

Housing Trust Silicon Valley

Q1 2015

Making Silicon Valley a **more affordable** place to live

Housing Trust celebrates 15th anniversary

Silicon Valley Leadership Group CEO **Carl Guardino** enjoys telling the story of the origin of the Housing Trust -- how a young staff member approached him in 1998 with the idea of asking local businesses and government to invest in a private nonprofit fund to build affordable housing. When \$20 million was raised in just two years to get the venture underway, Carl was happy to confirm to that staffer (now his wife, **Leslee Guardino**) "you were right."

Now, after 15 years of operation, Housing Trust Silicon Valley has become recognized as one of the most effective housing trust organizations in the U.S. It has invested nearly \$94 million in new affordable housing and -- sometime this spring -- will assist the 20,000th person in this region move into a stable affordable home.

Housing costs soar

It was the right idea at the right time. In 1998, the average home in Santa Clara County was \$300,000 and rent for a one bedroom apartment was \$1,000 per month. By 2000, the median home price was \$422,600 -- great if you are building equity, not so great if you are trying



One of the first loans made by the Housing Trust was \$200,000 in gap financing for the 100-unit RiverTown Apartments in Santa Clara for families with very low and low incomes.

to buy your first house. The one bedroom apartment cost was also slightly higher at \$1,200 average rent per month, but the vacancy rate was under two percent and construction of new multi-family projects was minimal. It was hard to find a place to live.

Early champions of the Housing Trust concept took their time to get it right. A task force of representatives from the Silicon Valley Manufacturing Group (now the Silicon Valley Leadership Group), the Santa Clara County Collaborative on Housing

and Homelessness, the County Board of Supervisors and the Silicon Valley Community Foundation spent a year developing a feasible action plan.

This strategic thinking was followed by an aggressive period of fundraising for the new organization. In addition to government agencies, early donors included big name tech companies like **Adobe, Advanced Micro Devices, Applied Materials, Cisco, Hewlett-Packard and Intel.**

Through the years, Housing Trust Silicon Valley has remained flexible in responding to the needs of the community as economic conditions changed, which also changed the affordable housing landscape. In 2008, Kevin Zwick became Executive Director (now CEO) of the Housing Trust, just as the Great Recession hit hard in the region. Hundreds of homeowners were at risk of foreclosure and, if they lost their homes, had few affordable alternatives for housing.

Under Kevin's leadership, Housing Trust Silicon Valley developed new programs to meet these challenges and other issues

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OUR MISSION

Our mission is to make Silicon Valley a more affordable place to live. The Housing Trust makes loans and grants to increase the supply of affordable housing, assist first-time homebuyers, prevent homelessness and stabilize neighborhoods.

Housing Trust celebrates 15th anniversary

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such as the increasing population of homeless individuals and families. The economic recovery, while fortunate for some, has seen housing prices and rental costs rise to unprecedented levels.

RDA funding lost

With the loss of redevelopment agencies in California in 2012, Housing Trust Silicon Valley joined with other housing advocacy groups to push for new sources of funding to replace RDA funds no longer available. That work continues today with educating cities to enact or increase new housing impact fees and urging state legislators to consider other revenue streams that could be designated for affordable housing.

As the region grows, the need for affordable housing also increases. The day-to-day functioning of the community relies on the skills and talents of individuals whose incomes will never get beyond the “modest” level – teachers, restaurant workers, store clerks, clerical staff, gas station attendants, day care providers, healthcare aides, and on and on. Until the inventory of affordable housing stock in Silicon Valley more closely matches the need, the work of Housing Trust Silicon Valley must – and will – go on.

The numbers tell the story– 15 years of effectiveness

12,449
affordable housing opportunities
created

\$94 million
invested in affordable housing
solutions

2,310
first-time homebuyers assisted

Milestone Highlights

2000

A \$2 million grant from Santa Clara County followed by donations from major corporations and all of the County's 15 cities and towns met the \$20 million goal for an investment pool that could launch the Housing Trust.

2001

The first multifamily construction loan and the inaugural first-time homebuyer loan are made.

2003

The dot-com boom is declared officially over and the region experiences job loss and income reductions. However, home prices remain high (median home price now \$500,000+) and housing affordability falls.

