

Sacramento Housing Alliance Working Paper on Ending Homelessness

April 2016



Introduction

Sacramento is currently facing a housing crisis. In recent years, the Sacramento area has experienced one of the highest rates of rent increases in the country¹, tightening rental vacancy rates, and a declining supply of affordable homes. Now more than ever, these trends underscore the need to ensure that our neighbors have access to safe, healthy, and affordable homes. Homelessness and a lack of affordable homes threaten to undermine the stability of families and our communities.

It's getting harder and harder for our neighbors to pay for their homes, putting more Sacramento residents at risk of experiencing homelessness. In 2015, the Fair Market Rent in Sacramento County for a two-bedroom apartment was \$1,012. A minimum wage employee needed to work 86.5 hours per week, 52 weeks per year in order to afford a two-bedroom apartment.² There simply is not enough reasonably priced, decently maintained housing to meet the demand, and rapidly rising rents have outpaced wages.

Sacramento Steps Forward, the nonprofit tasked with creating systemic, permanent solutions to homelessness in Sacramento County, has collaborated with jurisdictions and local institutions to address the data, housing, and services needs of the homeless population. These efforts – implementing a coordinated intake approach, funding rapid rehousing³ through public-private partnerships, and creating pathways to employment via collaboration with the business community – are all laudable and necessary steps. However, without an increased supply of affordable homes we will be unable to *end* homelessness. As the situation stands now, Sacramento Steps Forward's Homeless Navigators have far too few places to navigate people *to*. A steady, sufficient supply of safe, healthy, and affordable homes is Sacramento's best method of homelessness prevention. Affordable homes are the foundation to a healthy community and we must increase the supply of affordable homes in order to solve the homelessness crisis.

Expand the Supply of Affordable Homes

The fundamental cause of homelessness in Sacramento is the widening housing affordability gap. Access to affordable homes plays a major role in whether or not people with lower incomes are able to avoid experiencing homelessness. The federal government defines an affordable home as costing no more than 30% of household income. In Sacramento County, approximately half of renters pay more than 30% of their household income in rent.⁴ In addition, there are only 18 affordable and

¹ van de Meer, B. (August 11 2015). Sacramento ranks No. 4 nationally for apartment-rent growth. Sacramento Business Journal. Retrieved from <http://www.bizjournals.com/sacramento/news/2015/08/11/sacramento-ranks-no-4-nationally-for-apartment.html>

² National Low Income Housing Coalition. (2015). Out of Reach. Retrieved from http://nlihc.org/sites/default/files/oor/OOR_2015_FULL.pdfhttp://nlihc.org/sites/default/files/oor/OOR_2015_FULL.pdf

³ Sacramento Step Forward's rapid rehousing program provides short-term rental assistance to lower-vulnerability people experiencing homelessness. This allows clients to move into permanent housing as quickly as possible by subsidizing existing units rather than waiting until new, permanently affordable apartment homes are built.

⁴ U.S. Census Bureau; American Community Survey, 2010-2014 American Community Survey 5-Year Estimates, Table DP04; generated by Veronica Beaty; using American FactFinder; <<http://factfinder.census.gov>>; (20 February 2016).

available homes for every 100 extremely low income households in the Sacramento metropolitan area.⁵

Research and experience overwhelmingly support three solutions to homelessness: rent subsidies, permanent supportive housing, and placing people in housing as quickly as possible. Federal housing programs are one of the most successful housing-based solutions to reduce homelessness – receiving a housing subsidy after living in a shelter increases the odds of remaining housed by over 20 times.⁶ Permanent supportive housing is another proven solution to homelessness with demonstrated positive effects on residential stability and family reunification.⁷ The primary importance of homes as a means of addressing homelessness is reaffirmed by the shift towards Housing First programs, which provide people experiencing homelessness with homes and then provide services as needed. Each of these investments in permanent homes are effective and cost-efficient methods to reduce homelessness. Evidence-based solutions to the homelessness crisis are available, but the funding to implement them is not.

At the same time housing affordability has worsened, government at every level has cut back on already-inadequate housing assistance for people on modest budgets. Public investments in building and preserving affordable homes have been reduced. Federal programs that fund affordable homes are being threatened and slashed. Funding from state affordable housing programs has been exhausted and not replaced. Locally, the elimination of redevelopment resulted in the Sacramento region losing \$12.5 million dollars annually that had been dedicated to affordable homes, and local jurisdictions have been disinclined to rededicate the available redevelopment “boomerang” funds to the creation of affordable homes. To address Sacramento’s worsening housing affordability gap, the governments of Sacramento County and its constituent cities must significantly increase investments in affordable rental homes. A significant portion of this investment must be targeted to families and individuals experiencing homelessness, and local governments should advocate for the same targeting to be done at the state and federal levels. Until the creation of affordable homes is funded at a scale to meet the need, progress in ending homelessness will be incremental at best.

