

**IMPACT OF GENTRIFICATION AND NEIGHBORHOOD REVITALIZATION
ON THE DISPLACEMENT OF RESIDENTS**



The Capitol Park Hotel was once a Single Room Only (SRO) complex that is now serving as a temporary shelter for the homeless. It still houses a number of SRO residents. Mercy Housing plans to convert the building into 134 permanent supportive housing units after the temporary shelter closes.

IMPACT OF GENTRIFICATION AND NEIGHBORHOOD REVITALIZATION ON THE DISPLACEMENT OF RESIDENTS

SUMMARY

This investigation, by the 2019-20 Sacramento County Grand Jury, centers on examining the effects of revitalization of former Single Room Occupancy (SRO) properties in Downtown Sacramento on its current and previous residents - those of low income, seniors, and the disabled. Although revitalization of Downtown Sacramento is core to the city's economic development, the Grand Jury is concerned about its effect on these residents.

Through its investigation, the Grand Jury discovered a lack of transparency in regard to these displaced residents. The Grand Jury was unable to determine if, how and where all of the former residents were relocated. Have their situations improved or are they presently homeless? The Sacramento Housing and Redevelopment Agency (SHRA) is responsible for ensuring these residents find another residence and are compensated. The only report showing statistics of displaced residents is the weekly update report of the Capitol Park Hotel residents on SHRA's website. Reports should be further developed to provide information on the placement status of all dislocated SRO residents.

Interviews with stakeholders, city and county officials, as well as SHRA, which partners with Sacramento Steps Forward (SSF) and other non-profit agencies, revealed a current lack of coordination and clear lines of responsibility among the agencies. We did not interview residents because of privacy issues. The current Grand Jury looked specifically at SRO displaced residents but was unable to determine if they were presently in stable long-term housing or have migrated to homelessness.

There is evidence of progress through the recent development of the Sacramento Homeless Policy Council. This Council will bring together representatives of the county, all of the cities within the County, itself and SHRA. Sacramento Steps Forward, as a primary convener, will provide administrative support to the SHPC as funding permits. This is a promising new alliance that may improve collaboration and provide procedures to prevent possible displacement issues. SSF also currently partners with Kaiser Permanente, the University of California, Davis, Sutter Medical Centers, Dignity Health and local business associations.

BACKGROUND

Sacramento is revitalizing and/or replacing older residential hotels, many of which are designated as historic buildings and were once classified as SROs, especially in Downtown

Sacramento. A residential hotel is defined as any building containing six or more rooms intended to be occupied and rented for sleeping purposes by tenants.

This revitalization could exacerbate the shortage of decent, safe, sanitary and affordable rental housing for very low-income, senior and disabled residents. One of these revitalized or replaced buildings is the Hotel Berry, which is now the Studios at the Berry on 8th and K Street. This revitalization required at least a temporary relocation of those residents. Another is the Capitol Park Hotel at 9th and L, which is temporarily being repurposed as a homeless shelter and will later be further renovated again as an SRO. The Marshall Hotel on 7th Street between K & L Streets has been demolished except for the historic façade and will become a Hyatt Centric Hotel. These are just a few examples where SROs provided housing for very low income, disabled and senior residents in the past.

