

**CITY OF SUNNYVALE  
CITY COUNCIL STUDY SESSION SUMMARY  
DISCUSSION OF NEXUS STUDY FOR POSSIBLE AFFORDABLE HOUSING FEE  
FOR CONSTRUCTION OF NEW RENTAL HOUSING**

**AUGUST 13, 2013**

The City Council met in study session at City Hall in the West Conference Room, 456 West Olive Ave, Sunnyvale, California on August 13, 2013, with Vice Mayor James Griffith presiding.

**City Councilmembers Present:**

Mayor Anthony (Tony) Spitaleri  
Vice Mayor James Griffith  
Councilmember David Whittum  
Councilmember Tara Martin-Milius  
Councilmember Patrick Meyering

**City Councilmembers Absent:**

Councilmember Christopher Moylan  
Councilmember Jim Davis

**City Staff Present:**

City Manager, Gary Luebbbers  
City Attorney, Joan Borger  
Assistant City Manager, Robert Walker  
Director of Community Development, Hanson Hom  
Housing Officer, Suzanne Ise  
Affordable Housing Manager, Ernie Defrenchi

**Visitors/Guests Present:**

Darin Smith, Economic & Planning Systems (EPS)  
Crisand Giles, Executive Director, Building Industries Association (BIA) – Bay Area  
Greg Angelo, Vice President, Development & Financial Advisory  
Members of the public

**Call to Order:**

Vice Mayor Griffith called the meeting to order at 5:47 p.m.

**Study Session Summary:**

Director Hom introduced the staff presentation with some background information on the origin of the study, Council direction, and related City efforts. Ms. Isé gave a brief overview of current City housing programs, funding streams for housing, affordability trends, the current development environment, and legal issues affecting affordable housing and the City's ability to meet housing needs.

Darin Smith, who conducted the nexus study for the City, provided an overview of the study, the methodology used, and its conclusions. Ms. Isé then provided some additional information on similar fees in other jurisdictions, input received during the outreach meetings, and local rent data. Director Hom concluded the presentation and introduced the BIA representatives.

Ms. Giles and Mr. Angelo thanked the Council for the opportunity to make a brief slide presentation outlining the BIA's concerns with the nexus study and the fee proposal. Mr. Angelo questioned what authority the City is proposing to use to charge the impact fee (i.e., AB 1600 Mitigation Fee Act, or other) and the overall methodology used to calculate the impact fees. In addition, Ms. Giles asked the City to include all development fees when considering the additional impact of the proposed fee, and to consider other funding alternatives to produce affordable housing in Sunnyvale, such as a construction excise tax, parcel tax, or sales tax. She also suggested that if an ordinance moves forward to allow for flexibility and other options and payment of impact fees at occupancy.

**Councilmembers' questions and comments:**

- Clarify under what authority we can charge the fee (is it AB1600?).
- May be better to study the commercial linkage fee and bring both items back together, along with some more legal information.
- Thought the nexus was stronger with large business/commercial than with market rate housing. However, there is still a connection.
- Would like to see impact funds dedicated to capital improvement projects like a cold weather shelter or transitional housing, with services or case management if possible.
- There is demand for 6-7 additional projects like the Fair Oaks Senior Housing project.
- Concerned about concentrating low-income/affordable housing in certain projects or areas.
- Wanted clarification on the construction excise tax.
- Felt that we needed additional funding for housing services and hoped that this revenue stream could fund some of that.
- Wanted more information about the parcel tax idea suggested by BIA and spending criteria or identified projects/uses for those funds that would be part of possible campaign materials (residents will want to know what the tax revenue will be spent on).

**Public comments:**

- City of Sunnyvale is a leader in providing affordable housing, would like to see that leadership continue with implementation of an impact fee.
- Median rent in Sunnyvale is too high and is forcing families to look elsewhere to live.
- Several residents support the idea of charging an impact fee to fund the creation of affordable housing.
- The solution to more affordable housing is to limit governmental constraints, approve projects and build more market rate housing. This approach will increase inventory and over time rents will be reduced.

- Supports the concept of studying the commercial linkage fee and the rental nexus fee and bringing both items back together.
- With the loss of redevelopment agencies, reductions to Prop 1C funds and the Palmer decision, this is a smart approach to maintaining and increasing the supply of affordable housing.
- Skeptical of a parcel tax passing. A super-majority is hard to obtain.
- Who will pay for a parcel tax campaign?
- It appears reasonable that the impact fee should be paid by the developer at occupancy rather than the Building Permit issuance phase.

**Direction to Staff:**

Move forward with completing the study including addressing Council questions and comments.

**Adjournment:**

Vice Mayor Griffith adjourned the meeting at 6:59 p.m.

Respectfully submitted,  
Ernie Defrenchi  
Affordable Housing Manager