The Sacramento Housing Alliance believes a combination of policies and programs can be implemented in Sacramento to address the homelessness crisis. To move unsheltered people off the streets and prevent others from becoming destitute, our region needs a combination of solutions. Local funding sources that feed into the City and County Housing Trust Funds must be strengthened

⁵ National Low Income Housing Coalition. (2016). The Gap: The Affordable Housing GAP Analysis 2016. Retrieved from: http://nlihc.org/sites/default/files/Gap-Report_print.pdf

⁶ Shinn M., et al. (1998). Predictors of Homelessness Among Families in New York City: From Shelter Request to Housing Stability. *American Journal of Public Health*, 8(11), 1651-1657.

⁷ Corporation for Supportive Housing & the National Center on Family Homelessness. (December 2006). *The Role of Permanent Supportive Housing in addressing family homelessness*. Retrieved from http://www.csh.org/wp-content/uploads/2011/12/Report_pshfamhomeless.pdf

and new financing mechanisms must be created. Shelter space adequate to meet the need in our community must be developed. And finally, until Sacramento has a sufficient number of shelter beds, enforcement of anti-camping laws must be suspended.

SHA recommends the following strategies to end homelessness in our region:

1. Expand Revenue to Local Jurisdictions' Housing Trust Funds.

Over 25 years ago, the governing bodies of the City and County of Sacramento have acknowledged the importance of affordable homes to the continued economic development of the region by establishing Housing Trust Funds. These Trust Funds have dedicated revenue sources such as fees on residential and commercial development, and historically, redevelopment funds. With the loss of Federal and State financing for affordable homes, it is critical that local funding resources are identified and maximized to address our housing crisis. Enhancing and expanding these Housing Trust Fund Programs will go far in closing the gap in financing and leveraging other sources of funds for the development of affordable homes.

Options could include:

- Increasing the Linkage Fee for commercial development,
- Dedicating all or a significant portion of residual Tax Increment revenue returned to the county and city after the end of Redevelopment (“Boomerang” funds) to affordable homes on an ongoing basis,
- Dedicating a portion of Transient Occupancy Tax,
- Providing Mental Health Services Act (MHSA) funding to create permanent supportive housing, and
- Quantifying savings from Prop 47 and applying a portion towards supportive housing.

One of the arguments against considering tent cities or safe ground proposals is that it distracts from addressing the real need to provide affordable homes and implement Housing First. If that is truly the case, it is incumbent on our local policy makers to take the actions necessary to fund the development, rehabilitation, and preservation of affordable homes. Like communities throughout California, Sacramento has lost most of the critical resources necessary to build safe, accessible and affordable homes. Now is the time to replenish and expand our local housing trust funds.

To this end, Sacramento Housing Alliance will be leading an effort with our community partners in 2016 to enhance and expand the Housing Trust Fund Programs for the City and County of Sacramento by supplementing and leveraging the existing financial resources available for the creation and preservation of affordable homes in the Sacramento region.

2. Make it easier to develop affordable homes as part of a continuum of housing options.

Examples include:

- **Targeting financial resources towards homes for those with extremely low incomes –** New and existing programs to encourage more affordable homes should target households with the lowest incomes who are most at risk of homelessness. We

recommend requiring 15% of homes financed by SHRA, both new developments and rehabilitation, be made affordable to people with extremely low incomes (<30% of Area Median Income), with some allowed exceptions. Targeting financing towards homes for those with extremely low incomes would help meet the goal stated in the City of Sacramento's Housing Element to "promote the siting, production, rehabilitation, and preservation of homes for [extremely low income] households, including nontraditional housing types" (Goal H-3.1; emphasis added). Such policies also conform to State housing element law requiring all communities to analyze and address the needs of extremely low income households.

