



Sunnyvale

Inclusionary Below Market Rate (BMR) Ownership Housing Ordinance Update

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BMR Background

- Adopted 1980, amended various times
- Current requirement is 12.5% for ownership and 15% for rental housing
 - ◆ Ownership percentage last amended 2003
- 443 active ownership units and 212 rental units
- Palmer fix - rental inclusionary ordinance established in 2019 (part of Housing Strategy)
 - ◆ 15% (10% low, 5% very low)

Housing Strategy Background

- Diverse set of housing related issues
- Ranked #1 - 2017 CDD Study Issues
- Several outreach meetings held over two years
- Housing Strategy approved by City Council October 13, 2020
- Tier 1 recommendation to increase the ownership inclusionary percentage

Ordinance Update Goals

- Continue to provide affordable housing options for all income levels in Sunnyvale
- Ensure requirements are consistent with neighboring cities
- Consistent with Housing Strategy

Existing BMR Ownership Ordinance

- Applies to for-sale residential developments of 8 or more units
- 12.5% requirement for moderate income units
 - ◆ Affordable to those making 81-120% of AMI
- Fractional units round up to next whole number or pay 'fractional fee'
- Various alternative compliance options

Proposed Ordinance Amendments

- New Ordinance would be applicable to:
 - ◆ Residential developments with seven (7) or more units
 - ◆ Those with complete applications effective approx. 8/13/21
- 15% requirement for moderate income units
- Fractional fees rounded up or satisfied by fee
- Alternative Compliance options aligned with Inclusionary Rental Ordinance

Stakeholder Meeting – March 23, 2021

- 2 participants in virtual meeting
- Requested thoughts on new draft ordinance
- General feedback
 - ◆ No concern with 15%, common in Bay Area
 - ◆ Prefer rounding up/down for fractional units rather than fee.
 - ◆ Clarify the cost difference between market and BMR
 - ◆ Attachment 6 of the report provides details notes.

Current BMR Sales Prices

# of Bedrooms	Max. Sales Price
1	\$350,000
2	\$410,000
3	\$472,000
4	\$520,000
5	\$569,000

Sales prices are established annually, based off income limits received by the State of California. No changes proposed.

Current average market rate sales price in Sunnyvale as of December 2020: SF \$1.9M and Condo/TH \$1.2M

Next Steps

- Public Hearing Schedule
 - ◆ City Council – June 29
 - ◆ Ordinance would go into effect 30 days after second reading by the City Council
 - Approx. August 13

Staff Recommendation

- Alternative 1:
 - ◆ Recommend that the City Council Introduce an ordinance to amend Chapter 19.67 ("Below Market Rate Ownership Housing") of Title 19 ("Zoning") of the Sunnyvale Municipal Code to modify Inclusionary Below Market Rate Ownership Housing Requirement.