

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, exclng 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:

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

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 (PIng 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 (PIng 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.