



# City of Sunnyvale

## Agenda Item-No Attachments (PDF)

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### REPORT TO COUNCIL

#### **SUBJECT**

Approve the 2019 Annual Progress Report on Implementation of the General Plan Housing Element

#### **BACKGROUND**

California Government Code Section 65400 ("Section 65400") requires cities and counties to submit an Annual Progress Report (APR) to the State by April 1 of each year. APRs must be submitted to two State agencies: the Governor's Office of Planning and Research (OPR) and the Department of Housing and Community Development (HCD). The APRs describe each jurisdiction's progress in implementing the housing elements of their General Plans. The APR was drastically changed in 2018 and another new reporting form was issued for 2019, which expanded the types of data that must be reported for the Housing Element Annual APR.

The 2019 APR (Attachment 1) provides an update on the City's progress in implementing the 2015-2023 Housing Element. The APR describes the City's accomplishments from January 1, 2019 to December 31, 2019 that contribute toward meeting its Regional Housing Needs Allocation (RHNA), as described further in the Discussion section below.

All successor housing entities are required to submit an annual report on the Low-Moderate Income Housing Asset Funds (LMIHAF) as an addendum to the housing element Annual Progress Report (APR) to HCD. The City is the Housing Successor to the Redevelopment Agency and therefore is required to provide information on housing financial and activity information by including specified information as part of the LMIHAF report annually.

#### **EXISTING POLICY**

##### **Sunnyvale General Plan**

##### **Housing Element**

**Goal HE-1:** Assist in the provision of adequate housing to meet the diverse needs of Sunnyvale's households of all income levels.

##### **Community Vision**

*Policy CV-1.2:* Provide accurate and thorough information in a timely manner to ensure that community members have an opportunity to respond effectively.

#### **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(b)(5) in that it is a governmental organizational or administrative activity that will not result in direct or indirect changes

in the environment.

## **DISCUSSION**

The APR is comprised of seven different tables/reports, each described below.

Table A shows the number of housing units for which an application was deemed complete in calendar year 2019. An “application” is defined as a formal submittal of a project for approval. The table also shows the affordability level of each unit, whether the units are deed restricted, and the total number of ‘Disapproved Units’ (calculated by subtracting “Total Approved Units by Project” from “Total Proposed Units by Project”). A summary of Table A is seen below:

<b>Affordability Level (by Household Incomes)</b>	<b>Applications Submitted (Total Units)</b>	<b>Approved Units (Entitlement)</b>
Very Low	65	-
Low	227	-
Moderate	85	32
Above Moderate	1,305	252
<b>Total</b>	<b>1,682</b>	<b>284</b>

Table A2 shows a more in-depth look at the net new housing units and developments that have received any one of the following: an approved planning application (“Completed Entitlement”), an issued building permits (‘Building Permits Issued’), or a certificate of occupancy (‘Units Finaled’) in calendar year 2019, in total and by State-defined affordability levels. These affordability levels range from very-low to above-moderate income. The goal of this table is to show the timeline in which the project moved through various planning and building phases. Only permits issued are reported for purposes of determining progress towards the RHNA. A summary of Table A2 is seen below:

<b>Income Level</b>	<b>Completed Entitlements</b>	<b>Building Permits Issued</b>	<b>Units Finaled</b>
Very Low	-	-	56
Low	-	-	19
Moderate	140	38	34
Above Moderate	2,155	609	198
<b>Total</b>	<b>2,295</b>	<b>647</b>	<b>297</b>

Table A2 also has information on whether a project was approved using the Streamlined Ministerial Approval Process (SB 35), or received public subsidy creating affordability restrictions or covenants, and/or recapture of public funds upon resale. Sunnyvale has not yet had a formal application submitted under SB 35.

Accessory Dwelling Units (ADU) are identified as one of the permitted unit categories and can be counted towards RHNA goals. ADUs are considered affordable to moderate income households without public subsidies or restrictive covenants. To demonstrate this affordability, Attachment 3 identifies a list of ADUs currently available for rent in Santa Clara County and the rental amounts; rents listed are affordable to moderate income households in the area. Recent legislation has

significantly reduced barriers towards development of ADUs; Attachment 4 (a smaller version of the attachment below) shows the progress in the production and permitting of ADUs in Sunnyvale from 2016 to 2019. City staff anticipates a higher number of ADUs in 2020.

