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PRESENTS

Foundations of Affordable Housing

Featuring:

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Who are we?

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POLICY
EXPERTISE



ADVOCACY:
PRODUCTION
PRESERVATION
PROTECTION



EDUCATION &
EMPOWERMENT



THE NEED FOR UNDERSTANDING

Our research with focus groups found that:

- Homelessness and housing affordability are top of mind concerns.
- The concept and term “affordable housing” is confusing.
- Building more housing is not seen as directly addressing homelessness or housing affordability.
- There is low trust in government and its ability to address homelessness.
- Despite frustration, there is willingness to address homelessness, and a hope that it can be solved.

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FOUNDATIONS OF AFFORDABLE HOUSING: OVERVIEW



**THE HOUSING SHORTAGE
& WHO IS HARMED**



HOW WE GOT HERE



**AFFORDABLE HOUSING HELPS
SOLVE OUR HOUSING CRISIS**



**HOW AFFORDABLE
HOUSING WORKS**



**AFFORDABLE HOUSING
BENEFITS ALL OF US**

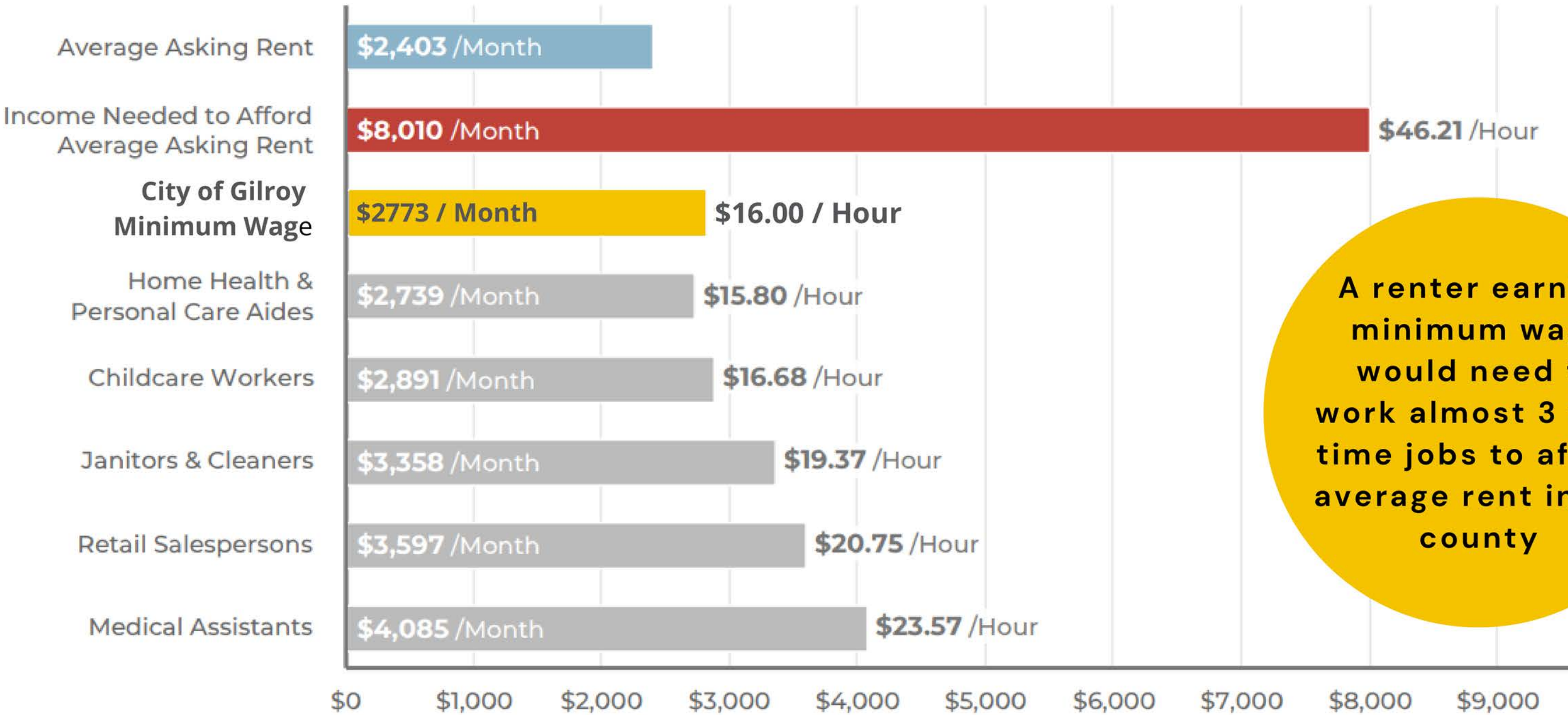


HOW YOU CAN HELP



THE HOUSING SHORTAGE & WHO IS HARMED

WHO CAN AFFORD TO RENT?

