

# SACRAMENTO HOUSING ELEMENT

## SUMMARY OF FOCUS GROUP DISCUSSIONS

AUGUST 2020

### Overview

The City of Sacramento is currently updating the Housing Element for the 2021 – 2029 planning period. As part of the Housing Element update, City staff and Ascent, the consultant, hosted two virtual focus group sessions to gather input from various stakeholders on key housing issues. The following focus group sessions were held on Tuesday, August 4, 2020 using Zoom:

- **Focus Group 1:** Anti-Displacement and Tenant Protections
- **Focus Group 2:** The City's Affordable Housing Requirements

Each focus group session began with a brief presentation providing background on the housing element process and information on current City programs and requirements that relate to the two focus group topics of anti-displacement and affordable housing. The consulting team then facilitated a discussion asking participants for input on each focus group discussion topic. The feedback received from the discussion sessions is included in this summary.

The feedback received from each focus group will be incorporated into the Housing Element update. Information will help to shape and guide new strategies, policies, and programs around anti-displacement and affordable housing requirements in Sacramento. The Public Review Draft Housing Element is scheduled to be released in Winter 2020/2021.

### Focus Group 1: Anti-Displacement and Tenant Protections

The City's current and potential strategies related to anti-displacement can be categorized into four main topics: tenant protections, preserving existing affordable housing, creating more homeownership, and community planning. For the purpose of this meeting, the discussion was focused on tenant protections and how to keep people in their communities. The City currently has several programs in place to protect renters including the Just Cause Eviction Ordinance and the temporary moratorium on tenant evictions. The Just Cause Eviction Ordinance prohibits the eviction of tenants who have lived in a rental unit for more than one year without a tangible reason. Within the ordinance are other rent stabilization provisions that prohibit landlords from raising rent more than once every year or by increasing rent more than 6 percent plus cost of living increase (not to exceed a total of 10 percent). State law passed in 2020 put a cap on the rent increase rate, changing it from 6 percent to 5 percent. In response to COVID-19, the City adopted an emergency ordinance to establish a temporary moratorium on evicting tenants (both residential and commercial) for nonpayment of rent during the COVID-19 public health emergency.

Representatives from non-profit organizations, neighborhood associations, advocacy groups, and public agencies provided feedback on their experiences and suggestions for policy improvements related to anti-displacement. City staff from other departments, including Code Compliance and the Neighborhood Development Action Team, were also at the meeting to listen and answer questions.

After a brief overview of the housing element and presentation of existing City programs related to anti-displacement in Sacramento, participants were asked the following questions to help facilitate a discussion:

1. What programs are working well?
2. Where are the gaps?
3. What strategies and programs could be adopted as part of the Housing Element to protect tenants and keep people in their homes?

The discussion focused primarily around the second and third questions regarding current program gaps and strategies for the City to consider to enhance Anti-Displacement policies.

## Summary of Feedback

**Fear.** There is reluctance from tenants to speak up against landlords who violate the law (i.e. rent higher than the allowed maximum limit, substandard or dangerous conditions, or other mistreatment). This stems from fear of losing their access to housing all together, lack of program education, and lack of financial resources to represent themselves in court. One way the City is addressing this is through anonymous reporting in which individuals can report violations anonymously to prevent repercussions from landlord.

**Outreach and Education.** Participants identified several gaps within the existing program structure pertaining to outreach and education. The households that are most vulnerable are not receiving enough information, if any at all, about existing City programs. There is a need to match those most at-risk with existing resources. Advocates and non-profit representatives emphasized the importance of making resources available on multiple platforms to the community and to be innovative during these times. Recommended strategies included utilizing social media, offering the material in multiple languages, reaching targeted audiences through other assistance programs, engaging with the youth, partnering with community-based organizations, “boots on the ground” door-knocking, and distributing resources out through schools.

