



*Housing*

# Moderate-income Housing Strategy Update

June 25, 2019  
Item 4.6

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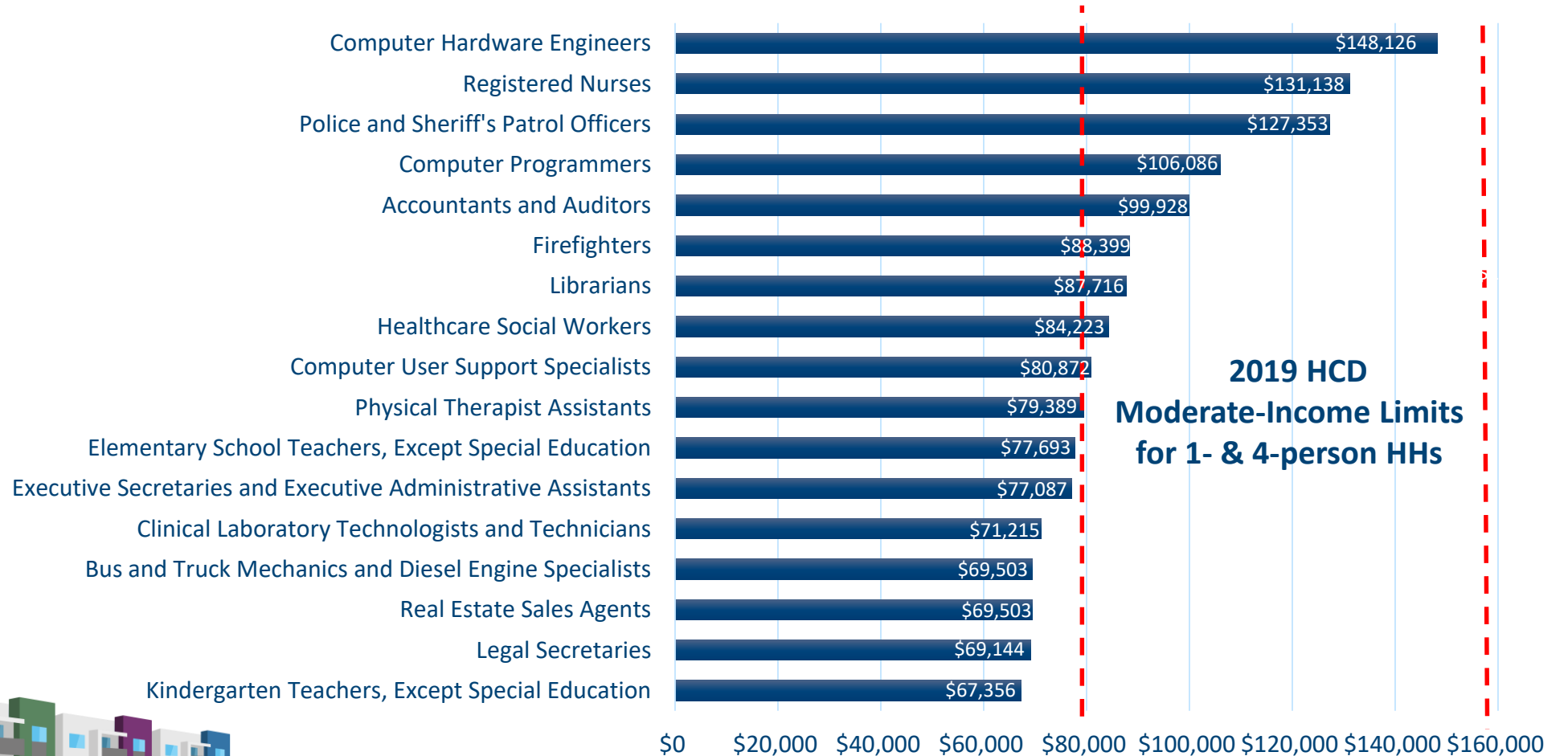
# Who is Moderate-income?

2019 Maximum Income Levels	Maximum Incomes by Number of People in Household						
	% AMI	1	2	3	4	5	6
Low-Income (LI)	60%	\$61,500	\$70,260	\$79,020	\$87,780	\$94,860	\$101,880
Low-Income (LI)	80%	\$72,750	\$83,150	\$93,550	\$103,900	\$112,250	\$120,550
Moderate-Income (Mod)	120%	\$110,400	\$126,150	\$141,950	\$157,700	\$170,300	\$182,950



# Moderate-income Workers

## Mean Annual Wages for Moderate-income Jobs in San José-Sunnyvale-Santa Clara CA



# Challenges: Rental Market



- 🏠 Median rent for all 2-BR apartments is \$2,723
  - Affordable to 83% AMI 3-person household
- 🏠 Average rent for new 2-BR apartments is \$3,311 and as high as \$7,000
  - Affordable to 112%-200% AMI
- 🏠 Over the last 10 years, average **rents** increased by **54%**; **wages** increased by about **21%**



# Challenges: Homeownership



- 🏠 Median home sales:
  - Single family home: \$1.16M
  - Condo/townhome: \$728,300
- 🏠 Buyer must earn about \$177,000/year; \$22,000 for a 3% downpayment
- 🏠 Only 1 in 8 families area can afford to own a median-priced single family home



# Challenges to Build Moderate-Income Housing

- Most public resources are for < 60% AMI
  - Some new Low Income Housing Tax Credit apartments will serve 61-80% AMI
- No real estate tax exemption > 80 AMI
- Few State and local subsidies > 80% AMI
- Local public funds require prevailing wages



# 1,000 Accessory Dwelling Units

## 🏠 Key Issues:

- Too expensive
- Takes too long



## 🏠 Response:

- Financing tools: HTF grant program
- Process improvements to create consistency and clarity to reduce processing time



# Financing Strategies

- 🏠 ADU financing
- 🏠 Joint Powers Authority bond issuance
- 🏠 Moderate-income loan fund or bond issuance
- 🏠 Public/private partnerships on City sites
- 🏠 CalHFA, Freddie Mac loan products





# Homeownership Opportunities

- 🏠 \$6,400,000 in State funds that can be used for homeownership and rehab of owner-occupied housing
- 🏠 Loan amount limits: \$125 - \$300k
- 🏠 Pending legislation may allow \$2 million to be used for construction of ADUs



# Non-Financing Strategies

- 🏠 Counting for Regional Housing Needs Allocation
- 🏠 ADU regulations, education
- 🏠 North San José Area Development Policy
- 🏠 “Missing middle” housing types
- 🏠 Ownership models (land trust, co-ops)



# Next Steps

- ADU funding request and update to City Council → August 2019
- Moderate-income consultant report → Late 2019
- Return to CEDC, City Council → Nov/Dec 2019
- Tracking of housing opportunities for 61- 80% AMI residents → Ongoing





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