

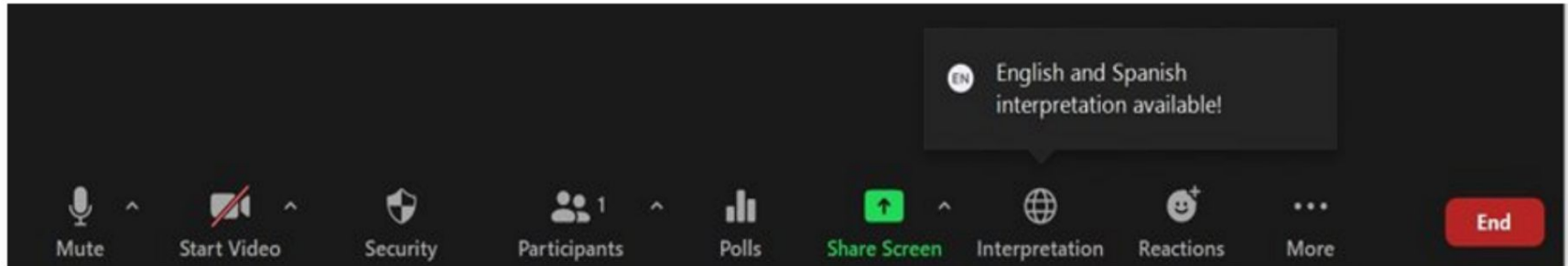


Deep Dive on Affordable Housing

A How-To Guide for Advocates

Spanish interpretation available

Interpretación disponible español





SILICON VALLEY
Affordable Housing Month
May 2022
#ReimaginingHome



Thank you to our Underwriting Sponsor

BANK OF AMERICA



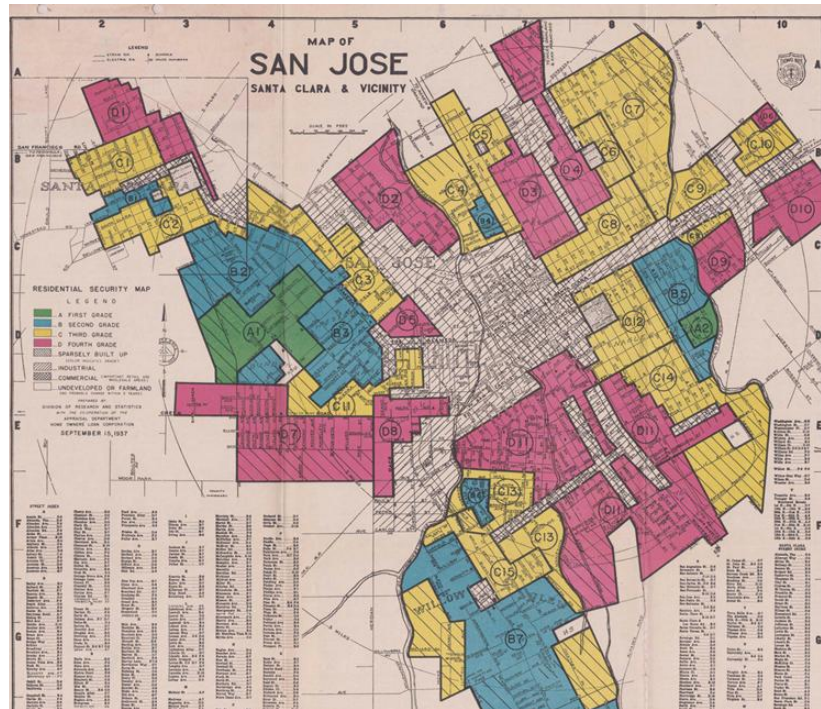
Purpose: to empower folks to engage and to more effectively counter the narratives of exclusion

- **Setting the stage:** understanding how government policies contributed to the housing shortage and who is most impacted
- **Tools to meet the need:** understanding the diversity of affordable housing needs and the financial tools available to make it happen
- **The development process:** understanding the complex series of steps in development of affordable housing, the development timeline, and your opportunities to engage as advocates

Where are we, and how did we get here?

