

EXISTING POLICY
Detailed list of Policies Relevant to Housing Strategy

GENERAL PLAN Chapter 2 – Community Vision

Excerpt from Vision:

A strong, diverse community ... that is inclusive of and accessible to people of all cultures, ages, and lifestyles. Neighborhood and citywide events regularly provide residents with opportunities to connect with each other and to actively participate in city government. Sunnyvale offers a variety of housing options for its diverse and changing population.

Citywide Vision Goals

VI. Affordable Housing Options: To provide a variety of housing options by style, size, density and tenure, so all segments of the population may find appropriate high-quality housing in Sunnyvale that is affordable to them. The City of Sunnyvale does not build housing, but through its land use regulations it can influence and control the type and quality of housing that is developed. Sunnyvale cannot have a major impact on the regional housing market which drives the high cost of housing, but it can take steps to provide and protect affordable housing within its boundaries. The City has historically lead the way in affordable housing and will continue to do so in the future.

XIV. Caring Community: To provide support for those in the community who are not able to fully support themselves, so all residents may enjoy the City's high quality of life. Sunnyvale is fortunate that most residents are physically, mentally and financially able to support themselves. A caring community provides support for those among them who are not fully self-supporting. Although responsibility for health and welfare programs rests primarily with the county, state and federal governments, Sunnyvale can play a role to ensure that its residents have access to those services, to support local nonprofit agencies which fill gaps in those services, to provide facilities in targeted areas of need for delivery of those services (such as the Columbia Neighborhood Center), and to promote housing which is affordable to low-income households, the elderly and those with special physical or mental needs.

GENERAL PLAN Chapter 3 - Land Use and Transportation (LT)

GOAL LT-7 DIVERSE HOUSING OPPORTUNITIES - Ensure the availability of ownership and rental housing options with a variety of dwelling types, sizes, and densities that contribute positively to the surrounding area and the health of the community.

- **Policy LT-7.1** In addition to more traditional forms of housing (single-family detached, townhouses, garden apartments, and shared corridor multi-family housing), support alternative housing types including co-housing, single-room occupancy units, live/work spaces, transitional housing, assisted living, and other types that may become necessary and appropriate to serve a changing population.

- **Policy LT-7.2** Determine the appropriate residential density for a site by evaluating the site planning opportunities and proximity of services (such as transportation, open space, jobs, and supporting commercial and public uses).
- **Policy LT-7.3** Encourage the development of housing options with the goal that the majority of housing is owner-occupied.
- **Policy LT-7.4** Promote new mixed-use development and allow higher-residential density zoning districts (medium and higher) primarily in Village Centers, El Camino Real nodes, and future industrial-to-residential areas.
- **Policy LT-7.5** Consider the impacts of all land use decisions on housing affordability and on the housing needs of special needs groups within Sunnyvale.

GENERAL PLAN Chapter 4 - Housing Element (HE)

GOAL HE-1 ADEQUATE HOUSING - Assist in the provision of adequate housing to meet the diverse needs of Sunnyvale's households of all income levels.

- **Policy HE-1.1** Encourage diversity in the type, size, price and tenure of residential development in Sunnyvale, including single-family homes, townhomes, apartments, mixed-use housing, transit-oriented development and live-work housing.
- **Policy HE-1.2** Facilitate the development of affordable housing through regulatory incentives and concessions, and/or financial assistance.
- **Policy HE-1.3** Utilize the Below Market Rate (BMR) Housing requirements as a tool to integrate affordable units within market rate developments, and increase the availability of affordable housing throughout the community.
- **Policy HE-1.4** Continue to require office and industrial development to mitigate the demand for affordable housing.
- **Policy HE-1.5** Work with Sunnyvale's major employers, educational and health care institutions to facilitate and encourage the development of workforce housing. Promote the City's affordable housing programs with local employers.
- **Policy HE-1.6** Provide first time homebuyer assistance to low and moderate income households, with priority to buyers who currently work and/or live in Sunnyvale.
- **Policy HE-1.7** Support collaborative partnerships with non-profit organizations, affordable housing builders, and for-profit developers to gain greater access to various sources of affordable housing funds.

