

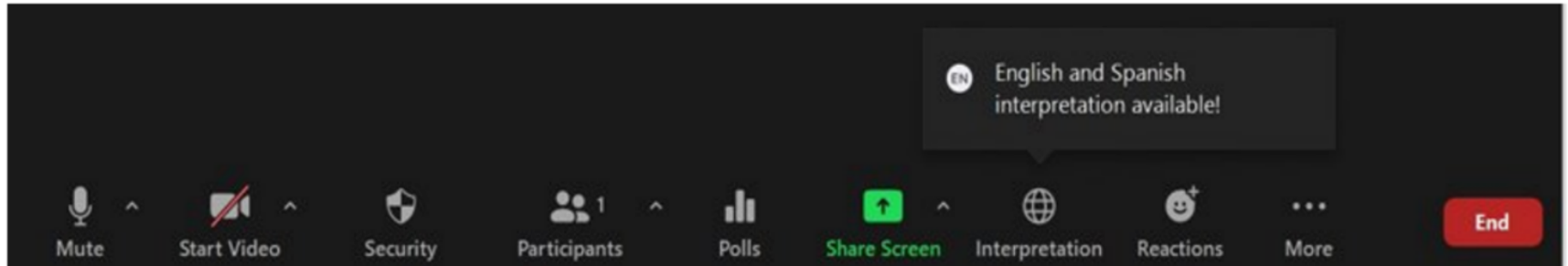


Deep Dive on Affordable Housing

A How-To Guide for Advocates

Spanish interpretation available

Interpretación disponible español





SILICON VALLEY
Affordable Housing Month
May 2022
#ReimaginingHome



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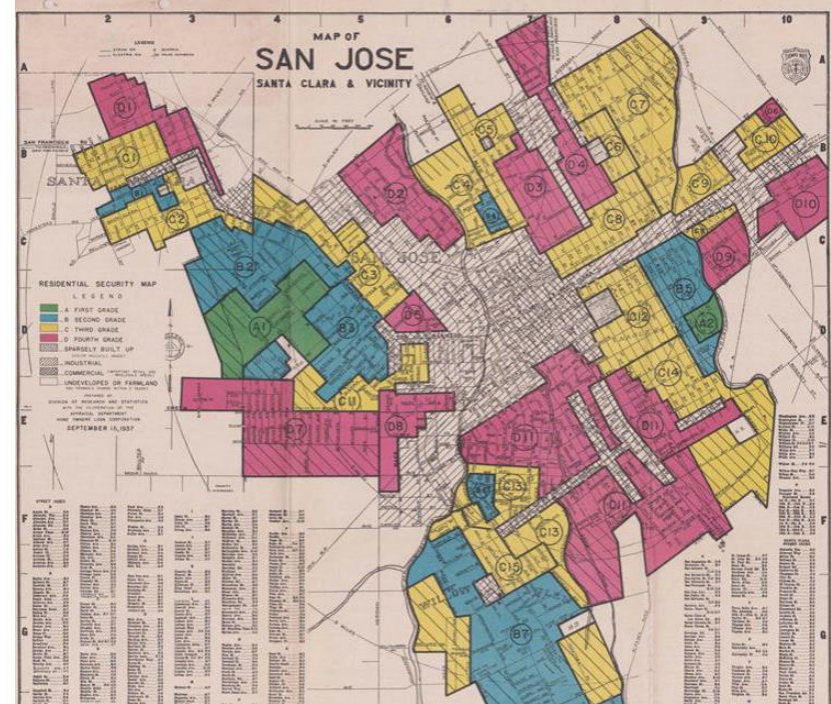
Purpose: to empower folks to engage and to more effectively counter the narratives of exclusion

