

# Mayor's Task Force on Affordable and Workforce Housing

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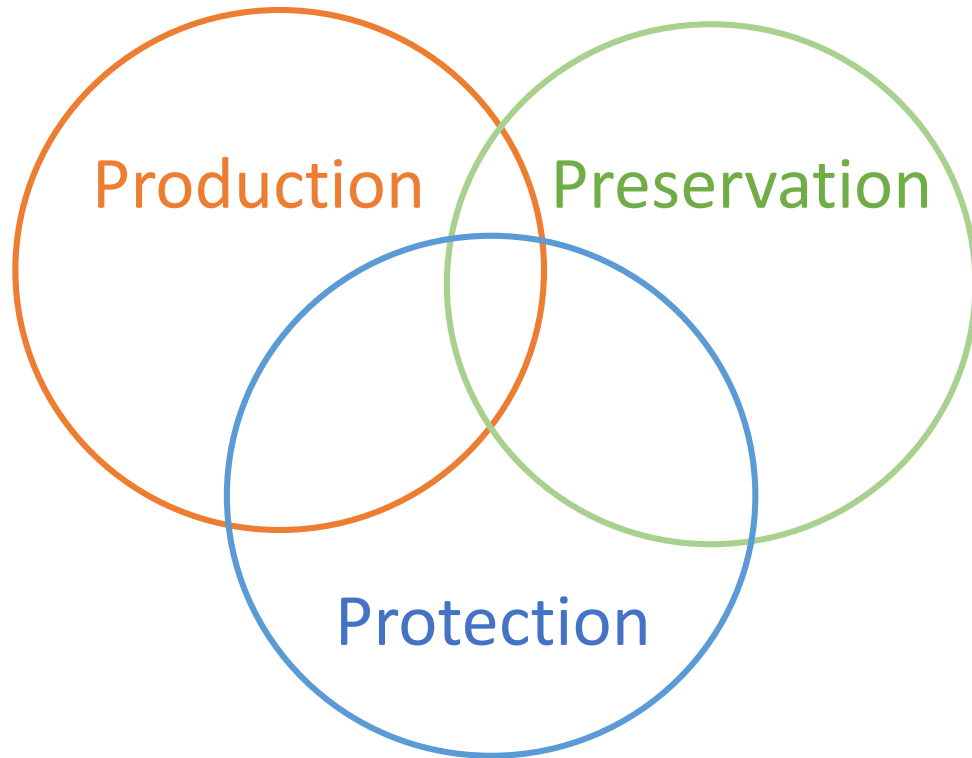
Year 2 Update to Stockton City Council

September 17, 2019

## Goals for Today

1. Review background information on purpose and structure of the Mayor's Task Force on Affordable and Workforce Housing
2. Share data and research on housing challenges in Stockton
3. Share preliminary policies under consideration by the Task Force for Year 2
4. Present timeline for Task Force activities and opportunities to strengthen the Task Force's efforts by engaging with City staff

# “3 P’s” for Stable, Healthy, Affordable Housing



- **Production**

- Building new, quality housing affordable to Stockton residents

- **Preservation**

- Preserving existing affordable housing for residents

- **Protection**

- Policies and practices that protect residents from poor conditions, harassment, instability, and displacement

# Task Force Background – Year 1

- Initial task force convened in 2018
- Focus: **Production**
  - Outcome: List of production-oriented recommendations provided to City Council in March 2019 (e.g. permit/planning streamlining, land-use and zoning updates, exploration of potential funding mechanisms)

Carol Ornelas – Visionary Home Builders of CA, Inc. (Chair)

Peter Ragsdale – Housing Authority of San Joaquin

John Beckman – Building Industry Association

Vernell Hill – Service First of San Joaquin

Kristine Williams – Enterprise Community Partners

Christine Corrales – San Joaquin Council of Governments

Terry Hull – Property Management Experts

Adam Cheshire – San Joaquin County

Bill Mendelson – CVLIHC

Dr. Jeffrey Michaels – University of the Pacific

Kathy Miller – San Joaquin County Board of Supervisors

Matt Arnaiz – Arnaiz Development

Anthony Barkett – 3 Leaf Holdings

David Nelson – AG Spanos Companies

Renee Puig - Stockton Builders Exchange

# Task Force Background - Year 2

- Year 2 – convened in April 2019
  - Focus: **Preservation** and **Protection**
  - Goal: Recommendations drafted by end of 2019, implementation plan from Jan. 2020 – April 2020

