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## Gaining ground on affordable housing

**CREATIVE NON-PROFITS HELP SILICON VALLEY ATTRACT MILLIONS IN STATE GRANTS**

Mercury News Editorial

When voters passed a statewide affordable-housing bond in 2002, the ground rules made it appear that lower-income areas might more easily qualify for grants.

Not true for Santa Clara County, it turns out. And the reasons offer hope for serious progress in the struggle to build enough housing for low-wage workers, recent graduates, support staff -- people who are as essential to the local economy as \$200,000-a-year tech wizards but who often can't afford a decent apartment, let alone the \$770,000 median price of a home.

Of the \$1.26 billion in Proposition 46 housing grants awarded statewide so far, nearly \$500 million came to the Bay Area -- and one of the biggest beneficiaries was Santa Clara County, where projects producing 2,776 homes received more than \$91 million. It was second only to Alameda County, which has more poverty and received \$126 million.

Why did Silicon Valley do so well? Because over the past two decades it has developed a framework to support a solid affordable-housing program. The building blocks are:

- A critical mass of mostly non-profit affordable-housing developers who make sophisticated financing deals and compete to produce quality homes and apartments, usually indistinguishable in appearance from market-price housing.
- Strong non-profit support organizations. Some are regional, like the Non-Profit Housing Association of Northern California, but many are local, such as the Housing Action Coalition, which lobbies cities to allow high-density housing.
- A culture in a number of cities and in county government that supports affordable housing with dollars and leadership.

A major factor in that area is San Jose, which just got an A on the Bay Area Council's affordable-housing construction report card.

San Jose's huge Redevelopment Agency routinely spends 25 percent of its revenue on affordable housing, some \$66 million in the 2005-7 budget. The Housing Department pulls revenue from other sources as well, for total spending of \$88 million last year.

But it's more than money. Mayor Ron Gonzales set a goal of building 10,000 additional units while he was mayor, and it's already been surpassed. The culture of support for affordable housing permeates city government, says Chris Block of Charities Housing Development.

The challenge now is to maintain the non-profit capacity. Basically, that means keeping the money flowing so quality developers stay active.

A key, Block says, is to maintain redevelopment programs, which have been targeted for cutbacks or phase-out by the state. Another is to keep the state in the affordable-housing game.

Proposition 46 money runs out in 2007. A measure on this fall's ballot, Prop 1C, would provide two years of stopgap funding. In 2008, housing advocates hope to get a permanent program on the ballot.

Once seen as somebody else's problem, housing affordability now is an issue even for prosperous families who suddenly realize their children may not be able to live here when they grow up. Fortunately, the framework is in place to remedy that in Silicon Valley. We just need to keep up the momentum.

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