

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.

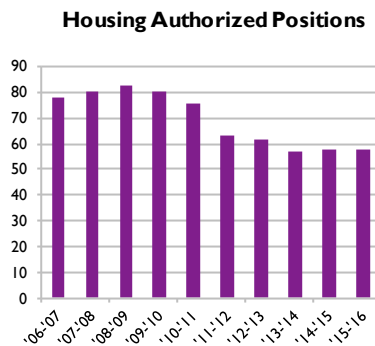
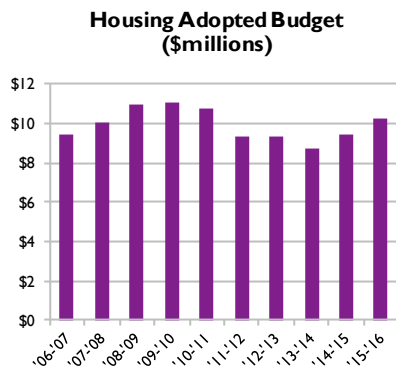
The Housing Department’s operating budget was \$10.2 million* in 2015-16. Nearly all its activities were funded with \$86.4 million in federal, state, and local funds as shown in the chart to the right. This funding included revenues (\$66.3 million) from the Department’s loan portfolio which will continue to generate program income (principal outstanding as of June 30 was \$665 million).

State law dissolved the 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, will provide a new source of funding.

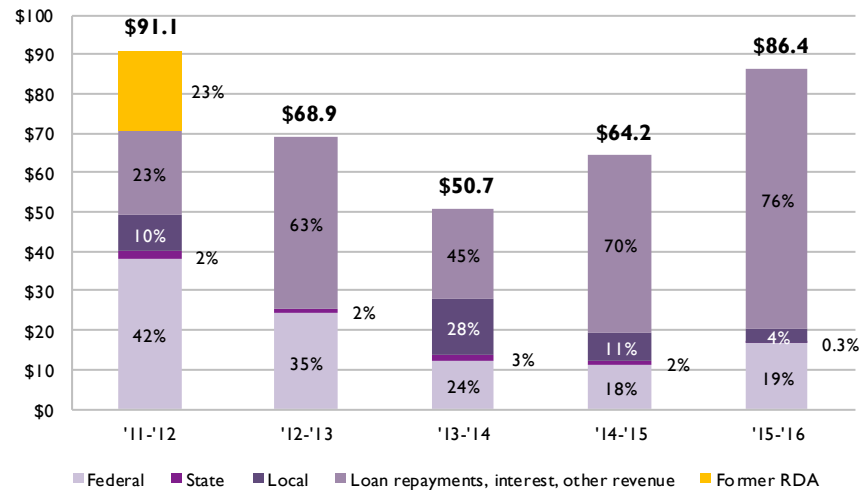
* This represents only budgeted operating expenditures and does not include all housing program fund expenditures, such as those paid from grant and loan revenue shown on the top right. In addition, the Housing Department was also responsible for \$1.8 million in actual Citywide expenditures for the Homeless Response Team and \$2.1 million for Homeless Rapid Rehousing in 2015-16.

2015-16 Housing Program Funds Received	
Housing Loans and Grants**	\$ 66,267,973
Community Development Block Grant	10,047,548
HOME Investment Partnership	4,563,486
Fees	2,180,768
Rental Rights and Referrals Fee	900,142
Housing Opportunities for People with AIDS (HOPWA)	706,487
Emergency Shelter Grant (ESG)	608,607
HOPWA Special Projects	415,058
Hazard Mitigation Grant Program	323,086
CalHome	319,050
Neighborhood Stabilization Program	28,011
Total	\$ 86,360,217

** This includes about \$640,000 in CDBG loan repayment revenues.



Comparison of Funding Sources (\$millions)



Note: Revenue from loan repayments, interest, and other sources increased recently as affordable housing developers have been taking advantage of low interest rates and favorable financing terms to refinance and pre-pay City loans.

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 2016, only 5 percent rated the availability of affordable housing as “good” or “excellent,” while 78 percent considered availability to be “poor.”

In 2015-16, developers completed 510 affordable housing units with City help. For new construction projects, the City committed an average per-unit subsidy of about \$104,000 (for 30 affordable housing units) in 2015-16. 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.

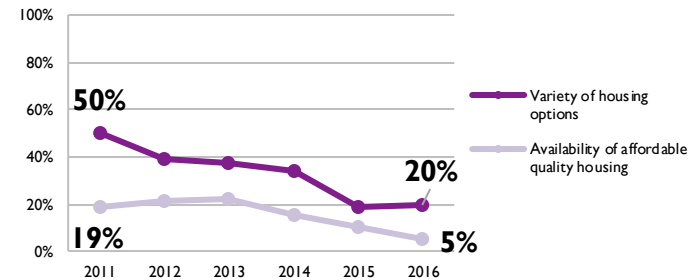
Rehabilitating Existing Housing

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 2015-16, the Department used local, state, and federal funds to help rehabilitate 4 single-family homes, and provided minor repairs for another 259 homes in partnership with Rebuilding Together Silicon Valley.

