



## Housing and Wages: The Sacramento City Council's Weak Half-Measures

High rent and low wages are squeezing poor and low-income families across California, including those living in its capital. But the Sacramento City Council's actions on both economic issues are weak, some progressive critics say.

"The city caters to the continued gentrification of downtown," Bob Erlenbusch, executive director of the Sacramento Regional Coalition to End Homelessness, said in an email to Capital & Main. "That is underpinned by market-rate housing surrounding the new arena."

In 2014 the Sacramento City Council threw its political weight (without a public referendum) behind Golden 1 Center, the new \$507 million downtown arena that is the future home of the Sacramento Kings basketball team. This September the council approved a plan for the city to issue \$272.9 million in bonds, using city parking revenue to pay the arena's construction bond debt.

Meanwhile, Sacramento's apartment rentals "are well above the rest of the nation," the California Legislative Analyst's Office reports. "The average rent in Sacramento is \$950 a month versus \$840 nationally." Sacramento's City Council oversees the rate of developer fees to fund affordable housing. On September 1 it approved a new \$2.58-per-square-foot construction fee that would go into a housing trust fund to help both the poor and low-wage workers.

However, that amount falls short of funding the growing demand for affordable housing, Erlenbusch said in a phone interview after the council vote. (Some housing advocates claim the construction fee should be at least \$4 per foot.) Rachel Iskow, executive director of Mutual Housing California, a Sacramento-based nonprofit that runs affordable-housing communities, adds that the council's verbal support for a campaign to build 10,000 new housing units in the city's downtown core fails to increase the supply of affordable, safe housing.

"First, there is no local program proposed to raise a source of funds for the 2,500 of those homes that are planned as affordable," Iskow said in an email. "It is impossible to access state and federal sources without significant local subsidy commitment."

"Second, the vast majority of low-income residents of our city live in aging neighborhoods other than the central city, and those areas are in desperate need of safe, well-maintained affordable housing for the diverse household types that reside there."

Mutual Housing California develops housing that is affordable to a diversity of households. Our housing builds strong and stable communities through resident participation and leadership development. For more information, call (916) 453-8400 or visit our website at [mutualhousing.com](http://mutualhousing.com).

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A weak supply of affordable housing heightens the daily struggles of low-income Americans to make ends meet.

“This stagnation in pay underlies the growth in inequality, it has stymied greater progress in reducing poverty and there’s evidence that it has contributed to increased economic instability, as a greater share of household consumption is fueled by credit growth rather than pay growth,” David Cooper, an economic analyst with the Economic Policy Institute in Washington, D.C., said via email.

Against this backdrop, Sacramento Mayor Kevin Johnson, a second-term Democrat, appointed an Income Inequality Task Force in September to study raising the city’s minimum wage. Democratic Councilmember Jay Schenirer and Elizabeth Landsberg, Director of Legislative Advocacy for the Western Center on Law and Poverty, co-chaired the task force, which presented the city with a range of wage-raise options. The California and Sacramento minimum wage are currently the same – \$9 an hour, rising to \$10 an hour on January 1, 2016.

On October 27, the council approved, by a 6-3 vote, an amended minimum-wage ordinance that would increase it to \$12.50 an hour by 2020. Removed from this ordinance before it passed were business-backed employer exemptions for youth, the disabled, and for “total compensation” (wages plus tips) workers. This last issue was of vital importance to the city’s service industry employees.

Sacramento’s new minimum wage is far less than some other California cities’ raised wages.

“There is considerable evidence that treating tipped workers

differently than non-tipped workers exposes them to greater financial instability,” according to Cooper, “makes labor law compliance more complicated for employers and in the process, opens up new avenues for exploitive labor practices.”

Fabrizio Sasso, executive director of the Sacramento Central Labor Council, and Yvonne Walker, president of Service Employees International Union Local 1000, were the two labor representatives on the 15-member task force. Sasso opposes the amended minimum-wage ordinance.

“I didn’t have a chance to read it entirely,” Sasso told Capital & Main by phone. “This isn’t what democracy is supposed to look like. This ordinance needs more informed discussion, given its impact on tens of thousands of workers.”

However, the new wage law has a more fundamental problem, according to Sasso.

“The minimum wage ordinance the City Council passed of \$12.50 an hour by 2020 does not go far enough to address income inequality in terms of purchasing power,” Sasso said. “That minimum wage is far less than [that of] other cities that have increased minimum wages, even when you adjust for the cost of living.”

But Peter Tateishi, Sacramento Metro Chamber of Commerce President and CEO, is happy with the \$12.50 an hour raise.

“Following the footsteps of cities like Oakland, San Francisco or Los Angeles with dramatically higher costs of living did not make sense for Sacramento,” Tateishi said. “Research brought to the Task Force demonstrated that a Sacramentan

need only earn \$10.38 per hour to have the same buying power of an employee earning \$15 per hour in San Francisco. The Task Force opted to compromise to ensure that we didn’t jeopardize our economic recovery.”

“A greater share of household consumption is fueled by credit growth rather than pay growth.”

Sacramento progressives are mobilizing to put a minimum wage increase to \$15 an hour by 2020 (beginning with \$13.50 an hour in 2017, rising \$0.50 each year) to a public vote.

“We will file a Notice of Intent with ballot language by the end of this November, to the Sacramento City Clerk’s office to launch the initiative process to gather 21,000 valid voter signatures in a 180-day period,” Tamie Dramer, chair of Organize Sacramento, said by phone.

Organize Sacramento is part of the Raise the Wage Sacramento Coalition, which formed earlier this year and also includes Sacramento Area Congregations Together and the Alliance of Californians for Community Empowerment.

The coalition’s initiative mandates that after 2020, the city’s minimum wage would be pegged to the city Consumer Price Index every year. In addition, this proposed ballot measure would allow employees to earn an hour of paid sick leave for every 30 hours they work.

A successful Sacramento ballot-box initiative to raise the minimum wage would follow the path of voter-approved measures that won overwhelmingly at the polls last November in San Francisco, Oakland, Alaska, Arkansas, Nebraska and South Dakota.