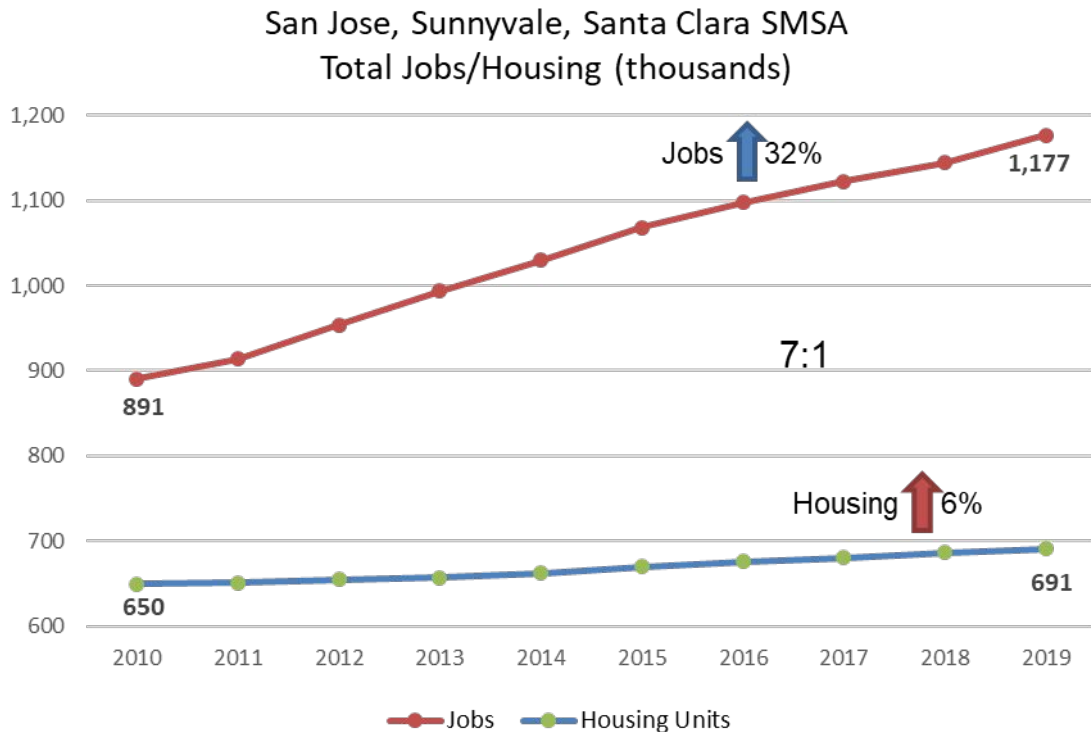
How redlining and other racially discriminatory government policies led to our housing shortage

- Redlining & other racially explicit policies
- Single family zoning: race neutral?
- Only the most expensive types of homes are built
- Local control gives a small group of existing residents veto power over what can be built



Where are we, and how did we get here?