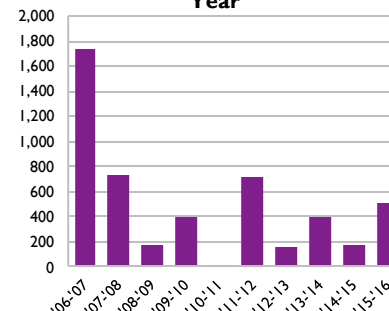
Financing Home Buying

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 17 households in 2015-16. The Department wrote off less than 1 percent of its homebuyer loan principal due to foreclosures and short sales in 2015-16.

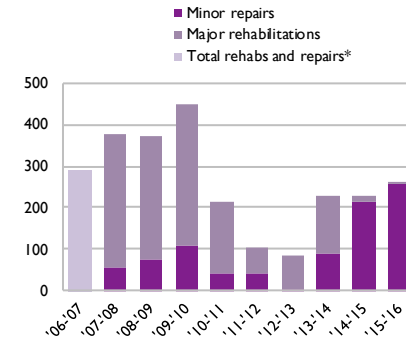
RESIDENT SURVEY
% of residents rating housing opportunities as "excellent" or "good"



Number of Affordable Housing Units Completed in the Fiscal Year

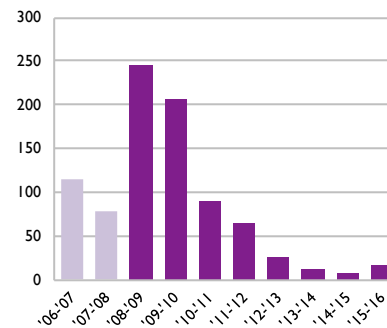


Rehabilitated Units



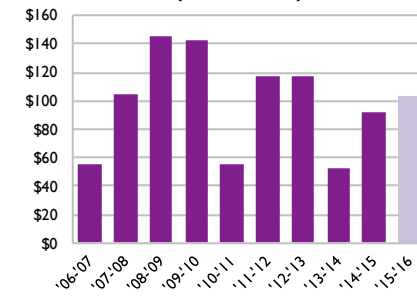
* Major and minor repairs and rehabilitations were not tracked separately until 2007-08.

Number of Homebuyers Assisted**



** Methodology change in 2008-09.

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



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

HOUSING

NEIGHBORHOOD DEVELOPMENT & STABILIZATION

The Department received \$10 million through federal Community Development Block Grant (CDBG) program funds in 2015-16. CDBG funds are used for housing rehabilitation, fair housing, code enforcement, senior and homeless services, foreclosure prevention, and economic development services. Starting in 2012, the City developed a new place-based program that focuses funds on three neighborhoods. The first neighborhoods chosen were Mayfair, Santee, and Five Wounds/Brookwood Terrace areas.

Since 2009, the City has used two federal stimulus (American Reinvestment and Recovery Act) grants to buy, rehabilitate, and sell vacant and foreclosed homes to low and moderate income homebuyers (Neighborhood Stabilization Program). The single-family program concluded in 2014-15 after acquiring, rehabilitating, and selling a total of 55 single-family homes. The last remaining NSP funds, received from program income, have been committed to a new 102-unit affordable housing development, scheduled to be completed in early 2017.

The City also continued to fund fair housing and foreclosure assistance, and provide rental rights and referrals services.

Homeless Services

According to the City's 2015 Homeless Census and Survey* (conducted every two years), there were:

- 4,063 homeless individuals identified when the census was conducted, and
- 35 percent were chronically homeless** (more than twice the national average in 2014), 69 percent were unsheltered (778 lived in homeless encampments), and 31 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.

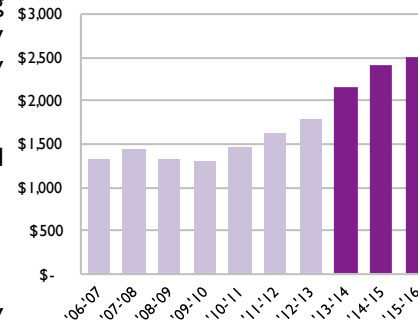
** Chronic homelessness is defined as having a disabling condition and being continually homeless for at least one year and/or having experienced four or more episodes of homelessness within the past three years.

KEY FACTS (2015-16)

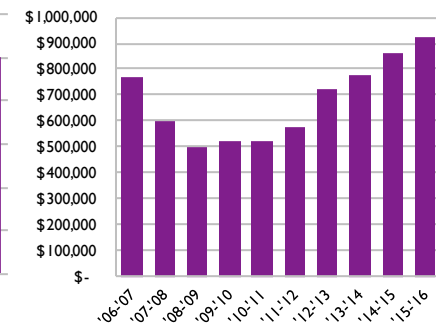
Median Household Income in San José: \$91,451			
Average Monthly Rent in San José:	\$2,503	Median Home Price in San José (single-family):	\$920,000
Percent of Renters whose Gross Rent is 30 percent or more of Household Income:	53%	Percent of Owners whose Monthly Owner Costs is 30 percent or more of Household Income (with and without a mortgage):	30%

Sources: RealFacts report for Second Quarter 2016; SCCOAR Second Quarter 2016 report; and U.S. Census American Community Survey, 2015 one-year estimates

Average Monthly Rent in San José***



Median Single-Family Home Price



*** Data after 2013-14 are for average rent overall. Data prior represents average rent for a one bedroom/one bath.

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

