

HOUSING

The mission of the Housing Department is to strengthen and revitalize our community through housing and neighborhood investment.

HOUSING

The Housing Department employs multiple strategies to meet the housing needs of San José residents, who face some of the highest housing costs in the nation. These strategies include:

- Administering a variety of single-family and multi-family lending programs
- Recommending housing-related policies
- Financing new affordable housing construction
- Extending the useful lives of existing housing through rehabilitation, and
- Addressing homelessness through a regional “housing first” model.

Additionally, the Department administers a number of federal and state grant programs, including the Community Development Block Grant (CDBG) program.

The Housing Department’s operating budget was \$10.8 million* in 2016-17. Nearly all its activities were funded with \$91.8 million in federal, state, and local funds as shown in the chart to the right. Funding included revenues (\$30.3 million) from the Department’s loan portfolio that continued to generate program income (principal outstanding as of June 30, 2017 was \$775 million).

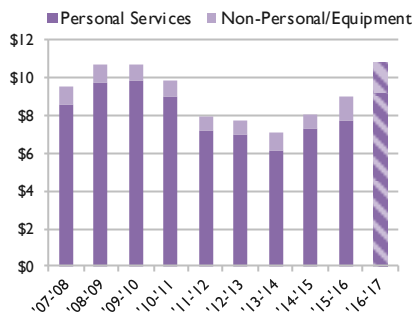
State law dissolved the San José Redevelopment Agency in 2012, which provided roughly \$35 million per year of revenues for affordable housing. Affordable Housing Impact Fees, which went into effect at the end of 2015-16, are expected to provide revenue beginning in 2017-18.

* This represents only budgeted operating expenditures and does not include all housing program fund expenditures, such as those paid from grant and loan revenue shown on the top right. In addition, the Housing Department was responsible for \$4.9 million in actual Citywide expenditures, including \$2.9 million for Homeless Rapid Rehousing in 2016-17.

2016-17 Housing Program Funds Received	
Loan Repayments, Interest, and Miscellaneous Revenues**	\$ 30,300,587
HUD Litigation Award (one-time)	36,307,000
Community Development Block Grant	9,944,548
HOME Grants Revenue	8,904,788
Bond Administration Fee	1,795,505
Rental Rights and Referrals Program	1,286,250
Emergency Shelter Grant (ESG)	988,707
Housing Opportunities for People with AIDS (HOPWA)	760,319
Fees and Charges	598,667
CalHome Program	460,342
HOPWA Special Projects	403,643
Total	\$ 91,750,356

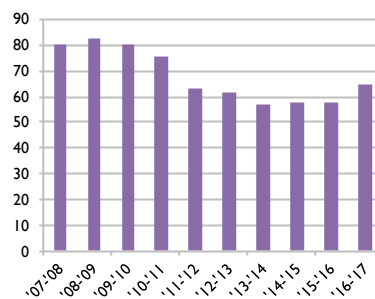
** This includes about \$670,000 in CDBG loan repayment revenues.

Housing Operating Expenditures (\$millions)

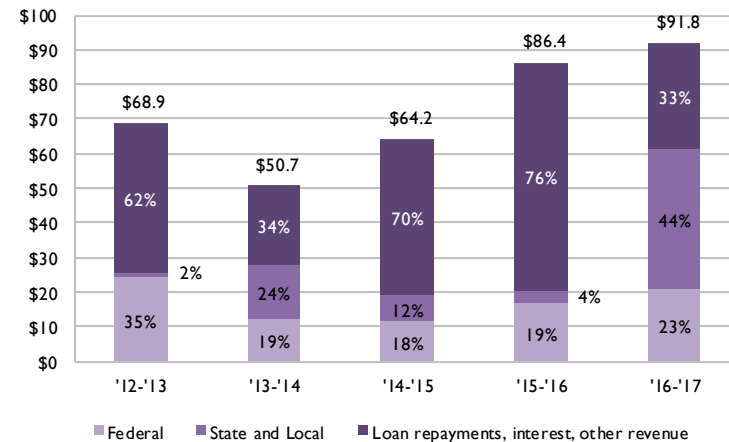


Note: 2016-17 is adopted budget data. All other years are actual expenses.

