Jeanne Kuang (00:03:05):
This is a free voucher.

Erica Connell (00:03:06):
Okay, we're going to get started. Welcome to political 2023. California's biggest challenges. I am Erica Connell. I'm the Director of philanthropy here at Voice of San Diego. It's good to see you here today for why is the rent so high? In case you're not familiar with us, voice of San Diego is a nonprofit investigative news organization. We're committed to holding public officials accountable and giving you the public the information you need to be good advocates for good government. As a nonprofit, we depend on members and donors like you to make all of this possible. So thank you for your support. I'd also like to take a moment to acknowledge the sponsors and the folks who have made this event possible. This year, we have partnered with Cal Matters to bring you sessions such as this one. So we're very thankful for them. A special thank you also to the College of Arts and Sciences at the University of San Diego for being our partner for the sixth year.

Erica Connell (00:04:02):
Our thanks also to A A R P Burnham Center for Community Advancement, the San Diego County Water Authority, the San Diego Foundation, Atlantis, California American Water, Cox, the San Diego Housing Federation, Burnham Moore Center for Real Estate at USD's, no School of Business Planned Parenthood Hit Ski Development, climate Action Campaign, Novo Brewing, and our media partner, K P V S. If you're unable to attend any of our sessions in person, don't worry. We're going to be recording them and they'll be available on the member hub. If you have questions. I know in past sessions you've been using the live q and a feature of that, we're going old school on this one. Do to some technical difficulties. You should have a small piece of paper for you to write a question. If you'll just raise that discreetly, one of our volunteers will come and pick that up as the session goes on, and we will give it to our moderator to answer during the question and answer portion. As always, feel free to tweet along with the session and share your experience by using hashtag POL 2023 on social media and tag us on Instagram and Facebook.

Speaker 3 (00:05:17):
I think it's like he's gone.

Erica Connell (00:05:20):
Feedback. Now allow me to introduce our moderator, Jeannie Kwang, Kyle Matters, economic Divide Reporter.

Jeanne Kuang (00:05:31):
Hi everyone.

Erica Connell (00:05:32):
Push the button.

Jeanne Kuang (00:05:34):
Hi everyone. No. How about now? Testing. Okay, great. Wow. I had a really excited pep High prepared, but now we just gotta get to it. So my name's
Erica Connell (00:05:58):

Jeannie. I cover poverty, inequality and the economic divide for Cal Matters. Thank you so much for joining us for this panel. In case you’ve been living under a rock, I would like to remind you that the rents are very high in California and it seems like the rent growth is slowing down lately, but they’re still growing and they’re still very high. And so we’re here to talk about what I think is an existential issue for California. High rents, especially for the lowest earners among us, slowest economic growth. It has eco environmental implications as people move farther and farther away from work and endure longer commutes. It has implications for economic mobility. The more of someone's income that they're spending on rent, the less they're spending on other things, the less time they're spending with raising their children. So this is a huge issue for us.

Erica Connell (00:06:49):

I think it's also an issue that the legislature has really started finally agreeing is a problem and they've been doing a lot of things in two major areas to try to address this. One area is in incentivizing the production of new housing. And the other area is in tenant protections, kind of on the customer side of things, so to speak. Increasing protections against rent increases as well as against unjust evictions. So we have panelists who are gonna speak to both of those things, and hopefully we can learn a little more about what can be done to stem this,

Jeanne Kuang (00:07:26):

You know, increasing issue and also when we might see some relief. So let me introduce our panelists. We have Shanti Singh, who is the communications and legislations director at Tenants Together. They're a group of tenants unions across California who are focused on local and state legislation protecting tenants rights. We have Gil Vera, the a senior attorney at the Legal Aid Society of San Diego, the largest provider of free legal services to indigent clients in San Diego County. And they represent tenants who are facing eviction. Among other things. We have Cory Smith, executive director of the Housing Action Coalition, which is a Bay area based organization of businesses, housing developers, neighborhood groups a lot of other organizations as well, advocating for more housing production. And we have Tina Rosales, a policy advocate at the Western Center on Law and Poverty, a legal and advocacy group focused on the needs of low-income Californians. So thanks everyone for joining us. I'm really excited for this conversation. I think first off, it would be good to start off obviously to talk about, you know, why this is such a problem, California, and I think many people see it as simply an issue of supply and demand. So Corey, I was hoping you could start us off by just kind of talking about the housing shortage and, and why it is that rental housing is so lacking in California and how that drives up high rents. Awesome.

Corey Smith (00:09:01):

Thank you for the question and thank you everybody for joining us here today. I'm actually kind of curious to pull the audience on this. How many of you believe that the rent is high because of a lack of supply? Okay, I think we're done <laugh>. Right, right. At its core and housing production isn't the end all be all right. Building more housing for everybody is not the only thing we need to beginning. But it is a foundational layer and a foundational problem to so many other issues that exist in the state. And we're not going to solve a lot of the other problems that exist unless we figure out how to solve the housing problem as well. And, and I'm up here with people who are trying to, to make sure as we try to solve the problem and build more housing that we're not for people, which is obviously all want.
Corey Smith (00:09:49):
But, but the state simply just hasn't built enough homes for the number of people that wanna live here. The economy is healthy in California. I think that's a good thing. Housing production just simply has not matched it. And, and oftentimes I think we can get really into the weeds with numbers and data and, and all of that. The answer is to build from that. It is simple. It's very, very simple. And we're starting to get the political will to solve the problem. And and I think we're beginning to win after decades of losing, and we just need to keep that political momentum going.

Jeanne Kuang (00:10:22):
So obviously if it were simply just the number of units versus the number of people building more. Yeah, that makes sense. But I know that there's also an alternative view in Sacramento that if we are to encourage and incentivize more development, we also need to focus on affordability for the units that get built. Tina Ashanti, is that something you wanna discuss?

Tina Rosales (00:10:45):
Yeah, you want to take it off? Can I again? Yeah. I love that question about how many people here think that rent is really high because we don't have the supply of housing.

