



City of Sunnyvale

Agenda Item-No Attachments (PDF)

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REPORT TO COUNCIL

SUBJECT

Review Draft Work Plan for 2017 Housing Strategy (Study Issue)

BACKGROUND

The 2017 Housing Strategy study issue, CDD 17-09, was ranked number one by Council among all proposed Community Development Department (CDD) study issues in 2017. The study issue paper is included as Attachment 1 to this report. This study issue consists of a combination of several more narrowly focused study issues proposed by commissions and/or Council on housing policy issues. Staff proposed this study as a more holistic and integrated alternative to doing several highly specific but possibly disjointed study issues. The scope of this study was further refined through Council direction during the study issues workshop in February and the March 28, 2017 hearing on the proposed timeline for the ranked study issues (RTC No. 17-0156). A budget supplement to provide \$200,000 in funding for this project was approved by Council as part of the 2017-18 Adopted Budget. That budget is available for consultant studies and/or contract staff as may be needed to complete the study, manage the public outreach process, and finalize the reports and related materials for Council and commissions' consideration.

EXISTING POLICY

General Plan: 2015-2023 Housing Element

Goal A: Assist in the provision of adequate housing to meet the diverse needs of Sunnyvale's households of all income levels.

See Attachment 3 for the list of all General Plan Housing Element goals and policies.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

DISCUSSION

Although this study originated from a diverse set of issues, the general goal of the 2017 Housing Strategy is to refine the City's long-term housing strategy to identify potential improvements to existing programs and approaches, and/or potential new approaches to increase affordable housing stock and/or improve affordability of housing in the City.

Staff has prepared a draft Work Plan and Scope of Work (Attachment 2) for this study issue based on the original paper and input received to date from Council. In addition, the Scope of Work has been expanded slightly since March to accommodate additional tasks needed to analyze and respond to

new State laws related to housing (the “2017 Housing Package”). Some of the new laws in that package require cities to modify their current procedures for development review, dwelling unit data collection and reporting related to new residential developments. One of those laws, the “Palmer fix” bill, allows cities to adopt or reinstate prior inclusionary housing requirements for rental housing. That change will also be analyzed through this study, as it provides the City with another tool to use to generate more affordable rental units within new developments.

In addition to the shifting landscape of California laws related to development review, zoning, and housing production, the federal tax reform legislation currently being considered in Congress may create new challenges to affordable rental housing production and/or for first-time home buyers. For these reasons, staff recommends that Council provide staff with flexibility to adjust the scope of work as needed to respond to significant state or federal legislation or other policy actions that may be enacted in the near term that may create significant impacts on the City’s current or planned housing efforts.

Context for Study

The City will be undertaking this study in a time of significant change in State law related to housing development and pending significant changes to federal housing policy and subsidy levels which will impact staff workload. In addition, the City continues to experience historically high volumes of development activity (of all types). During the same time-period when this study will be undertaken, staff will also be completing certain periodic activities required by the federal government, including the 2018-19 Assessment of Fair Housing (AFH) and 2020 HUD Consolidated Plan (ConPlan) update, and preparation for the 2020 Census. This background workload will raise issues related to, and help to inform the development of the Housing Strategy. It will also require the City to focus the scope of this study so that it can be completed with the budget and staff resources available.

Work Plan and Scope of Work

Attachment 2 is the detailed workplan and scope of work for the Housing Strategy. The workplan schedule is approximately one year to complete the review and return to City Council with a final report. The scope of work states the goal of (and context for) the study and lists the main study items, summarized below.

- 1) **Rent stabilization** programs for Sunnyvale mobile home parks
- 2) **Age-friendliness** of housing in Sunnyvale
- 3) **Supply-side** housing efforts, such as:
 - More generous affordable housing project financing
 - Land acquisition financing program for non-profit developers
 - Enacting a rental inclusionary ordinance consistent with AB 1505, and/or
 - Updating the condominium conversion ordinance;
- 4) **Demand-side** approaches, such as:
 - Educational programs on financial literacy, homebuyer education, tenant education, or
 - Other possible demand-side approaches not currently offered by the City;
- 5) If contract funding is available after items 1-4 are addressed, any of the following items may be added to the scope:
 - **Development Review**: Refine development review procedures, refine tracking or reporting procedures, and/or other operational changes
 - **Funding**: Analyze new State laws to identify any new planning and/or funding

opportunities

- **Accessory Dwelling Units (ADUs):** Consider methods to improve code compliance and health and safety among properties with unpermitted ADUs
- **Housing Element Objectives:** Describe and analyze options related to housing policy objectives not yet completed from 2015 Housing Element

Community Engagement

The study will include a variety of outreach techniques designed to reach a broad spectrum of: local residents and workers; public agencies such as school districts; non-profit organizations; faith communities and cultural organizations; neighborhood associations; residential developers and real estate industry professionals; local employers and/or business associations; mobile home park residents and interest groups; housing policy groups; equity and environmental groups; city boards and commissions; and, any other interested stakeholders.

Staff maintains an outreach database of more than 200 parties interested in housing and community development issues in the local area, an affordable housing (“BMR”) interest list of more than 1,000 affordable home-seekers and other interested parties, and has a list of several hundred email subscribers to the Housing e-newsletter. Staff will use these communication channels, as well as “Update Sunnyvale”, Open City Hall, and news posts and related content on the City website to invite all existing contacts and other community members to participate in this process and to keep interested parties informed about the 2017 Housing Strategy. The community will be invited to participate in review and conversation through periodic meetings and hearings. Staff has tentatively included a late February presentation to the Housing and Human Services Commission to present the work plan, scope of work, and any additional progress staff may have to report at that time.

FISCAL IMPACT

The recommended action will not impact the General Fund, as the funding for this study is included in the 2017/18 Adopted Budget.

PUBLIC CONTACT

Public contact was made by posting 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 and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website.

ALTERNATIVES

1. Approve Work Plan and Scope of Work as shown in Attachment 2 to the report.
2. Approve Work Plan and Scope of Work with modifications as specified by Council.
3. Other direction.

STAFF RECOMMENDATION

Alternative 1: Approve Work Plan and Scope of Work as shown in Attachment 2 to the report.

Though staff recommends Alternative 1, Council may choose Alternative 2 to provide direction to further focus or refine the scope of work or work plan.

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Reviewed by: Trudi Ryan, Director, Community Development Department
Reviewed by: Teri Silva, Interim Assistant City Manager
Approved by: Kent Steffens, Interim City Manager

ATTACHMENTS

1. Study Issue Paper CDD 17-09
2. Draft Work Plan and Scope of Work
3. General Plan Housing Element Goals and Policies