

The Sacramento Bee » Sunday, July 22, 2012

Affordable rental housing scarce in Sacramento region

Trying to find affordable rental housing in the Sacramento region is a bit like playing the lottery.

Fifty thousand prospective tenants recently vied for one of 3,000 slots on a Sacramento County waiting list for subsidized housing.

Families are waiting two years for an apartment in an affordable housing complex in El Dorado Hills.

Applicants for a place in the few low-income housing projects set to open during the next year will stand a 1-in-300 chance of landing an apartment.

"It's terrible. It's an awful way to run a society," said Doug Shoemaker, president of Mercy Housing Northern California, a nonprofit that develops low-income housing.

Never has the Sacramento area seen more demand for affordable rental housing, and rarely has the prospect of finding it seemed so bleak.

Unable to buy a home because of low income, poor credit or tight lending, roughly a quarter million of the region's residents live in households that spend at least half of their income on rent and utilities, leaving them with little money for anything else, according to a Bee review of the latest census data.

Housing experts advise families not to spend more than a third of their income on rent.

That quarter-million figure increased four times faster in the past decade than the region's population as a whole.

At the same time, Gov. Jerry Brown's elimination of redevelopment agencies, which worked to improve blighted neighborhoods, will cut subsidies for new affordable housing in the region by more than \$25 million annually. Local governments and developers say they cannot afford to construct "below-market" rental units without that cash.

Judy Braswell, a part-time office manager at a recycling plant, knows what it means to struggle to pay for housing that is increasingly out of reach.

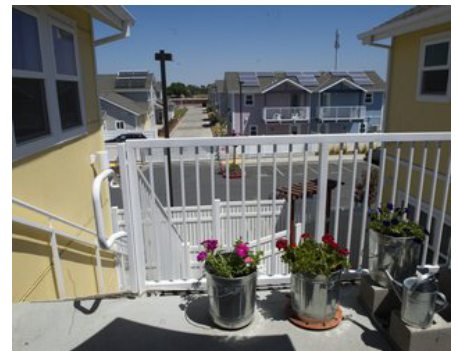
For nine years before moving into an affordable housing complex in North Highlands, Braswell rented rooms in other people's homes. "It was all I could afford," she said. But she felt it robbed her of her privacy and dignity.

"This place changed everything for me," said Braswell. "I feel safe. When I get home from work, I can come here and just relax."

For every reassuring story like Braswell's, there are several families



Judy Braswell hosts her 6-year-old grandson Buddy Prescott at Braswell's new studio apartment at the Highlands in North Highlands on Wednesday. Braswell, 57, had formerly rented rooms in other people's homes and now cherishes the privacy and dignity of her tidy \$465-a-month apartment.



The affordable Highlands complex is a collection of colorful buildings clustered around small courtyards that is near the former McClellan Air Force Base, and next to the recycling plant where Braswell works part-time as an office manager.

continued on next page

who are unable to find the housing they need at a price they can afford.

Among the 89,000 local families who spend at least half of their income on rent and utilities, the unemployment rate is 34 percent. Average annual income is \$17,000. Average monthly rent and utilities paid is about \$1,100, compared to the \$315 spent by the roughly 16,000 families who receive a government housing subsidy.

“Don’t think about the homeless drug addict,” said Tyrone Buckley of the Sacramento Housing Alliance, a nonprofit group that connects people with affordable housing. “Think of college students. Seniors and disabled people on fixed incomes. People who bus tables in restaurants. A large swath of the community is in a very difficult situation right now economically and can’t afford rent.”

The crux of the problem has been a sluggish job market combined with high demand for rental housing.

Largely because of the foreclosure crisis, the number of local residents living in rental housing increased by 130,000 from 2006 to 2010 as the number of residents living in homes they owned dropped by 60,000. Anemic construction during that period further increased competition for rental units.

High demand sustains high rent. Double-digit unemployment makes it hard for many to pay that rent. Desperation ensues.

“This is why there’s a homeless problem, and this is why people are living in areas that are substandard,” said David Miller, community development director for the city of Folsom. “If you can’t afford rent, you’re out of luck.”

Housing’s impact profound

Those who have found affordable rental housing marvel at what life can be like when rent doesn’t gobble half of their income.

Braswell, 57 and divorced with grown children and grandchildren, spent nine years renting rooms and crashing with friends and relatives before she got her

studio apartment at the Highlands in North Highlands.

Life at the Highlands, a collection of colorful buildings clustered around small courtyards near the former McClellan Air Force Base, is mostly peaceful, residents said, with neighbors shouting greetings to one another and taking part in a variety of activities from AA meetings to movie nights.

The Sacramento Mutual Housing Association, which develops and manages affordable housing units, paired with Lutheran Social Services on the project, which has 90 units for people who cannot afford rent, have been homeless or are disabled.

For her tidy apartment, which she has decorated with plants, hand-made curtains and family portraits, Braswell pays \$465 monthly. She earns about \$1,200 per month, so she cannot live lavishly. But she’s not complaining.

“I get to live all by myself in a brand new place,” she said. “I can have my grandkids over. I can’t express it enough: I am so happy and grateful.”

Michael Zollo, 51, worked construction and office jobs in the Bay Area for most of his life but struggled to pay his monthly rent. He began collecting disability payments in 2004, when his arthritis left him unable to sit or stand for long periods. Now he, too, lives at the Highlands, where he is something of a community leader, helping with resident concerns and organizing barbecues.

Both Zollo and Braswell landed their apartments by chance. A friend told Braswell about the Highlands, which is just around the corner from her work. Zollo inquired about the complex after seeing an ad in a free newspaper. Both called Mutual Housing, quickly filed the required paperwork and qualified for apartments.

