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You can earn $100,000 a year in these Bay Area counties and still be ‘low-income’

In two core Bay Area counties, a resident making up to $104,400 a year is considered to have a low-income

(Steinberg Hart)

PATH Villas on the Row, a 94-unit affordable housing development at the corner of West San Carlos Street and Cleveland Avenue, concept. (Steinberg Hart)

By **ETHAN VARIAN** | evarian@bayareanewsgroup.com and **TARINI MEHTA** | Bay Area News Group

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In the exorbitantly expensive Bay Area, you can earn a six-figure salary and still be considered low-income.

According to the latest state eligibility requirements for affordable housing, a resident of San Francisco or San Mateo County making up to $104,400 a year has a low income. In Santa Clara County, the cut-off is $96,000. And in Alameda and Contra Costa counties, it's $78,550.

The eye-popping figures underscore the deepening housing crisis across the region, where software engineers and service workers alike feel the squeeze of sky-high housing costs.

Last month, the state raised the eligibility limits to reflect growing incomes across California. For many affordable housing programs, the limits help determine who can apply and how much they're expected to pay — generally around 30% of their total earnings. Experts warn that the raised caps could spell rent hikes for some low-income housing tenants already struggling to make ends meet.

“In theory, those higher rents should be affordable,” said Matt Schwartz, chief executive of the nonprofit California Housing Partnership. “But in practice, often the reason the income limits go up is not because the incomes of all the working, lower-income households are going up but because some of those lower-income households have left the region, and higher-income households are coming in.”

The limits — which increased by around 3% to 8% in the Bay Area — are set by California's Department of Housing and Community Development and based mostly on the typical earnings for different-sized households in each of the state's 58 counties. The more people in a home, the higher the limit.

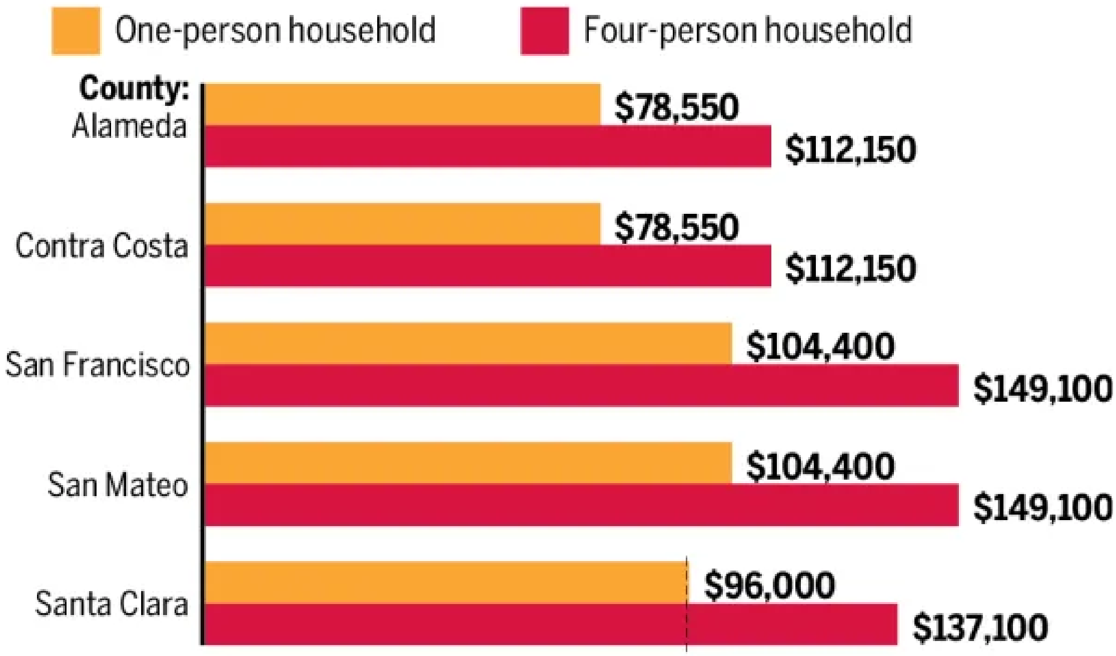
In Santa Clara County, for example, the median income for a family of four is around $181,300, and a family that size earning up to about 80% of the median, or $137,100 a year, would qualify as low-income. Households making as much as 120% of the median can qualify for some affordable-housing openings.

Nationwide, the median income for households of all sizes was $70,784, according to the U.S. census.

IN THE BAY AREA, $149K MAY BE LOW INCOME

According to the latest state income limits, a six-figure salary in some Bay Area counties would be considered low income depending on household size. The limits are calculated annually and based on federal guidelines, median income, affordable housing and other factors.

