term housing and supplemental services to homeless persons or families. Supplemental services may include counseling, food, and access to social programs.” Recent changes in State law (SB 2), require jurisdictions with an unmet need for emergency shelters to identify a zone(s) where emergency shelters will be allowed as a permitted use without a conditional use or other discretionary permit. The identified zone must have sufficient capacity to accommodate the shelter need, and at a minimum provide capacity for at least one year-round shelter. Permit processing, development and management standards for emergency shelters must be objective and facilitate the development of, or conversion to, emergency shelters.

As discussed in the homeless section of the Housing Element Technical Report, while Cypress has few “visible” homeless, families and individuals living on the edge of homelessness make temporary residence within some of the City’s older motels. In 2006/07, the Cypress School District identified seven students without a permanent residence, corroborating the presence of homeless in the community. The Cypress Zoning Code has a definition for Emergency Shelters, but does not currently list the use in any zone. The one exception is defining shelters for battered women as a Community Care Facility. Pursuant to SB 2, Cypress has conducted a staff level review of its zoning districts and has determined that the Commercial Mixed Use District (CM) in the PC-Lincoln Zone is the most conducive to provision of an emergency homeless shelter by right. The area has a variety of commercial and residential uses, is a transportation corridor, and has potential sites for emergency shelters, particularly motels/hotels along the corridor.

The City has included a program within the Housing Element to modify the Zoning Ordinance to permit shelters in the PC-Lincoln Zone subject to the same development and management standards as other permitted uses in the zone. The PC-Lincoln Zone, CM district development standards are appropriate to facilitate emergency shelters, and can be summarized as follows:

- Minimum parcel size: 10,000 square feet
- Front yard setback: 10 feet
- Interior side yard setback: 5 feet
- Rear Yard Setback: 5 feet; 20 feet adjacent to a Residential Zone
- Height: 50 feet

- Floor Area Ratio: 0.5:1; 1:1 with density bonus, one acre site and mixed use character with high density residential

In addition to application of CM development standards, pursuant to SB 2, the City can also specify written, objective standards to regulate the following aspects of emergency shelters to enhance compatibility:

- The maximum number of beds or persons permitted to be served nightly by the facility;
- Off-street parking based on demonstrated need, but not to exceed parking requirements for other residential or commercial uses in the same zone;
- The size and location of exterior and interior onsite waiting and client intake areas;
- The provision of onsite management;
- The proximity of other emergency shelters, provided that emergency shelters are not required to be more than 300 feet apart;
- The length of stay;
- Lighting; and
- Security during hours that the emergency shelter is in operation.

Farm Employee Housing

The Census identifies 12 Cypress residents employed in farming, fishing and forestry occupations, representing only 0.1 percent of the City's labor force. The City has no parcels remaining in agricultural use. Therefore, given the extremely limited presence of farmworkers in the community, the City has not identified a need for specialized farmworker housing beyond overall programs for housing affordability.

Accessibility Accommodations

Both the federal Fair Housing Act and the California Fair Employment and Housing Act impose an affirmative duty on local governments to make reasonable accommodations (i.e. modifications or exceptions) in their zoning and other land use regulations when such accommodations may be necessary to afford disabled persons an equal opportunity to use and enjoy a dwelling. For example, it may be a reasonable accommodation to allow covered ramps in the setbacks of properties that have already been developed to accommodate residents with mobility impairments.

The City has conducted a review of zoning and building code requirements, and has not identified any barriers to the provision of accessible housing. Cypress currently allows handicapped ramps up to four feet in the front setback to provide first floor access for physically disabled residents.

For new construction, the City's building code requires new housing to comply with the 1998 amendment to the Fair Housing Act, with multi-family development also subject to the Americans with Disabilities Act (ADA) standards. New apartment buildings are

subject to requirements for unit “adaptability” on ground floor units. Adaptable units are built for easy conversion to disabled access, such as doorway and hallway widths, and added structural support in the bathroom to allow the addition of handrails.

Though Cypress has not identified any constraints on the development, maintenance, and improvement of housing for persons with disabilities, the City has not developed specific procedures for requesting a reasonable accommodation. Therefore, as a means of facilitating such requests, the City has included a program in the Housing Element to develop procedures for reasonable accommodation requests with respect to zoning, permit processing, and building laws.

3. Site Improvements

Developers of single-family residential tracts in the City are required to install arterial and local streets; sewer; water lines; storm drainage; curbs, gutters, sidewalks; street lighting; underground utilities; and landscaping in the public right-of-way within and adjacent to a tract. These facilities are in most cases dedicated to the City or other agencies that are responsible for maintenance. Without the site improvement requirement there are no other means of providing necessary infrastructure to the City's land parcels. Requirements for site improvements are at a level necessary to meet the City's costs and are necessary to protect health, safety, and welfare.

The cost of these required off-site improvements vary with the sales price of each dwelling unit depending on the nature of development (i.e., hillside or flatland development). The City may also impose development fees on future housing developments in order to recover some of the cost of installing off-site improvements including upgrading the circulation system and other urban service systems to serve increased density. The developed portions of Cypress have the majority of necessary infrastructure, such as streets, electrical and water facilities, already in place.

The Circulation Element of the Cypress General Plan along with the Subdivision Ordinance establishes the City's street width standards. Interior residential streets (local streets) are required to have a right-of-way width of 60 feet and a standard 40 foot curb-to-curb width, with two travel lanes and two parking lanes. Sidewalks are required to be at least 4 feet wide in residential areas and 5 feet wide in multi-family residential areas. Small lot subdivisions and planned developments have allowed decreased widths for such improvements when the street is privately constructed and maintained.

4. Development Fees

The City collects various fees from development to cover the costs of processing permits, including fees for planning approvals, subdivision map act approvals, environmental review, public works and plan check services, and building permits, among others. In addition to these service fees associated with development processing, the City also charges several impact fees to offset the future impact of development on parks, and traffic and circulation.

Table III-3 provides a listing of residential development fees in Cypress. As a means of assessing the cost that fees contribute to development in Cypress, the City has calculated the total Building, Planning and Engineering fees associated with development of three different residential prototypes. Table III-4 presents a low-density, subdivision of five 2,800 square foot, three bedroom single-family units. The development fees for one of the five units are approximately \$26,500. The highest fees are the Park and Recreation Fee (\$8,000 per unit); the school fee (\$2.43 per square foot); and the sewer connection fee (around \$4,500 per unit). Table III-5 presents two high-density, 20 unit projects - one is a condominium and the other an apartment. The amount of the development fee is approximately \$17,700 for one of the condominium units and approximately \$17,000 for one apartment unit. Similarly to the single-family unit, the highest fees for a multiple family unit are the Park and Recreation Fee (\$8,000 per unit); the school fee (\$2.43 per square foot); and the sewer connection fee (\$3,200-\$3,600 per unit).

In summary, Cypress' development fees represent a small proportion of the overall cost of residential development, and are comparable to, if not lower than many Orange County jurisdictions. The City's fees have not served as a constraint to development.

In addition, the California legislature passed AB 641 in 2007, which helps to address the cash flow problems inherent in many affordable housing projects during the construction phase. For affordable housing developments in which at least 49 percent of the units are affordable to low or very low income households, AB 641 prohibits local governments from requiring the payment of local developer fees prior to receiving a certificate of occupancy.

**Table III-4
Residential Development Fees**

Planning	
Conditional Use Permit	
Minor	\$700 MF/Actual Cost
Major	\$2,000 MF/Actual Cost
Extension	\$400
Design Review Committee	
Preliminary (SFR)	\$250 MF/Actual Cost
Preliminary (Minor)	\$350 MF/Actual Cost
Preliminary (All Others)	\$1,000 MF/Actual Cost
Minor	\$500 MF/Actual Cost
Major	\$1,500 MF/Actual Cost
Development Agreement/Revision	\$2,500 MF/Actual Cost
Development Agreement - Annual Review	\$300
Director's Review	\$250
Extension of Time	\$400
Environmental Evaluation	
Exempt	\$100 MF/Actual Cost
Negative Declaration	\$350 MF/Actual Cost
Mitigated Negative Declaration	\$600 MF/Actual Cost
Environmental Impact Report - Staff Review	\$2,500 MF/Actual Cost
General Plan Amendment/Revision	\$600 MF/Actual Cost
Landscape Plan Review	\$200 (+\$50 for on-site inspection)
Lot Line Adjustment	
Non Single-Family	\$1,300 MF/Actual Cost
Single-Family	\$800 MF/Actual Cost
Mitigation Monitoring	
Initial	\$1,500 MF/Actual Cost
Annual	\$400
Specific Plan – Staff Review	\$1,200 MF/Actual Cost
Staff Review Committee Permit	\$350
Tentative Parcel Map	\$1,100 MF/Actual Cost
Tentative Tract Map	\$1,600 MF/Actual Cost
Variance	\$1,000 MF/Actual Cost
Vesting Map	\$1,600 MF/Actual Cost
Zone Change	\$2,000 MF/Actual Cost
Zoning Compliance/Rebuild Letter	\$200
Engineering/Public Works Fees	
Final Parcel/Tract Map Check	\$205 +\$16/lot, \$790 MF/Actual Cost
Impact Fees	
School Impact Fee	\$2.43/square foot
Sewer Connection Fee	\$4,517/unit*
Park Development Fee	\$8,000 per unit
Citywide Traffic Improvement Fee	\$595/unit - Low Density; \$508/unit - Medium Density; \$358/unit - High Density; \$44/unit - Senior Housing
Regional Traffic Improvement Fee	\$52/unit - Low Density; \$44/unit - Medium Density; \$31/unit - High Density; \$3.85/unit - Senior Housing

Source: City of Cypress Planning Department, 2008.

