

City of Sunnyvale

**Analysis of Impediments to  
Fair Housing Choice**

DRAFT

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**CITY OF SUNNYVALE  
ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE**

**EXECUTIVE SUMMARY**

**ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING**

As an entitlement jurisdiction under the Community Development Block Grant (CDBG) program administered by the Department of Housing and Urban Development (HUD), the City of Sunnyvale is required to affirmatively further fair housing choice and complete an Analysis of Impediments to Fair Housing Choice, or fair housing assessment, every three to five years as part of the required Consolidated Plan process.

The basic HUD requirements for fair housing planning for a local jurisdiction include the following:

- Conduct an Analysis of Impediments (AI).
- Take appropriate actions to overcome the effects of any impediments identified through the AI.
- Maintain records documenting the AI and actions taken. (Annual monitoring of actions and results)

HUD defines fair housing to mean the ability of persons of similar income levels to have the same housing choices regardless of race, color, religion, sex, handicap, familial status or national origin. Discrimination in the sale or rental of housing is prohibited against these protected classes. Fair housing laws are intended to further equal opportunity in housing, mortgage lending, and the purchase of mortgage insurance.

This report presents information on fair housing issues in the City of Sunnyvale using numerous data sources including the U.S. Census, the State of California department of Finance, the Association of Bay Area Governments, and Claritas, Inc., a private demographic data provider.

The report reviews the wide range of activities that the City currently participates in or supports to further fair housing choice. The City's activities include allocating CDBG funding for handicapped access and accessibility improvements, translating public documents as identified in its Language Access Plan, and expanding outreach efforts to residents with limited English proficiency.

The report concludes with an affirmation of the City’s fair housing goal to *provide equal opportunity for housing for all people regardless of their ethnicity, race, religion, marital status, disability, gender, sexual orientation or age.*<sup>1</sup> The document lists the actions and strategies that the City plans to pursue over the next five years to further fair housing choice and opportunities. These actions are in the following categories:

- Educate and increase awareness of fair housing issues.
- Research and measure the extent of housing discrimination in Sunnyvale.
- Coordinate with other public and private organizations to address fair housing issues countywide.
- Review and monitor the City’s contracts for fair housing activities.
- The report also has an attachment, “Affirmative Marketing Policies and Procedures”, that is followed for the marketing of affordable housing funded by CDBG or HOME.

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<sup>1</sup> Housing and Community Revitalization Sub-element of the General Plan

## INTRODUCTION

### **Purpose of the Analysis of Impediments to Fair Housing**

HUD requires grantee jurisdictions to develop an Analysis of Impediments (AI) and update periodically, or as needed. The U.S. Department of Housing and Urban Development (HUD) defines impediments to fair housing choice as:

- Any actions, omissions or decisions taken because of race, color, religion, sex, disability, familial status or national origin which restrict housing choices or the availability of housing choices; or
- Any actions, omissions or decisions that have the effect of restricting housing choices on the basis of race, color, religion, sex, disability, familial status or national origin.

California State law includes additional protected classes: marital status, sexual orientation, age, ancestry, source of income, and "any arbitrary discrimination." This AI consists of fair housing information about the City and, where applicable, the County of Santa Clara. The AI identifies potential barriers that limit housing choice and proposes actions to overcome those barriers. Market rate and subsidized housing data and fair housing complaints were reviewed to gain a local perspective. A number of entitlement jurisdictions in the County collaborated in collecting countywide data and background information for preparation of their AIs. The data was used to evaluate and plan for fair housing services as they relate to foreclosure, homeless needs, and other issues that span jurisdictional borders and could be addressed on a regional scale.

The AI been prepared in compliance with HUD requirements and federal and state fair housing guidelines. This document will emphasize the City of Sunnyvale's commitment to fair housing choice and serve as a local resource for practitioners and service providers looking to understand fair housing needs within the City. The City has clear policies, codes and guidelines that support fair housing and is committed to achieving equal housing opportunities throughout the City.

The City of Sunnyvale will continue to take an affirmative stance to further fair housing opportunities and choices for its diverse population. The City will make every attempt possible to be sensitive to the needs of all residents in formulating policies and programs. The City will continue its strong support of the affordable housing programs and policies identified in this document.

## **METHODOLOGY AND COMMUNITY PARTICIPATION**

### **Data Collection**

In assessing possible barriers to fair housing, data was analyzed using variables such as population, household, and race and ethnicity trends, age, household income, concentration of minority populations, housing affordability indicators, overcrowding, and the geographic distribution of affordable housing and employment centers. The AI used numerous data sources including, the U.S. Census, the State of California Department of Finance, the Association of Bay Area Governments, and Claritas, Inc., a private demographic data provider.

Complaints about fair housing are one indicator of the presence of impediments to fair housing choice. Data on fair housing complaints and cases from 2004 to 2009 from Project Sentinel and the HUD Office of Fair Housing and Equal Opportunity (FHEO) was obtained and analyzed.

In addition to analyzing quantitative data, the City's zoning codes and general plan including, Housing Element policies were analyzed to determine any direct or indirect impacts on fair housing choice.

### **Consolidated Plan/AI Outreach**

Community input for developing the AI was obtained through a variety of sources. The City participated in three countywide workshops held in September 2009 to engage the public and local stakeholders in the Consolidated Plan and AI planning process. The draft 2011 update was reviewed by the City's Housing and Human Service Commission at its June 2011 meeting where a public hearing was held. The final draft was circulated for public review and comment at a public hearing in September, incorporating comments received and current data.

## **DEFINITION OF FAIR HOUSING**

Federal fair housing laws prohibit discrimination in the sale, rental, lease or negotiation for real property based on race, color, religion, sex, national origin, familial status, and disability. California fair housing laws built on the federal laws and added marital status, ancestry and "any arbitrary discrimination" as the protected categories under the laws.

Fair Housing is defined by HUD in 24 CFR 570.904 [c][1] to mean the ability of persons of similar income levels to have the same housing choices regardless of race, color, religion, sex, handicap, familial status or national origin. Discrimination in the sale or rental of housing is prohibited against these protected classes. Fair housing laws are intended to further equal opportunity in housing, mortgage lending, and the purchase of mortgage insurance.

Impediments to fair housing choice consist of the following:

- Any actions, omissions, or decisions taken because of race, color, religion, sex, disability, familial status, ancestry, national origin, marital status, or any other arbitrary factor that restrict housing choices or the availability of housing choices; or
- Any actions, omissions or decisions, policies, practices, or procedures that have the effect of restricting housing choices or the availability of housing choices on the basis of race, color, religion, sex, disability, familial status, ancestry, national origin, marital status, or any other arbitrary factor.

To affirmatively promote equal housing opportunity, a community must work to remove impediments to fair housing choice. HUD interprets a jurisdiction's obligations to include the following:

- Analyze and eliminate housing discrimination in the jurisdiction.
- Promote fair housing choice for all persons, including those with limited English proficiency.
- Provide opportunities for racially and ethnically inclusive patterns of housing occupancy.
- Promote housing that is physically accessible to and usable by, all persons, particularly persons with disabilities.
- Foster compliance with the nondiscrimination provisions of the Fair Housing Act.

Impediments to fair housing include actions or omissions within a jurisdiction's public or private housing sector that:

- Constitute a violation, or a potential violation of the Fair Housing Act;
- Are counter productive to fair housing choice, such as NIMBYism (resistance when minorities or low-income persons first move into White and/or moderate- to high-income areas or resistance to the citing of group homes for persons with disabilities based on their disabilities);

- Have the effect of restricting housing opportunities on the basis of race, color, religion, sex, disability, familial status or national origin.

Examples of impediments in the public sector include local building, occupancy, and health and safety codes that may affect the availability of housing for minorities, families with children, and persons with disabilities. Public policies affecting the approval of sites and other building requirements for approval of construction of housing, either assisted or private, are potential impediments. Language may also be a barrier for families or individuals with limited English proficiency to access critically needed housing opportunities, programs, and services.

In the private sector, examples of impediments include real estate practices such as steering or blockbusting, deed restrictions, inaccessible design, and “occupancy quotas”. Other examples include banking and insurance policies or practices pertaining to the financing, sale, purchase, rehabilitation, and rental of housing that may affect the achievement of fair housing choice.

## **II. BACKGROUND DATA**

### **SUNNYVALE OVERVIEW**

The City of Sunnyvale's Consolidated Plan, 2010-2015, provides detailed demographic data, maps and other relevant data regarding the characteristics of the City's population, the housing needs of the population, the type, availability and condition of the local housing stock, job characteristics, availability of housing and services for special needs groups and other issues and conditions important in analyzing impediments to fair housing choice. The City's Housing and Community Revitalization Sub-element, January 2009-June 2014, adopted in August 2009, addresses many of these same topics as well.

Sunnyvale has been a regional leader in addressing housing issues, one of the most difficult challenges facing cities in the Silicon Valley. The high cost of housing is the most daunting housing problem in Sunnyvale, reflecting a region-wide problem in the Bay Area. The need for more affordable housing is critical and Sunnyvale has been a model for local governments in addressing affordability issues. Through adoption of inclusionary zoning in 1980, creation of the housing mitigation fee in 1983, and establishment of housing as a priority in the use of Federal Community Development block Grant funds, the City has created 1,342 affordable housing units<sup>3</sup> with prices which are affordable to low and very-low income households.

### **DEMOGRAPHIC PROFILE**

#### **Population and Household Trends**

In 2010, approximately 140,081 people resided within Sunnyvale, which equaled approximately 7.8% of the total population of Santa Clara County. As shown in Table 1, Santa Clara County's population increased by 5.9% between 2000 and 2010. Between 2000 and 2010, Sunnyvale's population increased by 6.3%, from 131,760 to 140,081.

Household growth in Sunnyvale and the County paralleled population trends, though at a slower rate. There were 53,384 households in the City in 2010, an increase of about two percent since 2000.

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<sup>3</sup> Community Condition Indicators - 2010

Demographically, changes have taken place in Sunnyvale since 2000. The tables below (Tables 1-5) compare trends from 2000 to 2010 based on Census data.

**Table 1: Population and Household Growth, 2000-2010**

	Population		2000-2010	Households		2000-2010
	2000	2010	% Change	2000	2010	% Change
Sunnyvale Santa Clara County	131,760	140,081	6.32%	52,539	53,384	1.61%
	1,682,585	1,781,642	5.9%	565,863	604,204	6.8%

Source: U.S. Census Bureau, 2010 Census.

**Table 2: Race and Ethnicity, 2000-2010**

<b>Non-Hispanic Population by Race</b>																
	White		Black/ African American		Native American		Asian		Native Hawaiian/ Pacific Islander		Other		Two or More Races		Total Non- Hispanic/Latino	
	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010
Sunnyvale	35.7%	34.5%	1.7%	1.8%	0.2%	0.2%	41.7%	40.7%	0.3%	0.4%	0.2%	0.3%	3.2%	3.2%	83.1%	81.1%
Santa Clara County	37.0%	35.2%	2.4%	2.4%	0.2%	0.2%	30.8%	31.7%	0.3%	0.4%	0.2%	0.2%	3.1%	3.0%	74.1%	73.1%

<b>Hispanic Population by Race</b>																
	White		Black/ African American		Native American		Asian		Native Hawaiian/ Pacific Islander		Other		Two or More Races		Total Hispanic/ Latino	
	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010
Sunnyvale	7.5%	8.5%	0.1%	0.1%	0.2%	0.3%	0.2%	0.2%	0.0%	0.0%	7.6%	8.4%	1.3%	1.4%	16.9%	18.9%
Santa Clara County	10.4%	11.8%	0.2%	0.2%	0.4%	0.5%	0.2%	0.3%	0.0%	0.0%	12.9%	12.2%	1.8%	1.9%	25.9%	26.9%

Source: U.S. Census Bureau, 2010 Census.

Table 2 above shows the shifts in racial and ethnic composition in Sunnyvale. As of 2010, the population became less diverse than in 2000. The percentage of Asian residents dropped from 41.7 percent to 40.7 percent, while Black/African Americans increased slightly from 1.7 percent to 1.8 percent. The percentage of Hispanics dropped from approximately 83 percent to 81 percent.

### **Race/Ethnicity**

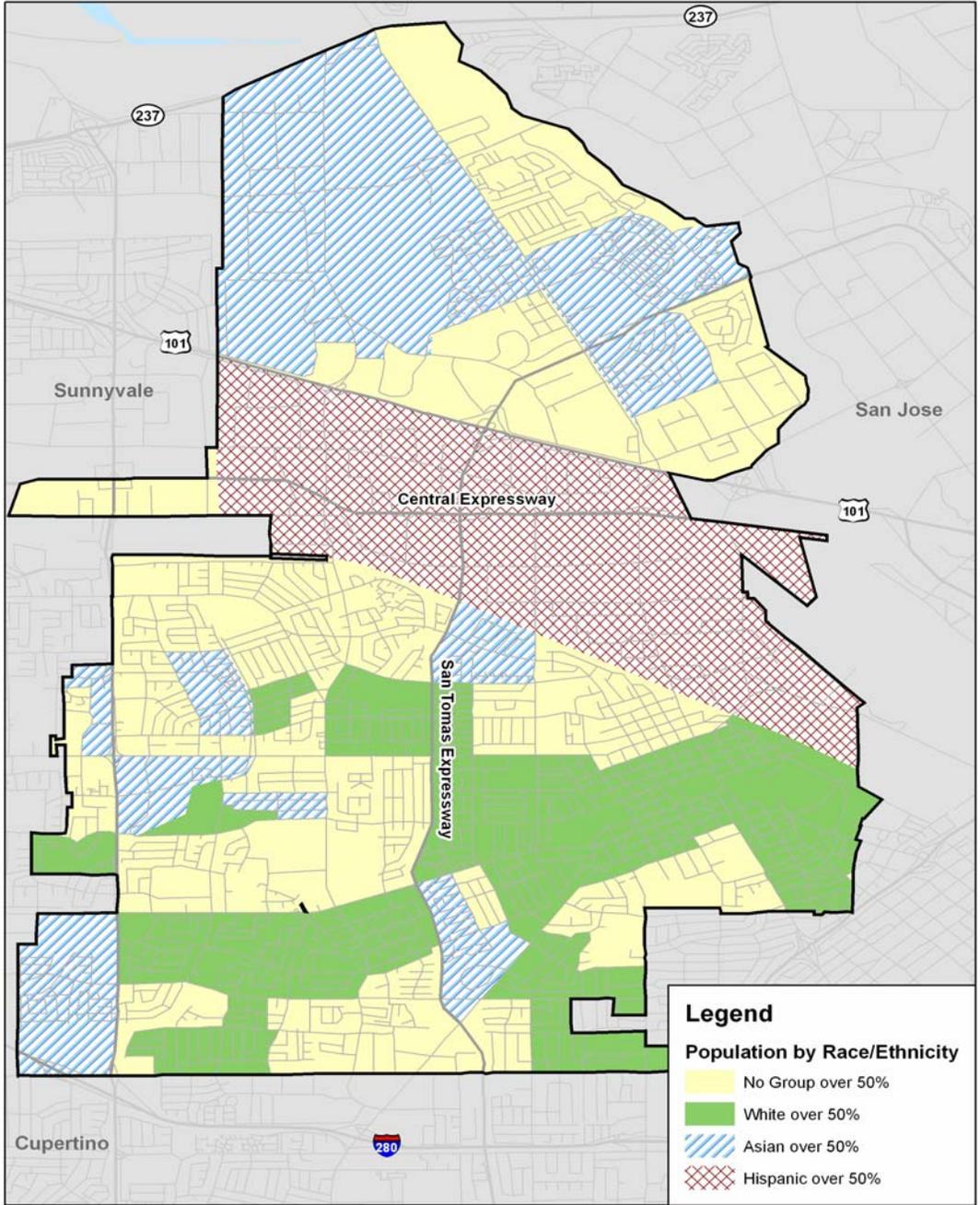
Sunnyvale is one of the most racially and ethnically diverse cities in the U.S., particularly for its relatively small size, due to the Silicon Valley's attraction of immigrants from all over the world. As shown in Table 2, Non-Hispanic White persons accounted for 34.5 percent of the population. Asians represented nearly 42 percent of the population, a higher proportion than in the overall County, while Hispanic/Latino residents represented almost 19% of the City's population.

Although no one race or ethnic group constitutes a majority in the City or County, HUD defines "areas of minority concentration" as Census block groups where at least 50% of the population is comprised of a single ethnic or racial group other than Whites. As shown in Figure 1, based on 2009 Claritas data. White persons comprised the majority of the population in the southern portions of the City. Hispanic residents comprised the majority of the population in much of the central portion of Sunnyvale while Asians represented the majority of residents primarily to the north and several block groups in the southern portions of the City.

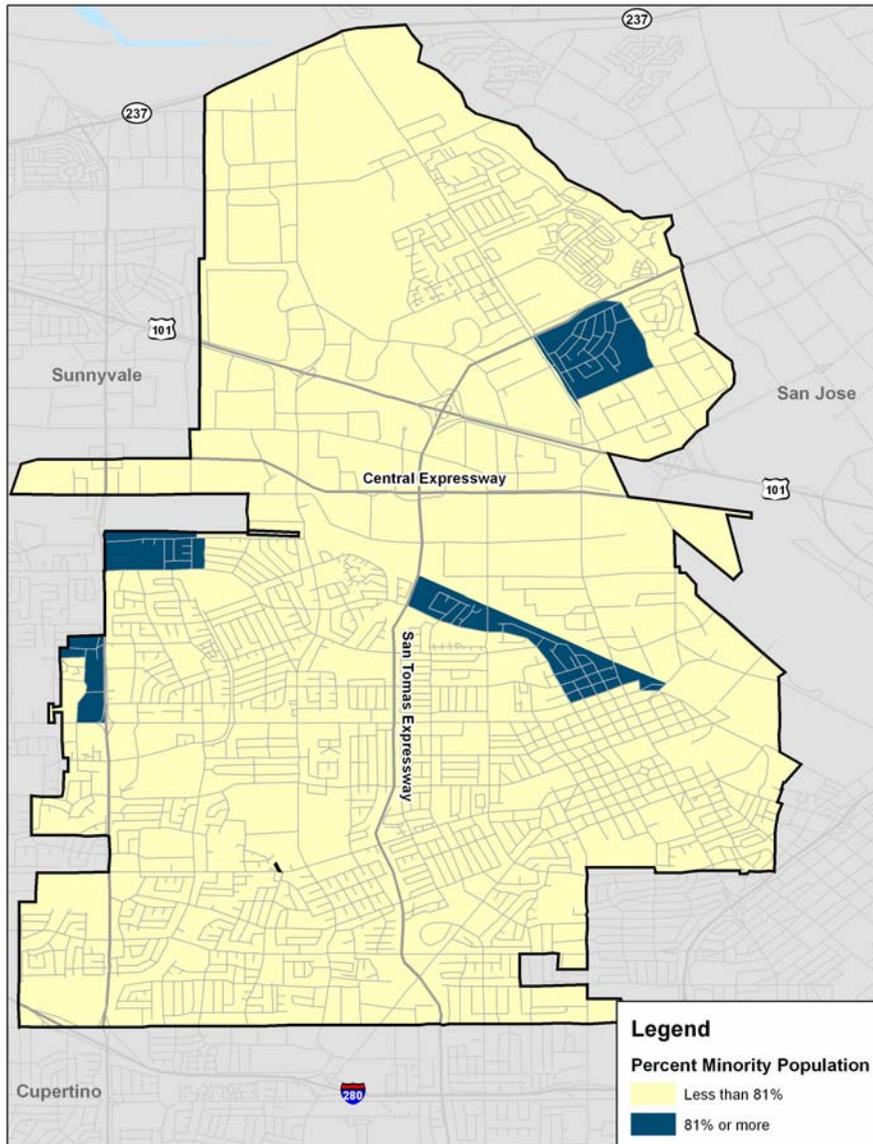
Maps illustrating the percentage of Asian residents and Hispanic residents are provided in Figures 1 and 2.

