Preserving Affordable Rental Housing for Seniors and Families

Situation
Public housing lacked necessary repairs and faced possible closure due to years of underfunding by Congress.

Solution
Innovative new public-private partnership investments saved and upgraded the properties, extending affordability for 55 years.

The Housing Authority of the County of Santa Clara (HACSC) took decisive action by launching innovative public-private investments to save over 500 units of subsidized rental housing for the poor. Built and funded in the 1980s and 1990s under the federal government’s Public Housing program, 10 properties in four Santa Clara County cities provided attractive, stable, affordable homes to very low-income renters for the past 20 to 30 years. But a steady downward trend in federal funding for public housing deferred extensive maintenance and shelved renovation plans.

Had this situation remained unaddressed, many of these properties would’ve faced closure in the next five to ten years, resulting in a tragic and significant loss of housing for some of the most vulnerable in our community - mostly seniors on extremely low, fixed incomes - at a time when the supply-demand gap in affordable housing in Silicon Valley is at an all-time high. These properties represent about 20% of HACSC’s entire portfolio of low-income housing.

The prospect of this unacceptable outcome compelled HACSC to be among the first housing authorities in the country to pursue the only viable option: Exit the public housing program and change the ownership structure of the properties. HACSC created a new solutions-oriented partnership between the public and private sectors.

What “disposition” of public housing allowed HACSC to do:

- Prevented the loss of 20% of the housing authority’s affordable housing portfolio
- Leveraged over $90 million in private funds from Low Income Housing Tax Credits, tax exempt bonds, and commercial loans
- Created limited partnerships to own and manage the properties
- Managed approximately $84 million in major repairs and renovations
- Leveraged federal stimulus funds to cover part of the construction costs
- Created over 400 jobs during an economic downturn
- Secured new housing vouchers to ensure ongoing affordability for each unit
- Expanded social services to tenants
- Ensured that the properties remain affordable to extremely low-income residents for decades to come

In just three years, HACSC has transformed the livability, ownership structure, and financial viability of its 555-unit portfolio of former public housing.
Property Highlight: Rincon Gardens, Campbell
200-unit apartment complex for seniors
(construction completed in 2009)
The needs were greatest at the first renovation project, Rincon Gardens: Roofing, siding, HVAC, and various upgrades to meet new health, safety and code requirements. Apartments received modernized kitchens and baths, air conditioning, and community spaces. Inconvenience to tenants was minimized through staggered construction phases and temporary relocations. Prior to construction, each tenant was given the option to return to their renovated unit or receive a housing voucher that could be used to subsidize their rent at a property of their choice on the open market. (About two-thirds of tenants chose to return.)

LIHTC
The Federal Low-Income Housing Tax Credit (LIHTC) encourages the private sector to invest in the construction and rehabilitation of housing for low- and moderate-income families. A 2011 study in the Journal of Urban Affairs states that almost all LIHTC projects built in Santa Clara County have generated significantly positive impacts on the property values and benefits to the neighborhoods.

Julian Gardens
HACSC managed the $1.1 million makeover of San Jose’s Julian Gardens, a nine-unit, three-bedroom townhome development that complements the neighborhood and defies the stereotypical image of high density, run-down public housing.

“...The recently renovated townhomes at Julian Gardens have improved the look, the quality of life, and the vitality of the neighborhood while providing much needed affordable housing for low-income working families.”
Sam T. Licciano,
San José City Councilmember, District 3

Getting the Job Done
HACSC strategically leveraged funds from the American Recovery and Reinvestment Act of 2009 to renovate and bring up to code 20 public housing units in three Santa Clara County family housing sites (Deborah Drive Apartments, Eklund Gardens I, and Eklund Gardens II). Tenants pay just 30 percent of their income for rent on these one, two, and three bedroom units, and supportive services are provided to all. The project includes a neighborhood park. Work was completed in FY2010.