* Base Charge is for a 3-bdrm Single Family Residence (SFR); fees for other SFR or Multi-family Residential are a percentage of the Base Charge depending on number of bedrooms

**Table III-5
Summary of Development Fees
Low-Density Residential Development**

Type of Fee	Condominium/ Single Family Unit
Building Fees	
Plan Check	\$ 5,208.95
Building Permit	8,013.75
Electrical Permit	750.00
Mechanical Permit	375.00
Plumbing Permit	675.00
Energy	2,003.45
Development Fee	250.00
Prime Contractor Tax	380.35
S.B. Earthquake Tax	146.30
School Fee (\$2.43 per sq. ft.)	33,880.00
Subtotal	\$ 51,682.80
Planning Fees	
Preliminary Project Review	\$ 250.00
Tract Map	1,600.00
Site Design Review	1,500.00
Environmental Review (Neg. Dec.)	350.00
Subtotal	\$ 3,700.00
Engineering Fees	
Engineering Plan Check (est.)	\$ 2,000.00
Grading Plan Check/Permit (est.)	1,000.00
Park and Recreation Fee	40,000.00
Drainage Fee	7,657.98
Sanitary Sewer Connection Fee	22,585.00
Traffic Improvement Fee	2,975.00
Regional Traffic Impact Fee	260.00
Final Tract Map	790.00
Subtotal	\$ 77,267.98
TOTAL FEES	\$ 132,650.78
	\$ 26,530.16 per unit

Source: City of Cypress, 2008

Calculations based on:

- a. 5 du/gross acre on 1 acre = total 5 units
- b. Each unit 2,800 sq. ft. of living area with 400 sq. ft. garage
- c. Building valuation per unit of \$292,560

**Table III-6
Summary of Development Fees
Prototypical Residential Projects**

Type of Fee	Condominium	Apartment
Building Fees		
Plan Check	\$ 10,283.00	\$ 10,101.00
Building Permit	15,820.00	15,540.00
Electrical Permit	3,500.00	3,500.00
Mechanical Permit	1,500.00	1,500.00
Plumbing Permit	2,500.00	2,500.00
Energy	3,955.00	3,885.00
Development Fee	1,000.00	1,000.00
Prime Contractor Tax	529.40	514.80
S.B. Earthquake Tax	203.60	198.00
School Fee (\$2.43 per sq. ft.)	43,560.00	43,560.00
Subtotal	\$ 82,851.00	\$ 82,298.00
Planning Fees		
Preliminary Project Review	\$ 1,000.00	\$ 1,000.00
Tract Map	1,600.00	N/A
Conditional Use Permit (CUP)	2,000.00	2,000.00
Environmental Review (Neg. Dec.)	350.00	350.00
Subtotal	\$ 4,950.00	\$ 3,350.00
Engineering Fees		
Engineering Plan Check (est.)	\$ 10,000.00	\$ 10,000.00
Grading Plan Check/Permit (est.)	3,300.00	3,300.00
Park and Recreation Fee	160,000.00	160,000.00
Drainage Fee	7,657.98	7,657.98
Sanitary Sewer Connection Fee	73,140.00	63,200.00
Traffic Improvement Fee	10,160.00	7,160.00
Regional Traffic Impact Fee	880.00	620.00
Final Tract Map	790.00	790.00
Subtotal	\$ 265,927.98	\$ 252,727.98
TOTAL FEES	\$ 353,728.98	\$ 338,375.98
	\$ 17,686.45 per unit	\$ 16,918.80 per unit

Source: City of Cypress, 2008.

Calculations based on:

- a. 20 du/gross acre on 1 acre = total 20 units
- b. Each unit has 900 sq. ft. living area with 400 sq. ft. garage
- c. Building valuation per condo of \$101,800; for total condominium building \$2,036,000
- d. Building valuation per apartment of \$99,000; for total apartment building \$1,980,000

5. Local Processing and Permit Procedures

The evaluation and review process required by City procedures contributes to the cost of housing in which developer holding costs are incurred. The specific steps for Cypress' development process are outlined below:

1. Discuss the potential project with Planning staff to determine allowable density and development standards.
2. Submit application for Preliminary Project Review.
3. Submit formal application for one of the following:
 - Design Review Committee (single-family residences), or
 - Staff Review Committee (second units, duplexes, or triplexes), or
 - Conditional Use Permit (apartments or condominiums), and
 - Tentative map and/or Amendment to General Plan or Zoning Ordinance (if required) – submitted concurrently with Conditional Use Permit.
4. Concurrent grading/drainage plan check by Engineering Division and building plan check by Building Division.
5. Final map approval and issuance of grading permit and building permit.

For a single-family residence, the project would be discussed with planning staff at the counter, submitted for Preliminary Project Review (2-3 weeks), and then submitted for the Design Review Committee (6-8 weeks). The Design Review Committee time includes approval by the City Council, usually a consent calendar item. For a multi-family development of up to three units, the project is discussed with planning staff at the counter, submitted for Preliminary Project Review (2-3 weeks), and then submitted to the Staff Review Committee (2-3 weeks). This process does not require Council approval. A multi-family development of four or more units is discussed with planning staff at the counter, submitted for Preliminary Project Review (2-3 weeks), and submitted for a Conditional Use Permit (6-8 weeks). The CUP process includes the Design Review Committee review and Council review and approval. The majority of multi-family projects in Cypress are exempted from environmental review as infill projects. An environmental review may occur for larger sites. The same development process for multi-family development (usually four or more units) is applied in the Lincoln Avenue Specific Plan area. As a means of fostering an urban village environment, the Specific Plan does not permit single-family residential development.

The Staff Review Committee and the Design Review Committee are comprised of the same City staff representatives from each of the following Divisions: Planning, Building, Code Enforcement, Engineering, Police, and Redevelopment. This provides consistency for projects requiring only staff level approval as well as projects requiring Council approval. The Design Review Committee is responsible for reviewing relevant applications for conformance with the zoning ordinance, and, in particular, for conformance with the City's design standards and principles (Section 4.19.060). The Committee's design purpose, as delineated in the zoning ordinance, is to ensure that the project considers the aesthetic qualities of the site's natural terrain and landscape,

that the design of the proposed construction is compatible with the immediate neighborhood, that the design of the proposed construction would not be “so at variance with the design of structure(s)...in the immediate neighborhood as to cause a substantial depreciation of property values in the neighborhood”, and that the landscaping enhances the property and screens deleterious uses. The Committee is to be guided by the purpose statement and to consider access, architecture, circulation, land coverage, landscaping, parcel size and shape, parking, setbacks from all property lines, structure height and bulk, use, and compatibility with surrounding properties in the evaluation of applications. The Committee considers all elements of design visible from the boundaries of the site, including colors, textures, illumination, and compatibility with surrounding properties, but shall not consider elements of design that are not visible beyond the boundaries of the site. The question of property values is considered as an element of compatibility of the proposed development in the surrounding community and judged from a health and safety perspective. SRC reviews are completed within 2-3 weeks of complete application submittal and DRC permit reviews take 6-8 weeks, with formal adoption of the resolution by the City Council at the following Council meeting.

Conditional Use Permits are currently required for multi-family development with four or more units. Average CUP processing times of 6-8 weeks include the DRC review and Council review and approval. The City’s CUP findings are very straight-forward: the proposed location is consistent with the General Plan and Zoning Ordinance; the proposed location and conditions for operation would not be detrimental to the public health, safety, or general welfare, nor would be materially injurious to properties or improvements in the vicinity; and the proposed use would comply with the Zoning Ordinance. The City’s CUP process does not add significant uncertainty, time or cost to development, and has not served as a constraint to the development of housing in the City of Cypress. Nonetheless, as required under AB 2348, as part of the Housing Element program amending the Lincoln Avenue Specific Plan to establish a district that accommodates residential development at 30 units per acre, the City will eliminate the CUP requirement for that area. The City does plan to retain the City’s administrative Staff/Design Review Committee process as allowed by State law.

Residential projects in Cypress generally receive concurrent processing and are governed by one level of decision making - the City Council. This single reviewing body generally results in shorter review times for projects requiring discretionary approvals, in contrast to most communities which have two or more reviewing bodies. Table III-6 compares typical processing times for residential projects in Cypress, Huntington Beach, Costa Mesa, Irvine, and Orange County. Cypress compares very favorably with these communities. The Table indicates that the concurrent processing and single level of decision making in Cypress significantly reduces the processing times, often by half or more for discretionary reviews. In addition, the City maintains a policy for priority review of affordable housing applications.

