

It's time to develop a comprehensive strategy to address the housing and homelessness crisis that is currently pervasive in our communities

This article is a call to action for the State of California, its cities, counties, and the housing authorities, non-profits and other non-governmental agencies to address what has become an ethical, moral and social crisis beyond measure — the lack of available housing and homelessness. The answers are plainly evident, and we must take action immediately.

Folks, it's super easy:

- Re-establishment of community redevelopment agencies and tax increment financing solutions for local funding of affordable housing (low, very low, extremely low). Cities need a funding solution, and it needs to come reliably and locally.
- Expansion of State and Federal Funding to assist the non-profit developers of affordable housing.
- De-weaponize the California Environmental Quality Act (CEQA) by establishing a categorical exemption for all housing projects, Statewide.
- Require “by right” residential zoning in all communities within current zoning.
- Allocate state and local funding to support stakeholder collaboration in developing creative, community-based solutions for homeless services across all levels of care and support.
- Enforce goal achievement through incentives for housing elements and regional housing needs allocation objectives, while imposing penalties on cities and regional agencies that fall short of housing production targets.
- The State of California needs to establish both State and non-governmental agencies to address the mental and substance abuse crisis crippling families and localities with people in need.
- Counties housing authorities need to take a lead role in generating permanent and supportive housing programs especially for seniors and the disabled (including veterans).

As leaders in California, we sit on the verge of either exacerbating the problem or solving it. I suggest we solve it!

The journey that led me to write an article on homelessness and housing

In 2021, a friend asked if I would be willing to lead a team preparing a dinner at The Gathering Inn Homeless Shelter, a low barrier emergency housing facility in Auburn, California. I have experience feeding large groups of people delicious meals that I learned from volunteer fire duty! Little did I know it would lead to my most profound revelations about the total ineffectiveness of government in dealing with people experiencing homelessness, the housing shortage and our most pressing social issues.

Honestly, I had never even toured a homeless shelter or sat down to meet the residents. This was all new to me and the revelations were incomprehensible!

At dinner, I met the clerk who checked me out at the supermarket where I had purchased the food. I met one of the guys who had helped cut up the tree which fell at my neighbor's house. I played with the dog of a man dealing with PTSD from Army service in Afghanistan. I walked through the living quarters

and saw the individual beds, neatly arranged with people's own styles of bedding with their possessions all in a single storage tub. I saw older ladies knitting. Good people trying to make it in a world they cannot afford.

My heart simply screamed for these folks and the role I as a city manager played in the situations they dealt with.

Later that month, I went to the regional homeless task force meeting with everyone coming up with reasons for not citing a homeless shelter in their town. That same month, I went up to Chico to tour their "[pallet shelter](#)" facility which had been forced on them by a federal judge in a stipulated order after a lost lawsuit with [Legal Services of Northern California](#). I later sat in on a conference call listening to law enforcement representatives discuss needs for sheltering in order to enforce non-camping ordinances in compliance with the [Boise Decision](#) – where homeless people cannot be punished for sleeping outside on public property.

In California, we have an estimated homeless population of over 160,000 which would make it the 34th largest city in the State. The spectrum of homelessness ranges from two income families to those dealing with the worst of mental and substance abuse illnesses. They are elderly on fixed incomes, young couples, children and the disabled. The majority of people are not criminals or degenerates trying to work the system, they actually fall amongst the vast majority of Californians who cannot find or afford a place to live in the California housing crisis.

What California is doing on homelessness

California is rife with bureaucrats, agencies, task forces and legislation meant to deal with the crisis. The State has funded [almost \\$17.5 billion over the past four years](#) to fund programs – yet we seem to be missing the mark in gaining ground on real solutions.

On the State level, the Governor has vowed to commit "billions to the issue." Housing and homelessness issues are widely decentralized among numerous agencies, with services, policy guidance, and implementation spread across 58 counties and numerous sub-agencies, including potentially hundreds of non-profit organizations. In reality there is little accountability for outcomes, no central strategy and never a reconciliation for the billions spent on state salaries and grants. My estimation is that the homeless and housing only get pennies of every dollar spent. If you try to narrow down goals and outcomes it is practically impossible.

At the local level, homelessness is now being pushed on to the plates of cities. Cities have never had the role or resources to provide for housing, services, or to work with people already experiencing homelessness except through emergency services. Now, cities are being confronted with providing locations for persons to live and social services with case management without the tools, expertise, or funding to do so.

