

# Outlook grim for thousands of families who can't afford to rent or own in Peninsula

By Alexandra Wexler | 8 Apr 2011

Redwood City's Harbor Village mobile home park is one option for South Bay affordable housing. But if the Saltworks development project continues, residents may be priced out of the area.

The San Francisco Bay Peninsula is home to some of the richest people, most profitable companies and most expensive real estate in America. In fact, *Forbes* named Atherton, which is sandwiched between Menlo Park and Redwood City, the second wealthiest zip code in the country last year. Four Los Altos zip codes, as well as Hillsborough, also made the top 20 list.

As in many wealthy areas, affordable housing for lower income workers and families is not overly abundant.

"Everybody needs affordable housing," said Frederick Douglas, housing manager for the City of Menlo Park. "It's not strictly a low-income issue, particularly on the peninsula. Even moderate- and upper-income households have trouble finding affordable housing here."

Governor Jerry Brown's proposed budget cuts have the potential to greatly worsen this situation. His budget includes the elimination of redevelopment funds, which are an essential source of funding for the affordable housing projects in San Mateo County.

"One of the consequences of the governor's proposal to eliminate redevelopment agencies is it would take away over \$1 billion a year statewide in local money for affordable housing," said Christopher Mohr, executive director of the Housing Leadership Council of San Mateo, a nonprofit that advocates for affordable housing.

"Redevelopment agencies by law have to set aside 20 percent of their funds for low- and moderate-income housing," he explained. "To completely eliminate this major source of funding overnight seems like it wasn't well thought through."

Leah Simon-Weisberg, a managing attorney with an anti-predatory lending and foreclosure prevention practice at Community Legal Services in East Palo Alto, said that just one out of 10 people who need affordable housing on the peninsula has it.

"San Mateo county has some of the highest housing prices and rents in the country, including compared to local wages," Mohr said. "We're usually in the top couple of jurisdictions in the country when the National Low Income Housing Coalition does its annual 'out of reach' survey, which measures the cost of rent compared to local wages."

Low-income families are left with few options. Even though Menlo Park requires builders who are developing more than 15 units to make 15 percent of them affordable, that doesn't help the

typical low-income family. A three-bedroom unit (with price based solely on number of bedrooms) recently sold for about \$270,000 in Menlo Park. That's below market rate, according to Frederick.

"Comparable market rate units were selling for about \$1,000,000," he said.

In San Mateo County that price is far out of the reach of most low-income families. The median income for a family of four is around \$119,000 a year, Mohr said. "Families that are at about 80 percent of that are considered low income, and then families at about 60 percent of that are considered very low income, according to federal standards."

Therefore, a low-income family of four would take home about \$86,000 a year, and a very low-income family would earn just under \$54,000. "The incomes in the Bay Area are generally higher than in the rest of the nation, but so are the home prices and the rents," Mohr added.

Last year, two affordable developments opened in San Mateo. According to Mohr, 1,500 people applied for 119 units, and the other had 1,000 applicants for 68 apartments. Currently, the larger building has 750 families on a waiting list.

"I found that it was a little less selective than Harvard, but about as selective as Princeton or Stanford," Mohr said. "Housing should not be as hard to get into as an elite university."

One way people are dealing with the lack of available and affordable housing on the peninsula is to band together, literally.

"We see a lot of people doubling up in single family homes," Simon-Weisberg said. "Maybe three generations, adults, living together with their children. Nobody can afford to live on their own any more."

HIP Housing, a non-profit in San Mateo, is trying to come up with an innovative solution.

"We run a home sharing program," explained Bruce Hamilton, HIP Housing's executive director. "We match people up to live together. It's not a quick fix, we don't do it overnight. There's a lot of caution in it and a lot of background checking, and they'll meet several times before they agree to try it."

It's also, as one would imagine, cheaper than building new affordable housing. "We make somewhere between 100 and 150 matches every year, so that's 100 or 150 apartments that don't have to be built," Hamilton added. This program has been especially useful the last few years, as funding for affordable housing projects has been particularly hard to come by, in poor economic times.

