



STUDY SESSION HOUSING NEEDS & STRATEGIES

Council Chambers
November 13, 2012

Archer Studios by Charities Housing, North San Jose

CITY OF SAN JOSE, DEPARTMENT OF HOUSING

SAN JOSE HOUSING PROGRAMS

HISTORY

HOUSING DEPARTMENT

ROLES

ACCOMPLISHMENTS

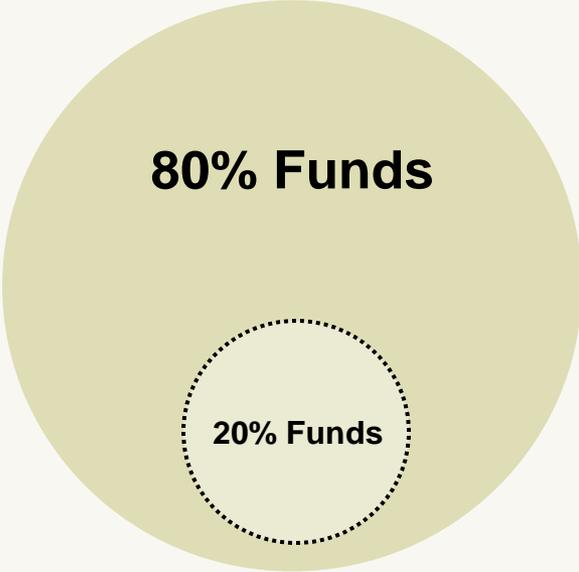
THE NEED

Leslye Corsiglia, Department of Housing

Housing Programs in San Jose

Before 1987

Redevelopment
Agency



Neighborhood
Preservation



Mayor's
Office



Housing Programs in San Jose

Pre-1987

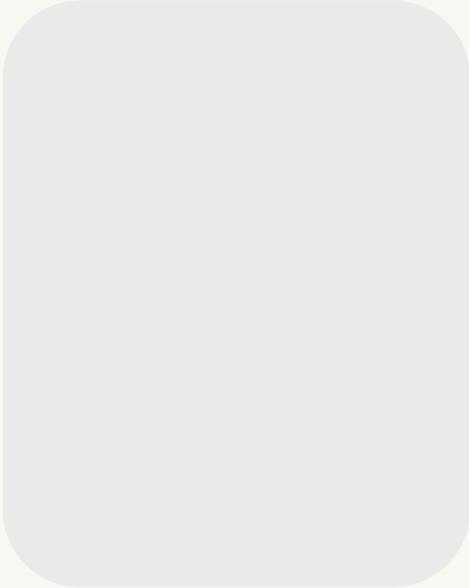
In 1987

Homeless

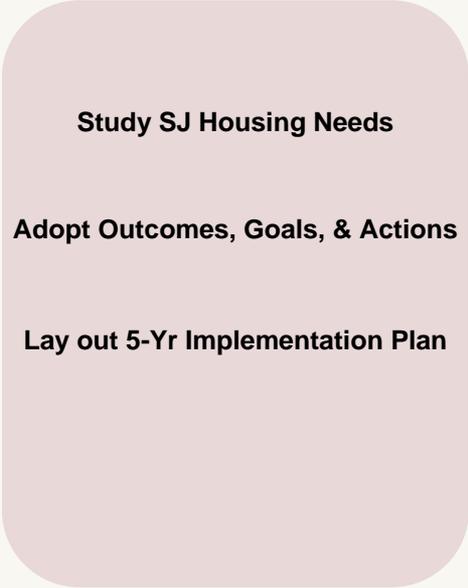
Rehab

80%
20%

Housing Department Created



Mayor's Housing Task Force Created



+

RDA Manages 80% Fund



Funding Comparison

1992

\$21M

66 FTE

Sources

- 20% TI
- Loan Repayments
- CDBG (Single Family Rehab Program)
- Rental Rehabilitation

2012

\$53M

60 FTE

Sources

- Loan Repayments
- CDBG
- HOPWA
- ESG
- NSP
- Rental Rights and Referrals
- CalHome
- BEGIN
- Competitive Grants

Roles Today

Public Purpose Lender

Multifamily Programs

- New Rental Housing Construction
- Predevelopment
- Acquisition/Rehabilitation of Rental Housing

Single Family Programs

- Housing Rehabilitation
- Mobilehome Rehabilitation
- 1st Time Homebuyer

Grants Management

- Community Development & Infrastructure
- Paint Grants/Neighborhood Improvement
- Economic Development
- Homeless Programs

Asset Management

- Collections & Compliance

Non-Financing Activities

Policy & Planning

- Housing Policies
- State & federally-mandated reports
- Inclusionary housing & developer agreements
- Legislation
- Monitoring fair housing implementation
- Foreclosure & predatory lending response
- City planning efforts
- Regional housing & planning

Homeless Response

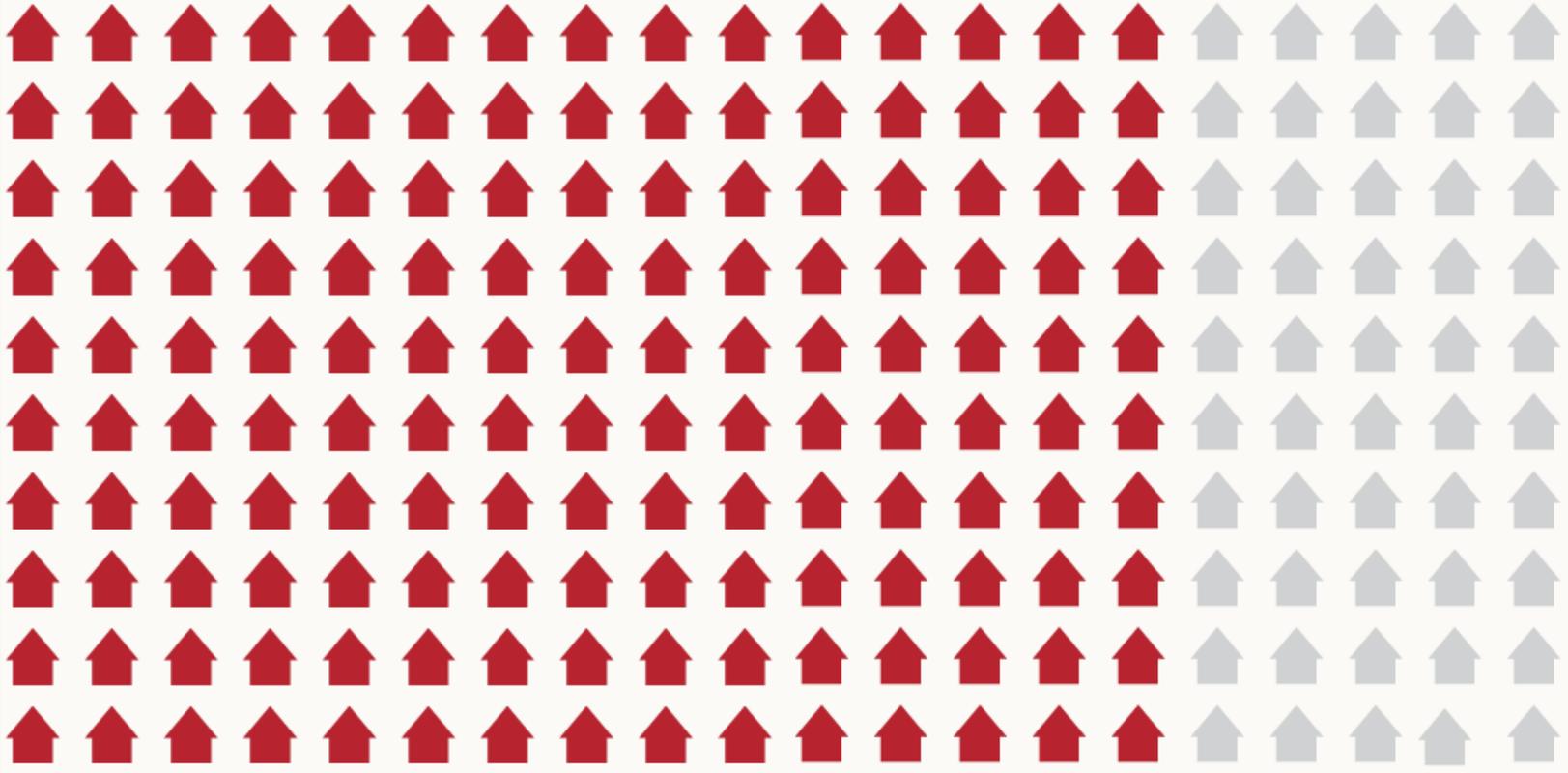
- Coordination/Destination: Home
- Encampments

