

# HOUSING AFFORDABILITY IN ALAMEDA COUNTY



## A PROPOSAL FOR INVESTING IN HOUSING SECURITY TO BENEFIT ALAMEDA COUNTY FAMILIES, SENIORS, VETERANS, AND OUR ECONOMY

In every corner of Alameda County, families, seniors and people with disabilities are increasingly priced out of neighborhoods **where they have contributed to the diverse, vibrant community we all enjoy**. Rents are rising much faster than incomes, and many more households are now paying more than half of their income for housing. These rising costs force people to move away from family and support systems, commute long distances to work, or live in substandard conditions. Housing insecurity – including the increased risk of homelessness – diminishes our collective quality of life. And our local economy suffers when there's so little money left to spend after paying the rent.

Alameda County has sustained cuts of **89% in state and federal funding** for lower income households since the recession. While some sectors of the regional economy are booming, how do we ensure that ALL Alameda County residents have a place to call home?

Dedicated local funding is key to competing successfully for state and federal matching funds. **A \$500 million Alameda County housing bond** is a bold solution to preserve and produce affordable homes, stabilize neighborhoods and increase homeownership opportunities.

### PROPOSED SOLUTION: \$500 MILLION HOUSING BOND AT-A-GLANCE

- **\$400 MILLION TO PRESERVE AND BUILD HOUSING FOR THE LOWEST INCOME AND MOST VULNERABLE HOUSEHOLDS**
- **\$50 MILLION TO STABILIZE AND EXPAND HOMEOWNERSHIP**
- **\$50 MILLION TO INVEST IN INNOVATIVE SOLUTIONS**

## WHY A COUNTY HOUSING BOND?

Dedicated **local funding is the key** to competing successfully for state and federal matching funds. Many affordable housing resources – such as Low Income Housing Tax Credits and the new Affordable Housing & Sustainable Communities funds (“cap and trade funds”) – are highly competitive.

Local funding often leverages two to four times as much support from outside sources. Self-help funds will allow Alameda County to create and preserve affordable housing using time-tested approaches in the non-profit sector, while developing innovative approaches for today’s needs.

The proposed \$500 million housing bond for Alameda County would open critical housing opportunities for those with few options in today’s market: extremely low and very low income renters, low to moderate income homebuyers, residents facing the threat of displacement, and those with significant barriers to accessing housing.

## OUR PROPOSAL

In November 2015, San Francisco County voters approved Proposition A, a \$310 million housing bond to address affordability and housing security. As Alameda County considers a similar bond, the Non-Profit Housing Association of Northern California (NPH) and East Bay Housing Organizations (EBHO) propose these program areas and priorities to yield the greatest return from matching public and private sources, and to deliver results for the people in greatest need. Our proposal also ensures that projects located near public transportation, those leveraging maximum support from other sources, and those ready to start construction are prioritized.

### \$400 MILLION: PRESERVE AND BUILD HOUSING FOR THE LOWEST INCOME AND MOST VULNERABLE HOUSEHOLDS

Under our proposal, \$400 million of bond revenues would be dedicated to the tested and proven strategies of affordable housing development to finance rental housing for a range of income groups and needs:

- Working families and individuals, targeting very low and extremely low income levels
- Seniors
- People with disabilities
- Homeless individuals and families
- Veterans
- Re-entry housing

Funds could also be used for development of permanently affordable ownership housing for lower income households using self-help/sweat equity or land trust models.

## \$50 MILLION: STABILIZE AND EXPAND HOMEOWNERSHIP

\$50 million of the bond proceeds would be used to help existing homeowners – and especially seniors, people with disabilities, and other low-income households – remain in their homes and make necessary improvements.

Funds would also be used for first-time homebuyer assistance for low- to moderate-income households.

## \$50 MILLION: INVESTING IN INNOVATIVE SOLUTIONS

We propose dedicating \$50 million in bond proceeds to an **Innovation Fund** that will spur promising new solutions to:

- **Prevent displacement** of existing lower income residents
- **Meet special housing needs** for people exiting the criminal justice system, youth aging out of the foster care system, immigrants and chronically homeless people
- **Facilitate creative financing** that taps non-housing resources
- **Create “Rapid Response” funding** to acquire sites for new development and existing homes to keep them affordable
- **Incentivize local policies that increase access to housing** where barriers may exist and *promote preferences for local residents and workers* that comply with fair housing law