However, Sandy Council, who is the neighborhood improvement and housing manager for San Mateo, said the peninsula had been in this situation even before the economy went south.

“Even though today’s economy is definitely making the situation worse, it was that way even when builders were building like crazy,” she said. “The housing deficit’s not ignored, it just it takes huge amounts of money to address it, and where do you get the money?”

Council fears that the work she does for affordable housing, which is already not nearly enough to meet the need, will suffer greatly if the state legislature cuts redevelopment agencies.

“I won’t have any money to do anything new,” she said. “Things right now are really, really grim on affordable housing funding sources. We just opened a project last year, and we’re working on a new project, and I’m kind of broke.”

The only places that are building more modest housing are the nonprofits through their affordable housing programs, Council explained. “The non-profits really become quite expert at financing these things.”

HIP Housing is one of those places. However, Hamilton said he has been losing some sleep over the possibility of the elimination of redevelopment money.

“We buy older apartment buildings and we rehab them, and then we rent them out at below market rate to low income people, people with special needs, seniors, that kind of thing,” he explained. “We’re only able to do that when there’s government funding to help pay the cost of buying them and fixing them up, because when you rent apartments at below market rate, you’re obviously running them on a very narrow financial margin.”

According to Mohr, housing prices in San Mateo County have come down a little bit in the past few years, but not as much as in the rest of California. Rents in the area, on the other hand, have stayed stable or continued to go up. He said fewer people can afford to become first-time homebuyers in the current economic environment and are therefore remaining renters.

“A lot of low-income families in the county end up either overpaying for rent, which means then they’re really stretched in terms of other costs in their lives,” Mohr explained. “People are moving further away and then commuting back for work, or for family ties or community ties.”

Charlene Carpentier, a resident of Harbor Village Mobile Home Park in Redwood City, fears that she could become one of the people Mohr is talking about. Harbor Village is adjacent to the proposed Saltworks development, which, if built, could significantly raise the value of Harbor Village’s land.

“I’ve worked really hard to make it,” Carpentier said. “I would have to be in a roommate situation or completely move out of the area if I didn’t live here. It really scares me.”

Others who live in scarce affordable housing all over the peninsula are worried, too.

“We’re supposed to go away,” said Sean Charpentier, East Palo Alto’s redevelopment project coordinator. “This will eliminate affordable housing as we know it. I’m not being melodramatic when I say most affordable housing will go away.”

One other option that low-income individuals on the peninsula have is Section 8 vouchers, which is a Federal subsidy that the county hands out. With a Section 8 voucher, low-income tenants pay about 30 percent of their rent, and the government covers the rest.

According to Mohr, though, when the San Mateo Housing Authority opened its Section 8 waiting list in 2008, it got 23,000 applicants for vouchers in just one week. “A lottery was held; about 3,000 people got on the waiting list,” he added. It could take three to five years before the list before opens again.

“If things stay on the status-quo track, I think lower income households would be in trouble even more than they are now,” Mohr said. “But I think there’s an understanding among policy makers and elected officials that there’s a part of our workforce that is lower-wage earning and needs a place to stay, or seniors who’ve raised their families here and want to stay in this community and not have to move.”

When our Federal government’s in debt in trillions, and our state in billions, and our county and city in millions, something’s got to give, Hamilton said.

“I don’t think we’ll see wholesale people moving away,” Mohr added, “so much as dribbling away over time if things don’t change, and we don’t provide more housing.”

Carpentier could be one of those residents who trickle away in the near future. If the Saltworks development is approved, she said that she might move to New Zealand, where her sister lives, so she can maintain an acceptable quality of life.

\* Article can be found at: <http://www.penipress.com/2011/04/08/outlook-grim-for-thousands-of-families-who-cant-afford-to-rent-or-own-in-peninsula/>