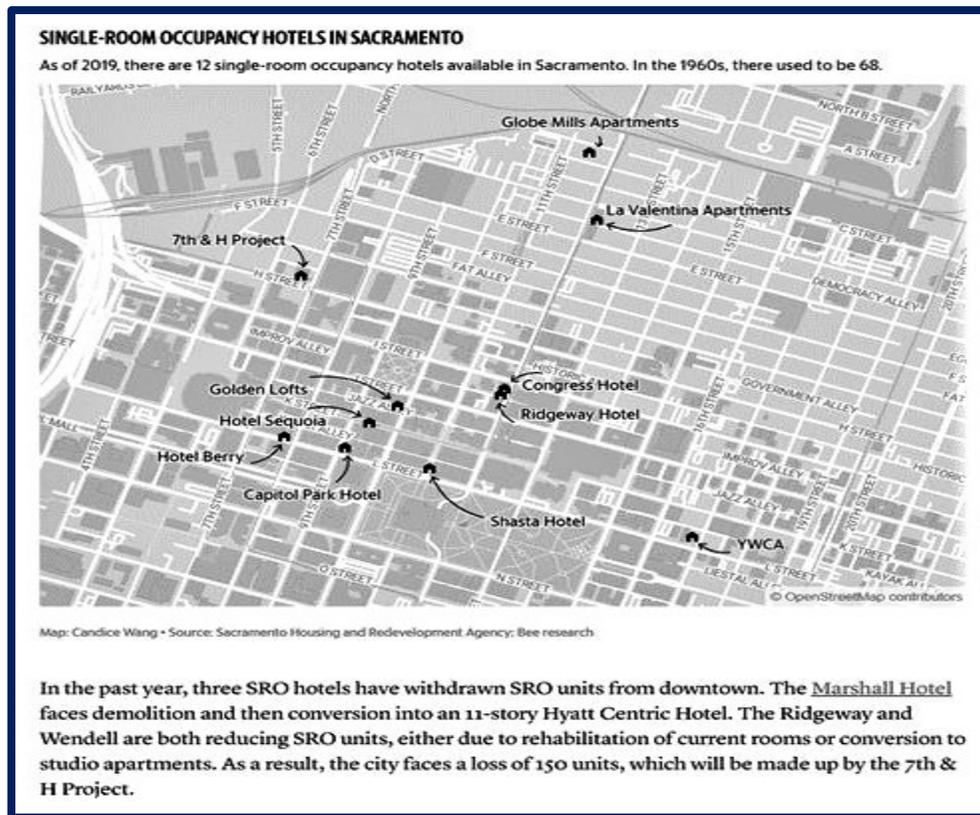
Where are the previous residents of these SROs? Have they been relocated or dislocated? Have their home situations improved or deteriorated? Do they have access to needed services such as grocery stores, mental and physical health providers, drug stores and transportation? Was their relocation assistance adequate? Did they receive assistance to find a location that meets their needs? What are the responsibilities of government, non-profit organizations or developers to meet the needs of these displaced residents? Interviews revealed that many of them are disabled and/or senior citizens with mobility issues which complicates the relocation process. These are the questions the Grand Jury set out to answer but was not able to get the information needed. That led the Grand Jury to the question – how transparent is the process?

History

In 1961 there were approximately 78 hotels in the downtown area. Sixty-eight of those have been demolished or repurposed for commercial use. These hotels provided 3,558 SRO housing units. By 1986, there were only 1,013 SRO units left and by 2006 the number was only 712 units distributed among 10 residential hotels. That represents an 80 percent reduction in housing, which is no longer available for these very low income, senior and disabled residents. Is 712 enough to address the needs of a vulnerable population?

As of 2019, there were 13 residential complexes totaling 762 SRO units. Capitol Park is counted in these numbers. The others include Congress, Sequoia, Golden Lofts, 7th and H Project, The Suites at the Berry, Ridgeway, Shasta, YWCA, Cannery Place, Globe Mills, La Valentina and The Warehouse Artist Lofts (WAL). The map shown in Figure 1 does not include WAL or Cannery Place which are outside the borders of this map.

Figure 1. Map showing locations of SRO complexes in Sacramento



Source: Sacramento Housing and Redevelopment Agency

Interviews of elected officials, City and County employees and non-profit organizations indicated there has been mounting pressure to demolish or convert some of these remaining residential hotels. Since revitalization of Downtown Sacramento continues to be at the core of economic development, the Grand Jury is concerned about the people who are being adversely affected by the loss of these SROs. Without relocation assistance to help them find comparable accommodations within the same general area, they would be unable to continue using services, transportation and social opportunities familiar to them.

The Uniform Relocation Assistance and Real Property Acquisition Act (URA) was passed by the federal government in 1970. It was intended to ensure fair compensation and assistance for those whose property was compulsorily acquired for public use under "eminent domain" law. This law applies to residents who are dislocated and is in compliance with Sacramento City Code 18.20.060 and California Government Code Sections 7260-7277. These provisions are used for all SHRA projects but are particularly applicable to the SRO relocations. We could not determine if they take advantage of it.

The City of Sacramento adopted Title 18 – the SRO ordinance in 2006 that mandates a minimum 712 SRO units must remain available for these residents. Under this City Code, a resident of the SRO hotel slated for destruction or renovation is entitled to relocation services. The relocation plan is a written document that sets forth the owner’s commitment to the residents to help them relocate to a comparable unit and/or receive assistance for relocation. The tenant can choose to be: (a) relocated, (b) relocated with supplemental funding for up to 5 years, or (c) provided with funds without relocation by SHRA. Residents may also walk away without any plan and make their own arrangements. Some residents opt to live with family or friends. SROs traditionally provided affordable housing for single individuals with extremely low incomes. The disabled and seniors have been saved from homelessness by available SROs. The formerly incarcerated, including convicted felons, have also been accommodated.

On November 1, 2016, The Sacramento City Council amended the Residential Hotel Unit Withdrawal, Conversion, and Demolition Ordinance (City Code 18.20) removing seven of the 11 rehabilitated, regulated or replaced SROs and requiring the remaining four un-rehabilitated SROs to remain on the list. The four SRO Residence Hotels still subject to the ordinance are Capitol Park, Congress, Golden and Sequoia.

