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City of Sunnyvale Housing Strategy

Prepared by BAE Urban Economics with Support from
PlaceWorks, Goldfarb & Lipman, and Novin Development

Draft – August 5, 2020



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March 4, 2020

Jenny Carloni, Housing Officer
Trudi Ryan, Community Development Director
City of Sunnyvale
456 W. Olive Ave.
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Dear Ms. Carloni and Ms. Ryan:

We are pleased to submit the enclosed City of Sunnyvale Housing Strategy Report. This report summarizes some of Sunnyvale's most pressing housing challenges and presents strategies to address these challenges.

We hope that this report is helpful in assisting the City with its ongoing efforts to address a wide range of housing needs within the community.

Sincerely,



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EXECUTIVE SUMMARY

The City of Sunnyvale has a long-standing history of proactively addressing housing issues through a range of City ordinances, policies, and strategies. These ordinances, policies, and strategies include the City's Below Market Rate (BMR) Ordinance, density bonuses for affordable projects, rezoning industrial land to accommodate residential uses, adopting specific plans to allow for higher-density residential and mixed-use development, reducing parking ratios for affordable projects, and other housing-related programs and policies.

Despite the City's progress in addressing local housing needs, Sunnyvale still faces significant challenges in ensuring that the City's housing stock serves the full spectrum of affordable and other housing needs. Sunnyvale households have some of the highest housing costs in the nation, presenting limited options affordable for low-income and moderate-income households. Meanwhile, new state laws have strengthened the mandate that local jurisdictions ensure the production of affordable units, making it ever more crucial that Sunnyvale consider a broad range of strategies for addressing a wide range of housing needs.

In response to these challenges, the Sunnyvale City Council has identified the development of a comprehensive housing strategy as a key priority for the City. The City commissioned a team led by BAE Urban Economics and supported by PlaceWorks, Goldfarb and Lipman, and Novin Development to analyze housing issues in Sunnyvale, conduct an extensive community engagement process, and prepare the Housing Strategy that is included in this report.

Council Direction on Issues to Study

The Sunnyvale City Council identified four main issues for the City's Housing Strategy to address:

- 1) Strategies to address housing affordability challenges in mobile home parks;
- 2) Strategies to improve age-friendliness in housing;
- 3) Strategies to increase the supply of affordable housing (supply-side strategies); and
- 4) Strategies to enable households to better afford, maintain, and retain housing (demand-side strategies).

The following report includes a chapter on each of these four topics, providing background analysis and recommendations on each topic.

While the four topic areas that City Council identified for this Housing Strategy do not include a direct focus on homelessness, addressing housing issues related to these four topics will play a key role in supporting City and County efforts to reduce and prevent homelessness. The policy recommendations in this study include policies to create housing that lower-income Sunnyvale residents can afford and help residents maintain and retain their housing. These types of strategies help to prevent housing insecurity that can lead to homelessness and are

critical in enabling individuals and families to transition out of homelessness and into a home that they can afford. While emergency and transitional housing and other resources for those experiencing homelessness serve a crucial role in addressing homelessness, facilitating the production of affordable housing and addressing factors that lead to housing insecurity are also important elements of any long-term plan to reduce homelessness in the region.

Community Engagement Process

The process for developing the Housing Strategy described in this report included an extensive outreach process over a year-long period to obtain input on the Housing Strategy from key stakeholders and the community at large. This process included:

- A community meeting at the outset of the process;
- Meetings with mobile home park owners and residential developers;
- Surveys of mobile home park owners, mobile home park residents, and the community at large;
- Five open house events, including one focused on mobile home park housing issues and one focused on age-friendly housing issues;
- A pop-up event at the Urban Village Farmers' Market; and
- A City Council Study Session.

These events provided a number of opportunities for participants to ask questions and provide input through informal one-on-one and small group discussions with City staff, the consultant team, and other community members as well as to provide comments in writing and through conversations with City staff and the consultant team. In addition, the final open house event, Farmers' Market pop-up, and community-wide survey asked participants to rank the strategies presented in this report to guide the City's prioritization for implementing various policies pursuant to the Housing Strategy.

Input received from this community outreach process informed the policy discussion and recommendations that are presented in this report, and the following report includes summaries of the input received during the community engagement process as it relates to each of the four Housing Strategy study issues.

Policy Recommendations

Table ES-1 below provides a summary of the policy recommendations from the Housing Strategy process. As shown, the Housing Strategy process resulted in 13 recommended policies, including policies that address each of the four Housing Strategy study issues initially identified by the City Council. These policies were selected from a larger set of potential policies that were evaluated during the Housing Strategy process, all of which are described in the following report. The policy recommendations shown below were selected from this larger set of policies based primarily on the input provided during the community engagement process, with some adjustments based on feedback provided by the Sunnyvale City Council during a study session on February 4th, 2020.

The recommendations include three policies related to age-friendly housing, five policies to address supply-side housing issues, three policies to address demand-side housing issues, and two policies to address mobile home park issues. More so than the policies related to the three other Housing Strategy issues, the two recommended mobile home park policies are closely linked to one another, with differing implications for each policy depending on the City's implementation of the other policy. Specifically, the City could choose to 1) adopt mobile home space rent stabilization or rent control on its own; 2) pursue a Memorandum of Understanding (MOU) or accord, in which case the City could consider space rent control/stabilization if an agreement is not reached within a designated time frame. During the City Council study session on February 4th, multiple members of the City Council expressed an interest in pursuing the MOU or accord policy with a fixed time frame to establish an agreement and an option to consider mobile home space rent control if an agreement is not reached during the designated time frame. This is reflected in the staff recommendation.

Table ES-1 also includes a priority ranking for each of the recommended policy options other than those related to mobile home parks, based on a three-tiered system. Policies in Tier 1 are those that are either currently underway or recommended as a priority for 2020 or 2021, while policies in Tier 2 are recommended as a priority for 2021 or 2022. Policies in Tier 3 were identified as lower priority policies, and the timing for implementation of these policies would be assessed once the City has implemented some of the higher-priority policies and also would be subject to identification of necessary funding. The tier ranking for each recommended policy was based on the strength of community support for each policy, the level of new funding needed to implement the policy, the level of new City staff resources needed to implement the policy, whether the policy would require a change to any City ordinances, and the relative benefits and drawbacks of each strategy, as discussed in more detail in the following report.

Table ES-1: Summary of Policy Recommendations

		Staff's Tier Recommendation	Notes
1	Age-Friendly Housing Policy Options		
a	Protect At-Risk Affordable Senior Housing Projects and/or Preserve MHPs	3	Could combine portions with 4a.
b	Promote New Age-Friendly Housing	2	
c	Adapt Homes to Age in Place	3	
2	Supply-Side Housing Policy Options		
a	Increase Ownership Inclusionary Percentage	1	
b	Promote ADUs	1	Underway
c	Modify Programs and/or Policies to Encourage Missing Middle Housing	3	
d	Up-Zone Land to Facilitate Increase Res Development	1	Underway
e	De-Emphasize Dwelling Units per Acre as a Development Standard	3	Could combine with 2d
3	Demand-Side Housing Policy Options		
a	Adopt a Right to Lease Ordinance	2	Could combine with 3b
b	Adopt a Tenant Protection/Relocation Assistance Requirement	1	Could combine with 3a
c	Establish a Safe RV Parking Program	3	
4	Mobile Home Park Policy Options		
a	Mobile Home Space Rent Stabilization	3*	*Staff is recommending a one year timeframe to implement the MOU. A six month check with Council will inform how much progress has been made. If any Park Owners fail to comply or participate by that time, the Council can choose to end the MOU and immediately begin on the Rent Stabilization Ordinance.
b	Memorandum of Understanding/Accord	1*	

Key:

Tiered Implementation:

- 1 = Currently under way or priority in 2020-21
- 2 = Priority in 2021-2022
- 3 = Timeframe to be Assessed

INTRODUCTION

The City of Sunnyvale has a long-standing history of proactively addressing housing issues through a range of City ordinances, policies, and strategies. In 1980, the City adopted a Below Market Rate (BMR) Ordinance that has generated hundreds of affordable units and millions of dollars in funding for affordable housing over the past four decades. In addition to the BMR Ordinance, the City has facilitated the development and preservation of affordable housing by implementing density bonuses for affordable projects, rezoning industrial land to accommodate residential uses, adopting specific plans to allow for higher-density residential and mixed-use development, reducing parking ratios for affordable projects, and other housing-related programs and policies.

Despite the City's progress in addressing local housing needs, Sunnyvale still faces significant challenges in ensuring that the City's housing stock serves the full spectrum of affordable and other housing needs. As residents in Silicon Valley, Sunnyvale households have some of the highest housing costs in the nation, presenting limited options affordable for low-income and moderate-income households. Meanwhile, new state laws have strengthened the mandate that local jurisdictions ensure the production of affordable units, making it ever more crucial that Sunnyvale consider a broad range of strategies for addressing a wide range of housing needs.

In response to these challenges, the Sunnyvale City Council has identified the development of a comprehensive housing strategy as a key priority for the City. The City commissioned a team led by BAE Urban Economics and supported by PlaceWorks, Goldfarb and Lipman, and Novin Development to analyze housing issues in Sunnyvale, conduct an extensive community engagement process, and prepare the Housing Strategy that is included in this report.

Council Direction on Issues to Study

The Sunnyvale City Council identified four main issues for the City's Housing Strategy to address:

- 5) Strategies to address housing affordability challenges in mobile home parks;
- 6) Strategies to improve age-friendliness in housing;
- 7) Strategies to increase the supply of affordable housing (supply-side strategies); and
- 8) Strategies to enable households to better afford, maintain, and retain housing (demand-side strategies).

The following report includes a chapter on each of these four topics, providing background analysis and recommendations on each topic. The community engagement process for the Housing Strategy also included public outreach events to address these four topic areas and solicit input from local residents, property owners, and other stakeholders and interested parties, as discussed in more detail below.

Relationship Between this Housing Strategy and Homelessness Reduction and Prevention

While the four topic areas that City Council identified for this Housing Strategy do not include a direct focus on homelessness, addressing housing issues related to these four topics will play a key role in supporting City and County efforts to reduce and prevent homelessness. In part, this is because the availability of affordable housing is critical in enabling individuals and families to transition out of homelessness and into a home that they can afford. Further, households that live in homes that they can afford and are not experiencing high or severe housing cost burdens are less likely to experience financial hardship that could result in eviction or foreclosure, and therefore are potentially at a reduced risk for becoming homeless in the first place. In addition to housing affordability, these four topic areas relate to other factors that affect whether many Sunnyvale residents are able to stay in the housing that they already have, thereby further addressing challenges that could lead some households to become homeless. While emergency and transitional housing and other resources for those experiencing homelessness serve a crucial role in addressing homelessness, facilitating the production of affordable housing and addressing factors that lead to housing insecurity are also important elements of any long-term plan to reduce homelessness in the region.

Community Engagement Process

The process for developing the Housing Strategy described in this report included an extensive outreach process to obtain input on the Housing Strategy from key stakeholders and the community at large. This process included the following:

- **Community Meeting on February 12, 2019.** This meeting provided an initial introduction to the Housing Strategy process, presented preliminary background information, and offered an opportunity for Sunnyvale residents and the general public to provide input.
- **Mobile Home Park Owners Meeting on February 28, 2019.** Participants in the meeting included owners of mobile home parks in Sunnyvale and their representatives, City staff, and members of the consultant team. The meeting focused on options for addressing mobile home park housing issues in Sunnyvale.
- **Residential Developer Stakeholders on February 28, 2019.** Participants in the meeting included market-rate and affordable housing developers and operators, City staff, and members of the consultant team. The meeting focused on strategies to increase the supply of affordable housing in Sunnyvale, including the rental inclusionary housing ordinance that the City has since adopted.
- **Mobile Home Park Owner Survey in March and April of 2019.** The survey asked mobile home park owners questions related to park characteristics, lease provisions, and length of residency among mobile home park owners and renters. The survey also asked park owners to provide input on potential strategies for addressing mobile home park issues in Sunnyvale.

- **Mobile Home Park Resident Survey during April and May of 2019.** The survey asked mobile home park residents questions about current space rents, whether homeowners have outstanding loans on their homes and the monthly loan amount, residents' income and housing cost burden, and lease terms, among other topics. The survey also asked mobile home park residents to provide input on potential strategies for addressing mobile home park issues in Sunnyvale.
- **Mobile Home Park Residents Community Open House on June 3, 2019.** This meeting provided information on Sunnyvale's mobile home parks and presented potential strategies for addressing mobile home park housing issues in Sunnyvale. The meeting was held in an open-house format, providing an opportunity for attendees to ask questions and provide input through informal one-on-one and small group discussions with City staff, the consultant team, and other community members. Attendees provided input on the strategies by voting for the strategies that they prefer using dot stickers, providing written comments on easel pads and comment cards, and through conversations with City staff and the consultant team.
- **General Community Open House on June 6, 2019.** This meeting provided information on Sunnyvale housing needs and presented potential strategies for addressing all four of the Housing Strategy study issues. The meeting was held in the same open-house format as the June 3rd Open House, providing an opportunity for attendees to engage in informal one-on-one and small group discussions with City staff, the consultant team, and other community members. As in the June 3 Open House, attendees provided input by voting for the strategies that they prefer using dot stickers, providing written comments on easel pads and comment cards, and through conversations with City staff and the consultant team.
- **Age-Friendly Housing Open House on August 15, 2019.** This meeting provided information on housing needs among Sunnyvale's senior population and presented potential strategies for addressing age-friendliness in housing. The meeting was held in the same format as the two prior open house meetings, with the same methods available for attendees to provide input.
- **General Community Open House on Strategy Options on October 24, 2019.** This meeting presented a range of options for strategies to address all four of the Housing Strategy topic areas. The meeting was held in the same format as prior open house meetings, with the same methods available for attendees to provide input. The study team used input from participants to help gauge community interest in and support for the different strategies.
- **Urban Village Farmers' Market Pop-Up on November 16, 2019.** For this event, the City set up a booth at the Urban Village Farmers' Market. The booth included posters with potential strategies related to all four Housing Strategy issues and invited passersby to rank strategies related to each of the four issues in order of priority, providing input on which strategies the City should prioritize. The booth also invited participants to provide written comments and participate in informal discussion with City staff and the consultant team.

- **General Community Open House on Strategy Prioritization on November 21, 2019.** This event was held in an open house format similar to the prior open house meetings and used the same posters as the Farmers' Market Pop-Up event. Like the Farmers' Market Pop-Up, the meeting invited attendees to prioritize strategies related to each topic and to participate in informal discussion with City staff and the consultant team.
- **Online Survey during December 2019 and January 2020.** The City posted and widely advertised an online survey that asked the community at large to prioritize potential strategies related to each Housing Strategy topic, similar to the prioritization by participants at the Farmers' Market Pop-Up and the November 21st Open House Meeting.
- **City Council Study Session on February 4, 2020.** The study session provided the City Council with an initial strategy prioritization for consideration. City Council asked questions and provided feedback on the strategies and the public had an opportunity to provide comments.

Input received from this community outreach process informed the policy discussion and recommendations that are presented in this report, and the following chapters include summaries of the input received during the community engagement process as it relates to each of the four Housing Strategy study issues.

Report Organization

The remainder of this report is organized as follows:

- **Overview of Existing Conditions.** This chapter provides an overview of general demographic and housing market conditions in Sunnyvale, which informed the community engagement process and the remainder of this Housing Strategy Report.
- **Mobile Home Park Housing Issues.** This chapter provides background information on mobile home park housing affordability issues, presents potential strategies related to mobile home parks in Sunnyvale, and summarizes community and stakeholder feedback on potential mobile home park strategies.
- **Age-Friendly Housing Issues.** This chapter provides background information on age-friendly housing issues, presents potential strategies to address age-friendliness in housing in Sunnyvale, and summarizes community and stakeholder feedback on potential strategies to address age-friendliness in housing.
- **Supply-Side Housing Issues.** This chapter provides background information on recent housing production trends in Sunnyvale, presents potential strategies to increase Sunnyvale's housing supply, and summarizes community and stakeholder feedback on potential strategies to increase Sunnyvale's housing supply.
- **Demand Side Housing Issues.** This chapter provides background information on residents' ability to afford housing in Sunnyvale, presents potential strategies to improve residents' ability to access, afford, and retain housing, and summarizes community and stakeholder feedback on potential strategies to address demand-side housing issues in Sunnyvale.

- **Recommended Strategy Prioritization.** This chapter presents recommendations for prioritizing implementation the strategies ultimately recommended in this report.

OVERVIEW OF EXISTING CONDITIONS

This chapter provides an overview of overall housing conditions and trends in Sunnyvale as well as an overview of the City's demographic characteristics, including data on population and household growth, housing costs and affordability, housing occupancy trends, and household incomes. This chapter draws on data from the U.S. Census Bureau, the California Department of Housing and Community Development (HCD), the California Department of Finance (DOF), and other sources. To provide context, the following sections provide data on the City of Sunnyvale as well as data on a two-county subregion consisting of Santa Clara County and San Mateo County (referred to in this report as the Two-County Subregion). Subsequent chapters of this report provide additional background information that relates specifically to each of the four housing issues that the Sunnyvale City Council identified for the Housing Strategy. Most of the background data provided in this report were assembled during the initial stages of the Housing Strategy process in late 2018 and early 2019 to inform subsequent stages of the community engagement and strategy development process. While the recent COVID-19 pandemic may have an impact on housing sales prices or rental rates, we do not have data on these changes at this time.

Demographic Trends

This section provides an overview of Sunnyvale's population and household characteristics, including population growth trends, household incomes, and residents' age distribution.

Population and Household Growth Trends

Sunnyvale has experienced long-term growth in population and households, consistent with regional trends, and is projected to continue to grow over the foreseeable future. As of 2018, the DOF estimated that Sunnyvale had a population of 153,389, approximately 5.6 percent of the population in the Two-County Subregion. The City's population grew slightly faster than the population in Two-County Subregion between 2000 and 2018, increasing by 16 percent while the Subregion experienced a 14 percent increase. Over the same period, the number of households in Sunnyvale increased by eight percent while the number of households in the Two-County Subregion increased by 11 percent. Projections from the Association of Bay Area Governments (ABAG) anticipate that both the City and the region will continue to grow over the next two decades, with a projected population increase of 48 percent in Sunnyvale and 24 percent in the Two-County subregion between 2020 and 2040. Table 1 shows population and household estimates for Sunnyvale and the Two-County Subregion between 2000 and 2018, as well as projected population and household growth in both geographic areas through 2040.

Table 1: Historic and Projected Population and Household Growth, Sunnyvale and the Two-County Subregion, 2000-2040

City of Sunnyvale	2000	2010	2018	Projected		% Change		
				2020	2040	2000-2018	2020-2040	2000-2040
Population	131,844	140,081	153,389	149,935	222,205	16.3%	48.2%	68.5%
Households	52,573	53,384	56,578	56,935	84,170	7.6%	47.8%	60.1%

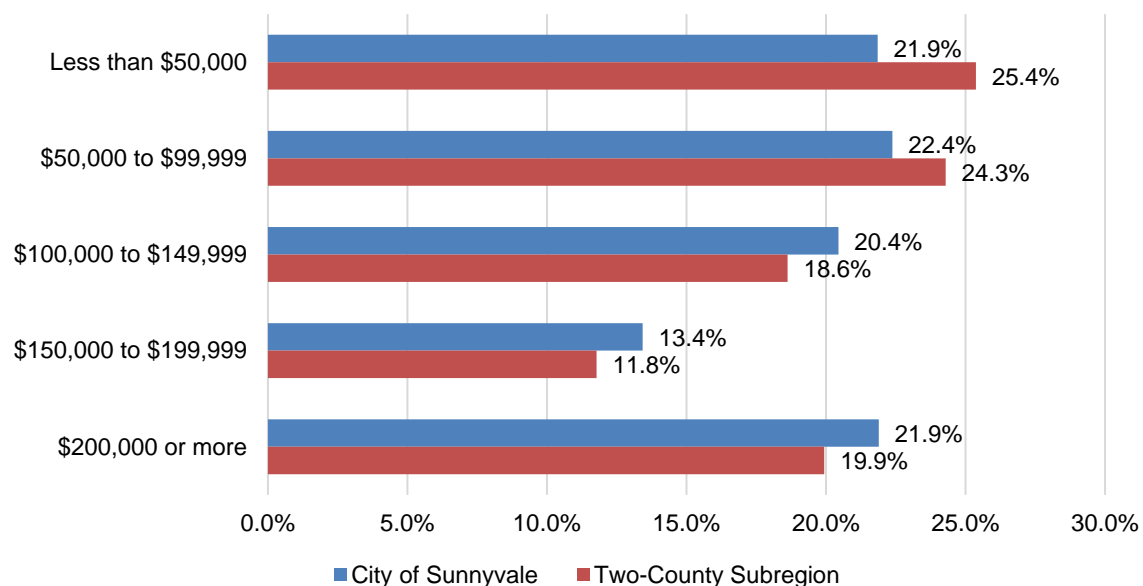
Two-County Subregion	2000	2010	2018	Projected		% Change		
				2020	2040	2000-2018	2020-2040	2000-2040
Population	2,389,748	2,500,093	2,730,753	2,783,200	3,454,815	14.3%	24.1%	44.6%
Households	819,967	862,041	907,104	963,605	1,178,695	10.6%	22.3%	43.7%

Sources: Association of Bay Area Governments, Plan Bay Area Projections 2017 by Jurisdiction, California Department of Finance, E-4, E-5, E-8; BAE, 2018.

