

Stockton Housing Landscape Assessment

PREPARED FOR REINVENT SOUTH STOCKTON COALITION BY
ENTERPRISE COMMUNITY PARTNERS



Executive Summary

The Reinvent South Stockton Coalition (RSSC) is a collective impact movement involving over 60 cross-sector partners focused on the needs of communities in Stockton that have been most impacted by historic underinvestment, redlining, and persistent poverty. By coordinating community-based organizations, nonprofits, anchor institutions, government agencies, corporations and philanthropy, RSSC serves as a backbone organization that facilitates shared goal setting, aligned strategies, efficient use of resources, data and outcomes tracking and integrated solutions to revitalize South Stockton and achieve systemic change.

RSSC's vision is that ***all South Stockton residents feel empowered to transform their community by addressing the root causes of intergenerational poverty through improvements in health, safety, education, housing and economic development.*** Our work centers on residents' needs and our activities strive to build the capacity of residents so they move up the ladder of civic engagement. Towards that end, RSSC provides tools, resources, and opportunities such as an annual Resident Summit to engage, empower and inform residents.

This Landscape Assessment is one such tool intended to shed light specifically on the affordable housing and homelessness crisis in Stockton for the many residents and stakeholders invested in this issue. RSSC believes that a safe, quality and affordable home is essential to an individual's health and well-being. We aim to bring together a broad coalition of experts, stakeholders and residents to advance policy change and implement targeted solutions to both build and preserve affordable housing in South Stockton. We are grateful to our many partners, including Enterprise Community Partners for conducting this assessment and the Chan Zuckerberg Initiative for supporting this work.

By harnessing the power of collective impact and leveraging the strengths and assets of South Stockton, we can and must raise awareness, dedicate resources, and apply various approaches, tools and strategies to make South Stockton a vibrant, healthy and equitable place to call home.

Assessment Purpose

The issue of affordable housing – and the lack of it relative to the need – has become a defining generational issue across the nation. Nowhere is this issue as pronounced as in California where there is a deficit of nearly one-million rental homes affordable for extremely low-income renters¹. In San Joaquin County, the California Housing Partnership notes that over 80 percent of low-income households pay over half their income for housing costs, compared to just three percent of moderate-income households². A local renter household needs to earn nearly \$26 an hour (double the minimum wage) in order to afford the local average monthly rent of \$1,336. For many in Stockton, this puts quality, affordable housing out of reach.

Reinvent South Stockton Coalition has worked with local stakeholders to produce a written landscape assessment that summarizes existing conditions in Stockton as they relate to local housing stakeholder needs. This information was captured through a series of interviews with community-based and other organizations providing housing and homelessness services to the community. Outlined in detail below are various challenges and opportunities identified from these conversations. The purpose of this document is to serve as a resource to RSSC Neighborhood Transformation Result Area (NTRA) and Housing Justice Coalition (HJC) members to collectively ensure that there is shared understanding about some of the primary challenges, opportunities and resources affecting housing instability in Stockton.

Reinvent South Stockton Coalition

The Reinvent South Stockton Coalition (RSSC) works to empower South Stockton residents to transform their community through a focus on improving neighborhood safety, education, housing, workforce development and health. Since 2013, RSSC and more than 60 cross-sector partners have built a community-led collective impact project focused in the neighborhoods of Stockton most impacted by underinvestment and persistent poverty.

RSSC's South Stockton Promise Zone (SPPZ) initiative was conceived from the idea that collectively we – residents, government agencies, nonprofits, philanthropic foundations and faith-based organizations – can create a community of promise that South Stockton residents deserve.

RSSC's engagement with the SSPZ Neighborhood Transformation Result Area (NTRA) workgroup, coupled with a rising state, regional and local housing crisis has shed light on the issue of housing affordability and access. Housing affordability (or lack thereof) has risen to be top of mind for many residents and community-based organizations. Through its participation in Mayor Michael Tubbs' Task Force on Affordable and Workforce Housing, RSSC has additionally been engaging with local organizations and individuals working on and impacted by the local affordable housing crisis. While numerous policy and programmatic recommendations have been suggested, it is not yet clear how these recommendations will advance to implementation and what entities will be responsible for doing so.