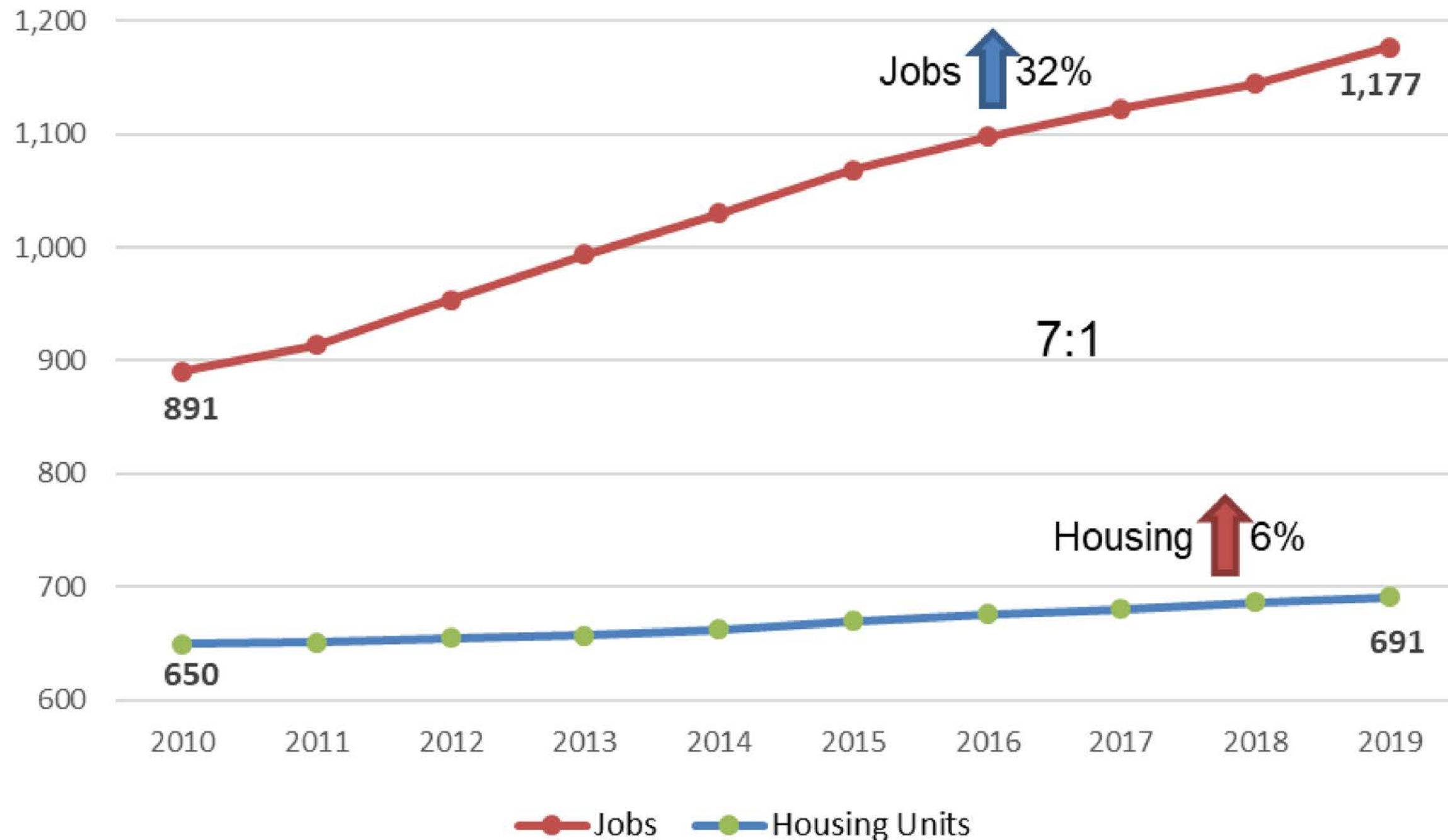


Source: California Housing Partnership's Santa Clara County 2022 Affordable Housing Needs Report



ECONOMIC GROWTH WITHOUT NECESSARY HOUSING

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



- 1 home for every 7 jobs
- Rents up 75%
- Median home prices up nearly 300%

WHAT DOES LOW-INCOME MEAN?

Santa Clara County's median income has increased \$30,000 for a family of four since 2021

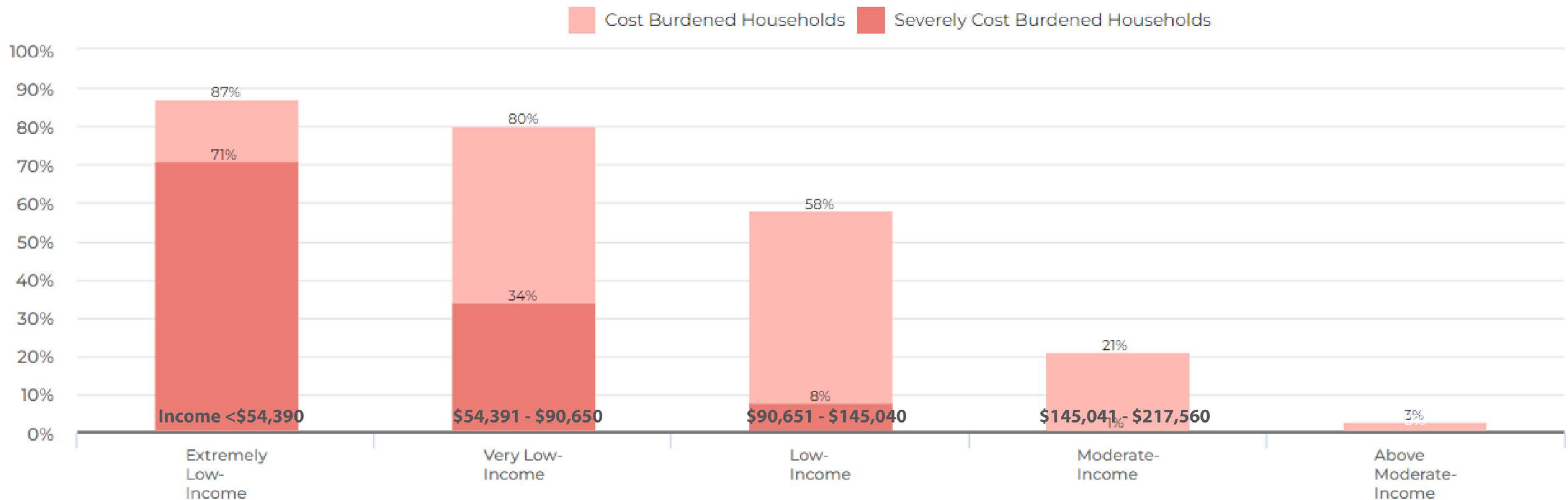
2023 Income Levels for a Family of 4 in Santa Clara County		
Extremely Low-Income	0-30% AMI	Up to \$54,390
Very Low-Income	31-50% AMI	\$54,391 to \$90,650
Low-Income	51-80% AMI	\$90,650 to 145,040
Median Income		\$181,300

Source: Low-Income Housing Tax Credit (LIHTC) Program

A WIDE RANGE OF RESIDENTS ARE AFFECTED

COST BURDENED RENTER HOUSEHOLDS BY INCOME: ALL HOUSEHOLDS [i](#) [Chart](#)

71% of Extremely Low Income (ELI) households in Santa Clara County are paying more than half of their income on housing costs, compared to 1% of moderate-income households