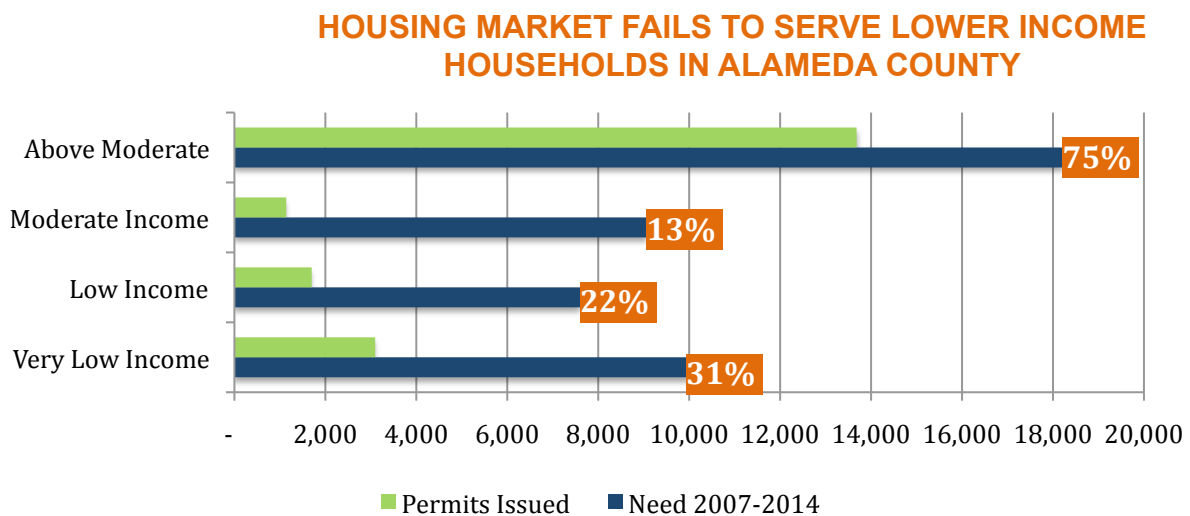
## EXAMPLES OF INNOVATIVE FUNDING

- “Rapid Response” funds to quickly acquire properties and ready them for development
- Targeted funding for property types serving critical needs and at risk of conversion to market rate:
  - Single Room Occupancy buildings
  - Small rental properties in neighborhoods with rich public transportation, schools, jobs and retail
  - Underutilized non-residential properties with the potential for adaptive reuse serving a variety of residential needs, including live/work and congregate living
- Place-based pilot programs designed to address displacement
- Community Land Trusts to secure long-term affordability
- Creating housing opportunities for people re-entering from the criminal justice system
- Rehabilitation or renovation funding to help low-income homeowners create secondary or “accessory dwelling” units
- Matching funding to accelerate the impact of existing local rental and owner-occupied rehabilitation programs that enable existing residents to stay housed in older properties in need of renovation
- Projects that utilize health care resources to create housing opportunities for people with physical and behavioral health issues

Our organizations have prepared the following on how to accurately define the nature of the housing affordability crisis, as well as what local solutions can accomplish.

## THE CAUSES OF TODAY'S CRISIS

**1. Housing built today generally serves higher income groups and fails to meet needs of most families.** Permits for new construction in Alameda County between 2007 and 2014 met less than one-third of the need for very low, low and moderate income households combined, while 75% of the need for above-moderate income housing was met.<sup>i</sup>



**2. Wages are declining, and housing costs are rising.** Between 2005 and 2012 wages declined by 9%, while median rents increased by 11%.<sup>ii</sup>

**3. State and Federal sources have been declining,** including the loss of Redevelopment, exhausted state housing bond funds, and steep reductions in Federal housing funds. Since 2008, funding for affordable homes in Alameda County communities has been cut 89%.

<b>CHANGE IN ALAMEDA COUNTY'S MAJOR AFFORDABLE HOUSING FUNDING SOURCES, FY 2007-08 TO 2012-13</b>			
<b>FUNDING SOURCES</b>	<b>FY 2007-08</b>	<b>FY 2012-13</b>	<b>% CHANGE</b>
State Housing Bonds, Prop 46, Prop 1C	\$ 136,561,831	\$ 3,000,000	- 98%
Redevelopment Funds for Affordable Housing	56,715,327	0	-100%
Federal CDBG Funds	20,222,140	16,045,070	-21%
Federal HOME Funds	9,434,454	4,920,819	-48%
<i>Total</i>	\$ 222,933,752	\$ 23,965,889	<b>-89%</b>

*Source: US Housing and Urban Development, California Housing & Community Development*