Enforcement

- Mobilehome Ordinance
- Rent Control Ordinance

Housing Accomplishments Since 1988

20,000 housing units by Funding



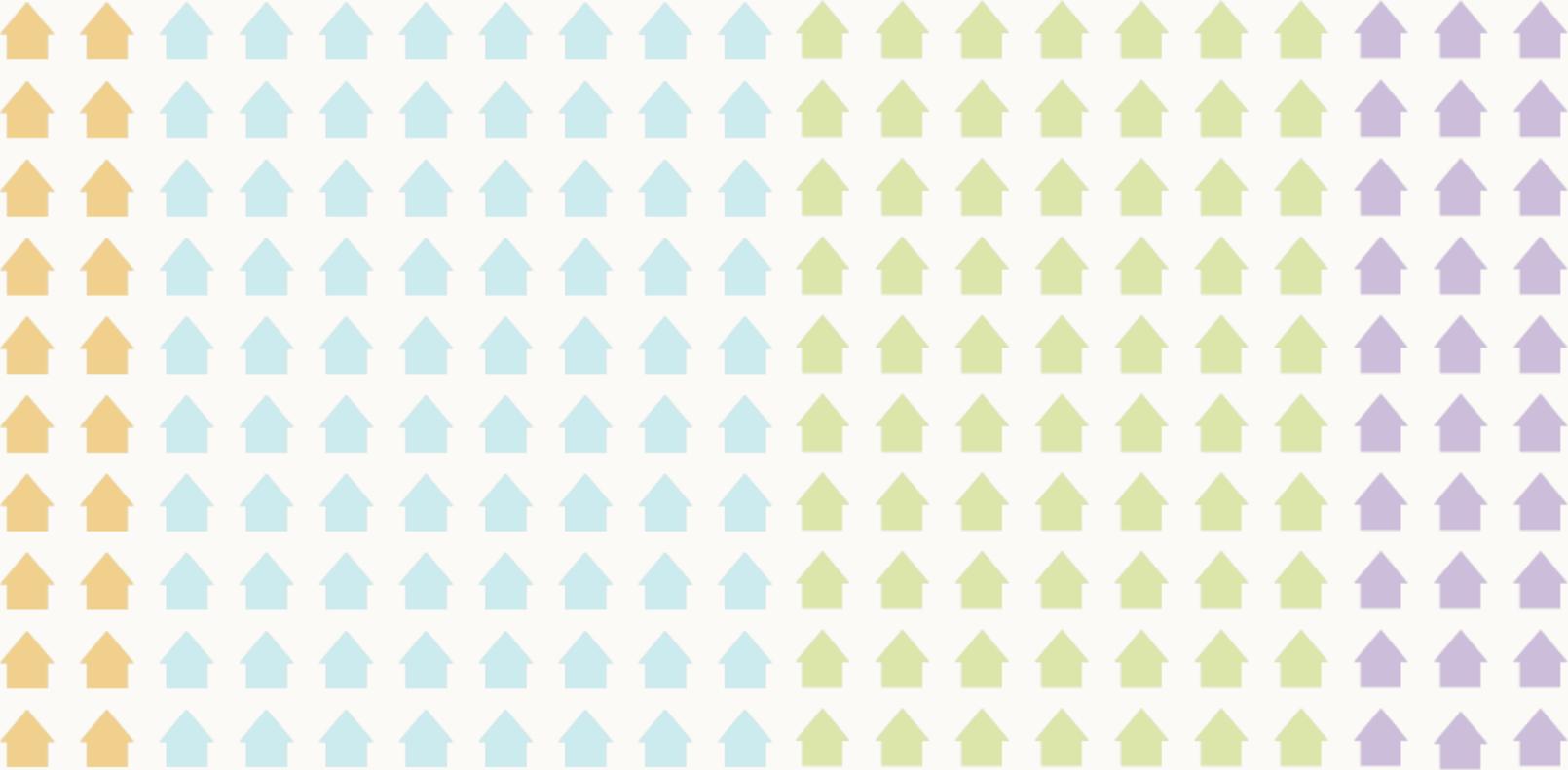
20% Funded Units

Other Funds

 = 100 units

Housing Accomplishments Since 1988

20,000 units by Income Levels



ELI

VLI

LI

MOD

 = 100 units

Housing Accomplishments Since 1988

20,000 units by Activity



New Construction

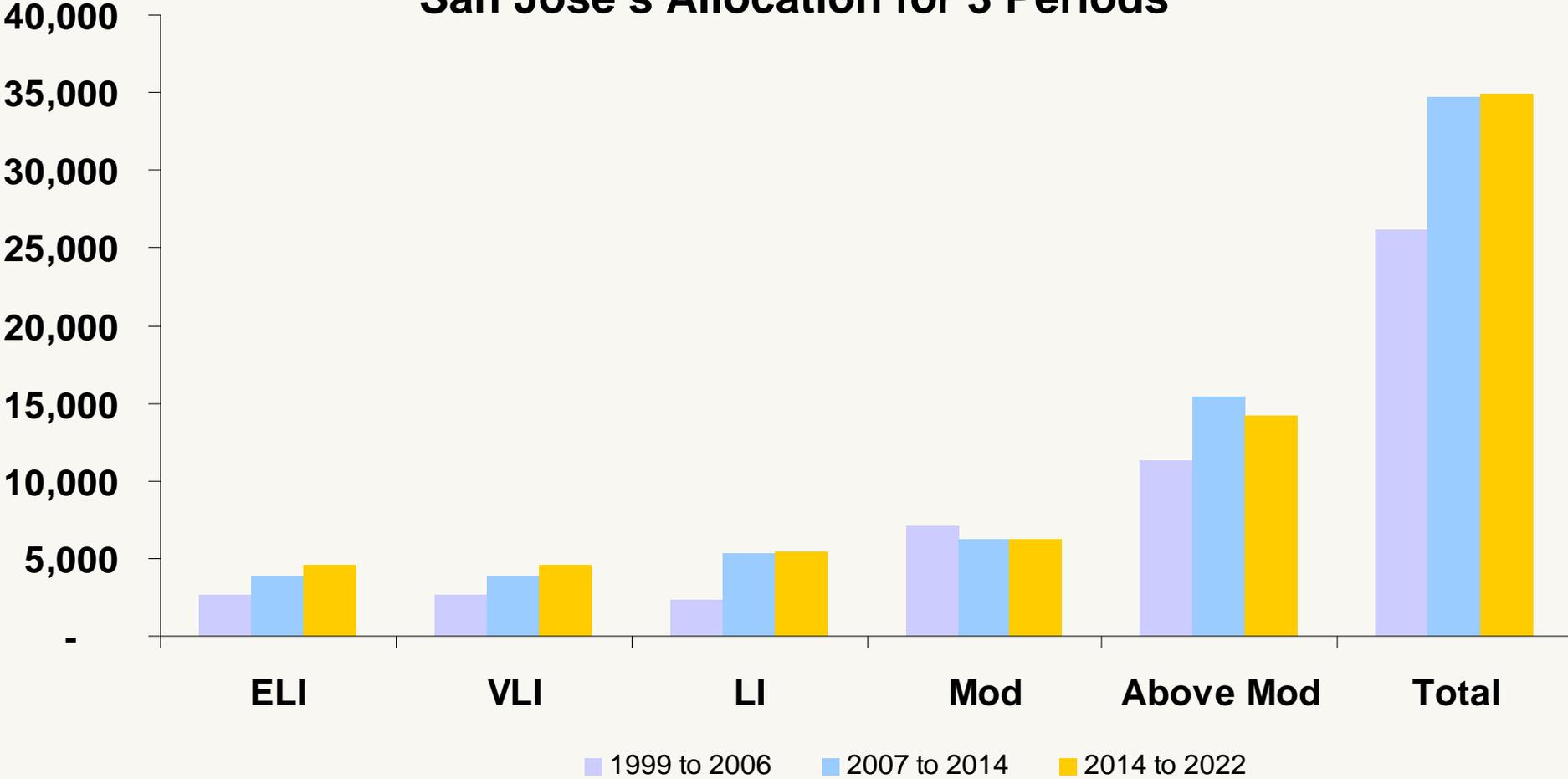
Acq/Rehab

Homebuyer

 = 100 units

Regional Housing Needs

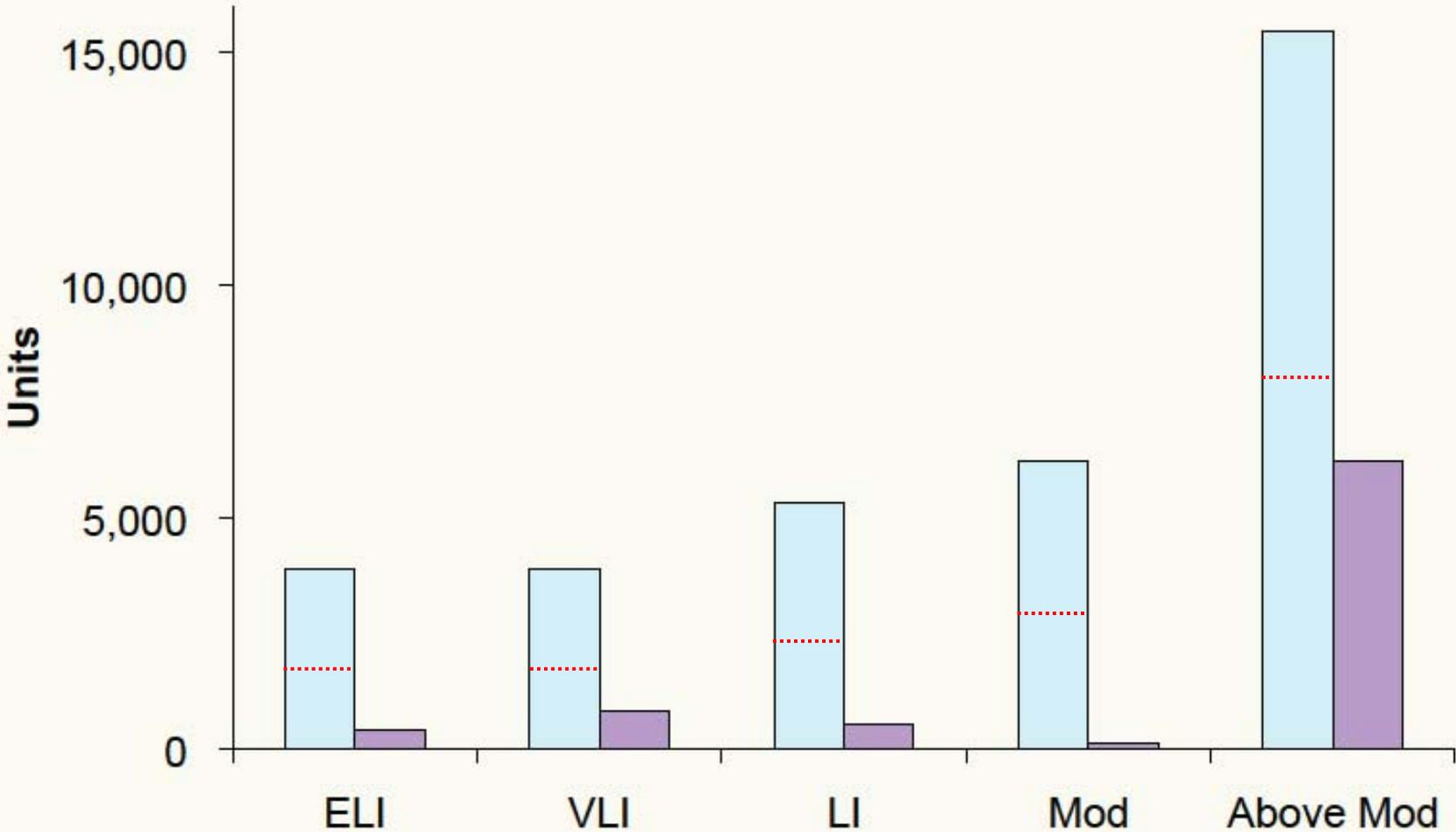
San Jose's Allocation for 3 Periods



Note: Goals for 2014-22 is currently a draft allocation

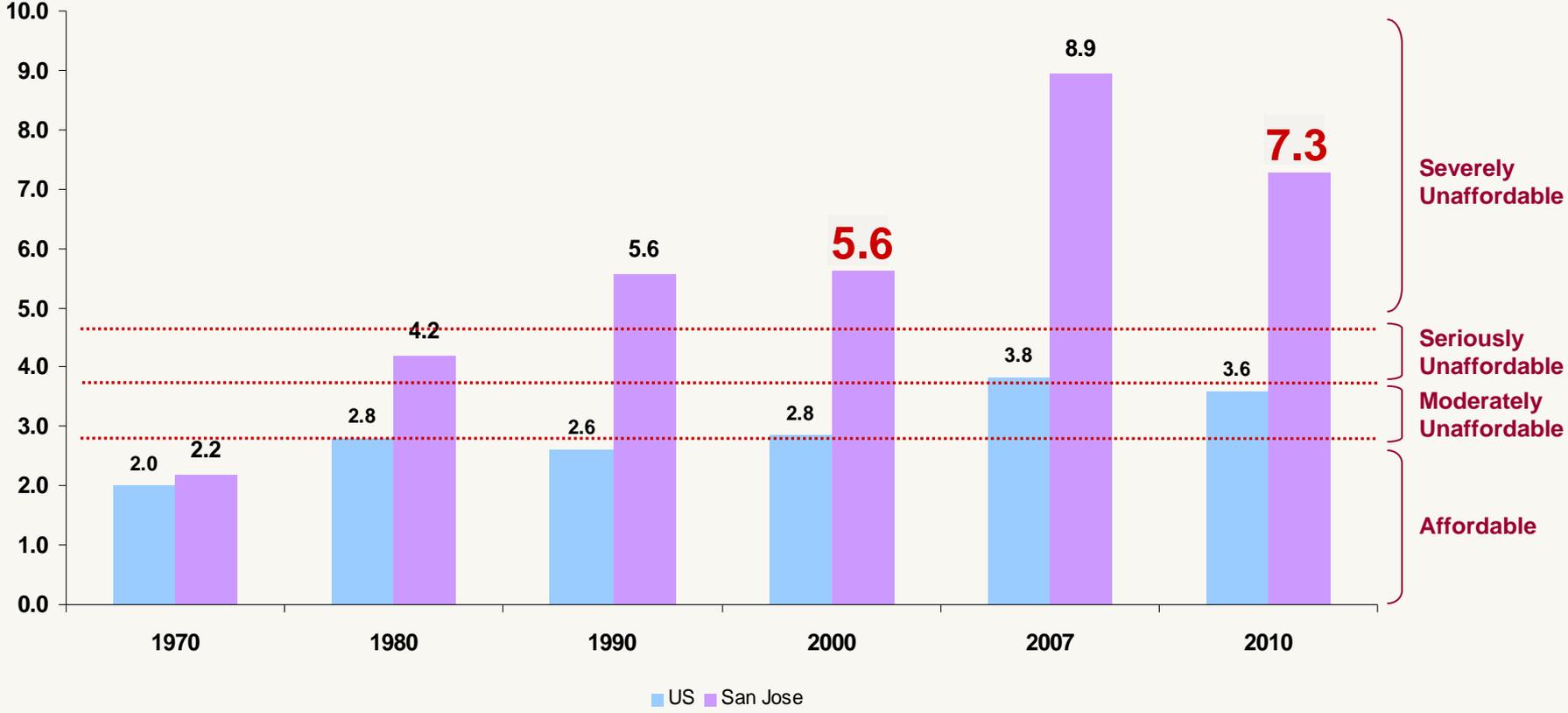
Progress in Current RHNA Period

2007-14 RHNA Goal 2007-14 Production



Long History of High Cost Housing in San Jose

Median Housing Value Compared to Median Income



Source: US Census

Income Ranges



One-Person HH



Four-Person HH

<u>Income Category</u>	<u>Annual Income</u>	<u>Max Mo. Housing</u>	<u>Annual Income</u>	<u>Max Mo. Housing</u>
15% AMI	\$11,025	\$275	\$15,750	\$394
30% AMI	\$22,050	\$551	\$31,500	\$788
50% AMI	\$36,750	\$918	\$52,500	\$1,313
