

**Excerpts from March 27, 2017 Report to Planning Commission  
Land Use and Transportation Element**

(Report to Council 17-0379—Attachment 1: Report to Planning Commission 16-0843)

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**JOBS TO HOUSING RATIO**

In 1979 the City Council adopted a policy on the “Jobs-Housing Imbalance” acknowledging that the problem was endemic to all cities in Santa Clara County and that all the cities needed to be part of the solution (Attachment 7). In 1972 the General Plan buildout predicted 52,604 housing units; there was not a prediction of buildout for jobs (compare, also, to the 1955 General Plan which estimated 120,000 jobs at buildout and 47,789 housing units). In the early 1980s the City embarked on a series of planning and housing programs over the next 25 years to increase the housing supply, increase the availability of affordable housing and decrease the number of potential jobs. These efforts included:

- Rezoning industrial and commercial properties to allow for additional housing (three phases over 13 years, including the final phase called Futures)
- Implementing controls on the intensity of industrially zoned developments and require payment of a housing mitigation fee for developments approved by Use Permit to exceed 35% floor area ratio (FAR)
- Allowing higher density housing in transit rich areas such as Downtown and Lawrence Station
- Allowing the development of accessory living units on single-family and duplex properties of minimum size;
- Allowing housing in all zoning districts
- Preserving the mobile home parks by creating a Mobile Home Park General Plan designation (previously, most mobile home parks had an underlying industrial general plan designation);
- Requiring inclusionary affordable dwelling units (Below Market Rate);
- Requiring housing mitigation fees for net new non-residential development regardless of zoning district
- In compliance with State requirements, removing barriers to obtaining approvals for new residential development

In addition, the City considered private property owner requests to amend the General Plan to allow housing on industrially zoned sites, and to consider mixed-use commercial and housing development on El Camino Real.

Although net new industrial/office development has taken place in Sunnyvale since 1979, the number of jobs has decreased (i.e. ABAG reports the number of jobs in 1990 was 121,000 compared to 82,000 in 2014). This decrease in jobs is a result of changes in the character of industry (e.g. fewer businesses supporting two or three daily shifts of employees and fewer assembly line/cannery operations) and also changes in the local economy (a considerable number of jobs were lost during the recession in 2008). In 1989, the City of Sunnyvale formalized the Economic Development program and created staffing positions to coordinate with long-range planning activities and

development services, and to support and represent business as business needs changed. As part of the business-attraction program was a recognition that the across-the-board 35% FAR requirement limited the variety of job types that would be attracted to the City. This recognition resulted in the Futures intensification areas that allowed higher FAR developments on industrial properties in Moffett Park (50% FAR) and Peery Park (70% and 100% FAR). Later, specific plans for these areas further increased the allowable development; the increased allowances were made dependent on the reduction of vehicle trips through transportation demand management (TDM) programs, requiring up to 35% reduction in peak-hour trips. Options of modifications to land use that could be considered to affect the jobs to housing ratio are presented below under the heading of “Feedback and Options to Address Feedback.”

### **ABAG and the Regional Housing Need Allocation (RHNA)**

Per State requirements, the Association of Bay Area Governments (ABAG), develops an allocation of housing units for cities and counties within its region prior to the preparation of updates to local housing elements. The housing needs of the region are assigned by the State and ABAG develops a formula to distribute the need amongst the cities and counties. The cycle repeats approximately every eight years and the process to develop the allocations takes several years. In recent cycles, there has been more coordination with the various agencies in developing the formulas. The general plans and projected growth for each city or county are factored into the final formula as is region-wide plan: Sustainable Community Strategy. During the prior housing element cycle there were about 40 factors that were used to create the formula for allocating the housing needs estimates. The existing and planned transportation network now plays a role in distributing the housing allocations. The formula changes each cycle. ABAG does not attempt to achieve a specific jobs to housing ratio for each city/county but looks at the ratio at a region and sub-regional level to inform the allocation process. Since the requirement for a state mandated Housing Element (and to address planning for the RHNA) the City of Sunnyvale has had adequate sites already planned for housing to meet the assigned RHNA.

Concerns have been expressed that increases in the local jobs to housing ratio in the LUTE could raise the City’s RHNA for the next Housing Element cycle. It cannot be predicted whether Sunnyvale’s allocation would change as many factors are involved: the State’s housing allocation to the region, changes in other communities’ general plans, economic forecasts of job growth, forecasts of population increases, planned or desired changes to the regional transportation system, etc.

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### **Options to Address Feedback**

In response to City Council and Planning Commission requests to identify ways to address public feedback, City staff identified possible changes to the LUTE in response to the results from Open City Hall and the comments letters on the Draft EIR. The following changes were developed for consideration:

C. Jobs to Housing Ratio. There are three types of land use changes that would affect the jobs to housing ratio: increase housing, decrease jobs, or a combination of both.

- i. *Increase Housing: Three Key Areas.* Recently the City Council provided direction to study an increase in allowable housing units in both the Peery Park and Lawrence Station areas. In addition, the City Council will consider the preferred alternative for the comprehensive update to the Precise Plan for El Camino Real. The Public Advisory Committee (ECR-PAC) has recommended an alternative with more housing than is included in the Draft LUTE (City Council will consider a preferred land use alternative for El Camino Real after action on the LUTE, potentially late Spring 2017).

While no studies have commenced, staff estimates a potential for an additional 2,500-6,000 housing units if these plans are modified to allow more residential units than contemplated in the LUTE. Using a mid-range number of 4,000 housing units would reduce the projected jobs to housing ratio to 1.63 to 1. The Council cannot consider those increases as part of the LUTE adoption; amendments to each of those plans would require separate environmental review and public outreach.

- ii. *Decrease Jobs: Eliminate an Employment Village.* The village at the Reamwood Light Rail Transit (LRT) station represents an increase of about 625 potential jobs. Except for the area around Northrop Grumman (see discussion below), this is the only area in the LUTE to allow more employment uses than the current General Plan, for which a separate plan has not already been adopted (both Peery Park and Lawrence Station included increase in potential jobs). Staff considers the number of additional jobs relatively small and notes that this location is ideal for intensification due to the convenient access to the LRT. Deleting this employment village would not significantly change the jobs to housing ratio (less than 0.01 jobs to one housing unit). To make a material change in the jobs to housing ratio by decreasing jobs, City Council would have to identify an area to decrease allowable employment producing uses.
- iii. *Both: Revert a portion of the Futures 5 area to housing.* Futures 5 is an Industrial to Residential (ITR) area that includes Northrop Grumman. This option is part of CEQA Alternative 2. The General Plan land use designation for this area was changed in 1993, however implementing zoning (such as industrial to residential) was never approved for this area. The Northrop Grumman representatives have indicated that this is a key business location and that they intend to stay; they have also indicated a reluctance to ever sell their land for residential use due to contamination in the soil and groundwater, currently undergoing cleanup. The Horizon 2035 committee recommendation was to remove the ITR General Plan land use designation which has the effect of decreasing future housing potential and increasing future job totals. The LUTE is a long-term document and circumstances could change if the

site is cleaned to residential screening levels. Also, not all of the land in this area belongs to Northrop Grumman; the Council could follow the concept provided in the EIR (CEQA Alternative 2) to allow 40 percent of Futures 5 to stay ITR. Under the existing Low-Medium residential densities this could allow 360 housing units (at a low-medium density similar to the 1993 general plan designation) on 40 percent of the area and decrease job potential by about 1,400 jobs. The site is near the Downtown and train station; additional density could be explored through a separate study.