Tina Rosales (00:10:55):
I love that question, but I also think it's not as simple and there's definitely a nuance, right? So what we think about production of housing and we think about the housing crisis, oftentimes we just think we need to build more, we need to build more. But I would argue, and I think how manners also argued that there is three different housing crises. So there's a housing crisis for people who want to become homeowners and they can't save enough money because rent's too high, so they can't buy a home. There's a housing crisis for the people who are currently housing insecure, and those are the ones who are paying anywhere between

Corey Smith (00:11:29):
50,

Tina Rosales (00:11:30):
70 and 80% of their rent to of their income to housing. And then there's a housing crisis for those who are houseless and who are living on the streets,

Corey Smith (00:11:41):
Whether

Tina Rosales (00:11:41):
They're in or not in shelters. And I think the solution is going to be tailored to the people that we are talking about. So I grew up in the Mission district. I might this a little bit longer. I grew up in the mission. My grandmother raised three generations of people in her home. Myself, my mom, she did all this fantastic things in the mission while I was growing up. I had a fantastic support of people. And the mission district of San Francisco, for those of you who don't know were, was traditionally under invested. And then there was starting to be a lot of investment in about 2008 or so for luxury units. The
same unit that my grandma was only paying $300 for her overnight. That unit went up to $5,000. She was on a limited income, she was elderly. There was absolutely no way that she can pay that money.

Tina Rosales (00:12:34):
And the solution was, well, let's just build these apartments and then people will automatically afford it. But the reality is, if we just build housing without building the housing for those who are already housing insecure and houseless, they're still not gonna be able to afford the rent that's on due on the first. They're still not gonna have the money to pay for the units. So I think the conversation has to be a little bit more nuanced and a little tailored to the particular solution that we're trying to solve. And I'm sure also isn't there. She have some more thoughts about that? No, I mean, I think this, this <inaudible> I think it, it's also important to like contextualizing really, really out. I mean, we're in California, we're in the fourth largest economy on the planet, but you know, what we've been dealing with in America is decades and decades of wages, not wages going down our stagnating which is exacerbating racial income inequality.

Tina Rosales (00:13:29):
You have deep income inequality where we have people who are working, you know, 50, 60 hours a week, but they just don't think the kind of wages that are gonna, you know, be <inaudible>, right? And there is a, there is a racial justice segregation and like that. And so we, and you know, we have the, the speakers in the last panel we're talking about how the government doesn't want housing anymore. Maybe later getting to the fact that like, that can't, they need to involve. But you know, I mean that is also the, the public investment in housing has gone down. Homelessness has gone up. When you look at these trends over the last, the entire time that some of us have been aligned like 30, 40, 50 years, that's the way we're, that's the direction we've been going. And now we're, you know, when we talk about the supply question, that's, we're, we're trying to climb out that home, right? And so it's not just a housing issue, right? It's a wage issue, quality issue's, all of these other, you know, the decline net. Like, but, but housing is kind of a critical thing at center of that that I just wanna acknowledge that is the

Jeanne Kuang (00:14:32):
Yeah. And I, I'm glad that you brought up public investments 'cause that is what I wanted to talk about next. Can you all talk a little bit about what is being done in Sacramento to encourage new housing, to encourage affordable housing, specifically geared towards low income tenants? And then also, what is the role of public funding here? I know it is something that you all have talked about that has declined in, you know, the past several decades. What's being done now in Sacramento about this?

Corey Smith (00:15:04):
So, so the federal government used to be in the interest of, of building housing as well. Coming outa World War ii, the federal governments subsidized middle income, largely white wealth across the entire country if you adjust for inflation. The federal government spends spent about seven times as much money building housing for folks coming outta welfare too, as we do today. That as many people here might guess really get taking nosedive during the Reagan administration. And basically since then we've been fluttering at a, at a much, much lower dollar amount. So 100% the federal government needs to step up. There's an economic interest of the federal government stepping up because they're paying for all the issues on the back end and is ultimately from a state perspective. One of the things that we're really excited about in the Bay Area is the first time we're gonna put a regional bond on the ballot, it's called the Bay Area Housing Finance Authority or bafa.
And the idea is to put 10 or $20 billion in front of the Bay Area voters. And, and it's modeled after the New York City fund that exists there to try to get some dollars sort of coming back in. So it's a self-sustaining model, and we think about housing on, at least we, housing Action Coalition thinks about it on a regional level. And a level of regional coordination is really important because if one city's creating bunch of jobs in that housing, then city right next to it is ultimately gonna be impacted by that. So, so the bafa bond is really, really one of the most positive things, quite frankly, that's come outta Sacramento recently. That gets back at some of the, the dollars that we lost. The state used to have the redevelopment agency that died 15 years ago now, that needs to get recreated.

And, and it's an absolutely yes and approach. I firmly believe we need to build as much market rate housing as we can to solve the long-term problem. But we have to be increasing revenues for cities to build housing subsidized affordable housing on a local level. And whether that's the city, whether that's the state, whether that's the federal government, it's frankly all three, like all of 'em need to pony up more. I bet all of us are thinking, Hey, prop 13 might be somewhat involved in this as well. It's an underlying factor to this. So there's, there's things happening, but we are so far in the hole and, and there's not enough money right now to build the amount of housing we needed in short, medium term to, to make sure we're housing the people that team was talking about, especially our no income residents. I mean, we spend so much money trying to help homeless individuals or homeless neighbors who are on the street after things have gotten worse. If we were to put even a fraction of that money on the front end, it would produce much better results for everybody across the board. Most of all the individuals themselves who are, are, are dealing with the challenges of being homeless and in California.

And I wanna hear you all talk a little bit too about a hot new term in Sacramento social housing. It seems like this is something that's really gaining steam in the legislature. Shanti, talk to me about what that means, first of all, and how you see something like that happening in California?

Yeah, so social housing is kind of a, I think about it, I think in the way a lot of us are, we're trying to switch in Sacramento. Think about it, is it is a, it's a broad spectrum of interventions. It's, you know, it's the core tenants are in housing that is permanently off the speculative market that is affordable to people who are cost burden. And so like that it, that it is protected from the like for-profit market permanently, but that encompasses a lot of different strategies. And one of the things that I always like to kind of remind folk is that like, because, because I think there's a sense understandably that social housing is this foreign concept. A lot of people talk about u f a lot, you know, Vienna, I got to go there, it was cool. But I do like to remind people that there we're already trying it and there are already models that exist and we need to sort of beef those up.