Another way HUD defines "minority concentration" is census tracts where the percentage of all minorities combined is at least 20% greater than it is county-wide. In 2009, the non-White population comprised approximately 63% of the County's population. Therefore, under this definition, Census block groups where non-Whites represent over 83% of the population are considered areas of "minority concentration." Figure 2 shows that Sunnyvale has three areas of minority concentration under this definition, which are located in the northern, central, and south-western portions of the City.

**Figure1: Concentrations of Population by Race/Ethnicity, Santa Clara County, 2009**



**Figure 2: Areas of Minority Concentration, Sunnyvale, 2009**



### Household Income

According to Claritas, Santa Clara County had a median household income of \$88,430 in 2009. Sunnyvale had a median household income of \$89,206 in 2009, slightly higher than that of the County.

The HUD income categories are defined below:

- Extremely Low-Income: Up to 30 percent of County MFI

- Very Low-Income: 31 percent to 50 percent of County MFI
- Low-Income: 51 percent to 80 percent of County MFI

Elderly households had the highest percentage of lower-income households earning less than 80 percent of MFI when compared to all other household types. The majority of elderly households in the City and County were lower-income in 2000. It should be noted that income measures do not take factor in assets and home equity, which is a relevant consideration, particularly for many elderly households. A substantial percentage of large families (with five or more members) were lower-income in 2000. Approximately 31 percent of large families in Sunnyvale earned less than 80 percent of MFI.

**Table 3: Percent Low- and Very Low-Income by Household Type, 2000 (a)**

	<b>Elderly</b>	<b>Small Family</b>	<b>Large Family</b>	<b>All Others</b>	<b>Total</b>
Sunnyvale	56.7%	19.2%	30.7%	22.7%	27.5%
Santa Clara County	53.5%	21.8%	34.3%	29.1%	30.5%

Notes:

(a) Very low-income households were defined as those earning less than 50% of area median income (AMI). Low-income households defined as those earning between 51% and 80% of AMI

Definitions: Elderly households: 1 or 2 person household, either person 62 years old or older; Small family: 2 to 4 related members; Large family: 5 or more related members

Sources: HUD, State of the Cities Data System: Comprehensive Housing Affordability Strategy (CHAS) special tabulations from Census 2000; BAE, 2009.

**Persons with Disabilities**

A disability is a physical or mental impairment that limits one or more major life activities. Persons with a disability generally have lower incomes and often face barriers to finding employment or adequate housing due to physical or structural obstacles. This segment of the population often needs affordable housing that is located near public transportation, services, and shopping. Persons with disabilities may require units equipped with wheelchair accessibility or other special features that accommodate physical or sensory limitations. Depending on the severity of the disability, people may live independently with some assistance in their own homes, or may require assisted living and supportive services in special care facilities.

The 2000 Census reports that there were 17,360 individuals with disabilities in Sunnyvale, accounting for 14% of the City’s civilian, non-institutionalized population age five years and older. The share of persons in the City with disabilities is slightly lower than the countywide percentage of 16%.

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**Table 4: Persons with Disabilities, Civilian Non-Insitutionalized, 5 Years+, 2000**

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	<u>Population with a Disability</u>	<u>% Total Population (a)</u>
Sunnyvale	17,360	14.2%
Santa Clara County Total	254,729	16.4%

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**Note:**

(a) Total percentage of population taken from universe of non-institutionalized civilians, age five years and older.

Sources: U.S.Census, SF3-P42, 2000; BAE 2009.

The U.S. Census Bureau places disabilities into six categories, defined below:

- **Sensory disability** – blindness, deafness, or a severe vision or hearing impairment
- **Physical disability** – a condition that substantially limits one or more basic physical activities such as walking, climbing stairs, reaching, lifting, or carrying
- **Mental disability** – a physical, mental or emotional condition that made it difficult to perform certain activities like learning, remembering, or concentrating
- **Self-care disability** – a physical, mental, or emotional condition that made it difficult to perform certain activities like dressing, bathing, or getting around inside the home
- **Going-outside-the-home disability** – a physical, mental, or emotional condition that made it difficult to perform certain activities like going outside the home alone to shop or visit a doctor’s office
- **Employment disability** – a physical, mental, or emotional condition that made it difficult to perform certain activities like working at a job or business

As shown in Table 4.22, the largest proportion (51 percent) of disabled individuals had an employment disability. The second most common disability type was go-outside-home disability, representing 43 percent of disabled individuals, followed by physical disabilities at 31 percent. It should be noted that disabled individuals may have more than one disability.

**Table 5: Disabilities by Type and Age, Santa Clara County, 2000**

Disability Type	Age 5-15		Age 16-64		Age 65+		Total	
	Number	Percent of Persons with Disabilities (a)	Number	Percent of Persons with Disabilities (a)	Number	Percent of Persons with Disabilities (a)	Number	Percent of Persons with Disabilities (a)
Sensory Disability	1,804	19.2%	16,480	8.9%	20,564	16.9%	37,044	14.5%
Physical Disability	1,640	17.4%	40,257	21.8%	39,508	32.5%	79,765	31.3%
Mental Disability	6,875	73.0%	28,044	15.2%	18,128	14.9%	46,172	18.1%
Self-Care Disability	2,222	23.6%	12,663	6.9%	12,897	10.6%	25,560	10.0%
Go-Outside-Home Disability	N/A	N/A	79,636	43.1%	30,596	25.1%	110,232	43.3%
Employment Disability	N/A	N/A	130,246	70.5%	N/A	N/A	130,246	51.1%
<b>Total Disabilities (b)</b>	<b>12,541</b>		<b>307,326</b>		<b>121,693</b>		<b>441,560</b>	

Notes:

(a) Total percent of persons with disabilities exceeds 100 percent because individuals may have more than one disability type.

(b) Total disabilities exceed total persons with disabilities because individuals may have more than one disability type.

Source: U.S. Census, SF3-P41, 2000; BAE, 2009.

## EMPLOYMENT PROFILE

### Major Employers

The distance between jobs and housing, and the availability of transportation options affects residents' ability to find and hold jobs. Table 6 provides a list of the largest private sector employers in Santa Clara County, while Table 7 shows their locations. Many of the County's largest employers are located in San José, Santa Clara, and Sunnyvale. Importantly, 21 of the County's 26 largest employers are within one-quarter mile of a transit station or bus stop, facilitating access to households who rely on public transit to get to work.<sup>4</sup>

### Major Job Centers

In 2005, the Association of Bay Area Governments estimated there were approximately 872,900 jobs in Santa Clara County, of which nearly 74,000 were located in Sunnyvale. In 2009, ABAG projected that employment in Santa Clara County would increase by 62% between 2005 and 2015, to 981,000 jobs. The number of jobs in Sunnyvale was projected to increase by 10.6%. Although ABAG released its projections data in the summer of 2009, and made some adjustments for the ongoing recession, employment levels are likely to be lower than ABAG projected in the short term, due to the current economic climate, and number of lay-offs and closures that have occurred in the County.

<sup>4</sup> Based on GIS analysis of employer locations and transit network.

**Table 6: Major Private-Sector Employers, Santa Clara County, 2009**

<b>Employer Name</b>	<b>Location</b>	<b>Industry</b>	<b>Number of Employees (a)</b>
Cisco Systems, Inc.	San Jose	Computer Peripherals Mfg.	10,000+
Applied Materials, Inc.	Santa Clara	Semiconductor Mfg Equipment Wholesale	5,000-9,999
Avago Technologies Ltd.	San Jose	Exporters (Wholesale)	5,000-9,999
Fujitsu IT Holdings Inc, International	Sunnyvale	Computers- Wholesale	5,000-9,999
Intel Corp.	Santa Clara	Semiconductor- Devices (Mfg.)	5,000-9,999
Valley Medical Center	San Jose	Hospitals	5,000-9,999
Flextronics International	Milpitas	Solar Energy Equipment- Mfg.	5,000-9,999
Google	Mountain View	Information	5,000-9,999
Advanced Micro Devices, Inc.	Sunnyvale	Semiconductors and Related Devices Mfg.	1,000 -4,999
Apple Inc.	Cupertino	Computers- Electronics Mfg.	1,000 -4,999
California's Great America	Santa Clara	Amusement and Theme Parks	1,000 -4,999
Christopher Ranch, LLC	Gilroy	Garlic (Mfg.)	1,000 -4,999
E4E	Santa Clara	Venture Capital Companies	1,000 -4,999
El Camino Hospital	Mountain View	Hospitals	1,000 -4,999
Fujitsu Ltd.	Sunnyvale	Venture Capital Companies	1,000 -4,999
Goldsmith Plants, Inc.	Gilroy	Florists- Retail	1,000 -4,999
Hewlett-Packard	Cupertino	Computer and Equipment Dealers	1,000 -4,999
Hewlett Packard Co.	Palo Alto	Venture Capital Companies	1,000 -4,999
HP Pavilion at San Jose	San Jose	Stadiums, Arenas, and Sports Fields	1,000 -4,999
Kaiser Permanente Medical Center	San Jose	Hospitals	1,000 -4,999
Microsoft Corp	Mountain View	Computer Software- Mfg.	1,000 -4,999
National Semiconductor Corp	Santa Clara	Semiconductors and Related Devices Mfg.	1,000 -4,999
Net App Inc.	Sunnyvale	Computer Storage Devices- Mfg.	1,000 -4,999
Nortel Networks	Santa Clara	Marketing Programs and Services	1,000 -4,999
Santa Teresa Community Hospital	San Jose	Hospitals	1,000 -4,999
VA Palo Alto Healthcare	Palo Alto	Hospitals	1,000 -4,999

Note:

(a) These companies are ranked by employment size category; no exact employment figures were provided by California Employment Development Department.

Sources: California Employment Development Department, 2nd Edition 2009 ; BAE, 2009.

**Table 7: Job Projections, Santa Clara County, 2005-2015**

	<b>% Change</b>			
	<b>2005</b>	<b>2010</b>	<b>2015</b>	<b>'05-'15</b>
Cupertino	31,060	31,780	32,550	4.8%
Gilroy	17,370	17,850	18,710	7.7%
Mountain View	51,130	51,990	52,510	2.7%
Palo Alto	75,610	76,480	76,740	1.5%
San Jose	348,960	369,500	425,100	21.8%
Santa Clara	104,920	106,750	111,560	6.3%
<b>Sunnyvale</b>	<b>73,630</b>	<b>77,890</b>	<b>81,460</b>	<b>10.6%</b>
Urban County	122,600	125,660	132,230	7.9%
<b>Santa Clara County Total</b>	<b>872,860</b>	<b>906,270</b>	<b>981,230</b>	<b>12.4%</b>

Sources: ABAG Projections, 2009; BAE, 2009.

## HOUSING PROFILE

### Housing Units

Sunnyvale’s housing stock consists of single family homes (48%), multi-family homes (45%) and mobile/manufactured homes (7%). According to the California Department of Finance, the majority of housing units in Santa Clara County were single-family (attached and detached) in 2009 (see Table 8).

Often, a jurisdiction’s housing stock correlates with the tenure distribution of the occupied housing units. Cities with a higher proportion of single-family residences generally have a higher homeownership rate. As shown in Table 4.26, an estimated 59% of Santa Clara County housing units were occupied by homeowners in 2009. In Sunnyvale, 53% of all housing units were occupied by renters, while 47% of units were owner-occupied.

**Table 8: Housing Unit Type by Jurisdiction, 2009**

	<u>Total Units</u>	<u>Housing Unit Type</u>		
		<u>Single-Family (a)</u>	<u>Multifamily</u>	<u>Mobile Homes</u>
Cupertino	20,269	71.1%	28.9%	0.0%
Gilroy	14,874	73.5%	23.6%	2.9%
Mountain View	33,680	40.1%	56.2%	3.7%
Palo Alto	28,291	58.9%	40.5%	0.6%
San Jose	311,452	63.5%	33.0%	3.5%
Santa Clara	44,729	50.2%	49.6%	0.2%
<b>Sunnyvale</b>	<b>55,630</b>	<b>47.8%</b>	<b>44.8%</b>	<b>7.4%</b>
Urban County	98,358	78.7%	19.2%	2.0%
<b>Santa Clara County</b>	<b>626,659</b>	<b>62.7%</b>	<b>34.1%</b>	<b>3.1%</b>

Notes:

(a) Includes single-family detached and single-family attached units.

Sources: CA Department of Finance, Table E-5, 2009; BAE, 2009.

### Tenure

Although in many jurisdictions tenure aligns closely with type of unit (i.e., single family homes are predominately owner-occupied, while multi-family units are strictly rental housing, and mobile homes are generally owner-occupied), Sunnyvale has a significant number of owner-occupied and rental units of various types. For instance, many condominiums (counted as multi-family units) are owner-occupied, while a number of single family homes are rented out.

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**Table 9: Tenure Distribution by Jurisdiction, 2009**

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	<b>Total Occupied Units</b>	<b>Owner</b>	<b>Renter</b>
Cupertino	18,408	63.7%	36.3%
Gilroy	14,408	62.1%	37.9%
Mountain View	31,244	41.6%	58.4%
Palo Alto	25,525	55.8%	44.2%
San Jose	295,221	61.4%	38.6%
Santa Clara	42,034	45.0%	55.0%
<b>Sunnyvale</b>	<b>52,585</b>	<b>46.8%</b>	<b>53.2%</b>
Urban County	97,460	70.2%	29.8%
<b>Santa Clara County</b>	<b>595,646</b>	<b>59.4%</b>	<b>40.6%</b>

Sources: Claritas, 2009; BAE, 2009.

### Housing Conditions

**Age of Housing Stock.** Older housing units, particularly in California, often lack adequate insulation and/or heating equipment, and sometimes create health and safety problems for occupants. Even with normal maintenance, dwellings over 40 years of age often require significant rehabilitation and/or upgrades to improve comfort and energy efficiency through use of modern materials, such as dual-pane windows, insulation, and modern heating/ventilation systems. According to the 2000 Census, approximately half of all the housing units in the County were built before 1970, as shown in Table 10.

As of 2000, approximately 45% of the City's housing units were built between 1950 and 1969, while just 6% of the units were built prior to 1950, as much of the City's current area was orchards until the 1950's. The "median year built" for the City's housing stock was 1969, meaning approximately half the units were built before, and half after 1969.

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**Table 10: Age of Housing Stock by Jurisdiction, 2000**

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	<b>1949 or earlier</b>	<b>1950 to 1969</b>	<b>1970 to 1989</b>	<b>1990 to March 2000</b>	<b>Median Year Built</b>
Cupertino	4.3%	45.8%	36.1%	13.8%	1970
Gilroy	9.3%	20.4%	49.3%	21.0%	1978
Mountain View	9.0%	43.8%	38.4%	8.8%	1969
Palo Alto	29.5%	44.4%	20.1%	6.0%	1957
San Jose	9.0%	35.4%	43.2%	12.3%	1972
Santa Clara	9.3%	52.0%	30.6%	8.1%	1965
<b>Sunnyvale</b>	<b>6.2%</b>	<b>45.3%</b>	<b>36.2%</b>	<b>12.4%</b>	<b>1969</b>
Urban County	15.7%	42.3%	32.5%	9.5%	n/a
<b>Santa Clara County</b>	<b>10.5%</b>	<b>39.4%</b>	<b>38.6%</b>	<b>11.5%</b>	<b>1970</b>

**Housing Conditions.** Despite their age, much of the County’s housing units are in relatively good condition and appear to have been well maintained over the years. The 2000 Census, which provides the most recent detailed data on housing conditions, found that less than one percent of the occupied housing units in the County lacked complete plumbing. In addition, less than one percent of owner-occupied units and 1.1 percent of renter-occupied units in the County did not have a complete kitchen. In Sunnyvale, these rates were slightly below those found in the County.

Units without a complete kitchen are often second units/nanny units/guest houses which accommodate extended family members, nannies, or other household members who are allowed access to kitchen and/or bathrooms in the main home. Nevertheless, housing conditions generally appear to be good throughout most of the County.

**Table 11: Housing Conditions by Jurisdiction, 2000**

	Percent without Complete Plumbing Facilities			Percent without Complete Kitchen Facilities		
	Owners	Renters	Total	Owners	Renters	Total
Cupertino	0.2%	0.4%	0.2%	0.1%	0.4%	0.2%
Gilroy	0.4%	1.0%	0.6%	0.0%	1.5%	0.6%
Mountain View	0.1%	0.5%	0.3%	0.2%	0.4%	0.3%
Palo Alto	0.1%	0.3%	0.2%	0.1%	2.6%	1.2%
San Jose	0.4%	0.9%	0.6%	0.3%	1.0%	0.6%
Santa Clara	0.3%	0.6%	0.4%	0.3%	1.2%	0.7%
<b>Sunnyvale</b>	<b>0.3%</b>	<b>0.6%</b>	<b>0.5%</b>	<b>0.1%</b>	<b>1.1%</b>	<b>0.7%</b>
Urban County	0.2%	1.0%	0.4%	0.1%	1.8%	0.6%
<b>Santa Clara County</b>	<b>0.3%</b>	<b>0.8%</b>	<b>0.5%</b>	<b>0.2%</b>	<b>1.1%</b>	<b>0.6%</b>

Sources: U.S. Census, SF3 H48, 2000; BAE, 2009.

