

# Housing Trust Silicon Valley

Q4 2015

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

## Governor vetoes highlight need for local solutions

By Kevin Zwick, CEO

If any local jurisdiction was still holding out hope that Sacramento would pass and sign bold legislation to address the affordable housing crisis, the recent actions send a disappointing message.

Although there have been a few affordable housing “wins” in Sacramento, such as some Cap and Trade revenues going to housing, they are outweighed by lost opportunities. If we want to expand affordable housing in our community, bold actions need to be taken by our leaders locally, and they need to be taken without delay.

### Critical bills vetoed

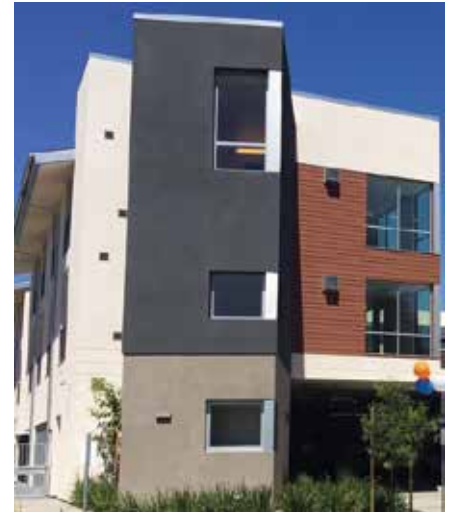
Although the Governor did sign a few pieces of legislation this fall related to affordable housing (see summary box on page 2), two significant bills got his veto: AB35, which would have increased the number of low-income housing tax credits, and SB 377 that would have increased the value of tax credits.

Earlier this year, **Assembly Speaker Toni Atkins’** high priority proposal (AB 1335) to permanently fund affordable housing through a new \$75 fee on real estate documents could not get the necessary two-thirds vote in June to get it out of Assembly.

When added to the veto in 2013 of AB1229 that would have fixed a 2009 appellate court ruling (known as the Palmer decision) that threw inclusionary housing programs into doubt, it is clear that although there is an overwhelming consensus that California’s affordable housing crisis needs a solution, a solution will not be coming from Sacramento in the near future.

### Shock of RDA loss is fading

The sudden dissolution of Redevelopment Agencies was a significant financial hit to many cities. It has taken a great deal of time for city leaders to recover and regroup, and some are still in heated debate over ownership of remaining RDA assets. But the dust has settled long enough – and the economy has



Parkside Studios in Sunnyvale, developed by Charities Housing, is one of the first affordable housing projects in Northern California to use modular construction. The 58 studio home project was a result of a community partnership of local jurisdictions, funders and affordable housing organizations.

blossomed long enough – that cities can now focus on what actions that they can take themselves to find new sources of affordable housing funding and expand housing opportunities in their community.

There is a lot that can be done without the help or approval of state or federal government. Many local options for expanding affordable housing opportunities were identified by the Santa Clara County Housing Task Force. In a resolution authored by San

continued on page 2



**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.

## Local action needed

continued from page 1

Jose Councilmember Don Rocha, unanimously approved in October, we ask all cities to analyze and adopt those measures appropriate for their communities.

### Bright points emerge

In early November, 74% of San Francisco voters approved Proposition A that authorizes up to \$310 million in bonds to fund affordable housing programs in their city. It is a great example of a local jurisdiction moving forward without state help, and it is a model we could easily follow in this region.

Santa Clara County is using innovative programs developed by the Office of Supportive Housing to go deep into the issues of homelessness and find solutions. Cities continue to study and ultimately enact housing impact fees and commercial linkage fees. Corporations are stepping forward to support the work of affordable housing nonprofit organizations, and financial institutions are working together to pool funds to help build more affordable housing developments.

There are things that can be done. Local jurisdictions don't have to take on every strategy, but cities should not wait any longer for help from Sacramento. The time to take local action is now.

