



**Draft for Housing and Human Services Commission Review
on May 23, 2012 and Planning Commission
Review on July 9, 2012**

Council Date: July 31, 2012

**SUBJECT: Modifications to the Zoning Code Related to Chapter 19.66:
Affordable Housing and Single Room Occupancies (Study Issue CDD 09-
12C and Non-Routine HO-01)**

REPORT IN BRIEF

In 1980, Council established the Below Market Rate (“BMR”) Housing Program, which is currently codified in Sunnyvale Municipal Code (SMC) Chapter 19.66 (“the Ordinance”). The BMR Program has been an important tool for providing rental and ownership opportunities for Sunnyvale’s low- to moderate-income households. As of March 2012, the BMR Program has produced 380 ownership and 639 rental units. In December 2013, an additional 46 BMR rental units will be added to the inventory. Staff anticipates approximately 130 additional ownership units to be created in the coming years.

Several minor amendments to the Ordinance were adopted in 2003. Over the last several years several study issue papers and non-routines have been approved to address additional revisions to the Ordinance. Completion of these items were delayed due to various legal issues and most recently, a decision to conduct a study to document the nexus between new residential development and the demand for affordable housing created by the new development. A nexus study was completed in April 2012 by Economic & Planning Systems, Inc. (“EPS”) and is provided in **Attachment A**.

Staff has reviewed affordable housing ordinances of other jurisdictions and held outreach meetings with developers, affordable housing advocates and the general public to solicit their input on the BMR requirements imposed on new development. Staff has developed new zoning code provisions to make the proposed improvements to the Below Market Rate Housing Requirements. These provisions are provided in the draft ordinance (**Attachment B**).

Staff Recommendation: Adopt the ordinance provided in **Attachment B** to modify the zoning code related to Below Market Rate Housing Requirements and to move the density bonus and single room occupancy subsections from Chapter 19.66 to other chapters of the zoning code.

BACKGROUND

City Council adopted the Ordinance in 1980 in order to ensure that new housing developments were affordable to households with a wide range of incomes. The Ordinance has been amended several times, most recently in 2003. Several study issues papers and non-routines have been prepared in recent years, upon Council and staff recommendations to improve the BMR Program. In addition, in 2008 Council considered a proposed "Affordable Housing Strategy" (RTC 08-309), which included options for improving the BMR Program and other City affordable housing programs. These study issues and non-routines were consolidated into one non-routine in 2009 (CDD HO-01, shown in **Attachment C**). In addition, staff incorporated Council actions outlined in the Affordable Housing Strategy and the Housing and Community Revitalization Sub-element into the same non-routine.

A portion of the BMR Ordinance amendments work plan was completed in 2010, but the remainder of the work plan was put on hold, pending the outcome of litigation by a developer challenging the BMR requirements imposed on one of the developer's Sunnyvale projects (Trinity Park). In March 2011, the City's BMR requirements were upheld in court. Staff then prepared a study to quantify the nexus between new residential development in Sunnyvale and the demand for affordable housing that would be created by new development, similar to traffic studies or other studies done to quantify impacts for the purposes of setting impact fee rates or mitigation measures.

Staff contracted with EPS in November 2011 to conduct a nexus study analyzing the impact that development of market-rate housing has on the demand for BMR housing, and to determine the defensible nexus-based fee that could be charged to market rate housing developments. The fee represents the maximum fee that may be charged to new market-rate housing units to mitigate the impacts of market rate housing. These fees are then used by the City to assist in the production of new affordable units for moderate-and lower-income households not accommodated by market-rate projects.

The intent of the BMR program is to enhance the public welfare by ensuring that future housing development includes housing affordable to households of various income levels, from lower to moderate incomes. The existing Ordinance includes requirements for ownership and rental developments, density bonus provisions and single room occupancy ("SRO") requirements.

Proposed Improvements to the Below Market Rate Housing Program

At the October 14, 2008 City Council meeting, Council considered several changes to the BMR Home Ownership Program as part of its review of the City of Sunnyvale Affordable Housing Strategy (RTC 08-309). Those changes included:

- Allowing developers to acquire and rehabilitate existing housing in other locations to meet their BMR requirements if that would result in more BMR units than otherwise required;
- Allowing developers to provide BMR units at a different site than the market-rate units, if that would result in more BMR units than otherwise required (often referred to as an “off-site” or “transfer of credits” option);
- Increasing BMR ownership requirements from 12.5% to 15%, only where legally required for future redevelopment areas (“RDA”). This change is now legally obsolete due to the dissolution of redevelopment agencies;
- Allowing the maximum resale price of BMR homes to be based on 100%, rather than 33.3%, of the increase in the Consumer Price Index for housing costs during the BMR homeowner’s term of ownership;
- Amend the density bonus section of the Ordinance to be consistent with State Density Bonus Law.

Study Issue CDD 09-12C from 2009, which has since been incorporated into non-routine CDD HO-01, raised the question of how to handle fractional BMR unit requirements (i.e., to continue rounding up or down to the nearest whole units, as the current ordinance requires, or to allow developers to pay a fee for the fractional unit requirement). As part of this particular study issue, staff was asked to analyze the potential costs and/or benefits to the City and developer of modifying this aspect of the Ordinance.

All of the above issues, as well as BMR issues identified during outreach and preparation of the 2008 Affordable Housing Strategy, 2009 Housing Element Update, 2010 Consolidated Plan, and recent case law decisions are addressed in this staff report. Staff recommendations regarding in-lieu fees and on-site construction requirements are supported by the conclusions of the nexus study.

EXISTING POLICY

Sunnyvale General Plan, Housing Element:

Goal A: Assist in the provision of adequate housing to meet the diverse needs of Sunnyvale’s households of all income levels.

Policy A.3: Utilize the Below Market Rate (BMR) Housing requirements as a tool to integrate affordable units within market rate developments, and increase the availability of affordable housing throughout the community.

DISCUSSION

Staff reviewed the below market rate programs of the cities of Santa Clara, Mountain View, Milpitas, Fremont, Hayward, Watsonville, Cupertino, San Jose, Palo Alto, San Leandro and Campbell to identify best practices and to ensure

that the recommendations proposed by staff are comparable to those of other cities. The results of that survey indicated that several cities allow developers to pay an in-lieu fee for fractional BMR units and provide offsite options to developers to provide BMR units. Below market rate programs throughout the Bay Area vary greatly. Several programs are similar to Sunnyvale's current program and integrate BMR homes in market-rate developments. Additionally, there are other cities like San Jose that provide developers with a menu of options, including providing onsite and offsite BMR units, while some cities, such as Mountain View, prefer to collect an in-lieu fee and develop affordable rental apartments.

Staff has consolidated all of the prior goals and items identified in the study issues and non-routines noted above into the following five goals:

1. A clear and understandable code that sets forth the basic program structure and key requirements for developers while allowing staff to make reasonable program improvements periodically to ensure effective program operations.
2. A menu of options for developers to use to meet BMR requirements.
3. Greater consistency with state and federal law, including recent case law, and with state and federal terminology.
4. More effective provisions for compliance monitoring and enforcement.
5. Allow developers to pay an in-lieu fee on a wider range of developments, particularly when payment of the fee results in better public policy outcomes, such as providing more units at greater levels of affordability.

In order to effectively implement these changes and comply with recent changes in state law, the proposed code revisions separate the below market rate program requirements into two new chapters: Chapter 19.65: Below Market Rate Ownership Housing Requirements; and Chapter 19.67: Existing Below Market Rate Rental Housing Requirements. Chapter 19.67 is applicable only to existing BMR rental properties developed as a condition of rental project land use approvals issued prior to July 2009, as explained below.

Goal 1: A clear and understandable code

The revised Below Market Rate Housing provisions in draft Chapters 19.65 and 19.67 omit references to outdated administrative processes that are not cost-effective and are more appropriately addressed in the Program Guidelines. The proposed provisions allow staff to administer the program in a more streamlined, cost-effective manner. Compliance and enforcement provisions have also been improved.

Draft Chapter 19.65 sets forth clear requirements for affordability levels and BMR unit standards applicable to new ownership housing developments. It streamlines the process of establishing maximum BMR sale prices by

employing a standard formula applicable to all BMR homes, new and resale, to save staff, developers, and BMR home-owners time.

Draft Chapter 19.67 also streamlines and standardizes the process of setting maximum BMR rent limits so that all existing BMR rentals will be subject to the same rent limits, adjusted for unit size, based on current affordability levels rather than market rate rent increases and historic rates. These adjustments have been set to be as cost-neutral as possible to tenants and property owners, while easing the annual administrative burdens on property management and staff. Details of these recommendations are shown in **Attachment D** and in the draft Chapter 19.65 in **Attachment B**.

Goal 2: A menu of options

Draft Chapter 19.65 allows ownership housing developers to choose from several new options for providing affordable housing in order to meet their below market rate requirements. The options listed below are commonly used in other jurisdictions with BMR programs. In order to receive approval to use any of these options, applicants would have to demonstrate that the proposed alternative would provide more BMR units, a greater degree of affordability, and/or a more desirable type of unit for the target occupants and/or neighborhood, than would be provided by providing standard BMR homes for sale within the market-rate project. The use of any of these alternatives would require approval of the approving body at the time of entitlement.

- a. *Transfer of Credits:* Allow developers to provide BMR units at an alternative site rather than in the market-rate development. This option (also known as an "off-site" option) may include use of one alternative site for BMR units to satisfy the BMR requirements of one or more market-rate developments. This variation is also referred to as "pooling of credits" option.
- b. *Acquisition/Rehabilitation/Preservation:* Allow developers to acquire and/or rehabilitate a market-rate property and place a long-term affordability covenant on it, thus converting it to affordable housing, or rehabilitate and preserve an expiring affordable housing property and extend the term of affordability for at least 40 years. Using the option, a developer can opt to partner with or assist a non-profit developer on a project. This option is also referred to as the "existing unit conversion" option.
- c. *Alternative Housing Types:* Provide BMR homes within the market-rate development of slightly different housing types and/or sizes than the market rate homes. For instance, in a townhome project, provide BMRs as stacked flats, or in a single-family subdivision, provide BMRs as duets or townhomes. Design of the BMR structures must be consistent in design and scale with that of the market-rate homes, so as to blend in from the

street view. The units must also be of adequate size and quality to be marketable to buyers in the target income groups for the proposed BMR prices, given market conditions at the time of the development, as determined by the Community Development Director.

Goal 3: Greater consistency with state and federal law

1. *BMR Rental Program*: Due to a court decision rendered in July 2009 regarding the *Palmer/Sixth Street Properties v. City of Los Angeles* case, jurisdictions can no longer require rental housing developers to provide below market rate units unless they request and receive local subsidies for the BMR units. In light of this change, draft Chapter 19.67 is not applicable to new rental developments entitled after July 2009, however it includes provisions to maintain the affordability of existing BMR rental units, including one final project currently under construction, for the remainder of their terms of restriction, which range from 30 years to 55 years. It also includes provisions for streamlined administration of existing BMR rental units, and enforcement provisions similar to those in Chapter 19.65, as appropriate for rentals.
2. *Density Bonus*: State density bonus law provides regulatory incentives to developers for including affordable housing in their developments. It requires local jurisdictions to provide a "density bonus," which allows the developer to build more dwelling units per acre than otherwise allowed on the site by local zoning codes, if the developer includes qualifying affordable units in the project. State density bonus law was amended by Senate Bill 1818, which took effect in 2005 and set forth more detailed density bonus requirements applicable to developers and local jurisdictions. The current Ordinance includes several density bonus options that are no longer consistent with the new state density bonus law. Rather than reiterate all of the state provisions, which could be amended again in the future, the draft provisions simply refer to the state statutes. In addition, since the density bonus option is available for any residential project, not just those subject to the BMR requirements, the revised density bonus provisions are proposed to be located in Chapter 19.18.020, the section establishing maximum residential densities for each zoning district, rather than in the chapter containing BMR requirements.
3. Draft Chapter 19.65 applies the residential BMR requirements to all residential zones, including single family and mixed use zoning districts, in order to distribute BMR units as widely as possible throughout the City, in any new for-sale developments of nine or more homes or condominiums. This change brings the ordinance into greater compliance with fair housing law, and provides greater opportunities to create affordable housing and/or generate BMR in-lieu fee revenues.

Goal 4: More effective provisions for compliance monitoring and enforcement.

The current Ordinance states that the City may take any appropriate legal actions or proceedings necessary to ensure compliance with the Ordinance. In addition, it states that any individual who sells or rents a restricted unit in violation of the Ordinance is required to forfeit all monetary amounts received. Further, any individual who violates the terms of the Ordinance or any deed restrictions may be forced to vacate or sell the unit to the next eligible program participant. Draft Chapters 19.65 and 19.67 include improved provisions for enforcement related to recovery of excess proceeds in the case of foreclosure or insurance loss payments, and defines conflicts of interest and violations. Additional provisions allow eligible occupants who have been charged amounts in excess of those allowed by the BMR sales price or rent limits to pursue civil actions to recover such amounts, and allow the City to charge violators with a misdemeanor and/or institute various civil actions to enforce the requirements.

Goal 5: Allow developers to pay an in-lieu fee on a wider range of developments

The results of the nexus study conducted by EPS (**Attachment A**) support an average BMR requirement of 34% of the units in a project, or an in-lieu fee of approximately 7% of the sales price of the market rate units. The scope of this RTC did not include changing the percentage of BMR units required in developments providing the units on-site. Furthermore, a BMR requirement of 34% would likely be financially infeasible, and could discourage development of new housing needed to meet the demand generated by local workers and younger residents forming new households. Therefore the draft Chapter 19.65 contains the same BMR requirement of 12.5% as the current Ordinance, for those projects that provide BMR units on site. Reconsideration of the in-lieu fee amount was part of study issue 09-12C; however, coincidentally, the percentage supported by the nexus study (7%) is the same as the fee required in the current ordinance, therefore staff recommends leaving the approximate fee rate the same, while expressing it as a percentage of the sales price, rather than by the formula currently provided in the Ordinance.

Summary of Changes to In-Lieu Fee Requirements

1. *In-Lieu Fee*: Set the in-lieu fee at 7% of the market rate sales price. This results in a fee of essentially the same amount as would be paid under the current ordinance. The current ordinance expresses the fee amount by formula rather than a percentage of the sales price. However, the resulting payment per development would be virtually the same, based on the current difference between market-rate and BMR prices.
2. *Fractional Units*: Give developers the option to pay an in-lieu fee for the fractional unit or round up to provide an additional unit.

3. *Remove 19-unit Project Limit:* The current Ordinance only allows developers to use the in-lieu fee option in developments of 19 or fewer homes. Draft Chapter 19.65 removes this limit, allowing any development subject to BMR requirements to pay the fee, as long as the approving body approves this option at the time of entitlement.

FISCAL IMPACT

Adoption of the proposed Ordinance would not directly impact the General Fund. However it could increase the amount of BMR in-lieu fee revenue to the BMR in-lieu fee fund, which can be used to create affordable units and provide down-payment assistance loans for low- to moderate-income households, with a small percentage available for program administration.

PUBLIC CONTACT

Staff held outreach meetings for developers, affordable housing advocates and the general public on September 21, 2011 and on May 15, 2012. Overall, the response to the proposed amendments at these outreach meetings were positive. The second meeting [reserved for comments after the meeting is held].

Public Contact was made through posting of the Housing and Human Service Commission agenda on the City's official-notice bulletin board, on the City's Web site, and the availability of the agenda and report in the Office of the City Clerk.

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

ALTERNATIVES

1. Adopt the Ordinance provided in **Attachment B** to: modify the zoning code related to Below Market Rate Housing Requirements; update the density bonus provisions; and move the density bonus and single room occupancy subsections from Chapter 19.66 to Chapters 19.18 and 19.68, respectively.
2. Adopt the Ordinance with modifications to be determined by Council.
3. Take no action and/or direct staff to study additional options.

RECOMMENDATION

Alternative 1:

Adopt the Ordinance provided in Attachment B to: modify the zoning code related to Below Market Rate Housing Requirements; update the density bonus

provisions; and move the density bonus and single room occupancy subsections from Chapter 19.66 to Chapters 19.18 and 19.68, respectively.

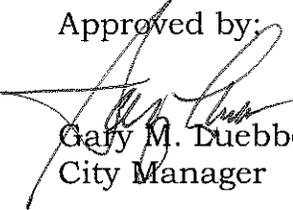
High housing costs are one of the most difficult challenges facing Silicon Valley. The need for more affordable housing is critical. The proposed zoning code modifications will preserve those aspects of the BMR home ownership program that have served Sunnyvale well for over thirty years, while providing developers with a menu of options for satisfying the BMR requirements. Although approval by an approving body is required for a number of these choices, the additional flexibility allows the City to work with developers on appropriate projects to produce a greater number of BMR units and/or units affordable to households with the greatest need for assistance, as indicated by the nexus study. This flexibility also allows for the option of developing rental units through the use of in-lieu fees, in the post-Palmer era, to meet the pressing need for rental units affordable to very low and low income households. In addition, the proposed modifications to the density bonus provisions and single room occupancy requirements improve clarity and organization of the zoning code, and are more consistent with current state law.

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Attachments

- A. Nexus Study by Economics & Planning Systems
- B. Draft Ordinance Modifying the Zoning Code related to Chapter 19.66: Affordable Housing and Single Room Occupancies
- C. Non-Routine CDD HO-01
- D. Summary of Current and Proposed Ordinance Changes

Attachment A
Nexus Study Draft – Economics & Planning Systems

The Economics of Land Use



Revised Draft Report

Nexus-Based Affordable Housing Fee Analysis for For-Sale Housing

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EXECUTIVE SUMMARY

Economic & Planning Systems, Inc. (EPS) was retained by the City of Sunnyvale (City) to conduct a nexus study analyzing the impact that development of market-rate housing has on the demand for below-market-rate housing and, based on the results, to determine the defensible nexus-based fee that could be charged to market-rate housing development.

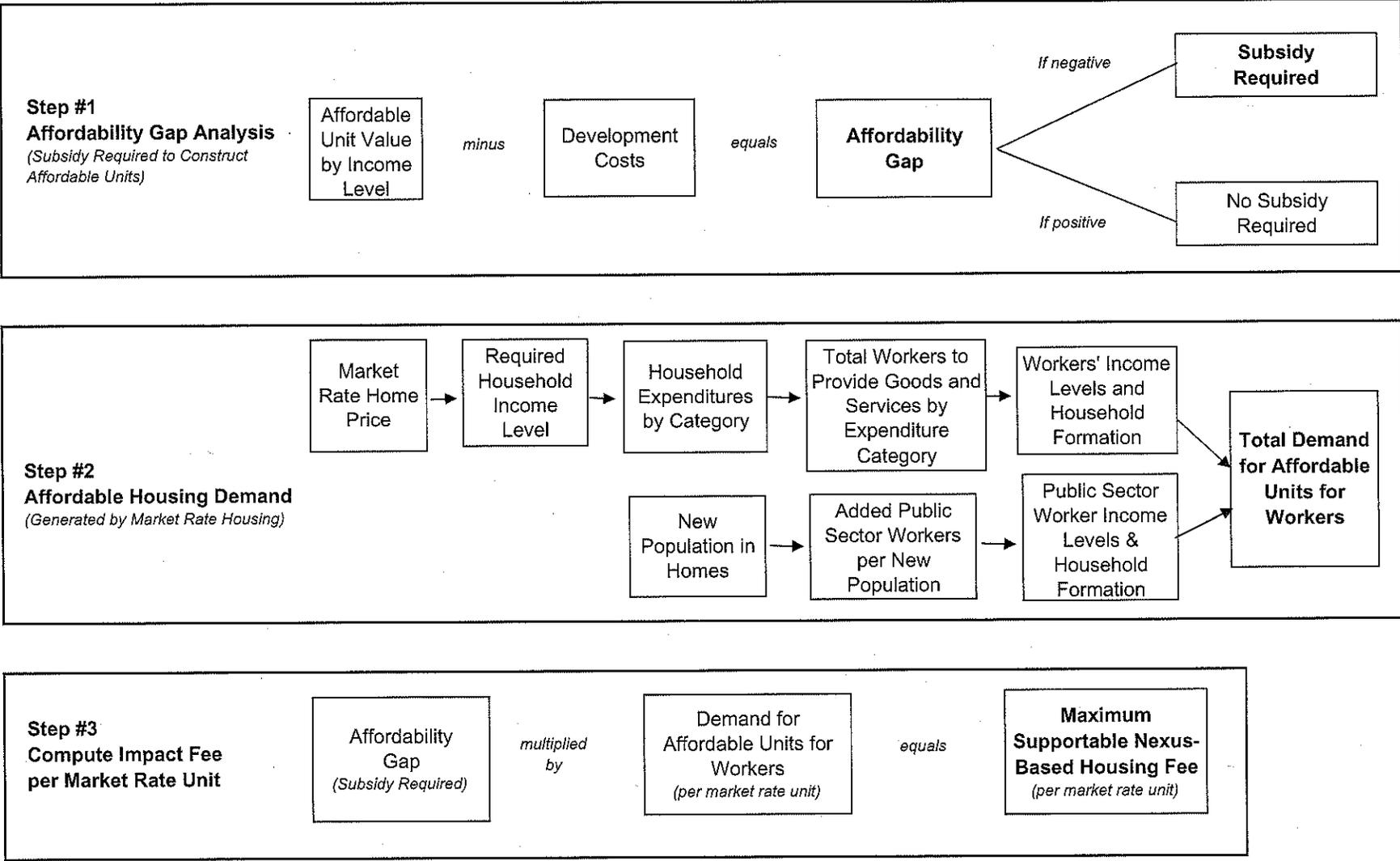
The technical approach used herein quantifies the impacts that the introduction of market-rate units have on the local economy and the demand for additional affordable housing. As new households are added to the community, local employment also will grow to provide the goods and services required by the new households. To the extent that these new jobs do not pay adequate wages for the employees to afford market-rate housing in the community, the new households' spending is creating a need for affordable housing. A nexus-based affordable housing fee is therefore based on the impact of the new market-rate homes on the demand for affordable housing. The fee calculated in this study represents the maximum fee that may be charged to new market-rate housing units to mitigate their impacts on the affordable housing supply. Such fees are then used by the City to subsidize the production of new affordable units for moderate- and lower-income households not accommodated by market-rate projects.

Calculating the impact of market-rate development in the City on affordable housing needs, and the fees needed to mitigate those impacts, involves three main analytical steps:

- **Step #1.** Estimate the typical subsidy required to construct units affordable at various income levels (the "affordability gap").
- **Step #2.** Determine the market-rate households' demand for goods and services, the jobs created by that demand, and the affordable housing needs of workers in those jobs.
- **Step #3.** Combine the affordability gap with the affordable housing demand projections to compute the maximum supportable nexus-based affordable housing fees per market-rate unit.

These technical steps are illustrated in **Figure 1** and detailed in the body of this Report and the attached Technical Appendices. The findings regarding each of these steps are presented below.