**Table III-7
Development Processing Times in Cypress and Nearby Communities
(in months)**

Process	Cypress	Costa Mesa	Huntington Beach	Irvine	Orange County
General Plan Amendment	3 - 6	2 - 5	6 - 12	9	12 - 24
Zone Change	3 - 6	2 - 5	6 - 12	9	18 for undeveloped ¹ ; 4 - 8 for infill
Conditional Use Permit/ Variance	1.5 - 2	2 - 3 (Zoning Admin)	2 - 3 (Zoning Adm) 4 - 6 (Plng Comm)	4 - 6	
EIR	3 - 4	4 - 6	6	12	6 - 9
Tentative Tract	1.5 - 2	2 - 3	4 - 6	4 - 6	1 - 2 ²
Site Plan Review (Staff)	2-3 weeks	2 - 3	1	1	3 - 6 ³
Site Plan Review (Plng Comm)	N/A	2 - 3	3 - 4	4	1 - 2
Plan Checking/ Building Permits	1 - 1.5	2 - 3	Initial check - 10 days; Recheck - 2 days	3 - 4 wks	1

Source: City of Cypress, April 2008; City of Huntington Beach Draft Housing Element, March 2008

- Notes:
1. Often processed concurrently with a General Plan Amendment
 2. Assumes all discretionary approvals secured and no new environmental documentation needed
 3. Depending on environmental needs

6. Building Code

As required of all jurisdictions in California, Cypress has adopted the latest (2007) California Building Code, which incorporates the most recent (2006) International Building Code. This new Building Code establishes construction standards necessary to protect public health, safety and welfare. While the new Codes will bring California building codes into consistency with the rest of the country, changes from the current State Building Code are anticipated to increase the costs of development.

The following are local amendments to the Building Code adopted by Cypress to protect the public health and safety from hazards indigenous to the City:

- The City requires on-site, automatic fire-sprinkler systems in all new residential construction with a floor area of 3,600 or greater attached square feet. This is due to the hot, dry and strong Santa Ana winds, particularly in the fall and spring seasons; the potential for seismic activity to impede fire department access; and the traffic and circulation congestion existing in Orange County which can add to the fire department's response time.

- The City requires that wood shingle and wood shake roofs be fire retardant and establishes standards for class C roofing assembly and materials. This provides protection from the semi-arid, Mediterranean climate, which predisposes all fuels, including wood shingles, to rapid ignition of fire. Combined with the Santa Ana winds, these conditions can create a rapid spread of fire.

B. MARKET CONSTRAINTS

1. Availability of Financing

The availability of financing in a community depends on a number of factors, including the type of lending institutions active in the community, lending practices, rates and fees charged, laws and regulations governing financial institutions, and equal access to those institutions. Through analysis of Home Mortgage Disclosure Act (HMDA) data on the disposition of residential loan applications, an assessment can be made of the availability of residential financing within a community.

Residential lending activity in Cypress consisted of 1,264 applications for conventional home purchase loans in 2006, reflecting purchase activity on approximately 12 percent of the City's ownership housing stock. Table III-7 provides information on the status of home purchase loan applications in both Cypress and Orange County. As illustrated by this table, at 71 percent, the loan approval rate in Cypress was significantly higher than the 65 percent approval Countywide; tighter mortgage lending standards can be evidenced in the decline from the County's 69 percent loan approval rate in 2005. Review of loan approvals by census tract identifies one census tract in Cypress with loan approval rates significantly below the citywide average: census tract 1101.04 located between Walker and Moody streets, generally north of Ball Road (refer to Figure 1). Of the 134 conventional home purchase loan applications in this tract, 28 percent were denied and only 61 percent were approved. This data would indicate this area could benefit from targeted outreach and marketing of the homeownership assistance programs to help to improve access to credit.

Table III-8
Status of Home Purchase Loans - 2006
Cypress and Orange County MSA

	Loans Approved		Loans Denied		Loans Withdrawn/Incomplete	
	Cypress	Orange Co.	Cypress	Orange Co.	Cypress	Orange Co.
# Loan Applications	898	58,211	225	18,422	141	12,588
% of Total Applications	71%	65%	18%	21%	11%	14%

Source: Home Mortgage Disclosure Act Data, 2006. Compiled by Karen Warner Associates.

Note: Approved loans include: loans originated and applications approved but not accepted.

2. Price of Land

The availability and price of land represents a significant market constraint to housing production throughout most of Southern California. In August 2006, a private land transaction involved the sale of a commercially developed property on Lincoln Avenue for approximately \$55 per square foot. A March 2007 appraisal, prepared for the Redevelopment Agency, indicated a land value of about \$48 per square foot for property that could be developed at 20 units per acre. The Cypress Redevelopment

Agency plays an important role in both land assembly and land write-down in support of affordable housing.

3. Cost of Construction

The cost of building materials for residential construction has risen dramatically in recent years. According to the U.S. Department of Labor, the overall cost of residential construction materials rose 22 percent between 2004-2006, with steel costs increasing 63 percent and the cost of cement increasing 27 percent. However, with the slow down in the real estate market, the price of construction materials is showing a decrease of 1-2 percent from last year. The 2 percent increase in overall construction costs experienced over the past year is primarily due to increased labor costs.¹

Hard construction costs include building shell costs, on and off-site improvements, parking and all contractor costs.² Construction costs for high density apartment (20 units per acre) development run around \$150,000 per unit, including \$10,000 per unit for structured parking. Hard construction costs for development of medium density (15 units per acre) condominiums over podium parking run approximately \$200,000 per unit, including \$35,000 per unit for the parking structure. Another factor related to construction costs is the number of units built at one time. As that number increases, overall costs generally decrease as builders are able to take advantage of the benefits of economies of scale.

A reduction in amenities and the quality of building materials (above a minimum acceptability for health, safety, and adequate performance) can result in lower development costs. As part of the City's density bonus and inclusionary housing programs, the City allows affordable units to be smaller in size (maintaining the same number of bedrooms), and could also consider allowing less costly features and interior finishes, provided all project units were comparable in construction quality and exterior design.

¹ www.dcd.com/pdf_files/0710trends.pdf

² Contractor costs encompass the contractor's fee, general conditions, insurance and bonds, and construction contingency.

C. ENVIRONMENTAL AND INFRASTRUCTURE CONSTRAINTS

A wide range of environmental factors may constrain the development of new housing in Cypress. Areas of special environmental significance, potential safety hazards, and development constraints will influence land use policy. The City of Cypress Safety Element identifies areas of Cypress subject to a number of environmental constraints, including flooding, seismic hazards, hazardous and toxic materials, urban fires, aircraft overflights from the Los Alamitos Armed Forces Reserve Center, and noise. The Cypress General Plan recognizes these hazards and identifies programs to minimize them. The availability of public infrastructure and services for residential development is another potential constraint to the development of housing.

1. Flooding

The Federal Emergency Management Agency (FEMA) publishes maps which identify areas of the City subject to flooding in the event of a major storm. These Flood Insurance Rate Maps (FIRMs) indicate areas that may be inundated in the event of a 100-year or a 500-year storm. In addition, the maps indicate the base flood elevations at selected intervals of the floodway.

The flood map contained in the Cypress Safety Element indicates the 100-year flood event would be contained within the Carbon Creek and Bolsa Chica storm drain channels. However, like most of Orange County, the projected 500-year flood may result in widespread flooding throughout the entire City.

Additional flood hazards include the potential for inundation from failure of the Prado, Carbon Canyon, and Whittier Narrows dams, all of which are located a significant distance from the City. The Prado Dam is located in Riverside County, the Carbon Canyon dam is located in Brea, and the Whittier Narrows Dam is located in Pico Rivera. The Prado Dam currently works in tandem with the Seven Oaks Dam, located approximately 40 miles upstream of the City on the Santa Ana River, to provide increased flood protection to Orange County. In addition, work is proceeding on the Santa Ana River Mainstem Project, involving improvement to the Prado Dam, Seven Oaks Dam, Mill Creek Levee, San Timoteo Creek, Oak Street Drain, Santiago Creek, and the lower Santa Ana River. This project is projected for completion in 2013, subject to continued funding. This project is supported by the City of Cypress and provides additional flood protection to the area.

Flood hazards in Cypress are less than significant. Areas designated for future residential development do not fall within the 100 year floodplain and are not subject to specialized flood construction requirements.

2. Seismic Hazards

As stated in the Safety Element of the 2000 General Plan, the entire planning area – as well as all of Southern California – is located within a seismically active region that has been subject to major earthquakes in the past. There are no known faults in the City of Cypress. However, the Whittier-Elsinore, Newport-Inglewood, Norwalk, El Modena, and Elysian Park faults are located within close proximity to Cypress. The closest faults, El Modena and Norwalk lie approximately 5 to 10 miles north of Cypress. The San Andreas and San Jacinto faults are located further from Cypress. San Jacinto is closest, lying approximately 40 miles to the south of Cypress. Though further away, these faults have the potential to deliver larger magnitude earthquakes than the other five faults mentioned above. Other major faults may be buried under alluvium, or fault traces may have been obliterated due to natural weathering. Two of the most destructive earthquakes that occurred in California in recent years, the Coalinga and Whittier earthquakes, originated from previously unknown faults. The City of Cypress suffered no significant structural damage from these earthquakes.