## Examples of actions that cities can take to expand affordable housing

- Adopt inclusionary zoning requiring a percentage of below market rate homes in new for-sale residential developments.
- Institute impact fees on residential and/or commercial developments that would be designated for affordable housing.
- Prioritize surplus land for affordable housing.
- Allow homeowners to build secondary residential units (granny or in-law units) on existing lots.
- Encourage the construction of micro homes, 200-400 square feet in size.
- Protect "natural" affordable housing such as mobile home parks.
- Incentivize affordable housing with zoning benefits such as increased density or height or decreased parking requirements.



Encouraging micro homes and secondary residential units are among the actions cities can take to add affordable housing.

- Commit at least 20 percent of the "boomerang" funds that come back to the jurisdiction from former Redevelopment Agency funds to affordable housing.

## State legislative actions this fall related to affordable housing

- AB 35 (Chiu and Atkins) – Would have increased the state low-income housing tax credit by \$100 million each year for five years and leveraged an additional \$1 billion in federal funds for the development of affordable housing. – **Vetoed**
- AB 90 (Chau) - Creates a framework for how California will allocate the funds we receive from the National Housing Trust Fund. – **Signed**
- AB 447 (Maienschein) - Prohibits insurance companies from denying property insurance to landlords simply because they rent to someone receiving rental assistance. – **Signed**
- AB 668 (Gomez) - Permits county assessors to consider deed restrictions when assessing property taxes on certain low-income properties. – **Signed**
- AB 744 (Chau) - Adds additional parking incentives within density bonus law for building low-income housing near transit and for seniors and individuals with special needs. – **Signed**
- SB 377 (Beall) – Would have increased the value of tax credits through "certification." – **Vetoed**

## Two new additions to Housing Trust Board of Directors



**Rachel Grossman** is Real Estate Project Executive at Google. She previously worked as an Associate Planner for the City of Menlo Park and as program Manager for the Bay Area Climate Collaborative, as well as planning positions for the City of Santa Clara, the City of Morro Bay and the County of Santa Barbara. She served on the Environmental Planning Commission for the City of Mountain View for five years.



**Craig Robinson** is Head of Corporate Social Responsibility at Silicon Valley Bank. He has more than 25 years of experience in the banking industry and previously held positions at SVB Financial Group, Greater Bay Bank, EurekaBank and Bank of America. He serves on the boards of several local nonprofit agencies and is a Certified Regulatory Compliance Manager.

# Memorable moments from Silicon Valley Good Eats & Treats 2015

Nearly 200 guests enjoyed fine wines and handcrafted brews, delicious appetizers, live music and unique auction items at the annual fall event, Good Eats and Treats, benefitting Housing Trust Silicon Valley.



Café Stritch in downtown San Jose was filled to capacity with community leaders.



Raj Patel, Josh Russell and Linda Lentz, all from Bank of America



San Jose City Councilmember Ash Kalra and Assemblymember Mark Stone



Santa Clara County Supervisor Cindy Chavez and Housing Trust Board Member Craig Robinson from Silicon Valley Bank



Housing Trust Board Member Rachel Grossman from Google and Eric Colton from Specialized Bicycles



Housing Trust Board Member Kathleen King, Veronica Torres and Sunny Ochoa, all from Healthier Kids Foundation



Housing Trust Board Member Amanda Montez of Silicon Valley Leadership Group



Housing Trust CEO Kevin Zwick



San Jose Unified School District Trustee Susan Ellenberg



Musician Laura Weinbach

## Thank you, Good Eats & Treats sponsors!

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# Share in our commitment to expand affordable housing opportunities for our region

Dear Community,

The year-long celebration of the 15th anniversary of Housing Trust Silicon Valley is coming to a close, and what a year it has been! As you can see from the statistics in this newsletter, the Housing Trust is having a significant impact on improving the affordable housing situation in our region.

But **there is so much more to do**, especially for low and moderate income families who cannot keep up with skyrocketing housing costs.

