

4. HOUSEHOLD INCOME AND AFFORDABILITY

The analysis of the Household Income and Affordability section relied primarily on data from the State Department of Housing and Community Development (HCD), California Tax Credit Allocation Committee, Employment Development Department (EDD), California Association of Realtors (CAR), San Benito County Community Services & Workforce Development Department, San Benito County Behavioral Health Department, San Benito County Human Resources Department, San Benito County Joint Union High School District, San Benito County Housing & Economic Development Department and Economic Development Corporation.

Household Income

The monthly income of a family or a household is a major determinant in how much can be paid for shelter and what type of shelter a family can afford. Some persons and families are required to double-up in order to pay for shelter. The following income levels establish a benchmark for affordability and are as follows:

Extremely Low-Income

Extremely-low: family income below 30% of the median income

Low-Income

Very-low: family income between 30% and 50% of the median income

Other Lower: family income between 50% and 80% of the median income

Above Low-Income

Moderate: family income between 80% and 120% of the median income

Above Moderate: family income above 120% of the median income

The State recognizes very-low and other-low income households as "low income." Generally, extremely low-income, very low-income, and low-income households are more sensitive to gaps in the housing stock, fluctuations in housing prices and mortgage rates. Historically, moderate and above moderate income households were generally considered to have adequate income to afford housing without subsidy.

One of the major barriers to housing affordability is the costs of housing. In order to provide housing to all economic levels in the community, a wide variety of housing opportunities at various prices should be made available. Table 4-1 describes the acceptable monthly payments for households (family of four) in the five major income groups: Extremely Low-Income, Very-Low, Low, Moderate, and Above-Moderate. Provided below is a breakdown of affordability income levels and ranges based on the 2008 San Benito County median household income of \$78,000.

Table 4-1
2008 San Benito County Median Household Incomes (4 person household) by Income Ranges

Income Level	% of Median Income	2008 Median Income	Income Range Amount	Monthly Payment Range
Extremely Low	Less than 30%	\$78,000	Less than \$23,400	Less than \$585
Very Low	30% - 50%	\$78,000	\$23,401 - \$39,000	\$585 - \$975
Other Lower	50% - 80%	\$78,000	\$39,001 - \$62,400	\$975 - \$1,560
Moderate	80% - 120%	\$78,000	\$62,401 - \$93,600	\$1,560 - \$2,340
Above Moderate	120% or more	\$78,000	Greater than \$93,601	Greater than \$2,340

Source: 2008 California Tax Credit Allocation Committee, San Benito County
Note: Affordable Housing is up to 30% of income used toward gross monthly housing costs.

Based on income ranges, households with incomes of less than \$23,400 would be classified as extremely low-income. Households with incomes between \$23,401 and \$39,000 would be classified as very low or low-income. Households with incomes between \$39,001 and \$62,400 would be classified as other lower-income. Households between \$62,401 and \$93,600 would be classified as moderate-income. Above moderate-income would be classified as households with income of \$93,601 or greater.

Table 4-2 compares the median household income with neighboring counties for 2008. San Benito County has experienced a very high per capita income growth over the past decade. A significant increase in residents commuting to the Bay Area has contributed to the increase in per capita income, where salaries significantly exceed local wages.

Table 4-2
Comparison of 2008 Median Household Incomes
Between San Benito County and Neighboring Counties

Geographic Area	2008 Median Household Income
Fresno County	\$53,800
Merced County	\$53,800
Monterey County	\$64,800
Santa Clara County	\$105,500
Santa Cruz County	\$81,300
San Benito County	\$78,000

Source: Department of Housing and Community Development Official State Income Limits for 2008

The 2008 median income for a family of four in San Benito County has risen to \$78,000 (see Table 4-3). The rise in median income can also be attributed in part to an increase in commuters working in the Bay Area. Table 4-2 also shows that the 2008 median household income in Santa Clara County exceeded San Benito County by \$27,500. Santa Cruz County exceeded San Benito County by only \$3,300. San Benito County exceeded greater populated counties such as Monterey County by \$13,200, Fresno County by \$24,200 and Merced County by \$24,200 in 2008 median household income.