So social housing can be, you know, some, it can be a model that we don't have like a Vienna style mix income municipal housing. It is funding and reinvesting in existing public housing. It is community land trust, which there's a growing rapidly growing ecosystem of community land trusts across California. It can be limited equity housing cooperatives that provide opportunities for low income and middle income home ownership. All of those kind of fit under that umbrella of social housing. And so there's a
lot of different strategy that people already are pursuing on the ground in California in sort of within that umbrella. So that's what social housing is. And I think Senator Flakes here correctly said that we're just at the very beginning of actually pushing for that in Sacramento. That's going to take time. There are a lot of, there's a lot of hostility to all these different models.

Sahanti Singh (00:19:46):
I don't think I need to get into that. Probably pretty obvious for those of you who have experienced Sacramento before. But that is starting to change. We starting to see that there were three different pieces of legislation proposals around social health works just this year that are taking a lot of different, they're taking different approaches to oxygen. Like one wants to, agency wants to study, like funding opportunities development. We not using, that's like one of our, so we're, we're starting to actually chip at it and do education and the capital around what social housing is and can be all these different things. But again, like we're already, there are already Californians working on this. We're already trying to do this.

Jeanne Kuang (00:20:31):
So it sounds like it's not just, you know, the government's gonna build a bunch of public housing and know, you know, public housing has kind of become this almost dirty word in, in the government sphere. And, and it seems like we've had such bad experiences with that. Do you think think that's, that attitude is the hostility that you're describing? Or, or is it something else? Yes. I

Sahanti Singh (00:20:53):
I think that's where a lot of it

Tina Rosales (00:20:54):
Comes from, right? Because I mean, the reason that public housing has such a stigma to it is because it would defund, right? I mean, we were talking about profit and can all talk about the ways in which we've subsidized home ownership in America, but we didn't subsidize renters in the same way.

Sahanti Singh (00:21:13):
And Corey already

Tina Rosales (00:21:14):
Touched on the decline

Sahanti Singh (00:21:15):
In public housing

Tina Rosales (00:21:16):
Funding, but yeah, I mean, it's kind of when people say,

Sahanti Singh (00:21:18):
You know,

Tina Rosales (00:21:19):
Public housing is

Sahanti Singh (00:21:21):
Dilapidated during that

Tina Rosales (00:21:23):
And we can't

Sahanti Singh (00:21:23):
Revisit it or whatever, it's like the history of public housing in America

Tina Rosales (00:21:27):
Is like, you took

Sahanti Singh (00:21:27):
A crowbar to somebody's

Tina Rosales (00:21:29):
Knees and then asked them why they want funding, right?

Sahanti Singh (00:21:32):
And like, and so I, I always, but you know, that's, I realize that's a visual <laugh> that's a dramatic visual. But that, so that's basically what it is. And I mean, it's not gonna be

Tina Rosales (00:21:43):
Easy to convince people that, and

Sahanti Singh (00:21:45):
That is the history

Tina Rosales (00:21:46):
That that's true. So

Sahanti Singh (00:21:48):
I do think that there's

Tina Rosales (00:21:49):
Some of that hostility, but I also think

Sahanti Singh (00:21:53):
Good for better and for worse is like, things have gotten

Tina Rosales (00:21:56):
So bad here that

Sahanti Singh (00:21:57):
I think people are

Tina Rosales (00:21:58):
Starting to actually

Sahanti Singh (00:22:01):
Things.

Jeanne Kuang (00:22:04):
So with all of those new ideas coming down the pipeline with these bonds being proposed with somewhat loosening of the regulations that we place on developers before they start projects when can we expect some relief? When can market rate rents start coming down? Do you all have predictions

Tina Rosales (00:22:26):
When we stop putting profit over people? And I have no idea when that's gonna happen. But I don't know if it's just market rate rents that we, we have to think about, like I said, plenty of times we, we gotta think about rent for other, for people who can't afford marketing rents for those who are households and those who are already rent burden. There are some, there is a bill that we're working on ACA 10, which will, which will make housing a human right in our constitution. It doesn't necessarily mean that all we have to do is, you know everybody gets a house. That's not what it needs. It just means that the government has to have like an affirmative beauty to produce housing that is security and tenure housing that is affordable. But then they also have, along with the production, they have to do some other things.

Tina Rosales (00:23:15):
So that can be, you know, ensuring that everybody has a right to counsel and eviction defense proceeding. That's an eviction defense attorney. And, and we have also a fantastic eviction defense attorney here, but nationally, only four people who are basing an eviction have an attorney, whereas 80% of landlords do. Most people don't even get the due processes processes available to them. So we can do things like that. We can strengthen rent control. That doesn't mean you can't make a profit off of your property, just means you can't make a billion dollar profit off of that property. There's things like, there's a potential billionaire tax where, you know, the billionaires can keep one 99% of their income, but that 1% can go into providing housing for almost every California can is experiencing houselessness with money left over to provide, you know, child care, those types of social programs. But I think that the government is a little slow to keep up with the times. And I think a lot of people would prefer to have to live in a society where maybe they don't make as much, but they have a better society overall.

Gilberto Vera (00:24:24):
Yeah. I just wanna, like our panelists have said, we, we subsidize housing kids just, we subsidize homeowners, right? Prop 13, the mortgage interest rate deduction, we subsidize homeowners tens of thousands of dollars a year, and we don't subsidize tenants at that same level, right? And that's been happening for decades. And so, and if you think about it, prop 13 is a way of rent control for
homeowners, right? It fix it fixes your housing costs, right? And what what does that do allows you to save, allows you to account for unexpected expenses. But when you're a tenant who has no control over what the rent’s gonna be set at, then you can't save. So you can't get ever out of the cycle of poverty, right? It's hard to break that generational cycle if your, if your parents are stuck in that cycle. I, myself was very lucky.

Gilberto Vera (00:25:11):
I didn't realize what privilege it was to be raised in a single family home, not very big that my parents owned. I didn't realize that that privilege, and I didn't grow up in a really nice home until I started representing tenants with kids, right? Knowing, like, knowing that like, if you don't pay your rent, like you're gonna be moved. Do I have to move my kids to school? It's in the middle of school year. There's all these considerations that we don't think about when you're a homeowner and, and that stability that tenants don't have. And I see the every day, and I myself used to practice defending tenants in Los Angeles, and then I went and came back home to San Diego, my hometown, and this was about six, seven years ago. And it was like night and day. It was like the analogy of like, let's say you're a modern, a doctor who's, who practices modern medicine in a high-end hospital here.