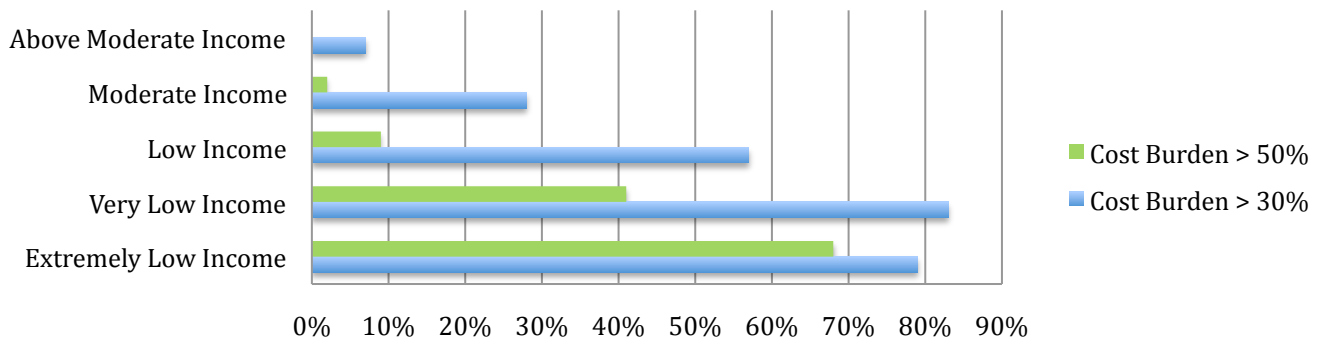
# ALAMEDA COUNTY'S HOUSING CRISIS

## ALAMEDA COUNTY IS SHORT NEARLY 59,000 AFFORDABLE HOMES

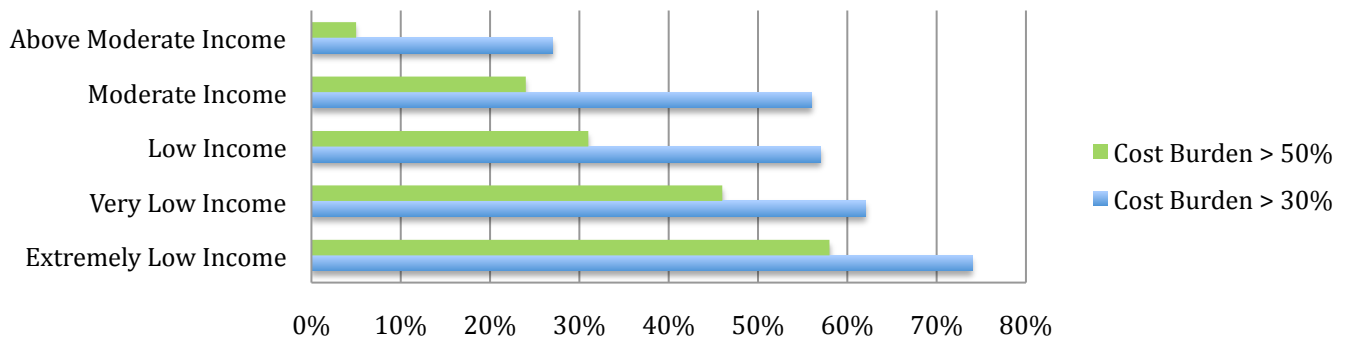
Alameda County has a shortfall of 58,680 homes affordable to people with extremely low and very low incomes.<sup>iii</sup>

- More than half of all renters and homeowners pay more than 30% of their income for housing, leaving little money for medicine, childcare and transportation.
- 68% of extremely low-income households (43,810 households of 64,820) pay more than 50% of their income for rent.
- 83% of very low income renters pay more than 30% of their income for rent.

**Low-Income Renters Suffer Disproportionately and Spend More of Income On Rent**



**Low-Income Home-Owners Suffer Disproportionately and Spend More of Income On Housing**



## MARKET RATE RENTS ARE 1.5 TO 4 TIMES AFFORDABILITY

### FAMILIES FORCED TO SHORTCHANGE OTHER NEEDS

Stagnant wages and rapidly increasing rents are causing a wider gap between affordability and market rates rents. **Too many families are choosing between rent, medicine, childcare and transportation.** Renters, traditionally described as “rent burdened” when paying more than 30% of income for rent, now often spend 50% of income on housing. Families and individuals at lower income levels, whether 30% of the Area Median Income, 50% or 80%, find the gap between what they can afford and market rates large and growing – with the gap often a multiple of three to four times the rent itself.

