



Silicon Valley Community Foundation

## ADVANCING INNOVATIVE PHILANTHROPIC SOLUTIONS TO OUR REGION'S MOST CHALLENGING PROBLEMS



**INCREASING ACCESS TO AFFORDABLE HOUSING  
AND PUBLIC TRANSIT OPPORTUNITIES**

## RESEARCH PAPER

### Increasing Access to Affordable Housing and Public Transit Opportunities

#### Introduction

[Silicon Valley Community Foundation's mission](#) is to focus on the community's most challenging problems, convene private- and public-sector leaders and initiate policy discussions at the regional, state and national levels.

In 2017, after a [comprehensive community review process](#), SVCF's board approved five new grantmaking strategies: ensuring the safety and security of immigrants; advancing financial stability by improving access to public benefits; accelerating student success in the Common Core education standards; increasing access to affordable housing and public transit opportunities; and promoting greater civic participation through open government.

This research paper outlines our rationale for why increasing access to affordable housing and public transit is critical to enhancing the region's quality of life and economic competitiveness.

#### The Opportunity

Today, Silicon Valley is a place with far more jobs than housing. This imbalance drives up an already high cost of living and pushes people who cannot afford homes into outlying areas many miles from their jobs. In fact, fewer than half (40 percent) of first-time home buyers in Santa Clara County and just 29 percent in San Mateo County could afford to purchase a median-priced home in 2016.<sup>1</sup> As home prices have increased, so have Silicon Valley's rental rates, with the median rental price for a two-bedroom apartment now close to \$2,800.<sup>2</sup> Evictions are also exacerbating the affordability crisis. A recent study found that 53 percent of all low-income households in the Bay Area live in neighborhoods at risk of, or already experiencing, displacement.<sup>3</sup> Adding to this problem is that housing costs are rising faster than wages, meaning people must spend a higher share of their income on housing.

The shortage of affordable housing leads to exceptionally long commutes: The average daily commute is one hour and 10 minutes.<sup>4</sup> Nearly half of the Bay Area's residents cross a county line to get to work, but long-distance commuters who use public transit face a number of barriers, including uncoordinated schedules, inconsistent fares, disparate information and varied customer experience.

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<sup>1</sup> Joint Venture Silicon Valley. Silicon Valley Institute for Regional Studies. (2016). Home Affordability. Retrieved from <http://siliconvalleyindicators.org/data/place/housing/home-affordability>

<sup>2</sup> Center for Continuing Study of the California Economy & Silicon Valley Community Foundation. (2017). Silicon Valley's Housing Crisis: How Did We Get Here and What Can We Do About It?

<sup>3</sup> Zuk, M. & Chapple, K. (2015). Urban Displacement Project. Retrieved from <http://www.urbandisplacement.org/map/sf>

<sup>4</sup> Silicon Valley Community Foundation & Silicon Valley Leadership Group (2017). Silicon Valley Competitiveness and Innovation Project – 2017 Report.

In November, Santa Clara County voters passed Measure B, a 30-year half-cent sales tax that will generate an estimated \$6.5 billion in local transportation funding. A significant portion of this funding, \$500 million, will support improvements to local bus service, especially for those who are considered transit dependent, such as students, seniors and disabled and low-income riders. Similarly, the passage of Measures A and K in San Mateo and Santa Clara counties will generate hundreds of millions of dollars in local funding for affordable housing, particularly for the region's most vulnerable residents. SVCF has also been leading efforts with 12 jurisdictions to study impact fees<sup>5</sup> as a source of affordable housing funding and ensure that these fees are adopted by local governments.

These new local investments create opportunities to increase the supply of affordable housing and public transit options to improve the region's quality of life for residents and employers alike.

### **Description of Grantmaking Strategy**

Addressing Silicon Valley's housing and transportation challenges will require an intentional, multifaceted approach to ensure that low- and middle-income residents can live and work in the region. SVCF will make strategic investments in programs that support renters who may be at risk of or experience unfair evictions from their homes. These programs may include tenant rights education, just cause eviction ordinances and legal support. Helping renters find affordable housing is equally important. Yet it can be a real challenge to search different city and county websites, or know individual affordable housing developers, and then complete multiple waiting list applications. Therefore, in evaluating proposals, SVCF will give special consideration to efforts that provide affordable rental options all in one place and can handle applications for multiple listings through innovative and creative uses of technology.

In addition, efforts to increase the funding for affordable housing and that spur innovation in housing production, including models for more compact and affordable development (e.g. co-ops, shared housing and second units) will be considered under SVCF's housing strategy.

In terms of public transit, SVCF will invest in solutions that increase ridership in our public transit network and create a more seamless public transit experience, thereby decreasing the need to drive alone in cars. These solutions include last mile connections and ensuring that public investments meet the needs of public transit riders (e.g. coordinating regional efforts with transit operators and building a base of transit riders to influence public transit decisions and policy). SVCF is also interested in funding projects that align with the goals of the \$500 million in Santa Clara County Measure B funding to improve local bus service for the region's most vulnerable residents. And as with housing, we are excited about supporting projects that demonstrate innovative and creative uses of technology, such as a digital, dynamic, interactive and mobile-ready regional transit map that encompasses the many different transit agencies operating in the Bay Area.