2009

The Emergency Homeless Prevention Grant Program is launched to prevent evictions and help families move into stable housing.

2010

Housing Trust and the San Jose consortium receives a \$25 million grant from U.S. Department of Housing and Urban Development (HUD) to stabilize San Jose neighborhoods hardest hit by foreclosures in the Great Recession.



The Ly family were renters for 23 years before they were able to purchase a home in San Jose with the help for a first-time homebuyer loan from Housing Trust Silicon Valley.

2011

Investors are invited to support affordable housing activity through the California Organized Investment Network (COIN) that provides a state tax credit on their investment.

2012

With foreclosures in the area 500% higher than historical averages, the Foreclosure Help Center is opened to help homeowners stay in their homes.

2013

The new Finally Home program helps 345 individuals or families this year move from homelessness or risk of homelessness to permanent housing by covering the cost of a security deposit and initial utility costs.

2015

Average price for a home in Santa Clara County is more than \$800,000. Average rent for a one-bedroom apartment is \$2,364. The need for affordable housing remains a critical factor that could affect the sustainability of Silicon Valley's future.



Silicon Valley community leaders, Housing Trust staff and Congressional representatives celebrate the NSP2 award from HUD to help San Jose neighborhoods hardest hit by foreclosures.

March groundbreaking expected for “The Metropolitan apartments”

A \$5 million construction loan from the Housing Trust’s Neighborhood Stabilization Program (NSP2) funds will help to build 70 apartments on Monterey Road in San Jose to offer housing for extremely low and very low income residents.

The building site across from The Plant shopping center was once a hotel that had been used for emergency housing. The old structures were demolished a few years ago in anticipation of a new project, but the economic downturn has kept the land an empty, derelict lot. Now Charities Housing, with the assistance of the City of San Jose and Santa Clara County, will convert it into much-needed apartments.



Rendering of The Metropolitan project

The Housing Trust’s financial investment makes use of the last of the \$25 million NSP2 fund which was designated for building or rehabbing housing in specific census tracts in San Jose considered to be “distressed.” Earlier projects receiving NSP2 funds through the Housing Trust include Taylor Oaks Apartments in East San Jose and two developments in the Edenvale area for individuals needing supportive services and low income families.

When The Metropolitan is complete, the construction loan funds will return to the Housing Trust and will be re-invested in another affordable housing development.

Growing the inventory of affordable housing through **loans to multi-family** developments

25,000 homes needed in Santa Clara County for very low and low income families

New Housing For Veterans



Construction started in early February on Willows Housing in Menlo Park, a 60-apartment community on the grounds of the Department of Veterans Affairs to provide permanent, affordable housing to homeless veterans and veterans at risk of homelessness. The Housing Trust provided initial, pre-development funding for the project which is being developed by the Core Companies, EAH Housing and Home First.

Housing Trust makes first longer-term loan

As a Community Development Financial Institution (CDFI), the Housing Trust typically has access to short-term capital that limits loans to a term of five years or less. Often these are the first, critical piece of financing needed to make a proposed development of an affordable multi-family development become a reality.

There are times, however, when a project has a special need for a longer-term loan. That was the case with the Hunter’s View development in San Francisco, an ambitious project by the **John Stewart Company** that is demolishing old public housing units in Hunter’s Point and building new affordable and market rate homes to create an invigorated mixed income neighborhood.

In a pilot project, the Housing Trust provided a \$1.5 million, 10-year loan towards phase one. “It’s a small loan, but one that was critical to the project’s success,” said Jim Mather, Housing Trust Chief Lending Officer. “It’s a start for the Housing Trust to explore more options for longer term loans.”

What's trending?

#affordablehousingnews

NATIONAL

Millions allocated to California for affordable housing

The Federal Housing Finance Agency has directed Fannie Mae and Freddie Mac to begin setting aside funds for the **National Housing Trust Fund** beginning Jan. 1, 2015. The National Low Income Housing Coalition estimates that between \$250 million and \$500 million will be available to distribute to states in early 2016, with California receiving nearly \$82 million for affordable housing projects.



Mike Honda

Also receiving an influx of cash from Fannie Mae and Freddie Mac will be the **Capital Magnet Fund** that was created to attract private capital investment in affordable housing.