Figure 1
Illustration of Nexus-Based Housing Fee Methodology



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- 1. The costs to construct affordable housing units affordable to many households exceed those units' values based on the rents or prices that the households can afford to pay. The subsidy required to construct affordable housing units in Sunnyvale range from \$59,200 for a Median Income household to \$262,600 for a Very Low Income (VLI) household. Moderate Income households do not appear to require subsidies, as affordable prices for such households can support the costs of construction.**

An "affordability gap analysis" evaluates whether or not the costs to construct affordable units exceed the values of units that are affordable to lower- and moderate-income households. For each affordable housing income level (Very Low Income [VLI], Low Income [LI], Median Income, and Moderate Income) this analysis estimates the subsidy required to construct affordable housing units.

The affordability gap analysis assumes that the average affordable unit for all income levels will be a 2-bedroom unit in a multifamily development. The estimated costs to construct the prototypical affordable unit are based on recent Sunnyvale development projects and transactions, as well as other development cost data sources. The costs of land acquisition are included in these development cost calculations.

A household's ability to pay is estimated based on standard percentages of income available for housing costs at each household income level. Income available for housing costs is then converted into a monthly affordable rent and a capitalized unit value or an affordable mortgage payment and supportable home price. This unit value is then compared to the costs of development to determine the subsidy, if any, required to make the unit affordable to each income level.

- 2. The demand for affordable housing generated by the expenditures of new households in Sunnyvale increases along with the market-rate home value (and related owner income). For example, a unit that sells for \$500,000 is estimated to create demand for 0.22 affordable housing units, while a unit that sells for \$1,250,000 creates demand for 0.39 affordable units.**

Any justified nexus-based fee is based on the total demand for affordable housing units generated by construction of market-rate homes. The link (or nexus) between market-rate housing and increased demand for affordable housing is that residents of market-rate units demand goods and services that rely on wage earners (for example, retail sales clerks) who typically cannot afford market-rate housing and thus require affordable housing.

Because more expensive housing units require owners to have higher incomes, and higher income households create more jobs through their spending, the nexus impacts and thus the justified fees for units vary in relation to the price of the market-rate units.

This analysis evaluates the demand for affordable housing generated by a range of sale prices. For each unit's price, the demand-based nexus fee calculation involves the following steps:

- A. Market-Rate Household Income Levels.** The required income levels of households occupying new market-rate housing are derived based on the unit's mortgage, property taxes, insurance, and other fees, assuming standard housing cost expenses as a

proportion of overall household income. For example, a typical household owning a market-rate home that was purchased for \$500,000 would have an income of roughly \$119,000, if they spent 30 percent of their income on housing costs.

B. Household Expenditures. Based on the household income computed in Step A, Consumer Expenditure Survey data was used to evaluate the spending patterns of the household. This analysis provides an estimate of how much the household spends on specific categories of expenditures, such as "Food at Home." As the households' income increases with the value of the market-rate units, the total spending on goods and services also increases. The Consumer Expenditure Survey also indicates that these relationships are not linear (e.g., a household with twice the income does not necessarily spend twice as much on food).

C. Job Creation and Worker Households. Having estimated the households' spending on various items, that spending is then converted into an estimation of jobs created. For each expenditure category, data regarding average worker wages and the ratio between gross business receipts and wages were used to translate these household expenditures into the total number of private-sector workers. For selected public-sector jobs that typically grow in proportion to the local population size (e.g., teachers), the demand for new workers was estimated by relating current levels of employment in such categories to the current population and applying this ratio to future development. Because each new worker does not represent an independent household (Sunnyvale has an average of 1.53 workers per working household), the total number of new households created is somewhat less than the number of new jobs created. EPS has further adjusted the household formation rates to reflect the fact that a certain proportion of workers will *not* form their own households, particularly those of younger ages.¹

D. Worker Households by Income Category. Each worker household generated is assigned to an income category—Very Low Income (VLI), Low Income (LI), Median, Moderate, and Above Moderate—based on its estimated gross wages. This provides the basis for calculating the total number of households generated at each income level by construction of market-rate units at various price points. The results indicate that residents of lower-priced units generate fewer worker households requiring affordable housing than do residents of higher-priced units.

These steps of the nexus-based fee calculation provide the total number of income-qualified workers required to meet the needs for goods and services generated by market-rate housing. The number of workers servicing market-rate housing (at each price point) is then converted to total income qualified households and each such household is assumed to require one housing unit.

¹ BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that such young workers do not form their own households.

- 3. This analysis calculates the fees that could be charged to fully mitigate the impact that new market-rate housing has on Sunnyvale's affordable housing demand at various representative price points. These fees could range from roughly \$45,700 for units selling for \$500,000 to \$88,700 for units selling for \$1,250,000.**

The nexus fee is calculated by applying the number of affordable units needed by income qualified households to the affordability gap for each housing income category. This calculation is made for several different home values. **Table 1** summarizes the maximum nexus-based fees calculated for representative home values. The City may also consider whether to allow developers to provide affordable units within their projects, rather than paying the nexus-based fee. **Table 1** illustrates the proportions of affordable units that correspond to the fee calculation and demands created by the market-rate units. For instance, a project offering only units valued at \$500,000 would effectively mitigate the demand being created by the market-rate units if it provided 0.22 affordable units for each market-rate unit.

Table 1
Summary of Maximum Supportable Nexus-Based Housing Fees or Unit Requirements
City of Sunnyvale Nexus-Based Affordable Housing Fee Analysis, EPS #21123

	Nexus-Based Fees		Unit Requirements by Income Level				Total
	Fee per Unit	% of Value	VLI (50% of AMI)	Low (80% of AMI)	Median (100% of AMI)	Moderate (120% of AMI)	
<u>For-Sale Unit Price</u>							
\$500,000	\$45,711	9.1%	15.7%	3.1%	1.1%	2.0%	21.8%
\$750,000	\$55,209	7.4%	19.2%	3.2%	1.1%	2.0%	25.4%
\$1,000,000	\$71,972	7.2%	25.2%	3.9%	1.3%	2.0%	32.4%
\$1,250,000	\$88,735	7.1%	31.2%	4.6%	1.6%	2.0%	39.4%

Source: Economic & Planning Systems, Inc.

1. AFFORDABILITY GAP ANALYSIS

For any nexus-based affordable housing fee calculation, it is necessary to estimate the subsidy required to construct affordable housing units. **Table 2** shows the subsidy needed to produce multifamily for-sale housing that is affordable to median- and moderate-income households, while **Table 3** calculates the subsidies for rental housing affordable to very low-, low-, median- and moderate-income households.

Affordable Housing Unit Type

While the nexus fees calculated herein are based on demands created by for-sale housing that may be single-family or multifamily, the analysis assumes that new lower-income worker households would actually be housed in multifamily developments in Sunnyvale. Developable residential land in Sunnyvale is very expensive, at approximately \$3 million per acre. Constructing single-family detached or even attached housing would require land costs of several hundred thousand dollars per unit, in addition to the costs of actually building the housing units. Multifamily affordable housing is more financially feasible in this market context because the high land costs can be spread over more units per acre, and the overall prices to develop the affordable units can be closer to the prices that income-qualified households can afford. EPS has assumed that these projects will have an average density of 42 units per acre, and be built in woodframe buildings of three to four stories over parking podiums beneath the building (but not fully underground).

In order to determine the average household size of future affordable housing units, EPS used two estimates from the 2010 Census. The Census indicates that the average household size is 2.61 people and the average family size in Sunnyvale is 3.15 people. Each of these figures rounds to an average of three people per unit, so EPS uses this assumption to determine the applicable income limits for the new units.

California State law (California Health and Safety Code Section 50052.5) assumes that a 2-bedroom unit is occupied by a 3-person household, and this assumption is used in this analysis. Typically, a 2-bedroom unit in the Bay Area has a gross size of about 1,100 square feet (accounting for shared lobbies, hallways, etc.) and a net size of 950 square feet.

This analysis assumes that all new affordable housing for very low- and low-income households would be rental units, rather than for-sale units. This assumption reflects the fact that many households at lower incomes will not have adequate wealth reserves for down payments on homeownership units, and may have further difficulty absorbing the ongoing costs of homeownership (taxes, repairs, etc.) that they can effectively avoid by renting their homes rather than buying. For median- and moderate-income households, EPS has assumed the housing could be either rental or for-sale, as these households are more likely to have wealth reserves for down payments. This analysis assumes homes for these households would be provided in whatever tenure (rental vs. for-sale) required the least subsidy. As shown on **Tables 2 and 3**, rental units are estimated to require a lower subsidy under present market conditions.

Table 2
Affordability Gap Analysis -- For-Sale Affordable Housing Unit Type
City of Sunnyvale Nexus-Based Affordable Housing Fee Analysis, EPS #2112

	3-4 Stories Multifamily Building With Podium Parking	
	Median Income (100% AMI)	Moderate Income (120% AMI)
Development Program Assumptions		
Density/Acre	42	42
Gross Unit Size	1,100	1,100
Net Unit Size	950	950
Number of Bedrooms	2	2
Number of Persons per 2-bedroom Unit [1]	3	3
Parking Spaces/Unit	2.00	2.00
Cost Assumptions		
Land/Acre [2]	\$3,000,000	\$3,000,000
Land/Unit	\$71,429	\$71,429
Direct Costs		
Direct Construction Costs/Net SF [3]	\$190	\$190
Direct Construction Costs/Unit	\$180,500	\$180,500
Parking Construction Costs/Space	\$15,084	\$15,084
Parking Construction Costs/Unit	\$30,167	\$30,167
Subtotal, Direct Costs/Unit	\$210,667	\$210,667
Indirect Costs as a % of Direct Costs [4]		
Indirect Costs/Unit	\$84,267	\$84,267
Developer Profit Margin (% of all costs)		
Developer Profit	\$36,636	\$36,636
Total Cost/Unit	\$402,999	\$402,999
Maximum Supported Home Price		
Household Income [5]	\$93,300	\$111,850
Income Available for Housing Costs/Year [6]	\$27,990	\$33,555
Less Annual HOA Fees and Insurance [7]	\$3,784	\$3,784
Less Property Taxes (1.1738%) [8]	\$4,465	\$5,500
Income Available for Mortgage	\$19,741	\$24,271
Mortgage Interest Rate [9]	5.0%	5.0%
Mortgage Repayment Period (years)	30	30
Down Payment [10]	\$33,719	\$41,457
Total Supportable Unit Value	\$337,193	\$414,568
Affordability Gap	\$65,806	\$0

[1] An average of 3 persons is used for this analysis based on Census data indicating the average family and household size in Sunnyvale is approximately 3 persons, and State law (Health and Safety Code Section 50052.5) indicates that a 2-bedroom unit should be assumed to be occupied by a 3-person household. Thus, EPS has assumed an average unit for income-qualified worker households would be 2-bedrooms.

[2] Based on an appraisal of 485 North Wolfe Rd completed in May of 2011 and corroborated by a calculation of residual land value. Asking prices of recent listings of residential land tend to be higher, so this estimate is considered conservative.

[3] Includes on-site work, offsite work, vertical construction, general requirements, overhead and developer fees. Assumes for-sale homes have a higher level of finish than rentals, and cost \$10 more per square foot.

[4] Includes costs for architecture and engineering; entitlement and fees; project management, marketing, commissions, and general administration; financing and charges; insurance; and contingency.

[5] Based on 2011 income limits for a three-person household in Santa Clara County at 100% and 120% of AMI, respectively.

[6] Assumes housing costs to be 30% of gross household income.

[7] Assumes HOA dues of \$275 per month and insurance costs of 0.12% of the total cost/unit.

[8] Includes special assessment districts in addition to the base tax rate of 1.00%, and is applied to total cost/unit.

[9] Based on prevailing terms for a 30-year fixed rate mortgages in the 3rd quarter of 2011.

[10] Assumes a 10% down payment.

Source: City of Sunnyvale; HUD; Economic & Planning Systems, Inc.

Table 3
Affordability Gap Analysis -- Rental Product Type
City of Sunnyvale Nexus-Based Affordable Housing Fee Analysis, EPS #2112:

	3-4 Stories Multifamily Building With Podium Parking			
	Very Low Income (50% AMI)	Low Income (80% AMI)	Median Income (100% AMI)	Moderate Income (120% AMI)
Development Program Assumptions				
Density/Acre	42	42	42	42
Gross Unit Size	1,100	1,100	1,100	1,100
Net Unit Size	950	950	950	950
Number of Bedrooms	2	2	2	2
Number of Persons per 2-bedroom Unit [1]	3	3	3	3
Parking Spaces/Unit	2.00	2.00	2.00	2.00
Cost Assumptions				
Land/Acre [2]	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000
Land/Unit	\$71,429	\$71,429	\$71,429	\$71,429
Direct Costs				
Direct Construction Costs/Net SF [3]	\$200	\$200	\$180	\$180
Direct Construction Costs/Unit	\$190,000	\$190,000	\$171,000	\$171,000
Parking Construction Costs/Space	\$15,084	\$15,084	\$15,084	\$15,084
Parking Construction Costs/Unit	\$30,167	\$30,167	\$30,167	\$30,167
Subtotal, Direct Costs/Unit	\$220,167	\$220,167	\$201,167	\$201,167
Indirect Costs as a % of Direct Costs [4]	40%	40%	40%	40%
Indirect Costs/Unit	\$88,067	\$88,067	\$80,467	\$80,467
Total Cost/Unit	\$379,662	\$379,662	\$353,062	\$353,062
Maximum Supported Home Price				
Household Income [5]	\$46,650	\$71,450	\$93,300	\$111,850
Income Available for Housing Costs/Year [6]	\$13,995	\$21,435	\$27,990	\$33,555
Less Utility Costs [7]	\$1,560	\$1,560	\$1,560	\$1,560
Income Available for Rent Payments	\$12,435	\$19,875	\$26,430	\$31,995
Operating Expenses per Unit/Year	\$6,000	\$6,000	\$8,800	\$9,200
Net Operating Income [8]	\$6,435	\$13,875	\$17,630	\$22,795
Capitalization Rate [9]	5.5%	5.5%	6.0%	6.0%
Total Supportable Unit Value [10]	\$117,000	\$252,273	\$293,833	\$379,917
Affordability Gap	\$262,662	\$127,390	\$59,229	\$0

[1] An average of 3 persons is used for this analysis based on Census data indicating the average family and household size in Sunnyvale is approximately 3 persons, and State law (Health and Safety Code Section 50052.5) indicates that a 2-bedroom unit should be assumed to be occupied by a 3-person household. Thus, EPS has assumed an average unit for income-qualified worker households would be 2-bedrooms.

[2] Based on an appraisal of 485 North Wolfe Rd completed in May of 2011 and corroborated by a calculation of residual land value. Asking prices of recent listings of residential land tend to be higher, so this estimate is considered conservative.

[3] Includes on-site work, offsite work, vertical construction, general requirements, overhead and developer fees. Assumes a for-profit builder of moderate-income homes can build a unit for 10% less per square foot than can a non-profit builder.

[4] Includes costs for architecture and engineering; entitlement and fees; project management; appraisal and market study; marketing, commissions, and general administration; financing and charges; insurance; developer fee and contingency.

[5] Based on 2011 income limits for a three person household in Santa Clara County at the four income levels

[6] Assumes housing costs to be 30% of gross household income based on maximum rents established under Sunnyvale's current BMR rental program.

[7] Based on Santa Clara County Authority 2011 Utility Allowance Table assuming a low-rise garden apartment and natural gas for heating and cooking.

[8] Moderate income units generate rents similar to market-rate units, so EPS assumes that any moderate income units would be subject to property tax. Units for lower income levels are assumed to be produced by non-profit builders and thus not taxable.

[9] The capitalization rate is used to determine the current value of a property based on estimated future operating income, and is typically a measure of estimated development risk. Capitalization rates assumed herein are based on PwC Real Estate Investor Surveys from recent years. Median- and moderate-income units are assumed to be built by for-profit builders and have more market risk than affordable units, so a higher capitalization rate is used.

[10] The total supportable unit value is determined by dividing the net operating income by the capitalization rate.

Sources: City of Sunnyvale; Affordable housing developers; HUD; PwC; Economic & Planning Systems, Inc.

Development Cost Assumptions

Affordable housing development costs include land costs, direct costs (e.g. labor and materials), indirect or "soft" costs (e.g., architecture, entitlement, marketing, etc.), and developer profit. For rental projects, operating costs also must be incorporated into the analysis. Data from recent Sunnyvale development and recent land transactions have been combined with EPS's information from various market-rate and affordable housing developers to determine appropriate development cost assumptions for use in Sunnyvale. These assumptions are shown on **Tables 2 and 3**.

Please note that the land value assumption is based on a recent appraisal for residential land in Sunnyvale, located at 485 North Wolfe Road, and sums to \$3.0 million per acre. EPS believes this figure is conservative (i.e., low) for two reasons: 1) current asking prices for developable residential land in Sunnyvale are as high as \$4.7 million per acre, and 2) a "residual land value analysis" suggests that developers of market-rate apartments can afford to pay more than \$3.0 million per acre for developable land. This latter assessment is based on the following calculations, using figures for two-bedroom rental units from **Tables 3 and 4**:

$$\begin{aligned} \text{Unit Value - Development Costs (excl. Land)} &= \text{Land Value/Unit} \times \text{Units/Acre} = \text{Land Value/Acre} \\ \$365,000 - \$282,000 &= \$83,000 \times 42 = \$3,500,000 \end{aligned}$$

Revenue Assumptions

To calculate the values of the affordable units, assumptions must be made regarding the applicable income level (moderate, median, LI, and VLI) and the percentage of income spent on housing costs. In addition, translating these assumptions into unit prices and values requires estimates of operating expenses, capital reserves, and capitalization rates. The following assumptions were used in these calculations:

- *Income Levels*—The maximum allowable incomes used in each affordable housing income category are consistent with those set forth by both the federal government (U.S. Department of Housing and Urban Development [HUD]) and State government (California Department of Housing and Community Development [HCD]): VLI = 50 percent of Area Median Income (AMI), LI = 80 percent of AMI, Median Income = 100 percent of AMI, and Moderate Income = 120 percent of AMI.
- *Percentage of Gross Household Income Available for Housing Costs*—HCD standards on overpaying for rent indicate that households earning less than 80 percent of AMI should pay no more than 30 percent of their gross income on housing costs. For this analysis, EPS has assumed that VLI, LI, median, and moderate-income rental households shall spend 30 percent of their gross income on housing costs, including rent and utilities in rental projects or mortgage payments, homeowner association fees, insurance, and property taxes for for-sale units.

Table 4
Capitalized Unit Value
City of Sunnyvale Nexus-Based Affordable Housing Fee Analysis, EPS #21123

Apartment Size	Average Rent [1]	Estimated Unit Value			
		Gross Revenue/ Year	Operating Expenses/ Year	Property Taxes [2]	Capitalized Value [3]
<i>Formula</i>	A	$F = A * 12$	G	$H = (F - G) / 6.5\% * 0.00994$	$I = (F - G - H) / 6.5\%$
Studio	\$1,700	\$20,400	\$4,000	\$2,508	\$213,724
1-Bedroom	\$2,250	\$27,000	\$4,500	\$3,441	\$293,219
2-Bedroom	\$2,750	\$33,000	\$5,000	\$4,282	\$364,895
3-Bedroom	\$3,320	\$39,840	\$5,500	\$5,251	\$447,517

[1] Based on average rents for new rental project in each unit size category as determined by a survey of the City's most recently developed multifamily projects - Cherry Orchard, Tamarind Square, Via and Villa Del Sol. Because none of these projects have studio units, EPS estimated the price for new studio units to be 75 percent of the cost of new 1-bedroom units, consistent with the ratio of studio vs. 1-bedroom rents found in other, older Sunnyvale apartments.

[2] Formula replicates the calculation of property taxes at 1.1738% of unit value without creating a circular reference.

[3] Though existing and occupied rental projects may have capitalization rates around 5.5% in current market conditions, EPS assumes a slightly higher rate here to reflect the risks associated with construction and marketing of new projects.

Source: City of Sunnyvale; Santa Clara County Housing Authority; Economic & Planning Systems, Inc.

- *Other Costs Included for Rental Units*—In addition to rent payments, the analysis assumes approximately \$130 per month in utility costs based on the Santa Clara County Housing Authority 2011 utility allowance table. This amount is subtracted from the total available housing costs (30 percent of household income) to determine the net amount available for rent payments.
- *Operating Costs for Rental Units*—The analysis assumes that apartment operators incur annual costs of \$6,000 per unit for LI and VLI units, \$8,800 for Median Income units and \$9,200 for Moderate units. EPS has assumed the Median and Moderate income units would be built by for-profit builders and subject to property taxes.

Affordability Gap Results

Table 2 shows the subsidy required to build for-sale units for median- and moderate-income households. The affordability gap ranges from \$0 for moderate-income households (i.e., moderate-income households can afford home prices adequate to cover the costs of construction) to \$65,800 for median-income households.

Table 3 shows the subsidies for construction of rental apartments for VLI through moderate-income households. The affordability gap ranges from \$0 for moderate-income households to \$262,600 for VLI households. The affordability gap for VLI households is much higher because these households have significantly less income available for housing costs, while construction costs remain essentially the same.

Comparing these two tables, it appears that the subsidy required to construct a rental unit is lower than a for-sale unit for the same income category. EPS has assumed that households of all income categories would be offered housing at the lowest potential subsidy (in this case, rentals), thereby minimizing rather than maximizing the nexus-based fee.

These affordability gaps then were used to calculate the justified nexus-based fees by multiplying this required subsidy by the number of units required to house workers providing goods and services to new market-rate housing development. This methodology is discussed in more detail in the following section.

2. DEMAND-BASED NEXUS FEE CALCULATION

The maximum supportable nexus-based fees are based on both the affordability gap, calculated in the previous section, and the estimated impact that new market-rate units have on the need for affordable units, as reflected in the number of income-qualified local workers required to support the residents of market-rate units and the total subsidy required to construct housing for those workers. This approach is based on the following logic: (a) residents of market-rate housing have disposable incomes and require a variety of goods and services (including private sector goods and services and public sector services); (b) the provision of those goods and services will require some workers who make moderate or lower incomes and cannot afford market-rate housing; and (c) fees charged to market-rate projects can mitigate the impact of those projects on the increased need for affordable housing.

Market-Rate Household Income Levels

Households with larger incomes typically spend more on goods and services, therefore creating additional lower income jobs, which in turn generate a greater demand for affordable housing. To assess the impact that market-rate units have on the need for affordable housing, EPS has estimated the household income required to purchase a home at various home values, as shown in **Table 5**. The income required to purchase a unit at a particular price point is based on assumptions of the standard down payment, financing terms, property taxes, and other costs related to owning a home. These housing costs typically account for 30 percent of a household's income, and therefore, by knowing these costs, the required income to purchase each unit can be estimated. As shown, required household incomes range from approximately \$119,000 for a \$500,000 unit to roughly \$281,000 for a \$1,250,000 unit.