Table 4-3
2008 Income Categories by Family Size for San Benito County

Income Category	Family Size							
	One	Two	Three	Four	Five	Six	Seven	Eight
Extremely Low	16,400	18,700	21,050	23,400	25,250	27,150	29,000	30,900
Very Low	27,300	31,200	35,100	39,000	42,100	45,250	48,350	51,500
Low	43,050	49,200	55,350	61,500	66,400	71,350	76,250	81,200
Median	54,600	62,400	70,200	78,000	84,200	90,500	96,700	103,000
Moderate	65,500	74,900	84,200	93,600	101,100	108,600	116,100	123,600

Source: Department of Housing and Community Development Official State Income Limits for 2008

Local Workforce

A challenge identified during the public outreach process for the Housing Element Update was to ensure that programs provide housing that is affordable to the local workforce. A combination of data from California Employment Development Department, San Benito County Human Resources Department, San Benito County Joint Union High School, and local employers was used to provide the range of salaries for persons employed in San Benito County listed in Table 4-4. Most workers fall in the low or moderate-income category when measured against California Department of Housing and Community Development 2008 Income limits for San Benito County.

Table 4-4
Comparison of 2008 Annual Pay from Jobs in San Benito County

Major Industry Type	Average Annual Pay
INDUSTRIES (1)	
Agriculture Forestry & Fishing	\$21,523
Farm Worker	\$16,934
Construction - average	\$43,142
Manufacturing - average	\$34,713
Wholesale Trade - average	\$58,884
Retail Trade - average	\$64,492
Finance, Insurance, Real Estate	\$66,278
COUNTY EMPLOYEES (2)	
Account Clerk I - III	\$30,564 - \$37,176
Office Assistant I - III	\$27,732 - \$33,708
Correctional Officer I - III	\$45,624 - \$55,476
Correctional Sergeant	\$64,236 - \$70,824
Librarian Assistant/Librarian I-II	\$32,268 - \$35,388
Mental Health Case Manager I-III	\$44,748 - \$54,144
Road Maintenance Worker I - III	\$34,212 - \$41,592
Social Worker I - IV	\$42,612 - \$59,700
Welfare Fraud Investigator I - II	\$49,104 - \$54,144
SCHOOLS (3)	
Secondary teacher first year	\$42,447 - \$46,516
Instructional Aide	\$24,400 - \$35,700

Sources:

1. Employment Development Department, Labor Market Information, San Benito County California.
2. San Benito County Human Resources Department.
3. San Benito County Joint Union High School District.

Housing Affordability

Generally, housing is considered to be affordable if a family/person does not need to spend more than 30% of their annual income for shelter. Shelter is defined as gross rent or gross monthly owner costs. Gross rent is the contract rent, plus utilities. In most cases, the contract rent includes payment for water, sewer, and garbage. Gross monthly owner costs include mortgage payments, taxes, homeowners insurance, mortgage insurance, condo fees, utilities, and site rent for mobile homes. An individual's housing costs and the amount they are able to pay will vary between rental units and home ownership.

According to the 2000 Census, the median rent was \$715 for San Benito County. Based on information provided by a local realtor, the current average market rents range from \$800 for a two-bedroom unit to \$1,400 for a four-bedroom unit. Home rentals are somewhat more expensive, and range from \$1000 to \$2,100. The maximum rent that can be charged to be considered affordable based on income is reflected in Table 4-6. Table 4-6 lists the range of affordable housing rental rates for various income categories, (extremely low, very low, low and moderate). Table 4-5 reflects the current market rental rates for San Benito County. Despite the trend for increasing rents, San Benito County remained relatively affordable. For instance, while households within the very low-income categories could not afford the average market rates within the County, most market rate rents are affordable to those households within the low-income category.

Rental Units

Table 4-5
San Benito County Market Rental Rates

Bedroom Type	Average Market Rents
Two-Bedroom	\$900
Three-Bedroom	\$1,150
Four-Bedroom	\$1,400

Source: The Pivetti Company, February 2009

Table 4-6
San Benito County Affordable Housing Rental Rates

Income Group	Unit Size	Max. Monthly Rent
Extremely Low	Studio	< \$ 409.50
	1 bedroom	< \$ 438.00
	2 bedrooms	< \$ 526.00
	3 bedrooms	< \$ 607.00
	4 bedrooms	< \$678.00
Very Low	Studio	\$ 682.00
	1 bedroom	\$ 731.00
	2 bedrooms	\$ 877.00
	3 bedrooms	\$ 1,013.00
	4 bedrooms	\$ 1,131.00
Low	Studio	\$ 1,091.00
	1 bedroom	\$ 1,169.00
	2 bedrooms	\$ 1,403.00
	3 bedrooms	\$1,620.00

Income Group	Unit Size	Max. Monthly Rent
Moderate	4 bedrooms	\$1,809.00
	Studio	\$ 1,636.00
	1 bedroom	\$ 1,818.00
	2 bedrooms	\$ 2,104.00
	3 bedrooms	\$ 2,431.00
Above Moderate	4 bedrooms	\$ 2,714.00
	Studio	> \$1,636.00
	1 bedroom	> \$1,818.00
	2 bedrooms	> \$2,104.00
	3 bedrooms	> \$2,431.00
	4 bedrooms	> \$2,714.00

