



Housing and Basic Needs

Issue Brief



The Community Input Project

Silicon Valley Community Foundation is committed to the best ideas and most effective solutions—at the local and the regional levels. With these goals in mind, the community foundation has initiated the Community Input Project, a series of strategic conversations around needs and issues that matter most. The issues were selected based on a review of local data, the many excellent assessments available about the health, social and environmental concerns in the region, and issues community members and leaders have raised.

The community foundation anticipates this process will spur a greater interest in regional partnerships as well as strategic solutions for meaningful, lasting and transformative change. The community foundation's board of directors will take the results of the community input process into consideration when making decisions about future directions and strategies.

This brief represents a summary of important trends and issues related to housing and basic needs. Similar briefs will be available in the areas of immigration, arts and culture, environment, community economic development, health, civic engagement, child and youth development, and education.

Major Trends

Households struggle to make ends meet.

Over the past six years the cost of living has continued to outpace stagnant earnings for low-wage workers as jobs have disappeared and many of the remaining jobs do not pay enough for families to meet their basic needs. Many families struggle with inadequate resources but are not recognized as officially in need, because they earn more than the federal poverty level. These families fall into the “safety net gap” with incomes too high to be eligible for public aid, but too low to meet the skyrocketing costs of housing, health care and other basic needs (1).

For this reason, many researchers and analysts have argued for an improved measure of income adequacy. The Self-Sufficiency Standard (SSS) is a measure designed to improve upon the federal poverty level (FPL), and measures how much income is needed for a family of a given composition in a given place to adequately meet their basic needs without subsidies of any kind (1).

Affordable housing is in short supply.

Median home prices in Silicon Valley are higher than the nation and the state and have increased in recent years, leaving homeownership out of reach of many residents. Additionally, market rents have steadily risen over the past two decades and subsidized rental housing is scarce. As a consequence, the poorest households in the community are priced out of the rental market and forced to double up with others, cut back on other expenses or seek government housing assistance. In extreme cases, some households at the margin are forced into homelessness (1).

Imbalance characterizes the regional housing market.

Researchers at the Fisher Center for Real Estate and Urban Economics suggest the emergence of a two-tiered housing market. Homes at the high-end of the market may continue to sell to higher income professionals benefiting from the expanding economy, while homes at the lower end may face slower sales. This is especially true as lenders tighten their credit standards in response to rising defaults on sub-prime and non-prime mortgages, making financing more difficult for potential homebuyers (2).

Local studies have also highlighted a jobs and housing imbalance in the region. Employment growth has exceeded labor force growth since 2003, resulting in a greater number of jobs than housing. This can put pressure on the existing housing stock, contribute to higher home prices and displace lower paid workers from the communities in which they work (2).

Regional Indicators

- Of the top 10 jobs with the greatest projected growth in the region, less than half will pay what it takes for a family of three to be self-sufficient. *See Figure 1 at right.*
- The FPL for a family of three is \$15,260, while the SSS in the Silicon Valley is much higher: \$57,501 in San Mateo County and \$65,598 in Santa Clara County (1).
- In San Mateo County, 44,048 households (22 percent) are below the SSS. Santa Clara County leads the Bay Area with 120,815 households (25 percent) below the SSS (1).
- In 2005, nearly one in two homeowners (49 percent) experienced “housing burden,” which means they paid 30 percent or more of their household income on mortgage (3).
- To afford the \$722,500 cost of a median-priced home in 2006, San Mateo County homebuyers needed a yearly income of \$206,428—and the median household income was \$95,000. In Santa Clara County, the 2006 median home price was \$662,150. To afford this, homebuyers needed a yearly income of \$189,185 and the median income was \$105,500. *See Figure 2 at right.*
- In San Mateo County, the fair market rent (FMR) for a two-bedroom apartment is \$1,551. The household income needed to afford this is \$62,040; 48 percent of renters have incomes lower than this amount. In Santa Clara County, the FMR for a two-bedroom apartment is \$1,284. The income needed to afford this is \$51,360; 39 percent of renters have incomes lower than this amount (4).

- Residential foreclosures in Silicon Valley rose 20 percent from 2005 to 2006, reaching their highest level in more than four years in the third quarter of 2006 (3).
- In San Mateo County, approximately 32,000 adults (29 percent) were food-insecure, and an additional 12,000 adults (11 percent) had very low food security. In Santa Clara County, 94,000 (31 percent) were food-insecure, and 24,000 (8 percent) had very low food security in 2005. See Figure 3 below.
- According to the HUD point-in-time counts in Santa Clara County, 7,012 people were homeless. Within this group, 38 percent (2,676) were considered chronically homeless and 17 percent (1214) were in 380 families. In San Mateo County, there were 1,231 homeless people. Within this group, 42 percent (513) were considered chronically homeless and 25 percent (310) of them were in 96 families (5, 6).