Household Expenditures and Job Creation by Income Level

Having established the income requirements for purchasing units at various values, the fee calculation then requires an analysis of the household spending patterns at those required income levels. Consistent with nexus fee calculations and impact analysis for schools, parks, roads, etc., this analysis also assumes that all households purchasing new market-rate units in Sunnyvale are "net new" households to the City. To assume otherwise—for instance, that only those buyers of new housing units relocating from outside Sunnyvale should be counted in the impact analysis—would require assuming that the homes left by those households relocating *within* Sunnyvale would be demolished or left vacant in perpetuity. This would only be the case were the City experiencing a significant loss of population and housing inventory, as has occurred, for instance, in Detroit. Sunnyvale has not experienced such declines.

The Consumer Expenditure Survey from the United States Bureau of Labor Statistics provides data for households at a variety of income levels, detailing the amounts that typical households spend on things like "Food at Home," "Apparel and Services," and "Vehicle Maintenance and Repairs." Interestingly, household expenditures by category are not uniformly proportional to household income levels. For example, households earning around \$119,000 (adequate

Table 5
Required Income by Unit Price - Market-Rate For-Sale Units
City of Sunnyvale Nexus-Based Affordable Housing Fee Analysis, EPS #21123

Base Unit Price	Mortgage (Price less 20% Down)	Annual Mortgage Payment	Property Taxes	Estimated Annual HOA Dues	Home-owners Insurance	Minimum Required Income
		[1]	[2]	[3]	[4]	[5]
\$500,000	\$400,000	\$26,021	\$5,869	\$3,300	\$550	\$119,132
\$750,000	\$600,000	\$39,031	\$8,804	\$3,300	\$825	\$173,198
\$1,000,000	\$800,000	\$52,041	\$11,738	\$3,300	\$1,100	\$227,264
\$1,250,000	\$1,000,000	\$65,051	\$14,673	\$3,300	\$1,375	\$281,330

- [1] Based on mortgage terms of 20% down payment and 5% interest for 30 years.
- [2] Per the City of Sunnyvale, assumes property tax rate of 1.1738%.
- [3] Per the City of Sunnyvale assumes HOA dues are \$275/month.
- [4] Assumes homeowners insurance costs of 0.11% of the assumed unit value.
- [5] Assumes 30% of gross household income spent on housing costs.

Source: City of Sunnyvale; HUD; forsalebyowner.com; Economic & Planning Systems, Inc.

to purchase a \$500,000 unit) spend roughly 9.6 percent of their income on food and drink (at home and eating out), while households earning \$281,000 who can afford to purchase a \$1,250,000 unit spend only about 6.4 percent of their income on food and drink. Because of these and other differences in proportionate spending, the expenditure profile varies at different income levels.

The household's typical expenditures were converted to the number of jobs created by their spending. The first step in this process is to determine how much of an industry's gross receipts are used to pay wages and employee compensation. EPS relied on data from the Economic Census,² which provides employment, gross sales, and payroll data by industry for Santa Clara County. In certain instances, Santa Clara County data was not available for every Economic Census industry—in those cases, EPS relied on statewide Economic Census data for that industry.

To link the Economic Census data and the Consumer Expenditure Survey data, EPS made determinations as to the industries involved with expenditures in various categories. For example, purchases in the Consumer Expenditure Survey's "Food at Home" category would likely involve the Economic Census's "Food & Beverage Stores" industry, where gross receipts were more than 8 times the employees' wages. By contrast, purchases in the Consumer Expenditure Survey's "Entertainment Fees and Admissions" category were attributed to the Economic Census' "Arts, Entertainment, and Recreation" industry, where gross receipts are only about 3 times the employees' wages. Where more than one Economic Census category was attributable to a Consumer Expenditure Survey category, EPS estimated the proportion of expenditures associated with each Economic Census category.

After determining the amount of the household's expenditures that were used for employee wages, EPS estimated the number of employees those aggregate wages represent. EPS calculated the number of workers supported by that spending using the average wage per worker (also from the 2007 Economic Census). These wages ranged from a low of roughly \$16,000 per year for workers in the food services industry to a high of more than \$96,000 average salary for architectural and engineering services.³

This methodology recognizes that a range of occupations and incomes exist in a given industry sector. For instance, the methodology used to generate **Tables A-1 to A-5** in **Appendix A** distinguishes between the typical incomes of workers in different types of retail stores (e.g., "food and beverage stores" versus "general merchandise stores"), rather than assuming all retail sector workers earn the same income. However, the average wage is used for each sub-category of industry employment and represents a reasonable proxy for the range of incomes in that group: while some employees will have higher wages and require lower subsidies, others

² Note that the Consumer Expenditure Survey data is based on information current as of 2010. The latest data available for the Economic Census was published in 2007. Because the data sources were from different years, EPS converted the 2010 expenditures to 2007 dollars using the Consumer Price Index (CPI) for the San Francisco Metropolitan Statistical Area (MSA) from the Bureau of Labor Statistics.

³ Note that the average salary reported for architectural and engineering services reflects the full range of workers employed by that industry sector, including administrative staff and entry-level employees, as well as the professional and technical architects and engineers.

will have lower incomes and require higher subsidies. Using the average approximates the total housing subsidy needed by workers in that industry.

To calculate the number of *households* supported by the expenditures of market-rate housing units, EPS estimated the employees' household formation rates. Importantly, employees generated from the increase in housing units do not all form households; some employees, in the retail and food services industries in particular, are young workers and do not form households. Data from the Bureau of Labor Statistics indicates that 12.5 percent of retail/restaurant workers are age 16-19, but an average of only 1.9 percent of workers in other industries. EPS applied these discounts to household formation to get a more accurate calculation of households formed by the employees and the average total incomes of those households.

To get the overall households' income rather than the individual workers', the wages of workers forming households were multiplied by the average of approximately 1.53 workers per working household in Sunnyvale.⁴ This assumption implies the workers in a given household will have roughly equivalent pay per hour. While certainly there will often be some variation in wages per employee within a household, on average this assumption is reasonable because it implies comparable levels of education and training among all workers in a household. The average household incomes then are allocated to various income categories to estimate the number of affordable housing units demanded in each income category (VLI, LI, median, and moderate-income).

A simplified example of these calculations follows:

A.	Number of Households (prototype project)	1,000
B.	Average Household Income (in the project)	\$125,000
C.	Aggregate Household Income (A x B)	\$125 million
D.	Average Income Spent on Retail (Consumer Expenditure Survey)	\$40,000
E.	Aggregate Retail Spending (A x D)	\$40 million
F.	Retail Gross Receipts: Payroll Ratio (Economic Census)	8:1
G.	Estimated Retail Payroll (E ÷ F)	\$5 million
H.	Average Retail Wage (Economic Census)	\$25,000
I.	Estimated Total Retail Jobs (G ÷ H)	200
J.	Average Workers/Household (Census Data)	1.53
K.	Estimated Households Created (I ÷ J)	130
L.	Average Household Income (H x J)	\$38,250
M.	Income Category (HCD Income Standards)	VLI

In this simplified example, 1,000 new market-rate units sold to households earning \$125,000 per year would create demand for 130 VLI housing units for retail workers. Actual calculations and impact distinctions by type of household expenditure for various home values are shown in the series of tables presented in **Appendix A**.

⁴ Workers per working household based on the U.S. 2010 Census data. The average workers per working household estimate is calculated by taking the total number of employed residents and dividing it by the number of households with earnings. This methodology seeks to provide a conservative estimate of household formation by excluding households without workers or earnings (such as those with retired persons).

Demand for Public-Sector Workers

In addition to the jobs created by the spending of the new market-rate households, this analysis also aims to evaluate the number of public-sector employees generated by the public service demands of new market-rate households. Rather than a comprehensive computation of public-sector employment, the analysis aims to be conservative by sampling only certain public-sector jobs (e.g., teachers and transportation providers) that are expected to grow in proportionate measure to household growth.

Data from the 2010 Occupational Employment Survey for the San Jose-Sunnyvale-Santa Clara MSA was used to determine the number of these public-sector employees needed to serve new market-rate development. This data was generated by the California Employment Development Department (EDD) and provides employment and wage information for a variety of occupational categories. EPS reviewed the data and sampled occupations that were public sector-related, as shown in **Table A-6** in **Appendix A**.

Based on the ratio of the selected public-sector jobs to the total households in the MSA, EPS estimates that approximately 47 public sector jobs or 31 households with a public sector employee are required per 1,000 total households. These figures are conservative (i.e., low) because numerous types of public-sector jobs are *not* included in this analysis (such as federal postal workers, County health and human services workers, etc.). Also, please note that EPS has no basis to distinguish differences in the number of public-sector workers demanded by households based on different income levels or in different sizes of units, so the same numbers of public-sector jobs are assumed to be generated by units of all sizes and prices.

Combined Demand for Income-Qualified Workers

The total number of income-qualified households required to support the expenditure and public-sector service needs of new market-rate units were determined based on the affordable housing income limits from HUD and HCD for a 3-person household. **Table 6** summarizes the HUD and HCD income limits used to compute the total number of income-qualified households generated by construction of market-rate units.⁵ The number of income-qualified households required to provide goods and services to new housing units summarized in **Table 7** and detailed in **Appendix B**.

The nexus methodology used herein computes the total number of income-qualified households generated by market-rate units and calculates the impact fee based on the estimated cost to subsidize the production of units to meet that affordable housing demand. This methodology does not suggest that all lower income service workers serving City residents reside in the City, but it does assume that new development should mitigate for the new affordable housing demand it creates.

⁵ To correspond to the available data regarding employee wages, the 2007 Santa Clara County affordable housing income limits from HUD and HCD were used to determine the number of income-qualified households, based on household expenditures, while 2011 income limits were used for public-sector employment.

Table 6
HUD Income Limits
City of Sunnyvale Nexus-Based Affordable Housing Fee Analysis, EPS #21123

Affordability Category	Percentage of County Median	2007 Max Income 3-person household	2010 Max Income 3-person household	2011 Max Income 3-person household
		[1]	[2]	[3]
Very Low Income (VLI)	< 50%	\$47,750	\$46,600	\$46,650
Low Income (LI)	51% - 80%	\$76,400	\$72,650	\$71,450
Median Income	100%	\$95,500	\$93,200	\$93,300
Moderate Income (Mod) [4]	81% - 120%	\$114,600	\$111,800	\$111,850

[1] 2007 HUD maximum income thresholds are used to relate 2007 economic census data regarding average worker wages and total worker household income to affordable housing categories.

[2] 2010 HUD maximum income thresholds are used to relate 2010 EDD data regarding public sector employment, wages and total worker household incomes to affordable housing categories and to compute supportable housing costs based on household income levels.

[3] 2011 HUD maximum income thresholds are used to estimate the values of units built to house the workers generated by spending from new households.

[4] Moderate Incomes are from the California Department of Housing and Community Development because they are not listed by HUD.

Sources: CA Department of Housing and Community Development; U.S. Department of Housing and Urban Development; Economic & Planning Systems, Inc.

Table 7
Summary of Worker and Household Generation per 100 Market-Rate Units
City of Sunnyvale Nexus-Based Affordable Housing Fee Analysis, EPS #21123

Unit Type	Minimum Household Income Requirement	Total Workers Generated	Total Worker Households	Total Income Qualified Households	Income Qualified Households by Income Category			
					VLI Households	LI Households	Median Income Households	Moderate Income Households
		[1]	[2]	[3, 4]				
For-Sale Units								
\$500,000	\$119,132	36.5	22.0	21.8	15.7	3.1	1.1	2.0
\$750,000	\$173,198	42.5	25.7	25.4	19.2	3.2	1.1	2.0
\$1,000,000	\$227,264	54.1	32.7	32.4	25.2	3.9	1.3	2.0
\$1,250,000	\$281,330	65.8	39.7	39.4	31.2	4.6	1.6	2.0

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[1] Total workers generated detailed by unit price point and rental apartment size in Tables B-1 through B-4.

[2] Total worker households derived assuming 1.53 workers per household. Includes a 12.5% discount for retail and 1.9% discount for other industries to account for workers under age 20.

[3] Total income qualified households reflects those households eligible for affordable housing based on total household income. Income qualified households therefore exclude households earning above moderate income. See Tables B-1 through B-4 for detail.

[4] Total may not sum due to rounding.

Source: Economic & Planning Systems, Inc.

Fee Calculation

The affordability gap analysis quantifies the subsidy required to construct affordable housing at various income levels (VLI, LI, etc.). Analysis of consumer expenditures that rely on lower wage workers provides an estimate of the total number of income-qualified households generated by new for-sale units. Then for each category of market-rate units, the nexus-based fee is calculated by applying the total number of income-qualified households generated to the affordability gap computed for each affordable household income level. The analysis provides the maximum supportable nexus-based fees for new housing development in the City of Sunnyvale.

Tables 8 through **11** show the impact fee calculation by home value. The total impact fees required for a representative project of 100 units is calculated by multiplying the number of affordable units required per income level by the cost of subsidizing such housing. All income-qualified households are assumed to be housed in multifamily units and the subsidies needed are calculated as the affordability gaps shown in **Tables 2** and **3**. This assumption reflects the lower of the affordability gaps (and therefore fee amounts) associated with providing multifamily rental or for-sale units. The resulting maximum impact fee for market-rate units ranges from approximately \$45,700 for a \$500,000 unit to roughly \$88,700 for a \$1,250,000 unit.

Table 8
Nexus-Based Housing Fee Calculations (\$500,000 Unit)
City of Sunnyvale Nexus-Based Affordable Housing Fee Analysis, EPS #21123

Item	Affordable Units Required Per 100 Market-Rate Units [1]	Affordability Gap per Affordable Unit [2]	Total Nexus-Based Fee Supported	
			Per 100 Market-Rate Units	Per Market-Rate Unit
	(A)	(B)	(C = A * B)	(D = C / 100)
Affordable Units - Very Low Income	15.7	\$262,662	\$4,115,223	
Affordable Units - Low Income	3.1	\$127,390	\$391,995	
Affordable Units - Median Income	1.1	\$59,229	\$63,875	
Affordable Units - Moderate Income [3]	<u>2.0</u>	\$0	<u>\$0</u>	
Total	21.8		\$4,571,093	\$45,711

[1] See Table 7.

[2] See Tables 2 and 3. EPS has assumed all affordable units will be rental because the subsidy to construct rental units is lower than for-sale for every income-category.

[3] While market rate development creates demand for affordable housing for moderate income levels, because there is no affordability gap (see Table 2), the impact fee computed does not include a subsidy for moderate-income affordable housing.

Source: Economic & Planning Systems, Inc.

Table 9
Nexus-Based Housing Fee Calculations (\$750,000 Unit)
City of Sunnyvale Nexus-Based Affordable Housing Fee Analysis, EPS #21123

Item	Affordable Units Required Per 100 Market-Rate Units [1]	Affordability Gap per Affordable Unit [2]	Total Nexus-Based Fee Supported	
			Per 100 Market-Rate Units	Per Market-Rate Unit
	(A)	(B)	(C = A * B)	(D = C / 100)
Affordable Units - Very Low Income	19.2	\$262,662	\$5,054,348	
Affordable Units - Low Income	3.2	\$127,390	\$403,273	
Affordable Units - Median Income	1.1	\$59,229	\$63,252	
Affordable Units - Moderate Income [3]	<u>2.0</u>	\$0	<u>\$0</u>	
<i>Total</i>	25.4		\$5,520,873	\$55,209

[1] See Table 7.

[2] See Tables 2 and 3. EPS has assumed all affordable units will be rental because the subsidy to construct rental units is lower than for-sale for every income-category.

[3] While market rate development creates demand for affordable housing for moderate income levels, because there is no affordability gap (see Table 2), the impact fee computed does not include a subsidy for moderate-income affordable housing.

Source: Economic & Planning Systems, Inc.

Table 10
Nexus-Based Housing Fee Calculations (\$1,000,000 Unit)
City of Sunnyvale Nexus-Based Affordable Housing Fee Analysis, EPS #21123

Item	Affordable Units Required Per 100 Market-Rate Units [1]	Affordability Gap per Affordable Unit [2]	Total Nexus-Based Fee Supported	
	(A)	(B)	Per 100 Market-Rate Units (C = A * B)	Per Market-Rate Unit (D = C / 100)
Affordable Units - Very Low Income	25.2	\$262,662	\$6,622,636	
Affordable Units - Low Income	3.9	\$127,390	\$496,043	
Affordable Units - Median Income	1.3	\$59,229	\$78,504	
Affordable Units - Moderate Income [3]	<u>2.0</u>	\$0	<u>\$0</u>	
Total	32.4		\$7,197,184	\$71,972

[1] See Table 7.

[2] See Tables 2 and 3. EPS has assumed all affordable units will be rental because the subsidy to construct rental units is lower than for-sale for every income-category.

[3] While market rate development creates demand for affordable housing for moderate income levels, because there is no affordability gap (see Table 2), the impact fee computed does not include a subsidy for moderate-income affordable housing.

Source: Economic & Planning Systems, Inc.

Table 11
Nexus-Based Housing Fee Calculations (\$1,250,000 Unit)
City of Sunnyvale Nexus-Based Affordable Housing Fee Analysis, EPS #21123

Item	Affordable Units Required Per 100 Market-Rate Units [1]	Affordability Gap per Affordable Unit [2]	Total Nexus-Based Fee Supported	
	(A)	(B)	Per 100 Market-Rate Units (C = A * B)	Per Market-Rate Unit (D = C / 100)
Affordable Units - Very Low Income	31.2	\$262,662	\$8,190,924	
Affordable Units - Low Income	4.6	\$127,390	\$588,814	
Affordable Units - Median Income	1.6	\$59,229	\$93,756	
Affordable Units - Moderate Income [3]	<u>2.0</u>	\$0	<u>\$0</u>	
<i>Total</i>	<i>39.4</i>		<i>\$8,873,494</i>	<i>\$88,735</i>

[1] See Table 7.

[2] See Tables 2 and 3. EPS has assumed all affordable units will be rental because the subsidy to construct rental units is lower than for-sale for every income-category.

[3] While market rate development creates demand for affordable housing for moderate income levels, because there is no affordability gap (see Table 2), the impact fee computed does not include a subsidy for moderate-income affordable housing.

Source: Economic & Planning Systems, Inc.



APPENDICES:

Appendix A: Household Expenditures and
Employment Generation

Appendix B: Income Levels for Worker Households

APPENDIX A:

Household Expenditures and Employment Generation

Table A-1	Household Expenditures and Employment Generation— For-Sale \$500,000 unit (3 pages)	A-1
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Table A-1
Household Expenditures and Employment Generation - \$500,000 Unit
City of Sunnyvale Nexus-Based Affordable Housing Fee Analysis, EPS #2112:

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	2010 Expenditures [3]	2007 Expenditures [4]	2007 Expenditures per 1000 Households	Gross Receipts to Wages	2007 Total Wages	2007 Avg. Wages	# of Workers	% Forming HH [5]	Workers/ HH [6]	Total Worker HH	2007 Avg. Worker HH Income	Income Category
Calculation	a	b	c	d	e = d * 1000	f	g = e / f	f	i = g / h	j	k	l = i * j * k	l = h * j	
Food at Home	4.9%	100%	\$5,896	\$5,677										
Food & Beverage Stores		100%	\$5,896	\$5,677	\$5,676,882	8.43	\$673,422	\$26,299	25.6	87.5%	1.53	14.6	\$40,350	VLI Households
Food Away From Home	4.0%	100%	\$4,792	\$4,614										
Food Services and Drinking Places		100%	\$4,792	\$4,614	\$4,613,976	3.46	\$1,332,310	\$15,867	84.0	87.5%	1.53	47.9	\$24,345	VLI Households
Alcoholic Beverages	0.6%	100%	\$736	\$708										
Food & Beverage Stores		50%	\$368	\$354	\$354,119	8.43	\$42,007	\$26,299	1.6	87.5%	1.53	0.9	\$40,350	VLI Households
Food Services and Drinking Places		50%	\$368	\$354	\$354,119	3.46	\$102,254	\$15,867	6.4	87.5%	1.53	3.7	\$24,345	VLI Households
Housing Maintenance, Repairs, Insurance, Other expenses	1.6%	100%	\$1,913	\$1,841										
Personal and Household Goods Repair and Maintenance [7]		45%	\$861	\$829	\$828,638	3.72	\$222,808	\$26,783	8.3	98.1%	1.53	5.3	\$41,092	VLI Households
Building Material and Garden Equipment and Supplies Dealer		45%	\$861	\$829	\$828,638	8.13	\$62,092	\$30,589	2.0	87.5%	1.53	1.2	\$46,932	VLI Households
Real Estate and Rental and Leasing		10%	\$191	\$184	\$184,142	6.81	\$50,476	\$50,476	1.0	98.1%	1.53	0.8	\$77,443	Median Income
Fuel oil and Other fuels [8]	0.2%		\$194	\$187										
Nonstore Retailers [7]		100%	\$194	\$187	\$186,667	10.67	\$17,496	\$48,800	0.4	87.5%	1.53	0.2	\$74,872	LI Households
Water and Other Public Services [8]	0.8%	100%	\$768	\$739										
Waste Management and Remediation Services		100%	\$768	\$739	\$738,983	3.61	\$204,867	\$53,951	3.8	98.1%	1.53	2.4	\$82,776	Median Income
Household Operations Personal Services	0.6%	100%	\$715	\$688										
Nursing and Residential Care Facilities [7]		40%	\$286	\$275	\$275,389	2.37	\$116,318	\$25,627	4.5	98.1%	1.53	2.9	\$39,319	VLI Households
Social Assistance [7]		60%	\$429	\$413	\$413,084	2.98	\$138,457	\$23,861	5.8	98.1%	1.53	3.7	\$38,609	VLI Households
Household Operations Other Household Expenses	0.9%	100%	\$1,048	\$1,009										
Services to Buildings and Dwellings		100%	\$1,048	\$1,009	\$1,008,101	2.50	\$403,389	\$27,214	14.8	98.1%	1.53	9.5	\$41,754	VLI Households
Housekeeping Supplies	0.8%	100%	\$969	\$933										
Building Materials and Garden Equipment and Supplies Dealers		10%	\$97	\$93	\$93,334	8.13	\$11,479	\$30,589	0.4	87.5%	1.53	0.2	\$46,932	VLI Households
Food & Beverage Stores		35%	\$339	\$327	\$326,668	8.43	\$38,751	\$26,299	1.5	87.5%	1.53	0.8	\$40,350	VLI Households
General Merchandise [7]		35%	\$339	\$327	\$326,668	11.05	\$29,669	\$21,132	1.4	87.5%	1.53	0.8	\$32,422	VLI Households
Miscellaneous Store Retailers [7]		20%	\$194	\$187	\$186,667	7.16	\$26,079	\$19,488	1.3	87.5%	1.53	0.8	\$29,900	VLI Households

[1] Percent of income spent per category is based on the 2010 U.S. Consumer Expenditure Survey data for households at this income level. Note that the sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] 2010 expenditures are based on the estimated household income distributed based on the percent of income spent per the 2010 U.S. Consumer Expenditure Survey. Per Table 3 the purchase of a \$500,000 Unit requires a household income of \$119,132.

[4] 2010 expenditures converted to 2007 dollars using the CPI for San Francisco-Oakland-San Jose from the BLS.

