



Summary of Financial Resources for Housing

The City of Cupertino has access to a variety of existing and potential funding sources for affordable housing activities. These include programs from federal, state, local, and private resources.

U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) Program

Through the Community Development Block Grant (CDBG) program, the federal Department of Housing and Urban Development (HUD) provides funds to local governments for funding a wide range of housing and community development activities for low-income persons. During the 2013 fiscal year, the City of Cupertino received \$342,702 in CDBG funds. CDBG funds are used for public services, site acquisition, housing rehabilitation, and fair housing/housing counseling activities. For the 2014 fiscal year, the City is estimated to receive approximately \$310,950 in CDBG funds.

General Fund Human Service Grants (HSG) Program

Annually, the City of Cupertino provides approximately \$40,000 to non-profit agencies providing needed services to Cupertino residents. HSG Program funds are proposed to be allocated on a competitive basis toward eligible public service activities. Recent recipients have used the funds to provide transitional housing for domestic violence victim, senior adult day care services and legal assistance services to seniors.

Cupertino Below Market Rate (BMR) Affordable Housing Fund (AHF)

The City of Cupertino has a Below Market Rate (BMR) Affordable Housing Fund (AHF) that provides financial assistance to affordable housing projects, programs and services. The City requires payment of an Office and Industrial Mitigation fee, which is assessed on developers of office and industrial space and a Housing Mitigation fee, which is assessed on developers of market-rate rental housing to mitigate the need for affordable housing created by new development. Developers of for-sale housing with six or fewer units are required to pay the Housing Mitigation fee.

Developers of market-rate rental units, where the units cannot be sold individually, must pay the Housing Mitigation fee to the Affordable Housing Trust Fund to be consistent with recent court decisions and the State Costa-Hawkins Act regarding rent control. All affordable housing mitigation fees are deposited into the Below Market Rate (BMR) Affordable Housing Fund (AHF). Recent funding activities have included loans and grants to non-profit developers for acquisition and rehabilitation activities and public services such as landlord/tenant mediation services provided through Project Sentinel, and assistance to very low income persons and

families provided through West Valley Community Services. As of end of 2013, there is approximately \$1.2 million in the Below Market Rate (BMR) Affordable Housing Fund (AHF).

Housing Trust Silicon Valley (formerly Housing Trust of Santa Clara County)

Housing Trust Silicon Valley provides programs to to increase the supply of affordable housing, assist first-time homebuyers, prevent homelessness and stabilize neighborhoods. These programs include down-payment assistance for first-time homebuyers, closing cost assistance and predevelopment, acquisition and rehabilitation loans to developers. The Housing Trust's Affordable Housing Growth Fund comprises of funds from local jurisdictions and lending institutions. The City of Cupertino has contributed approximately \$1 million to the Fund through the City's former Redevelopment Agency. The Housing Trust has financed affordable housing projects in the City of Cupertino which include the Vista Village and Price Avenue properties.

Santa Clara County Office of Affordable Housing - Mortgage Credit Certificate (MCC) Program

The Mortgage Credit Certificate (MCC) Program was created by the federal government, but the program is locally administered by the County of Santa Clara to assist first-time homebuyers in qualifying for a mortgage. The IRS allows eligible homebuyers with an MCC to take 20% of their annual mortgage interest as a dollar-for-dollar tax credit against their federal personal income tax. This enables first-time homebuyers to qualify for a larger mortgage than otherwise possible, and thus can bring home ownership within reach. In 1987, the County of Santa Clara established an MCC Program that has assisted over 200 low and moderate-income first time homebuyers in Cupertino to qualify for a mortgage. During the last Housing Element period, the MCC Program assisted three low- and moderate-income residents in the City of Cupertino.

Housing Authority of the County of Santa Clara (HACSC) and Housing Choice Voucher Program

The Housing Choice Voucher Program (formerly known as Section 8 Rental Assistance) is a federal program that provides rental assistance to very-low income persons in need of affordable housing. This program offers a voucher that pays the difference between the current fair market rent and what a tenant can afford to pay (e.g. 30% of their income). The voucher allows a tenant to choose housing that may cost above the payment standard but the tenant must pay the extra cost.

Low Income Housing Tax Credits (LIHTC)

Created by the 1986 Tax Reform Act, the LIHTC program has been used in combination with City and other resources to encourage the construction and rehabilitation of rental housing for lower-income households. The program allows investors an annual tax credit over a ten-year period, provided that the housing meets the following minimum low-income occupancy requirements: 20% of the units must be affordable to households at 50% of area median income (AMI) or 40% of the units must be affordable to those at 60% of AMI. The total credit over the ten-year period has a present value equal to 70% of the qualified construction and rehabilitation expenditure. The tax credit is typically sold to large investors at a syndication value.

U.S. Department of Housing and Urban Development (HUD) Home Investment Partnerships Program (HOME) funds

HOME Investment Partnership Program (HOME) funds are also granted by HUD. These have a more focused scope than CDBG. The HOME program provides formula grants to States and localities that communities use - often in partnership with local nonprofit groups - to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income persons. The City of Cupertino does not receive HOME funds directly from HUD (due to population thresholds) but is eligible to apply through the State of California HOME program or the City also has the option of joining the County of Santa Clara HOME consortium. As a qualified "urban county" the County of Santa Clara receives annual entitlement grants and disburses the funds to local participating jurisdictions accordingly.