80% AMI	\$53,000	\$1,325	\$75,700	\$1,892
100% AMI	\$73,500	\$1,837	\$105,000	\$2,625
120% AMI	\$88,200	\$2,205	\$126,000	\$3,150
160% AMI	\$117,600	\$2,940	\$168,000	\$4,200

Source: Data based on California Department of Housing and Community Development, 2012 Income Limits

Employment Segments

Homeless & Fixed Income

- **0-15% AMI**
- **1-Person: up to \$11,000**
- **4-Person: up to \$16,000**
- **Population**
 - Homeless
 - Seniors
 - Veterans
 - Fixed-income

Working Poor

- **15-50% AMI**
- **1-Person: \$11,000 - \$36,000**
- **4-Person: \$16,000 - \$53,000**
- **Types of jobs**
 - Cooks
 - Janitors
 - Retail sales
 - Tellers
 - Groundskeeping workers

Support Economy

- **50-100% AMI**
- **1-Person \$36,000 - \$72,000**
- **4-Person \$53,000 - \$105,000**
- **Types of jobs**
 - Preschool teachers
 - Medical assistants
 - Public health social workers
 - Legal support workers
 - First line supervisors

Driving Industries

- **120-160% AMI**
- **1-Person \$87,000 - \$115,000**
- **4-Person \$126,000 - \$168,000**
- **Types of jobs**
 - Accountants
 - Dental hygienists
 - Computer occupations
 - Engineers
 - Mathematicians