**Kristine Williams** – Enterprise Community Partners (Chair)

**Carol Ornelas** – Visionary Home Builders of CA, Inc.

Darryl Rutherford – Reinvent Stockton

Toni McNeil – Faith in the Valley

**Peter Ragsdale** – Housing Authority of San Joaquin County

Andrea Andrade – Visionary Home Builders of CA, Inc. (Residents United Network)

**Christine Corrales** – San Joaquin Council of Governments

**Vernell Hill** – Service First of San Joaquin

**John Beckman** – Building Industry Association

Rick Jones – Central Valley Apartment Association

**Fred Sheil** – STAND Affordable Housing

Jessica Martin – Resident representative

Monica Sousa – CRLA

Robert Brooke-Munoz – San Joaquin Fair Housing

# Stockton Households

- 47% of households are considered low-income
  - More than 1 in 3 seniors is low-income
    - 65% of renter households are low-income, compared to 29% of homeowners
- 46% of all households are cost-burdened
- Less than half (48%) of Stockton residents are homeowners

**17%**

of people of color  
are considered  
“working poor”

compared to . . .

**5%**

of white people

# The Issue: Housing Instability



- **Housing instability** may be caused by housing cost burden, an economic shock to a family (e.g., loss of job, increase in rent), an eviction, landlord harassment, among other causes. Stockton has particular vulnerabilities to housing instability:
  - 52% of Stockton households **rent** their homes, and 46% are **cost-burdened**, meaning they spend >30% of their income on housing
  - 1 in 5 Stockton households are headed by **seniors**, who are more likely to have a fixed income and therefore have more difficulty weathering a rent increase
  - Stockton is home to **residents who many be constrained or fearful** to seek legal support for landlord harassment or unlawful practices (e.g. people who are undocumented, people with limited comfort speaking English).
- **Housing instability hurts children, families, and our communities.** Research has shown that instability and eviction negatively impacts children's educational success, maternal mental health, economic opportunity, and more.



# Just Cause Eviction Protections



- A **just cause eviction ordinance** prevents landlords from evicting tenants for reasons other than a set of “just causes” outlined in the ordinance. These laws protect tenants from arbitrary evictions, foreclosure-related evictions, and landlord retaliation for asserting tenant rights.
- Examples: Hayward, Foster City, Richmond, San Jose
- While there is variation in which causes that are classified as just or unjust across localities, there are several common classifications considered just causes, meaning landlords retain grounds to evict in the event of:

- |                                 |                                 |
|---------------------------------|---------------------------------|
| • Nonpayment of Rent            | • Refusing Access to the Unit   |
| • Violation of Rental Agreement | • Substantial Rehab of the Unit |
| • Substantial Damage            | • Ellis Act Removal             |
| • Nuisance Behavior             | • Owner Move-In                 |





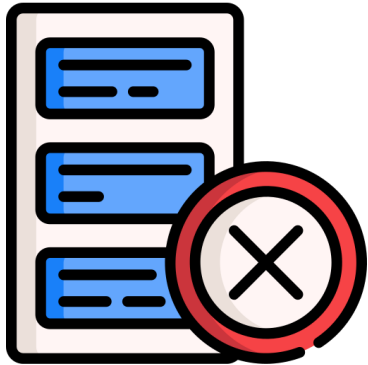
# Rent Stabilization



- Modern rent stabilization ordinances **limit rent increases and tie them to inflation**, like the CPI. This limits rent increase and can help prevent housing instability.
- Examples: Los Angeles, Richmond, East Palo Alto, Hayward, Sacramento
- Local jurisdictions calibrate rent stabilization to meet the needs of their local housing market and the needs of tenants, such as:
  - Annual or multi-year limit on percentage increase, often tied to CPI
  - Exemptions for major repairs or cases of proven hardship
  - Governance and staffing structure for setting levels, reviewing requests, providing landlord and tenant education and services, and enforcement
- California law provides limitations on rent stabilization statewide through the Costa Hawkins Rental Housing Act, including vacancy de-control, exclusion of newly built housing, exclusion of single-family homes, and more.