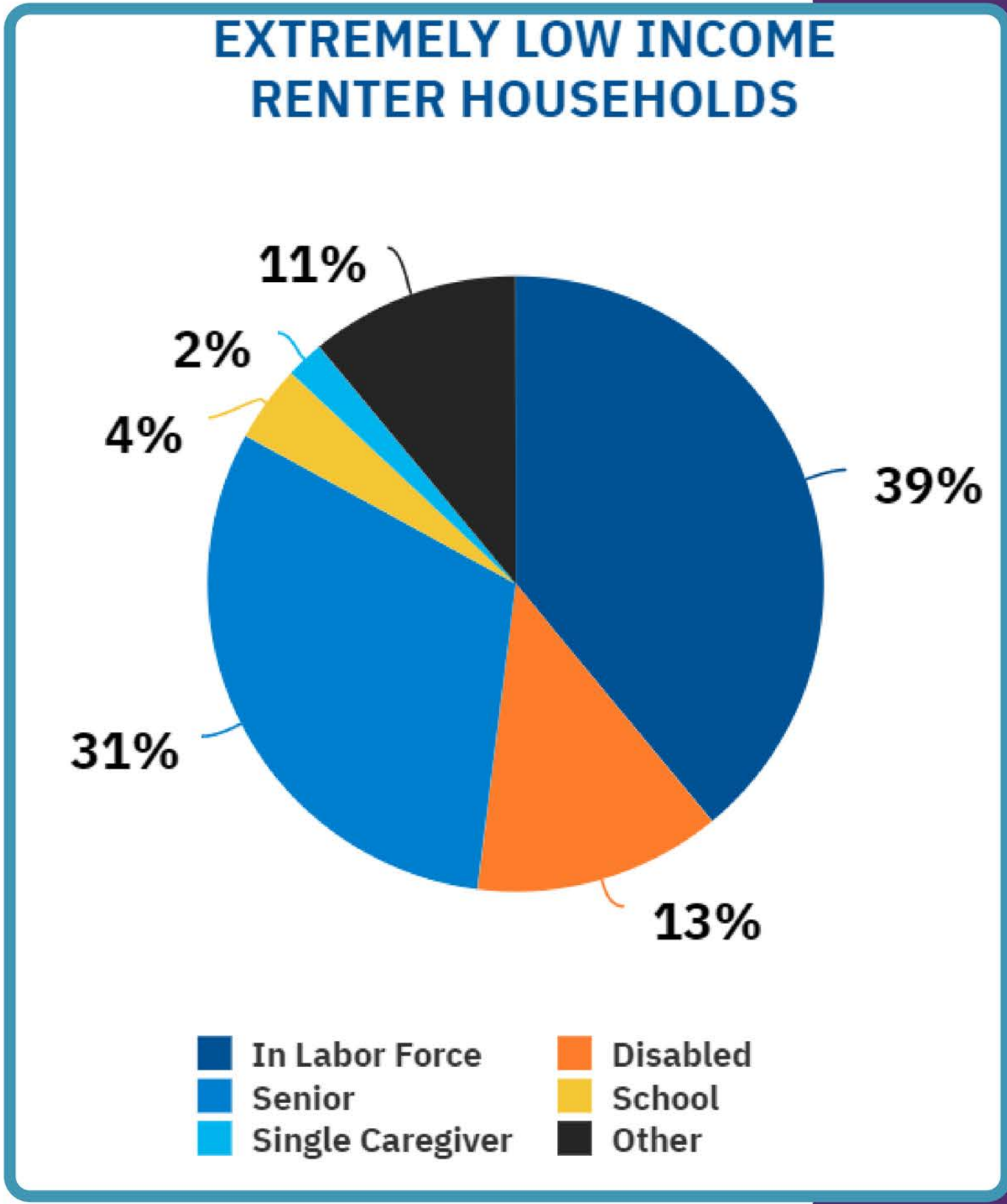


Source: California Housing Partnership: Housing Need, Santa Clara County 2023

WHO IS HARMED MOST BY THE AFFORDABILITY CRISIS?

In Santa Clara County:

- 83% of extremely low income renter households are people on fixed incomes or in low-wage jobs.
- 79% of families with extremely low incomes are paying more than half their income for housing costs.



Source: National Low-Income Housing Coalition: Out of Reach 2022

THE LACK OF AFFORDABILITY HARMS PEOPLE

- Cost burden = impossible choices
- Overcrowding
- Housing instability
- Health, educational, and employment impacts
- Displacement from community
- Eviction

In San Jose, nearly 23% of households pay more than half their income for rent. Another 26% pay 30-50%