[5] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.3% of workers in other industries. EPS has assumed that such young workers do not form their own households.

[6] Based on the U.S. 2010 Census.

[7] Santa Clara County data not available from 2007 Economic Census. Gross receipts to wages and 2007 average wage thus based on statewide data.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the 2007 Economic Census.

A-1

Table A-1
Household Expenditures and Employment Generation - \$500,000 Unit
City of Sunnyvale Nexus-Based Affordable Housing Fee Analysis, EPS #2112:

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	2010 Expenditures [3]	2007 Expenditures [4]	2007 Expenditures per 1000 Households	Gross Receipts to Wages	2007 Total Wages	2007 Avg. Wages	# of Workers	% Farming HH [5]	Workers/HH [6]	Total Worker HH	2007 Avg. Worker HH Income	Income Category
Calculation	a	b	c	d	e = d * 1000	f	g = e * f	h	i = g / h	j	k	l = j * k	m = h * j	
Household Furnishings and Equipment	2.3%	100%	\$2,689	\$2,589										
Furniture and Home Furnishings Stores [7]		40%	\$1,076	\$1,036	\$1,035,674	7.14	\$145,082	\$28,267	5.1	87.5%	1.53	2.9	\$43,400	VLI Households
Electronics and Appliance Stores		40%	\$1,076	\$1,036	\$1,035,674	9.19	\$112,653	\$28,142	4.0	87.5%	1.53	2.3	\$43,176	VLI Households
General Merchandise Stores [7]		10%	\$269	\$259	\$258,919	11.05	\$23,437	\$21,132	1.1	87.5%	1.53	0.6	\$32,422	VLI Households
Miscellaneous Store Retailers [7]		10%	\$269	\$259	\$258,919	7.16	\$36,173	\$19,468	1.9	87.5%	1.53	1.1	\$29,900	VLI Households
Apparel and Services	2.3%	100%	\$2,782	\$2,678										
Clothing and Clothing Accessories Stores		40%	\$1,113	\$1,071	\$1,071,251	7.88	\$135,954	\$19,149	7.1	87.5%	1.53	4.0	\$29,380	VLI Households
General Merchandise [7]		40%	\$1,113	\$1,071	\$1,071,251	11.05	\$98,987	\$21,132	4.6	87.5%	1.53	2.6	\$32,422	VLI Households
Miscellaneous Store Retailers [7]		10%	\$278	\$268	\$267,813	7.16	\$37,416	\$19,488	1.9	87.5%	1.53	1.1	\$29,900	VLI Households
Personal and Household Goods Repair and Maintenance [7]		5%	\$139	\$134	\$133,906	3.72	\$36,005	\$26,783	1.3	87.5%	1.53	0.8	\$41,092	VLI Households
Drycleaning and Laundry Services [7]		5%	\$139	\$134	\$133,906	3.17	\$42,296	\$25,028	1.7	87.5%	1.53	1.0	\$38,399	VLI Households
Vehicle Purchases (net outlay)	4.6%	100%	\$5,473	\$5,270										
Motor Vehicle and Parts Dealers		100%	\$5,473	\$5,270	\$5,269,508	11.17	\$471,815	\$47,758	9.9	87.5%	1.53	5.6	\$73,274	LI Households
Gasoline and motor oil	3.1%	100%	\$3,704	\$3,568										
Gasoline Stations [7]		100%	\$3,704	\$3,568	\$3,566,444	37.73	\$94,635	\$17,786	5.3	87.5%	1.53	3.0	\$27,288	VLI Households
Vehicle Maintenance and Repairs	1.2%	100%	\$1,484	\$1,410										
Repair and Maintenance		100%	\$1,484	\$1,410	\$1,406,887	3.43	\$411,095	\$32,171	12.8	98.1%	1.53	8.2	\$49,358	LI Households
Medical Services	1.2%	100%	\$1,470	\$1,415										
Ambulatory Health Care Services [7]		40%	\$588	\$566	\$566,151	2.87	\$212,214	\$51,890	4.1	98.1%	1.53	2.6	\$79,813	Median Income
General Medical and Surgical Hospitals [7]		30%	\$441	\$425	\$424,813	2.63	\$161,443	\$58,054	2.8	98.1%	1.53	1.8	\$89,070	Median Income
Nursing and Residential Care Facilities [7]		30%	\$441	\$425	\$424,813	2.37	\$179,347	\$25,827	7.0	98.1%	1.53	4.5	\$39,319	VLI Households
Drugs	0.7%	100%	\$774	\$746										
Health and Personal Care Stores		100%	\$774	\$746	\$745,571	7.33	\$101,671	\$28,959	3.5	87.5%	1.53	2.0	\$44,431	VLI Households
Medical Supplies	0.2%	100%	\$209	\$201										
Health and Personal Care Stores		100%	\$209	\$201	\$200,942	7.33	\$27,402	\$28,959	0.9	87.5%	1.53	0.5	\$44,431	VLI Households
Entertainment Fees and Admissions	1.1%	100%	\$1,284	\$1,217										
Arts, Entertainment, & Recreation [7]		100%	\$1,284	\$1,217	\$1,216,632	3.07	\$398,221	\$39,289	10.1	87.5%	1.53	5.8	\$50,295	LI Households

[1] Percent of income spent per category is based on the 2010 U.S. Consumer Expenditure Survey data for households at this income level. Note that the sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] 2010 expenditures are based on the estimated household income distributed based on the percent of income spent per the 2010 U.S. Consumer Expenditure Survey. Per Table 3 the purchase of a \$500,000 Unit requires a household income of \$119,132.

[4] 2010 expenditures converted to 2007 dollars using the CPI for San Francisco-Oakland-San Jose from the BLS.

[5] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.8% of workers in other industries. EPS has assumed that such young workers do not form their own households.

[6] Based on the U.S. 2010 Census.

[7] Santa Clara County data not available from 2007 Economic Census. Gross receipts to wages and 2007 average wage thus based on statewide data.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the 2007 Economic Census.

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Table A-1
Household Expenditures and Employment Generation - \$500,000 Unit
City of Sunnyvale Nexus-Based Affordable Housing Fee Analysis, EPS #21123

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	2010 Expenditures [3]	2007 Expenditures [4]	2007 Expenditures per 1000 Households	Gross Receipts to Wages	2007 Total Wages	2007 Avg. Wages	# of Workers	% Forming HH [5]	Workers/ HH [6]	Total Worker HH	2007 Avg. Worker HH Income	Income Category
Calculation	a	b	c	d	e = d * 1000	f	g = e / f	f	i = g / h	j	k	l = i * j * k	i = h * j	
Entertainment Audio and Visual Equipment and Services	1.2%	100%	\$1,454	\$1,400										
Electronics and Appliance Stores		100%	\$1,454	\$1,400	\$1,400,005	9.19	\$152,282	\$28,142	5.4	87.5%	1.53	3.1	\$43,178	VLI Households
Entertainment Pets, Toys, Hobbies, and Playground Equip.	1.1%	100%	\$1,313	\$1,264										
Sporting Goods, Hobby, and Musical Instrument Stores		40%	\$525	\$508	\$505,539	8.09	\$62,510	\$17,104	3.7	87.5%	1.53	2.1	\$28,242	VLI Households
Miscellaneous Store Retailers [7]		40%	\$525	\$508	\$505,539	7.18	\$70,628	\$19,488	3.6	87.5%	1.53	2.1	\$29,900	VLI Households
Veterinary Services		20%	\$283	\$253	\$252,768	2.59	\$97,640	\$37,233	2.6	98.1%	1.53	1.7	\$67,125	LI Households
Other Entertainment Supplies, Equipment, and Services	0.8%	100%	\$904	\$871										
Sporting Goods, Hobby, and Musical Instrument Stores		85%	\$768	\$740	\$740,136	8.09	\$91,518	\$17,104	5.4	87.5%	1.53	3.1	\$26,242	VLI Households
Photographic Services		15%	\$136	\$131	\$130,612	3.18	\$41,015	\$21,566	1.9	98.1%	1.53	1.2	\$33,088	VLI Households
Personal Care Products and Services	0.9%	100%	\$1,090	\$1,050										
Unspecified Retail [7]		50%	\$545	\$525	\$524,865	7.46	\$70,355	\$26,687	2.8	87.5%	1.53	1.6	\$40,946	VLI Households
Personal Care Services		50%	\$545	\$525	\$524,865	2.83	\$185,598	\$17,009	10.9	98.1%	1.53	7.0	\$26,096	VLI Households
Reading	0.1%	100%	\$174	\$168										
Sporting Goods, Hobby, and Musical Instrument Stores		100%	\$174	\$168	\$168,001	8.09	\$20,773	\$17,104	1.2	87.5%	1.53	0.7	\$26,242	VLI Households
Education	1.4%	100%	\$1,654	\$1,592										
Educational Services		100%	\$1,654	\$1,592	\$1,592,162	2.70	\$689,681	\$23,026	25.6	98.1%	1.53	16.4	\$35,328	VLI Households
Tobacco Products and Smoking Supplies	0.3%	100%	\$335	\$323										
Unspecified Retail [7]		100%	\$335	\$323	\$322,825	7.46	\$43,273	\$26,687	1.6	87.5%	1.53	0.9	\$40,946	VLI Households
Miscellaneous	0.9%	100%	\$1,052	\$1,012										
Accounting		20%	\$210	\$202	\$202,479	2.84	\$71,368	\$51,465	1.4	98.1%	1.53	0.8	\$78,980	Median Income
Architectural, Engineering, and Related [9]		20%	\$210	\$202	\$202,479	2.22	\$91,010	\$98,314	0.9	98.1%	1.53	0.6	\$147,771	Above Mod
Specialized Design Services [7]		20%	\$210	\$202	\$202,479	3.72	\$54,468	\$63,888	1.0	98.1%	1.53	0.6	\$82,678	Median Income
Death Care Services [7]		20%	\$210	\$202	\$202,479	3.47	\$56,273	\$36,983	1.6	98.1%	1.53	1.0	\$66,741	LI Households
Legal Services [7]		20%	\$210	\$202	\$202,479	2.76	\$73,322	\$85,734	0.8	98.1%	1.53	0.5	\$131,538	Above Mod
Total per 1,000 Market Rate Households									316.3			189.3		

[1] Percent of Income spent per category is based on the 2010 U.S. Consumer Expenditure Survey data for households at this income level. Note that the sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] 2010 expenditures are based on the estimated household income distributed based on the percent of income spent per the 2010 U.S. Consumer Expenditure Survey. Per Table 3 the purchase of a \$500,000 Unit requires a household income of \$119,132.

[4] 2010 expenditures converted to 2007 dollars using the CPI for San Francisco-Oakland-San Jose from the BLS.

[5] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that such young workers do not form their own households.

[6] Based on the U.S. 2010 Census.

[7] Santa Clara County data not available from 2007 Economic Census. Gross receipts to wages and 2007 average wage thus based on statewide data

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the 2007 Economic Census.

[9] Note that average salary reported for architecture, engineering and related industries reflects the full range of employees within the industry, not solely professional and technical staff.

Source: 2010 Consumer Expenditure Survey, U.S. Bureau of Labor Statistics; 2007 Economic Census, U.S. Census Bureau; Census 2010; Economic & Planning Systems, Inc.

A-3

Table A-2
Household Expenditures and Employment Generation - \$750,000 Uni
City of Sunnyvale Nexus-Based Affordable Housing Fee Analysis, EPS #2112:

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	2010 Expenditures [3]	2007 Expenditures [4]	2007 Expenditures per 1000 Households	Gross Receipts to Wages	2007 Total Wages	2007 Avg. Wages	# of Workers	% Forming HH [5]	Workers/HH [6]	Total Worker HH	2007 Avg. Worker HH Income	Income Category
Calculation	a	b	c	d	e = d * 1000	f	g = e / f	f	i = g / h	j	k	i * j * k	l = h * j	
Household Furnishings and Equipment	2.0%	100%	\$3,491	\$3,361										
Furniture and Home Furnishings Stores [7]		40%	\$1,396	\$1,344	\$1,344,343	7.14	\$168,322	\$28,287	6.7	87.5%	1.53	3.8	\$43,400	VLI Households
Electronics and Appliance Stores		40%	\$1,396	\$1,344	\$1,344,343	9.19	\$146,227	\$28,142	5.2	87.5%	1.53	3.0	\$43,178	VLI Households
General Merchandise Stores [7]		10%	\$349	\$336	\$336,086	11.05	\$30,422	\$21,132	1.4	87.5%	1.53	0.5	\$32,422	VLI Households
Miscellaneous Store Retailers [7]		10%	\$349	\$336	\$336,086	7.16	\$46,954	\$19,488	2.4	87.5%	1.53	1.4	\$29,900	VLI Households
Apparel and Services	2.0%	100%	\$3,420	\$3,293										
Clothing and Clothing Accessories Stores		40%	\$1,368	\$1,317	\$1,317,205	7.88	\$167,168	\$19,149	8.7	87.5%	1.53	5.0	\$29,380	VLI Households
General Merchandise [7]		40%	\$1,368	\$1,317	\$1,317,205	11.05	\$119,230	\$21,132	5.6	87.5%	1.53	3.2	\$32,422	VLI Households
Miscellaneous Store Retailers [7]		10%	\$342	\$329	\$329,301	7.16	\$46,006	\$19,488	2.4	87.5%	1.53	1.3	\$29,900	VLI Households
Personal and Household Goods Repair and Maintenance [7]		5%	\$171	\$165	\$164,651	3.72	\$44,272	\$26,783	1.7	87.5%	1.53	0.9	\$41,092	VLI Households
Drycleaning and Laundry Services [7]		5%	\$171	\$165	\$164,651	3.17	\$52,007	\$25,028	2.1	87.5%	1.53	1.2	\$38,399	VLI Households
Vehicle Purchases (net outlay)	2.3%	100%	\$4,026	\$3,876										
Motor Vehicle and Parts Dealers		100%	\$4,026	\$3,876	\$3,876,892	11.17	\$347,035	\$47,758	7.3	87.5%	1.53	4.1	\$73,274	LI Households
Gasoline and motor oil	1.4%	100%	\$2,494	\$2,401										
Gasoline Stations [7]		100%	\$2,494	\$2,401	\$2,400,821	37.73	\$63,638	\$17,786	3.6	87.5%	1.53	2.0	\$27,288	VLI Households
Vehicle Maintenance and Repairs	0.7%	100%	\$1,284	\$1,236										
Repair and Maintenance		100%	\$1,284	\$1,236	\$1,235,792	3.43	\$360,332	\$32,171	11.2	98.1%	1.53	7.2	\$49,358	LI Households
Medical Services	0.7%	100%	\$1,199	\$1,155										
Ambulatory Health Care Services [7]		40%	\$480	\$462	\$461,926	2.67	\$173,147	\$51,890	3.3	98.1%	1.53	2.1	\$79,613	Median Income
General Medical and Surgical Hospitals [7]		30%	\$360	\$346	\$346,445	2.63	\$131,723	\$58,054	2.3	98.1%	1.53	1.5	\$89,070	Median Income
Nursing and Residential Care Facilities [7]		30%	\$359	\$347	\$346,445	2.37	\$146,331	\$25,627	5.7	98.1%	1.53	3.7	\$39,319	VLI Households
Drugs	0.3%	100%	\$528	\$508										
Health and Personal Care Stores		100%	\$528	\$508	\$508,469	7.33	\$89,338	\$28,959	2.4	87.5%	1.53	1.4	\$44,431	VLI Households
Medical Supplies	0.1%	100%	\$206	\$198										
Health and Personal Care Stores		100%	\$206	\$198	\$198,427	7.33	\$27,059	\$28,959	0.9	87.5%	1.53	0.5	\$44,431	VLI Households
Entertainment Fees and Admissions	1.1%	100%	\$1,944	\$1,872										
Arts, Entertainment, & Recreation [7]		100%	\$1,944	\$1,872	\$1,871,925	3.07	\$609,832	\$39,299	15.5	87.5%	1.53	8.8	\$60,295	LI Households

[1] Percent of income spent per category is based on the 2010 U.S. Consumer Expenditure Survey data for households at this income level. Note that the sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] 2010 expenditures are based on the estimated household income distributed based on the percent of income spent per the 2010 U.S. Consumer Expenditure Survey. Per Table 3 the purchase of a \$750,000 Unit requires a household income of \$173,198.

[4] 2010 expenditures converted to 2007 dollars using the CPI for San Francisco-Oakland-San Jose from the BLS.

[5] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that such young workers do not form their own households.

[6] Based on the U.S. 2010 Census.

[7] Santa Clara County data not available from 2007 Economic Census. Gross receipts to wages and 2007 average wage thus based on statewide data.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the 2007 Economic Census.

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Table A-2
Household Expenditures and Employment Generation - \$750,000 Uni
City of Sunnyvale Nexus-Based Affordable Housing Fee Analysis, EPS #2112:

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	2010 Expenditures [3]	2007 Expenditures [4]	2007 Expenditures per 1000 Households	Gross Receipts to Wages	2007 Total Wages	2007 Avg. Wages	# of Workers	% Forming HH [5]	Workers/ HH [6]	Total Worker HH	2007 Avg. Worker HH Income	Income Category
Calculation	a	b	c	d	e = d * 1000	f	g = e / f	h	i = g / h	j	k	l = i * j / k	m = h * j	
Entertainment Audio and Visual Equipment and Services	0.7%	100%	\$1,286	\$1,238										
Electronics and Appliance Stores		100%	\$1,286	\$1,238	\$1,237,980	9.19	\$134,658	\$28,142	4.6	87.5%	1.53	2.7	\$43,178	VLI Households
Entertainment Pets, Toys, Hobbies, and Playground Equip.	0.6%	100%	\$958	\$922										
Sporting Goods, Hobby, and Musical Instrument Stores		40%	\$383	\$369	\$368,841	8.09	\$45,607	\$17,104	2.7	87.5%	1.53	1.5	\$26,242	VLI Households
Miscellaneous Store Retailers [7]		40%	\$383	\$369	\$368,841	7.16	\$51,530	\$19,488	2.6	87.5%	1.53	1.5	\$29,900	VLI Households
Veterinary Services		20%	\$192	\$184	\$184,420	2.59	\$71,238	\$37,233	1.9	98.1%	1.53	1.2	\$57,125	LI Households
Other Entertainment Supplies, Equipment, and Services	0.7%	100%	\$1,140	\$1,098										
Sporting Goods, Hobby, and Musical Instrument Stores		85%	\$969	\$933	\$933,227	8.09	\$115,394	\$17,104	6.7	87.5%	1.53	3.8	\$26,242	VLI Households
Photographic Services		15%	\$171	\$165	\$164,887	3.18	\$51,715	\$21,566	2.4	98.1%	1.53	1.5	\$33,088	VLI Households
Personal Care Products and Services	0.6%	100%	\$1,057	\$1,018										
Unspecified Retail [7]		60%	\$628	\$609	\$508,834	7.46	\$68,206	\$26,687	2.6	87.5%	1.53	1.5	\$40,946	VLI Households
Personal Care Services		50%	\$528	\$609	\$508,834	2.83	\$179,930	\$17,009	10.6	98.1%	1.53	6.8	\$26,096	VLI Households
Reading	0.1%	100%	\$212	\$204										
Sporting Goods, Hobby, and Musical Instrument Stores		100%	\$212	\$204	\$204,263	8.09	\$25,257	\$17,104	1.5	87.5%	1.53	0.8	\$26,242	VLI Households
Education	2.4%	100%	\$4,147	\$3,993										
Educational Services		100%	\$4,147	\$3,993	\$3,992,614	2.70	\$1,478,724	\$23,026	64.2	98.1%	1.53	41.1	\$35,328	VLI Households
Tobacco Products and Smoking Supplies	0.1%	100%	\$179	\$172										
Unspecified Retail [7]		100%	\$179	\$172	\$172,165	7.46	\$23,078	\$26,687	0.9	87.5%	1.53	0.5	\$40,946	VLI Households
Miscellaneous	1.0%	100%	\$1,800	\$1,733										
Accounting		20%	\$360	\$347	\$346,664	2.84	\$122,189	\$51,465	2.4	98.1%	1.53	1.5	\$78,960	Median Income
Architectural, Engineering, and Related [9]		20%	\$360	\$347	\$346,664	2.22	\$155,818	\$66,314	1.6	98.1%	1.53	1.0	\$147,771	Above Mod
Specialized Design Services [7]		20%	\$360	\$347	\$346,664	3.72	\$93,308	\$53,888	1.7	98.1%	1.53	1.1	\$82,679	Median Income
Death Care Services [7]		20%	\$360	\$347	\$346,664	3.47	\$98,769	\$38,983	2.7	98.1%	1.53	1.7	\$58,741	LI Households
Legal Services [7]		20%	\$360	\$347	\$346,664	2.76	\$125,534	\$65,734	1.6	98.1%	1.53	0.9	\$131,538	Above Mod
Total per 1,000 Market Rate Households									377.7			226.6		

[1] Percent of income spent per category is based on the 2010 U.S. Consumer Expenditure Survey data for households at this income level. Note that the sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] 2010 expenditures are based on the estimated household income distributed based on the percent of income spent per the 2010 U.S. Consumer Expenditure Survey. Per Table 3 the purchase of a \$750,000 Unit requires a household income of \$173,198.

[4] 2010 expenditures converted to 2007 dollars using the CPI for San Francisco-Oakland-San Jose from the BLS.

[5] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that such young workers do not form their own households.

[6] Based on the U.S. 2010 Census.

[7] Santa Clara County data not available from 2007 Economic Census. Gross receipts to wages and 2007 average wage thus based on statewide data.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the 2007 Economic Census.

[9] Note that average salary reported for architecture, engineering and related industries reflects the full range of employees within the industry, not solely professional and technical staff.