Source: California Tax Credit Allocation Committee Maximum Rent Schedule 2008, San Benito County

Homeownership Units

Table 4-7
San Benito County Affordable Housing Maximum Purchase Prices

Income Group	Unit Size/ Household	HUD Income Adjusted for Family Size	Maximum Affordable Purchase Price - SFR	Maximum Affordable Purchase Price - CONDO
Very Low	Studio/ 1	\$ 27,300	\$ 90,000	\$ 65,000
	1 Bedroom/ 2	\$ 31,200	\$ 105,000	\$ 80,000
	2 Bedroom/ 3	\$ 35,100	\$ 120,000	\$ 95,000
	3 Bedroom/ 4	\$ 39,000	\$ 135,000	\$ 110,000
	4 Bedroom/ 5	\$ 42,100	\$ 145,000	\$ 120,000
Low	Studio/ 1	\$ 38,220	\$ 135,000	\$ 110,000
	1 Bedroom/ 2	\$ 43,680	\$ 165,000	\$ 130,000
	2 Bedroom/ 3	\$ 49,140	\$ 175,000	\$ 150,000
	3 Bedroom/ 4	\$ 54,600	\$ 195,000	\$ 170,000
	4 Bedroom/ 5	\$ 58,940	\$ 210,000	\$ 185,000
Moderate	Studio/ 1	\$ 60,060	\$ 215,000	\$ 190,000
	1 Bedroom/ 2	\$ 68,640	\$ 245,000	\$ 220,000
	2 Bedroom/ 3	\$ 77,220	\$ 275,000	\$ 250,000
	3 Bedroom/ 4	\$ 85,800	\$ 305,000	\$ 285,000
	4 Bedroom/ 5	\$ 92,620	\$ 340,000	\$ 310,000

Source: San Benito County Housing and Economic Development Department.

Notes: Assumptions for Single Family Residence - 35% housing-to-cost ratio, 30 yr. fixed, 7.00% fixed rate, 5% down payment, 1.25% property taxes, .03% homeowner's insurance, .59% Mortgage Insurance factor. Assumptions for Condo - 35% housing-to-cost ratio, 30 yr. fixed, 7.00% fixed rate, 5% down payment, 1.25% property taxes, .03% homeowner's insurance, .59% Mortgage Insurance factor, \$200/mo. HOA Dues.

According to Realtytrac.com, as of February 25th, 2009 San Benito County including the City of Hollister and San Juan Bautista had an estimated combined total of 875 pre-foreclosures (Notice of Defaults), trustee's sales (Auction Homes) and bank owned (REO) properties. The impact of foreclosures in San Benito County has contributed to a significant decline in median home sales prices and has driven up affordability factors for those who have not entered the real estate market. With recent median home sales prices declining in San Benito County, the market for moderate-income first-time homebuyers has increased. In addition, recent

mortgage interest rates have been historically low averaging approximately 5.00%. According to the California Association of Realtors, December 2008 median home sales prices in San Benito County were down 38.2% to \$254,000 from 2007 when the median home sales price was \$411,000. In addition, mortgage interest rates are currently averaging all-time lows around 5.00%. The current market conditions allow many moderate-income households to purchase single family residences and/or condominiums as first-time homebuyers. There are several single family residences and/or condominiums listed well below the median \$254,000 price level on the open market as well. With additional subsidies such as down payment assistance, low and very-low income households also have an opportunity to purchase single family residences and/or condominiums as well for the first time. Prior to 2007, local housing costs and the lack of housing supply significantly restricted the ability for low and moderate-income households to enter the local housing market. See Table 4-8 for a history of median home sales pricing in San Benito County.

Table 4-8
Median Home Sales Prices in
San Benito County

Periods	Median Home Sales Price
December 2008	\$254,000.00
December 2007	\$450,000.00
December 2006	\$625,000.00
December 2005	\$575,000.00
December 2004	\$498,000.00
December 2003	\$378,000.00

Source: California Association of Realtors

Local financial institutions have indicated that the majority of mortgage applications in the recent year have been for two income families earning approximately \$85,000 per year, with the income of a San Benito County resident averaging approximately \$50,000 per year. Generally, these applicants work in the banking, real estate, construction, and manufacturing industries, or are teachers and government workers, who have an average income of \$52,000. County residents, who make lower wages in retail, farm workers, clerks, and processors, have also been able to enter the real estate market for the very first time. Table 4-4 also confirms that the average income for workers in San Benito County is sufficient to afford housing in the local market.