*Think about the people you interact with every day whose paychecks don't reflect how much we count on them. The daycare worker who takes care of your child. The medical assistant who takes your blood pressure. The dry cleaner, bank teller, bus driver, grocery store clerk, dog groomer, waiter, plumber, librarian – even the barista who brews your favorite blend every morning to get your day off to a good start.*

Their salaries don't qualify them to rent a one bedroom apartment for \$2400 a month, let alone buy a house when the average cost in our area is \$800,000. So they cut back on other expenses like health care, commute farther, double up on roommates or share a house with other families – and worry every day that a rent increase will put them on the street.

Few of us as individuals have the financial wherewithal to make a dent in the affordable housing crisis by ourselves. But we can **pool our resources and share a commitment** to expand housing opportunities for the thousands of people in our community whose important jobs benefit us every day and ensure a sustainable future for Silicon Valley.

**Please consider an end-of-year donation to Housing Trust Silicon Valley so that we can begin 2016, our 16th year, ready and able to help even more individuals and families have a home to go to every night.**

On behalf of the Board of Directors, our staff, our partners and the people we serve, thank you for all that you have done to help Housing Trust Silicon Valley and our community.



A stylized, handwritten signature in black ink.

John Barton  
Board Chair  
Housing Trust Silicon Valley



# Highlights of FY2015

Recent accomplishments reflect 15 years of the community's intense desire to address Silicon Valley's affordable housing crisis

## Homelessness Assistance Program

Helping homeless families get into permanent housing

FY15	Since 2000
483 individuals assisted	5,651 individuals assisted

## First-time Homebuyers Program

Assisting low and moderate income families with the purchase of their first home

FY15	Since 2000
29 households/ 73 people assisted	2,334 households/ approximately 5,835 assisted

## Multifamily Loan Program

Providing funding for the construction of affordable housing

FY15	Since 2000
728 affordable rental units built/ approximately 1,456 people assisted	5,081 units affordable rental units built/ approximately 10,162 people assisted

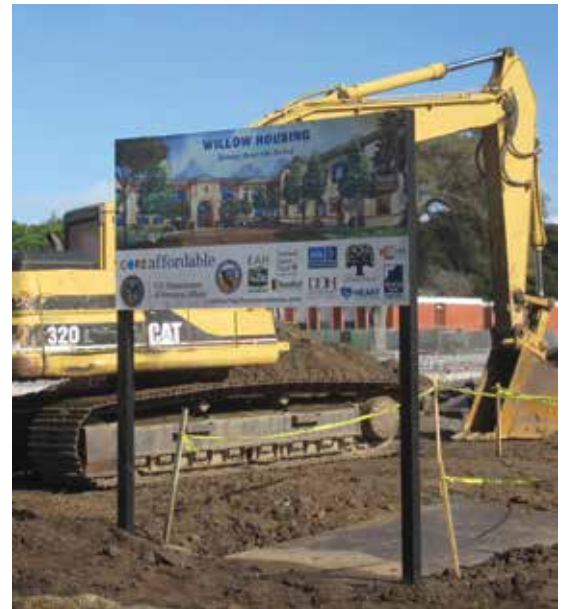
## Total investment in affordable housing opportunities

FY15	Since 2000
\$14 million 2,030 people assisted	\$100 million 23,276 people assisted

Housing Trust Silicon Valley also provided other programs and services to the community including grants for home rehabilitation and youth shelter improvements.



In 2015, Housing Trust Silicon Valley became the first nonprofit Community Development Financial Institution (CDFI) in the U.S. to earn an investment grade credit rating, AA-, from Standard & Poor's Rating Services.



Construction is nearing completion and leasing is underway for the Willows apartment community on the grounds of the Department of Veterans Affairs in Menlo Park. The development will provide permanent, affordable housing to 60 homeless veterans and veterans at risk of homelessness. The Housing Trust provided initial, pre-development funding for the project which broke ground in 2015.



Lynn Lovely was recognized at the annual Investor Briefing in 2015 as the 20,000th person to be helped by a Housing Trust Silicon Valley program. She worked two jobs for 18 years to make ends meet while raising her four sons in Section 8 rental housing. The First-time Homebuyers program helped her buy her first home.