Financial assistance is available to displaced residents through fixed payments or actual reasonable moving expense payments. Residents may be entitled to a Replacement Housing Payment not to exceed \$7,200 for down payment on another unit. The residents may also be entitled to up to 42 months of supplemental payments where the new housing costs exceed the current housing rate the resident is entitled to pay. A displaced household has up to one year to qualify for benefits and six additional months to provide substantiating documentation. Relocation is not considered complete until all households qualifying for relocation have been relocated to comparable, decent, safe, and sanitary units.

SHRA

The Sacramento Housing and Redevelopment Agency (SHRA) was created as a Joint Powers Authority (JPA) in 1981 by the Sacramento City Council and Sacramento County Board of Supervisors. SHRA brings together financial resources and staff expertise to revitalize lower-income communities, create affordable housing opportunities, and serve public housing residents in Sacramento. The members of the JPA are the City of Sacramento, the County of Sacramento, the Housing Authority of the City of Sacramento, and the Housing Authority of the County of Sacramento. SHRA is the lead agency for the Sacramento City and County Consolidated 5-year Plan for allocating federal housing and community development block grants provided by the U.S. Department of Housing and Urban Development (HUD). SHRA administers the Community Development Block Grant (CDBG), Housing Opportunities for Persons with AIDS (HOPWA), HOME Investment Partnership Program (HOME) and Emergency Solutions Grant (ESG) funds on behalf of the City and County.

SHRA is the central coordinating organization for relocating displaced individuals. The agency is a partner with the City and County of Sacramento on community redevelopment projects and development of affordable housing units. According to the SHRA website, the Sacramento Housing and Redevelopment Agency was created to ensure the ongoing development of affordable housing and to continuously fuel community redevelopment projects in the city and county of Sacramento. SHRA publishes an Annual Report detailing its plans for coming years and listing activities and accomplishments. The SHRA Annual Report for 2018 reported a \$198 million budget. The SHRA Annual Budget for 2020 is \$211.9 million.

Although this Grand Jury concentrated on Downtown Sacramento, it is important to note, SHRA is responsible for all areas of the County of Sacramento. This includes the redevelopment work taking place on 65th Street, Alkali Flat, Army Depot, Del Paso Heights, North Sacramento and the Oak Park project areas. SHRA also oversees the City/County shared areas of Auburn Boulevard, Franklin Boulevard and Stockton Boulevard project areas. The City manages the Merged Downtown and Richards/Railyards project areas.

Sacramento Steps Forward

Sacramento Steps Forward (SSF) is a 501(c) (3) nonprofit organization, formed in 2011, committed to ending homelessness in our region through collaboration, innovation and connecting people to services. SSF works with homeless individuals, advocates, service providers, non-profits, faith-based communities, policymakers, elected officials, citizens, public agencies and businesses. SSF coordinates with a broad-spectrum of public, private and non-profit organizations in order to find housing for the unsheltered or people at risk of losing their housing.

The Grand Jury of 2018-2019 addressed the issue of homelessness with recommendations for action that included better coordination between entities. The Grand Jury of 2019-2020 is attempting to determine if gentrification and revitalization lead to an increase in displacement of SRO residents. These SRO residents are a vulnerable population in need of an organizational model to successfully monitor results. There needs to be a higher level of transparency to monitor activities and ensure successful and permanent placement. The Sacramento Homeless Policy Council (SHPC) was just established to address coordination and transparency.

METHODOLOGY

The 2019-2020 Grand Jury conducted research using the following news and information sources:

Internet, The Sacramento Bee and Sacramento News and Review articles:

- “After the Hotel Uncertainty, Will Downtown Homeless Shelter Project Lead to Different People Being Homeless,” Sacramento News & Review, October 3, 2019

