



Sunnyvale

Inclusionary Below Market Rate (BMR) Ownership Housing Ordinance Update

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Background

- **1980:** BMR inclusionary requirements first adopted
 - ◆ Minor updates: 1989, 1991, 1992 and 1994
- **2003:** Update to BMR regulations
 - ◆ 10% increased to: 12.5% Ownership ◆ 15% Rental
- **2019:** Rental Inclusionary ordinance “re”-established
 - ◆ 15% (10% low + 5% very low)
- **Today:** Affordable Units
 - ◆ 212 Rental BMR units ◆ 428 Ownership BMR units
 - ◆ 62 Other inclusionary rentals (ARUs)
 - ◆ ~1,800 rentals @ 100% affordable developments
 - ◆ ~1,200 in Pipeline

Housing Strategy Background

Diverse Set of Housing-Related Policy Items

- Ranked #1 - 2017 CDD Study Issues
- Extensive outreach over two years
- October 2020: Council approves Housing Strategy
 - ◆ Tier 1:
 - **INCREASE OWNERSHIP INCLUSIONARY PERCENT**
 - Mobile Home Park MOU
 - Promote Accessory Dwelling Units
 - Up-zone Land to Facilitate Increased Housing
 - Right to Lease Ordinance

BMR Update

Goals

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

Compare BMR Ownership Provisions

Provision	Existing	Proposed*
Min. Development size	8+ units	7+ units
Moderate income units	12.5%	15%
Affordable to	81-120% of AMI	<i>same</i>
Fractional Unit	Round up or pay 'fractional fee'	<i>same</i>
Alternative Compliance	Various options	Aligned with Rental

**Applies to projects with application complete after Aug 13, 2021*

Stakeholder Meeting – March 23, 2021

Requested Feedback on Draft Ordinance

- Two participants
 - ◆ 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

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 established annually

- ◆ Based on income limits received from the State of California
- ◆ No changes to formula proposed

**December 2020 Sunnyvale Market Rate Average Sales price*

- ◆ *\$1.9M Single-family*
- ◆ *\$1.2M Condo/TH*

Commission Recommendations

- **Housing and Human Services Commission**
 - ◆ May 26, 2021
 - ◆ Recommend that the City Council Introduce the ordinance. No modifications.
- **Planning Commission**
 - ◆ June 14, 2021
 - ◆ Recommend that the City Council Introduce the ordinance. No modifications

Staff Recommendation

- Alternative 1:
 - ◆ 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 Requirements