Liquefaction is a subsidiary hazard associated with intense ground shaking, in which the soil can destabilize and if sufficient water is present in the soil, the soil and water can mix.. The Cypress Safety Element states, “Cypress, like most of Orange County, has granular sandy soil with a high water content. Areas with these conditions may experience liquefaction during extreme ground shaking.

3. Urban Fires

Materials and wind speeds can contribute to the spread of urban fires. According to the Cypress Disaster Plan, the community does not contain any large housing tracts with wood or shake roofs. However, a few apartment complexes in Cypress do have wood roofs and are at a greater fire risk. The City is subject to periodic high winds, including the hot, dry Santa Ana winds, which will quicken the spread of fire. The separation and setback requirements in effect when most houses in Cypress were built help minimize the risk of spreading fire. In addition, the building code local amendments require fire sprinklers for new residential construction and fire retardant wood shingle and wood shake roofs.

4. Aircraft Overflights

The Los Alamitos Armed Forces Reserve Center (AFRC) is located southwest of Cypress in the City of Los Alamitos. The AFRC is primarily used for helicopter training missions. A portion of Cypress lies in the prevailing approach path of the Army airfield located at AFRC. This portion of Cypress is primarily composed of business parks, but some residential areas south of Cerritos Avenue are within the High or Moderate Noise Impact Zone and the Approach Clearance Zone. Specific land use regulations consistent with the Federal Aviation Administration (FAA) rules are in effect.

5. Noise

Noise generated from mobile sources such as traffic and aircraft will continue to have the greatest potential impact on land use. The Noise Element describes the existing noise environment using maps that indicate high levels of noise in the planning area. The Noise Element also identifies noise sources and contains goals and policies that will be useful in reducing the effects of noise, if not the actual intensity of noise. Land use policy discourages the placement of noise-sensitive land uses in areas that are subject to high noise levels. The City requires new housing developments to provide an acoustic analysis and provide necessary mitigation, such as barriers or additional sound insulation, for projects located within the 65 CNEL noise contour zones as identified in the Safety Element.

6. Public Services and Facilities

The majority of Cypress is highly urbanized with most of the necessary infrastructure, streets, electrical lines, and water distribution, already in place. New development is able to tap into existing water and sewer lateral lines, with no new sewer or water mains necessary. The City's 2000 General Plan identifies adequate infrastructure and public service capacity to accommodate the City's regional housing needs of 451 additional dwelling units during the 2008-2014 Housing Element planning period.

In 1990, Orange County voters approved Measure M, the Revised Traffic Improvement and Growth Management Ordinance, which provides funding to Orange County for needed transportation improvements over a 20-year period through the imposition of a one-half cent retail transaction and use tax. Cities such as Cypress can qualify for Measure M funds if they comply with the Countywide Growth Management Program component requirements and have an established policy framework for that Program. As part of the Program, Cypress implemented a development mitigation program establishing the following fees: Citywide Traffic Fee related to needs in the General Plan circulation system, Regional Traffic Fee providing proportionate share funding of impacts to the regional roadway system, and the Los Alamitos Settlement Agreement Traffic Fee to offset impacts of development around the race track. The City has established a Capital Improvement Program for the transportation systems improvements to effectively manage the system based on the OCTA timetables. This is an on-going, consistently updated program in Cypress.

The City also participates in a variety of inter-jurisdictional efforts, related to Measure M; City and County impact fees; traffic and land use; jobs/housing balance; Facility Implementation Plans; and coordination of growth projections for the City and the County. These efforts enable Cypress to coordinate the provision of public services and adequate facilities with other adjacent cities and the County of Orange.

IV. HOUSING RESOURCES

This chapter describes and analyzes resources available for the development, rehabilitation, and preservation of housing in the City of Cypress. This includes the availability of land resources, financial resources available to support the provision of affordable housing, administrative resources available to assist in implementing the City's housing programs, and resources for energy conservation.

A. AVAILABILITY OF SITES FOR HOUSING

SCAG has determined the projected housing need for its region for the 2008-2014 Housing Element cycle, and has allocated this housing need to each jurisdiction by income category. This Regional Housing Needs Assessment (RHNA) represents the minimum number of housing units each community is required to plan for by providing "adequate sites" through the general plan and zoning. An important component of the Housing Element is the identification of adequate sites for future housing development, and evaluation of the adequacy of these sites in fulfilling the City's share of regional housing needs (RHNA). Cypress has a RHNA allocation of 451 units distributed among the following income groups: 98 very low income; 79 low income; 89 moderate income; and 185 above moderate income units.

The City plans to fulfill its share of regional housing needs using a combination of the methods below, which are further described in the following narrative:

- Vacant sites currently zoned for residential development;
- Underutilized sites zoned for residential uses (built to a lesser density than allowed by Code or developed with a non-residential use);
- Existing assisted units that will be units preserved at affordable housing costs with the City's committed assistance; and
- Residential permits issued during the RHNA "gap period" (January 2006-December 2007).

In aggregate, the City's residential sites capacity from the above sources provides for 625 additional units, including 14 lower, 247 moderate and 294 above moderate income. Because this represents a shortfall in sites necessary to fulfill Cypress' lower income housing needs, the City is committing to an "adequate sites" program by amending the Lincoln Avenue Specific Plan as provided for under Housing Element statutes,¹ detailed within this section.

¹ AB 2348 amended Government Code sections 65583(c)(1)(A) and (B) to clarify requirements for a "adequate sites" program within the Housing Element to address a shortfall in sites for very low and low income households.

1. Vacant and Underutilized Land

The City has conducted a comprehensive review of all vacant and underutilized sites currently designated for residential and mixed-use development in Cypress. This included reviewing assessor parcel data and building permits, conducting windshield surveys, and using GIS to evaluate existing building footprints. Table IV-1 provides a summary of those sites identified as suitable for future residential development by General Plan/Zoning category, along with their realistic development potential. The parcel-specific sites inventory is included in Appendix A to the Element, and their general locations are mapped in Figure 7.

**Table IV-1
Developable Available Residential Sites**

General Plan Category	Zoning	Permitted Density	Assumed Density	Acres	Potential Dwelling Units
VACANT SITES					
Low Density Residential	RS-6000	5 du/acre	5 du/acre	3.37	16 units
UNDERUTILIZED SITES					
Low Density Residential	RS-6000	5 du/acre	5 du/acre	0.92	4 units
Medium Density Residential	RM-15	15 du/acre	13 du/acre	6.92	50 units
High Density Residential	RM-20	20 du/acre	18 du/acre	7.09	99 units
Specific Plan (Lincoln Avenue)	PC - Lincoln	15 du/acre	13 du/acre	0.34	5 units
Specific Plan (Lincoln Avenue)	PC - Lincoln	20 du/acre	18 du/acre	7.27	135 units
TOTAL AVAILABLE SITES				25.91	309 units

Source: City of Cypress Land Survey, March 2008.

As shown in Table IV-1, approximately 309 additional units can be developed on vacant and underutilized sites under existing General Plan and zoning designations based on the development assumptions detailed below. Only one vacant residential parcel remains in Cypress, accommodating 16 single-family units. Future growth will continue to occur predominately through intensification in multi-family neighborhoods and through residential and mixed-use infill within the Lincoln Avenue commercial district.

Underutilized Multi-Family Properties

Cypress' two multi-family zoning districts (RM-15 and RM-20) are characterized by numerous properties developed with an older, single-family unit. The City has experienced significant activity in recent years by property owners in these districts adding additional units as permitted under zoning. For example, in one RM-15 "North End" Cypress neighborhood annexed by the City in 1981, the existing housing stock is dominated by small (800 square feet), older bungalows, with property owners taking advantage of the zoning to build a second, larger unit. The owners often move to the

larger unit and use the smaller bungalow to supplement their income or to provide housing for extended family. This neighborhood, with a mix of owner-occupied and rental units, has been popular with first time homebuyers. Another “North End” Cypress neighborhood, annexed by the City in 1988 and zoned RM-20, is also experiencing the addition of one or two units on existing single-family parcels. Also, through combining of two lots, developers have in recent years replaced the existing single-family residences with up to 9 condominium units. Staff indicates that interest in this type of infill development remains strong, despite the current downturn in the housing market. Given the decline in sales prices, however, staff is now seeing interest in the development of infill apartments rather than condominiums.

For purposes of the Housing Element planning period, not all underutilized RM-15 and RM-20 sites have been assumed to intensify. City staff analyzed the site size and the placement of existing buildings, and then conducted a windshield survey to confirm underutilized sites that could accommodate one or more additional units. Staff also considered: the number of units developed on RM-15 and RM-20 lots during the last planning period; the trends of rental stability versus the decreased sales price in the for-sale market; and the increased property owner inquiries regarding this type of development. Therefore, for those parcels with potential to add just one to two additional units, a factor of 20 percent has been applied. For example, of the RM-15 parcels developed with a single unit (identified in Appendix A), the sites inventory assumes that 20 percent of these parcels might reasonably intensify by 2014, reducing the unit potential from a total of 171 to 34 units likely to be developed within the planning period. Similarly, on smaller infill sites in the RM-20 zone district, a 20 percent development factor is also assumed, resulting in 13 units expected to develop within the planning period. The sites inventory also identifies four larger RM-15 parcels and twelve larger RM-20 parcels developed with an existing single-family unit with potential to add between three to eleven additional units; 100 percent of these parcels have been included in the sites inventory.