Income Distribution

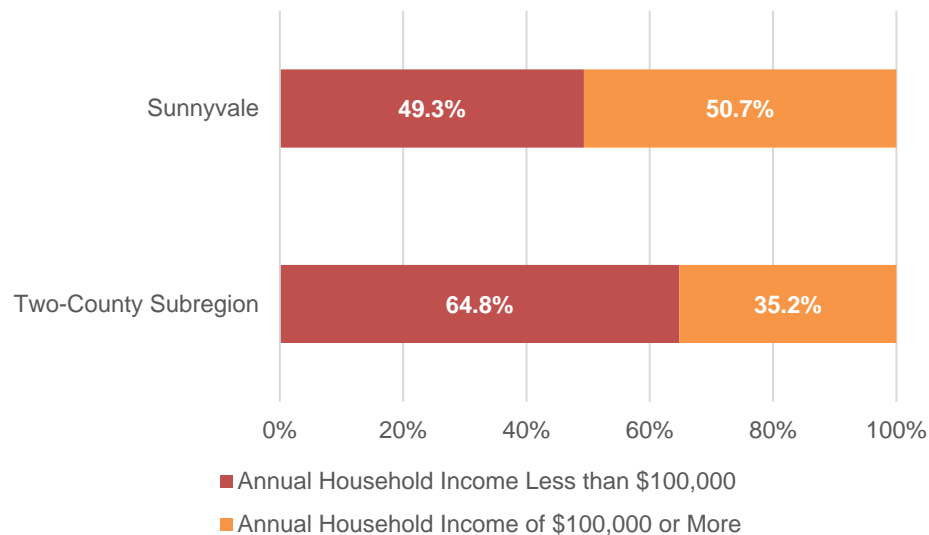
As shown in Figure 1, households in Sunnyvale tend to have slightly higher incomes than those in the Two-County Subregion overall. With a median income of \$109,799, the proportion of Sunnyvale households with a median income over \$100,000 per year is greater than in the Two-County Subregion overall, which has a median household income of \$100,906 per year. Renter households in Sunnyvale also tend to have relatively high incomes, with approximately 51 percent of Sunnyvale renter households with annual incomes of \$100,000 or more, compared to 35 percent of the subregion's renter households. The high income levels among Sunnyvale's renter population may be due in part to a lack of homeownership opportunities that are affordable to middle-income households, causing many households to remain in rental housing despite having relatively high incomes.

Figure 1: Household Income, 2012-2016



Sources: U.S. Census Bureau, American Community Survey 2012-2016 5-year sampling data, B19001; BAE, 2018.

Figure 2: Household Income Distribution Among Renter Households, Sunnyvale and the Two-County Subregion, 2012-2016

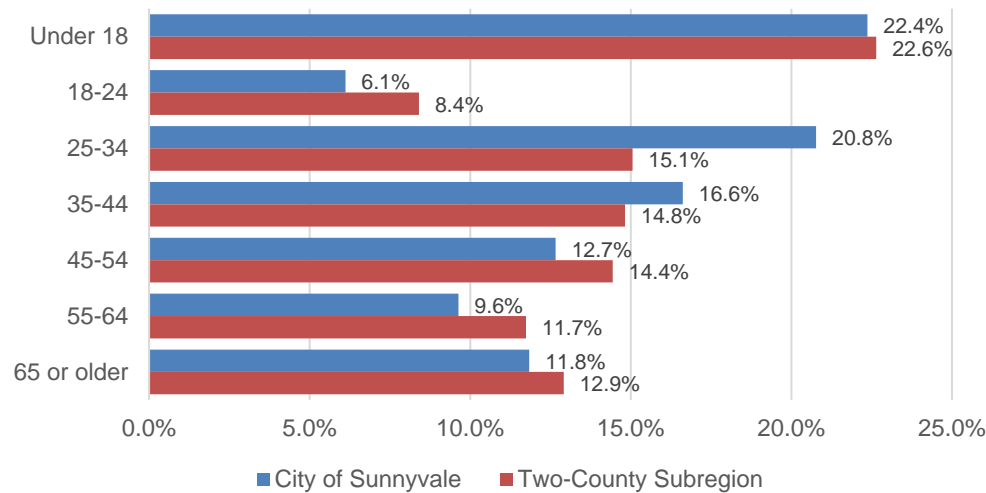


Sources: U.S. Census Bureau, American Community Survey 2012-2016 5-year sampling data; BAE, 2018.

Age Distribution

Sunnyvale's population is slightly younger overall than the population of the Two-County Subregion overall. According to ACS data collected between 2012 and 2016, the median age among Sunnyvale residents was 35.4 years, compared to 37.6 years in the Two-County Subregion. As shown in Figure 3, the City of Sunnyvale and the Two-County Subregion are comparable in the proportion of the population that is under the age of 18. However, Sunnyvale has a substantially larger population of younger working-age residents between the ages of 25 and 34, which accounts for 21 percent of the City's population and only 15 percent of the population in the Two-County Subregion.

Figure 3: Age Distribution, 2012-2016



Sources: U.S. Census Bureau, American Community Survey 2012-2016 5-year sampling data, B01001; BAE, 2018.

Housing Cost Burden and Overcrowding

Housing analysts and local, state, and federal housing programs often use housing cost burden and overcrowding as key metrics to evaluate the extent to which households are experiencing problems with securing affordable, adequate housing in a community. This section provides an overview of these conditions in Sunnyvale and the Two-County Subregion.

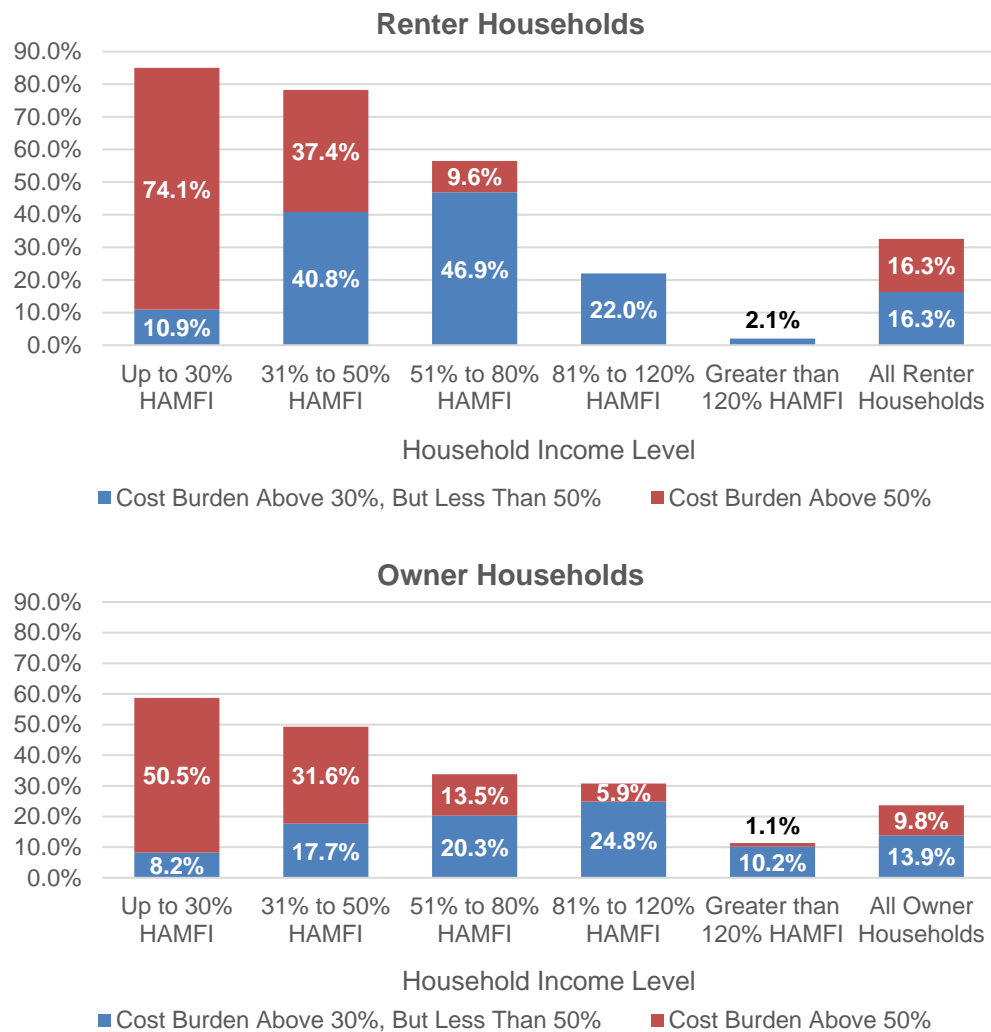
Housing Cost Burden

HUD considers households to have a high housing cost burden if housing costs exceed 30 percent of the households' monthly gross income. Households with housing costs that exceed 50 percent of monthly gross income are considered to be severely cost burdened. Households with a high or severe housing cost burden may be forced to choose between paying for housing costs and paying for other basic needs, and are often unable to accumulate savings, cover an unexpected expense, or invest in goods or services to improve their long-term financial stability, such as making a down payment on a house or pursuing educational opportunities.

A significant portion of households in Sunnyvale have high housing costs relative to their household incomes, with lower-income households having particularly high rates of housing cost burden. Figure 4 provides information on the proportion of renter and owner households in Sunnyvale with high housing cost burdens and severe housing cost burdens, by household income level, as reported in the 2011-2015 Comprehensive Housing Affordability (CHAS) data set. As shown, 33 percent of renter households and 24 percent of owner households have either a high or severe housing cost burden. Among households with incomes equal to 30 percent of HUD Area Median Family Income (HAMFI) or less, 85 percent of renter households and 59 percent of owner households have a high or severe housing cost burden. The

prevalence of high and severe housing cost burden is slightly lower for households with incomes equal to 31 to 50 percent of HAMFI, at 78 percent for renters and 49 percent for owners. Among households with incomes equal to 51 to 80 percent of HAMFI, 56 percent of renter and 34 percent of owners have a high or severe housing cost burden. Among households with incomes above 80 percent of HAMFI, the rates of high and severe housing cost burden decrease and are higher for owner households than for renter households. These rates of high and severe housing cost burden are not unique to Sunnyvale; the proportion of households with high and severe housing cost burden are slightly higher in the Two-County Subregion than in Sunnyvale.

Figure 4: Housing Cost Burden by Tenure and Household Income Level, Sunnyvale Households, 2011-2015



Note:
Data are based on HUD-defined household income limits. HAMFI = HUD Area Median Family Income.

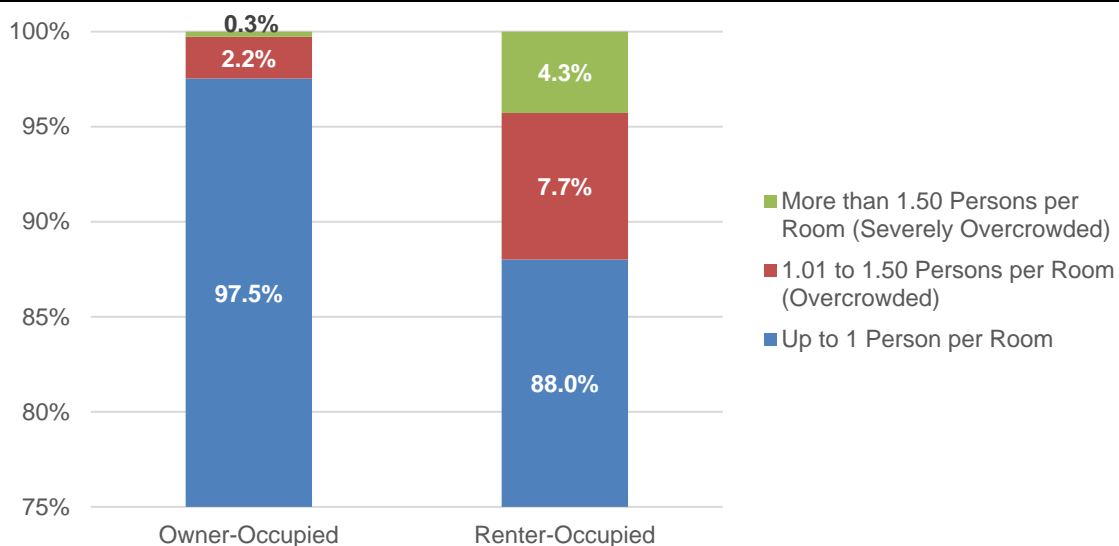
Sources: U.S. Department of Housing and Urban Development, 2011-2015 Comprehensive Housing Affordability Strategy (CHAS) data; BAE, 2018.

Overcrowding

In addition to cost burden, overcrowding provides another important measure of housing stress. According to HUD definitions, a household is considered to live in overcrowded conditions when that household lives in a housing unit with more than one person per room. HUD considers a household to be severely overcrowded if the household lives in a housing unit with more than 1.5 persons per room. Under this definition, “rooms” include living rooms, dining rooms, kitchens, bedrooms, finished recreation rooms, enclosed porches suitable for year-round use, and lodger’s rooms, while excluding bathrooms, porches, balconies, foyers, halls, and half-rooms.

As shown in Figure 5, overcrowding is significantly more prevalent among renter households in Sunnyvale than among the City’s owner households. According to ACS data collected between 2012 and 2016, 2.2 percent and 0.3 percent of owner households were overcrowded or severely overcrowded, respectively, compared to 7.7 percent and 4.3 percent of renter households, as shown in Figure 5. These rates of overcrowding and severe overcrowding among renters and homeowners were similar to rates of overcrowding among the same groups in the Two-County Subregion overall. These data may indicate a shortage of rental units that are large enough to accommodate larger households, and potentially indicates that some renters are living in overcrowded conditions in order to be able to afford housing.

Figure 5: Persons per Room, City of Sunnyvale, 2012-2016



Sources: U.S. Census Bureau, American Community Survey 2012-2016 5-year sampling data, B25014; BAE, 2018.

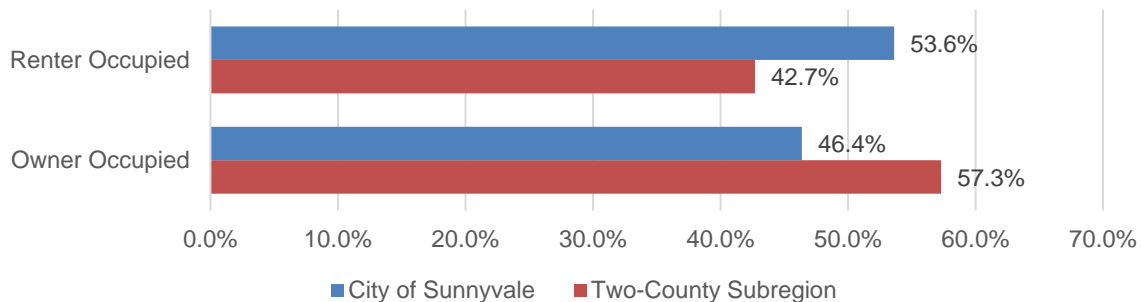
Housing Market Characteristics

This section provides an overview of Sunnyvale’s housing market, including the characteristics of the City’s existing housing stock and housing prices and vacancy rates.

Tenure and Housing Unit Type

Unlike the Two-County Subregion as a whole, Sunnyvale has a greater percentage of renter households than owner households, which is consistent with the City's large population between the ages of 25 and 34. As shown in Figure 6, 54 percent of Sunnyvale households are renters, compared to 43 percent of households in the Subregion overall.

Figure 6: Occupied Housing Units by Tenure, 2012-2016

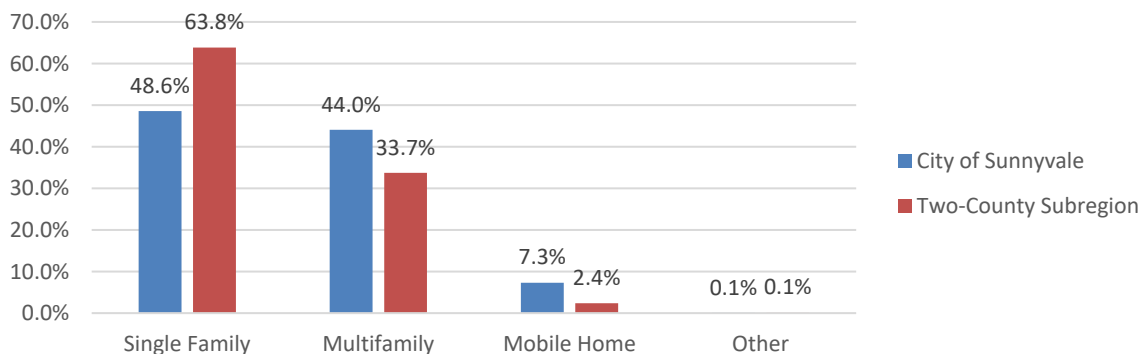


Sources: U.S. Census Bureau, American Community Survey 2012-2016 5-year sampling data, B25003; BAE, 2018.

This above-average concentration of renter households is also consistent with the relative prevalence of multifamily housing in Sunnyvale compared to in the subregion. Figure 7 shows that 44 percent of Sunnyvale's housing units are in multifamily buildings, compared to 34 percent in the Subregion. While multifamily units include owner-occupied condominiums and single-family homes can serve as rental housing, cities with a large multifamily housing stock tend to have higher proportions of rental housing.

Figure 7 also shows that Sunnyvale also has a substantial inventory of mobile homes, which account for seven percent of the City's housing stock. The chapter of this report that addresses mobile home park housing issues discusses the City's mobile home inventory in more detail.

Figure 7: Units by Type of Structure, 2012-2016



Sources: U.S. Census Bureau, American Community Survey 2012-2016 five-year sampling data, B25024; BAE, 2018.

Multifamily Rental Market Trends

Data from CoStar indicate that Sunnyvale’s multifamily rental inventory consists primarily of one-bedroom and two-bedroom units. As of the fourth quarter of 2018, CoStar tracked 18,023 market-rate multifamily rental units within the City of Sunnyvale, as shown in Table 2.¹ As of the fourth quarter of 2018, the average rental rate among these units was \$2,746 per month. With an average unit size of 810 square feet, this equals a rental rate of \$3.39 per square foot per month. Among this sample, one- and two-bedroom units accounted for approximately 80 percent of the total inventory, with average monthly rents of \$2,495 and \$3,083, respectively. Studio units, which made up about 4.8 percent of the rental stock, had an average monthly rent of \$2,012, while units with three or more bedrooms made up only about 2.2 percent of the rental stock and had an average monthly rent of \$3,895.

The one-bedroom vacancy rate of 4.4 percent and the two-bedroom vacancy rate of 4.3 percent are slightly lower than the overall market’s rate of 4.5 percent. Studios and units with three or more bedrooms have higher vacancy rates of 6.4 percent and 5.1 percent, respectively.

Table 2: Multifamily Rental Housing Stock, City of Sunnyvale, Q4 2018 (a)

Unit Type (b)	Number of Units	Avg. Size (Sq. Ft.)	Avg. Monthly Asking Rent	Vacancy Rate
Studio	873	470	\$2,012	6.4%
1 bedroom	7,986	685	\$2,495	4.4%
2 bedroom	6,411	985	\$3,083	4.3%
3+ bedroom	389	1,271	\$3,895	5.1%
All Unit Types	18,023	810	\$2,746	4.5%

Notes:

(a) Data captures units in multifamily properties with at least 50 units.

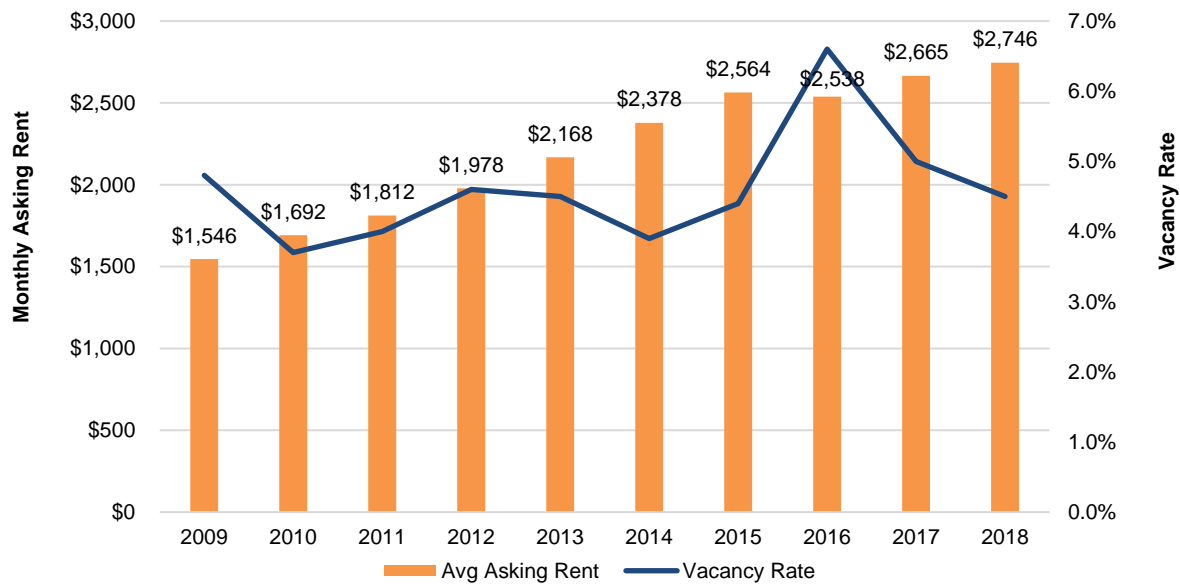
(b) Unit totals may not equal the sum of the different unit types due to some units lacking classification by number of bedrooms.

