

Stakeholder Meeting with Developers & Advocates

March 23, 2021

Meeting started at 11:04 a.m.

Panelists:

Ernie DeFrenchi
Jenny Carloni
Edith Alanis
Barbara Smith

Attendees:

SV@Home
BIA

Ernie gave an update on BMR Background, Existing BMR Ownership Ordinance, Current BMR Sales Prices, Proposed Ordinance Amendments, and then opened it up for Feedback and Discussion from Attendees.

Questions/Statements from Attendee #1

- What is the percentage or number of projects would qualify for under the proposed changes to the ordinance? **Response: 5-8 projects.**
- What is the net increase that you're hoping to get out of these changes? **Response: Currently staff closes between 30-40 escrows per fiscal year. 2 ½% net increase will get about 5-7 additional BMR units per year,**
- Does the 15% requirement include units at 10% low and 5% very low which averages out to 40% moderate income, or is it 15% requirement and moderate which is a higher moderate income? **Response: The split between low and very low only applies to the BMR Rental Program. The BMR Ownership Program is for household with incomes up to 120% Area Median Income (AMI).**
- Is the sales price set at 80%? **Response: Homes are priced at 100% AMI.**
- Comments: Any extra units is always something we look for and your changes seems reasonable. I have no opinion on round-up. Hope that the alternative compliance options are equivalent to units being built on site. He's seen more people in lieu out, than actually units go up. He feels the fees are good to have for flexibility purposes, but sometimes they're counter to maybe the ordinance objective, it it's truly to build units and get people in homes. **Response: Sunnyvale is very proactive in having units built on site, while we have had a small number of developments request Council approve paying a fee it's generally for single family or duet projects.**

Questions/Statements from Attendee #2

- Appreciates the Outreach meeting, as not everybody does that, but better to stay in contact with your business and development community.
- Our members are certainly not likely to build to that low number or that small of a project (7 units). However, there might be some projects that come through with a rental and an ownership that are side by side. There might be some value in looking at a compliance option

that allows a developer to work with offsite to build rental units rather than for sale units and the City should keep its options open if rental units are more desirable or more in demand.

- In the round-up options, stick pretty closely to the level of compliance. If you're rounding up 4/10 of a unit, that's a lot different than paying for the fee at that level.
- The alternative compliance options, mixed housing project on the same site or adjacent, but also looking at partnering with other developers to rehab existing units might be a compliance option that you may get a few takers on. He referenced a project in E. Palo Alto where they are rehabbing older units.
- He thinks the current base sales price graphic shows a big gap for private developers to step into and fill. It's a Big Bite. He suggested adding another column on the Current BMR Sales Prices Slide to show the Market Sales Price, which would then show the size of the gap. It's BIG. He feels it would give the Council the information they need to decide how they're going to fill that gap.

Number of Bedroom	Max. BMR Sales Price	Average Market Rate Sales Price – New Construction (if available)
1	\$350,000	\$700,000*
2	\$410,000	\$1,299,000**
3	\$472,000	\$1,539,000-\$1,605,000**
4	\$520,000	\$1,782,000-\$1,795,000**

*Zillow – Sunnyvale, condo/townhomes

**New construction average sales prices provided by Sales at a development under construction

- He doesn't think the 15% requirement at moderate income is out of step.
- He asked if Sunnyvale charges parks fees or other impact fees for projects with less than 7 units. Response: Not sure exactly what the threshold is, and don't think it's one and twos, but closer to the 7 or 8 thresholds, but we can look into that and follow up.
- He further asked if we've looked at a credit program for developers of either 100% or portable project or inclusionary units. If you're building it at low income, perhaps there's a 50% or 75%, or complete exemption of park fees.

Response: We're not looking at creating any sort of exemptions for the ownership. We do have some for the rentals when you build 100% rental, we do exempt fees. But with this ownership update, we're not looking to add any exemptions. However, it's a good note that we'll take to the Housing Commission to the Council with us to consider something like that.