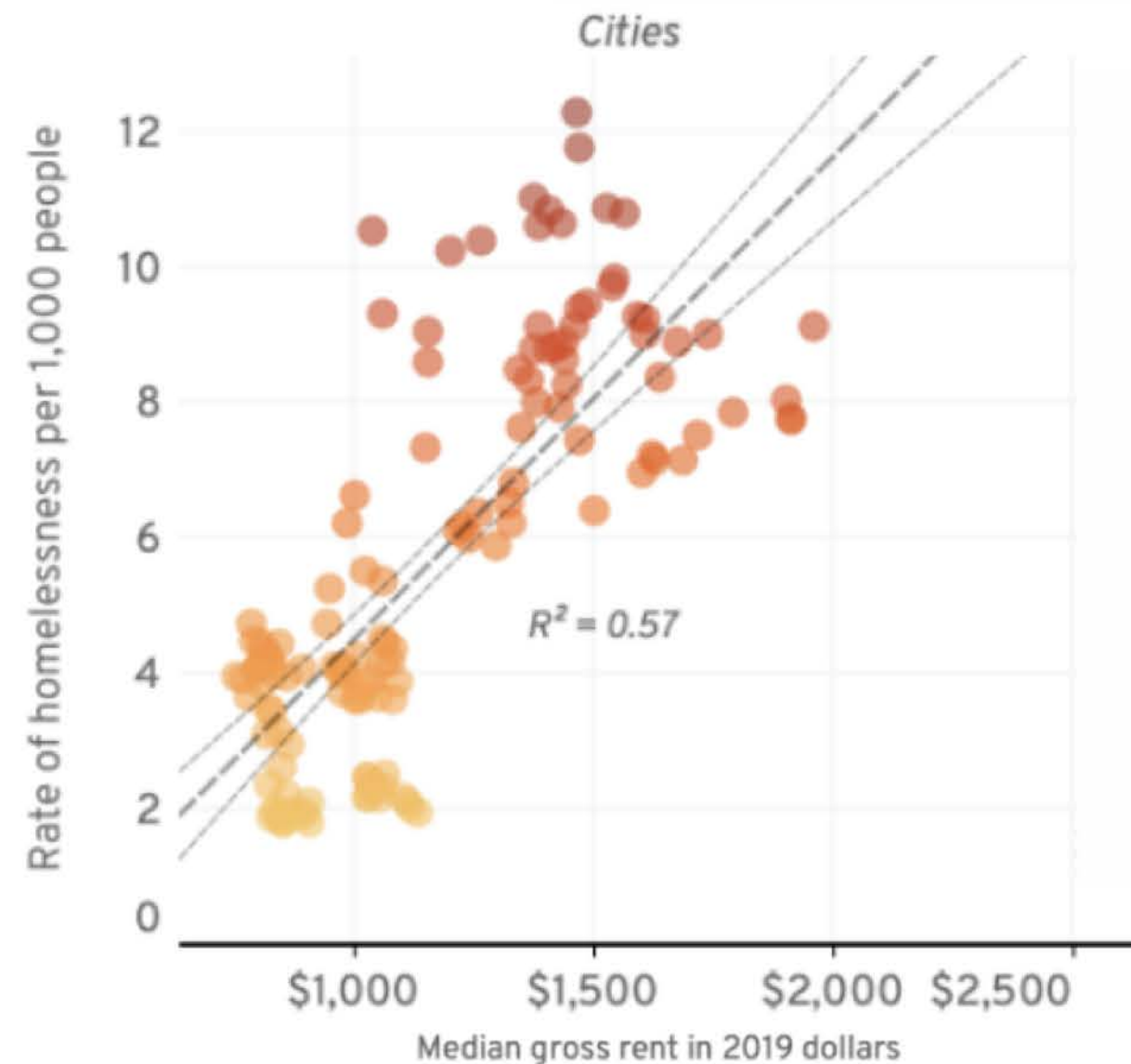
HOMELESSNESS IS A HOUSING PROBLEM

Higher rents & lack of affordable housing = higher rates of homelessness

Many other common explanations—drug use, mental illness, poverty, or local political context—fail to account for regional variation.

Median gross rent versus Point in Time (PIT) count (per capita)

Dashed lines indicate a linear regression of per capita PIT counts onto median gross rent between 2007 and 2019 for a sample of U.S. regions.



Bands indicate 95% confidence intervals for the slope of the regression line. Figure forthcoming in Colburn & Aldern (2022).

THE LACK OF AFFORDABILITY HARMS OUR ENVIRONMENTAL RESILIENCE

- Sprawl
- Long commutes
- Increased greenhouse gas emissions
- Underutilization of public transit
- Massive infrastructure maintenance costs

Compact, walkable, bikeable communities in our urban areas help solve these problems, and can also make affordable housing more feasible



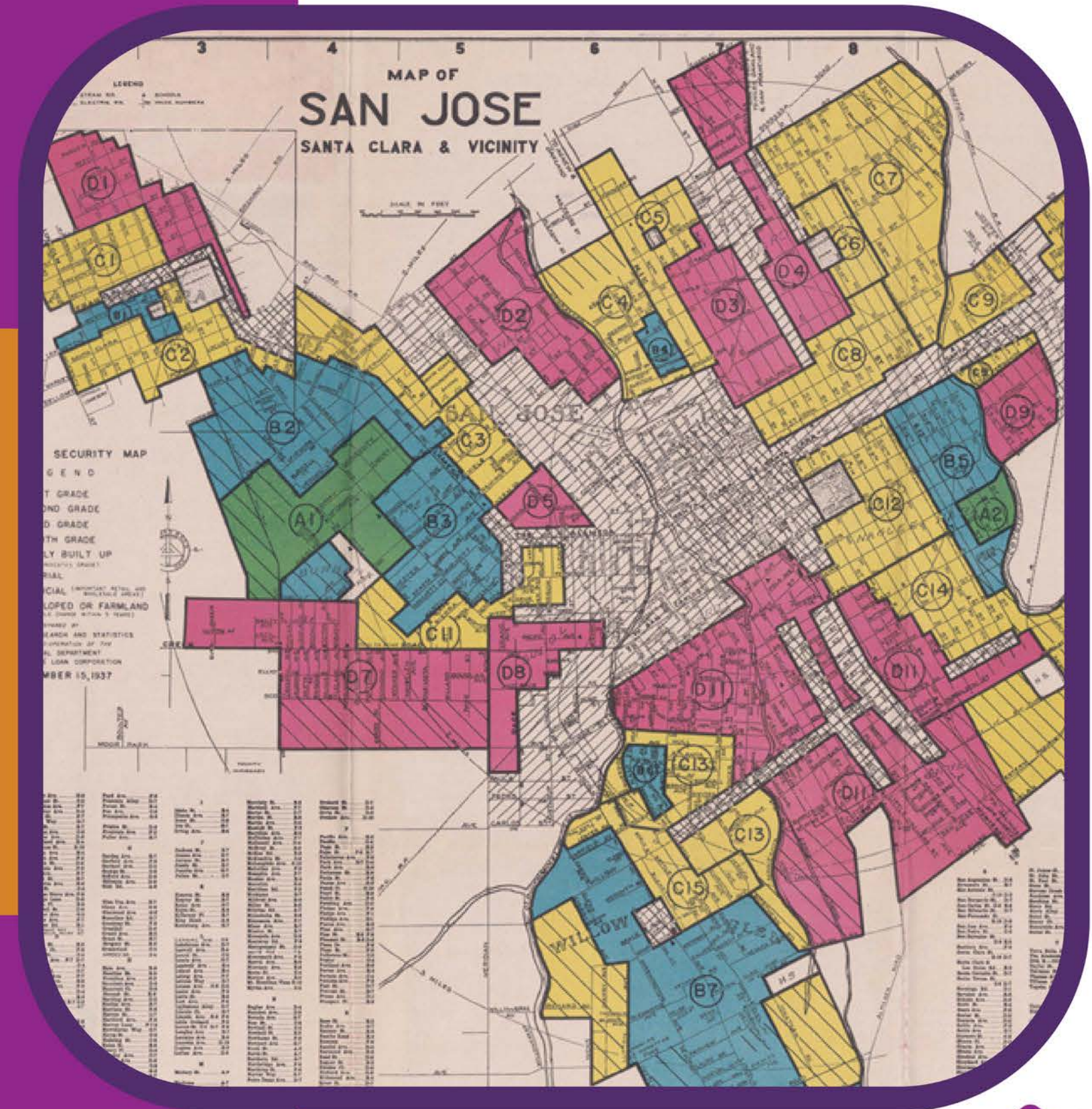


HOW WE GOT HERE

HOW DID WE GET HERE?

