



City of Sunnyvale

Agenda Item

20-0135
Agenda Date: 2/27/2020

2020 COUNCIL STUDY ISSUE

NUMBER

CDD 19-11

TITLE Promote Workforce Housing Opportunities for City Employees and Sunnyvale School Teachers

BACKGROUND

Lead Department: Community Development Department

Support Departments: Office of the City Manager

Office of the City Attorney

Sponsor(s): Planning Commission

History: 1 year ago: Deferred by Planning Commission and Housing and Human Services Commission

2 years ago: N/A

SCOPE OF THE STUDY

What precipitated this Study?

The cost of housing has increased significantly over the past decade, making the option of homeownership and rental in Sunnyvale, and in much of Santa Clara County, challenging to many members of the general workforce. Employees who are not able to afford housing near their place of employment are then faced with long commutes and other financial stressors.

The City currently offers homeownership options to those who qualify for Below Market Rate (BMR) housing, making less than 120% of the Area Median Income (AMI). In 2019, 120% of AMI is \$110,400 per year for a one-person household and \$157,700 per year for a four-person household. The City operates a successful BMR Home Ownership Program and Down Payment Assistance Program for income qualified, first time homebuyers to purchase homes in Sunnyvale. Within the program, applicants are categorized as a "Priority Buyer" if they live or work in Sunnyvale at time of application. City employees and Sunnyvale school teachers are currently included in the "priority buyer" category as they work within Sunnyvale; however, this category also applies to anyone else who lives or works in the City. The program only helps City employees and Sunnyvale school teachers who are eligible for BMR housing units. Residents making less than 80% of AMI qualify for the BMR rental program. Applicants making over 120% of AMI do not qualify for either program. The Planning Commission is seeking a study of potential programs to assist City employees and school teachers, including those making over 120% AMI.

What are the key elements of the Study?

This Study would examine opportunities, methods, or processes for City employees and Sunnyvale school teachers to obtain housing within the City. Outreach to employees and school teachers would be needed to best understand the resources employees are looking for when it comes to purchasing

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a home, and understand how the City would play a role in providing those resources.

Estimated years to complete Study: 1 year

FISCAL IMPACT

Cost to Conduct Study

Level of staff effort required (opportunity cost):	Moderate
Funding Required for Non-Budgeted Costs:	\$60,000
Funding Source:	Will seek budget supplement.

Costs would be based upon hiring a consultant to conduct outreach to City employees and Sunnyvale school teachers via workshops and surveys with the goal to understand what types of housing resources they are seeking. Based on the data collected, the consultant would work with City staff to develop housing program options.

Cost to Implement Study Results

Unknown. Study would include assessment of potential costs.

EXPECTED CITY COUNCIL, BOARD OR COMMISSION PARTICIPATION

Council-Approved Work Plan: No

Council Study Session: No

Reviewed by Boards/Commissions: Housing and Human Services Commission; Planning Commission if there are any modifications to SMC Title 19 Zoning.

STAFF RECOMMENDATION

Drop. This policy issue does not merit discussion at a future Study Issues Workshop.

Staff recognizes the importance and need for housing affordable to all income categories in the City. The Housing Strategy is currently underway and the consultants will identify a range of options that surface from the Housing Strategy's outreach and may include recommendations for programs that can assist the "missing middle" of those households earning more than 120% of the Area Median Income. In 2020, staff time will need to be focused on implementation of the Housing Strategy. The Housing Strategy may also look towards ways to improve the down payment assistance program to better serve Sunnyvale residents.

The City's BMR Program serves households making 120% or less than the Area Median Income. The City used to assign priority points for each applicant based on a range of household circumstances. With the old system, City employees and Sunnyvale school teachers received a priority point for working within the Sunnyvale city limits and additional priority points based on their specific household circumstances. With that point system, there was concern that giving more of a priority to City employees or Sunnyvale school teachers over others in the community could be perceived as an unfair advantage over those who also work within the Sunnyvale city limits and need housing. Additionally, it was a concern that this practice could result in potential fair housing issues. To address this concern, the City modified the BMR Program to simplify the priority process by creating two priority categories. Priority 1 status was given to anyone who lived or worked in Sunnyvale, regardless of their employer. Priority 2 status was given to anyone who lived or worked in Santa Clara County. This new system created fairness in the process; there are no plans to return to a

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points-based system.

The existing Sunnyvale Housing Division First-Time Homebuyer Loan Program can also be used to provide home ownership opportunities to qualified home buyers including City employees and Sunnyvale school teachers. The low interest, deferred payment loans can be used to purchase a BMR or market rate home in Sunnyvale. Currently, the program structure sets income limits to 120% of Area Median Income (AMI), limits the purchase price of the home and has a maximum loan amount of \$50,000. There are also various housing programs being created through the recent Santa Clara County Affordable Housing Bond, such as the down payment assistance program “Empower Homebuyers.”

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Approved by: Kent Steffens, City Manager