Housing Costs & Minimum Incomes

Ownership

Median Price

Minimum Income



\$325,000

\$86,400



\$570,000

\$138,000

Rental

Average Rent

Minimum Income

Studio

\$1,319

\$52,760



\$1,667

\$66,680



\$2,124

\$84,960

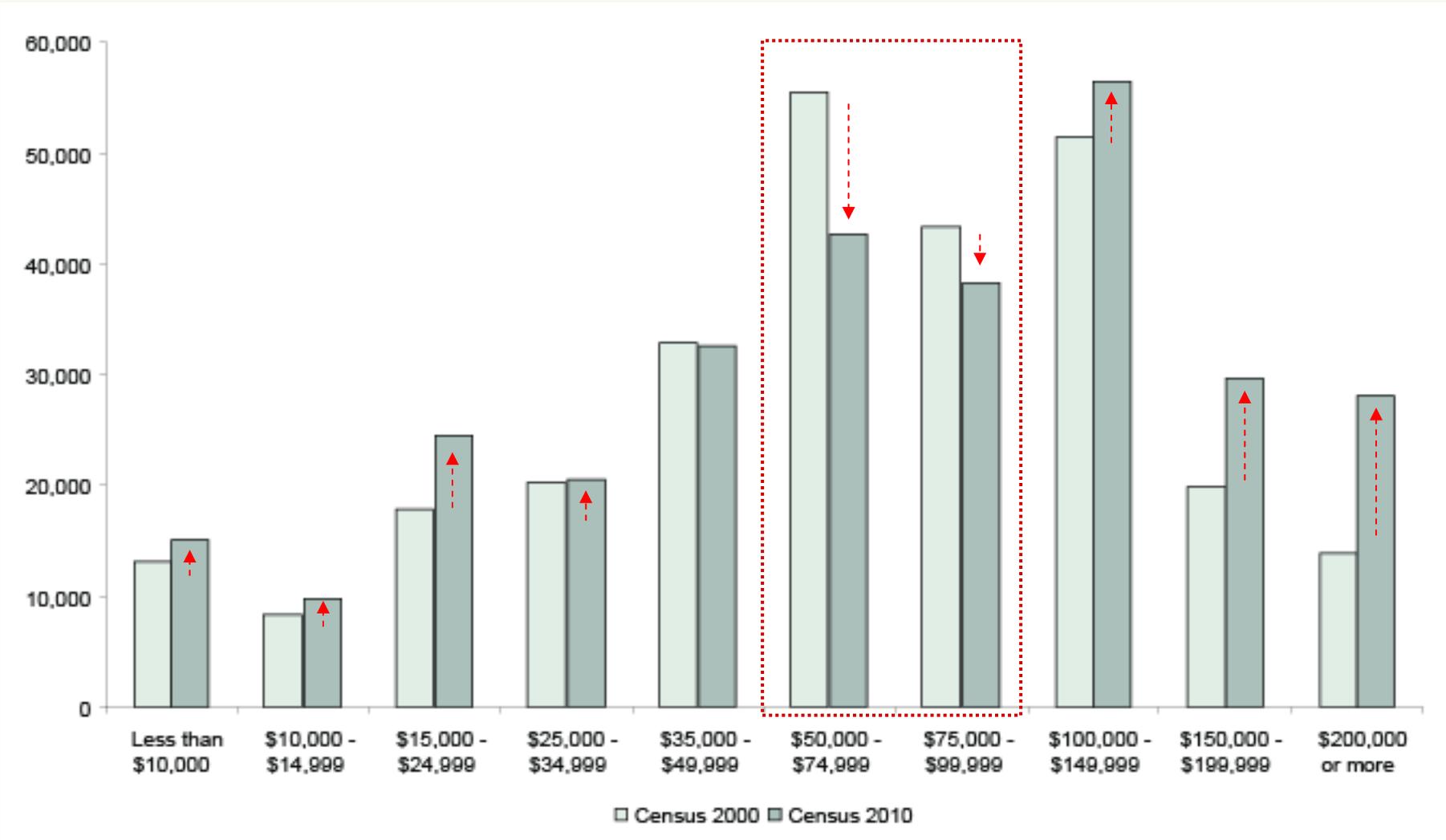


\$2,411

\$96,440

Source: Median prices from Santa Clara County Association of Realtors, September 2012; Average rents from RealFacts, 3rd Quarter 2012

Decline of the Middle Class



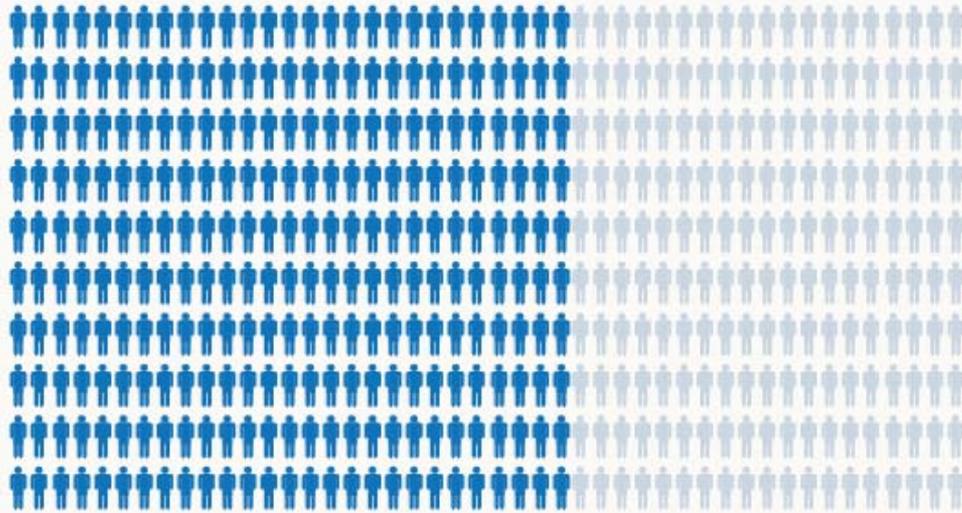
Source: US Census

Divided Workforce

 = 1,000 workers

% of Workforce: 31%

Median Income: \$84,600 to \$144,000

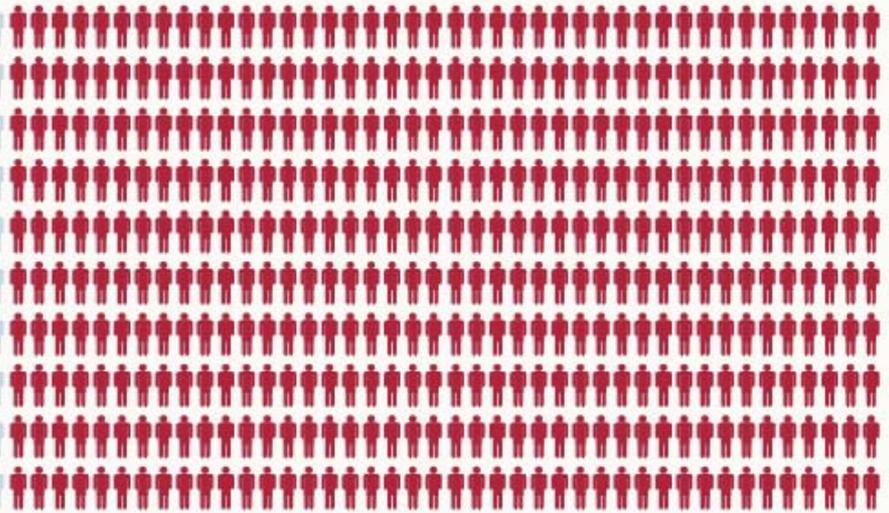


Occupations:

- Management
- Computer & Mathematical
- Architectural & Engineering
- Business & Financial Operations

% of Workforce: 46%

Median Income: \$19,700 to \$55,700



Occupations:

- Office, Education, Training, & Library
- Office & Administrative Support
- Production
- Transportation & Material Moving
- Sales & Related Occupations
- Food Preparation & Serving-Related