Gilberto Vera (00:26:00):
And then you do, you you go out to a developing country and you're working on a, like, that's how it felt like all the tools I had in Los Angeles to prevent displacement of my clients didn't exist here. And it was, I almost felt like I in, in a way like rubber stamping, just delivering bad news. That can be really difficult. And, and it feels like when you're, when you’re in it, that there's never like a way, you're always putting buyers as a depiction of the eviction defense attorney, especially here in San Diego. You know, over the last year we, we've had a two local ordinances pass and strengthen tenant protections around really no fault evictions. And that is a big crisis we’re having right now. No fault evictions, tenants or current with the rent that are still being evicted for other no fault reasons.

Gilberto Vera (00:26:47):
And the land that the landlord has the right to, and they're really doing it to go around statewide rent control, right? We do have some statewide rent control. It doesn't apply to all the units, but during the pandemic here in San Diego County, legal aid for throughout the pandemic, when you could not evict tenants for not paying rent due to the covid protections, you know, it wasn't that simple. It's a little more complex than that, but no fault evictions skyrocketed here. It was the number one thing people were calling us for about over two years. Why is that? Because as a landlord, you couldn't evict the tenant for not paying rent, but you could if you wanted to substantially remodel your property. And what does that do, right? You removed a tenant who was not paying rent due to the covid protections, you could still get the covid rental assistance after you evicted the tenant, then you remodel that unit, which adds equity, and then you can raise that unit to market. It was like a no brain business decision. And when you have, when you’re, when you have developers or real estate speculators looking at this market, they are coming to extract wealth at the cost of displacement. They don't live here. They're coming here to suck money out of our co out of our communities. And what it's doing is like, it's leaving us with the cost, the cost of displacing the cost of homelessness. Sorry.

Tina Rosales (00:28:02):
No, thank you for,
Jeanne Kuang (00:28:07):
I really appreciate you turning our attention over to tenants now because I do, I do wanna talk about that next and for bringing up rent control. One thing that I think is often confusing is just this question of whether or not we have rent control in California. I learned from Tina that technically what we have, which is passed at the state level in 2019, is called rent stabilization. In 2019, the state legislature passed a law known as the Tenant Protection Act. It caps rent increases in most rentals, but not all. There are some exceptions at 10% or 5% plus inflation. We all know how inflation was like last year, so you know, the cap was higher. And this year a lot of the tenant advocates, including some of the folks here on this panel were advocating for another bill that the governor just signed SB 5 67 that continues to close some of those loopholes in, in the Tenant Protection Act. Tina, can you talk a little bit about 5 67, what it did this year?

Tina Rosales (00:29:07):
Yeah, shout out to all of us for getting that asked because that was a really hard fight. So we do have statewide rent control for certain properties, but as GA alluded to earlier, there are exceptions to that rule. So not every property is covered, mainly single family homes, properties built within the last 15 years. Certain es in certain, depending on their ownership. Also there is what we call no false evictions and then just call a a form false evictions. So for false evictions are things like you didn't pay rent a nuisance in action battery, that type, most of my cases were nuisance in battery, which is why I went to that immediately. That is not the norm <laugh> for cases at all. And then there's the no fault ones, which are, the landlord just wants the unit back and the tenant to do anything wrong.

Tina Rosales (00:29:59):
What we saw, what what was happening as Gil also mentioned is that landlords would come in and they would substantially rehab their property. So they would change the doorknobs, they would change cabinets, and then the tenant, the tenant would have nowhere to go and that unit would then go up to 3000, $4,000. They would say things like, well, my I wanna move in. My mom or my, whoever it is, that person would never move in. They just had to have the intent to move that person in. So we closed some of those loopholes to ensure that if you're gonna substantially rehabilitate property full a permit, you gotta pull it anyway. If you wanna do substantial rehab and then attach that, notice that to the tenant during the notice. If you wanna move in your family member, there's no problem with that. You can do it.

Tina Rosales (00:30:46):
They just have to actually move in and be there for 12 months because the purpose is for permitting for the person to permanently move in. And then the last thing is enforceability. The law couldn't be enforced and it wasn't, you know, strictly enforceable. So now we're just saying, well, tenants have a private right of action. If the landlord is malicious doesn't do what they say they're supposed to do, the tenant has the right to move back into the unit at the same rental rate cities, local city attorneys, they can enforce egregious violations of the law. Gil has plenty of stories about how 1482 was being impacted here in San Diego, and now we have an official enforcement mechanism. 'cause You know, we want, I think generally we wanna keep people in their homes. They're the bread and butter of, of our community, and we wanna make sure speculative real estate investors and other people are not violating the laws that all of us made. Sure. we're on books.

Jeanne Kuang (00:31:46):
And Gil, can you talk to me a little bit about how, you know, you see these protections playing out on the ground. I mean, you see your clients many of them are lucky if they even get to see you or get to see any attorney. Are tenants aware of these protections and who can they turn to if they feel that there's been one of these violations? Yeah,

Gilberto Vera (00:32:07):
I mean, tenants are becoming more and more aware of our protection, I think, here in San Diego because historically we haven't had local protections. It's just taken a lot more effort and outreach to educate people, right? If you're, you come from a city or an area like Los Angeles, like the Bay Area, they've had tenant protections for decades right? Since the late seventies. And so when you, when you, when here we haven't had nothing, it takes a lot of effort to do education and outreach not only to tenants, but also to landlords. We want landlords to know what their obligations are. We're not trying to hide the ball. If, if you know what your obligation is and you're doing what you're supposed to, it makes my job easier and it's preventing displacement of tenants, right? And so I think there, there's still a lot of effort that needs to be done in educating tenants, doing outreach.

Gilberto Vera (00:32:50):
And and you know, especially now the two of our local cities, city of San Diego, Chula Vista, the two largest cities in our county at each passed local tenant protections that go beyond state law. And so we're, we've been working on that outreach, both of those ordinance was in effect this year. And one of those, one of the great thing those two ordinances now created is that the local cities have committed to collecting eviction related data. That is something that we are really don't have at the state level. I know maybe someone could talk about the state, the new state level that's gonna ish. Yeah. So there's gonna be some, some new a new law at the state level that's gonna be collecting some eviction related data. But here in the city of San Diego, they not, it's not active yet, but they're gonna require all landlords to file all eviction notices with the city, city of Chula Vista's already requiring no fault eviction notices to be filed with the city, because what does that get you?

