

SANTA CLARA COUNTY

Affordable housing will be harder to get

Budget crises, economic meltdown to blame, say experts

By Sue McAllister

smcallister@mercurynews.com

The development of housing geared to low- and moderate-income residents has come to a near halt in Silicon Valley because of state and local budget crises and the general economic meltdown, housing experts gathered in Santa Clara said Tuesday.

"We will not have affordable units coming online except those already funded or under construction," Leslye Krutko, director of housing for the city of San Jose, said during a "housing summit" sponsored by the Housing Trust of Santa Clara County.

If redevelopment agencies are forced to hand over funds to help close the state's budget deficit, the city's housing department will most likely fund just one affordable housing development in the next five years, she said at the meeting in an auditorium at Silicon Valley Bank.

By contrast, the department has helped finance an average of more than 900 units annually since 1991.

Other experts told similar tales.

■ The California Housing Finance Agency, which provides mortgage financing for first-time buyers, last year suspended many of its loan programs because of a lack of financing. Some were re-introduced in June, and more will roll out in 2010, said Steve Spears, acting executive di-

rector of the agency, because the federal government has committed to buying bonds from the state to finance the loans.

■ Tax credits to spur corporate investment in affordable housing are available through the economic stimulus plan, but with continued uncertainty in the financial markets, are not being widely used. Participants in Tuesday's summit said further incentives may be folded into a year-end tax bill in Congress, enhancing the possibility that housing investors will step forward.

The difficulties in building more affordable housing come even though it's gotten cheaper to buy in the valley. The median house price in Santa Clara County fell into the \$400,000 range early this year, after rising above \$800,000 in the summer of 2007.

Some attendees gathered Tuesday pushed support of nascent state legislation, SB500, which would create a permanent funding source for affordable housing, perhaps using a fee incurred when real estate is sold.

Kevin Zwick, executive director of the Housing Trust, encouraged participants to keep seeking financing and get communities involved in advocating for housing.

"We really have separate housing markets," he said. "There's nothing affordable about Santa Clara County if you're making \$50,000 a year or under."

Contact Sue McAllister at 408-920-5833.