- **Allocating federal rent subsidies to projects** – Financing extremely low income units, including those with a homeless set aside, in new projects can be further realized by project-basing federal rent subsidies managed by the Sacramento Housing and Redevelopment Agency, including Housing Choice Vouchers, Shelter Plus Care and VASH. These resources provide the most effective means of preventing and ending homelessness for our most vulnerable neighbors. In addition to matching these resources with new high quality amenity- and service-rich sites, project-basing federal rent subsidies has the effect of leveraging other affordable homes in a project. The City and County of Sacramento should direct their Housing Authority to create more opportunities to make project-based commitments, including working with HUD to reduce the administrative burden of project-basing available subsidies.
- **Prioritizing public land for development of affordable homes** – State law requires priority be given for affordable homes for all public surplus lands. Sacramento can more effectively and aggressively implement this requirement by inventorying surplus land more frequently, and publicizing that inventory more broadly. The City and County could also work with Regional Transit to adopt resolutions and supporting policies that commit to making surplus public land available for affordable homes, as state law requires.
- **Inclusionary upzoning** – Adopt policies that require the inclusion of affordable homes in developments requesting upzoning and rezoning. A similar approach would be to adopt overlay zones that provide incentives to include affordable homes in developments. Overlay zoning encourages rather than mandates affordable homes, but can help local governments target incentives to priority development areas.
- **Waiving development fees** – Costs associated with the development process, such as impact fees and building permit fees can be reduced or eliminated to encourage the development of affordable homes. For example, fees could be reduced or waived for projects that include a percentage or number of affordable housing units. At a minimum, all affordable housing projects should have fee deferrals, as with Sacramento County's Affordable Housing Fee Deferral and Waiver Program. The City of Sacramento committed

to establish a fee deferral program for affordable housing in their most recent Housing Element (H-2.2.3) and to review and reduce fees for affordable housing (H-2.2.5).

- **Streamlining development review and rezoning** – Affordable housing development can benefit from an expedited review process. At a minimum, the City of Sacramento should provide free expedited review for projects in which at least 20 percent of the units are affordable, as Sacramento County committed to in their Housing Element (2.1.2).
- **Promoting nontraditional housing types** – There are several innovative types of homes Sacramento could explore creating. Legalizing micro-homes and rooming houses may be an inexpensive way for Sacramento to expand its stock of homes.

3. Declare a State of Emergency on Homelessness

Affordable homes sufficient to meet the needs of Sacramento’s population cannot be developed overnight. The need for additional shelter beds, however, exists now and can increase quickly. Sacramento County has only 573 beds in emergency shelters, which pales in comparison to the 948 unsheltered individuals identified in the most recent point-in-time count.⁸ The concerns raised about last year’s El Niño are just one example of the type of emergency conditions that can arise and create an immediate humanitarian need for shelter. As the City’s Climate Action Plan acknowledges, we need to prepare for more intense storm and flood events. Part of that preparation should include planning for the needs of unsheltered individuals during severe weather. Such preparation might include the identification of potential shelter sites with operating criteria similar to the warming and cooling centers in the City and County. Adopting an emergency declaration would provide the ordinance and implementation measures such centers would need in advance. Other jurisdictions have already made similar accommodations. Unseasonably heavy storms have prompted San Francisco to open Pier 80 as a shelter space with coordinated social services for clients.⁹ Severe weather events help draw attention to the ongoing health and safety crisis faced by those suffering from homelessness.

We recommend the City and County of Sacramento declare a state of homelessness emergency, which would allow for expedited siting of “emergency shelters,” temporary residential facilities, which provide overnight accommodations and services for homeless persons and families on a short-term basis. Such a declaration could facilitate using public buildings as shelter space. Public buildings and land not suitable for permanent homes can be prioritized for use as temporary shelter space, including parking lots, parts of community centers, and libraries. State law in Florida, for example, dictates that “any professional sports facility built with state money must be used as a homeless

⁸ Sacramento Steps Forward. (July 2015). *2015 Point-in-Time Homeless Count Report*. Retrieved from http://sacramentostepsforward.org/wp-content/uploads/2015/07/SSF2015PITReport-July162015_CoverMemo.pdf

⁹ Dudnick, L. (2016, February 17). SF hopes to fill Pier 80 homeless shelter ahead of rainstorm. San Francisco Examiner. Retrieved from <http://www.sfexaminer.com/sf-hopes-fill-pier-80-homeless-shelter-ahead-rainstorm/>

shelter except when the facility is being used for a specific event or activity.¹⁰ Likewise, Portland followed up their emergency declaration by looking into using city-owned parking garages as overnight shelters.¹¹ Other results of Portland's declaration include authorizing the City to dedicate an initial \$30 million for homeless services, approving an additional \$67 million for affordable housing projects, and suspending the city zoning code to permit the construction of a temporary shelter.

Nine jurisdictions across the nation have made formal emergency declarations concerning homelessness as of January 2016.¹² Each declaration has policy and program components tailored to their local context, including short-term activities such as the provision of temporary shelter and longer term solutions such as zoning code changes. Some jurisdictions have declared Shelter Crises rather than a State of Emergency, and the declaration of either or both in combination may be the best fit for Sacramento. Sacramento has been considering options such as the creation of small cabins with supportive facilities, as proposed by Safe Ground Sacramento and First Step Communities, and the designation of space for legal encampments. These proposals could be implemented more quickly under an emergency declaration. Shelters created in the wake of an emergency declaration should be tailored to the needs of everyone experiencing homelessness, including single individuals, families, unaccompanied youth, people with disabilities, people with pets and members of the LGBT community, in addition to being tailored to the needs of Sacramento as a jurisdiction.