Gilberto Vera (00:33:44):
It gets your data on where are tenants being displaced, why are they being displaced? What were the rents when they're being displaced? What are the rents after? And, and so it, it helps you collect information to do educated policy formation. When it comes to tenant protections, it's something that's really hard. It's like when, when we were going through, I, I worked really intimately getting those two tours passed. And it's hard to be like, show us that this is happening. And I'm like, you know, follow me for a day or go to court like it's happening. But when they ask for the numbers, no one's collecting it, right? We have some data that we collect in this organization that's just a drop in the bucket. And the other great thing that these data collection has, it helps with resource allocations to prevent homelessness, right? Like the, the, you get information about who's being displaced, you know, it might be elderly fixed income. You might as the city then be able to allocate resources before someone falls into homelessness, which we all know it, that can be a critical juncture in, in preventing that from happening.

Jeanne Kuang (00:34:48):
And then I also wanted to talk a little bit about enforcement at large of of rent stabilization. Earlier this year the Attorney General Bonta announced that he had brought a legal case against a landlord, I believe it was in San Jose, who had a legally raised the rents far beyond the limits that the 2019 Tenant
Protection Act allowed. And these tenants, they knew something was up, they, you know, got together, they collected more than one example. They eventually got the authorities to take a look. But this was announced this year and this law was passed in 2019. And this is, as far as we know, the first or one of the only few examples of the state stepping in and actually telling a landlord, Hey, you can't do that. Can you talk with me, Shanti, about sort of how you've seen this law get enforced?

Sahanti Singh (00:35:44):
We haven't, although that's not <inaudible>. I mean, everybody, it was great when that that settlement, he said, he said very clearly, like, this is really, it was really great to see, but essentially it's been, I mean, especially during the pandemic it's been like that, which most of, most of the laws been in place during the pandemic, but kicked it before. But, you know, COVID, COVID started and things really hit the demand <laugh> because it's been, you know, like our member organizations were 60 member coalition, their legal aid organization, like built, were like or their tenant unions, right? And essentially, like we have been enforcing law, it's organized groups of tenants, especially like citywide tenant unions, which is why we're focused on forming more of them, especially in Central Valley and the Empire these days. It, it, it has been really like overburdened organizations and groups of tenants and overburdened legal aid organizations.

Sahanti Singh (00:36:38):
I probably got specific, but I think there's one legal aid lawyer for every 5,500 low income California. So yeah, we've all been doing it. There's a lot of people we should for. But one thing, one thing I also wanna highlight too is with protection Act, so even for t2 that's, yeah, that is rent stabilization. Rent control is a stricter and this passed locally or not passed locally stricter control on the rate of increase where it's like the 5% of the CP is like a red cap puts cap territory. But one thing that we saw we have a statewide hotline that's run by trained volunteer counselors. It's free. And one thing we see on our hotline, that's kind of how we get pt, like see or keep our eye on ones on the ground that in our member organization.

Sahanti Singh (00:37:23):
And one thing we saw was that, you know, families who are waiting for rent relief, right? They've done all the paperwork, they're waiting for the money to come, right? Which will go straight to their landlord, landlord got a hundred percent of their money back if they cooperated, or we'll send some of them get that money and still <inaudible> because there was no accountability there. But what we saw on the hotline was, you know, tenants who were clearly couldn't make, they were clearly experiencing hardship and clearly could not pay the rent that they, that was currently on their lease. And we were seeing them get with inflation, 10% rent increases on top of that as basically an extra judicial <inaudible>. Mm-Hmm. Right? so that's just to say, I mean and, and they didn't really have much recourse. That's not, that's like, that's the legal part of it.

Sahanti Singh (00:38:08):
The illegal part of it was we saw attempts to go even higher than that, but it really sometimes it was retaliatory, like sort of the longer that, you know, tenants and landlords were waiting for rec relief, the more relations deteriorating <inaudible>. And so we saw a ton of abuses around lack of enforcement of the Tenant protection Act during covid as like kind of the eviction by any other name. Mm-Hmm. So it's really, and and Tina can speak more to this, I dunno how much time we have, but there are, there is more enforcement coming in SD 5 6 7, which is why we're really glad governor signed it. And we're glad that Attorney General Bonta is saying, you know, much like he's enforcing housing production wise, that
he's now saying we're going to step up and enforce tenant protections because we, we really, really need that. Like Covid really showed what happened, don't have that. And again, those of us who have been doing that enforcement very much overburdened

Jeanne Kuang (00:39:05):
Of course, yeah. I was gonna say s

Gilberto Vera (00:39:08):
Represent that are have been doing the enforcement and you do the enforcement not, not just by, by, you know, advocating for a client, but there's a lot of educating judges, right? Eviction defense is a very niche area. Law has very specific rules that that's, sure there's some overlap with general civil litig litigation, but that tends to be more of the exception and rules sometimes. And so you have to be educating judges as to what these new rules, like I have been in court waiting for my keys to be called, see a case going forward before me that I know that's defense and win because tenant can't advocate. The judge may not know what that part law is lose. And it's like, obviously I wanna, I can't speak up, right? Because they're not my client. There's all these ethical issues. But that is, that is one of our jobs educating judges.

Gilberto Vera (00:39:57):
There's one eviction court in all of San Diego County, all of justice due to court consolidations. They hear all the entire county, all the evictions are outbound by one judge right now, commissioner. And so the judicial, the judges are also over that courtroom also tends to be a training ground for new judges. And so it's like every, every year or so there's a new judge put in there. So it's like we now have to educate someone and it takes a while. You right when you get, you feel that if they got a good feel of it or bounced to a different department. And so that is just another thing that those that provide direct legal solicit attendance are having to face.

Jeanne Kuang (00:40:37):
Thank you for adding that perspective. And I just wanna bring it back to one more point before we take audience questions. There is an important carve out in the statewide rent stabilization, which is that a lot of new construction is exempted. And I wanted to turn to Cory and talk about why you think that's important. Because, you know, we want developers still to be building new housing and, and they do need to make money in order to do that. And so can you just talk a little bit about where you think the limitations of, of rent caps should be?