**Evaluating Current Program Success.** It has been hard to see how well current tenant protection programs are working because of COVID-19. City staff are challenged with administration and implementation of tenant protection programs while working remotely and are preparing for the flood of eviction notices once the eviction moratoriums are lifted.

**COVID-19 Rental Relief Policies.** A number of participants made recommendations for immediate programs to help those who have been affected by COVID-19 and will have to pay their back rent when the eviction moratorium end. Some suggest that the City review local ordinances in other counties to create a program to protect tenants from eviction due to nonpayment during COVID-19; however, the ordinance could still find other “civil debt” as a just cause for eviction.

**Tenant Protection Stakeholder Group.** Advocates and public agency participants urged the City to establish a of a Tenant Protection Stakeholder group to hold tenant protection programs and policies accountable, help the City in community outreach, increase transparency, and recommend ideas for program improvement and prioritization.

**Rent Escrow Account Program.** Public agency and legal representatives made suggestions for the City to implement the existing [Rent Escrow Account Program](#) in addition to the Rental Housing Inspection Program. This program would help protect tenants reporting units that violate conditions of safety and habitability. Often tenants then withhold rent until the landlord fixes the issue. Contrarily, rather than fix the issue(s), the landlord evicts the underrepresented tenant for not paying rent. A rental escrow program might allow the tenant, who formally reported the unit in violation, to withhold rent from the landlord and place it into a specified account until the issue is fixed.

**Sacramento Community Land Trust.** Participants suggested that the City kickstart a land trust or contract with the existing Sacramento Community Land Trust to expand on their efforts. Some recommendations were to add Habitat for Humanity homes into the land trust. The Sacramento Community Land Trust is primarily in need of funding to buy homes.

**Tenant or Community Opportunity to Purchase Act.** One suggestion to prevent displacement was for the City to establish Tenant or Community Opportunity to Purchase policies to preserve affordable housing stock. These policies would allow tenants to receive advanced notice if their landlord is intending to sell their building and would create an opportunity for them to purchase the building. In a Community Opportunity to Purchase Act, a qualified non-profit would be allowed to make a first offer to purchase a building with low-income tenants if the property owner decides to sell. This type of policy could stabilize households facing displacement pressures and provide an opportunity for residents to purchase their homes and stay in their neighborhood.

**Community Ownership Model.** Participants recommended that the City explore new models of financing to increase ownership of the community by the community. This would allow residents to build wealth by investing money in a socially conscious way that will support the growth of their community directly. Potential models to explore further are in Portland and the Fund Rise program (<https://fundrise.com>).

**Foreclosure Prevention Programs.** Representatives from local neighborhood associations have identified an increased need for foreclosure prevention services. Local organizations currently providing these resources mainly work with homeowners that are at-risk of losing their homes but are lacking the staff to fulfill other capacity gaps. There is a need to increase the outreach and education of available services.

**Relocation Policy.** Advocates would like relocation policies to include language about requiring same neighborhood relocation and that there be equitable or greater access to amenities (i.e. public transit, healthcare, safe schools, healthy food, etc.).

**More Affordable Housing.** In order to prevent relocation and residents from losing access to their communities, more affordable housing needs to be built. This could include converting nonregulated apartments to regulated affordable housing.

## Focus Group 2: Affordable Housing Requirements

The City has two ordinances that establish requirements for affordable housing - the Housing Trust Fund Fee, or the Commercial Linkage Fee, and the Mixed Income Housing Ordinance (MIHO). The Housing Trust Fund Fee establishes fees for non-residential development to generate funds for low- and very low-income housing near employment centers. These fees are rated proportionally to the proposed projects' square footage. The MIHO requires an affordable housing impact fee for all new housing units and large subdivisions to assist with the provision of housing for a variety of incomes and household types. The fee-generated revenue is placed in the citywide Housing Trust Fund and used to develop affordable housing units with the goal of increasing the overall housing supply available to low-income households.