## Impossible dream comes true for single mom and son

It will be a special holiday season this year for Charlotte Andreen and her three-year-old son Kayden – the first in their own home purchased this fall with help from the Housing Trust’s First-time Homebuyer program.

After years of renting and living with family, Charlotte says it is taking a while for it to sink in that what she thought would always be impossible – buying her own home in Silicon Valley – is now a reality. “As a Bay Area native and single parent, I never dreamed of the security, comfort and pride of owning my own home in the current market,” she said.



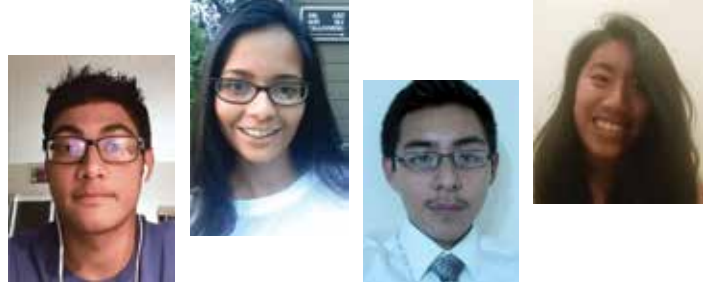
*“Thanks to the Housing Trust that made this blessing – having my own home – a reality.”*

Charlotte works in code enforcement for a local city and learned that a new housing development would include some below market rate homes. She was pre-qualified for one of them, but still could not have swung the deal financially without help from the Housing Trust.

“Everyone is so excited for me and wants to come see our new home. Kayden loves the house and has given me decorating and cleaning advice,” she laughed. “I’m planning to host a lot of gatherings.”

## Scholarship winners on their way to promising futures

Five June graduates of local high schools, who are also residents of affordable housing developments in Santa Clara County, are well into their freshman year of college this fall, thanks to financial help from the Housing Trust’s Guardino Affordable Housing Scholarship Fund.



### Receiving \$3,000 scholarships are:

Bishal Gautam who is now attending U.C. Santa Barbara. Bishal graduated from Palo Alto High School and hopes to earn a B.S. in biochemistry as the first step in becoming a doctor.

Smriti Gautam who is now attending U.C. Santa Cruz. Like her brother, Smriti graduated from Palo Alto High School and plans to major in biological science.

David Orozco who is now attending San Jose State University. David graduated from Leadership Public School and is working on a B.S. degree in civil engineering.

### Receiving \$1,000 scholarships are:

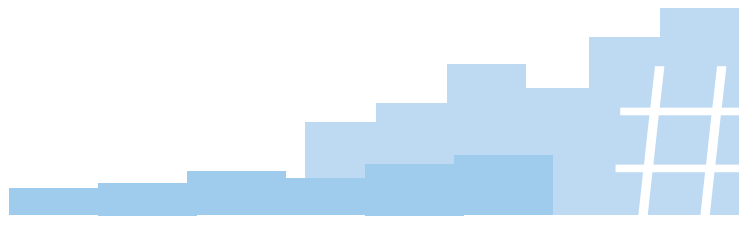
Quyen Bui who is now attending San Jose State University. Quyen attended Lynbrook High School and is pursuing a degree in nursing.

Daisy De La Torre who is now attending Art Institute of California – Los Angeles. Daisy attended Notre Dame High School and wants a career in media arts and animation.

## Congrats to new San Jose Housing Director



Congratulations to **Jacky Morales-Ferrand** on her appointment as Director of Housing for the City of San Jose. She has been with the department since 2007 and served as Interim Director since January.



# What's trending?

## #affordablehousingnews

### BAY AREA

#### Another city adopts impact fees

On Oct. 26, **Redwood City** became the most recent city in the Bay Area to approve an impact fee on new commercial and residential developments that will raise money for affordable housing projects. It is expected to generate more than \$3 million per year. Developers who agree to build affordable housing or to provide land for an affordable housing project could be exempted from the fee.

