

DATE: February 6, 2017

TO: Honorable Members of the Berkeley Rent Stabilization Board

FROM: Vice-Chair Paola Laverde and Chair John Selawsky

SUBJECT: California's Housing Future: Challenges and Opportunities
Public Draft – Statewide Housing Assessment 2025

RECOMMENDATION

We are recommending that the Berkeley Rent Stabilization Board (BRSB) submit comments and suggestions to the California Department of Housing and Community Development (HCD) regarding its report “California’s Housing Future” Public Draft - Statewide Housing Assessment 2025.” And to possibly provide these comments during HCD’s public comments in Oakland on February 17, 2017. And to authorize the BRSB Chair and Vice-Chair and Executive Director to draft a letter to share with the Berkeley City Council and other Rent Board Jurisdictions within the Bay Area regarding those comments. This includes obtaining suggestions for their signature in support, which will also be presented to HCD, before closure of the public comment period on March 4, 2017.

BACKGROUND

The mission of the HCD is to provide leadership, policies, and programs to preserve and expand safe and affordable housing opportunities and promote strong communities for all Californians.

Currently, HCD is presenting for stakeholder comment, its 2025 Statewide Housing Assessment report, which shows the severity of the housing crisis facing California, and identifies new opportunities for policy action in the decade to come. According to HCD Director Ben Metcalf in the department’s annual report: “California is facing an unprecedented housing challenge that is exacerbating inequality, deepening poverty, and constraining economic growth.”

The report’s executive summary points out, among other challenges, that “the majority of Californian renters — more than 3 million households — pay more than 30 percent of their income toward rent, and nearly one- third — more than 1.5 million households — pay more than 50% of their income toward rent.” Yet, despite acknowledging that rental costs are excessively high, the report chooses not to address high costs as a challenge that needs addressing. High rental costs lead to economic displacement, and the report barely recognizes displacement as a challenge to address.

Even if California does eventually resolve its housing issues the solution will take years to accomplish; during which time, many people, including the elderly and families with children, will face displacement because of the ever increasing costs of rents. Displacement causes

disruption in lives; families with children must leave their homes during the middle of the school year and the elderly are forced to leave their communities where they have developed strong support systems.

The only reference to how to deal with displacement in the report is the option to “encourage local governments to avoid displacement and gentrification by preserving housing opportunities for low-income residents.” To that end we ask HCD to recognize the role of rent stabilization and eviction controls as a solution for preventing displacement and gentrification, and suggest that it consider working to repeal the Costa-Hawkins Rental Housing Act of 1996. This law prevents inclusionary housing in new construction built after 1996. The Berkeley Rent Board asks the HCS to consider limiting that exception as well as reconsider the Ellis Act which allows landlords to evict tenants and remove rental housing from the market.

The City of Berkeley is one of a handful of cities across the state that has rent control and good cause for eviction, laws that help preserve affordable housing for many people who would otherwise face displacement. However, these laws only protect those renters in rent controlled buildings and as a result, Berkeley has seen an exodus of its communities of colors and artists displaced by high rents. This displacement not only exacerbates inequality and poverty in the Bay Area, it also constrains economic growth. Rent control and good cause for evictions are viable solutions that cannot be ignored and should be considered when looking at and planning for California's Housing Future.

While the overall draft report does highlight and emphasize the lack and importance of more "affordable" housing in California, some of the assumptions and conclusions are dubious at best. Without major investments in public transit, road, railway, waste water, energy, and drinking water infrastructure, building new units at the rate of 250,000 per year, as the draft report suggests is necessary, seems unreasonable at best. Furthermore, the draft report omits entirely such realistic and practical mechanisms such as rent control, inclusionary housing, and a roll-back of Costa-Hawkins and other regressive state laws. It is in the state's purview and authority to require inclusionary housing in any new development, as well as it is the state's authority to alter or roll-back Costa Hawkins. Neither of these important strategies is even broached in the draft report.

The draft report seems more a litany of the woes of housing in California rather than a real analysis of strategies and mechanisms within the State's purview to alleviate the acute shortage of affordable housing.

Below are a quote and a chart pulled from the draft report:

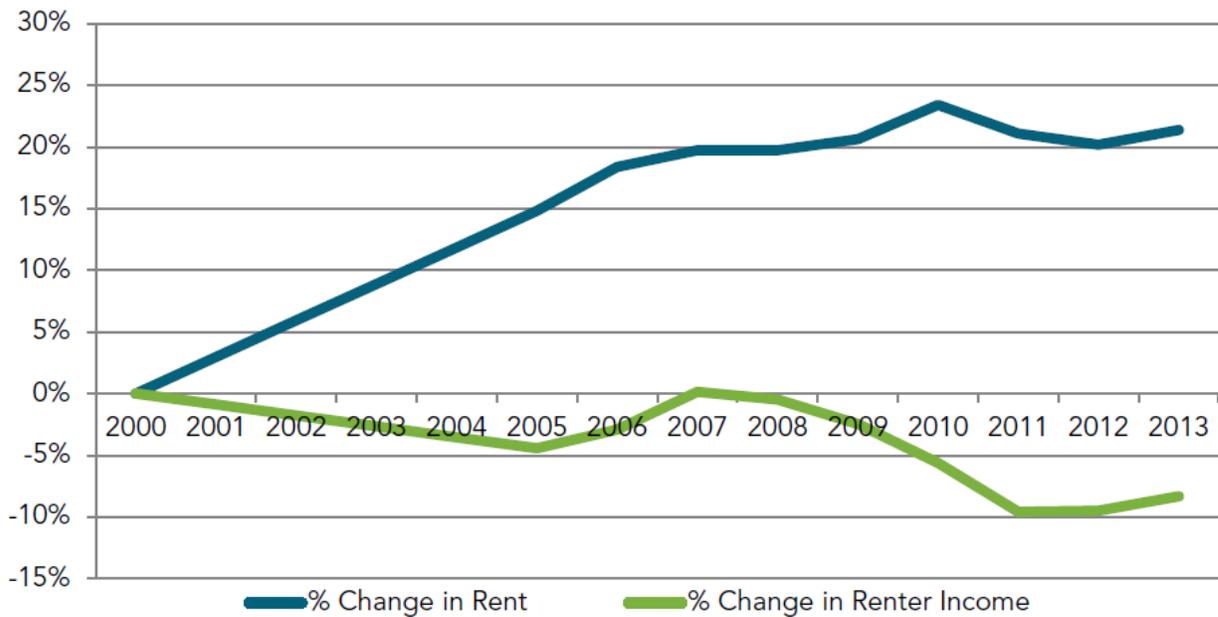
“The majority of Californian renters — more than 3 million households — pay more than 30 percent of their income toward rent, and nearly one-third — more than 1.5 million households — pay more than 50% of their income toward rent.”

Chart is from Page 27 of the report (or Page 32 of the PDF):

Income and Affordability

Despite the economic recovery that has occurred since the recession, incomes, especially among renters, have not kept pace with housing cost increases.

Figure 1.22
Renter Income Has Not Kept Pace with Increasing Rents 2000-2013
Change in Inflation Adjusted Median Rent and Renter Income Since 2000



Source: California Housing Partnership analysis of 2000 Decennial Census and 2005-2013 American Community Survey 1 year data. 2001-2004 are an estimated trend. Graphic recreated by HCD.

Attachments:

[California's Housing Future: Challenges and Opportunities Public Draft - Statewide Housing Assessment 2025 \(185-page PDF\)](#)