

County of Santa Clara

Office of Supportive Housing

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Considered: 06/21/2016

DATE: June 21, 2016

TO: Board of Supervisors
Jeffrey V. Smith, County Executive

FROM: Ky Le, Director, Office of Supportive Housing

SUBJECT: **Supplemental - Agenda Item 10**
Housing Assistance for Low to Moderate Income Individuals and Families

The focus of the County's Housing Bond is to meet the affordable housing needs of the community's poorest and most vulnerable residents. Individuals and families who earn less than 30% of the Area Median Income (AMI), individuals with disabling conditions, seniors on fixed incomes and other residents with special needs have been disproportionately impacted by the lack of affordable housing.

However, using some of the proceeds of the Housing Bond to assist low- to moderate-income individuals or families could complement countywide efforts to make our communities more inclusive. While lower income households are disproportionately affected by the lack of affordable housing, even households that are earning between 81% and 120% of AMI face considerable challenges.

Table 1 below describes the current income levels of low-, median- and moderate-income families, adjusted for household size.¹

Table 1

	Household Size				
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
Extremely Low Income	\$ 23,450	\$ 26,800	\$ 30,150	\$ 33,500	\$ 36,200
Very Low Income	\$ 39,100	\$ 44,650	\$ 50,250	\$ 55,800	\$ 60,300
Low Income	\$ 59,400	\$ 67,900	\$ 76,400	\$ 84,900	\$ 91,650
Median Income	\$ 74,950	\$ 85,700	\$ 96,400	\$ 107,100	\$ 115,650
Moderate Income	\$ 89,950	\$ 102,800	\$ 115,650	\$ 128,500	\$ 138,800

¹ State of California, Housing and Community Development Department, Memorandum, State Income Limits 2016
Board of Supervisors: Mike Wasserman, Dave Cortese, Ken Yeager, S. Joseph Simitian, Cindy Chavez
County Executive: Jeffrey V. Smith

For the purposes of the proposed bond measure, “low income” includes the categories extremely low income, very low income, and low income, which means households that earn no more than 80% of AMI. In addition, for the purposes of the proposed bond measure, “moderate income” includes the categories of median income and moderate income, which means households that earn between 81% and 120% of AMI.

In Santa Clara County, for every 100 low income renters, there are only 82 units of housing that are affordable and available.² In Santa Clara County the rate of overcrowding among all low income levels doubles or exceeds the national average.³ According to the National Low Income Housing Coalition’s report, Out of Reach 2016, the average two-bedroom apartment is out of reach for any household earning less than \$79,000 per year. According to a recent report by SV@Home, the average annual salary of a teacher in Santa Clara County is \$68,000.⁴

Homeownership is also out of reach for many households. SV@Home calculates that “the median home value in Santa Clara County, as of February 2016, is \$950,000, which would require an income of at least \$151,000, assuming a 20% down payment and a jumbo loan at 3.75% interest.” Some assistance for low-income (no more than 80% of AMI) to moderate-income (81% to 120% of AMI) individuals or families to purchase a home could help keep working families closer to Santa Clara County jobs. Accordingly, Version C of the proposed housing bond allows flexibility for the Board, in its discretion, to use up to \$150 million for moderate income individuals and families. Of this amount, up to \$50 million could be used for first-time homebuyers.

cc: James R. Williams, Deputy County Executive
Orry P. Korb, County Counsel

² National Low Income Housing Coalition, The Gap: Affordable Housing Gap Analysis 2016

³ California Housing Partnership Corporation and SV@Home, September 2015

⁴ SV@Home Policy Road Map: How do we Tackle the Affordable Housing Crisis, May 2016