Government enacted housing discrimination

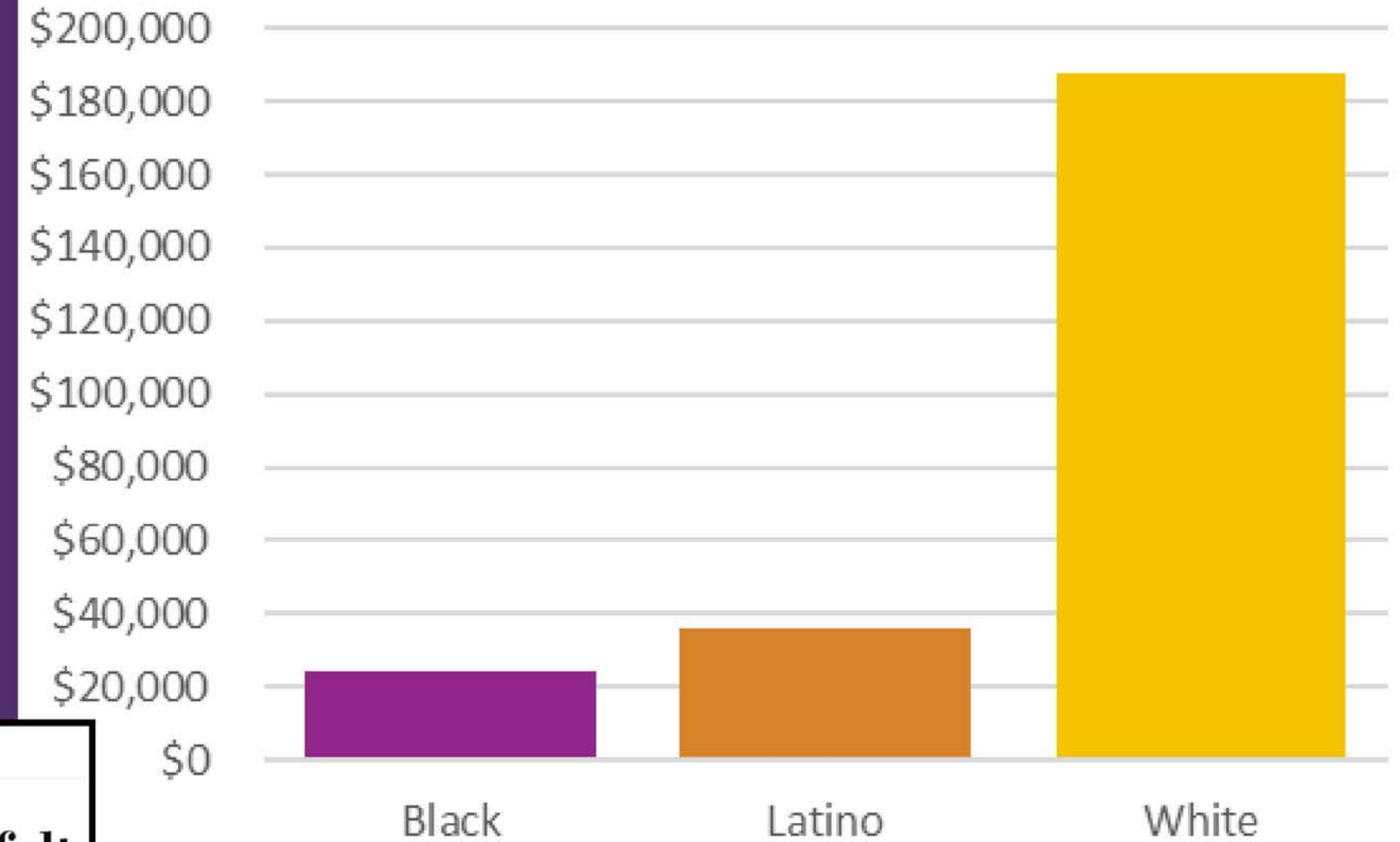
Federal Housing Administration appraisal manuals instructed lenders to avoid areas with "inharmonious racial groups" and recommended that municipalities enact racially restrictive zoning ordinances.



HOW DID WE GET HERE?

The impacts of policies meant to keep people out are still hurting families today.

Median Household Wealth by Race/Ethnicity



Black and Hispanic renters experience discrimination in almost every major American city

A new study finds that property managers in Chicago, Los Angeles, Louisville, Houston, and Providence are least likely to answer prospective Black and Hispanic tenants.

The Washington Post
Democracy Dies in Darkness

Lingering impact of foreclosure crisis felt most in Hispanic and black communities, study says

By Michele Lerner
May 21, 2019 at 5:30 a.m. EDT

The New York Times

Published Aug. 25, 2020

Black Homeowners Face Discrimination in Appraisals

The Dramatic Racial Bias of Subprime Lending During the Housing Boom

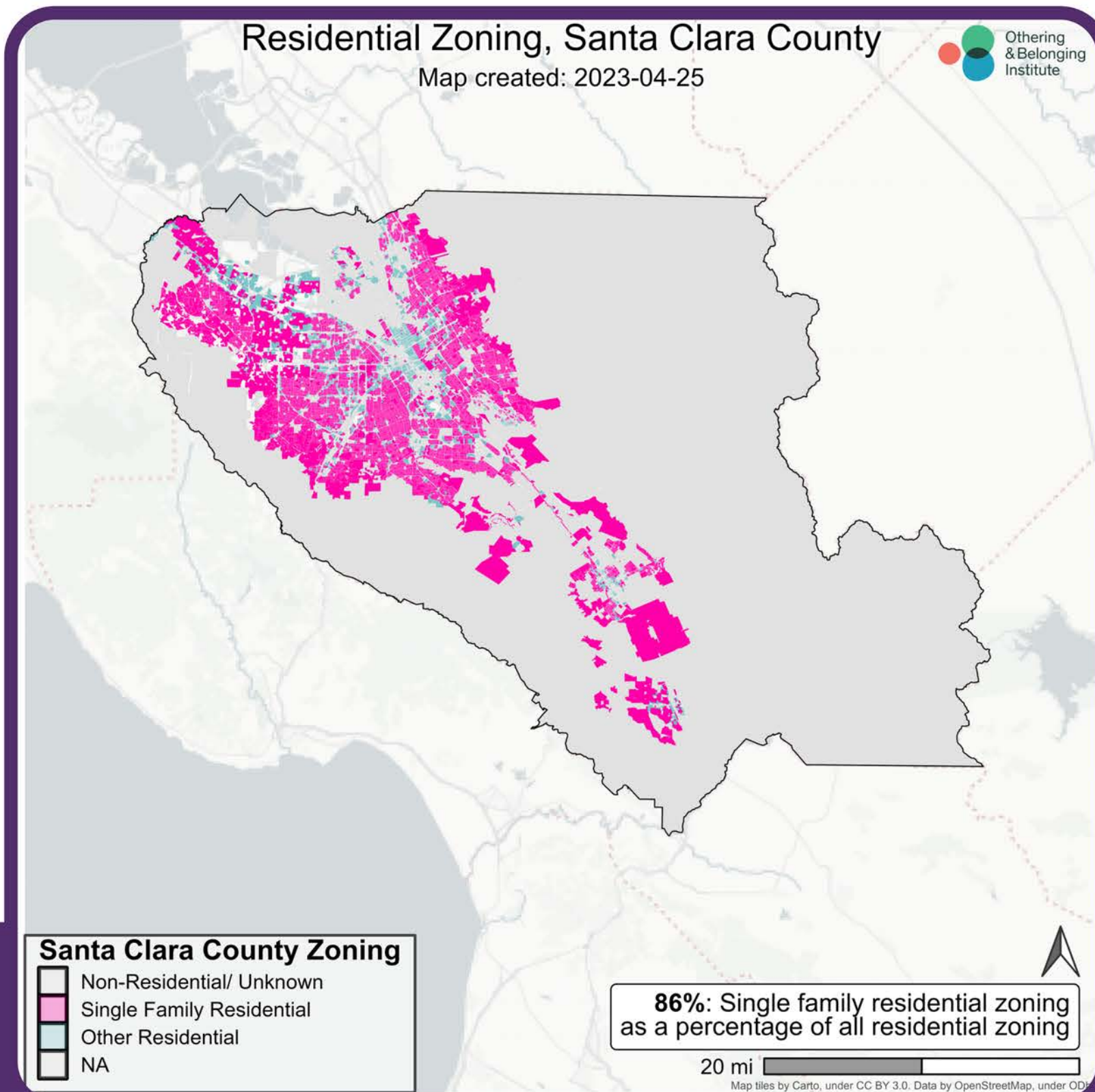
Blacks and Latinos were more than twice as likely as comparable whites to receive such high-cost loans.