### New Residential Building Permits

Since 2000, approximately 58% of the units permitted within the County between 2000 and June 2009 were in multi-family structures, as shown on Table 13. Single-family units represented 39% of all units permitted within the County. Not all units for which building permits are issued are actually constructed. Due to the recent downturn in the housing market, many building permits were issued for units which have not yet been built, however construction is resuming in some parts of the County, including within Sunnyvale.

**Table 12: Building Permits by Building Type, Santa Clara County, 2000-2009**

Building Type	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2000-2009	% of Total
										YTD (a)	Total	
Single Family	2,827	1,622	2,096	2,468	2,534	2,291	2,076	1,905	975	206	19,000	39.1%
2 Units	28	38	22	62	82	28	10	44	50	16	380	0.8%
3 & 4 Units	183	78	147	88	126	202	90	40	49	3	1,006	2.1%
5 or More Units	3,573	4,179	2,196	4,388	2,242	3,050	3,899	2,148	2,433	64	28,172	58.0%
<b>Total</b>	<b>6,611</b>	<b>5,917</b>	<b>4,461</b>	<b>7,006</b>	<b>4,984</b>	<b>5,571</b>	<b>6,075</b>	<b>4,137</b>	<b>3,507</b>	<b>289</b>	<b>48,558</b>	<b>100.0%</b>

**Notes:**

(a) Includes building permits issued through June 2009.

Sources: U.S. Census Bureau, 2009; BAE, 2009.

As shown in Table 13, the City of San Jose issued the majority of residential building permits, accounting for 55% of permits issued countywide between 2000 and 2009. The City of Santa Clara followed with the second largest share of building permits, issuing 10% of the County's total. Sunnyvale issued less than five percent of the County total, in fourth place after Gilroy.

**Table 13: Building Permits by Jurisdiction, 2000-2009**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2000-2009	Percent
										YTD (a)	Total	of County
											Total	Total
Cupertino	105	77	371	36	87	106	126	83	107	9	1,107	2.3%
Gilroy	307	448	353	247	355	669	238	204	12	5	2,838	5.8%
Mountain View	121	349	25	92	155	83	163	371	205	7	1,571	3.2%
Palo Alto	94	95	132	110	113	163	222	486	227	39	1,681	3.5%
San Jose	4,426	3,375	2,465	4,336	2,795	2,775	2,975	1,942	1,769	38	26,896	55.4%
Santa Clara	217	551	547	1,113	315	910	510	90	535	37	4,825	9.9%
Sunnyvale	189	179	18	270	415	171	264	317	356	54	2,233	4.6%
<b>Santa Clara County</b>	<b>6,611</b>	<b>5,917</b>	<b>4,461</b>	<b>7,006</b>	<b>4,984</b>	<b>5,571</b>	<b>6,075</b>	<b>4,137</b>	<b>3,507</b>	<b>289</b>	<b>48,558</b>	<b>100.0%</b>

**Note:**

(a) Includes building permits issued through June 2009.

Sources: U.S. Census Bureau, 2009; BAE, 2009.

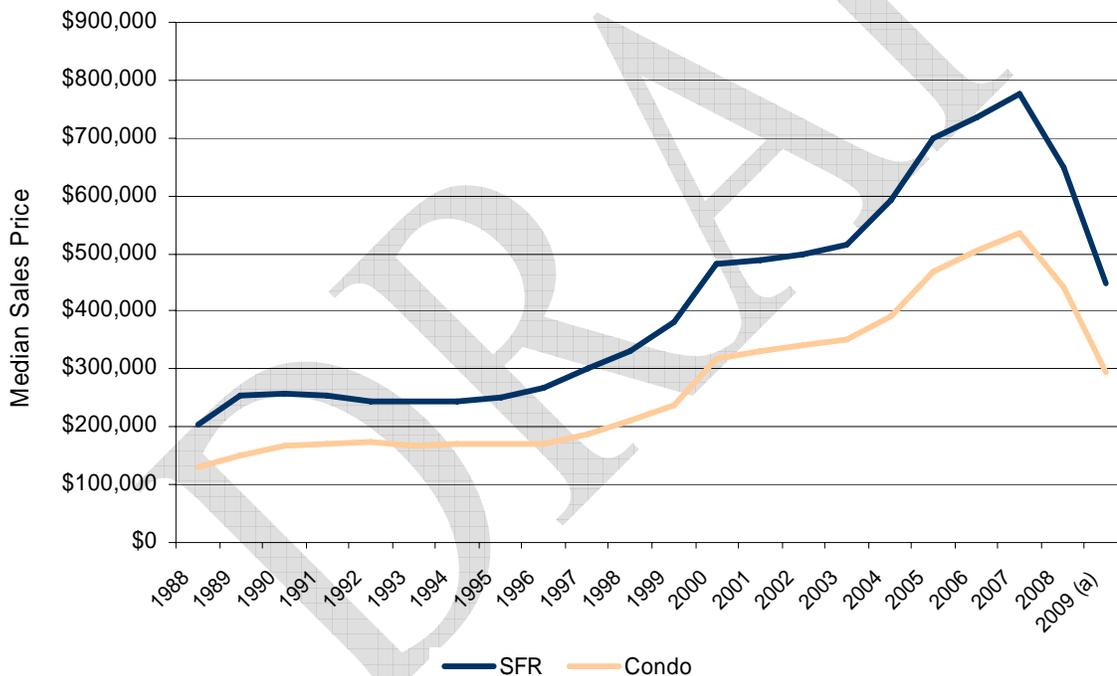
## HOUSING AFFORDABILITY

### Home Prices

As shown in Figure 3, the median price of single-family homes sold in Santa Clara County rose dramatically between 2000 and 2007 before falling during the current economic downturn, which began in fall of 2008. The median sales price for single-family homes sold in the county rose by 60% (from \$483,000 to \$775,000) between 2000 and 2007. Since the 2007 peak, the median sales price of County homes has decreased by 42 percent, falling below the median price in 2000. During 2009 (January through May), the median home price of single-family homes sold in the county was \$447,000.

The County's condominium prices show a similar trend. The median sales price for condominiums peaked at \$535,000 in 2007 after experiencing an increase of 69 percent since 2000. Between 2007 and 2009, the median sales price decreased by 45 percent to \$294,500.

**Figure 3: Median Sales Price of homes sold in Santa Clara County, 1988-2009**



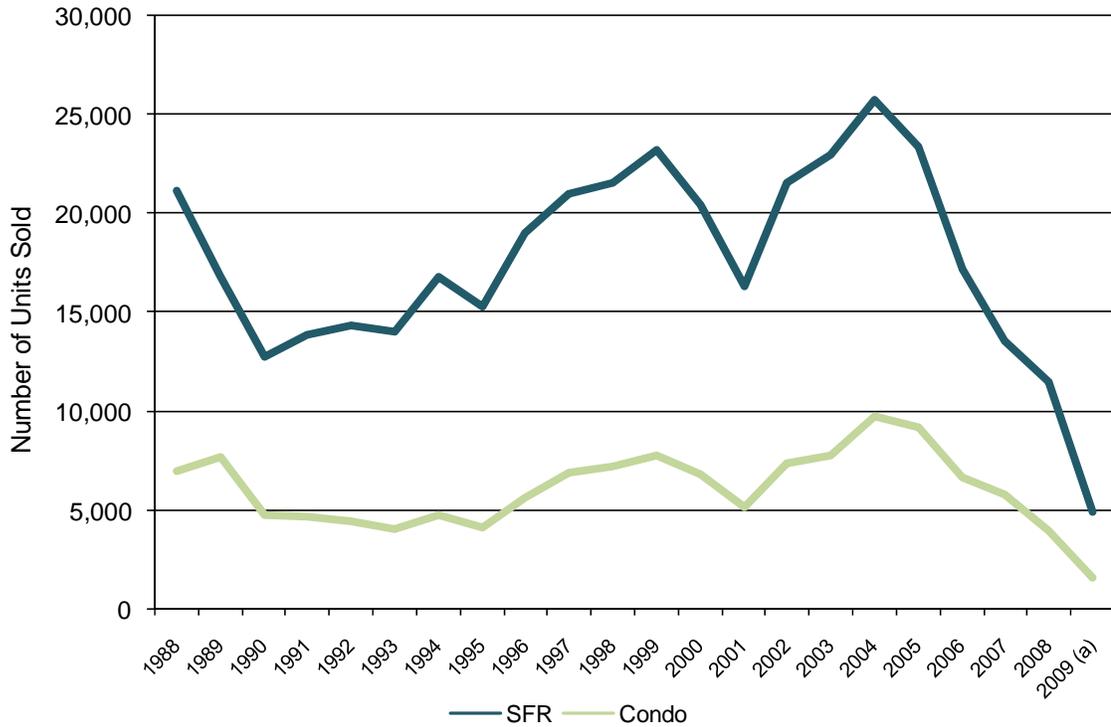
Notes:

(a) 2009 data includes January to May 2009. Sources: DataQuick, 2009; BAE,

Figure 4 depicts the sales volume for single-family homes and condominiums in Santa Clara County since 1988. As shown, the sales volume for single-family homes has consistently been more than twice the volume for condominiums. Sales volume for both single-family homes and condominiums peaked in 2004, when

26,000 single-family residences and 10,000 condominiums were sold. Residential sales volume has steadily declined since 2004.

**Figure 4: Sales Volume, Santa Clara County, 1988-2009**



Notes:  
 (a) 2009 data includes January to May 2009.  
 Sources: DataQuick, 2009; BAE, 2009.

Median sales price and volume varies significantly by jurisdiction or zip code. Table 14 presents the median sales price for single-family homes and condominiums sold in each jurisdiction during the first five months of 2009.

In Sunnyvale, the median price of 215 single family homes sold in the first five months of 2009 was \$529,000, a decline of 40% from the peak median price in 2007 (approximately \$740,600). The median price of condominiums sold in Sunnyvale during this same period declined by a smaller percentage of 24%, to a median of \$499,500. Sunnyvale’s housing market remains relatively strong compared to the County as a whole, as the median price of a single-family home sold in Sunnyvale during this period was approximately 18% higher than the county median, while the median price of Sunnyvale condominiums was nearly 70% higher than the median price of all condominiums sold within the County. See Table 14 for details. In general, the housing market downturn since 2007 has impacted all the jurisdictions, with notable declines in median sales prices. Gilroy and San José experienced particularly sharp decreases of 48 percent and 44 percent, respectively, among single-

family homes. However, Los Gatos has actually experienced an increase in prices over this period for single-family homes, and Palo Alto condominiums increased slightly in price.

**Table 15: Median Sales Price, 2009 (a)**

	Single Family Residences			Condominiums		
	Median Sales Price	Units Sold	% Change Sales Price from 2007	Median Sales Price	Units Sold	% Change Sales Price from 2007
Sunnyvale	\$529,000	215	-39.9%	\$499,500	104	-24.4%
Santa Clara County	\$447,000	4,918	-42%	\$294,500	1,645	-45%

(a) 2009 data includes January to May 2009. Median sales price and sales volume based on full and verified sales in zip codes associated with each jurisdiction.

Source: DataQuick, 2009; BAE, 2009.

### Rental Market Trends

A review of rental market conditions in the County was conducted using data from RealFacts, a private data provider that surveys apartment complexes with 50 or more units on a quarterly basis. For the purposes of this analysis, the County was divided into four sub-areas, described below.<sup>5</sup>

- **North County:** Palo Alto, Mountain View, Los Altos, Los Altos Hills, **Sunnyvale**
- **Central County:** Cupertino, Santa Clara, San José, Campbell
- **Central West County:** Saratoga, Los Gatos, Monte Sereno
- **South County:** Morgan Hill, Gilroy

Table 15 shows rental market characteristics for these four geographies while Appendix \_\_\_ provides more detailed market conditions for each sub-area. During the second quarter of 2009, monthly rents were highest on a per unit and per square foot basis in Central West County while rental housing was most affordable in South County. The average monthly rent in Central West County was \$1,975, compared to \$1,409 in South County. In Sunnyvale, rents declined 14% between the fourth quarters of 2008 and 2009, according to a RealFacts data on Sunnyvale apartments (see Appendix F).

With the exception of North County, which includes Sunnyvale, average monthly rents increased in other parts of the County between 2007 and 2009. Rent increases were the largest in the more affluent Central West County, rising by eight percent between 2007 and 2009. Central County and South County experienced more modest increases of approximately one percent during the same time period. These rent increases parallel regional trends in the residential rental market, as potential homebuyers have continued to rent until the for-sale housing market recovers, the larger economy rebounds, and/or the credit markets loosen. However, as the recession continues, average asking rents may decrease in response to rising unemployment and reduced

<sup>5</sup> The four regions do not include the City of Milpitas.

household spending. The North County already shows signs of this trend, with a sharp increase in vacancies (discussed below) and a corresponding decline in average rents.

**Table 15: Rental Market Characteristics, 2Q 2009**

	<b>North County (a)</b>	<b>Central County (a)</b>	<b>Central West (a)</b>	<b>South County (a)</b>
Average Rent	\$1,568	\$1,542	\$1,975	\$1,409
Average Unit Size	807	861	892	865
Average Rent/Sq Ft	\$1.94	\$1.79	\$2.21	\$1.63
% Change in Monthly Rent, 2007-2009	-3.0%	0.6%	7.7%	1.2%
Vacancy Rate				
2007	2.9%	3.4%	9.0%	10.0%
2009	5.1%	5.6%	4.8%	5.1%

Notes:

(a) The geographic regions are defined as follows:

North County: Palo Alto, Mountain View, Los Altos, Los Altos Hills, Sunnyvale

Central County: Cupertino, Santa Clara, San Jose, Campbell

Central West: Saratoga, Los Gatos, Monte Sereno

South County: Morgan Hill, Gilroy

Sources: RealFacts, 2009; BAE, 2009.

Economists generally consider a rental vacancy rate of five percent adequate to provide a reasonable degree of housing choice and mobility for renters, and sufficient income for landlords. Higher vacancy rates often result in a depressed rental market with declining rents, while lower vacancy rates can limit tenant mobility and lead to overcrowding, overpayment and rising rents. During the second quarter of 2009, vacancy rates across the County ranged from five to six percent, meeting the benchmark for a “healthy” rental market. Sunnyvale had a vacancy rate of 5.1% in 2009 and 4.7% in 2008, according to RealFacts. In the fourth quarter of 2010, the rental vacancy rate was 3.4%, compared to vacancy rate of 5.1% one year earlier. Historically, vacancy rates have fluctuated; in 2007, North and Central County vacancy rates were approximately three percent, while Central West and South County had higher rates of nine percent and 10 percent, respectively.

**Housing Affordability for Various Income Groups**

Affordability is generally discussed in the context of households with different income levels. As explained previously, households are grouped by income for purposes of determining housing needs: extremely low-income, very low-income, or low-income. Federal affordable housing programs generally target housing assistance to households earning up to 80 percent of AMI, while some State and local programs also offer assistance to households earning up to 120 percent of AMI. The income levels used in this affordability analysis are:

- Extremely Low Income: Up to 30% AMI
- Very Low Income: 31% to 50 % AMI
- Low Income: 51% to 80% AMI
- Moderate Income: 81% to 120% AMI

**Homebuyer Affordability.** Table 16 shows affordability scenarios for four-person households with extremely low-, very low-, and low-incomes. This analysis compares the maximum affordable sale price for each of these households to the market-rate prices for three-bedroom units in the four sub-county regions described earlier between April 28, 2009 and July 28, 2009.<sup>6</sup> The maximum affordable sales price was calculated using household income limits published by HUD, conventional financing terms, and assuming that households spend 30 percent of gross income on mortgage payments, property taxes, and insurance. Appendix G shows the detailed calculations used to derive the maximum affordable sales price for single-family residences and condominiums.

Affordability of market-rate housing varies across Santa Clara County. As shown in Table 16, the maximum affordable sales price for a low-income, four-person household seeking to purchase a single-family home was \$353,500. In Sunnyvale, very few three-bedroom homes are available at this price. By comparison, single-family homes in Central County and South County were somewhat more affordable. Approximately 33% of Central County homes and 56% of South County homes sold for \$353,500 or less.

The maximum affordable sales price for condominiums is slightly lower than the price for single-family homes, because monthly homeowner's association (HOA) fees are included in the monthly housing costs, thereby reducing the amount available for mortgage payments. The maximum affordable condominium price for a four-person, low-income household is \$286,900. Similar to the single-family residential market, a larger proportion of condominiums were affordable to low-income households in Central County and South County; approximately 42% of three-bedroom condominiums in Central County and 50% of units in South County fell within the affordable price range. By comparison, just 11% of North County condominiums and none of the Central West condominiums sold on the market for less than \$286,900.

This analysis indicates that 2009 median home prices were too high for most lower-income households to purchase in the North and Central West areas. However, homes in Central and South County have become more affordable to this income level.

Lending, however, has tightened in tandem with the decline in home values. As such, although homes have become more affordable, lender requirements for a minimum down payment or credit score may present a greater obstacle for buyers today. Some home loan products are available, such as Federal Housing Administration (FHA) loans, which have slightly less restrictive requirements than other loans. FHA loans are insured by the federal government and have traditionally allowed lower-income households to qualify for

<sup>6</sup> Due to the high sales volume in Central County, analysis for this geography is based on full and verified sales of three-bedroom units sold between June 28, 2009 and July 28, 2009.

mortgages they would not be able to obtain in the commercial lending market. However, interviews with lenders suggest that many households are not aware of these programs, and many loan officers prefer to focus on conventional mortgages because of the added time and effort associated with processing and securing approval on a FHA loan.<sup>7</sup> However, in the last year, many more lenders have turned to FHA loans because other loan types were not widely available.

