

PACT 2006 Mayoral Forum

Critical Issue: Affordable Housing

How can the next Mayor of San Jose address the most severe aspects of the housing crisis in San Jose?

By the time Mayor Gonzales leaves office, the city of San Jose will have constructed 10,000 affordable housing units in the last eight years. While this is a remarkable achievement, the overwhelming housing shortage in the County remains. Only 15% of the county's households can afford the median price for single family home in 2005 of \$733,875.¹

While there continues to be a need for affordable housing production at all levels of affordability, the crisis is severe for families in the Extremely Low Income (ELI) range (those earning 30% or less of the average median income). A recent study on the need for affordable housing in the County notes that there is a shortage of 28,000 ELI units.²

Who are those in need of ELI housing? They range from the 7,646 people who are homeless in this County every night to the family of four trying to survive on approximately \$30,000 a year.³ These people are often service-workers, restaurant employees, janitors, taxi drivers and health care providers. They are a significant portion of the population, as 39% of local jobs in the county pay less than \$30,000 per year.⁴ Over the next four years, their numbers will increase, as four out of the ten fastest growing jobs pay less than \$21,000 per year.⁵

Because of the high cost, the City has failed to make the construction and funding of ELI housing part of City policy, though the City Council did pass a one-year Extremely Low-Income Initiative in May 2001. The City currently follows an income allocation policy for distribution of affordable housing funds that targets:

- 15% Moderate (MOD)
- 25% Low (LI)
- 60% Very Low Income (VLI, a subset of which is ELI)

¹ *Housing Silicon Valley: Affordable Housing Production and Finance in Santa Clara County, Phase 1 Report*, March 2006, Prepared for Bay Area Local Initiatives Support Corporation, By Institute for Metropolitan Studies San Jose State University (Dr. Shishir Mathur and Alicia Parker).

² Ibid.

³ Ibid.

⁴ Ibid.

⁵ Ibid.

The City needs to make a commitment to allocate funding on a permanent basis to the Extremely Low Income category. By specifying that 30% of funds will go to VLI units and 30% to ELI units, the City will send a clear message that the overall total number of affordable units constructed is less important than meeting the housing needs of its most struggling residents.

In order to move this effort forward, at the PACT Mayoral Forum on May 21, PACT's grassroots volunteer leaders will ask the candidates the following question:

If elected Mayor, will you change the city's affordable housing allocation policy to specify that 30% of the funding for affordable units constructed will be for people who qualify as Extremely Low Income?