



Housing Authority Promotes New Construction With Release of Up To 1,000 New Project-Based Housing Vouchers

In an effort to help increase the supply of affordable housing and serve more low-income families in Silicon Valley's increasingly hot rental market, HACSC is beginning the process of releasing up to 1,000 additional federal Section 8 project-based rental housing vouchers to selected housing developers and property owners through a competitive request for proposals process.

Under the federally funded Project Based Voucher (PBV) program, housing assistance is attached to a specific rental unit rather than to a family, and that assistance remains with the unit when an assisted family moves out of the unit.

While we know the availability of up to 1,000 project-based vouchers will not instantly produce more affordable homes, the development of new housing that stays affordable over time is clearly the best solution to our valley's housing crisis. State and federal investment in building and preserving affordable housing in California has dropped 69 percent since 2008, so it's up to local governments, developers, lenders and service providers to fill the void.

Advantages of Project-Based Vouchers

For Developers/Owners: Project-based vouchers are a financing tool and means to deepen the affordability of housing. PBV assistance provides housing developers with a steady stream of rental income that can be leveraged, along with other affordable housing development programs such as the federal Low Income Housing Tax Credit program, to bridge funding gaps and to enable the construction and/or rehabilitation of additional affordable housing units. It takes about three to five years to develop and complete new affordable housing projects and about two to three years to rehabilitate existing affordable units. The benefit of project-based vouchers is greater to the tenant and to the owner when it is subsidizing extremely low-income households.

For Tenants: PBVs help ensure that affordable housing will be available to voucher-eligible families even when rental housing markets are tight. This is especially important to families in Santa Clara County, where the monthly average market rent has increased by 48% over the last four years and the vacancy rate has declined to about 3%, according to online rental market database Real-Facts. The rent for a PBV unit is tied to the Fair Market Rent, but the tenant pays only 32% of their monthly income toward their rent.

For Special Needs Populations: Of the 1,000 additional project-based vouchers being made available, HACSC is reserving at least 300 PBVs for permanent supportive housing projects. Attaching project-based vouchers to rental units that include supportive services ensures that targeted special needs populations - persons who are chronically homeless and persons with disabilities - will have access to the supportive services they need to help them maintain their housing and become more self-sufficient. In addition, the vouchers will be prioritized to serve other special need populations, such as those at risk of becoming homeless, large families, the elderly and youth transitioning out of foster care.

For Families on HACSC's Waiting List: The PBV program - a component of the Section 8 program that provides affordable housing for very low-income and extremely low-income families on HACSC's waiting list - enables faster turnover of HACSC's Section 8 voucher waiting list. Tenants who have lived in PBV units for more than 24 months and who elect to move may choose to receive a traditional voucher if one is available. Because the project-based voucher stays with the unit, the PBV unit becomes available to another wait-listed household.



Request for PBV Awards Proposals

Property owners and affordable housing developers interested in submitting project proposals should register to receive notification of the competitive solicitation by visiting the Business Opportunities page on HACSC's website at www.hacsc.org.

HACSC will award project-based vouchers to housing projects that best meet the agency's priorities, such as:

- Projects serving special needs populations, including persons with disabilities, the chronically homeless, those who are at risk of homelessness or who are homeless, persons aged 55 and older, large families and youth transitioning out of foster care.
- Project sites in census tracts where the poverty rate (*as defined by HUD*) is less than 10% and where there is proximity to opportunities for educational and economic advancement.
- Projects beginning construction within a short time frame.
- Projects using their PBV assistance to leverage private and other governmental funding sources to construct additional affordable units within the property.

\$14.8 Million in Additional Annual Rent Subsidies to Developers/Owners

When all 1,000 PBV units have been constructed and leased, HACSC's annual financial support of the projects through the payment of rent subsidies will be approximately \$14.8 million.

Awarded for a term of 15 years (*with the option to renew*), the additional 1,000 project-based vouchers represents a funding commitment of approximately \$222 million over the 15-year term with the potential of generating an additional \$500 million to \$700 million in private equity and debt for property owners and housing developers.

HACSC has 1,301 PBV-supported housing units throughout Santa Clara County, another 148 project-based vouchers already assigned to new construction housing projects underway in San José and Sunnyvale, and 16 project-based vouchers sourced through the use of Veterans Affairs Supportive Housing vouchers.

Increasing our number of PBVs by 1,000 will increase HACSC's percentage of project-based assistance from 8% to approximately 14% of our total Section 8 housing assistance funding.

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