



City of Sunnyvale

Agenda Item-No Attachments (PDF)

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REPORT TO COUNCIL

SUBJECT

Authorize Submittal of Draft 2015-2023 Housing Element to California Department of Housing and Community Development (HCD) for Review

BACKGROUND

California Government Code Sections 65300-65303.4 require every city and county to adopt a General Plan to guide physical development of the City. General Plans must include certain mandatory elements, such as land use, circulation, and the housing element. The housing element is the only one of the mandatory elements that must be reviewed and approved by the State in accordance with Government Code Sections 65580-65589.8, the "housing element law." A brief overview of this law is provided in Attachment 1. The intent of housing element law is to ensure that all localities are doing their fair share to provide adequate sites for housing development in order to meet each jurisdiction's share of regional housing needs. These needs are determined by the State and regional Councils of Government, in consultation with local governments.

Cities and counties that fail to adopt state-certified housing elements may be faced with legal challenges pursuant to housing element law and/or fair housing laws. In addition, various state and regional housing, transportation and infrastructure funding programs available to local governments require a certified housing element as one of the eligibility criteria. Sunnyvale has always adopted a housing element on time and has always received State certification.

The housing element sets forth the city's housing policies and demonstrates how the city is able to address local housing needs. It is the only element required to be updated on a regular basis, known as the planning period or cycle. This cycle was extended from the prior five-year period to an eight-year period as part of SB 375, the Sustainable Communities and Climate Protection Act of 2008, in order to coincide with the same time period in which regional transportation plans are updated. Sunnyvale's current Housing Element was last updated in August 2009, for the July 2009 to June 2014 planning period. The City must update its Housing Element by January 2015 or face the penalty of having to update it every four years instead of every eight. The new planning period will extend from July 2014 to January 2023.

Staff has been working closely with regional and state agency representatives for approximately two years to refine the City's regional housing need allocation (RHNA), the first step of the process, and then to update the city's Housing Element pursuant to the newly created "streamlined update" process. The streamlined update process maintains most of the existing policy framework of the Housing Element, while updating time-sensitive information such as demographic data, housing market data, removing sites that have already been developed from the housing sites inventory, and adding sites previously designated by the City for new housing.

One advantage of this new efficient process is that it also streamlines the State's review process to just one, sixty-day review period, and the State is limited to commenting on only those portions of the element that are new. For that reason, staff has aimed to maintain as much of the existing narrative as possible, and limited changes to those that are critical to maintaining the integrity and accuracy of the document. A timeline of the streamlined update process is provided below:

Table 1: Housing Element Update Timeline

Event	Date
HCD issues Regional Housing Needs Determination to ABAG	Feb. 24, 2012
ABAG adopts Draft Regional Housing Needs Allocation (RHNA)	July 19, 2012
City appeals RHNA	Feb. 18, 2013
City RHNA appeal granted by ABAG	May 16, 2013
ABAG adopts Final RHNA	July 18, 2013
Presentation to Housing and Human Services Commission (HHSC)	July 24, 2013
Housing Element Public Outreach Meeting: Needs Assessment	Aug. 28, 2013
Housing Element Public Outreach Meeting for Development Stakeholders	Oct. 9, 2013
Joint Study Session with Planning Commission and HHSC	May 12, 2014
HHSC Hearing on Draft Housing Element	May 28, 2014
Planning Commission Hearing on Draft Housing Element	June 9, 2014
Council Hearing on Draft Housing Element	Aug. 12, 2014
Submittal of Draft Housing Element to HCD	Late Aug. 2014
HCD Comments Expected to be Received	Oct. 2014
CEQA review, commission and Council hearings on Revised Draft	Nov.-Dec. 2014
Council Hearing on Adoption of 2015-2023 Housing Element (GPA)	Late Dec. 2014
Submit Adopted Housing Element to HCD for State Approval	By Jan. 31, 2015

Staff has prepared the draft 2015-2023 Housing Element (Attachment 2) following a concerted public outreach effort undertaken in summer and fall of 2013 which focused on soliciting public input regarding current housing needs, opportunities, and any constraints. Residents, area workers, developers, and various stakeholders were encouraged to participate. The feedback received during that outreach process has been incorporated to the extent possible. Additional input was received during the study sessions and hearings of the Housing and Human Services Commission and Planning Commission in May and June of this year. There will be additional opportunities for input after HCD review and before adoption, during the final stages of the process outlined above. Following Council review and approval, the current Draft will be submitted to the State Department of Housing and Community Development (HCD) for review and comment prior to being formally adopted by the City as part of a general plan amendment, tentatively planned for December 2014.

EXISTING POLICY

Council Policy 7.3.1 Legislative Management - Goals and Policies

Goal 7.3A: Assess community conditions and make appropriate changes to long-range, mid-range

and short-range plans.

ENVIRONMENTAL REVIEW

A Negative Declaration has been prepared in compliance with the California Environmental Quality Act (CEQA), but will not be adopted until the final Housing Element is considered by Planning Commission and Council in December.