- **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

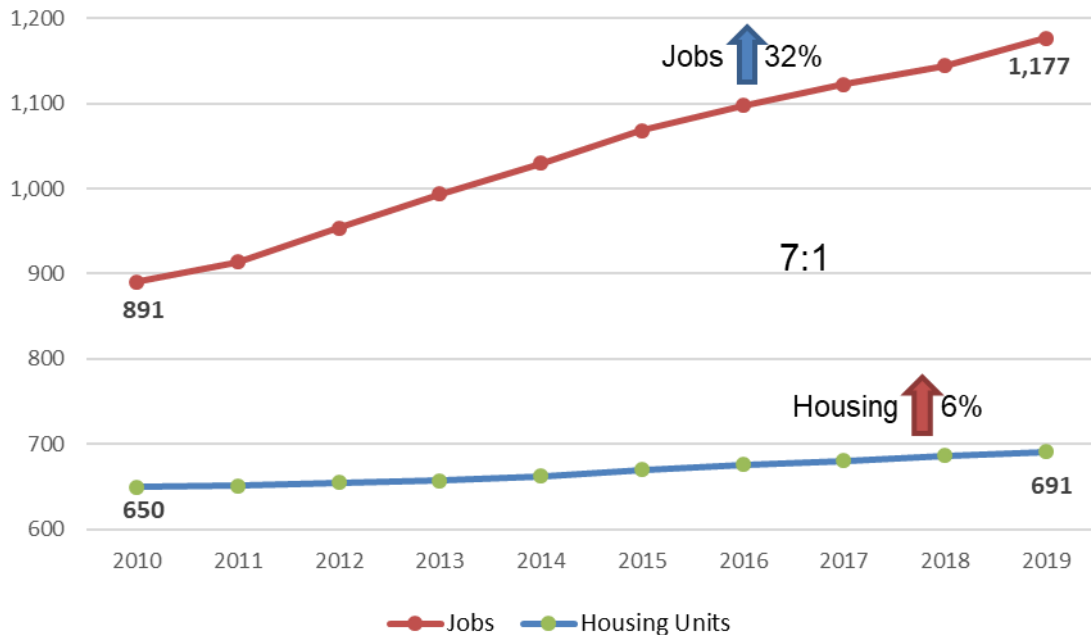
- Redlining & other racially explicit policies
- Single family zoning: race neutral?
- Only the most expensive types of homes are built
- Local control gives a small group of existing residents veto power over what can be built



Where are we, and how did we get here?