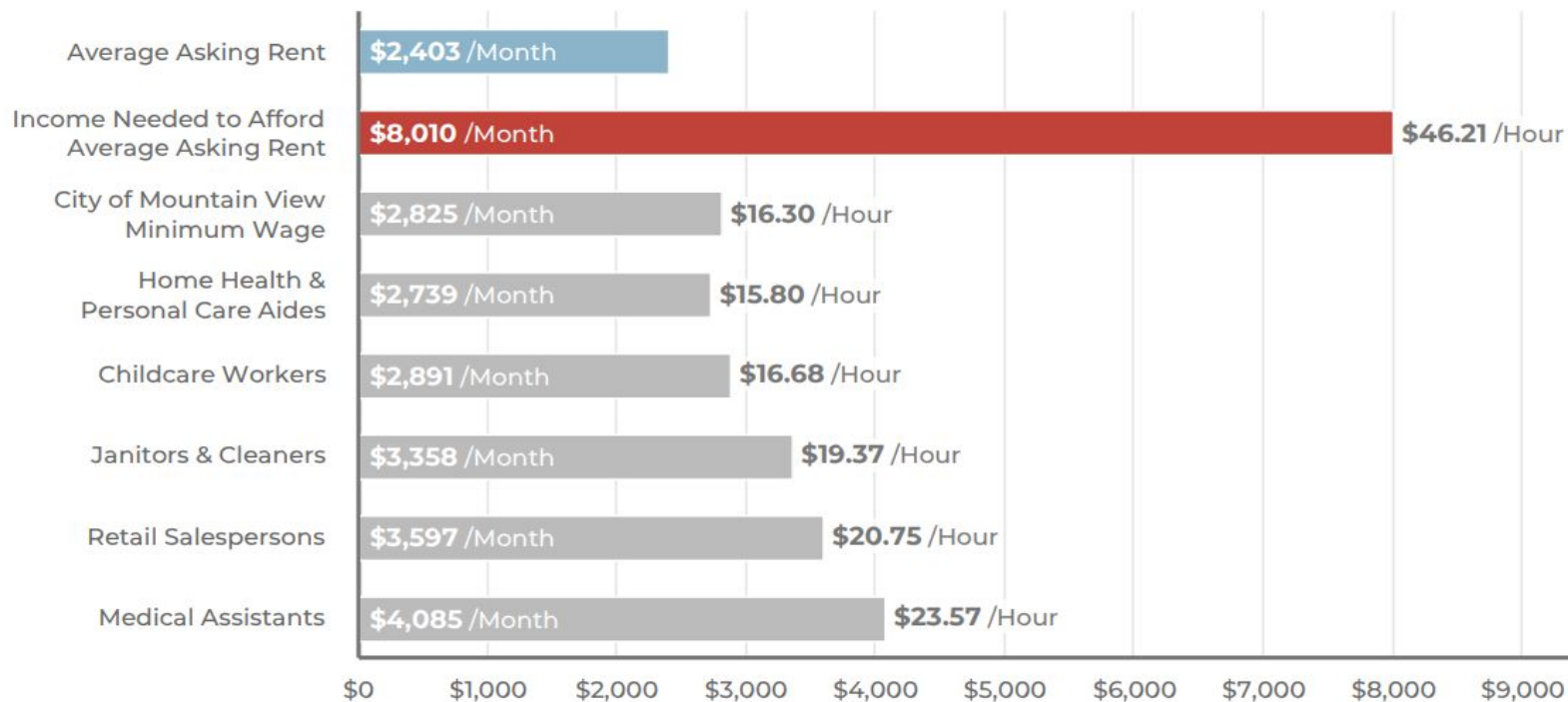
Jobs-housing imbalance



- Rents up 75%
- Median home prices up nearly 300%

Who can afford to rent?

| Renters need to earn **2.8 times** minimum wage to afford the average asking rent in Santa Clara County.



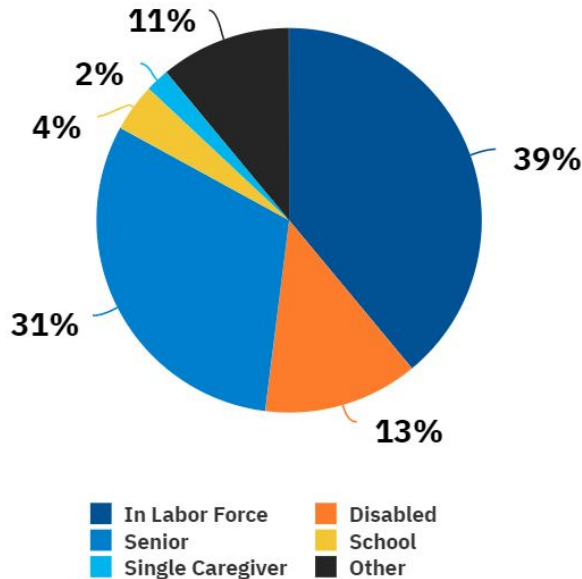
Source: California Housing Partnership's Santa Clara County 2022 Affordable Housing Needs Report

What does low-income mean?

2021 Income Levels for Family of 4 in Santa Clara County		
Extremely Low-Income	0-30% AMI	up to \$49,700
Very Low-Income	31-50% AMI	\$49,701 to \$82,850
Low-Income	51-80% AMI	\$82,850 to \$117,750
Median Income		\$151,300

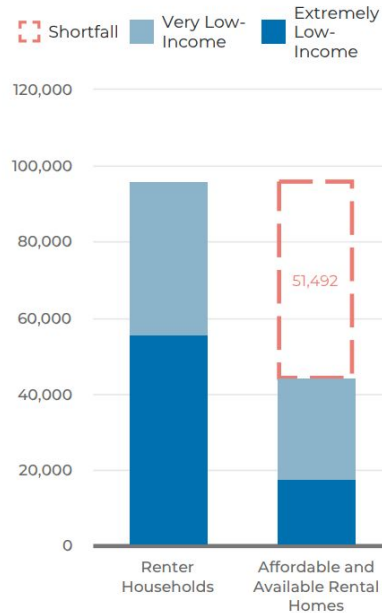
The housing shortage and affordability crisis