GOAL HE-2 ENHANCED HOUSING CONDITIONS AND AFFORDABILITY - Maintain and enhance the conditions and affordability of existing housing in Sunnyvale.

- **Policy HE-2.1** Encourage property owners to maintain rental and ownership units in sound condition through the neighborhood preservation and rehabilitation programs
- **Policy HE-2.3** Provide community outreach and comprehensive neighborhood improvement programs within Sunnyvale's Neighborhood Enhancement areas to improve housing conditions and the overall quality of life.

- **Policy HE-2.3** Strengthen multi-family neighborhoods through partnership with non-profit housing organizations in the acquisition and rehabilitation of older residential properties and maintenance as long term affordable housing.
- **Policy HE-2.4** Work with property owners, tenants and non-profit purchasers to facilitate the preservation of publicly-assisted rental housing to maintain affordability to lower income households.
- **Policy HE-2.5** Support the provision of rental assistance by the Santa Clara County Housing Authority to lower income households.
- **Policy HE-2.6** Preserve Sunnyvale's mobile home parks as an affordable housing option. Maintain at least 400 acres of mobile home park zoning.
- **Policy HE-2.7** Regulate the conversion of rental apartments to condominium ownership, and only permit conversions when the citywide vacancy rate for rental units warrants, and a benefit to the overall housing supply can be shown.

GOAL HE-3 MINIMIZED GOVERNMENTAL CONSTRAINTS ON HOUSING - Minimize the impact of governmental constraints on the maintenance, improvement and development of housing.

- **Policy HE-3.1** Monitor all regulations, ordinances, departmental processing procedures and fees related to the rehabilitation and construction of housing units to assess the impact on housing costs and/or future supply.
- **Policy HE-3.2** Revise the City's Zoning Code to clarify provisions for supportive and transitional housing, and emergency shelters.
- **Policy HE-3.3** Establish reduced parking standards for special needs housing, and housing in close proximity to public transit.

GOAL HE-4 ADEQUATE HOUSING SITES - Provide adequate sites for the development of new housing through appropriate land use and zoning to address the diverse needs of Sunnyvale's residents and workforce.

- **Policy HE-4.1** Provide site opportunities for development of housing that responds to diverse community needs in terms of density, tenure type, location and cost.
- **Policy HE-4.2** Continue to direct new residential development into specific plan areas, near transit, and close to employment and activity centers.
- **Policy HE-4.3** Require new development to build to at least 75 percent of the maximum zoning density, unless an exception is granted by the City Council.
- **Policy HE-4.4** Assist residential developers in identifying sites through dissemination of the sites inventory, and assist in consolidation of parcels with Redevelopment Project Areas.
- **Policy HE-4.5** Provide opportunities and incentives for mixed use, multi-family infill, and transit-oriented development in Downtown Sunnyvale as part of the City's overall revitalization strategy for the area.
- **Policy HE-4.6** Provide expanded areas for higher density housing through the conversion of underutilized industrial areas to residential use, if the sites are fit for residential uses (i.e. no health hazards exist).

- **Policy HE-4.7** Take advantage of existing infrastructure and public improvements to provide additional housing by allowing accessory living units within residential neighborhoods

GOAL HE-5 EQUAL HOUSING OPPORTUNITIES - Promote equal housing opportunities for all residents, including Sunnyvale's special needs populations, so that residents can reside in the housing of their choice. (*Housing Goal E/ Adopted in 2009*)

- **Policy HE-5.1** Support the provision of fair housing services and tenant/landlord mediation to residents.
- **Policy HE-5.2** Implement City ordinances regarding prohibition of discrimination in housing.
- **Policy HE-5.3** Continue to address the special housing needs of seniors through provision of affordable housing, and housing-related services, such as home rehabilitation programs, paint grants, and maintenance, shared housing match, and housing counseling (i.e. reverse mortgage counseling, etc.) and various referral services.
- **Policy HE-5.4** Continue to address the special needs of persons with disabilities through provision of supportive housing, accessibility grants, and development of procedures for reasonable accommodation.
- **Policy HE-5.5** Encourage the provision and distribution of residential care facilities throughout the community.
- **Policy HE-5.6** Participate in the County Collaborative on Affordable Housing and Homeless Issues to provide a continuum of care of services and facilities for the homeless. Facilitate and sponsor the provision of housing for homeless people if the Onizuka base conversion plan is approved by the federal agencies. Support local service providers that offer facilities and support services to homeless individuals and families, and persons at risk of homelessness.

