

Housing Trust Silicon Valley

Q2 2016

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

Investor Briefing brings community together



California Senate President pro Tempore
Kevin de León

More than 400 community and business leaders, elected officials and affordable housing advocates attended Housing Trust Silicon Valley's 2016 Investor Briefing.

Keynote speaker **California Senate President pro Tempore Kevin de León** confirmed that the affordable housing crisis is one of the top three issues in the state and one that needs bipartisan effort in order to find viable solutions.

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Make affordable housing part of the election conversation

By Kevin Zwick, CEO

The June primary election is over and by mid August voters will know who is running in local municipal elections as well as the two presidential slates. Now is the time to get organized and committed to asking candidates for local, state and national office to make affordable housing an issue of importance in their campaigns.

It's not that the affordable housing crisis is being ignored. At our Investor Briefing this spring, we heard California Senate President pro Tempore Kevin de León confirm that it is one of California's top three problems, and our "What's Trending" snapshot on pages 6-7 show that there are many proposals for new laws and programs designed to expand affordable housing opportunities. One main proposal that Senator de León spoke about was his "No Place Like Home" initiative – a \$2 billion bond for permanent housing for the homeless and those with mental illness. We were excited to see that it was part of the Governor's budget plan in May.

Finding solutions to the affordable housing crisis is not an easy task, and the public needs to become more educated about the complexities of the situation. For example, the annual Bay Area Council poll found that local residents identify the lack of affordable housing as one of the region's most demanding problems. But respondents also indicated that they would prefer that new homes be built outside the nine Bay Area counties, not realizing that this would not help stop the rising costs of housing in this region and it would add to traffic as workers commute from longer distances. More debate in the political arena about the pros and cons of different solutions will increase the public's understanding of the issues involved.

Big support for affordable housing bond

Voters like to be presented with specific proposals. Two polls in May 2016 showed the likelihood of voter support for a game-changing, \$750 million bond for affordable housing for seniors, veterans and the homeless. In June, the Santa Clara County Board of Supervisors will discuss whether to put

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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, to assist first-time homebuyers, to prevent homelessness and to stabilize neighborhoods.

Affordable housing

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this on the ballot. As of press time, we don't know what the Board will decide, but we are hopeful that as you read this, the ballot campaign is moving forward since only a major effort like this will provide the local funds needed to tackle the homeless and affordable housing challenges in our local community.

The national conversation that has been going on for months in the Presidential race – contentious as it may be – is clear about one thing: America has changed. Some like it, some don't, but all desire to live in a country where they feel safe and able to succeed. Having a place to live that you can afford is at the heart of that goal.



We need elected officials who understand the seriousness of the affordable housing crisis and who are willing, unpopular though it may be at some times, to support legislation and development proposals that will make it easier

for the low and moderate income residents of our community to rent or buy a home at a price that won't consume half or more of their income. And we need elected officials who will continue the outstanding cooperative work already underway in our region to find ways to get thousands of homeless individuals and families into stable housing.

There will be many candidate forums and debates coming up in the next few months, leading up to the Nov. 8 election. Let's make sure that at every one of them there is at least one question about affordable housing. Take note of the answers and let the candidate responses be your guide when deciding which ones will earn your vote on election day.

Julie Quinn takes on new role



Julie Quinn has been promoted to Director of Resource Development, a new position at the Housing Trust that includes responsibility for raising capital for investment projects, fundraising for operating and program support, events and communication.

It is Julie's third job at the Housing Trust since she joined the organization in 2010 and a far cry from being a history professor – her original career goal that she gave up after after realizing she was not cut out for the contemplative academic life.

Raised in Central California, Julie attended U.C. San Diego and University of Southern California where she earned a master's degree in urban planning. She worked as a consultant in Boston with a firm that helped nonprofit organizations develop affordable housing and then transitioned to public sector jobs with the City of Salem, Massachusetts and the City of Durham, North Carolina where she became involved with managing municipal housing programs. She moved to the Bay Area when her husband took a job at Apple.