EXTREMELY LOW INCOME RENTER HOUSEHOLDS



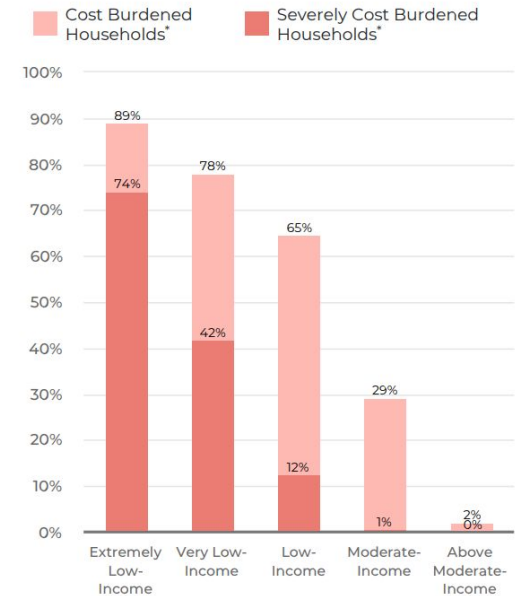
AFFORDABLE HOMES SHORTFALL

51,492 low-income renter households in Santa Clara County do not have access to an affordable home.



COST BURDENED RENTER HOUSEHOLDS

74% of ELI households in Santa Clara County are paying more than half of their income on housing costs compared to just 1% of moderate-income households.

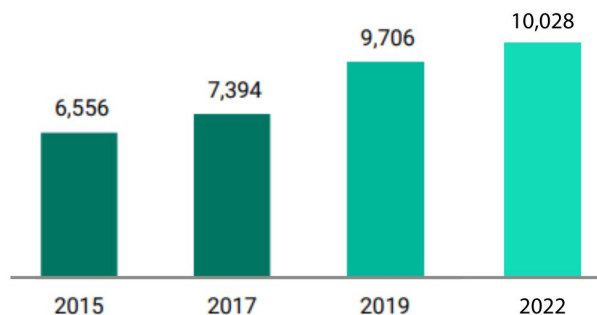


Source: National Low-Income Housing Coalition's Housing Need by State: California

Source: California Housing Partnership's Santa Clara County 2022 Affordable Housing Needs Report

Rising homelessness

Housing production is increasing, but is not keeping up with need



Source: County of Santa Clara and City of San José Release Preliminary Results of 2022 Point-in-Time Homeless Census. May 16, 2022

Residence Prior to Homelessness



Interest in Permanent Housing

89% of survey respondents said yes when asked if they would accept affordable permanent housing if it became available soon.



Obstacles to Permanent Housing⁺

Top 4 Responses⁺



Source: 2019 Santa Clara County Homelessness Census and Survey: Comprehensive Report

Meeting the Need

How does the private market produce a public good?



What is affordable housing?

Deed-restricted

- Rent is lowered by development subsidy
- Property restricted to long-term affordability (55-99 years - even if it changes owners)
- Household must meet specific income requirements
- Income levels are based on the median income for County - Areas Median Income (AMI):

Project -Based Rental Assistance - Section 8

- Rents are lowered by ongoing subsidy
- When tenant moves subsidy stays with unit

Not deed-restricted

- Rent is lower due to market
- More affordable by design (ADUs, smaller sized apartments, plex homes)
- Older apartments, sometimes called “Naturally Occurring Affordable Housing,” or NOAH

Tenant -Based Rental Assistance - Section 8/HCV

- Ability to pay is increased by voucher
- Subsidy to tenant to rent in the private market