- City of Sacramento, Housing Authority/City Council Report, “(City Council/Housing Authority) Commitment to Housing Authority/Sacramento Housing and Redevelopment Agency Focused Meetings,” February 11, 2020
http://sacramento.granicus.com/ViewPublisher.php?view_id=22
- Sacramento City Council Report, “SHRA Proposed Homeless Services Five-Point Plan,” October 22, 2019
https://sacramento.granicus.com/MetaViewer.php?view_id=21&event_id=3558&meta_id=567773
- Sacramento City Code, Title 18, Chapter 18.20 “Relocation Benefits Pertaining to Residential Hotel Unit Conversion or Demolition,”
<https://www.qcode.us/codes/sacramento/>
- County of Sacramento “Background and Overview of the Joint Powers Authority of the Sacramento Housing and Redevelopment Agency,” January 31, 2017
http://sacramento.granicus.com/MetaViewer.php?view_id=22&clip_id=3935&meta_id=490578
- HUD User Website
 - Home Page: <https://www.huduser.gov/portal/home.html>
 - Data page: <https://www.huduser.gov/portal/datasets/il.html#2020>
- Sacramento Housing and Redevelopment Agency website
 - SHRA: <https://www.shra.org/>
 - Meetings; <https://www.shra.org/transparency/board-agenda/>
- Current and planned relocation project plans such as SHRA’s “Book of Projects,”
<https://www.shra.org/book-of-projects/>
 - SHRA’s “Book of Projects – Community Development” contains three sections:
 - Completed Projects (30 completed projects)
 - Projects Under Constructions (four projects)
 - Completed Projects (seven projects)
- Sacramento 2019 Point-in-Time Report, “Homelessness in Sacramento County,” prepared and published by California State University, Sacramento for Sacramento Steps Forward, <https://sacramentostepsforward.org/wp-content/uploads/2019/06/2019-Final-PIT-Report-1.pdf>
- Sacramento Grand Jury Reports, <https://www.saccourt.ca.gov/grand-jury/reports.aspx>
 - Sacramento Grand Jury Annual Report_2018-2019, “Addressing Homelessness in Sacramento County: An Extraordinary Community Challenge”
 - Sacramento Grand Jury Annual Report 2016-2017, “Homeless Crisis Continues”
 - Sacramento Grand Jury Annual Report 2015-2016, “Homelessness: A State of Emergency”

Reviewed available documentation of major stakeholders:

- City of Sacramento; “Anti-Displacement/Gentrification Study, Sacramento Central City Specific Plan,” May 24, 2018,
http://www.cityofsacramento.org//media/Corporate/Files/CDD/Planning/Long-Range/Gentrification-Displacement-Whitepaper_5_24_18_.pdf
- City of Sacramento project resources, <http://www.cityofsacramento.org/Community-Development/Planning/Major-Projects/Central-City-Specific-Plan/Resources>
- County of Sacramento website, <https://www.saccounty.net/Pages/default.aspx>
 - Planning and Environmental Review
<https://planning.saccounty.net/Pages/default.aspx>
- County Board of Supervisor Meeting Minutes, “Background and Overview of the Joint Powers Authority of the Sacramento Housing and Redevelopment Agency,” March 31, 2017
- SHRA’s proposed 2020 Public Housing Agency (PHA) Five Year Plan, as presented to the Sacramento Board of Supervisors, September 4, 2019
- Sacramento Housing and Redevelopment Commission meeting (SHRA presentation), Sept. 18, 2019
- SHRA’s 2020 Approved Budget,
<https://www.shra.org/wpcontent/uploads/2020/01/SHRA-2020-Approved-Budget.pdf>
- Downtown Sacramento Partnership Mission and Vision
<https://www.downtownsac.org/services/safe-streets/homeless-outreach/>
- Sacramento Steps Forward Mission and Vision, <https://sacramentostepsforward.org/>
Housing First Statistics, <https://sacramentostepsforward.wordpress.com/tag/housing-first/>
- National Alliance to End Homelessness publication, “What is Housing First?”
<https://endhomelessness.org/resource/housing-first/> April 20, 2016
- “Kaiser Permanente Donating 32 Million for Housing and Homelessness in Sacramento,” Sacramento Business Journal, February 20, 2020
<https://www.bizjournals.com/sacramento/news/2020/02/20/kaiser-permanente-donating-32-million-to-fight.html>
- “Fighting Gentrification and Displacement – Emerging Best Practices,” The Next System Project, a Project of the Democracy Collaborative, February 19, 2020
<https://thenextsystem.org/fighting-gentrification-best-practices>,

Interviews with:

- Elected officials and staff representatives from the Sacramento City Council
- Elected officials from the Sacramento County Board of Supervisors
- Senior staff from SHRA, City and County housing related offices

- Senior staff from Sacramento Steps Forward
- Senior staff with Downtown Sacramento Partnership

DISCUSSION

The purpose of this report is to determine if and how revitalization and gentrification are leading to an increase in the number of displaced residents. The Grand Jury concentrated on the relocation of former residents of the Downtown Sacramento SRO hotels and hoped to learn the total number affected, where they have gone and the length of the relocation process. The Grand Jury also wanted to understand timelines for other SRO properties that are planned for renovation or conversion and the number of individuals who might be affected by property revitalization and gentrification. This information was not provided to the Grand Jury.

The Grand Jury sought to determine how the plans were developed for housing affected individuals, what resources are committed to relocation and how these individuals are tracked to ensure they have adequate housing choices. It is a complex issue to find appropriate housing and to convince those at risk of displacement to leave the familiar and move to the unknown. It is also challenging to find locations for difficult-to-place tenants, for example those with criminal records, mental health issues and special needs.