When it has been replenished, nonprofit organizations like Housing Trust Silicon Valley can apply for funding to build new housing for low and moderate income communities.



Zoe Lofgren

The National Housing Trust Fund was created by Congress more than six years ago, but the financial crisis prevented Fannie Mae and Freddie Mac from contributing until now.

Several members of Congress, including Silicon Valley's **Hon. Mike Honda** and **Hon. Zoe Lofgren**, urged the Federal Housing Finance Agency to begin paying into the Trust Fund now that the economy has stabilized. How the monies will be disbursed within California will be determined by regulations now being drafted.

STATE

Jim Beall heads important housing committee



Jim Beall

Local State **Senator Jim Beall** was selected to lead the Senate Housing and Transportation Committee in December, the committee that reviews any new proposed legislation on permanent funding sources for affordable housing. Sen. Beall has been a strong housing advocate and

last year sponsored SB347 that provided funding for the Housing Trust's youth shelter grant program.

SANTA CLARA COUNTY

Supervisors pledge \$8 million to save mobile home park



The Buena Vista Mobile Home Park in Palo Alto is an affordable option for very low and low income residents.

At the request of **Supervisor Joe Simitian**, the Santa Clara County **Board of Supervisors** voted unanimously to pledge \$8 million to the purchase of the 4.5 acre **Buena Vista Mobile Home Park** in Palo Alto to help save the homes of 400 low income residents. The funds will come out of \$11 million set aside for affordable housing within a six mile radius of Stanford University which gave the County the money as part of its approval for expansion 15 years ago.

The Buena Vista current property owners have stated the desire to close the park and to sell it for high end residential development if another viable option is not presented. In a letter to the editor published in the Mercury News, Housing Trust CEO Kevin Zwick urged the community to join the County in pooling resources and talents for innovative solutions to keep Buena Vista in place.

In 2014, the Housing Trust's Board approved a policy position on mobile home park conversions that noted 20,000 residents in Santa Clara County live in mobile homes, most of them seniors and low income families. With housing costs so high in the region, the closure of a mobile home park would mean that residents have no place to relocate their "coaches" and insufficient financial resources to move into market rate housing. The policy position concluded that mobile homes are a critical source of nonsubsidized affordable housing and that cities should take every step possible to preserve them.

SANTA CLARA COUNTY

Board President places housing as high priority

At the State of the County address in late January, Santa Clara County Board President Dave Cortese declared 2015 as the “Year of Opportunity” and announced the formation of a task force to identify potential ways the County can contribute to the region’s emergency shelter, transitional housing and permanent housing solutions. He pointed to the County’s relationship with Housing Trust Silicon Valley and the Housing Authority as a model for partnerships that are effective in making a difference and suggested that ideas to pursue could include a Permanent Housing for the Homeless Charter Fund or the use of micro-housing.



Santa Clara County Board President Dave Cortese focused on affordable housing in the State of the County address in January.

*Community volunteers, including **San Jose Mayor Sam Liccardo**, joined outreach workers from nonprofit agencies in January to count the number of homeless in Santa Clara County. The survey is done every two years. In 2013, it showed that this region had the fifth highest number of “unsheltered” residents in the U.S.*

LOCAL CITIES

Cities take bold steps to increase housing impact fees

The City of San Jose, the City of Sunnyvale and the City of Mountain View all took action in late 2014 on new policies related to housing impact fees – funds collected by a municipality that can be used to invest in new affordable housing projects.

The San Jose City Council voted in November to enact an affordable housing impact fee of \$17 per square foot on most new market-rate apartment projects. High-rise developments will get a deferral for five years and projects that receive city approval by July 1, 2016 and are built by Jan. 31, 2020 will not be charged the new fee. Although it will take a few years, when fully operational it is anticipated the fees will generate \$20-30 million per year for affordable housing.

In Mountain View, the action was an increase of existing housing impact fees on the construction of rental apartments from \$10.26 to \$17 per habitable square foot, with exemptions for projects that include at least 7.7 percent of the units designated for below-market rental units. The Mountain View City Council also approved an increase for housing impact fees paid by developers of office, high tech and industrial projects to \$12.50 per square foot for projects under 10,000 square feet or \$25 per square foot for projects exceeding 10,000 square feet. The new fees took effect Feb. 7, 2015.