NTRA members have expressed the need for better coordination among advocacy organizations to help advance the meaningful local housing affordability solutions that are detailed below.

¹ National Low Income Housing Coalition: <https://nlihc.org/housing-needs-by-state/california>

² CHPC: San Joaquin County 2020 Affordable Housing Needs Report: <https://chpc.net/resources/san-joaquin-county-housing-need-report-2020/>

RSSC’s objective with this document is to facilitate conversation among HJC participants with the goal of catalyzing new advocacy efforts focused on advancing progressive local affordable housing policies. As discussion and strategy evolves, RSSC will seek to develop this work to the point that it can be held by its own entity (e.g. similar to the Sacramento Housing Alliance, East Bay Housing Organizations, etc.) to independently coordinate local housing advocacy endeavors.

Advancing the Housing Dialogue in Stockton

Housing affordability, availability, and access have emerged as a primary issue area for RSSC and SSPZ. South Stockton was particularly hard-hit by the 2008 housing crisis (as was the city as a whole). The resulting economic recession shifted some of the neighborhood’s historical focus on crime reduction, policing and blight to a more explicit focus on housing quality and affordability. In partial response to this, the Neighborhood Transformation Results Area emerged as one of RSSC’s key backbone focus areas. As housing issues have escalated over the past decade, and the City of Stockton entered into and worked to emerge from municipal bankruptcy, NTRA workgroup members have continued to expand the topic of affordable housing into a primary component of their work.

In 2018, Stockton Mayor Michael Tubbs included RSSC in a task force convened to advance solutions on affordable and workforce housing. In its first year, the task force released a list of housing-production oriented recommendations in March 2019. These recommendations focused on permit and local planning process streamlining, local land-use policies and the exploration of methods to raise additional local housing-specific revenue (what is collectively referred to as “Production” policies in the affordable housing industry).

A sub-set of task force members noted that Production-specific policies (important because they result in the most direct affordable housing intervention – supplying housing units) did not do enough in the near term to address the immense housing instability felt by Stockton residents. The task force was reconvened for a second year in 2019 with an intent to focus on two more housing issue areas: Preservation (referring to efforts to preserve and upgrade housing for low-income families that is at risk of being converted to other uses) and Protection (refers to policies intended to protect and promote the housing stability of vulnerable households). While a set of draft recommendations has been released for review by task force members in early 2020, a final set of recommendations has yet to advance for City Council consideration.

<p style="text-align: center;">Mayor’s Affordable Housing Task Force Sample Housing Policy Recommendations</p> <p>Production: Implement an Inclusionary Zoning Policy to require or incentivize developers to build affordable units in new development projects.</p> <p>Preservation: Implement an Opportunity to Purchase Act to give residents and nonprofits right of first refusal on housing properties for sale</p> <p>Protection: Educate landlords about voucher-holder discrimination against low-income renters.</p>

These initiatives and others alluded to as being on the horizon represent a key opportunity for CAG working group members to further engage directly with the City of Stockton to help shape pending programs and policies.