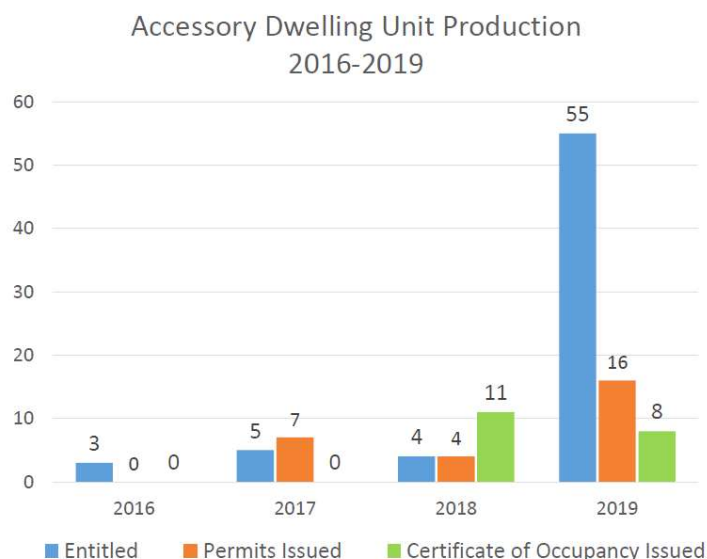


Table B is a summary of all permitting activity for the current planning cycle, 2015-2023, including permitting activity for the 2019 calendar year. This table reports the number of units for which permits were issued to demonstrate progress in meeting the jurisdiction's share of RHNA by income group. While the City has exceeded its share of market rate units, Sunnyvale is still below the required allocation for below market rate units. With thousands of residential units in the pipeline, the City still has three years to achieve the RHNA goals. A summary of the City's RHNA progress is provided below:

Income Level	RHNA Allocation 2015-2023	Permits Issued 2015-2019	Percent Complete	Remaining RHNA
Very Low	1,640	114	7%	1,526
Low	906	21	2%	885
Moderate	932	207	22%	725
Above Moderate	1,972	2,215	112%	-
<b>Total</b>	<b>5,450</b>	<b>2,557</b>	<b>47%</b>	<b>3,136</b>

Table C is only used to identify sites or rezoned land used to accommodate a shortfall of RHNA sites. This table of the APR is not applicable to the City for 2019 as there are adequate residential zoned parcels in our Housing Element to accommodate the City's current RHNA.

Table D provides an update on the City's progress toward achieving the housing programs listed in the Implementation Plan of the Housing Element. A summary of those programs is provided in Table 48 of the Housing Element (pages 123-128), available on the City's website.

Table E provides information on commercial developments that were approved with development bonuses in exchange for providing affordable housing. The City did not receive any commercial applications requesting bonuses during the reporting year.

Table F provides the number of affordable housing units rehabilitated, acquired, and/or preserved, only if such projects were included as objectives in the Housing Element. This table is not applicable to the City, since rehabilitation projects are not identified as a method to meet the RHNA requirement in the Housing Element.

Lastly, the Low-Moderate Income Housing Funds (LMIHAF) report is required by California Health and Safety Code Section 34176.1 for a city that has assumed the housing function of a former redevelopment agency (“housing successor agency”) and is responsible for administering housing set-aside funds, now known as Low-Moderate Income Housing Funds (LMIHAF). The City is the housing successor agency for the former Redevelopment Agency of the City of Sunnyvale. Attachment 2 provides data on the Sunnyvale Housing Successor Agency’s activities and finances in fiscal year 2018/19.

### **FISCAL IMPACT**

Approval and submittal of the APR is required by State law and may assist the City in qualifying for future State grant opportunities. Otherwise, as the report is primarily for informational purposes, this action does not have any fiscal impact.

### **PUBLIC CONTACT**

Section 65400 requires Council to consider the APR “at an annual public meeting before the legislative body where members of the public shall be allowed to provide oral testimony and written comments” (on the City’s reported progress in implementing its Housing Element). In addition, email notifications were sent to interested parties and housing advocacy organizations.

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 the 2019 Housing Element Annual Progress Report (Attachment 1) and direct staff to submit it to the Governor’s Office of Planning and Research and the California Department of Housing and Community Development.
2. Approve the 2019 Housing Element Annual Progress Report with modifications, and direct staff to submit it to the Governor’s Office of Planning and Research and the California Department of Housing and Community Development.

### **STAFF RECOMMENDATION**

Alternative 1: Approve the 2019 Housing Element Annual Progress Report (Attachment 1 of the report) and direct staff to submit it to the Governor’s Office of Planning and Research and the California Department of Housing and Community Development.

All local jurisdictions, including charter cities, are required to submit the APR to the Governor's Office of Planning and Research and the California Department of Housing and Community Development by April 1 of each year. Staff recommends Alternative 1 in order to maintain the City's compliance with State law (i.e., Health and Safety Code section 34176.1 and Government Code section 65400).

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Reviewed by: Trudi Ryan, Director, Community Development

Reviewed by: Teri Silva, Assistant City Manager

Approved by: Kent Steffens, City Manager

### **ATTACHMENTS**

1. 2019 Housing Element Annual Progress Report
2. Housing Successor Agency Annual Report on the Low-Moderate Income Housing Asset Fund (LMIHAF) FY 2018-19
3. Market Survey of ADU Rents - 2019
4. ADU Production from 2016-2019