HOUSING MARKET OVERVIEW

MARKET

DEMOGRAPHIC TRENDS

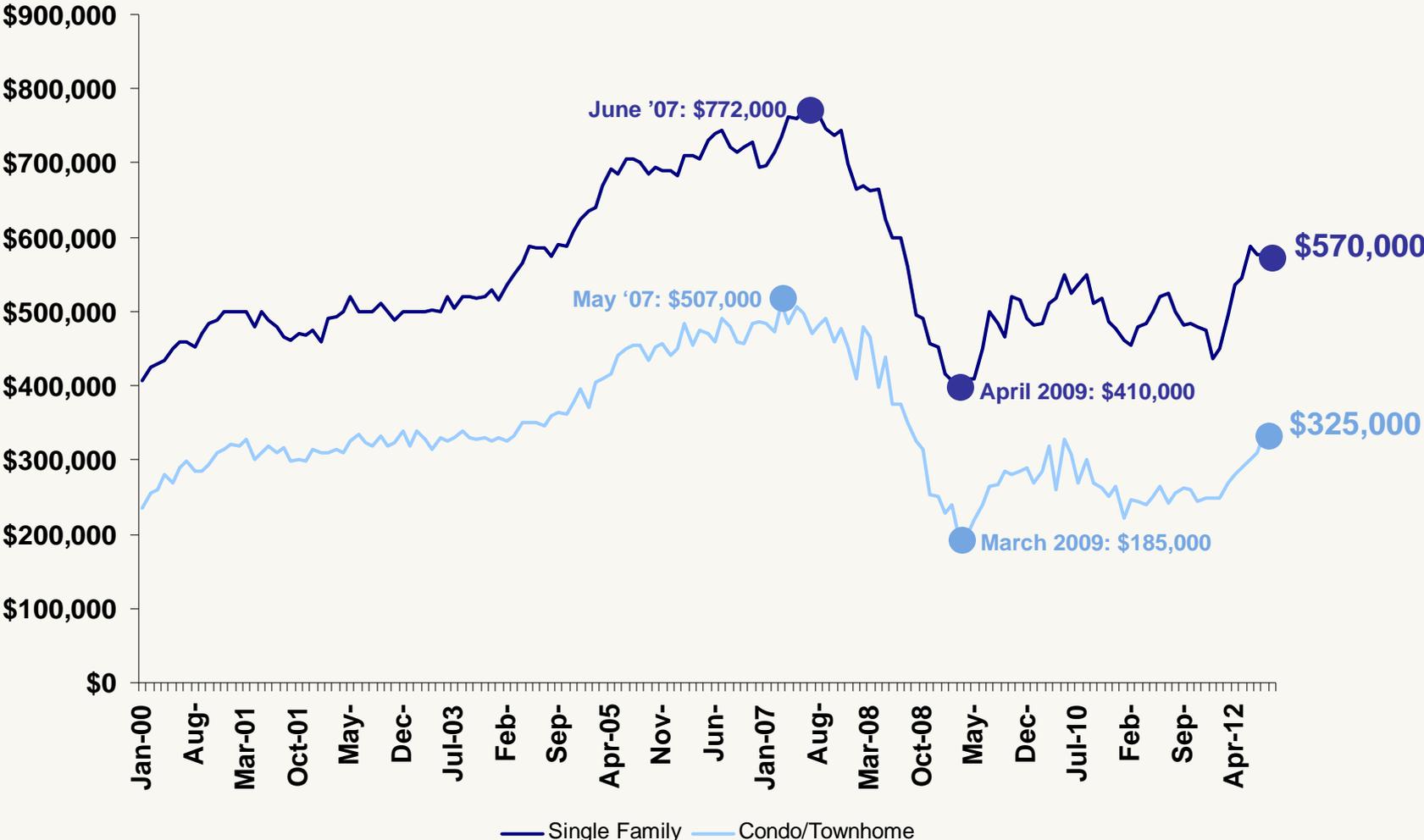
TYPE & LOCATION

CONDITION FOR PROSPERITY

Stephen Levy, Center for Continuing Study of the California Economy

Housing Market Overview: Stephen Levy, CCSCE

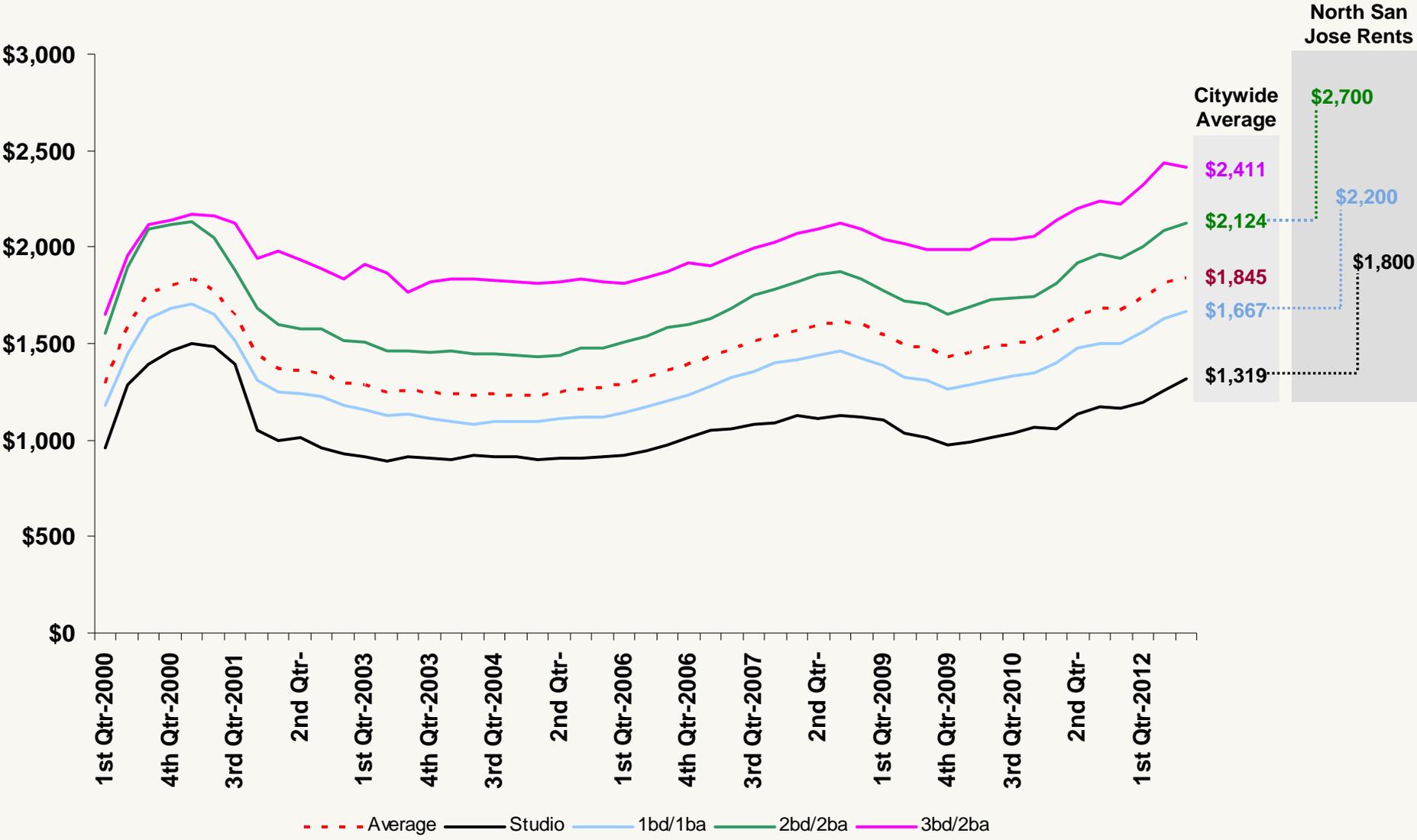
San Jose's Ownership Market



Source: Santa Clara County Association of Realtors, Sept 2012

Housing Market Overview: Stephen Levy, CCSCE

San Jose's Rental Market

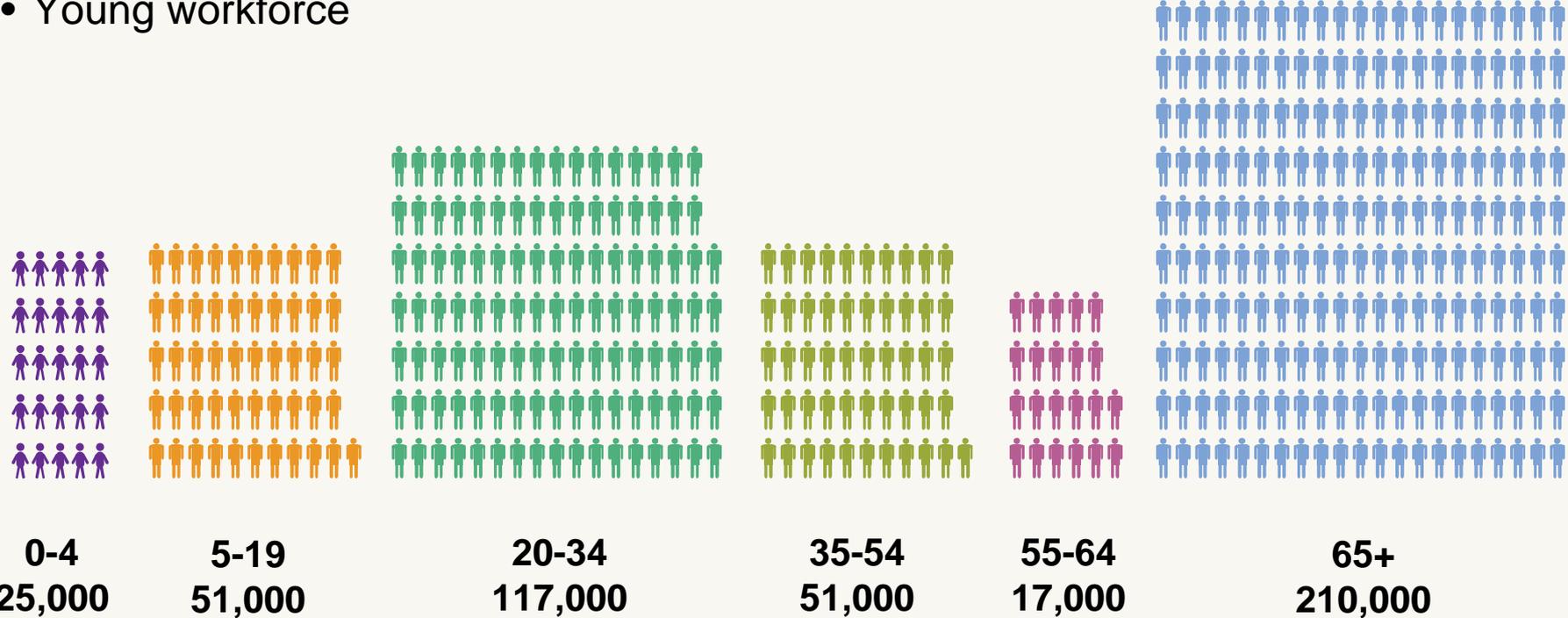


Source: RealFacts, 3rd Quarter, 2012

Housing Market Overview: Stephen Levy, CCSCE

Demographic trends

- Projected growth in San Jose: 471,000 new residents 2007 - 2040
- Significant demographic shifts
- Aging households/retirees
- Young workforce

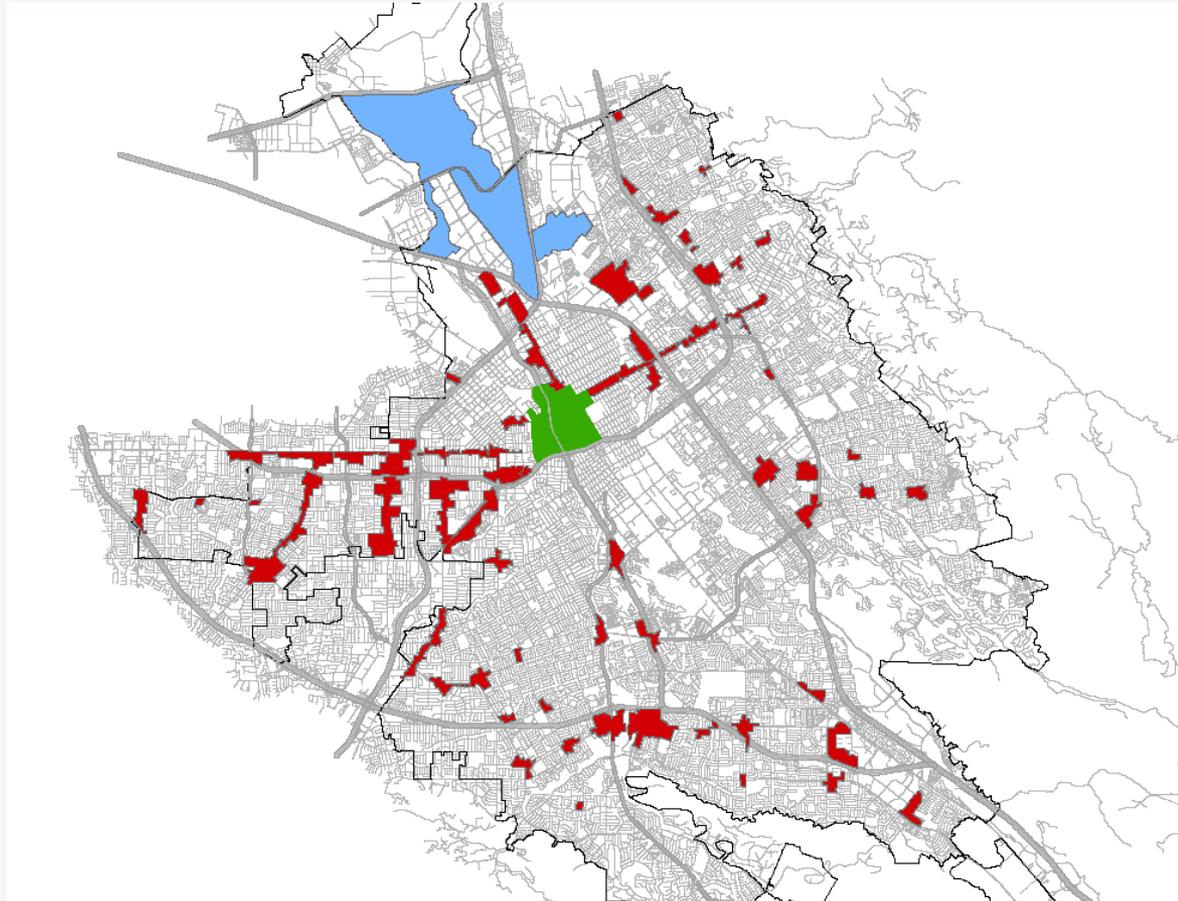


Source: Analysis for General Plan Envision 2040 Update, Center for Continuing Study of the California Economy