“It’s less of a struggle now. I feel a lot happier,” said Zollo. “I think I’m going to be here for awhile.”

The need for affordable housing is apparent even in wealthier communities like El Dorado Hills, where people with



Michael Zollo, 51, who worked construction and office jobs before being hit by arthritis, enjoys his studio apartment at the Highlands in North Highlands. Zollo has become something of a community leader at the complex, helping with resident concerns and organizing barbecues.

large families and workers in tony retail shops and restaurants cannot afford rising rents. Mercy Housing, one of the state’s largest developers of affordable housing, built its White Rock Family Village with people like them in mind.

White Rock, a sprawling complex that houses 500 people, including 200 children, provides a range of supportive services for its residents, 56 percent of whom are single mothers. The average wait for a unit is two years, said Audrey Oberle, resident services coordinator for the complex.

“People have no idea that affordable housing even exists in El Dorado Hills,” Oberle said. “But the need is there. All you have to do is go to the food bank to see it. There is more need for affordable housing here than ever before. This is a stopgap for people, so they can get on their feet and go out and find something better.”

Tax funding key factor

For hundreds of thousands of people, affordable housing remains a dream – one that may soon become even more unattainable.

State funding for affordable housing will drop precipitously this year due to the elimination of redevelopment agencies. The agencies mostly used funding generated through tax revenues in the areas they improve. Now, that money – about \$5 billion statewide – will instead go to schools and special districts.

continued on next page

In the past, one-fifth of tax revenues received by redevelopment agencies were earmarked for affordable housing. Across the region in fiscal year 2011, more than \$28 million in redevelopment funds were made available for low and moderate income housing, according to the Sacramento Area Council of Governments, a regional planning agency.

“Those dollars are going away,” said Kirk Trost, SACOG’s chief operating officer. “The Legislature hasn’t been able to come up with a plan to fund it.”

At the same time, “inclusionary housing” ordinances that force developers to build affordable units alongside other housing are fading. Recent court rulings have called into question the legality of the ordinances.

In general, affordable housing projects are funded through a combination of private financing, federal tax credits and state funding. Without state funding, several housing experts said, they doubt much affordable housing will be built, especially in this tough construction climate.

“I don’t think there’s enough money in the market,” said Miller, the Folsom development official. “Today, you can’t provide enough incentive.”

Home prices have fallen dramatically in the region, but that has provided little comfort for low-income earners. Banks are still reluctant to lend money, especially to those who earn very little, and investors are buying much of the region’s affordable housing stock. Rental prices have not been falling proportionately.

Some relief is on the way in the short run, as several large affordable rental housing projects approved and funded before cuts to redevelopment agencies will open soon. They may be the last the region sees for a time.

Mercy Housing is finishing one such development, which will offer 150 affordable units in a high-rise complex at Seventh and H streets in Sacramento. Mercy is bracing for a flood of applications for the small apartments.

“There is no way this thing gets built without redevelopment dollars,” said project architect Renner Johnston, gazing up at the building, a \$29 million environmentally friendly brick complex near the Sacramento County jail.

Redevelopment funds typically cover 20 to 30 percent of the costs for Mercy’s housing projects, Shoemaker said.

The federal government also is cutting back on funding for affordable housing. Last year, Shoemaker said, the U.S. Department of Housing and Urban Development made \$250 million in funding cuts for affordable housing in California.

“We’re very busy right now with funding that is already in place,” said Shoemaker, “but three years from now it’s not at all clear what’s going to happen. We’re expecting a cliff.”

Renters’ backgrounds vary

Who are the faces at the center of the crisis? They are people like Lucille Mageean and Bettye Gardner, two women with radically different backgrounds but the same need for safe and affordable housing.

Mageean, 57, collects \$840 a month from Social Security, and \$500 of that pays her rent for a dingy studio apartment in Del Paso Heights with peeling paint and a kitchen that barely stretches the length of her arms. It affords her a bed, a TV and a front window that a thug looking for an enemy recently bashed with a baseball bat.

Mageean, who takes medications for the hallucinations and delusions that once kept her on the streets, has a background that includes bad credit and minor brushes with the law, so her options are limited, she said.

The \$340 that is left after she makes rent is barely enough to allow Mageean to ride the bus downtown, cover her medications, buy TV dinners and occasionally have coffee with friends. But life is far better, she said, than when she slept on the streets.

Mageean is constantly searching for “a better place,” she said, and is on various waiting lists for subsidized housing.

“I guess I just don’t fit in most places,” said Mageean, sitting on her worn sofa on a recent afternoon. “But this will be fine for me, for now.”

Gardner, also 57, has a solid employment history, but needs help paying the rent since losing her job as an apartment manager in February.

Her \$1,484 monthly unemployment check covers her spot in a large, meticulous complex in Elk Grove. Like Mageean, she pays the going rate for her unit – in her case \$953 – because she has been unable to find an apartment that is subsidized or set aside for low-income tenants.

“I thought I would get a job right away,” she said, relaxing in her living room, which overlooks the pool. “I didn’t think I would be in this position.”

Gardner, a sunny, exuberant woman who is active in her church, is waiting for a “set-aside” apartment to open to give her more breathing room financially, and she is looking for work in the real estate field. Until she finds something, she said, times will be tough.

“I don’t drive a lot, to conserve gas,” said Gardner. “I look for sales, and I just take care of my basic needs.”

At times, the future looks a bit scary, she said.

“But I believe that God will take care of me. I think I’ll be employed soon and be able to meet the challenges.”