Source: 2010 Consumer Expenditure Survey, U.S. Bureau of Labor Statistics; 2007 Economic Census, U.S. Census Bureau; Census 2010; Economic & Planning Systems, Inc

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Table A-3
Household Expenditures and Employment Generation - \$1,000,000 Unit
City of Sunnyvale Nexus-Based Affordable Housing Fee Analysis, EPS #21123

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	2010 Expenditures [3]	2007 Expenditures [4]	2007 Expenditures per 1000 Households	Gross Receipts to Wages	2007 Total Wages	2007 Avg. Wages	# of Workers	% Forming HH [5]	Workers/ HH [6]	Total Worker HH	2007 Avg. Worker HH Income	Income Category
Calculation	a	b	c	d	e = d * 1000	f	g = e / f	f	i = g / h	j	k	l = i * j / k	l = h * j	
Food at Home	2.9%	100%	\$6,649	\$6,402										
Food & Beverage Stores		100%	\$6,649	\$6,402	\$6,402,004	8.43	\$759,440	\$26,299	28.9	87.5%	1.53	16.5	\$40,350	VLI Households
Food Away From Home	2.9%	100%	\$6,590	\$6,345										
Food Services and Drinking Places		100%	\$6,590	\$6,345	\$6,344,570	3.46	\$1,832,028	\$15,867	115.5	87.6%	1.53	65.8	\$24,345	VLI Households
Alcoholic Beverages	0.6%	100%	\$1,281	\$1,233										
Food & Beverage Stores		50%	\$640	\$616	\$616,461	8.43	\$73,128	\$26,299	2.8	87.5%	1.53	1.6	\$40,350	VLI Households
Food Services and Drinking Places		50%	\$640	\$616	\$616,461	3.46	\$178,006	\$15,867	11.2	87.5%	1.53	8.4	\$24,345	VLI Households
Housing Maintenance, Repairs, Insurance, Other expenses	1.4%	100%	\$3,154	\$3,036										
Personal and Household Goods Repair and Maintenance [7]		45%	\$1,419	\$1,366	\$1,366,361	3.72	\$367,393	\$26,783	13.7	98.1%	1.53	8.8	\$41,092	VLI Households
Building Material and Garden Equipment and Supplies Dealer		45%	\$1,419	\$1,366	\$1,366,361	8.13	\$62,992	\$30,589	2.0	87.5%	1.53	1.2	\$46,932	VLI Households
Real Estate and Rental and Leasing		10%	\$315	\$304	\$303,636	6.91	\$50,476	\$50,476	1.0	98.1%	1.53	0.6	\$77,443	Median Income
Fuel oil and Other fuels [8]	0.1%		\$283	\$273										
Nonstore Retailers [7]		100%	\$283	\$273	\$272,813	10.67	\$25,571	\$48,800	0.5	87.5%	1.53	0.3	\$74,872	LI Households
Water and Other Public Services [8]	0.4%	100%	\$846	\$815										
Waste Management and Remediation Services		100%	\$846	\$815	\$814,609	3.61	\$225,833	\$53,951	4.2	98.1%	1.53	2.7	\$62,776	Median Income
Household Operations Personal Services	0.6%	100%	\$1,266	\$1,219										
Nursing and Residential Care Facilities [7]		40%	\$506	\$487	\$487,425	2.37	\$205,878	\$25,627	8.0	98.1%	1.53	5.1	\$39,319	VLI Households
Social Assistance [7]		60%	\$759	\$731	\$731,138	2.98	\$245,061	\$23,861	10.3	98.1%	1.53	6.6	\$36,609	VLI Households
Household Operations Other Household Expenses	0.9%	100%	\$2,053	\$1,977										
Services to Buildings and Dwellings		100%	\$2,053	\$1,977	\$1,976,695	2.50	\$790,204	\$27,214	28.0	98.1%	1.53	18.6	\$41,754	VLI Households
Housekeeping Supplies	0.6%	100%	\$1,326	\$1,277										
Building Materials and Garden Equipment and Supplies Dealers		10%	\$133	\$128	\$127,695	8.13	\$15,705	\$30,589	0.5	87.5%	1.53	0.3	\$46,932	VLI Households
Food & Beverage Stores		35%	\$464	\$447	\$446,934	8.43	\$53,018	\$26,299	2.0	87.5%	1.53	1.1	\$40,350	VLI Households
General Merchandise [7]		35%	\$464	\$447	\$446,934	11.05	\$40,465	\$21,132	1.9	87.5%	1.53	1.1	\$32,422	VLI Households
Miscellaneous Store Retailers [7]		20%	\$265	\$255	\$255,391	7.16	\$35,680	\$19,468	1.8	87.5%	1.53	1.0	\$29,900	VLI Households

[1] Percent of income spent per category is based on the 2010 U.S. Consumer Expenditure Survey data for households at this income level. Note that the sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] 2010 expenditures are based on the estimated household income distributed based on the percent of income spent per the 2010 U.S. Consumer Expenditure Survey. Per Table 3 the purchase of a \$1,000,000 Unit requires a household income of \$227,284.

[4] 2010 expenditures converted to 2007 dollars using the CPI for San Francisco-Oakland-San Jose from the BLS.

[5] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that such young workers do not form their own households.

[6] Based on the U.S. 2010 Census.

[7] Santa Clara County data not available from 2007 Economic Census. Gross receipts to wages and 2007 average wage thus based on statewide data.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the 2007 Economic Census.

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Table A-3
Household Expenditures and Employment Generation - \$1,000,000 Unit
City of Sunnyvale Nexus-Based Affordable Housing Fee Analysis, EPS #21123

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	2010 Expenditures [3]	2007 Expenditures [4]	2007 Expenditures per 1000 Households	Gross Receipts to Wages	2007 Total Wages	2007 Avg. Wages	# of Workers	% Forming HH [5]	Workers/HH [6]	Total Worker HH	2007 Avg. Worker HH Income	Income Category
Calculation	a	b	c	d	e = d * 1000	f	g = e * f	f	h = g / h	j	k	l = j * k	l = h * j	
Household Furnishings and Equipment	2.0%	100%	\$4,580	\$4,410										
Furniture and Home Furnishings Stores [7]		40%	\$1,832	\$1,764	\$1,763,997	7.14	\$247,109	\$28,287	8.7	87.5%	1.53	5.0	\$43,400	VLI Households
Electronics and Appliance Stores		40%	\$1,832	\$1,764	\$1,763,997	9.19	\$191,874	\$28,142	8.8	87.5%	1.53	3.9	\$43,178	VLI Households
General Merchandise Stores [7]		10%	\$458	\$441	\$440,999	11.05	\$39,918	\$21,132	1.9	87.5%	1.53	1.1	\$32,422	VLI Households
Miscellaneous Store Retailers [7]		10%	\$458	\$441	\$440,999	7.16	\$61,611	\$19,488	3.2	87.5%	1.53	1.8	\$29,900	VLI Households
Apparel and Services	2.0%	100%	\$4,488	\$4,321										
Clothing and Clothing Accessories Stores		40%	\$1,795	\$1,728	\$1,728,388	7.88	\$219,352	\$19,149	11.5	87.5%	1.53	6.5	\$29,380	VLI Households
General Merchandise [7]		40%	\$1,795	\$1,728	\$1,728,388	11.05	\$156,450	\$21,132	7.4	87.5%	1.53	4.2	\$32,422	VLI Households
Miscellaneous Store Retailers [7]		10%	\$448	\$432	\$432,097	7.16	\$60,368	\$19,488	3.1	87.5%	1.53	1.8	\$29,900	VLI Households
Personal and Household Goods Repair and Maintenance [7]		5%	\$224	\$216	\$216,048	3.72	\$58,092	\$26,783	2.2	87.5%	1.53	1.2	\$41,092	VLI Households
Drycleaning and Laundry Services [7]		5%	\$224	\$216	\$216,048	3.17	\$88,242	\$26,028	2.7	87.5%	1.53	1.6	\$38,399	VLI Households
Vehicle Purchases (net outlay)	2.3%	100%	\$5,282	\$5,086										
Motor Vehicle and Parts Dealers		100%	\$5,282	\$5,086	\$5,085,802	11.17	\$455,366	\$47,758	9.5	87.5%	1.53	5.4	\$73,274	LI Households
Gasoline and motor oil	1.4%	100%	\$3,272	\$3,150										
Gasoline Stations [7]		100%	\$3,272	\$3,150	\$3,150,268	37.73	\$83,504	\$17,786	4.7	87.5%	1.53	2.7	\$27,288	VLI Households
Vehicle Maintenance and Repairs	0.7%	100%	\$1,684	\$1,622										
Repair and Maintenance		100%	\$1,684	\$1,622	\$1,621,560	3.43	\$472,814	\$32,171	14.7	98.1%	1.53	9.4	\$49,358	LI Households
Medical Services	0.7%	100%	\$1,574	\$1,515										
Ambulatory Health Care Services [7]		40%	\$630	\$606	\$606,123	2.87	\$227,197	\$51,890	4.4	98.1%	1.53	2.8	\$79,613	Median Income
General Medical and Surgical Hospitals [7]		30%	\$472	\$455	\$454,592	2.63	\$172,842	\$58,054	3.0	98.1%	1.53	1.9	\$69,070	Median Income
Nursing and Residential Care Facilities [7]		30%	\$472	\$455	\$454,592	2.37	\$192,010	\$26,627	7.5	98.1%	1.53	4.8	\$39,319	VLI Households
Drugs	0.3%	100%	\$893	\$867										
Health and Personal Care Stores		100%	\$893	\$867	\$867,194	7.33	\$90,983	\$28,959	3.1	87.5%	1.53	1.8	\$44,431	VLI Households
Medical Supplies	0.1%	100%	\$270	\$260										
Health and Personal Care Stores		100%	\$270	\$260	\$260,369	7.33	\$35,505	\$28,959	1.2	87.5%	1.53	0.7	\$44,431	VLI Households
Entertainment Fees and Admissions	1.1%	100%	\$2,551	\$2,456										
Arts, Entertainment, & Recreation [7]		100%	\$2,551	\$2,456	\$2,456,271	3.07	\$799,936	\$39,299	20.4	87.5%	1.53	11.6	\$60,295	LI Households

[1] Percent of income spent per category is based on the 2010 U.S. Consumer Expenditure Survey data for households at this income level. Note that the sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] 2010 expenditures are based on the estimated household income distributed based on the percent of income spent per the 2010 U.S. Consumer Expenditure Survey. Per Table 3 the purchase of a \$1,000,000 Unit requires a household income of \$227,264.

[4] 2010 expenditures converted to 2007 dollars using the CPI for San Francisco-Oakland-San Jose from the BLS.

[5] BLS data indicates that 12.5% of retail/restaurant workers are age 18-19, but an average of only 1.9% of workers in other industries. EPS has assumed that such young workers do not form their own households.

[6] Based on the U.S. 2010 Census.

[7] Santa Clara County data not available from 2007 Economic Census. Gross receipts to wages and 2007 average wage thus based on statewide data.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the 2007 Economic Census.

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Table A-3
Household Expenditures and Employment Generation - \$1,000,000 Unit
City of Sunnyvale Nexus-Based Affordable Housing Fee Analysis, EPS #21123

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	2010 Expenditures [3]	2007 Expenditures [4]	2007 Expenditures per 1000 Households	Gross Receipts to Wages	2007 Total Wages	2007 Avg. Wages	# of Workers	% Forming HH [5]	Workers/ HH [6]	Total Worker HH	2007 Avg. Worker HH Income	Income Category
Calculation	a	b	c	d	e = d * 1000	f	g = e / f	f	i = g / h	j	k	l = i * k	i = h * j	
Entertainment Audio and Visual Equipment and Services	0.7%	100%	\$1,687	\$1,624										
Electronics and Appliance Stores		100%	\$1,687	\$1,624	\$1,624,432	9.19	\$176,693	\$28,142	6.3	87.5%	1.53	3.6	\$43,178	VLI Households
Entertainment Pets, Toys, Hobbies, and Playground Equip.	0.6%	100%	\$1,257	\$1,210										
Sporting Goods, Hobby, and Musical Instrument Stores		40%	\$503	\$484	\$483,979	8.09	\$59,844	\$17,104	3.5	87.5%	1.53	2.0	\$28,242	VLI Households
Miscellaneous Store Retailers [7]		40%	\$503	\$484	\$483,979	7.16	\$67,816	\$19,488	3.5	87.5%	1.53	2.0	\$29,900	VLI Households
Veterinary Services		20%	\$251	\$242	\$241,990	2.59	\$93,476	\$37,233	2.5	98.1%	1.53	1.6	\$57,125	LI Households
Other Entertainment Supplies, Equipment, and Services	0.7%	100%	\$1,495	\$1,441										
Sporting Goods, Hobby, and Musical Instrument Stores		85%	\$1,272	\$1,225	\$1,224,546	8.09	\$151,416	\$17,104	8.9	87.5%	1.53	5.0	\$28,242	VLI Households
Photographic Services		15%	\$224	\$216	\$216,096	3.18	\$67,859	\$21,566	3.1	98.1%	1.53	2.0	\$33,088	VLI Households
Personal Care Products and Services	0.6%	100%	\$1,387	\$1,335										
Unspecified Retail [7]		50%	\$693	\$668	\$667,873	7.46	\$88,497	\$26,687	3.4	87.5%	1.53	1.9	\$40,946	VLI Households
Personal Care Services		50%	\$693	\$668	\$667,873	2.83	\$236,097	\$17,009	13.9	98.1%	1.53	8.9	\$26,096	VLI Households
Reading	0.1%	100%	\$278	\$268										
Sporting Goods, Hobby, and Musical Instrument Stores		100%	\$278	\$268	\$268,028	8.09	\$33,142	\$17,104	1.9	87.5%	1.53	1.1	\$26,242	VLI Households
Education	2.4%	100%	\$5,441	\$5,239										
Educational Services		100%	\$5,441	\$5,239	\$5,239,950	2.70	\$1,940,327	\$23,026	84.3	98.1%	1.53	53.9	\$35,328	VLI Households
Tobacco Products and Smoking Supplies	0.1%	100%	\$235	\$226										
Unspecified Retail [7]		100%	\$235	\$226	\$225,908	7.46	\$30,282	\$26,687	1.1346744	87.5%	1.53	0.8	\$40,946	VLI Households
Miscellaneous	1.0%	100%	\$2,382	\$2,274										
Accounting		20%	\$472	\$455	\$454,879	2.84	\$160,332	\$51,455	3.1	98.1%	1.53	2.0	\$78,960	Median Income
Architectural, Engineering, and Related [9]		20%	\$472	\$455	\$454,879	2.22	\$204,458	\$96,314	2.1	98.1%	1.53	1.4	\$147,771	Above Mod
Specialized Design Services [7]		20%	\$472	\$455	\$454,879	3.72	\$122,432	\$53,888	2.3	98.1%	1.53	1.5	\$82,678	Median Income
Death Care Services [7]		20%	\$472	\$455	\$454,879	3.47	\$130,914	\$36,983	3.5	98.1%	1.53	2.3	\$56,741	LI Households
Legal Services [7]		20%	\$472	\$455	\$454,879	2.76	\$164,721	\$85,734	1.9	98.1%	1.53	1.2	\$131,538	Above Mod
Total per 1,000 Market Rate Households									494.7			296.8		

[1] Percent of income spent per category is based on the 2010 U.S. Consumer Expenditure Survey data for households at this income level. Note that the sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] 2010 expenditures are based on the estimated household income distributed based on the percent of income spent per the 2010 U.S. Consumer Expenditure Survey. Per Table 3 the purchase of a \$1,000,000 Unit requires a household income of \$227,264.

[4] 2010 expenditures converted to 2007 dollars using the CPI for San Francisco-Oakland-San Jose from the BLS.

[5] BLS data indicates that 12.5% of retail/restaurant workers are age 18-19, but an average of only 1.9% of workers in other industries. EPS has assumed that such young workers do not form their own households.

[6] Based on the U.S. 2010 Census.

[7] Santa Clara County data not available from 2007 Economic Census. Gross receipts to wages and 2007 average wage thus based on statewide data.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the 2007 Economic Census.

[9] Note that average salary reported for architecture, engineering and related industries reflects the full range of employees within the industry, not solely professional and technical staff.

Source: 2010 Consumer Expenditure Survey, U.S. Bureau of Labor Statistics; 2007 Economic Census, U.S. Census Bureau; Census 2010; Economic & Planning Systems, Inc

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Table A-4
Household Expenditures and Employment Generation - \$1,250,000 Unit
City of Sunnyvale Nexus-Based Affordable Housing Fee Analysis, EPS #21123

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	2010 Expenditures [3]	2007 Expenditures [4]	2007 Expenditures per 1000 Households	Gross Receipts to Wages	2007 Total Wages	2007 Avg. Wages	# of Workers	% Forming HH [5]	Workers/HH [6]	Total Worker HH	2007 Avg. Worker HH Income	Income Category
Calculation	a	b	c	d	e = d * 1000	f	g = e / f	f	i = g / h	j	k	l = j * k	m = h * j	
Food at Home	2.9%	100%	\$8,231	\$7,925										
Food & Beverage Stores		100%	\$8,231	\$7,925	\$7,925,037	8.43	\$940,110	\$26,299	35.7	87.5%	1.53	20.4	\$40,350	VLI Households
Food Away From Home	2.9%	100%	\$8,157	\$7,854										
Food Services and Drinking Places		100%	\$8,157	\$7,854	\$7,853,940	3.46	\$2,267,866	\$15,867	142.9	87.5%	1.53	81.5	\$24,345	VLI Households
Alcoholic Beverages	0.6%	100%	\$1,585	\$1,526										
Food & Beverage Stores		50%	\$793	\$763	\$763,117	8.43	\$90,625	\$26,299	3.4	87.5%	1.53	2.0	\$40,350	VLI Households
Food Services and Drinking Places		50%	\$793	\$763	\$763,117	3.46	\$220,354	\$15,867	13.9	87.5%	1.53	7.9	\$24,345	VLI Households
Housing Maintenance, Repairs, Insurance, Other expenses	1.4%	100%	\$3,804	\$3,759										
Personal and Household Goods Repair and Maintenance [7]		45%	\$1,757	\$1,691	\$1,691,417	3.72	\$454,796	\$26,783	17.0	98.1%	1.53	10.9	\$41,092	VLI Households
Building Material and Garden Equipment and Supplies Dealer		45%	\$1,757	\$1,691	\$1,691,417	8.13	\$62,092	\$30,589	2.0	87.5%	1.53	1.2	\$46,932	VLI Households
Real Estate and Rental and Leasing		10%	\$380	\$376	\$375,870	6.91	\$50,476	\$50,476	1.0	98.1%	1.53	0.6	\$77,443	Median income
Fuel oil and Other fuels [8]	0.1%		\$351	\$338										
Nonstore Retailers [7]		100%	\$351	\$338	\$337,715	10.67	\$31,654	\$48,800	0.6	87.5%	1.53	0.4	\$74,872	LI Households
Water and Other Public Services [8]	0.4%	100%	\$1,047	\$1,008										
Waste Management and Remediation Services		100%	\$1,047	\$1,008	\$1,008,404	3.61	\$279,658	\$53,951	5.2	98.1%	1.53	3.3	\$82,776	Median Income
Household Operations Personal Services	0.6%	100%	\$1,567	\$1,508										
Nursing and Residential Care Facilities [7]		40%	\$627	\$603	\$603,384	2.37	\$254,856	\$25,627	9.9	98.1%	1.53	6.4	\$39,319	VLI Households
Social Assistance [7]		60%	\$940	\$905	\$905,075	2.98	\$303,361	\$23,861	12.7	98.1%	1.53	8.1	\$36,609	VLI Households
Household Operations Other Household Expenses	0.9%	100%	\$2,541	\$2,447										
Services to Buildings and Dwellings		100%	\$2,541	\$2,447	\$2,446,950	2.50	\$978,194	\$27,214	35.9	98.1%	1.53	23.0	\$41,754	VLI Households
Housekeeping Supplies	0.6%	100%	\$1,642	\$1,581										
Building Materials and Garden Equipment and Supplies Dealers		10%	\$164	\$158	\$158,074	8.13	\$19,441	\$30,589	0.6	87.5%	1.53	0.4	\$46,932	VLI Households
Food & Beverage Stores		35%	\$575	\$553	\$553,260	8.43	\$65,831	\$26,299	2.5	87.5%	1.53	1.4	\$40,350	VLI Households
General Merchandise [7]		35%	\$575	\$553	\$553,260	11.05	\$60,080	\$21,132	2.4	87.5%	1.53	1.4	\$32,422	VLI Households
Miscellaneous Store Retailers [7]		20%	\$328	\$315	\$315,148	7.16	\$44,159	\$19,488	2.3	87.5%	1.53	1.3	\$29,900	VLI Households

[1] Percent of income spent per category is based on the 2010 U.S. Consumer Expenditure Survey data for households at this income level. Note that the sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] 2010 expenditures are based on the estimated household income distributed based on the percent of income spent per the 2010 U.S. Consumer Expenditure Survey. Per Table 3 the purchase of a \$1,250,000 Unit requires a household income of \$281,330.

[4] 2010 expenditures converted to 2007 dollars using the CPI for San Francisco-Oakland-San Jose from the BLS.

[5] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that such young workers do not form their own households.

[6] Based on the U.S. 2010 Census.

[7] Santa Clara County data not available from 2007 Economic Census. Gross receipts to wages and 2007 average wage thus based on statewide data.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the 2007 Economic Census.

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Table A-4
Household Expenditures and Employment Generation - \$1,250,000 Unit
City of Sunnyvale Nexus-Based Affordable Housing Fee Analysis, EPS #21123

Item	% of Household Income Spent per Category [1]	% of Category Expenditure per Type of Business [2]	2010 Expenditures [3]	2007 Expenditures [4]	2007 Expenditures per 1000 Households	Gross Receipts to Wages	2007 Total Wages	2007 Avg. Wages	# of Workers	% Forming HH [5]	Workers/HH [6]	Total Worker HH	2007 Avg. Worker HH Income	Income Category
Calculation	a	b	c	d	e = d * 1000	f	g = e / f	h	i = g / h	j	k	l = i * j / k	m = h * j	
Entertainment Audio and Visual Equipment and Services	0.7%	100%	\$2,089	\$2,011										
Electronics and Appliance Stores		100%	\$2,089	\$2,011	\$2,010,883	9.19	\$218,729	\$28,142	7.8	87.5%	1.53	4.4	\$43,178	VLI Households
Entertainment Pets, Toys, Hobbies, and Playground Equip.	0.6%	100%	\$1,586	\$1,498										
Sporting Goods, Hobby, and Musical Instrument Stores		40%	\$622	\$599	\$599,118	8.09	\$74,061	\$17,104	4.3	87.5%	1.53	2.5	\$26,242	VLI Households
Miscellaneous Store Retailers [7]		40%	\$622	\$599	\$599,118	7.16	\$83,702	\$19,488	4.3	87.5%	1.53	2.4	\$29,900	VLI Households
Veterinary Services		20%	\$311	\$300	\$299,559	2.59	\$115,713	\$37,233	3.1	98.1%	1.53	2.0	\$57,125	LI Households
Other Entertainment Supplies, Equipment, and Services	0.7%	100%	\$1,852	\$1,783										
Sporting Goods, Hobby, and Musical Instrument Stores		85%	\$1,574	\$1,616	\$1,515,885	8.09	\$187,437	\$17,104	11.0	87.5%	1.53	6.2	\$26,242	VLI Households
Photographic Services		15%	\$278	\$268	\$267,508	3.18	\$84,002	\$21,566	3.9	98.1%	1.53	2.5	\$33,088	VLI Households
Personal Care Products and Services	0.8%	100%	\$1,717	\$1,653										
Unspecified Retail [7]		50%	\$858	\$827	\$826,512	7.46	\$110,789	\$26,887	4.2	87.5%	1.53	2.4	\$40,946	VLI Households
Personal Care Services		50%	\$858	\$827	\$826,512	2.83	\$292,264	\$17,009	17.2	98.1%	1.53	11.0	\$26,096	VLI Households
Reading	0.1%	100%	\$345	\$332										
Sporting Goods, Hobby, and Musical Instrument Stores		100%	\$345	\$332	\$331,790	8.09	\$41,028	\$17,104	2.4	87.5%	1.53	1.4	\$26,242	VLI Households
Education	2.4%	100%	\$6,736	\$6,485										
Educational Services		100%	\$6,736	\$6,485	\$6,485,307	2.70	\$2,401,930	\$23,026	104.3	98.1%	1.53	66.7	\$35,328	VLI Households
Tobacco Products and Smoking Supplies	0.1%	100%	\$290	\$280										
Unspecified Retail [7]		100%	\$290	\$280	\$279,651	7.46	\$37,485	\$26,687	1.4	87.5%	1.53	0.8	\$40,946	VLI Households
Miscellaneous	1.0%	100%	\$2,924	\$2,815										
Accounting		20%	\$585	\$563	\$563,095	2.84	\$198,475	\$61,465	3.9	98.1%	1.53	2.5	\$78,960	Median Income
Architectural, Engineering, and Related [9]		20%	\$585	\$563	\$563,095	2.22	\$253,099	\$96,314	2.6	98.1%	1.53	1.7	\$147,771	Above Mod
Specialized Design Services [7]		20%	\$585	\$563	\$563,095	3.72	\$151,559	\$53,888	2.8	98.1%	1.53	1.8	\$82,678	Median Income
Death Care Services [7]		20%	\$585	\$563	\$563,095	3.47	\$162,058	\$56,983	4.4	98.1%	1.53	2.8	\$56,741	LI Households
Legal Services [7]		20%	\$585	\$563	\$563,095	2.76	\$203,908	\$85,734	2.4	98.1%	1.53	1.6	\$131,538	Above Mod
Total per 1,000 Market Rate Households									611.5			367.0		

[1] Percent of income spent per category is based on the 2010 U.S. Consumer Expenditure Survey data for households at this income level. Note that the sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] 2010 expenditures are based on the estimated household income distributed based on the percent of income spent per the 2010 U.S. Consumer Expenditure Survey. Per Table 3 the purchase of a \$1,250,000 Unit requires a household income of \$281,330.