GOAL HE-6 SUSTAINABLE NEIGHBORHOODS - Maintain sustainable neighborhoods with quality housing, infrastructure and open space that fosters neighborhood character and the health of residents.

- **Policy HE-6.1** Continue efforts to balance the need for additional housing with other community values, including preserving the character of established neighborhoods, high quality design, and promoting a sense of identify in each neighborhood.
- **Policy HE-6.2** Promote neighborhood vitality by providing adequate community facilities, infrastructure, landscaping and open space, parking, and public health and safety within new and existing neighborhoods.
- **Policy HE-6.3** Continue a high quality of maintenance for public streets, rights-of-way, and recreational areas, and provide safe pedestrian, bike, and transit linkages (accessibility) between jobs, residences, transportation hubs, and goods and services.
- **Policy HE-6.4** Continue to implement a citizen-oriented, proactive education program regarding neighborhood preservation. Encourage resident involvement in identifying and addressing neighborhood needs in partnership with the City.

- **Policy HE-6.5** Promote the preservation of historically and architecturally significant buildings and neighborhoods through land use, design and housing policies.
- **Policy HE-6.6** Encourage use of sustainable and green building design in new and existing housing.
- **Policy HE-6.7** Continue to permit and encourage a mix of residential and job-producing land uses, as long as there is neighborhood compatibility and no unavoidable environmental impacts.

Policy 2.3.2 Housing Incentive Fund

POLICY PURPOSE:

The purpose of the Housing Incentive Fund is to implement specific housing policies of the Housing and Community Revitalization Sub-element of the City's General Plan by providing a funding source to defray construction costs and make possible the rehabilitation and new development of housing affordable to low income persons.

POLICY STATEMENT:

It is the policy of the City of Sunnyvale to utilize monies received as Housing Mitigation Fees as a Housing Incentive Fund. The Housing Incentive Fund shall be available to all developers proposing to construct, preserve affordability or rehabilitate rental housing within the City of Sunnyvale which is primarily occupied by persons earning 80% or less of the county median income.

Types of Projects

New Construction and Preservation Projects. For projects that have 100% of the units affordable to households earning 80% of the median income or less, the incentive fund can contribute 100% of the cost of items listed below.

1. Land writedown
2. Public utilities
3. Undergrounding of electrical lines
4. Required street improvements
5. Water and sewer facilities
6. City fees or assessments which pay the project's share of the items listed in items 1-5 above.
7. Fees associated with processing of applications for mortgage insurance and insured loan commitments under programs including those administered by HUD, FMHA, FNMA and GNMA.
8. Other redevelopment and construction costs.

Rental Rehabilitation Projects. For projects that have 51% to 100% of the units affordable to persons earning 80% or less of the median income, the incentive fund can contribute 100% of the cost for items eligible to be funded under the City's Rental Rehabilitation Program. All loans require specific City Council approval.

Underwriting Criteria

Sunnyvale provides loans (not grants) to assist with the financing of real estate projects. No single project will eliminate the affordable housing crisis in Sunnyvale; therefore, all funding to assist in the acquisition, construction or rehabilitation of real property requires that funds are secured on the property and have a fixed repayment over time. This approach allows funds to recycle for use on future projects.

- Applications

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An applicant for funding will submit (at minimum), a market study, an environmental review, an appraisal, evidence of site control, a detailed sources and uses statement, a projected timeline for construction and occupancy, a proforma statement through the proposed loan term, an experience statement of the proposed development/management team, and the level of commitment by other funding sources.