Affordable Housing - continuum of response

Multiple dimensions of need, different solutions

Interim housing for people experiencing homelessness



Permanent mixed income for families <60% AMI



Permanent housing for seniors



Inclusionary housing

Permanent supportive housing for adults with developmental disabilities



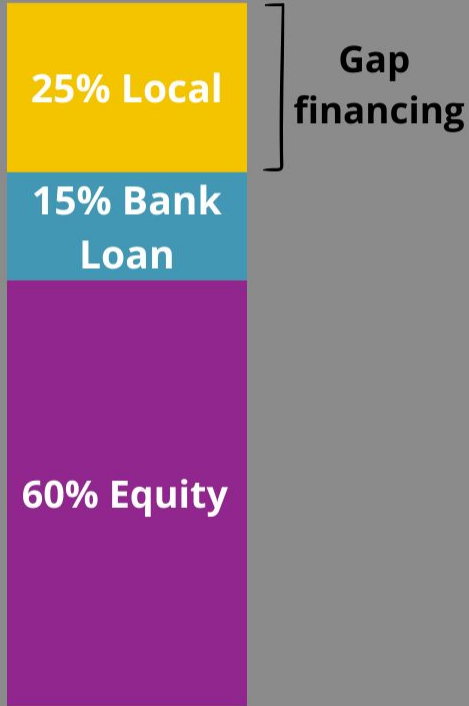
Permanent mixed income for people & families <50% AMI

Permanent mixed income for people & families 30-80% AMI

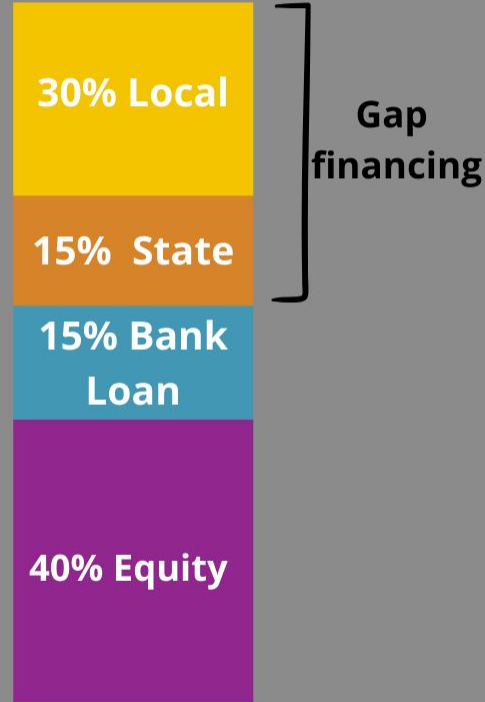


Three financing “stack” examples for 100% affordable housing

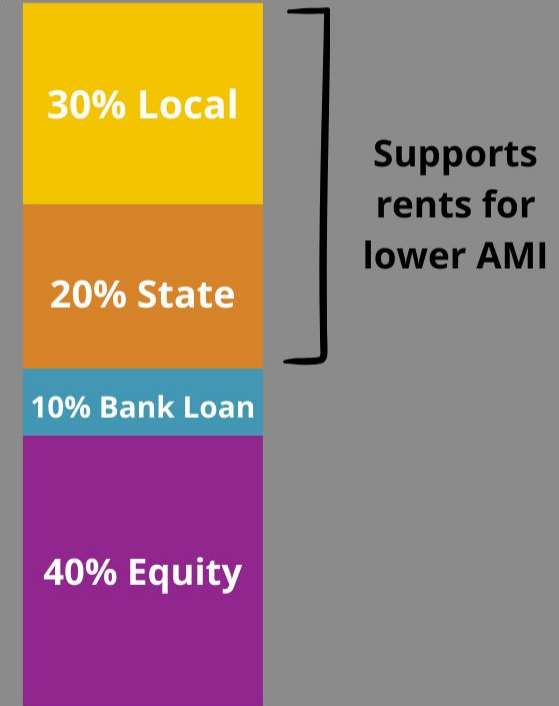
9% tax credits



4% tax credits



4% tax credits with deeper affordability



Potential sources of local funding



Preconditions to Affordable Development

Resources

Land

Public Will

Political Courage

Understanding how Area/Specific Plans are implemented

Planning Process

Establishes goals and policy tools, but doesn't build or fund units.