Sources: CoStar, 2019; BAE, 2019.

Multifamily rental rates in Sunnyvale have increased steadily over the past decade while vacancy rates have generally remained low. Figure 8 shows the trends in average monthly asking rents and vacancy rate across multifamily rental units in Sunnyvale over a ten-year period. From 2009 to 2018, the rental rates increased by \$1,200, a 78 percent increase. While vacancy rates fluctuated somewhat during this period, the vacancy rate generally remained at or below five percent, with the exception of a temporary increase to 6.6 percent in 2016, which was likely due at least in part to the delivery of 256 newly constructed units to the City’s rental inventory in that year.

¹ CoStar provides unit type and size detail for approximately 87 percent of the units that CoStar tracks in the City of Sunnyvale. While the distribution of units by size generally reflects the overall inventory, the exact proportions may vary.

Figure 8: Average Multifamily Rental Asking Rents and Vacancy Rates, City of Sunnyvale, 2009-2018 (a) (b)



Notes:

(a) Data captures units in multifamily properties with at least 50 units.

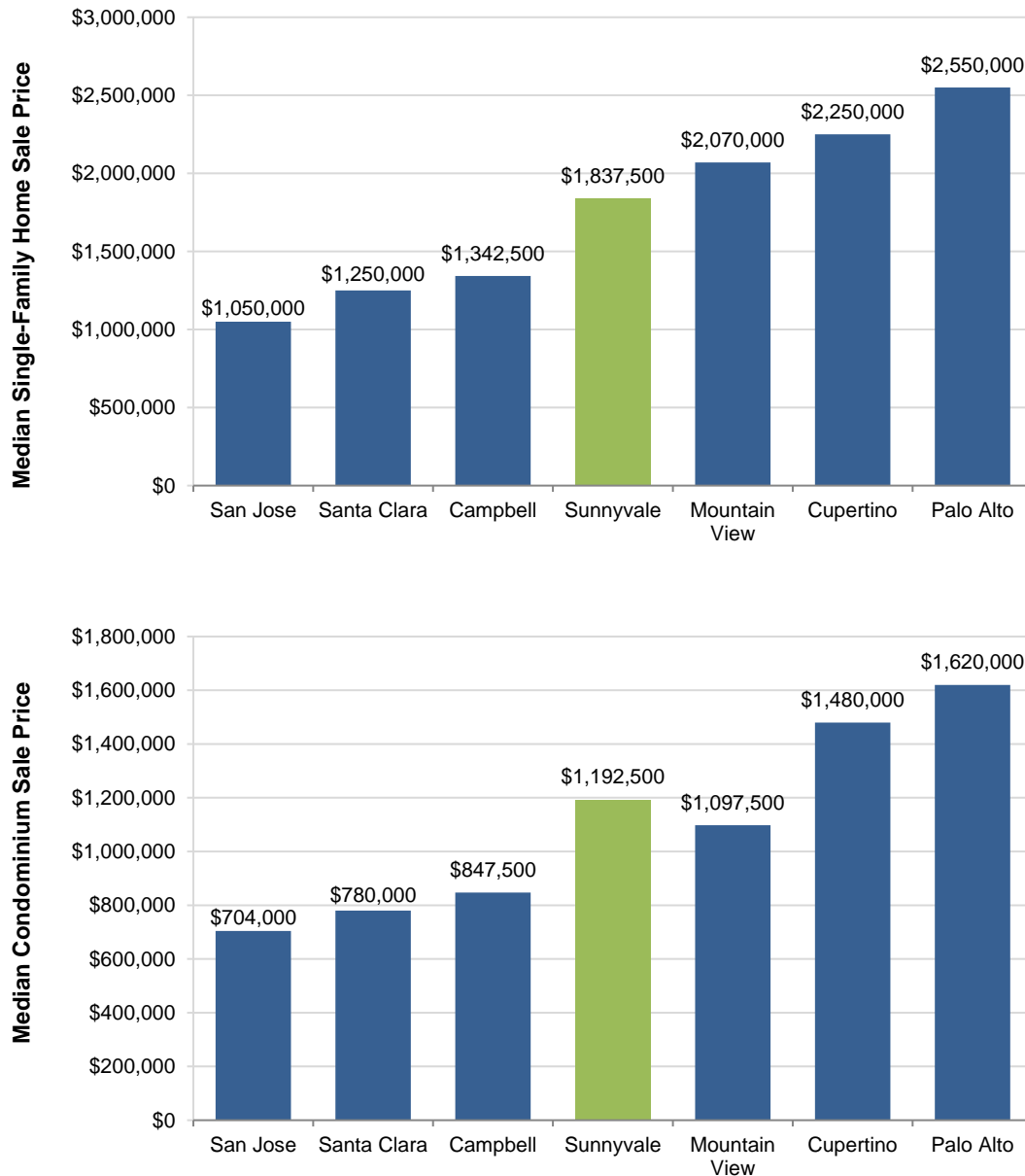
(b) Data reflects point-in-time, rather than annual average, market conditions of the last day of the respective year.

Sources: CoStar, 2019; BAE, 2019.

For-Sale Housing Market Trends

Housing costs in Sunnyvale are comparable to housing costs in many other nearby jurisdictions. Figure 9 shows median home sale prices among single-family homes and condominiums in Sunnyvale and six other Santa Clara County cities in December 2018. As shown, the median sale price for single-family homes in Sunnyvale was \$1,837,500, higher than the medians in San Jose, Santa Clara, and Campbell but lower than the medians in Mountain View, Cupertino, and Palo Alto. Condominium sale prices were slightly lower overall, with a median of \$1,192,500 in Sunnyvale in December 2018. Sunnyvale's median condominium sale price was higher than the median sale prices for condominiums in San Jose, Santa Clara, Campbell, and Mountain View and lower than in Cupertino and Palo Alto.

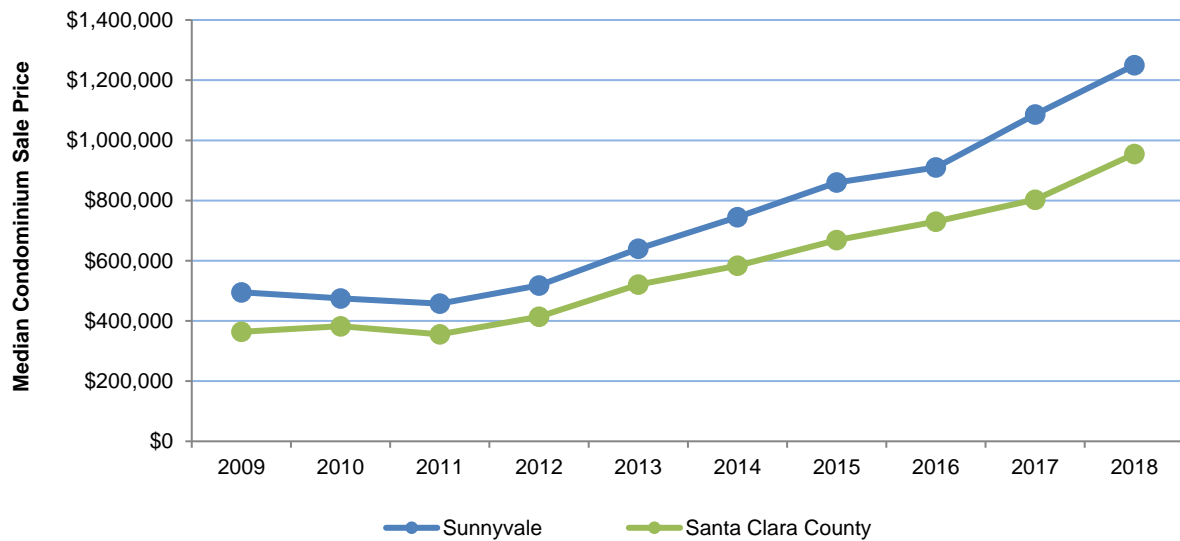
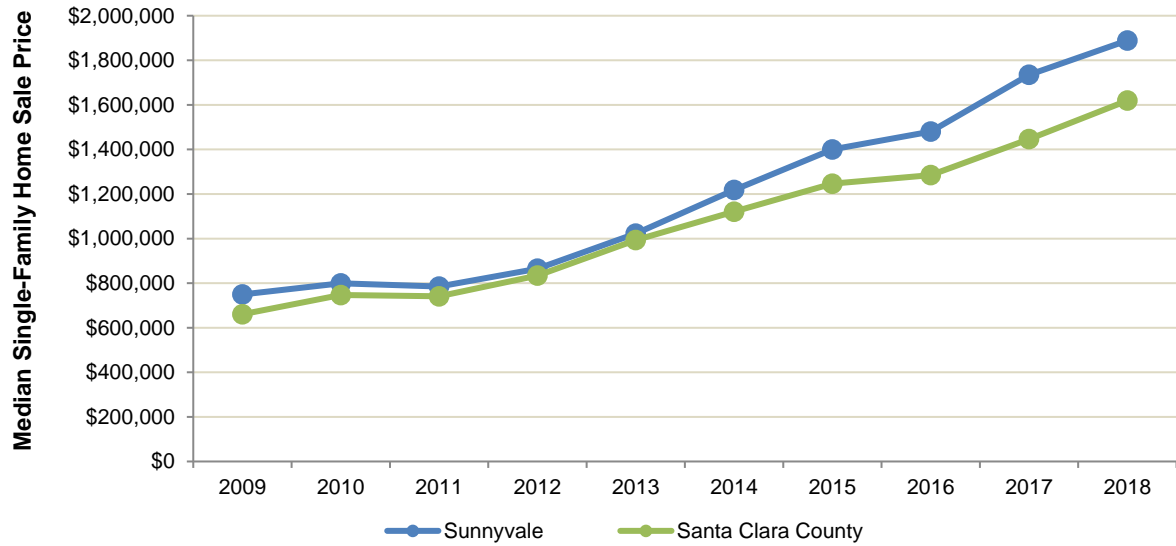
Figure 9: Median Home Sale Prices, Selected Santa Clara County Cities, December 2018



Sources: rereport.com, 2019; BAE, 2019.

Home sale prices in Sunnyvale have increased steadily over the past ten years, mirroring countywide trends. Figure 10 shows median single-family and condominium sale prices in Sunnyvale and Santa Clara County from 2009 through 2018. As shown, the median sale price of both single-family homes and condominiums more than doubled during this period in both the City and the County, with home prices in Sunnyvale generally remaining slightly higher than in the County overall.

Figure 10: Median Home Sale Price Trends, 2009-2018



Sources: rereport.com, 2019; BAE, 2019.

MOBILE HOME PARK HOUSING ISSUES

Mobile home park residents face unique housing challenges due to key differences between mobile home park ownership and ownership of other types of homes. Like other homeowners, homeowners that live in mobile home parks own the homes that they live in. However, homeowners that live in Sunnyvale's mobile home parks do not own the land on which their homes are located, and instead rent the spaces where their homes are located from the owners of the mobile home parks.² This means that the costs of mobile home ownership include mobile home space rent in addition to any payments on loans that the homeowner took out to finance the purchase of the mobile home. Mobile home buyers typically finance their home purchase using chattel loans, which tend to have higher interest rates and shorter loan terms than a traditional home mortgage loan, because mobile homes are generally not eligible for the same types of mortgages that buyers use to finance the purchase of other types of homes.

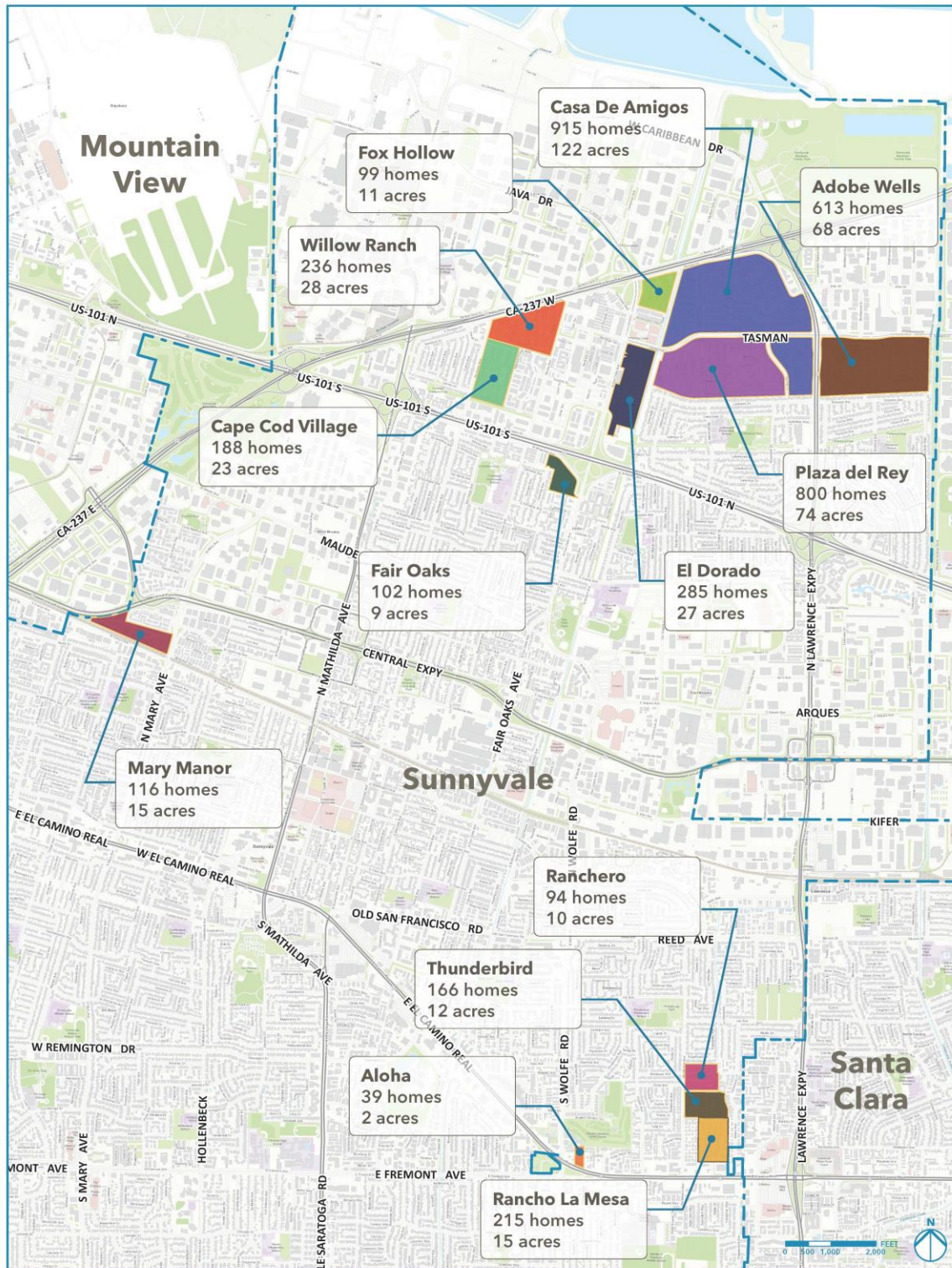
Residents in Sunnyvale's mobile home parks have raised concerns about increases in mobile home park space rents and have advocated for the City to adopt policies that will protect mobile home park residents from the negative impacts of space rent increases. The City Council has responded to these concerns in part by including mobile home park housing issues as one of the focus areas for this Housing Strategy. This chapter provides background information on Sunnyvale's mobile home parks, mobile home park residents, and housing considerations related to mobile home parks, as well as an overview of potential strategies for addressing mobile home park housing issues in Sunnyvale.

Sunnyvale Mobile Home Park Background

There are 13 mobile home parks in Sunnyvale with a total of 3,862 mobile homes, making mobile homes a relatively substantial component of Sunnyvale's housing inventory. In fact, Sunnyvale is home to several of the largest mobile home parks in the state. Figure 11 shows a map of the mobile home parks in Sunnyvale. According to American Community Survey (ACS) data collected between 2012 and 2016, mobile homes account for approximately seven percent of all housing units in the City of Sunnyvale, compared to just two percent of housing units in the Two-County Subregion comprised of San Mateo and Santa Clara Counties. Sunnyvale is home to 19 percent of the mobile homes in the Two-County Subregion, despite the fact that only six percent of all housing units in the subregion are located in Sunnyvale.

² Although mobile home parks can be resident-owned, there are no resident-owned mobile home parks in the City of Sunnyvale.

Figure 11: Mobile Home Parks in Sunnyvale, 2020



Sources: City of Sunnyvale, PlaceWorks, BAE Urban Economics, 2019.

Mobile Home Resident Demographic Characteristics

This Housing Strategy report analyzes the demographic characteristics of Sunnyvale mobile home park residents using a detailed and rich data set published by the U.S. Census known as the Public Use Microdata Sample (PUMS). Derived from a five percent sample of actual responses from households responding to the American Community Survey, and available for certain defined areas of 100,000 or more of population, known as “PUMAs” or Public Use Microdata Areas, this data source allows for cross-tabulation of variables such as mobile home residency and household income.³ The analysis presented in this chapter uses the data from the 2012 through 2016 five-year survey period, the most recent data available at the time that these data were first presented during community engagement events for the Housing Strategy in early 2019.

The PUMS data indicate that residents living in mobile homes in Sunnyvale tend to be older than Sunnyvale residents overall. According to the PUMS data summarized in Figure 12, the median age among mobile home park residents in the PUMA that encompasses the mobile home parks in Sunnyvale was 45, compared to 35 in the City of Sunnyvale as a whole. Among mobile home park residents, 36 percent were over the age of 55, compared to just 21 percent in the City of Sunnyvale overall. The difference in age between mobile home park residents and residents in Sunnyvale overall is likely due in part to the presence of three mobile home parks in Sunnyvale that are age-restricted to residents age 55 and older, totaling 523 units.

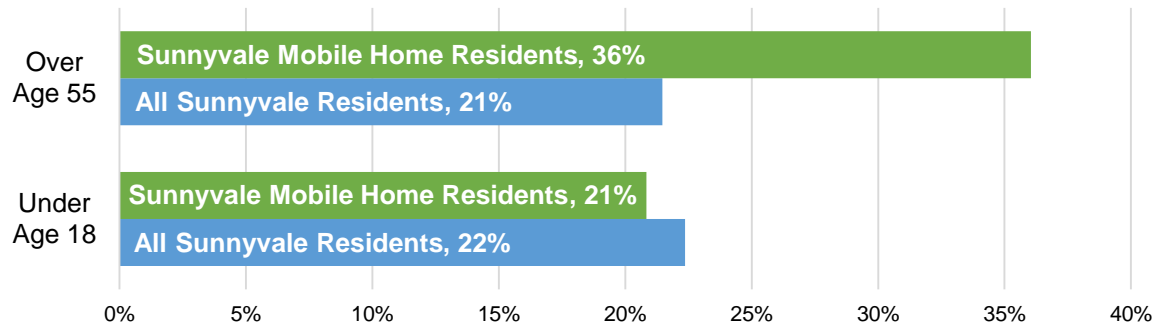
Households living in mobile homes in Sunnyvale also tend to have lower incomes than households in the City as a whole but are significantly more likely to own their homes. According to PUMS data collected between 2012 and 2016, households living in mobile homes in the PUMA that encompasses the mobile home parks in Sunnyvale had a median annual household income of approximately \$62,900 (see Figure 12), approximately 57 percent of the citywide median annual household income of \$109,800 during the same period. Despite having lower incomes, approximately 86 percent of households living in mobile homes in Sunnyvale owned their homes, compared to less than half in Sunnyvale overall. Renter households in mobile homes in Sunnyvale tend to have lower incomes than those that own their mobile homes, with a median of approximately \$45,000 per year.

These data suggest that mobile homes provide a relatively affordable home ownership option, including for many of Sunnyvale’s older residents, which is increasingly difficult to obtain elsewhere in Sunnyvale or much of the rest of Santa Clara County. In addition, these data indicate a potential overlap between policies that address mobile home park housing issues and policies that address age-friendliness in Sunnyvale’s housing stock.

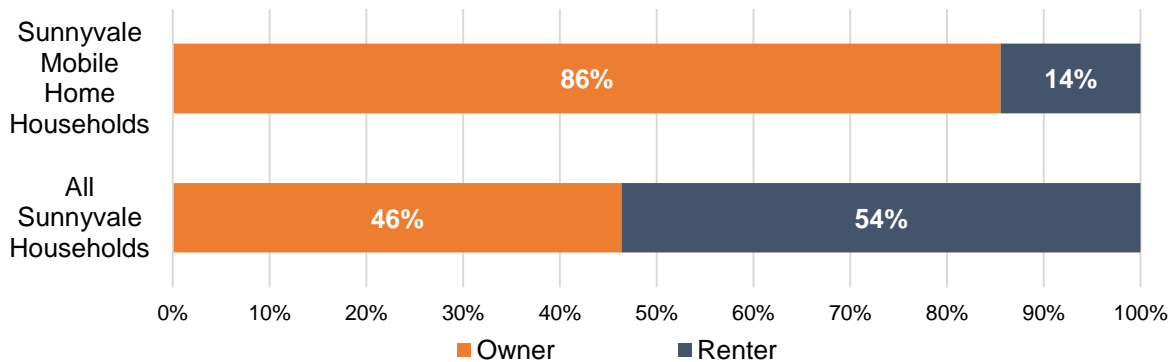
³ The PUMA that includes the mobile home parks in the City of Sunnyvale also includes one 112-unit mobile home park in San Jose. Because the mobile home park in San Jose would comprise a small share (less than three percent) of the mobile homes in this sample, this analysis assumes that the PUMS data for mobile home park residents living in this PUMA are generally representative of mobile home park residents in Sunnyvale.