Stakeholder Feedback: Landscape Assessment

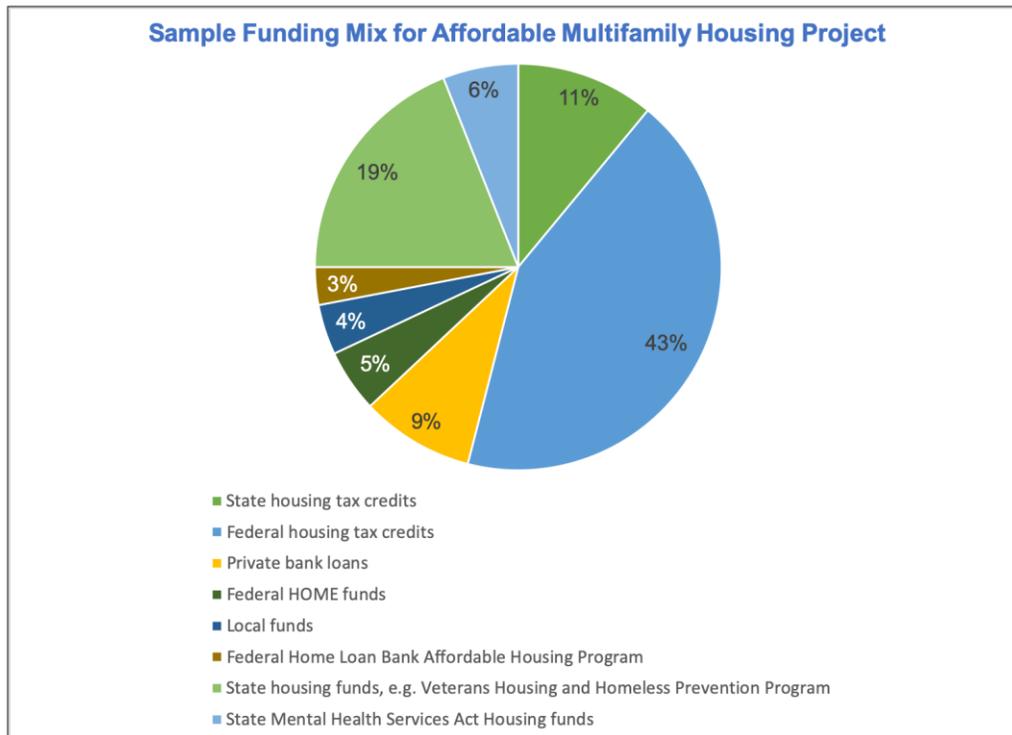
Over the course of June and July 2020, a series of informational interviews were held with Stockton and San Joaquin County-based stakeholders that work either directly or indirectly on housing. Interview questions focused on identifying relationships, challenges and opportunities for organizations and agencies to achieve their missions. Their responses inform the contents of this assessment.

Challenges

Cohesive messaging: Multiple interviewees expressed a need to align on a shared narrative as it relates to housing concerns in Stockton. Without this shared narrative, elevating the message and story of Stockton and housing insecurity can be lost, resulting in piecemeal communication with funders and other organizations. Part of this appears to be the result of longstanding organizational silos. Historically, housing dialogue in Stockton has revolved around the development community and has not been inclusive of service providers and other community-based organizations. This has resulted in a lack of the development of a more holistic housing strategy that addresses the myriad factors that contribute to housing instability. It has also resulted in a lack of a broader understanding of the types of policy and programmatic interventions that can be implemented in addition to easing the development process for affordable housing units (e.g. tenant protection policies) and given the impression to some community-based organizations that unless they are explicitly engaged in the development process they are not directly engaged in local affordable housing solutions. Communication silos also extend to the City of Stockton. As will be detailed more below, following the Great Recession, the City bifurcated traditional housing work into two departments: Economic Development to manage housing program funding allocations and Community Development to manage all housing planning related activities. The perception of community stakeholders is that the two departments, until very recently, did not often communicate or share any overlap among the work, further contributing to a disjointed understanding of housing concerns.

Funding and timeline for affordable housing: As noted earlier in this document, the actual development of affordable housing is often viewed as the most direct intervention to ending housing instability. However, it is also an intervention that can take the longest to materialize. Affordable housing developers are often unable to fund the true cost of building units without piecing together multiple funding sources. This fragmentation in funding means that it can take multiple years to compete for and secure enough funding to cover the cost of an entire development. This problem has been exacerbated since 2011, when California eliminated the largest state source of affordable housing funding, California Redevelopment Agencies. CHP notes that compared to ten years ago, state funding for affordable housing has decreased 33 percent³.

³ CHPC: San Joaquin County 2020 Affordable Housing Needs Report: <https://chpc.net/resources/san-joaquin-county-housing-need-report-2020/>



Source: California Department of Housing and Community Development. Based on actual project development financing.