Jobs-housing imbalance

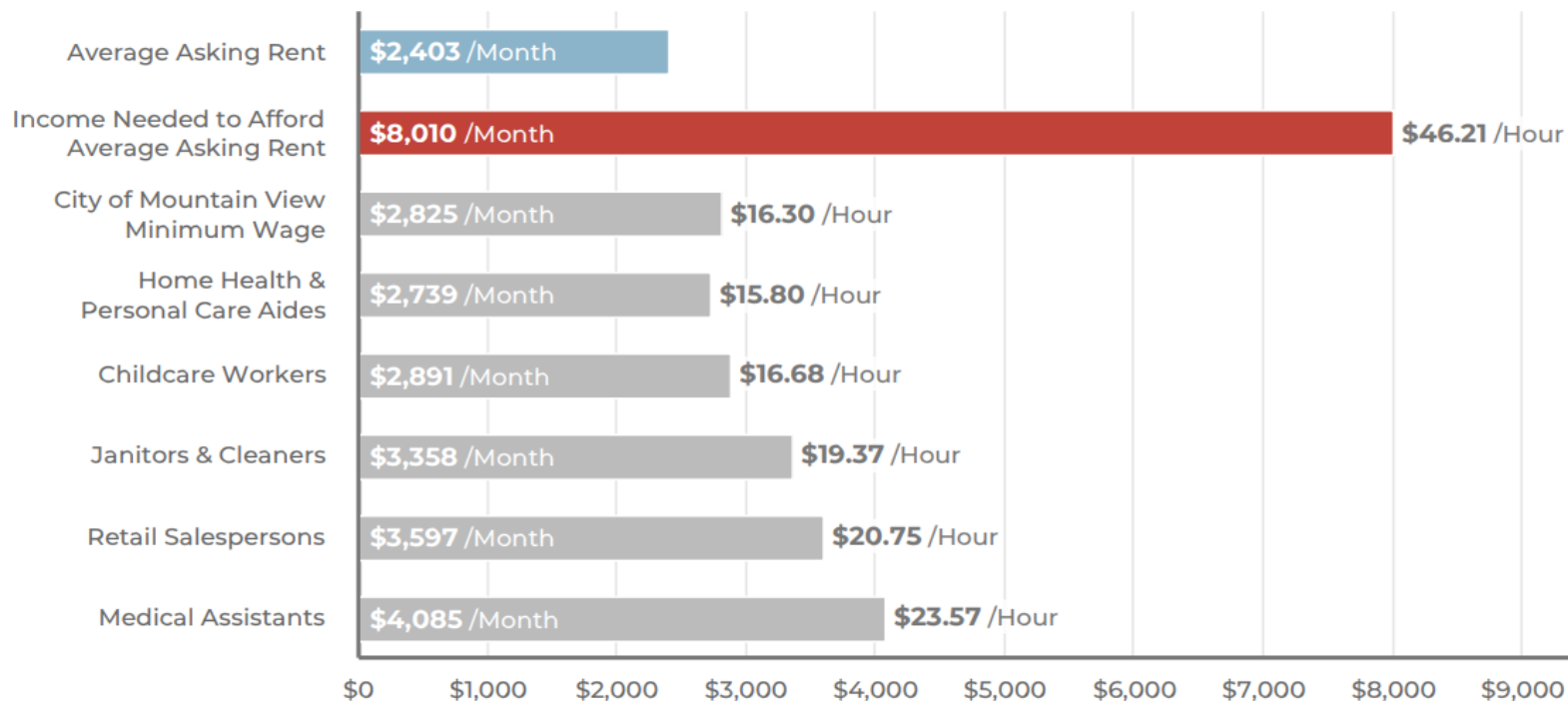
San Jose, Sunnyvale, Santa Clara SMSA
Total Jobs/Housing (thousands)



- 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.



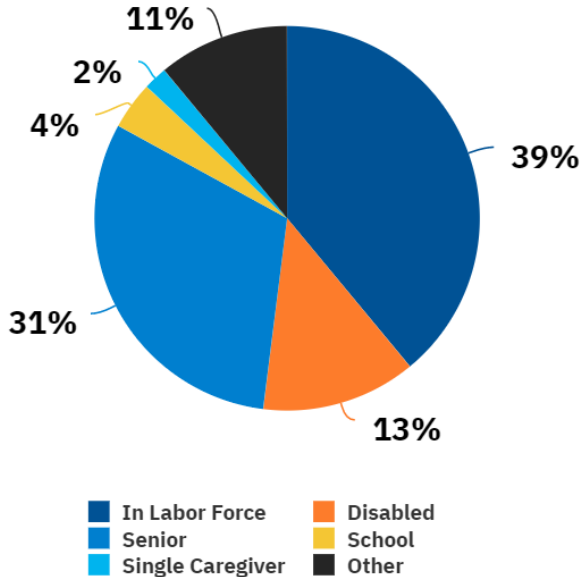
Source: California Housing Partnership's Santa Clara County 2022 Affordable Housing Needs Report

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

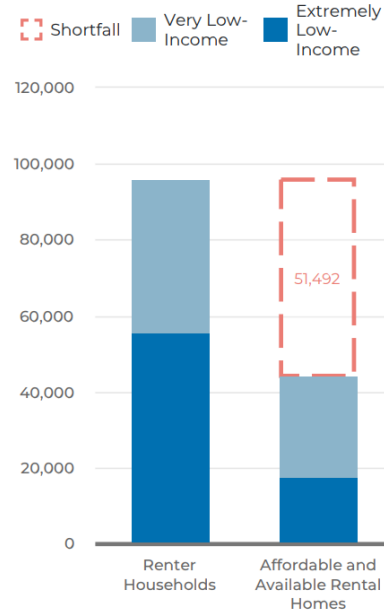
The housing shortage and affordability crisis