Figure 12: Sunnyvale Mobile Home Park Resident Demographic Overview, 2012-2016

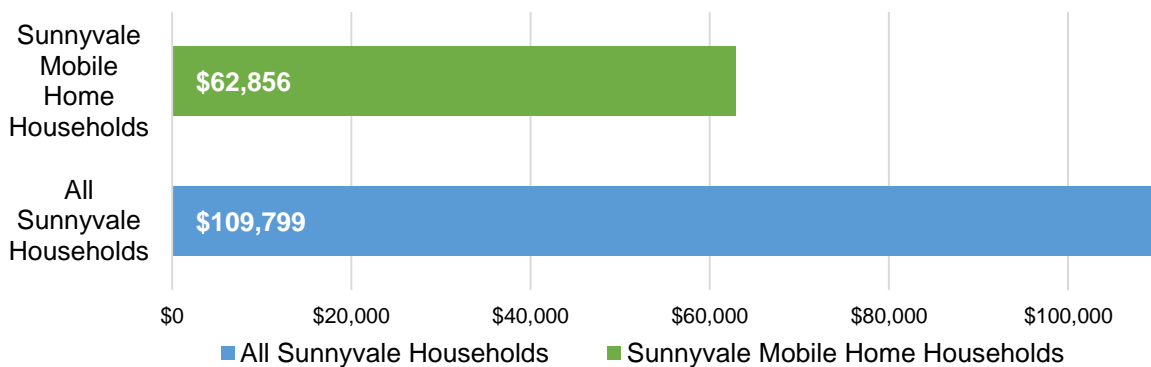
Residents in Selected Age Groups



Households by Tenure



Median Annual Household Income



Note:
Data for Sunnyvale mobile home residents and households include data for all households and residents living in Sunnyvale mobile homes as well as households and residents living in one 112-unit mobile home park in San Jose.
Sources: ACS, 2012-2016; BAE, 2019.

Mobile Home Park Owner Survey

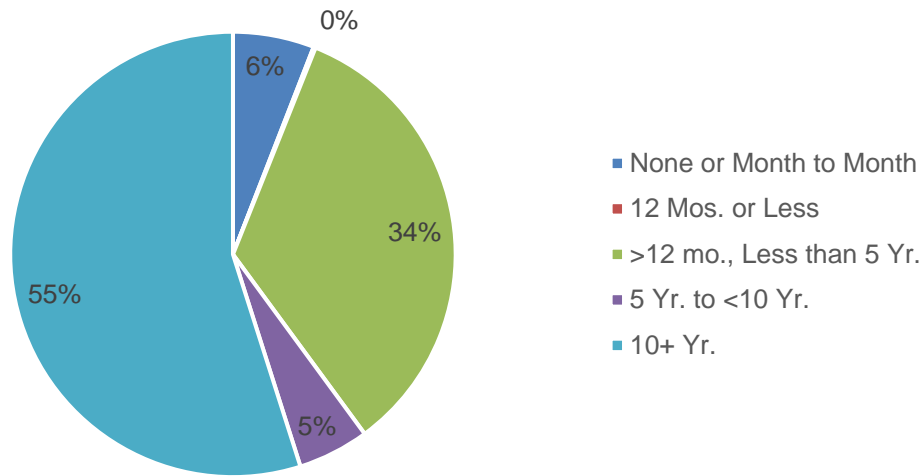
In March 2019, the City sent a survey to the owners of each mobile home park in Sunnyvale to obtain information on park characteristics, lease provisions, and length of residency among mobile home park owners and renters as well as to obtain input on potential strategies for addressing mobile home park issues in Sunnyvale. Responses were received from representatives of six mobile home parks in the City, representing 2,053 mobile home spaces (approximately two thirds of the City's mobile home park spaces). Among these spaces, almost all (2,039) were owner-occupied and a small number (11) were renter-occupied. Only three mobile home spaces represented by the responding mobile home park owners were vacant.

The results of the mobile home park owner survey indicate that many mobile home park residents in Sunnyvale have a lease for their mobile home space or the option to have a lease, which provides stability and predictability for residents during the lease term. The survey results indicated that all of the mobile home parks represented in the responses offer lease terms of five years or more, with options for shorter leases. The owners indicated that approximately 60 percent of current residents have leases with terms of five years or longer, as shown in Figure 13, and that six percent of residents had no lease or a month-to-month lease. Respondents indicated that the average monthly rent for existing leases of 12 months or more ranges from \$1,035 to \$1,264.

Although leases are widely available to mobile home park residents, these residents are not necessarily protected from the negative impacts of rent increases when leases expire, which is likely to occur during the time that many residents live in their mobile homes, or when spaces turn over to a new mobile home unit owner. According to the survey responses, two thirds of the residents living in the mobile home parks represented in the survey responses have lived in their homes for five years or more, and almost half of all residents had lived in their homes for ten years or more, as shown in Figure 14. This means that most mobile home park residents are long-term residents, and many will live in their homes past the end date of a five- or ten-year lease term. Only two park owners responded to a question about the space rent that would apply when a space turns over to a new owner, and therefore these responses are not directly comparable to the information on current rent for residents with existing leases. However, the survey results suggest that, at least in some of the City's mobile home parks, the space rent would increase substantially when a space turns over to a new mobile home unit owner.

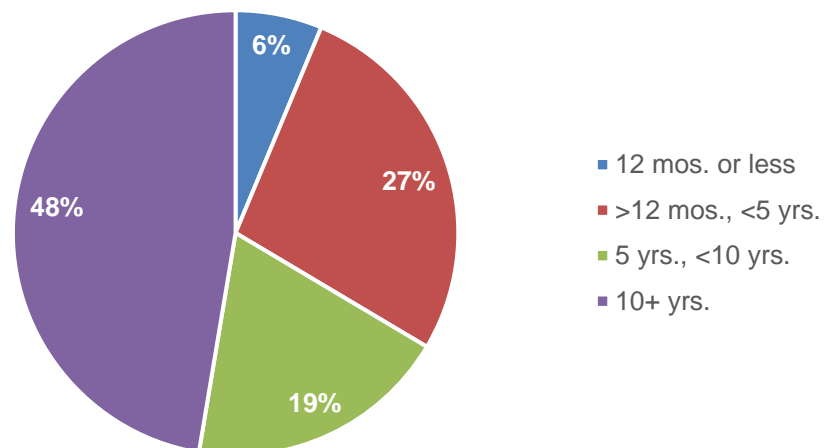
It should be noted that the owner of the largest mobile home park in Sunnyvale, Plaza Del Rey, sold the mobile home park subsequent to completing the mobile home park owner survey, and therefore the responses provided in the survey may not correspond entirely to the responses that would be provided by the current owners. The new owners have reported that they are honoring existing leases at Plaza Del Rey and offering new 25-year leases.

Figure 13: Length of Current Leases in Sunnyvale Mobile Home Parks Represented in Mobile Home Park Owner Survey



Sources: Mobile Home Park Owners' Survey, 2019; BAE, 2019.

Figure 14: Length of Residency in Sunnyvale Mobile Home Parks Represented in Mobile Home Park Owner Survey



Sources: Mobile Home Park Owner Survey, 2019; BAE, 2019.

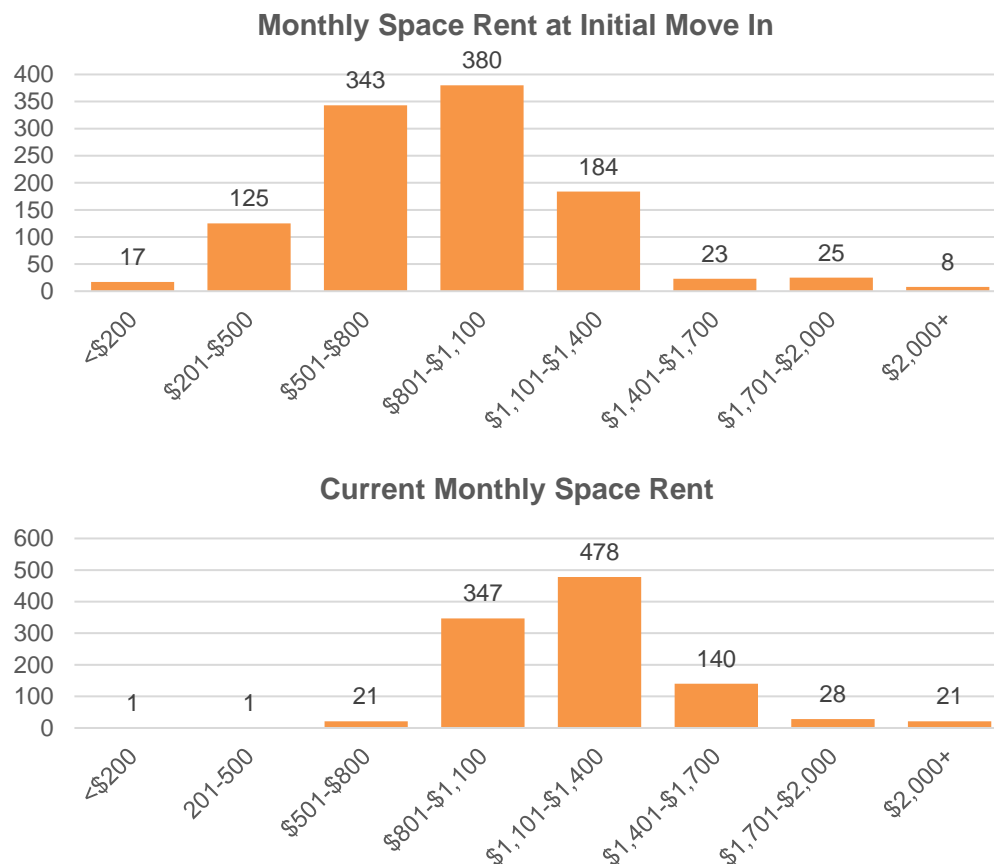
Mobile home park owners' responses related to various policy options for mobile home parks are discussed at the end of this chapter in the subsection that describes community input on mobile home park strategies.

Mobile Home Park Resident Survey

In addition to the mobile home park owners survey, the City conducted a survey of mobile home park residents during April and May of 2019. The survey included questions about current space rents, whether homeowners have outstanding loans on their homes and their monthly loan payment amount, residents' income, and lease terms, among other topics. The survey also asked mobile home park residents to provide input on potential strategies to address mobile home park housing issues in Sunnyvale. The City distributed 3,505 surveys to mobile home park residents and received 1,151 responses.

The responses to the resident survey indicate that many mobile home park residents have experienced increases in space rents during the time that they have lived in their mobile homes. Figure 15 shows the space rent that residents report paying when they first moved into their mobile home as well as their current space rent. As shown, the distribution of space rents at move-in skews lower than the distribution of current space rents. The average current space rent reported among respondents was \$1,239 per month.

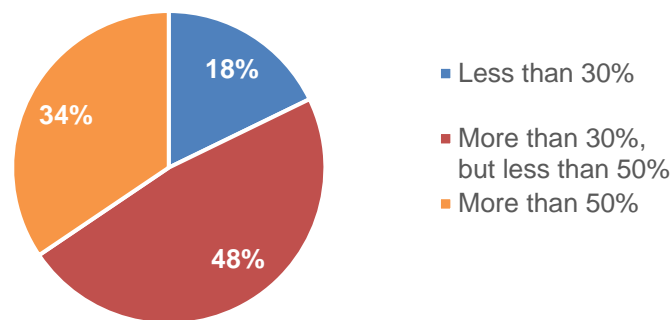
Figure 15: Mobile Home Space Rents Reported in Responses to Sunnyvale Mobile Home Park Resident Survey



Sources: Mobile Home Park Resident Survey, 2019; BAE, 2019.

The responses to the resident survey indicate that many mobile home park residents have a high housing cost burden. As shown in Figure 16, over 80 percent of survey respondents reported spending more than 30 percent of their monthly income on housing costs, and approximately one-third reported spending more than 50 percent of their monthly income on housing costs. These responses indicate that many mobile home park residents experience financial hardship due to their housing costs and are unlikely to be able to afford substantial increases in their space rents or other housing costs.

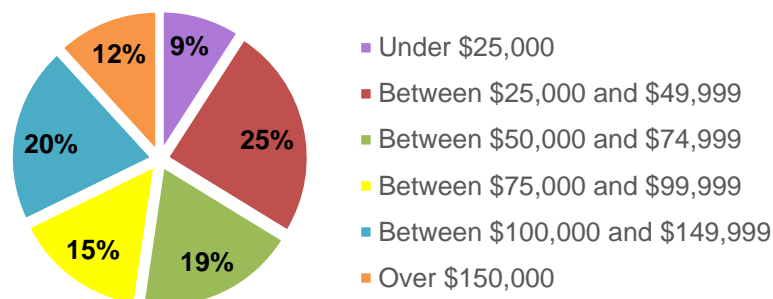
Figure 16: Percent of Monthly Income Spent on Housing Costs Among Respondents to Sunnyvale Mobile Home Park Resident Survey



Sources: Mobile Home Park Resident Survey, 2019; BAE, 2019.

The resident survey also indicated that households that live in Sunnyvale's mobile home parks have a wide range of incomes. As shown in Figure 17, approximately one-third of all respondents reported an annual household income of less than \$50,000, one-third reported an annual household income of at least \$50,000 but less than \$100,000, and the remaining third reported an annual household income over \$100,000. This distribution indicates that Sunnyvale's mobile home parks provide housing for households at a wide range of income levels, many of which would be unable to afford other types of owner-occupied housing in the City despite some having relatively high incomes.

Figure 17: Household Income Among Respondents to Sunnyvale Mobile Home Park Resident Survey



Sources: Mobile Home Park Resident Survey, 2019; BAE, 2019.

Mobile home park residents' responses related to various policy options for mobile home parks are discussed at the end of this chapter in the subsection that describes community input on mobile home park strategies.

Existing Mobile Home Park Programs and Policies

The California Department of Housing and Community Development regulates many aspects of mobile home parks, such as health and safety conditions within mobile homes and mobile home parks, code enforcement, and installation and removal of mobile homes. Mobile home park residents can file complaints related to space rents and other park management issues with the State Mobile Home Ombudsman.

The City of Sunnyvale has taken additional steps to preserve the City's mobile home parks by protecting mobile home park properties from redevelopment. The City's Mobile Home Park Conversion Ordinance regulates park closures or conversions of parks to other uses. Among other provisions, the Mobile Home Park Conversion Ordinance requires that property owners complete a Conversion Impact Report for review and approval by the City Council before any park conversion is approved. The Conversion Impact Report must define and address the social and economic impacts that the conversion would have on displaced residents and mobile home owners. The Conversion Ordinance also requires that the property owner provide displaced residents with relocation assistance.

In addition, the City of Sunnyvale's General Plan and Zoning Ordinance designate the City's existing mobile home parks exclusively for mobile home park use; only one park is currently zoned for residential uses other than mobile home parks. As a result, owners of mobile home parks in Sunnyvale must apply for a zone change and/or General Plan amendment before converting the parks to another use, which would require City Council approval.

Mobile Home Park Housing Considerations

This section provides an overview of key considerations related to addressing mobile home park issues in Sunnyvale.

Challenges Related to Moving Mobile Homes

Residents and others familiar with Sunnyvale's mobile home parks report a range of potential barriers to relocating many of the mobile homes that are located in Sunnyvale's mobile home parks. Many of the mobile homes in the City are fairly old and could not be moved without causing significant damage to the home. In cases where mobile homes could theoretically be relocated, the expense of relocating the unit would be cost-prohibitive for most mobile home households. Moreover, the inventory of unoccupied spaces for mobile homes in the region is severely limited, leaving few if any local relocation options for any owners that might otherwise move their mobile homes to a new location. This means that mobile home residents that own

their homes generally need to sell their units in order to move, rather than retaining ownership of their home and moving it to a new location.

Affordability Challenges from Space Rent Increases

For many mobile home park residents, space rent increases can make housing costs unaffordable, potentially causing households to choose between paying for housing costs and providing for other basic needs such as food or healthcare. Mobile home park households that decide or are forced to move due to space rent increases will be unlikely to find affordable housing nearby due to high housing costs throughout the region. Furthermore, in cases where space rent increases make their homes unaffordable, homeowners living in mobile home parks have to sell their homes in order to move, potentially causing some mobile home owners to remain in a housing situation that has become unaffordable until securing a buyer.

Effect of Mobile Home Park Space Rents on Mobile Home Sale Prices

Prospective mobile home buyers typically consider the total cost of mobile home ownership when making an offer to purchase a mobile home, including the cost of space rent and the cost of payments on any loans that the homeowner uses to finance the home purchase. If all else is equal, buyers will typically offer less for a home with a high space rent than for the same home with a lower space rent, mitigating the effect of a higher space rent cost by reducing monthly payments on a home loan. As a result, as mobile home space rents increase, there is a direct negative impact on the amount that mobile home owners will receive when they sell their homes. This means that mobile home owners are affected not just by the space rent that they pay, but also by the rent that a buyer would be charged once they sell their home and leave the mobile home park.

Potential Strategies for Addressing Mobile Home Park Housing Needs

The following strategies related to mobile home parks were evaluated during the Housing Strategy outreach process. It should be noted that the following strategies do not include any strategies related to resident acquisition of mobile home parks, though this strategy has been used in other communities. The high cost associated with purchasing mobile home parks in Sunnyvale would likely preclude resident acquisition or acquisition by a government or non-profit entity, and therefore this report focuses on more feasible strategies.

Mobile Home Space Rent Stabilization or Rent Control

Mobile home space rent stabilization or rent control would limit the amount by which mobile home park owners and operators can increase mobile home space rents each year. To pursue this strategy, the City would adopt a mobile home park rent stabilization or rent control ordinance that would specify the amount of the allowable annual increases as well as other program parameters. Under a mobile home space rent stabilization or rent control ordinance, in compliance with state law, any space with a lease longer than 12 months is exempt from the ordinance and only becomes subject to the ordinance if and when the space becomes subject to a lease with a term of 12 months or less (pursuant to Cal. Civ. Code § 798.17). At renewal, if no new lease is signed or if the new lease is 12 months or less, the space becomes subject to applicable rent regulation.

Policy Options

Vacancy Control/Vacancy Decontrol

Many jurisdictions with mobile home rent control include “vacancy control,” which limits the allowable increase in space rents when a homeowner sells their unit. Jurisdictions with vacancy control might not allow any increase above that which would have been allowed if the homeowner had not sold the unit. Alternatively, jurisdictions with vacancy control might allow mobile home park owners to increase the space rent when a unit is sold by a larger amount than the increase that would have been allowed if the unit had not turned over, but with a cap on amount of the increase. Other jurisdictions with mobile home rent control allow for “vacancy decontrol,” which allows park owners to increase space rents to market rates when a homeowner sells their unit.

Arguments in Favor

Mobile home space rent stabilization or control would provide mobile home park residents with predictability related to their long-term housing costs. Space rent stabilization or control can also largely prevent the negative impacts that large space rent increases can have on mobile home park residents that may have difficulty affording higher rents. In jurisdictions with mobile home park rent stabilization or rent control ordinances that include vacancy control provisions, these ordinances can also prevent or lessen the impacts that space rent increases would otherwise have on mobile home sale prices.

Arguments Against

Space rent stabilization or control would limit future increases in income to mobile home park owners, which could make it difficult for owners to invest in park maintenance and upgrades. Furthermore, to the extent that a rent stabilization or rent control ordinance allows property owners to increase space rents when a homeowner sells their home, some mobile home park owners may be motivated to evict long-standing tenants or pressure these tenants to sell. In addition, many mobile home park spaces in Sunnyvale are subject to leases with 12-month or longer terms that would be exempt from a rent stabilization. A space rent control or stabilization program would also be intensive for the City to administer.

Memorandum of Understanding/Accord

In the context of potential mobile home park housing strategies, a memorandum of understanding (MOU) or an accord would be an agreement between the local jurisdiction and the owners of the mobile home parks in the jurisdiction that sets rent increase limits, conditions for allowing rent increases, and a mediation process if one becomes needed. The MOU or accord could also establish provisions related to “vacancy control” and remedies should a park owner fail to follow the MOU.

To support the implementation of an MOU or accord, the City and legal consultant would lead a negotiations process that would establish the provisions of the agreement, incorporating the interests of both residents and mobile home park owners into the process. This process would result in a single MOU or accord, which all mobile home parks in the City would be required to agree to. While adhering to the MOU can be seen more as voluntary on the part of park owners, park owners are incentivized to participate in the interest of avoiding more onerous requirements such as a rent control ordinance. The City would also be responsible for holding participating park owners responsible for complying with the MOU or accord.

Policy Options

MOU Term

One key provision of an MOU agreement would be the length of the MOU term. The City of Rancho Cucamonga has a mobile home park MOU that will expire in February 2026, 20 years and 2 months after the effective date of the agreement. The City of Modesto adopted a mobile home park MOU in 2007 with a provision that the parties to the MOU would meet after five years to determine whether to continue the MOU as-is, continue the MOU with modifications, or discontinue the MOU. The City of Modesto and participating mobile home park owners in the City have since agreed to continue the MOU for additional five-year terms in 2012 and 2017. A shorter initial term may be ideal, and serve in a way as a pilot program to ensure the MOU operates successfully.

Relationship to Mobile Home Space Rent Stabilization or Rent Control

In many cases, mobile home park owners agree to sign on to a mobile home park MOU or accord out of a concern that the local jurisdiction will adopt a rent control ordinance with more onerous requirements at a future point in time if mobile home park owners do not agree to the MOU. The City can choose to immediately start on a Rent Stabilization Ordinance should MHP owners not comply with establishing the MOU, and the timed check ins with Council can ensure owners participate early and understand their options.