**Table 16: Affordability of Market Rate For-Sale Housing in Santa Clara County**

<b>Single-Family Residences</b>						
<b>Income Level</b>	<b>Income Limit (a)</b>	<b>Max. Affordable Sale Price (b)</b>	<b>Percent of SFRs on Market within Price Range (c)</b>			
			<b>North County (d)</b>	<b>Central County (d) (e)</b>	<b>Central West County (d)</b>	<b>South County (d)</b>
Extremely Low-Income (Up to 30% MFI)	\$31,850	\$132,600	1.4%	1.8%	0.0%	2.0%
Very Low-Income (Up to 50% MFI)	\$53,050	\$220,900	1.8%	7.4%	0.0%	16.8%
Low-Income (Up to 80% MFI)	\$84,900	\$353,500	5.0%	32.5%	4.5%	55.7%
Median Sale Price			\$836,000	\$450,000	\$980,000	\$330,000
Number of Units Sold			219	338	67	149

<b>Condominiums</b>						
<b>Income Level</b>	<b>Income Limit (a)</b>	<b>Max. Affordable Sale Price (b)</b>	<b>Percent of Condos on Market within Price Range (c)</b>			
			<b>North County (d)</b>	<b>Central County (d) (e)</b>	<b>Central West County (d)</b>	<b>South County (d)</b>
Extremely Low-Income (Up to 30% MFI)	\$31,850	\$66,000	0.0%	0.0%	0.0%	0.0%
Very Low-Income (Up to 50% MFI)	\$53,050	\$154,300	1.6%	11.7%	0.0%	0.0%
Low-Income (Up to 80% MFI)	\$84,900	\$286,900	11.1%	41.6%	0.0%	50.0%
Median Sale Price			\$625,000	\$351,200	\$662,500	\$305,000
Number of Units Sold			63	77	14	14

**Notes:**

(a) Income limits published by U.S. Department of Housing and Urban Development for four-person household in Santa Clara County, 2009.

(b) Assumptions used to calculate affordable sales price:

Annual Interest Rate (Fixed)	6.53%	Freddie Mac historical monthly Primary Mortgage Market Survey data tables. Ten-year average.
Term of mortgage (Years)	30	
Percent of sale price as down payment	20%	
Initial property tax (annual)	1%	
Mortgage Insurance as percent of loan amount	0.00%	
Annual homeowner's insurance rate as percent of sale	0.12%	CA Dept. of Insurance website, based on average of all quotes, assuming \$150,000 of coverage and a 26-40 year old home.
Homeowners Association Fee (monthly)	\$400	
PITI = Principal, Interest, Taxes, and Insurance		
Percent of household income available for PITI	30%	

(c) Analysis based on all full and verified sales of three-bedroom units between April 28, 2009 and July 28, 2009.

(d) The geographic regions are defined as follows:

- North County: Palo Alto, Mountain View, Los Altos, Los Altos Hills, Sunnyvale
- Central County: Cupertino, Santa Clara, San Jose, Campbell
- Central West: Saratoga, Los Gatos, Monte Sereno
- South County: Morgan Hill, Gilroy

(e) Due to the high sales volume in Central County, analysis for this geography is based on full and verified sales of three-bedroom units sold between June 28, 2009 and July 28, 2009.

Sources: U.S. HUD, 2009; DataQuick, 2009; BAE, 2009.

**Rental Housing.** Table 17 compares the maximum affordable monthly rent with the average market rents in the four sub-county areas, for households of various sizes. Maximum affordable monthly rents assumed that households pay 30% of their gross income on rent and utilities combined. With a few exceptions, market-rate

<sup>7</sup> Thompson, Samuel, Chase Bank, phone interview with BAE, July 8, 2009.

rents were generally affordable to low-income households (across the County). In many cases, the market-rate rent was actually lower than the maximum rent affordable to lower-income households in the second quarter of 2009. Exceptions included small units in Central West County and three-bedroom units in North and Central County.

The average market-rate rent throughout the County far exceeded the maximum rent affordable to very low- and extremely low-income households. These households would need to spend substantially more than 30% of their gross incomes to afford market-rate rental housing. For very low-income households, the gap between the affordable monthly rent and the average market rent ranged from \$262 for a two-bedroom unit in South County to \$1,063 a month for a three-bedroom unit in North County.

**Table 17: Affordability of Market Rate Rental Housing in Santa Clara County**

	Household Size (a)			
	1 person	2 person	3 person	4 person
<b>Average Market Rate Rent (b)</b>				
North County	\$1,396	\$1,396	\$1,547	\$2,213
Central County	\$1,353	\$1,353	\$1,496	\$2,159
Central West County	\$1,816	\$1,816	\$1,569	n/a
South County	\$1,231	\$1,231	\$1,327	\$1,583
<b>Maximum Affordable Monthly Rent</b>				
<b>Extremely Low Income (30% AMI)</b>				
Household Income (c)	\$22,300	\$25,500	\$28,650	\$31,850
Max. Affordable Monthly Rent (d)	\$445	\$525	\$587	\$620
<b>Very Low Income (50% AMI)</b>				
Household Income (c)	\$37,150	\$42,450	\$47,750	\$53,050
Max. Affordable Monthly Rent (d)	\$816	\$948	\$1,065	\$1,150
<b>Low Income (80% AMI)</b>				
Household Income (c)	\$59,400	\$67,900	\$76,400	\$84,900
Max. Affordable Monthly Rent (d)	\$1,372	\$1,585	\$1,781	\$1,947

Notes:

(a) The following unit sizes are assumed based on household size:

- 1 person - 1 bedroom/1 bathroom
- 2 person - 1 bedroom/1 bathroom
- 3 person - 2 bedroom/1 bathroom
- 4 person - 3 bedroom/2 bathrooms

(b) Reported by Real Facts for 2Q 2009.

(c) Household income published by the U.S. Department of Housing and Urban Development for Santa Clara County, 2009

(d) Assumes 30 percent of income spent on rent and utilities. Utility costs based on utility allowance for multifamily dwelling established by Housing Authority of the County of Santa Clara.

Sources: U.S. Dept. of Housing and Urban Development, 2009; RealFacts, 2009;

Housing Authority of the County of Santa Clara, 2009; BAE, 2009.

### Overpayment

According to HUD’s CHAS statistics, which are based on 2000 Census data, a household is considered “cost-burdened” (i.e., spending too much of their income on housing) if it spends more than 30% of its gross monthly income on housing. Households are “severely cost burdened” if they pay more than 50% of their incomes on housing costs. Countywide, approximately 31% of households overpaid for housing in 2000. The incidence of overpayment was higher for renters than owners, with 36% of renter households and 28% of owner households spending more than 30% of their incomes on housing costs. However, 2000 represented a peak in the local economy (the dot-com boom) and rents were increasing dramatically during 1999, when Census 2000 data was gathered. In the intervening years, area median incomes have increased, while rents have stabilized or decreased in recent years, as explained in the rental market overview, so these cost burden figures may be somewhat overstated.

Throughout the County, renter households were more likely than homeowners to be cost burdened. During the current economic downturn, the rate of overpayment may have increased for some households due to rising unemployment or may have fallen for others, particularly in North County, due to higher vacancy rates, landlord concessions, and declining average rents. Unfortunately, more recent data on overpayment is unavailable.

**Table 4.35: Overpayment by Jurisdiction, 2000**

	Percent of Households Spending More than 30% of Income on Housing		
	Owners	Renters	All
Cupertino	26.2%	31.1%	28.0%
Gilroy	34.1%	34.7%	34.3%
Mountain View	28.6%	31.9%	30.5%
Palo Alto	21.7%	37.0%	28.3%
San Jose	29.0%	39.4%	33.0%
Santa Clara	23.4%	33.1%	28.6%
Sunnyvale	25.4%	29.2%	27.4%
Urban County	28.4%	36.2%	30.7%
Santa Clara County	27.9%	36.1%	31.2%

Sources: HUD, State of the Cities Data System: Comprehensive Housing Affordability Strategy (CHAS) special tabulations from Census 2000; BAE, 2009.

### Overcrowding

The U.S. Census defines overcrowding as housing units occupied by more than one person per room, excluding bathrooms and kitchens. Table 19 shows the overcrowding rate among renters and owners by jurisdiction in Santa Clara County. In 2000, approximately 14% of all households countywide were overcrowded. Overcrowding was substantially higher among renters than owners, with 23% of renters and 8% of homeowners living in overcrowded situations.

The prevalence of overcrowding varied across the County. As this data was gathered during the dot-com boom of 1999-2000, which significantly affected Sunnyvale’s housing market, these rates may be significantly higher than current rates of overcrowding. As with overpayment, however, rising unemployment and foreclosures in recent months may contribute to a rise in overcrowding. However, more recent data on overcrowding will not be available until the results of the 2010 Census become available.

**Table 19: Overcrowding by Jurisdiction, 2000**

	<b>Owners</b>	<b>Renters</b>	<b>All Households</b>
Cupertino	5.2%	17.3%	9.6%
Gilroy	6.9%	37.5%	18.7%
Mountain View	3.7%	16.7%	11.3%
Palo Alto	1.7%	7.4%	4.2%
San Jose	11.5%	29.3%	18.3%
Santa Clara	6.2%	21.1%	14.3%
Sunnyvale	5.4%	19.9%	13.0%
Urban County	3.4%	13.8%	6.4%
Santa Clara County	8.2%	23.3%	14.3%

Sources: U.S. Census, SF3 H20, 2000; BAE, 2009.

**Foreclosures**

The spike in sub-prime lending, adjustable-rate mortgages and 0% down payment loans which occurred primarily between 2003 and 2007, combined with other economic factors, caused California and the nation to undergo an unprecedented wave of foreclosures beginning in 2008. During the third quarter of 2009, at least 3,890 homeowners within the County received notices of default from their lenders. These notices are the first step in the foreclosure process. This represented a 45% increase in the number of defaults compared with the third quarter of 2008. In contrast, 789 trustee’s deeds, the final step in foreclosure, were recorded by the County Assessor in the third quarter of 2009. This was 55% less than the number of trustee’s deeds recorded in the third quarter of 2008 (see Table 20). Greater willingness among lenders to work with homeowners in default, as well as foreclosure prevention efforts by the federal, State, and local government has contributed to this trend.

**Table 20: Foreclosure Filings by Jurisdiction, Q3 2008, Q3 2009**

	Notices of Default			Bank Owned Properties		
	Q3 2008	Q3 2009	% Change	Q3 2008	Q3 2009	% Change
Cupertino	15	27	80%	3	3	0%
Gilroy	188	221	18%	152	49	-68%
Mountain View	15	50	233%	14	11	-21%
Palo Alto	11	18	64%	1	3	200%
San Jose	2,081	2,874	38%	1,421	600	-58%
Santa Clara	110	186	69%	48	39	-19%
Sunnyvale	77	148	92%	35	22	-37%
Urban County						
Campbell	37	80	116%	21	14	-33%
Los Altos	5	14	180%	1	1	0%
Los Altos Hills	0	0	0%	0	0	0%
Los Gatos	33	70	112%	12	15	25%
Monte Sereno	3	4	33%	1	0	-100%
Morgan Hill	101	167	65%	57	29	-49%
Saratoga	16	34	113%	2	3	50%
<b>Total</b>	<b>2,692</b>	<b>3,893</b>	<b>45%</b>	<b>1,768</b>	<b>789</b>	<b>-55%</b>

Source: City of San Jose, 2009; BAE, 2009.

## Public Housing

The Housing Authority of the County of Santa Clara (HACSC) provides public housing and rental assistance (such as Housing Choice Vouchers, also known as “Section 8”, and similar programs) for very low-income families, seniors, and persons with disabilities in the County. Within the County as a whole, there are nine public housing developments, including two developments for families, four developments for seniors, and three developments for persons with disabilities, none of which are in Sunnyvale. In total, HACSC owns 555 units, the majority of which are one-bedroom units.

HACSC maintains a waiting list of approximately 4,000 applicants for its two rental properties for families, located in San Jose. The waiting lists for seniors and disabled individuals are maintained by each rental property’s management office. Each rental property for seniors and/or disabled people has a waiting list of 200 to 500 applicants. These waiting lists have been closed since 2006. The number of people on the waiting list indicates, to some extent, the level of demand and need for affordable units serving very low-income households in the County.

HACSC is in the process of rehabilitating its properties and converting all nine public housing developments into low-income housing tax credit (LIHTC) units and/or project-based Section 8 units. The Housing Authority has received funding from HUD to rehabilitate the properties. Improvements at the developments will include compliance with the accessibility requirements under Section 504.<sup>8</sup> The rehabilitation process will be conducted

<sup>8</sup>Section 504 of the Rehabilitation Act of 1973 prohibits the discrimination because of a disability in any program or activity that receives federal assistance, including HUD. In 1982 HACSC’s conducted a Section 504 needs assessment and determined that its properties were in compliance. Several years later, HACSC passed a Section 504 audit.

in phases, allowing households to continue occupying portions of the development that are not under construction. Families currently living in public housing will be eligible to receive tenant-based Section 8 vouchers and will be free to use the voucher at the rehabilitated public housing development or at another location of their choosing.<sup>9</sup>

### **Housing Choice Vouchers (Section 8)**

HACSC also provides rental assistance to lower-income households through the Housing Choice Voucher program, formally known as Section 8.<sup>10</sup> Through this program, HACSC issues an eligible household a voucher and the household rents a unit of its choice, subject to landlord approval and acceptance of the voucher. HUD also provides project-based Section 8 vouchers to certain assisted rental developments, including most recently an award of 120 project-based vouchers to the senior housing development currently under construction in Sunnyvale at Fair Oaks and Garland. Table 4.38 shows Section 8 assistance within Santa Clara County. As shown, there are 15,228 tenant-based and 5,642 project-based vouchers within the County. Table 21 reports where voucher holders reside, regardless of which housing authority issued the voucher.

### **Subsidized Housing**

In addition to public housing and Section 8, other federal, state, and local programs also subsidize rental housing for lower-income households. These include federal and state low-income housing tax credits, HOME, CDBG, HOPWA, the County and redevelopment agency set-aside funds, among others. There are 324 subsidized developments within the County, with a total of 24,162 units as listed in Table 22. These subsidized units represented approximately 10 percent of all rental units. However, this percentage varied significantly by jurisdiction.

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<sup>9</sup> Rivera, Claudia, Housing Authority of the County of Santa Clara, Phone interview with BAE, September 19, 2009.

<sup>10</sup> HACSC also administers and manages the Section 8 program for the City of San José Housing Authority.

**Table 21: Project- and Tenant-Based Section 8 Vouchers**

	Section 8		Section 8 Total	Percent
	Tenant- Based	Project- Based (a)		
Cupertino	50	127	177	0.8%
Gilroy	759	249	1,008	4.7%
Mountain View	378	366	744	3.4%
Palo Alto	202	643	845	3.9%
San Jose	11,683	2,964	14,647	67.7%
Santa Clara	795	109	904	4.2%
Sunnyvale	599	423	1,022	4.7%
Urban County				
Campbell	372	449	821	3.8%
Los Altos Hills	2	-	2	0.0%
Los Gatos	61	112	173	0.8%
Morgan Hill	300	30	330	1.5%
Saratoga	6	170	176	0.8%
Unincorporated County				
San Martin	19	-	19	0.1%
Alviso	2	-	2	0.0%
<b>Urban County Total</b>	<b>762</b>	<b>761</b>	<b>1,523</b>	<b>7.0%</b>
<b>Entitlement Jurisdictions</b>	<b>15,228</b>	<b>5,642</b>	<b>20,870</b>	<b>96.5%</b>
<b>Santa Clara County Total</b>	<b>15,839</b>	<b>5,791</b>	<b>21,630</b>	<b>100.0%</b>
<b>Section 8 Waiting List (b)</b>			<b>53,369</b>	

## Note:

(a) Project-based Section 8 vouchers include those issued by HACSC in addition to those issued through HUD's Section 8 Multifamily Program.

(b) Waitlist and Section 8 data current through October 5, 2009.

Sources: Housing Authority of the County of Santa Clara, 2009; Section 8 Multifamily Program Vouchers, HUD, Region IX, October 2009; BAE, 2009

**Table 4.22: Subsidized Rental Housing in Santa Clara County**

	Subsidized Rental Housing		Total Rental Units	Units as Percent Total Rental Units
	Number of Developments	Number of Units		
Cupertino	16	330	6,689	4.9%
Gilroy	14	738	5,460	13.5%
Mountain View	13	1,083	18,244	5.9%
Palo Alto	29	1,456	11,283	12.9%
San Jose	155	16,022	113,974	14.1%
Santa Clara	20	1,254	23,102	5.4%
Sunnyvale	29	1,409	27,959	5.0%
Urban County				
Campbell	12	629	8,286	7.6%
Los Altos	5	22	1,572	1.4%
Los Altos Hills	-	-	172	NA
Los Gatos	10	275	4,336	6.3%
Monte Sereno	-	-	71	NA
Morgan Hill	18	774	3,482	22.2%
Saratoga	3	170	1,083	15.7%
Unincorporated County	-	-	10,076	NA
<b>Urban County Total</b>	<b>48</b>	<b>1,870</b>	<b>29,078</b>	<b>6.4%</b>
<b>Entitlement Jurisdictions</b>	<b>324</b>	<b>24,162</b>	<b>235,789</b>	<b>10.2%</b>
<b>Santa Clara County Total</b>	<b>335</b>	<b>25,005</b>	<b>241,552</b>	<b>10.4%</b>

Sources: Draft Housing Elements, 2009; HUD LIHTC Database, 2009; City of San Jose, 2009; HUD Region IX, 2009; City of San Jose, HCD, Rental Listings 2009; California Redevelopment Agencies FY 2007-08 New Construction Housing Activity Report; Housing Authority of the County of Santa Clara (HACSC), 2009; Claritas, 2009; BAE, 2009.

Most subsidized affordable housing developments receive government subsidies that require units to be rented at affordable rents for a minimum term, typically ranging from 15 to 55 years. In Sunnyvale, there are several properties with affordability covenants that expire in the next five years, however they are all owned by nonprofit organizations, and therefore are considered to be affordable for the long term because of the nonprofits' commitment and mission to preserve affordability. Further description of Sunnyvale's affordable housing inventory and expiration of restrictions is available in the Housing Element of Sunnyvale's General Plan, which was updated in 2009.

## **Barriers to Affordable Housing**

Governmental policies and/or market factors may act as barriers to affordable housing development, maintenance and/or preservation.

### **Governmental Policies**

Governmental barriers may include very restrictive zoning or land use policies, such as those contained in General Plans and zoning ordinances of some local governments. Sunnyvale's recent housing element update received a very favorable review and was certified as compliant with State housing element law by the HCD in July 2009. This certification of compliance is a determination by the State that the City's land use and zoning policies do not present a barrier to affordable housing. This determination verifies the City's compliance with state laws relative to reasonable accommodation, permitting of shelters and other special needs housing or residential facilities, parking requirements and permitting or impact fees.