EXTREMELY LOW INCOME RENTER HOUSEHOLDS



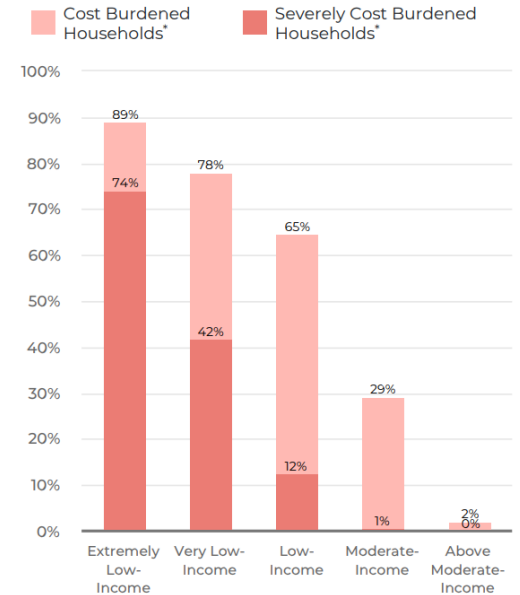
AFFORDABLE HOMES SHORTFALL

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.

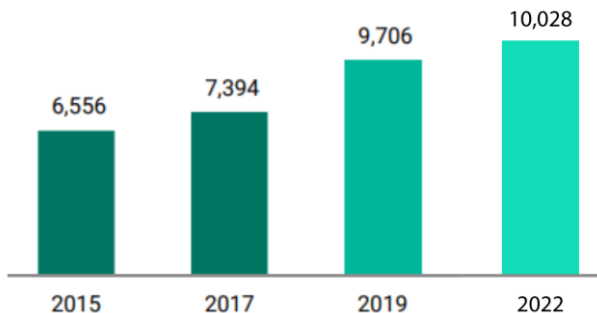


Source: National Low-Income Housing Coalition's Housing Need by State: California

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

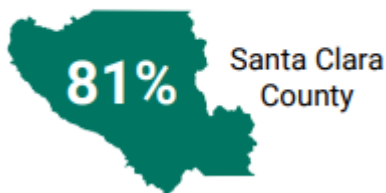
Rising homelessness

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



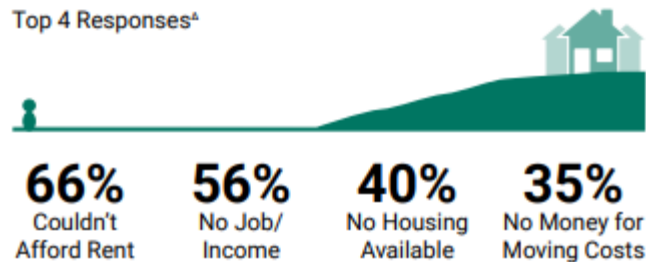
Interest in Permanent Housing

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 housing for seniors

Permanent mixed income for families <60% AMI



Inclusionary housing

Permanent supportive housing for adults with developmental disabilities



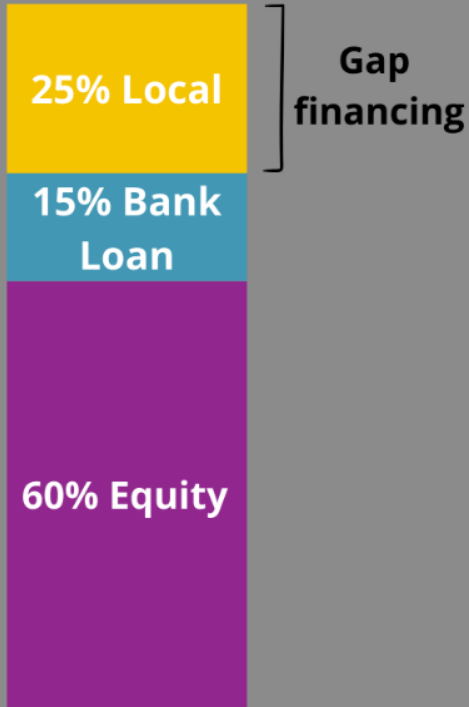
Permanent mixed income for people & families <50% AMI