Lincoln Avenue Specific Plan

The Lincoln Avenue Specific Plan, adopted in 1999, encourages both higher density multi-family residential and mixed-use development as a means of stimulating pedestrian and transit-oriented activity along this street. The Specific Plan divides the corridor into four districts: Residential Mixed Use (RM), Commercial Mixed Use (CM), Campus Village (CV), and Downtown (D). The RM district, primarily intended for residential development, allows medium density residential (15 units per acre), high density (20 units per acre), and mixed used high density (20 units per acre) along with limited commercial development. The CM district offers the widest range of commercial uses, along with high density residential and mixed use high density (20 units per acre). The CV and D districts allow high density residential or mixed use high density at 20 units per acre. A Conditional Use Permit is currently required for all residential and mixed use projects in the Lincoln Avenue Specific Plan.

In order to identify sites within the Lincoln Avenue Specific Plan most suitable for residential development within the Housing Element timeframe, staff initially identified parcels developed with older uses non-conforming with the Specific Plan. These sites were then evaluated in terms of realistic redevelopment potential and economic viability of the existing use, eliminating those sites likely to retain the existing developed use despite legal non-conforming status. As a means of assessing the number of units each site could reasonably accommodate, staff considered the configuration of each site and existing building footprint. Although a recent project developed at 20 units per acre demonstrates the viability of achieving maximum densities, the current development trend is still predominantly detached condominium units with 3-4 bedrooms at a lower density. Therefore, this Housing Element applies a realistic development density of 13 units per acre in Medium Density areas and 18 units per acre in High Density areas was applied to each parcel (approximately 90% of maximum). However, with the shift in the market towards apartment development, the City anticipates an attached product type and smaller unit sizes which is built to maximize densities. In total, 21 parcels have been identified as suitable for residential development within the Lincoln Avenue Specific Plan, providing for 140 residential units.

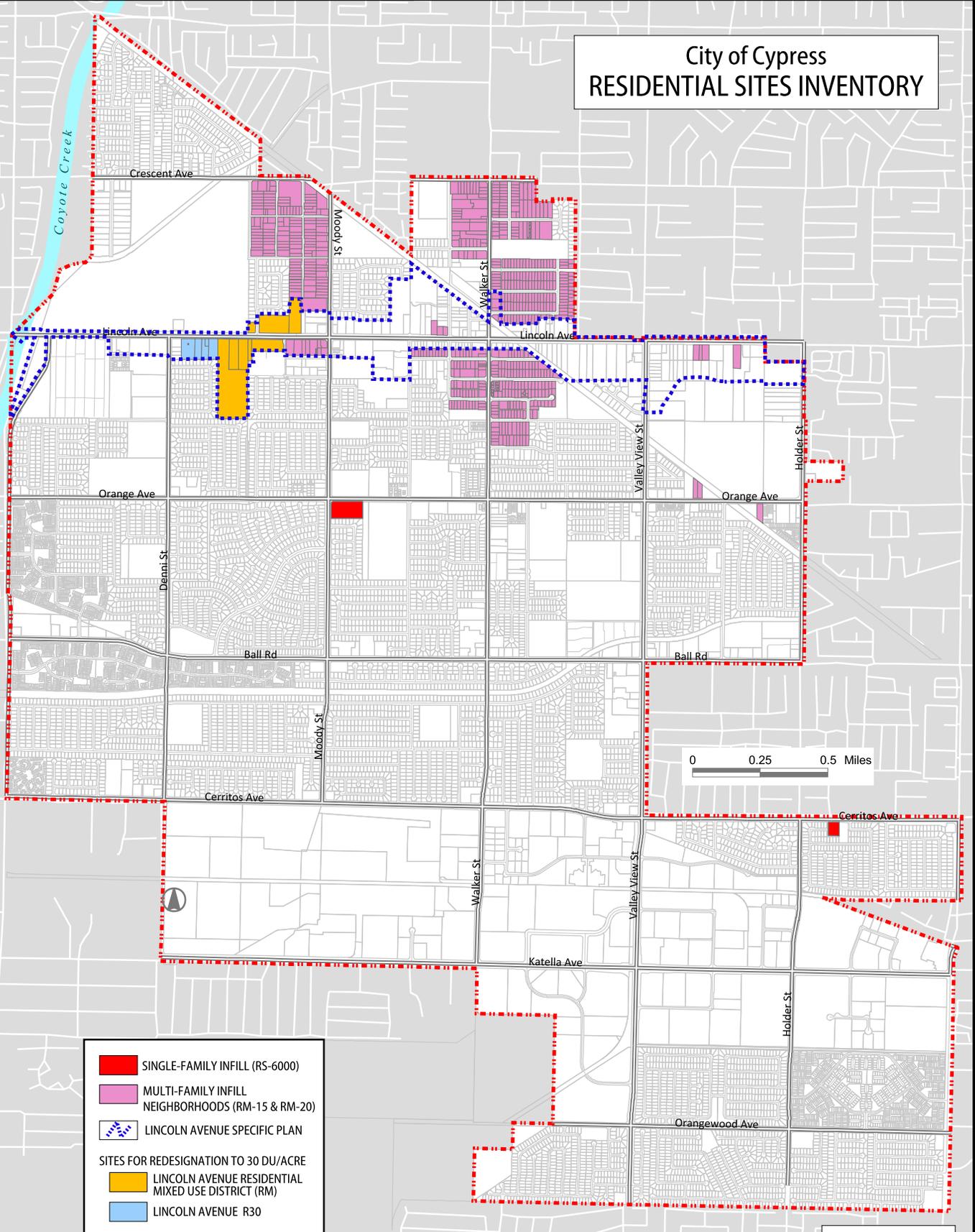
In general, lot consolidation is not required to achieve the level of residential development assumed on Lincoln Avenue, with two exceptions. Within the Downtown District of the PC-Lincoln Avenue Specific Plan Zone, four smaller adjacent parcels have been identified as suitable for consolidation and development with housing, consistent with the Plan's goal of establishing a traditional, pedestrian-oriented Downtown. In addition, three larger parcels immediately adjacent to a newer condominium project provide a prime opportunity for consolidation in an area of Lincoln Avenue envisioned to develop with primarily high density residential use. The property owners of these parcels have not expressed interest in development of residential or mixed-use projects. However, as other properties in the Specific Plan area are redeveloped as residential or mixed-use, existing property owners and/or other developers are likely to reassess these properties for development. In addition, the Redevelopment Agency offers financial incentives for lot consolidation to develop affordable housing.

Summary of Residential Development Potential Under Existing Zoning

In summary and as indicated in Table IV-1, the residential sites inventory identifies a total of 379 units which can realistically be developed in Cypress on sites currently designated for residential use. Of these sites, those in the RM-20 and the PC-Lincoln Avenue Specific Plan Zones with a density of 20 units per acre provide densities appropriate to support moderate income development. The remaining single-family and multi-family sites in the City would support housing for above-moderate income households. Since the City's very low and low income RHNA need (at the required "default density" of 30 units per acre) cannot be accommodated within the City's currently designated residential sites, as part of the Housing Element update, Cypress

will amend the Lincoln Specific Plan to designate sites suitable for higher density development.

City of Cypress RESIDENTIAL SITES INVENTORY



- SINGLE-FAMILY INFILL (RS-6000)
- MULTI-FAMILY INFILL NEIGHBORHOODS (RM-15 & RM-20)
- LINCOLN AVENUE SPECIFIC PLAN
- SITES FOR REDESIGNATION TO 30 DU/ACRE
 - LINCOLN AVENUE RESIDENTIAL MIXED USE DISTRICT (RM)
 - LINCOLN AVENUE R30

Figure 7

2. Adequate Sites for Lower Income Development

Pursuant to AB 2348, a program to provide adequate sites to address a RHNA shortfall for lower income units must adhere to the following parameters:

- Sites must be able to accommodate 100% of the RHNA shortfall for very low and low income units
- Sites for lower income households must accommodate residential uses “by right”
- Sites must be able to accommodate a minimum of 16 units
- At least 50 percent of sites to address the lower income housing shortfall need to be accommodated on sites designated for exclusively residential use

The following describes Cypress’ adequate sites program structured to fulfill the parameters of AB 2348 and address the City’s shortfall of 163 lower income units. When evaluating the adequacy of sites to address the affordability targets established by the RHNA, Housing Element statutes now provide for the use of “default densities” to assess affordability. Based on its population and location within Orange County, Cypress falls within the default density of 30 units per acre for providing sites affordable to very low and low income households. This default density is greater than the City’s current RM-20 and PC-Lincoln zone district allowing 20 units per acre. The City of Cypress is committed to addressing the affordable housing needs of the community, and has identified several sites within the Lincoln Avenue Specific Plan suitable for redesignation at 30 units per acre. These sites were selected based on several factors: current land use; feasibility of higher density residential development; proximity to compatible uses; community context; and location within a Redevelopment Project Area.

