REPORT TO MAYOR AND COUNCIL NO: 10-028

Council Meeting: February 9, 2010

SUBJECT: INFORMATIONAL REPORT – VACANCY AND RENT SURVEY

REPORT IN BRIEF

The purpose of this report is to provide City Council with the findings of the Sunnyvale Vacancy and Rent Survey.

BACKGROUND

The Housing Division conducts the annual survey by obtaining vacancy and rent data from RealFacts for Sunnyvale apartment complexes with fifty or more units. Staff uses the data to adjust the maximum rent limits for the Sunnyvale Below Market Rate (BMR) Rental Housing Program, and to make several other determinations, as explained below.

EXISTING POLICY

The Sunnyvale Municipal Code (SMC) requires that the annual Vacancy and Rent Survey be used to adjust the maximum BMR rent limits.

DISCUSSION

In the fourth quarter of 2009, the rental vacancy rate was 5.1%, compared to a vacancy rate of 4.7% one year earlier.

The average rent charged for a market-rate apartment in Sunnyvale in the same quarter was $1,406, which was 14.2% less than the average rent charged the prior year. This rate of decrease is used to determine the BMR maximum rent limits for 2010, as explained below.

According to the BMR Administrative Guidelines, when Sunnyvale rents decrease by 10% or more annually, based on the Vacancy and Rent Survey, BMR rents shall decrease by the percentage greater than 10% and then by the total percentage of any further decreases that may occur upon each subsequent annual survey, until market rents stabilize or increase.

In accordance with this formula, the 2009 BMR rent limits are decreased by 4.2%, the amount greater than 10%, as shown on the table below, to produce the 2010 rent limits. Additionally, no increases are permitted for existing BMR rental tenants for a period of 12 months beginning March 1, 2010.

BMR RENT LIMITS

Unit Size	2009	2010*
Studio	$1,199	$1,150
One Bedroom	$1,369	$1,310
Two Bedroom	$1,541	$1,475
Three Bedroom	$1,849	$1,770

* 2010 BMR rents rounded to the nearest $5.00

The 2010 BMR rent limits will take effect March 1, 2010, and will apply to any existing BMR rental unit leased to new tenants beginning on this date.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, in the Council Chambers lobby, in the Office of the City Clerk, at the Library, Senior Center, Community Center and Department of Public Safety; posting the agenda and report on the City's Web site; and making the report available at the Library and the Office of the City Clerk.

Each year following the council meeting, staff sends an official Rental Bulletin notifying property managers and owners with complexes providing BMR units of the new BMR rent limits.

Reviewed by:

Hanson Hom, Director, Community Development Department
Prepared by: Rachél DeBord, Housing Program Technician

Approved by:

Gary M. Luebbers
City Manager

Attachments

None