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

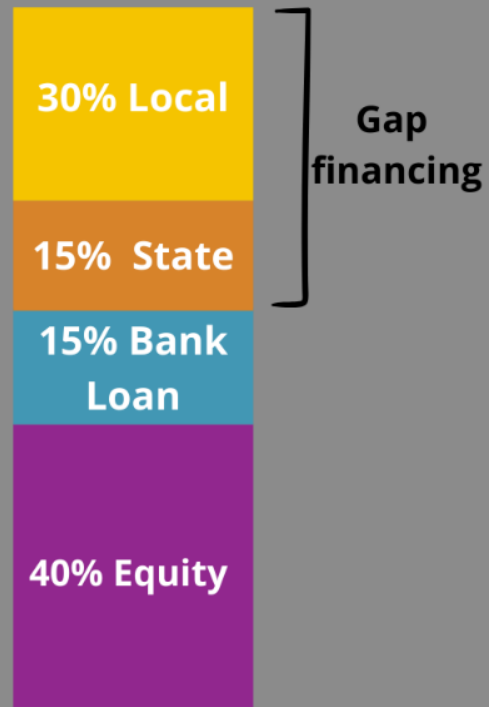


Three financing “stack” examples for 100% affordable housing

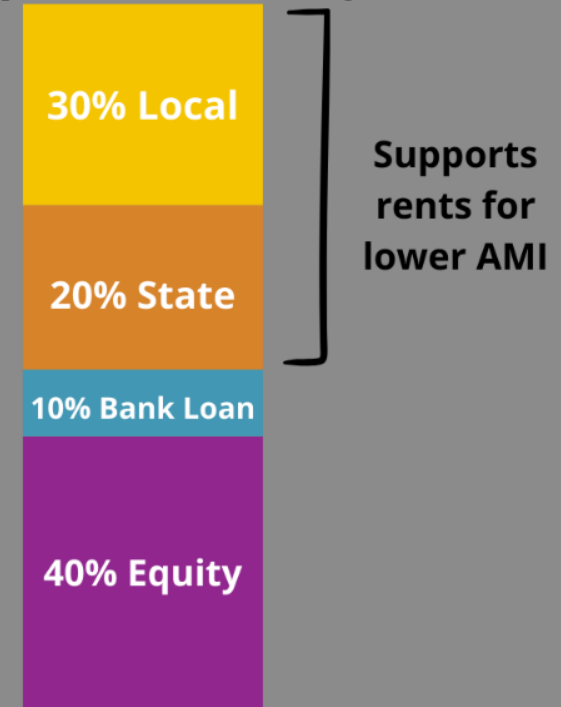
9% tax credits



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

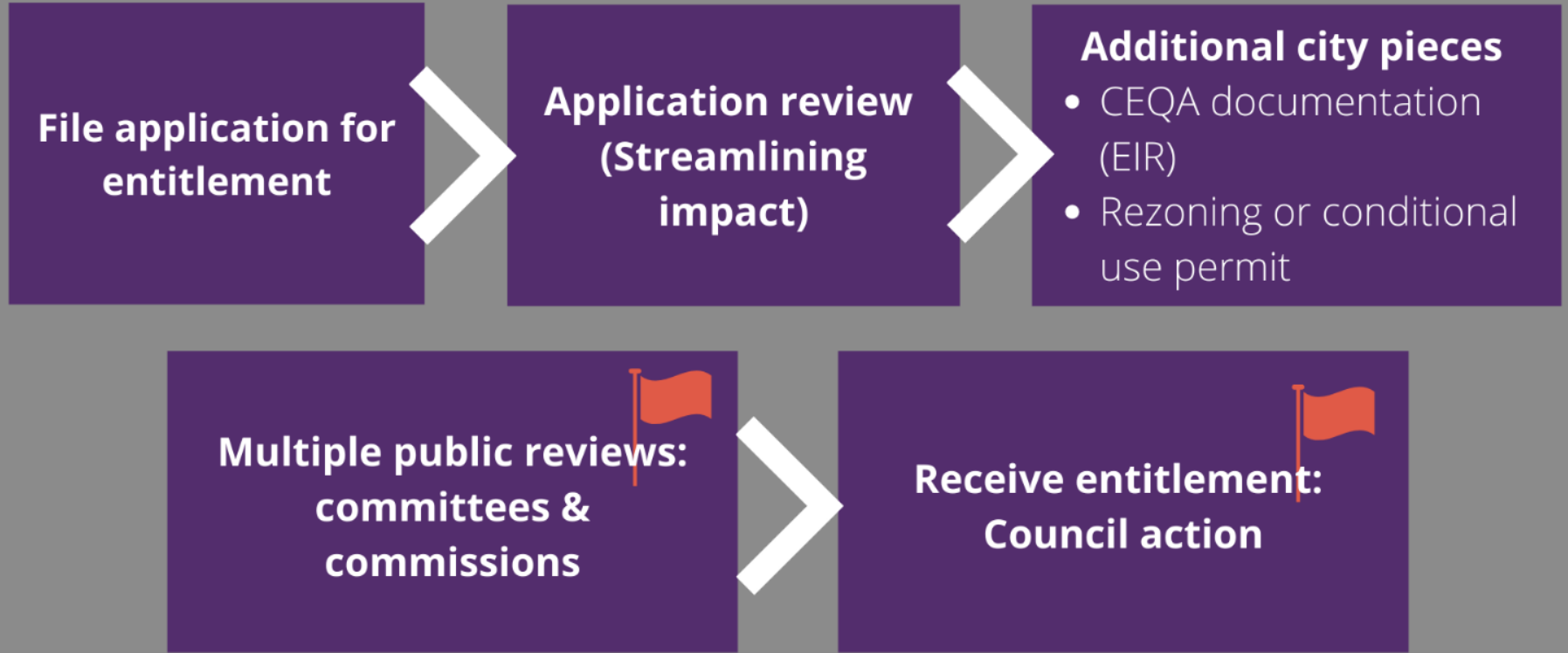


Early community engagement



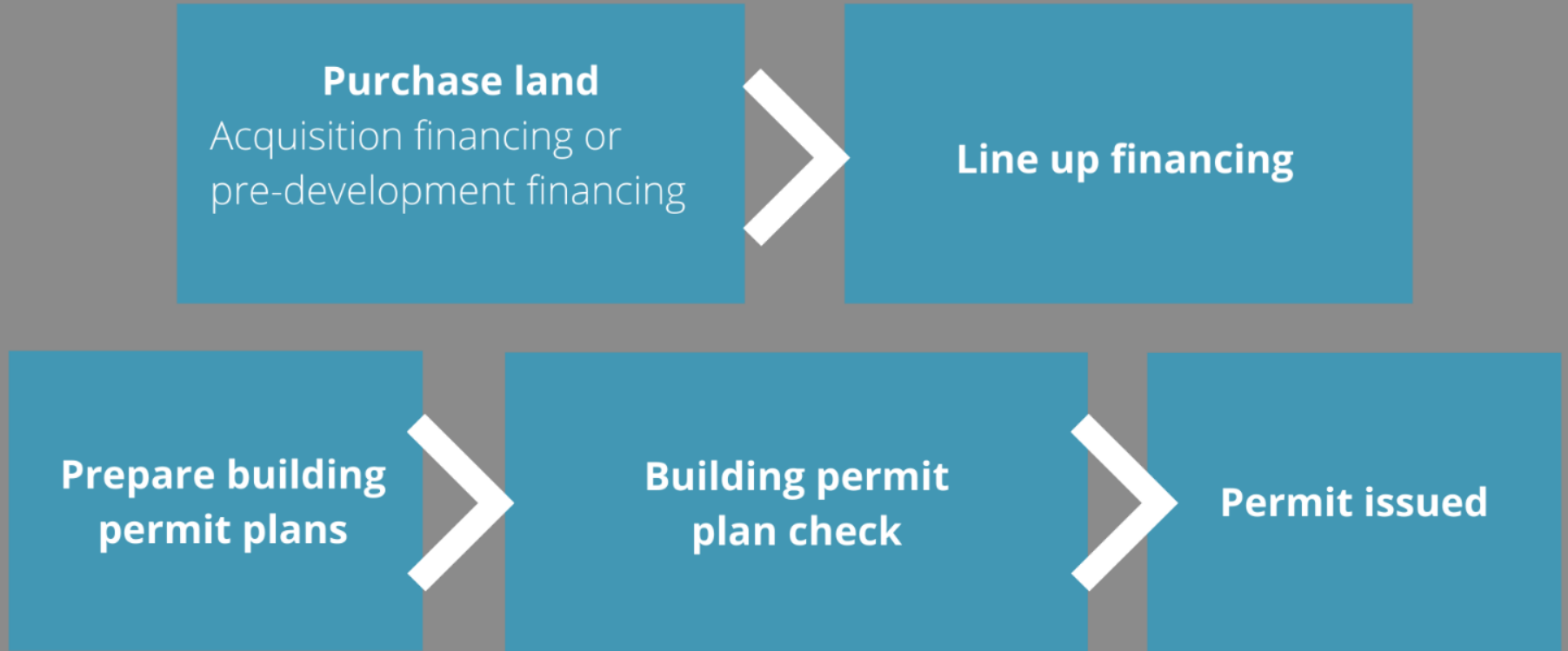
Development Process

Entitlement Process



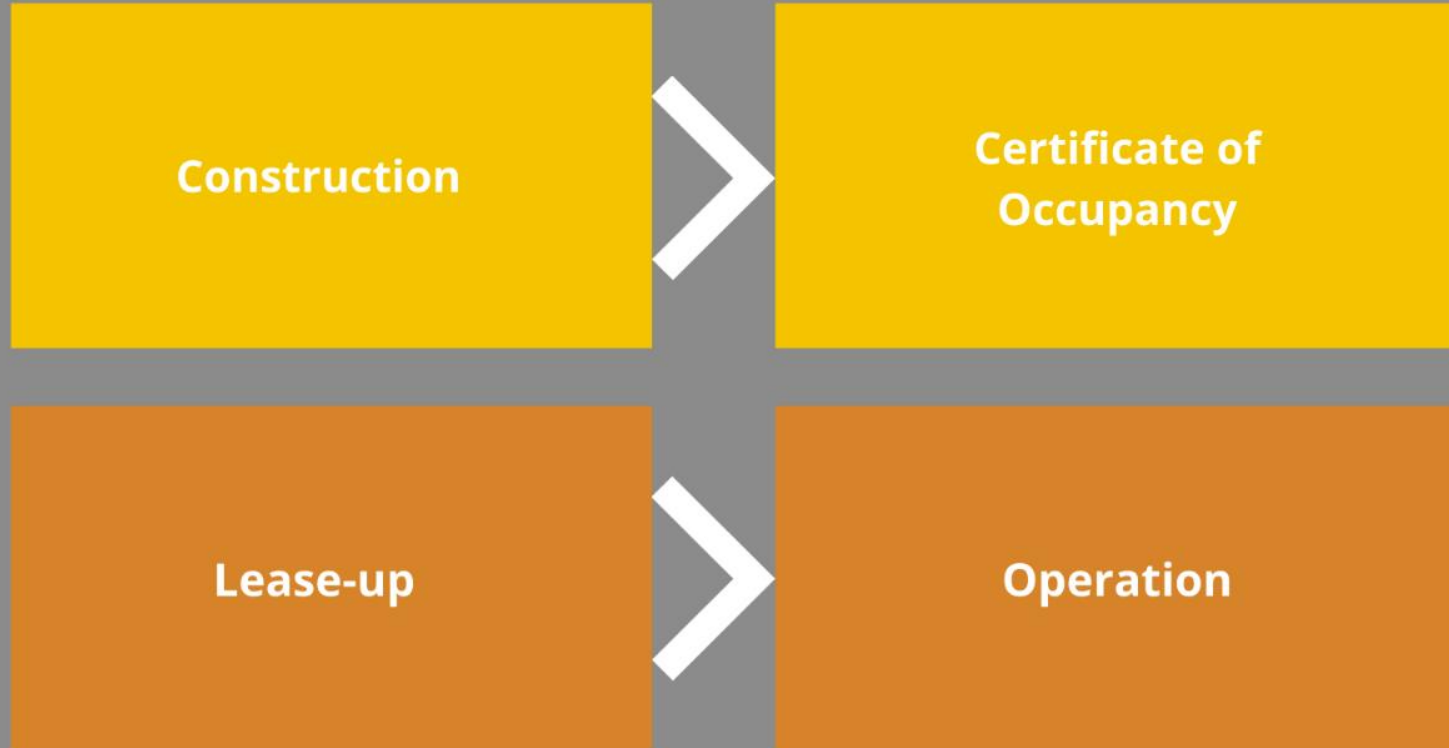
Development Process

Post-entitlement