Housing Authorized Positions



Comparison of Funding Sources (\$millions)



Note: Local funding in 2016-17 increased significantly compared to prior years due to a \$36.3 million litigation settlement received from the U.S. Department of Housing and Urban Development in 2016.

HOUSING DEVELOPMENT & PRESERVATION

Building New Affordable Housing

Since 1988, in its capacity as a public purpose lender, the Housing Department has been making loans to developers to increase the supply of affordable housing in San José. The availability of affordable housing has continued to be an area of concern for residents for a number of years. In 2017, only 6 percent rated the availability of affordable housing as “excellent” or “good,” while 81 percent considered availability to be “poor.”

In 2016-17, developers completed 56 affordable housing units with City help. For new construction projects, the City committed an average per-unit subsidy of about \$168,000 (for 146 affordable housing units) in 2016-17. According to the Department, unit costs can vary widely depending upon a variety of factors, including tax credit financing and the population served by the facility (developments serving extremely low-income households often receive less rental revenue each year and generally require more City assistance). The Department also receives developer negotiated payments and federal HOME Investment Partnership Program funds to help finance projects.

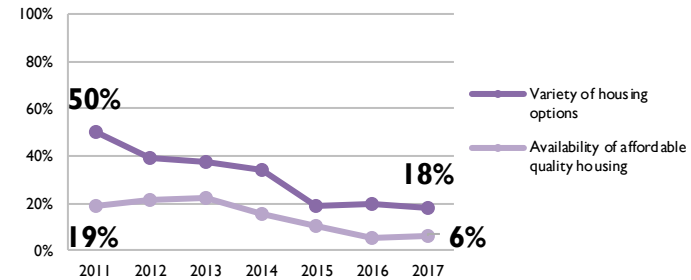
Rehabilitating Existing Housing

Low-income homeowners whose homes are in need of repairs can qualify for City financial help to rehabilitate them, although, with the demise of Redevelopment, these programs have been dramatically reduced. In 2016-17, the Department used local, state, and federal funds to help rehabilitate 7 single-family homes, and provided minor repairs for another 350 homes in partnership with Rebuilding Together Silicon Valley and Habitat for Humanity.

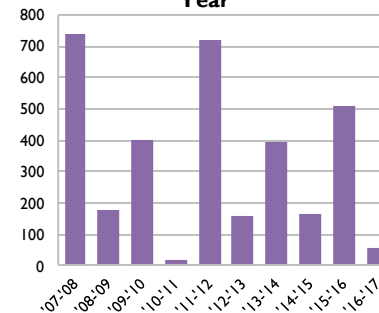
Financing Home Buying

People who want to buy homes in San José can receive financial help, including down payment assistance, through various City programs, although these programs have been reduced due to lack of funding. These programs made loans to 25 households in 2016-17.

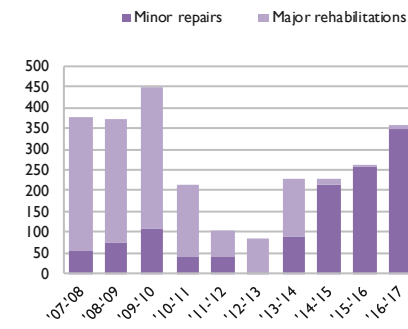
RESIDENT SURVEY
% of residents rating housing opportunities as "excellent" or "good"



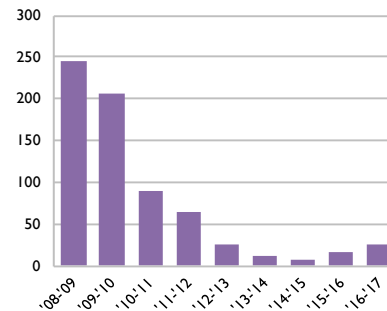
Number of Affordable Housing Units Completed in the Fiscal Year