Memorandum of Understanding/Accord

Timeline for Reaching an Agreement

If pursuing an MOU or accord approach, the City may set a timeline for formulating the terms of the MOU, after which the City would terminate the negotiation process and potentially pursue mobile home space rent control or other strategies. Staff's initial recommendation is require a Council check in a six months after adoption of the Housing Strategy, with a one year goal to have the MOU terms agreed to or nearing completion. Failure to meet the timelines could result in termination of the MOU process to begin the Rent Stabilization Ordinance.

Arguments in Favor

A MOU or accord would provide some protection for residents while allowing for a collaborative approach to balancing mobile home park owner and mobile home park resident interests. An MOU would also have the flexibility to incorporate other terms that might not be included in a rent control ordinance.

Arguments Against

Compared to rent stabilization, a MOU or accord could be less effective at providing mobile home park residents with protection from rent increases, depending on the specific provisions of the MOU or accord, particularly over the long term as the MOU expires. In addition, this strategy leaves a possibility that some park owners may not honor the MOU or accord.

Mobile Home Space Rent Mediation	
<p>A mobile home space rent mediation program would establish a City-appointed board or other neutral party to hold meetings or hearings with mobile home park owners and tenants to provide mediation if a tenant wants to contest an increase in their space rent. Rent mediation programs typically establish a timeframe during which a tenant can file for mediation after receiving a notice of a rent increase.</p>	
Policy Options	
<p>Binding/Non-Binding Mediation</p> <p>Mediation may be either binding, requiring the property owner to abide by the outcome of the mediation process, or non-binding. In cases where mediation is non-binding, the mediation process is advisory only.</p>	
<p>Minimum Increase for Eligibility</p> <p>Rent mediation programs often establish a minimum rent increase that makes a case eligible for mediation. For example, a rent mediation program might allow tenants to request mediation if they receive a notice for a rent increase of more than five percent. Alternatively, a jurisdiction can allow a resident to request mediation regardless of the amount of the increase.</p>	
Arguments in Favor	Arguments Against
<p>Rent mediation provides a process for mobile home park residents who want to dispute rent increases. Compared to rent stabilization, rent mediation could provide more flexibility for park owners to ensure sufficient income to invest in park maintenance and upgrades.</p>	<p>Compared to rent stabilization, rent mediation would be less effective at providing mobile home park residents with predictability, stability, and protection from the negative impacts of large space rent increases, particularly if mediation is non-binding.</p>

Safety Net Program	
<p>In the context of potential mobile home park housing strategies, a safety net program would require an agreement from mobile home park owners to provide assistance to mobile home park residents in the event of financial hardship. A safety net program would allow mobile home park tenants demonstrating hardship to qualify for a space rent freeze for a certain period of time, a lower space rent increase than is applied to other mobile home spaces, or other types of assistance.</p>	
Policy Options	
Implemented Independently or as Part of an MOU	
<p>A safety net program could be an independent program, or included as a provision of a broader MOU or accord for mobile home parks.</p>	
Level of City Support	
<p>The City could support a safety net program by providing financial assistance and/or assisting in evaluating mobile home owners' requests for assistance. Alternatively, the City could choose not to provide financial or other support.</p>	
Arguments in Favor	Arguments Against
<p>A safety net program would protect the most vulnerable mobile home park residents from rent increases that they are unable to afford. A safety net program would also be means-tested, allowing park owners to charge higher space rents to households that do not apply and qualify for the program, which may increase owners' ability to continue to invest in mobile home park properties.</p>	<p>Under a safety net program, tenants that do not qualify for assistance could still experience negative impacts from rent increases, and some tenants that are experiencing hardship may be reluctant to apply for assistance. In addition, a safety net program would not address the negative impacts that space rent increases have on mobile home resale values.</p>

Community Input on Mobile Home Park Strategies

In general, mobile home park residents that participated in the community engagement process for the Housing Strategy indicated a strong preference for mobile home park space rent control. Among those that responded to the resident survey, 81 percent were in favor of mobile home space rent stabilization or rent control.

Table 3 below shows the priority ranking for each of the mobile home strategies, based on input received during the Farmers' Market Pop-Up on November 16, 2019, the November 21st, 2019 Open House on Strategy Prioritization, and the Community-Wide Survey that the City conducted during December 2019 and January 2020. As shown, mobile home space rent

stabilization was the strategy that received the highest priority ranking from those that participated in these portions of the community engagement process. The MOU or accord strategy and the safety net strategy followed rent stabilization in order of priority among those that participated in the process, while a space rent mediation program was the strategy that participants ranked lowest in priority.

Table 3: Mobile Home Park Strategy Priority Ranking from Community Engagement Process

Potential Strategy	Total Points, Farmers' Market Pop-Up and Prioritization Open House on Nov. 21 st	Rankings		
		Farmers' Market Pop-Up and Prioritization Open House on Nov. 21 st	Community-Wide Survey	Average
Mobile Home Space Rent Stabilization	48	1	1	1
Mobile Homes Space Rent Mediation	13	4	4	4
Memorandum of Understanding/Accord	27	2	3	2.5
Safety Net Program	24	3	2	2.5

In contrast, mobile home park owners indicated a preference for no new programs or policies related to mobile home parks and were most strongly opposed to mobile home rent control as a policy option. All of the mobile home park owners that responded to the mobile home park owner survey indicated a preference that the City not adopt any new regulations for mobile home parks, with rent stabilization as the policy option that park owners viewed least favorably. All of the mobile home park owners that responded to the survey indicated that a safety net program would be the most favorable of the potential policy options and most owners preferred the MOU approach over rent mediation. It should be noted that the survey required owners to rank all strategy options in order of preference and did not have the option to rank multiple strategies as least or most favorable.

AGE-FRIENDLY HOUSING ISSUES

The Sunnyvale City Council identified age-friendly housing strategies one of the focus areas for this Housing Strategy, building on the City’s past and ongoing actions to address age-friendliness as it relates to housing opportunities in Sunnyvale. This chapter provides an overview of existing housing needs and considerations related to age-friendliness in housing as well as the strategies to address age-friendliness in housing that were considered as part of the Housing Strategy process.

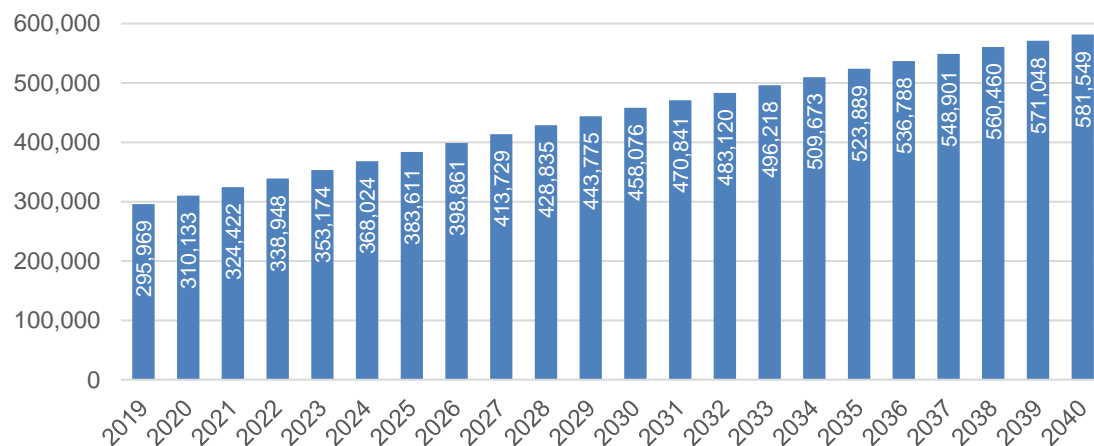
Age-Friendly Housing Background

This section provides background information related to age-friendly housing in Sunnyvale, with a focus on Sunnyvale’s senior population, including demographic data, findings from an age-friendly survey conducted by the City, and information on existing resources for seniors in Sunnyvale.

Senior Population Trends

Projected growth in the regional population aged 65 and older suggests a growing need to address senior housing needs over the coming decades. As shown in the Overview of Existing Conditions chapter of this report, approximately 17,700 members of Sunnyvale’s current population are 65 or older, accounting for 12 percent of City residents. Projections from the California State Department of Finance estimate that the population aged 65 and older in Santa Clara County will increase substantially over the next 20 years, from approximately 296,000 in 2019 to approximately 582,000 in 2040, a 96-percent increase (see Figure 18). Some of this growth in Santa Clara County’s older adult population is likely to impact housing demand and needs within the City of Sunnyvale.

Figure 18: Projected Growth in the Population Age 65+, Santa Clara County, 2019-2040



Source: California State Department of Finance, 2019; BAE, 2019.

Sunnyvale Age-Friendly Survey Findings

In August 2018, the Sunnyvale Library and Community Services Department conducted a survey to obtain input on Sunnyvale’s age-friendliness, which received a total of 388 responses. Among the respondents, living independently in their own home as they age was a top priority, ranked as either very important or extremely important in 92 percent of the responses. This was followed by the availability of home repair contractors who are trustworthy, do quality work and are affordable, which 91 percent of respondents ranked as either very important or extremely important. Other issues that a high proportion of respondents ranked as either very important or extremely important are shown in Table 4.

Table 4: Sunnyvale Age-Friendly Survey Findings, Top Issues Identified as Very Important or Extremely Important, 2018

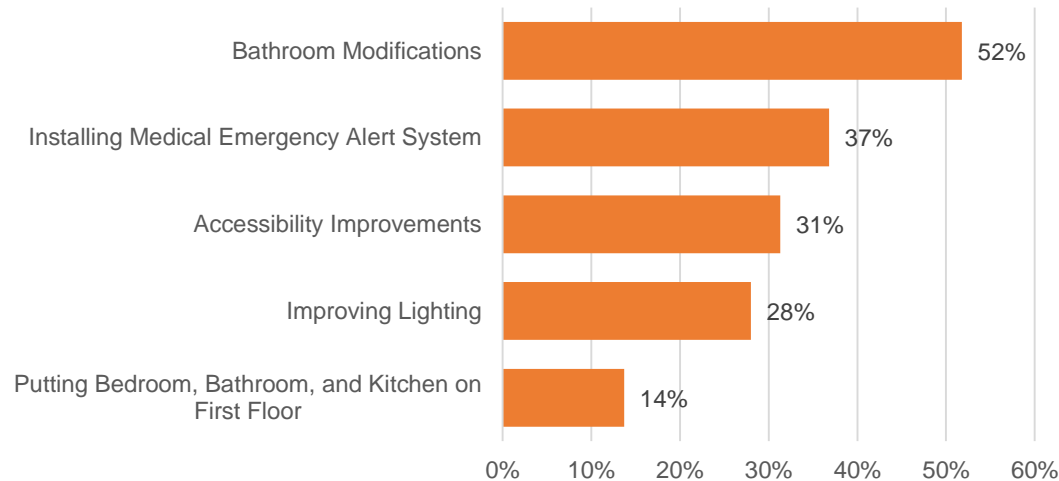
Percent of Respondents Who Felt Issue Was **Very Important** or **Extremely Important**:

Living independently in own home as they age	92.0%
Need for trustworthy, quality, affordable contractors	91.2%
Home repair services for lower-income and older adults	80.3%
Affordable housing options with different features for different income levels	81.7%
Homes with accessibility features	70.5%
Safe, well-maintained, low-income housing	73.9%
Affordable quality assisted living facilities	87.8%

Source: City of Sunnyvale, 2018; BAE, 2019.

Among respondents that anticipated a potential need to make modifications to their homes as they age, the most common type of modifications anticipated were bathroom modifications, such as grab bars, handrails, a higher toilet, or non-slip tiles. The second most highly anticipated modification was installation of a medical emergency alert system, followed by accessibility improvements, and lighting improvements. A small number of respondents anticipated a need to put a bedroom, bathroom, or kitchen on the first floor. These findings are summarized in Figure 19 below.

Figure 19: Sunnyvale Age-Friendly Survey Findings, Anticipated Home Modification Needs, 2018



Source: City of Sunnyvale, 2018; BAE, 2019.

Existing Resources for Elderly Residents

Sunnyvale's housing inventory includes 644 rental units for seniors that are affordable to lower-income senior households, as well as 35 residential care homes for seniors with nearly 800 beds. Approximately 350 seniors in Sunnyvale receive Section 8 housing subsidies. In addition, the City's Senior Center offers a variety of educational, recreational, and health-related services for older adults, including a Care Management program that offers free assessment, care planning, assistance with service arrangements, and client monitoring for Sunnyvale residents over the age of 50.

Current Age-Friendly Housing Policies and Programs

The City of Sunnyvale has adopted various policies and programs to address age-friendliness in housing in Sunnyvale. The City's most recent Housing Element includes policies to reduce parking standards for special needs housing, including housing for seniors, and to continue to address seniors' special housing needs through the provision of affordable housing and housing-related services.

The City of Sunnyvale has joined the World Health Organization's Global Network of Age-Friendly Cities and Communities (GNAFCC), pledging to become more age-friendly. The City's Library and Community Services Department is leading this effort and has created a Draft Age-Friendly Action Plan.

In addition to policies that are specifically targeted to senior households, many of the City's housing programs and policies assist seniors as well as other households. The City operates a Home Improvement Program that provides various types of assistance for homeowners to fund

needed improvements to their homes. Through the Home Improvement Program, the City provides grants for accessibility improvements, emergency repairs, purchase of paint for exterior painting to be completed by the homeowner, and minor energy efficiency improvements. These grants can enable seniors to undertake critical home improvements that allow them to age in place. In addition, the City's mobile home park preservation policies (described in the chapter above on mobile home park housing issues) benefit the substantial portion of mobile home park residents that are seniors. The City has also engaged in an effort to facilitate and promote the construction of new accessory dwelling units (ADUs) in Sunnyvale. ADUs can help to address senior housing needs by providing affordable housing for senior renters, providing rental income for senior homeowners that rent ADUs on their property, or providing an option for seniors to downsize to an ADU on their property and rent the primary house to another household. Other policies that address senior housing needs include the City's reasonable accommodation procedures related to zoning, permit processing, and building codes and the City's policy to encourage new developments to include units for tenants with special needs, including seniors, through incentives and prioritization in funding.

Age-Friendly Housing Considerations

This section provides an overview of some key considerations related to addressing age-friendly housing goals in Sunnyvale.

Changes in Housing Needs as Seniors Age

Most seniors experience some changes in their housing needs as they age, though the degree to which housing needs change and the type of changes that seniors need as they age vary substantially from one individual to the next. Many individuals develop a need for physical adaptations to the homes that they live in, such as entry ramps or shower grab bars, to improve accessibility and accommodate new physical limitations. For many seniors, having access to public transportation and other services becomes more important as they age due to decreased mobility or increased difficulty with driving. Because many seniors have low incomes, some may need financial assistance to afford rent, property taxes, mortgage payments, or home repairs. Seniors with more serious medical needs or physical limitations may require in-home care as they age.

There are a range of potential living arrangements that seniors may seek out as their housing needs change with age, depending on their specific needs, financial resources, and other factors. These can include remaining in their own homes, potentially with adaptability features or financial assistance; independent living for seniors, which may be market-rate or affordable; and various types of assisted living and skilled nursing facilities with services on-site.

Preferences for Aging in Place

Many individuals express a strong preference for aging in place, as did many of the Sunnyvale residents that responded to the City's survey on age-friendliness (see Table 4 above), despite changes in housing needs as adults age. Aging in place can enable seniors to continue living

in a familiar environment as they age, including living near other members of their social network, which can be important for both mental and physical health. Moreover, many older residents, particularly those that own their homes and have lived in the same home for a long time, would have substantially higher housing costs if they moved to another home in the region, in part because Proposition 13 limits increases in their property taxes. While remaining in the same home will not be possible or desirable for all older adults as they age, addressing age-friendliness in housing should incorporate strategies to enable seniors to age in place as appropriate.

Overlap Between Age-Friendly Housing Strategies and Other Housing Strategies

While senior housing needs are unique in many ways, there is substantial overlap between addressing senior housing needs and addressing the housing issues discussed in the other chapters of this report. For example, residents in Sunnyvale's mobile home parks include a high proportion of older adults, and therefore addressing housing affordability in mobile home parks will disproportionately benefit senior households. In addition, the Supply-Side Housing Strategies discussed in this report include strategies to increase production of ADUs. Facilitating ADU production may benefit seniors that wish to construct an ADU on their property to earn rental income, either by renting out the ADU itself or by renting out the primary residence to a larger household. Furthermore, strategies discussed in other chapters of this report that would increase the City of Sunnyvale's affordable housing supply could also potentially increase seniors' affordable housing options.

Potential Strategies for Addressing Age Friendliness in Housing

The Housing Strategy outreach process included evaluating the following strategies related to addressing age-friendliness in housing in Sunnyvale.

Promote New Age-Friendly Housing	
<p>Promoting the construction of new age-friendly housing units would increase the supply of housing in the City of Sunnyvale that serves senior residents. New age-friendly housing could potentially include both affordable and market-rate senior housing, and could include independent living as well as assisted living and skilled nursing facilities. Age-friendly housing could also include projects that incorporate universal design and accessibility features but are not necessarily age-restricted, as well as age-restricted projects.</p>	
Policy Options	
<p>Level and Type of City Support</p> <p>The City can take a variety of specific actions to promote the construction of new age-friendly housing, such as providing financial assistance to projects that will create new age-friendly housing units, or establishing policies to prioritize the next funding allocation or next development on City owned land for a senior affordable housing development. City actions to promote the construction of new age-friendly housing could also include a comprehensive evaluation and targeted update of the City's Zoning Ordinance and other sections of the Municipal Code to ensure that City ordinances actively support the production of senior housing and to potentially require universal design in some projects. The City could support implementation of various age-friendly housing initiatives by creating an age-friendly checklist that developers could complete to certify that a designated portion of units in a new development meet a defined set of age-friendliness criteria, allowing the City to evaluate eligibility for any age-friendly housing incentives and track progress toward meeting age-friendly housing production goals.</p>	
Arguments in Favor	Arguments Against
<p>Increasing the supply of senior housing helps to address unmet senior housing needs, both among the current population and as the senior population grows in Sunnyvale and the wider region. In addition, many age-friendly design elements also serve other special needs groups, such as persons with disabilities. Furthermore, the City could enact some of the measures that would be required to implement this strategy at a relatively low cost to the City.</p>	<p>Some implementation measures, such as financial incentives for developers of age-friendly housing, could be costly. Implementation measures such as an update to the City's zoning ordinance or adopting universal design requirements would require City staff time.</p>

Protect At-Risk Affordable Senior Housing Projects and/or Preserve Mobile Home Parks

Maintaining and preserving existing senior housing could include a wide range of actions, including preserving mobile home parks and preserving affordable senior housing that is at risk of conversion to market rate. These types of programs would complement existing City of Sunnyvale programs that already help to maintain housing for seniors, such as the City's Home Improvement Program and existing mobile home park preservation policies.

Arguments in Favor	Arguments Against
Maintaining housing where senior residents already live can help to protect existing senior households from displacement and allow them to age in place.	Maintaining existing housing does not address senior housing needs that are currently unmet, requiring supplemental strategies to address unmet needs. Furthermore, maintaining and preserving housing could require substantial City staff and financial resources, at least in some cases.

Adapt Homes to Age in Place

The City of Sunnyvale can help seniors with adapting their homes to age in place by facilitating home renovations through the Sunnyvale Home Improvement Program and/or special home adaptation permits (i.e. over the counter or streamlined permits for certain types of construction work to allow aging in place at low cost). The City could also offer or promote home repair and maintenance services.

Arguments in Favor	Arguments Against
Home adaptations can make it possible for many seniors to age in place. Additionally, renovations and home repairs are typically cost-effective relative to building new senior housing.	Adapting homes to age in place does not address senior housing needs that are currently unmet, requiring supplemental strategies to address unmet needs. Furthermore, the City would need to identify and dedicate additional financial resources if implementation of this strategy involves expanding the Home Improvement Program to serve more senior households than the program serves currently.

Facilitate New Ways to Use Homes through Home Sharing	
<p>In a home sharing arrangement, senior residents find others to rent a room in the senior’s home or an ADU on the senior’s property, and the renter might help to maintain the home in exchange for a reduced rent. Home sharing can include an emphasis on multigenerational living that involves matching senior residents with younger home-seekers, such as college students. In Santa Clara County, Catholic Charities operates a home sharing program that helps to match homeowners to home seekers, including performing background and reference checks prior to matching a home seeker with a home provider and conducting monthly follow-ups to discuss any issues. If the City were to pursue a strategy related to home sharing, the City’s involvement would most likely consist of supporting this program or another existing program, rather than initiating an independent, City-operated program.</p>	
Arguments in Favor	Arguments Against
<p>Home sharing can help seniors age in place by providing senior households with rental income and/or assistance with home maintenance. This strategy also uses existing housing resources to address unmet housing needs, making it relatively quick and cost-effective to use home sharing to house renters in need of a room.</p>	<p>In order to comprehensively address age-friendly housing objectives, the City would need to implement additional strategies to address senior housing needs for households for which home-sharing is not a feasible option due to the size of their home, lifestyle, specific housing needs, or other factors. In addition, it is not clear that City involvement is necessary given that existing organizations in the area already have programs in place to facilitate home-sharing arrangements.</p>

Community Input on Age-Friendly Housing Strategies

Table 6 below shows the priority ranking for each of the age-friendly housing strategies, based on input received during the Farmers’ Market Pop-Up on November 16, 2019, the November 21st, 2019 Open House on Strategy Prioritization, and the Community-Wide Survey that the City conducted during December 2019 and January 2020. As shown, input received during the Pop-Up Event and the Open House on Strategy Prioritization ranked preserving at-risk senior housing and/or mobile home parks as the highest priority among the potential age-friendly housing strategies. This was followed by promoting new age-friendly housing and adapting homes to age in place. Input received from the Community-Wide Survey ranked adapting homes to age in place as the highest priority, followed by promoting new age-friendly housing, then followed by protecting at-risk senior housing and/or mobile home parks as the highest priority. Community input received during all three prioritization activities ranked home sharing as the lowest priority among the age-friendly housing strategies.