Sunnyvale’s new policy is also an increase of the existing fee of \$9.74 per square foot on office, Research & Development and industrial projects. The new fee is \$15 per square foot, with a \$7.50 per square foot discount for retail and lodging projects and developments under 25,000 square feet.



More funds coming to build affordable apartments

SAN JOSE

City housing advocate retires



Leslye Corsiglia

Leslye Corsiglia, Director of the Housing Department for the City of San Jose, retired in December after devoting almost 25 years to administering programs that develop, rehabilitate and preserve affordable housing. She has been a strong advocate for eliminating homelessness and an effective leader in community collaborations. The Housing Trust congratulates Leslye on her outstanding career achievements and wishes her the best in the next chapter of her life.

Success in helping chronically homeless find permanent home

Helping homeless individuals and families **find shelter** and **stable housing**

7,631 adults and children in Santa Clara County live in temporary shelters, outdoors or in cars

At the start of 2015, the Housing 1000 campaign has evolved into a program with a new name, the Care Coordination Project, but the same goal – to help chronically homeless individuals in Santa Clara County find stable, permanent housing as the first step to a new future.

Housing 1000 is a collective impact campaign supported by 27 local partner organizations, including Housing Trust Silicon Valley. It has helped 874 of the region's most vulnerable individuals get into a home, a significant percentage of the 2,500 chronically homeless identified in the last count of



Tasheana and her family

homeless in 2013. Another 70 are ready as soon as affordable housing opportunities are found.

“These are individuals who seriously disabled with medical or mental health issues and/or

substance abuse problems,” explained Alejandra Herrera, program manager of Housing 1000. “The idea is to put housing first in trying to help them so that they can be in a stable environment where their case manager can more easily connect them to appropriate support programs.”

Finally Home program

Once a chronically homeless individual is ready for a permanent home with a County or federal voucher for subsidized housing, the Housing Trust helps make the dream a reality by providing funding for the security deposit and, in some cases, initial utility costs through its Finally Home program.

Tasheana Price and her partner, Marcellus, are among those whose lives have changed because of the Housing Trust. Both had lived on the streets for many years before they decided to overcome their substance abuse together. They enrolled in an intense turn-around program and shortly after completing it, found they were expecting their first child. They lived in shelters during her pregnancy until – just one day before she went into labor – the couple received the key to a permanent apartment in San Jose they could afford.

“Living on the street has been a constant struggle,” said Tasheana. “It is no place to raise a family. Housing Trust Silicon Valley helped give our family a new beginning and we are so grateful for that.”

Many opportunities this year for significant affordable housing results

By Kevin Zwick, CEO



It's early in the year, but 2015 is already shaping up to be one of significance for those of us who care about affordable

housing in our region. Not only is it the 15th anniversary of Housing Trust Silicon Valley, there are several opportunities for advocacy that could make a difference for those who are struggling to find or keep a place to live.

We echo the suggestion of a recent San Jose Mercury News editorial that asks Santa Clara County and City of San Jose leaders to start a new era of collaboration by ending their dispute over the nearly \$20 million annually of former redevelopment funds and then investing it all in affordable housing projects.

Another idea that has great merit is the identification of under utilized land owned by the County or another public agency that could

be used to build housing for 1,000 homeless – a perfect example of the County's role as “safety net” for those who are most vulnerable in our community.

It is also time for our region to implement State Senator Jim Beall's Enhanced Infrastructure Financing District (EIFD) bill that passed last fall, especially if the infrastructure projects receiving funding through this tax increment tool include the construction of affordable housing. Getting cities, the county, and other districts to work together to share in future tax increment will take hard work. But since we would need only a 55% vote to approve an ongoing source of local funding for affordable housing, the opportunity has too much potential benefit not to try.

There is always a lot going on in Silicon Valley, but the momentum this year toward finding and investing in affordable housing solutions seems better than ever. Let's hope so, because the need continues to be ever so great.