California's 'racist' Article 34 remains an obstacle to affordable housing

Voters will have the chance to repeal the decades-old provision in the state constitution in 2024

HOW DID WE GET HERE?

Single-family zoning reinforced segregation during the county's rapid growth.



In Bay Area cities with high % single-family zoning:

- home values > \$100,000 higher
- incomes \$34,000 higher
- nearly 20 percent whiter

than the rest of the Bay Area's cities

HOW DID WE GET HERE?



actually
the neighbor's
back yard 🏠



Art, Alfred Twu, from the book
Rhena the House Makes New Friends

In the past, small groups of existing residents have had disproportionate power over what can be built and where, if anything



THE HOUSING SHORTAGE & AFFORDABILITY CRISIS AFFECTS US ALL



**AFFORDABLE HOUSING HELPS
SOLVE OUR HOUSING CRISIS**

HOW DOES AFFORDABLE HOUSING HELP?



HOW DOES AFFORDABLE HOUSING HELP?

Affordable housing is an asset that sustains and strengthens our communities by ensuring we all have a safe, stable home.



HOW DOES AFFORDABLE HOUSING HELP?

Affordable housing is the public's answer to addressing the needs of people harmed by our housing market. It is a bridge between our current inequitable system and a place where everyone in our community can thrive.



HOW DOES AFFORDABLE HOUSING HELP?

Affordable housing provides a range of housing solutions that each address the diverse needs of local residents who cannot afford the cost of housing in Silicon Valley.

AFFORDABLE HOUSING: DIFFERENT SOLUTIONS FOR DIFFERENT NEEDS

Permanent supportive
housing for people
experiencing homelessness



Affordable
housing
for seniors

Mixed income for families
with children



Inclusionary housing

Permanent
supportive
housing for
adults with
developmental
disabilities



Affordable housing for
veterans

Mixed income
for individuals
& families



DIFFERENT SOLUTIONS FOR DIFFERENT NEEDS: PERMANENT SUPPORTIVE HOUSING

Permanent supportive housing for people experiencing homelessness



Permanent supportive housing for adults with developmental disabilities



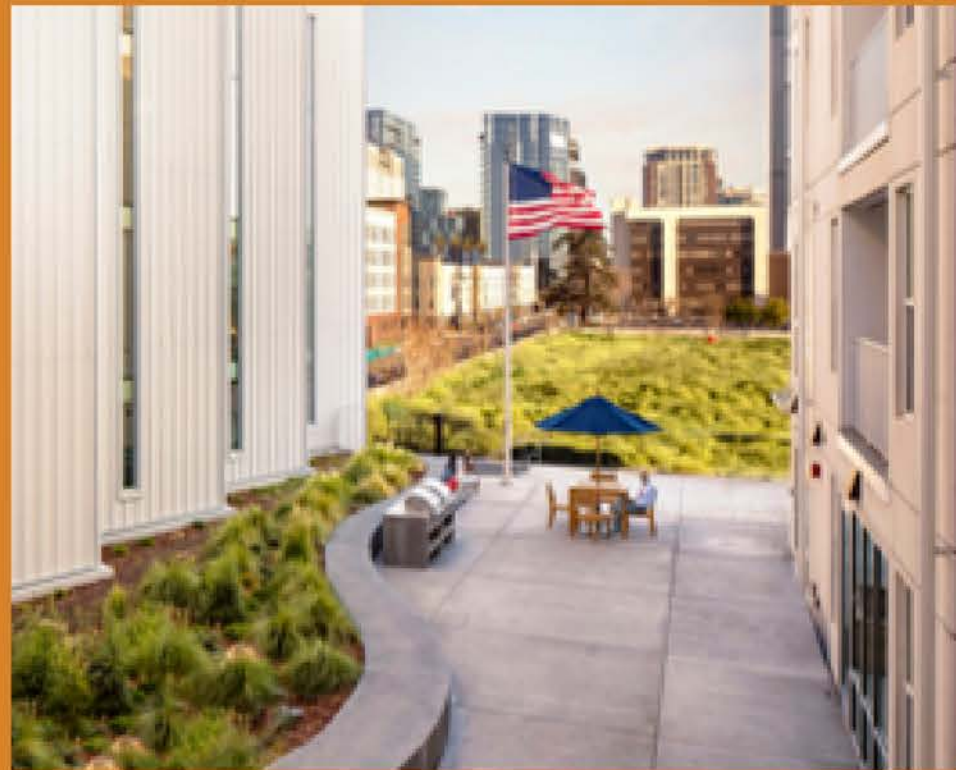
Permanent supportive housing pairs very low rents with case management and supportive services.

DIFFERENT SOLUTIONS FOR DIFFERENT NEEDS: PEOPLE WITH UNIQUE NEEDS



Affordable housing for seniors

Affordable housing for groups of people with unique needs builds community and allows developers to more effectively meet needs.



Affordable housing for veterans

Affordable housing for seniors and transition-aged youth



DIFFERENT SOLUTIONS FOR DIFFERENT NEEDS: A RANGE OF RENTS TO MEET NEEDS

Mixed-income housing has individuals and families of different incomes living together in the same community, with higher rents offsetting lower rents.

Mixed income for families



Mixed income for individuals & families



Mixed income for individuals & families

DIFFERENT SOLUTIONS FOR DIFFERENT NEEDS: MARKET-RATE HOUSING WITH AFFORDABLE

Inclusionary housing is a policy that requires some of the homes in a new housing development to be affordable to lower- or moderate-income households.