"Working at the Housing Trust is fun and satisfying," she said. "The work is meaningful and we know we are having an impact on the region, the community and people's lives." With two young daughters under the age of 5, she also appreciates the family-friendly workplace environment.

She has worked in many different aspects of housing, from helping first-time homebuyers to managing multifamily loan portfolios to helping rehab derelict houses in at-risk neighborhoods, but now she is excited about the challenge of her new position and the opportunity to contribute to the Housing Trust in a new way.

Investor Briefing

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Other highlights of the event included the presentation of the 2016 Housing Champion Award to the Law Foundation of Silicon Valley for its dedication to fair and affordable housing in this region and the personal story of one family who was able to avoid homelessness with the help of the Housing Trust and other community agencies.

Housing Trust CEO Kevin Zwick summarized the current affordable housing challenges in this region and described how the Housing Trust is working in new and innovative ways to increase the supply of affordable housing. He also announced that the Housing Trust is receiving a \$500,000 grant from Bank of America to support its work.

"We are excited to receive this investment so that we can continue to support new affordable housing developments in our region," he said. "Thank you, Bank of America, for your confidence in our mission and vision."

Mother's determination plus community support kept her child from homelessness



The very real impact of rising rent costs on families in Silicon Valley became abundantly clear at the Investor Briefing when attendees met and heard the story of one mother and son.

Elaine Rayon and her special needs nine-year-old son Jordan lost their place to live on Dec. 29 when their rent was raised more than they could

afford. With the help of a back payment check from Social Security that arrived at a fortuitous time, they were able to stay in a hotel for two weeks, but at \$120 a night for a Motel 6 those funds ran out quickly.

On Jan. 15, Elaine made the most difficult decision a mother can face – surrendering her child to Child Protective Services so that he would not experience homelessness. With him in a safe place, Elaine was able to focus 100% of the time and energy her own health issues would permit in working with her social worker and other community support agencies to find a workable solution.

The clock was ticking. She had just 60 days to find a stable home situation or she would risk losing her son to foster care while she battled to regain custody in the court system.

Because of amazing cooperation among local safety net providers, by Feb. 24, Elaine was settled in a new home in Morgan Hill where she and Jordan can walk to the store and park and he can be enrolled in a school that meets his needs. The family was reunited.

Housing Trust Silicon Valley provided the security deposit to make this happen, but this story is really about the determination of one mom and the above-and-beyond efforts of the **Santa Clara County Family Resource Center, San Andreas Regional Center, Eden Housing, EMQ FamiliesFirst and Housing Choices Coalition.**

Housing Trust invests in Santa Clara condo project

Housing Trust Silicon Valley made its first construction loan to a condominium project – the 60-unit Alexis on El Camino Real that includes six homes restricted to households earning at or below 110% of the area median income.

The below market rate (BMR) units are priced at \$318,000-\$425,000, well below market rate. Monthly mortgage payments and HOA fees are estimated to be \$2,300-\$2,600 depending on the number of bedrooms and the down payment purchasers are able to make – comparable to the average apartment rental price in Santa Clara County.



“These ownership opportunities provide stability and tax incentives these residents could not achieve as renters,” said Jim Mather, Chief Lending Officer at the Housing Trust, who also noted the project is located on a public transit corridor that is being transformed with new retail, restaurants and other commercial and residential developments.

The Housing Trust is the BMR administrator for the City of Santa Clara and periodically offers workshops for first-time homebuyers who might be qualified to purchase a BMR home in the city. Homeowners also receive post-purchase counseling to become more familiar with the financial and maintenance responsibilities of home ownership.