Sahanti Singh (00:41:07):
Yep. And, and this is certainly gonna be potentially literally facing every California voter again next year. There's decision regulating for appeal. It, it's, I mean it's a functionally a math problem, right? It costs money to build housing and then developers need to make enough money to pay the bank back for the loan that they took to build the money or to build the housing in the first place.

Corey Smith (00:41:32):
Pro forma are the terms that we used. Previous panel, they talked about things penciling, it, it's that basic concept though, right? Revenues need to exceed costs in order to get a loan to build something as it's specific to hawken or rent control rather. It's, you know, we're talking about this earlier rent caps, the amount of rent that can go up month over month, which will keep revenues down for whoever's
built it. And if we are holding the revenues down, then the total revenues will not get to the point where the project makes sense. It doesn't pencil and nothing, it still, I have talked to enough developers. I do think there is a sweet spot at 30 years where basically in the builder bills, they set up their 30 year loan back to the bank and whatever equity partner that they may have.

Corey Smith (00:42:19):
And I do think we could get to a place where after 30 years, what was market rate housing then becomes rent controlled housing. At that point in the time it's also generally speaking, it be more affordable because it's a little bit older as it's but it's that, that balance right there. You know, in personal capacity, I voted for the repeal the first time I, then the second time I've lived in rent control housing for 10 years. I worked for nonprofit. There's a zero chance I'm never gonna be able to buy anything. So I get the benefits of rent control and living the benefits of rent control. But if it's a hamper on production, then we're not gonna be able to achieve the long-term goals. And I think a lot of what we all deal with on a regular basis is we’re really trying to solve different problems, right?

Corey Smith (00:43:00):
I'm trying to solve the macro big picture problem. So I'm just like, build as much as you can possibly can. And that's the issue that I'm trying to, to pay attention to. And there are others here that are just like, yeah, but there, there's people on the ground today that need to be protected and so we gotta do everything we can to protect individuals. And too often these things are in conflict and they're theoretically they, they shouldn't be. But this world that exists right now, especially politically where MBIs, if you will and equity minded individuals are fighting each other. But ultimately I think at, at least from my point of view, I don't think any of the work that, that any of these advocates are doing is anything other than trying to help people and make sure that people are protected and stable in their homes.

Corey Smith (00:43:46):
And if we can figure out a way to, to not have these two things be in conflict to say, Hey, we can be building as much as possible and we need to make sure that we're protecting people at the same time. If we can find that sweet spot, we do think AG Bonta is really one of the people that can kind of navigate that. David choose the city attorney in San Francisco is another person I think who really trust they navigate that well. I do think we can get better outcomes both in the short term and the long term for everybody. I can add really quickly to saying too, like this year in the legislature, I think for the first time, really long time there was basically attempt to, and it wouldn't, I think by the time it reached senate floor, it basically only,

Sahanti Singh (00:44:32):
It was about what, what what Corey was

Tina Rosales (00:44:34):
Throwing out. And

Sahanti Singh (00:44:35):
I believe we got

Tina Rosales (00:44:36):
Sahanti Singh (00:44:38):
Highs, 15 nos, you know,

Tina Rosales (00:44:39):
In a democratic supermajority state.

Sahanti Singh (00:44:42):
And I just wanna highlight that even though like yes, we definitely have our disagreements with that would

Tina Rosales (00:44:47):
Actually

Sahanti Singh (00:44:47):
Buildup

Tina Rosales (00:44:48):
Supported by 10 competi

Sahanti Singh (00:44:50):
Who wants and also support by community organization wasn't exactly what everybody wanted. Oh my, not <laugh> it was. So, but the reason that I'm bringing that up is because even when there was kind of some agreement that, like among some groups the fact of the matter is the real estate or well, rather than the, the, the certain parts of the real estate industry, particularly the landlord realtor lobbies, they didn't want it, right? That wasn't, so it's like, I just wanna contextualize we have our universe when we're talking about, you know, maybe we'll reach compromises, maybe we won't, but at the same time it like, there's just assuming out there's like this bigger force of people who no change at all. And unfortunately as long we're just gonna have to,

Tina Rosales (00:45:32):
Yeah. Lemme just add one nuance to this because as I said earlier, I grew up in an area that was primarily low income and rate came in when there is market rate developments and those units are going for a certain price that incentivizes the landlords in the other area in in the area who are already there to evict the tenants for, in whatever means, and then raise their units to the market rate price. So as we don't have true rent control, because rent control would say, you know, we also have like control things like that, which we don't have. We just have real stabilization. And so I, I do agree that we, I'm not saying no market rate units, right? Like that's kind of those sort thing to say, but there is definitely a nuance there because then everything else in that area that starts getting increased and then they're kind of match it. There's also a lawsuit and have the lawsuit better your intent where they found that landlords were actually with each other using certain software.

Gilberto Vera (00:46:39):
Yeah, actually San Diego. And it's like these group of fake landlords using this algorithm to essentially like pump up the, the rent. And so like they're all kind of feeding off each other, driving up rents and obviously just taking the, the rents with it and everyone other landlords benefiting from this price.

Sahanti Singh (00:47:03):
Yeah, I think it's actually international product too, but it's kind of, yeah, there's like, there's a kind of, we wanted, well, I mean obviously if you're that company, you wanna grow your product, wanna grow your subscriptions, but how you're gonna make money, right? So they wanna keep expanding and expanding into landlords who maybe you can otherwise like community minded maybe. I don't wanna up, but that's after.

Jeanne Kuang (00:47:28):
So I wanna turn it now to some audience questions that, thank you everybody for submitting. I have now a few in front of me and this one's good because it speaks to some another complicating factor that we didn't touch on. Can panelists speak to the impact of short-term rentals on supply and affordability and what is being done to protect renters?

Tina Rosales (00:47:51):
That's all You Alright, <laugh>?

Sahanti Singh (00:47:54):
No, there are there, I mean, short term rental regulations, there are more of them

Tina Rosales (00:47:58):
I think. I mean I think there's actually some on people don't always agree, but yeah, that's my restriction, right? That's

Sahanti Singh (00:48:04):
Not, that's not how many permanently

Tina Rosales (00:48:07):
Or

Sahanti Singh (00:48:07):
Not <inaudible> for

Tina Rosales (00:48:08):
A year, et cetera. So

Sahanti Singh (00:48:10):
It's you know,

Tina Rosales (00:48:11):
There's
Sahanti Singh (00:48:12):
Been I think a growing consensus

Tina Rosales (00:48:13):
On passage

Sahanti Singh (00:48:14):
Of short term rental regulations, right?

