

Housing Affordability

Why is this important?

A lack of affordable housing limits the ability of people to live in Redwood City and employers to recruit qualified workers. So-called “cost-burdened” households are left with the option of living in another city and facing long commutes, paying more than they can comfortably afford for housing, living in overcrowded or low-quality conditions, diverting funds from other important living expenses, or moving out of the area entirely. In Redwood City, 47% of homes are renter-occupied and 53% are owner-occupied⁴⁶ meaning the affordability of both rental and for-sale affect a similar proportion of the population.

Defining Sustainability

Housing is sustainable when it is available and affordable to all members of society and provides a safe and healthy environment for all residents.

Indicator Results

Median Sales Price for a Condominium or Single Family Home

- In 2007, the median price for a single family home in Redwood City in 2007 was \$885,000, and the median price for a condominium was \$597,400.
- The median sales price for a single family home increased by an average of 2.6% per year in Redwood City from 2005-2007, less than the San Mateo County average increase of 5.5%. The 2007 median sales price was slightly lower in Redwood City than the San Mateo County average.
- The median sales price for a condominium increased by an average of 5.4% per year in Redwood City from 2005-2007, more than the San Mateo County average of 2.8%. The 2007 median sales price was slightly higher in Redwood City than the San Mateo County average.
- The household income necessary to purchase a median-priced single family home in Redwood City in 2007 was nearly \$189,000. This is more than twice the City’s estimated median household income of \$71,628.
- The yearly income needed to purchase a condominium in Redwood City in 2007 was around \$127,000.
- Only 33% of households in Redwood City have incomes above \$100,000, which means that a large majority of Redwood City residents are not able to purchase a median-priced single family home or condominium in the City.

⁴⁶ Data from Redwood City Redevelopment Agency, August 2008, courtesy of Debbi Jones-Thomas.

Table 26: Median Sales Price – Single Family Home and Condominium

		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Redwood City	Single Family Home	N/A	N/A	N/A	N/A	N/A	N/A	N/A	835,000	850,000	885,000
	Condominium	N/A	N/A	N/A	N/A	N/A	N/A	N/A	540,000	532,000	597,000
San Mateo County	Single Family Home	418,000	475,000	600,000	590,000	625,000	650,000	755,000	855,000	869,000	918,000
	Condominium	240,000	278,000	360,000	384,700	385,000	400,000	465,000	540,000	550,000	570,000

Source: San Mateo County Association of Realtors, 2008

Market Average Rent

This indicator tracks the market average rent for units in Redwood City. Rental rates impact the number of households that have difficulty affording to pay rent, or the number of “cost-burdened” households. The U.S. Department of Housing and Urban Development defines households that spend more than 30% of household income on housing as “cost-burdened” and those that pay more than 50% of household income on housing as “extremely cost-burdened.”⁴⁷ Indicator results and highlights for Redwood City are as follows:

- The market average rent in 2007 for a 2-bedroom apartment was \$1,812 – an increase of 10% over 2006. Market average rent for a 1-bedroom apartment was \$1,588 – an increase of 9.3% over 2006.
- Of the 23% of Redwood City households that make less than \$35,000/year, all would be extremely cost-burdened if renting a market-average rate 1- or 2-bedroom apartment.
- Of the 37% of Redwood City residents that make less than \$50,000/year, all would be cost-burdened if renting a market-average rate 1- or 2-bedroom apartment.
- Of the 53% of Redwood City households that make less than \$75,000/year, an unknown number could be cost-burdened if renting a market-average rate unit.

Number of Affordable Rental Units Guaranteed Affordable by Regulation

Table 36, containing names and addresses of all existing and planned housing guaranteed affordable by regulation in Redwood City, is included in the “Sources and Methodology” appendix. Indicator results from this table are as follows:

- As of August 2008, Redwood City had 802 existing affordable housing units guaranteed by Regulation. This included units subsidized publicly, privately, or by a non-profit.
- As of August 2008, Redwood City had 77 subsidized affordable housing units pending or in redevelopment.
- Funding (“Regulatory Term Agreement”) for 216 of Redwood City’s 802 existing subsidized affordable housing units is set to expire within 5 years (by 2013).

⁴⁷ According to the U.S Department of Housing and Urban Development definition for “cost-burdened” and “extremely cost burdened,” residents renting an average 1 bedroom apartment in Redwood City would be cost-burdened if they make less than \$63,520 and extremely cost-burdened if they make less than \$38,112. Residents renting an average 2 bedroom apartment in Redwood City would be cost-burdened if they make less than \$72,480 and extremely cost-burdened if they make less than \$43,488.

Homelessness and Homeless Facilities

The causes of homelessness are complex, but include financial emergency, mental illness, substance abuse, chronic health conditions, lack of availability of affordable housing or emergency and transitional housing, and many other inter-related factors. Emergency shelters and transitional housing provide important services for people that would otherwise be homeless. Though the itinerant nature of the homeless population makes it difficult to count reliably, the San Mateo County Human Services Agency completes an annual Homeless Census and Survey, the most recent of which was in 2007.

- As of August 2008, Redwood City had 139 emergency shelter or transitional housing beds.⁴⁸
- There were 2,064 homeless people counted over two days in San Mateo County in 2007.⁴⁹
- There were 6,646 homeless individuals at some point during 2007.
- 41% of homeless individuals counted in the Homeless Census and Survey were long-term homeless (had been homeless for more than one year), while 59% had been homeless for less than one year.

Table 27: Counted Number of Homeless People in San Mateo County

	2002	2003	2004	2005	2007
San Mateo County	1,368	1,402	1,429	1,385	2,064

Source: San Mateo County Human Service Agency, 2007

Summary of Results

Home prices throughout San Mateo County have more than doubled since 1998, representing a major region-wide challenge to housing affordability. The household income needed to purchase a home in Redwood City in 2007 was \$189,000, more than double the City's median income. Similarly, around 40-50% of Redwood City renter households would be cost-burdened if they rented at average market rates. For qualifying cost-burdened households, there are 802 subsidized affordable housing units in the City, 216 of which are due to expire in the next five years.

Potential Policy Responses

- Establish an inclusionary housing policy that requires affordable housing with new residential development.
- Take actions to ensure continued, long-term subsidized housing in the City.
- Encourage and assist homeownership among residents, particularly new homeowners.
- Provide housing, economic, or social assistance to cost-burdened renters.

⁴⁸ A table including the name and address of all existing emergency shelter or transitional housing units in Redwood City is included in the Sources and Methodology appendix. Some emergency shelter beds are guaranteed by regulation, while others are not.

⁴⁹ The 2007 homeless count was more extensive than previous counts, which is the reason for the much higher number of homeless people counted.

- Actively seek to expand the supply of workforce housing and subsidized and unsubsidized affordable housing.
- Seek to expand the supply of emergency or transitional affordable housing that is guaranteed by regulation to remain in service for a given period of time.