Figure 1: Top Ten Occupations with Greatest Projected Number of Openings 2004-2014 and Median Hourly Wage, Compared to Self-Sufficiency Hourly Wage for a Family of Three

San Mateo County Occupations		Median Hourly Wage	Santa Clara County Occupations		Median Hourly Wage
1.	General and Operations Managers	\$52.47	1.	General and Operations Managers	\$59.22
2.	Computer Software Engineers, Applications	\$46.78	2.	Computer Software Engineers, Systems Software	\$50.83
3.	Registered Nurses	\$39.09	3.	Computer Software Engineers, Applications	\$47.72
4.	Office Clerks, General	\$13.63	4.	Registered Nurses	\$43.73
5.	Janitors and Cleaners, except Maids and Housekeeping Cleaners	\$10.99	5.	Office Clerks, General	\$15.58
6.	Retail Salespersons	\$10.94	6.	Retail Salespersons	\$10.73
7.	Food Preparation Workers	\$9.93	7.	Janitors and Cleaners, except Maids and Housekeeping Cleaners	\$10.43
8.	Counter Attendants, Cafeteria, Food Concession and Coffee Shop	\$9.52	8.	Cashiers	\$9.67
9.	Combined Food Preparation and Serving Workers	\$8.85	9.	Combined Food Preparation and Serving Workers	\$8.25
10.	Waiters and Waitresses	\$8.60	10.	Waiters and Waitresses	\$8.04

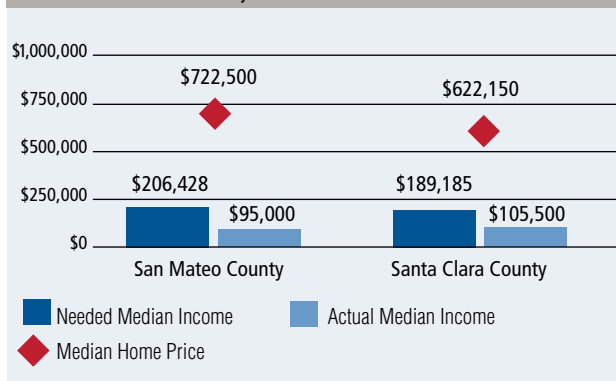
\$27.23 self-sufficiency hourly wage

\$21.06 self-sufficiency hourly wage

Note: Self-sufficiency data is based on one adult with one preschool and one school-age child.

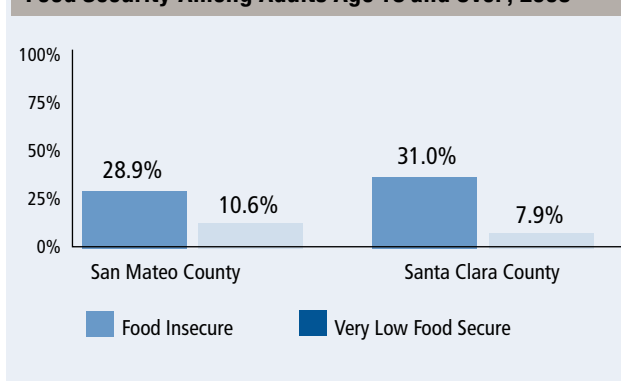
Source: Occupations with the Most Job Openings 2004-2014, San Jose-Sunnyvale-Santa Clara Metropolitan Statistical Area and San Francisco-San Mateo-Redwood City Metropolitan Division. State of California, Employment Development Department, 2007.

Figure 2: Median Income Needed to Purchase Median-Priced Home, 2006



Source: 2006 Fact Sheet, Santa Clara and San Mateo Counties. Housing California.

Figure 3: Prevalence of Food Insecurity and Very Low Food Security Among Adults Age 18 and Over, 2005



Note: Data are for adults below 200 percent of the Federal Poverty Level. Source: Food Security Among California's Low-Income Adults Improves, but Most Severely Affected do Not Share in Improvement. UCLA Center for Health Policy Research.

Issues for Discussion

Food insecurity.

Food insecurity is an important issue because the need to ensure that one's family is fed often results in forgoing other basic needs. Very low food security results in the disruption of eating patterns and reduced food intake. Children in food-insecure households miss more school and do less well in school. Both young children and adolescents experience more emotional problems, and adults in food-insecure households experience more anxiety and depression. Individuals in food-insecure households are more likely than others to not fill prescriptions or follow up on needed medical care (7).

The public nutrition safety net (including food stamps, the Women, Infants and Children Program [WIC] and school lunches) plays a critical role in the lives of low-income families, but the net should be cast wider. Nationally, between 22 and 29 percent of children in low-income families receive no assistance from any public food assistance source. Since working poor families (those likely to fall into the safety net gap) are less likely to accept nutrition assistance, public education campaigns and outreach in places frequented by parents (schools, churches, stores) may play an important role in reducing this resistance (8).