[4] 2010 expenditures converted to 2007 dollars using the CPI for San Francisco-Oakland-San Jose from the BLS.

[5] BLS data indicates that 12.5% of retail/restaurant workers are age 18-19, but an average of only 1.9% of workers in other industries. EPS has assumed that such young workers do not form their own households.

[6] Based on the U.S. 2010 Census.

[7] Santa Clara County data not available from 2007 Economic Census. Gross receipts to wages and 2007 average wage thus based on statewide data.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the 2007 Economic Census.

[9] Note that average salary reported for architecture, engineering and related industries reflects the full range of employees within the industry, not solely professional and technical staff.

Source: 2010 Consumer Expenditure Survey, U.S. Bureau of Labor Statistics; 2007 Economic Census, U.S. Census Bureau; Census 2010; Economic & Planning Systems, Inc.

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**Table A-5
Representative Public Sector Employment and Wages, 2010 [1]
City of Sunnyvale Nexus-Based Affordable Housing Fee Analysis, EPS #21123**

Item	Estimated Public Sector Empl.	2010 Total MSA HH	Public Sector Empl/ 1,000 MSA HH	Public Sector Employee HH [2]	2010 Avg. Wage	Public Sector Employee HH Income [2]	Income Category [3]
Preschool Teachers, Except Special Education	3,150	604,204	5.2	3.4	\$33,240	\$50,999	LI
Kindergarten Teachers, Except Special Education	1,660	604,204	2.7	1.8	\$57,430	\$88,113	Median
Elementary School Teachers, Except Special Education	9,700	604,204	16.1	10.5	\$60,840	\$93,345	Mod
Middle School Teachers, Except Special and Vocational Education	2,840	604,204	4.7	3.1	\$64,040	\$98,254	Mod
Secondary School Teachers, Except Special and Vocational Education	4,750	604,204	7.9	5.1	\$70,850	\$108,703	Mod
Special Education Teachers, Preschool, Kindergarten, and Elementary School	740	604,204	1.2	0.8	\$65,070	\$99,835	Mod
Special Education Teachers, Middle School	230	604,204	0.4	0.2	\$63,960	\$98,132	Mod
Special Education Teachers, Secondary School [4]	640	604,204	1.1	0.7	\$77,650	\$119,136	Above Mod
Teachers and Instructors, All Other	3,020	604,204	5.0	3.3	\$42,360	\$64,991	LI
Bus Drivers	1,550	604,204	<u>2.6</u>	<u>1.7</u>	\$32,690	\$50,155	LI
Total			46.8	30.5			

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[1] Not a comprehensive list of public sector employment. Rather a sampling of public sector jobs for which employment and wage data was available for the San Jose-Sunnyvale-Santa Clara MSA from the Employment Development Department (EDD).

[2] Total worker households derived assuming 1.53 workers per household based on 2010 Census estimates for the City of Sunnyvale.

[3] See Table 6.

[4] Estimated employment is for 2009 because that was the last year data was available.

Source: 2010 Occupational Employment Statistics, CA Employment Development Department; U.S. 2010 Census; Economic & Planning Systems, Inc.



APPENDIX B:

Income Levels for Worker Households

Table B-1	Income Levels for Worker Households—Worker Household Generation per 1,000 Market-Rate Units— For-Sale \$500,000 unit.....	B-1
Table B-2	Income Levels for Worker Households—Worker Household Generation per 1,000 Market-Rate Units— For-Sale \$750,000 unit.....	B-2
Table B-3	Income Levels for Worker Households—Worker Household Generation per 1,000 Market-Rate Units— For-Sale \$1,000,000 unit.....	B-3
Table B-4	Income Levels for Worker Households—Worker Household Generation per 1,000 Market-Rate Units— For-Sale \$1,250,000 unit.....	B-4

Table B-1
Income Levels for Worker Households
Worker Household Generation per 1,000 Market Rate Units - \$500,000 Uni
City of Sunnyvale Nexus-Based Affordable Housing Fee Analysis, EPS #2112:

Industry	Total Workers	Total Worker Households [1]	VLI Households	LI Households	Median Income Households	Moderate Income Households	Above Moderate Income Households
Retail							
Unspecified Retail	4.3	2.4	2.4	0.0	0.0	0.0	0.0
Food & Beverage Stores	28.7	16.4	16.4	0.0	0.0	0.0	0.0
Food Services and Drinking Places	90.4	51.6	51.6	0.0	0.0	0.0	0.0
Health and Personal Care Stores	4.5	2.5	2.5	0.0	0.0	0.0	0.0
General Merchandise	7.1	4.0	4.0	0.0	0.0	0.0	0.0
Furniture and Home Furnishings Stores	5.1	2.9	2.9	0.0	0.0	0.0	0.0
Building Material and Garden Equipment and Supplies Dealer	2.4	1.4	1.4	0.0	0.0	0.0	0.0
Electronics and Appliance Stores	9.4	5.4	5.4	0.0	0.0	0.0	0.0
Clothing and Clothing Accessories Stores	7.1	4.0	4.0	0.0	0.0	0.0	0.0
Motor Vehicle and Parts Dealers	9.9	5.6	0.0	5.6	0.0	0.0	0.0
Gasoline Stations	5.3	3.0	3.0	0.0	0.0	0.0	0.0
Sporting Goods, Hobby, and Musical Instrument Stores	10.2	5.8	5.8	0.0	0.0	0.0	0.0
Miscellaneous Store Retailers	8.7	5.0	5.0	0.0	0.0	0.0	0.0
Nonstore Retailers	0.4	0.2	0.0	0.2	0.0	0.0	0.0
Arts, Entertainment, & Recreation	10.1	5.8	0.0	5.8	0.0	0.0	0.0
Medical/Health							
Ambulatory Health Care Services	4.1	2.6	0.0	0.0	2.6	0.0	0.0
General Medical and Surgical Hospitals	2.8	1.8	0.0	0.0	1.8	0.0	0.0
Nursing and Residential Care Facilities	11.5	7.4	7.4	0.0	0.0	0.0	0.0
Social Assistance	5.8	3.7	3.7	0.0	0.0	0.0	0.0
Services							
Personal and Household Goods Repair and Maintenance	9.7	6.1	6.1	0.0	0.0	0.0	0.0
Services to Buildings and Dwellings	14.8	9.5	9.5	0.0	0.0	0.0	0.0
Waste Management and Remediation Services	3.8	2.4	0.0	0.0	2.4	0.0	0.0
Real Estate and Rental and Leasing	1.0	0.6	0.0	0.0	0.6	0.0	0.0
Personal Care Services	10.9	7.0	7.0	0.0	0.0	0.0	0.0
Dry Cleaning and Laundry Services	1.7	1.0	1.0	0.0	0.0	0.0	0.0
Auto Repair and Maintenance	12.8	8.2	0.0	8.2	0.0	0.0	0.0
Veterinary Services	2.6	1.7	0.0	1.7	0.0	0.0	0.0
Photographic Services	1.9	1.2	1.2	0.0	0.0	0.0	0.0
Educational Services	25.6	16.4	16.4	0.0	0.0	0.0	0.0
Accounting	1.4	0.9	0.0	0.0	0.9	0.0	0.0
Architectural, Engineering, and Related	0.9	0.6	0.0	0.0	0.0	0.0	0.6
Specialized Design Services	1.0	0.6	0.0	0.0	0.6	0.0	0.0
Death Care Services	1.6	1.0	0.0	1.0	0.0	0.0	0.0
Legal Services	0.9	0.5	0.0	0.0	0.0	0.0	0.5
Government	46.8	30.5	0.0	8.3	1.8	19.7	0.7
Total Workers and Households	365.1	219.8	156.7	30.8	10.8	19.7	1.8
Total Income-Qualified HH Generated Per 1,000 Market-Rate Units [2]		217.9	156.7	30.8	10.8	19.7	0.0
Total Income-Qualified HH Generated Per 100 Market-Rate Units [2]		21.8	15.7	3.1	1.1	2.0	0.0

[1] Assumes 1.53 workers per worker household in the City of Sunnyvale based on 2010 Census. Includes a 12.5% discount for retail and 1.9% discount for other industries to account for workers under age 20.

[2] Excludes above moderate-income households because these incomes are adequate to acquire market-rate housing.

Source: Economic & Planning Systems, Inc.

Table B-3
Income Levels for Worker Households
Worker Household Generation per 1,000 Market Rate Units - \$1,000,000 Uni
City of Sunnyvale Nexus-Based Affordable Housing Fee Analysis, EPS #2112:

Industry	Total Workers	Total Worker Households [1]	VLI Households	LI Households	Median Income Households	Moderate Income Households	Above Moderate Income Households
Retail							
Unspecified Retail	4.5	2.6	2.6	0.0	0.0	0.0	0.0
Food & Beverage Stores	33.7	19.2	19.2	0.0	0.0	0.0	0.0
Food Services and Drinking Places	126.7	72.2	72.2	0.0	0.0	0.0	0.0
Health and Personal Care Stores	4.4	2.5	2.5	0.0	0.0	0.0	0.0
General Merchandise	11.2	6.4	6.4	0.0	0.0	0.0	0.0
Furniture and Home Furnishings Stores	8.7	5.0	5.0	0.0	0.0	0.0	0.0
Building Material and Garden Equipment and Supplies Dealer	2.5	1.5	1.5	0.0	0.0	0.0	0.0
Electronics and Appliance Stores	13.1	7.5	7.5	0.0	0.0	0.0	0.0
Clothing and Clothing Accessories Stores	11.5	6.5	6.5	0.0	0.0	0.0	0.0
Motor Vehicle and Parts Dealers	9.5	5.4	0.0	5.4	0.0	0.0	0.0
Gasoline Stations	4.7	2.7	2.7	0.0	0.0	0.0	0.0
Sporting Goods, Hobby, and Musical Instrument Stores	14.3	8.1	8.1	0.0	0.0	0.0	0.0
Miscellaneous Store Retailers	11.6	6.6	6.6	0.0	0.0	0.0	0.0
Nonstore Retailers	0.5	0.3	0.0	0.3	0.0	0.0	0.0
Arts, Entertainment, & Recreation	20.4	11.6	0.0	11.6	0.0	0.0	0.0
Medical/Health							
Ambulatory Health Care Services	4.4	2.8	0.0	0.0	2.8	0.0	0.0
General Medical and Surgical Hospitals	3.0	1.9	0.0	0.0	1.9	0.0	0.0
Nursing and Residential Care Facilities	15.5	9.9	9.9	0.0	0.0	0.0	0.0
Social Assistance	10.3	6.6	6.6	0.0	0.0	0.0	0.0
Services							
Personal and Household Goods Repair and Maintenance	15.9	10.0	10.0	0.0	0.0	0.0	0.0
Services to Buildings and Dwellings	29.0	18.6	18.6	0.0	0.0	0.0	0.0
Waste Management and Remediation Services	4.2	2.7	0.0	0.0	2.7	0.0	0.0
Real Estate and Rental and Leasing	1.0	0.6	0.0	0.0	0.6	0.0	0.0
Personal Care Services	13.9	8.9	8.9	0.0	0.0	0.0	0.0
Dry Cleaning and Laundry Services	2.7	1.6	1.6	0.0	0.0	0.0	0.0
Auto Repair and Maintenance	14.7	9.4	0.0	9.4	0.0	0.0	0.0
Veterinary Services	2.5	1.6	0.0	1.6	0.0	0.0	0.0
Photographic Services	3.1	2.0	2.0	0.0	0.0	0.0	0.0
Educational Services	84.3	53.9	53.9	0.0	0.0	0.0	0.0
Accounting	3.1	2.0	0.0	0.0	2.0	0.0	0.0
Architectural, Engineering, and Related	2.1	1.4	0.0	0.0	0.0	0.0	1.4
Specialized Design Services	2.3	1.5	0.0	0.0	1.5	0.0	0.0
Death Care Services	3.5	2.3	0.0	2.3	0.0	0.0	0.0
Legal Services	1.9	1.2	0.0	0.0	0.0	0.0	1.2
Government	46.8	30.5	0.0	8.3	1.8	19.7	0.7
Total Workers and Households	541.5	327.3	252.1	38.9	13.3	19.7	3.3
Total Income-Qualified HH Generated Per 1,000 Market-Rate Units [2]		324.0	252.1	38.9	13.3	19.7	0.0
Total Income-Qualified HH Generated Per 100 Market-Rate Units [2]		32.4	25.2	3.9	1.3	2.0	0.0

[1] Assumes 1.53 workers per worker household in the City of Sunnyvale based on 2010 Census. Includes a 12.5% discount for retail and 1.9% discount for other industries to account for workers under age 20.
 [2] Excludes above moderate-income households because these incomes are adequate to acquire market-rate housing.

Source: Economic & Planning Systems, Inc.

Table B-4
Income Levels for Worker Households
Worker Household Generation per 1,000 Market Rate Units - \$1,250,000 Uni
City of Sunnyvale Nexus-Based Affordable Housing Fee Analysis, EPS #2112'

Industry	Total Workers	Total Worker Households [1]	VLI Households	LI Households	Median Income Households	Moderate Income Households	Above Moderate Income Households
Retail							
Unspecified Retail	5.6	3.2	3.2	0.0	0.0	0.0	0.0
Food & Beverage Stores	41.7	23.8	23.8	0.0	0.0	0.0	0.0
Food Services and Drinking Places	156.8	89.4	89.4	0.0	0.0	0.0	0.0
Health and Personal Care Stores	5.4	3.1	3.1	0.0	0.0	0.0	0.0
General Merchandise	13.9	7.9	7.9	0.0	0.0	0.0	0.0
Furniture and Home Furnishings Stores	10.8	6.2	6.2	0.0	0.0	0.0	0.0
Building Material and Garden Equipment and Supplies Dealer	2.7	1.5	1.5	0.0	0.0	0.0	0.0
Electronics and Appliance Stores	16.2	9.2	9.2	0.0	0.0	0.0	0.0
Clothing and Clothing Accessories Stores	14.2	8.1	8.1	0.0	0.0	0.0	0.0
Motor Vehicle and Parts Dealers	11.8	6.7	0.0	6.7	0.0	0.0	0.0
Gasoline Stations	5.8	3.3	3.3	0.0	0.0	0.0	0.0
Sporting Goods, Hobby, and Musical Instrument Stores	17.7	10.1	10.1	0.0	0.0	0.0	0.0
Miscellaneous Store Retailers	14.3	8.2	8.2	0.0	0.0	0.0	0.0
Nonstore Retailers	0.6	0.4	0.0	0.4	0.0	0.0	0.0
Arts, Entertainment, & Recreation	25.2	14.4	0.0	14.4	0.0	0.0	0.0
Medical/Health							
Ambulatory Health Care Services	5.4	3.5	0.0	0.0	3.5	0.0	0.0
General Medical and Surgical Hospitals	3.7	2.4	0.0	0.0	2.4	0.0	0.0
Nursing and Residential Care Facilities	19.2	12.3	12.3	0.0	0.0	0.0	0.0
Social Assistance	12.7	8.1	8.1	0.0	0.0	0.0	0.0
Services							
Personal and Household Goods Repair and Maintenance	19.7	12.4	12.4	0.0	0.0	0.0	0.0
Services to Buildings and Dwellings	35.9	23.0	23.0	0.0	0.0	0.0	0.0
Waste Management and Remediation Services	5.2	3.3	0.0	0.0	3.3	0.0	0.0
Real Estate and Rental and Leasing	1.0	0.6	0.0	0.0	0.6	0.0	0.0
Personal Care Services	17.2	11.0	11.0	0.0	0.0	0.0	0.0
Dry Cleaning and Laundry Services	3.4	1.9	1.9	0.0	0.0	0.0	0.0
Auto Repair and Maintenance	18.2	11.6	0.0	11.6	0.0	0.0	0.0
Veterinary Services	3.1	2.0	0.0	2.0	0.0	0.0	0.0
Photographic Services	3.9	2.5	2.5	0.0	0.0	0.0	0.0
Educational Services	104.3	66.7	66.7	0.0	0.0	0.0	0.0
Accounting	3.9	2.5	0.0	0.0	2.5	0.0	0.0
Architectural, Engineering, and Related	2.6	1.7	0.0	0.0	0.0	0.0	1.7
Specialized Design Services	2.8	1.8	0.0	0.0	1.8	0.0	0.0
Death Care Services	4.4	2.8	0.0	2.8	0.0	0.0	0.0
Legal Services	2.4	1.5	0.0	0.0	0.0	0.0	1.5
Government	46.8	30.5	0.0	8.3	1.8	19.7	0.7
Total Workers and Households	658.4	397.5	311.8	46.2	15.8	19.7	3.9
Total Income-Qualified HH Generated Per 1,000 Market-Rate Units [2]		393.6	311.8	46.2	15.8	19.7	0.0
Total Income-Qualified HH Generated Per 100 Market-Rate Units [2]		39.4	31.2	4.6	1.6	2.0	0.0

[1] Assumes 1.53 workers per worker household in the City of Sunnyvale based on 2010 Census. Includes a 12.5% discount for retail and 1.9% discount for other industries to account for workers under age 20.

[2] Excludes above moderate-income households because these incomes are adequate to acquire market-rate housing.

Source: Economic & Planning Systems, Inc.

ATTACHMENT B

Draft Ordinance

Modifying Title 19 of the Sunnyvale Municipal Code

Related to Chapter 19.66:

Affordable Housing and Single Room Occupancies

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SUNNYVALE AMENDING CERTAIN CHAPTERS AND SECTIONS OF TITLE 19 (ZONING) OF THE SUNNYVALE MUNICIPAL CODE PERTAINING TO BELOW MARKET RATE HOUSING REQUIREMENTS

THE CITY COUNCIL OF THE CITY OF SUNNYVALE DOES ORDAIN AS FOLLOWS:

SECTION 1. CHAPTER 19.67 ADDED. Chapter 19.67 (Below Market Rate Ownership Housing Requirements) of Title 19 (Zoning) is hereby added to read as set forth in Exhibit “A” attached and incorporated by reference.

SECTION 2. CHAPTER 19.69 ADDED. Chapter 19.69 (Existing Below Market Rate Rental Housing Requirements) of Title 19 (Zoning) is hereby added to read as set forth in Exhibit “B” attached and incorporated by reference.

SECTION 3. SECTION 19.12.030 AMENDED. Section 19.12.030 of Chapter 19.12 (Definitions) of Title 19 (Zoning) of the Sunnyvale Municipal Code is hereby amended to read as follows:

19.12.030. “B”

(1) – (3) [Text unchanged.]

~~(4) —“Below market rate (BMR) unit” means an ownership or rental housing unit affordable by households with very low, low or moderate incomes.~~

(5) – (15) [Renumber (4) – (14). Text unchanged.]

SECTION 4. SECTION 19.12.050 AMENDED. Section 19.12.050 of Chapter 19.12 (Definitions) of Title 19 (Zoning) of the Sunnyvale Municipal Code is hereby amended to read as follows:

19.12.050. “D”

(1) – (9) [Text unchanged.]

(10) “Director of community development” means the director of the department of community development of the city of Sunnyvale or the director’s designee. In this title, the term “director” is the same as “director of community development”.

(11) – (15) [Text unchanged.]

SECTION 4. SECTION 19.12.090 AMENDED. Section 19.12.090 of Chapter 19.12 (Definitions) of Title 19 (Zoning) of the Sunnyvale Municipal Code is hereby amended to read as follows:

19.12.090. “H”

(1) – (7) [Text unchanged.]

~~(8) —“Housing costs” means the monthly mortgage principal and interest, property taxes, homeowners insurance, and condominium fees (where applicable, for ownership units) and the monthly rent for rental units.~~

~~(9) —“HUD” means the United States Department of Housing and Urban Development or its successor.~~

SECTION 5. SECTION 19.12.100 AMENDED. Section 19.12.100 of Chapter 19.12 (Definitions) of Title 19 (Zoning) of the Sunnyvale Municipal Code is hereby amended to read as follows:

19.12.100. “P”

(1) – (2) [Text unchanged.]

~~(3) —“Income levels” means those income and eligibility levels determined periodically by the United States Department of Housing and Urban Development based on the San Jose Standard Metropolitan Statistical Area (SMSA) median income levels by family size. Such levels shall be calculated on the basis of gross annual household income considering household size and number of dependents, income of all wage earners, elderly or disabled family members and all other sources of household income.~~

~~(a) —“Moderate income” means greater than eighty percent to one hundred thirty percent of the SMSA median;~~

~~(b) —“Low income” means fifty percent to eighty percent of the SMSA median;~~

~~(c) —“Very low income” means under fifty percent of the SMSA median.~~

(4) – (5) [Renumber (3) – (4). Text unchanged.]

SECTION 6. SECTION 19.12.160 AMENDED. Section 19.12.190 of Chapter 19.12 (Definitions) of Title 19 (Zoning) of the Sunnyvale Municipal Code is hereby amended to read as follows:

19.12.160. “O”

(1) – (8) [Text unchanged.]

(9) —“Ownership housing” means a residential development where each dwelling unit is developed to be sold separately to a home buyer for owner-occupancy.

SECTION 7. SECTION 19.12.190 AMENDED. Section 19.12.190 of Chapter 19.12 (Definitions) of Title 19 (Zoning) of the Sunnyvale Municipal Code is hereby amended to read as follows:

19.12.190. “R”

(1) – (8) [Text unchanged.]