People making 30% of Area Median Income			Affordable	Market	Gap
	1 Bedroom		\$ 516	\$ 2,375	- \$ 1,859
	2 Bedroom		575	2,797	- 2,222
	3 Bedroom		632	3,296	- 2,644
People making 50% of Area Median Income			Affordable	Market	Gap
	1 Bedroom		\$ 890	\$ 2,375	- \$ 1,485
	2 Bedroom		997	2,797	- 1,800
	3 Bedroom		1,100	3,296	- 2,196
People making 80% of Area Median Income			Affordable	Market	Gap
	1 Bedroom		\$ 1,388	\$ 2,375	- \$ 987
	2 Bedroom		1,555	2,797	- 1,242
	3 Bedroom		1,721	3,296	- 1,575

Source: US Department of Housing and Urban Development

ALAMEDA COUNTY INCOME LIMITS 2015					
	Household size				
	1	2	3	4	5
Extremely Low Income	\$ 19,650	\$ 22,450	\$ 25,250	\$ 28,050	\$30,300
Very Low Income	32,750	37,400	42,100	46,750	50,500
Low Income	50,150	57,300	64,450	71,600	77,350
Median Income	65,450	74,800	84,150	93,500	101,000
Moderate Income	78,550	89,750	101,000	112,000	121,200

Source: US Department of Housing and Urban Development

## WAGES AREN'T KEEPING PACE WITH HOUSING COSTS

Many working families, with one or two wage earners, face stagnating wages that are not keeping pace with increasing housing costs. Whether renting or owning, even relatively well-paid wage earners find market rates unaffordable.<sup>iv</sup>

4 PERSON FAMILY 2 WAGE EARNERS + 2 KIDS		3 PERSON FAMILY 1 WAGE EARNER + 2 KIDS	
<i>Bank Teller</i>	\$ 31,533	<i>Librarian</i>	\$70,533
<i>Cashier</i>	23,192		
Total Income	\$ 54,725	Affordable Home Purchase Price	\$252,700
Affordable Rent	\$ 1,299	Market Sale Price - 2 BR	543,000
Market Rent - 3 BR	3,295		
<b>Affordability Gap</b>	<b>- \$ 1,996 Per Month</b>	<b>Affordability Gap</b>	<b>- \$290,300</b>

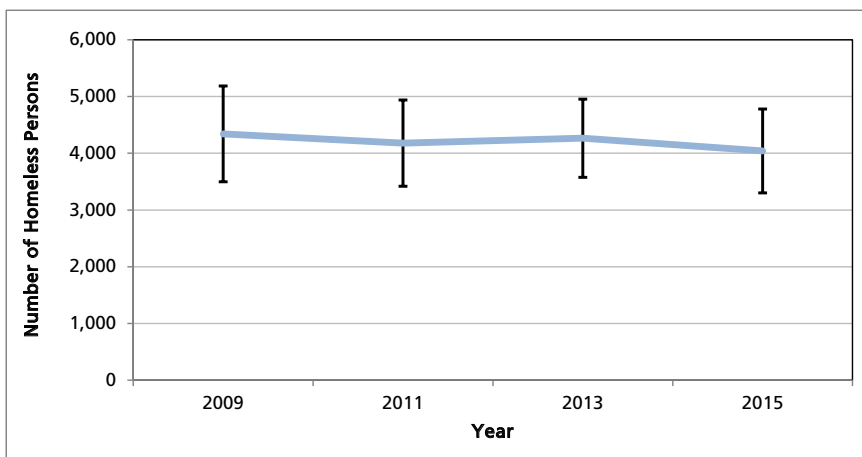
## EARNINGS FOR COMMON OCCUPATIONS THAT CANNOT AFFORD MARKET RENT

Waiter	\$19,510
Laundry worker	23,192
Security guard	29,640
Preschool teacher	34,340
Retail Sales Supervisor	43,056
Roofer	49,587
School social worker	53,144

## HOMELESSNESS REMAINS A SERIOUS PROBLEM

While Alameda County has successfully created programs and services that move many homeless people to permanent housing, too many residents remain homeless. The Point-In-Time count of homeless persons shows little change from 2013 (4,264 homeless persons) to 2015 (4,040).

### DESPITE TARGETED SUCCESSES, HOMELESSNESS REMAINS UNACCEPTABLY HIGH



Source: Alameda County Homeless Count and Survey, 2009, 2011, 2013, 2015.

Thousands of Alameda County households are at risk of becoming homeless. For low income people paying large shares of income for housing, events like job loss or illness can cause them to lose their homes.



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<sup>i</sup> ABAG assessment of Alameda County's 2007 – 2014 Progress in meeting Regional Housing Needs Assessment goals

<sup>ii</sup> "How Alameda County's Housing Market is Failing to Meet the Needs of Low Income Families," CHPC, 2014

<sup>iii</sup> "How Alameda County's Housing Market is Failing to Meet the Needs of Low Income Families," CHPC, 2014

<sup>iv</sup> CA EDD Occupational Employment Statistics, 50% Median Wages