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<sup>5</sup> A housing impact fee is a per-square-foot fee levied on market rate housing that can be used to build affordable homes.

## Rationale for Strategy

The Bay Area housing market is simply not producing enough housing to meet the full range of needs in most communities. According to the Association of Bay Area Governments, jurisdictions in San Mateo and Santa Clara counties issued building permits estimated to meet about one-quarter of the housing need for very low-, low- and moderate-income households. Few first-time home buyers can afford to purchase a median-priced home, and nearly half of all renters are considered housing cost burdened, meaning they pay more than 30 percent of their income toward housing costs.<sup>6</sup> With the dissolution of redevelopment agencies in California and federal cuts in affordable housing funding, efforts to explore and generate local sources of funding are urgently needed.

Despite the growth in the Bay Area's population and the region's investments in public transit, overall transit ridership has not increased. One leading factor is that the Bay Area's transit system is more fragmented than transit systems in similarly sized metropolitan areas, with 27 separate and poorly coordinated transit agencies. A worker living in San Francisco commuting to a job in North San José could be forced to transfer between four different transit systems.<sup>7</sup> While regional investments in BART and Caltrain enhance mass transit, these options tend to favor higher-income riders. Investment in bus transit has not kept pace, even though the lowest-income workers in the region rely on it.<sup>8</sup> Bus service in the region's more isolated communities, such as Pescadero, is even more challenging, with one bus out in the morning, at 6 a.m., and one back at night, at 6 p.m.

Taken together, these issues leave Silicon Valley's most vulnerable residents struggling amid the economic boom.

## Anticipated Impact

The California Housing Partnership Corporation, a state-created nonprofit dedicated to the preservation of affordable homes, estimates that there are 35,000 housing units in San Mateo and Santa Clara counties at risk of losing their affordability restrictions and converting to market rate prices over the next five years.<sup>9</sup> The anticipated impact of this grantmaking strategy is to preserve the affordability of at least half of these units by increasing renters' protections through legal support and anti-displacement policies locally. We also intend to make it significantly easier for people to find affordable housing through a state-of-the-art, easy-to-use renters' web portal with affordable options all in one place. In addition to these impacts, it is clear that more funding for affordable housing is needed. Increases in funding will be measured by the amount of Santa Clara County Measure A and San Mateo County Measure K investments allocated to support affordable housing developments on an annual basis. We will also monitor the number of cities that adopt impact fees as a source of funding for affordable housing.

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<sup>6</sup> Center for Continuing Study of the California Economy & Silicon Valley Community Foundation. (2017). Silicon Valley's Housing Crisis: How Did We Get Here and What Can We Do About It?

<sup>7</sup> Joint Venture Silicon Valley & Silicon Valley Community Foundation. (2013). Index of Silicon Valley.

<sup>8</sup> Boerner, H. (2015, Fall). A Growing Problem. SVCF Magazine, 6-9.

<sup>9</sup> California Department of Housing and Community Development. (2017). California's Housing Future: Challenge and Opportunities, Public Draft.

Because of the region's high cost of living, increasing numbers of people are living farther away from their jobs. Most of these people (74 percent) are driving alone, and only 6 percent are public transit users.<sup>10</sup> We intend to increase the percentage of public transit riders to over 10 percent by increasing funding for public transit operations and improving transportation information, transit mapping or payment systems.

Ultimately, the region's housing and transportation challenges are far larger than what can be addressed through SVCF's grantmaking alone. One of the most important ways that California can increase the supply of housing affordable to all income levels is by reducing the time and cost of development. Our grantmaking will support groundbreaking research that will pinpoint the specific elements of local land-use policies that contribute to delays and increased costs in building affordable housing. This work is considered critical to supporting current and future legislation that targets the actual drivers of project delays. At the federal level, the administration's proposed budget for fiscal year 2018 included drastic cuts to housing and transportation programs. The proposed cuts to housing programs alone would mean a loss of \$700 million in affordable housing funding for California, including \$200 million for Section 8 vouchers that cover housing costs for low-income seniors and families and the disabled. It is clear that policy advocacy will be critical at both the state and federal level to remove barriers to and increase funding for more affordable housing and public transit opportunities.

## Conclusion

As we develop our specific grantmaking strategies in this area, we expect that we will learn and make adjustments along the way. SVCF intends to invest in this strategy over the next five years, at which point we will conduct a systematic review of our progress. Our housing and transportation challenges are at crisis levels and unsustainable. There is growing evidence that these issues are undermining Silicon Valley's competitiveness with other regions of the country. We believe we have the opportunity to increase the supply of affordable housing, reduce traffic congestion and help employers find employees who no longer have to face long and expensive commutes.

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<sup>10</sup> Joint Venture Silicon Valley. Silicon Valley Institute for Regional Studies. (2015). Means of Commute. Retrieved from <http://siliconvalleyindicators.org/data/place/transportation/means-of-commute/>