Local funding sources through the County and City are minimal relative to local sources elsewhere and amount mostly to pass-through entitlement funding from Federal programs. Neither entity has a method for prioritizing local funding⁴ and so different types of affordable housing projects (general multi-family units, permanent supportive housing, rehabilitation of small sites, etc.) must compete against one another for critical local dollars. For applicants (developers) applying for these funds, there is a perception that the City and County’s process for allocating funding is too subjective and varies from year to year. In addition, because the amount of funding not substantial and is spread among many different recipients it rarely results in enough annual funding to advance a project in a way that makes it competitive for larger external funding sources (e.g. Affordable Housing and Sustainable Communities Program, Low-Income Housing Tax Credit Program, Multifamily Housing Program, etc.).

Homelessness: Stockton’s City Council has named “Housing and Homelessness” a top priority for 2020 as part of its strategic planning process. Stockton, like other localities, somewhat bifurcates the issues of affordable housing and homelessness despite their strong interlinkage. This can further the silo-ing of individuals and organizations. Stakeholders engaged in service provision to those experiencing homelessness note a shift in the more “traditional” causes of homelessness. People suffering from behavioral health or addiction issues fall into homelessness at higher rates and make up a substantial portion of those who experience chronic homelessness, and this issue is being exacerbated by the region’s skyrocketing housing prices and a lessened

⁴ Per City of Stockton staff, a revised NOFA process is currently underway that will help address concerns of subjectivity around program award allocation.

focus on treatment for behavioral health and addiction, as well as the disproportionate growth of low-wage earning jobs and increasing household financial insecurity. Interviewees described the state of homelessness as a symptom of larger systemic issues and therefore noted it requiring a variety of strategies and solutions to effectively address it. Challenges include funding permanent supportive housing (PSH - affordable housing units provided with holistic wraparound services) which often has higher operating costs than a traditional affordable housing development, the delayed timing of constructing units, a lack of capacity among local service providers and insufficient resources to fund both short-term needs like shelters vs. longer term interventions (PSH).

Organizational funding: For many organizations that identify as nonprofit or community-based, securing operational funding is critical to being able to continue service delivery. Multiple stakeholders noted that this type of funding is severely limited and difficult to secure in ways that would ensure financial sustainability. Often, funders provide financing that is time-limited and must be consistently re-applied for. Because of the limited number of private, public and philanthropic funding entities doing work in Stockton and the broader San Joaquin Valley, organizations often become hyper-focused and take on a “stay-in-your-lane” mentality. This prevents inclusive, intersectional dialogue from happening across both organizations and traditional sectors. Limited capacity and funding keep organizations from approaching issues in broader ways and, because it can be too time and labor-intensive to keep disparate organizations in the loop on all work being done, contributes further to organizational and issue-silos.

COVID-19: This assessment would be remiss if it did not acknowledge the extraordinary circumstances now facing communities as a result of the Covid-19 pandemic. Organizations already stretched thin on capacity now find themselves stretched even further by needing to continue “business as usual” services on top of pandemic response. In many cases, public agencies and community organizations had yet to recover staffing levels seen prior to the 2008 Recession, resulting in lower levels of service delivery. In addition, Stockton residents have not been immune to the immense housing instability wrought by the pandemic. Local tenant-serving organizations have been tracking continual illegal evictions and lockouts. General awareness of local, state and federal eviction ordinances remains low for both landlords and tenants. With many of these ordinances set to expire, the need for proactive tenant-focused housing solutions remains paramount to avoid an eviction crisis.

City of Stockton – Challenges and Opportunities

Following the 2008 Recession, the City of Stockton reorganized many of its internal departments and eliminated many existing positions. This included staff positions previously dedicated to housing issues and strategies. Staffing levels have never recovered to pre-recession levels, and housing-specific positions were not reinstated until 2017. During this period of time, with fewer staff generally, and no staff dedicated solely to focusing on housing, the City was able to support only the administration of existing entitlement funding programs (e.g. HOME, CDBG, ESG) and dedicated little to no time in pursuing other housing initiatives. These programs also saw significant reductions in the midst of the Great Recession, offering fewer resources to affordable housing stakeholders.