Table 5: Age-Friendly Housing Strategy Priority Ranking from Community Engagement Process

Potential Strategy	Total Points, Farmers' Market Pop-Up and Prioritization Open House on Nov. 21 st	Rankings		
		Farmers' Market Pop-Up and Prioritization Open House on Nov. 21 st	Community-Wide Survey	Average
Protect At-Risk Affordable Senior Housing Projects and/or Preserve Mobile Home Parks	60	1	3	2
Promote New Age-Friendly Housing	52	2	2	2
Adapt Homes to Age in Place	51	3	1	2
Facilitate New Ways to Use Homes through Home Sharing	33	4	4	4

SUPPLY-SIDE HOUSING ISSUES

Many housing analysts cite a shortage of housing production as a key factor that has contributed to the high cost of housing in Bay Area communities. While the City of Sunnyvale has taken a number of actions to facilitate increased production of both market-rate and affordable housing, and currently has over 5,000 net new housing units in the development pipeline, housing costs continue to increase locally and regionally, and the City faces continued challenges in meeting its State-mandated housing production targets.

Accordingly, the Sunnyvale City Council identified supply-side housing strategies, or new strategies to aid in increasing the production of market-rate and affordable housing in the City, as one of the focus areas for this Housing Strategy. This chapter provides an overview of affordable and market-rate housing production trends in Sunnyvale and the wider region, key considerations related to supply-side strategies, and the supply-side strategies that were considered as part of the Housing Strategy process.

Supply-Side Housing Issues Background

The following subsections provide an overview of recent housing production in Sunnyvale and the Two-County Subregion, Sunnyvale's existing affordable housing supply, and existing programs and policies that support housing production in Sunnyvale.

Sunnyvale RHNA Progress

As part of their General Plans, all cities and counties in California are required under State Law to adopt a Housing Element, typically on an eight-year cycle, that identifies how the jurisdiction will address housing needs of over the time period covered by the upcoming Housing Element cycle. A major component of the Housing Element involves demonstrating how the jurisdiction plans to accommodate enough housing units to meet its Regional Housing Needs Allocation (RHNA) targets for the Housing Element cycle. The RHNA targets are established in part by the State of California Department of Housing and Community Development (HCD), which identifies the total RHNA that each Council of Governments (COG) must plan to accommodate during the Housing Element Cycle, including a breakdown of housing units by income level. Each COG then distributes the regional RHNA total among the local jurisdictions within the region. The Association of Bay Area Governments (ABAG) is the COG for the nine-county Bay Area region, including Santa Clara County and the City of Sunnyvale. The current Housing Element cycle covers the 2015 to 2023 planning period.

As is common among cities and counties throughout the State, the City of Sunnyvale is not currently on track to meet its below market rate RHNA goals for the 2015 to 2023 Housing Element cycle. The City's RHNA allocation for the 2015 to 2023 Housing Element cycle totals 5,452 units, including 1,640 very low-income units, 906 low-income units, 932 moderate-income units, and 1,974 above moderate-income units, as shown in Table 6. According to the

most recent Housing Element Annual Progress Report for the City of Sunnyvale, which accounts for units permitted in the City through the end of 2019, the City has issued permits for approximately 42 percent of its total RHNA, with 3,136 units remaining. Of the housing that has been permitted during this period, much has consisted of above moderate-income housing units, which make up approximately 87 percent of the total permitted units in Sunnyvale during the current cycle. As of the end of 2019, or more than halfway through the current eight-year cycle, the City had permitted a total of 342 units that would be affordable for very low-, low-, and moderate-income households, approximately ten percent of the total number of units needed to meet the City's RHNA targets for these income levels.

Table 6: Regional Housing Needs Assessment Allocation Progress, City of Sunnyvale, 01/31/2015-01/31/2023

Income Level	2015-2023 RHNA Allocation	Year					Total Units to Date (a)	Total Remaining
		2015	2016	2017	2018	2019		
Very Low-Income (30%-50% AMI)	1,640	43	0	46	0	25	114	1,526
Low-Income (50%-80% AMI)	906	0	1	20	0	0	21	885
Moderate-Income (80%-120% AMI)	932	26	32	47	62	40	207	725
Above Moderate-Income (>120% AMI)	1,974	796	222	381	207	609	2,215	0
Total	5,452	865	255	494	269	674	2,557	3,136

Note:

(a) Data current as of 12/31/2019.

Sources: City of Sunnyvale, 2019 Annual Progress Report on Implementation of the General Plan Housing Element; BAE, 2020.

Regional Jobs/Housing Balance

Throughout San Mateo and Santa Clara Counties, the rate of housing production has lagged the rate of employment growth for over a decade, which is commonly believed to be a major contributor to the rapid increase in housing costs during this period. As shown in Table 7, the number of jobs in the Two-County Subregion increased by 21 percent between 2007 and 2018, far outpacing growth in housing units, which increased by just seven percent over the same period. Put differently, the subregion added one housing unit for every 4.4 jobs between 2007 and 2018. As a result of these trends, the jobs-to-housing unit ratio in the Two-County Subregion increased from 1.4 in 2007 to 1.6 in 2018.

Table 7: Employment and Housing Unit Growth, 2007-2018

			2007-2018 Change	
<u>San Mateo County</u>	<u>2007</u>	<u>2018</u>	<u>Number</u>	<u>Percent</u>
Employment (a)	339,827	401,800	61,974	18.2%
Housing Units (b)	268,001	278,044	10,043	3.7%
Employment-to-Housing Ratio	1.3	1.4		
<u>Santa Clara County</u>				
Employment (a)	897,037	1,098,270	201,233	22.4%
Housing Units (b)	618,608	667,970	49,362	8.0%
Employment-to-Housing Ratio	1.5	1.6		
<u>Two-County Subregion</u>				
Employment (a)	1,236,864	1,500,070	263,207	21.3%
Housing Units (b)	886,609	946,014	59,405	6.7%
Employment-to-Housing Ratio	1.4	1.6		

Notes:

(a) Employment data are sourced from Bureau of Labor Statistics, Quarterly Census of Employment and Wages. Figures are averages from the second quarter of each year shown.

(b) Housing unit counts are sourced from CA Dept. of Finance, E-5.

Sources: Bureau of Labor Statistics, Quarterly Census of Employment and Wages; California Department of Finance, E-5 Population and Housing Estimates; BAE, 2018.

Existing Affordable Housing Resources in Sunnyvale

Existing affordable housing units in the City of Sunnyvale include units in 100 percent affordable developments, affordable units in market-rate developments pursuant to the City's Inclusionary BMR requirements, and affordable units in market-rate developments that agreed to provide affordable units in exchange for a density bonus. The City's inventory of 100 percent affordable units totals 1,541 rental units in 22 developments operated by non-profit affordable housing operators, many of which received City funds during the development process. These 100 percent affordable properties serve extremely low-, very low-, and low-income households and are distributed throughout the City. In addition, the City's affordable housing inventory includes 175 affordable rental units serving low-income households that were built as inclusionary BMR units in eight market-rate developments. One additional development in the City's development pipeline will provide 40 additional BMR rental units along with market-rate units. An additional five market-rate developments provide a total of 62 rental units for very low-income households, which developers included in these projects in exchange for density bonuses pursuant to the State Density Bonus Law. In total, these projects provide 1,778 rental units affordable to households with incomes equal to 80 percent of AMI or less.

The City also has an inventory of approximately 575 BMR ownership units, all priced to be affordable to median-income (i.e., 100 percent of AMI) households and sold to moderate-income households.

Existing Programs to Increase Housing Supply

The City of Sunnyvale has implemented a number of programs, policies, and ordinances to increase the production of residential units for households at all income levels. Major actions that the City has taken to increase the supply of market-rate and affordable housing include the following:

Planning to Accommodate Housing Growth. The City has taken several steps to accommodate housing growth through its long-range planning efforts. The 2017 Land Use and Transportation Element (LUTE) planned for growth of 12,800 housing units throughout the city. In addition, the City is in the process of reviewing several area plans located at significant transit locations with the goal of further increasing the production of residential units in the City, especially at transit-rich locations. The maximum number of units being considered for addition to the plans (above the currently adopted 12,800 in the General Plan and Specific Plans) include:

- Downtown Specific Plan update: 750 additional units;
- Lawrence Station Area Plan update: 2,323 units allowed in adopted plan and LUTE, plus an additional 3,607 being studied for a total of 5,930;
- El Camino Real Specific Plan update: The 2017 LUTE would allow an additional 4,200 housing units over existing zoning along El Camino Real; the “Residential Plus” alternative will consider a potential of 2,700 additional residential units along this transit corridor;
- Moffett Park Specific Plan update: will consider adding residential units to the plan area.

The Sunnyvale City Council has also initiated a study of additional housing in the City’s Peery Park area, which could allow for 500 or more additional units than allowed by current zoning.

Below Market Rate (BMR) Ordinance for Ownership Housing. The City of Sunnyvale has had an inclusionary housing policy since 1980. The BMR Program requires 12.5 percent of units in ownership projects with eight or more units to be sold at prices affordable to households earning up to 120 percent of AMI. The maximum sales price for a BMR unit is set based on the sales price affordable to a median income household for a unit’s assumed household size. BMR units in owner-occupied projects must remain affordable for thirty years. As an alternative to providing BMR units on-site, developers of market-rate ownership projects have the option of paying an in-lieu fee equal to seven percent of the contract sales price of all units in a project, subject to approval by City Council. Funds generated through payment of in-lieu fees go into a BMR housing trust fund, which can be used to support the development of additional affordable housing units in the City.

Inclusionary BMR Ordinance for Rental Housing. In November 2019, the City adopted inclusionary requirements for rental housing. The City had previously implemented inclusionary requirements for rental housing, but removed these requirements for rental units

following the *Palmer/Sixth Street Properties L.P. v. City of Los Angeles* court decision in 2009, which effectively barred local governments from requiring inclusionary BMR units in rental projects. Following the Palmer decision, the City replaced the inclusionary requirement for rental developments with a requirement to pay a Rental Housing Impact Fee. Funds from the fee accrued to the City's Housing Mitigation Fund, which supports the development of affordable housing. In December 2017, the California State legislature adopted AB 1505, which restored the authority of local governments to adopt inclusionary housing requirements for rental developments. The City Council responded to AB 1505 by designating the adoption of an inclusionary rental housing ordinance as a high priority, leading to the adoption of the inclusionary BMR ordinance in 2019.

The Inclusionary BMR Ordinance for Rental Housing now requires that developers of rental projects in the City with three or more units make 15 percent of the total units in the project affordable, with at least ten percent of units affordable to low-income households and five percent of units affordable to very low-income households.⁴ BMR rental units must remain affordable for 55 years. Developers of projects with three to six units have the option to satisfy the requirements of the ordinance by paying an in-lieu fee rather than providing the affordable units, without the need for Council approval. Developers of projects with seven or more units can propose to satisfy the requirements of the ordinance through an alternative means of compliance, which can include payment of an in-lieu fee, contributing to an affordable housing development, preserving affordable units, or dedicating land to an affordable housing development. However, for projects with seven or more units any alternative means of compliance is subject to a recommendation by the Housing and Human Services Commission and final approval by the City Council. All in-lieu fees accrue to the City's Housing Mitigation Fund to support the development of affordable housing in the City.

Housing Impact Fee for Non-Residential Development. The City of Sunnyvale assesses Housing Impact Fees on non-residential development projects to mitigate the effect that new commercial development has on the need for affordable housing in the City. Like the in-lieu fees on residential development, revenue from Housing Impact Fees accrues to the City's Housing Mitigation Fund and are used to support the production of affordable housing. As of the 2019/2020 fiscal year, the Housing Impact Fee rate for office, industrial, and R&D projects was \$8.60 per net new square foot for the first 25,000 square feet and \$17.20 per net new square foot for any additional square footage. The fee rate for retail and lodging projects was \$8.60 per net new square foot.

Affordable Housing Development. The City has made several city-owned properties available for new affordable housing developments in recent years. Recent affordable projects on city-owned sites include the Fair Oaks Plaza Senior Housing Project (124 units), Onizuka Crossing

⁴ The total unit count as it relates to this requirement does not include any density bonus units.

(58 units), Habitat Homes (2 units), and Parkside Studios (59 units). In 2017, the City secured \$7.43 million in gap financing (includes \$600,000 HOME loan) to help fund the construction of 66 new affordable units in the Benner Plaza project at 460 Persian Drive. The Benner Plaza project opened in May 2019. Since 2016, the City has been working with the Related Companies on a new 90-unit affordable housing development on City owned land in the downtown core. This development, known as Block 15, is currently under planning review and will be entitled in mid-2020. Construction is slated to begin in 2021. This project has received over \$16 million in Housing Mitigation Funds. In late 2019, Sunnyvale also began working with two non-profits on two new affordable housing developments; while these projects are in very early stages, they are slated to bring nearly 300 affordable units to the community in the next three years.

Density Bonuses. Like all cities in California, the City of Sunnyvale offers density bonuses and other development incentives and concessions to residential developments that provide affordable units, pursuant to the State Density Bonus Law. The State Density Bonus Law provides density bonuses, incentives, and concessions on a sliding scale based on the proportion of affordable units in the project. Projects that include market-rate and affordable units are eligible for a maximum density bonus of 35 percent. These projects are eligible for the maximum 35 percent density bonus if the project dedicates at least 11 percent of all units to very low-income households or 20 percent of all units to low-income households. For-sale developments can also qualify for up to a 35 percent density bonus by providing moderate-income units and are eligible for the maximum bonus if 40 percent of units are affordable to moderate-income households.⁵ Projects that are 100 percent affordable are eligible for an 80 percent or greater density bonus, dependent on location, pursuant to a 2019 amendment to the State Density Bonus Law.

In addition to the density bonuses available under State Law, the City of Sunnyvale adopted additional density bonuses as affordable housing incentives within the Lawrence Station Area Plan that the City adopted in 2019. Projects in the Lawrence Station Area with a mix of market-rate and affordable units are eligible for density bonuses that are larger than those available under State Law in exchange for making more than 11 percent of units affordable to very low-income households, up to a maximum density bonus of 50 percent.

Supply-Side Housing Considerations

This section provides an overview of some key considerations related to addressing supply-side housing issues in Sunnyvale.

Housing Production Targets/RHNA Allocations

Sunnyvale and other local jurisdictions throughout the State of California will need to place an increased emphasis on housing production to achieve State-mandated RHNA targets. As

⁵ All affordable unit percentages are calculated excluding any units added due to a density bonus.

discussed above, the City of Sunnyvale is not currently on track to meet its below market rate State-mandated RHNA targets during the current Housing Element cycle. While the RHNA targets for the upcoming Housing Element cycle are yet to be determined, cities throughout the State, particularly those in urban areas, are anticipating that RHNA allocations will increase during the next cycle due to changes in State law. Moreover, Housing Elements produced in the next cycle will be subject to more stringent requirements related to identifying potential housing development sites, which could limit the sites that cities and counties can use to demonstrate an ability to meet their housing production targets. Because of these changes, Sunnyvale and many other cities will need to consider additional strategies aimed at increasing housing production to address current RHNA targets as well as anticipated RHNA targets in the upcoming Housing Element cycle.

Role of Both Market-Rate and Deed-Restricted Affordable Housing Production

Market-rate housing and housing with restricted rents and sale prices both serve an important role in addressing affordable housing needs. Adding new market-rate developments to the region's housing supply has an incremental effect on the current imbalance between the demand for housing in the region and the availability of housing to meet that demand. However, given the current high cost of housing, it will be necessary to substantially increase the rate of housing production at the regional scale to potentially impact housing costs to the point at which a significant portion of the inventory of market-rate units in Sunnyvale would become affordable to lower-income households. In the meantime, other changes that affect the regional housing market, such as future increases in the number of jobs in the region, could wholly or partially counteract the impact that the addition of market-rate units would otherwise have on housing costs. Due to these and other factors, adding market-rate units to the housing supply will likely have only a limited impact on the availability of housing affordable to lower-income households for the foreseeable future, leaving a much of the low-income housing need unmet. In any event, robust new housing production is needed to prevent the housing supply/demand imbalance from deteriorating further.

Consequently, units that are deed-restricted to be affordable are necessary to meet a sizeable portion of the housing need among low- and moderate-income households, at least in the near term, and potentially into perpetuity. These affordable units help to fill the significant gap in the housing market that is largely unmet by market-rate housing production.

Potential Supply-Side Housing Strategies

The Housing Strategy outreach process included evaluating the following strategies related to increasing Sunnyvale's Housing Supply.

Up-Zone Land to Facilitate Increased Residential Development	
<p>Up-zoning to facilitate increased residential development involves reviewing and amending existing City ordinances and plans to identify areas of the City where adding additional residential development potential would be appropriate. Sunnyvale has already initiated this process by reviewing plans for several transit-accessible area plans within the City to explore the potential for residential development that would exceed the development that is currently envisioned in existing plans, as discussed above. Given that these efforts are ongoing, implementing this policy would likely involve continuing this work.</p>	
Policy Options	
<p>Up-zoning involves numerous policy decisions related to which areas are evaluated for up-zoning potential and the specific changes to existing ordinances that will enable up-zoning. However, the City has the option to implement this policy by continuing ongoing efforts related to up-zoning that are already in progress, rather than initiating a separate effort to implement this strategy.</p>	
Arguments in Favor	Arguments Against
<p>Providing more opportunities to build housing is one way that the City can help to address housing shortages. Market-rate residential developers that participated in the developer stakeholder meeting for the Housing Strategy cited the City's height limits and density restrictions as some of the primary barriers to increasing housing production in Sunnyvale. Furthermore, up-zoning would align with the City's ongoing efforts to review City plans for opportunities to increase residential development potential.</p>	<p>May require upfront investment of City staff time to undertake zoning amendments. Additionally, some community members may be opposed to additional density.</p>

Increase Ownership Inclusionary Requirement to 15 Percent

This strategy would increase the BMR requirements for new for-sale developments to require that 15 percent, or greater at the Request of the Council, of units be made affordable to moderate-income households, an increase from the current rate of 12.5 percent. This would make the requirements for for-sale developments more consistent with the recently-adopted inclusionary BMR requirements for rental developments. This would not affect any existing developments.

Arguments in Favor

Increasing the inclusionary requirement for for-sale developments would generate additional affordable units in for-sale developments constructed in Sunnyvale in the future, helping to address “missing middle” housing needs. Increased the ownership percentage to 15 percent would match the newly established rental inclusionary requirement, and the new ordinance would not require a nexus study or HCD review.

Arguments Against

The City would want to ensure the burden on developers is not too great, and that projects are still able to be financially feasible. If the Council considered an amount greater than 15%, that request could potentially impact the feasibility of new for-sale residential development. To increase the inclusionary percentage greater than 15%, a nexus study would need to be completed and the ordinance is subject to review by the California Department of Housing and Community Development.

Encourage “Missing Middle” Housing

Policies and programs that encourage the production of missing middle housing seek to address housing needs for middle-income households. In Sunnyvale and other high-cost housing markets, middle-income households are often unable to afford market-rate housing but do not qualify for publicly-subsidized housing, most of which is reserved for households with incomes equal to 80 percent of AMI or less due to restrictions on the funding sources needed to finance these developments. A strategy that addresses missing middle housing would seek to produce units for households with incomes above 120 percent of AMI that are not able to afford market-rate housing prices in Sunnyvale. During implementation of this strategy, the City should continue prioritizing RHNA goals of low and very low-income housing, while creating new approaches for missing middle-income housing.

Policy Options

Facilitating Production of Units that are “Affordable by Design”

Regulatory modifications to encourage construction of smaller units could potentially lead developers to create units that are “affordable by design,” or units that are affordable due to the small size of the units rather than due to regulatory requirements. Regulatory modifications that support the construction of co-housing developments could also potentially lead developers to create co-housing developments that are “affordable by design.” This approach would tackle the missing middle housing product, a housing type with densities often between condos and single-family homes.

New or Expanded Forms of First Time Homebuyer Assistance

As discussed elsewhere in this report, the City operates a down payment assistance program for first time homebuyers. One component of addressing missing middle housing needs could include exploring other types models for a first time homebuyer program, such as a shared equity program, and/or advocating for the County to amend its first time homebuyer program to make it more accessible for middle-income households.

Using City Funds to Address Missing Middle Housing Needs

Adding moderate-income housing construction as a qualified use of Housing Mitigation Funds could help to fill the funding gaps associated with developing missing middle housing. Modification to the existing ordinance and Council Policy would be required, as funding is currently only available to up to 120% AMI housing units.

Encourage “Missing Middle” Housing

Missing Middle Units as an Option for Inclusionary Compliance

If given the option, some developers would likely choose to provide moderate-income units, or units in the 120 to 80 percent of AMI range, to address the City’s Inclusionary BMR requirements (e.g., providing a higher percentage of units affordable to missing middle households instead of a lower percentage affordable to lower-income households). This would require potentially establishing a new income range and incentives, while ensuring low-income and very-low income units are still being developed.