The Home Builders Association of Northern California conducted a *South Bay Area Cost of Development Survey, 2006-2007*, which compared permit and development impact fees in Santa Clara County jurisdictions. The total of entitlement fees, construction fees, impact/capacity fees, and development taxes, for a single-family home in a typical 50-lot subdivision ranged from a low of \$27,000 per unit in Sunnyvale to \$80,000 in Cupertino.<sup>24</sup> Sunnyvale's fees, being the lowest in the County and only 34% of Cupertino's, a neighboring city with similar physical features and development patterns, are not perceived to be a barrier to affordable housing. While these fees can affect the costs of housing production, they are necessary to provide adequate public review, planning services, and to provide public services and facilities such as streets, sewer and water infrastructure for the new units. Some jurisdictions provide fee waivers or reductions for affordable housing projects for housing for special needs populations.

### **Market Barriers**

Currently, the largest non-governmental barriers to affordable housing in the County are market factors, such as availability of construction financing, as well as high local land and construction costs. The high land and housing costs indicate the desirability of Sunnyvale and the County as a whole, due to its high quality of life, proximity to good jobs and schools, relatively high median incomes, and provision of public services and infrastructure. Construction financing has become much more difficult to obtain in the last 12 – 18 months due to the national real estate collapse. However, financing appears to be available for some market-rate projects in desirable locations, although more rigorous underwriting is being conducted than in recent years, and it may take longer to obtain loan approval.

**Supply of Available Land.** The limited availability of land for housing development constrains new housing production. These constraints are particularly challenging for cities like Sunnyvale that do not have the potential to expand outward, because they are completely surrounded by other urbanized areas, including adjacent incorporated cities. As a result, new residential production will largely occur as infill projects, often a more challenging and costly development type. It is worth noting, however, that infill development offers the benefits of greater transit accessibility, reuse of underused sites, and proximity to jobs, goods and services and other civic and cultural amenities.

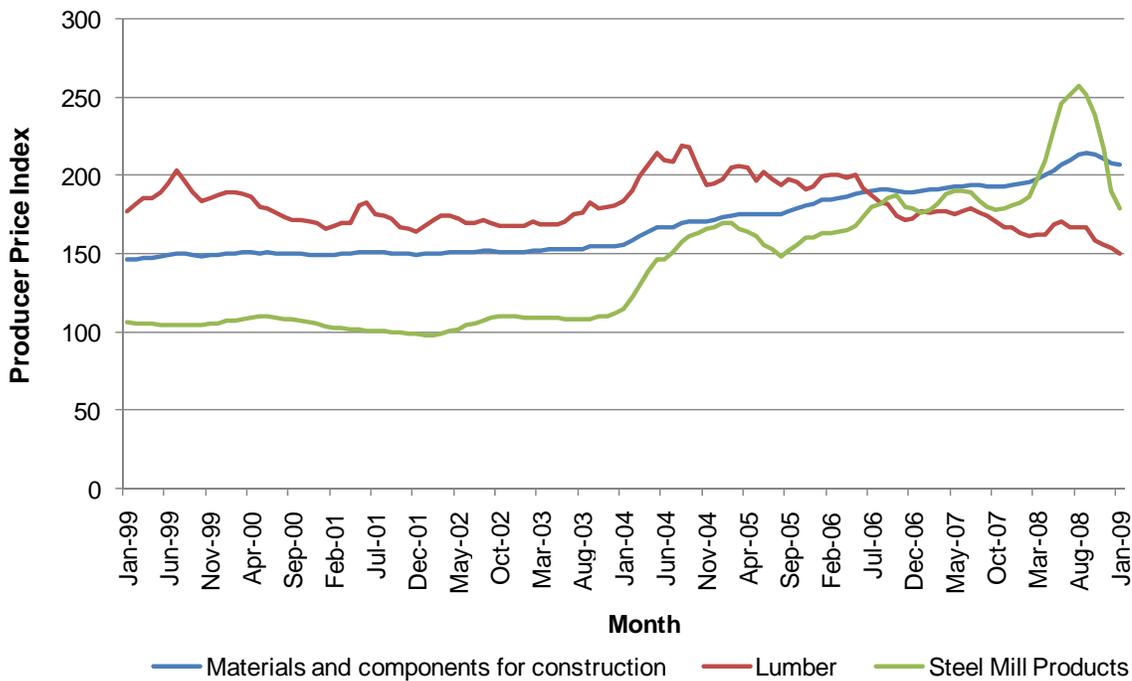
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<sup>24</sup> Home Builders Association of Northern California, *South Bay Area Cost of Development Survey, 2006-2007*, [http://www.sanjoseca.gov/development/docs/06-07\\_COD\\_Survey\\_Results.pdf](http://www.sanjoseca.gov/development/docs/06-07_COD_Survey_Results.pdf)

**Land Costs.** Due to the limited supply and high demand, land in Santa Clara County generally costs significantly more than in most similar, primarily suburban, metropolitan areas. For example, just before the real estate market downturn, a general rule-of-thumb for estimating land costs in Sunnyvale (likely similar to its neighboring jurisdictions) was \$3 to \$4 million per acre, for land virtually anywhere in the City, with almost any type of zoning (residential, commercial or industrial). Such land costs are probably not typical of most areas where HUD programs are being implemented, particularly those outside the major coastal metropolitan areas, and these prices obviously make it difficult to meet affordable housing goals. Local developers indicate that land prices are slowly adjusting downward during this economic downturn. However, developers generally report that the market is not efficient and land owners' expectations of what their land is worth declines slowly. Unless land owners are compelled to sell their property, many will wait for the market to recover.

**Construction Costs.** In recent months, key construction costs (materials and labor) have fallen nationally in conjunction with the declining residential real estate market. Figure 5 illustrates construction cost trends for key materials based on the Producer Price Index, a series of indices published by the U.S. Department of Labor's Bureau of Labor Statistics that measures the sales price for specific commodities and products. Lumber prices have declined by 19% between 2004 and 2008. As shown in Figure 5, steel prices have fallen sharply since August 2008. Local developers report that construction costs, including labor, have fallen by approximately 20% in tandem with the weak housing market.<sup>25</sup>

**Figure 5: Producer Price Index for Key Construction Costs**



Base year: 1982 = 100  
 Sources: U.S. Dept. of Labor, Bureau of Labor Statistics, 2009; BAE, 2009

<sup>25</sup> Papanastassiou, Andrea, Director of Real Estate Development, Eden Housing, Inc., phone interview with BAE, July 14, 2009.

**Availability of Construction Financing.** According to regional affordable housing developers, the availability of financing presents the biggest barrier to producing new subsidized housing. Although the cost of land and construction have declined, the associated tightening of the credit market has made it very difficult for affordable housing developers to take advantage of lower construction costs. The sharp decline in State funding for affordable housing, as the funds authorized under Proposition 46 and Proposition 1C have largely been allocated and/or expended, as well as a shortage of local housing funds in many cities, has also contributed to the financing difficulties.

The value of low-income housing tax credits (LIHTC) has also fallen with the recession, as the number of investors with large federal tax liabilities has dropped due to the recession, and therefore the value of tax credits has dropped. Tax credit investors also now have an even greater preference for new construction, family housing, and senior housing developments, which they perceive to be a safer investment than rehabilitation projects and permanent supportive housing.<sup>26</sup> This loss in tax credit funding further reduces the amount of capital and financing for affordable housing development. However, the American Recovery and Reinvestment Act of 2009, which included supplemental funding for the Community Development Block Grant, HOME, and Tax Credit Assistance Programs, provided some additional funding. The State's weak fiscal condition has led to uncertainty of future bond financing, a strategy used in prior years to generate affordable housing funds. Given California's current fiscal difficulties, this constraint will likely remain in effect during some or all of the 2010-2015 Consolidated Plan cycle.

**Public Resistance.** Very often, public resistance to new affordable housing developments may act as a barrier. Community opposition may arise from neighbors who live near a proposed new development, or even just within the same city or urban area. Residents may have concerns about a project's proposed dimensions and impact or perceived impact on parking and traffic conditions, schools and/or other community facilities. Fortunately, Sunnyvale residents, like those of most of the South Bay cities, have generally been quite supportive of affordable housing, as evidenced by popular public-private efforts to raise funds and improve public policies for affordable housing, such as the Housing Trust of Santa Clara County. Sunnyvale also has a nearly thirty-year track record of supporting affordable housing through local inclusionary zoning and similar programs.

## EXISTING FAIR HOUSING SERVICES

There are a number of fair housing agencies that serve Santa Clara County including:

- Asian Law Alliance
- ECHO Housing
- Housing First
- Law Foundation of Silicon Valley/Fair Housing Law Project
- Legal Aid of Santa Clara County
- Project Sentinel
- Senior Adults Legal Assistance (SALA)

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<sup>26</sup> Sawislak, Dan, Executive Director, Resources for Community Development, phone interview with BAE, July 2, 2009.

## **LINKAGES BETWEEN HOUSING AND EMPLOYMENT CENTERS**

Impediments to fair housing choice may exist when poor linkages exist between the locations of major employers and affordable housing. Under these conditions, persons who depend on public transportation, such as lower-income households, seniors, and disabled persons, would be more limited in their housing options. As such, affordable housing developments and community care facilities should be located in transit accessible areas.

### **Public Transit**

Several transit systems provide rail and bus service within Sunnyvale.

**Valley Transportation Authority (VTA).** The VTA provides bus and light rail service throughout the County. This service includes 75 bus routes, three light rail lines, with total boardings of 34.5 million and 10.8 million, respectively, in Fiscal Year 2009.<sup>27</sup> The VTA also offers specialized accessible paratransit services to those eligible, as specified in the Americans with Disabilities Act. VTA's Paratransit Program is operated under contract with Outreach, a private non-profit paratransit broker.

**Caltrain.** Caltrain operates rail service between San Francisco and San Jose, with weekday commute-hour service to Gilroy. The line has 32 stations spanning Santa Clara, San Mateo, and San Francisco Counties, half of which are in Santa Clara County. Caltrain has 98 daily trains, and approximately 39,100 boardings annually. There are two Caltrain stations in the City of Sunnyvale.

### **Major Employers, Housing, and Community Care Facilities**

Sunnyvale's inventory of subsidized housing and community care facilities are relatively well-connected to public transportation. The majority of subsidized housing facilities and community care facilities in the City are within a quarter-mile of a transit station or bus stop.

## **LIMITED ENGLISH PROFICIENCY (LEP)**

Executive Order 13166, titled "Improving Access to Services by Persons with Limited English Proficiency", was issued on August 11, 2000. The Executive Order emphasizes that people who are otherwise eligible, but who have limited English proficiency (LEP), must have reasonable and meaningful access to federally funded programs and activities.

The Executive Order requires all entities providing federal financial assistance to evaluate their programs, and issue guidance on the provision of meaningful access to programs and activities to persons with LEP consistent with Title VI of the Civil Rights Act and the implementing regulations. The Executive Order requires greater emphasis on the existing Title VI requirements to protect persons based on national origin.

The regulations require agencies to assess their programs and activities for accessibility by persons with LEP and to prepare an assessment that evaluates and balances the following four factors: the number or proportion of LEP persons in the eligible service population; the frequency with which LEP individuals come in contact with the program; the importance of the benefit, service, information or encounter to the LEP person (including

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<sup>27</sup> [http://www.vta.org/services/vta\\_ridership.html](http://www.vta.org/services/vta_ridership.html)

the consequences of a lack of language services or inadequate interpretation/translation); and the resources available to the grantee/recipient or agency, and the costs of providing various types of language services.

Serving the needs of LEP individuals is of vital importance if they are to have meaningful access to federally funded services and programs. As part of its 2010/2011 fair housing activities, the City of Sunnyvale developed a Language Access Plan (LAP) to ensure the city's compliance with Title VI of the Civil Rights Act of 1964; 7 CFR 273 et seq.; and 42 CFR 435 et seq. related to equal opportunity and non-discrimination with limited proficiency in English. The LAP guides the City in determining its larger, longer-term strategy to deal effectively with LEP issues, and to increase the accessibility of sub-recipient programs and activities.

The 2000 U.S. Census reported that there are 131,844 residents of the City of Sunnyvale. 51,990 persons, or 39% of the overall population, are foreign born: 67% from Asia; 19% from Latin and North America, 12% from Europe, and 2% from Africa and Oceania. The birth countries for most foreign-born residents are listed below:

**Table 23 – Country of Birth of Foreign Born**

<b>Country of Birth of Foreign Born</b>	<b>Number of Individuals</b>	<b>Percentage of Foreign Born Population</b>
India	10,485	20%
China/Hong Kong/Taiwan	9,023	18%
Mexico/Central/South America	8,921	17%
Philippines	4,702	9%
Vietnam	3,046	6%
Other	15,813	30%
<b>Total</b>	<b>51,990</b>	<b>100%</b>

Source: 2000 U.S. Census

Of the 122,733 Sunnyvale residents over five years of age, 54% speak English at home, and 46% speak a language other than English at home. The following chart identifies the primary languages spoken by residents over the age of five in their home.

**Table 24 – Language Spoken at Home**

<b>Language Spoken at Home</b>	<b>Persons Over 5 Years of Age</b>	<b>Percentage of Persons Over 5 Years of Age</b>
English	66,572	54.%
Asian/Pacific Island Languages	27,765	23%
Spanish	14,004	11%
Indo-European Languages	12,412	10%
Other Languages	1,980	2%
<b>Total</b>	<b>122,733</b>	<b>100%</b>

Source: 2000 U.S. Census

Households who speak a language other than English may also speak and understand English. In contrast, households who speak English “not well” or “not at all” are at risk of linguistic isolation. A linguistically isolated household is defined as a household in which no member 14 years of age and over: (1) speaks only English or (2) speaks a non-English language and speaks English “very well.”

2000 U.S. census data identified 14,432 Sunnyvale residents over the age of five as linguistically isolated. This is approximately 12% of the population over the age of five: 59% of this linguistically isolated group spoke Asian/Pacific Island languages, 26% spoke Spanish, 12% spoke Indo-European languages and 3% spoke other languages.

A critical aspect of community integration is the ability to bridge language and cultural barriers. Persons or households who do not speak or understand English may also limit their ability to access housing opportunities, and other vital community services, programs, or activities. Full and complete access to these community resources are especially critical to lower income LEP households who may need shelter, housing subsidies, food services, childcare or other subsidies and services just to survive.

A City of Sunnyvale report entitled “Outreach to Multi-Cultural Populations With Limited or No English Language Skills” identifies a diverse student population from the two largest public school districts serving Sunnyvale residents. The study shows that 28.2% of Sunnyvale Elementary School students and 13.1% of Fremont Union High School students speak a language other than English. Of the total 2,857 students from the two schools, the five languages most represented are: Spanish (44.2%), Filipino (10.8%), Mandarin (8.1%), Vietnamese (7.4%) and Cantonese (5.2%).

Based on interviews with local organizations serving multicultural populations, the report identified groups that speak the following languages as those whose English language skills are most likely to be limited or minimal: Spanish, Cantonese, Mandarin, Vietnamese, Tagalog, Korean and Russian. Many of the foreign elderly were identified as having particular difficulties with the English language. Spanish was identified by most agencies as the language for which translation was most often requested. Most non-profit organizations report that they employ bilingual staff to assist clients who have difficulties with the English language. Fortunately, as the diversity of the community increases, so do the language capacities of non-profit organizations, governmental agencies, and businesses, as more and more multicultural/multilingual staff are employed.

In 2004, the City of Sunnyvale Neighborhood and Community Resources staff also identified Spanish as the language most frequently needing translation by members of the community. This is not surprising given the fact that the Asian/Pacific Island languages in the census data are grouped to include Chinese (Mandarin, Cantonese), Filipino (Tagalog), Vietnamese, Japanese, and many more distinct languages and dialects, while the single category of “Spanish” encompasses all the languages of Latin American and Hispanic countries, even though numerous native dialects or indigenous languages are also spoken. So, while the Asian/Pacific Island languages represent the most linguistically isolated group as a combination of languages, Spanish is the single most frequently requested language for translation.

## City of Sunnyvale Outreach

The Sunnyvale City Council has been proactive in developing and implementing strategies leading to greater participation by multicultural populations in the Sunnyvale community. In March 2004 the City Council convened a community advisory task force to assess and make recommendations on improving the City's outreach to multicultural populations. A report from the 10-member task force was delivered to Council in June 2004. The report, prepared by the Neighborhood and Community Services Program in the Office of the City Manager, included 16 recommendations that were approved for implementation. The recommendations were organized into five broad strategies:

1. Expand representation and participation of multicultural populations at all levels of City government and in community life.
2. Increase the awareness and responsiveness of City government to multicultural issues within the community.
3. Acknowledge value and celebrate Sunnyvale's multicultural populations.
4. Facilitate an increased "sense of community" within Sunnyvale.
5. Communicate more effectively with populations speaking limited English.

Since that time some of the accomplishments include: a grant for the library to purchase Chinese and Spanish language materials, select news releases being sent to multicultural media in the Bay Area, a database being compiled and utilized to reach religious and cultural associations to further outreach efforts, cultural activities listed on the City's online Community Events Calendar, "multi-lingual services available" signs posted in nine languages at select City contact points, and guidelines prepared for translating documents into other languages.

The City has identified and compiled a list of bilingual staff to provide translation services to all departments (in person, over the phone, etc), on an as-needed basis. Certified bilingual staff members have passed a language certification review and receive a stipend for their bilingual skills. Following are the languages currently available in City Hall, and the number of staff fluent in that language (as of Jan. 2010): Spanish (29); Chinese (Cantonese - 3, Mandarin - 9); Vietnamese (2); Tagalog (3), Russian (3), Hebrew (1), Farsi (2), Portuguese (1). Additionally, the City has an on-going contract for translation services with A.T & T. City materials are routinely translated into Spanish, Chinese and other languages as required.

### **III. FAIR HOUSING PROCESSES AND TRENDS**

This section outlines the federal fair complaint process and provides data on the number of fair housing complaints filed from HUD's Office of Fair Housing and Equal Opportunity (FHEO) and local complaints.

It should be noted that complaints filed with HUD will automatically be filed with the California Department of Fair Employment and Housing (DFEH) as well. In most cases, HUD will send the complaint to the State DFEH for investigation as part of a contractual agreement between the two agencies. Similarly, if a complaint is filed with the State DFEH and is jurisdictional with HUD, it will be filed at the federal agency as well.