Providing a
helping hand
to new and
current low
and moderate
income
homeowners

Wells Fargo grant funds repair program

A \$100,000 grant from the Wells Fargo Housing Foundation's Priority Markets grant program has been awarded to Housing Trust Silicon Valley to rehab homes of low and moderate income residents who otherwise would not be able to pay for needed repairs.

Up to \$5,000 in repairs will be made available to homeowners who purchased their homes with the help of the Housing Trust to take care of common household problems like plumbing leaks and water heater replacement. Some improvement projects will also receive volunteer labor in addition to the grants.

If you are a current Housing Trust homebuyer, or you helped a homebuyer using Housing Trust programs, please contact Adria@HousingTrustSV.org.

Low income homeowners get assistance

The City of Morgan Hill and Housing Trust Silicon Valley are partnering on two programs to help low income homeowners repair and maintain their homes.

Seniors and disabled residents of mobile homes or single family homes in Morgan Hill can apply for



Low income homeowners get help with paying for needed home repairs such as leaky roofs.

grants of up to \$5,000 for emergency or urgent repairs such as fixing leaky roofs or water damaged bathroom floors or installing safety features like grab bars in the shower.

Residents who purchased Below Market Rate homes in Morgan Hill are eligible for low-interest loans of up to \$50,000 for rehab projects such as replacing old windows with dual panes. Loan recipients repay the loans with monthly payments which can be deferred if the homeowner is facing a serious financial issue.

The City of Morgan Hill has provided the funding and policy guidelines for both programs and Housing Trust Silicon Valley has worked with the support of City to build the program, perform outreach, application processing, vetting of home repair vendors, and supervising the project to completion.

"Owning a home does not mean you have money available to keep it safe and in good repair," said Adria Quinones-Masur, homebuyer programs manager. "The goal of these programs is to help low income individuals and families remain in housing they can afford."

Education Programs

For dates, times, locations and to register for either program, visit HousingTrustSV.org.

Homebuyer Down Payment Assistance Workshop

Learn about programs available to help first time homebuyers purchase a home in Santa Clara County. The free 90-minute workshop is offered monthly at a public library.

New Homeowner Mini Boot Camp

Twice a year, Housing Trust Silicon Valley presents a three-hour workshop that covers important information for new homeowners, including: property tax and insurance responsibilities, budgeting for anticipated and unexpected home repairs, home safety tips, easy do-it-yourself repairs, and how to get involved with your neighborhood.



See the calendar of upcoming education events on HousingTrustSV.org.



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CFO selected for Citi program

Maureen Shilling, Housing Trust Silicon Valley's Chief Financial Officer, is one of 48 professionals in the U.S. selected to participate in a prestigious leadership program sponsored by the Citi Foundation and the Opportunity Finance Network. The participants will meet four times this year and follow a curriculum developed in cooperation with the University of Pennsylvania Wharton School of Business.

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Investor Briefing on April 17 showcases Housing Trust's impact on the region

Housing Trust Silicon Valley's annual Investor Briefing Luncheon is set for Friday, April 17, at the Santa Clara Convention Center.

In addition to a keynote address by **California State Treasurer John Chiang**, the program will include a look back at the 15-year history of Housing Trust's efforts to make Silicon Valley a more affordable place to live.

Chiang was elected to the Treasurer post in November after serving as the California State Controller from 2007-2014. In mid January he announced a six-month engagement with housing leaders and key stakeholders regarding California's growing affordable housing crisis.

"One of the greatest threats to our future prosperity is the inadequate supply of homes affordable to low- and moderate-income households," Chiang has stated. "We must address the growing imbalance in the housing market and restore Californians' ability to afford good homes within reasonable distance of jobs and services."

Networking is scheduled from 10:30-11:30 a.m. with the formal program beginning at 11:30 a.m. and ending sharply at 1 p.m. Tickets are \$125 per person and can be purchased at 2015investorbriefing.eventbrite.com.

Platinum sponsors of the Investor Briefing are **Google, Housing Authority of Santa Clara County and Silicon Valley Bank**. Appropriately, these organizations reflect the technology sector, public agencies and banking institutions that originally collaborated to create the Housing Trust.

Additional sponsorship opportunities are available! Contact Stephanie Lahat, Development Manager, Stephanie@HousingTrustSV.org or call 408-436-3450 x220.



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