2016 Investor Briefing brings



San José Councilmember Ash Kalra presents the 2016 Housing Champion Award to the Law Foundation Silicon Valley and Executive Director Alison Brunner



Sunnyvale Councilmember Jim Davis, Santa Clara County Tax Assessor Larry Stone and San José Councilmember Johnny Khamis

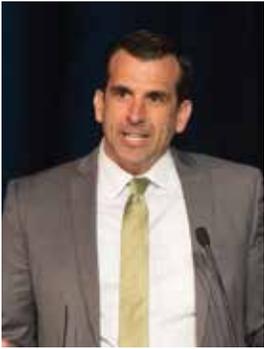


Julia Miller of the El Camino Hospital Board of Directors and Sunnyvale Vice Mayor Gustav Larsson



Assemblymember Kansen Chu and Santa Clara Vice Mayor Teresa O'Neill

together community leaders



San José Mayor Sam Liccardo



Assemblymember Mark Stone and Morgan Hill Mayor pro-tempore Rich Constantine



Ron Gonzales of the Hispanic Foundation of Silicon Valley and Anthony King of Sacred Heart Community Services



Fiona Hsu of Silicon Valley Bank



Representatives from Technology Credit Union



Carl Guardino of Silicon Valley Leadership Group



Greg Kepferle of Catholic Charities of Santa Clara County



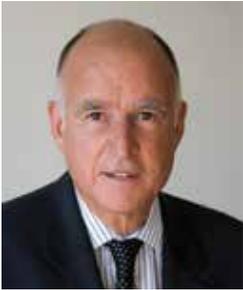
Irene de Santos of Union Bank

What's trending?

#affordablehousingnews

STATE

Governor's budget proposal addresses affordable housing



Governor Jerry Brown's revised budget proposal for 2016-17 includes a package of legislation designed to streamline the permitting process for building affordable homes -- giving developers more "by right" opportunities if at least 20%

of the homes in their urban area project are set aside for low income residents. "The general idea is if you want some assisted housing, you're going to have to reduce some of the regulatory burdens that are faced by developers," Gov. Brown said.

His budget also endorses the plan of Senate pro Tem Kevin de León to reallocate money from a tax on high income residents toward building housing for homeless and mentally ill populations.

Not included in the current budget version are any funds toward a \$1.3 billion proposal from the State Assembly for tax credits, development subsidies and grants to home building projects for residents with low incomes that could eventually produce up to 25,000 homes.

COUNTY

Voters ready to support affordable housing bond



Sometime this summer – possibly before you are reading this publication – the Santa Clara County Board of Supervisors may decide whether to place a \$750 million bond on the November ballot to fund affordable housing for seniors, veterans, homeless and disabled residents. Two polls conducted this spring show that voters are likely to support the bond if presented with the opportunity.

The polls were commissioned by the County and by Silicon Valley Leadership Group (SVLG). The poll in April conducted by the County's consultant found 62% of the respondents would support the bond. The second poll in May, paid for by SVLG, had 65% reporting they would likely support the measure which requires a two-thirds supermajority to pass. In both polls, 5-9% of the voters said they were undecided.

The bond would be financed through a property tax increase that Santa Clara County Assessor Larry Stone has estimated would be an additional \$84 a year for the average homeowner.

The County has until mid August to decide on whether to include the bond in the November election and to determine the details and language of the measure.

REGION

Bay Area Council survey results

The need for more housing was acknowledged as a top priority by Bay Area residents in a regional survey recently conducted by the **Bay Area Council**, but 60% of the respondents preferred the housing be built outside the region. Although a little more than half were open to new housing in their neighborhoods, only 37% supported high-density housing in their areas. High housing costs, traffic and income inequality were identified as the region's top problems leading one-third of the survey respondents to admit they are thinking of moving out of the Bay Area in the next few years.

LOCAL

Affordable housing "wins" in General Plan recommendations

Several key policies that would expand affordable housing opportunities in the City of San José were included among recommendations issued by the **Envision San Jose 2040 Task Force**. Among them is a fast track, by right review process for deed-restricted affordable housing projects located in the City's urban villages and making affordable housing an acceptable use for any parcel of land that is less than two acres, even if it is not currently zoned for housing. The City Council will review the Task Force recommendations later this year.

NATIONAL

HUD Secretary comes to Silicon Valley

U.S. Secretary of Housing and Urban Development (HUD) **Julián Castro** visited Silicon Valley recently to discuss affordable housing needs at a roundtable with **Congressman Mike Honda** and other local housing industry leaders, including Housing Trust CEO Kevin Zwick. It was Castro's second trip to Silicon Valley this year, a clear indication that HUD is concerned about the region's housing crisis.