- Project Priority

Priority will be given to projects that address affordability issues by offering below market rents to a predetermined high need group, as defined in the Consolidated Plan and to projects that provide long-term affordability restrictions and are located in identified action areas in the City. Projects that have obtained funding commitment from other sources, are “ready to go” and have leveraged a high percentage of other funds to City funds will receive the highest preference.

- Loan Amounts and Terms:

The loan to value ratio for all liens shall not exceed 100% of the appraised value. The debt coverage ratio shall be a minimum of 1.1. All deferred interest shall accrue. Loan terms shall not exceed thirty years, unless the primary lender requires a loan term consistent with the primary loan. The City loan is due in full upon refinance of the primary loan. All loans will have a fixed term and repayment schedule (above the line); residual receipt payments will not be accepted.

City loans should be considered “gap financing”; therefore, the loan request for new construction/preservation project should reflect a cost per unit of \$15,000 to \$30,000, and rental rehabilitation projects should be limited in costs to \$20,000 per unit. Projects that are targeting affordability to benefit very low or extremely low-income households may request an increased cost per unit. City support of rental units will be limited to units with rental rates that are at least 20% below existing median rental rates in Sunnyvale.

Approved Concept:

A developer wishing to use the fund should contact the Housing Officer, who will process the proposal through the necessary citizen review for new development or through the Rental Rehabilitation Program procedures. In the case of new development, the City Council will make the ultimate decision to commit funds to a particular project.

If a developer of new construction is applying for rental or loan assistance through a state or federal program, that developer will be required to submit the assistance application with the total full costs. The City will provide a letter stating the amount of subsidy available if needed by the developer. The City will release the funds only when it is demonstrated that the funds are necessary to make the project economically viable within the rent and mortgage limitations set by the approving agency.

Securities:

The City will require the developer to place a deed restriction on the property which will assure that the developer carries out the intended plan over time. The restriction will provide remedies if the developer/owner fails to operate the development in the approved manner.

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(Adopted: RTC 87-492 (9/15/1987))

Lead Department: Community Development Department

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Policy 2.3.3 Strategies for Affordable Housing and the Use of Housing Mitigation Fees

POLICY PURPOSE:

The Housing and Community Revitalization Sub-Element of the General Plan sets housing policy for the City. However, the City's ability to accomplish all its goals is limited by both financial and land availability constraints. As Federal and other sources of funding diminish, it is important to develop a long-term strategy for the effective use of limited funds.

The purpose of this policy is to outline a strategy for housing programs for those households with incomes between 30-120% of median and housing for the homeless to meet the goals of the Housing and Community Revitalization Sub-Element. The strategy includes all funding sources available to the City for housing, including uses for the Housing Mitigation Fees.

POLICY STATEMENT:

It is the policy of the City to:

1. Use the Housing Mitigation Fees for an initial Downpayment Assistance Program, provision of loans or seed money to non-profit developers, projects for the homeless, and assistance for Sunnyvale municipal employees and school district employees serving Sunnyvale schools (including Homestead High).to the extent a majority of the employee's effort continues to benefit Sunnyvale students
2. Utilize some available funds such as the Housing Mitigation Fees to assist in the construction of new single room occupancy (SRO) projects or the maintenance of existing SRO hotels, if the opportunity becomes available. SRO's are a needed form of transitional and permanent housing and would be an important contribution to Sunnyvale's housing stock.
3. Set aside a maximum of \$50,000 from the Housing Mitigation Fund to contribute to a modular housing demonstration project if it appears to be a feasible project.
4. Budget for the Rental Rehabilitation Program from Community Development Block Grant (CDBG) funds while they exist and in the Ten-Year Plan in the future.
5. Augment diminishing CDBG funds for outside groups through the General Fund.
6. Continue the Single Family Rehab Program with CDBG money, repayments from loans and any shortfall should come from the General Fund as anticipated in the Ten-Year Plan.
7. Join lobbying efforts to insure the continuance of the Federal Section 8 rental subsidy program.
8. Encourage private/non-profit partnerships on City-owned sites available for housing development so that part of the site may be developed for low to moderate income housing.