Inclusionary Requirements

Market rate units subsidize affordable units

Practical considerations for large developments in plan areas

When major developers commit to affordable units in their plan area, it doesn't mean they pay for it- they provide a piece, and the rest requires local and other public investment



Development Process

Preliminary project
development, preparation for
entitlement review

Entitlement Process

Financing

Construction

Lease Up

Development Process

Preparation for entitlements

Locate an appropriate site

- Available for sale
- Good location- transit, resources
- Fits funding opportunities/ constraints



Check in with Planning (Housing) staff

Enter “option to purchase” contract

- Developer assumes risk, uses reserve funds



Develop project design

- Financials
- Streamlining/ Density bonus decisions
- Target population

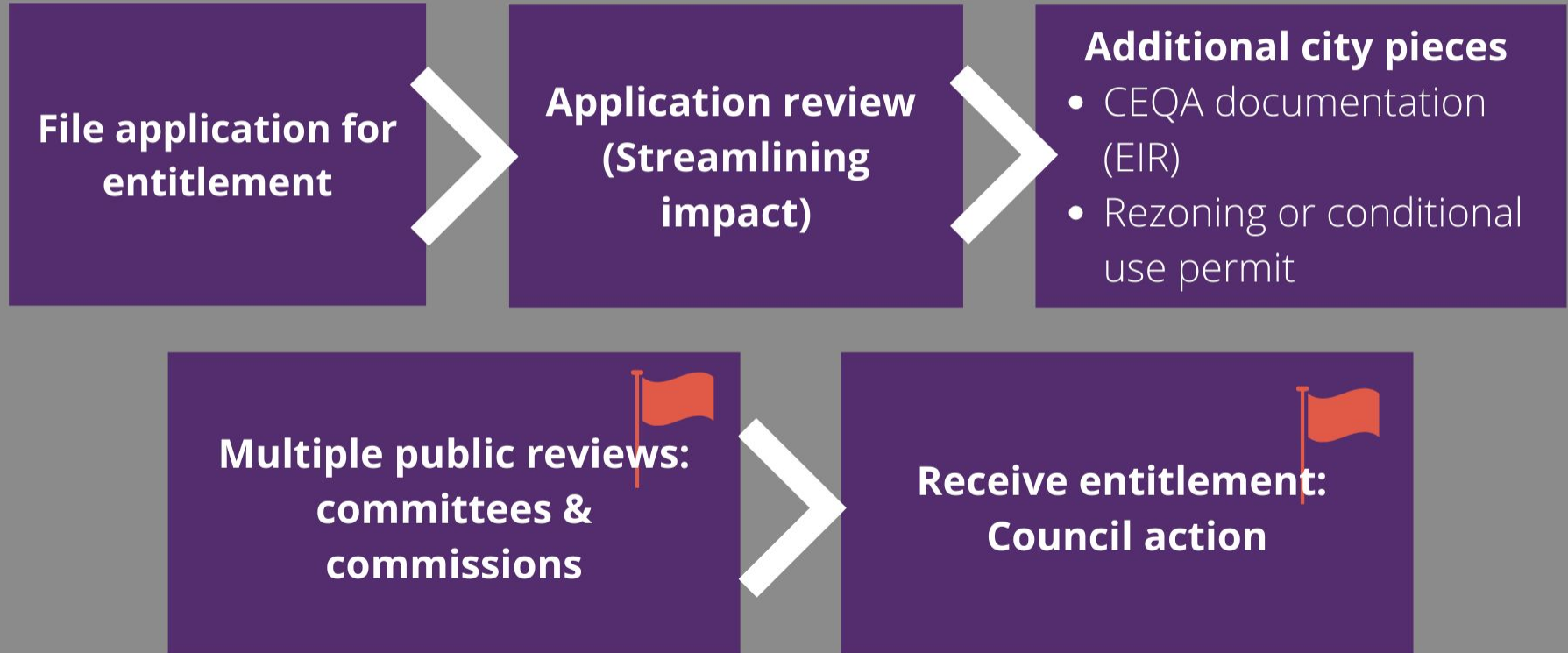


Early community engagement



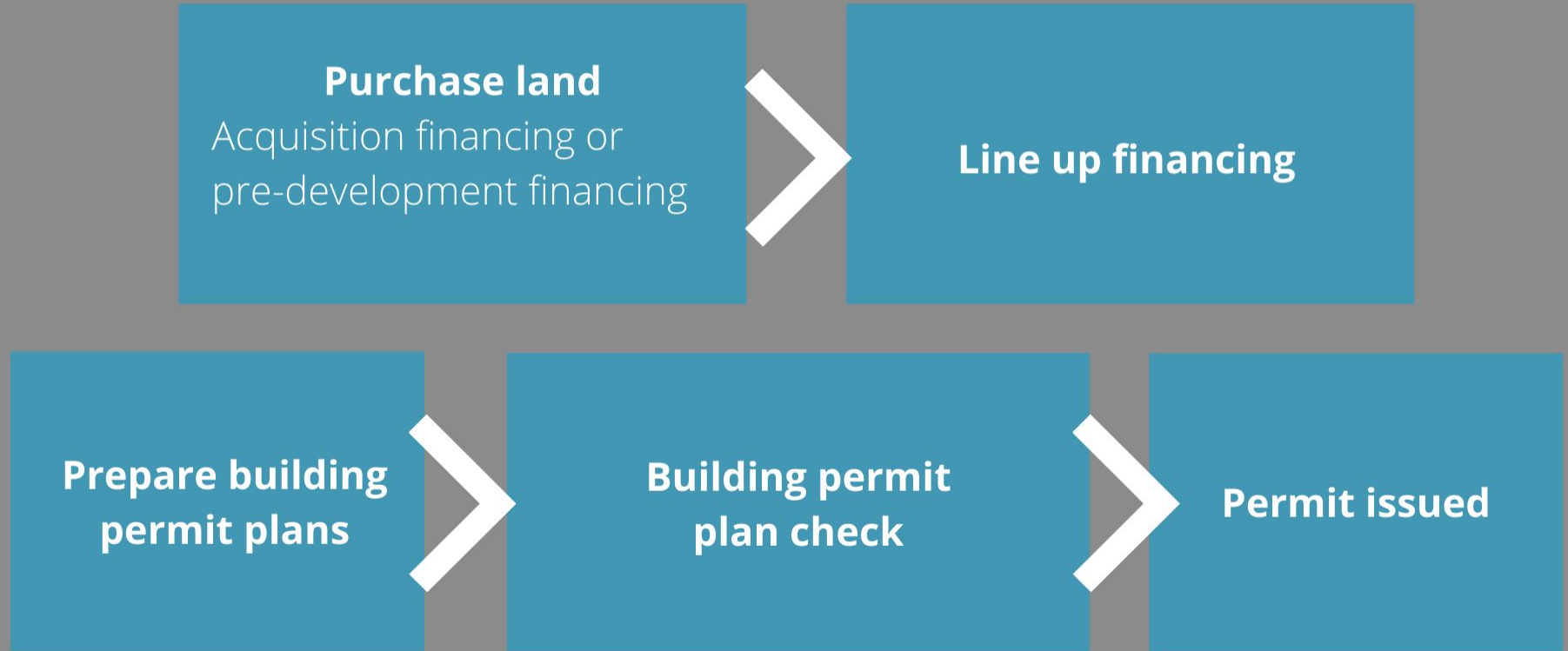
Development Process

Entitlement Process



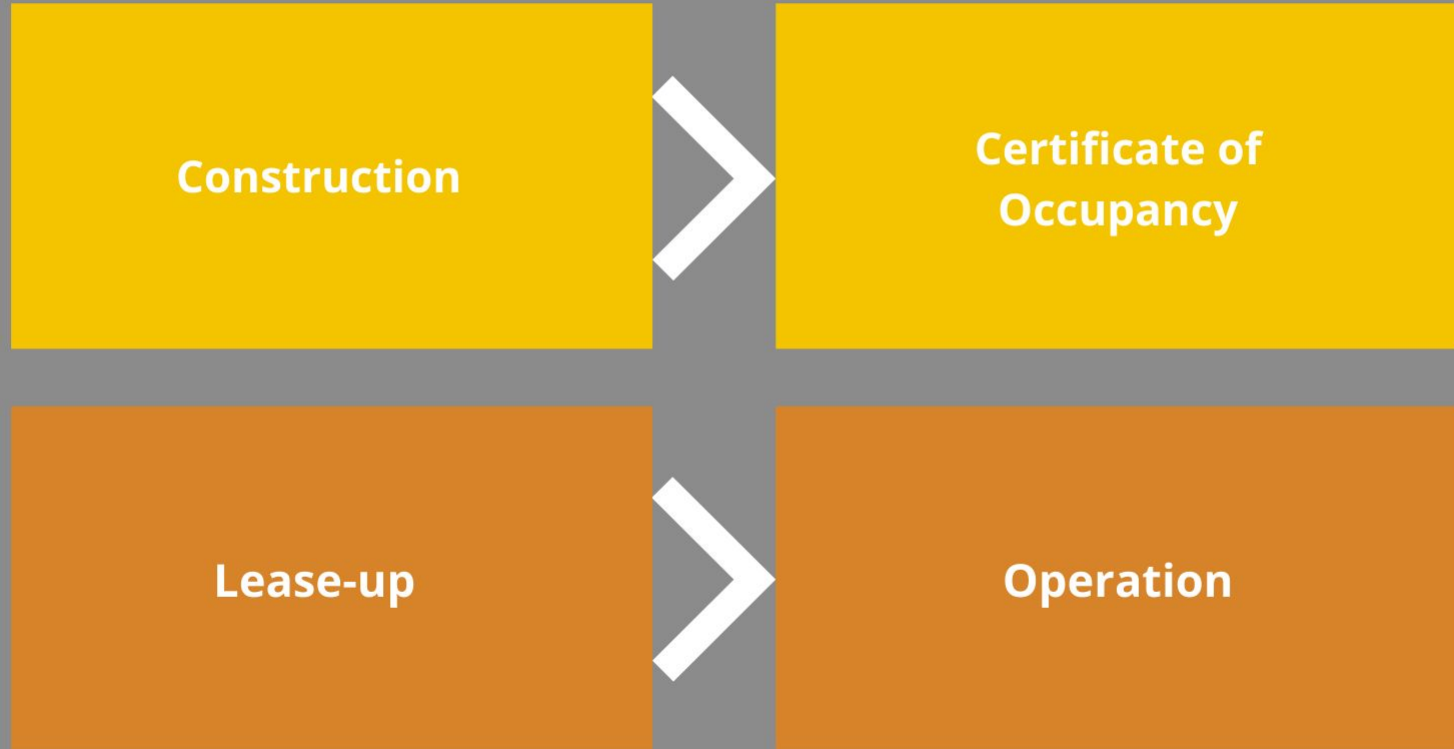
Development Process

Post-entitlement



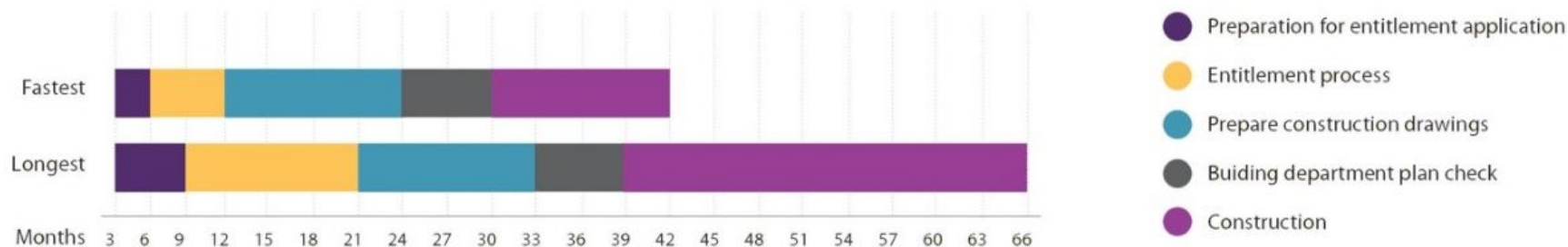
Development Process

Construction, operation, & refinancing



Residential development timeline

Residential Development Timeline



Success! Questions?





-Title Sponsors-



-Platinum-



-Gold-



-Silver-

- AARP California •Cisco •eBay •City of San Jose
- City National Bank •Sand Hill Property Company
- Santa Clara County Housing Authority

-Bronze-

- City of Santa Clara •Community Vision •City of Mountain View •Mithun
- BBI Construction •Lendlease •Swenson •Larry & Yvonne Kuechler
- Community Economics, Inc •Related California •Palo Alto Forward
- Non-Profit Housing Association of Northern California •Habitat for Humanity
- CA Community Reinvestment Corp •Low Income Investment Fund
- Corporation for Supportive Housing •Republic Urban

-Friends-

- Chase •Enterprise •Heritage Bank of Commerce •The Health Trust •Comcast
- Silicon Valley Council of Nonprofits •Silicon Valley Leadership Group
- The John Stewart Company •City of Milpitas •Pacific West Communities, Inc

Affordable Housing Month 2022

Join SV@HOME by becoming a member today and help to expand the Coalition of housing advocates to be more inclusive and representative of the communities we serve.

<https://siliconvalleyathome.org/our-members/become-a-member/>

 svhome