



Housing Affordability Income Categories: A Deeper Dive

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Ad Hoc Housing Committee

Town of Portola Valley



Key Topics

What does Affordability Mean?

Income Levels and Occupations

Impacts of Unaffordable Housing



Portola Valley's RHNA

Income Level	Number of Units
Very Low Income (<50% of Area Median Income)	73
Low Income (80% of Area Median Income)	42
Moderate Income (80-120% of Area Median Income)	39
Above Moderate Income (>120% of Area Median Income)	99
Total	253



What Does Affordability Mean?

Housing that is moderately priced for low or moderate income residents...

- What does it mean to be affordable? And affordable to whom?
- Affordable housing can mean that your hairstylist, child's teacher, or medical assistant at your doctor's office has access to below market housing so they can live close to work



What Does Affordability Mean?

It begins with Area Median Income (AMI)...

- Household income in a specific region, meaning 1/2 of households make more and 1/2 of households make less than **\$104,700/yr**
 - Moderate income: 80 to 120 percent AMI
 - Low income: 50 to 80 percent AMI
 - Very low income: 30 to 50 percent AMI
- Rule of thumb: Households should expect to pay about a 1/3 of income on housing



SMC County Income Levels

Income Levels

Extremely Low Income:

- \$38,400 for a single person
- \$43,850 for a family of two
- \$54,800 for a family of four

Very Low Income:

- \$63,950 for a single person
- \$73,100 for a family of two
- \$91,350 for a family of four

Low Income:

- \$102,450 for a single person
- \$146,350 for a family of four
- \$117,100 for a family of two

Moderate Income:

- \$125,650 for a single person
- \$139,200 to \$208,800 for a family of four
- \$111,360 to \$167,040 for a family of two



Income According to Occupation

Occupation	Hourly Wage	Annual Income	Income Category (%)	% Income on Housing
Grocery Store Clerk or Barista	\$15	\$29,000	Extremely Low (<30%)	81%
Hair Stylist	\$22	\$42,000	Very Low Income (<50%)	62%
Preschool Teacher or Medical assistant	\$27	\$52,000	Very Low Income (<50%)	45%
School Admin or Social Worker	\$45	\$86,000	Low Income (<80%)	27%



How Do We Maintain Affordability?

- Municipal Code Requirements
- Recorded Deed Restriction for 55 years – applies to future owners
- BMR Agreement (or similar)
- Conditions of Approval



How Do We Maintain Affordability?

- For-Sale/Ownership BMR Units
 - Household must qualify
 - Increase in re-sale price is limited
 - Must sell to another qualified household
 - Typical qualifications include income and assets



How Do We Maintain Affordability?

- Rental Units
 - Household must qualify – includes all members of household
 - Rental increases limited – must remain “affordable” according to the formula
 - Administered by professionals that understand the requirements



How are Residents Selected?

- Local Preference Programs
 - Example: live or work in the community
- Non-profit or city oversees the program
 - City waitlists are common – regional lists being developed
- Program and process must comply with Fair Housing



Why is Affordability Important?

- People are paying too much of their income on housing
- Overcrowding – living with more people than a home should hold
- Unsafe or unhealthy living conditions; no other option
- Moving further away to places with more affordable rents/home prices = longer commutes to work
- More workers we depend on moving = more traffic
- Direct/indirect costs of traveling far for work = people leave our communities for good; ripple effects



Planning for the Housing Needs of Everyone