This decade of underinvestment in housing knowledge within the city government has left many local stakeholders with the impression that the City has not evolved its housing approach to meet

the current need and has not, until very recently, been a leader in advancing meaningful housing policies and programs. This, coupled with a disconnect across departments that handle different aspects of housing (Economic Development, Community Development and Planning), can make local housing work at the city level appear uncoordinated and disjointed. Some stakeholders perceive this to be a decades-long, systemic issue of understaffing and communication issues that have historically prevented City staff from working across departments and has contributed to a culture that prevents decisions from being made at staff levels. Staff have noted that the recently hired City Manager has explicitly indicated the need for the two departments to maintain an integrated approach to their work to ensure continuity and enhanced efficiency.

Beginning in 2017, the City began to focus on hiring for housing-focused positions. As of this writing, the City of Stockton's Economic and Community Development Department have both hired new Department Directors, a fulltime Housing Manager and a Deputy Housing Director. This represents a significant expansion of staff capacity and an opportunity to advance policies and programs that more meaningfully respond to local housing needs. In addition, the Mayor's Office has also brought on a housing-focused FUSE Fellow⁵.

Some of this additional capacity is already being reflected in recent initiatives undertaken by the City, detailed further below:

- Housing Strategic Plan – In early 2020, staff announced their intent to develop a Housing Strategic Plan for the City. This document would work to coalesce the goals and requirements of myriad existing planning documents into a comprehensive strategy to address local housing needs. This planning effort is to be carried out jointly by both the City's Economic and Community Development departments. The bulk of this effort is currently on hold as most City departments have had to switch their focus to Covid-relief efforts but remains an identified priority.
- Housing Trust Fund – In response to one of the Affordable Housing Task Force's Year 1 recommendations, the City has been pursuing funding in order to conduct a full analysis of the potential to establish a local housing trust fund. This includes a recent application submission to the State Department of Housing and Community Development's Permanent Local Housing Allocation Program in July 2020 to secure financing that can be leveraged into the fund. The City is still seeking to understand what other external sources could be used as revenue for the fund and an assessment is underway.
- Community Development Planning Initiatives – The City's Community Development Department currently has a variety of housing-related initiatives underway and planned. This includes an update to both the City's zoning code and map (to ensure compliance with the recently passed General Plan), an examination of housing density bonus incentives, an inclusionary and affordable housing gap financing analysis as well as potential streamlining policies around environmental reviews and infrastructure projects.
- Homekey Funding – On August 13, 2020, Central Valley Low Income Housing Corporation and STAND partnered with the City to apply for Project Homekey Funding. This collaboration was successful, and on September 28, 2020, Governor Newsom announced

⁵ The FUSE fellowship program places leaders with substantial professional experience in positions with local government agencies for a year of service.

that the City was awarded nearly \$4.3 million in funding from Project Homekey. This award is going toward rehabilitating Relax Inn, which will house 42 chronically homeless individuals and deliver resources including healthcare, mental health care and substance abuse support.

Opportunities

Housing emerging as priority issue: Since 2018, Stockton's City Council members have consistently identified homelessness and housing as the City's priority issues (eclipsing the long-running prior top priority of crime abatement). This, plus recent hiring of housing-focused staff in both the Economic and Community Development departments and the establishment of the Mayor's Task Force, indicate the City's increased receptiveness to addressing housing in greater capacity than it has previously. This provides the opportunity for advocates and stakeholders to engage more deeply with City staff on ensuring a collaborative, comprehensive plan to address housing insecurity and homelessness emerges.

In 2019, the Mayor's Task Force was reconvened with the intent of considering housing strategies that went beyond just looking at ways to increase housing supply but instead were focused on a more comprehensive approach toward housing insecurity – exploring more of what are referred to as the “3 P's” of housing: Production – addressed in the 2018 task force – Preservation and Protection. Affordable housing production has typically dominated the conversation when it comes to discussing options on how to alleviate housing insecurity, but emerging conversations and literature note that a more comprehensive and meaningful approach must encourage discussion around tenant protections (to help keep people housed) and focus on bringing existing housing stock into the affordability conversation (which can be more cost effective than building new construction developments).