Traditionally, for cities, the first response has been with law enforcement to quell loitering and camping, and so, we made it a police issue. Those first attempts to move the "homeless along" failed. The [Boise Decision](#), which requires housing before a city can prevent camping, was a game changer. Our law enforcement quickly shifted to working with social services and non-profits for sheltering. To do better, the next step is for jurisdictions to take it off law enforcement and move the response to social service. Except for general funds, cities have no designated funding source for any of this. General Funds, for the

most part, are not large, and the pressure for a city to use General Funds for these purposes is universally viewed as a very last resort.

In California, the bellwether decision was the [Warren V Chico](#) decision, which pushed responsibility for the care and sheltering of the homeless onto the City of Chico, putting the City in the homeless care and sheltering business. The legal aid agencies are quickly following this decision with public records act requests in many jurisdictions asking for the locations of surplus lands for similar services. Cities are aware that this is coming toward them and are beginning to generate their responses.

At the end of the day, localities are going to need to partner with their local housing authorities, non-profits, and faith-based organizations to house those on the lowest rungs of the economic ladder. Cities will need to find ways to dedicate a budget and funding. Cities are facing the probability of a new role in shoring up the safety net, and whether they like it or not, cities will be providing a social services component in order to maintain the ability to enforce police powers against loitering and camping in public spaces. Together, this means cities and local governments should be working to form strong collaborative partners within their communities to meet the need and working collectively with other associations – including housing and community development associations – on advocating at both the State and Federal level for the funding and tools.

The [League of California Cities and California State Association of Counties are asking the Governor for up to \\$3 billion](#) of dedicated annual funding to deal with the situation. So far, not so good!

The Gathering Inn and similar non-profits are going to save cities:

A friend and colleague of mine is David Loya, the Executive Director of [The Gathering Inn \(TGI\)](#), a local non-profit operating in Placer County. TGI is primarily funded by local corporations and businesses who lead a very deep and philanthropic culture of civic care and compassion in dealing with homelessness. TGI provides emergency housing and sheltering, medical respite for those medically fragile experiencing homelessness and permanent supportive housing for the most vulnerable on a long-term basis. They are a model amongst non-profits for the levels of housing assistance which includes case management. TGI works with Placer County for both low and no barrier shelter options.

I will share that it will be non-profits like TGI who will save local governments. Cities are simply not built or have the mission capability to provide the social services and the case management for serving the homeless. The solution to effectively transitioning individuals from the streets to shelters, and from shelters to care, and ultimately into permanent housing, lies primarily within the social services providers and housing authorities within these sectors.

These types of organizations need both State and Local funding support to advance their service missions.

Who are these people

David will tell you that their guests are men, women and families who come seeking to improve their situation. They come from varied backgrounds and experiences. They are veterans, seniors, victims of domestic violence and physically and mentally atypical. They often live with substance abuse issues, mental health needs and strained relationships and atypical family situations. They lack support systems and general access to resources which clouds their ability to deal with life situations, especially housing.

Economically, the typical resident of TGI is living on a monthly income of about \$1,000 with a smattering of other public assistance. They essentially live on the lowest rung of the economic spectrum.

As I volunteered, I learned that many of them work as clerks in our supermarkets and mechanics in local shops. When we were scheduled to prepare a meal by our City Staff one evening, I learned that one of our team and their spouse lived at the very same shelter less than a year prior for almost six months.

The term 'chronic homeless' is often used to describe individuals who prefer not to live in structured housing or shelter environments. Amongst these folks are those with either mental or substance issues who can live unburdened and be as they are. In the past, so many of these homeless would have been incarcerated for substance or mental issues in the California Prison System and would have received care there but now don't because of recent changes in the law.

In California, the passage of Propositions 47 and 57 [decriminalized crimes](#) which included those involving substance use, along with AB 109 which reduced prison populations and impacted the ability to obtain rehabilitation for many. Previously, persons with substance abuse issues could be court ordered into diversion programs or incarcerated with access to treatment. Many of these folks are now simply released into the streets of cities with no access to treatment. On the contrary, you have at least one large jurisdiction (San Francisco) which has actually supported addiction by supplying drug paraphernalia versus enforcement. Without question, the decriminalization of drugs and substances has compounded many of the homeless substance and mental issues which are ruining the City by the Bay!

We need housing production to quell cost escalation

The lack of housing production in California at the local level has created such a shortage that cities sit at the root of the cause for homelessness in their communities. Whether it is archaic planning processes, the California Environmental Quality Act, NIMBY (Not In My Back Yard), or the ineffectiveness of regional planning in the State, the lack of supply has escalated costs to the point of crisis.

The crisis is an economic paradigm of supply and demand. Cities have simply not facilitated housing production to meet both population and job growth numbers.

