



City of Sunnyvale

Agenda Item

14-0885

Agenda Date: 1/30/2015

2015 COUNCIL STUDY ISSUE

NUMBER

CDD 15-05

TITLE Review Below Market Rate (BMR) Unit and/or In-lieu Fee Requirements

BACKGROUND

Lead Department: Community Development
Support Department(s): N/A

Sponsor(s):

Board/Commission: Planning Commission

History:

1 year ago: N/A

2 years ago: N/A

SCOPE OF THE STUDY

What are the key elements of the study?

Currently, the below market rate (BMR) requirements apply to for-sale market rate projects with a minimum of eight units. At least 12.5 percent of the total number of ownership housing units or single-family lots in a project shall be developed as BMR ownership housing or comparable fee paid. The study would consider a) dropping or reducing the minimum eight units, b) whether the percentage of units subject to the requirements should be raised, and c) whether BMR fees should apply to home additions.

What precipitated this study?

The Planning Commission suggested this study due to concern about housing affordability given the high cost of living in the area.

Planned Completion Year: 2015

FISCAL IMPACT

Cost to Conduct Study

Level of staff effort required (opportunity cost): Significant

Amount of funding above current budget required: \$15,000 - \$25,000

Funding Source: General Fund

Explanation of Cost: Typically, additional analysis and advice from outside housing counsel is

required for these types of studies. In addition, staff and possibly consultant hours would be required to complete study and hold multiple outreach meetings.

Cost to Implement Study Results

\$5,000 - \$50,000

Explanation of Cost: Cost will be for consultant services and will depend on whether appeals or legal challenges are filed following adoption of the proposed code changes.

EXPECTED PARTICIPATION IN THE PROCESS

Council-approved work plan: No

Council Study Session: Yes

Reviewed by Boards/Commissions: Housing and Human Services and Planning Commissions

STAFF RECOMMENDATION

Position: Drop

Explanation: The minimum project size and in-lieu fees were reviewed between 2008 and 2012 and updated by Council in 2012. Staff will be presenting other programs such as non-residential linkage fees and rental development housing impact fees later this fiscal year. Most inclusionary programs throughout the country use a project size threshold similar to that of Sunnyvale's, ranging from 10-15 units, although some communities use thresholds ranging between one to 50 units. Staff does not believe that a smaller size threshold would generate a significantly higher number of total BMR units or a significant amount of fees, because most for-sale projects in Sunnyvale include more than eight units. In addition, each time the ordinance is modified it is subject to new statutory time lines for appeals and potential legal challenges. Staff does not believe the very small additional increment of fees that this proposal might generate (because projects of less than eight units would not result in a whole unit requirement) is worth the additional risk which could result in more harm than benefit to the current program.

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