Inclusionary housing

SOBRATO GILROY APARTMENTS



- **26 apartments serving people who were formerly homeless**



QUETZAL GARDENS, SAN JOSE



- **70 units, about half for formerly unhoused families**



CROSSINGS ON MONTEREY IN MORGAN HILL



- **39 units, half permanent supportive housing**



SHIRAZ SENIOR IN SAN JOSE



- **Senior adult community with elevator and ADA accessible bathroom**





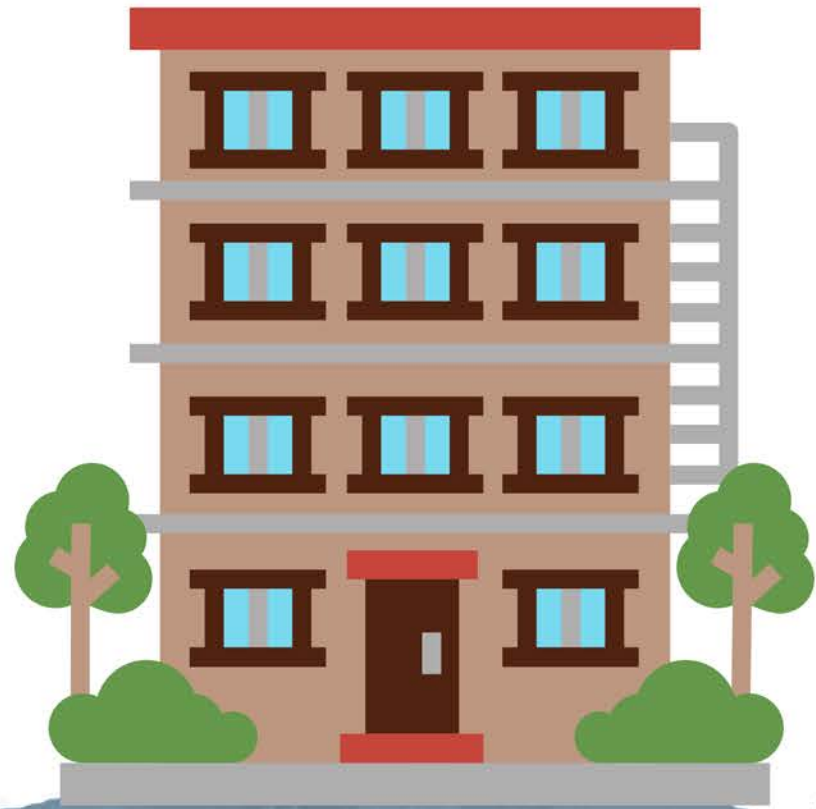
HOW AFFORDABLE HOUSING WORKS

MARKET RATE NEW CONSTRUCTION IS NOT AFFORDABLE

Challenge: total cost of development and monthly operations ~ \$3,600 per month

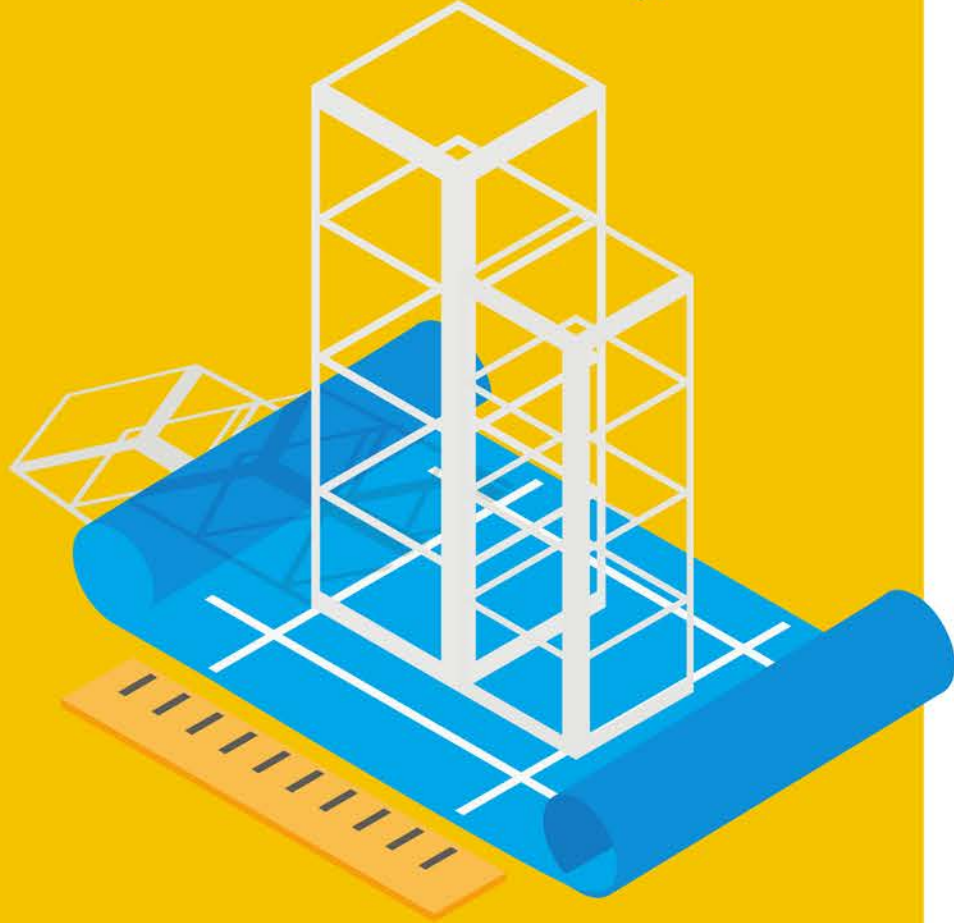
\$1,800 GAP

\$1800 RENT



HOW IS AFFORDABLE HOUSING FINANCED TO BE SELF-SUSTAINING? CLOSING THE GAP

Public funding
helps cover
development
costs



Less money
borrowed
means less to
pay back each
month



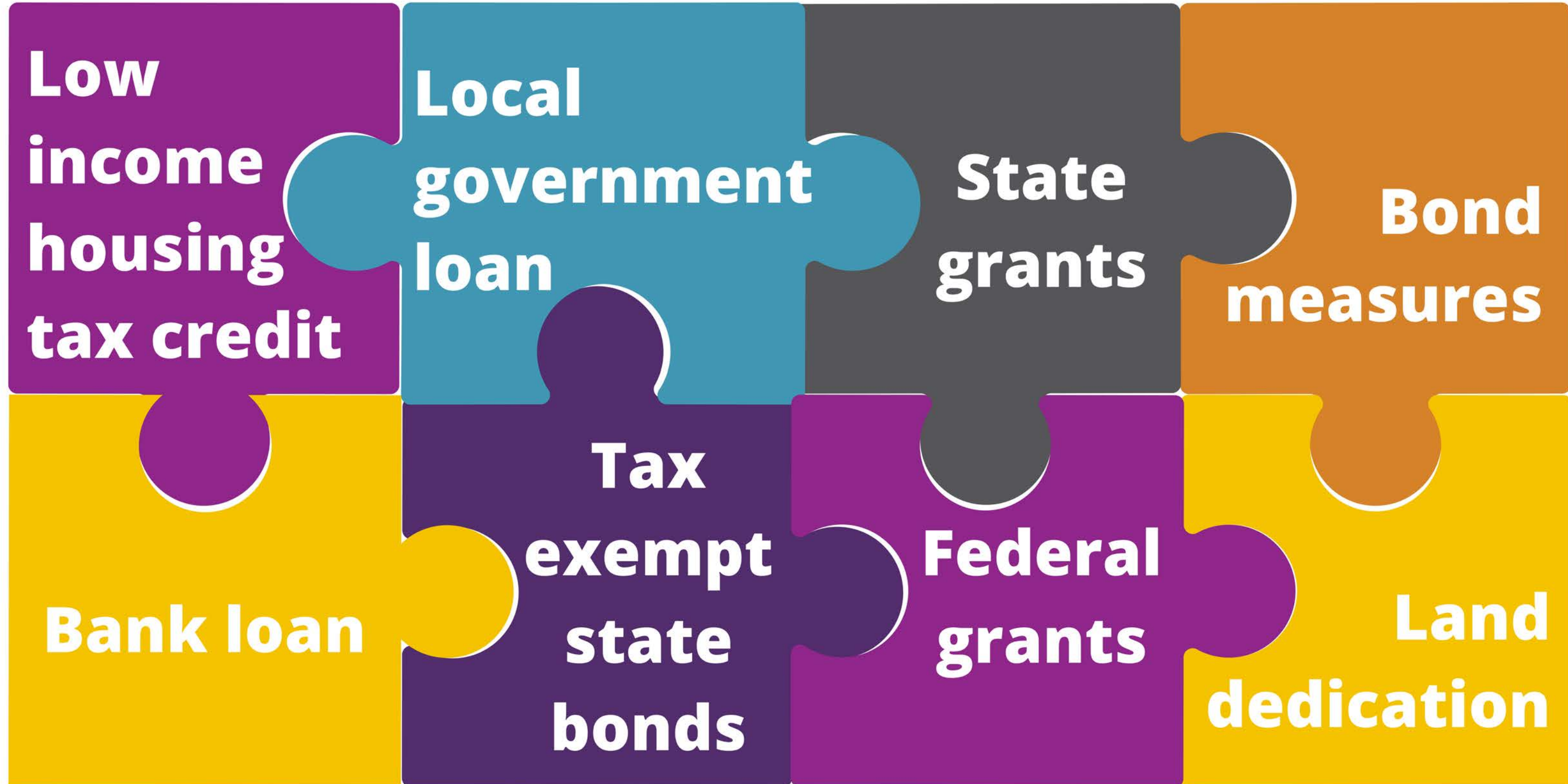
Lower monthly
cost makes it
possible for
lower rents to
cover cost



CLOSING THE GAP BY MOVING THE MOUNTAIN



WHERE DOES THE SUBSIDY COME FROM?



WHERE DOES THE SUBSIDY COME FROM?



I HEARD AFFORDABLE HOUSING COSTS A LOT TO BUILD...

- ALL housing is expensive to build in the Bay Area
 - High costs for land, labor, materials, financing
- Affordable housing has higher development standards that protect public investment by making sure the building will last
- Time to arrange complex financing, cost of service space, and prevailing wage requirements.
- Permanent affordable housing is the most cost-effective way to address the needs of people who are unhoused.



**AFFORDABLE HOUSING
BENEFITS ALL OF US**

HOW DO WE ALL BENEFIT FROM AFFORDABLE HOUSING?

Affordable housing = more money to spend in local communities to take care of family needs

In Santa Clara County, residents of affordable housing save an average of \$940 each month on rent that can go to meet other household needs



HOW DO WE ALL BENEFIT FROM AFFORDABLE HOUSING?

**Affordable housing =
a healthier
environment**

**In Santa Clara County,
existing affordable
housing leads to:**

Greenhouse gas (GHG) emission reductions