Arguments in Favor	Arguments Against
Encouraging the production of missing middle housing will address unmet housing needs for households that do not qualify for most existing affordable housing but cannot afford market-rate housing in Sunnyvale. Providing housing to middle-income households generally requires less subsidy per unit than providing housing for lower-income households, enabling housing resources to assist a larger number of households.	Regulatory modifications that encourage smaller units are likely to provide only limited benefits to middle-income households because even small units in new buildings in Sunnyvale could be priced at levels that are unaffordable to middle-income households. Additionally, providing City Housing Mitigation Funds or dedicating inclusionary units to middle-income households would require a reduction in housing production to serve lower-income households, for which the gap between affordable housing costs and market-rate housing costs is more significant.

Promote Accessory Dwelling Units (ADUs)

Accessory dwelling units (ADUs) are second units built on the same lot as a single-family home, either in a separate, stand-alone structure or within the same walls as the primary home. ADUs can serve as housing to address moderate income and workforce housing needs, as City of Sunnyvale staff have found that ADUs in Sunnyvale often rent at rates that are affordable to moderate-income households. ADUs can also help to address senior housing needs by providing a means for senior householders to generate rental income, potentially by moving into an ADU on their property and renting the primary residence on the lot to a larger household. Recent legislation has created significant changes to the zoning regulations for development of ADUs and Sunnyvale continues to see large increases in the number of ADU permits issued. The City is actively educating the community on these new changes.

Policy Options

Potential strategies to promote accessory dwelling units could include:

- Amending local legislation to remove any existing impediments to ADU production;
- Encouraging developers to provide ADUs in new developments or to incorporate design features in new developments that would enable future construction of ADUs by homeowners;
- Establish pre-approved building permit plan types for streamlined application and development;
- Providing grants or loans to assist homeowners with ADU construction costs, potentially in exchange for an agreement that the homeowner will rent the ADU to a low- or moderate-income household at an affordable rental rate;
- Offering technical assistance and/or assisting homeowners with cost/benefit analysis.

Arguments in Favor

In addition to increasing the City's housing supply in general, ADUs can address a range of specific housing needs, such as senior housing needs and missing middle housing needs, with little to no impact on the character of existing neighborhoods. ADUs are also often built with no public subsidies to finance construction, unlike many other types of affordable housing.

Arguments Against

Implementation measures that require City funds could potentially divert resources that the City could otherwise use to fund other types of affordable housing, and some implementation measures could require significant staff time. Additionally, the extent to which ADUs add units to the City's rental housing inventory is dependent on the degree to which homeowners reserve ADUs for personal use and/or short-term rentals

Modify Density Bonus Program to Allow Requests Greater Than 35 Percent

As discussed above, the State Density Bonus Law provides up to a 35-percent density bonus and various incentives and concessions for qualifying projects that provide both market-rate and affordable units, and up to an 80-percent density bonus for 100-percent affordable projects. Some cities in California offer supplemental density bonuses (i.e., more than 35 percent additional density and/or additional incentives or concessions) for projects that are not 100 percent affordable but provide more affordable units than necessary to qualify for the maximum 35-percent density bonus that State law provides for these projects. The City of Sunnyvale already offers a supplemental density bonus as an affordable housing incentive in the Lawrence Station Area.

Policy Options

The City of Sunnyvale would have a range of policies options to consider if the City Council decides to adopt a supplemental density bonus program, which would be evaluated as part of a separate process. The City could extend the supplemental bonus that is already in place in the Lawrence Station Area city to other areas of the City or citywide or adopt a different supplemental bonus program for other areas of the City or citywide.

Arguments in Favor	Arguments Against
<p>A supplemental bonus would incentivize on-site production of affordable units within market-rate projects. Because density bonuses are an incentive-based program and not compulsory, adopting this strategy would not negatively impact the feasibility of new residential development.</p>	<p>Adopting a supplemental bonus would require the City to relax development standards for qualifying projects and would require City staff time to develop a new ordinance. It may be more appropriate for the City to evaluate supplemental density bonuses as part of the process that the City is currently undertaking to evaluate the potential for additional residential development in various area plans throughout the City, rather than as a separate effort. In addition, the new 2020 density bonus legislation for affordable housing developments meets a key need in higher density bonuses for 100 percent affordable developments.</p>

Utilize Surplus or Under-Utilized City or Other Public Property for Housing Development

This strategy would involve identifying publicly-owned surplus or under-utilized sites in Sunnyvale that could be used for residential development, likely with an emphasis on City-owned sites. Implementation of this strategy would align with the provisions of California State Assembly Bill 1486, which requires identification of all public land that can be available for housing development.

Arguments in Favor	Arguments Against
Land scarcity and the high cost of land are key contributors to the housing shortage. Making publicly-owned land available for housing development provides one opportunity to expand the availability of land for housing and to make the land available at a reasonable cost in exchange for long-term affordability. Contribution of public land can also make affordable housing developments more competitive for other subsidies.	The City of Sunnyvale does not currently own any surplus sites and already has a policy that, should City Council identify surplus sites in the future, applicants proposing affordable housing on any surplus site that already allows housing would have right of first refusal. This strategy would therefore have little to no effect on the likelihood that housing would be developed on sites that the City controls. Actions that the City would take to facilitate housing production on sites owned by other public agencies may be largely duplicative of activities that will already occur due to AB 1486.

Add Developer Incentives for Unit Production into Rental Inclusionary Program

The purpose of adding incentives for affordable unit production would be to encourage more developers to build inclusionary units as part of their projects, rather than paying in-lieu fees. Incentives would be contingent on an affordable housing development agreement.

Policy Options

Eligible Project Sizes

This strategy could be applied to smaller projects with three to six units only, as these projects do not require Council approval to pay in-lieu fees rather than providing affordable units. Alternatively, the strategy could apply to all projects, including larger projects that are required to obtain Council approval to pay in-lieu fees rather than provide inclusionary units.

Geographic Scope

The City could choose to offer these incentives citywide or only in specific areas, such as TOD overlay areas.

Type of Incentives Offered

Possible incentives could include provision of housing set aside funds; relaxation of zoning or development standards, potentially subject to review and City approval; and/or expedited review and processing.

Arguments in Favor

To the extent that incentives increase the production of inclusionary units, these units would have several advantages over affordable units built in 100 percent affordable projects using in-lieu fees, such as that inclusionary units:

- Are integrated with market-rate units, which many housing advocates support as a means for advancing equity in housing outcomes;
- Are built at the same time as the market-rate units;
- Do not require financing from a variety of limited public funding sources; and
- Do not require acquisition of a separate site to produce affordable units.

Arguments Against

Incentivizing the inclusionary units over in-lieu fees could reduce revenue to the City's Housing Mitigation Fund. In addition, providing incentives would require the City to either provide financial assistance, which could be costly, or relax development standards and/or reduce discretionary review of development projects, which could conflict with other policy objectives. Furthermore, this strategy would have only a limited impact if it is only applied to smaller projects that currently do not require Council approval to pay in-lieu fees.

De-Emphasize Dwelling Units per Acre as a Development Standard	
<p>When zoning specifies the maximum dwelling units per acre, it will tend to encourage construction of larger units, to better spread land costs and other fixed costs across the project. Development standards that emphasize Floor Area Ratio (ratio of building square feet to lot square feet) or other metrics such as lot coverage and building heights as the measure of density could remove disincentives to produce smaller housing units.</p>	
Policy Options	
<p>Geographic Applicability</p> <p>The City could choose to implement this strategy citywide or only within specific areas of the City. One option would be to evaluate removing or de-emphasizing dwelling unit per acre standards within various area plans as part of the process that the City is currently undertaking to up-zone in each area plan.</p>	
<p>Applicability by Project Type</p> <p>The City could de-emphasize dwelling units per acre as a standard for all residential development or for certain types of projects, such as affordable housing and/or senior housing.</p>	
Arguments in Favor	Arguments Against
<p>Reducing incentives to produce larger units can help to encourage provision of smaller units that may be more affordable than larger units, without negatively impacting development feasibility.</p>	<p>Encouraging smaller units might leave gaps in the housing inventory for larger households. In addition, smaller units might not be substantially more affordable than larger units. If implemented, the City should actively understand the unit size needs, and work with the developer community to monitor vacancy rates in certain unit sizes.</p>

Modify Fee Programs to Add Further Gradations of Unit Sizes for Fee Payments

This strategy would consist of modifying the fee structures for City impact fees, utility connection fees, and other City fees that apply to residential development projects to reduce financial disincentives to build smaller units. Fees that are charged on a fixed charge “per unit” basis may tend to encourage developers to build larger units to better spread the fixed cost of a fee payment across a larger unit. Adjusting fees to charge on a per-square-foot basis, a per-bedroom basis, or with other gradations based on unit size could reduce the incentive to build larger units, potentially encouraging developers to build smaller, more affordable units.

Arguments in Favor	Arguments Against
Reducing incentives to produce larger units can help to encourage provision of smaller units that may be more affordable than larger units, without negatively impacting development feasibility.	Encouraging smaller units might leave gaps in the housing inventory for larger households. In addition, smaller units might not be substantially more affordable than larger units.

Add Ongoing Affordable Housing Payment Option In-Lieu of Inclusionary Units or Up-Front In-Lieu Fee

In some cases, a project may not be able to feasibly pay up-front in-lieu fees due to project economics. In such cases, it may be more feasible for the project to pay an ongoing affordable housing fee from project cash flow. This strategy would allow developers the option to make an ongoing recurring payment rather than paying an upfront in-lieu fee.

Policy Options

If the City implements this strategy, it will be necessary to determine the appropriate fee amount and the payment term.

Arguments in Favor	Arguments Against
An ongoing payment may be more desirable than reducing or eliminating up-front in-lieu fee payment due to hardship.	Implementation would require ongoing monitoring and regulation from the City to ensure payment. In addition, the City may want to avoid strategies that make fee payments more feasible in favor of strategies that encourage developers to provide inclusionary units.

Community Input on Supply-Side Housing Strategies

Table 8 below shows the priority ranking for each of the supply-side housing strategies, based on input received during the Farmers' Market Pop-Up on November 16, 2019, the November 21st, 2019 Open House on Strategy Prioritization, and the Community-Wide Survey that the City conducted during December 2019 and January 2020. As shown, up-zoning land was ranked as the highest priority in the prioritization activities at the Farmers' Market Pop-Up and Prioritization Open House as well as in the Community-Wide Survey. Those that responded to the Community-Wide Survey ranked increasing the inclusionary ownership percentage as the second-highest priority, followed by encouraging missing middle housing and promoting ADUs. Community members that participated in the prioritization activities at the Farmers' Market Pop-Up and Prioritization Open House also ranked these three additional strategies relatively highly. However, findings from the Pop-Up and Open House also included a relatively high ranking for utilizing under-utilized public property, which received a relatively low ranking in the community survey.

Table 8: Supply-Side Housing Strategy Priority Ranking from Community Engagement Process

Potential Strategy	Total Points, Farmers' Market Pop-Up and Prioritization Open House on Nov. 21 st	Rankings		
		Farmers' Market Pop-Up and Prioritization Open House on Nov. 21 st	Community-Wide Survey	Average
Up-Zone Land to Facilitate Increased Residential Development	80	1	1	1
Increase Ownership Inclusionary Percentage	45	4	2	3
Modify Programs and/or Policies to Encourage Missing Middle Housing	50	3	3	3
Promote ADUs	54	2	4	3
Modify Density Bonus Program to Allow Requests > 35%	29	7	5	6
Utilize Surplus or Under-Utilized City of Other Public Property for Housing Development	50	3	6	4.5
Add Developer Incentives for Unit Production into the Rental Inclusionary Program	39	5	7	6
De-Emphasize Dwelling Units per Acre as Development Standard	38	6	8	7
Modify Fee Programs to Add Further Gradations of Unit Sizes	11	9	9	9
Add Ongoing Affordable Housing Payment Options	15	8	10	9

DEMAND-SIDE HOUSING ISSUES

Demand-side housing strategies are strategies that focus on issues related to the demand side of the housing market, including strategies to that help residents to afford housing and strategies that help residents maintain and remain in their homes. The Sunnyvale City Council identified demand-side housing issues as one of the four study areas for this Housing Strategy. This chapter provides an overview of existing conditions that affect resident's ability to access and afford housing, existing strategies to address these challenges, and the demand-side strategies that were evaluated as part of the Housing Strategy process.

Demand-Side Housing Issues Background

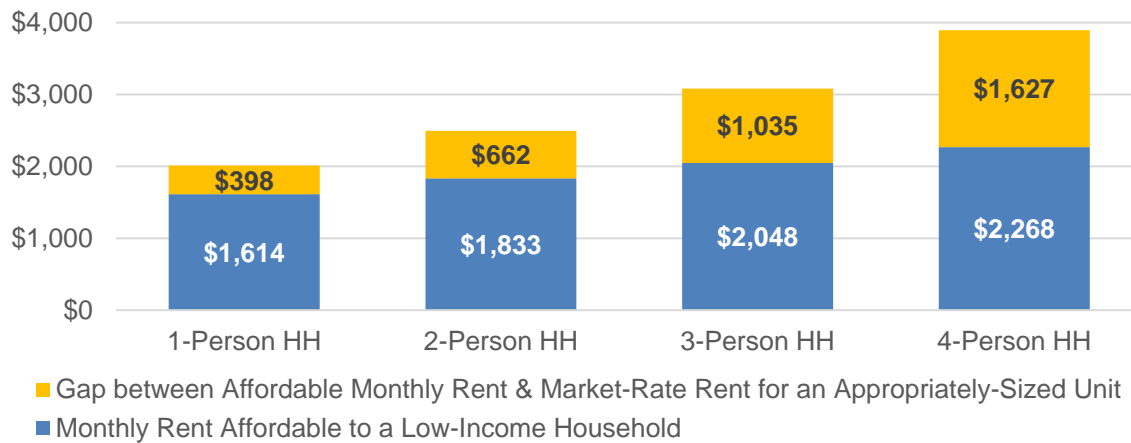
The following subsections provide an overview of the affordability of Sunnyvale's market-rate housing stock and existing programs and policies that address demand-site housing issues in Sunnyvale.

Affordability of Sunnyvale's Housing Stock

The high cost of housing in Sunnyvale presents affordability challenges for many low- and moderate-income households, consistent with the data on housing cost burden presented in the Existing Conditions chapter of this report. These trends affect both rental and for-sale housing affordability, as described below.

Rental Housing Affordability. Market-rate rents for apartments in Sunnyvale are generally higher than the rental rates that low-income households can afford. Figure 20 shows the affordable rental rate for low-income households of various sizes, assuming the affordable rent is equal to 30 percent of gross household income after accounting for any tenant-paid utility costs, based on 2018 HCD income limits for Santa Clara County. Figure 20 also shows the gap between these affordable rents and the average 2018 market-rate rent for an appropriately-sized multifamily rental unit in Sunnyvale, according to data from CoStar, assuming a unit size equal to the number of persons in the household plus one. As shown, market-rate rents exceed the affordable rent for a one-person, low-income household by \$398 per month and by wider margins for larger households. For a four-person, low-income household, the gap between the affordable rent and the market rate rent is a \$1,627 per month. The affordability gap for extremely low- or very low-income households would be larger than shown in Figure 20.

Figure 20: Affordability of Market-Rate Rental Units for Low-Income Households by Household Size, Sunnyvale, 2018



Note: Affordable rents are based on HCD income limits for low-income households of each size in Santa Clara County, assuming an affordable rent equal to 30 percent of gross household income, less utilities.

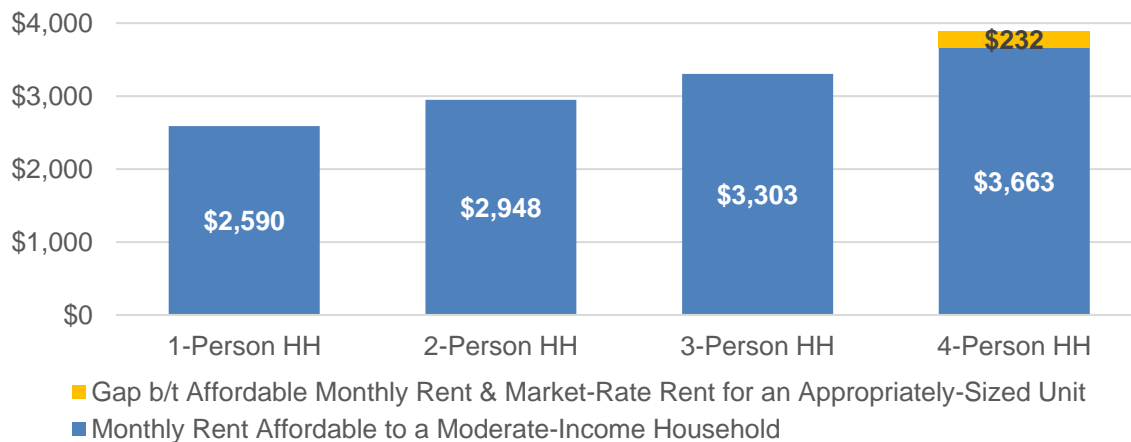
Sources: California Department of Housing and Community Development, 2018; Santa Clara County Housing Authority; CoStar, 2019; BAE, 2019.

In contrast, market-rate apartment rents in Sunnyvale are generally affordable for many moderate-income households. Figure 21 shows the affordable rental rate for moderate-income households of various sizes, assuming the affordable rent is equal to 30 percent of gross household income, after accounting for any tenant-paid utility costs, based on 2018 HCD income limits for Santa Clara County. Figure 21 also shows the gap (where applicable) between these affordable rents and the average 2018 market-rate rent for an appropriately-sized unit in Sunnyvale, according to data from CoStar, assuming a unit size equal to the number of persons in the household plus one. As shown, average market-rate rents in Sunnyvale are within the affordability range for one-person, two-person, and three-person moderate-income households in Sunnyvale. While the average market-rate rent for a three-bedroom unit exceeds the affordability threshold for a moderate-income four-person household by \$232 per month, the same household would be able to afford a two-bedroom rental unit.

However, Figure 21 may overstate the extent to which market-rate rental units in Sunnyvale are affordable to moderate-income households. In part, this is because the average market-rate rents shown in Figure 21 reflect rents among all multifamily rental units in Sunnyvale that CoStar tracks, and are therefore likely somewhat lower than the average rental rate among newer properties. As a result, there may be a shortage of existing units affordable to moderate-income households in Sunnyvale, with a lack of new market-rate housing supply in the pipeline to meet continued needs among moderate-income households. Perhaps more importantly, the affordable rental rates shown in Figure 21 are based on the rent that would be affordable to a moderate-income household with an income equal to 120 percent of AMI.

Most moderate-income households have incomes that are somewhat lower than this maximum (ranging down to just over 80 percent of AMI), and would therefore have affordability gaps that fall somewhere between those shown in Figure 20 and those shown in Figure 21.

Figure 21: Affordability of Market-Rate Rental Units for Moderate-Income Households by Household Size, Sunnyvale, 2018

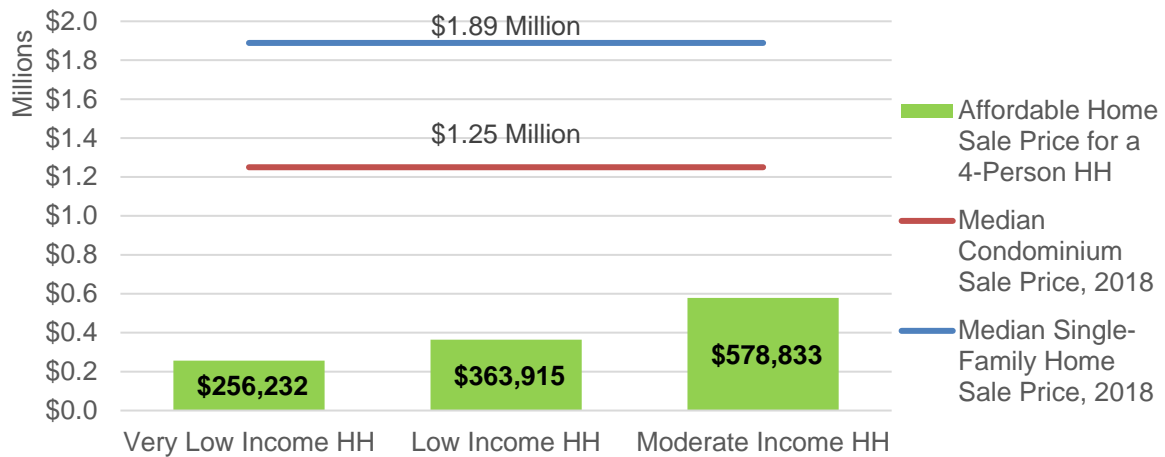


Note: Affordable rents are based on HCD income limits for moderate-income households of each size, assuming an affordable rent equal to 30 percent of gross household income, less utilities.

Sources: California Department of Housing and Community Development, 2018; Santa Clara County Housing Authority; CoStar, 2019; BAE, 2019.

For-Sale Housing Affordability. Sunnyvale's for-sale market offers few if any market-rate homes that are affordable to moderate-income households, and lower-income households face an even larger affordability gap. As shown in Figure 22, the affordable single-family home sale price for a four-person moderate-income household in Santa Clara County is approximately \$579,000, less than half of the 2018 median condominium sale price in Sunnyvale and less than one third of the 2018 median single-family home sale price in Sunnyvale. The affordability gap is substantially lower for lower-income households.