~~(9) —“Resale controls” means legal restrictions by which the price of below market rate units shall be restricted to ensure that the unit remains affordable to very low, low or moderate income households.~~ “Rental housing” means a residential development that is not ownership housing.

(10) – (20) [Text unchanged.]

SECTION 8. SECTION 19.18.020 AMENDED. Section 19.18.020 of Chapter 19.18 (Residential Zoning Districts) of Title 19 (Zoning) of the Sunnyvale Municipal Code is hereby amended to read as follows:

19.18.020. Residential zoning districts.

Residential zoning districts are reserved for ~~not more than the specified~~ the maximum allowable density specified below, expressed in number of dwelling units per acre, except as ~~otherwise provided for in Article 5~~ allowed under Section 19.18.025 (Density Bonus). Other uses will be permitted which are compatible with the residential character of the zoning districts.

(a) – (h) [Text unchanged.]

SECTION 9. SECTION 19.18.025 ADDED. Section 19.18.025 of Chapter 19.18 (Residential Zoning Districts) of Title 19 (Zoning) of the Sunnyvale Municipal Code is hereby added to read as follows:

19.18.025. Density Bonus.

A density bonus of up to 35% above the maximum allowable density of a residential zoning district may be granted under California Government Code Sections 65915-65918 and through other development incentives adopted by the city council.

SECTION 10. SECTION 19.30.040 AMENDED. Section 19.30.040 of Chapter 19.30 (Lot Area and Lot Width) of Title 19 (Zoning) of the Sunnyvale Municipal Code is hereby amended to read as follows:

19.30.040. Dwelling units allowed in multiple-family zoning districts.

~~Notwithstanding any other provisions of this chapter, Table 19.30.040 (Number of Dwelling Units Allowed: R-3, R-4 and R-5 Zoning Districts) shows the number of dwelling units allowed per minimum lot area in multiple-family zoning districts is as set forth in Table 19.30.040. Additional dwelling units may be allowed under Section 19.18.025 (Density Bonus).~~

SECTION 11. CHAPTER 19.68 AMENDED. Chapter 19.68 (Mobile and Accessory Living Units) of Title 19 (Zoning) of the Sunnyvale Municipal Code is hereby amended to read as follows:

Chapter 19.68

~~Mobile and Accessory Living Units~~ Standards for Alternative Housing Types

19.68.010. Purpose.

19.68.020. Mobile living units.

19.68.030. Mobile home.

19.68.040. Accessory living units.

19.68.050. Single-room occupancy (SRO) living unit facility.

19.68.060. Single-room occupancy (SRO) residential hotel.

19.68.010. Purpose.

This chapter establishes the requirements and standards ~~related to the installation and use of a mobile living unit, mobile home or accessory living unit for~~ alternative housing types.

19.68.020 – 19.68.040 [Text unchanged.]

19.68.050. Single room occupancy (SRO) living unit facility.

(a) A conditional use permit may be issued for an SRO living unit facility only if the following criteria are met:

(1) Excluding the closet and the bathroom area, an SRO living unit must be a minimum of one hundred fifty square feet in floor area. The average unit size in a living unit facility shall be no greater than two hundred seventy-five square feet and no individual living unit may exceed four hundred square feet;

(2) Each SRO living unit shall be designed to accommodate a maximum of two persons;

(3) An SRO living unit may contain partial kitchen facilities;

(4) Individual SRO living units may not have separate external entryways;

(5) The SRO living unit facility must have a management plan approved by the director of community development. The management plan shall contain management policies, operations, rental procedures, maintenance plans, staffing needs and security procedures. An on-site, twenty-four hour manager is required in every living unit project. The rental procedures must allow for both weekly and monthly tenancies and specify deposit requirements for each type of tenancy. A manager's unit shall be a complete dwelling unit and so designated on all plans;

(6) Laundry facilities must be provided in a separate room in compliance with Chapter 16.16, at the ratio of one washer and one dryer for every twenty units or fractional number thereof. The laundry facility must be located near the interior common space. Washers and dryers may be coin operated;

(7) A closet and separate storage space, as approved by the director of community development, is required in every SRO living unit facility;

(8) A cleaning supply storeroom and/or utility closet with at least one laundry tub with hot and cold running water must be provided on each floor of the living unit building;

(9) The SRO living unit facility shall provide interior common space at a minimum of four square feet per unit. An SRO living unit facility must provide at least two hundred square feet in area of interior common space, excluding janitorial storage, laundry facilities and common hallways.

(b) The planning commission or the city council shall deny the application for a use permit hereunder where the information submitted by the applicant and/or presented at the public hearing fails to substantiate that the project will comply with these criteria.

19.68.060. Single room occupancy (SRO) residential hotel.

(a) A conditional use permit may be issued for an SRO residential hotel only if the following criteria are met:

(1) Excluding the closet and any bathroom space, an SRO residential hotel unit must be at least seventy square feet in floor area;

(2) An SRO residential hotel room designed to accommodate a maximum of one person shall not exceed one hundred fifty square feet in floor area, and an SRO residential hotel room designed to accommodate a maximum of two persons shall be between one hundred twenty and two hundred nineteen square feet in floor area;

(3) An SRO residential hotel unit may contain partial kitchen and bath facilities. If individual bath and/or kitchen facilities are not provided, common bath facilities and/or common laundry and kitchen facilities must be provided in accordance with Chapter 16.16;

(4) Individual SRO residential hotel units may not have separate external entryways;

(5) The SRO residential hotel must have a management plan approved by the director of community development. The management plan shall contain management policies, operations, rental procedures, maintenance plans, staffing needs and security procedures. An on-site twenty-four hour manager is required in every SRO residential hotel. The rental procedures must allow for both weekly and monthly tenancies and specify deposit requirements for each type of tenancy. A manager's unit shall be a complete dwelling unit and so designated on all plans;

(6) Laundry facilities must be provided in a separate room, at the ratio of one washer and one dryer for every twenty units or fractional number thereof. The laundry facility must be located near the interior common space. Washers and dryers may be coin operated;

(7) A closet and separate storage space, as approved by the director of community development, is required in every SRO residential hotel room;

(8) A cleaning supply storeroom and/or utility closet with at least one laundry tub with hot and cold running water must be provided on each floor of the residential hotel building;

(9) The SRO residential hotel shall provide interior common space at a minimum of four square feet per unit. The SRO residential hotel shall provide a minimum of two hundred square feet of interior common area.

(b) The planning commission or the city council shall deny the application where the information submitted by the applicant and/or presented at the public hearing fails to satisfactorily substantiate that the project will comply with these criteria.

SECTION 12. SECTION 19.74.080 AMENDED. Section 19.74.080 of Chapter 19.74 (Park Dedication Fees for Rental Housing Projects) of Title 19 (Zoning) of the Sunnyvale Municipal Code is hereby amended to read as follows:

19.74.080. Exemption.

~~In any multifamily residential rental housing project otherwise subject to the provisions of this chapter, the number of a~~Any dwelling units designated as affordable housing, as defined in 19.12.020(7), ~~units for very low, low or moderate income households, as defined in Chapter 19.66, shall be subtracted are~~ exempt from the total number of dwelling units used in the calculations in Section 19.74.070., ~~provided that the proposed project complies in all other respects with the requirements of Chapter 19.66.~~

SECTION 13. CHAPTER 19.66 REPEALED. Chapter 19.66 (Affordable Housing and Single Room Occupancies) of Title 19 (Zoning) of the Sunnyvale Municipal Code is hereby repealed in its entirety.

SECTION 14. EXEMPTION FROM CEQA. The City Council finds, pursuant to Title 14 of the California Code of Regulations, Section 15061(b)(3), that this ordinance is exempt from the requirements of the California Environmental Quality Act (CEQA) in that it is not a Project which has the potential for causing a significant effect on the environment.

SECTION 15. CONSTITUTIONALITY; SEVERABILITY. If any section, subsection, sentence, clause or phrase of this ordinance is for any reason held to be invalid by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance. The City Council declares that it would have adopted this ordinance and each section, subsection, sentence, clause and phrase thereof irrespective of the fact that any one or more section, subsection, sentence, clause or phrase be declared invalid.

SECTION 16. EFFECTIVE DATE. This ordinance shall be in full force and effect 30 days from and after the date of its adoption.

SECTION 17. POSTING AND PUBLICATION. The City Clerk is directed to cause copies of this ordinance to be posted in three (3) prominent places in the City of Sunnyvale and to cause publication once in *The Sun*, the official newspaper for publication of legal notices of the City of Sunnyvale, of a notice setting forth the date of adoption, the title of this ordinance, and a list of places where copies of this ordinance are posted, within 15 days after adoption of this ordinance.

Introduced at a regular meeting of the City Council held on _____, 2012, and adopted as an ordinance of the City of Sunnyvale at a regular meeting of the City Council held on _____, 2012, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST:

APPROVED:

City Clerk
Date of Attestation: _____
(SEAL)

Mayor

APPROVED AS TO FORM AND LEGALITY:

Michael Martello, Interim City Attorney

Chapter 19.67
BELOW MARKET RATE OWNERSHIP HOUSING REQUIREMENTS

- 19.67.010 Purpose.**
- 19.67.020 Definitions.**
- 19.67.030 Applicability.**
- 19.67.040 Below Market Rate Housing (BMR) Requirement.**
- 19.67.050 Density Bonus.**
- 19.67.060. Development Standards.**
- 19.67.070. Occupancy and Sale Restrictions.**
- 19.67.080. BMR Housing Agreement.**
- 19.67.090. Alternatives to Satisfy BMR Housing Requirement.**
- 19.67.100. Default, Foreclosure, and Loss of Unit.**
- 19.67.110. BMR Housing Trust Fund.**
- 19.67.120. Annual Report.**
- 19.67.130. Enforcement.**
- 19.67.140. Appeals.**
- 19.67.150. Severability.**

19.67.010. Purpose.

(a) **Findings.** The city council finds that:

- (1) A shortage of affordable housing is detrimental to the public health, safety and welfare in the City of Sunnyvale;
- (2) Persons with lower to moderate incomes who work or live in the City are experiencing a shortage of affordable housing opportunities and those with very low incomes are increasingly excluded from living in the City;
- (3) Federal and state housing subsidy programs are not sufficient by themselves to satisfy the housing needs of lower to moderate income households;
- (4) Continued new development without housing at prices affordable to these persons will worsen the shortage of affordable housing; and
- (5) It is the City's goal and a public policy of the State of California to ensure there is adequate supply of housing for persons of all economic segments of the community.

(b) **Purpose.** This chapter establishes requirements for below market rate housing in new residential developments of ownership units to assure that the City's affordable housing stock increases in proportion to the overall increase in new housing; to achieve the housing objectives contained in state law and in the general plan; and to enhance public welfare.

19.67.020. Definitions.

When used in this chapter, these terms mean the following:

- (1) **“Adjacent lots”** means parcels with boundary lines that touch at any point. “Adjacent lots” includes parcels that are separated only by a private or public street, other than highways and expressways, or that are separated only by other parcels owned or controlled by the same owner or applicant.

(2) “**Area median income (AMI)**” means the median household income of households in Santa Clara County, adjusted for household size, as determined and published by the California Housing and Community Development Department (HCD).

(3) “**Assumed household size**” means, for the purposes of establishing affordable sales prices, a household with a total number of members equal to the number of bedrooms in the below market rate home, plus one. For example, the assumed household size for a 3-bedroom home is a 4-person household. Household members include all adults and children of any age residing in the same dwelling unit, and functioning as one financial and housekeeping unit.

(4) “**Assisted housing**” means any project that receives development funding from any local, state, or federal governmental or non-profit source, which meets the criteria for below market rate housing.

(5) “**Below market rate (BMR) ownership housing unit**” means a lot or dwelling unit affordable to a lower to moderate income household which is developed pursuant to and regulated by this chapter for the required term of affordability.

(6) “**Decision-making body**” means the planning commission or city council, whichever is authorized to make a final decision on the project’s application for land use approvals.

(7) “**Eligible buyer**” means a household which meets the requirements of this chapter to buy, or in the case of acquisition of a BMR unit through devise or inheritance, to occupy, a BMR unit; or a public or non-profit housing agency able to acquire and manage dwelling units for rental to eligible persons.

(8) “**Gross annual household income**” means the gross, pre-tax income of all adult occupants of the applicant household, and as may be further defined in the BMR Ownership Housing Guidelines.

(9) “**Housing cost**” means the monthly mortgage payment (principal and interest), property taxes, homeowners’ association dues, and homeowner’s insurance.

(10) “**Lower income household**” means a household with a gross annual household income at or below 80% of AMI for Santa Clara County. This definition corresponds to the definition of lower income household used for state- and federally-assisted housing programs.

(11) “**Market rate unit**” means a dwelling unit that is not subject to the occupancy or sale regulations in this chapter or any other affordability restrictions or covenants imposed by any public or private party.

(12) “**Moderate income household**” means a household with a gross annual household income between 80 to 120% of AMI for Santa Clara County. This definition corresponds to the definition of moderate income household for state-assisted housing programs.

(13) “**Ownership unit**” means a residential property consisting of a dwelling unit developed for sale to and occupancy by a home buyer. In this chapter, the term “unit” means the same as “ownership unit” unless otherwise specified.

(14) “**Project**” means one or more applications filed for City approval of a residential development of ownership units. “Project” includes a development across adjacent lots or a multi-phased development, on the same or adjacent lots. “Project” also includes developments on adjacent lots for which applications are filed by the same owner or applicant within a period of 10 years.

(15) “**Very low income household**” means a household with a gross annual household income that does not exceed 50% of AMI for Santa Clara County. This definition corresponds to the definition of very low income household used for state- and federally-assisted housing programs. Very low income households are a subset of lower income households.

19.67.030. Applicability.

(a) **Projects with eight (8) or more Units.** This chapter applies to any project that would create eight or more ownership units. Projects not deemed complete before the enactment of this chapter are subject to the regulations in this chapter.

(b) **Rental Housing Developments Exempt.** This chapter does not apply to rental housing developments.

(c) **BMR Ownership Housing Guidelines.** The director shall develop detailed procedures and guidelines to ensure the orderly and efficient administration of the requirements of this chapter. These procedures and guidelines are incorporated into this chapter as the BMR Ownership Housing Guidelines.

19.67.040. Below Market Rate Housing (BMR) Requirement.

At least 12.5% of the total number of units in a project shall be developed and sold to eligible buyers as BMR units, unless the decision-making body allows the BMR housing requirement to be satisfied through the alternatives under Section 19.67.090 (Alternatives to Satisfy Below Market Rate Housing Requirement). In calculating the number of BMR units required, any fraction of a whole number may be satisfied by developing one additional BMR unit or by paying an in-lieu fee. For example, for a 10-unit project that is required to have 1.25 BMR units, the applicant may develop one BMR unit and pay a fee for the remaining 0.25 units required, or develop a total of 2 BMR units.

19.67.050. Density Bonus.

BMR units developed to satisfy the requirements of this chapter may be counted, in the appropriate affordability category, toward the number of affordable housing units required to earn a density bonus under California Government Code Sections 65915-65918. BMR units that are used to earn a density bonus shall meet the affordability definitions referenced therein.

19.67.060. Development Standards.

BMR units are subject to the following development standards:

(a) **Location.** BMR units shall be distributed evenly throughout the project. The decision-making body may waive the location requirement if:

- (1) Significant physical site constraints prevent even distribution; or
- (2) Granting the waiver would result in improved site or building design, or a more favorable location of the BMR units than would otherwise be provided.

(b) **Lot Size.** Lot size shall be at least the same size as the smallest lot of a market rate unit within the project;

(c) **Bedroom Count.** Average bedroom count shall be the same as the average bedroom count in the market rate units in the project;

(d) **Unit Size.** Unit size shall be at least 75% of the average size of market rate units with the same number of bedrooms in the project.

(e) **Exterior.** The exterior shall be consistent with the market rate units in the project in terms of details, materials, and visual appeal, with no significant identifiable differences visible from the common open space;

(f) **Interior.** Interiors may be of standard-grade finishes and amenities consistent with those of moderately-priced new market rate units for sale in the region, even if market rate units in the project are of higher-end finishes and amenities.

(g) **Timing of Completion and Sale.** BMR units shall be constructed and listed for sale prior to or concurrently with the market rate units, and in the same ratio as the BMR housing requirement applicable to the project. For example, for a project with a 12.5% BMR housing requirement, at least one BMR unit shall receive a certificate of occupancy and be listed for sale before or concurrently with every 7th market rate unit constructed and listed for sale in the project. The director may approve a modified schedule if the timing requirement will create unreasonable delays in issuance of certificates of occupancy for the market rate units. Once listed for sale, seller shall accept the first valid offer from an eligible buyer referred by or deemed eligible by the City, and shall cooperate with all parties involved to close escrow within a reasonable and customary time period, as further specified in the BMR Ownership Guidelines.

19.67.070. Occupancy and Sale Restrictions.

(a) **Recordation of Declaration of Restrictions.** Before issuance of any building permit for a BMR unit, a declaration containing the occupancy and sale restrictions in this chapter shall be executed and recorded between the property owner and the City. The declaration is binding to the heirs, assigns and successors in interest of the property owner.

(b) **Term of Restrictions.** BMR units shall be reserved for lower and moderate income households and shall be subject to the occupancy and sale restrictions in this chapter for 30 years. This term begins upon sale to an eligible purchaser. If the BMR unit is resold to another eligible purchaser during the term, a new term of 30 years shall begin upon resale and shall be secured by a new declaration of restrictions.

(c) **Maximum Sales Price.** BMR units shall be sold for a price not exceeding the price affordable to median income households (incomes at 100% of AMI). The price shall be based on a housing cost of up to 30% of monthly gross household income for the unit's assumed household size. The director shall establish and publish annually the maximum sale prices for each unit size, based on number of bedrooms, in the BMR Ownership Housing Guidelines. The percentage of median income used to establish maximum sale prices may be adjusted periodically by the director, within a range of 80% to 110% of AMI, to address major shifts in the housing market or other related economic conditions affecting the demand for BMR housing.

(d) **Sale Requirements.** The following requirements shall be met in all sales and resales of BMR units during the term of restrictions:

(1) The seller shall notify the director of the intent to sell before offering the unit for sale.

(2) The seller shall notify the director of the proposed sale price before the close of the sale;

(3) The eligible buyer shall execute and record a new declaration of restrictions which incorporates all current occupancy and sale restrictions in this chapter and in the BMR Ownership Housing Guidelines; and

(4) Closing costs and title insurance shall be paid under the common practice in Santa Clara County at the time of opening escrow. The buyer may not be charged fees above those imposed on buyers of a market rate unit, except for administrative fees charged by the City.

(5) Certain transfers of title by marriage, divorce proceeding, devise or inheritance, shall not be subject to these required sale procedures, however the occupancy, sale price, and

other affordability restrictions of this Chapter shall bind all assignees or successors in interest to the unit for the term, as further specified in the declaration of restrictions.

(e) **Eligibility to Purchase and/or Occupy.** The director shall determine the eligibility of prospective buyers and/or occupants of BMR units prior to purchase and/or occupancy of a BMR unit. It is unlawful for any person to willfully make a false representation or fail to disclose information for the purpose of qualifying as eligible to purchase or occupy a BMR unit. Prospective buyers/occupants must meet the following requirements:

(1) **Income Limits.** The prospective buyer's combined household income and assets shall not exceed the limits for a moderate income household, as further defined in the BMR Ownership Housing Guidelines.

(2) **Occupancy.** Each BMR unit shall be owned and occupied as the primary residence of the eligible buyer. Buyers shall occupy units promptly following purchase, and shall occupy the unit as the primary residence for the duration of their ownership of the unit or for the term, whichever is longer, as further specified in the Guidelines and declaration of restrictions.

(3) **Additional Criteria.** The director may establish other reasonable eligibility criteria, ownership and occupancy requirements to be set forth in the BMR Housing Guidelines to ensure buyer's ability to close escrow, maintain ownership of the unit, and to ensure effective operation of the program and equitable access to the units among eligible buyers.

(4) **Conflict of interest.** The following individuals are ineligible to purchase or rent a BMR unit as their residence:

(A) All City employees and officials who administer or have policy-making authority over City housing programs;

(B) The developer of the unit; or

(C) The immediate relatives, employees, and anyone gaining significant economic benefit from a direct business association with City employees, officials, developers, or owners who are not eligible to purchase a BMR unit.

(f) **Rental of BMR Units.** BMR units sold to eligible home buyers shall not be rented to other occupants at any time. BMR units that are owned by a public or non-profit housing agency may be rented with prior written approval of the director. Under extenuating circumstances, such as in cases where a BMR unit offered for sale is not sold within a reasonable time period through no fault of the developer, the director may approve the temporary rental of certain BMR units, subject to the rent limits and requirements of Chapter 19.69 (Existing Below Market Rate Rental Housing Requirements), until the unit can be sold to an eligible buyer.

(g) **Refinancing of BMR Units.** BMR home owners may not refinance a BMR unit without the prior written approval of the administering agency. BMR units shall not be used as collateral to secure liens or debts with a combined loan to value ratio in excess of 95% of the maximum BMR resale price applicable to the unit at the time of the proposed refinancing, as further specified in the BMR Ownership Housing Guidelines.

19.67.080. Below Market Rate (BMR) Housing Agreement.

(a) **Required Before Final Map or Building Permit.** Before final subdivision map recordation or issuance of any building permits for the project, whichever occurs first, the property owner shall execute and record a BMR Housing Agreement (Agreement) with the City.

(b) **Agreement Provisions.** The BMR Housing Agreement shall include, at a minimum, the following provisions:

(1) **Binding of Persons.** A provision that binds the heirs, assigns, and successors in interest of the property owner to the Agreement;

(2) **Binding of Project Site.** The obligation for the entire project site to fulfill the BMR housing requirement for the project under this chapter;

(3) **Liens.** A lien on each unit identified to meet the BMR housing requirement, or if the alternative to pay an in-lieu fee is approved, a lien on every unit;

(4) **Alternatives.** Any alternatives approved for the applicant to satisfy the BMR housing requirement;

(5) **Project Covenants, Conditions and Restrictions.** Provision that prohibits any amendments to the development's Covenants, Conditions and Restrictions that would increase the proportion of the homeowners' association dues or assessments payable by any BMR unit. This provision shall create a right of judicial enforcement by the City or the owner of any affected BMR unit;

(6) **Enforcement.** A provision that shall require the property owner to pay the City rent for a BMR unit from the date of any unauthorized use of the unit, and for the City's recovery of reasonable attorney fees and costs to pursue legal action in enforcing this agreement, and;

(7) **Amendments.** Minor amendments to the BMR Housing Agreement may be approved by the director. Substantive amendments to any approved alternatives to satisfy the BMR housing requirement shall be reviewed by the decision-making body. An amended Agreement shall be executed and recorded.