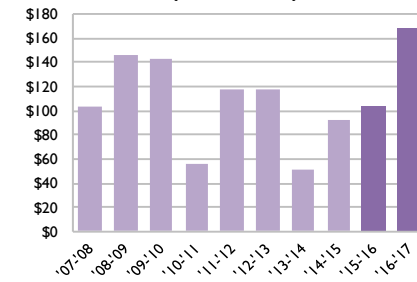
Rehabilitated Units



Number of Homebuyers Assisted



Average Per-Unit Subsidy for New Construction Projects (\$thousands)



Note: Methodology change in 2015-16. The measure is now based on newly committed, instead of completed, projects.

HOUSING

NEIGHBORHOOD DEVELOPMENT & STABILIZATION

The Department received \$9.9 million through federal Community Development Block Grant (CDBG) program funds in 2016-17. CDBG funds are used for housing rehabilitation, fair housing, code enforcement, senior and homeless services, foreclosure prevention, and economic development services. In 2012, the City developed a place-based program that focused funds on three neighborhoods. The first neighborhoods chosen were Mayfair, Santee, and Five Wounds/Brookwood Terrace areas.

An interim Apartment Rent Ordinance went into effect June 2016, which reduced allowable rent increases from eight percent to five percent. Revisions to the ordinance are expected to be completed during FY 2017-18. For more information, refer to our audit of [The Apartment Rent Ordinance](#).

Homeless Services

According to the City's 2017 Homeless Census and Survey* (conducted every two years), there were:

- 4,350 homeless individuals identified when the census was conducted, and
- 28 percent were chronically homeless** (compared to 22 percent nationally in 2016), 74 percent were unsheltered (643 lived in homeless encampments), and 26 percent had temporary shelter.

The Department assists with permanent supportive housing resources and emergency services grants, and also participates in a countywide effort with *Destination: Home* and other local entities who are trying to eliminate chronic homelessness. Several encampment clean-ups were facilitated through the Department's Homeless Encampment Response Program, as detailed in the Environmental Services Department chapter.

* This reflects a point-in-time count of homeless individuals, and not the total number of individuals experiencing homelessness in a given year.

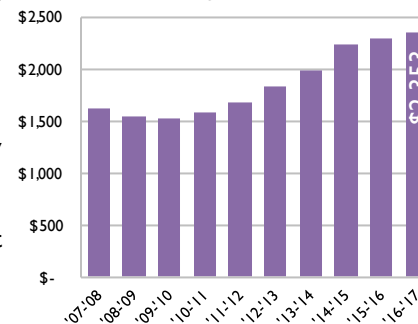
** Chronic homelessness is defined as having a disabling condition and being continually homeless for at least one year and/or having experienced four or more episodes of homelessness within the past three years.

KEY FACTS (2016-17)

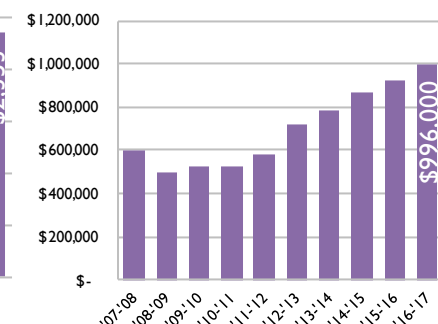
Median Household Income, San José:	\$101,940
Income needed to afford average rent for two bedroom, two bath apartment:	\$104,160
Income needed to afford median priced home:	\$191,830

Sources: U.S. Census American Community Survey, 2016 one-year estimates; Housing Market Report for Second Quarter 2017

Average Monthly Rent in San José



Median Single-Family Home Price



Sources: Costar report for Second Quarter 2017; SCCOAR June 2017 report
 Note: Average monthly rent is for all market-rate unit types (excludes affordable units). Data provided by Costar as of July 2017. Prior years updated to reflect Costar data.

Point-in-Time Count of Homeless Individuals and Those Helped into Housing