The investigation began by reviewing the impact on residents of the renovations to the Berry Hotel, the Shasta Hotel and the Capitol Park Hotel - all three of which were SROs that had been or were in the process of being converted. The Grand Jury found that the conversions of all three facilities appear to have been well-planned and, when completed, will meet the intent of the law and the needs of the community.

The Berry Hotel

The Berry Hotel at 8th and L Streets was built in the 1920's and was once considered one of Sacramento's finer hotels. Over time, it became one of many older structures in Downtown Sacramento housing mostly older, male and low-income residents.

After repeated and failed attempts by other developers, The Jamboree Company partnered with SHRA to bring the structure up to code – including a seismic retrofit – and to update what had become a blighted eyesore in deplorable condition. The renovation, completed in 2012, included a retention of all historic marquees, signage and roof details on a historically-significant building. It is now known as The Studios at Hotel Berry and is comprised of 105 affordable studios for individuals, veterans and those with special needs. All studios are filled and residents benefit from onsite programs that focus on job skills, health and wellness and community building. This project was the 2018 winner of the Housing Innovation Award, Sacramento Regional Affordable Housing Summit by the Sacramento Housing Alliance.

Shasta Hotel

Another revitalized SRO is the Shasta Hotel at 1017 10th Street, an 80-unit SRO hotel. The building is composed of two historic structures, the former Argus Hotel, and the Shasta Hotel (formerly known as the Inverness Building, which housed medical offices). In 1989, the buildings were declared unsafe to occupy and sat vacant until remodeled in 1994 with funding from SHRA, California Housing Rehabilitation Program, and National Equity Fund, Inc.

This development will preserve 78 homes for special needs and homeless individuals and greatly expand tenant community spaces. LifeSTEPS, a Sacramento based social services firm, will be providing life training skills, education, financial literacy, and health services to all residents. Shasta Hotel is in a walkable and service rich location within downtown Sacramento. Residents will continue to have excellent access to grocery, medical, and transportation. This is a low-income housing community with rent and income restrictions based on the AMI (Area Median Income).

7th & H

Mercy Housing's 7th & H complex is a mixed-use affordable housing development, constructed in 2012, that provides 150 studios and one-bedroom apartments in an eight-story building. 7th & H presently has no vacancies. The mixed-use aspect includes extensive community space, comprehensive resident services, a health clinic and ground floor commercial retail spaces. This new building incorporates many environmentally sustainable features. The 7th & H complex has been used to house residents temporarily displaced during the conversion of SRO residences, including the Berry, Shasta Hotel and Capitol Park Hotel. Some of the previous residents of The Marshall Hotel, which is being converted into an 11-story Hyatt Centric Hotel, as well as other renovated properties such as The Ridgeway and The Wendell, which were converted to apartments, have been relocated to the 7th & H complex.

Capitol Park Hotel

The City of Sacramento entered into an Administrative Services Agreement with SHRA to operate a temporary shelter at the Capitol Park Hotel in downtown Sacramento to house 100-180 homeless people through October 2020. SHRA is partnering with Volunteers of America (VOA) to oversee the onsite shelter operations, SSF to refer homeless persons to be sheltered, and John Stewart Company (JSCo) as the property manager for the homeless shelter. Entry to the Capitol Park Hotel Temporary Shelter is through a closed referral process.

After the end of the homeless shelter operation, Mercy Housing anticipates construction to begin to renovate the building and convert the hotel into 134 units of permanent supportive SRO housing.

The Capitol Park Hotel is presently housing both homeless and previous SRO residents. The Grand Jury was unable to determine from our review of the documentation and reports

provided by SHRA if the homeless and SRO residents are co-located or are housed in separate areas.

According to the SHRA website (www.shra.org), as of April 24, 2020, the Capitol Park Hotel Temporary Shelter was housing 72 guests in its 180-unit facility - 44 males, and 28 female guests. Eight are between the ages of 18-24; 52 guests are between the ages of 25-61; and 12 guests are over age 62. In addition to the temporary guests, 20 of the original residents still remain in the facility. Forty-nine residents have received relocation benefits and moved to their new homes. Eleven residents moved out without assistance from SHRA. Residents have the option of moving with or without assistance. Some chose to stay until an option is available to maintain their independence and/or stay close to the neighbors they have bonded with throughout the years. This is the only report the Grand Jury was able to obtain after multiple Presently, there are onsite providers in some of the SROs that provide assistance to residents and guests. These include, but are not limited to Veteran Affairs physicians, American River College, California State University, Sacramento, Sacramento Self Help Housing, Volunteers of America, WellSpace, Sacramento County Mental Health and Alcoholic Anonymous.