Housing Market Overview: Stephen Levy, CCSCE

Future Housing Demand

- Less family and SFR
- More urban, smaller units
- Transit-oriented, urban villages (red)



Housing Market Overview: Stephen Levy, CCSCE

Housing, the economy, and the workforce

- Housing vital for prosperous economy
- Need to accommodate entire workforce
- Type and location of housing is important, close to jobs and transit options
- Sprawl fiscally and environmentally unsustainable
- Create desirable, mixed-use, mixed-income places

PANEL ONE

HOMELESS & FIXED INCOME

WORKING POOR

SUPPORT & DRIVING ECONOMY

NEEDS & CHALLENGES

Stacey Murphy, Abode Services

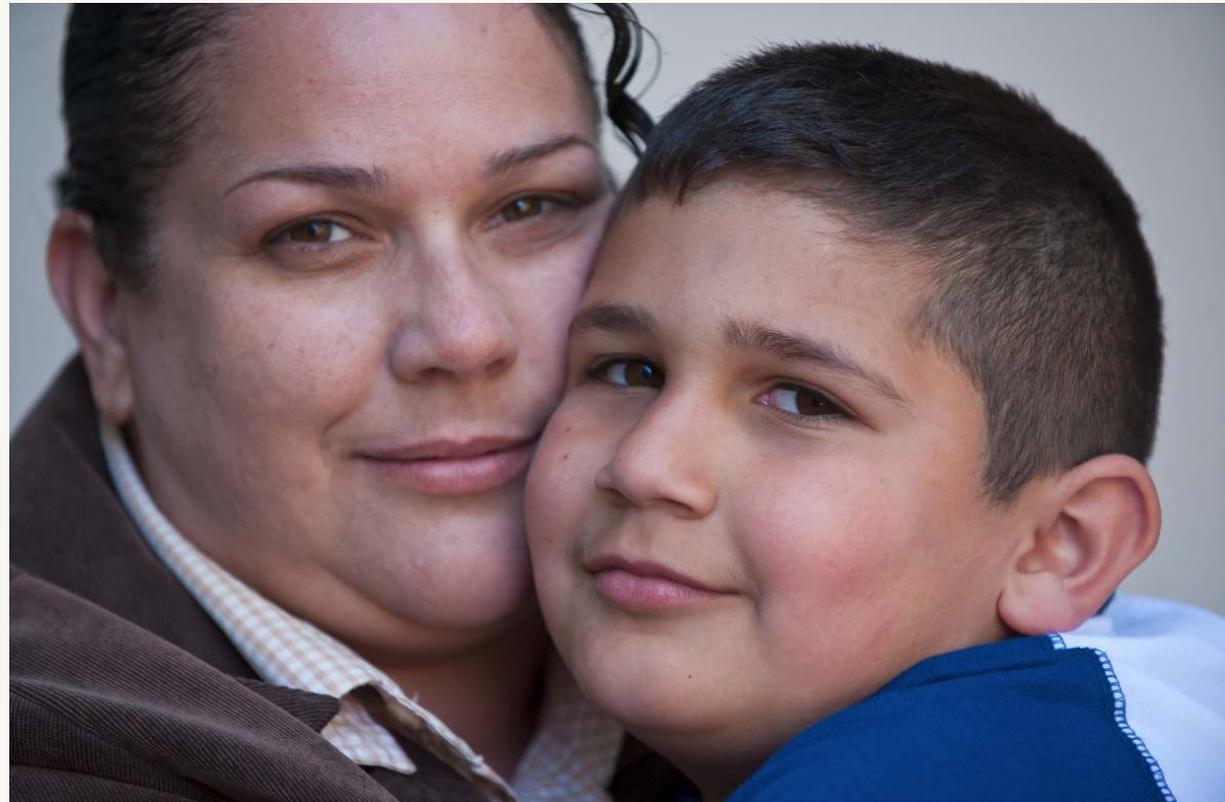
Greg Kepferle, Catholic Charities

Kevin Zwick, Housing Trust of Santa Clara County

Homeless & Fixed Income: Stacey Murphy, Abode Services

Who lives in poverty?