Many cities have recently adopted or increased impact fees on residential and/or commercial developments in order to generate funds for affordable housing that were lost with the closure of redevelopment agencies throughout the state.

### BAY AREA

#### Affordability Index Report is gloomy

The median price of a home in the Bay Area is nearing its all-time high, according to a recent Affordability Index Report from the **California Association of Realtors**. In Santa Clara County, it is estimated that only 19 percent of households have enough income to buy an existing, median-priced single family home with 20 percent down at prevailing interest rates. For comparison, that number is 30 percent for all of California and 57 percent in the U.S.

Another report from the **California Housing Partnership Corporation** found that renters need to earn five times minimum wage to afford the average rent of an apartment in Santa Clara County. To afford \$2,521 in monthly rent, the household should have \$8,403 a month in income. As a result, very low and low income renters are often spending more than 50 percent of their income on rent and overcrowding in Santa Clara County is 132 percent higher than the national average.

### SANTA CLARA COUNTY

#### Housing Task Force outlines solutions



Task Force Co-chair Matt Mahood, CEO of San Jose Silicon Valley Chamber of Commerce

The Santa Clara County Housing Task Force unanimously passed a resolution in October declaring homelessness in the County to be a crisis and asked all cities within Santa Clara County to pursue specific strategies to fund affordable housing. (See a list of options on page 2.)

“Our hope is that all cities within the County will commit to pursuing additional housing funding,” said Task Force member **Jason Baker, Vice Mayor of the City of Campbell** and President of the Cities Association of Santa Clara County.



Task Force Co-chair Ben Field, Executive Officer of the South Bay Labor Council

A 2015 census found there are 6,556 homeless living in Santa Clara County and that 63% of them have been homeless for one year or more.

### CITY OF SAN JOSE

#### More affordable housing on its way

The **San José City Council** recently took three actions to help increase the supply of housing for homeless: 1) the purchase of the 49-unit Plaza Hotel in downtown San Jose that will be rehabilitated for homeless residents; 2) go-ahead for the construction of a 100-unit pilot “micro-housing” project that will provide transitional homes for homeless individuals between jobs; and 3) funding for the City’s first homeless-focused affordable development on Keyes Street, which will provide homes to more than 130 residents. Funding for all three is coming primarily from housing-restricted City fees on private residential developers.





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## Turkey Trot is Thanksgiving Day!

Thank you for helping to raise funds for the Housing Trust by participating in the Applied Materials Silicon Valley Turkey Trot on Thursday, Nov. 26.

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## Loan programs are making a difference

Housing Trust Silicon Valley provides funding to affordable housing developments through different loan programs that pool money from financial institutions and government agencies to create lending capital.

The newest program is the \$10 million Supportive Housing Fund, a joint venture with Santa Clara County that launched in August to make zero percent loans to spur development of supportive housing for the homeless and those with special needs.

The first two Supportive Housing Fund loans, totaling more than \$4 million, have just been committed. One loan is to **Allied Housing** to convert a motel into 56 temporary housing opportunities for the homeless that come with supportive services, including permanent housing placement assistance. **First Community Housing** was awarded the second loan for Leigh Avenue Senior Apartments. This transit-oriented infill property will create 64 units of senior housing, at least 15 apartments, plus services for seniors with disabling conditions.



### Affordable Housing Growth Fund

Investments totaling \$7.8 million from six banks have been made in the 2015 Affordable Housing Growth Fund Loan Pool. These funds will be used to make predevelopment/acquisition loans of five years or less for the development of affordable housing throughout the Bay Area.

Thank you to our investment partners: **Bridge Bank, East West Bank, First Bank, Beneficial State Bank, Manufacturers Bank and Presidio Bank.**

Since its inception in 2013, the Affordable Housing Growth Fund has funded eight loans to seven properties for a total of nearly \$9.5 million that helped to develop 656 affordable housing opportunities for seniors, veterans and low income families.