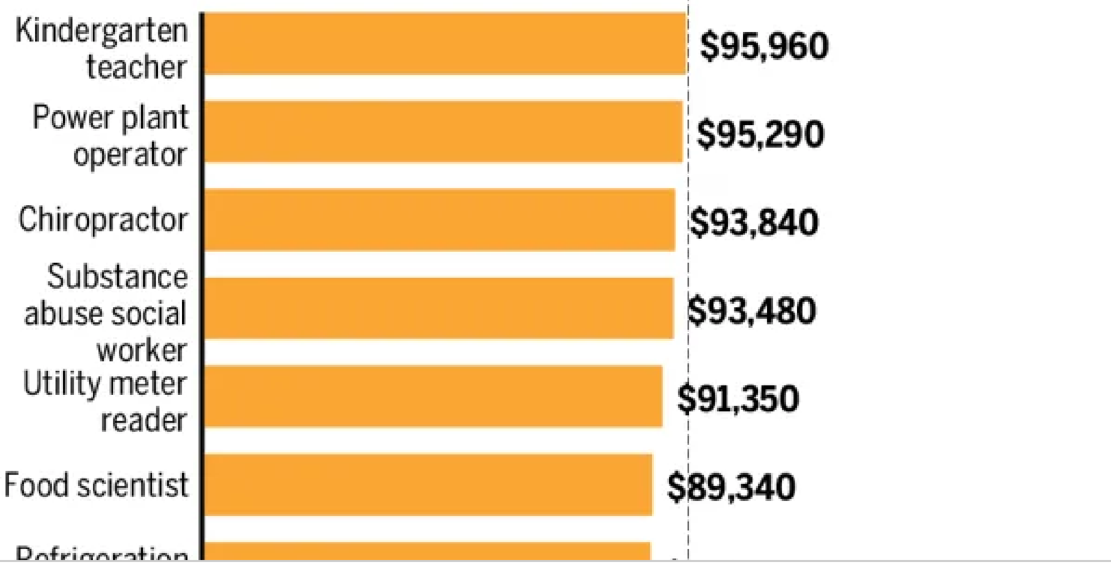
Low income limit by household

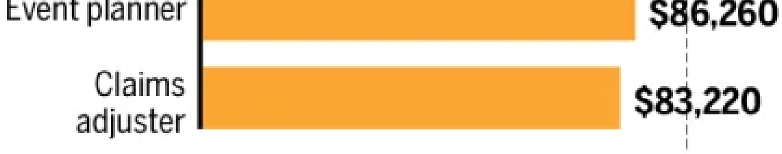


Source: Dept. of Housing and Community Development

How some occupations compare

The average annual wage for these occupations in the San Jose-Sunnyvale-Santa Clara metro area would be categorized as low income for a one-person household.





Source: Bureau of Labor Stastics 2022 wage estimates BAY AREA NEWS GROUP

In the Bay Area, some 207,800 renter households are in need of an affordable home, according to the housing partnership. Almost a quarter of all local renters spend more than half their income on rent, and many thousands remain stuck on years-long, affordable-housing waiting lists.

“One of the challenges when you have a chronic housing shortage, which we do in the Bay Area, is that those who are higher income can outbid everyone else for scarce housing resources,” said Sarah Karlinsky, a housing expert with regional think tank SPUR. “We need to build substantially more housing in our region overall to help address the housing crisis.”

In recent years, state and local officials have taken steps to spur more construction by streamlining the complicated city permitting process and rolling back some restrictions on where developers can build larger housing projects. State regulators are also pushing hard on the region to add more than 180,000 affordable units over the next decade for residents making up to either 50% or 80% of the median income.

In Santa Clara County, for instance, a single person could qualify for affordable housing if they earn less than $96,000. That’s higher than the typical income of kindergarten teachers, power plant operators, chiropractors and local lawmakers in the area, according to the U.S. Bureau of Labor Statistics.

Despite efforts to boost the housing supply, there remains only a limited pool of public funding available to finance and support affordable housing. To raise more money, officials and housing advocates are backing a Bay Area-wide bond measure worth up to $20 billion that could come before local residents in 2024. Voters may also decide on a $10 billion statewide housing bond next spring.

Confused about what the terms low-income, affordable and below-market-rate housing actually mean? The words are often used interchangeably, but there can be differences.

Affordable housing, according to the U.S. Department of Housing and Urban Development, means housing for which the occupant pays no more than 30% of their gross income. This includes rent or mortgage payments and the cost of utilities.

Low-income housing refers to units for families earning only a certain percentage of the area median income (AMI), which varies by household size and county. The commonly used income categories are:

Acutely low income: 0-15% of AMI
Extremely low income: 15-30% of AMI
Very low income: 30% to 50% of AMI
Lower income: 50% to 80% of AMI; the term may also be used to mean 0% to 80% of AMI
Moderate income: 80% to 120% of AMI

These categories are used to set the eligibility criteria for federal and state housing-assistance programs. For example, the federal government's housing choice (Section 8) voucher program assists very low-income families so they can afford housing on the private market. In Santa Clara County, a family of four that earns up to $89,200 per year would qualify for the program, according to the 2023 limits. Local public housing agencies have to provide 75% of their vouchers to people whose incomes are less than 30% of the AMI.

In order to incentivize developers, state agencies offer developers tax credits under the federal Low-Income Housing Tax Credit program for the acquisition, rehabilitation or construction of rental housing targeted at lower-income households.

Below Market Rate homes are priced lower than similar units being sold or rented in the open market. They are generally meant to be affordable for low- to moderate-income families. Several cities have their own BMR ownership and rental programs. These local governments require developers to ensure a certain percentage of units in new complexes are affordable. If not, developers must comply in other ways such as paying fees.

Tags: **Affordable Housing**, **Editors' Picks**, **Housing Crisis**, **Housing Development**, **Inflation**, **PM Report**, **Poverty**, **Real Estate**, **Regional**

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