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(Adopted: RTC 89-356 (9/12/89); Amended: RTC 01-220 (6/19/2001); (Clerical/clarity update, Policy Update Project 7/2005))

Lead Department: Community Development

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Policy 5.1.3 Human Services

POLICY PURPOSE:

The City of Sunnyvale recognizes that the supportive human services programs of the Federal, State and County governments do not fully meet the needs of all its population. The City, therefore, shall make its best efforts to provide supplemental human services, which include but are not limited to the emergency services, senior services, disabled services, family services and youth services.

The City establishes this Human Services Policy to insure that Human Services are identified and provided in the most efficient and effective manner.

This policy establishes guidelines for funding programs/services that may be provided on behalf of the City by outside groups. The intent of this policy is to:

- A. Establish a process through which outside groups can be funded to provide needed human services cost-effectively.
- B. Establish a methodology by which programs/services proposed by outside groups can be assessed.
- C. Establish an evaluation system that assures equity in the process of funding considerations by Council.
- D. Establish the type and amount of funding commitment that the City will provide.

This policy does not apply to those outside groups with whom the City contracts to provide City services other than human services. Human Services Agencies are defined as those which provide supportive services to a specific group of people, at least 51% of whom are low and moderate income (80% or less than of area median income).

POLICY STATEMENT:

- I. The City will bi-annually, prior to adoption of the two-year Resource Allocation Plan, review prevailing conditions of human needs within the City and give appropriate attention to Human Services Policies in the City. The Housing and Human Services Commission, following one or more public hearings, will recommend to City Council priority human service needs for the next two years. Following a public hearing, City Council will adopt a two-year priority of human service needs.
- II. The City seeks to meet as many Human Service needs as possible using its limited available resources. The primary resource utilized for funding human services is the Federal Community Development Block Grant (CDBG) which permits up to 15% of the annual grant entitlement to be utilized for such purposes. The City Council may choose to supplement CDBG funding of human services through the annual Operating Budget process.
- III. The City assumes an advocacy role to manage the use of its resources to meet human service needs in Sunnyvale in the following ways:

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- Encourages and advocates coordination and cooperation among organizations providing Human Services in Sunnyvale
- Advocates, encourages and wherever possible, facilitates the co-location of human service providers
- Actively pursues the cooperation of Federal, State, County and other agencies to enhance the quality and availability of human services to residents of Sunnyvale.

IV. The City *may directly provide* needed Human Services when:

- Specifically targeted intergovernmental funds (such as CDBG) are available. The City is the most cost-effective or logical provider of the service, AND
- Provision of such services by the City is compatible with the City's General Plan, policies and/or action plans.

V. The City *may fund service providers* of needed human services when:

- Specifically targeted intergovernmental funds (such as CDBG) are available,
- Another agency is the most cost-effective or logical provider of the service, AND
- Provision of such services by the City is compatible with the City's General Plan, policies and/or action plans.

VI. PROPOSAL FUNDING CATEGORIES:

Programs requesting funding must qualify under one of the categories below:

Operational: Funding of programs and services to address identified community needs or problems as specified in the City's General Plans or other policies through direct financial support and/or in-kind contributions.

- Programs/services funded under this category must represent a service that can be more cost-effectively operated by the proposer than by the City, or
- Must be such that the proposer because of its role in the community is the most logical service provider.
- Funding may be provided on a multi-year basis but is not guaranteed. Continued funding is contingent upon City budget limitations and proposer's previous program performance.
- Proposer must demonstrate good faith efforts to secure funding for programs/service from other sources.

Emergency: Funding of operational programs offered in the community that meet an existing need for which normal funding is no longer available.

Proposers and programs qualifying under this category must demonstrate:

- Good performance of current programs;
- Current financial difficulties will largely curtail the services currently provided to City residents;
- Future funding to continue the program can be obtained from other sources with reasonable probability;
- Funding for programs qualifying under this category shall be limited to one year.