Food banks, such as Second Harvest, are also key to reducing food insecurity. Convening food banks and other service providers in the region who provide food assistance may encourage the sharing of best practices—which can in turn increase the supply of nutritious meals to food-insecure residents of Silicon Valley.

Pathways to home-ownership for middle-income workers.

Median home prices in San Mateo and Santa Clara counties are higher than the nation and the state, and have increased dramatically in recent years. Homeownership remains out of reach for a majority of Silicon Valley residents. Because housing prices are so high, many Silicon Valley residents must spend more than 30 percent of their income on mortgage payments. The 30 percent threshold, recommended by the U.S. Department of Housing and Urban Development, is widely used as an affordability measure. Families who spend more than 30 percent of their income for housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care. Foreclosures are also on the rise (3).

Workforce housing is one strategy that has emerged to increase homeownership among middle-income workers who face high housing prices, but earn too much to be eligible for affordable housing (typically targeted to those earning less than 80 percent of the area median income). Middle income workers are those in occupations such as teaching, nursing, policing and firefighting. Those in this group must either rent or buy houses in less expensive communities often far from where they work. California currently has several workforce housing funds designed to finance the development of this type of housing by providing affordably priced equity capital. This approach lowers the cost of development so that when the house ultimately is sold, the price is more affordable to this segment of the workforce (9).

Affordable rental housing supply.

Low incomes coupled with high housing costs have put many households at risk of homelessness. Many low-income households are a job loss or health crisis away from losing their homes. Market-rate rental housing affordable to low-income workers is in extremely short supply, and public funds for developing affordable housing are scarce.

The three main federal sources for development of affordable housing (Low-Income Housing Tax Credits (LIHTC), Community Development Block Grants (CDBG), and HOME funds) have all shown declines in their allocations to Santa Clara County. State spending also has dropped—in 2002-2004 it was less than 1 percent of the General Fund spending. In 2002, Californians passed Proposition 46, which provided \$2.1 billion in general obligation bonds for housing programs, but the last of these funds were awarded in summer 2007. California recently passed Proposition 1C, a \$2.85 billion bond measure to provide housing for the homeless and low-income, but these funds will be exhausted in two years (10, 11).

To keep up with affordable rental housing demand, it is estimated that Silicon Valley needs to develop 83,000 new units over the next 20 years. Production is planned for about 46,600 units, leaving an unmet need of about 36,600 units. There is a funding gap of between \$3 billion and \$4 billion dollars, at a time when federal and state funds for housing development are declining. The Valley's cities project modest or no growth in their redevelopment agencies' affordable housing funds.

However, there is reason for optimism. During past periods of economic turbulence, developers and public agencies have worked together to finance and develop over 13,000 affordable rental units. Developers of affordable housing are enthusiastic about meeting demand, but need additional matching public funding to pursue development. Currently, an intensive statewide effort is underway to create a permanent source of funding at the state level, the success of which is vital to addressing the affordable housing crisis in Silicon Valley. On the local front, both San Mateo and Santa Clara counties have established housing trust funds. Cities can also consider inclusionary zoning laws, which require developers to set aside some portion of units as affordable housing in an otherwise market-rate development (11).

Permanent supportive housing to address long-term homelessness

While homelessness is usually a matter of short supply and low incomes, there are also households (mostly individuals rather than families) who are chronically homeless. Chronically homeless persons generally contend with substance use, mental illness and/or physical disability—all of which tend to be exacerbated by long periods of time spent on the streets. In the last decade, permanent supportive housing (PSH) has emerged as a proven method for keeping this population safely housed for the long term.

Santa Clara and San Mateo counties have a combined population of 3,189 chronically homeless people. They tend to be frequent users of emergency rooms, rehabilitation centers, jails and shelters. PSH provides the chronically homeless with secure and affordable housing with an array of on-site services or linkages to community services. To place people in PSH costs the public the same or less than leaving them on the streets. PSH is now nationally recognized as a best practice: Congress has committed to creating 150,000 PSH units nationally for chronically homeless people, and PSH is a key strategy in county ten-year plans to end homelessness across the country, including the plans for San Mateo and Santa Clara counties. Each plan calls for making available 2,500 units of permanent supportive housing (12,13).

Sources

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About Silicon Valley Community Foundation

Silicon Valley Community Foundation is a leading voice and catalyst for innovative solutions to the region's most challenging problems. Our mission, vision and values reflect our commitment to serving the vibrant communities in San Mateo and Santa Clara counties. We bring together diverse groups of people—nonprofits, donors, government leaders, business people, faith-based organizations—all of whom care deeply about improving the quality of life in our region. Our goal is impact and we employ a variety of strategies to achieve it, including grantmaking, community initiatives, donor engagement, convening and research.

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