Representatives from non-profit organizations, advocacy groups, developers (market rate and affordable housing), and public agencies provided feedback on their experiences, perspectives, and suggestions for policy improvements. City staff from other departments were also at the meeting to listen and answer questions.

After a brief overview of the housing element and presentation of existing affordable housing requirements in the City of Sacramento, participants were asked the following questions to facilitate a discussion:

1. What are best practices for inclusionary housing?
2. What is working with the City's current affordable housing requirements?
3. What affordable housing requirements and programs should the City explore further?

The discussion focused primarily around the first and third questions regarding best practices for inclusionary housing and strategies the City should explore further to get more affordable housing built.

## Summary of Feedback

**Need for Low Income Units.** The rate at which the population is growing is creating a need for more housing that is affordable to a variety of income levels in the City. The Regional Housing Needs Allocation (RHNA) is a look at the immediate need for units by income level in the City relative to the Sacramento region. Affordable housing advocates are concerned with the City not being able to meet lower income housing obligations. The City has been able to fulfill goals for market-rate housing but needs a better regulatory framework to ensure more lower income units are built.

**Developing an Inclusionary Policy.** Generally, participants agreed that the current MIHO needs to be re-evaluated and that requiring a Housing Impact Fee is not enough -- an inclusionary policy is needed. The City could consider offering an in-lieu option, but the amount would need to be high enough to finance and produce the amount of affordable housing needed. Requirements to build are essential to the actual development of affordable units, particularly in higher opportunity areas. Establishing a policy that will

require developers to meet specific requirements and reserve land solely for affordable housing will ensure that affordable housing gets built at the same rate as market-rate housing and in more desirable and high resource areas. Participants also noted that there needs to be opportunities for inclusion in infill areas.

**Diverse and Equitable Communities.** Participants discussed how requirements to build affordable housing can also create more diverse and equitable communities in higher-resource areas. Participants emphasized that the community needs actions that will remedy the effects of segregation and want to see requirements that foster inclusive communities not only through zoning requirements, but also through financing. Affordable housing advocates proposed that new policies should address and increase homeownership amongst minority communities.

**Housing Impact Fees.** Participants discussed and debated the amount of the City's housing impact fee. Affordable housing advocates noted that the current fee structure is too low and is not generating enough funding to sufficiently finance the needed development. Others noted that the fee is similar to fees throughout the region and cautioned that higher fees could impact the City's ability to remain competitive and could become a constraint to development. It was noted that the fee would need to be closer to \$19-20 per square foot to actually generate enough funding to build affordable units.

**Certainty with Housing Impact Fee.** Representatives from the building community noted that the housing impact fee created certainty and predictable pro formas.

**Evaluate Fee Exemptions.** Certain projects, including infill, are exempt or able to pay a reduced fee. This lessens the total funding that can be utilized to develop more affordable units in the City. Participants recommend that the City reconsider the areas and types and sizes of projects that qualify for an exemption.

**Providing Incentives.** Affordable housing advocates acknowledged that the City needs to assist developers if they are required to build affordable housing. Incentives could include regulatory incentives or density bonuses. There are also more resources coming from the State to help builders.

**Infrastructure.** There are issues with a lack of infrastructure capacity in certain areas of the City, including infill areas. Participants advised the City to establish a better framework for identifying infrastructure needs in areas to increase predictability. City representatives asserted that infrastructure is a recognized constraint to development and that they do not have enough funding to make improvements as fast as needed. The City noted that they are taking steps to support development and to target infrastructure assistance in priority areas.

**Compare Jurisdictions.** Participants recommend the City compare the number of affordable units being produced in other jurisdictions with and without inclusionary requirements to help determine other best practices.

**Surplus Land Dedications.** Participants suggest that the City could utilize surplus lands to develop affordable housing. Advocates and non-profit representatives accentuated that the high costs associated with affordable housing development is contingent on the value of the land it is built on. By dedicating surplus lands, the City may decrease the development costs for a project producing units affordable to lower incomes.