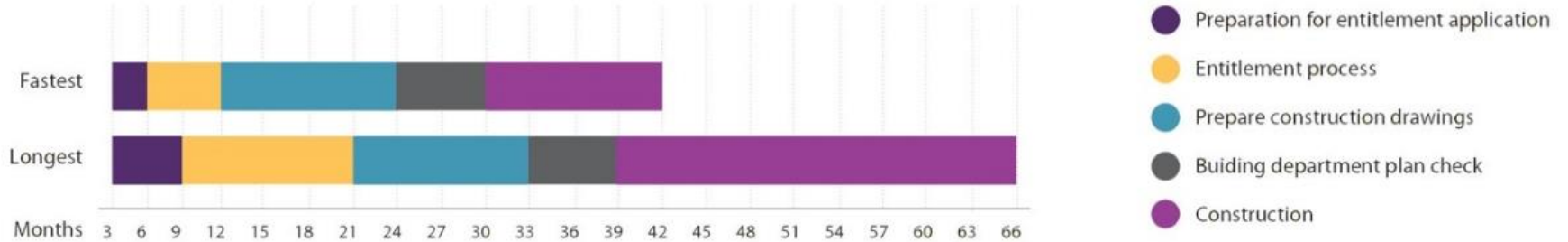
Development Process

Construction, operation, & refinancing



Residential development timeline

Residential Development Timeline



Success! Questions?





Presented by sv@home

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May 2022

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- CA Community Reinvestment Corp •Low Income Investment Fund
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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/>

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Streamlining & Density Bonus (may just focus on financial benefits of streamlining instead of this detail)

SB 35 Ministerial approval and a shortened timeline for residential, multifamily infill development with 10-50% affordable housing in cities that aren't meeting their affordable and market rate housing goals.

Currently sunsets January 1, 2026

SB 35, AB 2162, SB330

SB 330 prohibits local jurisdictions from enacting new laws that would have the effect of reducing the legal limit on new housing within their borders, or delay new housing via administrative or other regulatory barriers

Currently sunsets January 1, 2030

Density Bonus

Continuum of housing response

Multiple dimensions of need, different solutions



Affordable:
<80% AMI

Interim Housing

Permanent Supportive Housing

Traditional Affordable Housing

Inclusionary Housing

Project-based Section 8

Market Rate:
>80% AMI

High-density

Mid-density/Townhomes

More affordable by design

Smaller units

ADUs