In addition to filing complaints directly with FHEO and the State DFEH, individuals may also file fair housing complaints with local fair housing service providers such as Project Sentinel, Fair Housing Law Project, Bay Area Legal Aid, and Asian Law Alliance of Santa Clara County,

## **Fair Housing Complaint Process**

### **Federal Complaint Process**

Fair housing rights are protected under the Fair Housing Act of 1968. Individuals may file complaints about violations with HUD or local fair housing providers through the following process:<sup>28</sup>

- **Intake.** Any entity, including individuals and community groups, can file fair housing complaints at no cost by telephone, mail, or via the internet. An intake specialist will interview the complainant, usually by telephone, and determine whether the matter is jurisdictional.
- **Filing.** If the local fair housing provider or HUD accepts the complaint for investigation, the investigator will draft a formal complaint and provide it to the complainant. The complainant must sign and return the form to HUD. HUD will then send the complaint to the respondent, who must submit an answer to HUD within 10 days.
- **Investigation.** As part of the investigation, the local provider or HUD will interview the complainant, the respondent and pertinent witnesses, as well as collect relevant documents and conduct onsite visits and audits (tests) when appropriate. Local providers refer some cases that warrant federal scrutiny to HUD. For these types of cases, HUD has the authority to take depositions, issue subpoenas, conduct interrogations, and compel testimony or the submittal of documents. Local fair housing providers may take the same course of action by filing injunctions or similar complaints first with the courts.
- **Conciliation.** The Fair Housing Act requires HUD to bring the parties together to attempt conciliation. Most local fair housing agencies also prescribe to this process. The choice to conciliate the complaint is voluntary on the part of both parties. If a conciliation agreement is signed, HUD will end its investigation.
- **No Cause Determination.** If HUD's or the fair housing provider's investigation finds no reasonable cause to believe that housing discrimination has occurred or is about to occur, it will issue a determination of no reasonable cause and close the case. Complainants who disagree with the decision may request reconsideration. If complainants disagree with a no cause determination in the reconsideration, the complainant can file a civil court action in the appropriate U.S. district court.
- **Cause Determination and Charge.** For cases filed with HUD, if the investigation finds reasonable cause to believe that discrimination has occurred or is about to occur, HUD will issue a determination of reasonable cause and charge the respondent with violating the law. A HUD Administrative Law Judge will then hear the case unless either party elects to have the case heard in federal civil court. Local fair housing providers may directly file their complaints in civil court.

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<sup>28</sup> U.S. Department of Housing and Urban Development, HUD's Title VIII Fair Housing Complaint Process, <http://www.hud.gov/offices/fheo/complaint-process.cfm>

- **Hearing in a U.S. District Court.** For federal cases filed by HUD or the local housing providers, the Department of Justice will commence a civil action on behalf of the complainant in U.S. District Court. If the court finds that a discriminatory housing practice has or is about to occur, the court can award actual and punitive damages as well as attorney fees.
- **Hearing before a HUD ALJ (For cases referred directly to HUD).** If neither party elects to go to federal court, a HUD ALJ will hear the case. An attorney from HUD will represent the complainant before the ALJ. The ALJ will decide the case and issue an initial decision. Either party may petition the initial decision to the Secretary of HUD for review.

### Fair Housing Complaints

Table 25 summarizes fair housing complaint data obtained from HUD’s Office of Fair Housing and Equal Opportunity (FHEO). Between 2004 and 2008, a total of 32 to 80 complaints were filed annually in the County, with 54 reported through August 30, 2009. Between 2004 and August 30, 2009, a total of 28 fair housing complaints were filed in the City of Sunnyvale, accounting for approximately eight percent of all complaints filed in the County during the same time period. Between one and 12 complaints were filed annually in Sunnyvale.

**Table 25: Fair Housing Complaints, Santa Clara County, 2004-YTD 2009**

	2004	2005	2006	2007	2008	YTD 2009 (a)	Total Complaints	Percent of County Total
Sunnyvale	1	1	4	7	12	3	28	8.0%
Santa Clara County	32	51	71	60	80	54	348	100.00%

Notes:  
 (a) YTD 2009 data is current through August 30, 2009.  
 Sources: The Department of Fair Housing and Equal Opportunity, HUD San Francisco Regional Office, August 2009; BAE, 2009.

Table 4.2 provides data on the basis of the fair housing complaints filed in Entitlement Jurisdictions. As shown, disability and familial status emerged as the most common basis for complaint, accounting for 36 percent and 28 percent, respectively, of all complaint basis between 2004 and August 2009. National origin and race also appeared as common basis for complaints, appearing in 14 percent and 12 percent of all complaints, respectively. It should be noted that one housing complaint may include several basis for complaint.

**Table 26: Fair Housing Complaints by Basis, Sunnyvale, 2004-YTD 2009**

INSERT TABLE

Notes:

- (a) YTD 2009 data is current through August 30, 2009.
- (b) (b) "Total Basis for Complaint" may not match total complaints filed because one housing complaint may contain several basis for complaint.
- (c) Sources: The Department of Fair Housing and Equal Opportunity, HUD San Francisco Regional Office, August 2009; BAE, 2009.

As shown in Table \_\_\_\_, approximately 30 percent of the complaints filed in Entitlement Jurisdictions between 2004 and August 2009 were found to not have probable cause for fair housing violation. The largest proportion of complaints, 35 percent, were conciliated or resolved. Another 18 percent of cases were found by investigation to find reasonable cause that discrimination occurred.

**Table 4.3: Fair Housing Complaints by Resolution, Entitlement Jurisdictions, 2004-YTD 2009**

INSERT TABLE

(a) YTD 2009 data is current through August 30, 2009.

Sources: The Department of Fair Housing and Equal Opportunity, HUD San Francisco Regional Office, August 2009; BAE, 2009.

Table \_\_\_\_ contains a summary of the cases processed between July 2004 and June 2009 by Project Sentinel. As shown, the majority of the cases, 37 percent, involved allegations of discrimination against persons with disabilities, followed by familial status with 28 percent and race/national origin with 13 percent of the total number of complaints.

**Table 4.4: Local Fair Housing Complaints by Type, Sunnyvale, 2004-2009**

Case Type						YTD	Total Bases	Percent
	2004	2005	2006	2007	2008	2009 (b)	for Complaints	
Disability	12	14	20	11	10	9	76	37%
Race	3	2	2	7	12	1	27	13%
National Origin	7	7	3	5	1	3	26	13%
Familial Status	15	9	14	2	5	13	58	28%
Sexual Orientation	1	1	0	0	0	0	2	1%
Marital Status	0	0	0	2	0	0	2	1%
Gender	1	2	2	0	0	0	5	2%
Income Source	0	0	0	2	1	1	4	2%
Age	0	2	0	0	1	2	5	2%
Religious	1	0	0	0	0	0	1	0%

Other	0	0	0	0	1	1	0%
<b>Total</b>	<b>40</b>	<b>37</b>	<b>41</b>	<b>29</b>	<b>30</b>	<b>30</b>	<b>100.00%</b>

INSERT TABLE

#### IV. IDENTIFICATION OF IMPEDIMENTS TO FAIR HOUSING

To document potential impediments to fair housing, interviews were conducted with local fair housing organizations such as Project Sentinel. Local service providers and community members also provided input on housing needs at a series of four workshops. In addition, the City's Housing Element was reviewed for a discussion on each item below.

##### Public Sector

Local policies and regulations can impact the price and availability of housing and in particular, the provision of affordable housing. Land use controls, site improvement requirements, fees and exactions, permit processing procedures, and various other issues may present constraints to the maintenance, development and improvement of housing. Publicly imposed constraints on housing supply can subsequently lead to fair housing concerns, as particular segments of the population lose access to affordable homes. This section examines these public sector constraints in more detail to evaluate their impact on fair housing choice in the City.

##### Local Land Use Controls

The Land Use and Transportation Element of the City of Sunnyvale's General Plan sets forth the City's policies for guiding local development. These policies, together with existing zoning regulations, establish the amount and distribution of land allocated for different uses. Sunnyvale provides for a mix of residential development with densities ranging from less than 7 dwelling units/acre up to 78 dwelling units/acre in the Downtown Specific Plan area.

##### Residential Development Standards

The City regulates the type, location, density, and scale of residential development primarily through the Municipal Code. Zoning regulations are designed to protect and promote health, safety, and general welfare of residents as well as implement the policies of the City's General Plan. The Municipal Code also serves to preserve the character and integrity of existing neighborhoods. The Code sets forth the City's specific residential development standards.

##### Efficiency Studio Regulations

Efficiency studios, also known as single-room occupancy (SRO) units, often provide affordable housing opportunities for lower-income residents. Efficiency studios are allowed with a Use Permit in designated zoning districts.

Provisions of the City's ordinance include:

- ✓ Requirements for a Management Plan outlining policies and procedures
- ✓ 24-hour on-site management
- ✓ Options for both weekly and monthly tenancies
- ✓ Unit sizes of 150 - 400 square feet in size, with an overall average unit size not exceeding 250 square feet (excluding closet and bathroom area)
- ✓ Maximum occupancy of two persons per unit

#### Accessory Living Units (ALUs)

The purpose of permitting additional living units (often referred to as “granny units”) in single-family districts is to allow more efficient use of the existing residential zones and infrastructure to provide the opportunity for the development of small housing units designed to meet the special housing needs of individuals and families, who may be rental tenants or extended family members, while preserving the relatively low densities of single-family neighborhoods. Due to their smaller sizes, second units could provide affordable housing opportunities for lower-income households, seniors, and/or disabled individuals. Local land use regulations that constrain the development of second units may therefore negatively impact housing for those populations.

The passage of AB 1866 (effective July 2003) now requires local governments to use a ministerial process for second unit applications for the purpose of facilitating production of affordable housing. AB 1866 does allow cities to impose development standards on second units addressing issues such as building size, parking, height, setbacks, and lot coverage.

In compliance with State law, Sunnyvale currently allows accessory living units (ALUs) in various zoning districts subject to a Miscellaneous Plan Permit (MPP) and in designated residential blocks in the Downtown Specific Plan with a Special Development Permit (SDP).

#### Emergency Shelters, Supportive Housing and Transitional Housing

Local land use controls can constrain the availability of emergency shelters, supportive housing, and transitional housing for homeless individuals if these uses are not permitted in any zoning district or if additional discretionary permits are required for their approval. SB2, a State law that became effective on January 1, 2008, seeks to address this potential constraint by strengthening planning requirements around emergency shelters and transitional housing. The law requires all jurisdictions to identify a zone where emergency shelters are permitted by right without a conditional use permit or other discretionary permit. Additionally, transitional and permanent supportive housing must be considered a residential use only subject to restrictions that apply to other same-type residential uses in the same zone. While the Sunnyvale Zoning Code does not currently provide explicit provisions for emergency shelters, shelters can be accommodated in the City’s industrial and commercial zones with a Use Permit.

Supportive housing is generally defined as permanent, affordable housing with on-site services that help residents transition into stable, more productive lives. Services may include childcare, after-school tutoring, career counseling, etc. Most transitional housing includes a supportive services component. Sunnyvale regulates supportive housing as a residential use, provided supportive services are ancillary to the primary use and for use by the residents of the facility.

Transitional housing is temporary housing (generally six months to two years) for a homeless individual or family transitioning to permanent housing. Residents are also provided with one-on-one case management, education and training, employment assistance, mental and physical services, and support groups. Changes in

State law (SB 2 - effective January 2008) require transitional housing to be treated the same as any other residential use within the same zone. Sunnyvale considers transitional housing the same as permanent multi-family housing, and thus the review and approval process is the same. Hence, similar to multi-family housing, transitional housing is currently permitted with a Use Permit in all Low-Medium Density and High Density Residential zones, as well as in Commercial zones and in most DSP sub-districts.

#### Regulations for Community Care Facilities.

Local zoning ordinances also may affect the availability of housing for persons for community care facilities serving special needs populations. In particular, zoning ordinances often include provisions regulating community care facilities and outlining processes for reasonable accommodation. The Lanterman Developmental Disabilities Services Act requires local jurisdictions to treat licensed group homes and residential care facilities with six or fewer residents no differently than other permitted residential uses. Cities must allow these licensed residential care facilities in any area zoned for residential use and may not require conditional use permits or other additional discretionary permits.

In conformance with State law, Sunnyvale's Zoning Code provides for Residential Care Facilities with more than six occupants in all zoning districts where residential uses are permitted, subject to approval of a Use Permit by the Planning Commission; unlicensed facilities with more than six occupants are allowed with a Use Permit in medium and high density residential zones and nonresidential zones which allow residential uses.

#### Reasonable Accommodation Policies

Both the federal Fair Housing Act and the California Fair Employment and Housing Act impose an affirmative duty on local governments to make reasonable accommodations (i.e. modifications or exceptions) in their zoning and other land use regulations when such accommodations may be necessary to afford disabled persons an equal opportunity to use and enjoy a dwelling. For example, it may be a reasonable accommodation to allow covered ramps in the setbacks of properties that have already been developed to accommodate residents with mobility impairments.

The City has conducted a review of zoning and building code requirements, and has not identified any barriers to the provision of accessible housing. Sunnyvale accommodates most accessibility modifications through issuance of a simple remodel permit. Handicapped ramps or guardrails are permitted to intrude into the standard setbacks required under zoning to allow first floor access for physically disabled residents. The Building Department has adopted the 2007 California Building Code without amendment, and enforces the disabled access regulations delineated in chapters 11A (Housing Accessibility) and 11B (Accessibility of Publicly Funded Housing). New apartment buildings with three or more units are subject to requirements for unit "adaptability" on ground floor units, and accessibility to common use areas. Adaptable units are built for easy conversion to disabled access, such as doorway and hallway widths, and added structural support in the bathroom to allow the addition of handrails.

In December 2004, Council directed the creation of an Advisory Committee on Accessibility (ACA). The City of Sunnyvale's ACA advises and provides input to City staff on accessibility issues related to City services, programs and facilities. The City also has a dedicated Americans with Disabilities Act Coordinator, and identifies resources and local programs for persons with disabilities on its website.

Sunnyvale administers a Home Access Grant program, providing up to \$6,500 to lower income disabled homeowners to retrofit their homes. Common accessibility retrofits funded through the program include: ramps, hand railings, grab bars, hand-held showerheads, widening of doors, modification of steps, and wheelchair lifts.

It is the policy of the City of Sunnyvale to provide reasonable accommodation for persons with disabilities seeking fair access to housing in the application of its zoning and building laws. While Sunnyvale has not identified any constraints on the development, maintenance and improvement of housing for persons with disabilities, the City has not developed specific procedures for requesting a reasonable accommodation. To better facilitate reasonable accommodations requests, Sunnyvale's Housing Element Update includes a program to adopt formal procedures. The program is scheduled for implementation before 2014.

### Definition of Family

A jurisdiction's zoning ordinance can constrain access to housing if it contains a restrictive definition of a family. For example, a definition of family that limits the number of persons and differentiates between related and unrelated individuals living together can be used to discriminate against nontraditional families and illegally limit the development and siting of group homes for individuals with disabilities.

The California courts have invalidated the following definition of "family" within jurisdictions Zoning Codes: (a) an individual, (b) two or more persons related by blood, marriage or adoption, or (c) a group of not more than a certain number of unrelated persons as a single housekeeping unit. Court rulings state that defining a family does not serve any legitimate or useful objective or purpose recognized under the zoning and land planning powers of the city, and therefore violates rights of privacy under the California Constitution. A zoning ordinance also cannot regulate residency by discrimination between biologically related and unrelated persons.

Sunnyvale's Zoning Code currently contains the following definition of "family":

- a) An individual living alone in a dwelling unit; or*
- b) Two or more persons related by blood, marriage or legal adoption, or a group of two or more persons who need not be related, living together in a single dwelling unit as a group where the individual or group is in possession of the entire dwelling unit."*

### Parking Requirements

Parking requirements may serve as a constraint on housing development by increasing development costs and reducing the amount of land available for project amenities or additional units. Developers may be deterred from building new housing in jurisdictions with particularly high parking ratios due to the added costs associated with such requirements.

While Sunnyvale's parking requirements are not onerous, the City has several near term development opportunities which lend themselves to a re-evaluation of Citywide parking standards for special needs housing and sites with close proximity to transit. The 124 unit Fair Oaks Senior Housing project by Mid-Peninsula Housing Coalition has proposed a modified parking ratio, and could serve as the basis for establishing a reduced parking standard for senior housing. Also, the City is currently reviewing the feasibility of high-density, compact development within a half mile radius of the Caltrain Lawrence Station which could serve as the prototype for establishing modified parking standards for projects in proximity to transit hubs.

### Permit and Development Impact Fees

Like cities throughout California, Sunnyvale collects permit and development impact fees to recover the capital costs of providing community services and the administrative costs associated with processing applications. Depending on the type of residential project, developers may be required to pay school and transportation impact fees, sewer and water connection fees, building permit fees, wastewater treatment plant fees, and a variety of handling and service charges. Development impact fees may result in higher housing costs if developers pass fees on to homebuyers.

The Home Builders Association of Northern California conducted a *South Bay Area Cost of Development Survey, 2006-2007*, which compared permit and development impact fees in Santa Clara County jurisdictions. The total of entitlement fees, construction fees, impact/capacity fees, and development taxes, for a single-family home in a typical 50-lot subdivision ranged from a low of \$27,000 per unit in Sunnyvale to \$80,000 in Cupertino. Consistent with developer comments, the *Survey* found that Sunnyvale's fees were the lowest in the County.

### Article XXXIV of the California Constitution

Article XXXIV of the California Constitution requires approval of the voters before any "low rent housing project" can be "developed, constructed, or acquired" by any "state public body." Article 34 applies not only to publicly-owned low-income rental projects, but also to low-income rental projects developed by private persons and non-profit entities using certain types of public financial assistance. Most jurisdictions seek voter approval for a specified number or percentage of units, rather than on a project-by-by-project basis. Exclusions to Article 34 include privately-owned, non-exempt, lower-income developments with no more than 49 percent of the units reserved for lower-income households, and reconstruction of previously existing lower-income units.

In Santa Clara county, Measure A, passed in the November 1998 ballot, authorizes under Article XXXIV of the California Constitution the development, acquisition or construction of low rent housing units in annual amounts equal to 1/10 of one percent of the total number of existing housing units within the municipalities and urban service areas of the County of Santa Clara as of the 1990 census. The total number of units authorized each calendar year would be approximately 540. These units would be for persons and families of low income, including elderly or disabled persons. If the total annual allocation is not exhausted in any given year, the remaining number of units would be carried over and added to the number allowed in future years. Currently, there is a surplus of about 3,100 units, because there have not been more than 540 units annually constructed in the County since the inception of Article XXXIV. This cap does not appear to have constrained affordable unit production. Most affordable developments depend on the availability of funding sources, the rate at which sites can be acquired and/or assembled, and other long-term factors that result in the staggered productions of those units.

