



City of Sunnyvale

Meeting Minutes - Excerpt

Housing and Human Services Commission

Wednesday, January 28, 2015

7:00 PM

West Conference Room, City Hall, 456 W.
Olive Ave., Sunnyvale, CA 94086

**2 [14-0844](#) Consideration of a Rental Housing Impact Fee for New
Market-Rate Rental Housing Developments**

Housing Officer Isé introduced Affordable Housing Manager Ernie DeFrenchi who gave a brief presentation on this item.

After the presentation, the commissioners asked several questions, such as:

- Whether charging this fee would drive rents even higher than they currently are;
- Whether it would be appropriate to make a recommendation without the results of the feasibility study;
- Whether the alternative of providing units on site (and if so, how many) would be negotiable on a case by case basis.

Someone suggested structuring the code to make it more attractive for developers to provide affordable units on site rather than paying the fee.

Staff addressed the questions and noted that, although some cities choose to negotiate project requirements on a case by case basis, Sunnyvale has tended to set clear standards in the zoning code to avoid having to conduct lengthy negotiations on requirements such as affordable housing for each development. She added that these types of details would be included in the draft ordinance, including the term of the affordability restrictions, which is typically in the range of 30 to 55 years.

Chair Gilbert opened the public hearing at 7:55 p.m.

Annette Kirkham of the Law Foundation of Silicon Valley spoke in support of the fee and encouraged the Commissioners to recommend Alternative #4, which would set the fee at \$26 per square foot. She also described some of the common complaints her agency handles, such as: overcrowding, no heat, pest infestations, unpermitted structures, and residents ultimately forced out of the area because of the high rents and low affordable housing stock.

Charisse Ma Lebron of Working Partnerships spoke in support of adopting a \$26 fee per square foot, since that amount is still well below what the nexus study can legally justify. She noted her support for developers supplying the affordable units in lieu of the fee, as long as an effort is made to build them near public transit.

Jan Lindenthal of Mid-Pen Housing noted that MidPen Housing owns approximately 900 affordable units in Sunnyvale, and she also recommended a fee of \$26 per square foot.

Chair Gilbert closed the public hearing at 8:05 p.m.

After a lengthy discussion, Chair Gilbert asked for a motion.

After some discussion, Commissioner McCloud moved and Commissioner Evans seconded a motion, restated by Commissioner Chiu, to recommend that Council Move Alternatives 1, 5, 6, and 7 with a caveat, as follows:

1. Direct staff to prepare an ordinance authorizing a rental housing impact fee for new market-rate rental housing developments;
5. Direct staff to include in the ordinance an option to allow developers to provide affordable units within a project instead of paying the impact fee, as well as other possible options such as providing off-site affordable units or dedicating land instead of paying the fee;
6. Direct staff to return to the City Council within two years to reevaluate and possibly adjust the rental housing impact fee; and
7. Direct staff to set the initial rental impact fee at \$21 per habitable square foot, adjusted annually as part of the City Fee Schedule, with the caveat that if the feasibility study shows that \$21 per square foot was not feasible, Council should adjust the fee downward as needed.

The motion carried by the following vote:

Yes: 7 - Chair Gilbert
Vice Chair Jeong
Commissioner Chiu
Commissioner Evans
Commissioner McCloud
Commissioner Schmidt
Commissioner Sidhu

No: 0