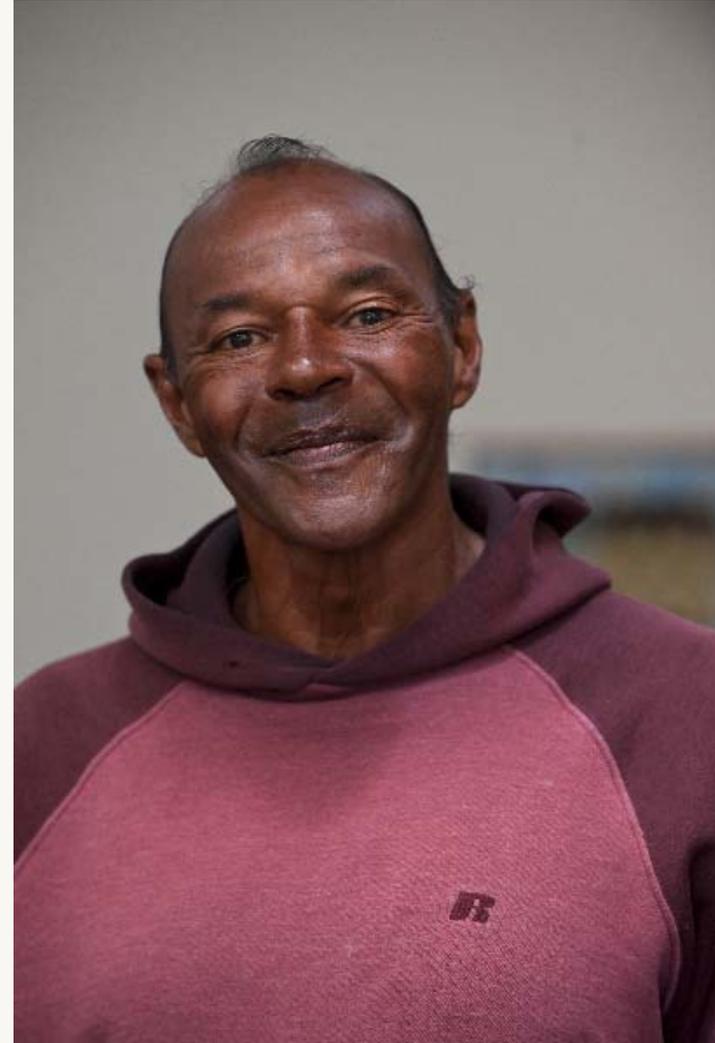
- +/- 30,000 households
- 0-15% AMI: up to \$11,000 for individual, \$16,000 for family of four
- Seniors, veterans, special needs
- Homeless and high risk of homelessness



Homeless & Fixed Income: Stacey Murphy, Abode Services

Some factors that produce poverty

- Lesser skilled workers more vulnerable to economic trends
- Loss of affordable housing
- Immigration status
- Lack of access to treatments
- Domestic violence
- Disability



Homeless & Fixed Income: Stacey Murphy, Abode Services

Problems with the system

- Numerous chicken-or-egg problems
- Different parts of system often at odds with each other
- System can be difficult, confusing to navigate

Homeless & Fixed Income: Stacey Murphy, Abode Services

Lack of funding

- Shrinking federal housing commitment
- Loss of redevelopment
- Struggling local governments
- Ending homelessness less expensive than doing nothing, but it's not free

Working Poor: Greg Kepferle, Catholic Charities

Who are the working poor?

- 120,000 households
- 15-50% AMI: 1-person \$11,000-\$36,000, 4-person \$16,000-\$53,000
- Predominantly Latino and African American
- High school education or less
- Low-skill workers



Working Poor: Greg Kepferle, Catholic Charities

Social barriers create challenges for the working poor

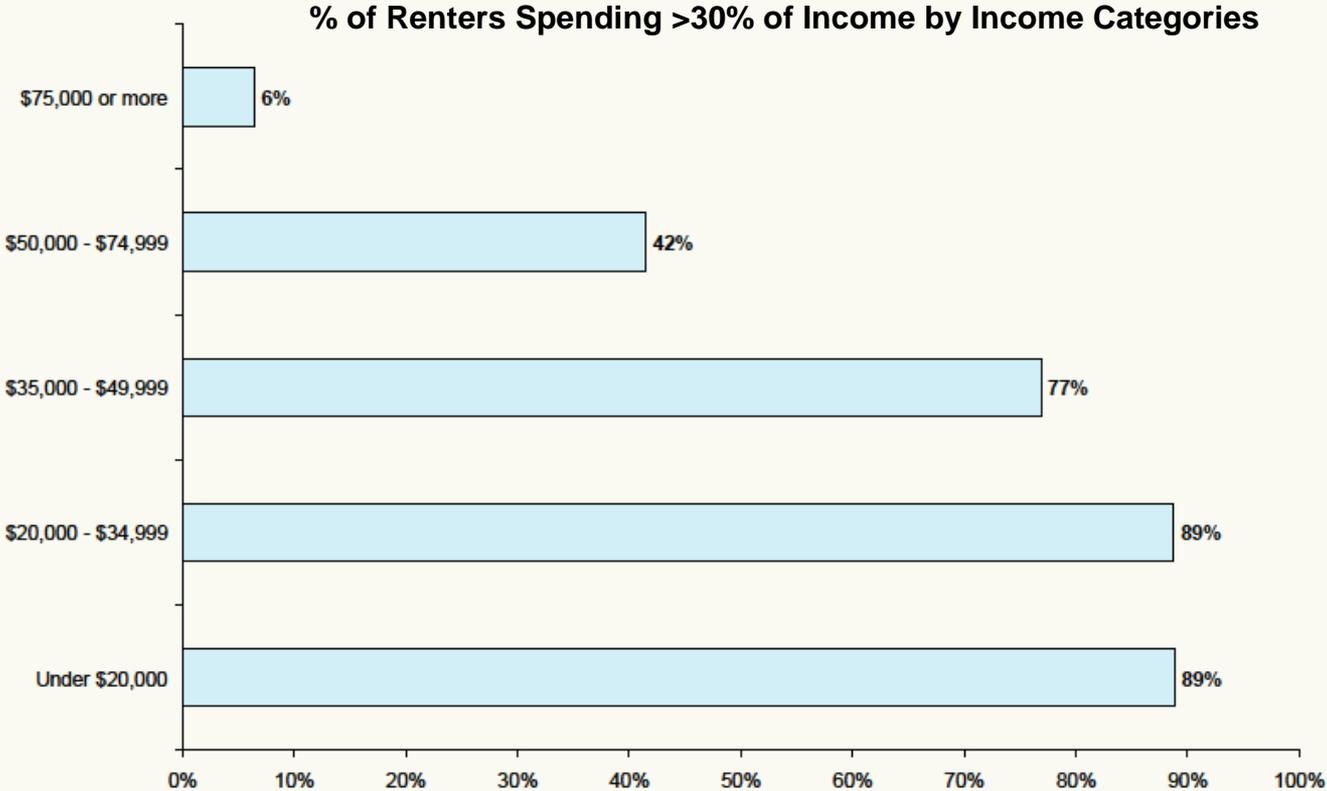
- Economically vulnerable to employment impacts
- Income for housing decreases when cost of basic necessities goes up
- Barriers reinforce poverty and limit upward mobility
- Lack of affordable housing causes & reinforces neighborhood instability



Working Poor: Greg Kepferle, Catholic Charities

Market does not respond

- Market rents at all-time highs
- Market wages for low-skilled workers decreasing and insufficient



Source: US Census

Working Poor: Greg Kepferle, Catholic Charities

How the working poor survive in Silicon Valley

- Shared housing
- Overcrowding
- Forced commutes

Support & Driving Economy: Kevin Zwick, Housing Trust SCC

Need to support the support economy

- 50-100% AMI
- 1-Person \$36,000 - \$72,000
- 4-Person \$53,000 - \$105,000
- Support economy essential to overall economy
- Each driving economy creates multiple support economy jobs
- Significant housing challenges



Support & Driving Economy: Kevin Zwick, Housing Trust SCC

Need to support driving industries

- 120-160% AMI
- 1-Person \$87,000 - \$115,000
- 4-Person \$126,000 - \$168,000
- More highly-skilled and educated
- Need to attract and retain talent
- Looking to be urban environments with mix of housing, job, amenities