Local managers and elected officials in California need to realize that their inaction has made housing completely unaffordable. CEQA has been weaponized by attorneys and consultants to absolutely drive the cost up in both time and money for applicants, which universally kills many projects. Labor unions have added prevailing wages into everything, increasing costs exponentially. The average unit cost of a market rate two-bedroom apartment unit is now above \$300,000. For publicly funded affordable housing projects, unit costs now exceed \$400,000.

The cost of housing in California

Data provided by the [California Association of Realtors](#) for August 2023 reveals that the median housing price across the state stands at \$822,320, and only 17% of Californians have the means to afford a home in that price range. The family income requirement for a conventional mortgage with a 20% down payment is \$201,200, while the median statewide family income stands at \$88,967.

The problem is two-fold at both the homeownership and rental level. For homeownership, the rise in interest rates has cut affordability in half. In the Sacramento region where I live, the median price of a

home is approximately \$500,000. At 3% interest rates, housing affordability was 45% but now at 7% the affordability shrinks by half to 27%.

Investment ownership is going to quickly eclipse homeowners. Cash investors in the housing market are increasingly excluding mortgage buyers, leading to a decline in homeownership rates and effectively preventing first-time buyers, particularly young families, from entering the market.

When it comes to rental properties, rent issues are even worse and are ravaging our economy. In Los Angeles, the average monthly rent is \$2,742 for a two-bedroom apartment. Under a qualifying ratio of 24% of monthly income for rent, this means a monthly income requirement of \$11,371 (\$136,452 annual) to qualify under a conventional transaction. Amongst age groups, renting families are spending 54.4% on rent with young adults and those 65 and older spending 65% of monthly income on just rent.

The commencement of rental and multi-family housing construction in the Sacramento Region has started to rise, yet it lags significantly behind job growth by nearly half. In 2022, the region added 8,590 permits but job growth for the same period exceeded 15,000 jobs.

Why the crisis? It's the simple economics of supply and demand!

The transition from planning to action has failed miserably:

Every 5-8 years, state mandates require cities to possess a certified "housing element," a planning document that incorporates regional housing figures derived from the Regional Housing Needs Allocation (RHNA) process, with local zoning intended to align with these requirements for development. Housing Elements are theoretically meant to explain how the city will achieve RHNA production goals. A reality is that most of these plans are rarely even fractionally achieved in most cities, especially in small towns. Housing Elements don't help housing get built, they ensure that there is sufficient land zoned for production to meet RHNA. At best, Housing Elements are a passive tool and not an especially effective one.

I will share that I sat in many briefings by regional planners explaining the RHNA with colleagues who just snicker at the projections and inevitably walk away just shaking their heads. The City Council Meeting with the presentations have Councilmembers coming unhinged at the numbers and planners covering with explanations that "these are only goals" and "nobody really expects they will be achieved." The inability of cities to commit to aggressive action that creates housing is at the root of the supply crunch.

One of the main reasons for all the pessimism is the lack of local funding to support housing. In 2010, the State Legislature eliminated all local redevelopment agencies, which had served as the primary source of funding for affordable housing projects. Redevelopment had provided an annual estimated \$4 billion in funding for affordable housing. Except for development exactions, local governments do not have any ongoing funding sources to advance housing initiatives. No Funding = No Housing.

The funding solution for local agencies is simple—the reinstatement of local redevelopment agencies, which can source funding through the incremental growth of property taxes. These funds can be used to aid in construction of affordable units, pay for needed infrastructure (thus lowering impact fees) and pay for staff to implement the local plans.

The State also needs to eliminate CEQA on residential projects. Once the Housing Element is adopted, that should constitute CEQA compliance and away we go. Cities then allow development “by right” for developers to produce both market and affordable housing.

Affordable Housing is EXPENSIVE

Low-income housing is predominantly produced by local partnerships involving non-profit development organizations, the City and a series of State and Federal funding sources including grants and tax credit programs. Certain funds are contingent on other funds. The process is arduous, time consuming and requires a multi-year commitment.

I like to tell folks that affordable housing financing is a “layer cake” of different monies. The typical recipe includes a local contribution of money, land or both; equity from the developer, [State and Federal Tax Credits \(4% or 9%\)](#), dedication of housing funding through public housing authority [vouchers \(section 8\)](#) and then Federal/State funding through [HOME funds](#) or other [financing dollars](#).