### Housing Element

The Housing Element is one of seven state-mandated elements of a jurisdiction's general plan and establishes a comprehensive, long-term plan to address housing needs. Updated every five to seven years, the Housing Element is a jurisdiction's primary policy document regarding the development, rehabilitation, and preservation of housing for all economic segments of the population. Per State Housing Element law, the document must:

- Outline a community's housing production objectives;
- List policies and implementation programs to achieve local housing goals;

- Examine the need for housing resources in a community, focusing in particular on special needs populations;
- Identify adequate sites for the production of housing serving various income levels;
- Analyze the potential constraints to production; and
- Evaluate the Housing Element for consistency with other components of the General Plan.

One of the major requirements of a Housing Element is that the document demonstrates the city has a sufficient amount of vacant or underutilized residential land zoned at appropriate densities to accommodate the community's Regional Housing Needs Allocation (RHNA) for all income groups. The State Department of Housing and Community Development (HCD) and the Association of Bay Area Governments (ABAG) determine the RHNA for the nine county Bay Area, which includes Santa Clara County. If a jurisdiction fails to identify adequate sites to accommodate its RHNA, it risks have a Housing Element that is deemed to be out of compliance with State law by HCD.

The lack of planning for housing and the repercussions associated with not having a certified Housing Element could constrain market-rate and affordable housing development, and thereby contribute to a fair housing concern. Sunnyvale's Housing Element update for 2009-2014 was completed and certified by the State in 2009.

#### Below Market Rate (BMR) Housing

Sunnyvale's Below Market Rate (BMR) Program is authorized under the Sunnyvale Municipal Code, Chapter 19.66, and is applicable to new developments of nine or more units. The BMR program currently requires that 12.5 percent of units in an ownership development be designated as affordable housing for low and moderate-income purchasers (70-120% AMI). The BMR requirement for rental development is for 15 percent low income (70% AMI) units. The period of affordability is 30 years for owner-occupied units and 55 years for rental units. Density bonus incentives consistent with State density bonus law are available to developers to help offset the cost of providing affordable units, as well as to encourage deeper income targeting.

As a means of providing increased program flexibility – particularly important in the current real estate downturn – the Housing and Community Revitalization Sub-element sets forth a program to review and refine the current BMR guidelines to incorporate provisions for meeting BMR requirements off-site through new construction and acquisition/rehabilitation, and allowances for providing rental or owner units to fulfill BMR obligations. The city will also be evaluating an increase in the project size threshold for allowance of payment of in-lieu fees.

#### **Private Sector**

In addition to governmental constraints, there may be non-governmental factors which may constrain the production of new housing or impede fair housing. These could include market-related conditions such as the availability of mortgage financing or land and construction costs, or other private sector activities such as application processes for affordable housing developments.

#### For-Sale Housing Market

**Affordability.** Between 2000 and 2007, home prices soared in Sunnyvale and Santa Clara County and the high cost of housing emerged as the main barrier to housing choice. Although home prices have declined slightly as

a result of the current economic downturn, market-rate ownership housing remains out of reach for many lower-income households in Sunnyvale.

In addition to housing affordability, credit accessibility and uncertainty in the economy have emerged as challenges for potential homebuyers. Challenges associated with mortgage financing will be discussed later in this section.

### **Competition**

Looking to capitalize on the soft residential market, many investors have entered the market for lower-priced homes. These investors often have more attractive financing offers (e.g., all cash deals) than first-time homebuyers who are generally more leveraged and may be utilizing various first-time home buyer programs. Sellers, particularly banks' real estate owned (REO) property managers, are interested in selling properties quickly. In this respect, investors with attractive financing deals often have an advantage over other first-time homebuyers, particularly lower-income households.<sup>29</sup>

### **Foreclosures**

The spike in sub-prime lending, adjustable-rate mortgages and 0% down payment loans which occurred primarily between 2003 and 2007, combined with other economic factors, caused California and the nation to undergo an unprecedented wave of foreclosures beginning in 2008. As shown in Table \_\_\_\_, during the third quarter of 2009, at least 3,890 homeowners within the County received notices of default from their lenders. This includes 148 homeowners in the City of Sunnyvale, almost two times the number of defaults issued during the third quarter of 2008. These notices are the first step in the foreclosure process. This represented a 45% increase in the number of defaults compared with the third quarter of 2008. In contrast, 789 trustee's deeds, the final step in foreclosure, were recorded by the County Assessor in the third quarter of 2009. This was 55% less than the number of trustee's deeds recorded in the third quarter of 2008 (see Table 4.37). Greater willingness among lenders to work with homeowners in default, as well as foreclosure prevention efforts by the federal, State, and local government has contributed to this trend.

insert table 4.37 from CP

The Center for Responsible Lending (CRL), the Federal Reserve Bank of San Francisco, and the University of Southern California report that data regarding the income, ethnicity, and other characteristics of households losing their homes to foreclosure is not readily available. However, the CRL has examined the ethnicity of borrowers receiving subprime loans, using Home Mortgage Disclosure Act (HMDA) data. Given the strong link between subprime lending and foreclosure, this analysis serves as a rough proxy for the ethnicities of buyers undergoing foreclosure nationally.

The 2006 CRL study found that subprime mortgages disproportionately occur in communities of color. African-American and Latino borrowers were over 30 percent more likely to receive a high-cost loan (a proxy for subprime lending) than White borrowers, even controlling for credit risk. Approximately 52 percent of African-American borrowers and 40 percent of Latino borrowers received a higher-cost loan in 2005, compared to only 19 percent of White borrowers.<sup>30</sup>

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1.<sup>29</sup> Zhovreboff, Walter, Bay Area Homebuyer Agency/First Home, Inc., phone interview with BAE, July 16, 2009.

2.<sup>30</sup> *Unfair Lending: The Effect of Race and Ethnicity on the Price of Subprime Mortgages.*

Notwithstanding these findings, it is important to note that the CRL analysis was conducted on a national scale. Given Sunnyvale's and Santa Clara County's ethnic distribution, homeowners in the City and County undergoing foreclosure likely have distinct characteristics from national trends.

In response to rising foreclosures across the country, the federal government initiated several programs that provide homeowners facing foreclosure with opportunities to modify or refinance their mortgage to make monthly payments more affordable. According to local fair housing service providers, one challenge associated with some of these programs is that borrowers must actually be in default to qualify for assistance. Homeowners who have not yet missed payments but are struggling to make their payments are ineligible.

Local fair housing service providers also report a growing number of private loan modification institutions that prey on low-income homeowners in default or having difficulty meeting their mortgage payments. Some of these groups scam borrowers by illegally collecting up-front fees<sup>31</sup>, misrepresenting services, or knowingly taking on borrowers would clearly not qualify for a loan modification. As discussed later in this AI, homeowners with limited English proficiency are particularly vulnerable to these scams.

## **Lending Policies and Practices**

### Home Mortgage Disclosure Act (HMDA)

Enacted by Congress in 1975, the Home Mortgage Disclosure Act requires lending institutions to publicly report home loan data. Lenders must provide information on the disposition of home loan applications and disclose applicant information, including their race or national origin, gender, and annual income. HMDA data indicates which banks are lending in communities and provides insight into lending patterns, including denial rates and the types of loans issued (e.g., home improvement loans, home purchase loans). This data, however, cannot be used to conclude definite redlining or discrimination because many factors, such as income-to-debt ratio, credit rating, and employment history, affect approval and denial rates.

As shown in Table \_\_\_\_, 3,381 home purchase loan applications were submitted in the City of Sunnyvale in 2007. Overall, 64 percent of home purchase loan applications were approved in the City. By comparison, 58 percent of the 46,407 loan applications submitted in Santa Clara County were approved. This is consistent with the higher per capita income found in the City of Sunnyvale compared to the County as a whole.

insert table 5.2 MV

Notes:

(a) Includes loans originated and applications approved but not accepted.

(b) Includes applications withdrawn by applicant, incomplete applications, loans purchased by institution, and preapproval requests denied.

Sources: Home Mortgage Disclosure Act (HMDA), 2007; BAE, 2009.

## Conventional Mortgages

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<sup>31</sup> In California, as of October 11, 2009, Senate Bill 94 prohibits any person, including real estate licensees and lawyers, from demanding, charging, or collecting an advance fee from a consumer for loan modification or mortgage loan forbearance services.

As a result of the recession and credit crisis, access to financing has been a major barrier to housing choice in Sunnyvale, Santa Clara County, and across the state and country. Lenders are implementing stricter underwriting, reporting, verification of information practices. According to various homeownership counseling agencies, buyers need a credit score of 720 to 740 to qualify for a conventional home mortgage. Banks also look for larger downpayments of 10 percent to 20 percent of the purchase price, which is higher than what was previously required. Many of these requirements directly address problems in the lending industry that contributed to the current housing and economic downturn. Nevertheless, these standards make it more difficult for buyers to access a mortgage, particularly households with lower incomes, weaker credit scores, and lacking downpayment funds.

### FHA Loans

Households which face difficulty qualifying for a conventional mortgage may decide to use a Federal Housing Administration (FHA) loan. FHA loans are insured by the federal government, and have traditionally allowed lower-income households to purchase homes that they could not otherwise afford. Thanks to the FHA insurance, these loans have lower interest rates, require a low downpayment of 3.5 percent, and have more accessible underwriting criteria. In general, lenders report that households with a credit score of at least 640 and a two-year employment history can qualify for a FHA loan. FHA loans have become more popular as underwriting practices for conventional mortgages have become stricter.<sup>32</sup> In addition, more homebuyers are eligible for FHA loans as a result of declining home prices. In Santa Clara County, the FHA loan limit for a single-family residence is \$729,750.<sup>33</sup>

Despite the more favorable terms associated with FHA loans, there are some challenges associated with purchasing a home with a FHA-backed mortgage. First, stringent guidelines regulate what properties are eligible for purchase. Properties must meet certain requirements related to the condition of the home and pass an inspection by FHA representatives. This requirement is a particular challenge for homebuyers who are purchasing foreclosed properties that have been vacant for a prolonged period and have associated maintenance issues.

FHA also has stringent requirements for condominium purchases that pose additional challenges. One requirement is that a certain percentage of units in a condominium project must be under contract before FHA will back a condominium mortgage. Additionally, FHA will not back mortgages in development where more than 15 percent of homeowners are 30 days delinquent on homeowners' association dues or in projects where a single entity owns more than 10 percent of units.

Another potential barrier is that not all banks issue FHA loans. Moreover, many loan officers prefer to focus on conventional mortgages because of the added time and effort associated with processing and securing approval on a FHA loan.

### First-Time Homebuyer Programs

In addition to conventional mortgages and FHA loans, the State offers various first-time homebuyer programs. These include downpayment assistance programs such as the California Homebuyers Downpayment Assistance Program (CHDAP), which offers a deferred-payment junior loan of up to three percent of the purchase price or appraised value. The City currently offers a First-Time Home Buyer (FTHB) Loan Program which provides silent second down payment assistance of up to \$50,000 for eligible first-time home buyers. Assistance may be

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4.<sup>32</sup> Thompson, Samuel, Chase Bank, phone interview with BAE, July 8, 2009.

5.<sup>33</sup> FHA Loan Limits for California, [http://www.fha.com/lending\\_limits\\_state.cfm?state=California](http://www.fha.com/lending_limits_state.cfm?state=California)

used to purchase market-rate or below-market rate homes in Sunnyvale. The program is available to first-time home buyers who live or work in Sunnyvale and whose incomes do not exceed the maximum for their household size. The City also supports the Housing Trust of Santa Clara County's first-time homebuyer programs and the Mortgage Credit Certificate Program administered by the County of Santa Clara.

Downpayment assistance and second mortgage programs are attractive to potential homebuyers, particularly during times when financial institutions are approving loans at lower loan to value ratios. However, loan officers sometimes seek to avoid homebuyers utilizing first-time homebuyer programs due to the added time and labor associated with these programs. While lenders typically process conventional loans in 30 days, the closing period for homebuyers using first-time homebuyer programs is often 45 days. In addition, loan officers receive smaller commissions under these programs, as they reduce the amount homebuyers need to borrow from the lender.

Some real estate brokers also prefer not to work with homebuyers using first-time homebuyer programs. Brokers aim to expedite the closing period, while first-time homebuyer programs generally result in extended loan approval processes. As a result, agents may not tell homebuyers about potential State and local programs they would qualify for. Homebuyers who do not attend first-time homebuyer classes or work with nonprofit housing counseling agencies are often unaware of programs available to assist them.

## **Development constraints**

### Land Costs

Land costs in Sunnyvale are generally high due to the high demand and limited supply of available land. Local developers indicated that land prices are slowly adjusting during this economic downturn. However, developers generally reported that the market is not efficient and land owners' expectations of what their land is worth declines slowly. Unless land owners are compelled to sell their property for some reason, many will wait for the market to recover.

### Construction Costs

According to *2009 R.S. Means, Square Foot Costs*, hard construction costs for a two-story, wood-frame, single-family home range from \$145 to \$210 per square foot. Construction costs also vary significantly depending on building materials and quality of finishes. Parking structures for multifamily developments represent another major variable in the development cost. In general, below-grade parking raises costs significantly. Soft costs (architectural and other professional fees, land carrying costs, transaction costs, construction period interest, etc.) comprise an additional 15 to 20 percent of the construction and land costs. Owner-occupied multifamily units have higher soft costs than renter-occupied units due to the increased need for construction defect liability insurance. Permanent debt financing, site preparation, off-site infrastructure, impact fees, and developer profit add to the total development cost of a project.

During 2008, key construction costs fell nationally in conjunction with the residential real estate market. However, costs began to slowly rise during the second half of 2009. Figure \_\_\_\_ illustrates construction cost trends for key materials based on the Producer Price Index, a series of indices published by the U.S. Department of Labor Bureau of Labor Statistics that measures the sales price for specific commodities and products. Despite the rise in costs, the prices for key construction materials remain lower than peak prices experienced in previous years. Lumber prices remain 17 percent lower than the peak in 2004. Meanwhile, steel and other

construction material costs are lower than peak prices in early 2008. Local developers have confirmed that construction costs, including labor, fell by approximately 10 percent in tandem with the weak housing market.

insert figure 5.1 MV Producer Price Index for Key Construction Costs?

#### Availability of Financing for Market Rate Housing

A major short-term constraint to housing development is the lack of available financing due to tightening credit markets. Local developers reported that there is very little private financing available for both construction and permanent loans. Credit is available in rare cases because of the capacity of a development group or the unusual success of a project. However, developers suggest lenders are currently offering loans up to 50 percent of the building value, compared to 70 to 90 percent historically. This tightening credit market will significantly slow the pace of housing development in Sunnyvale.

#### Public Perception

In Sunnyvale, public perception of housing developments may act as a barrier. community opposition may arise from neighbors who live near a proposed new development. residents may have concerns about a project's density and impact on parking and traffic conditions. Public outreach efforts and good planning and design are key to addressing potential community opposition.

### **Subsidized Housing**

#### Affordable Housing Financing

According to local affordable housing developers, the availability of financing presents the biggest barrier to producing new subsidized housing. Although the cost of land and construction have declined, the associated tightening of the credit market, and decline in State and local subsidies have made it challenging for affordable housing developers to take advantage of lower costs.

As a particularly salient concern, the value of low-income housing tax credits (LIHTC) has fallen in tandem with the economy. tax credit investors also now have an even greater preference for new construction, family housing, and senior housing development, perceived to be less risky than rehabilitation projects and permanent supportive housing. With this loss in tax credit equity, developers are forced to turn to the State and local agencies for greater subsidies. Unfortunately, uncertainty around State and local finances and the expiration of programs funded by previous State housing bonds limits funds from these sources as well.

As another financing challenge, the State's weak fiscal condition has led to uncertainty of future bond financing, a major strategy for raising affordable housing funds. In the face of California's budget concerns, this constraint will likely remain in effect for upcoming years.

#### Affordable Housing Application Processes

Due to the requirements associated with various affordable housing funding sources, certain households may encounter difficulties in applying for subsidized housing. For example, applications can involve a large amount of paperwork and require households to provide records for income verification. In some cases, short application time frames and submittal requirements (e.g., by fax) create additional challenges. These requirements present obstacles for homeless or disabled individuals who lack access to communication systems and information networks, as well as the skills to complete and submit the necessary documentation.

Affordable housing developers receive hundreds to thousands of applications for a limited number of units. As a result, applicants who are not selected through the lottery process are put on a waiting list. Households must be proactive and regularly follow-up with property managers to inquire about the status of the waiting list. If applicants on the waiting list move or change their phone number, property managers may not be able to contact them when a unit becomes available. Again, this procedure can make it more difficult to get off a waiting list for transient individuals or families who don't have a regular address, phone number, or email address.

### Housing Opportunities for Special Needs Populations

Service providers who assist various special needs populations, including the elderly, individuals with disabilities, the homeless, and limited English proficiency (LEP) individuals consistently report that one of the greatest barriers to housing choice for these populations is the lack of affordable housing. In addition, special needs populations may face particular challenges to housing choice, as discussed below.

#### Elderly Housing

Seniors often need accessible units located in close proximity to services and public transportation. Many seniors are also living on fixed incomes, making affordability a particular concern. Sunnyvale offers a number of housing resources for seniors and the construction of 124 units of new affordable senior housing is nearing completion and scheduled for occupancy for October 2011.

#### Housing for Persons with Disabilities

Individuals with mobility disabilities need accessible units that are located on the ground floor or have elevator access, as well as larger kitchens, bathrooms, and showers that can accommodate wheelchairs. Building codes and HOME regulations require that five percent of units in multifamily residential complexes be wheelchair accessible and another two percent of units be accessible for individuals with hearing or vision impairments. Affordable housing developers follow these requirements and provide accessible units in their subsidized housing developments. While violations still occur, they are fewer in number and less severe.

Challenges disabled individuals may face include difficulties securing reasonable accommodations requests. The Fair Housing Act prohibits the refusal of reasonable accommodations in rules, policies, practices, or services, when such accommodations are necessary to afford a person with a disability equal access to housing. This applies to those involved in the provision of housing, including property owners, housing managers, homeowners associations, lenders, real estate agents, and brokerage services. Local fair housing organizations, including ECHO and Project Sentinel, indicate that some individuals have difficulties with landlords approving their reasonable accommodation request. Examples of reasonable accommodation requests include permission to have a service animal in the residence or securing parking closer to the unit. ECHO and Project Sentinel report that reasonable accommodation requests for disabled individuals are one of the more common fair housing complaints seen throughout Santa Clara County. Part of the problem is that tenants are not always aware of their rights to reasonable accommodation under fair housing law.

#### Housing for Homeless Individuals

The primary barrier to housing choice for homeless individuals is insufficient income. Local and regional service providers report that many homeless rely on Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI), which are too low to qualify for most subsidized programs and affordable housing developments. In addition, both affordable housing developers and market-rate landlords may screen out individuals with an inconsistent rental history, history of evictions, or poor credit.