from proximity to transit

21,000 MTCO₂e per year

Greenhouse gas (GHG) emission reductions
from proximity to jobs

26,000 MTCO₂e per year

MTCO₂e=Metric tons of carbon dioxide equivalent

HOW DO WE ALL BENEFIT FROM AFFORDABLE HOUSING?

**Affordable housing =
a healthier
population and a
healthier economy**

In Santa Clara County:

Pediatric health savings from living in a lower poverty community

\$6,000,000 per year

Medical cost savings from reduction in pediatric emergency room visits

\$92,000 per year

Medical cost savings from reduction in severe obesity and diabetes

\$1,000,000 per year



HOW DO WE ALL BENEFIT FROM AFFORDABLE HOUSING?

Affordable housing sustains our workforce and creates more job opportunities

In Santa Clara County:

Jobs Supported

21,480 per year

Wages and Business Income
Generated

\$840,000,000 per year

State and Local Taxes Generated

\$241,000,000 per year

“We as a country always act like we can’t find the money to solve this home affordability crisis, which implies that we are not spending it now. We are spending it now. We are just spending it on adverse health and bad outcomes.”

-Dr. Megan Sandel



HOW YOU CAN HELP

HOW YOU CAN HELP

- **Help tell the story of how we benefit. Support affordable housing in your community- and tell your elected officials!**
- **Support additional sources of funding for affordable housing**



QUESTIONS?



City of Gilroy Resources and Contact Information

Housing Resources

Website: <https://www.cityofgilroy.org/housing> E-mail: housing@cityofgilroy.org

- **Production**
 - [Affordable Apartments](#)
 - [Below Market Rate Home Ownership Program](#)
 - [Homebuyer Assistance](#)
 - Development of [Affordable Housing Policy](#) - Stay tuned!
- **Preservation**
 - [Home Modification](#)
- **Protection**
 - [Tenant/Landlord Issues](#)
 - [Rental Assistance](#)
 - [Emergency Housing](#)
 - [Job Resources: Services for Disabled Persons Presentation-Department of Rehabilitation](#)
 - [Unhoused Resources and Efforts](#)
- **Library of webinars and presentations on housing resources**