19.67.090. Alternatives to Satisfy Below Market Rate (BMR) Housing Requirement

(a) **Decision-Making Body Approval.** The applicant may satisfy the BMR housing requirement of a project using one or more of the alternatives in this section, subject to approval by the decision-making body, and secured by an affordable housing agreement between developer and City which shall create an enforceable lien on the market-rate project site. The applicant shall identify the required BMR units in the project application materials regardless of a request to use an alternative to meet the BMR housing requirement.

(b) **Payment of In-Lieu Fee.** The applicant may pay an in-lieu fee, as follows:

(1) **Amount of In-Lieu Fee.** The amount of the in-lieu fee shall be equal to 7% of the contract sales price of all units in the project. If the applicant is paying an in-lieu fee for a fractional unit only, the minimum fee rate may be adjusted proportionally.

(2) **Fee Payment.** A lien shall be placed on each unit in order to collect payment of the in-lieu fee prior to close of escrow on each dwelling unit, as required in the BMR Housing Agreement. The lien shall be released by the City upon receipt of the in-lieu fee at close of escrow.

(c) **Transfer of Credits.** The applicant may provide BMR housing in another residential development in Sunnyvale, preferably in proximity to the market-rate project site, as follows:

(1) **More Units or Greater Affordability.** BMR housing provided in another development shall result in more units than required, or result in the same number of units but at a greater level of affordability. If the other development is a rental development, at least two rental units shall be provided in lieu of each BMR ownership unit required of the initial project, unless otherwise approved by the decision-making body.

(2) **Partnership.** The applicant may satisfy the BMR housing requirement through a partnership with another housing developer providing affordable units, subject to the following requirements:

(A) **Proof of Partnership.** Legal agreements between the applicant and the partner shall show that the applicant is providing reasonable funding, land, development services, or other support to the affordable housing units. The applicant's financial contributions shall be held in trust by the City until needed by the partner for development of the affordable units;

(B) **Site Acquired.** The applicant or the partner shall have control of or the right to build on the site where the affordable units will be developed;

(C) **Affordable Housing Development Application.** The affordable housing development application shall have been approved or at least deemed complete at the time the project required to provide BMR housing is approved;

(D) **Funding Acquired.** The partner has obtained legal commitments for all necessary financing, or the City has approved the financing plan for the affordable housing development;

(E) **Construction in 2 Years.** The affordable housing development shall be constructed and occupied within 2 years of completion of the applicant's project, unless director approves an extension not to exceed an additional 2 years. If development is not completed within this time period, City may transfer the applicant's financial contributions to the BMR Housing Trust Fund. In the event this occurs, the financial contribution shall be at least equal to the amount of the in-lieu fee otherwise due from the project, pursuant to subsection 19.67.090(b); and

(F) **Average Number of Bedrooms per Unit.** The average number of bedrooms per unit in the affordable housing development is comparable to the average number of bedrooms per unit in the project required to provide BMR housing. This requirement may be modified if the affordable housing development is designed to serve a special needs population which would not require an equivalent number of bedrooms per unit.

(d) **Unit Conversion Program.** The applicant may convert an existing market-rate residential development into affordable housing or rehabilitate an expiring affordable housing development through the City's Unit Conversion Program, as follows:

(1) **Affordability.** Converted dwellings may be sold or rented to lower or moderate income households;

(2) **2 for 1 Ratio.** For every required BMR unit, at least 2 dwelling units shall be converted, unless otherwise approved by the decision-making body, based on a finding that a ratio of less than 2 to 1 would provide a comparable substitute for the standard BMR requirement;

(3) **Declaration of Restrictions.** Dwellings converted into ownership units shall be secured by recording a declaration of restrictions to bind the units to the requirements of Section 19.67.070 (Occupancy and Sale Restrictions); and

(4) **Timing of Completion.** Dwellings shall be converted and available for occupancy before or at the same time the project required to provide BMR housing is available for occupancy, unless a modified schedule is approved by the director.

19.67.100. Default, Foreclosure, and Loss of Unit.

(a) **Option to Purchase.** If a notice of default is recorded on a BMR unit and the homeowner fails to correct it, an eligible purchaser, or the director on behalf of the City, may purchase the unit. The unit shall be purchased at a sale price equal to the amount the owner would have received on the date of the foreclosure sale under the BMR Ownership Housing Guidelines. The eligible buyer may purchase the unit by paying any amounts due to lien holders and paying to the

owner any balance of funds remaining after payment of the costs of sale and any repairs chargeable to the homeowner. All other resale provisions of the Guidelines apply.

(b) **Loss of Unit.** If the BMR unit is not purchased before the trustee's sale or foreclosure, the unit is free from the restrictions of this chapter and the homeowner will be deemed in compliance with this chapter, with the exception of subsection (c).

(c) BMR ownership units which have not been completed or sold to initial eligible buyers, and any affordable rental units developed as an alternative to BMR ownership units pursuant to Section 19.67.090, shall not be released from the restrictions of this chapter through a trustee's sale or judicial foreclosure.

(d) **Distribution of Proceeds.** This subsection applies to any BMR unit lost by sale at a trustee's sale or foreclosure, destruction, condemnation, or by liquidation of the homeowners association. If a BMR unit is restored, the remaining term of occupancy and sale restrictions shall continue upon completion. Any proceeds remaining after payment of encumbrances on the unit shall be distributed as follows;

(1) **Homeowner.** To the homeowner, up to the net amount the homeowner would have received under the sale price in the BMR Ownership Housing Guidelines if the City had purchased the unit on the date of the loss; and

(2) **BMR Housing Trust Fund.** To the City, any surplus remaining after payment to the homeowner. The proceeds shall be deposited into the BMR Housing Trust Fund.

(e) **Collateral.** A BMR unit shall not be used as collateral for an amount exceeding 95% of the maximum sales price applicable to that unit.

19.67.110. Below Market Rate (BMR) Housing Trust Fund.

This section establishes the BMR Housing Trust Fund for the deposit of all monies collected under this chapter. Trust funds shall be used for developing or preserving affordable housing in the City.

19.67.120. Annual Report.

The director shall provide an annual informational report to the city council on the status of BMR units developed under this chapter. The report shall include the number, size, type, tenure, and general location of each BMR unit completed during the year, as well as the number of BMR resales and BMR rental vacancy rate, if applicable.

19.67.130. Enforcement.

In addition to the provisions in Chapter 19.98.140 (Violations), the following provisions also apply to the enforcement of this chapter:

(a) **Agents, Successors and Assigns.** The provisions of this chapter apply to all agents, successors and assigns of the applicant.

(b) **Penalties and Fines.** Any person, firm, or corporation, whether as principal or agent, violating or causing the violation of this chapter is guilty of a misdemeanor. Each offense shall be punishable by a fine in the amount set forth in the City Fee Schedule, or by imprisonment in the Santa Clara County jail for a term up to 6 months, or both. Such person, firm, or corporation shall be deemed to be guilty of a separate offense for each and every day during any portion of which any violation of this chapter is commenced, continued, or permitted by such person, firm, or corporation, and may be punishable as provided in this section.

(c) **Civil Action.** Any purchaser of a BMR unit for a sale price in excess of that allowed by this chapter, or any tenant who rented a BMR unit for rents in excess of those allowed by Chapter 19.69 (Existing Below Market Rate Rental Housing Requirements), and who has given written notice to the director, may file a civil action to recover the excess costs, whether rental of such BMR unit was prohibited by this chapter or expressly permitted in writing by the director as an exception or alternative to the standard BMR requirement. The purchaser or tenant shall have met the income eligibility requirements of this chapter or Chapter 19.69, as applicable, during the period of time for which the individual seeks reimbursement of the excess costs.

(d) **Fines.** If it is determined that sales prices in excess of those allowed by this chapter and the BMR Ownership Housing Guidelines have been charged to a purchaser of a BMR unit, or if unauthorized and/or excess rents have been charged to a tenant or subtenant of a BMR unit of any kind subject to the restrictions of this chapter, the property owner having charged excess or unauthorized sales proceeds or rents shall be subject to a civil penalty. The civil penalty amount shall be \$2,500.00, or as set forth in state law, and any excess sales proceeds not recovered by a buyer or tenant under subsection (c). If the City does not otherwise recover its reasonable attorney fees and other legal costs from the landlord, the City shall deduct these costs from the amounts collected under this section and deposit the balance into the BMR Housing Trust Fund.

(e) **Legal Action.** The City may institute injunction, mandamus, or any appropriate legal actions or proceedings necessary for the enforcement of this chapter, including actions to suspend or revoke any permit, including a development approval, building permit or certificate of occupancy; and for injunctive relief or damages.

19.67.140. Appeals.

Any person aggrieved by a decision on any permit may appeal the decision following the procedures in Chapter 19.98.070 (Appeals).

19.67.150. Severability.

If any portion of this chapter is held to be invalid, unconstitutional, or unenforceable by a court of competent jurisdiction, that decision shall not affect the validity of the remaining portions of this Zoning Code. The city council declares that this chapter and each portion would have been adopted without regard to whether any portion of this chapter would be later declared invalid, unconstitutional, or unenforceable.

Chapter 19.69
EXISTING BELOW MARKET RATE RENTAL HOUSING REQUIREMENTS

- 19.69.010 Purpose.**
- 19.69.020 Definitions.**
- 19.69.030 Applicability.**
- 19.69.040 Below Market Rate Housing Requirement.**
- 19.69.050 Occupancy and Rental Restrictions.**
- 19.69.060 Enforcement.**
- 19.69.070 Annual Report.**
- 19.69.080 Severability.**

19.69.010. Purpose.

(a) **Findings.** The city council finds that:

- (1) A shortage of affordable housing is detrimental to the public health, safety and welfare in the City of Sunnyvale;
- (2) Persons with lower incomes who work or live in the City are experiencing a shortage of affordable rental housing opportunities and those with very low incomes are increasingly excluded from living in the City;
- (3) Federal and state housing subsidy programs are not sufficient by themselves to satisfy the housing needs of lower income households;
- (4) It is a public purpose of the City to ensure that housing is available for persons with lower incomes, and that such supply of housing remains affordable to future residents; and
- (5) It is the City’s goal and a public policy of the State of California to ensure there is adequate supply of housing for persons of all economic segments of the community.

(b) **Purpose.** This chapter establishes requirements for existing rental housing developments subject to below market rate rental requirements that were in effect before July 2009, in order to continue to contribute to the provision of affordable rental housing for lower income households; to achieve the housing objectives contained in state law and in the general plan; and to enhance public welfare.

19.69.020. Definitions.

When used in this chapter, these terms mean the following:

- (1) **“Area median income (AMI)”** means the median household income of households in Santa Clara County, as determined and published by the California Housing and Community Development Department (HCD).
- (2) **“Assumed household size”** means, for the purposes of establishing affordable rents, a household with a total number of members equal to the number of bedrooms in the below market rate home, plus one. For example, the assumed household size for a 3-bedroom home is a 4-person household. Household members include all adults and children of any age residing in the same dwelling unit, and functioning as one financial and housekeeping unit.
- (3) **“Assisted housing”** means any project that receives development funding from any local, state, or federal governmental or non-profit source, which meets the criteria for below market rate housing.
- (4) **“Below market rate (BMR) rental housing”** means rental dwelling units affordable to and available for rent to lower income households, as regulated by this chapter.

(5) **“Eligible tenant”** means a lower income household which meets the eligibility requirements of this chapter to rent a BMR unit. Tenant eligibility shall be determined by the property manager prior to occupancy of a BMR unit and annually thereafter, and verified by the director through annual audits of the property manager’s leasing files and other related records.

(6) **“Gross annual household income”** means the gross, pre-tax income of all adult occupants of the applicant household, and as may be further defined in the BMR Rental Housing Guidelines.

(7) **“Housing cost”** means the sum of monthly rent and utility costs, not including telecommunications services (telephone, cable television, internet), charged to tenants for rental of a BMR unit.

(8) **“Lower income household”** means a household with a gross annual household income at or below 80% of AMI for Santa Clara County. This definition corresponds to the definition of lower income households used for state- and federally-assisted housing programs.

(9) **“Market rate unit”** means a dwelling unit that is not subject to the occupancy or rent restrictions in this chapter.

(10) **“Very low income household”** means a household with a gross annual household income that does not exceed 50% of AMI for Santa Clara County. This definition corresponds to the definition of very low income household used for state- and federally-assisted housing programs. Very low income households are a subset of lower income households.

19.69.030. Applicability

(a) **Existing BMR Units in Rental Housing.** This chapter applies to rental housing developments subject to a BMR Housing Agreement recorded before the enactment of this chapter and for the term specified in the Agreement.

(b) **BMR Rental Housing Guidelines.** The director shall develop detailed procedures and guidelines to ensure the orderly and efficient administration of the requirements of this chapter. These procedures and guidelines are incorporated into this chapter as the BMR Rental Housing Guidelines.

19.69.040. Below Market Rate Housing (BMR) Requirement.

The BMR housing requirement for any rental housing development subject to this chapter is what is specified in the recorded BMR Housing Agreement.

19.69.050. Occupancy and Rental Restrictions.

(a) **Term of Restrictions.** BMR units shall be reserved for rental to and occupancy by lower income households and shall be subject to the occupancy and rental restrictions in this chapter for the term recorded in the applicable BMR Housing Agreement.

(b) **Maximum Rent.** The rent for BMR units shall not exceed a price affordable to lower income households with incomes at 70% of AMI. The rent shall not exceed 30% of monthly gross household income for the unit’s assumed household size. The director shall establish the actual maximum rent amount for each unit size in the BMR Rental Housing Guidelines. The percentage of median income used to establish maximum rents may be adjusted within a range of 60% to 75% of AMI in the BMR Rental Housing Guidelines to address major shifts in prevailing market rate rents for comparable dwellings or other related economic conditions affecting the demand for BMR rental housing. Existing leases with rents within the BMR rent limits in effect when the lease was executed or amended are exempt from this subsection, until the unit is first vacated and leased to a new tenant following enactment of this chapter.

(c) **Eligibility to Rent.** The eligibility of a prospective tenant shall be determined and certified by the property manager before the execution of a lease and occupancy of a BMR unit. It is unlawful for any person to willfully make a false representation or fail to disclose information for the purpose of qualifying as eligible to rent a BMR unit. Prospective tenants are subject to the following:

(1) **Procedures for Review.** The property owner or manager shall review the assets and income of prospective renters using the forms and procedures provided by the director before executing a lease to rent a BMR unit. The director shall audit the eligibility review and leasing files of the property owner or manager annually to determine compliance with this chapter.

(2) **Income Limit.** The prospective tenant's income and assets shall not exceed the limits for a lower income household and as further defined in the BMR Rental Housing Guidelines.

(3) **Additional Criteria.** The director may establish other reasonable eligibility criteria to ensure tenants' ability to pay rent when due and comply with standard lease terms, and to ensure effective operation of the program.

(4) **Conflict of interest.** The following individuals are ineligible to rent a BMR unit as their residence:

(A) All City employees and officials who administer or have policy-making authority over City housing programs;

(B) The developer of the unit; or

(C) The immediate relatives, employees, and anyone gaining significant economic benefit from a direct business association with City employees, officials, developers, or owners who are not eligible to rent a BMR unit.

19.69.060. Enforcement.

In addition to the provisions in Chapter 19.98.140 (Violations), the following provisions also apply to the enforcement of this chapter:

(a) **Agents, Successors and Assigns.** The provisions of this chapter apply to all agents, successors and assigns of the applicant.

(b) **Penalties and Fines.** Any person, firm, or corporation, whether as principal or agent, violating or causing the violation of this chapter is guilty of a misdemeanor. Conviction may be punishable for each offense by a fine of up to \$500.00 or by imprisonment in the Santa Clara County jail for a term up to 6 months, or by both. Such person, firm, or corporation shall be deemed to be guilty of a separate offense for each and every day during any portion of which any violation of this chapter is commenced, continued, or permitted by such person, firm, or corporation, and may be punishable as provided in this section.

(c) **Civil Action.** Any eligible tenant of a BMR unit who has been charged rents in excess of that allowed by this chapter and has given written notice to the director, may file a civil action to recover any excess rents. .

(d) **BMR Rental Fines.** If it is determined that rents and utilities in excess of those allowed by the administration of this chapter and the BMR Rental Housing Guidelines have been charged to a tenant of a BMR unit, the landlord is liable for a civil penalty. The civil penalty amount shall be \$2,500.00 and any excess rent and utilities not recovered by a tenant under subsection (c). If the City does not otherwise recover its reasonable attorney fees and other legal costs from the landlord, the City shall deduct these costs from the amounts collected under this section and deposit the balance into the BMR Housing Trust Fund.

(e) **Legal Action.** The City may institute injunction, mandamus, or any appropriate legal actions or proceedings necessary for the enforcement of this chapter, including actions to suspend or revoke any permit, including a development approval, building permit or certificate of occupancy; and for injunctive relief or damages.

19.69.070. Annual Report.

The director shall provide an annual report to the city council on the status of BMR units maintained under this chapter. The report shall include the number, size, type, compliance status, and general location of each unit, as well as the number of any units released from the program restrictions by the end of the term specified in the BMR Housing Agreement, and the BMR rental vacancy rate.

19.69.080. Severability.

If any portion of this chapter is held to be invalid, unconstitutional, or unenforceable by a court of competent jurisdiction, that decision will not affect the validity of the remaining portions of this Zoning Code. The city council declares that this chapter and each portion would have been adopted without regard to whether any portion of this chapter would be later declared invalid, unconstitutional, or unenforceable.

Attachment C
Non-Routine CDD HO-01

Non-Routine

Number CDD HO-01
Name Revise Sunnyvale Municipal Code - 19.66 Affordable Housing and Single Room Occupancies to incorporate recent amendments, modifications or clarifications to the Ordinance and BMR Program.

Description Purpose:
 Revise the existing BMR Ordinance to incorporate Council actions outlined in the Affordable Housing Strategy and the Housing and Community Revitalization Sub-element Update. In addition, the revised BMR Ordinance will provide additional clarity to the process, affordability requirements, and the overall intent of the program.

Overall Benefits:
 Revise the BMR Ordinance so that it is clear and easy to read while providing enhanced options to develop affordable housing and the legal framework needed for staff to enforce the affordability requirements.

Anticipated Results:
 1. A comprehensive Report to Council that identifies and outlines the cumulative changes approved by Council over the last several years.
 2. A revised BMR Ordinance that includes additional options for developers to build affordable housing in Sunnyvale.
 3. A revised BMR Ordinance that specifies the primary affordability requirements and enforcement mechanisms, which provide the legal framework needed to enforce the requirements of the BMR Program.

Lead Department Community Development

Fiscal Year 2011-12

New or Cont. Continuing

Planned Complete Date 11/29/2011

Managers

Role	Manager	Hours			
Lead	De Frenchi, Ernie	Mgr FY1:	100	Mgr FY2:	0
		Staff FY1:	0	Staff FY2:	0
Support	Berry, Kathryn	Mgr FY1:	40	Mgr FY2:	0
		Staff FY1:	0	Staff FY2:	0
Support	Hom, Hanson	Mgr FY1:	20	Mgr FY2:	0
		Staff FY1:	0	Staff FY2:	0
Support	Ise, Suzanne	Mgr FY1:	40	Mgr FY2:	0
		Staff FY1:	0	Staff FY2:	0
Support	Ryan, Trudi	Mgr FY1:	10	Mgr FY2:	0
		Staff FY1:	30	Staff FY2:	0

Interdep Boco, Robert	Mgr FY1:	40	Mgr FY2:	0
	Staff FY1:	0	Staff FY2:	0

Total Hours FY1: 280

Total Hours FY2: 0

Attachment D
Summary of Current and Proposed Ordinance Changes

Item	Provisions in Current Ordinance	Proposed Provisions
Fractional Units	Fractional units are rounded up or down to the next whole unit to determine number of BMR units to be provided within project.	Allow developers to pay an in-lieu fee or round up to provide an additional unit.
In-Lieu Fee	Allowed for developments of 19 or fewer homes, with Director approval. Fee (for each BMR unit required) is equal to the difference between market rate sales price and BMR sales price.	Allow an in-lieu fee option on any development subject to BMR requirements as long as the approving body approves of this in advance. Fee is equal to 7% of each home's sales price (reconciled to average sales price at end of sales phase).
Geographic Applicability	Applicable to development projects of 9 or more homes in any zoning district other than R-0, R-1, R-1.5 or R-1.7/PD.	Applicable to residential projects of 9 or more homes in all zoning districts where residential development is allowed.
Transfer of Credits	This option is not offered in the current Ordinance	Allow developers to provide BMR units at an alternative site rather than just in the market-rate development.
Acquisition/ Rehabilitation/ Preservation	This option is not offered in the current Ordinance	Allow developers to acquire and rehabilitate a market-rate property and place a long-term affordability covenant on the property, or rehabilitate and preserve an expiring affordable housing property and extend the term of affordability.
Alternative Housing Types	This option is not offered in the current Ordinance	Provide BMR homes within the market-rate development of slightly different housing types and/or sizes than the market rate homes.
Density Bonus	Complex local density bonus provisions in addition to current state law.	Refer to current state density bonus law and adopt any local policies needed to implement or augment state law.
BMR Unit Standards	BMR units shall not be distinguished by interior or exterior design, amenities, construction, or materials.	Require BMR units have a minimum floor area of 75% of average size market rate units with the same number of bedrooms. Allow developers to install standard grade or better interior finishes and amenities in BMR units, even if market-rate units include luxury or high-end finishes.
Timing of Units Offered for Sale	Developer is required to notify to the City when unit will be ready for occupancy.	Require developers sell BMR units in proportion to timing of market rate unit sales.

<p>BMR Initial Sales Prices</p>	<p>19.66.040(c) BMR Sales Price:</p> <p>Established by the city or its designee at levels affordable to households at eighty percent to one hundred twenty percent of area median income with consideration for construction costs.</p>	<p>BMR Sales</p> <p>Establish the maximum BMR sales price at a price affordable to households at to 100% AMI, subject to periodic shifts within a range of 90-110% of AMI, at Director's discretion.</p> <p>This maximum price limit would also apply to resales (see below).</p>
<p>Resale Prices and Procedures</p>	<p>BMR Resale Price:</p> <p>The original purchase price, plus a .33% increase (if applicable) in the housing component of the Bay Area Consumer Price Index, plus substantial capital improvement expenditures. Or the fair market value, whichever is less.</p> <p>Tolling of Time (Time limit for resales): City has 180 days to accept the homeowner's offer to resell the home, and 90 days to close escrow after accepting the offer. If unit is not sold within this time frame, the unit converts to market rate.</p>	<p>Allow homes to be resold for a price mutually agreed to between buyer and seller, provided it does not exceed the current maximum BMR sales price as published annually by the City (based on a target affordability level of 100% of AMI). This allows for potential equity growth roughly equivalent to what would occur if the resale price was based on 100% of the CIP increase during homeowner's term of ownership, but is a more streamlined method of setting resale prices. Homeowner's resale and occupancy restrictions also limit the resale price to the lesser of the BMR price, or the appraised value of the unit, to encourage good maintenance of the unit.</p> <p>Time limit for resales: If a BMR unit is unable to be sold at the established sales price within 180 days of being listed for sale, seller required to pay excess proceeds to city (this is in resale & occupancy agreement).</p>