Table IV-2 provides a summary of the six sites within the Planned Community Zone for Lincoln Avenue (PC-Lincoln) to be amended to accommodate densities at 30 units per acre. All sites are located within a Redevelopment Project Area and are eligible for the following incentives provided to offset the financial burden of affordable residential development:

- Streamlined processing
- Flexibility in development standards for on-site or off-site improvements
- Reduction in square footage of affordable units
- Payment by the Agency of certain development fees (such as sewer, water, and drainage)
- Technical assistance to a developer applying for public funds or gap financing for a project
- Direct financial assistance from the Agency
- Other creative and lawful means of offsetting the cost of providing affordable units

The first sites listed in Table IV-2 will be amended as a new R30 Residential district within the PC-Lincoln Zone and will be designated for exclusively residential use. These sites, totaling 4.82 acres, can accommodate a total of 143 units. The 1.8 acre western-most parcel currently houses two older office buildings and has been on the market for the past several years for redevelopment with housing, but due to the current 20 unit per acre density limitations, has not been economically feasible. The owner has indicated a strong interest in redeveloping the site based on the increase in density to 30 units per acre. The two other sites in the new R30 zone district house older auto repair shops which are legal non-conforming uses in the PC-Lincoln Zone district. The auto repair shop owner immediately adjacent to the office buildings has been interested in expanding the business, but has been unable to do so because of the non-conforming status of the auto use. The increased residential density increases the value of the property, providing the owner an opportunity to sell the property and move to a location better suited to an expanded auto repair business. The office building site was recently purchased by a developer interested in residential development under the proposed R30 zone district. The developer has approached City staff to learn more about the adjacent property to explore the potential for residential development on that site as well.

The second list of sites in Table IV-2 are immediately adjacent to the parcels to be redesignated R30. These three will remain part of the Residential Mixed Use (RM) district in the PC-Lincoln Zone, but allow for an increased residential density of 30 units per acre. The Lincoln Avenue RM district is intended primarily for residential development, while also allowing for limited, neighborhood-serving commercial development. While amendment of the RM district to 30 units per acre will extend to all parcels within the district, the Housing Element sites inventory identifies three particular sites currently developed with non-conforming uses most likely to redevelop with housing. The largest, an 11.6 acre parcel, extends deep into the residential neighborhood to the south, and is developed with a die-casting business. Existing non-conforming uses on the adjacent two sites include an older auto body/towing business and a strip commercial building with self-storage. While both properties are in fairly good condition, with the increase in permitted density, the owners have greater economic incentive to redevelop all or part of their property to include residential development. In total, these three RM sites provide for 473 residential units at a density of 30 units per acre. Other sites in the RM district of the PC-Lincoln zone have been recently redeveloped and are unlikely to add residential uses during this Housing Element period.

**Table IV-2
Lincoln Avenue Specific Plan Amendment
Sites for Redesignation to 30 Units/Acre**

Assessors' Parcel Number	Existing Use	Proposed Zoning Designation	Acreage	RDA	Unit Yield
AMENDMENT TO R30 – EXCLUSIVELY RESIDENTIAL					
244-351-23	Older Office Building	R30	1.78	Y	53
244-351-03	Older Auto Repair	R30	0.89	Y	26
244-351-24	Older Auto Repair	R30	2.15	Y	64
TOTAL R30			4.82		143
AMENDMENT OF RM (RESIDENTIAL MIXED-USE) DISTRICT TO ALLOW 30 UNITS/ACRE					
244-361-04	Older Light Industrial	PC-Lincoln: RM	11.59	Y	347
244-361-03	Auto Repair/Towing	PC-Lincoln: RM	1.85	Y	55
244-361-24	Older Strip Commercial/Self-Storage	PC-Lincoln: RM	2.39	Y	71
TOTAL PC-LINCOLN RM			15.83		473
TOTAL AT DENSITY OF 30 UNITS/ACRE					616

3. Committed Assistance

Government Code Section 65583.1(c) permits jurisdictions to rely on existing units to fulfill up to 25 percent of their residential sites requirement (RHNA) for a specific income category in the Housing Element, pursuant to specified criteria. The following activities may be eligible:

- Substantial rehabilitation of substandard rental housing
- Conversion of multi-family rental units from non-affordable to affordable
- Preservation of at-risk housing

To qualify, a community must provide “committed assistance” to specified projects within the first two years of the planning period through a legally enforceable agreement. Units must be provided at affordable rent levels to very low and/or low income households, with affordability terms ranging from 20 - 55 years, depending on the activity.

The City of Cypress has committed to providing financial assistance towards the conversion of 14 multi-family units from low income affordability to very low income affordability for a period of 55 years, and is seeking to apply credits towards the City’s RHNA obligations (refer to Appendix B - Adequate Sites Program Alternative Checklist). The City of Cypress is eligible to use the alternate adequate sites program because, 2 low income units were constructed during the last Housing Element cycle, and 7 very low income units have been constructed in the current Housing Element cycle. Affordability of the units was established through long-term covenants tied to the units.

On October 22, 2007 the Cypress Redevelopment Agency directed staff to negotiate with Cypress-Tara Village, LP, owners of the Tara Village apartment complex with 170 family apartment units to enter an affordable housing agreement to lengthen the affordability covenants on 80 units and provide greater affordability within the complex. Tara Village was acquired and rehabilitated by Cypress-Tara Village, LP in 2005 using mortgage revenue bonds allocated by the State. The bond financing requires 34 units to be affordable to very low income households, and 136 units to be affordable to low income households for a term of 30 years. The Agency desires to lengthen the term of affordability on at least 80 units to 55 years. In addition, the Agency is purchasing additional affordability for 14 two-bedroom units, changing the level of affordability from low to very low income. Staff is currently in negotiations and expects to enter an agreement with the owners by August 2008 to commit approximately \$6.8 million of Redevelopment housing set-aside funds to the project. The Agency has allocated a portion of the funds for the project in the current budget, and will budget the remaining funds in the next fiscal year, starting in July 2008. These funds are sufficient to provide the extension of the term of affordability as well as conversion of the 14 units. The units will become very low income as occupancy changes, so relocation will not be required for the 14 units. The owner has indicated that approximately 1-2 units become vacant

each month. Therefore, it is anticipated that the 14 units with committed assistance will be available to very low income households within the next two years. The City's committed assistance to Tara Village will both extend the affordability term of 80 units to a 55 year period and change the level of affordability for 14 of the 80 units from low income to very low income. The units will be decent, safe and sanitary upon occupancy.

Program 15 in the Housing Element obligates the Agency to provide committed assistance for converted units at Tara Village. Pursuant to Government Code Section 65583.1[c], the City will report to the State Department of Housing and Community Development (HCD) on the status of the converted units no later than July 1, 2010. If the City has not entered into an enforceable agreement of committed assistance for the units specified in this program, it will amend the Housing Element, as necessary, to identify additional appropriately zoned and suitable sites. The City is interested in programs similar to this in the future, as additional funding becomes available.

4. Residential Development Potential Compared with Cypress' Regional Housing Needs

As defined by the RHNA, Cypress' new construction need for the 2008-2014 period is 451 new units, distributed among four income categories. The following is a summary of the City of Cypress' plan to provide adequate sites to meet the RHNA. Table IV-3 then compares the RHNA with the City's provision of adequate sites.

Vacant and Underutilized Sites

The City's current zoning for vacant and underutilized sites allows development of 309 units, of which 234 address the moderate income housing need (at 20 units per acre) and 75 address the above moderate income housing need.

Rezoning (Amendment of Lincoln Avenue Specific Plan)

The City will amend the PC-Lincoln zone to include a R30 (Residential) district for exclusively residential use and increase the RM (Residential Mixed-Use) district's residential density to 30 units per acre. The R30 designation will affect a total of 4.82 acres, accommodating development of 143 units. Since most of the RM district has already been redeveloped, three candidate sites with existing non-conforming uses have been identified as likely to redevelop. These three RM sites total 15.83 acres, accommodating development of 473 units. In total, these amendments to the Lincoln Avenue Specific Plan provide for 616 units at the lower income "default" density of 30 units per acre, more than addressing Cypress' 177 unit lower income housing need.

Converted Affordable Housing

The City will provide financial assistance to 80 of the 170 units at Tara Village, of which 14 units can be applied towards addressing the City's very low income new construction housing need. These 14 units will convert affordability from low income to very low income households.

Existing Building Permits, Completed Projects, and Approved Projects

Housing units receiving building permits during the 2006-2007 RHNA "gap period" can also be credited towards the RHNA. Between January 1, 2006 and December 31, 2007 permits have been issued for 15 units, of which 3 are apartments accommodating moderate income households. From January 1, 2006 through December 31, 2007, certificates of occupancy have been released to 137 completed units, including 7 moderate income apartment units. The City regularly tracks completed projects in an annual report to the Orange County Fire Authority, the California Department of Finance, and the Orange County demographer (Center for Demographic Research at California State University, Fullerton) providing an accurate measure of development activity. In addition to projects with building permits, the City has approved or entitled nine residential projects with a total of 80 units expected to be completed by 2009. In aggregate, the total units represented by permits, completed projects and approved projects are 232, of which 21 accommodate moderate income households. (Refer to Appendix A for detailed information on approved, permitted and completed projects).