Book of Projects

In 2019, SHRA published a “Book of Projects for Community Development in Sacramento County.” In the “Book of Projects,” there is an extensive listing of housing projects completed, projects in progress and projects planned in future years. SHRA also outlined its mission, its vision and its goals in the document.

Within the County of Sacramento, there are 24 projects completed, three projects under construction and eight projects planned in the near future. The projects currently under construction are the 700 Block of K Street, the Bing Kong Tong Building, and the El Paso Nuevo V. The approved projects include Village Park, St Francis Terrace, Bel Vue Apartments, Southwind Court Apartments, Victory Townhomes, Dixieanne Apartments, Norwood Annex, and Imperial Tower Apartments. These are not classified as SROs but they do represent low-income housing which will become available to SRO tenants if they are displaced. This allows SHRA more options for placements.

In each of our interviews, the Grand Jury questioned whether the provisions of Title 18 are being met and how well SHRA and other members of the JPA are collaborating and working well together. In other words, to determine whether the JPA, SHRA and SSF are accomplishing their mandates in an effective way.

Figure 2 –Screenshot of SHRA’s Capitol Park Hotel Temporary Shelter weekly report



Capitol Park Hotel Temporary Shelter

Update at a Glance: Week of April 24, 2020

Capitol Park Hotel Temporary Shelter (CP) Status	Gender	Age	Guests	Services
Current Week	44 Males	8 18-24	72 Guests	1,033 Meals
72 CP guests stayed this week	28 Females	52 25-61	Guests are being referred by Sacramento Steps Forward once again	521 Bed nights
	0 Other	12 62+		
Project Year to Date (PYTD)	230 Males	36 18-24		29,320 Meals
353 CP guests were enrolled total	122 Females	277 25-61		19,392 Bed nights
	1 Trans Female	40 62+		

Guest Services



At this time we are taking COVID preventive measures and postponing all on-site visits of our outside partners

On-Site Providers

Guests’ Success– PYTD

Housed

- 100 guests have moved into Permanent Housing (*Primarily in Sacramento County*)
- 3 guests staying with friends and family on a temporary basis
- 1 guest moved into transitional housing

Gained Employment

- 11 guests

Building Condition



- Café space replaced damaged ceiling tiles and addressed plumbing issues in preparation for shelter guest use.

Relocation of Residents



- 49 residents received relocation benefits and moved to their new homes:
 - * Sacramento County: 33
 - * Out of State: 1
 - * Yolo County: 12
 - * Other County in CA: 3
- 11 moved out without assistance
- 20 residents remain

The 2018-19 Grand Jury addressed these same questions within its report which included how SHRA, SSF and the JPA worked to address homelessness. When individuals were interviewed during 2019-20, it was difficult to determine if the coordination among the agencies had improved. City and County representatives stated they do talk regularly and they meet weekly. The JPA meets monthly. The general consensus among those interviewed by the 2019-2020 Grand Jury was that coordination had not improved and duplication of effort and inconsistent messaging is problematic.

The response received from the City of Sacramento relating to the 2018-19 Grand Jury recommendations described a plan to hire a consultant to address collaboration and coordination among members of the JPA. Sacramento Homeless Policy Council (SHPC) is a newly appointed council of primarily elected officials representing Sacramento County, and the cities of Citrus Heights, Elk Grove, Galt, Isleton, Folsom, Rancho Cordova, and Sacramento. Its stated mission is to provide broad-based, collaborative, and strategic leadership on Sacramento's regional response to the crisis of homelessness. This Council will be staffed by SSF. SHPC is scheduled to begin meeting in May 2020.

The SHPC objectives include:

- providing strategic leadership and consensus policy direction on solutions to address the homelessness crisis and resolve the primary factors contributing to housing instability and literal homelessness;
- championing and promoting alignment of policies and approaches that, when aligned, result in improved outcomes for persons and families experiencing homelessness;
- providing review and support implementation of the Sacramento County Homeless Plan adopted in December 2018; and
- providing a public forum for sharing information and best practices for addressing homelessness in Sacramento.

Kaiser Permanente has committed \$32 million to help the Sacramento area address homelessness and housing insecurity. "Housing insecurity has a negative impact on health and will require an all-hands-on-deck approach to solving this problem," said Greg Adams, Chairman and CEO of Kaiser Permanente. "Our mission to improve the health of our members and their communities demand that Kaiser Permanente continues to lead, support, and catalyze others to address the public health issue of homelessness and housing insecurity." SRO residents are examples those facing housing insecurity. Efforts should be made to ensure these residents don't fall into homelessness. Working in collaboration with Sacramento Mayor Darrell Steinberg, county leaders, and other key stakeholders, Kaiser Permanente is implementing a strategic approach to:

- Invest up to \$25 million to preserve and create affordable and supportive housing. The first installment of these funds will preserve 172 affordable housing units in three Section 8 properties in Sacramento and Rancho Cordova

- Invest up to \$25 million to preserve and create affordable and supportive housing. The first installment of these funds will preserve 172 affordable housing units in three Section 8 properties in Sacramento and Rancho Cordova
- Commit \$2 million to leverage Kaiser Permanente’s national partnership with Community Solutions and its Built for Zero initiative to support systems change working with cities, counties, and other key stakeholders
- Invest \$5 million in operating costs to expand emergency shelter capacity in Sacramento. This is in addition to the \$6 million previously given to address immediate needs of people experiencing homelessness in Sacramento

The consulting firm, Community Solutions, began meeting, under this Kaiser grant, the first week of March 2020. There have not been any reports or minutes published to date. Perhaps with the help of these new organizations and funding, Sacramento can further research best practices from other cities. Cities throughout the nation have looked for solutions to the impact of economic development and gentrification on those residents who have long relied on very inexpensive housing options to prevent them from living on the streets. What has worked well? Which options has Sacramento researched? For a number of years, the Sacramento economic development community, including the Chambers of Commerce, has arranged visits to other cities to research best practices. A publication entitled “Fighting Gentrification and Displacement – Emerging Best Practices,” a Project of the Democracy Collaborative, shares results from a broad array of cities. How might these projects inform Sacramento?

FINDINGS

F1. Clear lines of responsibility regarding relocation of Single Room Occupancy (SRO) clients have been difficult to determine. Opinions from interviewees indicate the agencies were not always working collaboratively, sharing information and consistently messaging.

F2. The Grand Jury found no evidence that a study of best practices from other cities has been performed or communicated.

F3. The Grand Jury found that the conversions of The Berry, The Capitol Park and the Shasta facilities appear to have been well-planned and meet the intent of the law and the needs of the community.

F4. Sacramento Housing and Redevelopment Agency (SHRA) did not provide the Grand Jury information on reporting or tracking individual residents of SROs who were displaced. Therefore, it could not be determined whether those occupants who may have been compensated have relocated, whether the relocation was successful or, worst case, if the resident spent the money and may now be homeless.

F5. The Grand Jury Report for 2018-2019 recommended seeking assistance to look at the actions and coordination of the stakeholders. As a result of those recommendations, The Sacramento Homeless Policy Council (SHPC) was formed which will impact future relocated tenants.

F6. Kaiser Permanente is funding support to help SHPC develop oversight, stronger collaboration and a coordinated plan.

F7. While SHRA has the legal mandate for housing individuals displaced by gentrification, several initiatives and/or agencies including Sacramento Steps Forward (SSF), Volunteers of America, and Continuum of Care are involved in various aspects. It is not clear which entity makes the final decision, which initiates policy and which manages implementation regarding development of plans and re-housing those impacted by gentrification.

F8. The Joint Powers Agency (JPA) members - Sacramento City, Sacramento County and SHRA - are making efforts to work more collaboratively along with Sacramento Steps Forward and the newly formed Sacramento Homeless Policy Council along with Community Solutions.

F9. Sacramento City Code mandates a minimum of 712 SRO rooms must remain available at all times. As of July 3, 2019, the City had 762 rooms including those at the new complex at 7th & H which indicates they are maintaining the mandated levels. The question remains whether that is an adequate number today.

RECOMMENDATIONS

R1. The Joint Powers Authority along with Sacramento Steps Forward and Sacramento Homeless Policy Council should collaboratively develop a single uniform plan relating to SRO displacement that would improve transparency, coordination, accountability and reduce duplication of efforts between the stakeholders by June 30, 2021.

R2. The Joint Powers Authority and Sacramento Steps Forward should develop a task force, utilizing the Sacramento Homeless Policy Council, to include representatives of all agencies involved in plans for gentrification throughout the County of Sacramento and especially Downtown Sacramento. This task force should research best practices of other jurisdictions to learn how they manage their efforts to protect residents of housing slated for gentrification and issue a report of findings by June 30, 2021.

R3. The current mandate of maintaining 712 SRO units may not be an adequate number. SHPC should study the number of SRO units needed in 2020 and beyond and provide a report of findings by March 31, 2021.

R4. Placements for residents of all SROs being repurposed or revitalized need to be monitored and publicly reported. To facilitate greater understanding and ensure improved transparency of the placement process, the SHRA website could be utilized to contain reports similar to the Capitol Park Hotel Resident Relocation Report for all SRO property renovations. SHRA should provide the elements and timeline of these reports by March 31, 2021.

GLOSSARY

AMI—Area Median Income is the midpoint of a region’s income distribution. For housing policy, income thresholds set relative to the area median income identify households eligible to live in income-restricted housing units and the affordability of housing units to low-income households.