Figure 22: Affordability of For-Sale Housing for Four-Person Households by Income Level, Sunnyvale, 2018

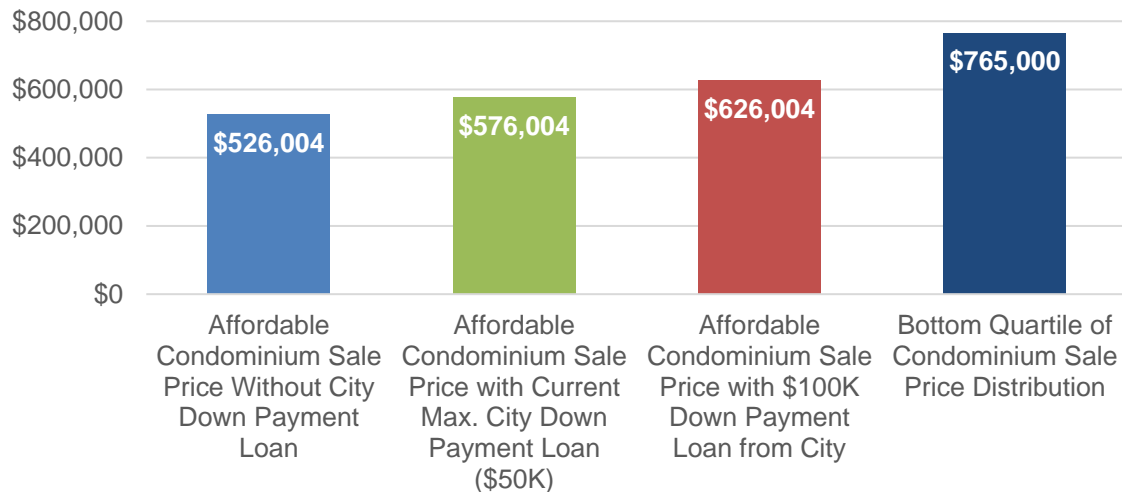


Note: Affordable home sale prices reflect the affordable home sale price for a single-family home; affordable sale prices for condominiums are slightly lower to enable HOA payments.

Sources: California Department of Housing and Community Development, 2018; Freddie Mac, California Department of Insurance; BAE, 2019.

Even with down payment assistance from the City, moderate-income households are unlikely to be able to afford most market-rate units in Sunnyvale. Figure 23 shows the affordable condominium sale price for a four-person moderate-income household in Santa Clara County with no down payment assistance, with the maximum \$50,000 down payment loan offered by the City, and with a higher \$100,000 down payment loan that would exceed the current limits of the City's down payment assistance program. Figure 23 also shows the bottom quartile of the price distribution for sales of condominiums in Sunnyvale in 2018, or the sale price that is higher than 25 percent of condominium sales and lower than the remaining 75 percent of sales. As shown, the affordable sale price in all three of these scenarios is lower than the bottom quartile of the condominium sale price distribution in Sunnyvale in 2018. This indicates that there is almost no inventory of market-rate housing in Sunnyvale that is affordable to moderate-income households, even with relatively substantial down payment assistance.

Figure 23: Affordable Home Sale Price for a Four-Person Moderate-Income Household, With and Without City Down Payment Assistance, 2018



Sources: California Department of Housing and Community Development, 2018; Freddie Mac, California Department of Insurance; ListSource, 2019; BAE, 2019.

Existing Demand-Side Housing Strategies

The City of Sunnyvale has long-standing programs and policies that help residents afford housing in Sunnyvale and stay in their current homes. These include the City's Home Improvement Program and mobile home park preservation policies, as discussed in previous chapters of this report. In addition to these programs, the City's First Time Homebuyer Program (FTHBP) provides low-interest, deferred second mortgages of up to \$50,000 to help low- and moderate-income households that live or work in Sunnyvale purchase their first home. Although most program participants purchase homes through the City's BMR Housing Program, the program also allows participants to purchase moderately-priced market rate homes. In 2019, the City provided five FTHBP loans to home buyers of BMR units.

Demand-Side Housing Considerations

This section provides an overview of some key considerations related to addressing demand-side housing issues in Sunnyvale.

Gap Between Market-Rate Housing Costs and Costs Affordable to Lower-Income Households

As demonstrated by the data presented in this report, there is a significant gap between the residential rents and sale prices that lower-income households can afford and market-rate rents and sale prices. The high cost of housing in Sunnyvale, as well as in much of the surrounding region, make it difficult for many moderate-income households to secure housing that they can afford, while lower-income households face even greater challenges. This also means that programs to help residents afford housing, such as down payment assistance,

may often be insufficient to close the affordability gap between an affordable housing cost and the market-rate housing cost.

Displacement Prevention

Cities throughout the Bay Area are increasingly considering strategies to prevent the displacement of lower- and moderate-income residents that are facing growing pressures due to high housing costs and a shortage of available units. Many of the strategies discussed in other chapters of this report would help to alleviate some of this displacement pressure for Sunnyvale households, including mobile home park residents, seniors, and residents that may be eligible for new affordable units built in Sunnyvale. This chapter includes additional strategies to mitigate some of this displacement pressure for Sunnyvale households.

Potential Demand-Side Housing Strategies

The Housing Strategy outreach process included evaluating the following strategies to enable residents to better afford and access housing in Sunnyvale.

Increase City Down Payment Loan Amount	
The City's existing down payment assistance program provides a maximum of \$50,000 per household. This strategy would increase the maximum loan that the program can provide.	
Policy Options	
If the City chooses to increase the down payment amount, a key decision will involve deciding on a new maximum loan amount.	
Arguments in Favor	Arguments Against
Increasing the loan amount could help moderate-income households afford homes with higher sale prices than these households can afford with the current limit, bringing the affordable sale price for these households closer to actual sale prices for market-rate homes in Sunnyvale.	Even a relatively large increase in the maximum loan amount might have only a limited impact on moderate-income households' ability to afford market-rate housing due to the large gap between the affordable sale price for moderate-income households and market-rate home sale prices. In addition, providing households with larger loans could reduce the total number of households that the FTHBP can serve, depending on available funding.

Increase Loan Amounts/Modify Terms for Home Improvement Program	
This strategy would involve modifying the terms for the home improvement program, such as increasing the loan amount or making the repayment terms more flexible, with the goal of enabling the program to serve a wider range of households.	
Arguments in Favor	Arguments Against
Modifying loan terms could make the program available to more households.	Providing larger loans and/or more flexible terms could reduce the total number of households that the Home Improvement Program can serve, depending on available funding.

Adopt a Right to Lease Ordinance	
Right to lease ordinances require that landlords offer renters a lease, providing renters with stability and predictability of costs during the term of their lease. Council established this topic as a 2019 Study Issue.	
Policy Options	
Required Lease Term	
Right to lease ordinances typically specify a minimum lease term that landlords must offer to their tenants, such a six-month or a one-year lease term.	
Arguments in Favor	Arguments Against
Right to lease ordinances ensure that tenants are informed in writing of their rights and responsibilities as a tenant. Furthermore, leases provide tenants with a written agreement regarding their rental rate, including information on when their current monthly rent may be subject to an increase. A right to lease ordinance would therefore mitigate the potential for unpredictable rent increases and provide other rights to renters	Implementation and enforcement of a right to lease ordinance would require City staff resources.

Adopt a Relocation Assistance Requirement

Relocation assistance requirements require that landlords provide financial assistance to tenants who are being displaced from rental units due to factors such as lease termination, unaffordable rent increases, or demolition of rental properties.

Policy Options

Situations that Require Relocation Assistance

A relocation assistance ordinance would define the situations in which a property owner would be required to provide tenants with relocation assistance.

Amount of Relocation Payment

Relocation assistance requirements can require property developers to make a flat payment or cover actual relocation costs and rent increases over a set period.

Arguments in Favor

Relocation assistance requirements create a disincentive for property owners to take actions that lead to tenant displacement and provide displaced renters with resources to find new housing.

Arguments Against

These requirements could create a financial and administrative burden for some owners of rental properties. In addition, creating a relocation assistance program would require an initial dedication of City staff time to develop a new ordinance and ongoing City staff time to conduct enforcement activities.

Establish a Safe RV Parking Program

With increasing homelessness, some households are living in RVs, which can create safety and neighborhood problems if there are no appropriate places to park RVs. In some cases, individuals and households living in RVs are penalized with parking fines or by having their vehicle towed, which can exacerbate the financial and other challenges that these households are already facing. Some cities have sought to address these issues by establishing safe RV parking programs that designate an area within the city where RVs can park safely and legally. These sites often include services such as electricity, water, trash pick-up, security, portable toilets, and mobile showers. Safe RV parking programs may also have eligibility criteria, such as requiring that RVs parked at the site are operational and have valid registrations and that participants in the program enroll in on-site case management.

Policy Options

Entity to Implement Program

Many cities that have safe RV parking programs partner with a non-profit agency to implement the program with City financial support and oversight.

Site Selection

Implementing a safe RV parking program requires identifying an appropriate site for the program, which may be on land owned by a non-profit entity that implements the program.

Arguments in Favor

This strategy would provide a safe area for households living in RVs to park legally, while reducing illegal RV parking in areas outside of safe RV zones.

Arguments Against

Community members that live, work, or spend time near a safe RV parking zone may oppose this strategy. Furthermore, safe RV programs are relatively costly to operate, and the City does not currently have an identified funding source to cover these costs.

Community Input on Demand-Side Housing Strategies

Table 9 below shows the priority ranking for each of the demand-side housing strategies, based on input received during the Farmers' Market Pop-Up on November 16, 2019, the November 21st, 2019 Open House on Strategy Prioritization, and the Community-Wide Survey that the City conducted during December 2019 and January 2020. As shown, the Community-Wide Survey ranked a safe RV parking program as the highest priority strategy, followed by a right to lease ordinance and a tenant relocation assistance requirement. Input received during the Pop-Up Event and Prioritization Open House ranked a right to lease ordinance as the highest priority, followed closely by increasing the City down payment loan amount, adopting a relocation assistance requirement, and a safe RV parking program.

Table 9: Demand-Side Housing Strategy Priority Ranking from Community Engagement Process

Potential Strategy	Total Points, Farmers' Market Pop-Up and Prioritization Open House on Nov. 21 st	Rankings		
		Farmers' Market Pop-Up and Prioritization Open House on Nov. 21 st	Community- Wide Survey	Average
Increase City Down Payment Loan Amount	37	2	5	3.5
Increase Loan Amounts/Modify Terms for Home Improvement Program	19	5	4	4.5
Adopt a Right to Lease Ordinance	41	1	2	1.5
Adopt a Relocation Assistance Requirement	35	3	3	3
Establish a Safe RV Parking Program	33	4	1	2.5

RECOMMENDED STRATEGY PRIORITIZATION

This chapter presents the policy recommendations from the Housing Strategy process, which are summarized in Table 10 below. As shown in the table, the Housing Strategy process resulted in 13 recommended policies, including policies that address each of the four Housing Strategy study issues initially identified by the City Council.

Policy Selection Methodology

The policy recommendations are based primarily on the input provided by individuals that provided their priority rankings on each policy during the Farmers' Market Pop-Up Event, the Open House on Community Priorities, Community-Wide Survey and Council Study Session. In most cases, the policies that were highly-ranked during the Farmers' Market Pop-Up and Open House aligned fairly closely with those that were highly-ranked on the Community-Wide survey. To the extent that the priority rankings diverged, the results of the survey were weighted slightly more heavily because the survey received more responses. Other factors that affected whether specific policies were included on the list of recommended policies are noted below.

Selection of Age-Friendly Housing Policies

The recommendations include three policies related to age-friendly housing. Among the four age-friendly housing strategies evaluated in the Housing Strategy process, priority rankings from the Pop-Up Event and Open House identified the same top three strategies as the top three rankings from the Community-Wide survey. As a result, these three strategies are recommended in Table 10 below.

Selection of Supply-Side Policies

The evaluation of supply-side policies included more policies than were evaluated for the other three Housing Strategy issues, and therefore the recommendations in Table 10 include five supply-side policies. Four of the five recommended supply-side policies are those that were ranked most highly on the Community-Wide Survey, which were: 1) increasing the ownership inclusionary percentage, 2) promoting ADUs, 3) encouraging missing middle housing, and 4) up-zoning to increase residential development. These four policies were also among the top five priorities identified in the Pop-Up Event and Open House. However, the recommended policies do not include utilizing surplus or under-utilized public property, despite the fact that this policy was tied for third in the priority rankings from the Pop-Up Event and Open House. This policy was omitted from the recommendations in part because it received a relatively low ranking on the Community-Wide Survey. More importantly, the City of Sunnyvale does not currently own any surplus sites and has an existing policy stating that applicants proposing affordable housing will be offered right of first refusal on any sites that are identified as surplus in the future. As a result, it is unlikely that this policy would have a material impact on whether affordable housing is built on sites that the City controls. Furthermore, actions that the City would take to facilitate housing production on sites owned by other public agencies or

on underutilized City-owned sites may be largely duplicative of activities that will occur regardless, due to AB 1486, which requires identification of all public land that can be made available for housing development.

In addition, the recommended supply-side policies include de-emphasizing dwelling units per acre as a development standard as a fifth policy. While this policy was not prioritized during the public engagement process, multiple members of the Sunnyvale City Council expressed support for this policy during a study session on the housing strategy on February 4, 2020.

Selection of Demand-Side Policies

The recommendations include three policies to address to demand-side housing issues. The three recommended policies were those that were ranked mostly highly in the Community-Wide Survey. These policies were also among the top four demand-side priorities identified in the Pop-Up Event and Open House. However, although the second-highest priority identified in the Pop-Up Event and Open House was the policy that would increase to the City's maximum down payment assistance loan, this was not included as a recommended policy in Table 10. This policy was omitted from the recommendations in part because it received a relatively low ranking on the Community-Wide Survey. Additionally, as discussed in the demand-side chapter of this report, even a relatively large increase in the maximum down payment amount could have little to no impact on moderate-income homebuyers' ability to afford market-rate homes due to the large gap between market-rate sale prices and the sale price affordable to a moderate-income household.

Selection of Mobile Home Park Policies

To a greater degree than the policies related to the three other Housing Strategy issues, three of the four potential mobile home park policies – mobile home space rent stabilization, rent mediation, and an MOU or accord – are closely linked to one another. Adoption of one of these three policies would have a direct effect on the manner in which the City could potentially implement one of the other policies. Out of these three policies, input received during the Pop-Up Event, Open House, and Community-Wide Survey strongly ranked rent stabilization as the preferred option, while an MOU or accord was the second most highly rated policy along with a safety net program. Support was generally low for a space rent mediation program. Consequently, the recommendations shown in Table 10 include rent stabilization and an MOU/accord as the two recommended policy options for mobile home parks to enable City Council to consider both options and direct City staff to move forward on one of these options. During the City Council study session on February 4th, multiple members of the City Council expressed an interest in pursuing the MOU or accord policy with a fixed time frame to establish an agreement and an option to consider mobile home space rent control if an agreement is not reached during the designated time frame. Staff has since updated its recommendation to reflect that which includes ranking the MOU as Tier 1 and Rent Stabilization Ordinance as Tier 3. This recommendation also includes a one-year timeframe be placed on implementation of the MOU/Accord. Within six months of adoption of the Housing

Strategy, Staff will return to Council with an update on the progress. If the Park Owners of the Sunnyvale Mobile Home Parks are not actively participating in the MOU or if initial terms have not been identified by this six month mark, Council may direct staff to engage work on the Rent Stabilization Ordinance and end the MOU negotiations. This will encourage MHP park owners to be actively involved in the MOU process, which may be of greater benefit to them, and provide more opportunity for their input, as opposed to a Rent Stabilization Ordinance.

The fourth mobile home park policy evaluated in the Housing Strategy process would implement a safety net program for mobile home park residents, which would necessarily preclude any of the other three options. If the City moves forward with an MOU or accord, it would be possible to include provisions for a safety net program in the agreement.

Implementation Priority Rankings

Table 10 also includes a priority ranking for each of the recommended policy options other than those related to mobile home parks, based on a three-tiered system. Policies in Tier 1 are those that are either currently underway or recommended as a priority for 2020 or 2021, while policies in Tier 2 are recommended as a priority for 2021 or 2022. Policies in Tier 3 were identified as lower priority policies, and the timing for implementation of these policies would be assessed once the City has implemented some of the higher-priority policies and also would be subject to identification of necessary funding. The City can continue to evaluate timing and implementation of Tier 3 policies over time through the Sunnyvale City Council study issue process.

The tier ranking for each recommended policy was based on several factors. These factors included the strength of community support for each policy, based on findings from the public engagement process. In addition, the tier rankings were informed by a qualitative assessment of the level of new funding needed to implement the policy, the level of new City staff resources needed to implement the policy, and whether the policy would require a change to any City ordinances, all shown in Table 10. Each recommended policy has a “high,” “medium,” or “low” ranking for both the level of new funding and the level of new staff resources, which are based on both the up-front and ongoing needs associated with implementing each policy. Finally, the tier rankings were informed by the relative benefits and drawbacks of each strategy, as discussed in more detail in the preceding chapters of this report.

Table 10: Summary of Tier Recommendations and Implementation Requirements

		Implementation Requirements				
		New Funding Needs	Ordinance or Policy Change	New Staff Resources	Staff's Tier Recommendation	Notes
1	Age-Friendly Housing Policy Options					
a	Protect At-Risk Affordable Senior Housing Projects and/or Preserve MHPs	High	No	High	3	Could combine portions with 4a.
b	Promote New Age-Friendly Housing	High	No	Medium	2	
c	Adapt Homes to Age in Place	Medium	No	Low	3	
2	Supply-Side Housing Policy Options					
a	Increase Ownership Inclusionary Percentage	Low	Yes	Low	1	
b	Promote ADUs	Low	No	Low	1	Underway
c	Modify Programs and/or Policies to Encourage Missing Middle Housing	High	Yes	Low	3	
d	Up-Zone Land to Facilitate Increase Res Development	Low	Yes	Low	1	Underway
e	De-Emphasize Dwelling Units per Acre as a Development Standard	Low	Yes	Medium	3	Could combine with 2d
3	Demand-Side Housing Policy Options					
a	Adopt a Right to Lease Ordinance	Medium	Yes	Medium	2	Could combine with 3b
b	Adopt a Tenant Protection/Relocation Assistance Requirement	Medium	Yes	High	1	Could combine with 3a
c	Establish a Safe RV Parking Program	High	Yes	High	3	
4	Mobile Home Park Policy Options					
a	Mobile Home Space Rent Stabilization	High	Yes	High	3*	*Staff is recommending a one year timeframe to implement the MOU. A six month check with Council will inform how much progress has been made. If any Park Owners fail to comply or participate by that time, the Council can choose to end the MOU and immediately begin on the Rent Stabilization Ordinance.
b	Memorandum of Understanding/Accord	Medium	No	Low	1*	

New Funding Needs:

Low - limited one-time and ongoing costs
Medium - high one-time costs or significant ongoing costs
High - significant ongoing costs

New Staff Resources:

Low - limited up-front and ongoing staffing increases
Medium - high up-front or significant ongoing staff increases
High - significant up front and ongoing staff increases

Tiered Implementation:

1 = Currently under way or priority in 2020-21
2 = Priority in 2021-2022
3 = Timeframe to be Assessed

Policy Goals

This section provides goals for the Tier 1 and 2 policies shown in Table 10. This report does not include goals for Tier 3 policies because the timing of implementation and availability of funding for Tier 3 policies is uncertain as of the writing of this report. Due to these unknowns, it is not possible to reasonably assess the goals that these policies might be able to achieve. Also, please note that due to COVID, staff has pushed some Tier 1 strategies back to Fall 2021, ensuring there is ample time to include virtual outreach and obtain consultants as needed.

The goals for each policy (shown in Table 11 below) are based on achieving outcomes over which the City has a relatively high level of control through its policymaking process. Accordingly, the policy goals do not include achievements related to the broad overarching objectives of the Housing Strategy, such as reducing housing cost burdens for Sunnyvale households, preventing homelessness through affordable housing production, and preventing the displacement of current residents. While the policies recommended in this report are anticipated to assist the City to addressing these broad objectives, implementation of these policies will not occur in a vacuum. Consequently, other changes in the housing market and overall economy could potentially offset the gains achieved by implementing the recommended policies. In this case, it is possible that metrics related to achieving these broader objectives will show no change or worsening conditions, even if the City's policies have had the effect of improving outcomes compared to the conditions that would have occurred if the City had not implemented the policies. The policy goals shown in Table 11 therefore focus on adopting policies and producing units within defined timeframes.

Table 11: Goals for Recommended Tier 1 and 2 Policies

		Staff's Tier Recommendation	Policy Goal
1	Age-Friendly Housing Policy Options		
b	Promote New Age-Friendly Housing	2	15% of new or renovated units (10% ADA plus an additional 5% age friendly) to meet age friendly housing criteria within the next 5 years.
2	Supply-Side Housing Policy Options		
a	Increase Ownership Inclusionary Percentage	1	Council consideration of amended ordinance for adoption by Fall 2021
b	Promote ADUs	1	200 new ADUs within the next 5 years
d	Up-Zone Land to Facilitate Increase Res Development	1	Complete enough rezonings to accommodate the City's 6th cycle RHNA (estimated at 12,000) before adoption of the next Housing Element
3	Demand-Side Housing Policy Options		
a	Adopt a Right to Lease Ordinance	2	Council consideration of ordinance by June 2022
b	Adopt a Tenant Protection/Relocation Assistance Requirement	1	Council consideration of ordinance by Fall 2021
4	Mobile Home Park Policy Options		
b	Memorandum of Understanding/Accord	1	*Staff is recommending a one year timeframe to implement the MOU. A six month check with Council will inform how much progress has been made. If any Park Owners fail to comply or participate by that time, the Council can choose to end the MOU and immediately begin on the Rent Stabilization Ordinance.