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Seed Program: Funding for start-up of new programs designed to meet a significant community need or problem.

- Proposers must demonstrate a high probability that funding can be sustained beyond the commitment of City funds;
- Initial funding for seed programs is limited to one year;
- Second year funding may be possible if the program demonstrated good performance or special factors related to the continued need for funding can be demonstrated;
- Prospect must demonstrate good faith efforts to secure funding for programs/services from other sources.

Project: Funding of capital or other one-time projects designed to address a significant community need or problem.

- Funding of such projects shall be limited to a specific time frame, usually not more than one year.

VII. APPLICATION POLICY STATEMENT:

The City wishes to consider funding of needed and appropriate services. In order to determine which agencies should be awarded funding, the Council has adopted a formalized human services funding application procedure. All groups desiring to act as service providers, and requesting City funds to do so, must submit a complete application by specific due dates. Public notice of the availability of requests for proposals and the specified dates will be provided in ample time for applications to be prepared.

All applicants desiring a grant from the City to provide human and social services will be required to comply with the application procedure and time schedule. All applications will have to meet the following three criteria:

1. Provide a service consistent with an existing recognized City priority need, policy, goal or objective;
2. Request funds for a program or project that qualifies under one of the four previously identified funding categories;
3. Have completed the application process and the application has been determined to be accurate and complete.

VIII. EVALUATION PROCESS:

To assure all applications for City funding of human services receive due consideration and to ensure Council is provided with the information it needs to make its funding decisions, the following evaluation process will be applied to requests received:

1. Applications not received by the due date will be rejected. Applicants submitting applications, which are materially incomplete, will have five working days from notification by staff to correct any deficiencies, or their applications will not receive further evaluation.

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2. Staff will determine proposal eligibility based on guidelines provided in this policy. Proposals not qualifying will not be recommended to Council for funding and will not receive further evaluation.
3. Staff will prepare a technical evaluation of the applications and make recommendations to the Housing and Human Services Commission based upon the priorities adopted by City Council and upon its evaluation of the applicant's ability to effectively deliver such services.
4. The Housing and Human Services Commission will conduct formal evaluations of the applications, including the opportunity for each group to present its program in public hearing for evaluation. The Commission will make recommendations to the City Manager and Council for allocation of available CDBG funds to outside groups to provide human services. The Commission may also notify the City Manager and City Council of applications where a significant need will remain unmet even if Council allocates CDBG funds as recommended. The City Manager may recommend, and the City Council may provide supplemental funding from the annual Operating Budget.
5. The City Manager will forward the Commission recommendation to Council with a staff recommendation thereon.

The Housing and Human Services Commission shall develop evaluation criteria, which criteria must be consistent with adopted Council policy. Staff and the Commission will apply these criteria uniformly to all applications reviewed. The following guidelines for general evaluation criteria include (but are not limited to):

Critical Evaluation Factors. Each of these factors must be met for the program to receive a recommendation for City funding.

- The organization must meet minimum eligibility standards to receive funding.
- The organization and its program must have demonstrated good performance and capability to effectively provide the program.
- The organization and its program must deliver services in a cost-effective manner.
- The organization must be an appropriate agency to deliver this program.
- The program must not be a duplication of services provided in the same service area.
- The organization and its programs must demonstrate strong financial management *and effective management controls*.
- The proposed program must have a contingency plan for funding if City support is limited or eliminated in the future.

Favorable Evaluation Factors. The proposed program must address one or more of the following factors to receive a positive recommendation.

- The proposed program addresses a priority adopted by the City Council and is related directly to a general plan policy.

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- The proposed program is a needed enhancement of any existing City program, and can be better performed by an outside group than by the City directly.
- The program has a diverse funding base and is not heavily reliant upon City funds to support its operation.
- The program has leveraged City funds with other funding sources to maximize service provision.

(Adopted: RTC 81-617 (10/13/1981); Amended: RTC 99-430 (10/19/1999); Amended: RTC 06-112 (4/11/2006))

Lead Department: Community Development Department