Involvement of additional stakeholders: In addition to housing becoming a priority for public agencies, stakeholders in the housing and homelessness realm that the City has traditionally failed to engage are increasingly finding themselves confronting the issue. This is especially true for healthcare partners. While this engagement has certainly been complicated by the onset of Covid, and the persistent challenge of providing healthcare and behavioral health treatment to patients without stable shelter has been exacerbated by the housing crisis. Relationships between more traditional affordable housing and homelessness stakeholders (e.g. developers) and healthcare providers have been building in recent years as joint funding sources emerge (e.g. the Mental Health Services Act Program). As a result, interviewed healthcare providers are interested in contributing more directly to advocacy around affordable housing policies, recognizing both production and prevention policies as being relevant avenues for policy exploration.

Funder interest: Housing is increasingly being discussed as a regional and statewide issue (vs. restricting it to a local-level conversation). Consequently, philanthropic and private funder organizations are increasingly noting the need to provide resources to the San Joaquin Valley as part of a comprehensive strategy to address housing and economic security, particularly around grassroots housing advocacy. As mentioned, there are some existing concerns that funder focus is unsustainable and limited, contributing to a lack of collaborative coordination and strategizing. A comprehensive strategy (discussed more below) to address housing insecurity in Stockton could go a long way toward ensuring funder resources are requested and implemented in a way

that avoids a piecemeal approach and focuses more comprehensively on identified goals and needs.

Next Steps and Resource Needs

1. Form RSSC Housing Justice Coalition: It has been the goal of RSSC to focus on developing the capacity of local stakeholder entities through the development of a Housing Justice Coalition (HJC) as part of the broader Neighborhood Transformation Results Area (NTRA) backbone entity. RSSC's NTRA workgroup feedback indicates that the HJC must focus on building out a strong volunteer network, offer the opportunity for public "voting" on top housing priorities to advance and include a community member body. HJC membership should include individuals and organizations interested in advancing housing security and affordability, specifically: community advocates, community-based organizations, residents experiencing housing insecurity, the nonprofit development community and tenant-serving organizations. In forming this coalition, RSSC's intention is to build on the work of the Mayor's Task Force and fill in the gaps identified by the NTRA. The goals of the HJC include: facilitating better collaboration between housing agencies, implementing strategies to uplift and prioritize resident voices, and developing shared affordable housing policy priorities that housing advocacy groups can work in coalition to achieve. HJC members will use the information in this landscape assessment to inform a set of action items to advance as part of a Stockton Housing Advocate Plan.

2. Develop a Stockton Housing Advocate Plan: Based on input gathered from HJC members, the NTRA workgroup and City of Stockton staff, RSSC will prepare a plan that incorporates the findings from this assessment and the goals of HJC members to prioritize support of local policy and programmatic goals. These goals will be paired with a timeline of deliverables to help inform the City of Stockton's Housing Strategic Plan and launch a focused advocacy strategy among HJC members.

Resource Needs: RSSC will require additional external funding to help support the organization acting as the primary facilitator and backbone entity of the HJC. Funding will also be required to help advance and implement policy strategies that emerge from the HJC (e.g. local housing trust fund, other sustainable funding for identified programs and services, advocate for a potential local bond measure, etc.).

Conclusion

Access to quality, affordable housing has emerged as a prominent community issue in Stockton. In order to help elevate dialogue around shared ideas and solutions to address widespread housing instability, RSSC is launching a formal effort to enhance local advocacy capacity through the formation and facilitation of a Housing Justice Coalition, to help support the work and direction of the NTRA backbone entity. Stakeholders interviewed for purposes of this landscape assessment identified a host of common challenges and opportunities to address around which the HJC can coalesce and focus initial discussion with the eventual goal of developing a strategy to address and advance select local policies and programs.