



City of Sunnyvale

Agenda Item-No Attachments (PDF)

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REPORT TO COUNCIL

SUBJECT

Approve the 2020 Housing Element Annual Progress Report

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: Governor's Office of Planning and Research (OPR) and Department of Housing and Community Development (HCD). The APRs describe each jurisdiction's progress in implementing the housing elements of their General Plans.

The draft 2020 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 through the end of calendar year 2020 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

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 and reports. Due to the small size and difficulty viewing some of the larger tables in the APR, a summary of each table/report is provided below.

Table A shows the number of housing units for which an application was deemed complete in calendar year 2020. 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”). Note that the while the “Approved Units” count is less than the “Applications Submitted”, this does not mean the development applications were denied, but rather due to the fact that most large projects are not entitled the same year they are submitted. A summary of Table A is seen below:

Affordability Level (by Household Incomes)	Applications Submitted (Total Units)	Approved Units (Entitlement)
Very Low	160	-
Low	184	-
Moderate	67	44
Above Moderate	477	11
Total	888	55

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 permit (‘Building Permits Issued’),
- Or a certificate of occupancy (‘Units Finaled’),

in calendar year 2020, in total and by State-defined affordability levels. These affordability levels range from very-low to above-moderate (market rate) income. The goal of this table is to show the timeline in which the project moved through various planning and building phases and progress towards RHNA housing goals. Only permits issued are reported for purposes of determining progress towards the RHNA. A summary of Table A2 is seen below:

Income Level	Completed Entitlements	Building Permits Issued	Units Finaled
Very Low	66	18	-
Low	23	-	40
Moderate	61	70	56
Above Moderate	58	394	409
Total	208	482	505

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. In 2020, 39 new ADUs were finalized, 56 received building permits, and 56 received planning entitlements.

Table B is a summary of all permitting activity for the current planning cycle, 2015-2023, including permitting activity for the 2020 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 has two years to achieve the RHNA goals. As a reminder, Sunnyvale is required to plan and accommodate for the RHNA in its Housing Element, but is not required to build the units. A summary of the City's RHNA progress is provided below:

Income Level	RHNA Allocation 2015-2023	Permits Issued 2015-2020	Percent Complete	Remaining RHNA
Very Low	1,640	132	8%	1,508
Low	906	61	7%	845
Moderate	932	277	30%	655
Above Moderate	1,972	2,859	145%	-
Total	5,450	3,329	61%	3,008

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 2020 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 2019/20. The City continues to meet the Extremely Low Income test, the Senior Housing Test, and Excess Surplus Test.

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

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.

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.

ALTERNATIVES

1. Approve the 2020 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.
2. Approve the 2020 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 2020 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 1st 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 of Community Development

Reviewed by: Teri Silva, Assistant City Manager

Approved by: Kent Steffens, City Manager

ATTACHMENTS

1. Draft 2020 Housing Element Annual Report
2. Housing Successor Agency Annual Report on the Low-Moderate Income Housing Asset Fund (LMIHAF) FY 2019-20
3. ADU Rents in Santa Clara County