The above efforts result in sufficient sites capacity to address the City's regional housing growth needs by income level, as illustrated in Table IV-3.

**Table IV-3
Comparison of Regional Growth Need and Residential Sites**

Income Group	Total RHNA	Approved Projects and Building Permits Issued (1/2006 – 12/2007)*	Site Inventory Feasible Units Capacity**	Total Unit Capacity
Very Low	98	0	630	630
Low	79	0		
Moderate	89	13	234	247
Above Moderate	185	219	75	294
Total	451	232	939	1,171

* Includes 137 units completed and 15 units with permits issued from January 1, 2006-December 31, 2007, and 9 approved/entitled projects with a total of 80 units.

** Includes vacant and underutilized land (Table IV-1); committed assistance to Tara Village; and sites to be redesignated at default densities (Table IV-2).

5. Availability of Infrastructure and Public Services

Incorporated in 1956, Cypress is a younger suburban community with the necessary infrastructure in place to support future development. The City annexed one area in 1971 and two additional areas in the 1980s. In the older areas, generally along Lincoln Avenue and in the annexed areas, the infrastructure is beginning to need some repair and will be included in the City's Capital Improvement Program as deemed necessary by the Public Works Department.

SB 1087, effective January 2006, requires water and sewer providers to grant priority for service allocations to proposed developments that include units affordable to lower income households. Pursuant to these statutes, upon adoption of its Housing Element, Cypress will immediately deliver the Element to local water and sewer providers, along with a summary of its regional housing needs allocation.

B. FINANCIAL RESOURCES

There are a variety of potential funding sources available for housing activities in Cypress. Due to both the high cost of developing and preserving housing, and limitations on both the amount and uses of funds, layering of funding sources may be required for affordable housing programs and projects. Table IV-4 lists the potential funding sources that are available for housing activities. They are divided into five categories including: federal, state, county, local, and private resources.

The primary source of funds for affordable housing activities in Cypress is derived from the Redevelopment Agency housing set-aside fund. As required by California Redevelopment Law, the Cypress Redevelopment Agency sets aside 20 percent of all tax increment revenue generated from the redevelopment project areas for the purpose of increasing and improving the community's supply of housing for low- and moderate income households. These set-aside funds are placed in a separate Low- and Moderate-Income Housing Fund. Interest earned on money in the Fund, and repayments from loans, advances or grants are returned to the Fund and used to assist other affordable housing projects and programs.

The Cypress Redevelopment Agency (Agency) is in the last two years of its 2005-2009 Implementation Plan, adopted on November 22, 2004. The Plan presents the estimated revenues and expenditures for 2005-2009. The Plan also describes the housing programs the Agency expects to begin or continue during that period, as indicated below:

- Multi-Family Assistance
 - Rental Deposit Guarantee
 - Community Rental Rehabilitation
 - Mixed-Use Housing Development
- Single Family Projects
 - Neighborhood Clean-Up
 - First Time Homebuyer
 - Single Family Residential Rehabilitation
- Preservation of Affordable Units

In 2009, the Agency Plan will be updated, reflecting the programs described in this Housing Element. Anticipated Redevelopment housing set-aside revenues range from \$1.26 - \$1.5 million annually, for an estimated total of \$9.6 million from 2008-2014. In addition to the Redevelopment housing set-aside funds, the Agency anticipates receiving inclusionary in lieu funds from housing developers during this Housing Element period. During the past Housing Element period, the Agency received \$35,000 from a developer as inclusionary in lieu fees. Another \$80,000 for a recently entitled 16 unit project is pending.

**Table IV-4
Financial Resources Available for Housing Activities**

Program Name	Description	Eligible Activities
1. Federal Programs		
Community Development Block Grant (CDBG)	The City applies to Orange County annually for CDBG grant funds. Historically, Cypress has received approximately \$100,000 each year. However, the County anticipates a decrease in CDBG funds and Cypress anticipates a reduction to \$75,000. The City uses CDBG funds for the on-going HELP II single-family rehabilitation program.	<ul style="list-style-type: none"> ▪ Acquisition ▪ Rehabilitation ▪ Homebuyer Assistance ▪ Economic Development ▪ Homeless Assistance ▪ Public Services
HOME	Cypress does not receive HOME funds directly from the Federal government. However, Cypress can apply for HOME funds through the State of California's annual NOFA. Affordable rental housing projects in Cypress can apply for HOME funds through the County of Orange annual NOFA. HOME funds are used to assist low income (80% AMI) households.	<ul style="list-style-type: none"> ▪ New Construction ▪ Acquisition ▪ Rehabilitation ▪ Homebuyer Assistance ▪ Rental Assistance
Section 8 Rental Assistance	Rental assistance payments to owners of private market rate units on behalf of low-income (50% MFI) tenants. Administered by the Orange County Housing Authority.	<ul style="list-style-type: none"> ▪ Rental Assistance
Section 202	Grants to non-profit developers of supportive housing for the elderly.	<ul style="list-style-type: none"> ▪ Acquisition ▪ Rehabilitation ▪ New Construction
Section 811	Grants to non-profit developers of supportive housing for persons with disabilities, including group homes, independent living facilities and intermediate care facilities.	<ul style="list-style-type: none"> ▪ Acquisition ▪ Rehabilitation ▪ New Construction ▪ Rental Assistance
2. State Programs		
Low-income Housing Tax Credit (LIHTC)	Tax credits are available to persons and corporations that invest in low-income rental housing. Proceeds from the sale are typically used to create housing.	<ul style="list-style-type: none"> ▪ New Construction
Multi-Family Housing Program (MHP)	Deferred payment loans to local governments, non-profit and for-profit developers for new construction, rehabilitation and preservation of permanent and transitional rental housing for lower income households. Two funding rounds annually through 2009.	<ul style="list-style-type: none"> ▪ New Construction ▪ Rehabilitation ▪ Preservation ▪ Conversion of nonresidential to rental ▪ Social services within project

**Table IV-4 (continued)
Financial Resources Available for Housing Activities**

Program Name	Description	Eligible Activities
Building Equity and Growth in Neighborhoods (BEGIN)	Grants to cities to provide downpayment assistance (up to \$30,000) to low and moderate income first-time homebuyers of new homes in projects with affordability enhanced by local regulatory incentives or barrier reductions. One funding round annually through 2009.	<ul style="list-style-type: none"> ▪ Homebuyer Assistance
CalHome	Grants to cities and non-profit developers to offer homebuyer assistance, including downpayment assistance, rehabilitation, acquisition/rehabilitation, and homebuyer counseling. Loans to developers for property acquisition, site development, predevelopment and construction period expenses for homeownership projects. One funding round annually through 2011.	<ul style="list-style-type: none"> ▪ Predevelopment, site development, site acquisition ▪ Rehabilitation ▪ Acquisition/rehab ▪ Downpayment assistance ▪ Mortgage financing ▪ Homebuyer counseling
Transit-Oriented Development Program	Funding for housing and related infrastructure near transit stations. One funding round annually through 2009.	<ul style="list-style-type: none"> ▪ Regulations under development
Affordable Housing Innovation Fund	Funding for pilot programs to demonstrate innovative, cost-saving ways to create or preserve affordable housing.	<ul style="list-style-type: none"> ▪ Regulations pending
Infill Incentive Grant Program	Funding of public infrastructure (water, sewer, traffic, parks, site clean-up, etc) to facilitate infill housing development. One funding round annually.	<ul style="list-style-type: none"> ▪ Regulations pending
CalHFA Residential Development Loan Program	Low interest, short-term loans to local governments for affordable infill, owner-occupied housing developments. Links with CalHFA's Downpayment Assistance Program to provide subordinate loans to first-time buyers. Two funding rounds per year.	<ul style="list-style-type: none"> ▪ Site acquisition ▪ Pre-development costs
CalHFA Homebuyer's Downpayment Assistance Program	CalHFA makes below market loans to first-time homebuyers of up to 3% of sales price. Program operates through participating lenders who originate loans for CalHFA. Funds available upon request to qualified borrowers.	<ul style="list-style-type: none"> ▪ Homebuyer Assistance

**Table IV-4 (continued)
Financial Resources Available for Housing Activities**

Program Name	Description	Eligible Activities
3. County Programs		
Mortgage Assistance Program (MAP)	The County of Orange provides mortgage loans to first time homebuyers. The Affordable Housing Clearinghouse provides the homebuyer services for the County.	<ul style="list-style-type: none"> ▪ Homebuyer Assistance
Mortgage Credit Certificate (MCC)	The County of Orange offers the MCC program in partnership with Affordable Housing Applications. The MCC is a Federal Income Tax Credit program, effectively reducing the applicant's taxes and increasing their net earnings. Program currently on hold.	<ul style="list-style-type: none"> ▪ Homebuyer Assistance ▪ Income Tax Credit
4. Local Programs		
Redevelopment Housing Fund	State law requires that 20% of Redevelopment Agency funds be set aside for a wide range of affordable housing activities governed by State law. The Cypress Redevelopment Agency estimates that \$1.26 - \$1.5 million will be contributed to the Low/Mod Housing Fund annually from 2008-2014 for a total of \$9.6 million.	<ul style="list-style-type: none"> ▪ Acquisition ▪ Rehabilitation ▪ New Construction
Housing Trust Fund	Inclusionary housing in-lieu fees as negotiated with the Redevelopment Agency. The Agency uses the fees to provide affordable housing.	<ul style="list-style-type: none"> ▪ Pre-development costs ▪ Land acquisition ▪ Rehabilitation ▪ Land Write-downs ▪ Interest rate subsidies
Tax Exempt Housing Revenue Bond	The City can support low-income housing by holding the required TEFRA hearing prior enabling the issuance of housing mortgage revenue bonds. The bonds require the developer to lease a fixed percentage of the units to low-income families at specified rental rates.	<ul style="list-style-type: none"> ▪ New Construction ▪ Rehabilitation ▪ Acquisition
5. Private Resources/Financing Programs		
Federal National Mortgage Association (Fannie Mae)	Fixed rate mortgages issued by private mortgage insurers; mortgages which fund the purchase and rehabilitation of a home; low down-payment mortgages for homes in underserved areas.	<ul style="list-style-type: none"> ▪ Homebuyer Assistance