Support & Driving Economy: Kevin Zwick, Housing Trust SCC

Housing market dynamics exclude potential buyers

- Beat out by all-cash buyers
- Lending still tight
- May have monthly income but not enough to accumulate the downpayment
- Mortgage insurance for less than 20% down, paradoxically increases housing cost
- Can make rent payments but cannot buy home due to purchase guidelines

Support & Driving Economy: Kevin Zwick, Housing Trust SCC

Perfect storm of challenges

- Loss of RDA
- Housing crash
- Economic recession, job loss
- Lack of government funding/deficits
- Increasing wage disparities
- Potential reduction/elimination of mortgage interest deduction for this group
- Low Income Housing Tax Credit

PANEL TWO

STRATEGIES

HOMELESS

DEVELOPMENT

NEIGHBORHOODS

LOCAL & REGIONAL

Jennifer Loving, Destination: Home

Matt Franklin, MidPen Housing

Matt Huerta, Neighborhood Housing Services Silicon Valley

Shiloh Ballard, Silicon Valley Leadership Group

Homeless: Jennifer Loving, Destination: Home

Update City's 10-Year Plan to end homelessness in SCC

- Single regional plan
- Collaborate with local & regional partners
- Implement HEARTH
- Commence planning in 2013
- Redirect “savings” into housing
- Develop new funding for permanent housing, case management, & job training



Homeless: Jennifer Loving, Destination: Home

Implement HEARTH

- New HUD legislation
- Local administration of federal resources
- Planning process starting in 2013
- Establish a local Continuum of Care Board and Unified Funding Agency

Homeless: Jennifer Loving, Destination: Home

Fund permanent supportive housing for chronically homeless

- Vouchers
- Subsidies
- Create a permanent housing continuum
- Mental Health Services Act money
- Social Impact Bonds

Homeless: Jennifer Loving, Destination: Home

Develop policies to house chronically homeless

- Master leasing
- Single resident occupancy ordinance
- 15% AMI units restricted to chronically homeless
- Set-aside for homeless units
- Create “damage pool”
- Develop “screening in” criteria



Development: Matt Franklin, MidPen Housing

Develop new funding sources

- Local source
- Impact fees
- New permanent source
- RDA 2.0
- Project based vouchers
- Support LIHTC & tax-exempt bonds in tax reform conversion



Development: Matt Franklin, MidPen Housing

Create tools & incentives

- Cost reductions from developer side
- Cost reductions from public policy side
- Planning tools



Development: Matt Franklin, MidPen Housing

Facilitate infill and sustainable development

- Identify development opportunities in San Jose's urban villages
- Multiple markets, multiple stories, multiple strategies
- Land banking
- Public-private partnerships



Neighborhoods: Matt Huerta, NHSSV

Strategically deploy scarce resources

- Place-based Strategy
- Foster partnerships
- Internal & external coordination
- Strengthen neighborhoods



Neighborhoods: Matt Huerta, NHSSV

Respond to persistent foreclosure challenges

- Intervention & education
- Neighborhood outreach
- Blight prevention



Neighborhoods: Matt Huerta, NHSSV

Promote Fair Housing

- Work with landlords on best management practices
- Provide legal assistance to households
- Provide technical assistance to neighborhood associations



Neighborhoods: Matt Huerta, NHSSV

Engage & empower the community

- Neighborhood level action
- Education programs
- City as convener
- Track outcomes



Local & Regional: Shiloh Ballard, Silicon Valley Leadership Group

Support policy and legislative opportunities for funding

- RDA boomerang funds
- State permanent source
- Defend inclusionary and overturn Palmer suit
- Value capture
- CEQA reform

Local & Regional: Shiloh Ballard, Silicon Valley Leadership Group

Facilitate local development opportunities

- Create and implement urban village plans
- Incorporate affordable housing policies upfront
- Develop funding strategies for mixed-income, transit-oriented development
- Explore housing that is “naturally” affordable



Local & Regional: Shiloh Ballard, Silicon Valley Leadership Group

Advance partnerships and regional policies

- Review San Jose and County Housing Authority structure
- Consider partnerships with cities and county
- Promote housing as community infrastructure
- Actively participate in regional planning efforts for Sustainable Community Strategy

PANEL SUMMARY

Jacky Morales-Ferrand, Department of Housing

RESPONSE

FUNDING & POLICIES

SUMMARY

FUNDING SOURCES

POTENTIAL POLICY DIRECTION

Jacky Morales-Ferrand, Department of Housing

Leslye Corsiglia, Department of Housing

2012-13 Funding Categories

Direct Administration

Federal

- Community Development Block Grants
- HOME Investment Partnership Program
- Housing Opportunities for People with AIDS
- HOPWA Special Projects
- Emergency Solutions Grant
- Neighborhood Stabilization Program
- Hazard Mitigation Grants

State

- CalHome
- BEGIN

Local

- Low and Moderate Income Housing Funds (Gone)
- Loan Repayments
- Interest
- Bond Issuance Administration Fees
- Homebuyer Subordination Fees
- Multifamily Project Ownership Transfer Fees
- Rental Rights & Referrals Fees

Other

- Medical Respite Funding
- Toxic Substance Control Grant
- Skills to Succeed
- Job Training Grant Program
- Lifeline Transportation Grant

Leveraged

Federal

- Federal Low Income Housing Tax Credits
- HUD 202 (Elderly) – operating
- HUD 811 (Disabled) – operating
- Tax-Exempt Bonds
- Private Activity Bonds
- Mortgage Revenue Bonds
- Multifamily Revenue Bonds
- Mortgage Credit Certificate

State

- State Low Income Housing Tax Credits
- Multifamily Housing Program
- Infill Infrastructure Grant
- Transit Oriented Development

Local

- Mental Health Services Act Money

Other

- Private Equity
- Private Commercial Loans
- Affordable Housing Program (FHLB)

Funding Levels

Sources	FY 2012-13	Ongoing
Program Income for admin	\$6,500,000	\$6,500,000
Program Income for programs	\$8,500,000	\$4,000,000
Bond Fees & Miscellaneous	\$900,000	\$1,100,000
Developer Payments	\$12,800,000	\$5,000,000
CDBG	\$10,443,966	\$7,840,300
HOME	\$4,384,968	\$2,458,000
HOPWA	\$878,197	\$878,200
ESG	\$1,040,771	\$792,500
NSP – Federal stimulus	\$3,600,000	\$0
CalHome	\$2,500,000	\$1,000,000
BEGIN	\$2,500,000	\$0
Hazard Mitigation Grant	\$2,500,000	\$0
Total	\$56,547,902	\$28,569,000

Pipeline Affordable Units—Closing/Under Construction

Project	Units	Committed	Needed
Ford & Monterey Family	75	\$ 7,122,980	\$ -
Ford & Monterey Special Needs	20	\$ 6,025,545	\$ -
La Moraga (Hitachi)	90	\$ -	\$ -
McCreery Courtyards	93	\$ 6,750,000	\$ -
Rosemary Family	184	\$ 6,300,000	\$ -
Rosemary Seniors	106	\$ 3,700,000	\$ -
Total	462	\$ 26,198,525	\$ -

Pipeline Affordable Units—Pending

Project	Units	Committed	Needed
Donner Lofts	102	\$ 300,000	\$ 4,900,000
Eden (Hitachi)	191	\$ -	\$ -
Habitat Delmas/Jerome/Fuller	1	\$ 120,000	\$ -
Japantown Seniors	75	\$ 2,200,000	\$ 5,825,000
Leigh Avenue Seniors	63	\$ -	\$ 5,000,000
North San Pedro	135	\$ 3,155,000	\$ 1,600,000
San Carlos Seniors	95	\$ 5,311,238	\$ -
Second St. Studios	139	\$ -	\$ 9,000,000
Sycamore Terrace Townhomes	32	\$ 2,371,921	\$ -
The Metropolitan	100	\$ 6,280,000	\$ 10,000,000
Third Street Apartments	38	\$ -	\$ -
Willow Glen Woods	77	\$ 10,140,557	\$ 6,000,000
Total	1,048	\$ 29,878,716	\$ 42,325,000

Why Housing

- **Housing is an important community asset**

- Connects to community/neighborhoods
- Economic development/competitiveness
- Transportation/environment
- Health
- Education

- **San Jose's residents need housing options**

- Housing market is tough

- **Private sector can't reach those with the greatest need**

- Government subsidies and tools are needed

Proposals

- **Target limited resources**
- **Identify new sources & tools**
- **Explore partnerships & regional collaboration**
- **Pursue legislative solutions & new policies to create opportunities**

Next Steps

- **Complete FY 2012-17 Housing Investment Plan (early 2013)**
- **Return to Council for approval (early 2013)**

DISCUSSION

STUDY SESSION

**HOUSING NEEDS
& STRATEGIES**