



City of Sunnyvale

Agenda Item-No Attachments (PDF)

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REPORT TO COUNCIL

SUBJECT

Housing Strategy: Approve Scope of Work for Project Manager Services Regarding implementation of the Sunnyvale Mobile Home Park Memorandum of Understanding, and Approve Budget Modification No. 9 in the amount of \$81,380

BACKGROUND

The 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 focused on: mobile home park rent stabilization options, age friendly housing, and supply/demand of housing. Because of the large scale of the project, the City issued an RFP for consultants and in July 2018 selected BAE Urban Economics (BAE) to lead the Housing Strategy along with subconsultants Goldfarb and Lipman, PlaceWorks, and Novin Development.

After two years of outreach and work on the study issue, Council approved the final 2020 Housing Strategy on October 13, 2020 (RTC 20-0809). The Housing Strategy resulted in thirteen new policy recommendations called “strategies” and the City Council prioritized the strategies by categorizing each strategy as Tier 1, Tier 2 or Tier 3 (Attachment 1). Tier 1 strategies are to begin implementation in FY 2020/21, Tier 2 in FY 2021/22, and Tier 3 strategies are to be implemented as time and funding allows.

Mobile home park policy was one of the main features throughout the Housing Strategy and resulted in the most outreach events and most feedback from the community. The Housing Strategy considered two options for rent stabilization: a formal Rent Stabilization Ordinance or a Memorandum of Understanding (MOU)/Accord; the City Council ranked the MOU/Accord Tier 1. Due to the Council interest work began immediately on next steps.

EXISTING POLICY

General Plan: 2015-2023 Housing Element

GOAL HE-1 ADEQUATE HOUSING - Assist in the provision of adequate housing to meet the diverse needs of Sunnyvale’s households of all income levels.

GOAL HE-2 ENHANCED HOUSING CONDITIONS AND AFFORDABILITY - Maintain and enhance the conditions and affordability of existing housing in Sunnyvale.

- **Policy HE-2.6** Preserve Sunnyvale’s mobile home parks as an affordable housing option. Maintain at least 400 acres of mobile home park zoning.

Pursuant to Sunnyvale Charter Section 1305, at any meeting after the adoption of the budget, the City Council may amend or supplement the budget by motion adopted by affirmative votes of at least

four members so as to authorize the transfer of unused balances appropriated for one purpose to another, or to appropriate available revenue not included in the budget.

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

As part of the 2020 Housing Strategy, creation of a Memorandum of Understanding (MOU)/Accord was ranked as a Tier 1 Strategy, meant to be initiated in FY 2020/21 (Attachment 1). Since the City Council action in October 2020 to approve the strategy, staff has prepared a scope of work, held initial conversations with stakeholders to begin establishing the negotiating parties, and sought consultant assistance for this strategy.

MOU/Accord Scope of Work

Staff prepared a draft scope of work (Attachment 2) for implementation of this specific strategy. The scope of work not only sets the stage for outreach, negotiations, and stakeholder involvement, but also sets key timelines and check ins with the City Council. This scope of work will serve as the work plan for the MOU/Accord implementation process; it will be posted on the City’s website along with any other key documents or next steps to facilitate community engagement throughout the process.

Key components of the scope of work include:

- Outline key stakeholders to be involved.
 - City Staff/Consultant Staff
 - Mobile home park resident stakeholder group
 - Mobile home park owner stakeholder group
- Establish key “terms” to negotiate. As identified by the City Council in approval of the Housing Strategy, these terms must include, but are not limited to:
 - Allowed rate of annual rent increase during continued residency;
 - Allowed rate of increase upon vacancy;
 - Provisions for capital improvement cost pass-throughs;
 - Property tax pass through; and,
 - Retroactivity of the MOU dating back no later than October 13, 2020.
- Arrange various negotiating and outreach meetings with all stakeholders and individual stakeholder groups.
- Arrange closed session or public hearings with the City Council based on project milestones.
 - The goal of the public hearings is also to encourage members of the community or advocacy groups to participate in the process and provide feedback.
- Establish a six month check in, to be held no later than June 2021, which allows City Council to review the work done to date and either continue, or terminate, the MOU/Accord negotiations to instead implement a new Rent Stabilization Ordinance (RSO).
- City Consultant preparation of a Draft MOU/Accord.
- Adoption of final MOU/Accord no later than December 2021.

Consultant Contract

After an extensive RFP in 2017, the City awarded the Housing Strategy Study Issue contract to BAE Urban Economics (BAE) in an amount not to exceed \$198,916. The entirety of project funds has been expended and the scope of work with that contract has been completed. Due to the very time sensitive nature of implementing an MOU/Accord, and the successful work product produced by BAE, staff has worked with BAE to establish a new scope of work (Attachment 2) to allow the consultant team to continue as lead project manager of the MOU/Accord. In addition, BAE will draft the eventual MOU/Accord. Since the budget for the new contract is less than \$100,000, the contract is not required to be brought to the Council for approval. Should the budget modification be approved, the City's Finance department will prepare the final contract with the consultant team to allow MOU work to begin immediately.

FISCAL IMPACT

Because of the nature of this project, and the requirements under the Mitigation Fee Act, Housing Mitigation Funds may not be used to cover expenses of creating an MOU/Accord. Housing staff has also reviewed grant funding opportunities for implementation, however no options are currently available. Therefore, Budget Modification No. 9 has been prepared to appropriate General Funds in the amount not to exceed \$81,380 for preparation and implementation of a new project, Mobile Home Park MOU/Accord.

Budget Modification No. 9 FY 2020/21

	Current	Increase/ (Decrease)	Revised
General Fund			
<u>Expenditures</u>			
Mobile Home Park MOU/Accord	\$0	\$81,380	\$81,380
<u>Reserves</u>			
General Fund Budget	\$45,804,777	(\$81,380)	\$45,723,397
Stabilization Fund			

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, Sunnyvale Public Library and Department of Public Safety. In addition, the agenda and report are available at the Office of the City Clerk and on the City's website. Staff has also informed interested parties and stakeholders, in addition to posting information on the Housing Strategy city webpage.

ALTERNATIVES

1. Approve the scope of work for Project Manager services regarding implementation of the Sunnyvale Mobile Home Memorandum of Understanding/Accord; and Approve Budget Modification No. 9 in the amount of \$81,380.
2. Approve the scope of work for Project Manager services regarding implementation of the Sunnyvale Mobile Home Memorandum of Understanding/Accord with modifications; and

- Approve Budget Modification No. 9 in the amount of \$81,380.
3. Do not approve the budget modification or scope of work and provide direction to staff.

STAFF RECOMMENDATION

Alternative 1: Approve the scope of work for Project Manager services regarding implementation of the Sunnyvale Mobile Home Memorandum of Understanding/Accord; and Approve Budget Modification No. 9 in the amount of \$81,380.

Staff is recommending Alternative 1 to allow the swift implementation of the MOU/Accord. By approving this budget modification and scope of work, the final consultant contract can be executed and work can begin on negotiating an MOU. Staff will bring items to the City Council as outlined by the scope of work.

Prepared by: Jenny Carloni, Housing Officer

Reviewed by: Trudi Ryan, Director of Community Development

Reviewed by: Tim Kirby, Director of Finance

Reviewed by: Teri Silva, Assistant City Manager

Approved by: Kent Steffens, City Manager

ATTACHMENTS

1. 2020 Housing Strategy Implementation Schedule
2. Draft MOU Scope of Work