Table IV-4 (continued)
Financial Resources Available for Housing Activities

Program Name	Description	Eligible Activities
Federal Home Loan Bank Affordable Housing Program	Direct Subsidies to non-profit and for profit developers and public agencies for affordable low-income ownership and rental projects.	<ul style="list-style-type: none"> ▪ New Construction
Savings Association Mortgage Company Inc.	Pooling process to fund loans for affordable ownership and rental housing projects. Non-profit and for profit developers contact member institutions.	<ul style="list-style-type: none"> ▪ New Construction
Freddie Mac	HomeWorks-1 st and 2 nd mortgages that include rehabilitation loan; City provides gap financing for rehabilitation component. Households earning up to 80% MFI qualify.	<ul style="list-style-type: none"> ▪ Home Buyer Assistance combined with Rehabilitation

Source: Karen Warner Associates

C. ADMINISTRATIVE RESOURCES

Described below are several non-profit agencies that are currently active and have completed projects in Orange County. These agencies serve as resources in meeting the housing needs of the City, and are integral in implementing activities for acquisition/rehabilitation, preservation of assisted housing, and development of affordable housing.

Habitat for Humanity

Habitat is a non-profit, Christian organization that builds and repairs homes for sale to very low income families with the help of volunteers and homeowner/partner families. Habitat homes are sold to partner families at no profit with affordable, no interest loans. The local affiliate, Habitat for Humanity Orange County has been active in Cypress, having built 7 homes for very low income families in the last Housing Element period.

Jamboree Housing Corporation (JHC)

JHC is a non-profit developer that has developed and implemented numerous affordable housing projects throughout Southern California as well as the State. Jamboree has also established an in-house social services division to assist residents in maintaining self-sufficiency. "Housing with a HEART" (Helping Educate, Activate and Respond Together) now operates at most Jamboree-owned properties. Jamboree recently worked with the City of Cypress to develop a Neighborhood Improvement Plan for the Lemon-Lime neighborhood. This Plan was recently adopted by the City Council and some infrastructure improvements have begun.

Mercy Housing California

Mercy Housing has offices in Los Angeles, San Francisco and Sacramento. Mercy Housing serves more than 10,000 people at about 100 properties. Residents range from families to people with special needs to seniors. Mercy Housing has approached City staff about developing affordable housing in Cypress.

Orange Housing Development Corporation (OHDC)

OHDC is a non-profit housing developer founded in 1990. Located in the City of Orange, the Agency's start-up costs were originally funded by the Orange Redevelopment Agency. OHDC's primary focus is within Orange County, but has developed over 3,000 units in communities throughout California. OHDC, along with the for-profit developer C&C Development Company, has approached the City of Cypress about potential motel conversions. Both developers have experience in converting existing motels to affordable housing.

D. OPPORTUNITIES FOR ENERGY CONSERVATION

Conventional building construction, use and demolition along with the manufacturing of building materials have multiple impacts on our environment. In the United States, the building industry accounts for:

- 65% of electricity consumption
- 30% of greenhouse gas emissions
- 30% of raw materials use
- 30% of landfill waste
- 12% of potable water consumption

Interest in addressing these impacts at all levels of government has been growing. In 2004, the State of California adopted legislation requiring LEED (Leadership in Energy and Environmental Design) certification for new and renovated public buildings. Some local jurisdictions have not only adopted similar standards for their public buildings, but have also recently required LEED certification for larger commercial and residential developments. For example, the City of Pasadena requires the LEED certified level for commercial construction of 25,000+ square feet and residential buildings with 4+ stories. Other Southland cities that have adopted similar requirements are Calabasas, Santa Monica, Long Beach, and Los Angeles.

However, LEED certification building standards are just one piece of a coordinated green building program. Why would a city adopt a more comprehensive green building program? Most local building standards already consider energy and stormwater issues. In addition, many jurisdictions have programs related to recycling, water conservation, stormwater management, land use, and public health. However, these programs are often overlapping and uncoordinated. One of the primary goals behind establishing a green building program is to create a holistic, integrated design approach to green building.

A green building program considers a broad range of issues including community and site design, energy efficiency, water conservation, resource-efficient material selection, indoor environmental quality, construction management, and building maintenance. The end result will be buildings that minimize the use of resources; are healthier for people; and reduce harm to the environment.

Both the public and private sectors currently offer grants, refunds, and other funding for green building. In addition, developments built to green standards assist both the owners and tenants with energy and maintenance costs over time.

Other efforts by cities related to energy conservation include: providing information regarding energy efficient techniques for rehabilitation; referrals for residents and businesses to energy conservation programs; and local incentives for building green.

The following presents a variety of ways in which Cypress can promote energy conservation:

- Advertise utility rebate programs and energy audits available through Edison and Southern California Gas, particularly connected to housing rehabilitation programs. Lower-income households are also eligible for State sponsored energy and weatherization programs.
- Develop green (energy-efficient and environmentally-sensitive) building standards for public buildings.
- Provide incentives, such as expedited plan check, for private developments that are building green
- Support the elimination of contamination in older buildings (lead-based paint, asbestos, etc.) during rehabilitation and code inspections.
- Allow higher densities and mixed use development within walking distance of commercial, thereby reducing vehicular trips and reducing greenhouse gas emissions.
- Promote funding opportunities for private green buildings, including available rebates and funding available through the California Energy Commission for installation of solar panels.
- Provide resource materials and training opportunities regarding green building and energy conservation.
- Apply green building criteria to rehabilitation of single and multi family buildings.

Global Green, a leader in the green building field, has designed a step-by-step guide for local governments interested in creating a green building program. The steps are outlined as follows:

1. Establish Your Baseline - what are current local policies, ordinances, and environmental programs; identify gaps
2. Analyze Building Trends - what are past trends, planned city and major private projects, and projected growth
3. Review Existing Guidelines - do they fit with local climate, city procedures, local building practice, and address local priorities
4. Conduct Outreach - form city staff team and citizen committee; convene groups; and identify issues and priorities
5. Establish Framework - identify priority sectors; determine phasing; set incentives; and determine administration
6. Implementation - adopt policy; prepare and provide resources and materials; hold workshops and trainings; identify additional staff needs

To further green building goals, residential and mixed-use developments receiving Redevelopment Agency assistance may be required to include sustainable design features to the extent financially feasible, such as:

- Energy and water reduction strategies
- Building design that maximizes sunlight for heat and light, and maximizes air flow for natural cooling
- Solid waste reduction technologies
- Storm water mitigation
- Gray water recycling

Southern California Edison Energy Efficiency Programs (www.sce.com)

Southern California Edison (SCE) offers a Multi-Family Energy Efficiency Rebate Program that provides property owners and managers incentives on a broad list of energy efficiency improvements in lighting, HVAC, insulation and window categories. Edison's refrigerator and freezer recycling program provides cash rebates and free pick up of old appliances as an encouragement to residents to replace old appliances with new energy-efficient ones.

The following three programs are offered by SCE to help low income customers reduce energy costs and control their energy use:

- **Energy Management Assistance Program** - Pays for the cost of purchasing and installing energy efficient appliances and equipment
- **California Alternate Rates for Energy (CARE)** - Offers very low income customers a discount of 20% or more off their monthly electric bill. The Family Electric Rate Assistance (FERA) program also offers reduced rates for lower income families.
- **Energy Assistance Fund** - Assists income qualified customers with their electric bill once in a 12 month period

Southern California Gas Company Energy Efficiency Programs (www.socalgas.com)

The Southern California Gas Company offers several energy efficiency programs, including home energy rebates for energy efficient appliances; multi-family rebates for energy saving improvements; and home energy and water efficiency kits. Similar to SCE, several programs are available to assist lower income customers with energy bills:

- **California Alternate Rates for Energy (CARE)** - Offers very low income customers a discount of 20% or more off their monthly gas bill.
- **No-Cost Energy Saving Home Improvements** - Service provides free weatherization for the homes or apartments of lower income families.
- **One-Time Bill Assistance** - Up to \$100 in one-time assistance on the gas bill.
- **Medical Baseline Allowance** - Households with a seriously disabled member, or person with life-threatening illness, may qualify for additional gas at a reduced rate schedule.