DISCUSSION

Just as in 2009, the newly updated draft Housing Element does not require any rezoning of City areas from one zone to another, because the City already has adequate developable land zoned for residential uses to meet its RHNA for the 2015-2023 housing element cycle under its existing zoning and General Plan, as shown below.

Table 2: 2015-2023 RHNA

Affordability Level	RHNA	Sites Available Under Current Zoning/General Plan
Very Low Income	1,640	1,640
Low Income	906	1,052
Moderate Income	932	1,183
Above Moderate Income	1,974	1,974
Total	5,452	5,849

It is beneficial that there are slightly more sites available than required by Sunnyvale's RHNA because in case some sites are deemed unlikely to develop or otherwise don't meet HCD's criteria, there will still be enough sites available to meet the RHNA. It is also important to note that the City is not required to develop any housing units, only to make these sites available through its zoning and general plan land use designations.

Because adequate sites are available and no land use changes are required, the changes made to the Element from the 2009 version consist of updating demographic and housing market data, and updating the constraints section to describe changes made to residential development requirements since 2009. These changes include a number of streamlining efforts undertaken in the last several years, some of which were listed as implementation programs in the 2009 Housing Element, including: modified parking standards; new standards for development of emergency shelters, transitional and supportive housing; reasonable accommodations procedures; and streamlined processing of multi-family projects.

The inventory of adequate sites (Appendix B) has also been updated, primarily to remove sites that have been developed since 2009, and to add new sites that were not included in the 2009 inventory because they were not needed to meet the RHNA at that time, such as mixed use sites along El Camino Real, and/or a few sites that have been recently rezoned and designated for residential uses, such as the East Weddell housing sites.

The Goals and Policies within the Draft have remained largely unchanged, as they are quite comprehensive and are still considered valid and appropriate, although several new policies have been added, including one to encourage developers to take advantage of the state density bonus,

and another to encourage development of units sized for large households and to provide family-friendly amenities, particularly in rental developments.

The Implementation Program sets forth a number of actions the City intends to take during the upcoming cycle to ensure that it can meet the goals and “quantified objectives” it has set for the planning period. Many of these objectives are ongoing programs continued from the 2009 Housing Element and still considered valid and appropriate.

Staff has added six new programs to the Implementation Program to respond to current conditions, needs and/or input received from the outreach process. Three are policy-related programs: 1) A program to consider developing or revising current City policies or standards related to development of accessory living units; 2) a program to consider developing policies to encourage development of affordable housing in Priority Development Areas; and 3) a program to consider developing a new policy regarding residential displacement. Such a policy would address demolition or major renovation of large rental properties, such as those consisting of 10 or more units, to respond to public concerns about displacement due to these types of projects.

The other three new programs are primarily funding-related objectives, including: an objective to provide financial assistance for the development of units for special needs households, such as developmentally disabled adults; an objective to support programs to alleviate homelessness, such as WorkFirst Sunnyvale and tenant-based rental assistance; and an objective to encourage rental housing providers to provide units sized adequately for larger households, with family-friendly amenities such as on-site child care.

Most of these actions will require further public hearings, funding commitments, code amendments, and/or review by commissions and/or Council prior to implementation.

If Council would like to suggest any additional new policies or programs, or make changes to the existing policies, it may recommend such policies as part of Alternative 2, as explained further below.

The Draft provided in Attachment 2 to this report includes several minor administrative changes to the Draft since its publication on May 23, 2014 for the commission reviews. These changes were primarily made in response to the HCD checklists required for jurisdictions pursuing the streamlined update process. They provide additional detail or clarification of certain points but do not substantively change the Draft from the version circulated earlier. Several clerical or formatting errors were also corrected.

FISCAL IMPACT

No fiscal impact is anticipated due to the recommended action; however, failure to approve a compliant housing element by the deadline could negatively impact the City by causing it to be ineligible for certain types of state funds.

PUBLIC CONTACT

Public contact was made through posting of the Council agenda on the City’s official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda available at the Sunnyvale Public Library, the Office of the City Clerk and on the City’s website.

In addition to the initial public outreach meetings held in mid-2013, staff conducted a public survey online and in hard copy between July and October 2013. Paper surveys were made available at the One-Stop Permit Center, at Sunnyvale Community Services (SCS), and at the Community Development Department's booth at the State of the City event. The online survey was publicized on the City's website, in the Housing e-Newsletter, and through the Housing Division's Below Market Rate Housing interest list. The surveys were also distributed to various non-profit agencies serving Sunnyvale residents for distribution to their clients, as well as to attendees of the HHSC meetings, Housing Element outreach meetings, First Time Homebuyer presentations, and several neighborhood association and mobile home park community meetings held during this time. The surveys were available in English and Spanish, and were even translated into Chinese by SCS. Nearly 450 survey responses were received. Of those, 152 were submitted on paper and entered into the database by Housing interns, and the balance were submitted online through Survey Monkey.