Once the first nickel of public money enters a project, the paying of [prevailing wages](#) and/or Davis-Bacon wages is triggered. In some estimations, this will add almost 40% to a project's unit cost. On top of that, the local agencies will accrue administrative costs for reporting to the Department of Industrial Relations and the skyrocketing of costs begins.

Did I mention the Not In My Back Yard ([NIMBY which drives the cost](#)). Affordable housing proposals are as popular as tire burning factories and waste disposal sites. The public hearings are the worst in local government as people fight having the young families, store clerks, mechanics and, in some cases, their kids' school teachers moving into their neighborhoods.

The cost of NIMBY is huge. Developers of affordable projects are often cast into a huge public process driven mostly by a very few community members. Workshops, charettes, and listening sessions are all fashioned in the name of input. When the project ultimately comes forward after months of public input, facilitation, studies and many dollars spent, most developers are back at square one with the same folks, Not In My Backyard, go find another site!

The good news on all of this is the State is starting to take steps for streamlining development, as a response to the inaction at local levels. 2023 witnessed a historic number of housing bills to hopefully generate more production of affordable housing and reduce the number of roadblocks. The full list can be seen [HERE](#).

Collaboration can be done

In Yolo County, where I live and worked, the cities and the Yolo County Housing Authority (YCH) are experts with innovation and collaboration. A key collaborator has been Lisa Baker, their former Executive Director, who brought an innovative spirit to both redevelopment and housing development by making the development effectively fit the situation and neighborhood. Two examples of Lisa’s and YCH success were in the cities of Woodland and West Sacramento.

Woodland Case Example- West Beamer Apartments

In Woodland - the [West Beamer apartments](#) was a collaboration between the County (land and MHSA funds for seed money), the Housing Authority (the land recipient and long term master lessor to the

partnership), New Hope Community Development Corporation (the housing authority's nonprofit affiliate) as co-developer with Mercy Housing. Woodland provided fee reductions based on the continued public purpose of the property that were very helpful to the pro forma. YCH/New Hope and Mercy helped raise capital for the development and the participation of the housing authority, brought project-based vouchers, and extra point scoring in the tax credit rounds. The outcome was the replacement of a dilapidated structure that was unoccupied and subject to deleterious uses, with a new property that provided workforce housing for 60% of median/less. This structure was set aside for the homeless with mental health issues, a community center and management office that also housed an onsite mental health clinic for qualified residents.

The project is situated right next to single-story, single-family housing, and its design was intentionally crafted to mitigate any potential effects on these residential areas, acting as a buffer between this community and the institutional facilities situated across the street, which include Communicare (a non-profit healthcare organization) and the Yolo County Social Services buildings. Additionally, it gradually reduces the size and scale of the building structures as they transition from the sizable county buildings to the apartment complexes and, further down, to the single-family homes, facilitating the integration of various land uses in that neighborhood.

To fit into the neighborhood, the project was designed to be a modernized craftsman style using vernacular architecture.

West Sacramento- A Bridge to Housing

Another great example is West Sacramento's Bridge to Housing, a collaboration between the County, the City of West Sacramento, and YCH, –governed by a tripartite MOA.

Funding was supplied by both the County and City, with the County offering services like outreach workers and mental health counselors. The City assisted YCH in master leasing a motel for interim housing and provided law enforcement outreach and support. YCH took on the management of the motel, overseeing its operations, handling program eligibility assessments, and facilitating placements. Additionally, YCH allocated funding for permanent housing through housing vouchers. Other partners included State Fish and Game, Parks, Mercy Faith Coalition, Animal Control Services and others.

The team organized a river cleanup event at a homeless encampment, relocating 62 individuals from the riverbank to interim housing with accompanying support services. They also assisted residents in obtaining identification, healthcare, and income support. A substantial number of them were successfully placed into permanent housing. Ultimately, the City purchased the motel that was used and did clearance in order to help revitalize that neighborhood.

Many of these issues can be resolved, so let's take action and make it happen

The adage of a “hand up versus a handout” is very true in addressing this crisis. The ability of the State to return redevelopment powers to cities and then demand accountability for meeting and producing affordable housing from housing elements can be achieved using a variety of partners, including the local housing authorities. The social services function of counties can work with non-profit partners to facilitate permanent and supportive housing solutions. The State can decriminalize addiction and mental illness through collaboration in generating treatment programs and centers with non-governmental organizations.

Ultimately, we must acknowledge our moral, ethical, and practical duty to address a crisis that has arisen due to the lack of action at all government levels. This failure has particularly impacted the most vulnerable members of our society, including seniors, individuals with disabilities, veterans, and families who are struggling at the lowest economic levels.

We can do all of it, but it needs to start NOW!

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