# The Issue: Source of Income (SOI) Discrimination



- Over **3,500 Stockton residents** use Housing Choice Vouchers or Veterans Affairs Supportive Housing (VASH) vouchers, which are public-private partnerships that bring federal funds to fill the gap between what families can afford to pay and local rents. The program only works if private landlords rent to families using vouchers. Stockton does not provide SOI non-discrimination protection, nor does California.
- A HUD study found that an average of 1 in 40 rental housing opportunities are willing to consider applicants using vouchers, and over **2 out of 3 families using vouchers are rejected by landlords** in cities without local SOI protections (Cunningham et al., 2018).
- Why do some landlords reject otherwise qualified families who use vouchers?
  - Bias or discrimination against families using vouchers
  - Administrative hurdles (e.g., housing authority inspection, paperwork, etc.)



# SOI Non-Discrimination



- A **source of income non-discrimination ordinance** would protect families from being discriminated against for using a voucher or other rental assistance programs. It makes families using these programs a protected class under fair housing law.
- In local jurisdictions that have passed non-discrimination ordinances, **landlords are 42% less likely to reject families who use vouchers** (Cunningham et al., 2018).
  - Examples: Woodland, Corte Madera, San Jose (passed August 2019)
- What does a non-discrimination ordinance typically require?
  - Requires landlords to give families that use vouchers the same consideration as other families
  - Prohibits landlords from charging higher security deposits because a family uses a voucher
  - Prohibits landlords from advertising that families using vouchers will not be fairly considered
  - DOES NOT prohibit landlords from screening for tenant suitability nor does it restrict the rent
  - Often paired with a commitment from the housing authority to continue to support an efficient administrative process for landlords



# Taking it a Step Further: Proactive Support for Families & Landlords



- In addition to the protection offered by a non-discrimination ordinance, other policies and programs can proactively support families using vouchers to find quality homes, especially in high-opportunity neighborhoods.
- **Family-Facing**
  - Family housing navigators help fill out rental applications, search for housing, build a rental resume, etc.
  - Financial support for application fees, rental insurance, security deposits, etc.
- **Landlord-Facing**
  - Landlord education about the program and requirements
  - Housing navigators liaise between families, housing agencies, and landlords
  - Tax credits or incentives for landlords who rent to families using vouchers



# The Issue: Preserving existing affordable units



- **Existing affordable housing is decreasing nationwide.** For every new affordable home that is built, two affordable homes are lost due to poor physical conditions or conversion to more expensive housing. This can lead to homelessness and further limits the number of homes renters can move into.
- In Stockton, there are only 9,000 units available to over 20,000 households with incomes at or below 50% of the area median. **Renters in need of the lowest-priced units face the toughest challenge.** For Stockton's 12,000 extremely low-income renters, there are only 3,400 rental units they can afford.
- Preservation strategies can help provide existing households with the economic stability and physical improvements they need to stay in their neighborhoods and thrive. Targeted policies can allow long-time residents equal opportunity to enjoy neighborhood improvements and increased investment.

# Opportunity to Purchase Ordinance

- Local governments can enact **preservation purchase policies** that provide rights of first refusal or rights to purchase to tenants and qualified organizations when an owner seeks to convert a property to market-rate use.
- These policies can apply to existing subsidized housing that may be at-risk of losing or an expiring regulatory agreement

# Proactive Rental Inspection Ordinance

- Proactive inspection systems have regular inspections to help address some of the frequent challenges tenants face with code enforcement – including landlord retaliation and ability to file. These systems can create partnerships between tenant groups, agencies and inspectors.
- In complaint-based systems, tenants must initiate the inspection while the City responds.
- Examples: Sacramento, Fresno

# Understanding existing COS Loan Programs

- The City of Stockton manages some entitlement program funding (CDBG, HOME). The task force would like to better understand the process of how these funds are allocated and assess their impact on council-identified housing priorities.
  - Could we expand/focus existing program priorities to better meet current local needs?
  - Could we consider tying program funds to affordability?



# Task Force: Next Steps



- Conversations have started with local stakeholders about what kind of funding resources can be collectively developed to help implement policy/programmatic recommendations (e.g. Housing Trust Fund).
- Year 1 taught us the importance of understanding and exploring existing programs to better match our recommendations to what's happening "on-the-ground" at the City level.
  - Is there a way to discuss recommendations and implementation with Staff prior to reporting to Council?