Most of the survey responses fell into two basic positions: people very concerned about rising rents and home prices, and people concerned about the perceived impacts of new development such as traffic and impacts on schools. Some respondents were concerned about both types of issues. One rather unexpected theme noted numerous times in the survey was a concern about the stalled Sunnyvale Town Center project, which includes residential uses as well as a major retail center. One of the more focused concerns expressed was about a shortage of housing for adults with developmental disabilities. Other concerns expressed during public outreach meetings and/or in the survey included: making it easier to develop secondary dwelling units; considering smaller minimum lot sizes to allow more compact development in older neighborhoods; and making new housing developments more walkable and more accessible to shopping, amenities, jobs, and schools.

Approximately 24 members of the public attended the hearing on the Draft held by the HHSC at its meeting on May 28, 2014. Several members of the public spoke but did not suggest any specific modifications to the Draft. The HHSC voted 7-0 to recommend Council approval of the Draft as presented in Attachment 2 to that report.

At the June 9, 2014 Planning Commission hearing on this item, several members of the public spoke and provided written comment letters suggesting additional policies and objectives. Those included, among others, suggesting a program to consider developing policies on rent stabilization and just-cause evictions. The letters are included in Appendix A of Attachment 2. One of the letters, from the Silicon Valley Leadership Group, was generally supportive and recommended approval of the Draft as presented to the Planning Commission.

On July 8, 2014 staff met with the group of housing stakeholders that submitted one of the letters, which included staff of the Silicon Valley Law Foundation, Sunnyvale Community Services, Silicon Valley Housing Trust, Downtown Streets Team, and MidPen Housing, as well as a representative of the San Francisco-based Non-Profit Housing Association (NPH). The purpose of that meeting was to discuss some of the suggestions in the letter in more detail, and to clarify and correct information regarding: the City's current RHNA accomplishments, the status of the City's redevelopment agency housing funds, and the history of the City's density bonus program prior to 2012, as well as several other issues requiring clarification. The meeting was very productive and staff has made adjustments to the Implementation Plan and/or policies to address some of the concerns raised, such as modifying the target dates for completion of some of the programs, and adding policy language on seeking additional sources of financing for housing efforts.

The group also recommended several significant new policies that are not currently included in the Draft Housing Element, such as developing rent stabilization or just cause ordinances. If Council wishes to incorporate any of these policy suggestions into the Draft, they can be included in a motion as part of Alternative 2, and staff would add those to the document before sending it to HCD.

Following its public hearing on June 9, the Planning Commission voted 6-0-1 (with one member absent) to approve the Draft as provided in Attachment 2, with one modification: “to add a program to consider expanding the Below Market Rate Ownership Housing Requirement to all ownership housing projects (i.e., those of fewer than 8 new units) and to consider increasing the BMR requirement to 15% of all units in the project.” The Council completed an update of the BMR Ownership program in July 2012, which was an implementation item included in the 2009 Housing Element. That update did not result in Council approving a higher BMR requirement nor a lower project threshold. However, if Council wishes to revisit this issue during the next Housing Element cycle, it can be added as part of Alternative 2 for inclusion in the Draft that will be sent to HCD.

Minutes of both commission meetings are provided in Attachments 3 and 4.

ALTERNATIVES

1. Authorize staff to submit the draft Housing Element as presented in Attachment 2 to HCD for review.
2. Authorize staff to submit the draft Housing Element with modifications recommended by Council to HCD for review.

STAFF RECOMMENDATION

Alternative 1: Authorize staff to submit the draft Housing Element as presented in Attachment 2 to HCD for review.

Staff recommends Alternative 1. The draft Housing Element has been prepared to comply with current state law following the streamlined update process. Staff has consulted with HCD prior to finalizing the draft and believes it meets all state requirements. Furthermore, the goals and quantified objectives provided in the draft Housing Element are a minimum, not a maximum, number of units the City may choose to assist and/or facilitate in the future to address local housing needs. By keeping the goals realistic, the City will be more likely to be able to achieve them, which will in turn make it easier to gain state approval for the next update at the end of the coming planning period (in 2023).

BOARD/COMMISSION RECOMMENDATIONS

On May 28, 2014, the Housing and Human Services Commission voted 7-0-0 for to recommend that Council approve the draft Housing Element for submittal to HCD for review.

On June 9, 2014 the Planning Commission voted 6-0-1 (with one member absent) to approve the Draft with one modification: “to add a program to consider expanding the Below Market Rate Ownership Housing Requirement to all ownership housing projects (i.e., those of fewer than 8 new units) and to consider increasing the BMR requirement to 15% of all units in the project.”

Prepared by: Suzanne Isé, Housing Officer

Reviewed by: Hanson Hom, Director, Community Development

Reviewed by: Robert A. Walker, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. State Housing Element Law Overview
2. Draft 2015-2023 Housing Element Update
3. May 28, 2014 Housing and Human Services Commission Minutes
4. June 9, 2014 Planning Commission Minutes