



# City of Sunnyvale

## Agenda Item-No Attachments (PDF)

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### REPORT TO HOUSING AND HUMAN SERVICES COMMISSION

#### **SUBJECT**

Recommend Adoption of 2015-2023 Housing Element (General Plan Amendment)

#### **BACKGROUND**

California law, Government Code 65300-65303.4, requires every city and county to have a general plan to guide physical development of the City. General plans must include at least seven required elements, such as land use, circulation, and the housing element. The housing element is the only one of the general plan elements that must be reviewed and approved by the State in accordance with Government Code 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 (COG), in consultation with local governments. For the San Francisco Bay Area, the Association of Bay Area Governments (ABAG) is the COG.

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 ABAG and State Department of Housing and Community Development (HCD) 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 2009 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**

<b>Event</b>	<b>Date</b>
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	Sept. 2014
HCD Comments Received	Nov. 12, 2014
<b>CEQA review, commission and Council hearings on Revised Draft</b>	<b>Nov - Dec 2014</b>
Council Hearing on Adoption of 2015-2023 Housing Element (GPA)	Dec. 16, 2014
Submit Adopted Housing Element to HCD for State Approval	<b>By Jan. 31, 2015</b>

Staff prepared the Draft 2015-2023 Housing Element 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, and during the commission and Council study sessions and hearings held between May and August 2014, has been incorporated to the extent possible. Additional input will be sought during the final stages of the process, as outlined above.

Following Council review and approval in August, staff submitted the approved Draft to HCD for review and comment. Staff discussed the Draft with HCD staff by phone in mid-October. HCD requested several clarifying edits and asked staff to add or expand on several programs in the Implementation Plan, such as adding the Zoning Code Retooling effort currently underway by Planning staff. The changes recommended by HCD have been made to the Revised Draft (**Attachment 2**) and are highlighted. HCD's review letter is provided in **Attachment 3**.

## **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 Housing Element update 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**

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

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 of **Attachment 2**) 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 inclusion of 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.

The initial Draft approved by Council included six new programs in 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.

In addition, as noted above, the Revised Draft also includes the Zoning Code Retooling Project as a new program in response to HCD’s request. This purpose of this project is to clarify and simplify zoning regulations and reorganize the code for easier administration and public reference. This has been an on-going project and is expected to be completed by the end of 2015.

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 the Commission would like to suggest new policies or changes to the existing policies to further address these concerns, it may recommend such policies as part of Alternative 2.

The Planning Commission will consider this item on November 24, 2014. The City Council is scheduled to consider this item on December 16, 2014.

### **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 and subjecting the City to the requirement to update the Housing Element every four years instead of every eight, which would create additional operating costs.

## **PUBLIC CONTACT**

Public contact was made through posting of the Housing and Human Services Commission agenda on the City's official-notice bulletin board, on the City's website, and the availability of the agenda and report in the Office of the City Clerk.

## **ALTERNATIVES**

1. Recommend that Council adopt a resolution to adopt the 2015-2023 Housing Element as provided in Attachment 2.
2. Recommend that Council adopt the 2015-2023 Housing Element with modifications.

## **RECOMMENDATION**

Alternative 1: Recommend that Council adopt the 2015-2023 Housing Element as provided in Attachment 2.

Staff recommends Alternative 1, Recommend that Council adopt the 2015-2023 Housing Element as provided in Attachment 2, to avoid any potential delays in final adoption of the Element by the statutory deadline.

Prepared by: Suzanne Isé, Housing Officer

Reviewed by: Hanson Hom, Director, Community Development Department

Reviewed by: Robert A. Walker, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

## **ATTACHMENTS**

1. HCD Memorandum
2. Revised Draft 2015-2023 Housing Element
3. HCD Review Letter