Photo courtesy of the Office of Mike Honda

The median price of a single-family home in Santa Clara County hit an all-time high in April – \$1 million!

STATE

Three new bills to expand affordable housing



Senator Bob Wieckowski

Two bills have been introduced in the State Legislature with the goal of making it easier for property owners to build accessory dwelling units, often referred to as “granny flats,” in backyards and other available land on their property. AB 2299 from **Assemblymember Richard Bloom** (D-Santa Monica) and

SB 1069 from **Senator Bob Wieckowski** (D-Fremont) both identify accessory dwelling units as a viable way to expand affordable housing options.

Another bill by **Assemblymember Bloom**, co-authored by Assemblymember Tom Daly (D-Anaheim), AB 2501, would streamline and strengthen the state's density bonus law to encourage the development of affordable housing by clarifying what can be built “by right” with no special approval by local municipalities.

REGION

VTA policy opens surplus land to affordable housing

A strong affordable housing policy adopted by the **Valley Transportation Agency (VTA) Board of Directors** this spring opens the possibility of building affordable housing on 300 acres the agency owns but does not use. Although VTA does not have land use authority on the parcels, the policy prioritizes affordable housing development on its land and encourages local jurisdictions to do the same.

Specifically, the policy sets a system-wide affordable housing target of 35%, with a per site affordability requirement of 20% and another requirement that 50% of all affordable homes must be set aside for very low or extremely low income residents. It also promises that VTA will match half of the increased number of units for projects that are up-zoned by local jurisdictions to increase density on VTA land to a maximum of 33% per project.

STATE

Housing California Conference held this spring



More than 1,200 builders, lenders, lawmakers, housing advocates and other community leaders attended the annual **Housing California Conference** in Sacramento this spring. It is the largest statewide conference

of its kind in the U.S. Keynote speakers were **California State Senator Holly Mitchell** who outlined affordable housing policy changes under consideration in the state and **Joshua Bamberger, MD, MPH**, who discussed the interconnection of health care and homelessness. Housing Trust Silicon Valley participated as an exhibitor.

NATIONAL

Proposal to increase tax credit

U.S. Senators Maria Cantrell (D-WA) and **Charles E. Schumer** (D-NY) have launched a national campaign to increase federal resources for affordable housing, including a request to Congress to expand the Low-Income Housing Tax Credit by 50%. The proposal would finance approximately 400,000 additional affordable homes nationwide over the next decade.



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Time flies! Turkey Trot will be here soon

It's never too early to register for the annual **Applied Materials Silicon Valley Turkey Trot** on Thanksgiving Day, Nov. 24. Housing Trust Silicon Valley is one of the local charities benefiting from the event. It provides funding for our Finally Home program that provides security deposit grants so that homeless individuals and families can find safe, stable housing.

Meet Board Chair Candice Gonzalez



Candice Gonzalez, Board Chair of Housing Trust Silicon Valley in 2016, has a personal connection to affordable housing – she grew up in a rent-assisted home in the Oakland/Alameda area and that experience was the start of her passion for residential real estate development.

After completing her undergraduate degree at U.C. Berkeley and obtaining a law degree from UCLA, Candice worked as an attorney and real estate broker. She became President & CEO of Palo Alto Housing Corporation in 2008. The organization works with

for-profit developers and government agencies to create affordable housing opportunities in the North County area, and it manages the Below Market Rate programs of the cities of Palo Alto and Mountain View.

She particularly enjoys negotiating real estate deals and building community consensus so that affordable housing projects can get built. “There is a lot of negativity right now about growth in the region, and people don’t understand that more housing is the solution to reducing traffic and housing costs,” she explained.

Candice joined the Housing Trust Board in 2012 and has enjoyed watching it grow and change. “Kevin is an incredible leader,” she said. “He and his team are always thinking of new and creative ways to expand affordable housing in our region.”

She is looking forward to the Housing Trust’s strategic planning process this year and discussion among Board members about future goals. “It is exciting to work with such an amazing and diverse group of Board members,” she said. “All of our stories and backgrounds are so different but we all found a common cause -- passion for the work of the Housing Trust.”