Sacramento's emergency declaration should make three key, strong statements:

- First, that homelessness is at a crisis point as devastating as a natural disaster.
- Second, homelessness can be solved by societal and political intervention, and solutions to homelessness exist.
- Finally, state and federal resources must be leveraged to implement those solutions.

4. Put a Moratorium on Enforcement of Anti-Camping Laws

The Sacramento Housing Alliance supports a limited-time moratorium on camping ban laws and ordinances within the City and County of Sacramento. There are an insufficient number of shelter beds to temporarily house the number of unsheltered individuals in the Sacramento area. As of the most recent Point in Time homeless count, Sacramento is home to over 2,600 individuals experiencing homelessness. Roughly 1,700 of these individuals are housed in homeless shelters and transitional housing, but the others have no access to shelter or other homes. Sleeping should not be made illegal for those unsheltered individuals.

¹⁰ Kam, D. (2012, January 20). Hope for the homeless? Football stadiums! *Palm Beach Post*. Retrieved from <http://postonpolitics.blog.palmbeachpost.com/2012/01/20/hope-for-the-homeless-football-stadiums/>

¹¹ Vespa, M. (2016, February 18). City eyeing housing homeless in downtown parking garages. *KGW*. Retrieved from: <http://www.kgw.com/news/local/city-eyeing-housing-homeless-in-downtown-parking-garages/47309001>

¹² National HealthCare for the Homeless Council. (January 2016). *Homeless States of emergency: Advocacy Strategies to advance permanent solutions*.

Evidence-based objections to anti-camping ordinances are surfacing nationally. In August 2015, the Department of Justice filed a brief in the case against an anti-camping ordinance in Boise, Idaho, stating:

It should be uncontroversial that punishing conduct that is a universal and unavoidable consequence of being human violates the Eighth Amendment . . . Sleeping is a life-sustaining activity - i.e., it must occur at some time in some place. If a person literally has nowhere else to go, then enforcement of the anti-camping ordinance against that person criminalizes her for being homeless.

The U.S. Interagency Council on Homelessness also issued guidance on encampments, specifically stating, “The forced dispersal of people from encampment settings is not an appropriate solution or strategy.”¹³ A month later, the Department of Housing & Urban Development followed through by creating funding incentives to stop criminalization in their \$1.9 billion grant program for homeless Continuums of Care. On an average night, 948 people in Sacramento County are on the streets, having literally nowhere else to go, and issuing them a citation because of it is unjust and ineffective.

Policies that criminalize homelessness are costly and consume substantial regional and local resources. The City of Sacramento spends more than \$13.6 million a year to address homelessness. A majority of these expenditures are put towards mitigating the impact of homeless on surrounding communities rather than services for individuals experiencing homelessness or investments in programs that provide homes.¹⁴ A moratorium on the enforcement of anti-camping laws would allow for a fiscal review to establish the cost savings a repeal of such ordinances could realize. Those funds could then be invested in programs that work, rather than spent on policing activities that do not. In addition to not addressing the underlying cause of homelessness, policies that criminalize homelessness cost Sacramento by potentially disadvantaging our Continuum of Care in the competitive federal granting process.

A final cost of these criminalizing measures is to the people experiencing homelessness themselves. Arresting and/or fining people for “act of living” crimes in public spaces give them a criminal record. With a record, people find it more difficult to obtain a job, secure services, and find a home. Anti-camping ordinances create greater barriers for people to exit homelessness successfully, and provide neither a permanent nor a sustainable solution to homelessness.

Conclusion

Homelessness is increasing and every month more of our neighbors are at risk of falling into homelessness. Affordable homes are the solution to homelessness, as well as our best method of

¹³ USICH. (2015). *Ending Homelessness for People Living in Encampments*. Retrieved from https://www.usich.gov/resources/uploads/asset_library/Ending_Homelessness_for_People_Living_in_Encampments_Aug2015.pdf

¹⁴ Sacramento Regional Coalition to End Homelessness. (2015). *Cost of Homelessness to the City of Sacramento*.

preventing homelessness by addressing the housing supply and demand problem at its root. The political and programmatic solutions to homelessness must be commensurate with the needs of our community. Our region must make substantive investments in the production and preservation of affordable homes by growing our Housing Trust Funds. We must acknowledge the homelessness crisis we face, and find short- and long-term ways to both provide the needed affordable homes and increase the number of shelter beds in Sacramento. Finally, without adequate shelter space, the enforcement of the city's camping ban is misguidedly punitive and counterproductive. Evidence-based, cost-effective solutions to homelessness exist. Now it is incumbent upon Sacramento to make those solutions a reality.