Securing housing can prove more difficult for homeless families compared to individuals due to occupancy regulations, potential landlord biases against households with children, and the more limited supply of larger units.

Sunnyvale and other Santa Clara County jurisdictions are addressing issues of housing choice and accessibility for homeless individuals and families through strategies identified in the 10 Year Plan to End Chronic Homelessness in Santa Clara County and through efforts of Destination: Home, a taskforce focusing on ending chronic homelessness. Destination: Home opened two One-Stop Homeless Prevention Centers in November 2008, serving over 3,700 homeless and at-risk clients to date. The County of Santa Clara Department of Social Services has Supplemental Security Income (SSI) advocates at each One-Stop location, allowing eligible clients to begin the process of applying for benefits at the same time they search for employment, receive housing assistance, or get assistance with other needs.

#### Access to Housing by Limited English Proficiency (LEP) Individuals

As financial institutions continue to institute more stringent lending practices, LEP individuals may face greater challenges in navigating the mortgage process. According to regional housing counseling agencies, at the height of the housing boom lenders were very interested in accessing the Latino and Asian populations. However, bank outreach to these communities has since declined.

While bank outreach to LEP communities has declined, these individuals have been more vulnerable to scams related to loan modification. In addition to HUD-certified housing counselors who offer services through nonprofit organizations and local jurisdictions, there are a variety of private loan modification institutions offering services of varying quality. Some of these groups scam borrowers by illegally collecting up-front fees, misrepresenting services, or knowingly taking on borrowers would clearly not qualify for a loan modification. LEP individuals are particularly vulnerable to these types of scams because of the challenge they face in understanding documentation that is often provided in English.

As another concern for LEP households, undocumented individuals may face more complicated processes when applying for a mortgage. Some groups within the Spanish-speaking community and other LEP populations are "unbanked," and rely on a cash economy. Because regular banking provides the record keeping and legitimacy that lenders look for, unbanked households have a more difficult time providing documentation to qualify for a mortgage. In addition to challenges accessing housing, undocumented immigrants are also more reluctant to file fair housing complaints with HUD or the State.

#### Housing Opportunities for Families

Fair housing law prohibits discrimination based on familial status. However, local service providers report that households with children are sometimes discriminated against, particularly when searching for rental housing. Landlords may view households with children as less desirable due to potential noise issues or damage to units. While landlords and property managers may not deny families housing, they may place them in less desirable units such as units at the back of a complex or a downstairs unit. The challenge in identifying discrimination on the grounds of familial status is that often families may not know that other units in a complex are available, and therefore not realize that they are being offered a less desirable unit. Local fair housing service providers report that differential treatment on the basis of familial status is another common fair housing issue in the County.

### Fair Housing Awareness

Many fair housing violations are committed by unsophisticated "mom-and pop" owners/operators and by untrained or unsupervised property managers. These operators and managers may have little understanding of fair housing laws and requirements. Project Sentinel's analysis of fair housing complaints by housing development size conducted found that the majority of eviction complaints were associated with small properties with one to 10 units. Specifically, 58 percent of eviction complaints filed with Project Sentinel between 2003 and 2006 were in properties with one to 10 units. In each of these cases, the owner was the offending party. A large share of refusal to rent complaints was also associated with small properties; 39 percent of the complaints in this category occurred in properties with 10 or fewer units. Of the refusal to rent cases associated with properties with 10 or fewer units, 74 percent involved the property owner. Other than eviction and refusal to rent case, the majority of fair housing complaints were filed for properties with 50 or more units.

At the same time, fair housing service providers also report a lack of understanding among homeseekers regarding their civil rights and the process for identifying and lodging a fair housing complaint.

To address this lack of awareness among landlords and homeseekers, continued fair housing education will provide property owners, managers, and homeseekers with greater awareness of fair housing laws and obligations.

### **Public and Private Sector**

In addition to governmental and non-governmental impediments to fair housing, there are some impediments to housing choice that span both the public and private sectors.

### Linkage between Housing and Employment Centers

As discussed earlier, the City's inventory of public and subsidized housing, community care facilities, and major employers are well-connected to public transportation. Local affordable housing developers report that transit accessibility significantly affects site selection decisions for subsidized housing. In addition to the fact that lower-income households tend to have a lower rate of vehicle ownership, the funding structure for affordable housing favors sites with better accessibility. Developers are required to compete for various affordable housing funding sources like low-income housing tax credits (LIHTC). Public transportation access is one of the criteria projects are ranked on; developments with better transit access receive higher scores. Because the competition for affordable housing financing is so great in California, developers report that projects must receive the maximum score in the transit category in order to be competitive. As a result, affordable housing projects tend to be very well connected to transit.

## **ASSESSMENT OF CURRENT FAIR HOUSING PROGRAMS AND ACTIVITIES**

### **Programs and Activities that Promote Fair Housing**

#### Fair Housing Laws

Fair housing laws are in place at the federal and state levels. Federal, state, and local governments all share a role in enforcing these laws, as well as conducting activities to affirmatively further fair housing.

Title VIII of the Federal Civil Rights Act of 1968 prohibits housing discrimination based on race, color, national origin or ancestry, sex, or religion. The 1988 Fair Housing Amendments Act added familial status and mental and physical handicap as protected classes. The laws prohibit a wide range of discriminatory actions, including refusal to rent, sell, or negotiate for housing, make housing unavailable, set different terms, conditions, or privileges, provide different housing services or facilities, refusal to make a mortgage loan, or impose different terms or conditions on a loan.

At the State level, the Rumford Housing Act prohibits housing discrimination toward all classes protected under Title III, and adds marital status as a protected class. The Unruh Civil Rights Act prohibits discrimination in all business establishments in California, including housing and public accommodations, based on age, ancestry, color, disability, national origin, race, religion, sex, or sexual orientation.<sup>34</sup>

The California Fair Employment Act prohibits discrimination and harassment in all aspects of housing including sales and rentals, evictions, terms and conditions, mortgage loans and insurance, and land use and zoning. The Act also requires housing providers to make reasonable accommodation in rules and practices to permit persons with disabilities to use and enjoy a dwelling and to allow persons with disabilities to make reasonable modifications of the premises.

The City of Sunnyvale requires developers to comply with all fair housing laws and develop affirmative fair housing marketing plans, which include strategies to attract buyers or renters from groups, regardless of background.

#### Public Housing Admissions and Continued Occupancy Policies

In its *Admissions and Continued Occupancy Policy*, the Housing Authority of the County of Santa Clara (HACSC) outlines measures to affirmatively further fair housing in the administration of its public housing and Section 8 programs, including Section 8 vouchers in Sunnyvale. These measures include taking appropriate action to ensure individuals with disabilities will have equal access to available services programs, and activities and seeking to have bilingual staff for non-English speaking families.<sup>35</sup>

HACSC also has a policy to execute measures to deconcentrate poverty and promote economic integration. As such, HACSC attempts to bring in higher income tenants into lower income projects and lower income tenants into higher income projects.<sup>36</sup>

#### Fair Housing Services

The primary fair housing activity Sunnyvale undertakes is to support fair housing efforts by providing information to the public about fair housing. The City developed a web page dedicated to fair housing on the City's website, and sponsored a Fair Housing workshop at the Sunnyvale Library with a fair housing legal services provider as guest speaker. Staff refer inquiries to qualified fair housing agencies for discrimination

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6.<sup>34</sup> The protection afforded under the law is extended by case law to include sexual orientation. Sexual orientation includes persons who are homosexual, bisexual, or heterosexual.

7.<sup>35</sup> Housing Authority of the County of Santa Clara. *Admissions and Continued Occupancy Policy for the Public Housing Program*. October 1, 1999. Chapter 1, Section D.

8.<sup>36</sup> Housing Authority of the County of Santa Clara. *Admissions and Continued Occupancy Policy for the Public Housing Program*. October 1, 1999. Chapter 1, Section J.

complaint review and investigation, legal advice and assistance in filing and/or resolving complaints. A number of fair housing agencies provide such services to Sunnyvale residents including: access to legal advocacy; counseling, complaint investigation, mediation, conciliation and education; providing consultation and legal representation, and other important services.

Sunnyvale was involved in the following activities to affirmatively further fair housing during FY2010-11:

- Provided funds for handicapped accessibility improvements at 14 homes, provided translation and interpretation services for the City's BMR Purchase Program, and continued to include a fair housing component as part of the homebuyer education workshops.
- The Fair Housing page on the City's website provides a link for residents to report discrimination complaints directly to HUD.
- The City actively implements an affirmative marketing plan to inform the public about all housing programs. Housing programs are available to all residents of the City, and minority and LEP participants are actively sought. All program brochures are translated into Spanish. Last year, staff marketed housing programs in the Sunnyvale Quarterly newsletter. Staff also displayed brochures at the Sunnyvale Senior Center, Sunnyvale Public Library, Sunnyvale City Hall and the Sunnyvale Community Center. Staff also attended community meetings at various Neighborhood Enforcement Action Team target areas to provide presentations on the City's programs. Staff reviewed and approved the Affirmative Marketing Plan prepared by the developer of the Fair Oaks Senior Housing project, to be used for initial lease-up and filling vacancies on an ongoing basis.

#### Other Local Fair Housing Services

##### **Countywide Fair Housing Task Force**

In fiscal year 2003, the Countywide Fair Housing Task Force was established. The Task Force includes representatives from Santa Clara County jurisdictions, fair housing providers, legal service providers, and other community service providers. Since its inception, the Task Force has implemented a calendar of countywide fair housing events and sponsors public information meetings, including Accessibility training, First-Time Homebuyer training, and Predatory Lending training. The City actively participates in the Countywide Fair Housing Task Force to promote fair housing choice on local and regional levels.

##### **Affordable Housing Programs**

The lack of available and affordable housing can be an impediment to fair housing in some areas of Santa Clara County. In response to high housing costs in the region, the City funds subsidized housing programs to provide affordable housing to lower-income households who are unable to afford market rate housing. These programs include the Below Market Rate Housing Program, which requires developers to reserve a percentage of units for lower-income households.

#### **Problems Related to Current Fair Housing Programs**

##### Limited Resources

Given the diversity of Sunnyvale and Santa Clara County as a whole, fair housing is a major concern. The City continues to support fair housing programs through staff outreach and various fair housing activities. However, due to budget cuts at the regional level, resources and funding available for fair housing programs has decreased. The City collaborates with other jurisdictions, such as participating in the Countywide Task Force.

##### Lack of Awareness of Fair Housing

According to fair housing organizations, general public education and awareness of fair housing issues is limited. Tenants often do not completely understand their fair housing rights, while landlords and property managers remain unaware of their fair housing obligations. To address this issue, jurisdictions and fair housing organizations provide various fair housing education and outreach programs to housing providers and to the general public. For example, jurisdictions and fair housing organizations outreach to the general community through mass media such as newspaper columns, multi-lingual pamphlets, flyers, and radio advertisements. Fair housing organizations also outreach to protected classes by working with organizations that serve target populations.

## VI. RECOMMENDATIONS

This section summarizes the key findings from the AI, and presents policies and supporting actions that support fair housing in the City of Sunnyvale. These policies and actions build upon the current fair housing programs and activities described in the previous section.

### Recommendations to Support Fair Housing

#### Fair Housing Services

**Need:** The AI finds that fair housing is an ongoing concern in Sunnyvale. In particular, interviews with local service providers indicate that many homeseekers and landlords are unaware of federal and state fair housing laws. Many are also unfamiliar with protections offered to seniors, disabled, and other special needs populations, as well as families and protected classes.

- **Action #1: Continue to conduct ongoing outreach regarding fair housing.** Outreach will occur via training sessions, public events, City website and other media outlets, and multi-lingual flyers available in a variety of public locations.
- **Action #2: Continue to participate in the countywide fair housing task force in order to improve the provision of fair housing services regionally.** The City will continue to network with other jurisdictions in the County on the findings and services of fair housing organizations serving different jurisdictions. This communication allows jurisdictions to learn from any fair housing trends and key policy issues arising throughout the County.

#### Access to Subsidized Units

**Need:** Due to the requirements associated with various affordable housing funding sources, certain households may encounter difficulties in accessing subsidized housing. For example, applications can involve a large amount of paperwork, require households to provide records for income verification, or have short application time frames and submittal requirements. These requirements present obstacles for homeless or disabled individuals who lack the resources and skills to complete the necessary documentation. Moreover, affordable housing providers often have difficulty filling accessible units with disabled individuals. In contrast, service providers indicate a great need for affordable accessible housing. This conflict points to barriers in the application process that prevent interested individuals from finding subsidized, accessible housing or a mismatch between people who need housing and when it is available.

- **Action #3: Facilitate access to below-market-rate units.** The City of Sunnyvale shall continue to assist affordable housing developers in advertising the availability of below-market-rate units via its website, the County's 2-1-1 information and referral phone service, the Santa Clara County Collaborative, and other media outlets.
- **Action #4: Continue to require outreach to the homeless and special needs households.** The City will continue to require developers of subsidized units to perform outreach to the homeless, the disabled, LEP groups, and agencies that serve those populations to help expand the access of subsidized rental units to those groups.

### Local Zoning

**Need:** Sunnyvale's zoning requirements must comply with State law, the federal Fair Housing Act of 1968, and the Fair Housing Amendments Act of 1988.

- **Action #5: Allow for reasonable accommodation.** The City shall pursue the creation of formal procedures to address reasonable accommodation requests in zoning regulations to accommodate the needs of persons with disabilities.

### Public Housing

**Need:** Local Housing Authorities are well-versed in fair housing requirements, and aim to apply these consistently in their outreach, property management, waitlist maintenance, and tenant recruitment efforts. The following action emphasizes the need for local jurisdictions to assist local housing authorities in this regard.

- **Action #6: Assist local Housing Authorities with outreach.** The City of Sunnyvale shall assist the Housing Authority of the County of Santa Clara in outreaching to minority, limited-English proficiency, and special needs populations regarding the availability of public housing and Section 8 vouchers. Outreach may occur via the City's website and informational flyers in multiple languages available at public locations.

### Access to Credit

**Need:** Credit markets have tightened in tandem with the decline in home values. As such, although homes have become more affordable, lender requirements for a minimum down payment or credit score may present a greater obstacle for buyers today. More accessible home loan products are available, including Federal Housing Administration (FHA) loans. However, interviews with lenders suggest that many households are not aware of these programs. Moreover, many loan officers prefer to focus on conventional mortgages because of the added time and effort associated with processing and securing approval on a FHA loan.

- **Action #7: Maintain a list of Below Market Rate loan and down-payment assistance providers.** The City shall maintain a list of agencies that provide below-market-rate loans and government-sponsored downpayment and mortgage assistance programs.

## Links between Housing and Employment

**Need:** Impediments to fair housing choice may occur when poor linkages exist between the locations of major employers and affordable housing. Under these conditions, persons who depend on public transportation, such as lower-income households, seniors, and disabled persons, would be more limited in their housing options. The Ai finds that Sunnyvale's inventory of subsidized housing and community care facilities are relatively well-connected to public transportation. The City should continue efforts to support transit-oriented development and further improve connections between new housing and employment centers.

- **Action #8: Plan for and encourage transit-oriented development.** Through its General Plan and Precise Plans, the City of Sunnyvale shall continue to plan for higher residential and employment densities where appropriate to maximize linkages between employers and affordable housing.
- **Action #9:** The City shall continue to work with local transit agencies to facilitate safe and efficient routes for the various forms of public transit.

In addition to the actions described above, the City shall remain involved in the following activities that further fair housing:

- The City has an active Housing and Human Services Commission, appointed by the City Council, to review the City's housing programs including fair housing initiatives and to advise the City Council on these matters.
- The City maintains an active list of bilingual employees who are available to assist residents with limited or no English skills to conduct City business either over the phone or in person.
- Signs at answer points in City Hall, and at the Columbia Neighborhood Center, advertise multilingual translation services in nine languages.
- The City provides assistance through the Home Access program utilizing CDBG funds to assist elderly and disabled individuals to retrofit their homes and mobile homes to install and maintain hydraulic lifts and to make them accessible and suitable for their special needs. There are over 110 lifts in use by Sunnyvale residents.
- The City allocates CDBG funds for accessibility improvements, which fund curb cuts in sidewalks. In fiscal year 2005/2006, \$150,000 was allocated to this activity, with a total of 75 curbs retrofitted.
- The City cablecasts and makes available "live" on-line public meetings to inform the public of the services available to them (including fair housing services) and to get input regarding issues of concern and ways the City can better assist its residents.

- The City provides fair housing brochures to the public at the Community Development Department as well as other locations such as the Sunnyvale Library and the Columbia Neighborhood Center. The City's web site provides a direct link to fair housing services on the HUD web site. All materials are available in Spanish and select other languages.
- Housing projects funded with City CDBG and/or HOME funds are required to comply with fair housing laws and to be proactive in marketing housing opportunities to individuals and needs groups. City staff monitor compliance with fair housing laws and the City's fair housing plan regularly. City staff also monitor to ensure that these projects contain a sufficient number of housing units that are physically accessible and usable by all persons, especially persons with disabilities and those with limited English proficiency. The City's Affirmative Marketing Policy and Procedures for CDBG and HOME Projects is attached to this AI. Preparation of an Affirmative Marketing Plan is required in City contracts and agreements for these projects and the City monitors the implementation and results of the Plan for each project.
- In order to better provide for the wide range of incomes within Sunnyvale, the City's zoning ordinance contains a variety of zoning districts that allow a range of housing types.
- The City continues to translate announcements about the City's housing programs into Spanish and other languages when necessary, to emphasize that minorities are encouraged to apply, and to increase the participation of persons with limited English proficiency.
- The City also has a residential rehabilitation program that specifically focuses on providing decent and affordable housing for low-income homeowners and renters.
- The City funds a number of human services programs that target services to low income households, to assist them in finding suitable housing and related services.
- The City provides telecommunication relay service for people with impaired speech or hearing and accommodates requests for sign language interpretive services with sufficient advance notice.
- The City offers educational workshops to first time homebuyers that include information on fair housing and predatory lending.
- The City supports universal design concepts such as "visitability" and makes every effort to work with homeowners and developers to encourage inclusion in renovations or new developments.

- The City requires, through ordinance and administrative guidelines, of the full integration of its Below-Market Rate (BMR) units into new housing developments. The City works with each developer to insure that all BMR units are geographically dispersed throughout the complex, and that the exterior and interior of the BMR units are identical to the market rate units in the complex.

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