Tina Rosales (00:48:16):
Over the last maybe like eight years or so. San Francisco, 20

Sahanti Singh (00:48:21):
LA has one. Now, once again, get

Tina Rosales (00:48:23):
Back to the question of enforcement. It was

Sahanti Singh (00:48:25):
Recently reported the city of Los Angeles

Tina Rosales (00:48:27):
Lost out on

Sahanti Singh (00:48:29):
$300 million of revenue that could have been used for affordable housing 300 million because they did not enforce the,

Tina Rosales (00:48:37):
So

Sahanti Singh (00:48:38):
Once again, like I think there's been, there's been more sort of two sets to like, there's, there's I guess sausage making the political process, but yeah, there's more, there's more short term rental regulations being passed in California. Be great to have more state level, but but at the same time, like right now we have a enforce question.

Jeanne Kuang (00:48:58):
And somewhat related, we've gotten a couple other questions that are all about, is there a way to somehow regulate you know, these shadowy LLCs or out-of-state companies that kind of buy a bunch of single family homes on mass and and lease them out? Is there any way to kind of prevent that or restrict that or

Tina Rosales (00:49:24):
<Laugh>? Yes, I do. So yeah, there was a bill and you know, California I think is known to be a very liberal state, very democratic state, but we do have a state that is also run a lot by moderate Democrats. So sometimes they stop that are good legislation and, and vice versa. There was a bill that would have been an L L C transparency bill and it wasn't just for housing specifically, it was also labor. Labor was interested in all of that. Unfortunately, that bill I can't remember if it died or if it stalled and is now a two year bill. I'm pretty sure that it, it died because there was, yeah, there was no political will there with 5 67. We do have a an insert that says the, the property has to I don't wanna get too in the weeds, but anyway for certain properties they have to have that property registered in order to get certain benefits of that.

Tina Rosales (00:50:27):
So we are kind of slowly chipping at it and I believe that Bill is coming back. The intention is to bring that big bill back next year. But I will say it's not just big shadowy LLCs, it's, it's a lot of also smaller businesses. At the end of the day we live in a capitalist capitalistic society that treat housing at the, rather than fundamental right to survive. And until we kind of take that narrative and deal with that, which we're gonna see a lot of the problems that we see today, hundred years down the line, the oceans don't real. Yeah. New York passed transparency the United States view this year, so we'll try again. We gotta catch up,

Jeanne Kuang (00:51:10):
Right? We're in a coastal war, obviously.

Gilberto Vera (00:51:13):
Okay.

Tina Rosales (00:51:18):
Sorry,

Jeanne Kuang (00:51:19):
We've also gotten a couple questions about whether tenants can have a right to longer lease terms or if there's any way to put in protections in the ways that leases are written for tenants. To me, this is kind of a, you know, private transaction between tenant and landlord, but I don't know if you all could speak to that.

Gilberto Vera (00:51:39):
Sure. I guess we, I mean, if you're training as a private transaction, the answer's no, right? Who has all the bargain power, right? What's, what's the incentive to negotiate with the tenant? We have 10 other applicants like who are, who are not gonna negotiate and you sign without sign your 48 50 page are getting crazy. Even me as an attorney, like reviewing it just, and like, so how are you as a tenant and advocate? You can't, right? The, the way you, the way cities have provided and as a state is housing instability is through tenant protections that prevent displacement, right? Other, other cities like, like city of of, of Los Angeles and other cities in the Bay Area don't allow you to evict a tenant because you wanna remodel, you wanna remodel, go ahead. You can temporarily relocate the tenant, do the remodel and let them move back and pay the rent they were paying plus any allowable rent increase, something you, you disincentivize the reason to evict, right? Which is get more profit. One clear loophole that still exists here in our local ordinance as well in the state are the SAP evictions withdraw from
Tina Rosales (00:52:42):
The rental market.

Gilberto Vera (00:52:43):
And something we're still seeing, which is the landlord has a right to go out of business and say, I don't wanna be a landlord anymore. There's a state law that was passed after a Supreme Court or another landlord law lost in <inaudible> that gave landlords right with it came to restrictions, but they, that the state created preventing abuse like advanced notice or restricting the rent if you bring the unit back on the market. But those protections do not apply automatically. Local governments had to ratify them. So that's still a major loophole here in the county of San Diego that I'm seeing an increase in because it's the easiest way to avail the tenant for no reason doubt.

Jeanne Kuang (00:53:23):
It definitely seems like a situation where if there were more options for tenants, then they would have more purchasing power or more negotiating power. Here's another question that I find interesting. What is the possibility of having foreclosures be turned into affordable housing? How would that work?

Tina Rosales (00:53:43):
There's, that's a tough one. Generally, which quite bad and actually tenant us together was founded in thousand eight. Everyone for close upon. And so we had double evictions, but the landlord was the homeowner, they were being foreclosed and then the tenant, they were renting two was also, but there is something called the foreclosure intervention coach. How intervention, I dunno, I always grew up the acronym, but there are sort of attempts to kind of like try to see foreclose at risk fore close housing, especially for low low income homeowner especially, but all over California. Like at risk folks that like they can basically have, you know, like a, a land trust or a nonprofit or something like that. Help, help them kind of stabilize their housing. But it's still being, that's, it's kind of a new thing. Yeah, I think it's also to address the reason why properties are for closed and that's primarily due to lending as you <inaudible> was founded in 2008 and the people whose properties are both primarily foreclosed on our black and at the next families that fall into homelessness or housing instability, it would still be used as housing.

Tina Rosales (00:54:57):
I think there's probably a way to do it, but I don't know. I'm sure it's like one tool in the toolbox, but I dunno if it's like the most if the benefits of trying that housing into affordable housing is gonna have such a giant impact that the state would want to invest in.

Jeanne Kuang (00:55:17):
Hmm. Someone wants to know, are there similar San Diego area social housing initiatives that are like the bafa or Land Trust or co-op projects?

Corey Smith (00:55:28):

Tina Rosales (00:55:40):
Email me if you wanna work on one.

Corey Smith (00:55:41):
Yeah, I mean, I mean the, the Bay Area version is the first time since redevelopment that we've actually gone forward as something different. There's another measure on the ballot next year that's also really, really crucial and actually lowers the voter threshold as well. These bonds, I highly encourage everybody yes.