AOD—Alcohol and Other Drugs

APS—Adult Protective Services

CADA –Capitol Area Development Authority is a public agency charged with creating urban infill housing; managing residential and commercial properties owned by the state; and enhancing the State Capitol environment. CADA functions much like a private property management and development company.

CoC—Continuum of Care is a program designed to promote communitywide commitment to the goal of ending homelessness; provide funding for efforts by nonprofit providers, and State and local governments to quickly rehouse homeless individuals and families while minimizing the trauma and dislocation caused to homeless individuals, families, and communities by homelessness; promote access to and effect utilization of mainstream programs by homeless individuals and families; and optimize self-sufficiency among individuals and families experiencing homelessness.

Gentrification – Gentrification is a process of changing a neighborhood through the influx of more affluent residents and businesses.

HCD—California Department of Housing and Community Development

HEAP—Home Energy Assistance Program

HHAP—Homeless Housing, Assistance and Prevention

Housing First—Their stated approach is to offer permanent, affordable housing as quickly as possible for individuals and families experiencing homelessness, and then to provide the supportive services and connections to the community-based supports to retain

their housing and avoid returning to homelessness. A concept adopted by multiple jurisdictions that promotes homes over sheltering.

HUD—U.S. Department of Housing and Urban Development

JPA— Joint Powers Authority - permitted under Section 6502 of the State Government Code

Mercy Housing—A national nonprofit organization and one of the nation’s largest affordable housing organizations.

MHSA—Mental Health Services Act - also known as Proposition 63, was enacted by voters in November 2004.

Residential Hotel—Any building containing six or more rooms intended or designed to be used, or which are used, as the primary residence for tenants. Also, known as Single Room Occupancy (SRO) hotels.

SHPC—Sacramento Homeless Policy Council

SHRA—Sacramento Housing and Redevelopment Agency

SRCEH—Sacramento Regional Coalition to End Homelessness

SRO--Single Room Occupancy

SSF—Sacramento Steps Forward.

SSH -- Sacramento Self-Help Housing.

Title 18 Chapter 18.2—Sacramento City Code Title 1—Additional Development Requirements. Chapter 18.20 – Relocation Benefits Pertaining to Residential Hotel Unit Conversion or Demolition.

URA—The Uniform Relocation Assistance and Real Property Acquisition Act (URA), is a federal law that establishes minimum standards for federally funded programs and projects that require the acquisition of real property (real estate) or displace persons from their homes, businesses, or farms. This law covers requirements that apply to all HUD projects.

VASH—Veterans Affairs Supportive Housing

Vouchers—The housing choice voucher program (formerly known as Section 8 housing) is the federal government’s major program for assisting very low-income families, senior citizens and the disabled to afford decent, safe and sanitary housing in the private market.

REQUIRED RESPONSES

Pursuant to Penal Code sections 933 and 933.05, the Grand Jury requests responses as follows:

From the following elected officials within 60 days:

- Mayor Darrell Steinberg
City of Sacramento
915 I Street, 5th Floor
Sacramento, California 95814
- Sacramento City Council Members
City of Sacramento
915 I Street, 5th Floor
Sacramento, California 95814
- Sacramento County Board of Supervisor Members
County of Sacramento
700 H Street, Suite 1450
Sacramento, California 95814

From the following individuals within 90 days:

- LaShelle Dozier
Executive Director
Sacramento Housing and Redevelopment Agency
801 12th Street
Sacramento, CA 95814

Mail or deliver a hard copy response to:

- Hon. Russell Hom
Presiding Judge
Sacramento County Superior Court
720 9th Street
Sacramento, CA 95814

Please email a copy of this response to

- Paul Thorn
Jury Commissioner
ThornP@saccourt.ca.gov

- Ms. Erendira Tapia-Bouthillier
Grand Jury
TapiaE@saccourt.ca.gov

INVITED RESPONSES

- Lisa Bates
Executive Director
Sacramento Steps Forward
1331 Garden Hwy. Suite 100
Sacramento, CA 95833
- Michael Ault
Executive Director
Downtown Sacramento Partnership
980 9th Street, Suite 200
Sacramento, CA 95814

Mail or deliver a hard copy response to:

- Hon. Russell Hom
Presiding Judge
Sacramento County Superior Court
720 9th Street
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Please email a copy of this responses to:

- Paul Thorn
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ThornP@saccourt.ca.gov
- Ms. Erendira Tapia-Bouthillier
Grand Jury
TapiaE@saccourt.ca.gov

Reports issued by the Grand Jury do not identify individuals interviewed. Penal Code section 929 requires that reports of the Grand Jury not contain the name of any person or fact leading to the identity of any person who provides information to the Grand Jury.