Tina Rosales (00:55:58):
On that because it's hard

Corey Smith (00:55:59):
To hit two thirds. This would lower the threshold 5%

Tina Rosales (00:56:05):
Is accompanying

Corey Smith (00:56:06):
The, at the same time, but the 55% measure. So it's a really useful tool. Local governments have such a difficult time creating revenue across the entire state. So this is something that the state is providing is residents, hey, if you wanna be able, able to, to make it a little bit easier through the bond system to be able to do that. Because a lot of these things, it, it is so resource constrained, right? Like the idea of buying foreclosed homes, it can't do it at scale because of the amount of money that it takes. You haven't noticed real estate in California is really expensive. Yeah. So it, it's like we want to lot of these things and without the investment that, that is needed to do it. I personally don't feel like it is realistic. And I think the entire social safety pieces that we're talking about, these are all bandaid solutions that are absolutely needed in, in support. And they exist because of a broken housing market that there, there's, it might not be the best solution to build as much housing as evenly possible, but if anybody has another idea of how to fix this without building a bunch of housing, like we're all ears. So, so it's pushing towards that at the exact same time. So that social safety net isn't needed to the level that, that it is currently. Do that products

Jeanne Kuang (00:57:21):
Actually related to that, is there a role for better transit if people can just move to places where it's cheaper and still get to their jobs? Can that be part of the solution here?

Sahanti Singh (00:57:31):
I mean, it has to be. We're not gonna, we're not gonna stop climate change or rather mitigate it at this point

Corey Smith (00:57:39):
To that and talking earlier about how wage policy, but it's complicated. There's definitely a lot of layers in absolutely low.

Gilberto Vera (00:58:00):
Yeah, and I'll, I'll definitely add you a regional perspective, right? I think we, we forget, or we don't even think about how much more expensive our housing. We didn't live and border Mexico, right? How many people work and live in Mexico that I don't, and there's more and more people moving than I that we are, you know, people moving there. Expats are now gentrified and displacing

Corey Smith (00:58:21):
People

Gilberto Vera (00:58:22):
From in Mexico, from their <inaudible>. And so think about that like, but also think about like how long it takes

Corey Smith (00:58:27):
To cross, how

Gilberto Vera (00:58:28):
Many cars are idling, hundreds of cars idling all, all day. We have,

Corey Smith (00:58:33):
This is the most traffic

Gilberto Vera (00:58:34):
Order in the world. So just that's another thought that we don't think about. We think about public transit and our housing stock that we as a region have relied and have on Mexico to provide housing than we have now billed for here.

Jeanne Kuang (00:58:51):
This question I guess is more specifically for Shanti. What is the role of tenant unions in preventing displacement? Are they an effective tool? Can you expand on how they work?

Sahanti Singh (00:59:00):
Yeah, it's it's very similar to the way that labor unions work. You have more power

Corey Smith (00:59:05):
When there's collective bargaining to, you know, influence your, that's the simplest thing. Unlikely unions. There is no, there's no whacker act, there

Sahanti Singh (00:59:13):
Is no natural labor relations

Gilberto Vera (00:59:15):
Board. There are very few

Corey Smith (00:59:17):
Protection you can be

Sahanti Singh (00:59:18):
Retaliated against. That's what, for example, trying to pass on, having Facebook, right organized. So yes I think they're also, I think, an important part of this. A little more controversial, but they're also over time also not just abouting with your landlord and having, you know, the ability to find your rights collectively which will result in a better outcome. But over time, you know, we're starting at unions right now are further, we're helping to start, they're starting on their own. Tens all over California and the Sun Valley alone here. We've got one in this past year, one in Modesto, one in Fresno, two in Bakersfield. A lot of 'em are said, Delano saying like, we're, that's what we do with tenants together is try to help form support the formation of citywide tenant unions because those are gonna be the, the base of the kind of coalitions that we need to pass better to local tenant laws. Because in California stuff like rent controls, maybe now 30 cities with rent control, we had a historic 10 with rent control in the last year and a half happened in California before. But that going you know, you need a need tenants. But in a state that is 50, almost 50% tenants, like tenants need to have a political waste. And that is also what's important.

Gilberto Vera (01:00:38):
May certainly know these numbers. I believe it's somewhere around the average California, so like a3 bill around that. And the amount of money we spend in the long run street is just astronomically compared to that. So it's in our financial interests to be doing this as well. Like on behalf of capitalism, it's a good idea to work and spend money to keep people in their homes better results.

Sahanti Singh (01:01:05):
Yeah.

Jeanne Kuang (01:01:08):
Yeah. I mean obviously we all know this is a huge driver of the state's homelessness crisis. I think that the few hundred dollars that you mentioned that came up earlier this year, there was a, I don't know if you all are aware, but there was a huge study of homelessness in California that uc, San Francisco came out with this year. It was just a few hundred dollars that most people lacked before they fell into homelessness. Dr.

Sahanti Singh (01:01:28):
Nels on a panel later today.

Jeanne Kuang (01:01:29):
Yes. I was gonna plug that.

Gilberto Vera (01:01:32):
I'll also add that part of why we, I've seen that happen more is these big companies getting involved in property management, they run like machines. You don't pay your rent, you get a notice. I don't care why not? There's no human to interact with to explain, hey, I'm gonna get my rent next week. I can pay to them. Sorry, it's been sent to the attorney. You go talk to them. What incentive does an attorney have in saying yeah, accept the rent. Then you as the attorney, you don't get paid to file the eviction, right? So once it lands on the, the attorney's desk, the attorney, you can't stop the train. Even, even, I
mean you probably couldn't stop it before. And so that's part of why you're seeing that number. It is because we're running it like a machine. We're taking out the human elements.

Jeanne Kuang (01:02:13):
Well, I think we're coming up on time. Thank you so much for participating all of you. Thank you so much.

Erica Connell (01:02:32):
Alright, I have a few housekeeping things. The next session is at one 15. If you have an orange wristband, you will have a lunch provided for you in the courtyard by where you registered. If you don't, there's food per for purchase with a Dirty Bird's food truck. That should be on location as well as several locations to eat around campus. Thank you. Enjoy your lunch.

Speaker 8 (01:03:00):
Thank you. Actually know that.